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Azadi Ka
Amrit Mahotsav



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



CWC-FD/CA-Taxation Circular/2021-22

15th February, 2022

TAXATION CIRCULAR NO. # 51

Sub: Budget Amendments – 2022-23 and its impact on CWC

1. This is with reference to the above subject and the Finance Bill, 2022 presented in the Parliament on 1st February, 2022.
2. The Finance Bill, 2022 along with the memorandum explaining the provisions were studied and the key amendments along with their proposed applicable date and the impact on CWC is placed at Annexure I for the information and knowledge of all concerned.

(Amit Puri)
General Manager (Tax & A/cs)

Enc: As above.

Distribution to:

1. All Regional Managers of CWC
2. All DGMs/AGMs/Managers/ (Sr.) Asstt.Managers /Accountants in Finance, Accounts & Internal Audit Wings of all ROs.

Copy for information to:

1. All DGMs/AGMs/Managers/(Sr.) Asstt.Managers /Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi
2. Director(Fin.), CWC, CO, New Delhi
3. GGM(F&A), CWC, Corporate Office, New Delhi
4. PPS to GGM (systems), CWC, CO, New Delhi –with a request to place this Circular on CWC's website.
5. Manager (Rajbhasha), CWC, CO, New Delhi, with a request to arrange Hindi version of this circular.

निगमित कार्यालय: 4/1, सीरी इंस्टीट्यूशनल एरिया, अगस्त क्रांति मार्ग, हौज़ खास, नई दिल्ली-110016.

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Budget Amendments -2022 (Direct Tax)

Sr No	Amendment Proposed	Applicable date/ Previous Year	Impact Action to be Taken by CWC
1	<i>Income tax slabs</i>	FY 2022-23	<ol style="list-style-type: none"> 1. No change has been proposed in the tax rates of any assessee, including corporate and individuals. 2. Thus, Income Tax Rate for the CWC continues to be 25.17% (including Surcharge & Education Cess), as under. Tax Rate- 22% SC- 10% H & EC-4% Total -25.168%
2	<i>Amendment to section 14A</i>	01.04.2022	<ol style="list-style-type: none"> 1. The proposed amendment seeks to clarify that disallowance u/s 14A shall be made even though there was no exempt income accrued or received by the assessee during the year and the expenditure has been incurred during the said previous year in relation to such exempt income. 2. This amendment shall have NIL impact on CWC as dividend income is taxable and equity investments are hence out of the provisions of section 14A. 3. Moreover, with the proposed merger of CRWC with CWC, which is about 40% of equity investment would no longer survive in the books of CWC
3	Conversion to Debenture or any other instrument to not qualify as payment 43B	01.04.2023	<ol style="list-style-type: none"> 1. To overturn the judicial precedents that had upheld that the conversion of liability outstanding as interest etc into debentures shall be treated as payment, the amendment has been brought to state that such conversion shall not be treated as payment u/s 43B. 2. Given such transactions have not happened in CWC, this amendment is expected to have NIL impact on CWC.
4	Amendment in Section 68 – Cash Credit to say that assessee shall have to prove source of source of receipt	01.04.2023	<ol style="list-style-type: none"> 1. The proposed amendment seeks to overturn the long existing judicial precedents stating that the income tax department could not ask the assessee to prove the whereabouts of the money of the person who had given money to the assessee. 2. The amendment provided that the nature and source of sum, whether in form of loan/borrowing or any other liability shall be treated as explained only if the source of fund is also explained in the hands of creditor. 3. CWC needs to take cognizance of this fact only when it is raising debt or equity from private sources. 4. As CWC is not raising debt, this amendment has NIL impact on CWC.

5	Amendment in Section 80DD	01.04.2023	<ol style="list-style-type: none"> 1. It is proposed to allow the deduction under this section also during the lifetime i.e. upon attaining age of sixty years or more of the individual /HUF member in whose name subscription to the scheme has been made and where payment or deposit has been discontinued. 2. The section has been amended to allow deduction even in cases where the policies taken for the benefit of disabled persons allows the policy to pay the benefits even before the death of the parent or the guardian. 3. This amendment shall have impact on the TDS deduction on employees by CWC.
6	Reduction in Surcharge	01.04.2023	<ol style="list-style-type: none"> 1. The budget has rationalised surcharge payable by individuals on long term capital gains, surcharge on co-operative societies and IFSCs. 2. Given that CWC doesn't fall under any of the above entities, hence there is NIL impact on CWC.
7	New Provisions relating to updated returns Section 139(8A) & Section 140B	01.04.2022	<ol style="list-style-type: none"> 1. With a view to encourage more voluntary tax declarations, the budget proposes to introduce a new provision for filing updated returns. Assessee shall have an option to file an updated return upto the end of two years from the end of the relevant assessment year. 2. If the return is being filed within a period of 12 months from the end of the relevant assessment year, then the assessee shall be liable to pay additional tax of 25% of the incremental tax liability. 3. If the return is being filed after 12 months but before end of 24 months from the end of the relevant assessment year, then the assessee shall be liable to pay additional tax of 50% of the incremental tax liability. 4. The benefit of this provision shall however not be available for claiming refund or filing a claim for losses. 5. This may have an impact in case CWC inadvertently under-report income in any year. Same can be reported by above timeline.
8	Provision to file modified returns in case of business reorganisation (Section 170A)	01.04.2022	<ol style="list-style-type: none"> 1. In case of any form of business organisation, such as amalgamation, demerger, resolution through NCLT, etc. there has been added a provision to file a modified return for the period between the date of effectivity of order and the date of issuance of the final order of the competent authority. 2. This may have impact on CWC post-merger with CRWC
9	Perquisites to any person other than employees to attract TDS @ 10%	01.07.2022	<ol style="list-style-type: none"> 1. The budget seeks to bring in TDS provisions for any form of non-cash consideration or perquisites given to any person even other than employees. This seeks to bring to tax the non-cash benefits such as foreign trips etc which

	(Section 194R)		<p>were being given by many companies to its customer or vendors</p> <p>2. This amendment has NIL impact on CWC as CWC does not give any non-cash consideration.</p>
10	Change in provisions relating to 10(23C) and 11	01.04.2023	<p>1. Provision relating to 10(23C) and section 11 have undergone an amendment. Given that CWC is not claiming benefit under these provisions, there is NIL Impact.</p>
11	Clarification on Health & Education Cess	01.04.2022	<p>1. It is again clarified that Health and education cess are not allowable as business expenditure u/s 37.</p> <p>2. CWC is already following this and has not claimed the same as business expense.</p>
12	Introduction of Litigation Management (Section 158AB)	01.04.2022	<p>1. In order to avoid repetitive tax litigations, a system of litigation management is being introduced wherein the competent revenue authority may decide and intimate to Commissioner or Principal Commissioner to not to file any appeal to the Appellate Tribunal/High Court against the orders favourable to the assessee if the questions to be appealed are identical to the question of law already raised and pending in High Court/Supreme Court.</p> <p>2. CWC may get benefit by this amendment as now Income Tax Dept. cannot make fresh appeal for the questions which are similar to the questions pending before High court or Supreme Court for earlier years.</p>
13	Clarification on interest payable on default on deduction/collect ion of tax	01.04.2022	<p>1. Section 201 (1A) and Section 206C(7) are amended to provide that where any order is made by AO for default of tax deduction/ collection under the said sections, the interest shall be paid by the person in accordance with the order made by AO in this regard.</p> <p>2. Thus, if CWC receives any order under aforesaid section, then interest for defaults will have to be paid as per the AO order.</p>
14	Exemption of amount received for medical treatment and on account of death due to COVID-19	01.04.2020	<p>1. Finance Ministry vide Press Release dated 25.06.2021 has announced the exemption from tax on any sum received from employer for Covid treatment and ex-gratia received on death from Covid.</p> <p>2. Now the same is being incorporated in the Act by virtue of amendment in Section 17(2) and such amount shall not form part of “perquisite”.</p> <p>3. Section 56(2) has been amended to provide that Ex-gratia received by the family of deceased (on death due to covid)shall be exempt upto Rs.10 lakhs .</p> <p>4. CWC is already giving exemption on medical treatment for Covid in line with aforementioned Press Release.</p>

15	Reduced requirement of one year of ITR u/s 206AB & 206CCA	01.04.2022	<ol style="list-style-type: none"> 1. The said sections provide for special provision for deduction /collection of tax at higher rates in case of specified persons. 2. It is proposed to reduce two years requirement to one year to provide that specified person to mean as a person who has not filed ITR for the previous year immediately preceding the F.Y. in which tax is to be deducted / collected and such tax amount is Rs.50000/- or more in the said previous year. 3. This clause is relevant to CWC as CWC has to check the compliance under these sections as tax deductor/collector.
16	Rationalization of Provisions for TDS on sale of Immovable Property (Section 194IA)	01.04.2022	<ol style="list-style-type: none"> 1. Section 194 IA amended to take impact of stamp duty value of the property and to provide that on transfer of immovable property (other than agriculture land), TDS is to be deducted @1% of such sum paid/credited or stamp duty value of such property, whichever is higher. 2. If consideration paid or stamp duty value are both less than Rs.50 lakhs, then no tax is to be deducted. 3. Thus, If CWC buys any immovable property then it will deduct tax @1% on higher of sum paid or stamp duty value of property. Similarly, if CWC sells any immovable property then the buyer will deduct TDS @1% on higher of consideration paid or stamp duty value of property.