



## BOLD STEP TOWARDS 5 TRILLION ECONOMY

---

**CMA Bhogavalli Mallikarjuna Gupta**  
GST & Management Consultant

**A**s promised by Finance Minister Shri Nirmala Sitharaman, this is truly a budget of a lifetime. It has taken acute care on all aspects of the economy and laid down the path for achieving the 5 trillion-dollar economy and position India as a global leader.

The budget has addressed the key economic and citizens requirement in a 6-pillar approach apart from increasing the ease of doing business with minimal compliance cost. Though it has not reduced the direct taxes, it has ensured that the people's incomes are generated by way of industrial activity and the farmers' income through various measures.

The budget laid stress on the focus area for bring back the economy on the trajectory path by classifying into different buckets

- Health and Wellbeing
- Physical and Financial Capital and Infrastructure
- Inclusive Development for Aspirational India
- Reinvigorating Human Capital
- Innovation and R&D
- Minimum Government, Maximum Governance

In the current pandemic like situation, the focus should be on health and wellbeing. The budget lays stress on this by allocating Rs 64,810 crores for the next 6 years, apart from the setting up of 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology. More funds have been allocated for Nutrition as part of Mission Poshan 2.0 to be implanted in 112 aspirational districts. Setting up of 17,788 rural and 11,024 urban Health and Wellness Centres. The measures announced in the health and well-being is a two-pronged approach as it addresses the need of the research and improving immunity.

The budget laid down more focus on the capital expenditure, which is the need for the hour like allocation of funds for the development of roads and highway a staggering amount of Rs 1,08,230 & for railways Rs 1,07,100. Asset creation will always lead to more industrial activity, which will lead to more employment generation. The Government has addressed both the concerns in one go while channelizing the funds in the right direction. This reiterates the Government version of Jaan Hi to Jahan Hai, as the early lockdowns have helped in gearing up the medical infra and stop the spreading of the contagious disease and save human lives.

MSMEs are the backbone of the economy along with the agriculture sector. These two sectors are also well addressed, as the budget has announced a slew of measures for them, like increasing the import duties on products like steel screws, nuts, etc., to play a level playing field. The allocation to the MSMEs has been doubled and it is Rs 15,700 crores. Manufacturing is given a big flip in the budget as the Government has allocated Rs 1.97 lac crores for Production Linked Incentive for next 5 years. The Government has advocated about the doubling of the farmers' income of the farmers by 2022, and in that direction, the MSP outlay. To bring better realization to the farmers more than 1000 mandis will be integrated with e-NAM to bring in more transparency.

India can be another Silicon valley due to the younger workforce and talent. To encourage more start-ups, capital gains exemption on investment and tax holiday has been increased by a year to 31<sup>st</sup> March

2022. FinTech has played a key role during the pandemic, like increasing digital payments, processing, and disbursing business and personal loans. To provide a boost to the same, a world-class FinTech hub is being set up in the GIFT-IFSC.

An increase in ease of doing business attracts the much-required funds from foreign countries, and in that direction, the compliances have been relaxed. Various measures have been introduced like Faceless Income Tax Appellate Tribunals, Setting up of Dispute Resolution Committees, reduction of the time limit of re-opening of assessments from 6 years to 3 years and to be allowed only if there is evidence only undisclosed income is above Rs 50 lacs, increase the Income Tax Audit threshold from Rs 5 crores to Rs 10 crores if the entities are taking up to 95% of the transactions digitally. The Government has adopted the Carrot and Stick Theory for the trade and industry, one is by easing the compliances but at the same time coming harsh on the errant corporates like disallowing the employee contribution if they same is not deposited in time or provisional attachment of property if fake invoice transactions are more than Rs 2 crores.

The last pillar is Minimum Government, Maximum Governance and it is very apt as it ensures that ease of doing business. To attract foreign capital to meet our ambitious growth targets ease of doing business is the key. To promote the spirit of entrepreneurship and encourage more start-ups, the provisions of the provisions of the Small Company has been relaxed by increasing the turnover to Rs 20 crores from Rs 2 Crores and the paid up capital to Rs 2 cores. Apart from this the provisions of the One Person Company has been also relaxed, Some of the other measures on the compliances front are

### **Goods & Service Tax**

- Input Tax credit would be available only when the supplier would
- provide the details in its GSTR 1.
- Mandatory requirement of getting accounts audited and reconciled by CA/CMA has been removed.
- Retrospective amendment to charge interest on Net Cash Liability.
- Zero rate the supply of goods or services to a SEZ developer or a SEZ unit only when the said supply is for authorized operations
- Restrict the zero-rated supply on payment of integrated tax only to a notified class of taxpayers or notified supplies of goods or services and
- Link the foreign exchange remittance in case of export of goods with refund

### **Income Tax**

- Senior citizens over 75 years age are exempted from filing of Income Tax Returns
- Time limit for sending the intimation from 1 year to 9 months (Section 143(1))
- Time limit for issue of notice from 6 months to 3 months (Section 143(2))
- Time limit for reopening of assessment from 6 years to 3 years except serious fraud cases. (Section 149)
- Tax Audit Limit Increased from 5 Crores to 10 Crores for assesses having 95% or more digital Transactions.
- Discontinuation of Income Tax settlement commission
- Advance tax liability on dividend only after declaration of dividend
- Affordable Housing Projects-Additional Interest deduction (80EEA) & Tax Holiday (80IBA) extended till 31.03.2022
- Income tax return will have pre filled data of Dividend, interest income, salary etc.
- Late deposit of PF employee contribution not allowed as deduction.
- No TDS on dividend income credited or paid to person as may be notified by the Central Government
- Interest on Provident Fund above 2.5 Lacs per year to be taxable u/s 10(11) & 10(12)
- In case of Non-Filers of ITR, assessee should deduct TDS at the rate higher of twice the rate or 5%

- Exemption u/s 10(10D) shall not apply to ULIP issued after 01.02.2021 if premium exceeds 2.5 Lacs per year
- Deprecation will not be allowed in case of Goodwill whether self-generated or acquired.

### **Corporate Law**

- No restrictions on One Person Companies
- NRIs allowed to setup One Person Companies
- Decriminalisation of LLP Act, 2008
- Rationalization of Tribunals
- Launching MCA Version 3.0 – e-Scrutiny, e-adjudication and, Compliance management to be simplified.

The budget has focused in all aspects of the economic development in a balanced manner with the given conditions even though the fiscal deficit is pegged at 9.5% of GDP. The main reason for the Fiscal deficit increase is a whopping increase of 34% in the capital expenditure for 2020-21 and would reduce the fiscal deficit below 4.5 of the GDP by 2025-26. Overall, the budget has given a candy to all the citizens of the countries and has put the stock market on fire, as the BSE has gone up by 4k points and it will put the economy on the trajectory path. There is pie for the practising Cost Accountants also as the thrust has been laid on manufacturing and we as Cost Accountants can help in the nation building in the cost optimization for making our products competitive in the global market. As a Management Accountant we can help the new entities from preparation of the Detailed Project Reports to setting up of process and assisting them in the Go To Market Strategy.

### **Disclaimer**

Any views or opinions represented above are personal and belong solely to the author and do not represent those of people, institutions, or organizations that the author may or may not be associated with in professional or personal capacity unless explicitly stated. Any views or opinions are not intended to malign any religion, ethnic group, club, organization, company, or individual.