

# GLIMPSES OF THE UNION BUDGET 2022



**KOCHHAR & Co.**  
ADVOCATES & LEGAL CONSULTANTS



# Agenda

- Introduction
- Direct Tax Proposals
- Indirect Tax Proposals
- Panel Discussion & Q&A

## Meet Our Speakers



**Chandrasekhar Tampi**  
Senior Partner  
(Moderator)

Email-chandra.tampi@kochhar.com



**Shahid Khan**  
(Former member-CBDT)  
Senior Partner -  
Direct Tax

Email-shahid.khan@kochhar.com



**Reena Khair**  
Senior Partner - Head  
Indirect Tax &  
International Trade

Email-reena.khair@kochhar.com



**Shampa Bhattacharya**  
Partner - Indirect Tax

Email-Shampa.Bhattacharya@kochhar.com



Market ▲ 0.5 ▼ 0.12

Oil ▲ 2.45 ▼ 0.05

Index ▲ 1.5

Forex ▲ 3.8 ▼ 1.65

Gold ▲ 0.02 ▼ 0.25

# Key Direct Tax Proposals

# Personal Taxation

- **Tax rates, TDS rates, Standard deduction and relief for savings etc. remain unchanged**
- **Rates of surcharge have been rationalized in case of Long - term capital gain other than listed shares, and for Cooperative societies**
- **Medical relief provided by employers or any other person in relation to COVID-19 will be exempt from F.Y. 2019-20 onwards**
- **Limit of deduction in respect of contribution by State Government towards National Pension Scheme has been raised from 10% to 14%**

# **New provisions for taxation - Virtual Digital Assets (VDA)**

- **VDAs have been given statutory definition as information or code or number or token generated through cryptographic means and include NFTs. However, Indian Digital Currency or Foreign Currency will not be VDA**
- **Income on transfer of VDAs will be taxable @ 30% from F.Y. 2022-23 onwards. No deduction will be allowed for expenditure except cost of acquisition**
- **Any loss on transfer of VDAs will not be allowed to be set off**
- **Gift of VDAs will be taxable in the hands of the recipients**

# Changes in respect of Taxation of Profits from Business

- **Period of commencement of manufacturing for availing concessional tax rate of 15% has been extended to March 31, 2024**
- **Period for availing deduction of profits in case of Start-up Units has been extended to March 31, 2023**
- **Expenditure on interest payment can be claimed now only in the year of actual payment not on accrual**
- **Health and Education Cess will not be admissible as business expense - retrospectively from April 1, 2005**
- **Anti-avoidance provisions relating to dividend stripping and bonus stripping shall also apply to infrastructure investment trusts and real estate investment trusts**
- **In cases of Business reorganization proceedings initiated against a predecessor entity will be deemed to continue against the successor**

# Provisions Relating to TDS

- **Deduction of TDS of 1% on transfer of immovable property will be with reference to transfer consideration or stamp duty value whichever is higher**
- **Any benefits provided by business entities to non-employees exceeding Rs. 20,000/- will be subject to TDS of 1%**
- **Transfer of VDAs above INR 50000/- will be subject to TDS of 1%**



# Procedural Changes

- **Faceless Assessment Scheme has been recast. Taxpayer can now claim personal hearing through video conferencing in case of variation between returned income and income as per draft Assessment Order**
- **Taxpayers can file updated returns in case of any omissions by filing updated returns within 24 months from the end of the Assessment Year. This benefit will not be available in case of search or survey or loss or return of a loss**

A person in a white shirt and dark jacket is holding a glowing blue candlestick chart overlaying a bar chart. The background is dark, and the chart is illuminated with a blue glow. The person's hands are visible, holding the chart. The chart consists of vertical bars and a line connecting the tops of the bars. The bars are blue and white, and the line is blue. The overall image has a professional, financial feel.

# Key Indirect Tax Proposals

# Customs

## Legislative Amendments

- **Proper officer amended to include any officer of customs, who has been assigned functions by the Board**
- **Officers of DRI, Audit and Preventive have been specifically included as officers of customs under Section 3 of the Customs Act, and consequently would qualify as proper officers, if notified**
- **Actions and functions performed by officers of customs, till the enactment of the Finance Act, 2022 have been retrospectively validated. Past SCN issued by DRI and audit officer regularized retrospectively**
- **Board can impose additional obligations on importers, for certain class of goods, where there is a reason to believe that the value of goods is being mis-declared**

# Customs

## Other legislative amendments

- **The sunset clause, restricting life of exemptions, not applicable for exemptions such as FTA, ITA Concessions, Advance Authorizations, and concessions under Phased Manufacturing Programmes**
- **Publication of any import or export data, has been notified as an offence under the Customs Act**
- **Advance rulings under the Customs Act are now valid only for three years or till there is a change in law or facts on the basis of which advance rulings have been pronounced**
- **Amendments have been brought in the Goods Concessional Rate of Duty (IGCR) Rules, 2017 to promote automation and simplify the procedure to claim benefits under the notifications**

# Customs Duty Changes

## **Exemptions from Basic Customs Duty ('BCD') withdrawn**

### **BCD withdrawn on the following:**

- **parts or components used in manufacture of tablet or computer**
- **electric generator sets and rotary converters**
- **drugs or medicines used for treatment of rare disease**

## **Exemptions Continued**

### **BCD exemption continued on following:**

- **Scrap of Steel and Iron has been extended till 31.03.2023 @ 2.5%**
- **Concessional BCD rate @ 7.5% on import of High Voltage Power Transmission projects**

# Customs Duty Changes

## Phased Manufacturing Program

- **Under Phased Manufacturing Program, nil duty has been specified for parts of wearable devices, and hearable devices with duties increasing in a phased manner of the following:**
  - **wrist wearable devices (commonly known as smart watches) and its inputs/ parts / sub-parts**
  - **hearing devices such as speakers**
  - **smart meter and parts**
  - **camera lens for use in manufacture of camera module of cellular mobile phone**

# Customs Duty Changes

## ANTIDUMPING (AD) AND COUNTERVAILING DUTY (CVD)

- **AD on Straight length Bars and Rod of alloy Steel from China PR revoked**
- **AD on High-Speed Steel of Non-Cobalt Grade from China PR, Brazil, Germany revoked**
- **AD on Flat rolled products of steel, (Al or Zinc coated) from China PR, Vietnam, and Korea RP revoked**
- **CVD on Hot rolled and cold rolled stainless steel flat products from China PR revoked**

# GST Proposals

- **Transfer of Balance in Cash Ledger permitted between distinct persons**
- **Done away with the two-way communication process in GST return filing for availing Input Tax Credit ('ITC'), replacing it with an auto generated statement, where the recipient will be permitted to take ITC only to the extent reflected by the output supplier**
- **For availing the ITC, the recipient has an additional obligation to verify the tax paid by the supplier**
- **Quantum of IGST liability which can be discharged by credit can be restricted by government on recommendations of the GST council**
- **Time limit extended for availment of ITC till 30 November of the next financial year from 20 October**
- **Extended timeline for issuing credit notes and rectifications of details reported in periodic monthly return till 30 November of the next financial year**



# GST- Retrospective Amendments

- **Interest reduced from 24% to 18% on ITC reversals w.e.f. 1 July 2017**
- **No GST on license fee / registration fee paid to State government for grant of alcoholic liquor license for the period 1 July 2017 till 30 sept 2019 . No refund in case tax has been paid. The fee collected is on account of supply of service of granting the license which is treated neither as supply of goods nor service**
- **GST exempt on unintended waste produced in fish meal during the period 1 July 2017 till 30 September 2019. No refund in case tax has been paid**

# Excise Duty

## RATE MOVEMENT

- **Additional Basic Excise Duty ('BED') of INR 2 per litre on Motor spirit ('Petrol') and High Speed Diesel ('HSD') meant for retail sales only, w.e.f. 1 October 2022**
- **Increase in BED by INR 2 per litre for following goods:**

Description	Upto 30 September 2022	Effective 01 October 2022
<b>Unbranded Petrol</b>	INR 1.40 per litre	INR 3.40 per litre
<b>Branded Petrol</b>	INR 2.60 per litre	INR 4.60 per litre
<b>Unbranded Diesel</b>	INR 1.80 per litre	INR 3.80 per litre
<b>Branded Diesel</b>	INR 4.20 per litre	INR 6.20 per litre



THANK YOU FOR JOINING US

For any queries, reach us at [delhi@kochhar.com](mailto:delhi@kochhar.com)

Website - [www.kochhar.com](http://www.kochhar.com)

New Delhi-Suite # 1120-21,11<sup>th</sup> Floor, Tower-A,DLF Towers, Jasola District Centre, Jasola,  
New Delhi

Telephone-+91-11-41115222,+91-11-43129300;Fax-+91-11-40563813



**KOCHHAR & CO.**  
ADVOCATES & LEGAL CONSULTANTS

INDIAN OFFICES – Delhi, Mumbai, Chennai, Bangalore, Gurgaon, Hyderabad

OVERSEAS OFFICES – Dubai, Singapore, Chicago