



# CATKing Current Affairs Reads

## The daily dose of current affairs

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### Budget 2022 unlikely to change individual tax rates, give more tax deductions: EY

Article: [Link](#)

**Summary:** Budget 2022 is approaching, and taxpayers are hoping for some good news and relief from the finance minister. Even while the pandemic's shadow continues to loom large, experts are expecting a GDP increase of 9.2 per cent for FY 22. On its side, the government is committed to increasing capital expenditure (Capex) in order to achieve GDP growth. Because there is no precise timeframe for the end of the coronavirus epidemic, the government requires a buffer for the unpredictable future.

The administration is already going in the direction of lower income tax rates without deductions in order to broaden the revenue base. Individuals and Hindu Undivided Families can use the CTR to offer their total income at a reduced tax rate if they forego most deductions, exemptions, bring-forward losses, and unabsorbed depreciation. It's important to consider whether the government will be able to meet taxpayer expectations in light of our national goals. These include continuing to provide food grains and other benefits to COVID-affected people, MNREGA payments, MSMEs' safety, fiscal stimulus, and so on.

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#### Facts and Figures:

- economists are projecting a GDP growth of 9.2% for FY 22
- the maximum effective rate of tax of 42.744% (maximum tax rate of 30% plus 37% surcharge plus education cess of 3%)
- The CTR regime is optional for eligible taxpayers and the decision to opt can be made each year provided the taxpayer does not have business or professional income in that financial year.

#### Opinions:

The Government must focus its efforts on boosting investment by resident taxpayers - hence, it should either do away with the tax on dividends or at least offer a 50% rebate on this for resident taxpayers to provide a level field with FIIs who leverage tax treaties to avoid paying tax on income from India.

Furthermore, it should provide corporates an option of creating an investment allowance of up to 20% of investment in plant and machinery