

Union Budget 2020-21 : Achieve Big Goals with Focused Steps

The burgeoning Indian economy is steadily moving ahead aspiring to reach a figure of five trillion US dollar amidst arduous times. The Economic Survey 2019-20 highlighted that the world economy is facing challenges as, during the year 2019, the world output growth reached its slowest pace of 2.9% since the global financial crisis of 2009. This is notwithstanding that the present growth achieved by India is significantly high, but expectations are more and we have also achieved much higher rates in the past. The infectious slowdown in the global manufacturing, trade and demand caught the Indian economy and its growth rate slowed. At the same time, there are signs of bottoming out of slowdown in manufacturing activity and global trade, which is likely to have a positive impact on growth in the next year. In order to meet the challenges, a number of steps are included in Union Budget 2020-21 to boost investment, consumption and exports.

The growth of Indian economy is meaningful when it reaches all strata of the society. The growth needs to be inclusive such that its fruits are also enjoyed by otherwise deprived classes who are living in the remotest part of the country. There is need to provide basic necessities to all irrespective of their financial conditions and geographical locations. Chartered Accountants with their acumen and skills can play a leading role in augmenting revenues, improving tax management and ensuring better compliances, thereby helping the society, business and economy.

The Union Budget 2020-21 is centred around three significant themes – aspirational India, economic development and caring society – all of which are focussed on ease of living. Accordingly, the Finance Bill, 2020 contains specific tax proposals directed towards these themes. A tax measure directed towards the first theme, namely, Aspirational India is the levy of health cess @ 5% as a duty of customs on import of medical devices to be utilised for creating health infrastructure and services. Since the specified medical devices are now being manufactured in India, this cess would also boost the domestic industry.

A handful of direct tax proposals are directed towards the second theme, namely, economic development. The budget has given a fillip to eligible start-ups by raising the threshold turnover limit for qualifying for deduction under section 80-IAC from ₹ 25 crores to ₹ 100 crores. The deduction can now be claimed in any three consecutive years out of ten years from the year of incorporation. In order to attract fresh investment, create jobs and stimulate the economy, the period of concessional rate of withholding tax @ 5% under section 194LC and 194LD has been extended by three years. Removal of dividend distribution tax, which is an additional corporate tax, would ease compliance burden on corporates. An indirect tax proposal towards this theme is the increase in customs duty on items, which are also produced domestically by MSMEs, and withdrawal of eighty customs duty exemptions. Also, introducing enabling provisions for investigation in cases of circumvention of countervailing duty and strengthening anti-circumvention measures for anti-dumping duty will promote *Make in India* and consequently, lead to economic growth.

The tax proposals towards developing a Caring Society include extension of time for approval of affordable housing project for availing deduction under section 80-IBA to 31.3.2021. Further, the time limit for sanctioning of loan for affordable housing for availing deduction under section 80EEA is also proposed to be extended to 31.3.2021. Corruption free, policy driven good governance is *sine qua non* for achieving the three significant themes. The proposals towards this end include legislative backing to Taxpayer's Charter and launching of faceless appeal on the lines of faceless assessment for greater efficiency. In short, the Finance Bill, 2020 contains a number of provisions that are directed towards uplifting the Indian economy.

"The secret of getting ahead is getting started. The secret of getting started is breaking your complex overwhelming tasks into small manageable tasks, and starting on the first one."- Mark Twain.

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