

BUDGET HIGHLIGHTS 2022

P R S R & CO.

CHARTERED ACCOUNTANTS



UPDATED RETURNS

Provision to file "Updated Return" on payment of additional tax

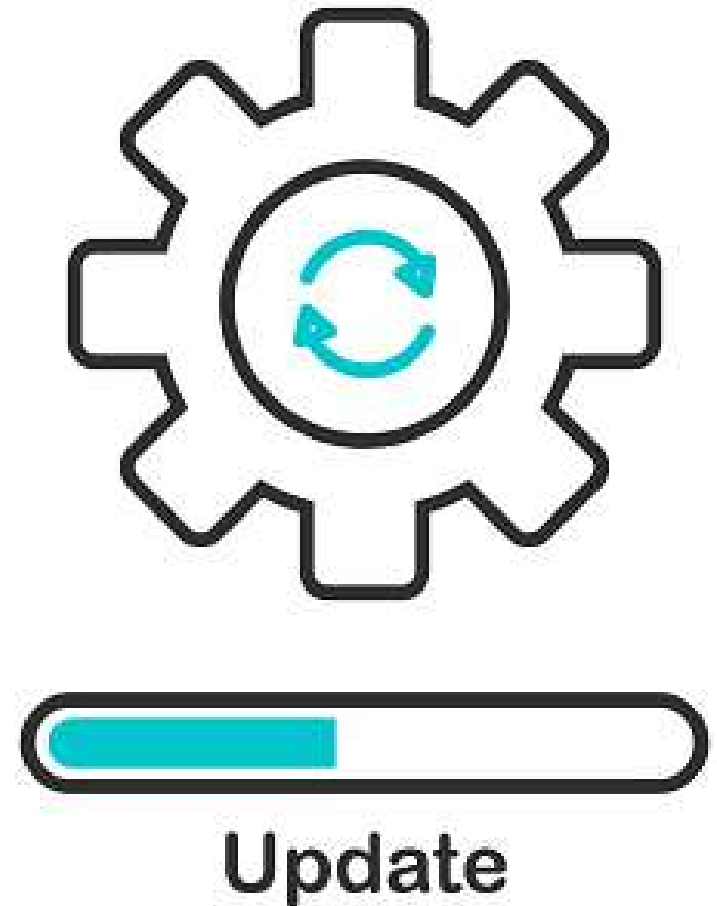
Assessee can declare income missed out earlier

Can be filed within 2 Years from the end of the relevant Assessment Year

E.g. for AY 2021-2022 updated return can be filed upto 31.03.2024

If updated return filed within 1 year – Additional tax payable = 25% of Tax + Interest

If updated return filed after 1 year – Additional tax payable = 50% of Tax + Interest





Taxation of Virtual Digital Assets – Section 115BBH

To be taxed at 30%

No deductions allowed except for Cost of Acquisition

Setoff and carry forward of loss from transfer of virtual digital assets not to be allowed

TDS @ 1% of the consideration is introduced to gather information about every sale

Recipient of Gift of such Virtual Digital Assets to pay 30% tax

Backdoor entry provided for cryptocurrency. Question of legality status seems to be answered.

EDUCATION / HEALTH CESS

As per the Income Tax – Any income tax / surcharge paid is not a deductible expenditure

Income Tax Department maintains the stand that Education Cess / Health Cess etc is Surcharge in nature.

However, many courts have ruled in the favour of Assesses allowing such cess as deductible expenditure

Now an explanation is introduced in the Act to the effect that Cess is not a deductible expenditure.

CESS



SURCHARGE RATIONALISATION

Surcharge reduced for Co-Op Society from 12.00% to 7.00%

Surcharge on Capital Gains reduced from 37.00% to 15.00% under Section 112 for Individuals / HUF / AOP & BOI

Surcharge on Corporate Tax has been reduced to 7.00%



BANKING RELATED

75 digital banking systems to be setup in 75 districts to facilitate digital banking

Fintech and Digital economy will continue to be focus area

Core Banking services will be available at all the 1.50 Lakh Post Offices. Transactions can be done between bank and post office accounts digitally.

SECTION 285B

Earlier producers of cinematograph films during the whole or part of the year was supposed to prepare, deliver or cause to be deliver to the Assessing officer within 30 days from the end of the financial year or 30 days from the end of film whichever is earlier.

Now the scope has been widened to include persons engaged in **event management, documentary producers, production of programs for telecasting on television or OTT platforms or any other similar platforms.**

Notification is awaited for more clarification

TDS on Sale of Immovable Property – Section 194IA

In case of transfer of immovable property for a price lesser than the stamp duty value, Section 43CA or Section 50CA would be applicable and accordingly the stamp duty value (subject to exceptions) will be considered. However, TDS under Section 194-IA was happening on the transaction value of the property.

This inconsistency has now been removed by amending Section 194-IA also to be applicable on the stamp duty value / guidance value of transaction value whichever is higher.

OTHER IMPORTANT DIRECT TAX AMENDMENTS

Extension of last date for commencement of manufacturing or production under Section 115BAB : Beneficial tax rate of 15% for newly setup industries.

Extension of date of incorporation for eligible startup for exemption under Section 80-IAC:
Extended from 31st March 2022 to 31st March 2023

Double Tax Deduction / Tax Collection under Section 206AB & Section 206CCA: The requirement of higher TDS / TCS shall be applicable in case of non filing of income tax returns by the payee for preceding 1 year instead of 2 years.

Loan or Borrowings received - Section 68 of the Act : Cash credits of any form including borrowings, loans, advances etc in the books of the assessee will be treated as explained only if the source of funds is also explained in the books of the creditor or the entry provider.

OTHER IMPORTANT DIRECT TAX AMENDMENTS

Appeal by Revenue where an identical question of law is pending before the Jurisdictional High Court or the Supreme Court : Procedure prescribed under Section 158AB for deferral of appeal by revenue where an identical question of law is pending before the Jurisdictional High Court or the Supreme Court in case of any other Assessment Year of the assessee or in case of any other assessee.

CONTACT US

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