

# HIGHLIGHTS OF UNION BUDGET 2022



- **Economic Performance and expectations**

- Economic Growth in 2021-22 estimated @**9.2%**
- **Total expenditure** in 2022-23 estimated at **INR 39.45 lakh crores** and total receipts other than borrowings estimated at INR 22.84 lakh crores
- Revised **Fiscal deficit FY 21-22 estimated @6.9% of GDP** as against 6.8% of Projected. **Fiscal Deficit** in **FY 22-23** is estimated @6.4% of GDP

- **Key Priorities of the Government**

- PM Gatishakti – 7 Engine approach
- Inclusive Development
- Productivity enhancement & investment, sunrise opportunities, Energy transition and Climate Action
- Financing of investments

- **Focus on MSME's**

- **Emergency Credit Line Guarantee Scheme extended upto March 2023** and its guarantee cover will be expanded by INR 50,000 crore to total cover of INR 5 lakh crores
- Credit Guarantee Trust for Micro and Small Enterprises scheme to be revamped and will facilitate **additional credit of INR 2 lakh crores for MSME**

- **Focus on Digital Education**

- **One Class One TV Channel** will be expanded from **12 to 200 TV channels**
- **750 virtual labs in Science and Mathematics** and 75 skilling e-labs will be setup
- **Digital University** to be established

- **Key Budget Allocations**

- **National Highways network** will be expanded by **25,000 km** in 2022-23. INR 20,000 crores through innovative ways to be mobilized
- Outlay for **Capital expenditure increased by 34%** from INR 5.54 lakhs in 2021-22 to INR 7.50 lakhs in 2022-23
- Allocation of **INR 60,000 crore** to be made to **“Har Ghar, Nal Se Jal”** scheme with an aim to cover 3.8 crore households
- **100% of 1.5 lakh post offices** to come on Core banking system enabling financial inclusion and online access to accounts
- To facilitate **domestic manufacturing of Solar Power**, additional allocation of **INR 19,500 crores for PLI** for high efficiency modules with priority to fully integrated manufacturing units from polysilicon to solar PV modules

## Highlights of Union Budget 2022

- **Key Highlights in Direct Taxation (1/5)**

- **Taxation regime for Virtual Digital Assets:** Gains from transfer of Virtual Digital Assets to be **taxed @ 30%**. No deduction in respect of any expenditure (other than cost of acquisition) or allowance or set off of any loss will be allowed while computing gains (w.e.f AY 2023-24). **TDS @1%** on transfer of virtual digital assets (w.e.f 01.07.2022). Loss on sale of virtual digital assets not allowed to be set off or carried forwarded
- **Lower Surcharge (w.e.f AY 2023-24):** Surcharge for Association of Persons (AOPs) consisting of only companies as its members proposed to be capped @15%. Surcharge on long term capital gain on sale of all classes of assets proposed to be capped @15% Individual/HUFs/BOIs/AOPs.
- **No set-off of losses allowed against undisclosed income** or suppressed sales detected during search or survey operations
- **Surcharge and Cess not allowed as an expense (w.e.f AY 2005-06):** Clarification proposed on a retrospective basis

***Disclaimer** - The information contained herein is in summary form prepared by us based on the Budget Speech and Finance Bill 2022 presented by Hon'ble Finance Minister of India on 01 Feb 2022. For details, please refer Final Budget Speech and Finance Bill 2022.*

- **Key Highlights in Direct Taxation (2/5)**

- **Bonus Stripping not allowed on securities (w.e.f AY 2023-24):** Restrictive provisions pertaining to bonus stripping as was applicable to units extended to securities also. Further definition of units expanded to include units of REIT, AIFs etc for the purposes of Bonus Stripping and Dividend Stripping
- **No Concessional rate for foreign dividends (w.e.f AY 2023-24):** Concessional rate @15% on dividend u/s 115BBD received by an Indian company from a foreign company proposed to be withdrawn to provide parity with tax treatment of dividend received from domestic companies
- **Goodwill taxation clarification (w.e.f AY 2021-22):** It is clarified by way of an explanation to Section 50 that reduction of goodwill from the block of assets in accordance with the provision of Section 43(6)(C)(ii)(B) is regarded as transfer

- **Key Highlights in Direct Taxation (3/5)**

- **TDS provisions on sale of immovable property u/s 194-IA rationalised (w.e.f 1<sup>st</sup> April 2022):** TDS @1% to be deducted on sale consideration or stamp duty value of the property, whichever is higher. No TDS if both sale consideration and stamp duty value is less than 50 lakhs
- **Faceless Assessment (w.e.f 1<sup>st</sup> April 2021):** Section 144B(9) which provides that the assessment proceedings shall be void if the procedures mentioned in section 144B was not followed is proposed to be omitted from its inception
- **Disallowance u/s 14A applicable even if no exempt Income received (w.e.f AY 2022-23):** Clarification proposed u/s 14A

- **Key Highlights in Direct Taxation (4/5)**

- **Amendment in section 43B (w.e.f AY 2023-24):** Clarification proposed that conversion of interest payable into debenture or any other instrument by which liability to pay is deferred to a future date, shall not be deemed to have been actually paid
- **Cash Credits - Source of Source to be explained for loans also (w.e.f AY 2023-24):** Amendment in section 68 is proposed so as to provide that the nature and source of any sum, whether in form of loan or borrowing or other liability credited in the books of an assessee shall be treated as explained only if the source of funds is also explained in the hands of the creditor or entry provider
- **Extension of Sunset for Startups and New Manufacturing Company (w.e.f AY 2023-24):** Deadline for setting up the start-up for availing tax benefits u/s 80-IAC and incorporation of new manufacturing companies for concessional tax rate @15% u/s 115BAB extended by one year till 31<sup>st</sup> March 2023.



- **Key Highlights in Direct Taxation (5/5)**

- **Litigation management system** to be introduced by way of section 158AB, whereby Revenue shall defer from filing appeals against an Assessee until the identical substantial question of law in Assessee's case or any other Assessee for an AY is decided by the jurisdictional High Court or the Supreme Court (w.e.f 1<sup>st</sup> April 2022)
- **Updated ITR (w.e.f 1<sup>st</sup> April 2022):** Section 139(8A) is proposed to be inserted to provide for furnishing of an updated ITR upon payment of additional tax within 2 years from the end of the relevant AY

- **Amendments and extension of timelines in Indirect taxation**

- **Extended timeline for availment of input tax credit** in respect of invoice/debit note or issuance of credit notes pertaining to a financial year upto 30<sup>th</sup> day of November of following financial year
- Retrospective amendment w.e.f. 1<sup>st</sup> July 2017 to provide for levy of **interest @ 18% on input tax credit wrongly availed** and utilized
- Retrospective amendment w.e.f. 1<sup>st</sup> July 2017 to **declare service by way of grant of alcoholic liquor license**, against consideration by the State Governments as “neither supply of goods nor a supply of services”

- **Highlights under Custom laws**

- **Customs** (Import of Goods at Concessional Rate of Duty) Rules, 2017 (IGCR Rules) are being **revised for end-to-end automation**
- Officers of **Department of Revenue Intelligence (DRI), Audit and Preventive formation of Customs** have been included as **“proper officer”** u/s 3 of the Customs Act, 1962
- In view of the **“faceless assessment”** under **Customs Act**, the officers would have **“All India”** jurisdiction
- **Conditional exemption** under Customs has been granted on specific **inputs and accessories for footwear and textiles**
- A comprehensive **review of custom duty exemptions** has been undertaken and around **350 exemptions are being withdrawn**, including capital goods and project imports
- Exhaustive **simplification of Custom tariff structure** has been undertaken so as to incorporate the changes in the Tariff and omit the notifications

- **Other Key Highlights (1/2)**

- **Issuance of E-passports** using embedded chip and futuristic technology
- Private sector will be encouraged to develop sustainable and innovative business models for “**Battery or Energy as a Service**” to improve efficiency of EV ecosystem
- **Special Economic Zones Act** will be replaced with a **new legislation**
- Government contribution to be provided for **R&D in Sunrise Opportunities**
- **Sovereign Green bonds** to be issued for **mobilizing resources** for green infrastructure
- Introduction of **Central Bank Digital Currency (CBDC)** and **issue of Digital Rupee using blockchain** by RBI
- **75 Digital Banking Units** to be set up by Banks to ensure consumer friendly benefits and access throughout the country

- **Other Key Highlights (2/2)**

- Proposal for establishment of Centre for Processing Accelerated Corporate Exit (C-PACE) to speed up the **Voluntary Winding from 2 years to 6 months**
- The government will promote thematic funds for blended finance with the government share being limited to 20% and the **funds being managed by private fund managers**
- **World-class foreign universities and institutions** will be allowed in the **GIFT City**. An International Arbitration Centre will be set up in the GIFT City for timely settlement of disputes under international jurisprudence

## CONTACT US

---



C-9, Lower Ground Floor,  
Defence Colony, New Delhi 110024, India



+91.11.40526860



[dpnc@dpncglobal.com](mailto:dpnc@dpncglobal.com)



[www.dpncglobal.com](http://www.dpncglobal.com)

Follow us on

