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DECIPHERING UNION BUDGET 20-21

The Union Budget is an annual exercise of Projected Revenue Receipts and Expenditures and is undertaken by the Union Government of India and presented by the finance minister on 1st of February every year. After being passed by the Lok Sabha these proposals come into effect at the beginning of the financial year which is 1st April of the financial year. Considering the importance, it has on trade and industry, it is imperative to have a discussion. With this in mind, World Trade Center Goa organised an interactive session on 'Implications of Union Budget 2020-21'. CA Ms. Neeru Agnihotri, Proprietor, Neeru Agnihotri & Associates spoke on the overall budget proposal. Ms. Agnihotri said that finance and production departments of each corporate entity should study the budget proposal in detail and align business strategy accordingly, in order to run it on a profitable basis. CA Ms. Agnihotri, spoke on the new income tax proposals that would give an alternative method of calculating and paying income tax. The new method, Ms. Agnihotri said would not give the benefit of the deductions under various sections currently available in the old regime. Each Individual would have to take a call on which regime is suitable for them and then act accordingly. She highlighted some of the significant proposals of the Budget, such as enhancement of threshold for business tax audit which is increased from one crore to five crore of turnover, the dividend tax earlier being paid by the company now has to be paid by the recipient. This would increase amount of funds available to corporate entity, changes to charitable institutions who will have to upload all donations received on their websites in order that the same can be auto populated in their tax returns. Ms. Agnihotri also spoke on e-assessment scheme which provides faceless tax dispute resolutions and Vishwas se Vivadh Scheme 2020 that will enable settlement of tax disputes with waiver of penalty and interest charges until March 31, 2020. She also apprised delegates of proposed changes for non-resident Indian and the new clause for the taxation of income of non-resident Indians. Mr. Gavin D'Souza, Partner – Meridian Wealth Management provided an industry perspective. Mr. D'Souza stated that it was encouraging to note the higher expenditure allocation on roads, railways, urban development and shipping, which will bring about good infrastructure for the country and benefit the economy as a whole. He expressed concern that there could be a negative growth in telecom sector. Mr. D'Souza highlighted that subordinate debt to micro, small and medium enterprises (MSME) will be fully guaranteed through Credit Guarantee Trust and National Logistics Policy to create single window e-logistics market, and Niryat Rin Vikas Yojana Scheme would provide higher export credit disbursement. Provisions in the budget such as higher insurance coverage, reduction in premium for small exporters, simplified procedure for claim settlements and restructuring MSME Non-Performing Assets (NPAs) for one more year until the deadline of March 2020, would be measures that would go a long way in making MSMEs financially more secured. For start-ups Mr. D'Souza welcomed reduction in burden of taxation on employees of start-up by deferring tax payments by five years or till they leave the company or when they sell their shares, whichever is earliest. Deduction of 100% profit is allowed to start-ups with turnover of INR 100 crore for three consecutive assessment years from INR 25 crore, coupled with change in period of eligibility for claiming deduction extended to 10 years from seven, which would go a long way in making the start-ups more robust and successful. Mr. Cyril Desouza, Assistant Director - Trade Promotion, World Trade Center Goa, expressed that the budget was a mixed bag and it was left to individuals and companies to analyse and see what's best and how they can take benefits from the provisions in the budget, which can significantly boost the Indian economy.

The interactive session was held at Seminar Hall of EDC Building, Panaji, Goa on February 7, 2020.