



# ANDRA AND COMPANY

## Chartered Accountants

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## Direct Tax Proposals - Budget highlights 2021

Certain direct tax proposals were introduced, providing relaxation to individual taxpayers and startups to some extent. The individual and corporate tax rates for FY 2021-22 (AY 2022-23) was left unchanged. The following are other proposed amendments:

- **The limit for tax audits under section 44AB**

The limit for tax audits under section 44AB has been increased from Rs 5 crore to Rs 10 crore (only where 95% of payments are digitised), providing relief to many corporate houses.

- **IT relaxation for senior citizens of 75 years age and above:**

It has been proposed to exempt the senior citizens from filing income tax returns if pension income and interest income are their only annual income source. Section 194P has been newly inserted to enforce the banks to deduct tax on senior citizens more than 75 years of age who have a pension and interest income from the bank.

- **Reduction in time for IT Proceedings:**

Except in cases of serious tax evasion, assessment proceedings in the rest of the cases shall be reopened only up to three years, against the earlier time limit of six years.

- **Constitution of 'Dispute Resolution Committee':**

Those assessed with a taxable income of up to Rs.50 lakh (for small and medium taxpayers) and any disputed income of Rs.10 lakh can approach this committee under section 245MA. It will prevent new disputes and settle the issue at the initial stage.



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- **National Faceless Income Tax Appellate Tribunal (ITAT) Centre:**  
Provision is made for faceless proceedings before the Income Tax Appellate Tribunal (ITAT) in a jurisdiction less manner. It will reduce the cost of compliance for taxpayers, and increase transparency in the disposal of appeals. Further, it will also help achieve even distribution of work in different benches and ensure efficient administration.
- **Tax incentives to startups:**  
  
The tax holiday for startups has been extended by one more year up to 31st March 2022.
- **Relaxations to NRI:**  
  
There is a proposal to notify rules for removing hardship for double taxation.
- **Pre-filing of returns to be forefront:**  
  
Pre-filing will be allowed for salary, tax payments, TDS, etc. Further, details of capital gains from listed securities, dividend income, etc. will be prefilled.
- **Advance Tax on dividend income:**  
  
Advance tax will henceforth be applicable on dividend income only after its declaration. Tax holidays are proposed for aircraft leasing and rental companies.
- **Disallowance of PF contribution:**  
  
In case the employee's PF contribution was deducted but not deposited by the employer, it will not be allowed as a deduction for the employer.



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- **Section 43CA stands amended:**

The stamp duty value can be up to 120% (earlier 110%) of the consideration if the transfer of “residential unit”, which means an independent housing unit is made between 12th November 2020 and 30th June 2021.

- **Section 80EEA deduction extended:**

The affordable housing additional deduction was extended till 31st March 2022. The tax exemption has been granted for affordable rental projects.

Thanks & Regards

Team ANDRA

For ANDRA AND COMPANY  
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