

VIEWS OF

**AGARWAL &
DHANDHANIA**

CHARTERED ACCOUNTANTS



BUDGET 2023-24



THE MAKING OF THIS BOOK \approx Contributors from our Office



**CA Sanjay
Agarwal**



**CA Alok
Dhandhanania**



**CA Sachin
Agarwal**



**CA Tushar
Vegad**



**ADV Harvi
Dalal**



**CA Neetu
Bansal**



**CPA (Aust.)
Chirag Majmudar**



CA Arvind Jain



**CA Deepmala
Agarwal**



**CA Priyashi
Kataruka**



**CA Tanveer
Akhtar**



**CA Anshu
Murarka**

Contents

1. Foreword	4
2. Key Highlights of Economy Survey 2022-23.....	6
3. Union Budget 2023	
a) Key Features of Budget.....	9
b) Sector Wise Proposals.....	13
4. Tax Proposals	
a) Direct Tax Proposal (Income tax).....	22
b) Indirect Tax Proposal (Goods & Service tax)	92

Only for Private Circulation & Disclaimer

This material is intended only for the use of the clients and for the firm's personnel only and the entity/person to whom it is addressed and the others authorized to receive it on their behalf. The recipient is strictly prohibited from further circulation of this material. If you have received this communication in error, please notify us immediately and then delete it from your system.

This booklet is not an offer, invitation, advertisement or solicitation of any kind. It is purely intended for our clients and for private circulation only.

While due care has been taken to ensure the accuracy of the information contained herein, no warranty, expressed or implied, is being made, by Agarwal & Dhandhania as regards the accuracy and adequacy of the information contained herein. The information in this material is not intended to constitute accounting, tax, legal, investment, consulting or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser. None of Agarwal & Dhandhania, its partners, analysts or staff shall be responsible for any loss whatsoever sustained by any person who relies on this material.

Foreword

Dear Readers,

Finance Minister Nirmala Sitharaman presented her budget for 2023-24, her 5th in a row, in Parliament on Wednesday with words "first Budget of Amrit Kaal". The budget proposes new income tax regime, a steep hike in capital investments and the biggest ever outlay in railways along with attempting to make agriculture future-ready and inclusive - encouraging rural youth and employment.

This is the time when the major advanced economies in the world are crippled by a slow down at a possible recession. In this backdrop, the Economic Survey still expects India's GDP to grow between the 6-6.8% range, maintaining its tag of being the fastest growing economy in the world. The world has recognized India economy as a bright spot, the FM said. India's growth at 7% in current fiscal is highest among major economies. Indian economy is on right track and heading towards a bright future.

This Budget has hiked the outlay on capital expenditure by 33% to Rs 10 lakh crore, which is 3.3% of GDP and also has announced a massive increase in PM Awaas Yojana by 66 per cent to Rs. 79,000 crore. Indian Railways has received a capital outlay of Rs 2.40 lakh crore, the highest ever. The government has also promised 50 new airports and helipads.

Union Budget 2023

The government has outlined seven priority areas - including holistic development, reaching the last mile, infrastructure and investment, unleashing the potential, green growth, youth power and financial sector.

FM Sitharaman has made the new tax regime more attractive. The rebate limit is upped from Rs 5 to Rs 7 lakh. There is easing of rates in the slabs. The new tax regime is now the default one. But there is no compulsion to shift from the old regime. The highest applicable tax rate in India after surcharges has been reduced from 42.7 per cent to 39 per cent.

Per capita income has increased to Rs 1.97 lakh. At the same time, India's economy has grown from 10th to 5th largest in the world in the last 9 years.

The government appears to be very ambitious by claiming to have 100 years blue print ready. Overall, this being the last full budget before next lok-sabha election, the government looks very confident about the economic growth of the nation in future and their next term as well.

Thanks

Publication Team

01.02.2023

Key Highlights of Economic Survey 2022-23

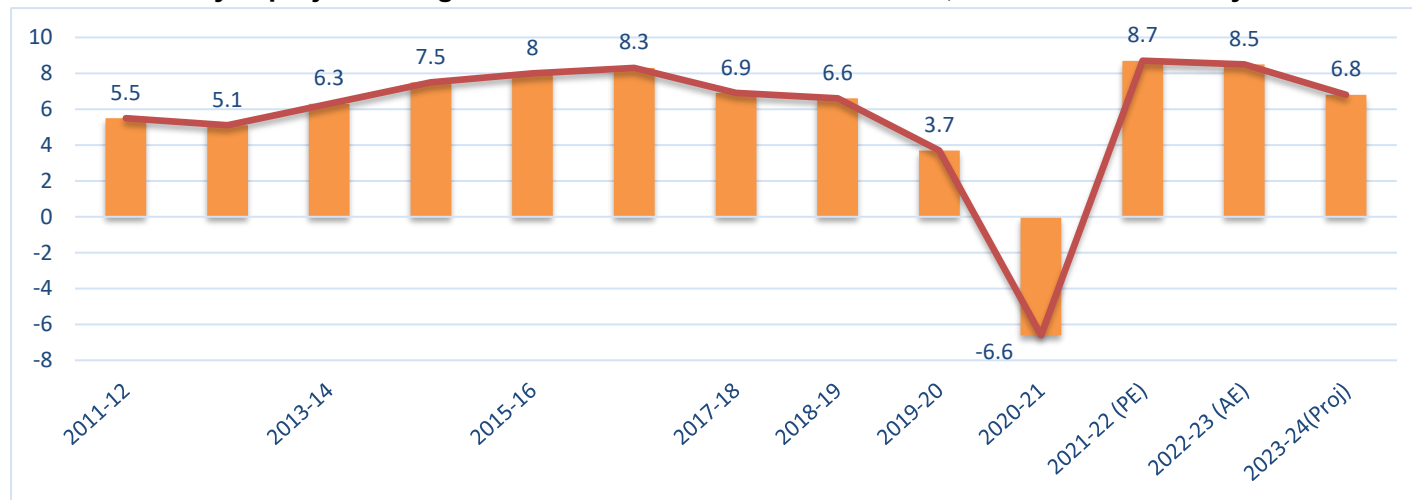
Recovering from pandemic-induced contraction, Russian-Ukraine conflict and inflation, Indian economy is staging a broad based recovery across sectors, positioning to ascend to the pre-pandemic growth path in FY23.

1. The Union Economic Survey 2022-23 has projected that for FY24 India's GDP will grow between 6-6.8%. This follows an 8.7 per cent growth in the previous financial year.
2. Economic Survey 2022-23 projects a baseline GDP growth of 11 per cent in nominal terms and 6.5 per cent in real terms in FY 24.
3. India is third largest economy in PPP (purchasing power parity) terms, fifth largest in terms of exchange rate.
4. The Union Economic Survey 2022-23 has cautioned that the Indian rupee may come under pressure if the Current Account Deficit (CAD) continues to widen.
5. The Union Economic Survey 2022-23 is confident that despite the GDP growth slowing down in financial year 2023-24, India will continue to be fastest growing economy in the world.
6. While India's retail inflation rate peaked at 7.8 per cent in April 2022, above the RBI's upper tolerance limit of 6 per cent, the overshoot of inflation above the upper end of the target range in India was however one of the lowest in the world.
7. Credit growth to the Micro, Small and Medium Enterprises (MSME) sector has been remarkably high, over 30.5 per cent, on average during Jan-Nov 2022.
8. India's e-commerce market is projected to grow at 18 per cent annually through 2025
9. Schemes like PM KISAN, PM Garib Kalyan Yojana significantly contributed to lessening impoverishment
10. UPI-based transactions grew in value (121 per cent) and volume (115 per cent) terms, between 2019-2022, paving the way for its international adoption.



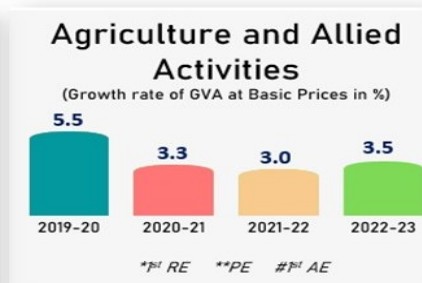
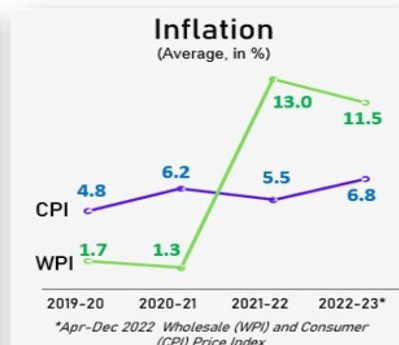
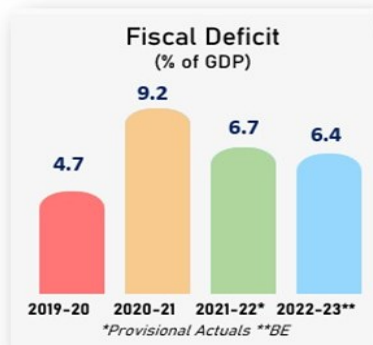
Economic Growth Projection

India's economy is projected to grow 6-6.8% in FY23-24 and 7% in FY2, the Economic Survey said.

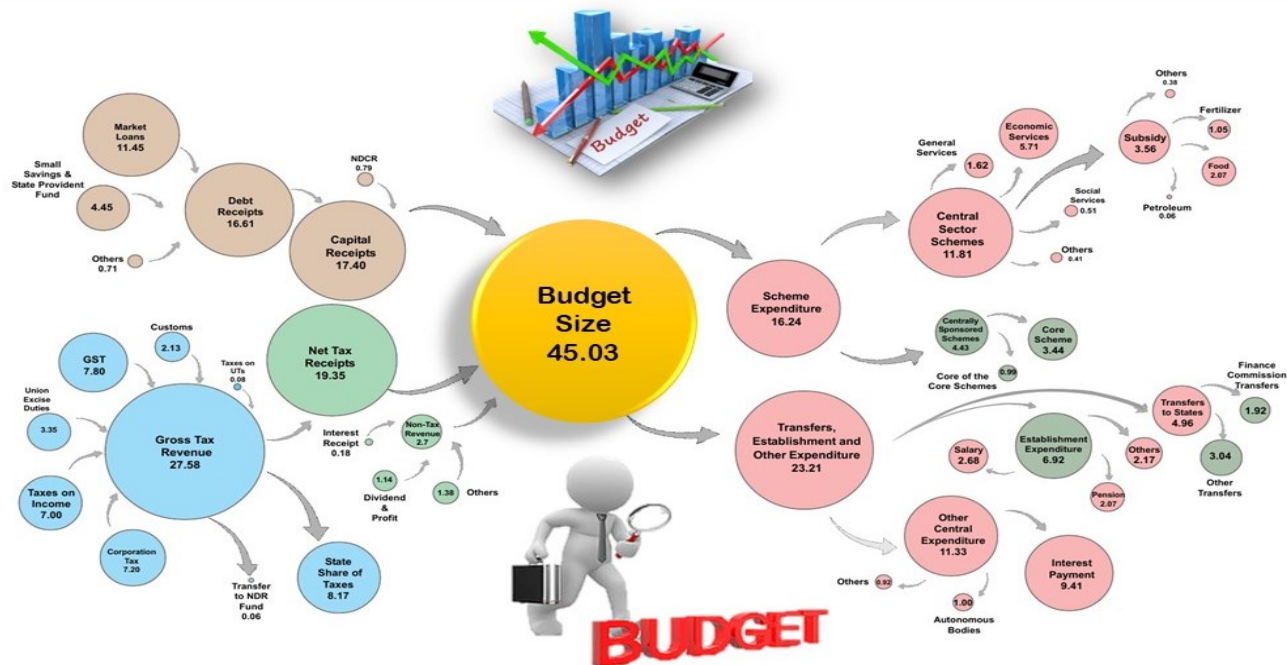


*GSP for FY 2021-22 is provisional & for FY 2022-23 is estimate & for FY 2023-24(Projected). (Source – TOI)

Indian Economy A Snapshot



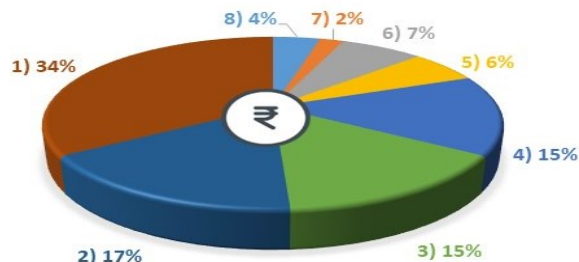
Budget Profile – INR 45.03 Lakh Crores



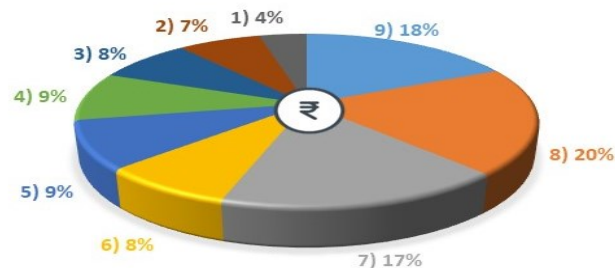
Source – Budget Document

BUDGET AT A GLANCE – RUPEE COME FROM & GOES TO

RUPEE COMES FROM



RUPEE GOES TO



RUPEE COMES FROM	2021-22	2022-23	2023-24
1) Borrowings and Other Liabilities	36%	35%	34%
2) GST	14%	16%	17%
3) Corporation Tax	15%	15%	15%
4) Income Tax	13%	15%	15%
5) Non Tax Revenue	8%	5%	6%
6) Union Excise Duties	6%	7%	7%
7) Non Debt Capital Receipts	5%	2%	2%
8) Customs	3%	5%	4%

RUPEE GOES TO	2021-22	2022-23	2023-24
1) Pensions	5%	4%	4%
2) Subsidies	8%	8%	7%
3) Defence	8%	8%	8%
4) Centrally Sponsored Schemes	9%	9%	9%
5) Finance Commission and Transfers	10%	10%	9%
6) Other Expenditure	10%	9%	8%
7) Central Sector Schemes	14%	15%	17%
8) Interest Payments	20%	20%	20%
9) States' Share of Taxes and Duties	16%	17%	18%

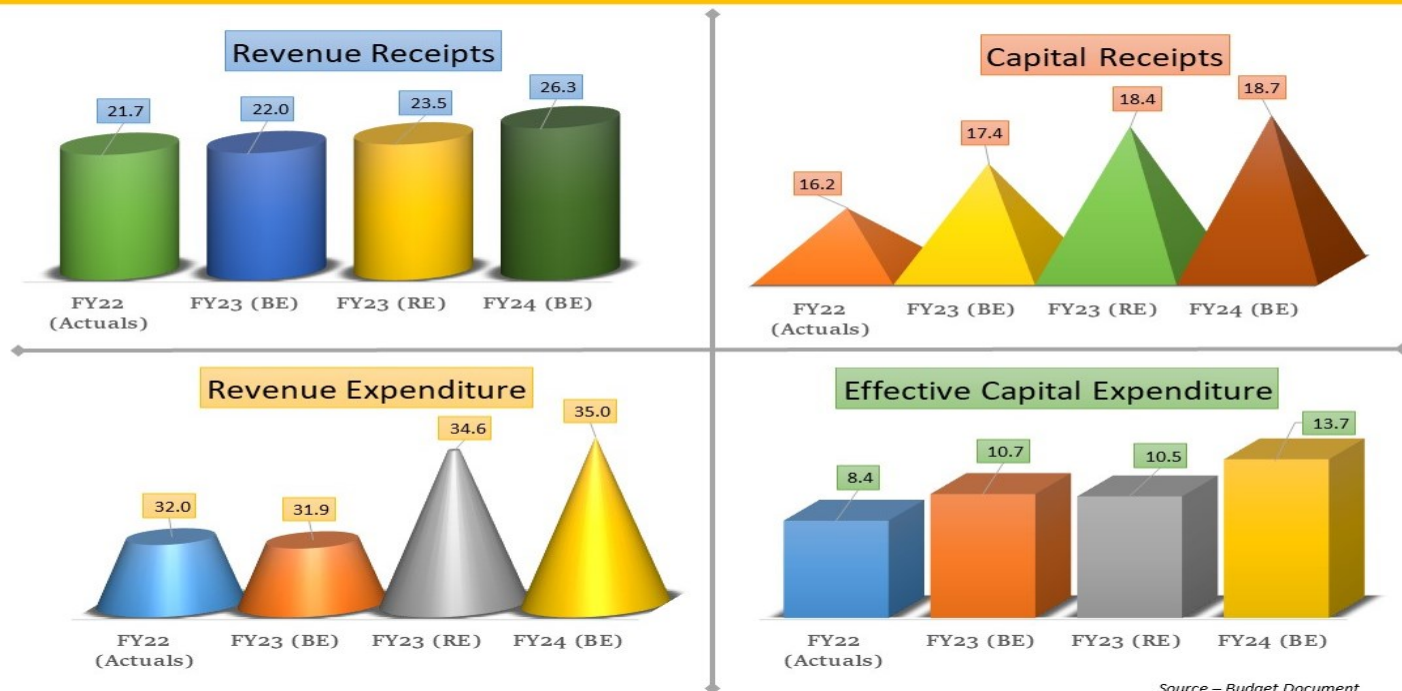
Downgrade in % in compared to PY

Upgrade in % in compared to PY

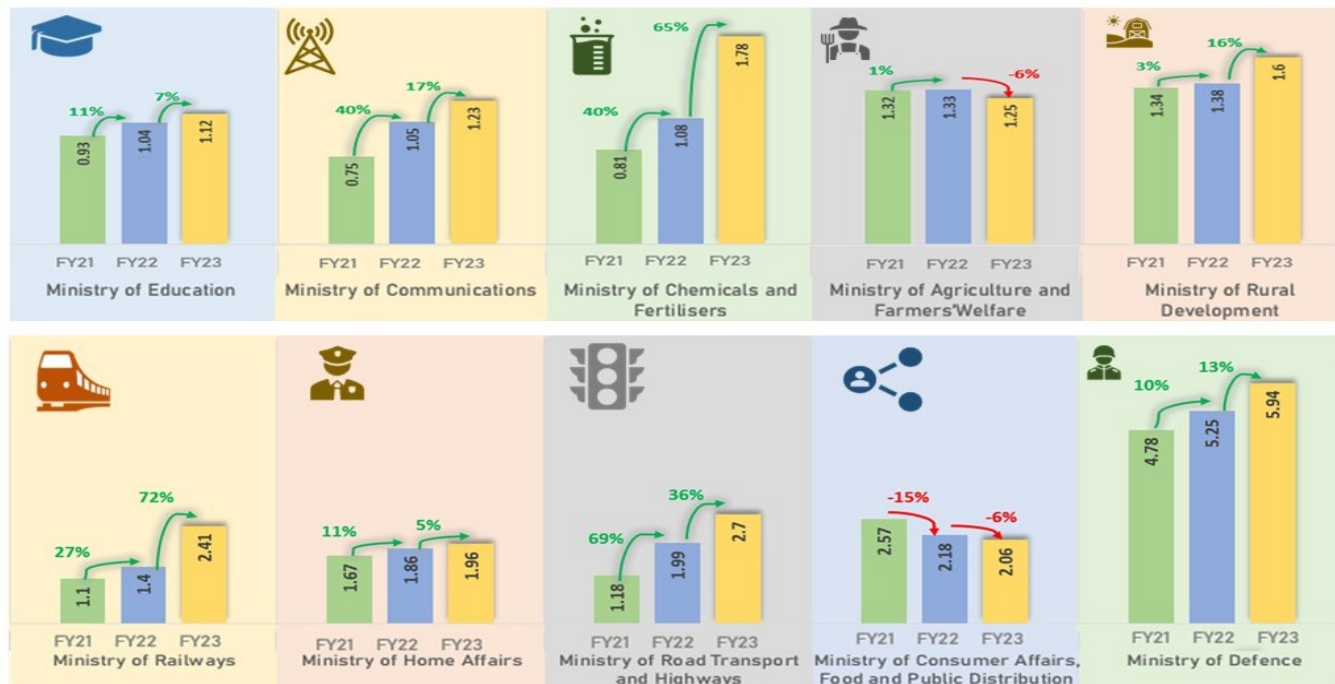
No Change

Source: Union Budget 2022-23 (Budget Documents)

BUDGET AT A GLANCE (All Figure in Lakh Crore)



EXPENDITURE ON VARIOUS KEY AREAS (At a Glance) – INR in Crore



Agriculture & Cooperatives

Agriculture is the Backbone of the Indian Economy contributing 53.89% GVA of India. In Union Budget 2023-24, Finance Minister allocated Rs 1.25 lakh crores for agriculture.

Setting Up Agriculture Accelerator Fund

For Encouraging innovative start-ups in rural areas, Startups focusing on cost-effective solutions & provide innovative and affordable solutions

Targeted Funding

Rs. 20 Lakh crore agricultural credit targeted at Animal Husbandry, Dairy and Fisheries sector

Launch A New Sub-scheme Of PM Matsya Sampada Yojana

It targeted investment of Rs 6,000 crore to further enable activities of fishermen, fish vendors, and micro & small enterprises

Rs 1.25 lakh crore for agriculture



Atmanirbhar Horticulture Clean Plant Program

Gov. will launch an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of Rs 2,200 crore.

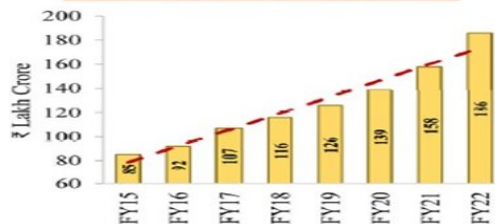
Making Global Hub For Millets

'Shree Anna' Now to make India a global hub for 'Shree Anna', the Indian Institute of Millet Research, Hyderabad

Building Digital Public Infrastructure

Digital public infrastructure for agriculture will be built as an open source, open standard and inter operable public good inclusive informative solution for farmers

More Credit to Agriculture Sector



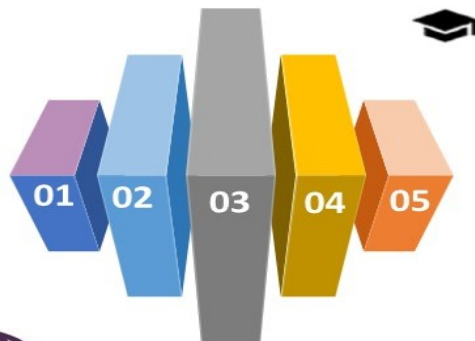
Agriculture



Health, Education & Skill Development

Saptarishi – 7 Priorities

1. Reaching the last Mile
2. Youth Power
3. Financial Sector
4. Green Growth
5. Unleashing the potentials
6. Infrastructure and Investment
7. Inclusive Development



Education

- Allocation for the Ministry of Education for the next financial year is ₹1.12 lakh crore. Notably, this is the highest allocation granted to the ministry ever.
- Revamped teacher's training via District Institutes of Education and Training
- National Digital Library to be set up for Children and adolescents
- States will be encouraged to set up physical libraries at panchayat and ward levels

Skill Development

- PMKVY 4.0 would be launched within the next three years. Under this skills for Industry 4.0, such as AI, coding, mechatronics, drones, 3D printing and more would be made available
- Skilling would be expanded through creation of 36 Skill India international centers across states



Infrastructure & Investment

Inv. of 10 Lakh Crore

Increased Capital Investment outlay by 33.4% to 10 Lakh Crore

Cont. 50 Yr. Int. Free loan to state

Continuation of 50 year interest free loan to state gov. to incentivize infrastructure investment

Rs. 2.4 Lakh Crore for Railways

Highest ever Capital Outlay of Rs. 2.4 Lakh Crore for Railways

Vibrant Villages Programme

Targeting development of villages on the Northern Border left out from the development gains

Tourism

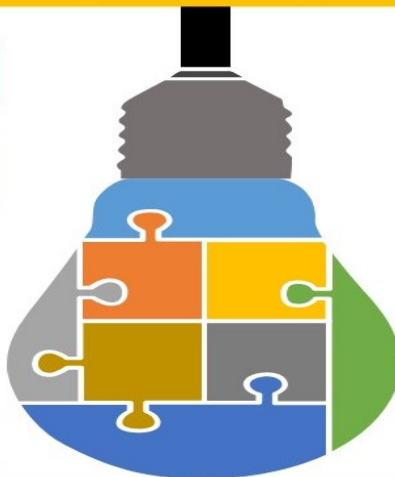
- The approach to tourism will integrate with the art and craft sector. States to be encouraged to set up a Unity Mall for promotion and sale of their own and also all others states' ODOPs (One District, One Product), GI products and handicrafts.
- Tourism infrastructure and amenities to be facilitated in border villages through the Vibrant Villages Programme.
- Sector specific skilling and entrepreneurship development to be dovetailed to achieve the objectives of the 'Dekho Apna Desh' initiative.
- At least 50 tourist destinations to be selected through challenge mode; to be developed as a complete package for domestic and foreign tourists.

Potential 100 Transport Infra.

100 Transport infra projects identified for end to end connectivity for ports, coal, steel, fertilizer sectors

Establishment of Urban Develop. Fund

Creating Urban infra in Tier 2 & 3 cities via establishment of Urban Infra Development Fund



Financial Sector

Credit Guarantee Scheme for MSMEs

The revamped scheme will take effect from April 1, 2023, through the infusion of Rs 9,000 crore in corpus. This will enable additional collateral-free credit of Rs 2 lakh crore. The cost of credit will be reduced by about one percent.



05

Mahila Samman Bachat Parcha, small savings scheme

One time new small savings scheme for a 2 year period with a deposit facility of up to Rs. 2 Lakh for women



04

More innovative Fintech services

- Enable more Scope of documents available in Digi Locker for individuals will be expanded. Measures to enhance business activities in GIFT IFSC.
- KYC process will be simplified by adopting a 'risk-based'.



03

Enhanced max deposit limit

Enhanced max deposit limit of Rs 30 lakhs for senior citizens savings scheme versus Rs 15 lakhs earlier.

Maximum deposit limit for

Monthly Income Account Scheme

Enhanced from Rs 4.5 lakh to Rs 9 lakh for a single acc. & from Rs 9 lakh to Rs 15 lakh for a joint acc.



02

Setting up of National Financial Information Registry

To enable efficient lending., promote financial inclusion and enhance financial stability.

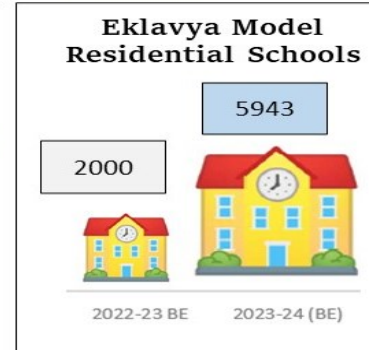
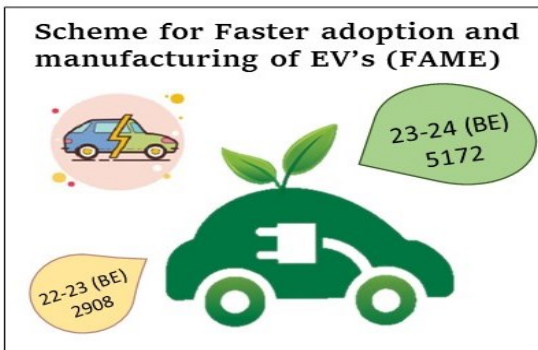
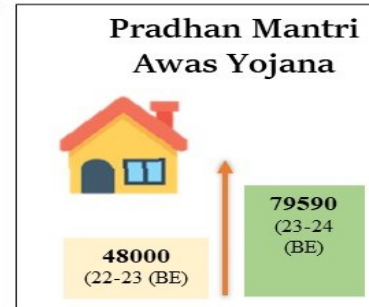
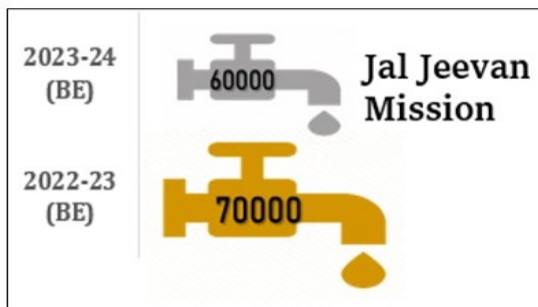
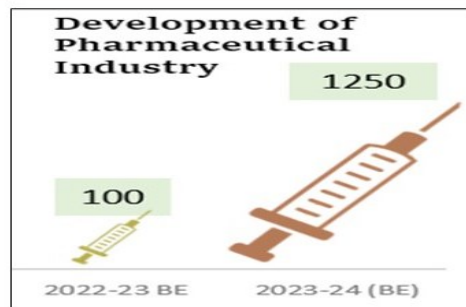


01

Unleashing the Potential – Infrastructure & Ecosystem



Allocation to Major Schemes (All Figure in Crore)



DIRECT TAXATION PROPOSALS

Rebate limit of **Personal Income Tax** to be increased to **Rs. 7 lakh** from the current Rs. 5 lakh in the new tax regime.



Threshold limit for Turnover Increased
for availing the benefit of presumptive taxation proposed to 3 Crores from 2 Crores.

Proposal to **extend the benefit of standard deduction** of Rs. 50,000 to salaried individual

Highest surcharge rate to reduce from 37 per cent to 25 per cent in the new tax regime

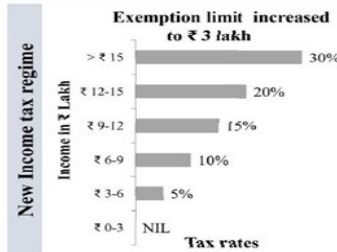


Proposal to roll out a next-generation **Common IT Return Form** for tax payer convenience



Enhanced limits for micro enterprises and certain professionals for availing the benefit of presumptive taxation proposed.

Date of incorporation for income tax benefits to start-ups to be **extended** from 31.03.23 to 31.3.24 & Carry f/w loss till 10 years



Deduction for expenditure incurred on payments made to MSMEs to be allowed only when **payment is actually made**

Proceeds from insurance policy with premium of over **₹ 5 lakh** to be taxable



INDUSTRY WISE DIRECT TAX BENEFIT

MSME



- Enhanced limits for micro enterprises and professionals to avail benefits of presumptive taxation ; 95% of receipts to be non cash
- Deduction on payments made to MSMEs to be allowed only when payment is actually made

- Extending 15% corporate tax benefits to new co-operatives, commencing manufacturing till 31st March, 2024
- Higher limit of ₹2 lakh per member for deposits & loans in cash by PACS and PCARDBs
- Higher limit of ₹3 crore for TDS on cash withdrawal for co-operative societies



COOPERATIVES

STARTUPS

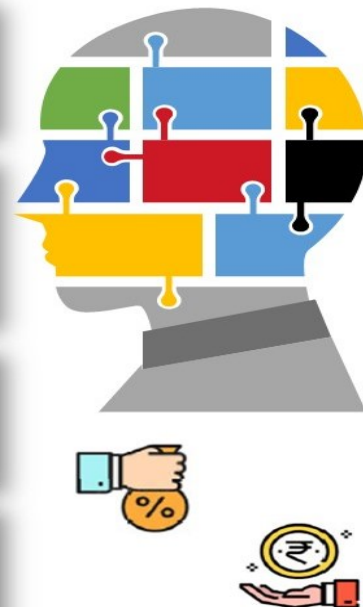


- Extension of the date of incorporation by one year for income tax benefits to start-ups
- Benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.

- Income of authorities, boards and commissions set up by statutes of the Union or State to be exempted from income tax in certain sectors
- Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31st March, 2025



RATIONALISATION



HIGHLIGHTES OF THE INDIRECT TAXATION PROPOSALS

Number of basic customs duty rates on goods, other than textiles and agriculture, reduced to 13 from 21. Reduction in Custom Duty resulting to cheaper items listed below (some samples) -



Television
Panels



Smartphone
components



Camera
lenses



Denatured
Ethyl alcohol



Acid grade
fluorspar



Shrimp
feed

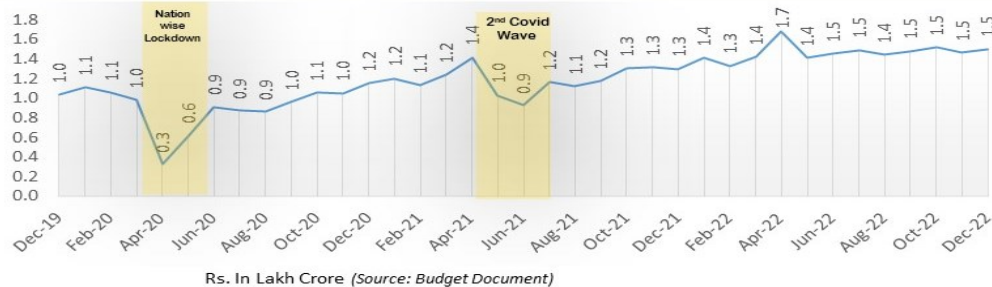


Crude
glycerin



Lab grown
diamonds

Trend analysis of GST Collection



Direct Tax Proposals

Tax Rates

W.E.F: 1st Day of April, 2024



Section 115BAC(1A) [Optional Tax Regime (Assessee may continue to pay tax in the old tax regime)]:

(A) Individual/ HUF:

(B) The Slab for Individual/HUF/AOP (Other than Co-operative Society)/BOI, whether Incorporated or not, or an artificial Juridical person (other than a person who has exercised an option under sub-section (6)):

Total Income	Tax Rate
Upto Rs. 3,00,000	Nil
Rs.3,00,001 to Rs. 6,00,000	5%
Rs.6,00,001 to Rs. 9,00,000	10% (Income \leq Rs.7,00,000, Tax liability=Nil)
Rs.9,00,001 to Rs. 12,00,000	15%
Rs.12,00,001 to Rs. 15,00,000	20%
Above Rs.15,00,000	30%

Important Points to Note:

- A person having income from business or profession who has exercised the above option of shifting out of the regime provided under the proposed Section 115BAC(3)(1A) shall be able to exercise the option of opting back to the regime under proposed

Union Budget 2023

section 115BAC(1A) only once.

- "Health and Education Cess" shall continue to be levied at the rate of four per cent. of income tax including surcharge wherever applicable, in the cases of persons not resident in India including company other than a domestic company.

(A) Co-operative Societies: In case of Co-operative Societies, the rates of income-tax are as given below. The rates will be continued to be same as those specified for Assessment Year 2022-23.

Slab Rates	
Income	Tax Rate
Up to Rs. 10,000	10%
Rs. 10,000-Rs. 20,000	20%
Above 20,000	30%

(B) Firms: In the case of firms, the rate will continue to be the same as that specified for Assessment Year 2022-23. The rate of income-tax in case of firm is @ 30% which will further be increased by "Health and Education Cess on Income Tax" @ 4%.

(C) Local Authorities: In the case of Local Authorities, the rate will continue to be the same as that specified for Assessment Year 2022-23. The rate of income- tax in case of local authority is @ 30% which will further be increased by Health and Education Cess on Income Tax" @ 4%.

Union Budget 2023

(D) Companies:

Income Tax Slab Rate		Surcharge Rate	
Assessee	Tax Rate	Total Income	Rate
In Case of Domestic Company (where its total turnover or the gross receipt in the previous year 2020-21 does not exceed 400 crore rupees)	25%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%
In Case of Domestic Company (where its total turnover or the gross receipt in the previous year 2020-21 exceed 400 crore rupees)	30%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%
In case of Company other than a domestic company- i) On the total income as consists of, — (a) royalties received from the Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976 or (b) Fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government.	50%	Above 1 Crore but not exceed 10 Crore	2%
		Above 10 Crore	5%
In case of Company other than a domestic company- ii) Other Than Above mentioned in (i)	40%	Above 1 Crore but not exceed 10 Crore	2%
		Above 10 Crore	5%

Union Budget 2023

- In other cases, (including sections 92CE, 115QA, 115R, or 115TD) the surcharge shall be levied at the rate of twelve percent.

Surcharge on income-tax for the assessment year 2024-25:

- Individual/ HUF/AOP, except in a case of an AOP consisting of only companies as its members, or BOI, whether incorporated or not, or every artificial juridical person, including an individual or HUF exercising option under section 115BAC, not having any income under section 115AD of the Act:

	Total Income	Surcharge
a)	Rs.50,00,000 to Rs.1,00,00,000 (including the income by way of dividend or income under sections 111A, 112 and 112A of the Act)	10%
b)	Above Rs.1,00,00,000 (including the income by way of dividend or income under sections 111A, 112 and 112A of the Act)	15%
c)	Rs.2,00,00,001 to Rs.5,00,00,000(excluding the income by way of dividend or income under sections 111A, 112 and 112A of the Act)	25%
d)	Above Rs.5,00,00,000(excluding the income by way of dividend or income under sections 111A, 112 and 112A of the Act)	25%
e)	Above Rs.2,00,00,000 (including the income by way of dividend or income under sections 111A, 112 and 112A of the Act), but is not covered under clauses (c) and (d)	15%

Union Budget 2023

(A) Individual/ HUF/AOP, except in a case of an AOP consisting of only companies as its members, or BOI, whether incorporated or not, or every artificial juridical person, including an individual or HUF exercising option under section 115BAC, having any income under section 115AD of the Act:

	Total Income	Surcharge
i)	Rs.50,00,000 to Rs.1,00,00,000	10%
ii)	Rs.1,00,00,001 to Rs.2,00,00,000	15%
iii)	Rs.2,00,00,001 to Rs.5,00,00,000(excluding the income by way of dividend or income under section 115AD(1)(b) of the Act)	25%
iv)	Above Rs.5,00,00,000(excluding the income by way of dividend or income under section 115AD(1)(b) of the Act)	37%
v)	Above Rs.2,00,00,000 (including the income by way of dividend or income under section 115AD(1)(b) of the Act), but is not covered under clauses (iii) and (iv)	15%

- In the case of every co-operative society (except resident co-operative society opting under section 115BAD):

	Total Income	Surcharge
i)	Rs.1,00,00,000 to Rs.10,00,00,000	7%
ii)	Above Rs.10,00,00,000	12%

Union Budget 2023

In the case of every firm or local authority, @12% of such income tax, where the total income exceeds one crore rupees;

- In case of resident co-operative society opting under section 115BAD, @10% of such income tax.

Point to Note: Marginal relief is provided in surcharge in all cases.

➤ Rebate under section 87A

From A.Y. 2024-25 onwards, an assessee, being an individual resident in India whose income is chargeable to tax under the proposed section 115BAC (1), shall now be entitled to a rebate of 100 per cent of the amount of income-tax payable on a total income not exceeding Rs 7 lakhs.

Income deemed to accrue or arise in India

Section: 9

Existing Provision:

All income accruing or arising, whether directly or indirectly, through or from any business connection in India, or through or from any property in India, or through or from any asset or source of income in India or through the transfer of a capital asset situate in India.

Section 2(24) in The Income- Tax Act, 1995 " income" includes- (i) profits and gains; (ii) dividend; (iii) voluntary contributions received by a trust created wholly or partly for charitable or religious purposes or by an institution established wholly or partly for such purposes or by an association or institution or by a fund or trust or institution

Proposed Provision: income arising outside India, being any sum of money referred to in sub-clause (xviii) of clause (24) of section 2, paid by a person resident in India —

(a) on or after the 5th day of July, 2019 to a non resident, not being a company, or to a foreign company; or

(b) on or after the 1st day of April, 2023 to a person not ordinarily resident in India within the meaning of clause (6) of section 6.”.

W.E.F:1st day of April, 2024.

Section 10 (4D) Exemption of Income

Existing Condition: Section 10 (4D) Any income as a result of transfer of capital asset referred to in clause (viia) or section 47, on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange, to the extent such income accrued or arisen to, or is received in respect of units held by a non-resident.

Proposed Provision: Regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the” shall be inserted.

Existing Provision (4E): Any income accrued or arisen to, or received by a non-resident as a result of the transfer of non- deliverable forward contracts or offshore derivative instruments or over – the counter derivative shall be exempt from tax. However, such non-deliverable forward contracts shall be entered into with an offshore banking unit of IFSC which commenced operations on or before the 31st March, 2024 and fulfils prescribed conditions.

Proposed Provision: the following shall be substituted with effect from the 1st day of April, 2024, “(4E) any income accrued or arisen to, or received by a non-resident as a result of:-

- (i) transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives; or
- (ii) distribution of income on offshore derivative instruments, entered into with an offshore banking unit of an International Financial Services Centre referred to in sub-section (1A) of section 80LA, which fulfills such conditions as may be prescribed:

Union Budget 2023

Provided that the amount of distributed income referred to in sub-clause (ii) shall include only so much of the amount which is chargeable to tax in the hands of the Offshore banking unit under section 115AD

Existing Provision Section 10 (10D): any sum received from Unit Linked Insurance Plan (ULIP) is not entitled for exemption if such ULIP is issued on or after the 01-02-2021 and the amount of premium payable for any of the previous year during the term of such policy exceeds 2,50,000.

Further, if premium is payable by a person for more than one ULIP, issued on or after 01-02- 2021, the exemption under Section 10(10D) shall be available in respect to those ULIPs, where the aggregate amount of premium does not exceed Rs. 2,50,000 in any of the previous year during the term of any of those policies.

Proposed Provision: nothing contained in this clause shall apply with respect to any life insurance policy other than a unit linked insurance policy, issued on or after the 1st day of April, 2023, if the amount of premium payable for any of the previous years during the term of such policy exceeds **five lakh rupees**.

Provided also that if the premium is payable by a person for more than one life insurance policy other than unit linked insurance policy, issued on or after the **1st day of April, 2023**, the provisions of this clause shall apply only with respect to those life insurance policies other than unit linked insurance policies, where the aggregate amount of premium does not exceed the amount referred to in the sixth proviso in any of the previous years during the term of any of those policies. Provided also that the provisions of the fourth, fifth, sixth and seventh provisos shall not apply to any sum received on the death of a person.

Newly Inserted provision Section 10(12 B)

Proposed Provision: any payment from the Agniveer Corpus Fund to a person enrolled under the Agnipath Scheme, or to his nominee is exempt.

Newly Inserted provision Section 10(22B)

Proposed Provision: Provided also that nothing contained in this clause shall apply to any income of the news agency of the previous year relevant to the assessment year beginning on or after the 1st day of April, 2024.

Income of Charitable Institution or Fund [Section 10(23C)(iv)]

Existing Provision: Any income of a charitable institution or fund which is approved by the Principal Commissioner or Commissioner having regard to its objects and its importance throughout India or throughout any State or States is exempt from tax

Proposed Provision: in any other case, where activities of the fund or trust or institution or university or other educational institution or hospital or other medical Institutions have:

(A) Not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; (B) Commenced and no income or part thereof of the said fund or trust or institution or university or other educational institution or hospital or other medical institution has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) or section 11 or section 12 for any previous year ending on or before the date of such application, at any time after the Commencement of such activities.

Newly Inserted Provision

Exemption of specified income of notified body/ authority/trust/board/commission [Section 10(46A)]

Union Budget 2023

Proposed Provision: 46A) any income arising to a body or authority or Board or Trust or Commission, not being a company, which(a) has been established or constituted by or under a Central Act or State Act with one or more of the following purposes, namely:-

- (i) dealing with and satisfying the need for housing accommodation;
 - (ii) planning, development or improvement of cities, towns and villages;
 - (iii) regulating, or regulating and developing, any activity for the benefit of the general public; or
 - (iv) regulating any matter, for the benefit of the general public, arising out of the object for which it has been created; and
- (b) is notified by the Central Government in the Official Gazette for the purposes of this clause;

W.E.F: This amendment will take effect from 1st April, 2024 and will, accordingly, apply in relation to the assessment year 2024-2025 and subsequent assessment years.

“Special provisions in respect of newly established Units in Special Economic Zones”.

Section 10AA

Existing Provisions: The existing provisions provides that 15-years tax benefit to a unit established in a SEZ which begins to manufacture or produce articles or things or provide any services on or after 01.04.2005. The deduction is available for units that begin operations before 01.04.2020, which has been extended to 30.09.2020 through the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and is allowed in the specified manner therein.

Proposed Provision: It is proposed to insert a proviso to sub-section (1) of the said section so as to provide **that no such deduction** under that sub-section shall be allowed to an assessee who **does not furnish a return of his income** on or before the due date specified under sub-section (1) of section 139. It is further proposed to insert a new sub-section (4A) to provide that the deduction under section 10AA shall be available for such Unit, if the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in

convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf.

Implication: The Assesses need to furnish a return of his income and deals with the convertible foreign exchange.

Applicability: - W.E.F the 1st day of April, 2024.

“Income from property held for charitable or religious purposes”

Section 11

Existing Provision: In section 11 sub-sections (1) of the Income-tax Act, in clause (2), in sub-clause (ii), “before the expiry of the time allowed”.

Proposed Provision: It is proposed to insert the words “at least two months prior to the due date specified” shall be substituted in place of the words “before the expiry of the time allowed”.

Profits and gains of business or profession



Section 28

Existing Provision: The value of any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession.

Union Budget 2023

Proposed Provision: "(iv) the value of any benefit or perquisite arising from business or the exercise of a profession, whether - (a) convertible into money or not; or b) in cash or in kind or partly in cash and partly in kind.

Implication: The proposed provision enhances the scope of the definition of benefit or perquisite.

W.E.F: 1st day of April, 2024

Amortization of Preliminary Expenses

Section: 35D(2)

Existing Provision: - preliminary expenditure incurred shall be amortized over a period of 5 years. In other words, 1/5th of such expenditure is allowable as a deduction for each of the five successive previous years beginning with the previous year in which the business commences or the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.

Eligible Preliminary Expenses: - Expenditure related to the setting up to conduct the business of assessee and other expenses as may be specified.

Proposed Provision: - Particular not any specific amended on section 35D in sub-section 2 of clause 'a' however amendment is that assessee shall furnish the Statements containing the above specified expenditure with in such period, in such manner and in such form as may be specified to the such income Tax Authorities.

Implication: - Above amendment will not have any financial impact on the assessee, however for the Deduction of such Expenses Assessee has to submit the statement of expenditure within given period to the income tax Authorities.

W.E.F: the 1st day of April, 2024

Union Budget 2023

Certain Deductions to Be Made Only On Actual Payment

Section:43B

Existing Provision Section 43B Clause (d):- Any sum payable by the assessee as interest on any loan or borrowing from a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company, in accordance with the terms and conditions of the agreement governing such loan or borrowing,

Proposed Provision:- A deposit taking non-banking financial company or systemically important non deposit taking non-banking financial company", the words "such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf" shall be substituted.

Implication: Proposed amendments will not be affect the Existing provision. Only that Central Government notify the such Financial company in the Official Gazette. If any sum payable by the Assessee as interest on any loan or borrowing from such notified Financial company deduction shall be allowed on basis of actual payments.

W.E.F :1st day of April, 2024

Section:43B of Clause (h)

Newly Inserted Provision

Proposed Provision: Insertion in):- Any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006.

Union Budget 2023

Definition of small Enterprises: - "small enterprise" means an enterprise classified as such under sub-clause (ii) of clause (a) or sub-clause (ii) of clause (b) of sub-section (1) of section 7 in The Micro, Small and Medium Enterprises Development Act, 2006.

Implication: Proposed amendment will be in favor of Small and micro enterprises in term of payments will be get in time. Since any sum payable by the Assessee to the small and Micro Enterprise and Deduction of such payable allowed only on actual payments.

W.E.F:1st day of April, 2024

Deduction of Accrued Interest on Bad Debts / NPAs since Assessee is not a Scheduled Bank and had not recognized any Income as per RBI Guidelines

Section: 43D:

Existing Provision Section 43B Clause (d):- in the case of a public financial institution or a scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank or a State financial corporation or a State industrial investment corporation or **a deposit taking non-banking financial company or a systemically important non-deposit taking non-banking financial company**, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts;

Proposed Provision: - a deposit taking non -banking financial company or a systemically important non deposit taking non-banking financial company", the words "such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf" shall be substituted.

Implication: -Proposed Amendments will not affect the Existing Provision of Section 43D, proposed amendment regarding only that central government Notify a **deposit taking non-banking financial company or a systemically important non-deposit taking non-banking financial company**.

Union Budget 2023

W.E.F :1st day of April, 2024

Audit of accounts of certain persons carrying on business or profession.

Section: 44AB: -

Existing provision: - In case of a person carrying on business, If his total sales, turnover or gross receipts in business > ` 1 crore in the relevant PY In case of persons carrying on profession, his gross receipts in profession > ` 50 lakh in the relevant PY the assessee shall audit of the books of account.

Proposed Provision: - "Provided that this section shall not apply to a person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA."

Implication: Proposed amendments will grant relief from Audit of books of Account to the assessee computing profits and gains of business on presumptive accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA

W.E.F :1st day of April, 2024

Presumptive Taxation Scheme

Section: 44AD: - The provisions of section 44AD can be adopted by the eligible assessee who is engaged in any business (except the business of plying, hiring or leasing of goods carriages referred to in section 44AE and except by the assessee who is engaged in any profession as prescribed under section 44AA or is running agency business or is earning income in the nature of commission or brokerage). total turnover/ gross receipts in the P.Y. ≤ ` 200 lakhs.

Union Budget 2023

Proposed Provision: the following provisos shall be inserted: - Provided that where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent. of the total turnover or gross receipts of such previous year, this sub-clause shall have effect as if for the words “two crore rupees”, the words “three crore rupees” had been substituted:

Provided further that for the purposes of the first proviso, the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.

Implication: Assessee declaring income from profits and gains of business on presumptive basis and Aggregate amount receiving during the year in cash, does not **exceed 5% of 2 crore rupees**. For such assessee gross receipt/ turn over extended **to 3 Crore rupees**.

W.E.F: 1st day of April, 2024

Presumptive Taxation Scheme

Section 44ADA

Existing Provision: Any profession specified u/s 44ADA, whose gross receipts \leq ` 50 lakhs in the relevant P.Y. presumptive income shall be 50% of gross receipts of such profession or a sum higher than the aforesaid sum claimed to have been earned by the assessee.

Proposed Provision: Any profession specified u/s 44ADA, whose gross receipts \leq ` 75 lakhs in the relevant P.Y. presumptive income shall be 50% of gross receipts of such profession or a sum higher than the aforesaid sum claimed to have been earned by the assessee.

Provided further that for the purposes of the above provision, the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.

Implication: The limit for the gross receipts for computation of presumptive income has been increased from Rs. 50 lakhs to Rs. 75 lakhs.

Union Budget 2023

Further, cheques other than account payee cheque i.e. bearer cheques shall be deemed to be the receipt in cash.

W.E.F: 1st April 2024

Special provision for computing profits and gains in connection with the business of exploration, etc., of mineral oils.

Section: 44BB

Existing Provision: Sub-section (1) of section 44BB of the Act provides that in the case of an assessee, being a non-resident, engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils, a sum equal to ten per cent. of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".

Proposed Provision: It is proposed to **insert** a new sub-section (4) to provide that notwithstanding anything contained in sub-section (2) of section 32 and sub-section (1) of section 72, where an assessee declares profits and gains of business for any previous year in accordance with the provisions of sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.

Implication: The assessee now shall not be allowed to set off unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year against its income from business specified in the provision.

W.E.F: 1st April 2024

Special provision for computing profits and gains of foreign companies engaged in the business of civil construction, etc., in certain turnkey power projects.

Union Budget 2023

Section: 44BBB

Existing Provision: Sub-section (1) of section 44BBB of the Act provides that in the case of an assessee, being a foreign company, engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf, a sum equal to ten per cent. of the amount paid or payable (whether in or out of India) to the said assessee or to any person on his behalf on account of such civil construction, erection, testing or commissioning shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".

Proposed Provision: It is proposed to insert a new sub-section (3) to provide that notwithstanding anything contained in sub-section (2) of section 32 and sub-section (1) of section 72, where an assessee declares profits and gains of business for any previous year in accordance with the provisions of sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.

Implication: The assessee now shall not be allowed to set off unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year against its income from business specified in this provision.

W.E.F: 1st April 2024

Taxability of capital gains in case of Specified Agreement

Section: 45(5A)

Existing Provision: Specified agreement means the registered agreement in which a person owning land or building or both, agrees to allow another person to develop a real estate project on such land or building or both, in consideration of a share, being land or building or both in such project, whether with or without payment of **part of the consideration in cash**.

Union Budget 2023

Proposed Provision: In section 45 of the Income-tax Act, in sub-section (5A), for the words "the consideration received in cash, if any," the words "any consideration received in cash or by a cheque or draft or by any other mode"

Implication: The amendment enhances the meaning of cash as payment of part consideration in cash or cheque or draft or by any other mode.

W.E.F: 1st April 2024

Transactions Not Regarded As Transfer

Section: 47

1. Existing Provision: Clause (b) of the Explanation to clause (viia) of the said section defines the term "relocation" as transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or before the 31st day of March, 2023, where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund in the manner specified therein.

Proposed Provision: It is proposed to extend the said date for transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund in case of relocation from 31st March, 2023 to 31st March, 2025.

Implication: The date of such transfer of share or unit or interest shall not be considered as transfer till 31.03.2025.

W.E.F: 1st April 2023

2. Existing Provision: Section 47(viia) defines resultant fund as fund established or incorporated in India in the form of a trust or a company or a limited liability partnership, which

Union Budget 2023

(i) has been granted a certificate of registration as a Category I or Category II or Category III AIF, and is regulated under the SEBI (Alternative Investment Fund) Regulations, 2012 made under the SEBI Act, 1992 or IFSC Authority Act, 2019;

(ii) and is located in any IFSC as referred to in section 80LA(1A).

Proposed Provision: It is proposed to amend sub-clause (i) of the said Explanation to clause (viia) to give reference of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 in the definition of “resultant fund” of section 47 of the Act.

Implication: The amendment specifies IFSC as a reference to International Financial Services Centres Authority (Fund Management) Regulations

3. **Proposed Provision (Newly Inserted Clause):** It is proposed to insert a new clause (viid) in the said section so as to include conversion of gold into Electronic Gold Receipt or Electronic Gold Receipt into gold which shall not be regarded as transfer for the purposes of the said section.

It is further proposed to define the expressions “Electronic Gold Receipt” and “Vault Manager” to mean Electronic Gold Receipt and Vault Manager defined respectively in clauses (h) and (l) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Vault Managers) Regulations, 2021.

W.E.F. 01.04.2023

Mode of Computation of Capital Gains

Section: 48

Existing Provision: The income chargeable under the head 'capital gains' shall be computed by deducting the following items from the full value of the consideration received or accruing as a result of the transfer of the capital asset: (1) Expenditure incurred wholly and exclusively in connection with such transfer. (2) The cost of acquisition and cost of any improvement thereto.

Proposed Provision: "Provided that the cost of acquisition of the asset or the cost of improvement thereto shall not include the deductions claimed on the amount of interest under clause (b) of section 24.

Implication: The individual assessee who have claimed deduction of Interest for acquisition/ improvement of House Property shall not be eligible to consider interest amount in cost of acquisition/ improvement.

W.E.F: 1st April, 2024

Ascertainment of Cost in specified Circumstance

Section:49

Newly Inserted Sub-section: In section 49 of the Income-tax Act, after sub-section (9), the following sub-section shall be inserted sub section (10) Where the capital asset, being: -

- (i) an Electronic Gold Receipt issued by a Vault Manager, became the property of the person as consideration of a transfer, referred to in clause (viid) of section 47, the cost of acquisition of the asset for the purposes of the said transfer, shall be deemed to be the cost of gold in the hands of the person in whose name Electronic Gold Receipt is issued.
- (ii) Gold released against an Electronic Gold Receipt, which became the property of the person as consideration for a transfer, referred to in clause (viid) of section 47, the

Union Budget 2023

cost of acquisition of the asset for the purposes of the said transfer shall be deemed to be the cost of the Electronic Gold Receipt in the hands of such person.

Implication: The above mention provision allows the assessee to claim the expenses incurred at the time of transfer of Electronic Gold Receipt.

W.E.F: 1st April,2024

Special provision for computation of capital gains in case of market linked Debenture.

Insertion of new Section: - 50AA

Newly inserted section: - 50AA. Notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset is a Market Linked Debenture, the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture as reduced by - (i) the cost of acquisition of the debenture; and (ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity, shall be deemed to be the capital gains arising from then transfer of a short-term capital asset:

Provided that **no deduction** shall be allowed in computing the income chargeable under the head "Capital gains" in respect of any sum paid on account of securities transaction tax.

Implication: - The above mention provision doesn't allow the assessee to claim any deduction at the time of transfer.

W.E.F. Applicable from 1st April,2024

Exemption for Capital Gains Arising on Transfer of Residential House Property



Section: - 54

Existing Provision: sub-section (1) of the said section, inter alia, allows deduction on the capital gains arising from the transfer of long-term capital asset, being buildings or lands appurtenant thereto, and being a residential house, if an assessee, within a period of one year before or two years after the date on which the transfer took place, purchased one residential property in India, or within a period of three years after that date, constructed one residential property in India.

Proposed Provision: - (a) in sub-section (1), after the second proviso, then following proviso shall be inserted, namely: -

It is proposed that where the cost of new asset exceeds **ten crore rupees**, the amount **exceeding ten crore rupees** shall not be taken into account for the purposes of this sub-section.

It is further proposed that the capital gains in excess of **ten crore rupees** shall not be taken into account for the purposes of this sub-section.

Implication: - The provision restricts the individual/HUF acquisition of Residential house property of more than 10 crores as no benefit shall be availed under sub-section (1). Also, the limit of capital gain has been increased from **2 crores to 10 crores**.

W.E.F:1st April,2024

Capital Gain on Transfer of Long-Term Capital Assets Not to be charged in The Case of Investment in Specified Securities.

Section: 54EA

Existing Provision: Where the cost of the specified bonds or debentures has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1), a rebate with reference shall not be allowed under section 88.

Proposed Provision: It is proposed to omit sub-section (3) of said section which is consequential due to the omission of section 88.

W.E.F: 1st April, 2023.

Capital Gain on Transfer of Long-Term Capital Assets Not to be charged in Certain Cases.

Section: 54EB

Existing Provision: Where the cost of the long-term specified asset has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1), a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88

Proposed Provision: It is proposed to omit sub-section (3) of the said section which is consequential due to the omission of section 88.

W.E.F: 1st April, 2023

Deduction on LTCG through capital gain bond

Section 54EC sub-section (3) clause (a)

Existing provision: Where the cost of the long-term specified asset has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1), —

(a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88;

Union Budget 2023

Proposed Provision: It is proposed to omit clause (a) of sub-section (3) of the said section which is consequential due to the omission of section 88.

Implication: As Sec. 88 providing rebate for pension funds has been omitted, the assessee are allowed to avail the deduction under section 54EC only.

W.E.F: 1ST April, 2023.

Capital gain on transfer of certain listed securities or unit not to be charged in certain cases

Section 54ED

Existing provision: As per the section 54ED of sub-section (3) Where the cost of the specified equity shares has been taken into account for the purposes of clause (a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year.

Proposed Provision: It is proposed to omit clause (a) of sub-section (3) of the said section which is consequential due to the omission of section 88.

Implication: As Sec. 88 providing rebate for pension funds has been omitted, the assessee are allowed to avail the deduction under section 54ED only.

W.E.F: 1ST April, 2023.

Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house

LTCG from any assets EXCEPT Residential house

Section 54F

Existing provision: Under Section 54F of the Income Tax Act, 1961, Sub-section (1) tax exemption is allowed on the long-term capital gains earned from selling any capital asset other than a house property. If an assessee, within a period of one year before or two years after the date on which the transfer took place purchased one residential property in India, or within a period of three years after that date constructed one residential property in India.

Proposed Provision: It is proposed to insert a second proviso to the said sub-section so as to provide that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of that sub-section. It is further proposed to insert a proviso to provide that the amount of net consideration in excess of rupees **ten crores** will not be taken into account for the purposes of sub-section (4).

Implication: The provision restricts the individual/HUF acquisition of Residential house property of more than 10 crores as no benefit shall be availed under sub-section (1). Also, the limit of capital gain has been increased from 2 crores to 10 crores.

W.E.F: These amendments will take effect from 1st April, 2024 and shall accordingly, apply in relation to the assessment year 2024-2025 and subsequent assessment years

Cost of improvement and Cost of acquisition

Section 55

Union Budget 2023

Existing provision: As per the section 55 of the Income Tax Act, 1961 Sub-section (1) clause (b) in relation to a capital asset being **goodwill** of a business or a right to manufacture, produce or process any article or thing or right to carry on any business or **profession** shall be taken to be nil.

Proposed Provision: It is proposed to amend the said section to insert expression "or **intangible asset**" after the word goodwill and "**or any other right**" after the word profession in the definitions of "cost of any improvement" and "cost of acquisition".

Implication: Capital Gain shall now be charged on all intangible assets rather than just goodwill and the amendment also enhance the scope of capital assets as it includes other rights as well.

W.E.F: These amendments will take effect from 1st April, 2024 and shall accordingly, apply in relation to the assessment year 2024-2025 and subsequent assessment years.

Income from Other Sources

Section: 56

Existing Provision: As per the provisions of Clause (viib) of Sub-section 2 of Section 56 where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person **being a resident**, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares.

Proposed Provision: It is proposed to omit the words "being a resident" from the clause (viib) of Sub-section 2 of Section 56.

Newly Inserted Provision:

- Clause (xii) will be inserted in Sub-section 2(Incomes chargeable to tax under the said head) of Section 56 which provides that any sum received by a unit holder from a business trust which—
 - (a) is not in the nature of income referred to in clause (23FC: Exemption of certain income of business trust) or clause (23FCA: Exemption of Rental Income of Real Estate Investment Trust) of section 10; and
 - (b) is not chargeable to tax under sub-section (2) of section 115UAalong with a proviso that where the sum so received is for redemption of units held by him, the sum shall be reduced by the cost of acquisition of the unit or units to the extent such cost does not exceed the sum received.
- Clause (xiii) to provide that where any sum is received, including the amount allocated by way of bonus, at any time during a previous year, under a life insurance policy, other than the sum,— (a) received under a unit linked insurance policy; (b) being the income referred to in clause (iv), which is not to be excluded from the total income of the previous year in accordance with the provisions of clause (10D) of section 10, the sum so received as exceeds the aggregate of the premium paid, and not claimed as deduction in any other provision of the Act, computed in the manner as may be provided by rules shall be chargeable to income-tax under the head "Income from other sources".

Implication: With the omission of the words "being a resident" from the clause (viib) of Sub-section 2 of Section 56, all the investors of the Company will now be covered under the provision irrespective of their residential status and excess amount received from any investor over the Fair market value of the security issued will be chargeable to tax.

With the addition of new clauses in the said section, the taxable area of an assessee expands, so this change might not be in favour of the tax payers.

W.E.F: 1st day of April 2024.

Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger, etc.

Section: 72A

Existing Provision:

This section applies where there has been an amalgamation of –

(iv) erstwhile public sector company (i.e., a company which was a public sector company in earlier previous years and ceases to be a public sector company by way of strategic disinvestment, meaning, sale of shareholding by the Central Government or any State Government in a public sector company which results in reduction of its shareholding to below 51% along with transfer of control to the buyer), with one or more company or companies, if the share purchase agreement entered into under strategic disinvestment restricted immediate amalgamation of the said public sector company and the amalgamation is carried out within five year from the end of the previous year in which the restriction on amalgamation in the share purchase agreement ends. As per section 2(27) of the Companies; Act, 2013, control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder's agreements or voting agreements or in any other manner.

Proposed Provision:

To facilitate further strategic disinvestment, it is proposed to amend the definition of 'strategic disinvestment' in section 72A of the Act so as to provide that strategic disinvestment shall mean sale of shareholding by the Central Government, the State Government or Public Sector Company in a public sector company or a company which results in

(i) Reduction of its shareholding below fifty-one per cent, and (ii) Transfer of control to the buyer.

The first condition shall apply in case the shareholding was above **fifty one percent** before such sale of shareholding. The requirement of transfer of control may be carried out by either the Central Government or State Government or Public Sector Company (or any two of them or all of them).

Implication: This has widened the scope for the strategic disinvestment and for the company in the area of carry forward and set off of accumulated business losses and unabsorbed depreciation in a scheme of amalgamation, where, Strategic disinvestment means the transfer of the ownership and control of a public sector entity to some other entity (mostly to a private sector entity).

W.E.F: 01st April 2023

Carry Forward and Set Off of Accumulated Business Losses & Unabsorbed Depreciation in A Scheme of Amalgamation in Certain Cases

SECTION 72AA (1)(i)

Existing Provision: This section provides for carry forward and set off of accumulated loss and unabsorbed depreciation allowance where there has been an amalgamation of:

(i) one or more banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government under section 45(7) of the Banking Regulation Act, 1949.

New Provision Substituted: This section provides for carry forward and set off of accumulated loss and unabsorbed depreciation allowance where there has been an amalgamation of:

(a) any other banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949; or

(b) any other banking institution or a company **subsequent to a strategic disinvestment**, wherein the amalgamation is carried out within a period **of five years** from the end of the previous year during which such strategic disinvestment is carried out.

Existing Provision: the accumulated loss and the unabsorbed depreciation of such banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution or amalgamated corresponding new bank or amalgamated Government company for the previous year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

Proposed Provision: The accumulated loss and the unabsorbed depreciation of such banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution or company (Acc. to Companies Act, 2013, a "company" means a company incorporated under this Act or under any previous company law) amalgamated corresponding new bank or amalgamated Government company for the previous year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

Implication: This has widened the scope for the strategic disinvestment and for the company in the area of carry forward and set off of accumulated business losses and unabsorbed depreciation in a scheme of amalgamation, where, **Strategic disinvestment** means the transfer of the ownership and control of a public sector entity to some other entity (mostly to a private sector entity).

W.E.F: 1st April 2023

Carry forward and set off of losses in the case of certain companies

Union Budget 2023

Section: 79

Existing Provision:

Carry forward and set-off of losses in case of closely held company being an eligible start-up referred to in section 80-IAC In case of a company in which the public are not substantially interested but being an eligible start-up as referred to in section 80-IAC, any unabsorbed loss of the company shall be allowed to be carried forward and set off against the income of the previous year if either of the conditions are satisfied –

(b) all the shareholders of such company who held shares carrying voting power on the last day of the previous year or years in which the loss was incurred continue to hold those shares on the last day of such previous year in which the loss is to be set-off and such loss has been incurred during the period of **7 years** beginning from the year of incorporation of such company

Proposed: It proposed to amend the said proviso so as to increase the period from **seven years to ten years** for Carry forward and set-off of losses in case of closely held company being an eligible start-up referred to in section 80-IAC

Implication: Relaxation to start-ups for additional 3 years to Carry forward and set-off of losses.

W.E.F: 01st April 2023

Deduction in respect of life insurance premium, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.

Section: 80C sub section 7

Existing Provision: For the purposes of this section, —

Union Budget 2023

- (a) the insurance, deferred annuity, provident fund and superannuation fund referred to in clauses (i) to (vii);
- (b) unit-linked insurance plan and annuity plan referred to in clauses (xii) to (xiiia);
- (c) Pension fund and subscription to deposit scheme referred to in clauses (xiiic) to (xiva);
- (d) amount borrowed for purchase or construction of a residential house referred to in clause (xv)
of sub-section (2) of section 88 shall be eligible for deduction under the corresponding provisions of this section and the deduction shall be allowed in accordance with the provisions of this section.

Proposed: It is proposed to omit sub-section (7) of the said section which is consequential due to the omission of section 88

Implication: Due to consequential omission of section 88, deduction under the corresponding provisions of this section shall not be allowed.

W.E.F: 01st April 2023

Deduction in respect of contribution to certain pension funds.

Section: 80CCC sub section 3 Clause (a)

Existing Provision: Where any amount paid or deposited by the assessee has been taken into account for the purposes of this section, —
(a) a rebate with reference to such amount shall not be allowed under section 88

Proposed: In section 80CCC of the Income-tax Act, in sub-section (3), clause (a) shall be omitted.

Implication: As Sec. 88 providing rebate for pension funds has been omitted, the assessee are allowed to avail the deduction under section 80CCC only.

Union Budget 2023

W.E.F: 01st April 2023

Deduction in respect of contribution to pension scheme notified by the Central Government

Section: 80CCD sub section 4 Clause (a)

Existing Provision: Where any amount paid or deposited by the assessee has been allowed as a deduction under 5 [sub-section (1) or sub-section (1B)], —

(a) no rebate with reference to such amount shall be allowed under section 88.

Proposed: In section 80CCD of the Income-tax Act, in sub-section (4), clause (a) shall be omitted.

Implication: As Sec. 88 providing rebate for pension funds has been omitted, the assessee are allowed to avail the deduction under section 80CCD only

W.E.F: 01st April 2023

Deduction in respect of contribution Agniveer Corpus Fund

Newly Inserted Section

Section: 80CCH

Proposed: It is proposed to insert a new section 80CCH to provide that where an assessee, being an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after 1st November, 2022, has in the previous year, paid or deposited any amount in his account in the said Fund, he shall be allowed a deduction in the computation of his total income, of the whole of the amount

Union Budget 2023

so paid or deposited in accordance with the said Scheme; and where the Central Government makes any contribution to the account in the Agniveer Corpus Fund, the assessee shall be allowed a deduction in the computation of his total income of the whole of the amount so contributed.

Implication: The aforesaid insertion sounds favorable for the taxpayers as those enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund are eligible to claim deduction of the whole of the amount so paid by himself or The Central Government in accordance with the said Scheme.

W.E.F: 01st April 2023

Deduction in respect of donations to certain funds, charitable institutions, etc.

Section: 80G subsection 2 clause(a)

Existing Provision: any sums paid by the assessee in the previous year as donations to (ii) the Jawaharlal Nehru Memorial Fund referred to in the Deed of Declaration of Trust adopted by the National Committee at its meeting held on the 17th day of August, 1964; (iiic) the Indira Gandhi Memorial Trust, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of February, 1985 (iiid) the Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991;

Proposed: It is proposed to omit sub-clauses (ii), (iiic) and (iiid) of clause (a) of the said sub-section.

Implication: The assessee will not be able to claim deductions for donation to above mentioned funds, charitable institutions, etc.

W.E.F: 01st April 2024

Union Budget 2023

Special provision in respect of specified business.

Section: 80-IAC

Existing Provision: - The existing provisions of the section 80-IAC of the Act, inter alia, provides for a deduction of an amount equal to hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years, beginning from the year of incorporation, at the option of the assessee subject to the condition that,

- (i) the total turnover of its business does not exceed one hundred crore rupees,
- (ii) it is holding a certificate of eligible business from the Inter-Ministerial Board of Certification, and
- (iii) it is incorporated on or **after 1st day of April, 2016 but before 1st day of April 2023.**

Proposed Provision: It is proposed to amend the provisions of section 80-IAC of the Act so as to extend the period of incorporation of eligible start-ups to **1st day of April 2024.**

Implication: In order to further promote the development of start-ups in India and to provide them with a competitive platform, further extension of one year has been provided

W.E.F: 01st April 2023

Rebate of income-tax in case of certain individuals

Section: 87A

Existing Provision: - —An assessee, being an individual resident in India, whose total income does not exceed **five Lakh rupees**, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total

Union Budget 2023

income with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of **[five Lakh rupees], whichever is less.**

Proposed: An assessee, being an individual resident in India whose income is chargeable to tax under the proposed sub-section (1A) of section 115BAC (new regime of tax) , shall now be entitled to a rebate **of 100 percent** of the amount of income-tax payable on a **total income not exceeding Rs 7 lakh.**

W.E.F: 01st April 2024

Maintenance and keeping of information and document by persons entering into an international transaction or specified domestic transaction.

Section 92D

Existing Provision: The Assessing Officer or the Commissioner (Appeals) may, in the course of any proceeding under this Act, require any person who has entered into an international transaction or specified domestic transaction to furnish any information or document in respect thereof, as may be prescribed under sub-section (1), within a period of **thirty days** from the date of receipt of a notice issued in this regard. Provided that the Assessing Officer or the Commissioner (Appeals) may, on an application made by such person, extend the period of **thirty days** by a further period not exceeding thirty days.

New Provision: It is proposed that instead of “thirty days” the time limit has been reduced to “**Ten Days**” and can exceed to thirty days on an application made by such person.

Implication: Time has been reduced for submission of documents for the purpose of international transaction or specified domestic transaction.

WEF: 01.04.2024

Limitation on interest deduction in certain cases

Section 94B

Existing Provision: Nothing contained in sub-section (1) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of **banking or insurance**.

New Provision: It is proposed that along with banking and insurance companies other “**such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf**” is included.

Implication: It increases the tax liability of NBFC.

WEF: 01.04.2024

Rebate on short-term capital gains in certain cases to be omitted

Section 111A

Existing Provision: Where the total income of an assessee includes any short-term capital gains referred to in sub-section (1), the rebate under section 88 shall be allowed from the income-tax on the total income as reduced by such capital gains.

For the purposes of this section, — (a) —equity oriented fund shall, have the meaning assigned to it in the Explanation to clause (38) of section 10; (b) —International Financial Services Centre shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); (c) —recognized stock exchange shall have the meaning assigned to it in clause (ii) of the Explanation 1 to sub-section (5) of section 43.

Union Budget 2023

New Provision: Sub section 3 of Section 111A shall be **omitted**

Implication: It results the increment in Tax liability because rebate is not allowed from any income arising from short term capital gains

WEF: 01.04.2024

Rebate on long-term capital gain to be omitted

Section 112

Existing Provision: Where the total income of an assessee includes any income arising from the transfer of a long-term capital asset, the total income shall be reduced by the amount of such income and the rebate under section 88 shall be allowed from the income-tax on the total income as so reduced.

New Provision: Sub section 3 of Section 112 shall be **omitted**

Implication: It results the increment in Tax liability because rebate is not allowed from any income arising from long term capital asset.

WEF: 01.04.2024

Tax on income of certain resident co-operative societies

Section 115BAD

Union Budget 2023

Existing Provision: Notwithstanding anything contained in this Act but subject to the **provisions of this Chapter**, the income-tax payable in respect of the total income of a person, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate of twenty-two per cent

New Provision: It is proposed that words “provisions of this chapter” are substituted by “other **than those mentioned under section 115BAE,**”

Implication: Scope has been narrowed by excluding those entity mentioned under section 115BAE.

WEF: 01.04.2024

Tax on winnings from online games

Section 115BBJ



Existing Provision: New Insertion

New Provision: Total income of an assessee includes any income by way of winnings from any online game, the income-tax payable shall be the aggregate of—

1. Tax shall be deducted from the net winning of previous year at the rate of flat 30% and
2. Total income shall be reduced by the net winning from online games and then the tax liability shall be calculated.

Implication: No implication as it was already included in Section 115BB and was taxed at the rate of 30%.

WEF: 01.04.2024

Tax on income of certain new manufacturing co-operative societies.

Section 115BAE

Existing Provision: New Insertion

New Provision:

- (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BAD, the income-tax payable in respect of the total income of an assessee, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024, shall, at the option of such assessee, be computed at the rate of fifteen per cent. if the conditions contained in sub-section (2) are satisfied.
- (2) For the purposes of sub-section (1), the following conditions shall apply, namely: —
 - (A) the cooperative society has been set-up and registered on or after the 1st day of April, 2023, and has commenced manufacturing or production of an article or thing on or before the 31st day of March, 2024 and
 - (i) the business is not formed by splitting up, or the reconstruction, of a business already in existence;
 - (ii) Does not use any machinery or plant previously used for any purpose.
 - (B) The assessee is not engaged in any business other than the business of manufacture or production of any Article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it other than generation of electricity.
 - (C) If total Income is computed without
 - (i) Any Deduction Except Section 80JJAA
 - (ii) without set off of any loss carried forward or depreciation from any earlier assessment year

- (3) The loss and depreciation referred to in sub-clause (2) of clause (c) of sub-section (ii) shall be deemed to have been given full effect to and no further deduction for such loss shall be allowed for any subsequent year.
- (4) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the first of the returns of income for any previous year.

Provided that where the total income of the assessee includes any income, which has neither been derived from nor is incidental to, manufacturing or production of an article or thing and in respect of which no specific rate of tax has been provided separately under this Chapter, such income shall be taxed at the rate of twenty-two per cent and no deduction or allowance in respect of any expenditure or allowance shall be made in computing such income.

Provided also that the income-tax payable in respect of income, being short term capital gains derived from transfer of a capital asset on which no depreciation is allowable under the Act shall be computed at the rate of twenty-two per cent

Implication: Under proposed new section 115BAE of the Act, a new manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for assessment year 2024-25 onwards. Surcharge would be at 10% on such tax.

WEF: 01.04.2024

Special provisions for payment of tax by certain persons other than a company.

Section 115JC

Union Budget 2023

Existing Provision: The provisions of this section shall not apply to a person who has exercised the option referred to in section 115BAC (Tax on income of individuals and Hindu undivided family) or section 115BAD (Tax on income of certain resident co-operative societies.)

Proposed Provision: The provisions of this section shall not apply to a person, where
(i) such person has exercised the option referred to in sub-section (5) of section 115BAC or sub-section (5) of section 115BAD or sub-section (5) of section 115BAE (Tax on Certain New Manufacturing of Cooperative Societies); or
(ii) income-tax payable in respect of the total income of such person is computed under sub-section (1A) of section 115BAC.

Implication: Section 115JC has increased the coverage of inclusive persons such as Person who has exercised the option referred in 115BAE (Tax on Certain New Manufacturing of Cooperative Societies) Or (1A) of section 115BAC.

WEF: 01.04.2024

Tax credit for alternate minimum tax

Section 115JD(7)

Existing Provision: The provisions of this section shall not apply to a person who has exercised the option referred to in section 115BAC or section 115BAD.

Proposed Provision: The provisions of this section shall not apply to a person, where -
(i) such person has exercised the option referred to in sub-section (5) of section 115BAC or sub-section (5) of section 115BAD or sub-section (5) of section 115BAE; or
(ii) income-tax payable in respect of the total income of such person is computed under sub-section (1A) of section 115BAC.

Implication: In addition to the persons who have exercised the option u/s 115BAC or 115BAD, the persons who will exercise the option u/s 115BAE, or whose income tax is payable under sub section(1A) u/s 115BAC, will not be able to enjoy the benefit of tax credit for alternate minimum tax.

W.E.F: 01-04-2024

Tax on accreted income

Section 115TD (3)

Addition in existing provision: U/s 115TD(3), new clause(iii) has been inserted,

If it fails to make an application in accordance with the provisions of clause (i) or clause (ii) or clause (iii) of the first proviso to clause (23C) of section 10 or sub-clause (i) or sub-clause (ii) or sub-clause (iii) of clause (ac) of sub-section (1) of section 12A, within the period specified in the said clauses or sub-clauses, as the case may be, which expires in the said previous year.

Implication: If one fails to make an application according to the given time period, a trust or an institution shall be deemed to have been converted into any form not eligible for registration under section 12AA in a previous year.

W.E.F: 01-04-2023

Expanding the scope for investment for “Investment Fund”

Section :115UB

Union Budget 2023

Existing Provision: "investment fund" means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992

Proposed Provision: It is proposed to insert "International Financial Services Centers Authority (Fund Management) Regulations, 2022" along with Securities and Exchange Board of India Act, 1992.

Implication: Assessee will get more option for investment i.e. International Financial Services Centers Authority (Fund Management) Regulations, 2022.

WEF: 1st day of April 2024

Inquiry before assessment

Section 142

Existing Provision: For sub-section (2A), If, at any stage of the proceedings before him, the Assessing Officer, having regard to the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, direct the assessee to get the accounts audited by an accountant

Proposed Provision: The proposed provision includes one more requirement: -

- (i) To get the accounts audited by an accountant or as per sub clause (ii) to get the inventory valued by a cost accountant, as

defined in the Explanation below sub-section (2) of section 288, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf and to furnish a report of such audit and inventory valuation in the prescribed form duly signed and verified by such accountant or cost accountant respectively

Implication: Previously the accounts were being audited by accountant but now the valuation of inventory will be done by the cost accountant and have to submit the cost valuation and audit report duly signed by such accountant or cost accountant respectively.

WEF: 1st day of April, 2023.

Tax on updated Return

Section: 140B(4)

Existing Provision:

- (i) Notwithstanding anything contained in Explanation 1 to section 234B, for the purposes of sub-section (2), interest payable under section 234B shall be computed on an amount equal to the assessed tax or, as the case may be, on the amount by which the advance tax paid falls short of the assessed tax, where, "assessed tax" means the tax on the total income as declared in the return to be furnished under sub-section (8A) of section 139
- (ii) In clause (a), in sub-clause (i), the amount of relief or tax referred to in sub-section (1) of section 140A, the credit for which has been claimed in the earlier return

Addition to Existing Provision:

- (i) Notwithstanding anything contained in Explanation 1 to section 234B, for the purposes of sub-section (2), interest payable under section 234B shall be computed on an amount equal to the assessed tax, where, "assessed tax" means the tax on the total income as declared in the return to be furnished under sub-section (8A) of section 139

Union Budget 2023

- (ii) in clause (a), in sub-clause (i), the amount of relief or tax referred to in sub-section (1) of section 140A, the credit for which has been claimed in the earlier return, if any.

Implication:

- (i) Previously the amount of interest was calculated on amount equal to the assessed tax or amount by which the advance tax paid falls short of assessed tax but now the amount of interest will be calculated on the amount equal to the assessed tax. Hence, the burden of tax on the assessee gets increased.

WEF: 1st day of April, 2023.

Issue of notice where income has escaped assessment.

Section: Section 148

Existing Provision: Before making the assessment, reassessment or recomputation under section 147, the Assessing Officer shall serve on the assessee a notice requiring him to furnish within such period as may be specified in the notice.

Addition to Existing Provision:

Before making the assessment, reassessment or recomputation under section 147, the Assessing Officer shall serve on the assessee a notice requiring him to furnish within a period of three months from the end of the month in which such notice is issued, or such further period as may be allowed by the Assessing Officer on the basis of an application made in this regard by the assessee.

Further after the second proviso and before explanation 1, the following proviso has been inserted namely:

Provided also that any return of income, required to be furnished by an assessee under this section and furnished beyond the period allowed shall not be deemed to be a return under section 139.

Implication: Before, there was no period specified for the notice which was issued by the assessing officer but now the assessee is time bound and have to furnish within the period of three months from the end of the month in which notice was issued or such further period as allowed by the assessing officer.

WEF: 1st day of April, 2023.

Time limit for completion of assessments, reassessments and re computation.

Section 153

Existing Proviso: New Provision Inserted

New Proviso: Provided also that in respect of an order of assessment relating to the assessment year commencing on or after the 1st day of April, 2022, the provisions of this sub-section shall have effect, as if for the words "twenty-one months", the words "twelve months" had been substituted.

Implications: From now onwards any orders of assessment relating to assessment year commencing on or after the 01.04.2022 then the words 21 Months will be considered as 12 months

W.E.F: 01st April 2023

Time limit for completion of assessments, reassessments and re computation.

Section 153(3A)

Union Budget 2023

Existing Provision: New Sub section Inserted

New Provision: "(3A) Notwithstanding anything contained in subsections (1), (1A), (2) and (3), where an assessment or reassessment is pending on the date of initiation of search under section 132 or making of requisition under section 132A, the period available for completion of assessment or reassessment, as the case

may be, under the said sub-sections shall,—

(a) in a case where such search is initiated under section 132 or such requisition is made under section 132A; 66

(b) in the case of an assessee, to whom any money, bullion, jewellery or other valuable article or thing seized or requisitioned belongs to;

(c) in the case of an assessee, to whom any books of account or documents seized or requisitioned pertains or pertain to, or any information contained therein, relates to,
be extended by twelve months.”;

Implications: If assessment or Reassessment is pending on date of initiation of search u/s 132 or 132A then the period available for completion of assessment or Reassessment as the case maybe under the said sections shall be extended by 12 Months

W.E.F: 01stApril 2023

Sanction for issue of notice.

Section 151

Existing Provision: New Section inserted

Union Budget 2023

Proposed Provision: Provided that the period of three years for the purposes of clause (i) shall be computed after taking into account the period of limitation as excluded by the third or fourth or fifth provisos or extended by the sixth proviso to sub-section (1) of section 149.

Implication: Period of 3 Years for section 151 shall be computed by taking into consideration the limitations which are excluded by the provisos third or fourth or fifth or extended by sixth proviso of section 149(1). Hence Department has more time to issue notice to the assessee

W.E.F: 01st April 2023

Deduction to SEZ units for income or part thereof subsequently brought in India.

Section- 155(11A):

Existing Provision: Where deduction u/s 10A or 10B or 10BA has not been allowed on the ground that such income has not been received in convertible foreign exchange in India or not brought in India with the approval of RBI or any such authority as mentioned in the law, subsequently if such income or part thereof has been received or brought into India. AO shall amend the order of assessment, so as to allow deduction u/s 10A or 10B or 10BA, as the case may be, from the end of the financial year, in which such income is so received in, or brought in into India.

Addition in existing Provision: Where deduction u/s 10A or 10AA (Section 10AA is a provision under the Income Tax Act which allows taxpayers to take deductions for those businesses which are established in Special Economic Zones (SEZ), provided **(a)** SEZ unit is not formed by any splitting up, or the reconstruction of the business that is already in existence; **(b)** not formed by any transfer of plant or machinery, previously used for any purpose, to a new business) or 10B or 10BA has not been allowed on the ground that such income has not been received in convertible foreign exchange in India or not brought in India with the approval of RBI or any such authority as mentioned in the

Union Budget 2023

law, Subsequently if such income or part thereof has been received or brought into India. AO shall amend the order of assessment, so as to allow deduction 10A or 10AA or 10B or 10BA, as the case may be, from the end of the financial year, in which such income is so received in, or brought in into India.

Implication: This has widened the scope for the SEZ units which in turn will help the SEZ units to claim deduction.

WEF: 01-04-2024

Deduction to manufacturer of sugar of certain expenditure

Insertion of new sub section- 155(19): Where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee, being a co-operative society engaged in the business of manufacture of sugar, and such deduction has been disallowed wholly or partly in any previous year commencing on or before the 1-04-2014, the Assessing Officer shall, on the basis of an application made by such assessee, , recompute the total income of the assessee for such previous year after allowing deduction to the extent such expenditure is incurred, at a price which is equal to or less than the price fixed or approved by the Government for that previous year, and the provisions of section 154(Rectification of Mistakes) shall apply thereto. and the period of four years specified in sub-section (7) of that section shall be looked upon from the end of previous year commencing on the 1st day of April, 2022.

Implication: This has widen the scope and will help the assessee; co-operative societies engaged in the business of manufacture of sugar to claim deduction of any expenditure incurred for the purchase of sugarcane.

WEF: 01.04.2023

Credit of TDS for the income furnished in ROI

Insertion of new sub section- 155(20): Where any income has been included in the return of income furnished by an assessee under section 139 for any relevant assessment year, and tax on such income has been deducted at source and paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B in a subsequent financial year. The Assessing Officer shall, on an application made by the assessee in such form, as may be prescribed, within a period of two years from the end of the financial year in which, such tax was deducted at source, amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year, and the provisions of section 154(Rectification of Mistakes) shall apply thereto. The period of four years specified in sub-section (7) of that section shall be looked upon from the end of the financial year in which such tax has been deducted. Provided that the credit of such tax deducted at source shall not be allowed in any other assessment year.

Implication: This provision provides that the assessee can now apply to the assessing officer within two years from the end of FY in which tax was paid, to claim the credit of the TDS, provided credit of such tax deducted at source shall not be allowed in any other assessment year.

WEF: 01.10.2023

Effect of order of tribunal or court in respect of business reorganisation

Section - 170A(1)

Insertion of New Section:

Proposed Provision: Despite anything in section 139 to the contrary, if a business is reorganized prior to the date of an order from a High Court or tribunal or an Adjudicating Authority as defined in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 as the case may be, and any return of income has been provided by an entity to which such order applies under the provisions of section 139 for any

Union Budget 2023

assessment year relevant to the previous year to which such order applies, the successor shall furnish required documents, within a period of six months from the date of receipt of the order from High Court or Tribunal or Adjudicating Authority.

Implication: Assessee has to meet new compliance to submit the required documents within a period of six months when the process of reorganisation takes place in the entity. Thus, it will be fresh burden for the assessee if business is reorganized.

W.E.F: 1st April 2023.

Section -170A(2)(a)

Insertion of New Section:

Proposed Provision: If the proceedings (assessment/reassessment) have been **completed** on the date of furnishing of the modified return as mentioned in sub-section (1), the Assessing Officer has the authority to pass an order modifying the total income of the applicable assessment time determined in assessment or reassessment, with order and taking into account the modified return so furnished.

Implication: The assessee will not have any further burden if the required documents are submitted with the proposed time i.e. within six months to the respective authority.

W.E.F: 1st April 2023.

Section -170A(2)(b)

Insertion of New Section:

Union Budget 2023

Proposed Provision: If proceedings (assessment/reassessment) are **pending** on the date of furnishing of the modified return as mentioned in sub- section (1), the Assessing Officer has the authority to pass an order for assessing or reassessing the total income of the relevant assessment year in accordance with the order of the business reorganisation and taking into account the modified return so furnished.

Implication: If the assessee doesn't submit the required documents in time or if the assessing officer is not satisfied with the provided documents, then the assessee has the compliance to submit the updated documents or the documents which are not submitted.

W.E.F: 1st April 2023.

Section -170A(3)

Insertion of New Section:

Proposed Provision: All other provisions of this Act shall apply and the tax shall be chargeable at the rate or rates as applicable to such assessment year, if assessment/ reassessment made in respect of an assessment year under this section.

Implication: The assessee shall comply with the rates applicable with the respective assessment year for such assessment or reassessment proposed by the respective authority.

W.E.F: 1st April 2023.

Relaxation for furnishing TDS to employees

Section-192A: salary

Union Budget 2023

Existing Provision:

Provided further that in case, it is less than. 30,000, there will be no tax deducted at source. Under this provision, any person is entitled to receive any amount on which tax is deductible, provided the person furnishes his/her Pan number to the person responsible for deducting tax

Proposed Provision:

In section 192A of the Income-tax Act, the second proviso shall be omitted.

Implication: Now the Deductor is not required to deduct TDS @ 10%. , if the employee fails to furnish his Permanent Account Number

WEF: 1ST day of April, 2024

Interest on securities

Section-193.

Existing Provision: (ix) any interest payable on any security issued by a company, where such **security is in dematerialised form** and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder.

Provision: In section 193 of the Income-tax Act, in the proviso, clause (ix) shall be omitted.

Implication: Now The person responsible for paying any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India.

WEF: 1ST day of April, 2024

Insertion of New section 194BA (Winnings from Online Games.)

Proposed Provision: A new section 194BA is proposed to introduce for deduction of tax at source on winnings from online games. It provides that in case there is withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such



Union Budget 2023

withdrawal on net winnings comprised in such withdrawal. In addition, income-tax shall also be deducted on the remaining amount of net winnings in the user account at the end of the financial year. Net winnings shall be computed in the prescribed manner.

Implication: The amount earned through online games is taxable at the time of withdrawal and if any amount remaining in the account will taxable at the end of financial year.

W.E.F from 1ST of July, 2023.

Winning From horse race

Section 194BB

Existing provision: Any person, who is responsible for paying to any person any income by way of winnings from any horse race an amount exceeding ten thousand rupees, shall deduct income-tax at the rates in force.

Proposed provision: As per the amendment the word “in an amount exceeding ten thousand rupees”, the words, “being the amount or aggregate of amounts exceeding ten thousand rupees during the financial year”, shall be substituted.

Implication: After the amendment even winning amount equal to ten thousand rupees will also be now taxable.

W.E.F: These amendments will take effect from 1st April, 2023.

Section-194B: Winnings from lottery or crossword puzzle

Existing Provision:

Union Budget 2023

Under Section 194B of the Income Tax Act, TDS will be deducted when the income is earned from the winning lotteries, card games, quiz shows, card games, online gaming, and dance competitions. The winnings from the games need to be more than Rs. 10,000

Proposed Provision:

- (i) For the marginal, the following marginal shall be substituted, namely: — “Winnings from lottery or crossword puzzle, etc.”;
- (ii) for the words “in an amount exceeding ten thousand rupees”, the words “or from gambling or betting of any form or nature whatsoever, being the amount or the aggregate of amounts exceeding ten thousand rupees during the financial year” shall be substituted.

Implication: Scope for the section Winnings from lottery or crossword puzzle has been increased.

WEF: 1st day of July, 2023

TDS on cash withdrawal

Section 194N

Existing Provision: TDS @5% has to be deducted if a sum or aggregate of sum withdrawn in cash by a person in a particular FY exceeds ₹ 1 crore. Provided if ITRs have been filed for all or any one of three previous AYs)

Proposed Provisions: If the recipient is a co-operative society, then the amount ₹1 crore has been substituted by ₹3 crore

Implication: co-operatives societies can now withdrawal up to 3 crores without any TDS earlier the limit was 1 crore, an increase in limit has been done so as to give relief to co-operative societies

Union Budget 2023

W.E.F: 01.04.2023

TDS Deduction on perquisites of resident individuals

Section 194R

Existing Provisions: This section specifies that a 10% TDS shall be deducted by any individual issuing any advantage or perquisite more than ₹20,000 a year to a resident.

Proposed Provision: Perquisite includes any perquisite whether given in cash, kind, partly in cash and partly in kind.

Implication: Any Perquisite given by business/profession to its employee of value more than ₹ 20,000 needs to deduct TDS@10% perquisite includes given in cash, in kind, partly in cash partly and partly in kind.

W.E.F: 01.04.2023

Lower rate of TDS for Non residents Mutual fund holders

Section 196A

Existing Provisions: Any person responsible for paying to a non- resident (not being a company) or to a foreign company, any income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India shall, deduct income- tax thereon at the rate of 20%.

Union Budget 2023

New Provision Inserted: Assessee has to deduct tax at the rate specified in agreement under section 90(1) or 90A(1) (agreement for avoidance of double taxation of income, for prevention of evasion or avoidance of income tax chargeable under IT act or corresponding law in force in other country) or 20% whichever is lower, provided assessee has furnished residency certificate as per section 90(4) or 90A(4)

Implication: This new Provision will benefit Mutual fund company to attract more Non resident Investors and deduct lower rate TDS for Such class of Investors

W.E.F from 1st April,2023

Certificate For TDS Deduction at Lower Rate for NRI

Section 197

Existing Provisions: As per Section 194LBA, business trust shall deduct and deposit rate at the rate of 5% on interest income of non-resident unit holders.

New Provision: As per Section 197(1), business trust can also apply for certificate of tax deduction at lower rate or nil rate in respect of interest income of non-resident unit holders.

Implication: Under this provision, business trust can also take benefit of lower rate or nil rate of TDS deduction on interest income of non-resident unit holders.

W.E.F from 1st April,2023

Exemption from higher rate of TDS for specified classes of person

Section 206AB

Existing Provisions: Deduct TDS at higher rates than usual when you make payments to specified person (who has not filed income tax return of preceding year and total amount of TDS in last FY is Rs.50000 or more).

New Provision: The new provision has excluded following person from specified person category: (i) a non-resident who does not have a permanent establishment in India; or (ii) a person who is not required to furnish the return of income for the previous year and is notified by the Central Government in the Official Gazette in this behalf.

Implication: As per new provision, assessee does not need to deduct TDS at higher rate if he has made payment to non-resident person or a person who is not required to furnish income tax return.

W.E.F: 1st April,2023

Exemption from higher rate of TCS for specified classes of person

Section 206CCA

Existing Provisions: Collect TCS at higher rates than usual when you make payments to specified person (who has not filed income tax return of preceding year and total amount of TCS in last FY is Rs.50000 or more) .

New Provision: The new provision has excluded following person from specified person category: (i) a non-resident who does not have a permanent establishment in India; or (ii) a person who is not required to furnish the return of income for the previous year and is notified by the Central Government in the Official Gazette in this behalf.

Implication: As per new provision, assessee does not need to collect TCS at higher rate if he has collected payment from non-resident person or a person who is not required to furnish income tax return.

W.E.F: 1st April, 2023

Changes in TCS rates for overseas tour program package

Section 206C

Existing Provisions: (i) A Person selling overseas tour program package receives an amount from buyer needs to collect TCS at the rate of five **percent**.

New Provision: As per new provision in the long line, the word “five” is substituted with “twenty” and the words “and is for a purpose other than purchase of overseas tour program package”, the words “and is for the purposes of education or medical treatment” shall be substituted.

Implication: The financial implication of the new provision is as follows:

Sr No.	Type of remittance	Present rate	Proposed rate
1	For the purpose of any education, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E.	0.5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakhs.	No change

Union Budget 2023

2	For the purpose of education, other than (i) or for the purpose of medical treatment.	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakhs.	No change
3	Overseas tour package	5% without any threshold limit.	20% without any threshold limit
4	Any other case	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakhs	20% without any threshold limit

W.E.F from 1st July,2023

Dispute Resolution Committee

Section 245MA

Existing Provision: In this section the central government has been empowered to make a scheme by notification in the official gazette direct that any of the provision of this act shall not apply or shall apply with such exception. However, no such direction shall be issued after the 31st day of March, 2023.

Proposed Provision: In sub-section (4) a proviso shall be inserted that, the central government may amend any direction issued under this sub-section on or before the 31st day of March, 2023, by the notification in the official gazette.

Implication: The central government may amend any direction issued under this sub-section (4)

W.E.F: 01.04.2023

Section 245R: Procedure on Receipt of application

Existing Provision: In this section the central government has been empowered to make a scheme by notification in the official gazette direct that any of the provision of this act shall not apply or shall apply with such exception. However, no such direction shall be issued after the 31st day of March, 2023.

Proposed Provision: In sub-section (10) a proviso shall be inserted that, the central government may amend any direction issued under this sub-section on or before the 31st day of March, 2023, by the notification in the official gazette.

Implication: The central government may amend any direction issued under this sub-section (10)

W.E.F: 01.04.2023

Section 245D: Procedure on Receipt of application under 245C

Existing Provision: Clause (iv) of sub-section (9) provides that where the time-limit for amending any order or filing of rectification application as per sub-section (6B) expires on or after 01.02.2021, then the period from 01.02.2021 till the constitution of IBS shall be excluded from computing the time-limit, and after such exclusion, if the time-limit available for amending the order or for making application is less than 60 days, such period shall be extended to 60 days. Therefore, as per the provisions of clause (iv) of sub-section (9) of section 245D, the period between 01.02.2021 till 10.08.2021 (when the order constituting IBS was issued) shall be excluded for computing the time-limit.

Proposed Provision: sub-section (9) of section 245D is proposed to be substituted with a new clause to provide that where the time-limit for amending an order or for making an application under sub-section (6B) expires on or after 01.02.2021 but before 01.02.2022, such time-limit shall stand extended to 30.09.2023.

Implication: Time-limit for amending an order or for making an application under sub-section (6B) has been extended till 30.09.2023.

Union Budget 2023

W.E.F: This amendment will take effect retrospectively from 01.02.2021

Appeals to the Appellate Tribunal.

Section 253(1)(a)

Existing Provision: Any assessee aggrieved by an order passed by Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a Commissioner (Appeals) under section 154, section 250, section 270A, section 271, section 271A, section 271J or section 272A.

Proposed Provision: Any assessee aggrieved by an order passed by Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a Commissioner (Appeals) under section 154, section 250, section 270A, section 271, section 271A, section 271AAB, section 271AAC, section 271AAD section 271J or section 272A.

Implications : With the inclusion of Section 271AAB, section 271AAC, section 271AAD which give powers to the Assessing Officer to levy penalty in cases involving undisclosed income unexplained credits or expenditures in cases where search has been initiated u/s 132 or otherwise, or for false entry etc. in books of account, in order to create an additional deterrence against noncompliance by the tax payers, it is proposed to enable the Commissioner (Appeals) to levy penalty under these sections to the along with Assessing Officer.

W.E.F : 1st April,2023

Penalty for cash loan/ transactions against primary co-operatives:

Section 269SS

Union Budget 2023

Existing Provision: Any deposit or loan or any specific amount should not be accepted from any person other than by an account payee bank draft, account payee cheque, or online transfer through a bank account, if the amount of such deposit or loan is Rs. 20,000.00 or more.

Proposed Provision: As per the proposed bill, the threshold limit of Rs. 20,000.00 has been increased to Rs. 2,00,000.00 when deposit is accepted by or loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank from or by its member.

Implication: This will provide benefit to the rural people and will facilitate easier conduct of business operations where there is less banking operation.

W.E.F: 1st April 2023

Mode of repayment of certain loans or deposits.

Section 269T

Existing Provision: No branch of a banking company or a co-operative bank, company or co-operative society, firm or other person shall repay any loan or deposit of amount more than Rs. 20000 others than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit.

Proposed Provision: As per the proposed bill, the threshold limit of Rs. 20,000.00 has been increased to Rs. 2,00,000.00 when deposit is paid by or loan is repaid to primary agricultural credit society or a primary co-operative agricultural and rural development bank to or by its member.

Union Budget 2023

Implication: This will provide benefit to the rural people and will facilitate easier conduct of business operations where there is less banking operation.

W.E.F: 1st April 2023

No appeal for the orders passed under Section 246, 246A

Section 270AA

Existing Provision: As per section 270AA (6) No appeal under section 246A or an application for revision under section 264 shall be admissible against the order of assessment or reassessment, referred to in clause (a) of sub-section (1), in a case where an order under sub-section (4) has been made accepting the application.

Proposed Provision: After the words "No appeal under", "Section 246 or" shall be inserted.

Implication: As per amendment no appeal can be made against orders passed by the assessing officer/Deputy commissioner under Section 246 and Section 246A.

W.E.F: 1st April 2023.

Penalty in respect of certain specified income

Section – 271AAC

Existing Provision:

The Assessing Officer or the Commissioner (Appeals) in this Act direct that, in a case where the income determined includes any income

Union Budget 2023

referred to in section 68 (Cash Credited in Books of A/C), Section 69 (investments not disclosed in Books of A/C), Section 69A (money, jewellery or other valuable articles not disclosed in Books of A/C), Section 69B (Investment amount not fully disclosed in Books of A/C), Section 69C (Unexplained Expenditure) and Section 69D (Amount borrowed or repaid on hundi). The defaulting taxpayer will be imposed with a penalty that is computed at the rate of 10% of tax payable. This will be in addition to the taxes payable under Section 115BBE.

Proposed Provision: The Assessing Officer or Commissioner (Appeal) or Joint Commissioner (Appeal) may impose penalty: In case where income determined includes any income referred to in section 68, 69, 69A, to 69D. Further, 271AAC shall also be appealable to the Appellate Tribunal.

Implications: Now Commissioner or Joint Commissioner in Appeal may also direct for penalty in addition to Assessing officer for the income referred to in section 68, 69, 69A to 69D. As per recent amendment about the change in powers, now joint commissioner has been allocated more power than the Assessing Officer.

W.E.F: 01-04-2023

Penalty for false entry, Etc., in books of Account

Section- 271AAD

Existing Provision: The Assessing officer or Commissioner (Appeals) may impose penalty if: False entry (False Invoice or false piece of Documentary Evidence) etc. in the books of Account or Omission of any entry which is relevant for Calculating the total income of such person, to Avoid tax liability.

Proposed Provision: The Assessing officer or Commissioner (Appeals) or Joint Commissioner may impose penalty if: False entry (False Invoice or false piece of Documentary Evidence) etc. in the books of Account or Omission of any entry which is relevant for Calculating

the total income of such person, to Avoid tax liability.

Implication: Now Commissioner or Joint Commissioner in Appeal may also direct for penalty in addition to assessing officer for false entry or omission of entry which relevant to Avoid tax. As per recent amendment about the change in powers, now joint commissioner has been allocated more power than the Assessing Officer.

W.E.F: 01-04-2023

Penalty for failure to deduct tax at Source

Section 271C

Existing Provision: (1) If any person fails to deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or pay the whole or any part of the tax as required by or under sub-section (2) of section 115-O; (Tax on Distributed Profit) or the second proviso to section 194B (TDS On Winning and Lotteries) then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay as aforesaid.

Proposed Provision: As Per recent Amendment if any person fail to deduct the whole or any part of the tax as required by or under the provisions of chapter xvii-B; Or pay or ensure payment of the tax as required by or under sub section (2) of Section 115-O; (Tax on Distributed Profit) and the second proviso to Section 194B (TDS On winning and Lotteries), And inserted section 194R(1) first proviso benefit or perquisite in respect of business or profession and 194S which states about tax to be deducted @1% on transfer of a virtual digital asset.

Implication: Earlier the taxpayer was required to deduct the tax either under the Section 115-O;(Tax on distributed profits) or the second proviso to Section 194B (TDS On Winning and Lotteries) but now as per the latest amendment the taxpayer needs to deduct the tax under both Sections. Penalty would be leviable on section 194R benefit or perquisite in respect of business or profession and section 194S VDA.

W.E.F: 01-07-2023

Penalty for furnishing inaccurate statement of financial transaction or reportable account

Section- 271FAA

Existing Provision: If a person referred in section 285BA Specified entities are required to furnish a statement of financial transaction, but the person furnish a inaccurate statement of financial transaction then, the prescribed income-tax authority may direct that such person shall pay, by way of **penalty, a sum of fifty thousand rupees**

Proposed Provision If a person referred in section 285BA Specified entities are required to furnish a statement of financial transaction, but the person furnish a inaccurate statement of financial transaction, **to the above penalty, five thousand rupees additional penalty would be charged** for every inaccurate reportable account.

Implication: Previously only penalty of fifty thousand rupees was levy, but now additional penalty of five thousand Rupees for every inaccurate reportable account is also be levy.

W.E.F: 01-04-2023

Penalty for false entry, Etc., in books of Account

Section- 271J

Existing Provision: Penalty leviable by the Assessing Officer or the Commissioner (Appeals) who, in the course of proceedings under the Act, finds that the accountant, merchant banker or registered valuer has furnished incorrect information in reports or certificates.

Proposed Provision: Penalty leviable by the Assessing Officer or the Commissioner (Appeals) or Joint Commissioner who, in the

course of proceedings under the Act, finds that the accountant, merchant banker or registered valuer has furnished incorrect information in reports or certificates.

Implication: Now Commissioner or Joint Commissioner in Appeal may also direct for penalty in addition to assessing officer if they find that the accountant, merchant banker or registered valuer has furnished incorrect information in reports or certificates. As per recent amendment about the change in powers, now joint commissioner has been allocated more power than the Assessing Officer.

W.E.F: 01-04-2023

Procedure for imposing penalties

Section- 274

Existing Provision: (1) No order imposing a penalty under this Chapter shall be made unless the assessee has been heard, or has been given a reasonable opportunity of being heard. (2) No order imposing a penalty under this Chapter shall be made— (a) by the Income-tax Officer, where the penalty exceeds ten thousand rupees; (b) by the Assistant Commissioner or Deputy Commissioner, where the penalty exceeds twenty thousand rupees, except with the prior approval of the Joint Commissioner.

Proposed Provision: “(2B) The Central Government may amend any direction, issued under this sub-section on or before the 31st day of March, 2022, by notification in the Official Gazette, for the purposes of imposing penalty under this Chapter so as to impart greater efficiency, transparency and accountability.

Implication: A person shall not be required to visit income tax office and therefore he/she can reply to penalty proceedings through online portal.

Union Budget 2023

W.E.F. 01-04-2022

Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B

Section- 276B:

Existing Provision: If failure to pay to the credit of Central Government for deduct TDS on winning income in kind or Cash then Payable penalty under section-276B.

Proposed Provision: The words “pay to the credit of the Central Government” shall be omitted and substituted with the word “The tax deducted”.

Implication: There is no financial implication only change in definition.

W.E.F: 01-07-2023

Failure to give notice and set aside the amount in accordance with section 178

Section -276A

Existing Provision: If a liquidator fails to give notice and set aside the amount the Act makes provision for prosecution with rigorous imprisonment up to two years under section -276A.

Proposed Provision: As per new provision inserted no proceeding shall be initiated under this section.

Implication: There is no prosecution implies to liquidator after new provision inserted.

W.E.F: 01-04-2023

Union Budget 2023

Indirect Tax Proposals

Goods & Service Tax

Relaxation in Composition Levy scheme

Section: Section 10, CGST Act 2017

Existing Provision:

Composition levy have been provided under section 10 of the Central GST Act, 2017. Under this scheme, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees may opt for this scheme.

Under this section, the following person are eligible:

- ❖ If He is not engaged in making any supply of **goods or services** through an electronic commerce operator who is required to collect tax at source under section 52;

A person not eligible to pay tax under above scheme, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rs ,may opt to pay tax under section 10(2A), but not exceeding three per cent of the turnover in State or turnover in Union territory

- ❖ If He is not engaged in making
- ❖ any supply of **goods or services** through an electronic commerce operator who is required to collect tax at source under section 52;

Proposed Provision; -

Under this section the following person are eligible - If He is not engaged in making any supply of **services** through an electronic commerce operator who is required to collect tax at source under section 52;

Union Budget 2023

Implication: Remove the restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the composition levy

W.E.F: 01st April,2023

Restriction on availment of ITC on expenditure of CSR

Section: SECTION 17, CGST 2017

Existing Provision:

For the purposes of this sub-section, the expression “value of exempt supply” shall not include the value of activities or transactions specified in Schedule III, except those specified in paragraph 5 of the said Schedule.

Proposed Provision:

The Bill seeks to amend Explanation to sub-section (3) of section 17 of the Act so as to restrict availment of input tax credit in respect of certain transactions specified in clause (a) of paragraph 8 of Schedule III of the said Act, as may be provided by rules, by including the value of such transactions in the value of exempt supply.

- Goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013.

Implication: -

Input tax credit shall not be available in respect of goods or services or both received by a taxable person which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013.

W.E.F: 01st April,2023

Person not liable for registration

Union Budget 2023

Section: Section 23, CGST Act 2017

Existing Provision:

The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

Proposed Provision:

a) The following persons shall not be liable to registration, namely: (i) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act, 2017; (ii) an agriculturist, to the extent of supply of produce out of cultivation of land; (b) the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, specify the category of persons who may be specified therein, specify the category of persons who may be exempted from obtaining registration under this Act.”.

Implications: Clause 131 of the Bill seeks to substitute, with effect from the 1st day of July, 2017, section 23 of the Central Goods and Services Tax Act relating to persons not liable for registration so as to provide overriding effect to the said section over sub-section (1) of section 22 and section 24 of the said Act.

W.E.F: 01st April, 2023

Time limit to furnish the returns

Section 39 – Furnishing of GSTR3B return

Existing provision: Newly inserted

Proposed Provision: As per Newly inserted sub section 11, A registered person shall not be allowed to furnish a return for a tax period after the expiry of a period of 3 years from the due date of furnishing the said return. However, Government may, on the recommendations of the Council, by notification, allow a registered person, subject to certain conditions and restrictions, to furnish the return for a tax period, even after the expiry of the period of 3 years from the due date of furnishing the said return.

Implication: - Registered person shall allowed, subject to certain conditions and restrictions, to furnish a return for a tax period up to period of 3 years from the due date of furnishing the said return.

W.E.F: 01st April,2023

Time limit to furnish the annual return

Section 44 – GST annual return

Existing provision: Newly inserted

Proposed Provision: Section 44 shall be re-numbered as sub-section (1) and thereof after sub-section (1) so re-numbered, a sub-section (2) shall be newly inserted as follows: As per sub-section (2), A registered person shall not be allowed to furnish an annual return under sub-section (1) for a financial year after the expiry of a period of 3 years from the due date of furnishing the said annual return. However, Government may, on the recommendations of the Council, by notification, allow a registered person, subject to certain conditions and restrictions, to furnish an annual return for a financial year even after the expiry of the period of three years from the due date of furnishing the said annual return.

Union Budget 2023

Implication: - Registered person shall allowed, subject to certain conditions and restrictions, to furnish an annual return for a financial year up to period of 3 years from the due date of furnishing the said annual return.

W.E.F: 01st April,2023

Time limit to furnish GSTR-8 by an E-commerce operator

Section 52 – Collection of Tax at Source

Existing provision: Newly inserted

Proposed Provision: As per Newly inserted Sub section (15), the operator shall not be allowed to furnish a Statement in GSTR-8 after the expiry of a period of 3 years from the due date of furnishing the said statement.

However, Government may, on the recommendations of the Council, by notification, allow an operator or a class of operators, subject to certain conditions and restrictions, to furnish a statement in GSTR-8 even after the expiry of the said period of three years from the due date of furnishing the said statement.

Implication: - E-commerce operator shall allow, subject to certain conditions and restrictions, to furnish a statement in GSTR-8 up to period of 3 years from the due date of furnishing the said statement.

W.E.F: 01st April,2023

Inclusion of the amount of input tax credit provisionally accepted

Section 54- Refund of Tax

Existing provision: As per sub-section (6), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, 90% of the total amount so claimed, **excluding the amount of input tax credit provisionally accepted**, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

Proposed Provision: The sentence “**excluding the amount of input tax credit provisionally accepted**” has been omitted from Section 54 (6).

Implication: - In case of claim of refund on account of zero-rated supply made by registered persons, other than such registered persons as may be notified by the Government, refund on a provisional basis, 90% of the total amount so claimed **including** the amount of input tax credit provisionally accepted.

W.E.F: 01st April, 2023

Substitution in computation of period of delay for calculation of interest on delayed refunds

Section 56 - Interest on delayed refunds

Existing provision: If any tax ordered to be refunded to any applicant is not refunded within 60 days from the date of receipt of application, interest at such rate not exceeding 6% as may be specified in the notification issued by the Government on the

Union Budget 2023

recommendations of the Council shall be payable in respect of such refund **from the date immediately after the expiry of 60 days from the date of receipt of application under the said sub-section till the date of refund of such tax**

Proposed provision: The Word “from the date immediately after the expiry of 60 days from the date of receipt of application under the said sub-section till the date of refund of such tax “has been Substituted **by “for the period of delay beyond 60 days from the date of receipt of such application till the date of refund of such tax, to be computed in such manner and subject to such conditions and restrictions as may be prescribed”**

Implication:- Provided the manner of computation of period of delay for calculation of interest on delayed refunds.

W.E.F: 01st April, 2023

Retrospective exemption to certain activities and transactions

Schedule III CGST Act, 2017- Activities or Transactions which shall be treated neither as a Supply of Goods nor a Supply of Service

Existing Provision: As per Schedule III Para 7 of CGST Act, “Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India” and Para 8 “(a) Supply of warehoused goods to any person before clearance for home consumption; (b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption”, shall neither be treated as Supply of goods nor a supply of services.

Union Budget 2023

Proposed Provision: (1) In Schedule III to the CGST Act, paragraphs 7 & 8 and the Explanation 2 thereof (as inserted vide section 32 of Act 31 of 2018) shall be deemed to have been inserted therein with effect from the 1st day of July, 2017. (2) No refund shall be made of all the tax which has been collected, but which would not have been so collected, had subsection (1) been in force at all material times.

Implication: Schedule III of the Central Goods and Services Tax Act to give retrospective applicability to paragraphs 7 and 8 and the Explanation 2 to 205 the said Schedule with effect from the 1st day of July, 2017.

W.E.F: 01st April, 2023

Removal of difficulty regarding ailment of ITC

Section: 12

Existing Provision: According to Section 12, sub-section (8) of IGST Act, , “Place of supply of services where location of supplier and recipient is in India”

The place of supply of services by way of transportation of goods, including by mail or courier to,

- (a) A registered person, shall be the location of such person
- (b) A person other than a registered person shall be the location at which such goods are handed over for their transportation. [Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods]

Proposed Provision: In Section 12 of IGST Act, Subsection (8) proviso shall be omitted.

Implication: Omitted the proviso to sub-section (8) of section 12 of the Integrated Goods and Services Tax Act so as to remove the confusion regarding ailment of input tax credit and other matters.

W.E.F: 01st April, 2023

Budget Publication Team

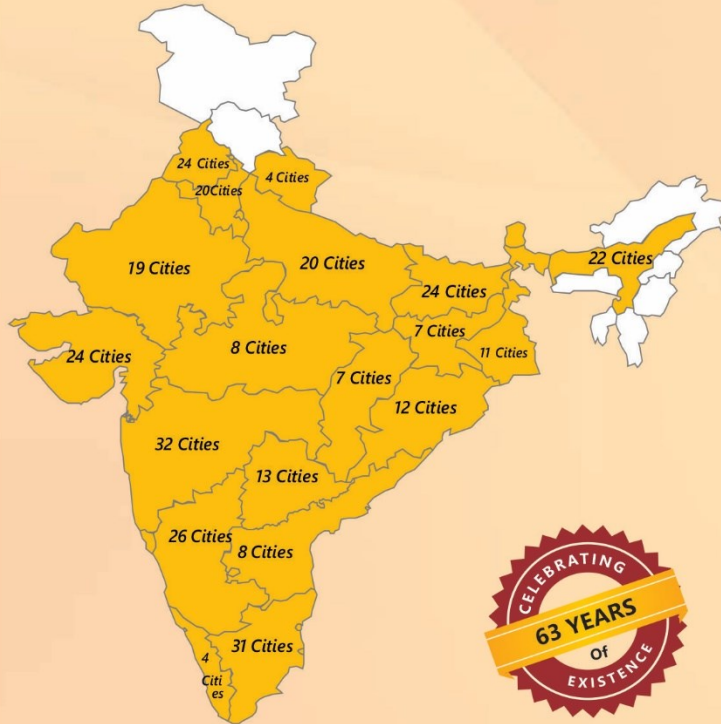


SURAT • MUMBAI • NEW DELHI • JAIPUR • HYDERABAD
AHMEDABAD • KOLKATA • VAPI • PATNA

COVERAGE OF VARIOUS INDUSTRIES



PAN INDIA PRESENCE



www.adcaindia.com

Head Office

SURAT - 204-205, C wing, 4th Floor, SNS Interio, Nr. CNG Pump, Bhatar Althan Road, Bhatar Char Rasta, Surat-395017 (Gujarat).
Mobile : +91 98250 45937, +91 98797 45937, +91 90164 71674
Tel. : 0261-2269131 | E-mail : surat@adcaindia.com
Website : www.adcaindia.com

Branch Offices

MUMBAI -1st Floor, D-3, Plot 15, Deep Sahakari, Near Hanuman Temple, Opp. Mangalmurti Hospital, Gorai-1, Borivali (Wast), Mumbai - 400 091.

AHMEDABAD - A-63, Rajshree Towers, Nr. Prerna Tirth Derasar, Jodhpur Gam Road, Sattellite, Ahmedabad - 380 015.

HYDERABAD - 8-4-548/1, 2nd Left, After Gokul Theatre, Erragadda, Hyderabad - 500 016 (Andhra Pradesh).

KOLKATA - Shantiniketan Bldg., 9th Floor, Room No. 913, Carnac Street, Kolkata - 700017.

JAIPUR - F-113, Road No. 4, Kartarpura Industrial Area, Jaipur - 06 (Rajasthan).

VAPI - 201, Skylon Building Silvassa Road, Char Rasta, Near D.C.B. Bank, Imran Nagar, Vapi, Gujarat - 396191

NEW DELHI - Shop No. 246, Vardhman Crown Mall, Polt No.2 Sector-19, Dwarka, New Delhi-110075

PATNA - Flat No. 305, Sai Enclave, Road No-15, Indrapuri, Patna - 800024, Bihar

Camp Office

Presence in 112 Locations covering 19 States in India