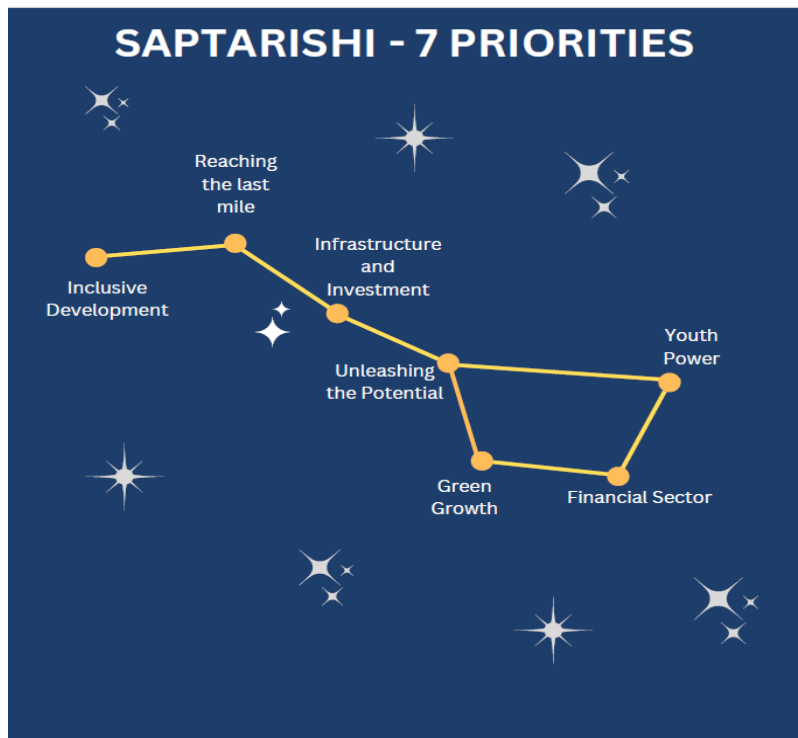




On 1st February 2023, Mrs. Nirmala Sitharaman, Finance Minister of India announced the Budget 2023-24 as the first Budget of the “*Amrit Kaal*” which is focused on seven priorities or *the Saptarshi*. *The Saptarshis* are a good metaphor the FM used in her Budget. *The Saptarshis* change from one era to another and the current era is that of “*Amrit Kaal*”. Accordingly, the Saptarshis for the first budget in Amril Kaal are:



1. *INCLUSIVE DEVELOPMENT*
2. *REACHING THE LAST MINE*
3. *INFRASTRUCTURE & INVESTMENT*
4. *UNLEASHING THE POTENTIAL*
5. *GREEN GROWTH*
6. *YOUTH POWER*
7. *FINANCIAL SECTOR*

These seven priorities set the tone for the Budget 2023.



BUDGET HIGHLIGHTS:

DIRECT TAX

Income Tax Rates

- ✚ Tax Rates for individuals, HUF, AOP (other than co-operative society), Body of individuals and Artificial Juridical Person under “New Tax Regime” **u/s 115BAC**

Existing Slab Rates		Proposed Slab Rates	
Total Income	Rate	Total Income	Rate
Upto INR 250,000/-	Nil	Upto INR 300,000/-	Nil
INR 250,001/- to INR 500,000/-	5%	INR 300,001/- to INR 600,000/-	5%
INR 500,001/- to 750,000/-	10%	INR 600,001/- to 900,000/-	10%
INR 750,001/- to INR 10,00,000/-	15%	INR 900,001/- to INR 12,00,000/-	15%
INR 10,00,001/- to INR 12,50,000/-	20%	INR 12,00,001/- to INR 15,00,000/-	20%
INR 12,50,001/- to INR 15,00,000/-	25%	Above INR 15,00,000/-	30%
Above INR 15,00,000/-	30%		

- ✚ Rebate u/s. 87A increased to INR 7 lakhs from existing INR 5 lakhs under the new tax regime.
- ✚ Person having business or profession is required to opt for new tax regime only once. However, Individuals can exercise this option every financial year.

Deductions/Exemptions from Total Income under New tax Regime

- ✚ Standard deduction of INR 50,000/-
- ✚ Deduction in respect of income in the nature of family pension
- ✚ Deduction in respect of the amount paid or deposited in the Agniveer Corpus Fund

Surcharge

- ✚ Rate of surcharge is proposed to be capped at 25% as against 37%

TDS on winnings from online games

- ✚ TDS is proposed on winnings from online games @ 30%



Deductions from Capital Gains

- ✚ Govt. to cap deductions from capital gains on investments in residential houses to INR 10 crores

Timelines of Tax Assessment

- ✚ The timeline for completion of assessment is proposed to increase from 9 months to 12 months from the end of AY in which the income was first assessable.
- ✚ The timeline is 12 months for updated return from the end of FY in which the updated return was furnished.

MSME & Professionals

- ✚ It is proposed to increase limit of presumptive taxation to INR 3 crores for Micro Enterprises and INR 75 lakhs for professionals with cash payments being less than 5%.
- ✚ Deduction of expenses incurred towards entities registered under the MSMED Act, 2006 proposed to be allowed on payment basis.

Co-operative Tax rate

- ✚ New co-operatives which commence manufacturing activities till March 2023 to get beneficial lower tax rate of 15%.

Startups

- ✚ Extension of date of incorporation for 1 year for benefits eligible to the start-ups upto 31st March 2024.
- ✚ Carry forward of losses to 10 years from the date of incorporation.

Transfer Pricing Documentation

- ✚ It is proposed to tighten the time limit for furnishing Transfer pricing documentation to 10 days from 30days.

Income from other sources:

- ✚ Proposed to bring non-residents under its purview effective from the AY 2024-25 u/s 56(2)(viib)
- ✚ Proposed to widen the scope of Section 9 of the IT Act covering deemed gifts from residents to RNOR.

SEZ units benefits

- ✚ Restriction of exemption u/s10AA if the ITR is not filed before its due date u/s. 139 (1) of the IT Act or if the export proceeds from sale of goods or provision of services is not received in, or brought into, India within 6 months from the end of the FY, in convertible foreign currency.



IFSC-GIFT city

- ✚ Removal of double taxation on the distribution income - first taxed when received by IFSC Banking Unit and second, when the same income was distributed to non-resident Offshore Derivative Instruments.

TCS on LRS remittance

- ✚ Increase of TCS rate from 5% to 20% for certain classes of overseas remittances.

TDS Credit

- ✚ Taxpayer allowed for making application to the AO within 2 years from the end of subsequent FY in which TDS deducted, in case of TDS credit mismatch on account of cash system followed by deductor for TDS deduction

Others

- ✚ Govt to double the deposit limit for Senior Citizen Savings Scheme to INR 30 lakhs and Monthly Income Account Scheme to INR 9 lakhs.
- ✚ PAN will be used as common identifier for all digital systems of specified govt. agencies.

INDIRECT TAX

Custom Duty

- ✚ Basic custom duty reduced from 21% to 13%
- ✚ Basic custom duty on Kitchen Chimney increased from 7.5% to 15%
- ✚ Basic custom duty on heat coils reduced from 20% to 15%
- ✚ Govt. proposes custom duty exemptions on import of capital goods and machinery required for lithium-ion batteries.
- ✚ Govt. proposes to increase custom duty on silver to align with duty on gold and platinum.
- ✚ Customs duty on cut and polished diamonds and gemstones being reduced to 5%, Nil custom duty for simply sawn diamond.
- ✚ 16% increase in NCCD (National Calamity Contingent Duty) on Certain Cigarettes.



defined in Section 135 of Companies Act, 2013

Goods and Service Tax (GST)

- ✚ Restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the Composition Levy removed.
- ✚ ITC will not be available wrt goods or services used or intended to be used for activities in relation to obligations under Corporate Social Responsibility as

Others

- ✚ Mahila Samman Savings certificates (for women and girls) will be made available for 2 years, deposits upto INR 2 lakh at 7.5% interest p.a.
- ✚ Limit of Senior Citizen Savings Scheme (SCSS) has been increased from INR 15 lakh to INR 30 lakh.

