

Union Budget: Steering Economic Growth

The Union budget presented in early February 2022 heralded the beginning of the '*Amrit Kaal*' with a focus on growth for all, promoting technology enabled development, energy transition and climate action, a virtuous cycle starting from private investment, funded by public capital investment and inclusive welfare through initiatives like Gati Shakti Productivity Enhancement and Investment, Energy Transition and Climate Action, Financing of Investments. The Budget kept in mind, the current scenario after the pandemic aiming at a nimble and sustained recovery of the economy which is reflective of the country's resilience. For the holistic growth of the economy various measures have been proposed for various constituents of the economy such as MSMEs, Start-ups, National Health Mission and National Education Mission to generate employment as well as build an aspiring India.

The Specific tax regime for virtual digital assets introduced is a good indication towards bringing the digital currencies and ecosystem under the ambit of regulatory mechanism. The GST revenues are buoyant despite the pandemic which is a healthy indication of the burgeoning progress and taxpayers deserve applause for this growth. The Faceless regime has been fully established during Covid-19 pandemic.

ICAI has given its comments on the Pre-Budget Memorandum on the budget to the government. The ICAI vide its representation(s) suggested the CBDT to provide suitable relief to scrupulous taxpayers who missed the deadline for filing ITRs u/s 139(1) by waiving off of penal provisions under the Income-tax Act, 1961 for late filing (e.g., section 234F late fees). The Finance Bill, 2022 favourably considered the aforesaid suggestion and proposed to amend section 119 of the Act so as to insert section 234F and include it in the list of sections mentioned in section 119(2)(a) to enable the CBDT to issue such orders or instructions, as deemed fit. This proposal was made considering the genuine hardships faced by certain classes of persons in filing return of income and not to impose a fee for a default which is beyond their control.

Further a representation was made to the CBDT

requesting to issue clarification regarding taxability of assistance provided by the employers to the legal hire/nominee of their deceased employees (mainly due to Covid pandemic). Accordingly, it was suggested that the Government may amend section 56(2)(x) and clarify the non-taxability of amount received by way of assistance to family member of work force of deceased employee or so as to exclude the above amount from the purview of section 56(2)(x). The Finance Bill, 2022 duly accepted the ICAI suggestion and proposed appropriate/suitable amendments in section 17(2) and section 56(2)(x) of the Act with specifications for each case.

GST proposals in Budget 2022 are in tandem with the Government's endeavour of overcoming the challenges in GST compliance processes and bolstering the ease of doing business. As a step forward in rationalization of the return filing process, budget proposals focus on doing away with two-way communication process in return filing. In line with the GST Council's recommendation, the proposal to charge interest on input tax credit which is wrongly utilized and not merely wrongly availed is a welcome move. Further, the proposal to extend the time-limits for availment of input tax credit, issuance of credit notes, rectification of errors in return/TCS statements furnished will also facilitate taxpayers. The proposal to transfer the amount available in electronic cash ledger of a registered person to the electronic cash ledger of its distinct person would foster the ease of doing business and relax the working capital requirement of the businesses. The customs duty rate changes in Budget 2022 are aimed at protecting domestic industries which will boost 'Make in India' and 'Atmanirbhar Bharat'.

With this backdrop, the new measures announced in the Budget 2022 are aimed to further the growth of the economy to rise with resilience after the pandemic slump with a simpler and predictable tax regime which will simplify the tax system, promote voluntary compliance by taxpayers, and reduce litigation thereby enabling a stronger economy and a stronger nation.

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