



The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)



# AMRITSAR BRANCH OF NIRC

## STUDENT NEWSLETTER FEBRUARY 2021 UNION BUDGET 2021

Historic Mou

ICAI-KCA



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*One of the Major Sutra (teachings) of Chanakaya Niti is "नैकं चक्रं परिभ्रम्यति।" which means that a chariot cannot be drawn by a single wheel, the ruler cannot rule without a team*

*From the Desk of the Chairman... *

**Dear Students,**

**जय श्री राम **

I hope that this communication finds you in best of health & spirits. Covid-19 has completely changed the world of assumptions we are living in. Life has changed significantly, but it's an opportunity for us to become more learning agile. The faster we accept new things, the better we will be able to deal with resurgent circumstances. It is a time of great hope and opportunity as digital transformations, which were sweeping across all the facets of all Industries, across the globe, have accelerated to deliver unexpected and delightful results. We can begin by implementing digital transformation into our own offices and setting examples in the industry. The time to upskill and upscale is now! Future of our Profession is bright, but it poses its own challenges. We need to add value in ways, we had never imagined in the earlier times.

This Edition of E-Newsletter deals with Budget 2021, Budget is always awaited with great anticipation for the tone that will be setup by the finance minister for coming year. Expectations are always high more so as our honorable Finance Minister promised "with the Budget 2021 like never before" for the people of India. We do hope that this Budget will lead to sustained economic growth, boost consumption which results in great demand, and making "Aatmanirbhar Bharat".

We evolve through adopting desperate measure in desperate times. The great pandemic, COVID-2019 could not cripple down our high spirits towards our efforts for the profession. I feel proud in announcing that our branch established new landmarks in such tough times, we managed:

- ❖ Signing an MOU with Khalsa College for extending the necessary support to deliver guest lectures to students of Khalsa College, now we are in the process of MOU with Hindu College & Guru Nanak Dev University.
- ❖ IT enabled new look to ICAI Bhawan, Amritsar
- ❖ Constitution of GST/MSME helpdesk as per ICAI Guidelines for resolving queries of stakeholders
- ❖ Smooth and peaceful conduct of exams despite of pandemic.
- ❖ 2 Days Residential Workshop at Kasauli (H.P)

Members, you have showered boundless love and blessings with victories to my cap in the last two contested elections. Your endless faith in me is respectable and a work a responsibility. I tried putting in the best of my efforts towards the best interest of the Amritsar branch. My tenure as a Chairman of Amritsar Branch will be over this month and new team will take over the charge. I congratulate in advance and welcome to new team under the leadership and professional acumen of new Chairman. A famous proverb says "Individually we are one drop, together we are an ocean". I extend my warm regards and is grateful to all my team mates and branch members for showering love and affection on me as always.

"I think team first. It allows me to succeed, it allows my team to succeed."

Stay Safe Stay Healthy

February, 2021



With Warm regards.

**CA SANJAY ARORA**

B.Com., F.C.A., D.I.S.A., (ICAI)

**Chairman, 2020-21**

**Amritsar Branch of NIRC of ICAI**

Chairman.





## From the Desk of the Secretary...

**Dear Students,  
Warm Greetings,**

**“The greatest religion is to be true to your own nature. Have faith in yourselves” - Swami Vivekanand.**

We with immense delight present our members another edition of Newsletter for the month of February 2021.

As we know Govt has launched Budget 2021 with new and some amended provisions of Income Tax and GST. The following are other proposed amendments:

- **IT relaxation for senior citizens of 75 years age and above:** It has been proposed to exempt the senior citizens from filing income tax returns if pension income and interest income are their only annual income source.
- **Reduction in time for IT Proceedings:** Except in cases of serious tax evasion, assessment proceedings in the rest of the cases shall be reopened only up to three years, against the earlier time limit of six years.
- **Constitution of 'Dispute Resolution Committee':** Those assessed with a taxable income of up to Rs. 50 lakh (for small and medium taxpayers) and any disputed income of Rs.10 lakh can approach this committee under section 245MA. It will prevent new disputes and settle the issue at the initial stage.
- **National Faceless Income Tax Appellate Tribunal Centre:** Provision is made for faceless proceedings before the Income Tax Appellate Tribunal (ITAT) in a jurisdiction less manner. It will reduce the cost of compliance for taxpayers, and increase transparency in the disposal of appeals.
- **Tax incentives to startups:** The tax holiday for startups has been extended by one more year up to 31st March 2022.
- **Pre-filing of returns to be forefront:** Pre-filing will be allowed for salary, tax payments, TDS, etc. Further, details of capital gains from listed securities, dividend income, etc. will be pre-filled.
- **Disallowance of PF contribution:** In case the employee's PF contribution was deducted but not deposited by the employer, it will not be allowed as a deduction for the employer.
- **Section 43CA stands amended:** The stamp duty value can be up to 120% (earlier 110%) of the consideration if the transfer of “residential unit”, which means an independent housing unit is made between 12th November 2020 and 30th June 2021.
- **Amendment to Section 44ADA:** Section 44ADA applied to all the assesseees being residents in India. Now onwards, it applies only to the resident individual, Hindu Undivided Family (HUF) or a partnership firm, other than LLP.

During the month of January 2021, Amritsar branch organized two CPE Hour programs one of which was Virtual CPE Meeting on Topic of Strategies to grow Practice post covid, by eminent speaker CA K. Raghu Past President ICAI and one Physical seminar was organized at ICAI Bhawan on the GST Topics in which CA Navya Malhotra and CA Aanachal Kapoor deliberated on the GST Topics. Seminar was also telecasted live on Youtube Channel of Amritsar Branch. On 26th January, We also celebrated Republic day by doing flag hosting and distributed blankets to needy people. I with immense pleasure inform you that Youtube channel of Amritsar Branch has crossed 1000 subscribers as every CPE event is being uploaded on the youtube channel for the benefit of the members of Amritsar branch, but also any other Professional can take benefit of our channel.

In this month we will propose to organize a cricket match and other games for the members of Amritsar branch.

Stay Safe and Stay Healthy

February, 2021

With Warm regards.

Sd/-

**CA Shashi Pal**

Editor in Chief  
Secretary, ICAI Amritsar Branch

Secretary



**CA JATINDER ARORA**

## **OUR MENTORS**

A man of professional wisdom and strong discipline CA Jatinder Arora has contributed to the profession for more than 45 years. A blend of experience, foresight, technical expertise and professional excellence worth emulating, he qualified in the year 1977 and ever since has been in practice. An altruistic hard worker bestowed with exceptional organisational, networking, administrative and leadership skills CA Jatinder Arora has made noteworthy contributions.

He runs his own proprietorship firm "R.N. Jatinder & Co" and a partnership firm "Arora Khanna & Associates" with his senior associate CA Anil Khanna and both his sons CA Puneet Arora and CA Suneet Arora and other partners, having branches in Amritsar and other cities.

His guidance and mentorship has always been a catalyst for his students, juniors and associates working in diverse fields.



**CA. JIWAN LAL KHANNA**

## **OUR MENTORS**

Jiwan Lal Khanna, is born in Calcutta and brought up in Amritsar, Punjab. Flourished in Amritsar as well as in and around Delhi. Completed Commerce Graduation in the year 1976 from DAV College, Amritsar followed by Article ship with M. L. Aggarwal & Co., Amritsar.

Completed CA in the year 1982. And decided to establish his firm, J.L.Khanna & Co. The organization has flourished in and around Amritsar, ever since its inception in 1982. And has recently been converted into partnership in the year 2010. He is actively engaged as a head partner in the firm and playing a pivotal role in the organization which has grown and established its name with an experience of 39 years. He specializes in the field of direct taxation and has a vast experience in Auditing, bank financing and indirect taxation ranging across various sectors of society.

Every day brings a new opportunity to learn, evolve and grow is the core belief that he follows. Which has motivated him to Complete Course of Information System audit (ISA) in March 2004. He also holds the Certificate of Independent director issued by ICAI and is eager to learn and adapt to the rapidly changing professional environment.





## UNION BUDGET 2021 HIGHLIGHTS ON INDIRECT TAXES



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Union budget 2021 was presented by Finance Minister Smt. Nirmala Sitharaman on 1st february 2021 at 11 am , Monday at the Parliament.

The vision of the Union Budget 2021-22 is to extend the goal of Atmanirbhar Bharat by increasing self-reliance and India's ability to become a global manufacturing hub across sectors. The Finance Minister Smt. Nirmala Sitharaman said that the Budget proposals for this financial year rest on six Pillars:-

1. Health and Well-Being
2. Physical and financial capital and infrastructure
3. Inclusive development for aspirational India
4. Reinvigorating human capital
5. Innovations and R&D
6. Minimum Government ,Maximum Governance

### **Why this budget is important?**

One of the most important duties of the union budget is to handle and foresee inflation and deflation. Surplus policies and deficit policies are focused upon during inflation and deflation, respectively, to keep the economy stable. Budget is announced in two parts along with annexures. While examining the Whole budget I got some important highlights and very useful records to be considered.

**Here are the some of the important Highlights of this year's Budget:**

### **Economy and finance:**

- Fiscal Deficit stands at 9.5% of the GDP; estimated to be 6.8% in 2021-22
- Proposal to allow States to raise borrowings up to 4% of GSDP this year

- Deposit insurance increased from Rs 1 lakh to Rs 5 lakh for bank depositors
- An asset reconstruction company will be set up to take over stressed loans

### **Agriculture:**

- 1,000 more Mandis to be integrated into the E-NAM market place
- Growth in rates of Wheat, Paddy, Pulses in Comparison of Growth rates with previous years

### **Employment:**

- A portal to be launched to maintain information on gig workers and construction workers
- Social security to be extended to gig and platform workers
- Margin capital required for loans via Stand-up India scheme reduced from 25% to 15% for SCs, STs and women.

### **Indirect taxes**

Indirect taxes in India indirect taxes are levied on materialistic goods. Indirect taxes are basically passed on to another individual or entity. Indirect tax is generally imposed on suppliers or manufacturers who pass it on to the consumers using their good or services.

**Goods and Service tax :** As there are many different types of indirect taxes levied on the expense incurred by a buyer, the government has made an effort to simplify the taxing process and merged all these indirect taxes into a common indirect tax called the Goods and Service Tax (GST).

Merging of all these taxes has reduced the hassles of compliances associated with all these indirect taxes, improving tax governance in the country. Introduced in 2017, the GST has eliminated the cascading effect of multiple taxes.



### **In Union Budget 2020-2021,**

Government is going to review more than 400 old exemptions conducted through Extensive consultations going to implement from 1st October, 2021 to put all the revised custom Duty Structures along with new Custom Duties and these Duties are valid up to 31st March 2022. Any new customs duty exemption henceforth will have validity up to the 31st March following two years from the date of its issue.

**Electronics and mobile industries :** For greater domestic value additions, Few exemptions part of charges are going to be levied. Some part of mobiles will move from Nil rate to moderate 2.5%. Iron and steel-Reducing custom duties uniformly to 7.5% on Semi, Flax, long product and on Stain less steel.

### **Few of the items on which Customs Duty Rates are revised are as follows:**

- Reduced duty on copper scrap from 5% to 2.5%
- Basic and Special additional excise duty on petrol and high-speed diesel oil (both branded and unbranded) is reduced
- Increased duty on solar inverters from 5% to 20%
- Raised duty on solar lanterns from 5% to 15%
- The basic customs duty on gold and silver reduced.
- The department will rationalise duty on textile, chemicals and other products
- Agriculture Infrastructure and Development Cess on small number of items
- Rationalisation of customs duty structure by implementing outdated exemptions

*The revised rates will be applicable from 2nd February 2021 onwards.*

### **Proposal to omit the GST annual audit obligation of the businesses:**

One key amendment in the GST laws is the acceptance of the GST Council proposal to do away with the requirement of annual audit applicable on large taxpayers.

At the time when GST was introduced, this particular provision was apparently peddled on the need for annual reconciliation of the taxpayer's accounts besides providing a via-media to the tax officers to obtain confirmation of the taxpayer's affairs by way of independent audit by practicing chartered accountants. This would ensure that the anomalies and inadvertent errors on the tax positions of the taxpayers and errors in GST compliances would be addressed at the taxpayer's end itself, thereby reducing scope of litigation.

The annual return for 2017-18 deadline being extended 7 times, negative feedback regarding their filing and working of GSTN, severe criticism of high cost of compliance, etc. were certain facets which were noted by the GST council in its 39th meeting held on 14th March, 2020. As a consequence, the Government has undone the existing provisions to make mandatory annual audit as optional and permit self-certification as well.

This implies that the requirement for a third-party validation by way of audit is no longer necessary. However, to allow the taxpayers who like to seek comfort in independent external audit, annual audit reports will still be accepted.



### **Time bound customs exemptions:**

All new conditional exemptions under the Customs Act, 1962 shall be valid now only for two years, instead of being open-ended in the past. Further, the new customs duty framework shall be in place after the Government would review about 400 exemption notifications. As a result, reviewing such exemptions on a periodical basis will become a norm and businesses will have to adjust to such dynamic Customs Duty regime.

### **Time limit for customs investigations:**

A new section has been proposed which provides for a limitation of two years, further extendable by one

more year, as sunset period for audit, search, seizure or summons for completion of the investigations. Thus, there shall be no more long drawn inquiry procedures, in a big relief to open ended inquiries by customs officers.

### **CONCLUSION**

The government in its budget, has tried to cover all the sectors and is pledged to make a glorifying and a shining India. But without proper implementation of the proposed changes, nothing can be achieved. The government has to be fast-paced and make our our economy into a vibrant economy once again.





## Budget 2021



**AASTHA PASSI**  
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With the nation struggling to cope with the economical impact of COVID-19 and Farmer's Protest which has significantly hampered the livelihood of many and lead businesses to insolvency, the importance of Budget 2021 cannot be overemphasised. The nation breathes a sign of relief as the much expected, though not awaited Covid Cess did not come to pass.

For the first time since Independence, Budget Papers were not printed but rather provided in soft copy and the traditional "Halwa Ceremony" which marks the beginning of printing was also not held keeping in view the safety of people in the wake of the pandemic.

The Budget was expected to be an 'economic vaccine' for the pandemic-battered economy and the Budget undoubtedly lived up to people's expectations. It was introduced by the Hon'ble Finance Minister Nirmala Sitharaman on 1st February 2021 in the parliament. As discussing the entire budget is not feasible, we shall confer a few topics of the finance bill as are enlisted below:

1	Relaxation for certain category of senior citizens from filing return of income tax
2	Exemption of deduction of tax at source on payment of Dividend to Business Trust in whose hand dividend is exempt
3	Rationalisation of provisions relating to tax audit in certain cases
4	Allowing prescribed authority to issue notice under clause (i) of sub-section (1) of section 142
5	Reduction of time limit for completing assessment
6	Incentives for affordable rental housing
7	Rationalisation of the provision of presumptive taxation for professionals under section 44ADA
8	Constitution of Dispute Resolution Committee for small and medium taxpayers

The Finance Minister, Nirmala Sitharaman, has brought upon a very technical and a much appreciated budget, the depth of which will be expounded in the following paragraphs.

### **1. Relaxation for certain category of senior citizens from filing return of income tax**

Section 139(1) of the Act brings upon the requirement to file return of income. It reads as under:

**Every person,—**

*(a) being a company or a firm; or*

*(b) being a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed :*

**Section 194P** has been inserted to provide relief to -

- (a) resident senior citizens of the age of 75 year or above
- (b) who has only pension income and interest income from the same bank in which he is receiving his pension income.

Section 139(1) mandated the filing of return of income by all individuals having income exceeding the maximum amount not chargeable to tax. However, with the advent of Section 194P, a specified category of senior citizens will be provided great relief and reduction in compliance burden.

### **2. Exemption of deduction of tax at source on payment of Dividend to Business Trust in whose hand dividend is exempt**

Section 194 provides for deduction of tax at source (TDS) on payment of dividends to resident. However,



Second Proviso to this section provides that the provisions of this section shall not apply to such income paid or credited to certain insurance companies or insurers.

It is proposed to amend second proviso to section 194 to further provide that provisions of this section shall not apply to income paid or credited to a Business Trust by a special purpose vehicle or payment of dividend to any other person as may be prescribed.

This amendment will take effect retrospectively from 1st April, 2020.

### 3. Rationalisation of provisions relating to tax audit in certain cases

**Section 44AB** provides the criteria of qualification for tax audit which has been produced as under:

*Every person-*

*(a) Carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds **one crore rupees** in any previous year*

*(Provided that in case of a person whose) -*

*(a) aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount; and*

*(b) aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent of the said payment,*

*this clause shall have effect as if for the words "**one crore rupees**", the words "five crore rupees" had been substituted;) get his accounts of the previous year audited by an accountant..*

*Through Finance Bill 2021, the words "**five crore rupees**" shall be substituted with "**ten crore rupees**"*

This proposal has been made to promote digital economy and to reduce the compliance burden of small and medium enterprises.

### 4. Allowing prescribed authority to issue notice under clause (i) of sub-section (1) of section 142

As per section 142(1)(i), only the Assessing Officer has been given the authority to issue notice to an assessee, who has not submitted the return of income, asking for submission of return of income.

To allow any other authority to issue a notice in this regard, the following proviso to 142(1)(i) has been inserted:

*"Provided further that a notice under this sub-section for the purposes of this clause may also be served by the **prescribed income-tax authority**."*

This proposal has been brought upon to make all the processes under the Act fully faceless by eliminating person to person interface and to enable centralised issuance of notices in an automated manner.

### 5. Reduction of time limit for completing assessment

The time limit for completing assessment has been provided under section 153 of the Act. As per **second proviso to section 153(1)**, the time limit for passing an order of assessment relating to the assessment year commencing on or after the 1<sup>st</sup> day of April, 2019 has been restricted to **twelve months** from the end of the assessment year in which the income was first assessable.

In finance bill 2020, it has been proposed to further restrict the time limit to "**nine months**" for passing an order of assessment relating to the assessment year commencing on or after the 1<sup>st</sup> day of April, 2021.

This major change has been made in view of complete overhauling of the assessment procedure as a result of faceless assessment scheme, 2019. As the various aspects of assessment procedure like verification,





scrutiny of books of accounts etc are carried on electronically, it significantly reduces the time period required to conduct the procedures.

#### **6. Incentives for affordable rental housing**

**Section 80-IBA(1)** of the Income Tax Act provides for hundred per cent deductions of the profit and gains derived from the business of **developing and building affordable housing project** subject to certain conditions.

**Further 80-IBA(2)(a) provides that the housing project shall be approved by the competent authority after 1<sup>st</sup> June, 2016 but on or before 31<sup>st</sup> March, 2021.**

It is proposed to **insert sub-section (1A)** in the said section to provide hundred per cent deduction of the profit and gains derived from the business of **developing and building affordable rental housing project**.

It is further proposed to **amend Section 80-IBA(2)(a)** to allow the deduction in respect of a project approved by the competent authority **after 1<sup>st</sup> June, 2016 but on or before 31<sup>st</sup> March, 2022.**

#### **7. Rationalisation of the provision of presumptive taxation for professionals under section 44ADA**

Section 44ADA(1) provides that *“notwithstanding anything contained in sections 28 to 43C, in case of an assessee, **being a resident in India**, who is engaged in a profession referred to in 44AA(1) and whose total gross receipts do not exceed fifty lakh rupees in a previous year, 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 profit and gains of such profession chargeable to tax under the head “Profit and gains of business or profession”.*

It is proposed to substitute the words *“in case of an assessee, being a resident in India”* to *“in case of an assessee, being an individual, Hindu undivided family or a partnership firm other than a limited liability partnership as defined under clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008, who is a resident in India”*

#### **8. Constitution of Dispute Resolution Committee for small and medium taxpayers**

Clause 66 of the Bill seeks to insert section **245MA** in the Income Tax Act, 1961 relating to Dispute Resolution Committee in certain cases.

The Central Government shall constitute one or more Dispute Resolution Committee. Only those disputes where the returned income is fifty lakh rupee or less and the aggregate amount of variation proposed in specified order is ten lakh rupees or less shall be eligible to be considered by DRC. It will provide early tax certainty to small and medium taxpayers.

As can be concluded from above, The Finance Bill, 2021 includes a series of well intended measures to cleanse the tax system in an attempt to bring more transparency, ease of doing business and eliminate redundancies in the tax administration. The effective implementation of these measures will make the Budget a success.