

DIRECT TAXES - KEY HIGHLIGHTS - 2022



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Relief and Benefits to Taxpayers:

- Provision for filling “Updated Income Tax” within 2 years from end of relevant AY, subject to such return can't be filed
 - ✓ To claim refund
 - ✓ To claim expenses
 - ✓ To claim excess, carry forward of losses
 - ✓ Penalty of 25% & 50% on additional Tax & Interest payable if return filed within 12 months and 24 months respectively
- Surcharge on LTCG capped to 15% as against 37% earlier (effective tax rate reduce to 23.92% from 28.50%)
- Companies now can file modified returns upon business reorganizations. Also, and litigation of predecessor to be valid and deemed to be made on successor.
- NPS employer's contribution deduction increased to 14% for state government employees which is par

with Central Government employees

- **Discontinue / Withdrawal** of concessional rate of taxation u/s 115BBD i.e., 15% on dividend income received from specified foreign company (in which Indian Company holds minimum 26% equity share capital)
- TDS on sale of immovable property now to take account of Stamp Duty Value.
- Tax relief for persons with disability u/s 80DD: Allows annuity payment to differently abled dependents when dependent attaining age of 60 years.

Changes w.r.t Co-Op Societies:

- AMT rate for co-op societies reduced to 15% from 18.50%
- Surcharge reduced to 7% from 12% if total income is >1 Cr but up to 10 Cr

Crypto currency and digital assets:

- RBI to introduce its own crypto currency 'Digital Rupee'



- Transfer of Digital assets including Cryptos to be **taxed @30 % w.e.f 01-04-2022**
- TDS on transfer of digital assets proposed @1% exceeding limits prescribed
- No set-off of losses/expenses/allowances from Digital assets gain/income
- Gift of virtual assets to be taxed in the hands of receiver
- Virtual Digital Assets defined to mean a digital representation of value which is exchanged with or without consideration.

Clarity on certain disputed matters:

- Cess and Surcharge levied on income tax **not allowed as business expenses u/s 37**
- Penal expenses incurred outside India and perquisites/benefits received in violation of law to be disallowed
- Charitable Trusts and Institutions to strictly comply with updated provisions. Accretion of income which is taxed only under Section 12AB has been brought to tax under Section 10(23C) as well.
- Amount received on account of death due to Covid-19 not to be taxed as income from other sources/perquisite
- No benefit of set-off of losses allowable on income

discovered during search and seizure

- Bonus stripping not permitted in shares and securities
- Goodwill reduction from block of asset to be considered as transfer
- Disallowance u/s 14A to apply even in case where no exempt income has arisen or received during the year
- No repetitive appeals for common question of law

Extending incentives:

- Sunset of **setting up new manufacturing entity for 15% beneficial rate extended one more year from 31-03-2023 to 31-03-2024**
- Sunset of **incorporation of start-ups for deduction under Section 80-IAC extended one more year from 31-03-2022 to 31-03-2023**

Streamlining and rationalization of litigation

- Faceless TP, DRP, ITAT procedures deferred till 31-03-2024
- Faceless Assessment rationalized and revamped
- Power of revision of TP Order now to be exercised by PCIT/CCIT(TP) u/s 263
- Several other rationalizations of penal and prosecution related changes proposed. ●