



PILLAR #2: BUDGET, TAXATION, Subsidies, Disinvestment, Deficit, Public Finance

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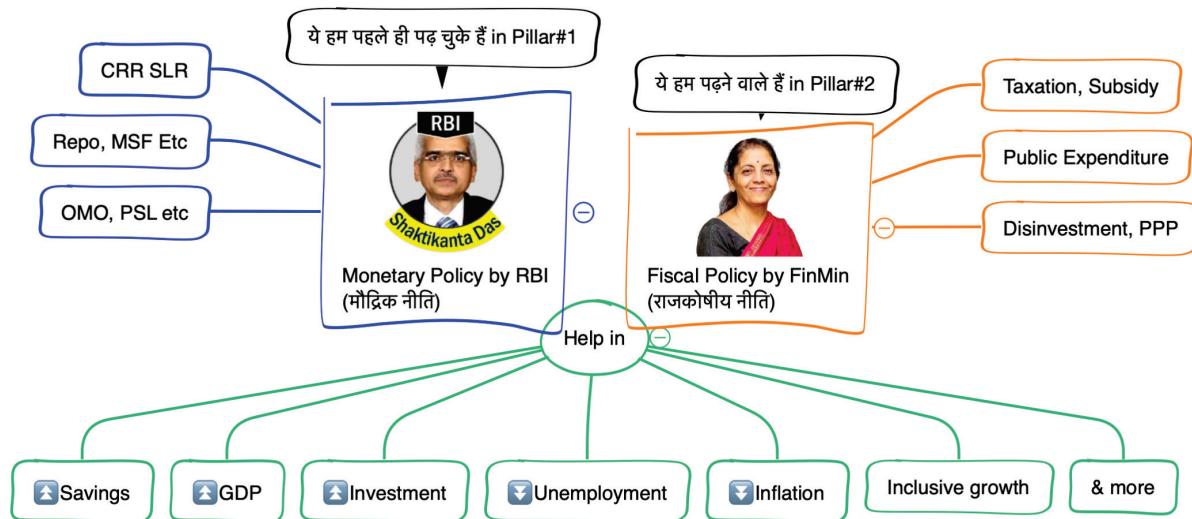
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20 📀 💰 PILLAR #2: BUDGET: RELEVANCE IN UPSC ?

Economy: 6 Pillars™	Prelims P1 (GS 100 📊 ? MCQs)							Mains GSM-1-2-3 (750 Marks)						
	2016	2017	2018	2019	2020	2021	2022	2016	2017	2018	2019	2020	2021	2022
מסמך 2_Budget, FC, GST, Disinvestment, FRBM etc	3	3	4	1	1	2	3	12.5	30	25	25	15m	20m	0m



20.1 FISCAL POLICY (राजकोषीय नीति): MEANING & SIGNIFICANCE



- ‘Fiscal’ is a word derived from Greek. Means ‘basket’ and symbolizes the public purse.
- Fiscal Policy is the set of Govt. decisions regarding taxation, expenditure, subsidies and other financial operations. (कराधान, व्यय, सब्सिडी और अन्य वित्तीय संचालन हेतु सरकार द्वारा लिए गए निर्णय)
- Using fiscal policy, Govt influences the savings, investment and consumption in an economy, to accomplish certain national goals such as income redistribution, socio-economic welfare, economic development and inclusive growth. (बचत, निवेश और खपत को सरकार को प्रभावित करती→ आय का पुनर्वितरण, सामाजिक-आर्थिक कल्याण, समावेशी विकास हो सकता है)

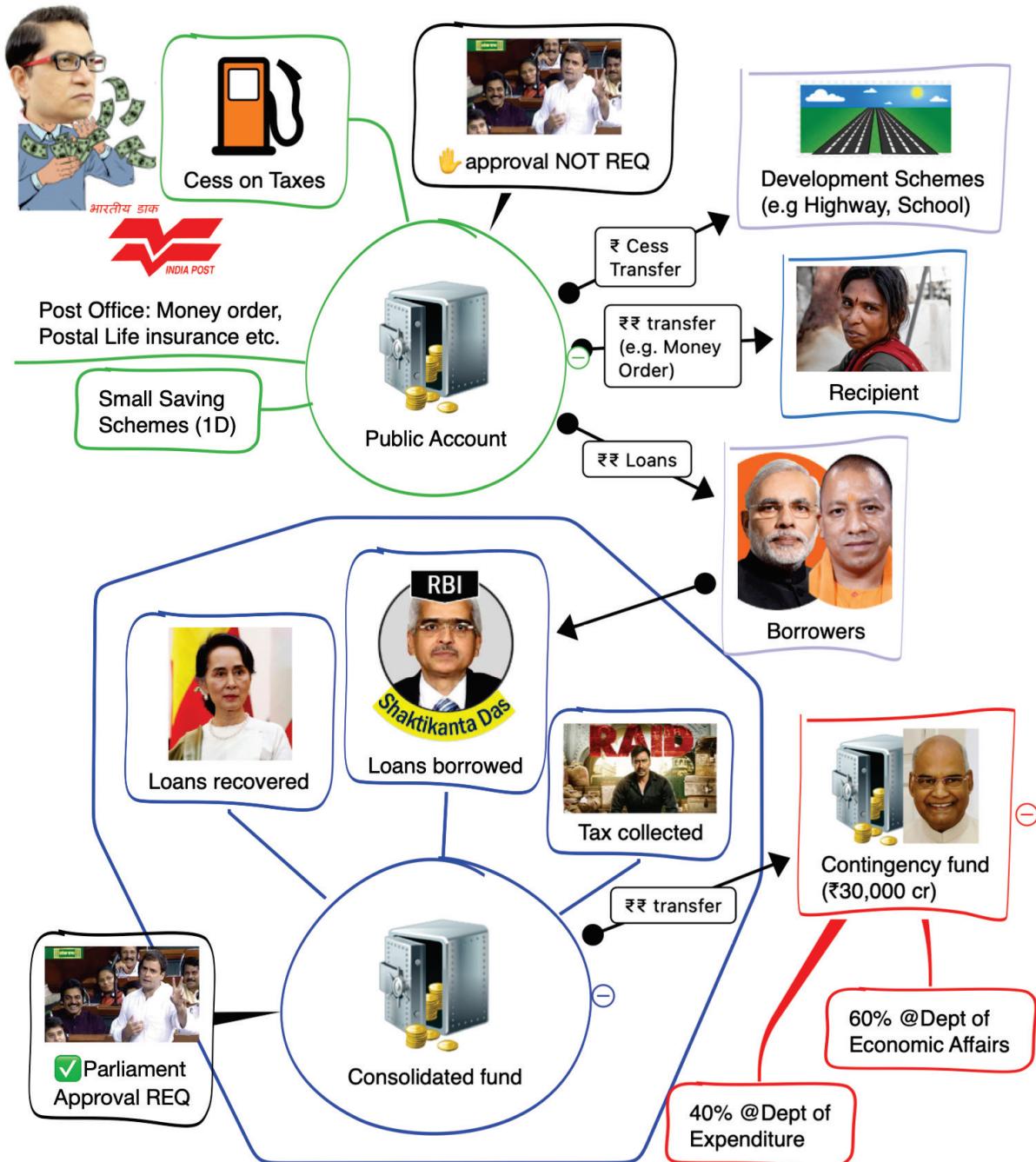
A well planned Fiscal Policy can help in following arenas:

- ✓ **Full Employment:** through welfare schemes/ rural employment programmes like MGNREGA (More in pillar6) (लोक कल्याणकारी योजनाओं द्वारा पूर्ण रोजगार)
- ✓ **To Fight Inflation (मुद्रास्फीति):** Higher Income tax → disposable income (व्यय योग्य आय) → demand curbed, To fight deflation= direct and indirect taxes to boost demand. (More in pillar4: Inflation) (अपस्फीति से लड़ने के लिए करों में कटौती करे माँग को बढ़ाएँ)
- ✓ **To Boost Economic Growth:** Provide income tax benefits on household savings in LIC/Mutual Fund etc. → industries get new capital investment → factory expansion, jobs, GDP growth. (More in pillar4: GDP) (करों में रियायतें दे कर निवेश को बढ़ावारी, आर्थिक वृद्धि को बढ़ावारी देना)
- ✓ **To Boost Inclusive Growth (समावेशी विकास):** Higher taxes on rich → use money for health, education, women, poverty removal programs. (More in pillar6: Human Dev)
- ✓ **To Boost Regionally Balanced Growth:** Give tax benefits to industrialists for setting up factories in North East, Naxal/Left-wing Extremism (LWE) & other backward areas. (उद्योगपतियों को उत्तर पूर्वी राज्य तथा नक्सल प्रभावित राज्यों में फैक्टरी लगाने पर करों में रियायते देकर सभी प्रदेशों का संतुलित विकास)
- ✓ **Exchange Rate Stability (विनिमय दर स्थिरता):** Give tax benefits to exporters to boost exports; while impose higher taxes on imported items to reduce imports → Current Account Deficit (CAD: चालू खाता घाटा) controlled → ₹ : \$ Exchange rate volatility controlled. (pillar3:BoP)

? MCQ. “Fiscal policy” means (UPSC-Indian-Engg-Service-2018)



- a) Balancing the revenue collection and expenditure
- b) Establishing equilibrium between demand and supply of goods and services
- c) Use of taxation, public borrowing and public expenditure by Government for purposes of stabilisation or development.
- d) Deficiency as an instrument of growth

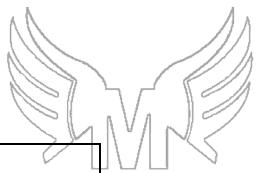


20.2 BUDGET (बजट): MEANING

Budget is an annual financial statement containing estimated revenues and expenditures for the next financial year. Budget is the primary tool used by Govt to implement its fiscal policy. (अनुमानित राजस्व और व्यय का वार्षिक वित्तीय विवरण, जिसकी मदद से सरकार राजकोषीय नीति को लागू क्रियान्वित है).

20.2.1 Three Funds related to Budget (Self-Study= Laxmikanth chapter on Parliament)

Art.	Consolidated Fund	Incoming taxes, loans raised, loans recovered. Withdrawal
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266	Of India (CFI) (संचित निधि)	need Parliament Permission (- except for Charged Expenditure like Judges' salaries).
Art. 266	Public Account of India (लोक लेखा) सिर्फ पहली बार बनाते वक्त सरकार ने संसद की अनुमति लेनी है. फिर हर बार इसमें से पैसा खर्च करते वक्त संसद की अनुमति नहीं लेनी है.	Incoming ₹ ₹ from provident fund, small savings, postal deposit etc. Govt acts similar to a banker transferring fund from here to there so parliament permission not necessary. IF separate fund is to be created for the first time, for a specific expenditure, then needs parliament permission to "create" it e.g. Central Road Fund Act 2000, where Road Cess on Petrol, Diesel would be deposited.
Art. 267	Contingency Fund of India (आकस्मिकता निधि)	<p>⇒ Unforeseen events. Held by Finance Secretary (IAS) in Dept of Economic Affairs, on behalf of President.</p> <p>⇒ Parliament approval is "subsequently" obtained, after expenditure. Money refilled from CFI.</p> <p> <u>Budget-2021 reforms</u></p> <ol style="list-style-type: none"> Amount from Rs 500 crore to Rs 30,000 crore 40% of this amount will be kept with Dept of Expenditure & 60% by Dept of Economic Affairs (DEA).

? Authorization for the withdrawal of funds from the Consolidated Fund of India must come from: (Pre-2011) (a) President of India (b) Parliament of India (c) The PM of India (d) The Union Finance Minister

► FAQ: What is Cess? Ans. Finish entire Handout first.

20.2.2 Donation Funds: PMNRF vs PM CARES (दान)



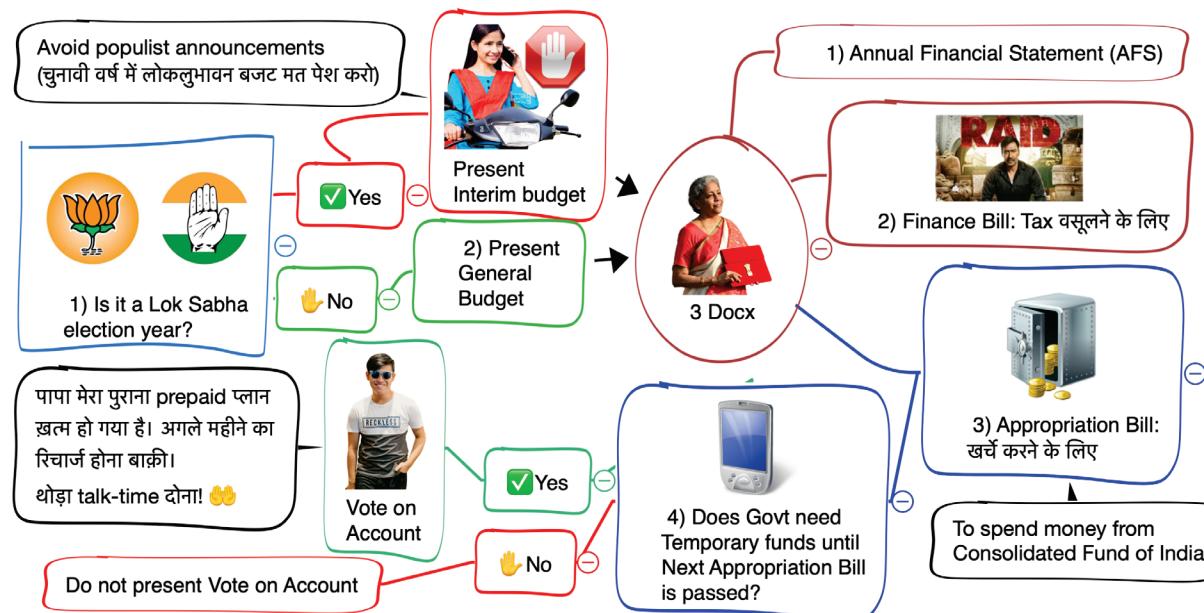
PMNRF by Nehru 1948	PM CARES Fund by Modi 2020
⇒ Prime Minister's National Relief Fund (PMNRF) राष्ट्रीय राहत कोष	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund
⇒ Originally for helping Pak-refugees. Nowadays for floods, cyclones, earthquakes, accidents, heart/kidney transplant, cancer, acid attack, riots etc.	For dealing with any kind of emergency or distress situation, e.g. COVID-19 pandemic किसी भी किस्म की आपातकालीन परिस्थितियों से लड़ने के लिए
⇒ Not setup by Parliament. ⇒ No support given from the budget. ⇒ Only runs from donations of ordinary people and institutions & foreigners donations.	⇒ Same इसे संसद द्वारा नहीं बनाया गया, बजट में से इसे पैसा नहीं दिया जाता, सामान्य लोगों के और विविध संस्थानों के दान से ये चलता है,
⇒ Donors get Income tax exemption.	⇒ Same. दान देने पर आयकर में छूट मिलती है .यदि कंपनी दान देगी तो उसे कॉर्पोरेट सामाजिक दायित्व में गिना जाएगा



PMNRF by Nehru 1948	PM CARES Fund by Modi 2020
⇒ If company donates ₹₹=counted in Corporate Social Responsibility (CSR, Ref#1C).	
⇒ Prime Minister's Office (PMO) operates	⇒ same. प्रधानमंत्री कार्यालय संचालित करता है
⇒ PM is the ex-officio chairman. He's assisted by officers. (पदेन अध्यक्ष)	⇒ Prime Minister is the ex-officio Chairman. (पदेन अध्यक्ष) ⇒ Ex-officio Trustees (पदेन ट्रस्टी): Ministers of Defence, Home Affairs, Finance ⇒ 3 Nominated Trustees (मनोनीत): experts from health, science, social work, law etc. PM selects स्वास्थ्य, विज्ञान, सामाजिक कार्य, कानून

Notes:

- ⇒ 1962: A separate 'National Defence Fund' under PM to help military & paramilitary forces' families. Other features mostly similar to above funds. (ऊपर के टेबल में हमने पढ़े वो दो फण्ड के अलावा एक तीसरा राष्ट्रीय रक्षा कोष/ निधि भी है)
- ⇒ Usually, such Govt donation funds are registered under Indian Trust Act, 1882. But, some legal experts / critics suggest these donations should be brought under Public Account / Consolidated Fund to bring accountability & transparency. (पारदर्शिता और जवाबदेही की कमी)
- ⇒ 😢 Controversy? PM CARES Fund officials refused to give information to a person under Right to information Act (RTI), so now court case about applicability of RTI on this. (सरकार इस फंड का हिसाब किताब "सूचना अधिकार कानून में" देने से इंकार कर रही थी तो कोर्ट में केस चला)



20.2.3 Three Documents related to Budget (बजट के साथ प्रस्तुत तीन दस्तावेज)

- Budget comes from a French word 'bouguette' meaning a leather bag / suitcase.
- Finance Minister (FM: वित्त मंत्री) would keep documents in it → present in parliament.
- 2019: FM Nirmala Sitharaman ended this colonial practice by presenting the budget in a traditional four-fold red cloth called "Bahi-Khata". (लाल रंग के कपड़े में लपेट के पेश किया)



- While the term ‘budget’ not given in our constitution, but for each financial year, the Govt is required to present following: (संविधान में इस शब्द का जिक्र नहीं हालाँकि हर साल तीन दस्तावेज संसद में रखे जाते हैं।)

█ Art. 112 █ Art. 265 █ Art.117 █ Read more about them in Laxmikanth or UA Notes	<p>█ Annual Financial Statement (AFS: वार्षिक वित्तीय विवरण) containing receipt and expenditure of last year (and projections for the next year).</p> <ol style="list-style-type: none"> 1) The revenue expenditure data must be shown separately from other expenditures data (e.g. capital expenditure) <p>► ⌚ FAQ: What does this mean? Ans. Finish pillar2D: to learn about capital expenditure. Presently we are at pillar#2A.</p> 2) No compulsion to show railway budget separately from general budget. 3) No compulsion to show plan expenditure separately from non-plan. <p>Taxes can't be imposed without law so Finance Bill to obtain Parliament's permission to collect taxes. (वित्त विधेयक काराधान के लिए)</p> <p>Further, Parliament can reduce or abolish a tax proposed by the Govt. but Parliament cannot increase tax beyond what Govt has proposed in the Finance bill. E.g. If Modi Govt's Finance bill proposes “we want to █ tax on imported shoes from 25% → 35%”. Then</p> <p>⇒ Members of parliament can vote to allow tax@35%/reduce/remove it.</p> <p>⇒ 👉 Members of parliament CANNOT vote “let's █ tax to 45%”.</p>
█ Art. 114 █ Read more about them in Laxmikanth or UA Notes	<p>█ Appropriation Bill (विनियोग विधेयक) to obtain Parliament's permission to spend money from Consolidated Fund of India(CFI: Art 266). Such expenditure can be of two types :</p> <ol style="list-style-type: none"> 1) The expenditures ‘charged’ upon the Consolidated Fund of India e.g. Judges salaries. They can be discussed but they are non-votable & automatically approved. (भारत की संचित निधि पर भारित व्यय. संसद में उसकी चर्चा हो सकती है, किन्तु मतदान नहीं। वरना यदि सांसद मतदान से, जज की तनख्वाह █ कर देंगे तो जज निष्पक्ष रूप से काम नहीं कर पाएंगे) 2) The expenditure ‘made’ from CFI. E.g. ₹ ₹ for a scheme. They're discussed and voted. (भारत की संचित निधि से किये गए व्यय. संसद में इसपर चर्चा भी होगी और वोटिंग भी)

- ⇒ The finance bill and appropriation bill are considered **money bills** (धन विधेयक) under article 110. Therefore Rajya Sabha (RS) approval is not necessary. (राज्य सभा की अनुमति अनिवार्य नहीं)
- ⇒ At maximum Rajya Sabha can discuss it for 14 days and give suggestions to Lok Sabha for amendments, but it's not binding on the Lok Sabha to accept Rajya Sabha's suggestions. (धन विधेयक के मामले में राज्यसभा द्वारा दिए गए सुझाव मानना लोकसभा के लिए बाध्यकारी नहीं है)
- ⇒ Sometimes, the ruling party does not have majority in Rajya Sabha to pass other type of ordinary bills (e.g. a bill to transfer National Housing Bank (NHB)'s ownership from RBI to Govt. or abolishing some low-profile statutory body or enacting a law to make Aadhar card compulsory)...
- ⇒ Then, ruling party packs those ordinary bills' proposals inside Finance Bill to get it approved without Rajya Sabha's obstruction. (कुछ बार सामान्य विधेयक के मामले भी वित्त विधेयक में डालकर, बिना राज्य सभा की अनुमति के पास करवाने की हरकते सत्तापक्ष द्वारा की जाती है, जो नैतिक नहीं)
- ⇒ In such scenarios, whether a given bill is money bill or not?= Ans: Lok Sabha Speaker's decision is final [Art.110(3)]. Speaker's decision cannot be enquired by any Court [Art.122].



Q MCQ. What will follow if a Money Bill is substantially amended by Rajya Sabha? (Pre'13)

- a. Lok Sabha may still proceed with the Bill, accepting or not accepting recommendations of Rajya Sabha.
- b. The Lok Sabha cannot consider the Bill further.
- c. The Lok Sabha may send the Bill to the Rajya Sabha for reconsideration.
- d. The President may call a joint sitting for passing the Bill.

Q MCQ. Find correct statement(s): (UPSC Pre'15)

- 1. The Rajya Sabha has no power either to reject or to amend a Money Bill.
- 2. The Rajya Sabha cannot vote on the Demands for Grants.
- 3. The Rajya Sabha cannot discuss the Annual Financial Statement.

Codes: (a) 1 only (b) 1 and 2 only (c) 2 and 3 only (d) 1, 2 and 3

20.3 SIX STAGES OF PASSING THE BUDGET IN PARLIAMENT (6 चरण)

1. Presentation of budget (बजट का प्रस्तुतिकरण)
2. General Discussion (आम बहस)
3. Scrutiny by departmental committees (विभागीय समितियों द्वारा जांच)
4. Voting on demands for grants, cut motions, guillotine. (अनुदान की मांग पर मतदान)
5. Passing of Appropriation Bill (विनियोग विधेयक का पारित होना)
6. Passing of Finance Bill (वित्त विधेयक का पारित होना)

Self-Study from Indian Polity by M.Laxmikanth's chapter on Parliament or Unacademy Polity Notes/Lecture

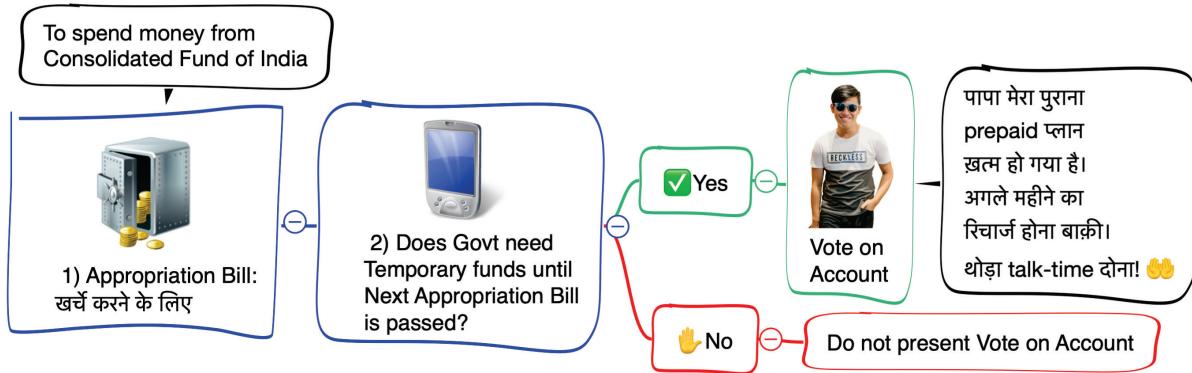
20.3.1 Financial Year (FY: वित्तीय वर्ष)

- ⇒ 1867: British Indian Govt started financial year 1st April to 31st March to align with their home country's financial year. क्योंकि इंग्लैंड में ऐसा वित्तीय वर्ष था, इसलिए भारत में वित्तीय वर्ष ऐसा किया
- ⇒ Constitution has not specified any months for FY but we continued the British legacy.
- ⇒ 2016-17: Finmin setup **Shankar Acharya Committee**: Whether we shd change FY (like Jan-Dec or Rabi-Kharif Cropping seasons) for better estimation of tax collection and expenditure?
- ⇒ 2017: All states not in favor because accounting practices /softwares need to be changed. Its challenges outweighed the benefits. So, Modi Govt not implementing. इसको लागू नहीं कर रहे
- ⇒ 2020: some fake news that FY changed due to Corona, but it was FAKE-NEWS (झूठा समाचार)

20.4 VOTE ON ACCOUNT- (लेखा अनुदान)

The Constitution does not mandate any specific date for presentation of the Budget, but it is presented to the Lok Sabha on such day as the President directs.

- ⇒ Before 2017: Presented in the **last working day of February**. Then it'll pass through aforementioned six stages- consuming all the time upto May month.
- ⇒ But while those six stages were going on, the **financial year will be over** (on 31st March) so previous year's Appropriation Act's validity will be over.
- ⇒ Then govt cannot withdraw money from the **Consolidated Fund of India** even for the routine expenditure like staff salary, electricity bills.



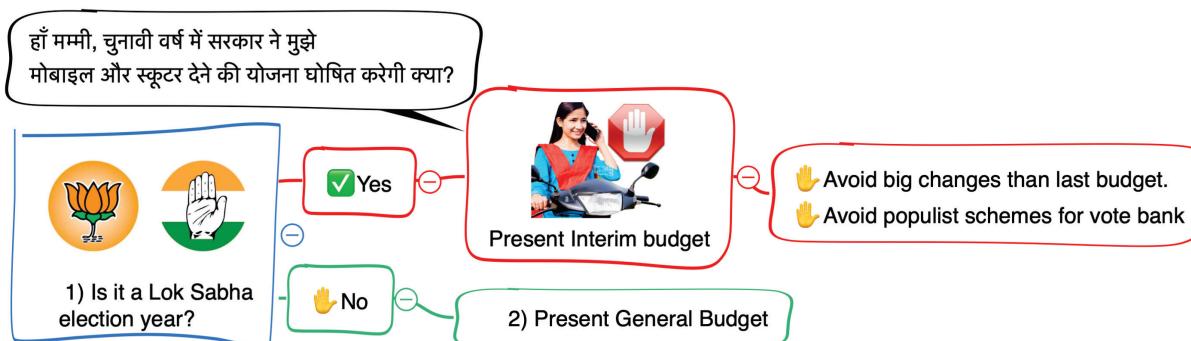
- ⇒ So, to avoid such crisis, government will put a motion for **vote on account**.
- ⇒ Here, parliament (= practically Lok Sabha) will allow the govt to spend some money from the CFI, **till the (next) Appropriation Act** for next financial year is passed.
- ⇒ Vote on Account is generally granted for **two months** for an amount equivalent to **one-sixth** of the total budget estimation.

Vote on Account is no longer necessary because (अब इसकी ज़रूरत नहीं)

- ⇒ Constitution has no compulsion to put budget on a specific date. So, 2017 onwards, Modi Govt. began tabling the budget on the first working day of February.
- ⇒ All the six stages are completed by the last week of March.
- ⇒ Appropriation bill gets passed and signed by President before completion of 31st March. So they did not require vote on account in 2017, 2018.
- ⇒ (###) However, in 2019's Interim Budget, Modi Govt demanded "vote on account" because they planned to place full-budget after general elections and perhaps they wanted to keep the 'option' open for tabling a big-sized appropriation bill after winning the election. (2019 के अंतरिम बजट में हालांकि मोदी सरकार ने लेखानुदान की मांग की थी क्योंकि चुनाव के बाद बड़ा सामान्य बजट प्रस्तुत कर उसमें मोटी रकम का "विनियोग विधेयक" डालने का विकल्प/ऐसी खिड़की/रास्ता वे खुला रखना चाहते थे)

► **FAQ:** (###) I've 500 types of counter arguments / doubts on this (###) bullet point. Ans. Govt did not bother to give long reasoning behind their decision. Nobody filed a PIL SC. Economic survey, NITI Aayog and columnist did not bother to comment much on it. So, I did not bother to think/reflect more on it, Because it is NOT an efficient way to complete syllabus. # थोड़ा-पढ़ो-आगे-बढ़ो

20.5 () = **INTERIM BUDGET (अंतरिम बजट)**





- ⇒ Our constitution does not define or require interim budget. (अंतरिम बजट का संविधान में जिक्र नहीं है)
- ⇒ But, during election year or extreme situation (E.g. when coalition government may collapse before its term) then it's considered unethical for such Govt. to make drastic/populist changes in budget like “*2gm gold for the marriage of every BPL-girl.*”
- ⇒ So, while they'll present a budget in the regular fashion i.e. 3 documents (AFS, FinBill, Appro.Bill) & 6 Stages of Passing. But it (should) not have grand populist announcements. (ऐसी परिस्थिति में लोक-लुभावन की योजनाओं के साथ बजट प्रस्तुत करना नैतिक नहीं होगा, वरना विपक्षी नेता जीत नहीं पाएंगे चुनाव)
- ⇒ Such budgets are called **Interim Budgets**, and were presented in **2004** (Yashwant S.), **2009** (Pranab M.), **2014** (Chidambaram P.) and **2019** (Piyush G.)
- ⇒ Just like a Regular General Budget, an Interim budget is valid for the whole financial year, however in between if new government is formed, they may present another budget to change the provisions. (वैसे तो पूरे वर्ष के लिए वैध होता है)
- ⇒ E.g. **2014-Feb:** FM Chidambaram presented (interim) budget in 15th Lok Sabha, but then UPA/Congress defeated in general election → **2014-July:** BJP's FM Arun Jaitley presented (Full) General Budget in 16th Lok Sabha.
- ⇒ **2019-Feb:** FM Piyush G. presented Interim budget in 16th Lok Sabha → **2019-May:** Modi won General Election → **2019-July:** FM Nirmala S. presented (Full) Gen Budget in 17th Lok Sabha.

Note: throughout the handout, I've used the term “Full” budget to differentiate it from “Interim” Budget for easier revision & visualization. But in Mains, you should use the word ‘General Budget’ (सामान्य बजट)

20.5.1 Budget's THEME (बजट की विषयवस्तु)

Constitution doesn't require, but sometimes FM will do it to create media-hype:

Budget Year	Did FM Speech mention a specific theme (विषयवस्तु) ?
2021 (Full) Paperless	<ul style="list-style-type: none"> • No specific theme mentioned in speech but focus on AtmaNirbhar Bharat • Paperless/Digital Budget in a Samsung tablet made in India, covered in Red-colored cover.
2022 (Full) Paperless	<ul style="list-style-type: none"> ⇒ Azadi ka Amrit Kaal, the 25-year-long leadup to India@100. ⇒ Four priorities: 1) PM GatiShakti, 2) Inclusive Development 3) Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action 5) Financing of Investments ⇒ Paperless/Digital Budget in a tablet, covered in Red-colored cover.
2023 (Full) Paperless	<p>‘Saptarishi’ (7 priority) for Amrit Kaal, namely:</p> <p>1) Inclusive Development , 2) Reaching the Last Mile, 3) Infrastructure and Investment, 4) Unleashing the Potential, 5) Green Growth, 6) Youth Power , 7) Financial Sector</p>

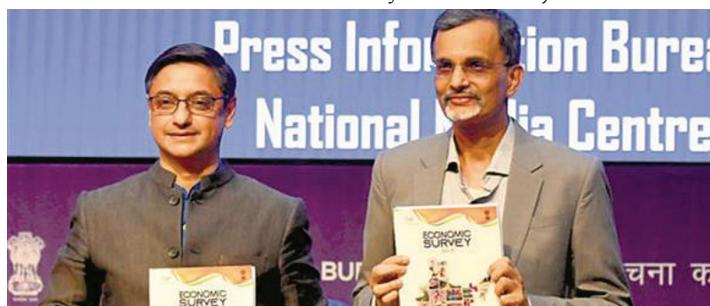
20.6 ECONOMIC SURVEY (आर्थिक सर्वेक्षण)

- A document prepared by (usually) by the Chief Economic Adviser (CEA) in FinMin.
- No constitutional obligation to prepare or present it but usually it's tabled in the parliament a day before the Union Budget. (संविधानिक रूप से ऐसा करना अनिवार्य नहीं)



- **2019-Feb:** No economic survey was presented before the interim budget.
- **2019-July:** Economic Survey presented before the (Full) General Budget.
- While Budget is labelled after next financial year (e.g. 2019-20), the Economic survey is **labelled after previous Financial Year**. e.g. The survey tabled on Jan-2018 labelled as “Economic Survey 2017-18”, the Survey tabled in July-2019 is labelled “Economic Survey 2018-19”.
- For faster revision/easy visualisation, throughout my handout, I’ve used following labels:
 - “ ES22 ” means Economic Survey 2021-22 presented on 31/1/2022
 - “ ES21 ” means Economic Survey 2020-21 presented on 31/1/2021. & so forth.

Table 1: Theme / Format of Economic Survey?



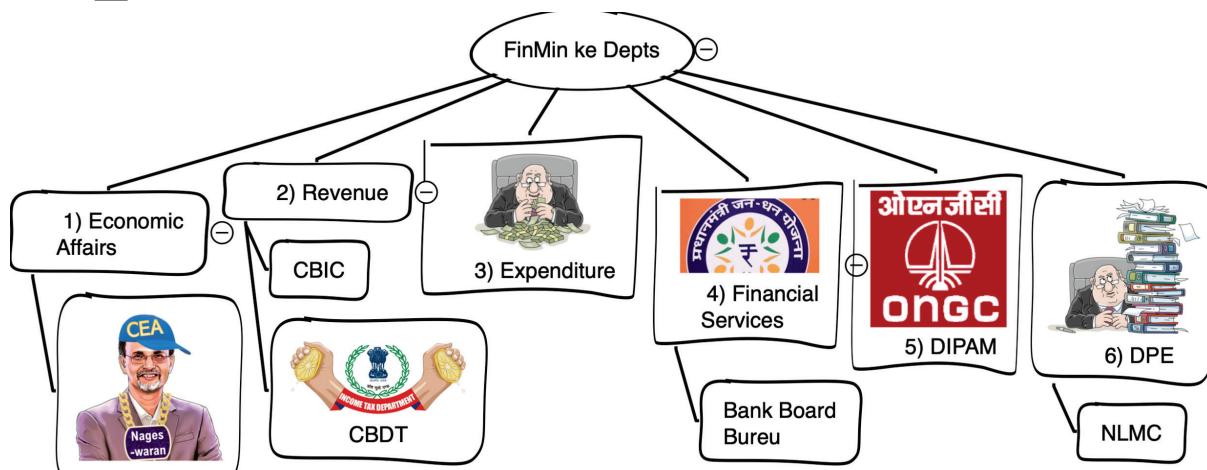
Till 2013-14	⇒ Single Volume survey. (सिर्फ़ एक अंक में प्रकाशित किया जाता था)
2014-15 2 volumes	<ul style="list-style-type: none"> ⇒ Adopted Two Volume Systems like “IMF’s World Economic Outlook”. (दो-अंक) ⇒ Vol1= future suggestions Vol2= Past data. ⇒ Explicitly mentioned Theme in preface (प्राकृथन): “Creating opportunity and reducing vulnerability” (through JanDhan-Aadhar-Mobile = JAM trinity)
2020-21 2 volumes	Paperless / Digital Survey. No theme explicitly mentioned in preface. but focus areas / major talking points were 1) #SavingLives&Livelihoods 2) V-shaped Recovery 3) Countercyclical fiscal policy 4) Bare Necessities Index
2021-22 1 Volume	<ul style="list-style-type: none"> ⇒ Released both in digital and paper (hardcopy) on 31/Jan/2022 ⇒ THEME in Preface: Art and science of policy-making under conditions of extreme uncertainty using “Agile” approach. (“फुर्तीली” दृष्टिकोण का उपयोग करते हुए अत्यधिक अनिश्चितता की स्थितियों में नीति-निर्माण की कला और विज्ञान) ⇒ Not published by CEA. Published by Principal Economic Adviser. (Reason is not important, but explained in video lecture so save page space in handout.) ⇒ Shifted from TWO Volumes to ONE Volume. (Reason is not important, but explained in video lecture so save page space in handout.)
2022-23 1 Volume	<ul style="list-style-type: none"> ⇒ Released both in digital and paper (hardcopy) on 31/Jan/2023, by CEA. ⇒ No theme explicitly mentioned in preface. but focus areas were ⇒ India’s Post-Corona economic recovery is complete ⇒ GDP growth likely to be 6% to 6.8% for 2023-24 ⇒ 2022’s survey: the social sector was covered in chapter number-10. ⇒ 2023’s survey: social sector chapter was shifted to chapter number 6- to highlight that Modi Govt is very serious about social sector (health, edu etc.)



20.6.1 📈 📈 🏛 Chief Economic Advisor (CEA: मुख्य आर्थिक सलाहकार)

- Works under Finance ministry's Department of Economic Affairs
- Usual tenure 3 years, reappointment possible, but not a constitutional or statutory body. Has control over Indian Economic Service (IES) officers. (तीन साल का कार्यकाल पुनर्नियुक्ति संभव)
- Notable CEAs in Past: Manmohan Singh, Raghuram Rajan, Arvind Subramanian (2014-18).
- 2018-2021: Krishnamurthy Subramanian served as the CEA.
- 2022-Jan: Dr V. Anantha Nageswaran as its Chief Economic Advisor (CEA). Nageswaran MBA from IIM-A. His famous books: 1) Can India grow? 2) The Rise of Finance: Causes, Consequences and Cures

20.7 🏛 FINANCE MINISTRY AND ITS DEPARTMENTS: (वित्त मंत्रालय और उसके विभाग)



20.7.1 🏛 📈 Department of Economic Affairs (DEA: आर्थिक कार्य/ आर्थिक मामलो का विभाग)

Functions of DEA:

- ⇒ Fiscal policy, Preparation and presentation of Union budget including the Railway component of budget. Budget for union territories without legislature, budget for States under president rule.
- ⇒ DEA announces the Interest rates of small saving schemes. (Ref:1D, लघु बचत योजनाओं की ब्याज दर)
- ⇒ DEA maintains a website www.pppinindia.gov.in, to provide information related to Public Pvt Partnership (PPP). (🔗 Ref-Pill5: Infrastructure for more)

Organizations under/related to DEA

- 1) **Constitutional Body:** Art. 280: Finance Commission. DEA liaisons with it.
- 2) **Chief Economic Advisor (CEA)** that we learned in previous section.
- 3) **Financial Stability and Development Council (FSDC):** is neither Constitutional nor statutory body. FM is chairman. Members include the chiefs of all financial regulatory bodies- such as RBI, SEBI, IRDAI, PFRDA and the chief of IBBI (🔗 Ref: 1C)
- 4) **Govt Company:** Security Printing and Minting Corporation of India Ltd. (SPMCIL). Registered under the Companies Act responsible for printing currency notes, coins, commemorative coins, cheques, postage stamps, non-judicial stamps, passports/visa and other travel documents etc.



20.7.2 📈 💵 FinMin#2: Department of Expenditure (व्यय विभाग)

- ⇒ Here the Controller General of Account (CGA: महालेखा नियंत्रक from Indian Civil Accounts Service (ICAS) service, recruited by UPSC-CSE) prepares estimate of how much money to be spent from consolidated fund of India.
- ⇒ It also deals with Pay Commission reports, Pension Accounting office.
- ⇒ **Web Portals of Expenditure Department:**
 - ✓ **Public Financial Management System (PFMS):** for disbursing money to various Ministries and departments at Union and State level
 - ✓ **Bharatkosh- Non Tax Receipts Portal (NTRP):** For selling India yearbook Yojana Kurukshetra mags etc products and services by the government of India

20.7.3 📈 💵 RBI's Next Generation Treasury Application (NGTA), 2020-Oct

Outdated / faded topic. They're yet to implement it. So, I'm deleting from handout.

?] MCQ. Public Financial Management System (PFMS) is a web-based online software application designed, developed, owned and implemented by the (UPSC-CDS2019-II)

- A) Department of Financial Services B) Institute of Government Accounts and Finance
 C) Controller General of Accounts D) National Institute of Financial Management

20.7.4 📈 💼 FinMin#3: Department of Revenue (राजस्व विभाग)

Looks after the taxation matters using bodies: <Hindi terms not given because it'll take too much printout space, but they're given in indirect tax section of this handout>

Statutory Bodies & Quasi-judicial bodies वैधानिक संस्थाएं अर्ध न्यायिक	<ul style="list-style-type: none"> ❖ Central Boards of Revenue Act 1963 : 2 bodies → <ul style="list-style-type: none"> ○ Central Board of Direct Taxes (CBDT) → Dept of Income Tax ○ Central Board of Indirect Taxes and Customs (CBIC). Before-2018-March, it was known as Central Board of Excise and Customs (CBEC). It implements GST from 1st July 2017, under the 101st Constitutional Amendment Act, 2016. ❖ Authorities for Advance rulings for IT, Customs & Central Excise, GST ❖ Various Tribunals and appellate bodies related to taxation.
Attached / Subordinate^{##}	<ul style="list-style-type: none"> ❖ Enforcement Directorate (for enforcing PMLA and FEMA Act) ❖ Central Economic Intelligence Bureau ❖ Central Bureau of Narcotics Financial Intelligence Unit
Associated Companies	Goods and Service Tax Network (GSTN) is a non-profit company. Originally its 51% shareholding was with HDFC, ICICI etc. but 2018- Govt decided to make it 100% owned by Union & State Governments.

➡️ FAQ: What is the meaning of Attached/Subordinate/Autonomous Body? Ans.

<https://unacademy.com/lesson/mrunals-yearbook-ministries-and-departments-forms-of-government-organisations-in-hindi/7KCEZHT4>

20.7.5 📈 💼 FinMin#4: Department of Financial Services (DFS: वित्तीय सेवाएँ विभाग) Functions of DFS:



Schemes for Financial Inclusion (Ref-1D), PSB supervision and recapitalization, Public Sector Financial Intermediaries, including their regulators (Except EPFO, ESIC etc.)

Organizations under/related to DFS:

- ❖ **Bank Board Bureau:** Neither Constitutional / statutory. Setup through gazette notification for selection of top officials (MD, CEO, Chairman and full-time Directors) for PSBs, LIC and other public sector financial institutions. (Ref:1B-2)
- ❖ **Govt Company:** National Credit Guarantee Trustee Company (NCGTC): For providing credit guarantee for loans in Mudra, certain MSME loans, Stand up India, education-skill development related loans. (इस सरकारी योजनाओं में लाभार्थी कर्जा वापस नहीं करें तो बैंक के नुकसान की भरपाई ये कंपनी करेगी)

20.7.6 FinMin#5: DIPAM (निवेश एवं लोक परिसंपत्ति प्रबंधन विभाग)

- ❖ Department of Investment and Public Asset Management (DIPAM) looks after Disinvestment / privatization of Govt Companies / Central Public Sector Enterprises (CPSE- सार्वजनिक क्षेत्र के केंद्रीय उद्यम) (Ref #2D: Disinvestment)

20.7.7 FinMin#6: Department of Public Enterprises (DPE: सार्वजनिक उपक्रम विभाग)

BEFORE	AFTER 2021-July Reform
Department of Public Enterprises (DPE) functioned under Ministry of Heavy Industries and Public Enterprise (पहले ये सार्वजनिक उपक्रम विभाग “भारी उद्योग तथा सार्वजनिक उपक्रम मंत्रालय” के अंतर्गत काम करता था)	<ul style="list-style-type: none"> - DPE shifted to Finance Ministry. (सार्वजनिक उपक्रम विभाग अब से वित्त मंत्रालय के अंतर्गत काम करेगा) - Benefit? DPE can work with more synergy / coordination with DIPAM Department. (तालमेल संकलन में बेहतर होगी)

- DPE looks after Government Companies/Central Public Sector Enterprises (CPSEs)'s administration, expenditure, financial health, survey/performance monitoring etc. (सरकारी कंपनियों के प्रबंधन, खर्चे वित्तीय स्वास्थ्य, सर्वेक्षण/प्रदर्शन की निगरानी के बारे में देखता है)
- DPE gives 'Ratna' status to CPSEs' that are making good profits. (Ref #2D: Disinvestment)
- DPE looks after CPSEs' employees' training, rehabilitation (Voluntary Retirement Scheme: VRS) and other personnel matters What is VRS = Explained in Pillar1B1 lecture in public sector bank merger lecture. (सरकारी कंपनियों के कर्मचारियों के तालीम, स्वैच्छिक निवृत्ति इत्यादि कार्मिक प्रशासन)
- DPE DOESNOT look after selection/recruitment of employees in CPSE. There are separate organizations for it -given in table below:

Selection/Interview of Managing Director, Chairman & other Top-Officials in __	Who is responsible? (इन उच्च पदाधिकारियों का चयन कौन करता है)
Public Sector Banks/NBFCs/AIFI e.g. SBI, PNB, LIC, NABARD, NHB etc (What are they? Ref: 1B1: Classification) → →	BBB was there. Then BBB replaced by FSIB (More in Pillar#1B2) (सरकारी बैंकों/सरकारी वित्तीय संस्थान में उच्च अधिकारियों के चयन के लिए अलग संस्था है)
Government companies Other than [Public Sector Bank/NBFC/AIFI] e.g. ONGC, Coal India, Hindustan Copper, Hindustan Aeronautics Limited (HAL) etc	Public Enterprises Selection Board (PESB) under the Ministry of personnel (सरकारी बैंक/ सरकारी वित्तीय संस्थान के अलावा



Selection/Interview of Managing Director, Chairman & other Top-Officials in __	Who is responsible? (इन उच्च पदाधिकारियों का चयन कौन करता है)
	वाली सरकारी कम्पनियों में उच्च अधिकारियों के चयन के लिए अलग संस्था PESB है)
RBI Governor, SEBI Chief etc regulators →. →. →	Separate Committee headed by Cabinet Secretary (IAS)

The highest official in each of above 6 depts is called 'Secretary' (usually an IAS)
 → senior-most among them is designated as Finance Secretary=signs ₹ 1 note.
 Finance Secretary usually heads the Dept of Economic Affairs (DEA)

20.7.8 FinMin#6: DPE → National Land Monetization Corporation (NLMC-2022)



- ⇒ Budget-2021 announced this → 2022-March: Govt said we'll setup NLMC under Dept of Public Enterprise. This company 100% owned by Govt with paid up capital of ₹150 cr.
 - ⇒ Function? Renting/selling surplus land-assets of govt depts/govt companies etc. It will hire experienced professionals from private sector to ensure efficient management.
 - ⇒ Related topics: PM Gati Shakti, National Monetization Pipeline, National Infra Pipeline: (REF: in Pillar#5: PPP / public private partnership)
- (सरकारी कंपनियों की अतिरिक्त ज़मीन / इमारत /संपत्तियों को निजी क्षेत्र के उद्योगपतीयों को किराये पे देना/बेच देना- इन सबके लिए एक "राष्ट्रीय भू-मौद्रिकरण निगम" की स्थापना।)

20.7.9 Indian Audit and Accounts Department

- ❖ As per Press Release FinMin = 6 departments that we learned above.
- ❖ This (lesser known) dept is headed by Constitutional Body: Comptroller and Auditor General (CAG: भारत के नियंत्रक-महालेखापरीक्षक इस के मुखिया होते हैं तो इस विभाग को वित्त मंत्रालय का हिस्सा नहीं माना जाता)

? MCQ. Find correct Statement(s): (MCQ-Prelims-2015)

1. The Dept of Revenue is responsible for the preparation of Union Budget.



2. No amount can be withdrawn from the Consolidated Fund of India without authorization from Parliament of India.
3. All the disbursements made from Public Account also need the authorization from Parliament Codes: (a) 1 and 2 only (b) 2 and 3 only (c) 2 only (d) 1, 2 and 3

Q MCQ. Which one of the following is responsible for the preparation and presentation of Union Budget to the Parliament? (MCQ-Prelims-2010)

- (a) Department of Revenue (b) Department of Economic Affairs
 (c) Department of Financial Services (d) Department of Expenditure

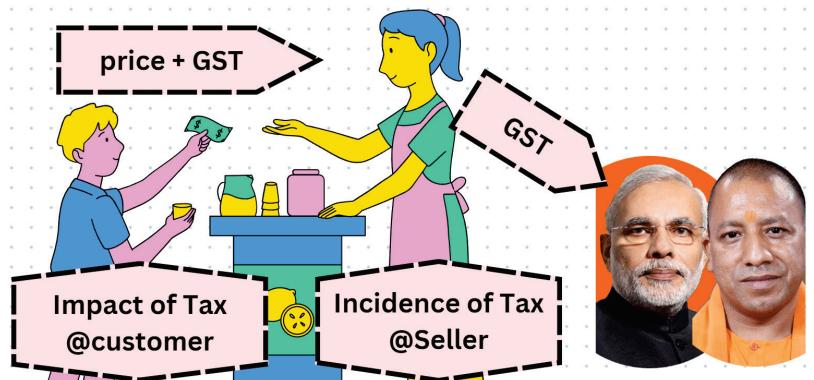
Q MCQ. Fiscal Policy in India is formulated by: (MCQ-CDS-2012)

- (a) the Reserve Bank of India (b) the Planning Commission (c) the Finance Ministry (d) SEBI

20.8 **BUDGET** → **REVENUE PART** → **RECEIPTS** → **TAX RECEIPTS**

बजट → राजस्व भाग → प्राप्तियां → कर प्राप्तियां

20.8.1 **Types of taxes:** direct / indirect: प्रत्यक्ष कर/ अप्रत्यक्ष कर

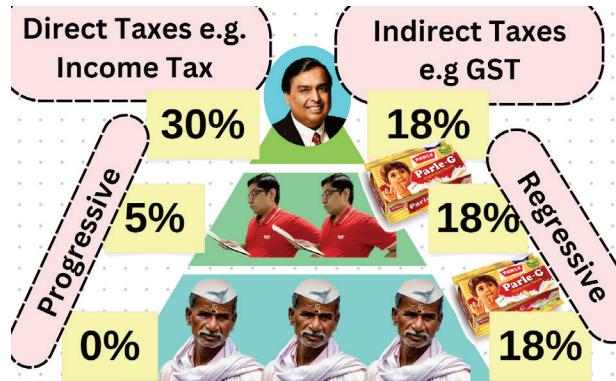


Parameter	Direct Tax (e.g. 5% Tax on your income)	Indirect Tax (e.g. 18% GST on purchase of Biscuit)
Incidence of Tax: Point from where government collects the tax. (करापात)	Income Tax Assessee (प्रत्यक्ष करदाता खुद)	Shopkeeper/seller (विक्रेता)
Impact of Tax: point where the burden of tax is ultimately felt and can't be transferred elsewhere. (कराधात/कर का प्रभाव)	Income Tax Assessee (प्रत्यक्ष करदाता खुद)	Customer/buyer (ग्राहक)
The incidence and impact of tax is....	On the same person	Not on the same person.

Note: Above table's deeper interpretation also involves how 'burden' is shifted from seller to buyer, But we'll not waste time learning its GRAPH/PHD. #થોડો-પઢો-આગે-બઢો



20.8.2 Types of taxes: Progressive vs Regressive vs Proportional



Type of Tax	Example
Proportional समानुपाती	If Govt. had a single 10% flat rate direct tax on income irrespective of whether you're a poor, middle class, upper middle class or a rich person. Then each taxpayers' same proportion of income(10%) will go into taxes.
Progressive (प्रगामी) अमीर पे ज्यादा गरीब पे कम	<ul style="list-style-type: none"> - 5%-20%-30% income tax slabs depending on your income. - Thus, richer the person, bigger proportion of his income will go into taxes. Thus, direct taxes are progressive in nature. - Misc. term: Degressive tax: It is a blend of progressive tax and proportional tax. If a direct tax increases upto a point & after that limit, a uniform rate is charged (5-5-10-10-...10). So, its partly proportional because tax rate remains unchanged even if income increases. (but further PHD/hairsplittery not req on this term. If MCQ asks then Ans= income tax is PROGRESSIVE TAX)
Regressive (प्रतिगामी) 	<ul style="list-style-type: none"> - 18% GST on Biscuits worth ₹100 = ₹18 paid as (indirect) tax. - When Mukesh Ambani buys one packet, and a poor man buys one packet, greater proportion of poorman's income is gone in taxes. Thus, indirect taxes are regressive in nature. (गरीब आदमी की वेतन का ज्यादा हिस्सा जाता है)

MCQ. Which one of following is a progressive tax structure? [UPSC-CDS-2015-II]

- (a) Tax rate is the same across all incomes (b) Tax rate increases as income increases
 (c) Tax rate decreases as income increases (d) Each household pays equal amount of tax

20.8.3 Adam Smith's 4 canons of taxation (कराधान के चार सिद्धांत)

1. Canon of Equality (समानता का सिद्धांत): Tax should be equal /proportionate to income. Rich people should pay more taxes than poors.
2. Canon of Certainty (निश्चितता का सिद्धांत): dates, slabs, % should be definite & told in advance. Randomly govt should not demand “x%” tax to build statue, temple or mosque.
3. Canon of Convenience (सुविधा का सिद्धांत): tax payer shouldn't be made wait for a kilometre long queue & fillup 50 pages worth tax forms.
4. Canon of Economy (मितव्यता का सिद्धांत): to collect ₹ 100 crore tax, govt shouldn't be spending ₹ 99 crores in salaries of tax officials.

? MCQ. Which of the following was not advocated by Adam Smith? (UPSC-CDS-2019-1)



- a) Canon of equality b) Canon of certainty c) Canon of convenience d) Canon of fiscal adequacy

AB CD ? MCQ. Find Correct Statements (UPSC-CDS-2016-1)

1. Ability to pay principle of taxation holds that taxes people pay should relate to their income or wealth
2. The Benefit Principle of taxation states that individuals should be taxed in proportion to the benefit they receive from Government programmes
3. A progressive tax takes a larger share of tax from poor families than it does from rich families
4. Indirect taxes have the advantage of being cheaper and easier to collect

Answer Codes: (a) 1 and 3 only (b) 2 and 4 only (c) 1, 2 and 4 only (d) 1, 2, 3 and 4

21 DIRECT TAXES: TYPES (प्रत्यक्ष करों के प्रकार)

Direct Taxes	of Union Govt. * Means Abolished	Of State Govt.
On income (आय पर)	<ul style="list-style-type: none"> - Corporation Tax, Minimum Alternate Tax (MAT) - Income Tax on income except agri. - Capital Gains Tax (CGT) - *Dividend Distribution Tax (DDT) 	<ul style="list-style-type: none"> 1. Agriculture Income tax 2. Professional Tax (Constitutional ceiling of max ₹2500 per year)
On assets, transactions (संपत्ति, लेनदेन पर)	<ul style="list-style-type: none"> - Securities Transaction Tax (STT) & Commodities Transaction Tax (CTT) - *Wealth Tax (संपत्ति कर) - *Banking Cash Transaction Tax - *Estate Duty 	<ul style="list-style-type: none"> 1. Land Revenue (भू राजस्व) 2. Stamp/Registration duty 3. Property tax in urban areas (शहरी क्षेत्रों में संपत्ति कर)
On expenditure (खर्च पर)	<ul style="list-style-type: none"> - *Hotel Receipt Tax, *Gift Tax - *Fringe Benefit Tax i.e. When the employer give benefits to employee apart from salary e.g. subscription to gymkhana or golf-club. 	#Road Tax (although debatable as in some States/categories of vehicles- the seller will collect & submit)

FAQ: How much money collected from these taxes? Ans. REF: Pillar2A2: GST Handout

21.1.1 Paper Taxes

Govt never earned large amount of money from wealth tax, gift tax and estate duty. So these taxes were informally called as 'paper taxes' - says NCERT. (सरकार को कभी भी संपत्तिकर, भेट कर, और एस्टेट ड्यूटी में से बहुत ज्यादा मात्रा में आमदनी नहीं हुई इसलिए इनको "कागजी कर" कहा जाता था.)

AB ? MCQ. Corporation tax is imposed by ___ [UPSC-CDS-2013-II]

- (a) State Government (b) Central Govt (c) Local Government (d) State as well as Central Govt

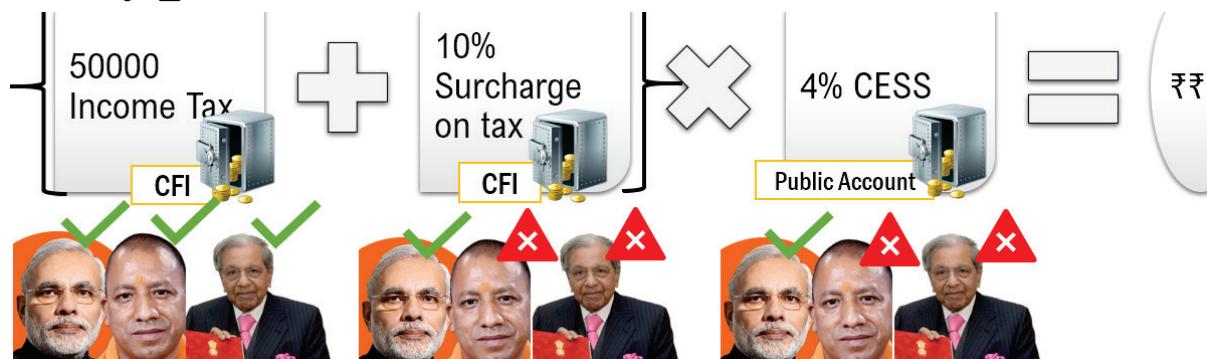
21.2 DIRECT TAXES: MERITS AND DEMERITS (प्रत्यक्ष करों के लाभ व् नुकसान)

Merits of Direct Taxes	Demerits (नुकसान)
1. Progressive (प्रगामी: richer the person higher the tax): income inequality	1. Externality (बाह्यता) not counted: Academic Books Author vs Film star promoting cigars [30% Income Tax on both].



😊 Merits of Direct Taxes	😊 Demerits (नुकसान)
<p>2. Promotes civic consciousness (नागरिक चेतना) since citizen directly feels the ‘pinch of tax’ (चुभन महसूस करना).</p> <p>3. To ↑ savings & investment: Income tax deduction/exemptions on NPS/ LIC etc.</p> <p>4. Elasticity (लचीलापन): As public’s income level ↑ then tax revenue ↑</p> <p>5. Certainty (when and how to pay IT, निश्चितता)</p> <p>6. Can ↓ volatility in International currency exchange rates by imposing Tobin Tax (More in Pillar#3) (मुद्रा विनियम दर की अस्थिरता को कम किया जा सकता है)</p>	<p>2. Hardship not counted: Working Carpenter [5%] vs sleeping landlord [5%] (कठिन परिश्रम के लिए कोई रियायत नहीं)</p> <p>3. High level of direct tax= laziness, less foreign investment. (उची दरे लोगों को आलसी बनाती है)</p> <p>4. Narrow base: poor people not covered. If we try then very large Income tax staff will required to supervise over poor people. (संकीर्ण आधार)</p> <p>5. Prone to litigation & loopholes, tax evasion, avoidance. (More in #2B: Blackmoney) (मुकदमेबाजी, कर-चोरी, कर-परिहार)</p>

21.3 📊 UNION TAX, CESS AND SURCHARGE (केंद्रीय कर, उपकर और अधिभार)



Any Union Tax (संघ कर)	- Computed on taxable income, profit, transaction. Goes to Consolidated Fund of India → Later divided between Union and states as per the Finance Commission formula. (IGST's distribution matter slightly different. Refer to Pillar2B:GST.)
Surcharge (अधिभार)	- Computed on Tax amount. So, it is a ‘tax on tax’. This ₹ will also go to CFI. - Surcharge is not shared with States using Finance Commission Formula. - Usually, surcharge doesn’t have any clear objective in ‘prefix’, so it may be used for any purpose. Exception is 10% Social Welfare Surcharge (समाज कल्याण अधिभार) on the customs duty on imported goods. → ₹ specifically used for social welfare schemes of the Union. (सामान्य रूप से इन पैसों का उपयोग किस खास काम में होता है उसे स्पष्ट बताया नहीं जाता)
Cess (उपकर)	- Computed on [(Tax) + (Surcharge, if any)] - Clear objective is mentioned. E.g. Road & infrastructure cess, Health & Education, GST compensation cess etc. - By default, cess goes to CFI → from there, cess goes to Public Accounts. Sometimes there may be separate fund inside public account for it, e.g. Central Road Safety Fund, Prarambhik Shiksha Kosh etc. - Finance Commission can't prescribe formula to share cess with States. (Although some of the cess money will invisibly go to states as a part of scheme implementation)



	<p>e.g. Pradhan Mantri Fasal Bima Premium share, etc. but that depends on discretion of Union) (इस रकम को वित्त आयोग राज्यों के साथ नहीं बाँट सकता. केंद्र सरकार अपने विवेक से अलग अलग योजनाओं में शायद इस उपकर का कुछ पैसा राज्यों को दे सकती है)</p> <ul style="list-style-type: none"> - GST Compensation Cess matter is little different. <explained in the GST segment of next handout>
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21.3.1 Cess pe FAQ & PHD

FAQ: Why does Govt levy cess/surcharge, why is Finance Commission Kept out of it?

Ans. So Ruling party @Union can use money for their favourite schemes without having to share the money it with State Govt. (ताकि केंद्र का सत्ता पक्ष अपनी मर्जी से उस पैसे को इस्तेमाल कर सके। बिना राज्यों को उनका हिस्सा दिए)

FAQ: IS it compulsory that every tax MUST have Cess and Surcharge on it?

Not compulsory. Depends on Govt's mood / discretion. (सरकार की मर्जी पर निर्भर)

FAQ: Is Cess applicable only on direct taxes OR on indirect taxes ?

Some of them applicable on direct taxes. Some of them applicable on indirect taxes.

Cess examples →	Applicable on
Health & Education Cess →	Levied on Direct Taxes such as Income Tax, Corporation Tax
Health Cess →	Levied on Customs Duty on Imported Medical Devices
Agriculture Infrastructure and Development Cess	Levied on Customs Duty on some products Levied on Excise Duty on some products
Road & Infrastructure Cess	Levied on Excise Duty on Petrol, Diesel
GST Compensation Cess	Levied on GST on some products e.g. Vimal Gutkha, cars etc.

FAQ: Is “Health Cess” and “Health & Education Cess” same or different?

Ans. Different. Observe table given above.

FAQ: I've 500 other doubts. Ans. Not important for UPSC exam. # थोड़ा-पढ़ो-आगे-बढ़ो

21.3.2 Direct Tax → Cess: Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN)

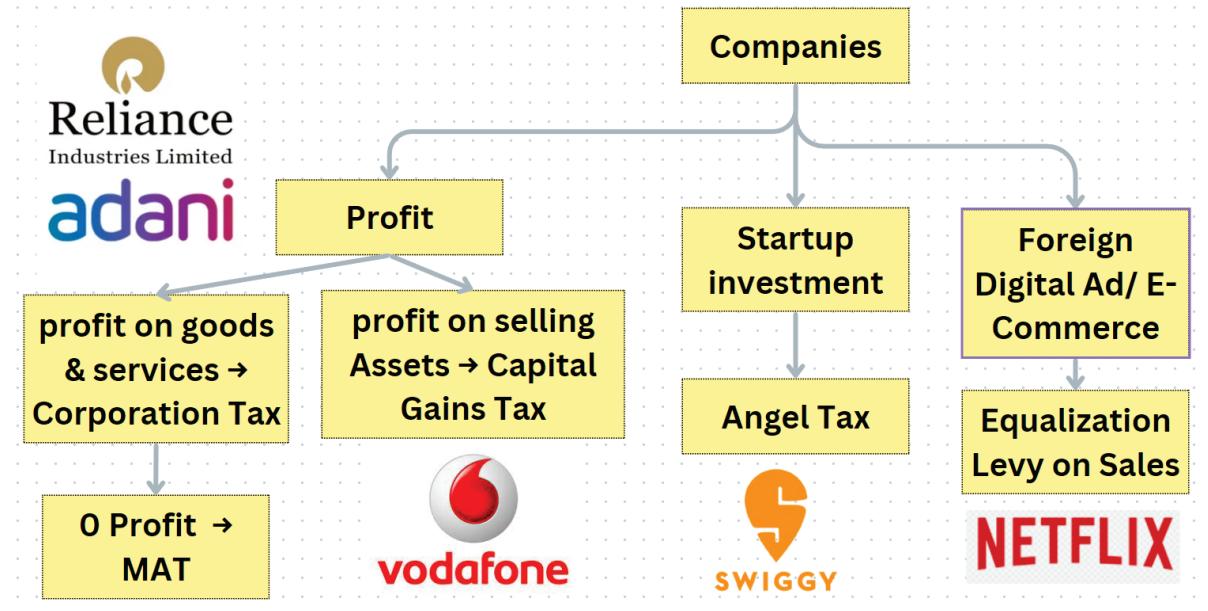
प्रत्यक्ष करों पर लगाए गए उपकर का पैसा इस फंड में डालेंगे और विविध स्वास्थ्य योजनाएं चलाएंगे

- ⇒ Govt levies 4% Health & Education Cess on direct taxes such as income tax & corporation tax.
(प्रत्यक्ष करों पर स्वास्थ्य व शिक्षा उपकर)
- ⇒ 2021-March: govt created a new “Non-Lapsable” fund under Public Account. (What is “Non-Lapsable fund? Ref: Pillar#2D). लोक लेखा में एक गैर-व्यप्तगत निधि बनायी जाएगी
- ⇒ This fund will receive ₹ ₹ from above cess.
- ⇒ Health ministry will use this money for (More in Pillar#6)
 - 1) Ayushman Bharat & its sub schemes like PM-JAY (5L-Health insurance),
 - 2) Pradhan Mantri Swasthya Suraksha Yojana (setting up AIIMS-like institutions in every state & upgrading government medical colleges).
 - 3) National Health Mission (NHM) राष्ट्रीय स्वास्थ्य मिशन
 - 4) Health emergencies like Corona स्वास्थ्य आपदाएं



21.3.3 Laffer Curve, Tax elasticity, Tax Buoyancy etc

Refer to 2B: black money handout.



21.4 DIRECT TAX → CORPORATION TAX (निगम कर)



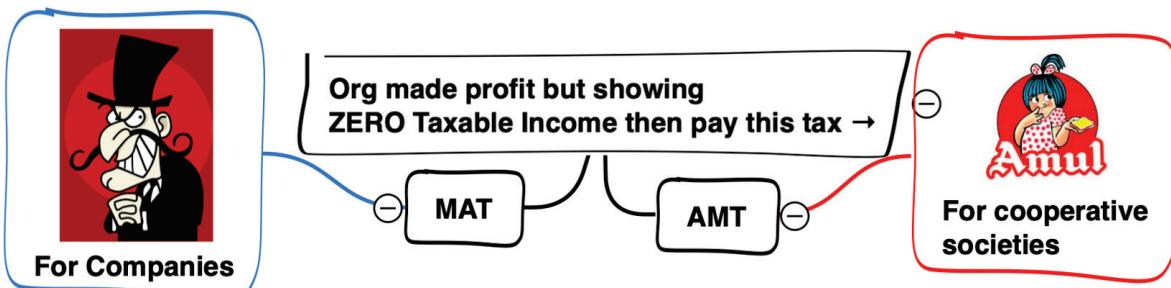
Figure 1: निचोड़ निचोड़ के कर/टेक्ष लेंगे, किसी को नहीं बख्तोगे!

- ⇒ Also known as “Corporate Income Tax (CIT: निगमो पे लगाने वाला आयकर)”
- ⇒ It's levied on Company's profit, under the Income-tax Act, 1961. (Technically called “NET Income” but we're not here for CA-exam's pedantry.)

Sr	Type of Company	Corporation Tax on profit
Sr1	New INDIAN MFG company registered from 1/10/2019 onwards. (but they must start manufacturing by 31/3/2024)	15 % +surcharge & cess as given above = 17.01%
Sr2	other Indian companies not mentioned in Sr.1 (अन्य भारतीय कंपनियों पर)	22 % tax +10% surcharge on (tax) +4% health edu cess (on tax + surcharge) = 25.17%
Sr3	Foreign Company's profit from India	40%
Sr4	Zero Profit companies	15% MAT



21.5 📊 ₹ 🏠 MINIMUM ALTERNATE TAX (MAT) & AMT (न्यूनतम वैकल्पिक कर)



- Some industrialists make profit but use tax-deduction, exemptions, depreciations and accounting tricks to show ₹0 taxable income to escape paying Corporation Tax. So,
- Budget-1996 (Chidambaram) introduced 18.5% MAT on **book profit** of such ‘ZERO TAX Companies’, using a different type of formula. (What was the formula, not important).
- Modi govt reduced MAT from 18.5% → 15%
- Alternative Minimum Tax (AMT: 15%) is a similar type of tax on Cooperative societies e.g. Amul, IFFCO. (we will not waste more time on it. Beyond this 1 line GK.)

► 🤔 FAQ: if it is showing zero taxable income, then how can we complete the tax on it?

Ans. Explained in the video lecture. Beyond that you may feel free to do PhD & Chartered accountant-giri from <https://www.incometaxindia.gov.in/tutorials/10.mat-and-amt.pdf>

21.5.1 📊 ₹ 🏠 Corporation Tax on Startups

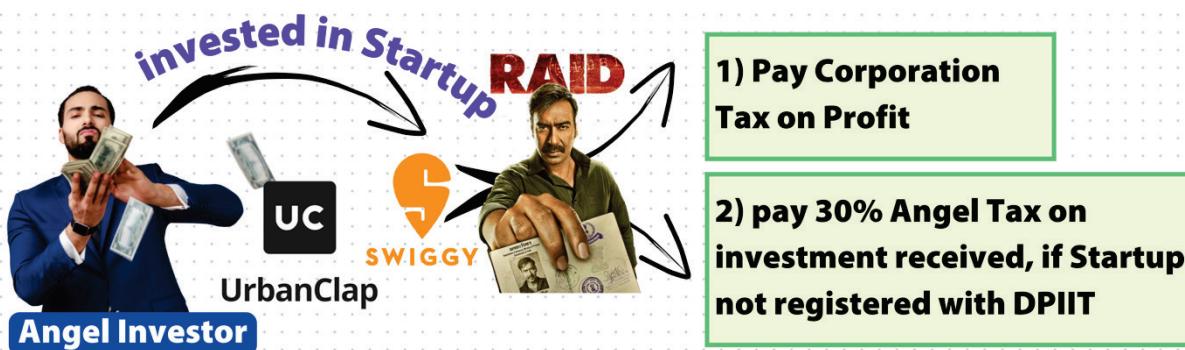


Figure 2: “अभी अभी धंधा शुरू किया है, थोड़ा बरबा दो, मालिक!” IT Dept: “ठीक है, सिर्फ थोड़े वर्षों के लिए ही!”

Startup is a company not older than 10 years and not having turnover more than 100 cr. & is doing innovation in goods/services. Govt helps them through Startup India Scheme (more in Pillar4B).

- ✓ Startup can claim 100% deduction (=Tax Holiday) on its profits, for 3 years out of the first 10 years of registration incorporation. (Tax Holiday = no need to pay tax.)

21.5.2 📊 ⚡ Angel Tax on Startup Investments (2012)





- ⇒ 2012: UPA/Congress Govt ordered the suspicious startup Companies to pay 30% Tax + Penalty on the investment which they received from Angel investor. (संदिग्ध स्टार्टअप कंपनियों को आदेश दिया कि आपको जो निवेश में पैसा मिला है उस पर 30 प्रतिशत एंजल टैक्स और जुर्माना भरना होगा)
- ⇒ This was called 'Angel Tax'. But then controversy that Angel Tax will discourage the growth of startup companies so norms relaxed. (आलोचकों ने बोला ऐसी सरक्ति के चलते स्टार्टअप के विकास को अवरोध होगा)

Budget-2019: made from reforms:

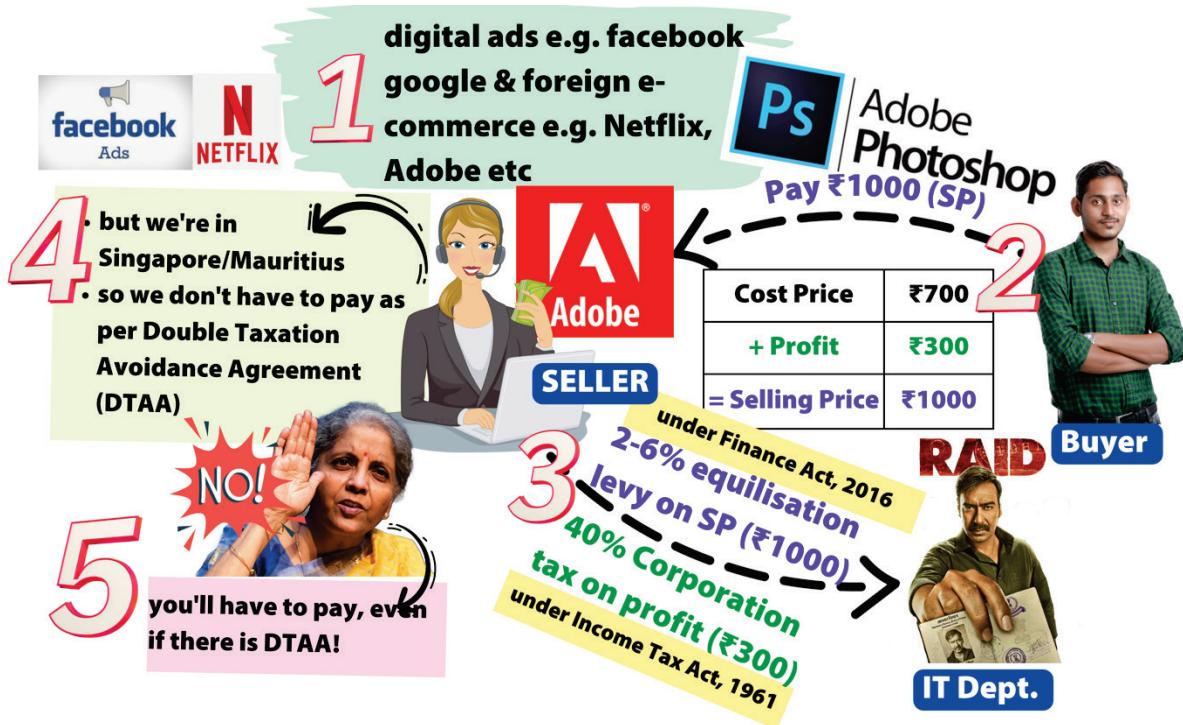
STARTUP REGISTERED WITH DPIIT	STARTUP NOT REGISTERED WITH DPIIT
NO need to pay Angel Tax	YES, need to pay Angel Tax

👉 Budget-2023: made some reforms

Angel tax applicable when startup not registered with DPIIT, & got funding from ___	BEFORE	👉 BUDGET-2023
Local Investors	YES, pay Angel Tax	YES, pay Angel Tax
Foreign Investors	NO need to pay Angel Tax	YES, pay Angel Tax

DPIIT = Dept for Promotion of Industry and Internal Trade (DPIIT) under Commerce Ministry.

21.6 📊 💳: 💼 EQUALISATION LEVY / GOOGLE TAX (समकारी लेवी/ गूगल टैक्स)



What does above chart mean? Ans. Explained in Video Lecture.

Related terms:

1. 'Global Minimum Tax' regime : (More in 📊 Pillar#2B: Black Money)
2. Significant Economic Presence (SEP; उल्लेखनीय आर्थिक उपस्थिति): Concepts basically means if a foreign company is making money from Indians through digital ads / streaming services (e.g. NETFLIX videos from overseas servers) then the company has 'SEP' in India, therefore, Indian



govt has powers to tax it. 📈 Budget-2020 made some technical changes into it. But, poor cost:benefit chasing it for MCQs.

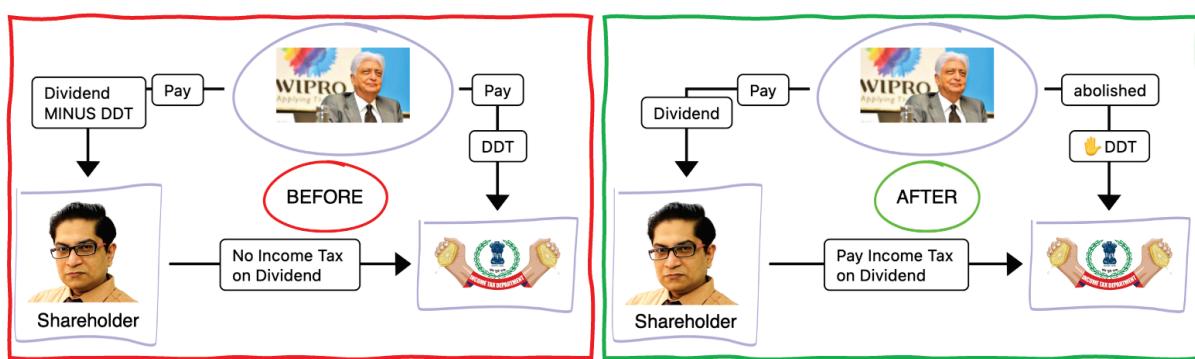
3. OECD used a phrase ‘**Tax challenges of digitization**’ to denote above problems where digital services type Multinational Corporation (MNC) are avoiding taxes. (बहुराष्ट्रीय निगमों द्वारा कर को टालना)
4. France has implemented tax on large technology companies called **GAFA Tax** (Google Apple Facebook Amazon) from 1st Jan 2019. Other nations also doing similar.
5. ► 🎉 FAQ: What is the **difference between tax, duty, levy**? = if you get selected in IRS (Indian revenue service) they'll teach you in training. 🎓 🙌 Not-imp here. #थोड़ा-पढ़ो-आगे-बढ़ो.
6. ► 🎉 FAQ: What is onshore/offshore safe harbor regime? 🎓 🙌 Not-important
7. What is Global Minimum Tax, DTAA, GAAR, PoEM etc? Ans. 📁 Pillar#2B: Black Money.

QUESTION ? MCQ. With reference to India's decision to levy an equalization tax of 6% on online advertisement services offered by non-resident entities, Find correct statements? (Pre-2018)

1. It is introduced as a part of the Income Tax Act.
2. Non-resident entities that offer advertisement services in India can claim a tax credit in their home country under the “Double Taxation Avoidance Agreements”.

Answer Codes: a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

21.7 💵 🎯: 💼 DIVIDEND DISTRIBUTION TAX (DDT: लाभांश वितरण कर)

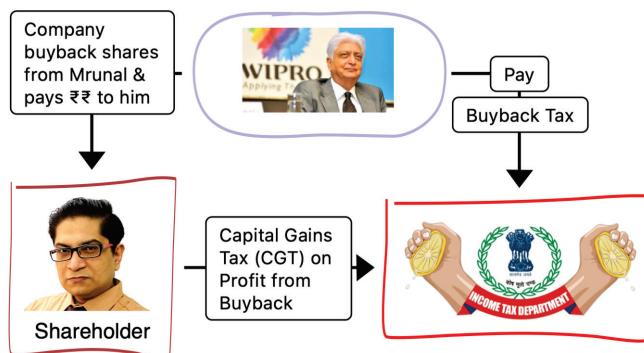


- 1997: FM Chidambaram started to levy DDT on a shareholder's dividend income.
- Shareholder did not have to pay separate Income tax on such dividend
- DDT Rate: $15\% + \text{cess} + \text{surcharge} = 20.56\%$ on dividend paid.
- 📈 Budget-2020: abolished DDT. But, dividend will be taxable in the hands of shareholder (i.e. he'll pay income tax on it). 🎯 Benefits?

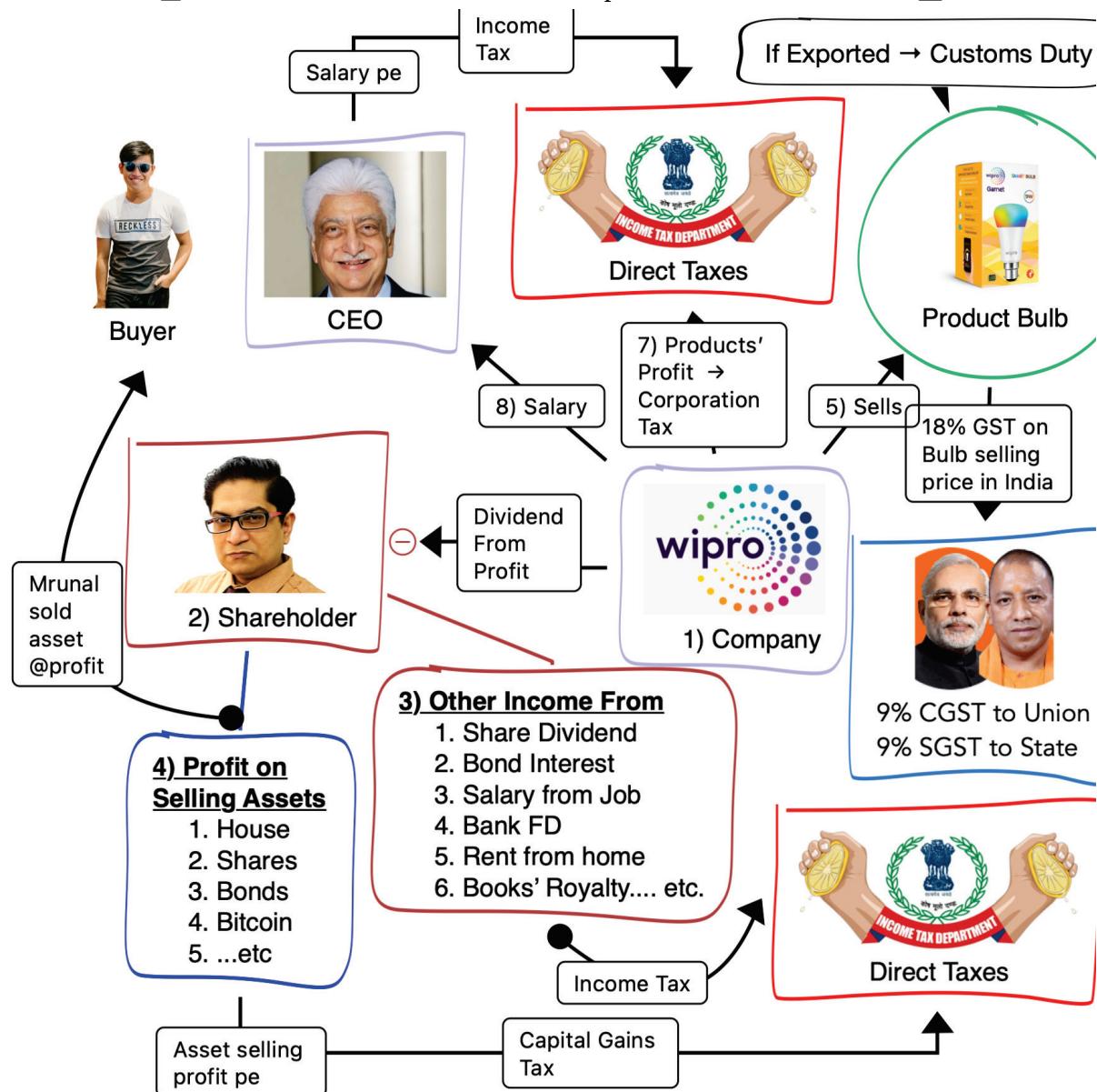
- ✓ Previously even lower middle-class shareholder's ~ 20% dividend was cut in the name of DDT. But now he may have to pay barely 0-5% income tax on income from dividend.
- ✓ Thus, Shareholders get to keep more ₹ for spending → shopping spree → demand, production, economic growth. (मध्यम वर्ग की जेब पर कर-बोझ कम होगा.)



21.8 ₹ 📈: 📈 BUYBACK TAX (शेयर की वापसी-खरीद पर कर)



💡 What does above chart mean? Ans. Explained in the video lecture. 🎬



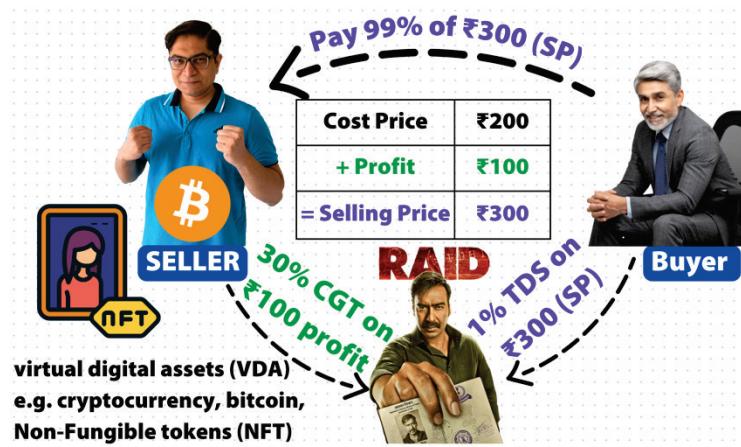


21.9 🔔 ₹ 🏠 CAPITAL GAINS TAX (CGT: पूँजीगत लाभ कर)



- When an owner makes profit by selling his capital assets such as non-agro-land, property, jewellery, paintings, vehicles, machinery, patents, trademarks, shares, bonds & other securities- then he has to pay CAPITAL GAINS TAX (CGT).
- Depending on how long did the owner keep that asset before selling it, he will pay:
 - EITHER Long Term Capital Gains tax (LCGT: $x\%$ दीर्घावधि) OR
 - OR Short Term Capital Gains tax (SCGT: $y\%$ अल्पावधि)
- 📋 Budget-2020 & 2021: some minor technical updates. notIMP.
- 💼 Budget-2022: Bitcoin, NFT and other virtual digital assets (VDA): profit pe 30% CGT. Trade/Transfer pe 1% TDS (Refer to 📄 Pillar1: 1A1 about cryptocurrency theory)
- 💳 Budget-2023: nothing exam-worthy.

21.9.1 🔔 ₹ Bitcoin Profit pe 30% Tax and transfer pe 1% TDS in 💼 💼 Budget-2022



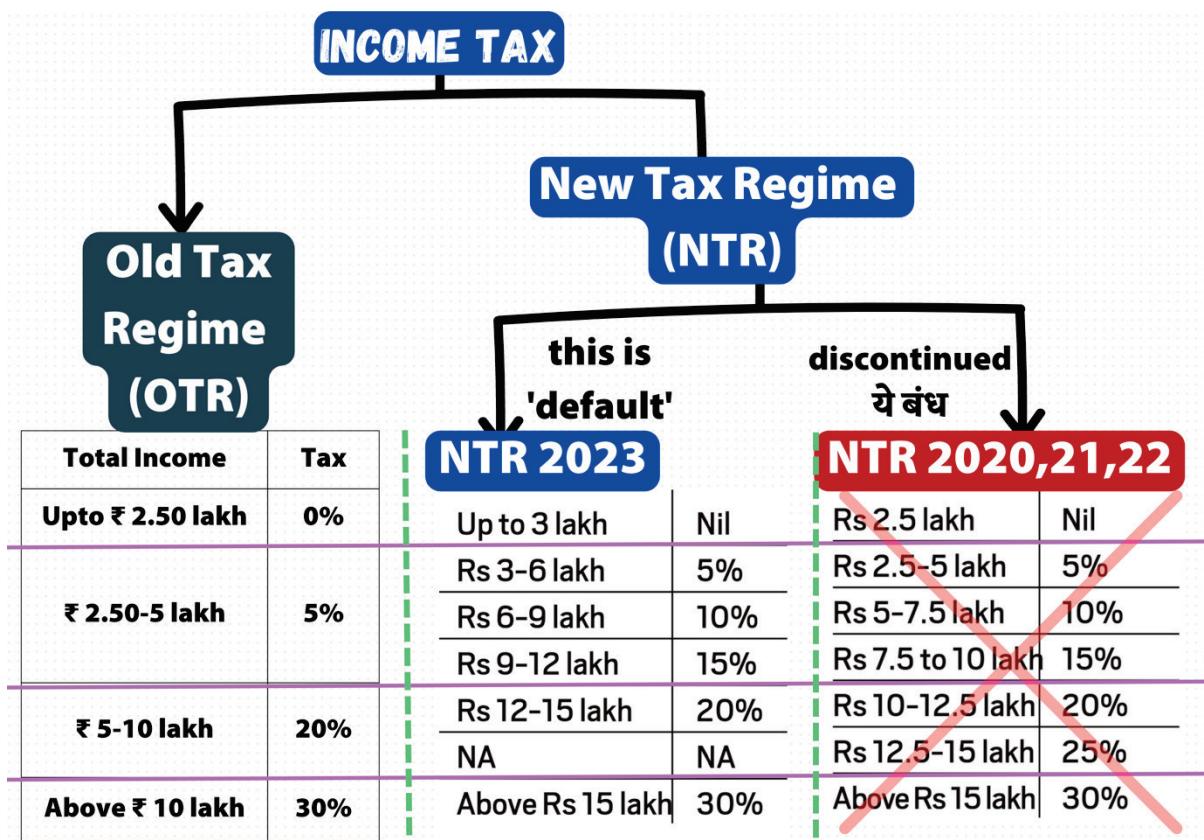
MCQ: In which of the following circumstances may 'capital gains' arise? (Prelims-2012)

1. When there is an increase in the sales of a product.
2. When there is a natural increase in the value of the property owned.
3. When you purchase a painting & there is a growth in its value due to increase in its popularity.

Answer Codes: (a) 1 only (b) 2 and 3 only (c) 2 only (d) 1, 2 and 3

21.10 🔔 ₹ INCOME TAX ON INDIVIDUALS (व्यक्तिक आयकर)

James Wilson (financial member of the Council of India, founder of the Economist magazine and Standard Chartered Bank) introduced income tax in India on 24 July 1860 to compensate the British losses during 1857's Sepoy mutiny. So, 24th July is celebrated as Income Tax Day (Aaykar Diwas).



You can use any ONE of the given system OTR or NTR.

Sr	Matter	OTR	NTR-2023
Sr.1	(Non-Agriculture) Gross Income of salaried employee aged less than 60YR	750000	750000
Sr.2	minus Standard deduction	-50000	-50000
Sr.3	minus NPS deduction	-50000#	N/A*
Sr.4	minus LIC, ELSS (Ref#1C), Home Loan etc deduction	-150000#	N/A*
Sr.5	Taxable Income: (Sr.1-2-3-4)	500000	700000
Sr.6	Income Tax on taxable income (Sr.5)	12500	25000
Sr.7	REBATE on Income Tax (Sr.6)	-12500**	-25000**
Sr.8	Income tax to be paid (Sr.6-7)	0	0
Sr.9	surcharge on IT if taxable income >Rs.50 lakh	0	0
Sr.10	4% health & Education Cess on (Sr8+9)	(0+0)x4%=0	(0+0)x4%=0
	Total Tax to be paid	0	0

⇒ # These are max deduction limits. So if u invest more money in LIC/NPS beyond these limits, still you'll NOT get more deduction than this. (इससे ज्यादा पैसा डालोगे तो भी ज्यादा माफ़ी नहीं मिलेगी)

⇒ *in NTR-2023, whether person saves money in LIC/NPS etc or not, he'll not get any deduction benefit. So N/A = not applicable.

⇒ **Tax rebate allowed only if taxable income upto Rs.5 lakh in OTR OR Rs.7 lakh in NTR. So if Akshay Kumar having 200 crore income = he'll not GET REBATE. See next table.



21.10.1 Revenue Forgone / Tax Expenditure (परित्यक्त राजस्व/कर खर्च)

Sr	Matter	OTR	NTR-2023
1	Gross income	Rs.5.50 cr	Rs.5.50 cr
2	Std. Deduction	(-) 50,000	(-) 50,000
3	NPS	(-) 50,000	N/A
4	LIC, Home Loan etc	(-) 2,00,000	N/A
5	Taxable income: 1-2-3-4	5,47,50,000	Rs. 5,49,50,000
6	Tax rebate	N/A bcoz income >5 lakh	N/A bcoz income >7 lakh
7	Tax+Surcharge+Cess on Sr5=	Rs.2,31,35,190	Rs. 2,10,40,500

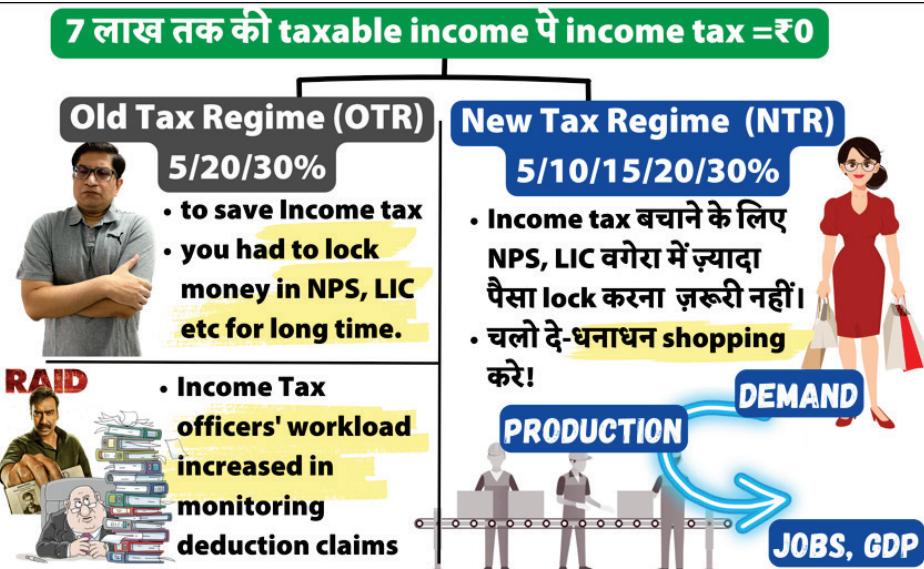
⇒ in above case, Tax Payer has to pay Rs.20,94,690 LESS in NTR compared to OTR.

⇒ So from Tax-payer's point of view, this is 'Tax savings'.

⇒ From the Govt's point of view this is 'revenue forgone / tax expenditure' (सरकार के नए स्लेब/नियमों के चलते जितना कर कम आया, सरकार उस नुकसान को 'राजस्व परित्यक्त/कर खर्च' कहते हैं.)

⇒ Govt deliberately makes such 'revenue forgone' to boost the economy indirectly. (How? Next section) (अर्थतंत्र की बहेतरी के लिए सरकार जानबुज कर ऐसा राजस्व परित्यक्त करती है.)

21.10.2 Income Tax: no tax upto ₹7 lakh after Budget-2023 = Boosting Economy



Sr	Matter	OTR	NTR-2023
Sr.1	(Non-Agri) Gross Income of salaried employee aged less than 60YR	750000	750000
Sr.2	Money LOCKED in NPS	-50000	0* *
Sr.3	Money LOCKED in LIC, EPFO, etc	-150000	0* *
Sr.4	Income tax to be paid	0	0
Sr.5	Money LEFT for spending/ disposable income?	550000	750000

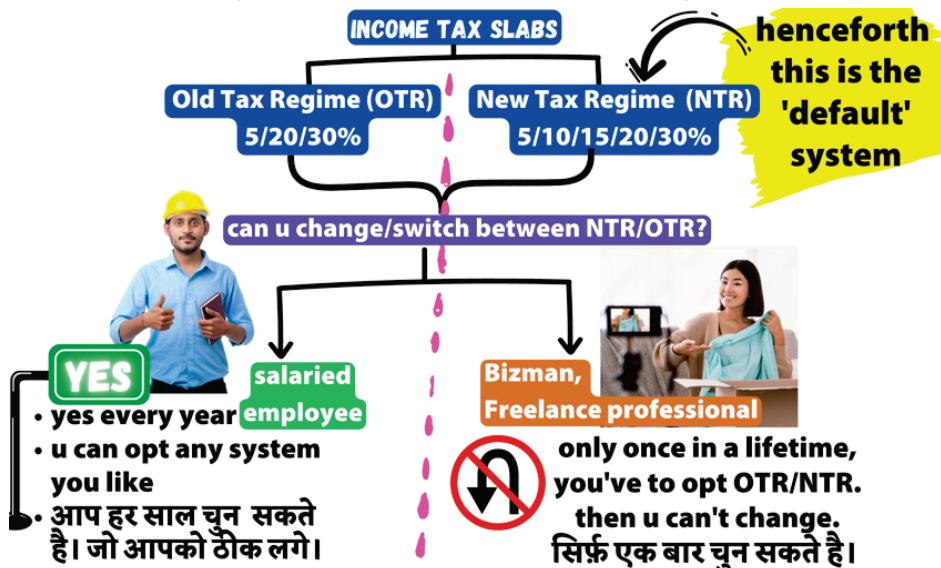
⇒ ** Assuming that person did not SAVE any money in LIC/NPS etc.

⇒ Disposable income = income left for spending, after deduction of direct taxes and social security (LIC, NPS etc.) (खर्च करने योग्य आय वो आय है, जो प्रत्यक्ष-कर और पेशन-बिमा वगेरा भरने के बाद आपके पास रहती है)



⇒ Thus, The new tax regime increases the disposable income in the hands of taxpayers, and this is likely to boost the shopping, demand, production, jobs and economic growth. (नई प्रणाली में करदाता के लिए खर्च करने योग्य आमदनी बढ़ रही है जो कि आर्थिक वृद्धि में मदद करेगी)

21.10.3 Income Tax: switching between NTR vs OTR after Budget-2023



21.10.4 Surcharge on Income Tax

Surcharge if taxable income is	OTR (Old Tax Regime)	NTR (New Tax Regime)
More than ₹50 lakh upto 1 cr.	10%	10%
More than ₹1 cr upto 2 cr.	15%	15%
More than ₹ 2 cr upto 5 cr.	25%	25%
More than ₹5 cr	37%	25%

21.10.5 Effective Tax on super-rich person earning >5 cr

Sr	Item	OTR	NTR
Sr1	Income Tax Highest Slab	30%	30%
Sr2	Surcharge on Income Tax	37% of 30%IT = 11.1%	25% of 30%IT = 7.5%
Sr3	Health Edu Cess on (Sr1+Sr2)	4% (30%+11.1%)=1.64%	4% (30%+7.5%)=1.5%
	Effective Tax = Sr1+2+3	42.74%	39%

21.10.6 Income Tax Slabs -> old tax regime -> senior citizens

- (OLD Tax Regime) Income tax slabs for senior citizens are slightly relaxed. i.e.

OTR income tax	0%	5%	20%	30%
Less than 60 age	Upto 2.50 lakh	2.50-5 lakh	5-10 lakh	>10 lakh
60 or more but less than 80 age	Upto 3 lakh	3-5 lakh	Same as above	Same as above
>80 age	Upto 5 lakh =0%	N/A		



21.11 Q 📈 DIRECT TAX CODE (DTC) TASK FORCE (2017-2019)



- ⇒ 2017: Finance Ministry setup this taskforce under CBDT member **Arbind Modi**. Later, he retired so another CBDT member **Akhilesh Ranjan** was made Chairman.
- ⇒ Taskforce had noted IRS officer, Chartered Accountant, Tax Lawyer, Corporate Consultant etc.
- ⇒ While Government did not disclose full report in public domain, but according to journalists, it contains following suggestions:

 1. Replace the Income Tax Act 1961 with a simpler Direct Tax Code (प्रत्यक्ष कर संहिता).
 2. Reduce the corporation tax further. निगम करों में और कटौती की जाए
 3. Tax rates for domestic and foreign companies should be same. This will encourage ease of doing business in India. (भारतीय और विदेशी कंपनियों पे एक समान निगम कर लगे ताकि व्यापार में सुगमता)
 4. Give additional tax relief for the startup companies. (More in Pillar4B)
 5. Increase the number of tax slabs from present three (5%, 20%, 30%) to four (10%, 20%, 30% and lastly 35% for super-rich earning ₹ 2 crore />).
 6. Abolish Dividend Distribution Tax (DDT). [which is actually done in 📈 Budget-2020]
 7. Setup Litigation Management Unit to look after the tax related court cases in an efficient manner. (मुकदमों की प्रबंधन इकाई बनाई जाए ताकि कराधान के केसों का प्रभावी रूप से निपटारा हो सके)

++ many other reforms, but poor cost:benefit chasing them. #थोड़ा-पढ़ो-आगे-बढ़ो

21.12 Q 📈 DIRECT TAXES: MISC. CONCEPTS (इधर उधर के छिटपुट मुद्दे)

21.12.1 Q 📈 Hindu Undivided Family (HUF) (हिंदू अविभाजित परिवार):

- A Hindu, Buddhists, Jains, or Sikhs family members can come together, pool their assets and form an HUF under the Income Tax Act. (उनको आयकर बचाने में कुछ फ़ायदे होते हैं)
- HUF is taxed separately from its members, & helps saving taxes due to certain provisions/loopholes of Income Tax Act. How exactly? Ans. not here for CA exam.

21.12.2 Q 📈 Presumptive Taxation (प्रकल्पित कराधान)

- Salaried employees can easily compute their taxable income from their annual salary, & pay **income tax**. (तनख्वाह-शुदा/ वेतन-भोगी कर्मचारी के लिए आयकर गिनना बहुत आसान होता है)
- Companies hire full time Chartered Accountants to computer their taxable income and pay **Corporation tax**. (और कंपनी के मालिक तो हिसाब किताब रखने के लिए CA को नौकरी पे रखेंगे)
- But **self-employed freelance** consultants / professionals such as lawyers, doctors, fashion designers, DJ-walle-babu etc. face difficulty in keeping such account books. (लेकिन स्वरोजगारियों के लिए हिसाब किताब रखना थोड़ा मुश्किल होता है)



- So, for above persons, Income Tax Act has Presumptive Taxation System. It is not a separate tax but a 'method/formula' to calculate their income tax. How it works? NotIMP. (यह कोई अलग कर नहीं है किंतु आयकर गिरने का एक अलग किस्म का सूत्र है. वह क्या सूत्र है हम पढ़ने नहीं बैठेंगे)

Table 2: ⚡ don't confuse the terms and at the same time no need for CA-giri

Income Tax on income other than agri → (आयकर)	<ul style="list-style-type: none"> ⇒ A direct tax levied by Union. ⇒ Every resident has to pay it on his taxable income. ⇒ Within that income tax: lawyers, doctors, fashion designers etc. self-employed/freelance professionals do calculation of income tax using Presumptive Taxation
Professional tax (व्यवसाय कर) → [गैर-किसान पेशेवर पर राज्य सरकार का कर]	<ul style="list-style-type: none"> ⇒ It is a separate direct tax Levied by State Govt on the professionals (who are not farmers). ⇒ Constitution says it can't be more than ₹2,500 per yr per person.

21.12.3 ⚡ ₹ Advance Tax ? (अग्रिम कर)

- New financial year starts from 1st April 2019 and ends on 31st March 2020.
- If everyone paid all of their direct taxes at 11:59PM on 31st March 2020, then govt. will face money-shortage for the whole year till 31st March midnight comes.
- So, Advance Tax mechanism requires people to pay their Income tax and Corporation tax in advance-instalments on quarterly basis (every 3-3 months), If their annual tax liability is ₹10,000 or more. (बड़े आयकरदाता और कंपनियों ने हर तीन तीन महीने पर किश्तों में कर जमा करना होगा)

21.12.4 📜 ATMA NIRBHAR BHARAT → Tax Ordinance 2020 [कर अध्यादेश]

Outdated. Deleted from handout

21.13 ⚡ ₹ 💳 TDS & TCS

To keep track of income/payment & reduce opportunities of tax-evasion/blackmoney, Government requires TDS/TCS to be collected in certain payments.

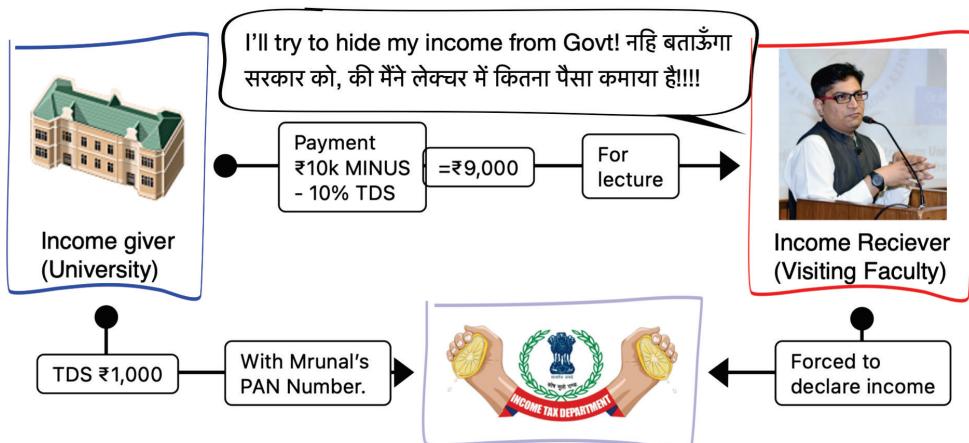
	Who collects/cuts it?	From whose payment?
TDS TAX DEDUCTED AT SOURCE	<p>(खरीदार) Buyer of goods/services/investment before making payment to the seller/investor.</p> <p>Examples:</p> <ul style="list-style-type: none"> ⇒ University paying salary to employee/professor ⇒ Book Publisher paying royalty to author ⇒ Banker/Bond-Issuer paying Interest ⇒ Company paying dividend to shareholder 	<ul style="list-style-type: none"> ⇒ Seller's fees (e.g. wedding-DJ/Catering walla) ⇒ Employee's salary, ⇒ Depositor/ lender's interest ⇒ Shareholder's dividend etc.
TCS: TAX COLLECTED	(विक्रेता) Seller of Goods/Service e.g. Luxury Car Showroom Owner, Foreign Currency Seller	Customer who is buying specified types of goods/services/foreign



	Who collects/cuts it?	From whose payment?
AT SOURCE		currency. (चुनिंदा वस्तुओं और सेवाओं के ग्राहक)

- ⇒ ► 🧐 FAQ: Whether TDS/TCS applicable on “X” thing or not? ✋ Ans. not important beyond examples given in table.
- ⇒ ► 🧐 FAQ: Can we call TDS and TCS indirect taxes? Ans. ✋ No, they are administrative mechanisms to discourage black money. TDS/TCS are not separate taxes. E.g. TDS that is cut from salary/dividend/bank interest= ultimately that TDS ₹ goes into the income tax computation of respective employee/shareholder/depositor. So TDS is not a separate tax.

21.14 💰 💬 💣 TAX DEDUCTED AT SOURCE (TDS): (स्रोत पर कर कटौती)



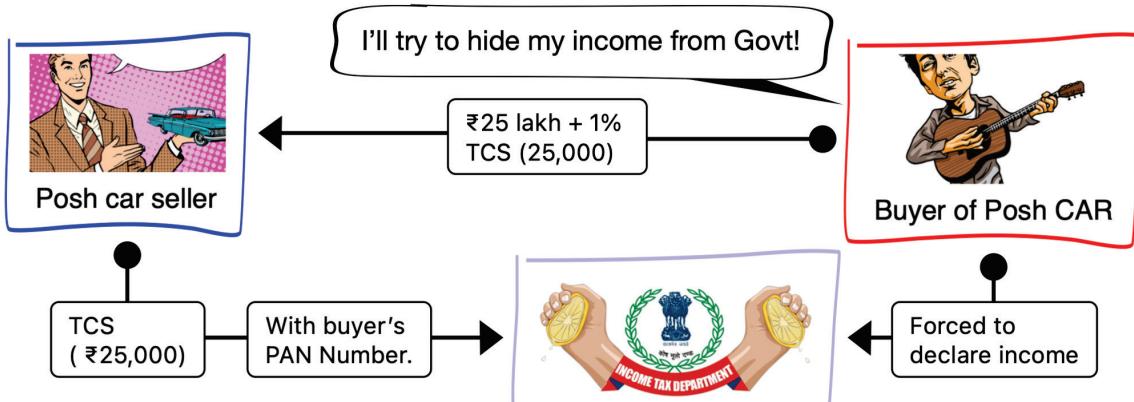
- Suppose a college pays ₹10,000 to a freelance visiting faculty.
- Suppose a bank/NBFC/post-office pays ₹10,000 as interest to a depositor, then how to ensure that payment-recipient (visiting faculty) reports his income to the tax authorities, otherwise he could avoid paying taxes!!
- So, Income Tax Act requires such organizations (college) to deduct a portion of the payment at source and deposit it to IT-dept. along with PAN card number of the recipient.
- Then, payment-recipient (visiting faculty) will be forced to file his tax return form, to unlock his TDS amount.
- 🧐 On one side, TDS helps fighting tax evasion but on the other side, TDS also creates hardship for lower middle-class persons, because part of their payment is cut in advance. So, in each budget, Govt will finetune the norms. (कभी सख्ती की जाती है, कभी रियायत दी जाती है)
- **Budget-2019: TDS on cash withdrawal to encourage digital payments**
 - 2% TDS if total cash withdrawn during a financial year exceed 1 crore from a single user-account in bank or post-office. This will encourage digital payments.
 - **Related? Banking Cash Transaction Tax (BCTT: 2005-09)** in 📈 Pillar#2B:Black Money
- 💳 Budget-2020, 2021: some technical changes. NOTIMP for Exam# 🕒 थोड़ा-पढ़ो-आगे-बढ़ो
- 💳 Budget-2022: 1% TDS on Bitcoin and other Virtual Digital Assets (VDA)'s transfer/trade.



21.14.1 🤡 (₹ 📈 ₹) TDS → ATMA NIRBHAR BHARAT REFORMS

Faded/ outdated. So deleting from handout.

21.14.2 ₹ ₹ ₹ Tax Collected at Source (TCS): (स्रोत पर संगृहीत कर)



- If a rockstar buys an SUV car worth ₹25 lakhs, then it means he must be a rich man. How to ensure he is paying Income Tax regularly (apart from TDS mechanism)?
- So, the car showroom owner (seller) is required to collect extra 1% from Rockstar (Buyer) and deposit to IT-dept. Rockstar will have to file tax-return to unlock this amount.

21.14.3 ₹ ₹ Tax refund? (कर वापसी)

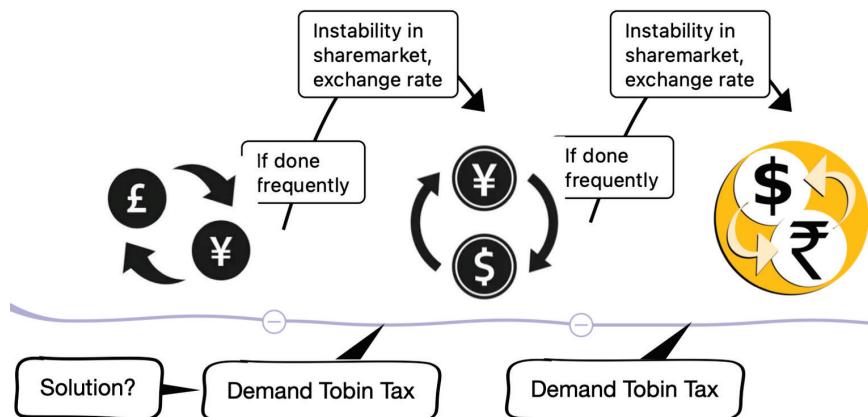


- A person is eligible to receive income tax refund from IT-dept IF he has paid more tax to the govt than his actual tax liability. e.g. If college deducted 10% TDS from freelance visiting faculty payment, but what if he was in 0% or 5% Income Tax slab? Then, Income Tax Department will refund his money with interest.
- Similarly, GST refund can be claimed by an entrepreneur from GSTN webportal.

21.15 ₹ MISC. DIRECT TAXES - FINANCIAL TRANSACTION TAXES (वित्तीय लेनदेन कर)

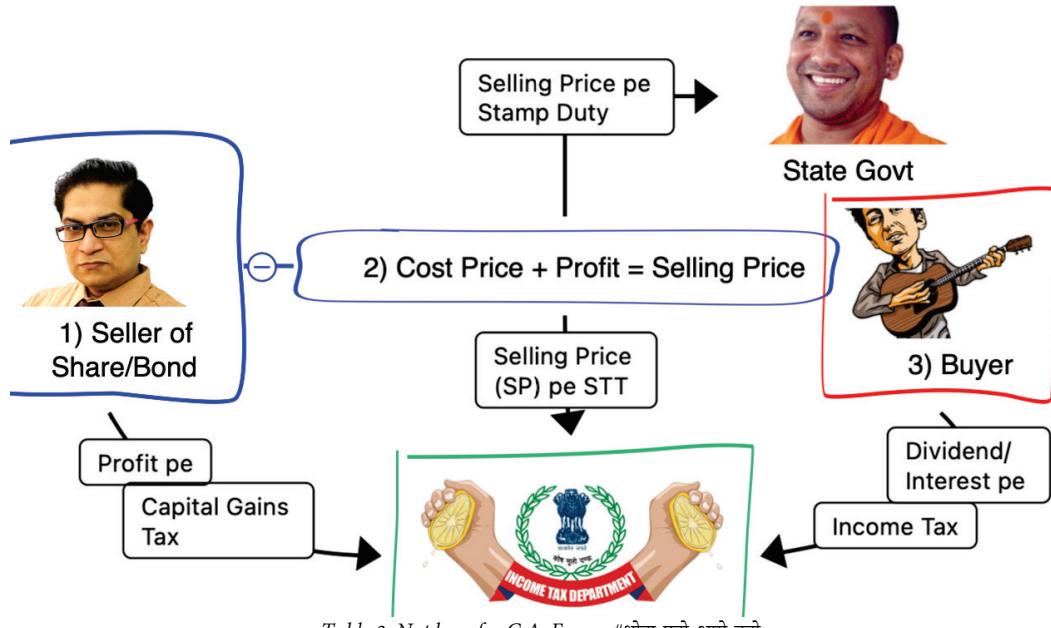
21.15.1 ₹ ₹ (Concept) Tobin Tax / Robinhood Tax

- 1970s: Nobel recipient American economist James Tobin proposed a small tax everytime currency is converted into another currency (e.g. \$ to ₹).
- Such tax will discourage short term speculative investment and flight of capital from one country to another = stabilizing the global economy and currency exchange rates and share market.
- In India, foreign currency conversions subjected to GST (which is an indirect tax). However, some other nations collect it as direct tax. (More in Pillar#3A)



21.15.2 STT & CTT (प्रतिभूति लेनदेन कर और वस्तु लेनदेन कर)

- Securities Transaction Tax (STT: प्रतिभूति लेनदेन कर) is levied on the sale and purchase of shares, ETF-units, derivatives and other securities at stock-exchanges.
- Its rate (0.001%-2%) varies as per the nature of the securities.
- Commodities Transaction Tax (CTT: वस्तु लेनदेन कर) is levied on non-agricultural commodities traded at Commodities-Exchanges. Rate ~0.01%.



Direct Tax	By	Description
Capital Gains Tax	Union Govt	Applicable when any capital asset e.g. home/share/bond/bitcoin is “sold at profit” by its previous owner.
Securities Transaction Tax	Union Govt	<ul style="list-style-type: none"> ⇒ Applicable on the selling price of share, bond and other securities. ⇒ Irrespective of whether seller is making profit or loss.
Dividend Distribution Tax	Union Govt	<ul style="list-style-type: none"> ⇒ Applicable on the dividend paid by company to a shareholder. ⇒ Budget-2020 abolished this tax. (ये टेक्स तो रद्द/बंध हो गया है)



Direct Tax	By	Description
Stamp Duty (स्टाम्प शुल्क)	State Govt	<ul style="list-style-type: none"> ⇒ Applies on value of share/bond/securities, immovable properties (e.g. building) and certain types of legal agreements e.g. rent agreement etc. ⇒ Irrespective of whether seller is making profit or loss. ⇒ 2020: Union govt amended the Indian Stamp Act, 1899 so that the Stamp duty rates on share/bonds/securities become uniform across the states. (प्रतिभूतियों पर स्टेम्प शुल्क के दरों को सभी राज्योंमें एकसमान किया). Union collects → distributes it to State Govt of domicile of the buyer. (प्रतिभूति खरीदार जिस राज्य का है, उधर की राज्यसरकार को मिलेगा) ⇒ Corona crisis → Union Govt postponed implementation date. ⇒ Further operational mechanism/rules= poor cost:benefit.

Upcoming Handouts in Pillar#2

- 2A1) Direct Taxes
- 2A2) Indirect Taxes & GST
- 2B) Black Money, 15th Finance Commission
- 2C) Subsidies, Salaries, Revenue Expenditure, Revenue Deficit
- 2D) Disinvestment, Deficit, FRBM Act, Fiscal Council, Budgeting-Railway budget, plan-non plan budget, & scheme types etc.