

SHRIDHAR & ASSOCIATES
CHARTERED ACCOUNTANTS



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REGULATORY PROPOSAL

Regulatory Proposal

In the 75th year of India's Independence, the World has recognized the Indian Economy as a 'bright star' as the Economic Growth is estimated at 7 per cent, which is the highest among all major economies, in spite of the massive global slowdown caused by COVID-19 and Russia-Ukraine War. This was stated by Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman, while presenting the Union Budget 2023-24 in Parliament. The Budget emphasized that Indian economy is on the right track, and despite a time of challenges, heading towards a bright future.

Smt. Sitharaman presented the budget with emphasis on Resilience amidst multiple crises and G20 Presidency: Steering the global agenda through challenges.

Achievements since 2014: Leaving no one behind

The government's efforts since 2014 have ensured for all citizens a better quality of living and a life of dignity and the per capita income has more than doubled to Rs 1.97 lakh. In nine 9 years, the Indian economy has increased in size from being 10th to 5th largest in the world. Moreover, the economy has become a lot more formalized as reflected in the EPFO membership, more than doubling to 27 crore, and 7,400 crore digital payments of Rs 126 lakh crore through UPI in 2022.

The efficient implementation of many schemes, with universalisation of targeted benefits, has resulted in inclusive development and listed some of the schemes such as 11.7 crore household toilets under Swachh Bharat Mission, 9.6 crore LPG connections under Ujjawala, 220 crore Covid vaccinations of 102 crore persons, 47.8 crore PM Jan Dhan Bank Accounts, Insurance cover for 44.6 crore persons under PM Suraksha Bima and PM Jeevan Jyoti Yojana, and Cash transfer of Rs 2.2 lakh crore to over 11.4 crore farmers under PM Kisan Samman Nidhi.

Achievements Since 2014

From 10th To 5th Largest Economy In The World Within 9 Years

- ✓ 11.7 Cr household toilets under Swachh Bharat Mission
- ✓ 9.6 Cr LPG connections under Ujjawala Yojana
- ✓ 220 Cr Covid vaccinations of 102 crore persons
- ✓ 47.8 Cr bank accounts under PM Jan Dhan Yojana
- ✓ 44.6 crore persons covered under PM Suraksha Bima and PM Jeevan Jyoti Yojana
- ✓ 2.2 Lakh Cr cash transferred to over 11.4 crore farmers under PM Kisan Samman Nidhi
- ✓ Per capita income more than doubled to Rs 1.97 lakh



Vision for Amrit Kaal – an empowered and inclusive economy

The vision for the Amrit Kaal includes technology-driven and knowledge-based economy with strong public finances, and a robust financial sector and to achieve this, Jan Bhagidari through Sabka Saath Sabka Prayas is essential. The economic agenda for achieving this vision focuses on three things and those are facilitating ample opportunities for citizens, especially the youth, to fulfill their aspirations, secondly, providing strong impetus to growth and job creation and finally to strengthen macro-economic stability. To service these focus areas in the journey to India@100, the following four opportunities can be transformative during Amrit Kaal-

- 1. Economic Empowerment of Women:** Deendayal Antyodaya Yojana National Rural Livelihood Mission has achieved remarkable success by mobilizing rural women into 81 lakh Self Help Groups and will enable these groups to reach the next stage of economic empowerment through formation of large producer enterprises or collectives with each having several thousand members and managed professionally.

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2. **PM Vishwakarma KAushal Samman (PM VIKAS):** For centuries, traditional artisans and craftspeople, who work with their hands using tools, have brought renown for India and they are generally referred to as Vishwakarma. The art and handicraft created by them represents the true spirit of Atmanirbhar Bharat.

For the first time, a package of assistance for them has been conceptualized and the new scheme will enable them to improve the quality, scale and reach of their products, integrating them with the MSME value chain. The components of the scheme will include not only financial support but also access to advanced skill training, knowledge of modern digital techniques and efficient green technologies, brand promotion, linkage with local and global markets, digital payments, and social security. This will greatly benefit the Scheduled Castes, Scheduled Tribes, OBCs, women and people belonging to the weaker sections.

3. **Tourism:** The country offers immense attraction for domestic as well as foreign tourists, as there is a large potential to be tapped in tourism. The sector holds huge opportunities for jobs and entrepreneurship for youth in particular and emphasized that promotion of tourism will be taken up on mission mode, with active participation of states,

convergence of government programmes and public-private partnerships.

4. **Green Growth:** Dwelling on the subject of Green Growth, India is implementing many programmes for green fuel, green energy, green farming, green mobility, green buildings, and green equipment, and policies for efficient use of energy across various economic sectors. These green growth efforts help in reducing carbon intensity of the economy and provides for largescale green job opportunities, she added.



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Priorities of this Budget



The Budget listed seven priorities and said that they complement each other and act as the ‘Saptarishi’ guiding us through the Amrit Kaal. They are as follows:

- 1) Inclusive Development
- 2) Reaching the Last Mile
- 3) Infrastructure and Investment
- 4) Unleashing the Potential
- 5) Green Growth
- 6) Youth Power
- 7) Financial Sector

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Priority 1: Inclusive Development

The Government's philosophy of Sabka Saath Sabka Vikas has facilitated inclusive development covering in specific, farmers, women, youth, OBCs, Scheduled Castes, Scheduled Tribes, divyangjan and economically weaker sections, and overall priority for the underprivileged (vanchiton ko varyiyata). There has also been a sustained focus on Jammu & Kashmir, Ladakh and the North-East. This Budget builds on those efforts.



Agriculture and Cooperation

The Digital Public infrastructure for agriculture is planned to be built as an open source, open standard and inter operable public good. This will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of agri-tech industry and start-ups.

Agriculture Accelerator Fund

Agriculture Accelerator Fund will be set-up to encourage agri-startups by young entrepreneurs in rural areas, which will aim at bringing innovative and affordable solutions for challenges faced by farmers. It will also bring in modern technologies

to transform agricultural practices, increase productivity and profitability.

Enhancing productivity of cotton crop

To enhance the productivity of extra-long staple cotton, Government will adopt a cluster-based and value chain approach through Public Private Partnerships (PPP). This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages.

Atmanirbhar Horticulture Clean Plant Programme

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

Global Hub for Millets: 'Shree Anna'

The Finance Minister, Smt. Sitharaman, quoted Prime Minister as saying, "India is at the forefront of popularizing Millets, whose consumption furthers nutrition, food security and welfare of farmers". India is the largest producer and second largest exporter of 'Shree Anna' in the world as it grows several types of 'Shree Anna' such as jowar, ragi, bajra, kuttu, ramdana, kangni, kutki, kodo, cheena, and sama.

These have a number of health benefits, and have been an integral part of our food for centuries and acknowledged with pride that the huge service done by small farmers in contributing to the health of fellow citizens by growing these 'Shree Anna'. To make India a global hub for 'Shree Anna', the Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level.

Agriculture Credit

Dwelling on welfare measures for farmers, the agriculture credit target will be increased to Rs 20 lakh crore with focus on animal husbandry, dairy and fisheries.

The Government will launch a new sub-scheme of PM Matsya Sampada Yojana with targeted

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investment of Rs 6,000 crore to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.

Cooperation

For farmers, especially small and marginal farmers, and other marginalized sections, the government is promoting cooperative-based economic development model. A new Ministry of Cooperation was formed with a mandate to realize the vision of 'Sahakar Se Samridhhi'. To realise this vision, the government has already initiated computerization of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of Rs 2,516 crore.

In consultation with all stakeholders and states, model bye-laws for PACS were formulated enabling them to become multipurpose PACS. A national cooperative database is being prepared for country-wide mapping of cooperative societies.

The Government will implement a plan to set up massive decentralized storage capacity, which will help farmers store their produce and realize remunerative prices through sale at appropriate times. The government will also facilitate setting up of a large number of multipurpose cooperative societies, primary fishery societies and dairy cooperative societies in uncovered panchayats and villages in the next 5 years.

Health, Education and Skilling

One hundred and fifty-seven new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014. A Mission to eliminate Sickle Cell Anaemia by 2047 will be launched, which will entail awareness creation, universal screening of 7 crore people in the age group of 0-40 years in affected tribal areas, and counseling through collaborative efforts of central ministries and state governments. On Medical Research, that facilities in select ICMR Labs will be made available for research by public and private medical college faculty and private sector R&D teams for encouraging collaborative research and innovation.



Teachers' Training

Teachers' training will be re-envisioned through innovative pedagogy, curriculum transaction, continuous professional development, dipstick surveys, and ICT implementation. The District Institutes of Education and Training will be developed as vibrant institutes of excellence for this purpose.



A National Digital Library for Children and Adolescents will be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility. States will be encouraged to set up physical libraries for them at panchayat and ward

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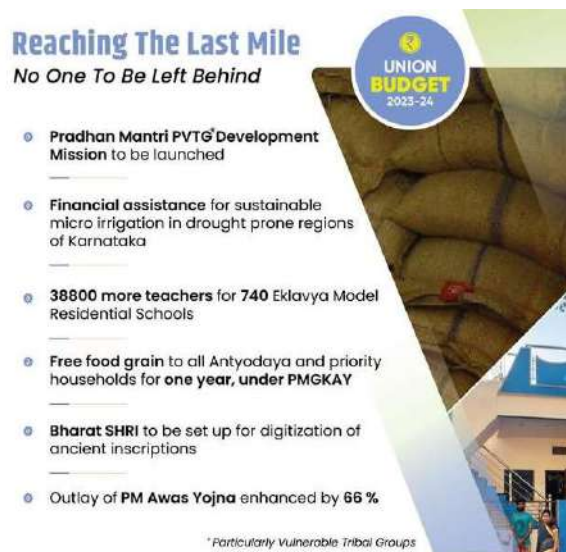
levels and provide infrastructure for accessing the National Digital Library resources.

Additionally, to build a culture of reading, and to make up for pandemic-time learning loss, the National Book Trust, Children's Book Trust and other sources will be encouraged to provide and replenish non-curricular titles in regional languages and English to these physical libraries.

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Priority 2: Reaching the Last Mile

Prime Minister Vajpayee's government had formed the Ministry of Tribal Affairs and the Department of Development of North-Eastern Region to provide a sharper focus to the objective of 'reaching the last mile'. Modi Government has formed the ministries of AYUSH, Fisheries, Animal Husbandry and Dairying, Skill Development, Jal Shakti and Cooperation.



Aspirational Districts and Blocks Programme

Building on the success of the Aspirational Districts Programme, the Government has recently launched the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services across multiple domains such as health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.

Pradhan Mantri PVTG Development Mission

To improve socio-economic conditions of the particularly vulnerable tribal groups (PVTGs), Pradhan Mantri PVTG Development Mission will be launched. This will saturate PVTG families and habitations with basic facilities such as safe housing, clean drinking water and sanitation, improved access to education, health and nutrition, road and telecom connectivity, and

sustainable livelihood opportunities. An amount of Rs 15,000 crore will be made available to implement the Mission in the next three years under the Development Action Plan for the Scheduled Tribes. Smt. Sitharaman announced that in the next three years, centre will recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lakh tribal students.

Water for Drought Prone Region

In the drought prone central region of Karnataka, central assistance of Rs 5,300 crore will be given to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water.

PM Awas Yojana

In an important announcement, the outlay for PM Awas Yojana is being enhanced by 66 per cent to over Rs 79,000 crore.

'Bharat Shared Repository of Inscriptions' will be set up in a digital epigraphy museum, with digitization of one lakh ancient inscriptions in the first stage.

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Priority 3: Infrastructure & Investment

Investments in Infrastructure and productive capacity have a large multiplier impact on growth and employment and in view of this capital investment outlay is being increased steeply for the third year in a row by 33 per cent to Rs 10 lakh crore, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20. The 'Effective Capital Expenditure' of the Centre is budgeted at Rs 13.7 lakh crore, which will be 4.5 per cent of GDP.



Support to State Governments for Capital Investment

The Government has decided to continue the 50-year interest free loan to state governments for one more year to spur investment in infrastructure and to incentivize them for complementary policy actions, with a significantly enhanced outlay of Rs 1.3 lakh crore.

Railways

A capital outlay of Rs 2.40 lakh crore has been provided for the Railways, which is the highest ever outlay and about 9 times the outlay made in 2013-14.

One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified and they will be taken up on

priority with investment of Rs 75,000 crore, including Rs 15,000 crore from private sources.

Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.

An Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall, which will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities. States will be encouraged to leverage resources from the grants of the 15th Finance Commission, as well as existing schemes, to adopt appropriate user charges while accessing the UIDF.

The Government will make available Rs 10,000 crore per annum for this purpose.

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Priority 4: Unleashing the Potential

For enhancing ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized. Furthering the trust-based governance, Government has introduced the Jan Vishwas Bill to amend 42 Central Acts.

On 5G Services, one hundred labs for developing applications using 5G services will be set up in engineering institutions to realize a new range of opportunities, business models, and employment potential. The labs will cover, among others, applications such as smart classrooms, precision farming, intelligent transport systems, and health care applications.



Centers of Excellence for Artificial Intelligence

For realizing the vision of “Make A-I in India and Make A-I work for India”, three centers of excellence for Artificial Intelligence will be set-up in top educational institutions. Leading industry players will partner in conducting interdisciplinary research, develop cutting-edge applications and scalable problem solutions in the areas of agriculture, health, and sustainable cities, which will galvanize an effective A-I ecosystem and nurture quality human resources in the field.

National Data Governance Policy

To unleash innovation and research by start-ups and academia, a National Data Governance Policy will be brought out, which will enable access to anonymized data.

An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts for storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.

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Priority 5: Green Growth

Prime Minister has given a vision for “LiFE”, or Lifestyle for Environment, to spur a movement of environmentally conscious lifestyle. India is moving forward firmly for the ‘panchamrit’ and net-zero carbon emission by 2070 to usher in green industrial and economic transition.



The Budget builds on the focus on green growth. The recently launched National Green Hydrogen Mission, with an outlay of Rs 19,700 crores, will facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector. The target is to reach an annual production of 5 MMT by 2030.

The Budget also provides Rs 35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.

To steer the economy on the sustainable development path, Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding.

The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with investment

of Rs 20,700 crore including central support of Rs 8,300 crore.

GOBARDhan scheme

Smt. Nirmala Sitharaman announced that 500 new ‘waste to wealth’ plants under GOBARDhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme will be established for promoting circular economy. These will include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants at total investment of Rs 10,000 crore.

In due course, a 5 per cent CBG mandate will be introduced for all organizations marketing natural and bio gas and for collection of bio-mass and distribution of bio-manure, appropriate fiscal support will be provided.

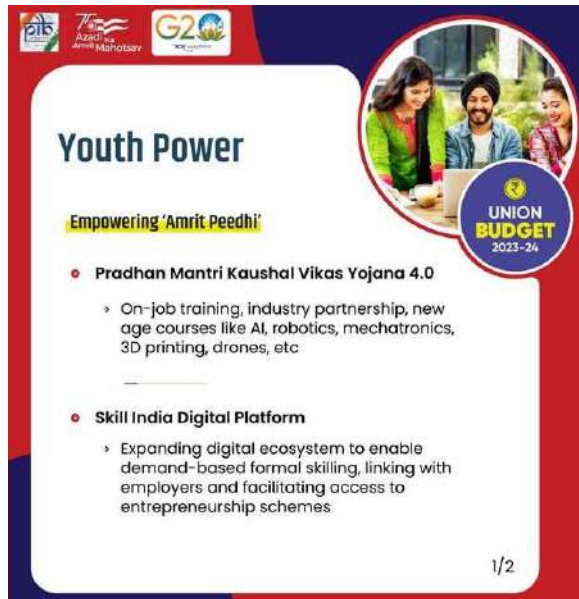
Bhartiya Prakritik Kheti Bio-Input Resource Centres

Over the next 3 years, the Centre will facilitate one crore farmers to adopt natural farming. For this, 10,000 Bio-Input Resource Centres will be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.

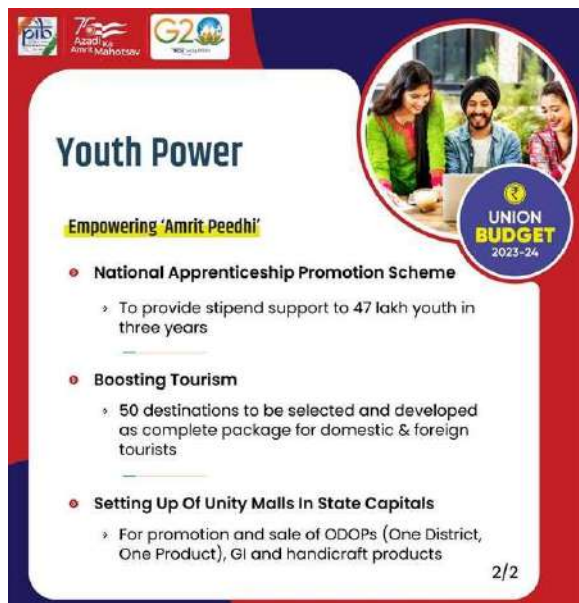
In furtherance of the vehicle scrapping policy mentioned in Budget 2021-22, adequate funds are allocated to scrap old vehicles of the Central Government and States will also be supported in replacing old vehicles and ambulances.

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Priority 6: Youth Power



To empower the youth and help the 'Amrit Peedhi' realize their dreams, Government has formulated the National Education Policy, focused on skilling, adopted economic policies that facilitate job creation at scale, and have supported business opportunities.



Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to skill lakhs of youth within the next

three years. On-job training, industry partnership, and alignment of courses with needs of industry will be emphasized. The scheme will also cover new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills.

To skill youth for international opportunities, 30 Skill India International Centers will be set up across different States.

National Apprenticeship Promotion Scheme

To provide stipend support to 47 lakh youth in three years, Direct Benefit Transfer under a PAN-India National Apprenticeship Promotion Scheme will be rolled out.

Unity Mall

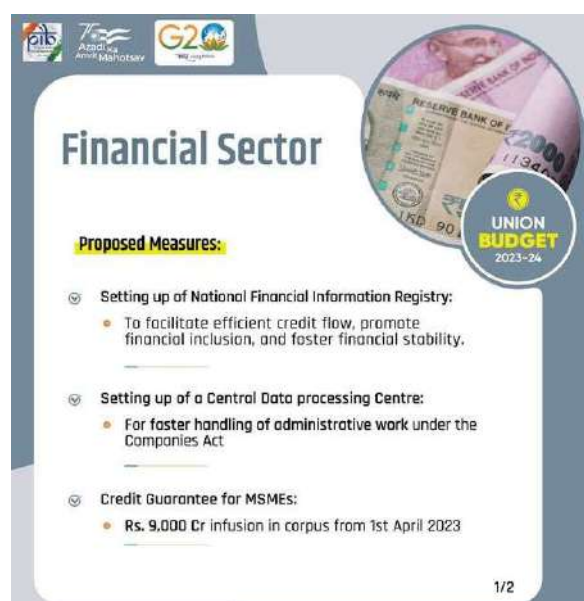
The States will be encouraged to set up a Unity Mall in their state capital or most prominent tourism center or the financial capital for promotion and sale of their own ODOPs (one district, one product), GI products and other handicraft products, and for providing space for such products of all other States.

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Priority 7: Financial Sector

Credit Guarantee for MSMEs

In last year, the Finance Minister proposed revamping of the credit guarantee scheme for MSMEs and announced happily that the revamped scheme will take effect from 1 April, 2023 through infusion of Rs 9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of Rs 2 lakh crore. Further, the cost of the credit will be reduced by about 1 per cent.



National Financial Information Registry will be set up to serve as the central repository of financial and ancillary information. This will facilitate efficient flow of credit, promote financial inclusion, and foster financial stability. A new legislative framework will govern this credit public infrastructure, and it will be designed in consultation with the RBI.

Central Processing Centre will be setup for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act.



For commemorating Azadi Ka Amrit Mahotsav, a one-time new small savings scheme, Mahila Samman Savings Certificate, will be made available for a two-year period up to March 2025. This will offer deposit facility upto Rs 2 lakh in the name of women or girls for a tenor of 2 years at fixed interest rate of 7.5 per cent with partial withdrawal option.

Senior Citizens

The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from Rs 15 lakh to Rs 30 lakh.

Also, the maximum deposit limit for Monthly Income Account Scheme will be enhanced from Rs 4.5 lakh to Rs 9 lakh for single account and from Rs 9 lakh to Rs 15 lakh for joint account.

Fiscal Management

The entire fifty-year loan to states has to be spent on capital expenditure within 2023-24. Most of this will be at the discretion of states, but a part will be conditional on states increasing their actual capital expenditure. Parts of the outlay will also be linked to, or allocated for, the following purposes: like Scrapping old government vehicles, Urban planning reforms and actions, Financing reforms in urban local bodies to make them, creditworthy for municipal bonds, Housing for police personnel

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above or as part of police stations, Constructing Unity Malls, Children and adolescents' libraries and digital infrastructure and State share of capital expenditure of central schemes.



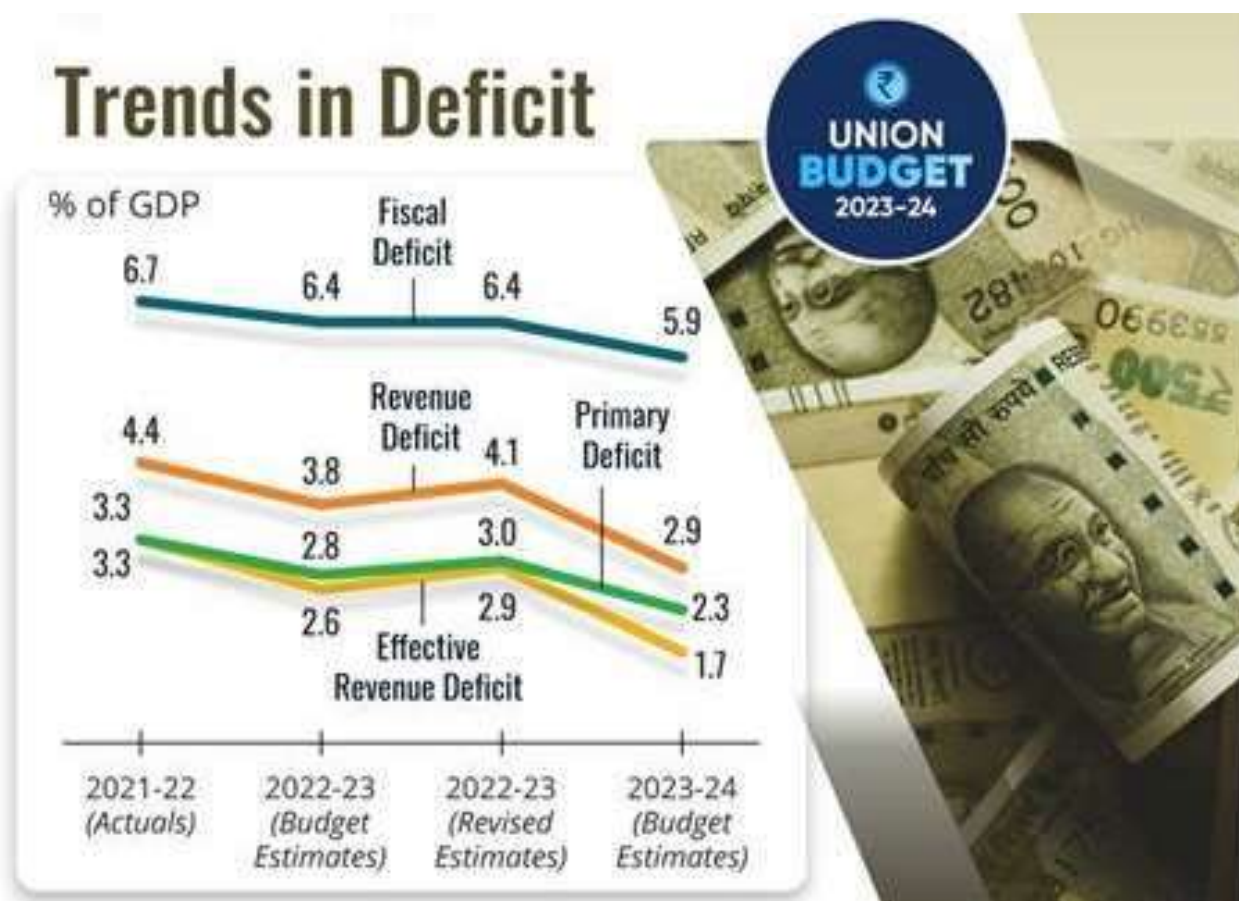
The Revised Estimate of the total receipts other than borrowings is Rs 24.3 lakh crore, of which the net tax receipts are Rs 20.9 lakh crore. The Revised Estimate of the total expenditure is Rs 41.9 lakh crore, of which the capital expenditure is about Rs 7.3 lakh crore. Similarly, the Revised Estimate of the fiscal deficit is 6.4 per cent of GDP, adhering to the Budget Estimate.

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Budget Estimates 2023-24

Concluding the Part-One of the General Budget, it has been specified that the total receipts other than borrowings and the total expenditure are estimated at Rs 27.2 lakh crore and Rs 45 lakh crore respectively. The net tax receipts are estimated at Rs 23.3 lakh crore.

The fiscal deficit is estimated to be 5.9 per cent of GDP.



Budget Speech for 2021-22, had announced that Government plans to continue the path of fiscal consolidation, reaching a fiscal deficit below 4.5 per cent by 2025-26 with a fairly steady decline over the period. The Government has adhered to this path, and reiterated to bring the fiscal deficit below 4.5 per cent of GDP by 2025-26.

To finance the fiscal deficit in 2023-24, the net market borrowings from dated securities are estimated at Rs 11.8 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at Rs 15.4 lakh crore.



DIRECT TAX PROPOSALS

Direct Tax

- Change in the new income tax regime with reduced slabs for FY 2023-24 (AY 2024-25):

Income Tax Slab	Tax Rate
Up to Rs. 3 lakhs	Nil
Rs. 3 lakhs to 6 lakhs	5%
Rs. 6 lakhs to 9 lakhs	10%
Rs. 9 lakhs to 12 lakhs	15%
Rs. 12 lakhs to 15 lakhs	20%
Above Rs. 15 lakhs	30%

- The above tax slab is also applicable for Association of Person (Other than co-operative society), Body of Individual and Artificial Judicial Person.
- There has been no change in tax slab rates except for those opting the new tax regime.
- The new income tax regime has been made the default tax regime. However, the citizens will continue to have the option to avail the benefit of the old tax regime.
- Additional benefits to the income taxpayers for opting New income tax regime:
 - ◆ No tax payable if income is upto Rs 7 lakhs as the rebate limit is enhanced from existing Rs 5 lakhs to Rs 7 lakhs.
 - ◆ Number of tax slabs reduced to five (earlier six) and the basic tax exemption limit increased to Rs 3 lakhs (earlier Rs 2.5 lakhs).
 - ◆ The benefit of standard deduction has been extended to the salaried class and the pensioners including family pensioner under the new tax regime. Salaried individual will get standard deduction of Rs 50,000 and pensioner Rs 15,000 as per the proposal. Each salaried person with an income of ₹ 15.5 lakh or more will thus gain ₹ 52,500, from the above proposals.

- ◆ The highest surcharge rate in personal income tax has been reduced from 37% to 25% in the new tax regime for income above Rs 2 crore. This would result in maximum tax rate of personal income tax come down to 39% which was earlier 42.74%.
- ◆ Any sum of money exceeding Rs 50,000 (including gifts) received by resident but not ordinary resident without consideration from a person resident in India shall be income deemed to accrue or arise in India, rationalizing the provisions with that of gift received by non-residents.
- ◆ If the capital gain or net consideration is reinvested in a residential property, the capital gain exemption under sections 54 and 54F is limited to Rs 10 crores.



- ◆ Maturity proceeds on insurance policies having premium in aggregate of Rs 5 lakhs or above, in a year will not be exempt (not applicable in case of maturity proceeds upon death of a person), not applicable to ULIPs.
- ◆ The limit of tax exemption on leave encashment on retirement of non-government salaried employees has been increased from Rs 3 lakh to Rs 25 lakh.

Direct Tax

TDS/TCS PROVISIONS

- New Section 115BBJ inserted which provides for TDS and taxability on net winnings from online gaming at the time of withdrawal or at the end of the financial year.
- TDS rate to be reduced from 30% to 20% on taxable portion of EPF withdrawal in non-PAN cases.
- TDS applicability on income derived from units of a specific mutual fund or from the specific company, by a non-resident (not being a company) or a foreign company, is lower of 20% or rate specified in tax treaty, on furnishing the tax residency certificate.
- Section 155 is amended to solve a TDS mismatch problem. When a taxpayer reports income using the accrual method, it may be taxed before the TDS is deducted. It causes a TDS mismatch and prevents the taxpayer from claiming TDS credit. The amendment in section 155 allows taxpayers to apply to the assessing Officer within two years of the financial year in which the tax was withheld. The Assessing Officer will then amend the assessment to allow the taxpayer to claim TDS credit. Section 244A is also amended to provide that the interest on refund arising out of the above rectification shall be for the period from the date of the application to the date on which the refund is granted.



- Removal of exemption on TDS on payment of interest on listed debentures issued by a Company, to a resident, w.e.f. 1 April, 2023.
- Penalty and prosecution for default in TDS on "in kind" payments for transfer of virtual digital assets and business benefit or perquisite or online game winnings made explicit with prospective effect (1 April, 2023)
- TCS rate increased to 20% (as against 5%) with effect from 01 July, 2023 on remittances under Liberalised Remittance Schemes (including overseas tour packages) other than for medical and education purposes.
- Sums on which tax is required to be deducted u/s 194LBA is also eligible for certificate for deduction at lower rate.

Direct Tax

PRESUMPTIVE TAXATION

- For taxpayers, whose cash receipts do not exceed 5% of gross receipts/ total turnover, the limit for Presumptive Taxation Scheme under Section 44AD enhanced from Rs 2 crore to Rs 3 crore and under Section 44ADA the gross receipts limit from Rs 50 lakhs to Rs 75 lakhs.
- Under the presumption provisions of sections 44BB and 44BBB, no set off of unabsorbed depreciation and brought-forward loss shall be permitted in the year in which income is offered.



START UP AND MSME

- **Benefit to startups:**
 - ◆ Tax benefits on incorporation of startups extended by one year i.e. upto 31 March, 2024.
 - ◆ Proposal to provide the benefit of carry forward of losses on change of shareholding of start-ups from 7 years to 10 years from date of incorporation.



- Payment to MSME beyond time limits specified in MSME Act will be allowed as deduction only on actual payment.

CO-OPERATIVE SOCIETY

- New co-operatives that commence manufacturing activities till 31.3.2024 to get the benefit of a lower tax rate of 15 per cent, as presently available to new manufacturing companies. Income not derived/ incidental to manufacturing/ production shall be taxed at 22%. (Section 115BAE)
- A higher limit of Rs 3 crore for TDS on cash withdrawal to be provided to co-operative societies.
- Provision of AMT not applicable for co-operative society opting under section 115BAE.
- Sugar co-operatives to claim payments made to sugarcane farmers prior to A.Y. 2016-17 as expenditures by application to AO.

Direct Tax

CAPITAL GAIN

- Capital Gains arising from transfer/redemption/maturity of 'Market linked Debenture' (listed) taxable as short term capital gains w.e.f 1 April, 2024.
- No capital gain on conversion of physical gold to electronic gold receipt and *vice versa*.
- No tax shall be imposed on the transfer of capital assets in connection with the relocation of an offshore fund to an International Financial Services Centre (IFSC). The deadline for this relocation has been extended to 31-03-2025.
- Interest payable on borrowed capital for acquiring/ reconstructing a property,

which is allowed as deduction under the head 'income from house property' will not be included as cost of acquisition for computing capital gains on sale of such property. This amendment comes in effect from 1 April 2024.



Direct Tax

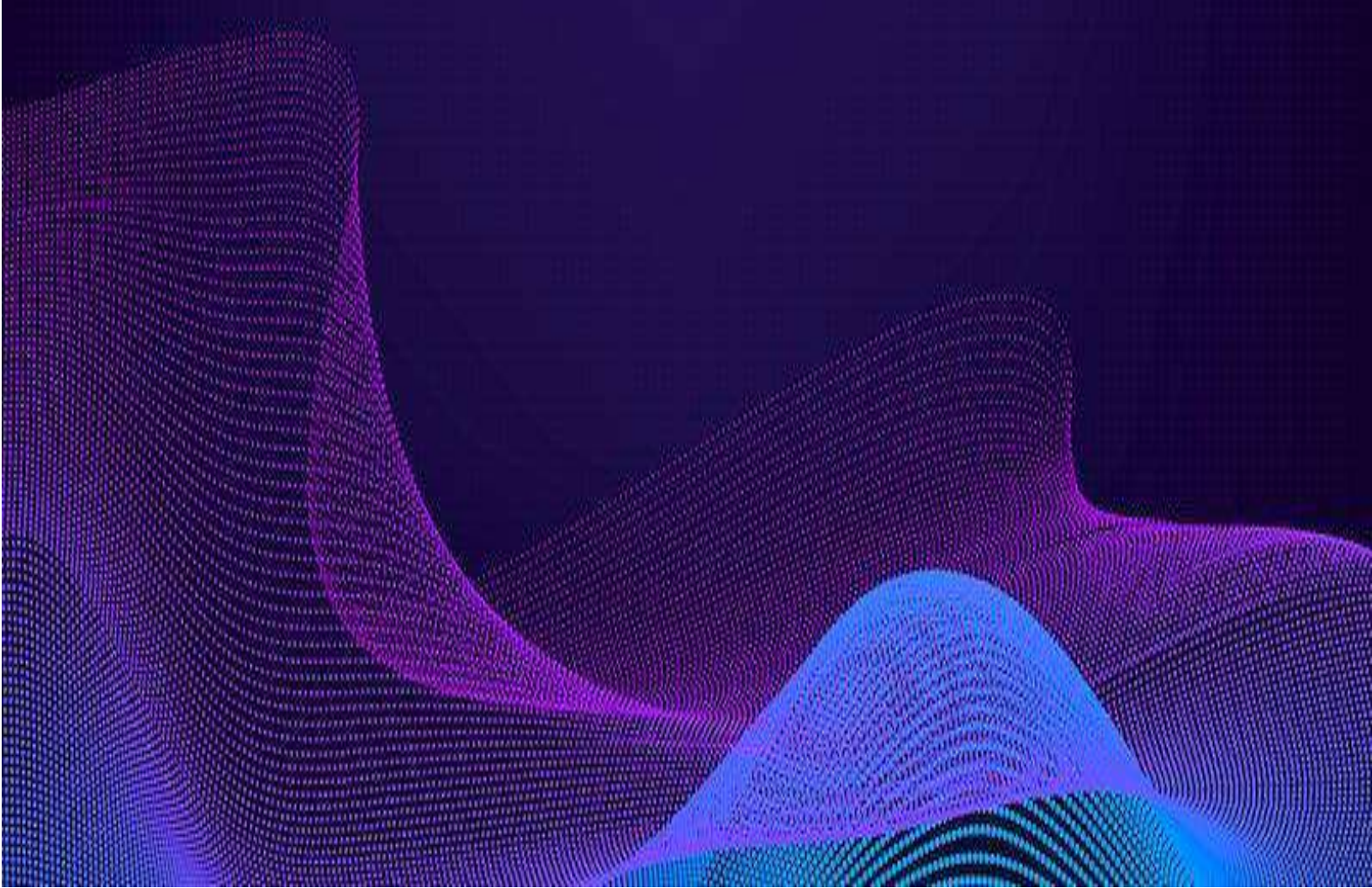
OTHER PROVISIONS

- Deduction under Section 10AA shall only be allowed if the proceeds from the sale of goods or provision of services are received within 6 months from the end of the previous year or within such further period as the competent authority may allow in this behalf. Return filing u/s. 139(1) before due date is mandatory.
- Income distributed from offshore derivative instruments (ODI) entered into with an offshore banking unit of an IFSC shall be exempt from tax under Section 10(4E).
- Clarification given to include the benefit or perquisite provided is in cash or in kind or partly in cash and partly in kind within the scope of taxability under Section 28(iv). Section 194R applicability on the same.
- Limit under section 269T and 269SS increased to Rs 2,00,000 from Rs 20,000 is applicable for Primary Agricultural Credit Societies (PACS) and Primary Co-Operative Agricultural and Rural Development Banks (PCARD).
- Section 72AA to be made applicable to a company subsequent to a strategic disinvestment, if such amalgamation takes place.
- Full value of consideration to be taken as SDV as increased by consideration received in cash/ cheque or any other mode.
- The time limit to furnish TP documentation and other information as required by transfer pricing officer (TPO) has been reduced from 30 days to 10 days, with an option to extend by another 30 days.
- Filing of appeal against order of Adjudicating Authority within a period of 45 days from the date when such order is received instead of from the date when the order is issued.
- Time limit for completion of assessment shall be 12 months from the end of the AY in which the income was first assessable. Also, for updated return time limit to be increased to 12 months from the end of FY in which return is furnished.
- **Amortisation of preliminary expenditure**
The assessee shall be required to furnish a statement containing the particulars of preliminary expenditure within prescribed period to the prescribed income-tax authority in the prescribed form and manner.
- Excluding NBFC from restriction on interest deductibility as per section 94B (Thin capitalisation).
- Consideration received from Non-resident for issue of shares not being a company in which public are substantially interested, exceeding FMV chargeable to tax under Income from other sources.
- Central Govt. will prescribe a uniform method for the valuation of perquisites arising from rent-free or concessional accommodation provided by an employer to an employee.
- The interest calculation for updated tax returns will be based on the difference between the assessed tax and the advance tax claimed in the earlier returns.

Direct Tax

- Distributions by business trusts to unit holders that are classified as debt repayment proposed to be taxed in the hands of unit holders.
- Section 92BA is amended to include the transaction between the cooperative society (opting for an alternate tax regime under section 115BAE) and the other person with a close connection within the purview of 'specified domestic transaction'.
- Section 56(2)(viib) is amended to make it applicable to share application money/ premium received from any person, regardless of their residential status. It means the angel tax would be levied on excess share application money or premium received from non-resident investors.
- The authorities can adjust the Income tax refunds with any outstanding tax due after written intimation only. In the case of pending assessment/ reassessment, written reasons must also be provided for withholding the refund. In such cases, the additional interest on the refund will not be payable from the time of withholding until the assessment is made.
- A penalty of Rs 5,000 will be imposed on financial establishments for submitting inaccurate SFTs as a result of incorrect information provided by account holders. The financial institution has the right to recover the fine from the account holder.
- **Undervaluation of inventory**
To ensure that the inventory is valued in accordance with the law, the following amendments have been proposed
 - ◆ Enabling the AO to direct the taxpayer to get the inventory valued by a cost accountant, nominated by a relevant tax authority
 - ◆ Expenses relating to inventory valuation to be determined by relevant tax authorities in accordance with guidelines, and to be paid by the Central Government
 - ◆ Taxpayers will be given an opportunity to be heard, except in case of best judgement assessment.

INDIRECT TAX PROPOSALS



Indirect Tax

GOODS AND SERVICE TAX

Central Goods and Service Tax

- Filing of returns and statements is not permitted after three years from the relevant due dates. The government may extend the said time limit for a class of registered person with certain conditions and restrictions.
- **E-Commerce Operators (ECOs) related amendments**
 - Remove the restriction imposed on registered persons engaged in supplying goods through Electronic Commerce Operators (ECOs) from opting to pay tax under the Composition Levy.
 - Section 122(1B) has been inserted to provide penal provision in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers other than specified above.
- Second and third proviso to Section 16(2) has been amended to align with the return filing system i.e. reversal of ITC in case of payment has not been made within 180 days to the supplier needs to be paid by him along with applicable interest under Section 50 needs to be paid.
- **Provision relating to Refunds**
 - Refund provisions u/s. 54(6) has been amended to align the same with current ITC availment scheme as no provisional credit is allowed thereunder. Thus provisional refund of 90% of ITC availed will be granted.
 - Interest on delayed refunds u/s. 56 has been amended for providing manner of computation of period of delay for the calculation of interest as for the period of delay beyond sixty days from the date of receipt of

such application till the date of refund of such tax.

- **Amendments u/s. 17 of CGST Act;**
 - Value of activities as may be prescribed in respect of warehoused goods before their clearance for home consumption will be considered as an exempt supply for common ITC reversal under Section 17(2).
 - Input tax credit (ITC) on expenses shall not be available i.e. Blocked Credit under Section 17(5), in relation to obligations under Corporate Social Responsibility (CSR) referred to in section 135 of the Companies Act, 2013.
- Compulsory Registration is not required for any person engaged exclusively in a business where supply of goods or services are wholly exempt with retrospective effect from 1 July, 2017.
- Enable sharing of the information furnished by the registered person in his return or application of registration or statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details on the common portal, with other systems in a manner to be prescribed.



Indirect Tax

- Certain transactions are to be treated as outside the purview of GST with effect for the period 1 July, 2017;
 - ◆ Supplies of goods from a place outside the taxable territory to another place outside the taxable territory
 - ◆ High Sea Sales.
 - ◆ Supply of warehoused goods before their home clearance.

No refund shall be made for taxes already collected and paid for transaction/activities during the period 1 July, 2017 to 31 January, 2019.



- **Amendments u/s. 132(1) of CGST Act;**
 - Minimum threshold for launching prosecution will be increased from Rs. 1 crore to Rs. 2 crore except in case of issuance of invoice without supply.
 - Following offences will be decriminalized:
 - ◆ Obstructing or preventing any officer in discharge of his duties.
 - ◆ Tempering of material evidence.
 - ◆ Failure to supply information.
- Further required amendment in the whole Act are done to align with this clause.

- **Amendment u/s. 138 of CGST Act.**

- The restriction of compounding of offences under clause (b) of the proviso to Section 138 has been removed.
- Reduce the compounding amount from the present range of 50% to 150% of tax amount to the range of 25% to 100%.

Integrated Goods and Service Tax

- Section 2(16) has been amended so as to provide for taxability of OIDAR (Online Information and Database Access Retrieval services) service provided by any person located in nontaxable territory to an unregistered person receiving the said services and located in the taxable territory. Further, it also seeks to clarify that the persons registered solely in terms of clause (vi) of Section 24 of CGST Act shall be treated as unregistered person for the purpose of the said clause.
- Proviso to sub-section (8) of section 12 of the IGST Act is being omitted so as to specify the place of supply, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.

Indirect Tax

CUSTOMS

- Basic customs duty rates on goods, other than textiles and agriculture, reduced to 13% from 21%.
- Minor changes in the basic custom duties, cesses and surcharges on some items including toys, bicycles, automobiles and naphtha.
- Customs Duty on specified capital goods/machinery for manufacture of lithium-ion cell for use in battery of electrically operated vehicle (EVs) extended to 31 March, 2024.
- Excise duty exempted on GST-paid compressed bio gas contained in blended compressed natural gas.
- Customs duty exempted on vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing agencies, for the purpose of testing and/ or certification, subject to conditions.
- Customs Tariff Act to be amended to clarify the intent and scope of provisions relating to Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures retrospectively from 1 January, 1995.
- National Calamity Contingent Duty (NCCD) on specified cigarettes revised upwards by about 16%.
- Basic customs duty on electric kitchen chimney increased to 15% from 7.5%.
- Basic customs duty on heat coil for manufacture of electric kitchen chimneys reduced to 15% from 20%.
- Basic customs duty on heat coil for manufacture of electric kitchen chimneys reduced to 15% from 20%.
- Basic customs duty rate on compounded rubber increased to 25% from 10% or 30 per kg whichever is lower.
- Customs duty on camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone reduced to zero and concessional duty on lithium-ion cells for batteries extended for another year.
- Basic customs duty reduced on parts of open cells of TV panels to 2.5%.
- Denatured ethyl alcohol used in chemical industry exempted from basic customs duty.
- Customs Act, 1962 to be amended to specify a time limit of nine months from date of filing application for passing final order by Settlement Commission.



- Basic customs duty reduced on acid grade fluorspar (containing by weight more than 97% of calcium fluoride) to 2.5% from 5%.
- Basic customs duty on crude glycerin for use in manufacture of epichlorhydrin reduced to 2.5% from 7.5%.

Indirect Tax

- Duty reduced on key inputs for domestic manufacture of shrimp feed.
- Basic customs duty reduced on seeds used in the manufacture of lab grown diamonds.
- Duties on articles made from dore and bars of gold and platinum increased.



- Import duty on, silver bars and articles increased.
- Basic Customs Duty exemption on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode continued.
- Concessional BCD of 2.5% on copper scrap is continued.
- Validity of two years for exemption notifications under the Customs Legislation not to apply to exemption notifications issued in relation to including but not limited to multilateral or bilateral trade agreements; obligations under international agreements, treaties, conventions; schemes under Foreign Trade Policy or other Central Government schemes having a validity of more than two years.
- Certain goods are exempted from levy of SWS in order to maintain the total effective duty owing to rationalization of BCD rate structure.

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