

# BUDGET

Synopsis | 2020-21



# Taxation

- ✎ **Taxpayer Charter** to be introduced as part of statute.
- ✎ **New Simplified Personal Income Tax Regime** will be effective AY 2021-22, at the option of taxpayers, for those willing to forgo deductions, exemptions. (Section 115BAC).

Income Slab (INR)	Tax Rate
0 - 2.5 lac	0%
2.5 - 5 lac	5%
5 - 7.5 lac	10%
7.5 - 10 lac	15%
10 - 12.5 lac	20%
12.5 - 15 lac	25%
> 15 lac	30%

- ✎ Changes in **residency rules** (section 6) is tightened by reducing the Indian Citizen / person of Indian origin's stay in India to an overall period of 120 days or more (instead of 182 days).
- ✎ To qualify as **Not Ordinarily Resident**, the assessee needs to be non resident in India in 7 out of 10 previous years.
- ✎ Indian citizen who are not paying taxes in any country due to their residency in other countries shall be subject to tax in India on the global income.
- ✎ Govt to launch **Vivaad Se Vishwas** Scheme to reduce tax litigation. Taxpayer to pay only amount of disputed tax, will get complete waiver on interest and penalty, if availed by 31 March, 2020. Extension date 30 June, 2020 with some additional amount.
- ✎ **Audit threshold** for MSMEs raised to INR 5 cr from INR 1 cr, only for those business which carry out less than 5% of their transactions in cash.

# Taxation

- ✍ **Dividend Distribution Tax** abolished. Investors receiving dividend will be taxed in their hands.
- ✍ The **fiscal deficit** for FY 2020 was revised to 3.8 percent of the GDP, up from the earlier budget target of 3.3 percent. The FY 2021 fiscal deficit target is pegged at 3.5 percent of GDP.
- ✍ To boost Startups, tax burden on employees due to **ESOPs** to be deferred to
  - 5 years or
  - till they leave the company or
  - when they sellwhichever is earlier. Also, period of eligibility for claim of deduction increased from 7 to 10 years.
- ✍ To make process of registering charitable institutions electronically. **Donations to be pre-filled** in their IT Form.
- ✍ **Tax holiday for builders** for affordable housing extended by 1 year.
- ✍ **New power generation companies** to be offered 15% tax rate.
- ✍ **Tax on Cooperative Society** to be reduced to 22% plus 10% surcharge and 4% cess (as against 30% at present) with no exemptions or deductions. To be exempted also from Minimum Alternate Tax.
- ✍ The definition of **business connection** is widened, this may create lot of litigation. For example, marketing office in India may come under the ambit of business connection now.
- ✍ The **relief for double taxation may be denied** where the intention is reduction or avoidance of tax by treaty shopping or other means. This may lead to increase in litigation for want of clarity and due to misutilization of power by tax officers.

# Miscellaneous

## AGRICULTURE, IRRIGATION AND RURAL DEVELOPMENT

- ✍ INR 2.83 lac crore proposed to be allocated towards **Sixteen Action Points for Agriculture, Irrigation and Rural Development**
- ✍ INR 1.60 lac crore allocated for **Agriculture, Irrigation & allied activities.**
- ✍ INR 1.23 lac crore allocated for **Rural development & Panchayati Raj.**
- ✍ KISAN beneficiaries to be covered under the **KCC scheme.**
- ✍ Comprehensive measures for 100 water-stressed districts proposed.

## BLUE ECONOMY:

- ✍ INR 1 lac crore **fisheries' exports** to be achieved by 2024-25.
- ✍ 200 lac tonnes **fish production** targeted by 2022-23.
- ✍ 3477 **Sagar Mitras** and 500 **Fish Farmer Producer Organizations** to involve youth in fisheries extension.
- ✍ Growing of algae, sea-weed and cage culture to be promoted.
- ✍ Framework for development, management and conservation of marine fishery resources.

## **KISAN RAIL TO BE SETUP BY INDIAN RAILWAYS THROUGH PPP:**

- ✍ To build a seamless national cold supply chain for perishables (milk, meat, fish, etc.
- ✍ Express and Freight trains to have refrigerated coaches.

# Miscellaneous

## LIVESTOCK:

- ✎ Doubling of **milk processing capacity** to 108 million MT from 53.5 million MT by 2025.
- ✎ Artificial insemination to be increased to 70% from the present 30%.
- ✎ MNREGS to be dovetailed to develop fodder farms.
- ✎ Foot and Mouth Disease, **Brucellosis** in cattle, sheep and goat to be eliminated by 2025.

## HEALTHCARE:

- ✎ INR 69,000 crore allocated for overall **Healthcare sector**.
- ✎ INR 6400 crore (out of INR. 69,000 crore) for **PM Jan Arogya Yojana (PMJAY)**.
- ✎ Targeting diseases with an appropriately designed preventive regime using **Machine Learning and AI**.
- ✎ **Jan Aushadhi Kendra Scheme** to offer 2000 medicines and 300 surgicals in all districts by 2024.
- ✎ **TB Harega Desh Jeetega** campaign launched - commitment to end Tuberculosis by 2025.

## SWACHH BHARAT MISSION:

- ✎ INR 12,300 crore allocation for **Swachh Bharat Mission** in 2020-21.
- ✎ Emphasis on liquid and grey water management.
- ✎ Focus also on Solid-waste collection, source segregation, and processing.

# Miscellaneous

## CULTURE & TOURISM:

- ✎ Allocation of INR 2500 crore for 2020-21 for **tourism** promotion.
- ✎ An Indian Institute of Heritage and Conservation under Ministry of Culture proposed; with the status of a deemed University.
- ✎ **5 archaeological sites to be developed** as iconic sites with on-site Museums in the states of Haryana, Uttar Pradesh, Assam, Gujarat, Tamil Nadu.
- ✎ **4 museums** to be renovated.
- ✎ **Maritime museum** to be set up at Lothal- the Harrapan age maritime site near Ahmedabad, by Ministry of Shipping.

## EDUCATION AND SKILLS

- ✎ INR 99,300 crore for **education sector** and INR 3000 crore for **skill development**.
- ✎ **New Education Policy** to be announced soon.
- ✎ National Police University and National Forensic Science University proposed for policing science, forensic science, and cyber-forensics. Degree level full-fledged online education program by Top-100 institutions in the National Institutional Ranking Framework.
- ✎ Upto **1-year internship to fresh engineers** to be provided by Urban Local Bodies.
- ✎ Special **bridge courses** to be designed by the Ministries of Health, and Skill Development to fulfill the demand for teachers, nurses, para-medical staff and care-givers abroad.



**THANK  
YOU!**

## About **Nucleus**

**Nucleus** Advisors LLP is a business consulting firm providing specialized services in the field of Investment Banking, Deal Transaction Advisory, Corporate Advisory, International Taxation, Audit & Assurance. We partner entrepreneurs in their critical decision making by providing them various analysis customized as per their requirement. We also help in the effective implementation of decisions and its subsequent monitoring as well.

Team Nucleus is comprised of people from Big4s and reputed consulting firms with combined experience of 30+ years.

Team is distinguished by their functional and technical expertise combined with their hands-on experience, thereby ensuring that our clients receive the most professional service.

**Locations:** Gurugram | Bengaluru | Jaipur

**Website:** [www.nucleusadvisors.in](http://www.nucleusadvisors.in)

**Email:** [info@nucleusadvisors.in](mailto:info@nucleusadvisors.in)