

UNION BUDGET 2022



I.FOREWARD

Mercurial micro and macro factors, geopolitical uncertainty coupled with a recent slowdown caused by an unprecedented situation owing to the Novel Coronavirus COVID-19 has impacted the Indian economy. The one universal expectation of various stakeholders from the Government has been a rational yet rapid resolution to their financial woes. In such a scenario, Budget 2022 was widely anticipated to provide a reasonable resolution to the fickle Indian economic outlook. Considering the COVID related restrictions, the Budget was presented by the Honorable Finance Minister using the Tablet Mode. While presenting the budget for the 2022-2023 fiscal year, Sitharaman said that PM Gati Shakti, Inclusive Development, Productivity in the Sunrise Sector and Energy Transition and Climate Actions and Financing of investments will be the four top priorities for the central government. The economic growth rate is estimated to be at 9.2 % which is the highest among all large economies. The Union Budget seeks to complement macro-economic level growth with a focus on micro-economic level all inclusive welfare.

The Make In India Packages accelerated the pace of structural reforms. Redefinition of MSMEs, Commercialization of the Mineral Sector, Agriculture and Labour Reforms, Privatization of Public Sector Undertakings, Outlines vision for Railways, Education, Roadways, North-East Regions, Defense and Logistics Infrastructure are some of the notable reforms carried out during this period.

This Budget will be the first of this new decade. Due to the unprecedented nature of the CoVID-19 shock, on economic growth and other fiscal parameters, fiscal deficit was increased from 3.5 per cent of GDP in BE 2020-21 to 9.5 per cent of GDP in RE 2020-21. Uncertainties caused by the pandemic have continued through 2021 into 2022. Due to increased development/ welfare-related expenditures to contain the pandemic and to provide opportunities to the people, the fiscal deficit target for RE 2021-22 is pegged at 6.9 per cent of GDP as against 6.8 percent of GDP in BE 2021-22. In BE 2022-23, the fiscal deficit is projected at 6.4 percent of GDP, which is lower than RE 2021-22.

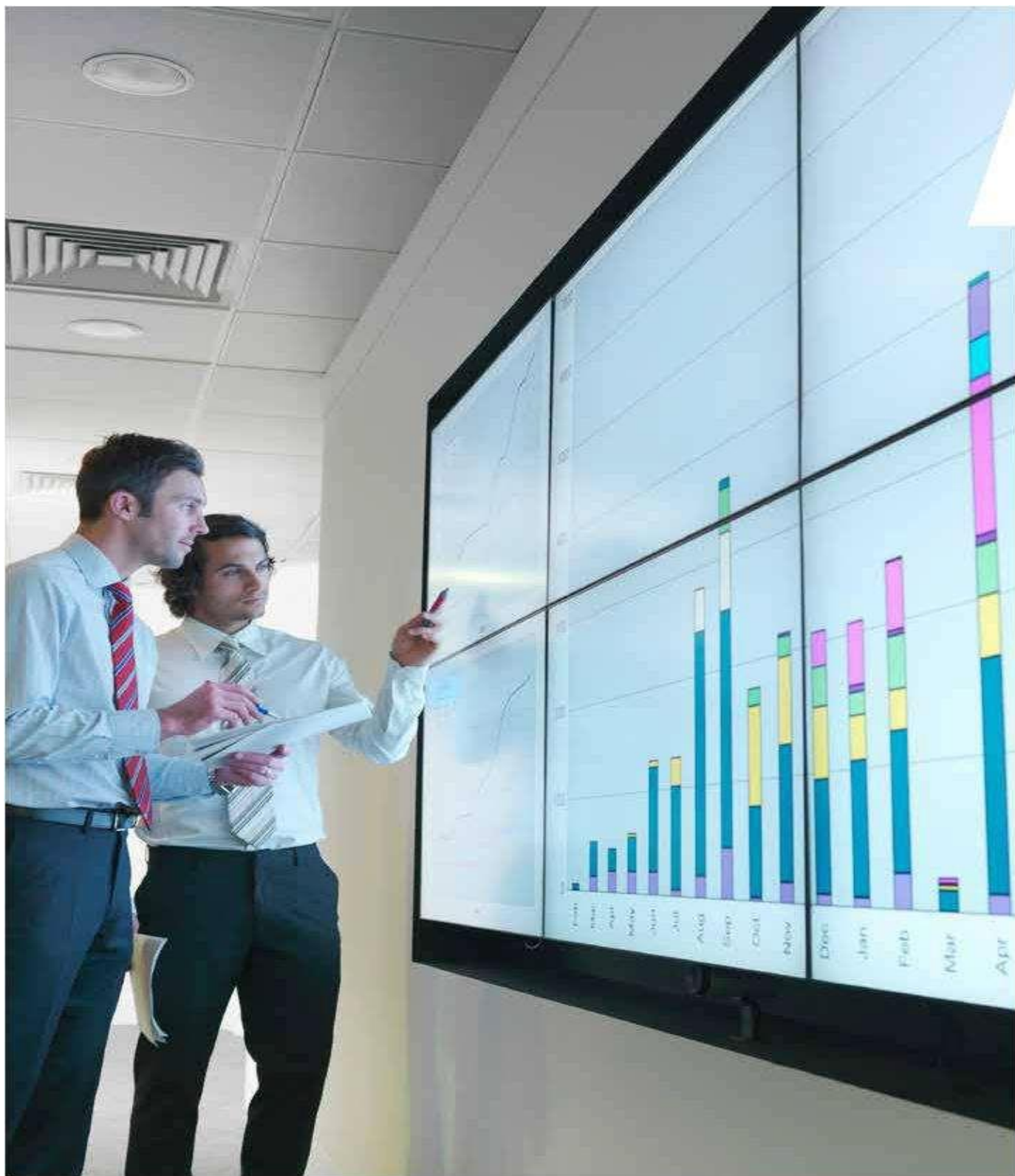
The budget comes at a time when India's economy is remarkably recovering after two devastating waves of the coronavirus pandemic. But there are still a host of challenges that could upset growth. Inflation, growing unemployment and economic slowdown due to the third wave of the coronavirus pandemic are some key challenges.

Now, just as it had happened after the two World Wars, there are signs that the political, economic, and strategic relations in the post COVID world are changing. This moment in history is the dawn of a new era – one in which India is well-poised to truly be the land of promise and hope. ***"Faith is the bird that feels the light and sings when the dawn is still dark"***

II. TABLE OF CONTENTS

Economic Overview	
-Macro-Economic Overview	05
Budget Highlights	
-Direct Tax	08
-Indirect Tax	09
Budget Proposals	
-Direct Tax: Personal & Corporate Tax	11
-Other Proposals	14
Income Tax Rates	34

III. ECONOMIC OVERVIEW AND PROSPECTS



Macro-Economic Overview

Overview of the Economy

The Indian economy was negatively impacted by an unprecedented health crisis in 2021-22 with the highly contagious corona virus (Covid-19) spreading across the country. In response to the pandemic, Government has taken several proactive preventive and mitigating measures starting with progressive tightening of international travel, issue of advisories for the members of the public, setting up quarantine facilities, contact tracing of persons infected by the virus and various social distancing measure. The real Gross Domestic Product (GDP) growth is projected to contract to 9.5 percent in 2022-23 as compared to a growth of 7.7 percent in 2020-21. GDP growth, however, is expected to rebound strongly in 2022-23 owing to the reform measures undertaken by the Government.

The Government announced a special economic and comprehensive package under Make In India to provide 60 lakhs new jobs in Private and Public sector. Several structural reforms announced as part of the package, inter alia, included regulation of the agricultural sector, change in definition of MSMEs, new PSU policy, Public Issue Of LIC, Blueprint laid down for 25 years, transfer of AIR INDIA ownership , commercialization of coal mining, higher FDI limits in defense and space sector, development of Industrial Land/ Land Bank and Industrial Information System, Production Linked Incentive Schemes, Special mobility zones for E-Vehicles, Promoting Digital Economy Technology, new power tariff policy and incentivizing States to undertake sector reforms, Complementing Macro and Micro level growth and 1.5 lakhs post office to be connected to Core Banking System.

Other steps such as the Capital Expenditure to be stepped up by 35.4%, Emphasisation of PM Gati Shakti National Master Plan, Extension and Expansion of ECLGS(Emergency Credit Line Guarantee Scheme) for MSMEs Upto March 2023, Expansion of National Highways by 25000KM, One Nation One Product Concept for Supply Chain Enhancement, 400 new generation of Vande Bharat Trains, Development of New Cargo Terminals for multimodal Logistics, Launching of Kisan Drones Services, Launching of Digital Ecosystem for Skilling and Livelihood (DESH-Stack e-portal), Launching of One class-One TV channel programmes under PM eVIDYA Scheme, Introduction of Prime Minister's Development Initiative for North-East Region (PM-DevINE) Scheme, Levy of tax on Virtual Digital Assets, Extension of lower tax on new manufacturing units, enhancement of Post Office Banking System, Introduction of Digital Rupee and Atamnirbhar Defence manufacturing.

GDP Growth

As per the first Advance Estimates of annual national income released by the National Statistical Office (NSO), Real GDP is estimated to 9.5 percent in FY 2022-23, as compared to a growth of 7.7 percent in 2020-21. This contraction in GDP growth is mainly attributed to the contraction in industry and services sector. This moderation in GVA growth in 2020-21 (AE) as compared to 2019-20 is attributed to all sectors on the supply side save public administration, defense and other services. From the demand side private final consumption expenditure, public final consumption expenditure and net exports have driven the growth GDP in 2020-21 as compared to 2019-20. Gross fixed capital formation on the other hand has slowed the growth of GDP

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Banking Sector

- Bank credit growth was 9.3% as on December 2021 as compared to 6.6% in the corresponding period of the previous year.
- The Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks decreased from 8.2% from March 2020 to 6.9 % at the year end September 2021.
- Return on assets (ROA) of SCBs improved from 0.2 per cent at end-March 2020 to 0.7 per cent at end-March 2021, aided by stable income and decline in expenditure.

Agriculture

- As per Fourth Advance Estimates for 2020-21, total Foodgrain production in the country is estimated at record 308.65 million tonnes which is higher by 11.14 million tonnes than the production of foodgrain during 2019-20.
- Rice production is pegged at a record 122.27 million tonnes in the 2020-21 crop year as against 118.87 million tonnes in the previous year
- Production of Wheat during 2020-21 is estimated at record 109.52 million tonnes. It is higher by 9.10 million tonnes than the average wheat production of 100.42 million tonnes
- Government has increased Minimum Support Prices (MSP) for all mandated kharif, rabi and other commercial crops

Industrial Production

- Industrial Production in India averaged 6.12 percent from 1994 until 2021, reaching an all time high of 133.50 percent in April of 2021 and a record low of -57.30 percent in April of 2020
- The eight core infrastructure support industries, viz., coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity that have combined weightage of nearly 40% in IIP grew by 3.1 % in 2020-21.

Prospects:

The stimulus measures and reforms initiated by the Government and liquidity measures by the RBI are expected to support industrial activity and demand. The movement of various high frequency indicators in recent months, points towards broad based resurgence of economic activity. Vaccination against Covid 19 has been provided at large scale covering most parts of India including rural. In line with the projections for strengthening of India's growth by multi-lateral institutions, the nominal growth of the economy is expected to be 9.5 percent in the financial year 2022-23.

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IV. BUDGET HIGHLIGHTS



DIRECT TAX

- To take forward the policy of establishing a stable and predictable tax regime with emphasis of more governance.
- Introducing new 'Updated return' for the payment of additional taxes
- Alternate Minimum Tax paid by Cooperative societies reduced to 15%
- Surcharge on Cooperative Societies reduced to 7%
- Tax relief to persons with disability on payment of annuity and lump sum amount from Insurance Scheme
- Tax deduction limit increased to 14% on Employer's Contribution to the National Pension Scheme account of State Government Employees
- Period of Incorporation extended Upto 31.03.2023 for eligible start-ups to avail the tax benefit
- Extension of incentive for Commencement of manufacturing or production under section 115BAB Upto 31.03.2024
- Any income from transfer of any virtual digital asset to be taxed at the rate of 30%
- TDS shall be deducted at the rate of 1% on payment made in relation to transfer of virtual digital asset
- The filing of appeal by the department shall be deferred in cases where question of law is identical to the one pending in High Court or Supreme Court
- Surcharge on AOPs (consortium formed to execute a contract) to be capped at 15%
- Surcharge on long term capital gains arising on transfer of any type of assets to be capped at 15%
- Any surcharge or cess on income and profits not allowable as business expenditure
- No set off, of any loss to be allowed against undisclosed income
- Benefits passed on to agents as business promotion strategy taxable in hands of agents
- Insertion of Explanation in Section 14A regarding disallowance of expenditure incurred for earning exempt income even if the exempt income has not accrued / arisen / received during the year
- Exemption extended to amount received for the medical treatment and on account of death due to Covid-19
- Rationalization of provisions of Section 206AB and 206CCA to widen and deepen tax base
- Rationalization of provisions of Section 194-IA to ensure TDS collection at higher of stamp duty value / actual consideration

INDIRECT TAX

- **Remarkable progress in GST**
 - GST revenues are buoyant despite the pandemic - Taxpayers deserve applause for this growth.
- **Special Economic Zones**
 - Customs Administration of SEZs to be fully IT driven and function on the **Customs National Portal** - shall be implemented by 30th September 2022.
- **Customs Reforms and duty rate changes**
 - Faceless Customs has been fully established. During Covid-19 pandemic, Customs formations have done exceptional frontline work against all odds displaying agility and purpose.
- **Project imports and capital goods**
 - Certain exemptions for advanced machineries that are not manufactured within the country shall continue.
 - Gradually phasing out of the concessional rates in capital goods and project imports; and applying a moderate tariff of **7.5 percent** - conducive to the growth of domestic sector and 'Make in India'.
 - A few exemptions introduced on inputs, like specialized castings, ball screw and linear motion guide - to encourage domestic manufacturing of capital goods.
- **Review of customs exemptions and tariff simplification**
 - More than **350 exemption entries proposed** to be gradually phased out, like exemption on certain agricultural produce, chemicals, fabrics, medical devices, & drugs and medicines for which sufficient domestic capacity exists.
 - Simplifying the Customs rate and tariff structure particularly for sectors like chemicals, textiles and metals and minimize disputes; Removal of exemption on items which are or can be manufactured in India and providing concessional duties on raw material that go into manufacturing of intermediate products - in line with the objective of 'Make in India' and 'Atmanirbhar Bharat'.

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V. BUDGET PROPOSALS



DIRECT TAX (INCOME TAX ACT, 1961)

Details on some major changes is indicated below:

S.No	Proposal	Proposed Amendment
1.	Policy of stable and predictable tax regime	<ul style="list-style-type: none"> ➤ Vision to establish a trustworthy tax regime. ➤ To further simplify tax system and reduce litigation.
2.	Updated return	<ul style="list-style-type: none"> ➤ Provision to file an Updated Return on payment of additional tax. ➤ Will enable the assessee to declare income missed out earlier. ➤ Can be filed within two years from the end of the relevant assessment year.
3.	Cooperative societies	<ul style="list-style-type: none"> ➤ Alternate Minimum Tax paid by cooperatives brought down from 18.5 per cent to 15 per cent to provide a level playing field between cooperative societies and companies. ➤ Surcharge on cooperative societies reduced from 12 per cent to 7 per cent for those having total income of more than Rs 1 crore and up to Rs 10 crores.
4.	Tax relief to persons with disability	<ul style="list-style-type: none"> ➤ Payment of annuity and lump sum amount from insurance scheme to be allowed to differently abled dependent during the lifetime of parents/guardians, i.e., on parents/ guardian attaining the age of 60 years.
5.	Parity in National Pension Scheme Contribution	<ul style="list-style-type: none"> ➤ Tax deduction limit increased from 10 per cent to 14 per cent on employer's contribution to the NPS account of State Government employees. ➤ Brings them at par with central government employees. ➤ Would help in enhancing social security benefits.
6.	Incentives for Start-ups	<ul style="list-style-type: none"> ➤ Period of incorporation extended by one year, up to 31.03.2023 for eligible start-ups to avail tax benefit. ➤ Previously the period of incorporation valid up to 31.03.2022.

7.	Incentives under concessional tax regime	<ul style="list-style-type: none"> ➤ Last date for commencement of manufacturing or production under section 115BAB extended by one year i.e. from 31st March, 2023 to 31st March, 2024.
8.	Scheme for taxation of virtual digital assets	<ul style="list-style-type: none"> ➤ Specific tax regime for virtual digital assets introduced. ➤ Any income from transfer of any virtual digital asset to be taxed at the rate of 30 per cent. ➤ No deduction in respect of any expenditure or allowance to be allowed while computing such income except cost of acquisition. ➤ Loss from transfer of virtual digital asset cannot be set off against any other income. ➤ To capture the transaction details, TDS to be provided on payment made in relation to transfer of virtual digital asset at the rate of 1 per cent of such consideration above a monetary threshold. ➤ Gift of virtual digital asset also to be taxed in the hands of the recipient.
9.	Litigation Management	<ul style="list-style-type: none"> ➤ In cases where question of law is identical to the one pending in High Court or Supreme Court, the filing of appeal by the department shall be deferred till such question of law is decided by the court. ➤ To greatly help in reducing repeated litigation between taxpayers and the department.
10.	Tax incentives to IFSC	<p>Subject to specified conditions, the following to be exempt from tax:</p> <ul style="list-style-type: none"> ➤ Income of a non-resident from offshore derivative instruments. ➤ Income from over-the-counter derivatives issued by an offshore banking unit. ➤ Income from royalty and interest on account of lease of ship.
11.	Rationalization of Surcharge	<ul style="list-style-type: none"> ➤ Surcharge on AOPs (consortium formed to execute a contract) capped at 15 per cent. This has been done to reduce the disparity in surcharge between individual companies and AOPs. ➤ Surcharge on long term capital gains arising on transfer of any type of assets capped at 15 per cent. This will give the much needed boost to the start-up community.
12.	Health and Education	<ul style="list-style-type: none"> ➤ It is clarified under the Income Tax Act, 1961 that any surcharge or

	Cess	cess on income and profits is not allowable as business expenditure.
13.	Deterrence against tax-evasion	<ul style="list-style-type: none"> ➤ No set off, of any loss to be allowed against undisclosed income detected during search and survey operations.
14.	Rationalizing TDS Provisions	<ul style="list-style-type: none"> ➤ Benefits passed on to agents as business promotion strategy taxable in hands of agents. ➤ Tax deduction provided to person giving benefits, if the aggregate value of such benefits exceeds Rs 20,000 during the financial year. ➤ Time period for applicability of Section 206AB regarding increased TDS rate for non-filing of Income Tax Return by the deductee reduced from 2 years to 1 year. ➤ Amendment in tax base under Section 194-IA regarding TDS on payment for purchase of immovable property from purchase consideration to higher of purchase consideration / stamp duty value.
15.	Clarification on expense incurred for earning exemption Income	<ul style="list-style-type: none"> ➤ As per Section 14A any expenditure incurred for earning exempt income is to be disallowed. ➤ Clarification added to the same to the effect that expenditure earned for earning exemption income shall be disallowed irrespective of whether the income is actually earned / accrued or received by the taxpayer during the year.
16.	Covid – 19 Exemption	<ul style="list-style-type: none"> ➤ Section 17 amended to specifically mention that any amount received by the employee towards treatment of employee or family member for COVID-19 shall not be treated as a perquisite. ➤ Section 56(x) amended to specify that any amount received by an individual from any person in respect of expenditure actually incurred for the medical treatment of the individual or family members in respect of COVID-19 illness shall not be treated as income from other sources subject to specified conditions. <p>Further, any sum of money received by the family of the deceased person from the employer of the deceased (without limit) or from any other person Upto 10 lakhs rupees where the cause of death is COVID-19, then such sum shall also not be treated as income in the hands of family members.</p>

OTHER PROPOSALS

I. LEGISLATIVE CHANGES IN CUSTOMS AND CENTRAL EXCISE:

a. Major amendments to the Customs Act, 1961

S. No.	Amendment	Clause of the Finance Bill, 2022
1.	Sub-section (5) to Section 5 is being inserted to ensure that wherever necessary, for the proper management of work, two or more officers of customs, can concurrently exercise powers and functions (for example in the case of faceless assessment)	[87]
2.	Section 14 is being amended to include provisions for rules enabling the Board to specify the additional obligations of the importer in respect of a class of imported goods whose value is not being declared correctly, the criteria of selection of such goods, and the checks in respect of such goods. This amendment is a measure to address the issue of under-valuation in imports.	[88]
3.	Section 28H is being amended to make provisions for prescribing appropriate fees by Board relating to application for advance Ruling and also give flexibility to the applicant to withdraw his application at any time before a ruling is pronounced from the current 30 days' time period. Consequently, the sub-section (3) is being omitted.	[90]
4.	Sub-section (2) under Section 28J is being substituted so that advance ruling under sub-section (1) of Section 28J is now valid for a period of three years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier. A proviso is also being inserted to provide that the advance rulings in force on the date on which the Finance Bill, 2022 receives assent of the President, the said period of three years shall be reckoned from the date	[92]
5.	Section 110AA is being inserted with a view to affirm the principle that, wherever, an original function duly exercised by an officer of competent jurisdiction, is the subject matter of a subsequent inquiry, investigation, audit or any other specified purpose by any other officer of customs, then, notwithstanding, such inquiry, investigation, audit or any other purpose, the officer, who originally exercised such jurisdiction shall have the sole authority to exercise jurisdiction for further action like re- assessment, adjudications, etc. consequent to the completion of such inquiry, investigation, audit or any other purpose.	[93]
6.	Section 135AA is being inserted to protect the import and export data submitted to Customs by importers or exporters in their declarations by making the publishing of such information unless provided by the law, as an offence	[94]

under Customs Act.

b. Other legislative amendments pertaining to Customs

S. No.	Amendment	Clause of the Finance Bill, 2022
1.	A clause [] has been inserted in the Finance Bill, 2022. This clause seeks to give validation to any action taken or functions performed before the date of commencement of the Finance Act, 2022, under certain Chapters of the Customs Act by any officer of Customs, as specified in Section 3 of the Customs Act, as amended, where such action was in pursuance of their appointment and assigning of functions by the Central government or the Board under the Customs Act.	[96]

II. CUSTOM DUTY RATE CHANGES

a. Tariff rate changes for Basic Customs Duty [Clause [97(a)] of the Finance Bill, 2022] [to be effective from 02.02.2022, unless otherwise specified]

S. No	Commodity	Specific items	Rate of Duty	
			From	To
1.	Edible Oils (15163000)	Microbial fats and oils and their fractions	30%	100%
2.	MSME sector (6601)	Umbrellas	10%	20%
3.	Gems and Jewellery Sector (7117)	Imitation Jewellery	20%	20% or Rs. 400 per kg[whichever is higher]
		Cut and Polished Diamonds and Gemstone	15%	5%
4.	Electrical and electronic items (851821, 851822, 851829, 851830, 90283010, 90289010)	Single or multiple loudspeakers, whether or not mounted in their enclosures <i>Note: Effective BCD rate on these goods, other than hearable devices would continue to be '15%'. BCD rates on hearable devices will be governed by the Phased Manufacturing Program[PMP].</i>	15%	20%
		Headphones and earphones, whether or not combined with a microphone, and sets consisting	15%	20%

		of a microphone and one or more loudspeakers <i>Note: Effective BCD rate on these goods, other than hearable devices would continue to be '15%'. BCD rates on hearable devices will be governed by the Phased Manufacturing Program[PMP].</i>		
		Printed Circuit Board Assembly of Smart Meters <i>Note: Effective BCD rate on these goods would continue to be '7.5%' till 31.03.2022</i>	10%	20%
		Smart Meters <i>Note: Effective BCD rate on these goods would continue to be '15%' till 31.03.2022</i>	15%	25%
6.	Solar Energy Sector (85414200, 85414300)	Solar Cells (other than those exclusively used with ITA-1 items) <i>Note: Effective BCD rate on these goods would continue to be 'Nil' till 31.03.2022</i>	20%	25%
		Solar Modules (other than those exclusively used with ITA-1 items) <i>Note: Effective BCD rate on these goods would continue to be 'Nil' till 31.03.2022.</i>	20%	40%

b. Change in Effective Rate of Additional Basic Excise Duty on Unblended Petrol and Diesel:

In order to promote blending of Motor Spirit (commonly known as Petrol) with Ethanol / methanol and blending of High Speed Diesel with bio-diesel, an additional Basic Excise Duty of Rs. 2 per litre on Petrol and Diesel, intended to be sold to retail consumers without blending, would be levied with effect from the 1st day of October, 2022.

c. Tariff rate changes (without any change in the effective rates of Basic Customs Duty) [Clause [97(b)] of the Finance Bill, 2022] [to be effective from 01.05.2022, unless otherwise specified]

S. No	Specific items	Rate of Duty	
		From	To

1.	Pure-bred breeding horses	30%	Free
2.	Coral, unworked or simply prepared but not otherwise worked	30%	Free
3.	Bovine semen	30%	5%
4.	Cashew nuts, in shell	30%	2.5%
5.	Pistachios, in shell and shelled	30%	10%
6.	Soft dates (khayzur or wet dates), hard dates (chhohara or kharek dates)	30%	20%
7.	Oranges, Lemon and limes	40%	30%
8.	Fresh grapes	35%	30%
9.	Fresh pears, Fresh quinces	35%	30%
10.	Vegetable seeds, fruit seeds for planting or sowing	10%	5%
11.	Ethyl alcohol and other spirits, denatured	30%	5%
12.	Residues and waste from the food industries; prepared animal fodder	30%	15%
13.	Salt, Sulphur, Earth and stone, lime etc.	10%	5%
14.	Crude or unrefined sulphur	10%	2.5%
15.	Ores and concentrates	5%/10%	2.5%
16.	Coal, Lignite, Peat <i>[These items would continue to attract Basic Customs Duty at the rate of 1% through notification No. 50/2017-Cus]</i>	10%	5%
17.	Oil (other than crude petroleum) obtained from Bituminous Crude	5%	Free
18.	Aviation gasoline conforming to standard IS 1604	10%	Free
19.	Motor Spirit commonly known as petrol	10%	2.5%
20.	High speed diesel (HSD)	10%	2.5%
21.	Aviation Turbine Fuel (ATF)	10%	5%
22.	Liquefied natural gas (LNG)	10%	2.5%
23.	Liquefied petroleum gases (LPG)	10%	5%
24.	Inorganic Chemicals (other than Chemical Elements, Phosphoric Acid, Boric Acids, Ammonia, Titanium Dioxide etc.)	10%	7.5%
25.	Organic Chemicals (except Mannitol, D-glucitol (Sorbitol) and 6- Hexanelactum)	10%	7.5%
26.	Cyclic and Acyclic Hydrocarbons (other than o-xylene, p-xylene and styrene)	10%	2.5%
27.	Halogenated, Sulphonated, nitrated or nitrosated derivatives of hydrocarbons (other than methyl	10%	5%

	chloride, methylene chloride, chloroform and trichloroethylene)		
28.	Fertilizers (other than Ammonium Sulphate, Ammonium Nitrate, Sodium nitrate, Potassium Sulphate, Minerals or Chemical fertilizers of NPK)	10%	7.5%

d. Other Proposals involving charges in Basic Custom Duty Rates / Health Cess in respective notifications [with effective from 02.02.2022, unless otherwise specified]

S. No.	Chapter, heading, sub-heading, or tariff item	Commodity	From	To
		Agricultural Products and By Products		
1.	0306	Live Black tiger shrimp (<i>Penaeus monodon</i>)	30%	10%
2.	0306 19 00	Frozen Krill	30%	15%
3.	1518	Algal Oil for manufacturing of aquatic feed	30%	15%
		Fuels, Chemicals and Plastics		
4.	2710 19	Fuel oil	5%	2.5%
5.	2710 19	Straight run fuel oil	5%	2.5%
6.	2710 19	Low sulphur wax residue	5%	2.5%
7.	2710 19	Vacuum residue, Slurry	5%	2.5%
8.	2710 19	Vacuum gasoil	5%	2.5%
9.	2837 11 00	Sodium cyanide	7.5%	10%
		Paper		
10.	4707	Recovered (waste and scrap) paper or paperboard for use in manufacturing of paper, paperboard or newsprint	NIL	2.5%
		Gems and Jewellery Sector		
11.	7102 21 7102 31 00	Simply Sawn Natural Diamonds imported under Kimberley Process Certification Scheme (KPCS)	Applicable Rate	NIL
12.	71	Cut and Polished Diamonds	7.5%	5%
13.	71 (except 7104 99 00)	Cut and Polished Natural Gemstones	7.5%	5%

		Metals		
14.	7204	Iron and steel scrap, including stainless steel scrap [Exemption hitherto available till 31.3.2022 is being extended up to 31.03.2023]	NIL [upto 31.3.2022]	NIL [upto 31.3.2023]
		Electrical and Electronics Sector		
15.	3920 99 99, 9002 11 00	Camera lens for use in manufacture of CameraModule for Cellular Mobile Phone	10%/15%	2.5%
16.	Specific CTH	Specified parts for use in manufacture of transformers of chargers/adapters	10%/15%	5%
17.	74 or 76	Copper/Aluminium based Copper clad laminate for use in manufacture of PCB/MCPCB	5%/7.5%	NIL
18.	90	Following items used in manufacture of X-ray items: a) X-Ray grid b) Multi Leaf Collimator/ Iris Static User Interface	5%	10%
19.	90	X-Ray Machines	7.5%	10%
		Medical devices		
20.	9018 32 10	Surgical needles imported for manufacture of Surgical sutures	Health Cess @5%	Health Cess @ Nil
		Toys		
21.	9503	Parts of electronic toys for manufacture of electronic toys	15%	25%
		Capital Goods		
22.	7325 10 00	S. G. Ingot Castings used in manufacturing of Plastic Processing Machinery	10%	7.5%
23.	8483 40 00, 8477 90 00	Ball Screw and Linear Motion Guide used in manufacturing of Plastic Processing Machinery	7.5%	5%
24.	84	Bushing (made up of platinum and rhodium alloy, imported in exchange of worn-out bushing exported for refurbishment)	10%	7.5%

25.	8419	Coffee roasting, brewing or vending machineries for use in the manufacturing or processing of coffee	10%	7.5%
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e. Changes in the Rules under the Customs Act, 1962

S.No.	Amendment(s)
1.	<p>Trade Facilitation- Amendment to IGCR rules, 2017</p> <p>Customs (Import of goods at concessional rate of duty) Rules, 2017 are being amended to provide the following facilities:</p> <ol style="list-style-type: none"> To introduce end to end automation in the entire process. Requirement of submitting all the necessary details electronically, through a common portal, is being brought out in the Rules itself. Standardizing and notifying the various forms in which details are to be submitted electronically. Leveraging the advantage of such submissions electronically, the need for any transaction based permissions and intimations are all being done away with. Consequently, the procedure to claim the notification benefit is being simplified and automated. For effective monitoring of the use of goods for the intended purposes, a Monthly Statement is being proposed which is to be submitted by the importer on the Common Portal. An option for voluntary payment of the necessary duties and interest, through the Common Portal is being provided to the importer.

f. Duty rates for certain electronic products under the Phased Manufacturing Program (PMP)

S. No.	Chapter, heading, sub-heading, or tariff item	Commodity	From	To			
				2022-23	2023-24	2024-25	2025-26
PMP for Wrist Wearable Devices (Smart watches)							
Following parts [S. No. 1 to 7] for manufacture of wearable devices falling under tariff item 8517 62 90 of the Customs Tariff							
1.	8517 79 10	Printed Circuit Board Assembly (PCBA)	NIL	NIL	10%	15%	15%
2.	8544	Charging Cable	10%	NIL	5%	10%	15%

3.	39, 73, 85	Specified parts of	As per CTH	NIL	5%	10%	15%
4.	8507 60 00/ 8507 80 00	Battery	15%	NIL	5%	10%	15%
5.	8517 79 90	Display Assembly	NIL	NIL	NIL	5%	10%
6.	8501	Vibrator Motor	10%	10%	10%	10%	10%
7.	Any Chapter	Parts, sub-parts, and raw materials for use in the manufacture of the S. Nos 1 to 6 above	As per CTH	NIL	NIL	NIL	NIL
8.	8517 62 90	Wrist Wearable Devices (Commonly known as Smart Watches)	20%	20%	20%	20%	20%

Note: IGCR conditions shall apply for the items in S. No. 1 to 7 above.

PMP for Hearable Devices

Following parts [S. No. 1 to 6] for manufacture of hearable devices falling under sub-headings 8518 21, 8518 22, 8518 29 or 8518 30 of the Customs Tariff

1.	8518 90 00	PCBA for Hearable Device	10%	NIL	10%	15%	15%
2.	8544	USB Cable	10%	15%	15%	15%	15%
3.	73, 74, 85	Specified parts of hearable devices	As per CTH	NIL	5%	10%	15%
4.	8507 60 00/ 8507 80 00	Battery	15%	NIL	5%	10%	15%
5.	8518 90 00	Speaker Assembly (Pre-assembled speaker driver with protective mesh, but not including PCBA or battery)	10%	NIL	NIL	5%	10%

6.	Any Chapter	Parts, sub-parts, and raw materials for use in the manufacture of the S. Nos 1, 3, 4, and 5 above	As per CTH	NIL	NIL	NIL	NIL
7.	8518 21, 8518 22, 8518 29, 8518 30	Hearable Devices <i>Note -Hearable devices mean: -</i> <i>(i) true wireless stereo(TWS), headphones, earphones and similar devices like earbuds, neckbands, headsets, etc., whether or not combined with a microphone, being capable of portable Bluetooth speakers comprising of an amplifier and loudspeaker(s) with maximum output power not exceeding 40 Watts, having battery as a source of power and capable of wireless connectivity through Bluetooth.</i>	15 %	20%	20%	20%	20%
PMP for Smart Meters							
Following parts [S. No. 1 to 6] for manufacture of smart meters falling under tariff item 9028 30 10 of the Customs Tariff							
1.	9028 90 10	Assembled / Populated PCB for Smart Meters	7.5%	20%	20%	20%	20%
2.	8517 69 90	Communication Module	10%	NIL	NIL	5%	10%
3.	8536 49 00	Relay	10%	5%	10%	10%	15%
4.	8517 71 00	Antenna	NIL	NIL	NIL	5%	10%

5.	8524 11 00/ 8524 91 00	LCD & Backlight for LCD	15%	NIL	5%	10%	10%
6.	8506 50 00	Battery	10%	NIL	5%	10%	10%
7.	Any Chapter	Parts, sub-parts, and raw materials for use in the manufacture of the S. Nos 1 to 6 above	As per CTH	NIL	NIL	NIL	NIL
8.	9028 30 10	Smart Meters	15%	25%	25%	25%	25%

Note: IGCR conditions shall apply for the items in S. No. 1 to 7 above.

g. Review and amendment to the concessional rates of BCD prescribed in Notification 50/2017

The BCD exemption hitherto available on certain goods are being withdrawn by omitting some of the entries of notification No. 50/2017- Customs dated 30.6.2017 as shown below. Additionally, modifications have also been made with respect to some of the entries of notification No. 50/2017-Customs dated 30.6.2017, wherein end-dates have been prescribed, and partial changes has been made to the exemptions. These changes are detailed below.

S. No.	S. No. of notification No.50/ 2017	Description
Entries to be immediately omitted		
1.	4	Atlantic Salmon
2.	26	Hazelnuts or filberts, shelled and in-shell
3.	28	Other nuts, shelled and in-shell
4.	33	Durians, other fresh fruits like Pomegranates, Tamarind, Sapota, Custard- apple, Bore, Lichi, etc. other than currants and gooseberries
5.	50	Seed Lac
6.	52	Dammar Batu
7.	82	Crude glycerin for use in the manufacture of soaps
8.	96	Tapioca and substitutes therefor prepared from starch
9.	122	Silica Sands
10.	124	Marble, travertine, granite other than rough marble and travertine blocks and marble slabs
11.	151	Kerosene imported by the Indian IOCL, BPCL, HPCL and IBP Company Limited for ultimate sale through the Public Distribution System
12.	159	Bio-based asphalt sealer and preservation agent; Millings remover and crack filler; Asphalt remover and corrosion protectant; Sprayer system for bio-based Asphalt and

		condition no. 14
13.	171	The goods specified in List 7, for the manufacture of laser and laser-based instrumentation and condition No. 17
14.	173	Goods used in manufacture of telecommunication grade impregnated glass reinforcement roving, namely: E-glass roving/ yarn, liquid absorbent polymer, polyurethane polymer and vinyl polymer
15.	175	Common Salt (including Rock salt, Sea salt and Table salt)
16.	187	Raw materials intermediates and consumables supplied by UNICEF for manufacture of DTP vaccines and conditionNo. 19
17.	233	Myrobalan fruit extract
18.	234	Triband Phosphor
19.	235	Ceramic Colours
20.	236	Glass frit and other glass, in the form of powder, granules or flakes
21.	241	Vinyl Polyethylene Glycol for use in manufacture of Poly Carboxylate Ether
22.	242	The following goods for use in the manufacture of Plasma Volume Expanders, namely: Hydroxyethyl starch and Dextran
23.	277	Mica glass tape for use in manufacture of insulated wire and cables
24.	293	Grape guard paper (paper used for packaging grapes)
25.	324	Monofilament long line system for tuna fishing and condition No. 34

26.	327	Samples of hand knotted carpets and condition No. 36
27.	328	Polyester Tyre Cord Fabric
28.	332	Parts of Umbrella
29.	216 & 481	Artificial Kidney (Dialyzer)
30.	216A & 481A	Parts for manufacture of Artificial Kidney
31.	402	Goods, for use in the manufacture of static converters of automatic data processing machines: PCBA, Transformer, Battery and Copper enameled wires
32.	424	Listed goods for paging goods and its parts
33.	425	Listed goods for Public Mobile Radio Trunked Service (PMRTS) and its parts
34.	431	Goods used for Research and development in Agro- Chemical Sector Unit
35.	449	Goods for use in the manufacture of refrigerator compressor namely: - (i) C-Block compressor; Crankshafts.
36.	450	Over Load Protector (OLP) and positive thermal coefficient for use in the manufacture of refrigerator compressor
37.	501	Recorded magnetic tapes and floppy diskettes, imported by the University Grants Commission for use in Computers
38.	588	Synthetic tracks and equipment to lay synthetic tracks.
39.	589	(i) Asphalt resurfacer; (ii) Acrylic resurfacer; (iii) Cushion coat; (iv) Acrylic colour concentrate; (v) Acrylic marking paint; and

		Polytan in powder or granule form
40.	590	Requisites for games and sports
Entries where End-dates are prescribed		
41.	289	Wood in chips for use in manufacture of paper, paperboard & newsprint [End-date of 31.03.2023 is prescribed]
42.	430	Goods used for Research and Development purpose in pharmaceutical and bio- technology sector. [End-date of 31.03.2023 is prescribed]
43.	479	Mono or Bi polar Membrane electrolyzers and parts; Membrane and parts; Parts, other than those for caustic soda unit or caustic potash unit [End-date of 31.03.2024 is prescribed]
44.	594	Snow-skis and other snow-ski Equipment; Water-skis, surf-boards, sailboards and other water-sport equipment [End-date of 31.03.2023 is prescribed]
<p>Section 25 (4A) of the Customs Act, inserted vide Finance Act, 2021, prescribes that where any exemption is granted subject to any condition under sub-section (1), such exemption shall, unless otherwise specified or varied or rescinded, be valid up to 31st day of March falling immediately after two years from the date of such grant or variation. Accordingly, conditional exemptions will have validity in terms of this sub-section. Therefore, entry being impacted on account of this clause have been identified and an explanation has been inserted in the notification No. 50 /2017-Customs. ["Explanation: Under the provisions of sub-section (4A) of section 25 of the Customs Act, 1962, it is hereby specified that the conditional exemptions granted under the S. Nos. of the Table to the notification, mentioned under column (2) of the Table below, for which period of validity is not specified otherwise, shall unless varied or rescinded, be valid up to the date mentioned in the corresponding entry in column (3) of the said Table."]</p>		
<p>The following entries, unless varied, will have validity up to 31.03.2023.</p>		
45.	16, 90, 133, 139, 150, 155, 164, 165, 168, 183, 184, 188, 204, 213, 237, 238, 253, 254, 255, 258, 259, 260, 261, 269, 271, 276, 277A, 279, 280, 325, 333, 334, 339, 340, 341, 341A, 353, 364A, 374, 375, 378, 379, 380, 381, 387, 392, 415, 415A, 416, 417, 418, 419, 420, 421, 426, 428, 429, 441, 462, 463, 464, 471, 472, 475, 478, 482, 489B, 495, 497, 504, 509, 510, 511, 512, 512A, 516, 519, 534, 535, 535A, 536, 538, 540, 542, 543, 544, 546, 549, 550, 559, 565, 566, 567, 568, 570, 575, 577, 578A, 579, 580, 581, 583, 593, 612	
<p>The following entries [having been reviewed in this exercise done this year], unless varied, will have validity up to 31.03.2024.</p>		
46.	17, 80A, 104, 172, 191, 257, 257A, 257B, 257C, 264A, 290, 292, 293A, 296A, 326, 329, 345A, 354, 355, 356, 357, 422, 423, 442, 446, 451, 465, 517, 591	

Entries omitted being in the nature of technical change		
47.	31	Dried Grapes (Raisins, Other)
48.	161	Electrical Energy originating from Nepal and Bhutan
49.	192	Alkyl esters of long chain fatty acids obtained from vegetable oils, commonly known as bio- diesels
50.	215	The Blood group sera, namely: -Anti C., anti E., anti c., antie., anti M., anti N., anti Le., anti-Pl., anti S., antihuman globulin sera, anti F., anti kell, anti cellane, anti Jka., and anti I
51.	224	Potassium Nitrate, in a form indicative of its use for manurial purpose
52.	248	Dipping oil, Paclobutrazol (Cultar)
53.	466	Parts/ sub-parts, components or accessories for use in the manufacture of tablet computer.
54.	485	Deflection components for use in colour monitors for computers or for use in PCBs of colour monitors for computers
55.	496	Stepper Motors for use in the manufacture of goods falling under heading 8471
56.	505	Parts of Set-top box for use in its manufacture
57.	506	Parts/sub-parts, components for use in manufacture of broadband modem Other than PCBA, charger.
58.	507	Parts/ sub-parts, components and accessories for use in manufacture of routers other than PCBA, charger.
59.	508	Parts/ sub-parts, components and accessories for use in manufacture of set top boxes for gaining access to internet other than PCBA, charger.
Entries with Partial Change		

60.	15	Frozen Semen and Frozen semen equipment [Exemption to continue only for bovine semen]
61.	104	List of specified goods used in the processing of sea-foods [Exemption to continue for selected items and accordingly, exemption has been continued for 16 items and 4 new items has been added to the list]
62.	132	List A items: 1. Aluminous cement 2. Silicon metal (99%) 3. Micro/fumed silica 4. Brown fused alumina 5. Sintered/tabular alumina 6. Fused zirconia 7. Sodium hexameta phosphate 8. Silicon carbide 9. Boron carbide 10. Reactive alumina 11. Fused silica; and List B items: Phenolic resin [Exemption to continue for list A with end-date of 31.03.2023 and discontinue for list B immediately]
63.	166	(A) Drugs, medicines, diagnostic kits or equipment specified in List 3. (B) Bulk drugs used in the manufacture of drugs or medicines at (A) [Exemptions under List-3 is being rationalized] Note: Items included in List 3 under S. No. 166 provides for a conditional concessional rate of 5% on the imports of drugs, medicines, diagnostic kits, etc. along with bulk drugs used in the manufacture of such drugs or medicines. The items in the said list has been reviewed. Accordingly, 35 items have been removed from the List and 1 item [influenza vaccine] in the List would be omitted after 18 months. For further details, please refer to notification No. 02/2022 – Customs dated the 1 st February, 2022.
64.	167	(A) Lifesaving drugs/medicines including their salts and esters and diagnostic test kits specified in List 4. (B) Bulk drugs used in the manufacture of drugs or medicines at (A). [Exemptions under List-4 is being rationalized in the manner as detailed in the Note at S. No. 63 above; Entry at S. No. 167 (C) has been omitted as a similar exemption is

		<p>available under S. No. 607 (b) of notification No. 50/2017 – Customs]</p> <p>Note: Items included in List 4 under S. No. 167 provides for customs duty exemption on the imports of Lifesaving drugs/medicines, diagnostic kits, etc. along with bulk drugs used in the manufacture of such goods. The items in the said list has been reviewed. Accordingly, 3 items in List 4 [Diagnostic agent for detection of Hepatitis B antigen, Diagnostic kits for detection of HIV antibodies, Enzyme Linked Immuno absorbent Assay kits (ELISA kits)] have been transferred to List 3, 2 bulk drugs [bulk drug substance for poliomyelitis vaccine (inactivated and live) and Monocomponent Insulin] that are currently included in List 4 would be transferred to List 3 after 2-3 years, and 36 items from List 4 have been omitted. For further details, please refer to notification No. 02/2022 – Customs dated the 1st February, 2022.</p>
65.	404	<p>Goods required in connection with Petroleum operations.</p> <p>[Rationalization of the exemption provided for goods used in petroleum operations as specified in List 33 under S. No. 404, and simplification of the associated condition no. 48 for availing such exemption and disposal of such goods]</p> <p>Note: A definition has been provided for a licensee, lessee, contractor or sub-contractor for the purpose of this entry. Also, the requirement of producing a certificate from Directorate General of Hydrocarbons (DGH) for import or each transaction under this entry has been dispensed with. Further, the list of items falling under List 33 has been pruned down and have been made more specific by prescribing the concerned HS Codes.</p>
66.	513	<p>Parts or components for use in manufacture of populated printed circuit board of various telecom and electronics related products, and its sub-parts.</p> <p>[Exemption to continue for Digital Video Recorder(DVR)/Network Video Recorder(NVR) falling under tariff item 8521 90 90; CCTV Camera/IP Camera falling under tariff item 8525 20 80; Reception apparatus for television but not designed to incorporate a video display falling under tariff item 8528 71 00]</p>

II.

LEGISLATIVE CHANGES IN GOODS & SERVICES TAX:**Summary of Major Changes**

S. No.	Amendment	Clause of the Finance Bill, 2022
1.	A new clause (ba) to sub-section (2) of section 16 of the CGST Act is being inserted to provide that input tax credit with respect to a supply can be availed only if such credit has not been restricted in the details communicated to the taxpayer under section 38. Further, sub-section (4) of section 16 of the CGST Act is being amended so as to provide for an extended time for availment of input tax credit by a registered person in respect of any invoice or debit note pertaining to a financial year upto thirtieth day of November of the following financial year.	[99]
2.	Clause (b) and (c) of sub-section (2) of section 29 of the CGST Act are being amended so as to provide that the registration of a person is liable for cancellation, where - (i) a person paying tax under section 10 has not furnished the return for a financial year beyond three months from the due date of furnishing of the said return; (ii) a person, other than those paying tax under section 10, has not furnished returns for such continuous tax period as may be prescribed.	[100]
3.	Sub-section (2) of section 34 of the CGST Act is being amended so as to provide for an extended time for issuance of credit notes in respect of any supply made in a financial year upto thirtieth day of November of the following financial year.	[101]
4.	Section 37 of the CGST Act is being amended so as to: (i) provide for prescribing conditions and restrictions for furnishing the details of outward supply and for communication of the details of such outward supplies to concerned recipients; (ii) do away with two-way communication process in return filing; (iii) provide for an extended time upto thirtieth day of November of the following financial year for rectification of errors in respect of details of outward supplies furnished under sub-section (1); (iv) provide for tax period-wise sequential filing of details of outward supplies under sub-section (1).	[102]
5.	Section 38 of the CGST Act is being substituted for prescribing the manner as well as conditions and restrictions for communication of details of inward supplies and input tax credit to the recipient by means of an auto-generated statement and to do away with two-way communication process in return filing.	[103]

6.	<p>Section 39 of the CGST Act is being amended so as to:</p> <p>(i) provide that the non-resident taxable person shall furnish the return for a month by thirteenth day of the following month;</p> <p>(ii) provide an option to the persons furnishing return under proviso to sub-section (1), to pay either the self-assessed tax or an amount that may be prescribed;</p> <p>(iii) provide for an extended time upto thirtieth day of November of the following financial year, for rectification of errors in the return furnished under section 39;</p> <p>provide for furnishing of details of outward supplies of a tax period under sub-section (1) of section 37 as a condition for furnishing the return under section 39 for the said tax period.</p>	[104]
7.	<p>Section 41 of the CGST Act is being substituted so as to do away with the concept of "claim" of eligible input tax credit on a "provisional" basis and to provide for availment of self-assessed input tax credit subject to such conditions and restrictions as may be prescribed.</p>	[105]
8.	<p>Sections 42, 43 and 43A of the CGST Act are being omitted so as to do away with two-way communication process in return filing.</p>	[106]
9.	<p>Section 47 of the CGST Act is being amended so as to provide for levy of late fee for delayed filing of return under section 52. Further, reference to section 38 is being removed consequent to the amendment in section 38 of the CGST Act.</p>	[107]
10.	<p>Consequent to the amendment in section 38 of the CGST Act, sub-section (2) of section 48 of the CGST Act is being amended so as to remove reference to section 38 therefrom.</p>	[108]
11.	<p>Section 49 of the CGST Act is being amended so as to:</p> <p>(i) provide for prescribing restrictions for utilizing the amount available in the electronic credit ledger;</p> <p>(ii) allow transfer of amount available in electronic cash ledger under the CGST Act of a registered person to the electronic cash ledger under the said Act or the IGST Act of a distinct person;</p> <p>provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.</p>	[109]
12.	<p>Sub-section (3) of section 50 of the CGST Act is being substituted retrospectively, with effect from the 1st July, 2017, so as to provide for levy of interest on input tax credit wrongly availed and utilized.</p>	[110]
13.	<p>Sub-section (6) of section 52 of the CGST Act is being amended so as to provide for an extended time upto thirtieth day of November of the following financial year for rectification of errors in the statement furnished under sub-section (4).</p>	[111]

14.	<p>Section 54 of the CGST Act is being amended so as to:</p> <p>(i) explicitly provide that refund claim of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed;</p> <p>(ii) provide the time limit for claiming refund of tax paid on inward supplies of goods or services or both under section 55 as two years from the last day of the quarter in which the said supply was received;</p> <p>(iii) extend the scope of withholding of or recovery from refunds in respect of all types of refund;</p> <p>(iv) provide clarity regarding the relevant date for filing refund claim in respect of supplies made to a Special Economic Zone developer or a Special Economic Zone unit by way of insertion of a new sub-clause (ba) in clause (2) of Explanation thereto.</p>	[112]
15.	<p>Consequent to the amendment in section 38 of the CGST Act, sub-section (2) of section 168 of the CGST Act is being amended so as to remove reference to section 38 therefrom.</p>	[113]
16.	<p>Notification No. 9/2018 – Central Tax, dated the 23rd January, 2018, is being amended so as to notify www.gst.gov.in, retrospectively, with effect from 22nd June, 2017, as the Common Goods and Services Tax Electronic Portal, for all functions provided under Central Goods and Services Tax Rules, 2017, other than those provided for e-way bill and for generation of invoices under sub-rule (4) of rule 48 of the CGST Rules.</p>	[114]
17.	<p>Notification No. 13/2017 – Central Tax, dated the 28th June, 2017, is being amended retrospectively, with effect from the 1st day of July, 2017, so as to notify rate of interest under sub-section (3) of section 50 of the CGST Act as 18%.</p>	[115]

VI. INCOMETAX

RATES



INCOME TAX RATES

There is no change in the in Income Tax Rates compared to FY 2020-21. The rates are indicated below:

-For Individuals, HUF, AOP and BOI (Option-1 Old Rates)

Total Income	Tax Rates (e)
Up to Rs. 250,000 (Subject to rebate specified below)	NIL**
Rs. 250,001 to Rs. 500,000 (Subject to rebate specified below)	5%**
Rs. 500,001 to Rs. 1,000,000	20%
Rs. 1,000,001 and above	30%

***Rebate from tax of upto Rs. 12,500 or 100 per cent of the tax whichever is less available for a resident individual whose total income upto Rs. 500,000*

-For Individuals, HUF, AOP and BOI (Option-2 New Rates)

Total Income	Tax Rates (e)
Up to Rs. 2,50,000 (Subject to rebate specified below)	NIL**
Rs. 2,50,001 to Rs. 5,00,000 (Subject to rebate specified below)	5%**
Rs. 5,00,001 to Rs. 7,50,000	10%
Rs. 7,50,001 to Rs. 10,00,000	15%
Rs. 10,00,001 to Rs 12,50,000	20%
Rs. 12,50,001 to Rs 15,00,000	25%
Rs. 15,00,001 and above	30%

***Rebate from tax of upto Rs. 12,500 or 100 per cent of the tax whichever is less available for a resident individual whose total income upto Rs. 500,000*

Note: The benefits and deductions as available under the old regime shall not be available in case a tax payer opts for the new system.

Note:

- For a resident individual aged between sixty and eighty, the basic exemption limit is Rs. 300,000
- For a resident individual aged eighty or above, the basic exemption limit is Rs. 500,000
- Surcharge is as per the below:

Total Income	Rates of Surcharge
Rs. 50 Lakhs to Rs. 1 Crores	10%
Rs. 1 Crores to Rs. 2 Crores	15%
Rs. 2 Crores to Rs. 5 Crores	25%
Rs. 5 Crores and above	37%

**Marginal relief available as per applicability*

- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

-For Local Authorities

- Local Authorities are taxable at 30 per cent.
- 12 per cent surcharge is applicable if the total income exceeds Rs. 10,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

-For Firms (Including LLPs)

- Firms are taxable at 30 per cent.
- 12 per cent surcharge is applicable if the total income exceeds Rs.10,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess applicable on income-tax (inclusive of surcharge, if any).

-For Domestic Companies

- Domestic companies are taxable at 30 per cent.

- Corporate Tax shall be 25% for companies having turnover upto Rs. 400 crores during FY 2019-20.
- 7 per cent surcharge is applicable if the total income exceeds Rs.10,000,000 but does not exceed Rs.100,000,000. Marginal relief is available.
- 12 per cent surcharge is applicable if the total income exceeds Rs. 100,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).
- New Domestic companies engaged in manufacturing activities are eligible for 15% income tax
- Further, Domestic companies shall also have the option of using 22% income tax subject to certain conditions wherein certain benefits such as MAT Credit etc are not allowed.

-For Foreign Companies

- Foreign companies are taxable at 40 per cent.
- 2 per cent surcharge is applicable if the total income exceeds Rs. 10,000,000 but does not exceed Rs. 100,000,000. Marginal relief is available
- 5 per cent surcharge is applicable if the total income exceeds Rs.100,000,000. Marginal relief is available
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

-For Cooperative Societies

Total Income	Tax Rates (e)
Up to Rs. 10,000	10%
Rs. 10,000 to Rs. 20,000	Rs. 1,000 plus 20% of the amount in excess of 10,000
More than Rs. 20,000	Rs. 3,000 plus 30% of the amount in excess of 20,000

- 12 per cent surcharge is applicable if the total income exceeds Rs. 100,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).



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