



UNION BUDGET 2021 - AN ANALYSIS

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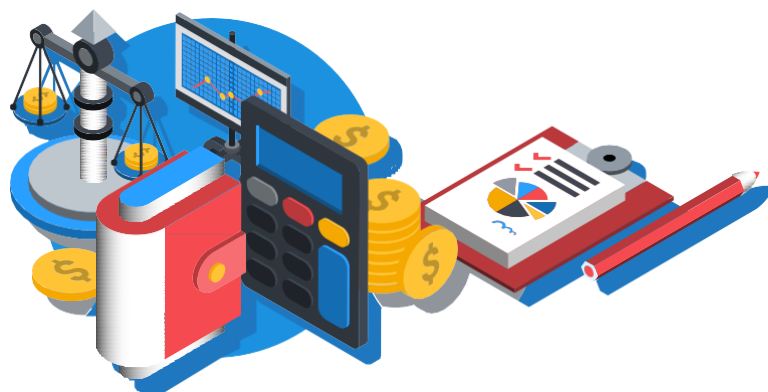
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TAXES



Rate of Taxes

Rate of tax has not been changed compared to last year. The tax rate is as follows.

For Individuals below the age of 60 years, Hindu Undivided Families, Association of Persons, Body of Individuals and Artificial Judicial person:

Income (₹)	Higher Rate of Tax with Eligible Chapter VI Deductions	Lower Rate of Tax without any Exemption and Deduction) - Optional
0 - 2,50,000	NIL	NIL
2,50,001 – 5,00,000	5 %	5 %
5,00,001 – 7,50,000	20%	10%
7,50,000 – 10,00,000	20%	15%
10,00,001 – 12,50,000	30%	20%
12,50,001 – 15,00,000	30%	25%
15,00,001 and above#	30%	30%

For Resident Individuals who is of the age of 60 years or more but less than 80 years:

Income (₹)	Higher Rate of Tax with Eligible Chapter VI Deductions	Lower Rate of Tax without any Exemption and Deduction) - Optional
0 - 3,00,000	NIL	NIL
3,00,001 – 5,00,000	5 %	5 %
5,00,001 – 7,50,000	20%	10%
7,50,000 – 10,00,000	20%	15%
10,00,001 – 12,50,000	30%	20%
12,50,001 – 15,00,000	30%	25%
15,00,001 and above#	30%	30%

Is of the age of 80 years or more:

Income (₹)	Higher Rate of Tax with Eligible Chapter VI Deductions	Lower Rate of Tax without any Exemption and Deduction) - Optional
0 - 5,00,000	NIL	NIL
5,00,001 - 7,50,000	20%	10%
7,50,000 - 10,00,000	20%	15%
10,00,001 - 12,50,000	30%	20%
12,50,001 - 15,00,000	30%	25%
15,00,001 and above#	30%	30%

Surcharge

Existing	
Total Income (₹)	Surcharge
50,00,000 - 1,00,00,000 (including the income under the provisions of section 111A and 112A of the Act)	10%
1,00,00,000 - 2,00,00,000 (including the income under the provisions of section 111A and 112A of the Act)	15%
2,00,00,000 - 5,00,00,000 (excluding the income under the provisions of section 111A and 112A of the Act)*	25%
Above 5,00,00,000 (excluding the income under the provisions of section 111A and 112A of the Act)*	37%

* in case where the total income includes any income chargeable under section 111A and section 112A of the Act, the rate of surcharge on the amount of Income-tax computed in respect of that part of income shall not exceed 15%

For All Other Assesseees

Particulars	Basis	Rate of Tax
Domestic Company	Where its total turnover or the gross receipt in the financial year 2018-19 does not exceed INR 400 crores @	25%
	Companies other than those referred Above @	30%
	Companies opting Section 115BAA subject to fulfillment of certain conditions. #	22%
	Companies opting Section 115BAB subject to fulfillment of certain conditions #	15%
Foreign Company	Total Income	40%
Cooperative Societies	Total Income Less than 10,000	10%
	Total Income between 10,001 and 20,000	20%
	Total Income 20,001 and above	30%
	Cooperative Societies opting Section 115BAD subject to fulfillment of certain conditions #	22%
Minimum Alternate Taxes	Book Profits (not applicable if the Company opts 22% or 15% tax rate)	15%
Partnership Firms (including LLPs) & Local Authority	Total Income	30%

Surcharge

Particulars	Domestic Company	Foreign Company
@ Total Income less than INR 1 crore	0%	0%
@ Total Income more than INR 1 crore but less than INR 10 crore	7%	2%
@ Total Income more than INR 10 crore	12%	5%
# Companies opting taxation u/s 115BAA and 115BAB & Cooperative Societies opting taxation u/s 115BAD (irrespective of the total income)	10%	NA
Total Income of Firm Exceeding INR 1 crore	12%	

Health & Education cess is 4%

Amendments in relation to Profits & Gains from Business & Profession



Increase in threshold limit for applicability of Tax Audit

- The Budget proposes to increase the turnover threshold from INR 5 crore to INR 10 crore for mandatory tax audit for every persons carrying on business. The essential condition is that cash receipts and payments do not exceed 5% of the total receipts and total payments, respectively.

Benefit of Presumptive Taxation to Professional Partnership Firms

- The Budget proposes to include professional partnership firm for professions referred to section 44AA(1) whose total gross receipts do not exceed INR 50 lakhs to avail the presumptive taxation.
- As per the proposed amendment, a sum equal to fifty per cent of the total gross receipts of the assessee in the previous year on account of such profession or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the assessee, shall be deemed to be the profits and gains of such profession chargeable to tax under the head —Profits and gains of business or profession for such professional firms.

Controversy in relation to Goodwill and Depreciation settled

- The Budget Proposes to amend Section 2(11) and section 32(1)(ii) to exclude goodwill from the block of asset thus rendering it in-eligible for claiming depreciation allowance.
- It is further proposed to amend Section 50 of the Act for cases where goodwill of a business or profession formed part of a block of asset for the assessment year beginning on the 1st April, 2020 and depreciation has been obtained by the assessee under the Act, the written down value of that block of asset and short-term capital gain, if any, shall be determined in the manner as may be prescribed

- It is also proposed to amend Section 55(2)(a) of the Act in relation to Acquisition Cost of capital asset being Goodwill of a business or profession, or a trade-mark or brand name associated with a business or profession, or a right to manufacture, produce or process any article or thing, or right to carry on any business or profession, or tenancy rights, or stage carriage permits, or loom hours. The Cost of Acquisition of such asset shall be as under
 - i. in the case of acquisition of such asset by the assessee by purchase from a previous owner, means the amount of the purchase price;
 - ii. in the case falling under sub-clause (i) to (iv) of sub-section (1) of section 49 and where such asset was acquired by the previous owner (as defined in that section) by purchase, means the amount of the purchase price for such previous owner;
 - iii. in any other case, shall be taken to be nil provide that in case of goodwill of business or profession acquired by the assessee by way of purchase from a previous owner (either directly or through modes specified under sub-clause (i) to (iv) of sub-section (1) of section 49)
- Any deduction on account of depreciation under section 32 of the Act has been obtained by the assessee in any previous year preceding the previous year relevant to the assessment year commencing on or after the April 01, 2021, then the cost of acquisition will be the purchase price as reduced by the depreciation so obtained by the assessee before the previous year relevant to assessment year commencing on April 01, 2021. These amendments will take effect from April 01, 2021 and will accordingly apply to the assessment year 2021-22

Delayed Deposit of Employees Contribution to Annuation Fund

- The Budget proposes to add an explanation to clarify that provisions of Section 43B shall not apply to delayed deposit of employee contribution to annuation funds like PF and ESIC.

Pierian Analysis: The proposed change would imply that no deduction will be allowed to the employer even in the situation where the employer has deposited such contributions received from the employees after the due date of the deposit has lapsed. The clarification is worded in such that it appears to be retrospective in nature and the tax department will have rights to open all previous assessments to tax such amounts where reliefs were granted by the Commissioner of Income-tax (Appeals), Income-tax Appellate Tribunal and High Courts.

Rationalization of Equalisation Levy

- The Budget proposes that consideration received or receivable for the specified services and consideration received or receivable for e-commerce supply or services shall not include consideration which are taxable as royalty or fees for technical services in India under the Income-tax Act read with the DTAA provisions effect retrospectively from 1st April 2020.
- It is also proposed that section 10(50) to clarify that it will not apply for royalty or fees for technical services which is taxable under the Act read with the agreement notified by the Central Government under section 90 or section 90A of the Act effect from 1st April 2021.
- Further, it is proposed to that for the purposes of defining e-commerce supply or service, —'online sale of goods' and 'online provision of services' shall include one or more of the following activities taking place online:
 - Acceptance of offer for sale;
 - Placing the purchase order;
 - Acceptance of the Purchase order;
 - Payment of consideration; or
 - Supply of goods or provision of services, partly or wholly
- It is further clarified that consideration received or receivable from e-commerce supply or services shall include consideration for sale of goods irrespective of whether the e-commerce operator owns the goods; and consideration for provision of services irrespective of whether service is provided or facilitated by the e-commerce operator.

Pierian Analysis: India has been one of the fore-runners in adopting many BEPS action plans and the digital taxation was no exception. In the year 2016, India introduced 6% equalisation levy (let us consider this as version 1.0) on digital specified services received by a non-resident not having a Permanent Establishment (PE) in India. In year 2020, India has introduced a version 2.0 of the equalisation levy, which extends the scope of such levy to non-resident e-commerce operators providing an e-commerce supply or a service [companies that are not covered by the Equalisation levy 1.0 and whose turnover is more than INR 20 million (USD 260,000)].

However, the Equalisation levy 2.0 had its overlapping of both the Act and Equalisation levy which may would had doubly taxed FTS/ FIS/ Royalty along with EQ Levy 2.0. Further, there was existence of anomaly as Section 10(50) for EQ Levy 2.0 is in force from April 1, 2021 leaving a room for one year of double taxation.

The clarification will reduce the burden of double taxation and provide much needed relief to the e-commerce operators

Rationalization MAT Provisions

- The Budget proposes that in cases where past year income is included in the books of account during the previous year on account of an Advanced Pricing Agreement or a secondary adjustment, the Assessing Officer shall, on an application made to him in this behalf by the taxpayer, recompute the book profit of the past year(s) and tax payable, if any, during the previous year, in the prescribed manner.
- Further, the provision of section 154 of the Act shall apply so far as possible and the period of four years specified in sub-section (7) of section 154 shall be reckoned from the end of the financial year in which the said application is received by the Assessing Officer.
- To provide similar treatment to dividend as already there for capital gains on transfer of securities, interest, royalty and Fee for Technical Services (FTS) in calculating book profit for the purposes of section 115JB of the Act, so that both specified dividend income and the expense claimed in respect thereof are reduced and added back, while computing book profit in case of foreign companies where such income is taxed at lower than MAT rate due to DTAA.
- This amendment will take effect from 1st April, 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years

Pierian Analysis: Hardship was faced by certain taxpayers who were hit by the provisions of Secondary Adjustments (92CE) or Advance Pricing Agreements, while recording income in subsequent years in books of accounts that impacted computation of MAT profits. The said amendment will bring relief to the said taxpayers.

Special Provision for TDS on Goods

- Vide Finance Bill 2021, the Central Board of Direct Taxes has provided to insert section 194Q in the Income-tax Act, 1961 ('the Act') relating the deduction of tax at source on payment of certain sum for purchase of goods. The detailed information about Section 194Q is provided in below table:

Particulars	Description
Rate of Tax	0.1%
Liable for TDS	<ul style="list-style-type: none">Total sales, gross receipts or turnover from the business exceeds ten crore rupees during the financial year immediately preceding the financial year in which the purchase of goods is carried out.The value or aggregate of such value exceeds fifty lakh rupees in the previous year.
Not Liabe for TDS	<ul style="list-style-type: none">A person is exempted from obligation under this section on fulfilment of conditions by notification in the Official Gazette by the Central Government.A person enters into a transaction on which tax is deductible under any provision of the Act.A person enters into a transaction, on which tax is collectible under the provisions of Section 206C, except transactions to which sub-section (1H) of section 206C applies.

- In respect of Section 206AA of the Act i.e. TDS on payments made to non-residents and residents not having a PAN it is proposed to insert second proviso to deduct TDS at the rate of 5% where TDS is liable to deducted as per Section 194Q.

Pierian Analysis: Last Year, Government implemented TCS provision for Seller on receipt of sales of goods, more than INR. 50 Lakhs as sale consideration, during the current financial year. The TCS is payable on the amount of receipt which is greater than 50 Lakhs and received after 1st. Oct. 2020. The rate of TCS is 0.1 per cent and due to COVID-19 pandemic rate of TCS reduced by 25 per cent until 31 March 2021 and its effective rate is 0.075 per cent. Other condition for its applicability was "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out.

There were instances where seller turnover is less than 10 Crore but his receipt from sales of goods to particular buyer exceeding Rs.50 Lakhs. Therefore, there was no liability of TCS on seller. To handle this situation, Government came up with similar type of provision for purchaser (buyer) via TDS applicability

Amendments in relation to Capital Gains



New Valuation Method for Capital Asset Received on Dissolution of Partnership Firm

- The Budget Proposes to replace Section 45(4) and insert Section 45(4A) in the Act application to specified person (partner) who receives during the previous year any capital asset at the time of dissolution or reconstitution of the specified entity (being partnership firm). The capital asset represents the balance in the capital account of such specified person in the books of the specified entity at the time of its dissolution or reconstitution.
- It is proposed that the profit and gains arising from the receipt of such capital asset (in excess of the capital contribution) by the specified person shall be chargeable to income tax as income of the specified entity under the head 'capital gains' & shall be deemed to be the income of such specified entity of the previous year in which the capital asset was received by the specified person.

Increase in threshold limits for a safe harbor on transactions in Residential House Property

- For the purpose of computing capital gains or business income or income from other sources where the consideration declared to be received or accrued as a result of the transfer of land or building (being residential house property) is less than the value adopted or assessed by the stamp valuation authority, the value so adopted or assessed shall be deemed to be the full value of consideration, provided such difference is more than 5% of consideration received.
- For the purpose of Sections 43CA, 50C, and 56(2)(x), it is now proposed to increase the limit of such difference from 10% to 20%

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Amendments in relation to Start-ups



Extension in Eligibility to Claim Tax Holiday

- The Budget has proposed to extend the eligibility for claiming tax holiday for start-ups by one more year – till 31st March, 2022.

Capital Gains Exemption for Investment in Start-ups

- The Budget has proposed to extend the capital gains exemption for investment in start-ups by one more year - till 31st March, 2022.

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Other Amendments



One Person Company

- It is proposed to allow non-resident individuals to set-up a one person company without any restrictions on paid up capital and turnover.
- Further, it is proposed to reduce the residential requirement of non-resident individuals from existing 182 days to 120 days

Leave Travel Allowance (LTC)

- It is proposed by the Finance Bill to provide tax exemption to the employees in lieu of LTC, subject to incurring certain specific expenditure and fulfilment of certain specified conditions. This option must be exercised for the Block period 2018-2021 and such expenditure done in lieu of the LTC should be made between the period from 12th October 2020 to 31st March 2021 on such goods/ services that are liable to GST and procured from GST registered vendors/ service providers. The payment for such an expenditure must be made by an account payee cheque, draft, ECS or through an electronic mode. The amount of such applicable exemption would be least of INR 36,000 or 1/3rd of such expended amount. This amendment would be applicable only for AY 2021-2022.

Incentive for affordable rental housing [Section 80IBA]

- It is proposed to allow deduction under section 80 – IBA of the Act to such rental housing projects that are notified by the Central Government in the Official Gazette on or before 31 March 2022 and fulfils such conditions as may be prescribed.
- In addition to the above, to avail a deduction in developing and building affordable housing projects, the housing project has to be approved by a competent authority on or before 31st March 2021. The Finance bill proposes to extend this outer date to 31st March 2022. This amendment would be applicable for AY 2022-23 and subsequent AYs.

Affordable Residential House Property

- Section 80 EEA of the Act allows a deduction of INR 150,000 to first time home buyers on a property on which loan has been sanctioned between 1st April 2019 and ending on 31st March 2021. The finance bill proposes to extend such outer date for sanction of loan from 31st March 2021 to 31st March 2022. This amendment would be applicable for AY 2022-23.

Exemption to Senior Citizen from Filing Return of Income

- To provide relief from Income Tax return filing compliance for resident senior citizens above the age of 75, the Finance bill proposes to provide a relief to such senior citizens from return filing.
- Such senior citizen should have only pension income and bank interest from the same bank in which pension income is received. Such income has to be received in the Bank as notified by the Government. Based on the declaration as provide by the senior citizen, the Bank would compute the Income Tax payable by such senior citizen as per the rates in force after providing for deductions and rebates and withhold tax under section 194P of the Act. Once this is done, the senior citizen gets a relief from filing his returns. This amendment would be applicable from AY 2022-23.

Higher TDS on Permanent Establishment not filing their return of Income in India [Sec 206AB]

- It is proposed to penalise residents and Permanent Establishments without PAN who have not filed return of income for more than 2 assessment years (Specified Persons) for additional rate of tax deducted at source which is higher of the following
 - Twice the rate specified in relevant provision of the Act; or
 - Twice the rate in force; or
 - Five percent
- Further where provisions of Section 206AA are also applicable, TDS rate would be as per Section 206AA or Section 206AB whichever is higher.

Reduction in time limit for completion of the assessment

Situation	Asst. Year	Time Limit for Non-TP	Time Limit for TP Cases
Order of Assessment under Section 143 or Section 144	2020-21	12 months from end of assessment year	24 months from the end of assessment year
	2021-22	9 months from the end of assessment year	21 months from the end of assessment year
Order of Assessment under section 92CA	2020-21	NA	22 months from the end of assessment year
	2021-22	NA	19 months from the end of assessment year

Dispute Resolution for Small and Medium Taxpayers

- In order to provide early tax certainty to small and medium taxpayers, it is proposed to introduce a new scheme for preventing new disputes and settling the issue at the initial stage. The new scheme is proposed to be incorporated in a new section 245MA to the Act and with the following features:
 - The Central Government shall constitute one or more Dispute Resolution Committee.
 - This committee shall resolve disputes of such persons or class of person which shall be specified by the Board. The Assessee would have an option to opt for or not opt for the dispute resolution through the DRC.
 - Only those disputes where the returned income is fifty lakh rupee or less (if there is a return) and the aggregate amount of variation proposed in specified order is ten lakh rupees or less shall be eligible to be considered by the DRC.
 - If the specified order is based on section 132 or section 132A or 133A or information received under an agreement referred to in section 90 or section 90A, of the Act, such specified order shall not be eligible for being considered by the DRC.

- Assessee would not be eligible for benefit of this provision if there is detention, prosecution or conviction under various laws as specified in the proposed section.
- Board will prescribe some other conditions in due course which would also need to be satisfied for being eligible under this provision.
- The DRC, subject to such conditions as may be prescribed, shall have the powers to reduce or waive any penalty imposable under this Act or grant immunity from prosecution for any offence under this Act in case of a person whose dispute is resolved under this provision.
- The Central Government has also been empowered to make a scheme by notification in the Official Gazette for the purpose of dispute resolution under this provision. The Central Government may, for the purposes of giving effect to the scheme, by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no such direction shall be issued after the 31st day of March 2023. This amendment will take effect from 1st April 2021.

Board for Advance Ruling

- The Authority of Advance Ruling (AAR) cease to operate from date to be prescribed and Board of Advance Ruling to be formed consisting of two members (not below the rank of Chief Commissioners). Detailed amendments to the sections are proposed in the Act. The decision of such a board could be appealable at High Court by both taxpayers and tax authorities. These amendments will take effect from 1st April 2021.

Definition – Liable to Tax

- The term Liable to tax was used in various provisions relating to residency of a person, exemption of income from sovereign wealth fund and various DTAA which was not defined in the Income Tax Act, 1961. Hence, clause 29A to Section 2 is proposed to be inserted to define the term 'Liable to tax' which will take effect from 1st April, 2021.
- The term Liable to Tax in relation to a person means that there is a liability of tax on that person under the law of any country and will include a case where subsequent to imposition of such tax liability, an exemption has been provided.

Reassessment and case re-opening proceedings

- It has been proposed for countering the income escaping assessment, that could avoid undue harassment to the taxpayer, most importantly the time limitation for reassessment for the case under normal course is 3 years from the end of the relevant assessment year. In specific cases where the Assessing Officer has in his possession evidence which reveal that the income escaping assessment, represented in the form of asset, amounts to or is likely to amount to fifty lakh rupees or more, notice can be issued beyond the period of three year but not beyond the period of ten years from the end of the relevant assessment year. This reopening can be done only after the approval of the Principal Chief Commissioner, the highest level of the Income Tax Department.
- These amendments will take effect from 1 st April 2021.

Faceless Appellate Tribunal

- It is proposed to insert new sub-sections in the section 255 of the Act so as to provide that the Central Government may notify a scheme for the purposes of disposal of appeal by the ITAT so as to impart greater efficiency, transparency and accountability through the following measures -
 - (a) eliminating the interface between the ITAT and parties to the appeal in the course of proceedings to the extent technologically feasible;
 - (b) optimising utilisation of the resources through economies of scale and functional specialisation;
 - (c) introducing an appellate system with dynamic jurisdiction.
- It is also proposed to empower the Central Government, for the purpose of giving effect to the scheme made under the proposed sub-section, for issuing notification in the Official Gazette, to direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. Such directions are to be issued on or before 31st March, 2023.

Withdrawal of Tax Exemption for High ULIP Premium

- it is proposed in finance bill 2021 to provide for the followings:
 - Insert Explanation 3 to the clause (10D) of section 10 of the Act to define ULIP as a life insurance policy which has components of both investment and insurance and is linked to a unit as defined in clause (ee) of regulation (3) of the Insurance Regulatory and Development Authority of India (Unit Linked Insurance Products) Regulations, 2019 dated the 8th day of July, 2019.

- insert fourth proviso to clause (10D) of section 10 of the Act to provide that the exemption under this clause shall not apply with respect to any ULIP issued on or after the February 01, 2021, if the amount of premium payable for any of the previous year during the term of the policy exceeds two lakh and fifty thousand rupees.
- insert fifth proviso to this clause to provide that, if premium is payable by a person for more than one ULIPs, issued on or after the 1st February, 2021, exemption under this clause shall be available only with respect to such policies aggregate premium whereof does not exceed the amount of two lakh fifty thousand rupees, for any of the previous years during the term of any of the policy.
- insert sixth proviso to this clause providing that the provisions of fourth and fifth provisos shall not apply to any sum received on the death of a person.
- insert seventh proviso to this clause to enable CBDT to issue guidelines with the approval of Central Government for the purpose of removing the difficulty and to lay every guideline issued by the Board before each House of Parliament and to make it binding on the income-tax authorities and the assessee.
- provide that a ULIP [to which exemption under clause (10D) of section 10 of the Act does not apply on account of the applicability of the fourth and fifth proviso] is a capital asset under clause (14) of section 2 of the Act. This amendment will take effect from 01st February 2021

Contribution to PF exceeding INR 2.5 lakhs

- It is proposed to insert proviso to clause(11) and clause (12) of section 10 of the Act, providing that the provisions of these clauses shall not apply to the interest income accrued during the previous year in the account of the person to the extent it relates to the amount or the aggregate of amounts of contribution made by the person exceeding Rs 250000/- in a previous year in that fund, on or after 1st April, 2021, computed in such manner as may be prescribed.
- These amendments will take effect from 1st April, 2022 and shall apply to the assessment year 2022-23 and subsequent assessment years.

Exemption from Certification of Reconciliation Statement

- It is proposed mandatory requirement of getting annual accounts audited and filing reconciliation statements submitted by specified professionals and introduction of provision of filing of annual return on self - certification basis.

Scope of Supply

- It is proposed to expand the scope of supply with effect from 1st July 2017 by adding a new clause (aa) in sub-section (1) of section 7 to include activities or transactions, by a person, other than an individual, to its members or constituents or vice versa, for cash, deferred payment, or other valuable consideration.
- For the purpose of the amendment, it is clarified that, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another.

Zero Rated Supply

- It is proposed to amend Section 16 of the IGST Act so as the transaction will be zero rated only when the said supply in the entry is for authorised operations;
- It is also proposed to restrict the zero rated supply on payment of IGST only to a notified class of taxpayers or notified supplies of goods or services.
- It is further proposed that a registered person making zero rated supply on basis of bond/LUT shall deposit the refund received along with the applicable interest within a period of 30 days in case the sale proceeds remain unrealised with the time limited prescribed under FEMA

Interest on Net Liability

- It is proposed to amend section 50 of the CGST Act, retrospectively, to substitute the proviso to sub-section (1) so as to charge interest on net cash liability with effect from the 1st July, 2017

Detention, seizure and release of goods and conveyances in transit

- It is proposed to amend Section 74 of the CGST Act so as make seizure and confiscation a separate proceeding from recovery of tax.
- Further, it is proposed to amend Section 129 and section 130 of the CGST Act to delink the proceedings under section 129 relating to detention, seizure and release of goods and conveyances in transit, from the proceedings under section 130 relating to confiscation of goods or conveyances and levy of penalty
- The bill proposes to insert a proviso to sub-section (6) of section 107 of the CGST Act to provide that no appeal shall be filed against an order made for seizure of goods and conveyances in transit under sub-section (3) of section 129 unless a sum equal to twenty-five per cent of penalty is paid by the appellant.

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Amendments in relation to Customs Act



Conditional Exemption

- Provisions are to be amended to prescribe that all conditional exemptions will come to an end on 31 March 2021, falling immediately two years after the date of such grant or variation unless otherwise prescribed or rescinded earlier.
- All existing conditional exemptions in force as on the date on which the Finance Bill 2021 receives the assent of the President (unless these have a prescribed end date) will come to an end on 31 March, 2023 (if not specifically extended/ rescinded earlier) on review.

Mandatory Filing Bill of Entry

- It is proposed to mandate filing bill of entry before the end of the day preceding the day (including holidays) of arrival of goods

Introduction of Common Portal

- It has been proposed to notify a new common portal, which will enable facilitation of registration, filing of bills of entry, shipping bills, payment of duty, any other document or form prescribed and carrying out of such other functions, as may be specified.
- It is also proposed to enable Service of order, summons, notice, etc., on the common portal.
- Further, it is also proposed to allow amendment of bill entry or shipping bill through custom automated system on basis of risk evaluation criteria and certain amendments, as specified by Central Board of Indirect Taxes & Customs, the importer or the exporter on the common portal.

Counterveiling Duty and Anti Dumping Duty

- It is proposed to amend Section 9 and 9A of the Customs Tariff Act and respective Rules are being amended to make following amendments in the provision relating to ADD, CVD, safeguard measures:
 - imposition of duty from the date of initiation of anti-circumvention investigation;
 - anti-absorption provisions to counter situation where, by reduction of export prices or otherwise, the ADD/CVD levied is sought to be absorbed, diluting the intended impact of such ADD/CVD.

- imposition of these duties on review for period up to 5 years at a time;
- uniform provisions for imposition ADD/CVD on account of inputs (attracting ADD or CVD) used by EOUs and SEZs for manufacture of goods that are cleared to Domestic Tariff Area;
- whenever any particular ADD or CVD is temporarily revoked, such temporary revocation shall not exceed one year at a time.
- final findings are to be issued in ADD/CVD, in investigation in review proceedings, by the designated authority, at least three months prior to expiry of the ADD under review (with effect from the 1st Jul, 2021);
- provisional assessment in anti-circumvention investigation and make some other technical changes in ADD/CVD Rules;
- manner of application of safeguard measure, including tariff-rate quota in the Safeguard Duty (name changed to Safeguard Measures) Rules.

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