

BUDGET 2023 – HIGHLIGHTS

PART A: GENERAL

1. The following items to get cheaper due to the reduction of Customs Duty:
 - a. Tires, Televisions, Electric vehicles, Mobile phones
2. The following items to get expensive
 - a. Cigarettes, Silver, Imitation Jewellery, Imported Toys, electric chimneys, cars
3. Maximum Deposit limit for senior citizen Savings scheme to be enhanced to Rs. 30 Lakhs from Rs. 15 Lakhs.
4. One-time Small savings scheme for 2 years with a deposit facility of up to Rs. 2 Lakhs for women (Interest at 7.5% with partial withdrawal option).
5. Revamped credit guarantees to MSME's which would enable additional collateral-free loans with a reduction in existing interest rates by 1%.
6. Permanent Account Number (PAN) will be made as a common identifier for all digital systems of government agencies.
7. Scope of Digi locker will be expanded to include more documents (will also be made available to MSME's).
8. The Lower tax rate @15% to new **Co-operative societies** has been extended to co-operatives commencing manufacturing till 31st March, 2024
9. Higher limit of Rs. 3 Crores for applicability of TDS on cash withdrawals for co-operative societies.

PART B: INCOME TAX SLAB RATES

Old Tax regime:

- **There is no change in tax rates** for people opting to pay tax under the Old tax regime

Age upto 60 years		Age > 60 years <= 80 years		Age > 80 years	
Upto 2.5 L	Nil	Upto 3 L	Nil	Upto 5 L	Nil
2.5 L – 5 L	5%	3 L – 5 L	5%	5 L – 10 L	20%
5 L – 10 L	20%	5 L – 10 L	20%	>10 L	30%
>10 L	30%	>10 L	30%		

- Standard Deduction of up to 50,000 can be claimed by the salaried class (Old law - no change in this budget)
- People with an income of Rs. 5,00,000 or below need not pay any tax under the old tax regime. (This limit has been revised to Rs. 7,00,000 but the revised limit is applicable only for the people opting to pay tax under the new tax regime)
- The highest surcharge rate in respect of total income greater than Rs. 5 Crores is reduced to 25% from 37% **(New amendment)**
- Tax exemption on leave encashment received on the retirement of non-government salaried employees has been increased from Rs. 3 Lakhs to Rs. 25 Lakhs **(New amendment)**

New Tax regime:

- The new regime has been declared as the default tax regime (however the option to choose between regimes is still provided to the tax payers), **the new tax rates are as follows,**

Income Slab	Tax rates
Upto 3,00,000	Nil
3,00,001 – 6,00,000	5 %
6,00,001 – 9,00,000	10 %
9,00,001 – 12,00,000	15 %
12,00,001 – 15,00,000	20 %
Above 15,00,000	30 %

- Standard deduction was not allowed previously under the new tax regime, but the budget has offered **Rs. 52,500 as a standard deduction** to the salaried class **receiving a salary of Rs.15,50,000 and above.**
- **For context, under the new regime,**
 - A person receiving a salary of Rs. 9,00,000 will pay a tax of Rs. 46,800 (inclusive of Cess at 4%) – **The benefit of Standard deduction is not available**
 - A person receiving a salary of Rs. 15,00,000 will pay a tax of Rs. 1,56,000 (inclusive of Cess at 4%) - **The benefit of Standard deduction is not available**
 - A person receiving a salary of Rs. 15,50,000 will pay a tax of Rs. 1,55,480 (inclusive of Cess at 4%) - **The benefit of Standard deduction is available**
- The highest surcharge rate in respect of total income greater than Rs. 5 Crores is reduced to 25% from 37%
- Tax exemption on leave encashment received on the retirement of non-government salaried employees has been increased from Rs. 3 Lakhs to Rs. 25 Lakhs **(New amendment)**
- **People with an income of Rs. 7,00,000 or below need not pay any income tax.** (New amendment)

PART B – AMENDMENTS IN INCOME TAX ACT

S. No	Section	Sub Head	Type	What is new
1	10AA	Deduction available to SEZ	Insertion of new subsection	Deduction under this section can be availed only in respect of the export proceeds that are brought back into India as convertible foreign exchange within 6 months from the end of the previous year.
2	43B	Deduction allowed on an actual payment basis	Insertion of a new provision	<ul style="list-style-type: none"> Any amount payable to MSME's will be allowed as deduction only when they are actually paid. The MSME Act mandates payment to MSME's within an agreed period of time which shall not exceed 45 days and in the absence of any agreement, within 15 days. If such payments are not made within the above-mentioned time limit, they shall not be allowed as a deduction for that previous year. Normally, as per section 43B, deduction will be allowed if payment is made on or before the due date of filing income tax return – such provision is not applicable to the above-mentioned MSME payables.
3	44AD	Presumptive taxation scheme – Business	Increase in turnover limit - eligibility	<ul style="list-style-type: none"> The threshold limit to opt for the presumptive scheme has been increased to Rs. 3 Crores from Rs. 2 Crores (Provided, the cash receipts do not exceed 5% of the total turnover or gross receipts) Any receipts via cheque or draft other than account payee shall be deemed to be receipts in cash
4	44ADA	Presumptive taxation scheme – Profession	Increase in turnover limit - eligibility	<ul style="list-style-type: none"> The threshold limit to opt for the presumptive scheme has been increased to Rs. 75 Lakhs from Rs. 50 Lakhs (Provided, the cash receipts do not exceed 5% of the total turnover or gross receipts) Any receipts via cheque or draft other than account payee shall be deemed to be receipts in cash
5	54 & 54F	Capital Gain Exemption	Restriction in the amount of investment	<ul style="list-style-type: none"> Under the earlier law, there was no restriction on the value of the new residential property that has to be purchased for availing exemption under sections 54 & 54F. The government in this budget has capped the value of the new investment to Rs. 10 Crores (i.e. you are permitted to invest in a residential house property of a value exceeding 10 crores, but the value of a new residential property to claim capital gain exemption will be restricted to Rs. 10 crores)
6	92D	Transfer pricing documents	Reduction in the time limit	<ul style="list-style-type: none"> As per the earlier law, the documents relating to international transactions or specified domestic transactions as required by an assessing officer can be submitted within 30 days from the date of receipt of the notice. This budget has reduced the time limit to 10 days
7	194R	TDS on benefit or perquisite	Clarification	<ul style="list-style-type: none"> TDS under section 194R will be applicable on benefits or perquisite arising in the course of business or profession

				<ul style="list-style-type: none"> ○ It has been clarified that such benefits or perquisites can be in cash or kind or partly in cash or partly in kind.
8	196A	TDS on payments made to non-residents in respect of units of Mutual Fund	Inclusion of DTAA benefit	<ul style="list-style-type: none"> ● Existing TDS rate <ul style="list-style-type: none"> ○ 20% ● Proposed rate as per Budget 2023 <ul style="list-style-type: none"> ○ 20% (or) ○ Rates as mentioned in DTAA (whichever is lower)
9	206AB	Higher rate of tax for not filers of Income tax return	Inclusion of new subsection	<ul style="list-style-type: none"> ● Persons who are not required to furnish a return of Income under the provisions of the income tax act are no longer covered under this section.
10	206C	TCS on overseas remittance	Revision of tax rates	<ul style="list-style-type: none"> ● Old law <ul style="list-style-type: none"> ○ For Overseas remittance – 5% on remittance in excess of Rs. 7 Lakhs ○ For Overseas Tour packages – 5% ● New law <ul style="list-style-type: none"> ○ For Overseas remittance – 20% without any threshold limit ○ For Overseas Tour packages – 20% without any threshold limit
11	142(2A)	Special Audit by Department	Inclusion of a new subsection	<ul style="list-style-type: none"> ● As per the earlier law, an Assessing Officer may direct a Chartered accountant to do a special audit if he is of the opinion that a special audit is needed with regard to complexities/volume of accounts, the multiplicity of transactions, or doubts regarding the correctness of accounts. <p>New provision:</p> <ul style="list-style-type: none"> ● In addition to the above, If the AO has doubts regarding the valuation of inventory, this budget has amended the section to allow the AO to appoint an independent cost auditor to verify the value of the inventory and provide him with a report.

PART D: GST AMENDMENTS

S. No	Section	Sub Head	Type	What is new
1	2(16) of IGST Act	Definition	Amendment	<ul style="list-style-type: none"> New definition for "Non-taxable online recipient" <ul style="list-style-type: none"> "Non-taxable online recipient" means any unregistered person receiving online information and database access or retrieval (OIDAR) services located in a taxable territory. The unregistered person also includes a person who is required to deduct tax under section 51 whether or not separately registered under this Act.
2	12(8) of IGST Act	Place of supply	Omission of the proviso	<p>Existing proviso</p> <ul style="list-style-type: none"> 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. <p>New Law:</p> <ul style="list-style-type: none"> The above-mentioned proviso has been omitted. Therefore, the place of supply in respect of the transportation of goods (irrespective of the place of delivery) when both the service receiver and service provider are in India will be the <ul style="list-style-type: none"> Location of the recipient, if he is registered Location at which the goods are handed over transportation, if the recipient is unregistered.
3	10(2) & 10(2A) of CGST Act	Composition levy	Amendment	<p>Existing proviso</p> <ul style="list-style-type: none"> Person supplying goods or services through an E-commerce operator is not allowed to opt for the composition scheme. <p>New Law:</p> <ul style="list-style-type: none"> A registered person engaged in making any supply of goods through an electronic commerce operator will be allowed to opt for the composition scheme
4	37(5) of CGST Act	Furnishing of details of outward supplies	Inclusion of time a limit	<ul style="list-style-type: none"> Time limit of 3 years from the expiry of the due date to show the details of outward supplies of a particular tax period.
5	39(11) of CGST Act	GSTR-3B	Inclusion of time a limit	<ul style="list-style-type: none"> Time limit of 3 years from the expiry of the due date to file returns of a particular tax period.

6	44(1) of CGST Act	GSTR-9	Inclusion of time a limit	<ul style="list-style-type: none"> Time limit of 3 years from the expiry of the due date to file annual returns of a particular financial year.
7	52(14) of CGST Act	GSTR-8	Inclusion of time a limit	<ul style="list-style-type: none"> Time limit of 3 years from the expiry of the due date to file returns of a particular tax period.
8	17(3) of CGST Act	Apportionment of ITC	Amendment to the definition of Exempt supply	<ul style="list-style-type: none"> The Value of exempt supply shall include <ul style="list-style-type: none"> Supplies on which the recipient is liable to pay tax on reverse charge basis Transactions in securities Sale of land, subject to clause b of para 5 of Schedule 2, sale of building Supply of warehoused goods to any person before clearance for home consumption (New amendment).
9	17(5) of CGST Act	Blocked credit	Addition of a new blocked credit	<ul style="list-style-type: none"> Input tax credit shall not be available in respect of goods or services or both received by a taxable person which is used for activities relating to CSR (Corporate Social responsibility).

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