

<b>DIRECT TAX</b> CA. Haresh Kenia, CA. Deepak Lala	
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## UNION BUDGET 2022

On 1st February, 2022; Hon'ble Finance Minister presented the Union Budget.

The Finance Bill, 2022 has proposed about 84 amendments to the Income-tax Act, 1961 which have far reaching consequences from the taxpayers' perspective.

The salient features of Direct Tax proposals are summarised below:

- Rate of surcharge in case of co-op-society (not opting for section 115BAD) is reduced from 12% to 7% where any income is between Rs. 1 crore and Rs.10 crore.
- Rate of AMT is reduced from 18.5% to 15% in the case of co-op societies.
- The threshold limit for deduction in respect of employer's contribution to NPS is increased to 14% of salary in the case of State Government employees.
- 1% tax to be deducted from the payment of consideration to a resident person on transfer of virtual digital asset.
- Any income arising from transfer of any virtual digital asset on or after 01-04-2022 shall be taxed at the rate of 30% without any deduction of any expenditure (other than the cost of acquisition ) or allowance or set-off of any loss.
- In the case of an AOP consisting of only companies as members, the rate of the surcharge shall not exceed 15%.
- 10% Tax to be deducted from any benefit or perquisites provided to a resident person carrying on a business or profession.
- No change in tax rates for any taxpayer under the normal tax regime or alternative tax regime.
- The last date for commencement of manufacturing or production under section 115BAB has been extended from 31-03-2023 to 31-03-2024.
- No deduction to be allowed under section 43B on the conversion of outstanding interest liability into debentures.
- Payment of any surcharge and cess shall also be disallowed under section 40(a)(ii).
- No concessional tax rate of 15% to be allowed on dividends received by an Indian company from a foreign company in which it holds 26% or more shareholding.
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- To provide an opportunity to correct errors, a new provision permitting taxpayers to file an Updated Return on payment of additional tax is proposed. This updated return can be filed within two years from the end of the relevant assessment year.