

India Union Budget 2022-23

Point of view

Transport and Logistics



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Implications for the sector

Budget 2022-23 has been a landmark budget for the Transport & Logistics sector as the PM Gati Shakti Plan has been identified as one of the four key pillars to provide an impetus for the nation's economic growth. Prime Minister Narendra Modi launched PM Gati Shakti - National Master Plan for Multimodal Connectivity in October 2021. This is a digital platform that aims to bring 16 Ministries including Railways and Roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects.

Aspects covered in this year's budget that roll up into the Gati Shakti Master Plan include physical infrastructure push combined with data exchange under the Unified Logistics Interface Platform targeting facilitation of swifter, efficient, cost-effective movement of goods across the country.

- Target to expand the National Highway network by 25,000 km; Rs 20,000 crore allocation for the same.
- Notable allocation of 1.4 lakh crore for development of railway infrastructure towards integration of Postal and Indian Railway network, safety as well as capacity augmentation of the network, new generation Vande Bharat Express Trains
- One hundred cargo terminals will be developed over three years, supporting efforts to enhance the modal share of railways
- Four multi-modal logistics parks to be awarded in FY23 to further strengthen logistics infrastructure.

Key announcements for the sector

Direct Tax

- No change in direct tax rates proposed for corporates operating in the sector.
- Taxpayers can file updated return within 2 years for increased income with a condition of additional tax deposition up to 50%.
- Litigation be kept in abeyance where a "question of law" is pending before Supreme Court or High Court.
- Surcharge on Association of Persons (AoPs) proposed to be capped at 15%.
- Abolition of concessional rate of 15% on dividends received by Indian companies from foreign subsidiaries.
- Any Surcharge or Cess on Income and Profits not allowable as business expenditure.
- Exemption for royalty income of a non-resident, on account of lease of a ship, paid by a unit of International Financial Services Centre (IFSC), under prescribed conditions.

Indirect Taxes

- The Special Economic Zones Act is proposed to be replaced with new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'. Specific focus on IT drive compliances
- All imports to be handled under the one IT network (ICEGATE) including SEZ
- Tarrifisation of the customs duty rate by incorporating the effective duty rate in Customs Tariff Act; thus, reducing the number of exemption notifications.
- Increase in basic customs duty on the various items to promote Make in India.
- Phasing out concessional rates of customs duty for import of capital goods under Project Imports Scheme gradually and applying a moderate tariff of 7.5% (project registered till 30 September 2022 to enjoy benefit till 30 September 2023)
- Amendment in Customs Import of Goods at Concessional Rate of Duty (IGCR) Rules, 2017
 - Introduction of end-to-end automation in the entire process such as submission of all details electronically through a common portal
 - Standardising and notifying various forms
 - Transaction based permissions and intimations are being done away with
 - For effective monitoring of the use of goods for the intended purposes, a monthly statement is being proposed which is to be submitted by the importer on the Common Portal.

GST

- Simplification and improving compliance
 - Specific amendments are brought to align the existing input tax credit reconciliation mechanism followed by GSTN (GSTR-2B) with the restriction on input tax credit in specific cases (i.e. removing the two-way reconciliation process)
 - Extension in timeline up to 30 November of subsequent FY to which invoice or debit note pertains
 - For availment of ITC
 - Issuance of credit note against invoices
 - Rectification of error in details furnished in GSTR1
 - Sequential filing of GST returns and provisions for cancellation of registration in case of non-filers
- Introduction of new Section 49(12) under the Goods and Services Tax Act to state that the GST Council may specify the restriction on utilisation of input tax credit against the output tax liability forcing the taxpayer to pay GST in cash despite having an input tax credit balance.
- Retrospective amendment to levy interest for wrong availment of input tax credit only if the input tax credit is utilised.

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