

Big infra push, digital currency, 'crypto tax': 10 takeaways from Union Budget 2022

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NEW DELHI: The government on Tuesday presented Union Budget for financial year 2022-23 with focus on infrastructure spending.

In her Budget Speech, finance minister Nirmala Sitharaman said the budget seeks to lay the foundation and give a blueprint to steer the economy over the Amrit Kaal of the next 25 years – from India at 75 to India at 100. It continues to build on the vision drawn in the budget of 2021-22.

"We are marking Azadi ka Amrit Mahotsav, and have entered into Amrit Kaal, the 25-year-long leadup to India@100," the minister said.

The fundamental tenets of the Budget include transparency of financial statement and fiscal position, and reflect the government's intent, strengths, and challenges, she said.

Here are top 10 takeaways:

* No change in personal income tax slab

Finance minister Nirmala Sitharaman did not make any changes with the personal income tax rates in budget 2022-23.

There was no raise in standard deduction, which was being widely anticipated by experts, in view of elevated inflation levels and impact of the pandemic on the middle class.

The corporate tax rate too was kept at the same level. However, concessional rate of 15 per cent was extended by 1 year for newly incorporated manufacturing units.

However, it proposes to reduce the minimum alternative tax (MAT) for cooperative societies from current 18.5 per cent to 15 per cent at par with private companies.

Sitharaman said the government has also proposed to reduce the surcharge on cooperative societies from the present 12 per cent to 7 per cent for those having total income of more than Rs 1 crore up to Rs 10 crore.

* 30% tax on digital currency

Giving clarity on taxation of cryptocurrencies and other virtual assets, Sitharaman on proposed a 30 per cent tax on income from transactions in such assets.

Also, to bring such assets under the tax net, she proposed a 1 per cent TDS (tax deducted at source) on transactions in such asset classes above a certain threshold.

Gifts in crypto and digital assets will also be taxed, she said.

The tax proposals will come into effect from April 1 after the passage of the Union Budget in Parliament.

* Digital rupee to be introduced by RBI

Budget proposed introduction of digital rupee by Reserve Bank of India (RBI) using blockchain technology starting from FY23.

The introduction of a central bank digital currency will give a big boost to the digital economy. Digital currency will also help in the currency management system, Sitharaman said.

"Digital currency will also lead to a more efficient and cheaper currency management system. It is therefore proposed to introduce digital rupee using blockchain and other technologies to be issued by the Reserve Bank of India, starting 2022-23," she added.

* Relief on LTCG surcharge; increased window for ITR

Individuals with income above Rs 2 crore get some relief in the form of capping of surcharge at 15 per cent on long term capital gains (on specified assets) from existing graduated rates.

Besides, a one-time window to taxpayers to correct any discrepancy or omissions in their ITRs within two years of filing, subject to payment of taxes.

Finance minister said this is an "affirmative step in the direction of voluntary tax compliance".

* E-passports with embedded chips

The government will start issuing e-passports this year, which will include electronic chips, the finance minister said.

The e-passports will use Radio Frequency Identification and biometrics, and the electronic chip will contain important security related data encoded within it.

* National highways to be expanded by 25,000 km

Sitharaman said national highways will be expanded by 25,000 km during 2022-23 and the national ropeway development programme will be taken up in the public-private partnership (PPP) mode.

She also said contracts for the implementation of multimodal logistics parks at four locations through the PPP mode will be awarded in 2022-23.

Sitharaman said Rs 20,000 crore will be mobilised through innovative ways of financing to complement the public resources.

* PLI scheme for domestic solar cells, modules manufacturing to Rs 24,000 crore

Finance minister proposed enhancing the funding under the PLI scheme for domestic solar cells and module manufacturing to Rs 24,000 crore from the existing Rs 4,500 crore to make India an exporting nation.

"For facilitating domestic manufacturing for the ambitious goal of 280GW of installed solar capacity by 2030, an additional allocation of Rs 19,500 crore for PLI scheme for manufacturing of high efficiency (solar) modules with priority of fully integrate manufacturing units for polysilicon to solar PV modules will be made," Sitharaman said in her budget speech in the Lok Sabha.

* PM Gati Shakti: A transformative approach

PM Gati Shakti National Master Plan is a transformative approach for economic growth and sustainable development and is driven by seven engines — roads, railways, airports, ports, mass transport, waterways and logistics infrastructure.

All seven engines will pull forward the economy in unison, Sitharaman said while presenting the Budget for 2022-23.

The approach is powered by clean energy and Sabka Prayas (efforts of the central government, the state governments and the private sector together), leading to huge job and entrepreneurial opportunities for all, especially the youth, Sitharaman said in her Budget Speech.

* Battery swapping policy to promote EVs

The government will bring a battery swapping policy to boost use of electric vehicles in the country in view of space constraints for setting up charging stations.

"Considering the constraint space in urban areas for setting up (electric vehicles) charging stations, a battery swapping policy will be brought out and interoperability standards will be formulated," Sitharaman said in her Budget speech in the Lok Sabha.

She stated that the private sector will be encouraged to set up sustainable business models for battery or energy service and this will improve efficiency in EV (electric vehicle) ecosystem.

* ECLGS scheme for MSMEs extended; Rs 6,000 crore programme in 5 years

The Emergency Credit Line Guarantee Scheme (ECLGS) that provided much needed additional credit to over 1.3 crore MSMEs will be extended till March 2023 with its guarantee cover expanded by Rs 50,000 crore to Rs 5 lakh crore, Sitharaman said.

Besides, to help the micro, small and medium enterprises (MSME) sector become more resilient, competitive and efficient, Sitharaman said a Raising and Accelerating MSME Performance (RAMP) programme will be rolled out with a Rs 6,000 crore outlay spread over 5 years.