

A Few Hidden Time Bombs in that Made in India Tab containing the First Paperless Finance Bill 2021!!

It is being said that, "Beauty lies in Details", but so does the 'Devil'. Some of the direct tax proposals & amendments as announced by our beloved FM in her Budget Speech have garnered the limelight of all news channels, like the relaxation to senior citizens aged 75 years and above having pension and interest income from filing ITRs, postponement of advance-tax liability on dividend receipts to the date of their declaration, increase in the tax audit turnover limit to Rs 10 crores from 5 crores, reduction in time-limit for re-opening of assessments from 6 years to 3 years, setting up of a new Dispute Resolution Committee for taxpayers having taxable income upto Rs 50 lakhs and disputed income upto Rs 10 lakhs, extension of faceless mechanism to ITAT appeals, extension of additional deduction of Rs 1.5 lakhs in respect of loans taken to purchase affordable residential houses u/s 80EEA by one more year to 31.3.2022, extension of outer date of incorporation date for determining the eligibility criteria for start-ups u/s 80IAC by one more year uptill 31.3.2022, increase in the exemption threshold receipts limit from 1 crore to 5 crores for the charitable trusts, educational institutions & hospitals u/s 10(23C).

But at the same time, a few hidden time bombs have also been incorporated in the Finance Bill 2021, which have not been covered in the Budget Speech. These include deduction and payment of TDS @ 0.1% on purchase of goods exceeding Rs 50 lakhs in value if turnover in preceding year exceeds 10 crores, provisions of higher TDS/TCS rate upto twice the applicable TDS rate in case of non-filers of ITRs in the preceding two assessment years if TDS/TCS is in excess of Rs 50,000 p.a., substitution of the Authority for Advance Rulings (AAR) by a probable faceless Board of Advance Ruling, treating any flagged information in accordance with the risk management parameters of CBDT, and the objection raised by CAG, as an 'information' enabling the formation of reason to believe of income escapement warranting reopening of already concluded assessments u/s 147, blanket presumption of possession of information so as to warrant income escaping assessment u/s 147 by the AO in search, survey or requisition cases initiated on or after 1.1.2021, discontinuance of Income-tax Settlement Commission w.e.f.1.2.2021, expenditure incurred out of corpus funds donations and borrowings of charitable trusts and similar institutions not to be considered in the 85% application criteria, capping the maximum limit of premium paid to Rs 2.5 lakhs p.a. from the existing 10% of the sum assured in ULIP u/s 10(10D), inclusion of all transfers u/s 2(47) within the ambit of slump sale in section 50B, extension of powers of provisional attachment of property u/s 281B to penalty levied for fake invoices u/s 271AAD, non-consideration of goodwill of business as depreciable asset, inclusion of liability under the law of any country in the ambit of the term 'liable to tax' used in many DTAA agreements, cancellation of interest payable on refundable excess amount of tax, surcharge or penalty paid in Income Disclosure Scheme.

These hidden time bombs have been incorporated probably to meet out some portion of the unprecedented fiscal deficit pegged at 9.5% of the GDP for FY 2020-21 and estimated at 6.8% of GDP for FY 2021-22, as our hon'ble FM has also quoted in her budget speech that,

"A king/ruler is the one who creates and acquires wealth, protects and distributes it for common good." - Thirukkural 385