

## POST BUDGET INTERACTIVE SESSION Implications of Union Budget 2020-21

(Post Event Report- Event held on 5<sup>th</sup> February 2020 at PHD House, New Delhi)

PHD Chamber organised the **Post Budget Interactive Session** to discuss the implications of the Union Budget proposals for the year 2020-21 on 5<sup>th</sup> February at PHD House, New Delhi. **Shri Pramod Chandra Mody, Chairman, CBDT** graced the occasion as Chief Guest. **Shri Kamlesh C Varshney**, Joint Secretary (TPL) – I, Central Board of Direct Taxes, Government of India also addressed the delegates in the technical session. The other esteemed speakers of the Session includes **Dr D K Aggarwal**, President, PHD Chamber; **Shri Sanjay Aggarwal**, Senior Vice President, PHD Chamber; **Shri Pradeep Multani**, Vice President, PHD Chamber; **Shri Bimal Jain**, Mentor, Indirect Taxes Committee, PHD Chamber; **Shri Mukul Bagla**, Chairman, Direct Taxes Committee, PHD Chamber; **Shri N K Gupta**, Chairman, Indirect Taxes Committee, PHD Chamber ; **Shri Rohit Jain**, Partner, Vaish Associates Advocates and **Shri Sanjiv K Chaudhary**, Tax Partner, BDO India LLP. The Post budget session discussions were moderated by **Dr S P Sharma**, Chief Economist, PHD Chamber.

### Glimpse of the Post Budget Interactive Session Implications of Union Budget 2020-21



From Left to Right: **Dr S P Sharma**, Chief Economist,



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PHD Chamber; **Smt. Surabhi Ahluwalia**, CIT, Central Board of Direct Taxes, Government of India ; **Shri Kamlesh C Varshney**, Joint Secretary (TPL) – I, Central Board of Direct Taxes, Government of India; **Shri Mukul Bagla**, Chairman, Direct Taxes Committee, PHD Chamber; **Shri Sanjay Aggarwal**, Senior Vice President, PHD Chamber; **Shri Pramod Chandra Mody**, Chairman, Central Board of Direct Taxes (CBDT), Government of India; **Dr D K Aggarwal**, President, PHD Chamber; **Shri Pradeep Multani**, Vice President, PHD Chamber and **Shri Bimal Jain**, Mentor, Indirect Taxes Committee, PHD Chamber



Audience at the Post Budget Interactive Session 2020-21

Chamber; **Shri Mukul Bagla**, Chairman, Direct Taxes Committee, PHD Chamber; **Shri Rohit Jain**, Partner, Vaish Associates Advocates; **Shri Kamlesh C Varshney**, Joint Secretary (TPL) – I, Central Board of Direct Taxes, Government of India; **Shri N K Gupta**, Chairman, Indirect Taxes Committee, PHD Chamber; **Shri Sanjiv K Chaudhary**, Tax Partner, BDO India LLP



From Left to Right: **Shri Mukul Bagla**, Chairman, Direct Taxes Committee, PHD Chamber; **Shri Sanjay Aggarwal**, Senior Vice President, PHD Chamber; **Shri Pramod Chandra Mody**, Chairman, Central Board of Direct Taxes (CBDT), Government of India; **Dr D K Aggarwal**, President, PHD Chamber; **Shri Pradeep Multani**, Vice President, PHD Chamber and **Shri Bimal Jain**, Mentor, Indirect Taxes Committee, PHD Chamber

**Shri Pramod Chandra Mody, Chairman, Central Board of Direct Taxes (CBDT), Government of India** while speaking at PHD Chamber's Post Budget Interactive Session stated that the taxpayers' charter announced in the Budget will have a statutory status and it will empower citizens by ensuring time-bound services by the Income Tax Department. He highlighted that the taxpayers' charter will boost the confidence of taxpayers. He shed light on the "Vivad Se Vishwas Scheme" and said the scheme offers to settle pending direct tax-related disputes. The scheme aims to resolve 4,83,000 direct tax-related disputes pending in various appellate forums.

**Shri Kamlesh C Varshney, Joint Secretary (TPL) – I, Central Board of Direct Taxes, Government of India** highlighted that the budget 2020 has given taxpayers the option to choose between the existing income tax regime (which allows availing existing income tax exemptions and deductions) and a new tax regime with slashed income tax rates and new income tax slabs but no tax exemptions and deductions. The new tax regime offers lower tax rates and new tax slabs and simultaneously removes tax exemptions/deductions and will result in lower tax outgo for the tax payer.

**Dr D K Aggarwal, President, PHD Chamber** in his welcome remarks mentioned that the Union Budget 2020-21 presented by the Hon'ble Finance Minister Smt. Nirmala Sitharaman is a dynamic budget for the sustainable growth of the country. The fiscal deficit at 3.5% of GDP in FY2021 is also in line with the expectations and we look forward to Government remaining strict to maintain fiscal consolidation at this level. He highlighted that the abolition of DDT is highly encouraging and it will further make India an attractive destination for investors. He added that allocation of Rs 27300 crore for development and promotion of Industry and Commerce and setting up of an Investment Clearance Cell will provide a significant boost to manufacturing activities in the economy and facilitate investors for the growth of trade and industry.

**Shri Sanjay Aggarwal, Senior Vice President, PHD Chamber** mentioned that the budget allocation of about Rs 69,000 crores for the health sector and other supportive measures for bringing Ease of living for every citizen is highly encouraging. He accentuated that investment in nursing, paramedics and medical training is required at a large scale to improve the health sector for the citizens of our country. He also added that the focus on the New Education Policy in the coming times will improve the outreach of the education to the needy people. He also added that the proposal of Rs 1.7 lakh crore for transport infrastructure in 2020-21 will help in strengthening connectivity and reduce transaction and logistics costs of businesses. He said that the budget will boost incomes and enhance purchasing power and would rejuvenate the economic growth trajectory of the nation in the coming times.

**Shri Pradeep Multani, Vice President, PHD Chamber** mentioned that the focus of the Budget on the Agriculture sector with pinpointed 16 action points to double farmers' income by 2022 is highly encouraging. The focus on agriculture will create tremendous demand in the economy, boost manufacturing and services sector activities and rebound the economic growth trajectory of the country. He added that with the objective of enhancing the efficiency of the delivery system of the Income Tax Department, it is suggested that CBDT may issue necessary directions for the implementation of the Taxpayer Charter. He opined that Taxpayer's Charter will create simplifications and remove apprehensions of taxpayers.

**Shri Bimal Jain, Mentor, Indirect Taxes Committee, PHD Chamber** in his address discusses the key highlights of the Union Budget 2021 from Indirect Taxes perspective. He highlighted that Customs

valuation for imported goods and Transfer Pricing under Income Tax laws are based on arm's length principle, whose objective is to ensure that taxable values of imports are correct and taxes are paid appropriately on arm's length value. However, intention under both the regulations drives in opposite directions i.e. the Customs tend to increase the import value of goods to increase tax while the Income tax department attempts to reduce purchase price of imported goods to increase taxable profits.

**Shri Mukul Bagla, Chairman, Direct Taxes Committee, PHD Chamber** in his technical presentation mentioned that the person is allowed to avail benefit of section 139 only if he avails the option in the following prescribed ways: Such option once exercised by person having business income before the due date of return of income u/s 139(1) in any year on or after the Financial Year 2020-21 shall also apply the subsequent assessment years. For person having business income, this option once withdrawn in any subsequent year, after opting it in any previous year, the person will not be able to avail this option again in the subsequent years unless he does not have business income in that year. He also discussed about Section 115BAD; it provides an option to resident co-operative societies to compute their income tax payable at the rate of 22% from the Financial Year 2020-21 by not claiming specified deduction/exemption. They may pay at their original rates also after claiming specified deduction/exemption normally availed.

**Shri N K Gupta, Chairman, Indirect Taxes Committee, PHD Chamber** stated that to boost Make In India and to protect Indian industries from imports, the government has increased import duties on certain agro and animal based products, some items of basic metals, machinery for use in specified products, copper and certain articles for use in manufacture of electronic items, household goods and appliances, electrical appliances, footwear, furniture goods, stationery items, toys, certain machineries etc. Import of certain raw materials and inputs of domestic manufacturers attracts lower duty. He further stated that the GST is in the Jurisdiction of GST Council, the Budget should have provided way forward under GST. While concluding the session he added that due to so many notifications, circulars and judgments, simplification in GST regime is crucial for ease of doing business.

**Shri Rohit Jain, Partner, Vaish Associates Advocates** in his presentation said that a new section 115BAC has been inserted w.e.f. AY 2021-22 which provides option to individuals/ HUF to pay tax at concessional rates subject to satisfaction of conditions provided under sub-section 2. He said that benefit of concessional taxation under section 115BAC can be withdrawn by person having business income only once in the previous year other than the year in which it was exercised and such person shall never be eligible to exercise option under this section unless he ceases to have business income.

**Shri Sanjiv K Chaudhary, Tax Partner, BDO India LLP** stated that the exception provided in clause (b) of Explanation 1 of sub-section (1) to section 6 for visiting India in that year be decreased to 120 days from existing 182 days. An individual or a HUF shall be said to be "not ordinarily resident" in India in a previous

year if the individual or the manager of the HUF has been a non-resident in India in seven out of ten previous years preceding that year. This new condition to replace the existing conditions in clauses (a) and (b) of sub-section (6) of section 6. An Indian citizen who is not liable to tax in any other country or territory shall be deemed to be resident in India.

The session was attended by more than 250 delegates from diverse fields.

Please contact for any query related to this mail to Ms. Shikha Bhatt, Executive Officer at [shikha.bhatt@phdcci.in](mailto:shikha.bhatt@phdcci.in) with a cc to Dr. S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms. Surbhi Sharma, Associate Economist, [surbhi@phdcci.in](mailto:surbhi@phdcci.in), PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450, 49545451 • E-mail : [phdcci@phdcci.in](mailto:phdcci@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAP001947.

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