



DIRECT TAXES PROFESSIONALS' ASSOCIATION

(Registered under Societies Registration Act, 1961. Registration No. S/60583 of 1988-89)

Ref. No:- DTPA /Rep/20-21/17

Dated: 4th January, 2021

To,
Shri Anurag Singh Thakur,
Hon'ble Minister of State for Finance,
Government of India,
North Block
NEW DELHI

Respected Sir,

Sub: Pre Budget Memorandum

We are a Forum of Professionals i.e. Advocates, Chartered Accountants, Company Secretaries, Cost Accountants and other professionals of Kolkata. We are more than 1700 members. We admire the progressive steps and actions being taken by the Government of India under the pragmatic leadership of our Hon'ble Prime Minister with your active admirable role. Sir, at the outset let me tell your honour that our Organisation lays focus on proper disclosure of income, payment of right amount of taxes and compliance of law. We all are together to join hands with the Government to boost the economy of the nation.

Union Budget is ahead and when we think of making a representation, our first humble submission is towards '**ease of doing business, easy and stable laws and fearless atmosphere to work in a direction whereby the Country can be on the growth track at the fastest possible pace**'. Some suggestions are here :

- (1) **Ease of doing business:** Limiting the number and frequency of compliances required to be undertaken. Let's take the case of MCA. Presently multiple number of forms are required to be filed with ROC like DPT 3, MGT 14 for board approval of accounts, MSME Return, KYC of directors, ADT-1 and so on – sir this information can be submitted in one single return once in a year – instead of filing so many forms which entails additional time and cost involvement for the companies. Moreover, any delay in filing causes huge late fees and penalties. Businesses today are overburdened with compliances and need simple way to operate.

(2) **Easy and stable laws:** We need timely launching of all forms in Income Tax and GST in a manner that there are neither any changes in the schema or version or law every now and then. Laws when frequently amended are so confusing that even experts find it difficult to remember. we request that the changes in laws or procedures should be restricted to once a year unless very urgent.

(3) **Fearless atmosphere:** The entities should not be afraid of that if they fail to submit any information their GST registration will be cancelled or if by any chance any genuine income is not properly documented and explained, or if any small offence like non-filing of return takes place, there may be prosecution.

(4) **Suggestions for changes in Income Tax:**

4.1 **Section 115BBE:** There is a need to restore back the old provisions in section 115BBE as they stood upto asst year 2016-17, before amendment post demonetization. the tax @60 percent ++ (aggregating to 78per cent) is too harsh and in case the A O holds any transaction not explained to his satisfaction, it may be 84 per cent with penalty.

4.2 **Focus on re-opening of assessments should be reduced** and therefore time limits should be reduced both under section 147 as well as under section 263. The time limits were set when assessment completion used to take 3 years and now it takes just one year. In fact, re opening should take place only if the amount is above a certain limit.

4.3 **Removal of Prosecution provisions:** Prosecution should not be initiated under the Income Tax Act unless a big tax evasion of say more than Rs. 5 Crore is detected in any case. Many prosecutions under the Companies Act have also been done away with,

4.4 **Reduction of number of years for Block Period:** In cases of search – the Block period should be restored back to maximum of 5 years.

(5) **Suggestions for GST Law –**

5.1 We appreciate the introduction of QRMP scheme wherein tax payers having turnover below Rs.5 crores can opt for quarterly returns with monthly

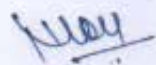
payments. However, numerous changes being brought in by Govt post introduction of GST seems to be contradictory to the promise of seamless credit flow. The Govt promised us a seamless credit flow and there are attempts to restrict that by restricting it initially to 120% and reducing it to 110% and now to 105% of GSTR 2A. Even after having valid invoice, making payment to vendors and filing proper returns, the credit is being denied due to inaction on the part of the suppliers. Any inaction on the part of any other person should not lead to denial of genuine credit of any honest taxpayer, the Government should be responsible to recover any dues from the defaulting taxpayers, instead of penalizing the honest taxpayers.

5.2 Rule 86B: The recently introduced Rule 86B providing restriction of utilizing ITC to the extent of 99% to liability may be proposed for curbing fake invoices, but many genuine tax payers may be seen facing blockage of credit and cash flow issues due to this.


5.3 With the kind of changes and restrictions being placed, it is becoming difficult for tax payers and professionals to adapt to such frequent changes and compliance of the same is becoming very challenging day by day.

Sir, we professionals will continue to act as a bridge between the taxpayers and the administration and we are with your honour in the objective of achieving the "Atmanirbhar Bharat Mission and Vision" of Hon'ble Prime Minister and bring the economy back to a better position compared to that before COVID.

We urge your goodself to consider this Pre-Budget Memorandum and also our earlier detailed suggestions.



CA Narendra Goyal
President, DTPA



Adv. Narayan Jain
Chairman, DTPA Representation Committee