

# Budget 2021-2022 minimizes Regulatory Compliance Burden to improve Ease Of Doing Business for industry

February 6, 2021

**In News:** While addressing the media here, Dr. Guruprasad Mohapatra said that the Government of India has undertaken an all-encompassing systematic approach to carry out sustained efforts to reduce and simplify the regulatory compliances for businesses and citizens.

## Key Announcements made in this Budget 2021 -22

### Faster Dispute Resolution

- Budget 2021 -22 has introduced multiple initiatives related to digitization, faceless dispute resolution and simplification to enable faster resolution of disputes.
- **Digitization**
  - NCLT framework to be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.

### Faceless Dispute Resolution

- For reducing litigation and to give an impetus to the dispute resolution for small taxpayers, a Dispute Resolution Committee is proposed to be constituted. The procedure of the Committee will be conducted in a faceless manner.
- In order to provide a transparent tax appellate mechanism, it is proposed to make the Income Tax

Appellate Tribunal faceless and jurisdictionless.

- A National Faceless Income Tax Appellate Tribunal Centre shall be established, wherein all communication between Tribunal and appellant shall be made electronically

### **Simplification**

- It is proposed to replace the Authority for Advance Rulings with a Board for Advance Rulings and provide appeal against the order of such Board to the High Court.

### **Streamlined Export Import Procedures**

#### **▪ Time-bound Service Delivery**

- It is proposed to mandate filing of bills of entry before the end of day preceding the day of arrival of goods by amendments in the Customs Act, 1962 (Section 46)
- New section 28BB in Customs Act 1962 is proposed to prescribe a definite time-period of two years subject to certain exceptions, for completion of investigations.

### **Digitization**

- To encourage paperless processing, it is proposed to recognize the use of a common portal to serve notice, order etc and the portal to act as a one-point digital interface for the trade to interact with the Customs.

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## **Easier Tax Compliance**

### **Digitization**

- Details of capital gains from listed securities, dividend income, and interest from banks, post offices, etc. will be pre-filled in income tax returns.
- To incentivise digital transactions and to reduce the compliance burden, it is proposed to increase the limit for tax audit for persons who are undertaking 95% of their transactions digitally from INR5 crore to INR10 crore.

## **Simplification**

- For Senior citizens who are 75 years of age or above and who only have pension and interest income, it is proposed to exempt them from the requirement of filing income tax if the full amount of tax payable gets deducted by the paying bank.
- Removal of mandatory requirement of getting annual accounts audited and reconciliation statements, filing of the annual return on self-certification basis and charging interest on net cash liability

with effect from the 1st July, 2017.

### **Rationalized Securities Transactions**

- The provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 are proposed to be consolidated into a single Securities Markets Code.

### **Simplified Compliance for Companies**

#### **▪ Decriminalization**

- Decriminalization of the Limited Liability Partnership (LLP) Act, 2008 is being undertaken.

### **Simplification**

- The compliance requirements for more than two lakh companies would be eased with proposed revision in definition for Small Companies –increase in thresholds for Paid up capital from INR50 lakh to INR2 Cr and turnover from INR2 Cr to INR20 Cr.

#### **▪ Use of New-Age Technologies**

- During the coming fiscal 2021-22, data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0 will be launched.
- This Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.

Liberalized regulatory regime will not only boost productivity, employment and economic growth but would also further the vision of AtmaNirbhar Bharat, making India the globally preferred investment destination.