



#GTONBudget

# Pre-budget expectation survey

Tax

## About the **SUR** **EY**

**What does the upcoming budget mean for India Inc? What kind of expectations do individuals/corporate taxpayers have from the finance minister?**

To gauge market sentiment and better understand expectations from Union Budget 2022, Grant Thornton Bharat conducted this pre-budget expectation survey. More than **5,000 respondents** participated in the survey across digital platforms. This survey report captures the hopes and aspirations of industry experts, individual taxpayers and corporate India.

Some of the key aspects of the survey include areas of the Indian tax regime that need reforms the most, tax relief expected by individual taxpayers, areas of corporate tax that need immediate attention, laws relating to cryptocurrencies and more.

## Expert's take



### Vikas Vasal

National Managing Partner - Tax  
Grant Thornton Bharat

It's a tight rope walk for the government to maintain a fine balance between taxpayers' expectations and fiscal prudence. Households adversely impacted by the pandemic expect some measures that would leave more cash in their hand to bring some cheer amidst all the gloom. Businesses expect rationalisation of compliances to provide impetus to ease of doing business. Young investors are looking for clarity on taxation of cryptocurrencies and similar digital transactions.

## Executive summary

The pre-budget expectation survey 2022 (survey) highlights that despite the ongoing third wave of the pandemic, the overall outlook for the economy is positive. There is a strong belief that the existing growth momentum will not be impacted.

There are a lot of expectations on the personal tax front where the increase in limit under section 80C or standard deduction is on the individual taxpayers' wishlist. Taxpayers are also looking for a facelift of the optional tax regime to make it more attractive.

The survey also highlights the expectations for an overall reduction in compliance burden on corporate taxpayers. The industry expects the government to undertake revenue-neutral measures and ease the compliance burden on the TDS/TCS regime front, which will help in ease of doing business.



# 81%

Optimistic that the economy will tide the third wave



# 90%

Either increase section 80C limit or the standard deduction



# 67%

Favour streamlining tax compliance and expanding scope of reduced tax rates



## Taxpayers are inclined towards measures that will provide immediate respite.

### 01

Considering the ongoing third wave of the pandemic, do you think that the Indian economy will show resilience and continue to grow in 2022?



81%

Yes



9%

No



10%

Can't say

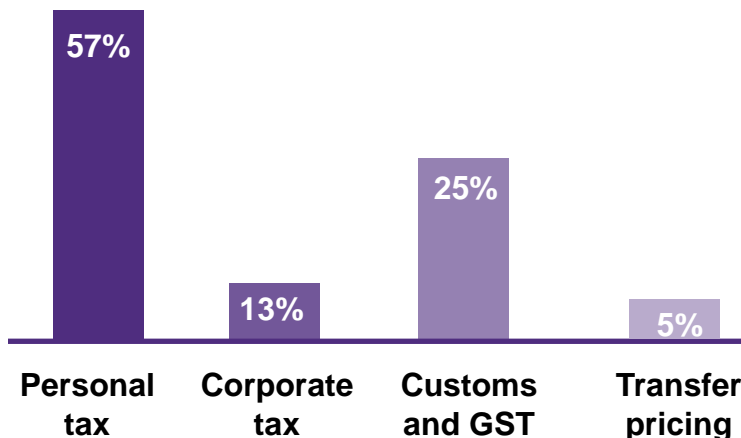
### Key highlights

The survey results highlight a high level of optimism with respect to resilience in the economy.

**81% respondents** expect that the third wave will not cause major disruptions and the economy will continue to grow in 2022.

### 02

Which area of the Indian tax system needs reforms the most?



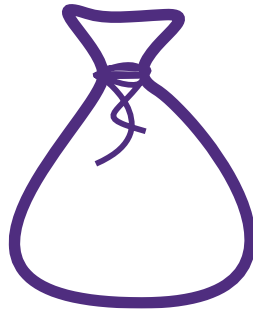
### Key highlights

Majority of the respondents believe that **personal taxation** requires the most reforms in the upcoming budget.

Customs and GST, at 25%, is another key area that needs reforms according to the survey.

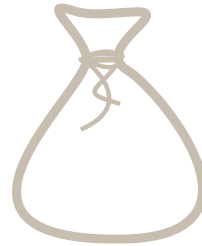
03

The basic exemption limit applicable to individual taxpayers was last increased in 2014 to INR 2.5 lakh from INR 2 lakh. Do you expect the government to increase the exemption limit?



69%

Yes



26%

No



5%

Can't say

### Key highlights

**69% respondents** expect that the government would increase the basic exemption limit applicable to individual taxpayers.

Interestingly, 26% of the respondents do not feel that the limits will be tinkered in this budget.

04

What relief can be provided to individual taxpayers in the upcoming budget?

57%

Raise deduction limit under section 80C; currently INR 1.5 lakh

33%

Raise standard deduction; currently INR 50,000

6%

Raise deduction limit under section 80D for medical insurance; currently INR 25,000

4%

Excluding benefits received for setting up home-offices from perquisite taxation

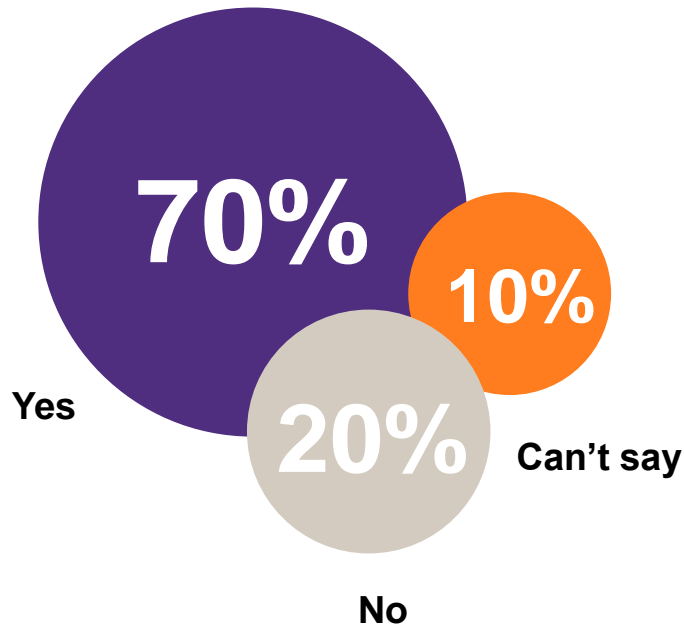
### Key highlights

Overall, **90% of the respondents** feel that the government should either increase section 80C deduction limit or the standard deduction in the upcoming budget.

In the 2021 survey, **only 52% respondents** felt that the government would increase these limits.

05

Do you expect the government to overhaul/revamp the Optional Personal Tax Regime introduced in 2020, to make it more attractive and achieve the twin objective of reducing compliance burden and simplifying tax laws?



### Key highlights

**Seven in 10** feel that the government will revamp the Optional Personal Tax Regime in the upcoming budget.

However, **one-fifth respondents** do not expect any change in the existing regime.

06

Currently, homeowners can claim a total deduction of INR 200,000 on interest paid on home loan (both self-occupied and let-out house property). Do you expect the government to increase this limit?

7%  
Can't say



66%

Yes – separate thresholds should be provided for self-occupied and let-out house properties

27%  
No

### Key highlights

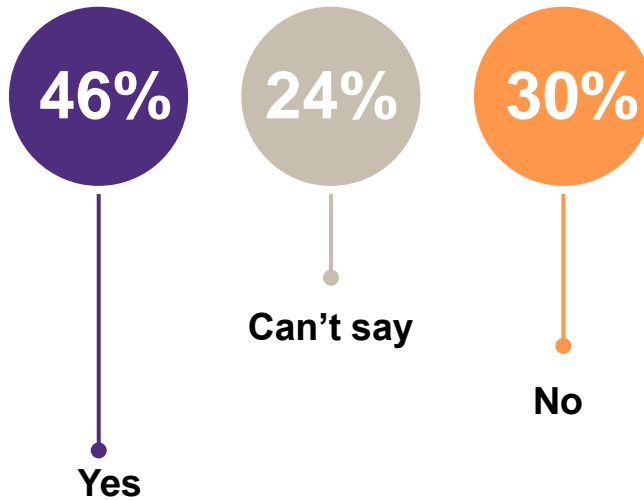
**66% respondents** are in favour of introduction of separate limits of interest deduction for self-occupied and let-out house properties.

27% feel that no change is expected at this point.



07

Based on your experience, do you think that the new Faceless Assessment Scheme has met its intended objective of improving the quality and effectiveness of the scrutiny process?



Key highlights

**46% respondents** found the Faceless Assessment Scheme to have met its intended objective. However, **30% respondents** did not agree with this sentiment.

This is reflected in the number of writ petitions filed on various procedural aspects of the scheme, such as refusing personal hearing request and inadequate time for submitting responses.

08

Which area needs immediate attention from a corporate taxation perspective?

39%

Overall reduction in compliance obligations on corporate taxpayers

28%

15% corporate tax rate should be extended to all taxpayers (including service sector) and should be linked with new investment(s) instead of new entity

21%

Abolition of Minimum Alternate Tax for all corporate taxpayers

12%

Clarifications on equalisation levy imposed on e-commerce transactions

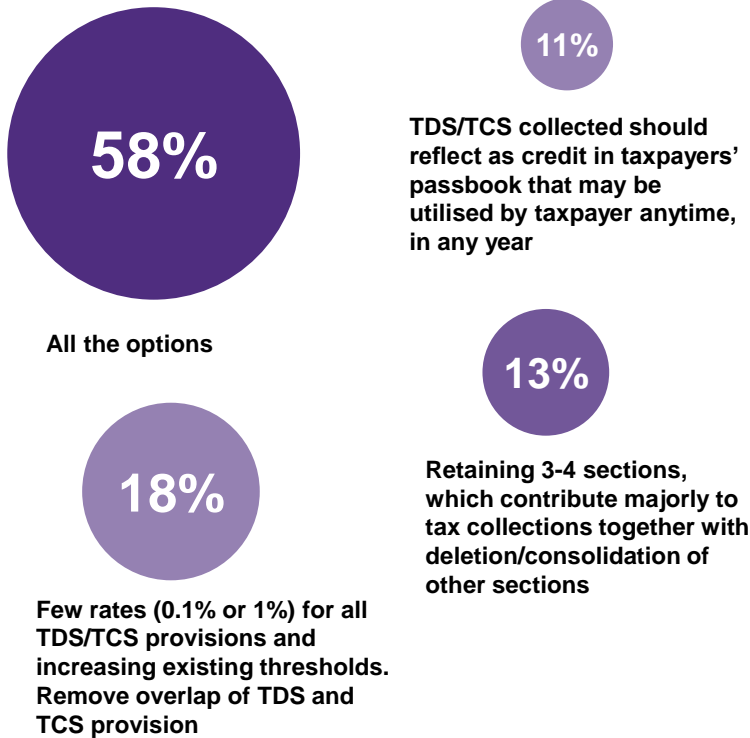
Key highlights

**39% respondents** consider overall reduction in compliance obligations as the key area that needs immediate attention. This is followed by **28% respondents** who feel that the 15% corporate tax rate should be extended to all sectors.

While streamlining the tax compliance will improve ease of doing business, reducing the corporate tax rates for all sectors will encourage further investment and generate employment.

09

TDS/TCS provisions needs simplification and rationalisation to reduce compliance burden on taxpayers. What can be done to provide relief to taxpayers?



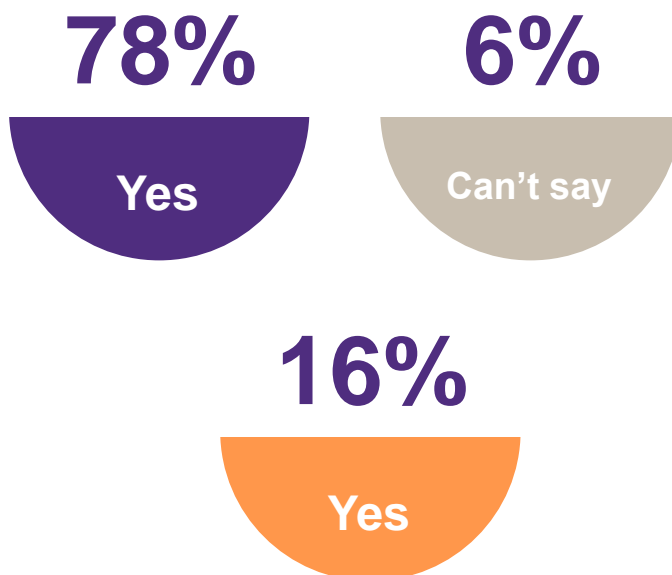
Key highlights

**58% respondents** want the government to comprehensively address the challenges faced by taxpayer and do all that it takes to rationalise and simplify the TDS/TCS regime.

The results reinforce that it is time to re-look at the TDS/TCS regime in India and make necessary edits, to ensure that while revenue's interest is protected, the burden on the taxpayers is also reduced.

10

Do you expect the government to provide clarity on taxation and regulatory aspects of cryptocurrencies in the upcoming budget?



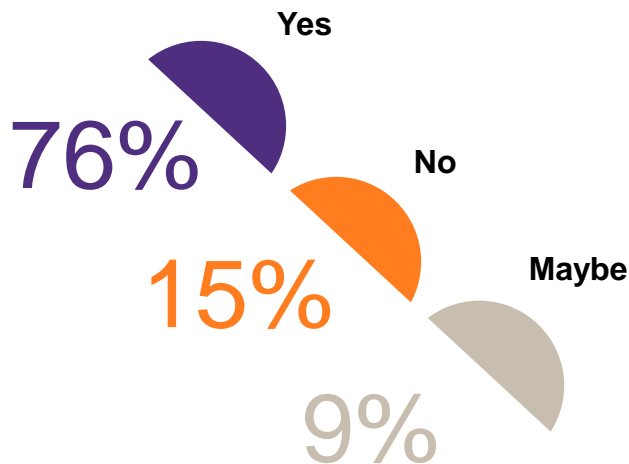
Key highlights

Cryptocurrency as an investment medium has gained traction over the last few years. Currently, there is a lot of uncertainty around the taxation and regulatory aspects relating to cryptocurrencies in India.

**78% respondents** expect the government to provide clarity in the upcoming budget.

11

Do you feel that the government should announce another dispute resolution scheme (such as Sabka Vishwas Scheme) for resolution of pending indirect tax litigations?



Key highlights

**76% respondents** want the government to announce another dispute resolution scheme to resolve pending indirect tax litigations.

Considering the success of the earlier dispute resolution scheme, it would be helpful if the government introduces an amnesty scheme for legacy laws as well as for the initial period of GST. The scheme will be beneficial for both the government and taxpayers.

12

Do you think special economic zone (SEZ) laws need an overhaul to accommodate changed circumstances?

15%

Allow DTA units to operate from SEZ for optimum utilisation of resources

7%

Allow service unit to sell in DTA in INR

6%

Allow exemption to staff welfare facility like cafeteria, gym, creche facility, etc.

72%

All of the above

Key highlights

Overall, **seven in 10 respondents** feel that the government should make all the required amendments in the SEZ law to accommodate changed circumstances.

In the upcoming budget, the Ministry of Commerce is likely to propose an amendment and rewriting of the SEZ law.



# About Grant Thornton Bharat

Grant Thornton Bharat is a member of Grant Thornton International Ltd. The firm is at the forefront of helping reshape the values in our profession.

We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more Vibrant Bharat.



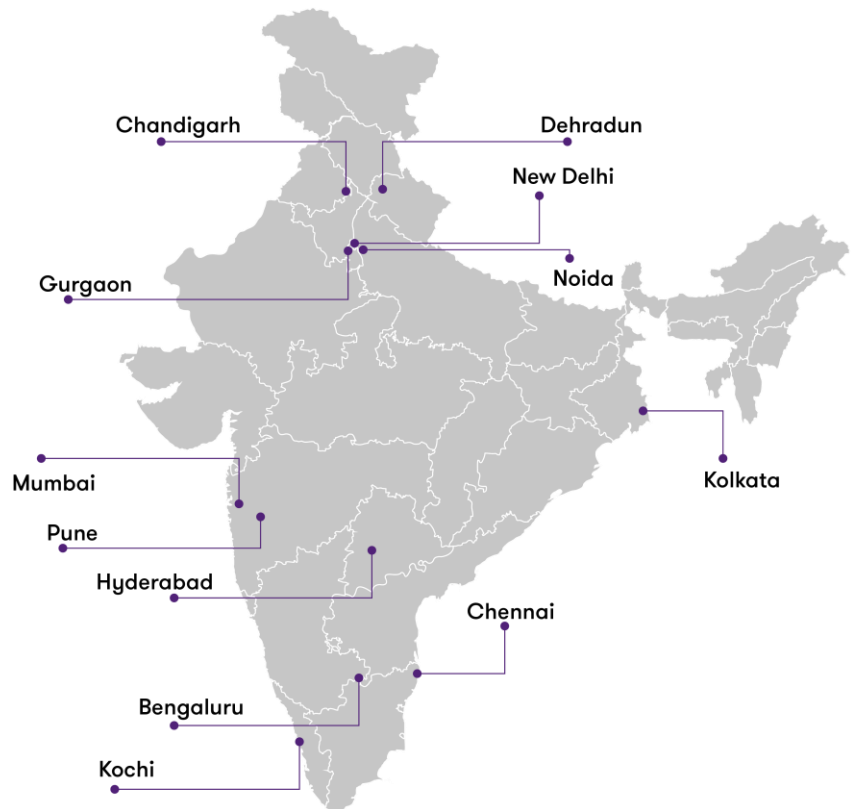
5,600+  
people



14 offices in  
12 locations



One of the largest fully  
integrated Assurance,  
Tax, Risk, Transactions,  
Technology and  
Consulting firm in India



# What does Budget 2022 mean for business?

Get deeper insights and industry perspectives with Grant Thornton Bharat on [www.grantthornton.in](http://www.grantthornton.in)

Register for the live Budget 2022 seminar



For more budget related insights and updates, follow [#GTonBudget](https://twitter.com/GTonBudget) on social media handles.

[Home](#) | [Services](#) | [Grant Thornton Insights](#) | [Press](#) | [Contact us](#)



## About Grant Thornton Bharat

"Grant Thornton Bharat" means Grant Thornton Advisory Private Limited, the sole member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.

[www.grantthornton.in](http://www.grantthornton.in)

[Click here to view Grant Thornton's privacy policy](#)

© 2022 Grant Thornton Bharat LLP. All rights reserved.