

EXPECTATIONS FROM UNION BUDGET 2021

CORPORATE AND PERSONAL TAX PERSPECTIVE

"Read my lips: No New Taxes! By George H.W. Bush" is need of the hour from the forthcoming budget of 2021-22. The first budget to be presented post-pandemic COVID-19 outbreak has many expectations and eyes of all public & private sectors full of hope are constantly placed on actions of the Ministry of Finance. With the rollout of medication drive in India, now is the time to step up for recovery in economic growth. It is only justified to be able to work around a budget that suits the requirements of the nation. The road to recovery in the coming year would need an on-ground exceptional effort to overcome the financial and personal turmoil of 2020.

The anticipations and expectations of the tax-payer regarding the Union Budget are a natural one. The needs of the Union Budget this year are, therefore, different from the past years.

TAX IMPETUS ANTICIPATIONS:

- 1 - Cut taxes to boost spending.
- 2 - Increase the threshold limit for deductions under section 80C.
- 3 - Increase basic exemption limit and extend standard deduction benefit to professionals as well.
- 4 - Surcharge should be further rationalized to apply to a higher income group only.
- 5 - Continuation of reduced TDS and TCS rate for Financial Year 2021-22 to enhance/maintain liquidity.
- 6 - Extension of sunset clauses for SEZ.
- 7 - Longer gestation and tax holiday period to industrial undertakings or enterprises engaged in infrastructure development, etc. under section 80-IA.
- 8 - Amnesty scheme or relaxations to give relief from penalties and interest on failure to meet deadlines for timely compliances.
- 9 - Tax benefits/exemptions to corporates in aviation/ logistics/infrastructure/ health/ tourism and travel industry.
- 10 - Any additional cess on account of COVID may be levied only on a very high-income group, i.e. more than INR 10 million.
- 11 - In light of lower disposable income in the hands of individuals, re-introduction of exemption of long-term capital gains tax on shares may be considered.
- 12 - Higher deduction in taxable income on account of increased health expenses during the pandemic.