



GARV & Associates

CHARTERED ACCOUNTANTS

BUDGET



2023-24

Amrit Kaal: India Rebooting





Amrit Kaal Budget unveiled by FM Nirmala Sitharaman focuses on 7 'priorities' and 4 'emphasis points' In her speech, the finance minister announced income tax cuts and introduced new income tax slabs to provide relief to the middle class.

The Budget, she said in a press conference later in the day, “beautifully balances” growth considerations and fiscal consolidation.

A plethora of measures have been announced by the Budget to aid the “green growth” agenda. A significant allocation has been made towards the National Intelligence Grid (NATGRID) – a master intelligence database that aims to enhance the efficiency of investigation agencies. The Budget lays emphasis on empowering women self-help groups, boosting tourism and aims for inclusive growth and last-mile delivery of homes, sanitation facilities and roads to all Indians. Reiterating that the government is looking at unleashing the digital power of India, the FM said that the government’s idea is to skill Indians including in the fields of artificial intelligence (AI) and Internet of Things (IoT).

With regards to the Direct Tax Proposals, the budget aims at significant shift in the taxation of individuals and HUF who will now be paying taxes under the New Tax Regime by default. In contrast to the existing tax regime, the New Tax Regime does not offer investment linked deductions. The focus of the ‘middle class’ therefore shifts from saving for tax benefits to saving for retirement. The direct tax proposals also provide certain relief measures for the MSME Sector, Armed forces, Cooperative Societies and Start-ups.

Under Indirect Tax Proposals, Customs duty has been tweaked on many items with the aim to increase domestic manufacturing and enhance value addition in case of mid-range-to-premium automobiles, including electric vehicles (EVs). National Calamity Contingent Duty (NCCD) on specified cigarettes was last revised three years ago and has now been revised upwards by about 16 per cent. It is proposed to amend the GST Laws to provide that no GST Returns can be filed after expiry of three years from its due date of filing.

With the above key points in mind, we present to you our detailed analysis of Union Budget 2023-24.



Ashish Rustagi

Tax Partner, GARV & Associates





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OUR TOUCH POINTS



A lush green forest with a path leading to a flagpole with the Indian national flag. The scene is bathed in soft, golden light, suggesting a sunrise or sunset. The trees are dense and vibrant green, with some birds visible in the air. The path is a narrow, light-colored trail that leads the eye towards the flagpole in the distance.

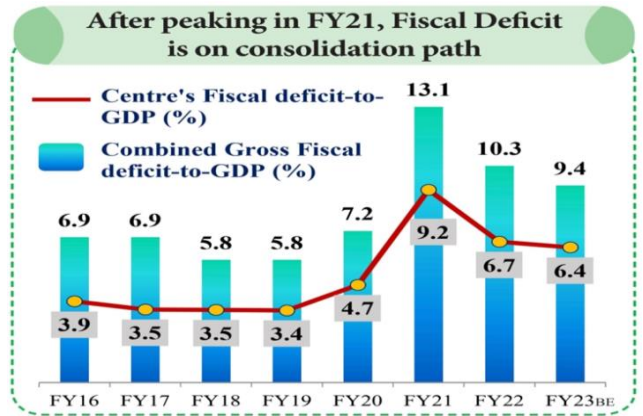
01

**ECONOMIC
INDICATORS**

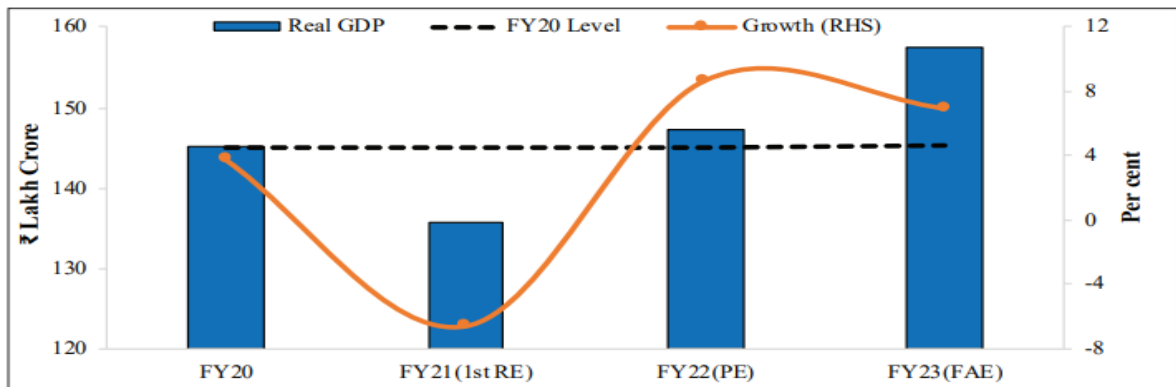
ECONOMIC INDICATORS

FISCAL DEFICIT

- The Centre is headed to achieve the budgeted fiscal deficit target of 6.4 per cent of GDP for the current fiscal
- Despite these additional fiscal pressures during the year, the government aims to lower the fiscal deficit to 4.5 percent of GDP by FY26 from a target of 6.4 percent of GDP in this fiscal year.

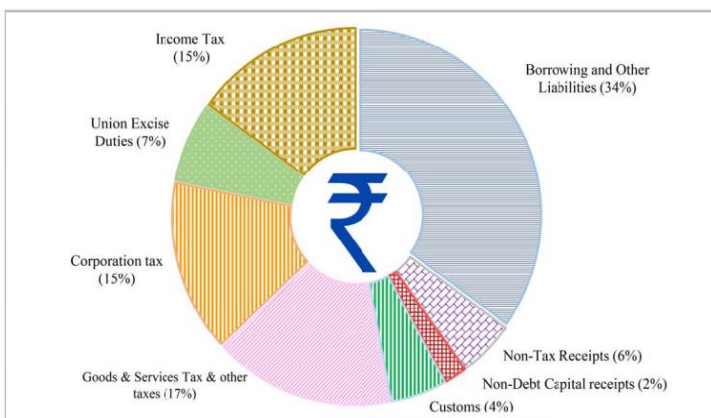


Economic growth remains resilient

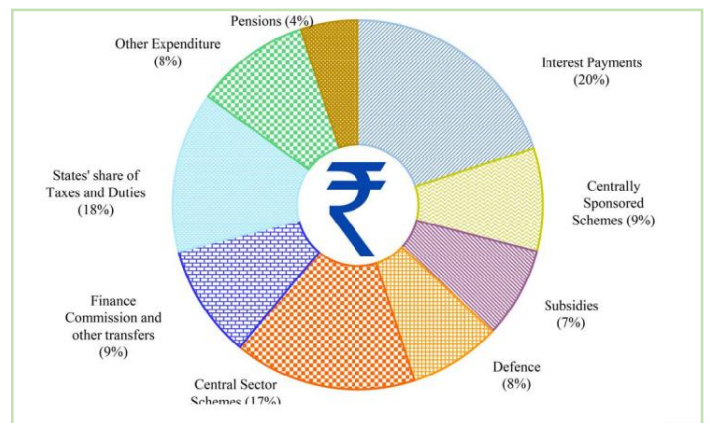


- The economic growth of the country is estimated to be slow to 6.5 percent.
- The survey stated that India is the world's third largest economy in PPP (purchasing power parity) terms and fifth largest in terms of exchange rate.

Rupee Comes From

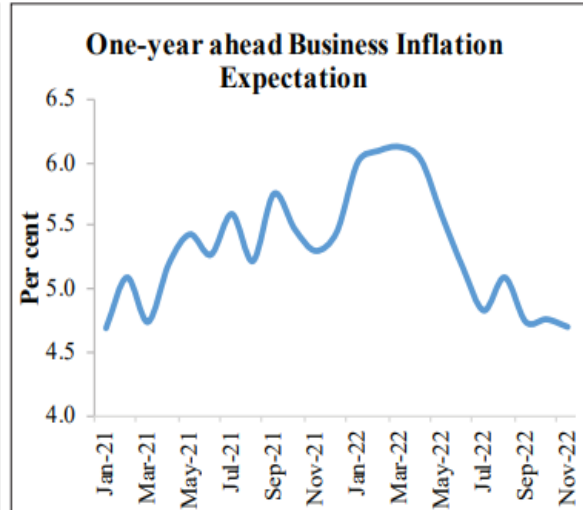
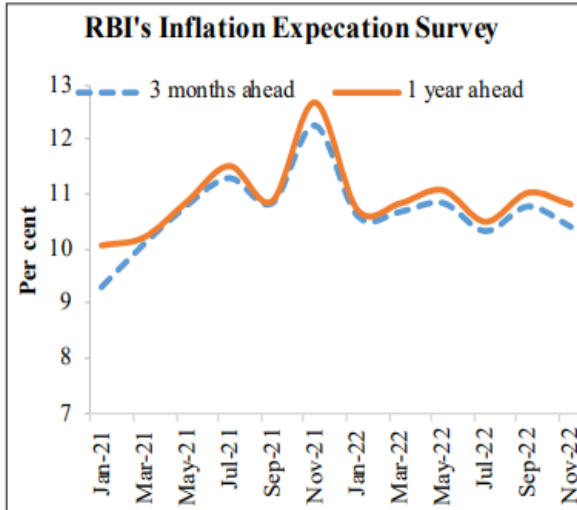


Rupee Goes To

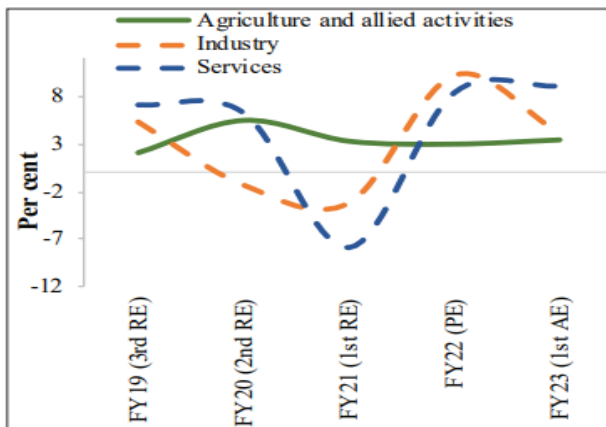




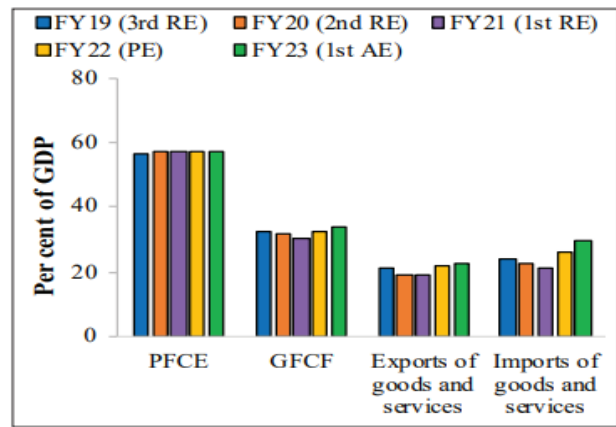
Inflation Expectations Anchoring



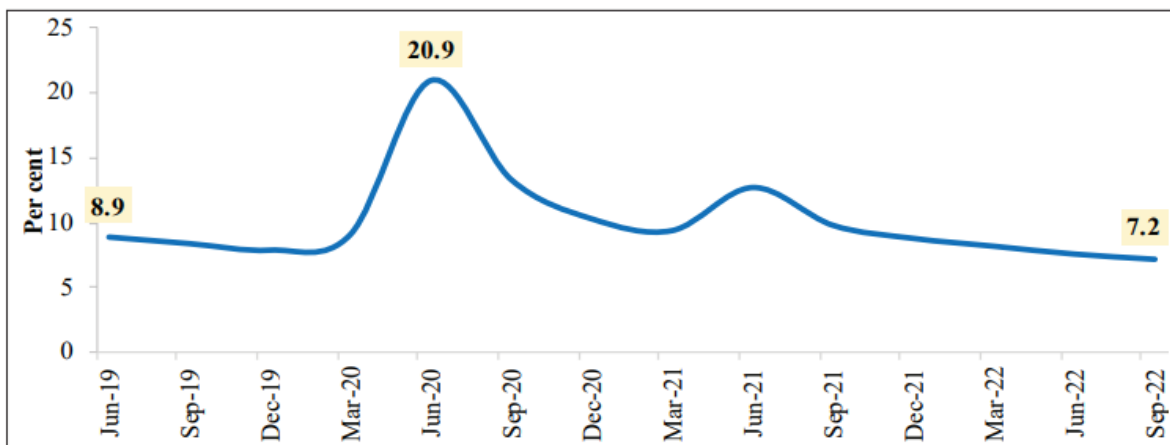
YoY growth of Real GVA components



Share of Real GDP components



Urban Unemployment Rate at four-year low

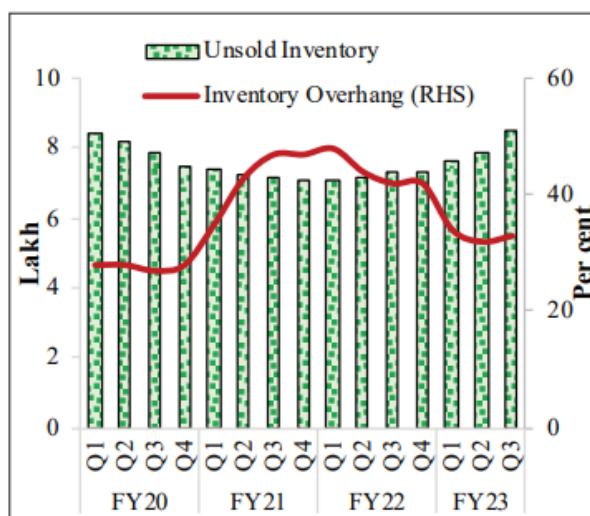
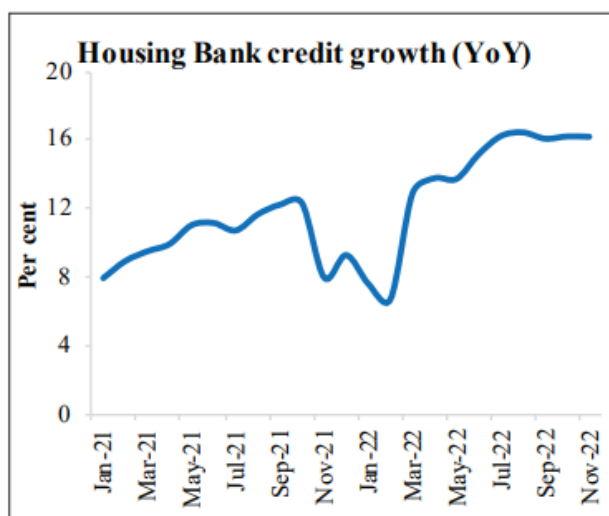




Global economic challenges led to a downward revision in growth forecast across countries

	Growth Projections (per cent)		Change from WEO Update (July 2022) (per cent)	
	2022	2023	2022	2023
World	3.2	2.7	0	-0.2
Advanced Economies	2.4	1.1	-0.1	-0.3
United States	1.6	1	-0.7	0
Euro Area	3.1	0.5	0.5	-0.7
UK	3.6	0.3	0.4	-0.2
Japan	1.7	1.6	0	-0.1
Emerging Market Economies	3.7	3.7	0.1	-0.2
China	3.2	4.4	-0.1	-0.2
India*	6.8	6.1	-0.6	0

Growth in bank credit to housing complimenting falling household inventory



A lush green forest with a path leading to a flagpole with the Indian national flag. The scene is bright and sunny, with sunlight filtering through the trees. The path is a light brown color, and the flagpole is a thin silver pole. The Indian national flag is visible on the pole, with its characteristic saffron, white, and green horizontal stripes and the Ashoka Chakra in the center. The trees are dense and green, with some birds visible in the sky. The overall atmosphere is peaceful and natural.

02

**POLICY
UPDATES**



Vision for Amrit Kaal



Saptarishi-7 priorities



POLICY UPDATES



Setting up Agriculture Accelerator Fund
Building Digital Public Infrastructure
157 New Nursing Colleges



Teachers Training Programmes and National Digital Library
Pradhan Mantri Development Mission to be launched



Capital Investment Outlay increased to 10 Lakh Crore
PM Awaas Yojana fund layout enhanced to 79000 Crore
Setup of 50 Airports, Helipads
Highest Ever Railway Outlay at 2.40 Lakh Crore



3 specialized AI Centres in Educational Institutions
Phase 3 of E-Courts to be launched
Setting up of 100 Labs to Develop 5G Applications



Focus on Green hydrogen, clean energy storage and transmission
Promotion of Battery Energy storage systems
Funds to be allocated for replacing old polluting vehicles



Pradhan Mantri Kaushal Vikas Yojana 4.0
Skill India Digital Platform
States will be encouraged to set up Unity Malls



Setting up National Financial Information Registry
Expanded Corpus under Credit Guarantee Scheme for MSMEs
Initiatives to promote activities in GIFT IFSC



03

TAX PROPOSALS

- INCOME TAX
- GOODS & SERVICES TAX
- CUSTOMS DUTY



Tax Rates

No Change in Income Tax rates for Individuals/HUF/AOP/BOI/any artificial juridical person though there has been change in tax slabs in new scheme.

TAX RATE CARD Individuals / HUF

Option 1: New Scheme

Income slab (In Lakhs)	Tax Rate
Total Income ≤ 3.00	Nil
Total Income $> 3.00 - 6.00$	5%
Total Income > 6.00 & ≤ 9.00	10%
Total Income > 9.00 & ≤ 12.00	15%
Total Income > 12.00 & ≤ 15.00	20%
Total Income > 15.00	30%

Option 2: Old Scheme

Income slab (In Lakhs)	Tax Rate
Total Income $\leq 2.50^*$	Nil
Total Income $> 2.50 - 5.00$	5%
Total Income > 5.00 & ≤ 10.00	20%
Total Income > 10.00	30%

*For Senior citizen Rs. 3 lakhs
For Super senior citizen Rs. 5 lakhs

- The rates given in section 115BAC are the **default rates** and shall apply unless an option is exercised to not opt for the above.
- It is to be noted that **specified exemptions/deductions (as restricted hitherto)** are not allowed from income when tax is paid under section 115BAC (new scheme) except for the following deductions:
 - Standard Deduction under section 16(ia) from Salary
 - deduction in respect of income in the nature of family pension as provided under clause (iia) of section 57 of the Act
 - deduction under section 80CCD (2) (employer contribution on account of employee in notified pension scheme) and 80JJAA (for new employment) and
 - deduction in respect of the amount paid or deposited in the Agniveer Corpus Fund as proposed to be provided under subsection (2) section 80CCH of the Act
- The **option to opt for the old regime** of tax has to be made before
 - on or before the due date specified under sub-section (1) of section 139 of the Act for furnishing the return of income for such assessment year, in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years; or
 - along with the return of income to be furnished under sub-section (1) of section 139 of the Act for such assessment year, in case of a person not having income referred to in clause (i)
- A person having income from business or profession who has exercised the above option of shifting out of the regime provided under the proposed sub-section (1A) of section 115BAC shall be able to exercise the option of opting back to the regime under proposed subsection (1A) of section 115BAC **only once**.
- However, a person not having income from business or profession shall be able to exercise this option every year.



Surcharge

Income Slab	Rate
Total Income = 50 Lakhs – 1 Crore	10 % of Tax
Total Income = 1 crore - 2 crore	15% of Tax
Total Income = 2 crore - 5 crore	25% of Tax
Total Income > 5 Crore	25% of Tax

- In case total income includes LTCG, the rate of surcharge shall not exceed 15% on such capital gain.
- The surcharge rate in the **new tax regime** has been reduced from 37% to **25%** for income or aggregate of income of such person (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) **exceeding 5 crore**.

Rebate

- The Rebate limit has been increased from 5 lakh to 7 lakh in new tax regime. This implies Rebate U/s 87A, Rs. 12,500/- for individual resident for Total Income <7, 00,000.
- Rebate limit in old tax regime remains unchanged.

Annual income of Rs.7,00,000

Particulars	Option I (Old regime)	Option II (New regime until AY 2023-24)	Option II (New regime from AY 2024-25 and onwards)
Gross total income	7,00,000	7,00,000	7,00,000
Deduction: Chapter VIA			
U/s 80C	1,50,000	-	-
U/s 80CCD(1B)	50,000	-	-
Net total income	5,00,000	7,00,000	7,00,000
Tax on Net total income	12,500	32,500	25,000
Less: Rebate u/s 87A	12,500	-	25,000
Tax payable	-	32,500	-
Add: Health and education cess @4%	-	1,300	-
Net Tax payable	-	33,800	-

INCOME TAX



Annual income of **Rs15,00,000**

Particulars	Option I (Old regime)	Option II (New regime until AY 2023-24)	Option II (New regime from AY 2024-25 and onwards)
Gross total income	15,00,000	15,00,000	15,00,000
Deduction: Chapter VIA			
U/s 80C	1,50,000	-	-
U/s 80CCD(1B)	50,000	-	-
Net total income	13,00,000	15,00,000	15,00,000
Tax on Net total income	2,02,500	1,87,500	1,50,000
Add: Health and education cess @4%	8,100	7,500	6,000
Net Tax payable	2,10,600	1,95,000	1,56,000

Annual income of **Rs25,00,000**

Particulars	Option I (Old regime)	Option II (New regime until AY 2023-24)	Option II (New regime from AY 2024-25 and onwards)
Gross total income	25,00,000	25,00,000	25,00,000
Deduction: Chapter VIA			
U/s 80C	1,50,000	-	-
U/s 80CCD(1B)	50,000	-	-
Net total income	23,00,000	25,00,000	25,00,000
Tax on Net total income	5,02,500	4,87,500	4,50,000
Add: Health and education cess @4%	20,100	19,500	18,000
Net Tax payable	5,22,600	5,07,000	4,68,000



Corporate tax rate card

Particulars	Income < 1 cr		Income 1 cr to 10 cr		Income above 10 cr	
	Normal prov	MAT	Normal prov	MAT	Normal prov	MAT
Domestic company: normal rate	31.2%	15.6%	33.38%	16.69%	34.94%	17.47%
Domestic company: TO upto 400 cr	26%	15.6%	27.82%	16.69%	29.12%	17.47%
Domestic company: not availing tax incentives/Exemp	25.17%	NA	25.17%	NA	25.17%	NA
Domestic company: new manufacturing co.(set up on or after 1 march 2016) not availing tax incentives	26%	15.6%	27.82%	16.69%	29.12%	17.47%
Domestic company: new manufacturing co.(set up on or after 1 oct 2019) not availing tax incentives	17.16%	NA	17.16%	NA	17.16%	NA
Foreign co.	41.6%	15.6%	42.43%	15.91%	43.68%	16.38%

Firm & LLP - TOTAL INCOME @ 30%





Promoting timely payments to Micro and small Enterprises

- It is proposed to include payments made to such enterprises within the ambit of section 43B of the Act.
- Deduction for such payments would be allowed only when actually paid.
- It will be allowed on accrual basis only if the payment is within the time mandated under the Micro, Small and Medium Enterprises Development Act.
- It can only be allowed on accrual basis only when payment is made within 45 days (in case of written agreement) or 15 days from the date of delivery of goods or rendering of services. Hence only payments which are overdue as per MSMED Act shall be covered under Section 43B.
- Hence the proposed amendment will entail taxpayers to maintain documentation and details with respect to MSME vendors. It is desirable that a central depository of entities is made available on public website for easier identification. It is to be noted that medium enterprises are not covered under the ambit of Section 43B
- It is proposed the proviso to Section 43B shall not be apply to such payments which implies that if payment is made beyond the date as per statute of MSME Act, the deduction will not be allowed even if payment is made before the due date and will be allowed only in the year of actual payment.

With effect from 1st April 2024 (Assessment year 2024-25)

Relief to start-ups in carrying forward and setting off of losses

The condition of continuity of at least 51 per cent shareholding for setting off of carried forward losses is relaxed for **an eligible start up** if all the shareholders of the company in the year of loss, continue to hold those shares in the year of set-off

At present this relaxation applies for losses incurred **during the period of 7 years from incorporation** of such start-up. It is **proposed to increase this period to 10 years.**

With effect from Assessment Year 2023-24

Extension of date of incorporation for eligible start up for exemption

In order to further promote the development of start-ups in India and to provide them with a competitive platform, 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.

With effect from Assessment Year 2023-24

Anti-Avoidance measures for non-residents

- Section 56(2) (viib) aims to prevent generation and circulation of unaccounted money through share premium received from resident investors in a closely held company in excess of its fair market value. However, the said section is not applicable for consideration (share application money/ share premium) received from non-resident investors.

It is proposed to include the consideration received from a non- resident also under the ambit of this section. This will make the provision applicable for receipt of consideration for issue of shares from any person irrespective of his residency status.

With effect from 1st April 2024 (Assessment year 2024-25)



- It has come to notice that certain persons being not ordinarily residents are receiving the gifts from persons resident in India and not paying tax on it. In view of the above, it is proposed to amend clause (viii) of sub-section (1) of section 9 of the Act so as to extend this deeming provision to sum of money exceeding fifty thousand rupees, received by a not ordinarily resident, without consideration from a person resident in India.

With effect from 1st April 2024 (Assessment year 2024-25)

Business Reorganisation (Amalgamation, Merger or Demerger)

As per existing provisions of Section 170A, in case of business reorganisation, where a return of income has been filed by the successor, the successor shall furnish a modified return within six months from the end of the month in which order of business reorganisation was issued.

It is proposed to substitute Section 170A such that in a case of business reorganisation, were prior to the date of order of the Tribunal or the High Court or Adjudicating Authority, any return of income has been furnished by an entity to which such order applies, the successor shall furnish, within a period of six months from the end of the month in which the said order was issued, a modified return in the prescribed form. This would also enable modification of the returns filed by the predecessor wherever required.

The Assessing Officer shall assess 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.

With effect from 1st April 2023

Conversion of Gold to Electronic Gold Receipt

- Cost of acquisition of the Electronic Gold Receipts (EGR) for the purpose of computing capital gains shall be deemed to be the cost of gold in the hands of the person in whose name EGR is issued,
- Holding period for the purpose of capital gains, would include the period for which gold was held by the assessee prior to its conversion into EGR.
- Similarly, provision for conversion from gold to EGRs is also proposed.

GARV INSIGHTS

To promote investments in Electronic Gold receipt (EGR), the conversion of physical gold to Electronic Gold Receipt and vice versa by SEBI registered Vault Manager is proposed not to be treated as transfer and not to attract any capital gains.

Ease in claiming deduction on amortization of preliminary expenditure

To ease the process of claiming amortization of the preliminary expenses-

- Section 35D of the Act is amended to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board.
- Instead, the assessee shall furnish a statement containing the particulars of this expenditure within prescribed period to the prescribed income-tax authority in the prescribed form and manner.

With effect from 1st April 2024 (Assessment year 2024-25)



Presumptive Taxation Scheme

- The threshold limits for presumptive scheme of taxation for eligible businesses is raised from ₹ 2 crore to ₹ 3 crore.
- Similarly for specified professions the threshold limits is increased from ₹ 50 lakh to ₹ 75 lakh.
- These limits will apply only if the amount or aggregate of the amounts received during the previous year, in cash, does not exceed 5% of the total turnover or gross receipts.

With effect from 1st April 2024 (Assessment year 2024-25)

Preventing permanent deferral of taxes through undervaluation of inventory

To ensure that the inventory is valued in accordance with various provisions of law, section 142 of the Act relating to Inquiry before assessment is amended to ensure the following: -

- Enable the AO to direct the assessee to get the inventory valued by a cost accountant, nominated by the Principal Chief Commissioner (PCC) or Chief Commissioner (CC) or Principal Commissioner (PC) or Commissioner (C) in this behalf.
- Assessee is then required to furnish the report of inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars as may be prescribed and such other particulars as the AO may require.
- The expenses of such inventory valuation shall be determined by the PCC or CC or PC or C in accordance with the prescribed guidelines and that the expenses so determined shall be paid by the Central Government.
- The Assessee shall be given an opportunity of being heard in respect of any material gathered on the basis of such inventory valuation.

In regard to the above, the following consequential amendments are proposed to be made:

- Section 153 of the Act, so as to exclude the period for inventory valuation through the cost accountant for the purposes of computation of time limitation.
- Section 295 of the Act, so as to include in the aforesaid section, the power to make rules for the form of prescription of report of inventory valuation and the particulars which such report shall contain.

With effect from 1st April 2023 (Assessment Year 2023-24)

Introduction of the authority of Joint Commissioner (Appeals)

- In order to reduce the burden of Commissioner (Appeals) a new authority for appeals is created as Joint Commissioner (Appeals) (at Additional Commissioner level) to handle certain class of cases involving small amount of disputed demand.
- The authority has all powers, responsibilities and accountability similar to that of Commissioner (Appeals) with respect to the procedure for disposal of appeals.

With effect from 1st April 2023



Rationalisation of Appeals to the Appellate Tribunal

- Section 253 of the Act is amended to allow an Assessee to appeal against Penalty Orders passed by Commissioner (Appeals) under Sections 271AAB, 271AAC & 271AAD.
- Further the above Section is also amended to allow an Assessee to file an appeal to the Appellate Tribunal against an order passed under section 263 of the Act by Principal Chief Commissioner or Chief Commissioner or an order passed under section 154 of the Act.
- The Respondents to an appeal have also been enabled to file memorandum of cross-objections in all classes of cases against which appeal can be made to the Appellate Tribunal.

With effect from 1st April 2023

Assistance to authorized officer during Search and Seizure

- During the course of Search the Authorized officer may requisition the services of any person or entity, as approved by the Principal Chief Commissioner or the Chief Commissioner, the Principal Director General or the Director General, in accordance with the procedure prescribed by the Board in this regard, to assist him for the purposes of the search.
- Similarly, in during and post search enquiries, the authorised officer may make reference to any person or entity or any valuer registered by or under any law for the time being in force, who shall estimate the fair market value of the property in the manner prescribed and submit a report of the estimate to the authorised officer or the Assessing Officer within sixty days from the receipt of such reference.

With effect from 1st April 2023

Alignment of timeline provisions under Section 153 of the Act

- The time available for completion of assessment relating to the assessment year commencing on or after the 1st day of April, 2022 is increased from 6 months to 12 months from the end of the assessment year in which the income was first assessable.
- Consistent with the above, the time available for completion of assessment proceedings in the case of an updated return is also proposed to be increased to 12 months from the end of the financial year in which such return is furnished.
- A new Sub section (3A) may be inserted in Section 153 to provide that 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 shall be extended by twelve months in a case of an assessee where such search is initiated under section 132 or such requisition is made under section 132A or in the case of an assessee to whom any money, bullion, jewellery or other valuable article or thing seized or requisitioned belongs to or 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.

With effect from 1st April 2023

Provisions relating to reassessment proceedings

- A return in response to a notice under section 148 of the Act shall be furnished within 3 Months from the end of the month in which such notice is issued, or within such further time as may be allowed by the AO on a request made in this behalf by the assessee.
- However, any return which is furnished beyond the period allowed in the section 148 to furnish such return of income shall not be deemed to be a return under section 139 of the Act. As a result, the





consequential requirements viz. notice under sub-section (2) of section 143 etc. would not be mandatory for such returns.

- In cases where a search under section 132 is initiated or a search for which the last of the authorization is executed or requisition is made under section 132A, after the 15th March of any financial year a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the notice so issued shall be deemed to have been issued on the 31st day of March of such financial year.
- A proviso is inserted in Section 149 of the Act to provide that in cases where the information deemed to be with the Assessing Officer emanates from a statement recorded or documents impounded under summons or survey, as the case may be, on or before the 31st day of March of a financial year, in consequence of, a search initiated or last of the authorization executed under section 132 or a requisition made under section 132A, after the 15th day of March of such financial year, a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the show cause notice issued under clause (b) of section 148A in such case shall be deemed to have been issued on the 31st day of March of such financial year.

With effect from 1st April 2023

Penalty for furnishing inaccurate statement of financial transaction or reportable account.

- If there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, a penalty of ₹ 5000 /- shall be imposed on such institution, in addition to the penalty leviable on such financial institution in the said section, if any.

With effect from 1st April 2023

Penalty for Cash Loan/transactions against primary co-operatives

- Section 269SS of the act is amended to raise the limit of accepting loan or deposit in cash from/by the members of Primary Agricultural Credit Societies (PACS) and Primary Co-Operative Agricultural and Rural Development Bank (PCARD) from ₹ 20,000 to ₹ 2,00,000. The penalty would be leviable only if the amount of a loan or deposit is Rs. 2 lakh or more.
- Similarly Section 269T of the act is amended to increase the limit of repayment of loan and deposit in cash from/by the members of PAC PACS and PCARD from ₹ 20,000 to ₹ 2,00,000. The penalty would be leviable only if the amount of a loan or deposit is Rs. 2 lakh or more.

With effect from 1st April 2023

15% Concessional tax to promote new manufacturing co-operative society

Section 115BAE is inserted in the Act in which concessional tax regime is being provided for the new manufacturing cooperative societies. The Conditions are as under:

- The income-tax payable in respect of the total income of an assessee, being a cooperative 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 15%, on satisfaction of certain specified conditions;



- The condition for concessional rate shall be that the total income of the new manufacturing co-operative society is computed, —
 - a) without any deduction under the provisions of section 10AA or clause (ia) of sub-section (1) of section 32 or section 33AB or section 33ABA or sub clause (ii) or sub-clause (ia) or sub-clause (iii) of sub-section (1) or subsection (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of section 80JJAA;
 - b) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in ii(a) above; and
 - c) by claiming the depreciation, if any, under section 32, other than clause (ia) of sub-section (1) of the said section, determined in such manner as may be prescribed;

This provision has been introduced on similar lines of section 115BAB offering lower rate of 15% to new manufacturing companies

With effect from 1st April 2024 (Assessment year 2024-25)

Limiting the roll over benefit claimed under section 54 and 54F

- Limit on the maximum deduction under section 54 and 54F proposed to be capped at Rs 10 crores.
- If cost of the new asset purchased is more than Rs 10 crores, cost of such asset shall be deemed to be 10 crores.
- Limit the combined deduction under the two sections to Rs. 10 crores.

GARV INSIGHTS

It is important to note that there is no limit for claim of exemption under section 54 under the existing law

With effect from 1st April 2024 (Assessment year 2024-25)

Special provision for taxation of capital gains in case of Market Linked Debentures [Section 50AA]

- ‘Market Linked Debentures’ are listed securities which are currently being taxed as long- term capital gain at the rate of 10% without indexation.
- Capital gains arising from the transfer/ redemption/ maturity of these securities to be proposed to be taxed as short-term capital gains at the applicable rates, under new section 50AA
- Capital Gain to be calculates as Full value of the consideration received or accruing as a result of the transfer or redemption or maturity of the “Market Linked Debentures” as reduced by the cost of acquisition of the debenture and the expenditure incurred wholly or exclusively in connection with transfer or redemption of such debenture

With effect from 1st April, 2024 – Assessment Year 2024-25

Alignment of provisions of section 45(5A) with the TDS provisions of section 194-IC

- Under the existing provisions section 45(5A), the capital gain arising to an assessee (individual and HUF), from the transfer land or building under a Joint Development agreement (JDA), is chargeable to income-tax in the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority.
- The full value of consideration shall be taken as the stamp duty value of his share, as increased by the consideration received in ‘cash’.
- Section 45(5A) is proposed to be amended to align the same with the language of section 194-IC by replacing the term cash with “cash or by a cheque or draft or by any other mode”

With effect from 1st April, 2024 – Assessment Year 2024-25





Prevention of double deduction claimed on interest on borrowed capital for acquiring, renewing or reconstructing a property [Section 48(ii)]

- Section 48 is proposed to be amended to provide that the cost of acquisition/ improvement of a property shall not include the amount of interest claimed under section 24 or Chapter VIA.

With effect from 1st April, 2024 – Assessment Year 2024-25

GARV INSIGHTS

- *Presently, the amount of any interest payable on borrowed capital for acquiring, renewing or reconstructing a property is allowed as a deduction under the head "Income from house property" under section 24 of the Act.*
- *Section 48 of the Act, allows deduction of cost of acquisition/ improvement from value of the consideration while computing capital gain. Some assessees have been claiming double deduction of interest paid both under section 24 and section 48.*
- *In order to prevent this double deduction, section 48 is proposed to be amended*

Cost of acquisition in case of certain assets for computing capital gains.

- It is proposed to provide that the 'cost of improvement' or 'cost of acquisition' of a capital asset being any intangible asset or any other right shall be 'Nil'.

With effect from 1st April, 2024 – Assessment Year 2024-25

Proposed changes in provisions relating to TDS and TCS

Reduction of TDS Rates applicable under Sec 192A in case of non-availability of PAN

- Presently, section 192A provides that TDS should be deducted at the rate of 10% of the taxable component on the payment of the accumulated balance due to the employees under the Employees Provident Fund Act.
- However, employees who could not furnish their PAN and are entitled to receive such payment were subject to higher tax deductions at marginal rates.
- It has been proposed to reduce the tax deduction rates at 20% as in other non-PAN cases.

With effect from 1st April, 2023

GARV INSIGHTS

- *The existing provisions of the section 55 of the Act, inter alia, defines the 'cost of any improvement' and 'cost of acquisition' for the purposes of computing capital gains. However, there are certain assets like intangible assets or any sort of right for which no consideration has been paid for acquisition. The cost of acquisition of such assets is not clearly defined as 'nil' in the present provision.*
- *Since there is no specific provision which states that the cost of such assets is nil, the chargeability of capital gains from transfer of such assets has not found favour with the Courts. To remove this anomaly, the section is amended.*





Removal of the exemption from TDS on payment of interest on listed debentures to a resident under Section 193

- Presently, Section 193 provides exemption in TDS with respect to the payment of interest on any listed securities issued by the company held in dematerialized form.
- It is proposed to withdraw the exemption in the aforesaid tax deduction to avoid misreporting of interest incomes

With effect from 1st April, 2023

Amendment to expand the tax deductions under section 194B and 194BB

- The proposed Finance Bill, 2023, has widened the ambit of section 194B (winnings from lottery or crossword puzzles) to include gambling or betting in any other form or nature to be subject to tax deduction.
- It is noticed that many taxpayers escaped the tax deduction liability under section 194B and 194BB (winnings from horse race) by applying the threshold of Rs 10,000 per transaction and splitting their winnings to multiple transactions each below Rs 10,000.
- A new provision for aggregating the amounts exceeding Rs.10,000 during the financial year has been introduced under Section 194B and 194BB.

With effect from 1st April, 2023

Insertion of section 194BA- TDS on online games

- It is proposed that TDS will be deducted on the winnings from online games at the rate of 30% without any threshold.
- In case of withdrawals, the tax shall be deducted at the time of withdrawal on such net winnings in the user account at the end of the year.
- The tax shall also be deducted on the remaining balance in the user account at the end of the financial year.
- In case where the net earnings are wholly in kind or partly in cash and partly in kind and is insufficient to meet the liability of tax deduction, the person responsible for paying shall before releasing the winnings, ensure that tax has been paid with respect to such winnings.

With effect from 1st April, 2023

Increasing the threshold limit for co-operatives to withdraw cash without TDS under section 194N

Section 194N has been amended to increase the threshold limit for deduction of tax on cash withdrawals from 1 crore to 3 crore for co-operatives at the rate of 2%.

With effect from 1st April, 2023

Explanation on deduction of tax under section 194R in case of cash or kind perquisites

- Section 194R states that any person providing benefit to a resident in course of business or profession, shall deduct tax at the rate of 10% on such value or aggregate of the value of such perquisites.

It has been clarified by the proposed Finance Bill, 2023 that such tax shall be deducted irrespective of whether the benefit or perquisite is received in cash or in kind, or partly in cash and partly in kind.

With effect from 1st April, 2023

GARV INSIGHTS

This was earlier mandated by Circular No. 12 issued by CBDT on 16th June 2022



Relief from deduction or collection of tax at higher rates for non-filers of return under section 206AB and 206CCA

- It is proposed to exclude non-residents who do not have a permanent establishment in India and non-return filers from higher rates of tax collection or deduction under sections 206AB and 206CCA who are not required to file the return as their income has not extended the threshold limits and is notified by the Central government in this behalf.

With effect from 1st April, 2023

Increasing the TCS rate for certain foreign remittances under section 206C (IG)

It is proposed to amend Section 206 (IG) to increase the TCS rate from 5% to 20% in case of overseas tour packages and other remittances through LRS excluding remittances for education and medical treatment.

With effect from 1st April, 2023

GARV INSIGHTS

There is no change in the TCS rates for remittances meant for education and medical treatment.

Rationalization of exempt income under life insurance policies.

- Presently, Section 10 (10D) provides for Income Tax Exemption on the sum received under a life insurance policy, including bonus on such policy subject to the condition that the premium payable for any of the years during the terms of the policy should not exceed ten per cent of the actual capital sum assured.
- It is proposed to remove the exemption tax for income from insurance policies (other than ULIP) having premium or aggregate of premium above Rs 5,00,000 in a year.
- Income is proposed to be exempt if received on the death of the insured person.
- This income shall be taxable under the head “income from other sources”.
- Deduction shall be allowed for premium paid, if such premium has not been claimed as deduction earlier.
- The proposed provision shall apply for policies issued on or after 1st April, 2023
- There will not be any change in taxation for policies issued before this date.

GARV INSIGHTS

In case of ULIP issued after 1.2.21, no exemption is allowed if amount of premium payable during any previous year exceeds Rs. 2,50,000/-

With effect from 1st April, 2024, assessment year 2024-25

Specifying time limit for bringing consideration against export proceeds into India

- Proposed to amend section 10AA to provide that the deduction under section 10AA shall be eligible if return under section 139(1) is filed before the due date.
- Further, it is proposed 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.
- Further, it is also proposed to make consequential amendment in section 155(11A) to allow the Assessing Officer to amend the assessment order later where the export earning is realized in India after the permitted period.

With effect from 1st April, 2024, assessment year 2024-25

Amendments relating to tax on Accretal Income of trusts/institutions (Section 115TD)

- If a trust/institutions/ already registered under the provisions of section 10(23C) or section 12A of the Act fails to make application for renewal of registration under the new registration regime within the time allowed by statute, it will be liable to pay the tax on accretal income U/s 115TD of the Act in the year in which the time allowed for making application for such renewal expires.
- The proposed amendments further provide that the principal officer or the trustee of the subject trust/institution or the subject trust/institution, as the case may be, shall be liable to pay such tax on accretal income within 14 days from the end of the previous year in which liability for such tax arises.

With effect from 1st April 2023

Amendments relating to taxation of amount distributed by business trusts to its unit holders (Sections 2(24) (xviii), 56(2) (xii), 115UA)

- The distribution made by the business trust to its unit holders by way of repayment of debt in the form of redemption of unit/units held by such unit holder shall be included as taxable income under the head 'income from other sources' provided that the cost of acquisition of such redeemed units shall be reduced from the amount so received to the extent of receipt of the redemption proceeds.

With effect from 1st April, 2024 – Assessment Year 2024-25

Amendment relating to taxation of income of Investment Funds and its unit holders (Section 115UB)

- This amendment replaces, the reference to 'International Finance Services Centres Authority Act, 2019' inserted w.e.f. asst. yr. 2022-23 in the definition of 'Investment Fund' under section 115UB of the Act, by the reference to 'International Financial Services Centres Authority (Fund Management) Regulations, 2022' w.e.f. assessment yr. 2023-24. As these regulations became effective since 19.05.2022, the reference is sought to be replaced w.e.f. asst. yr. 2023-24 instead of asst. yr. 2022-23.



Amendments relating to taxation of charitable trust/institutions

(Section 10(23C), 11,12A and 12AB)
(Clauses 5,7,8 and 9)

Clause 5 – Section 10(23C)

- Charitable trusts/institutions, universities, educational institutions, hospitals etc. referred in clauses (iv), (v) (vi) and (via) of section 10(23C) which are not having any existing approval, may now apply for approval where activities of such trust/institution etc. have not commenced, at least one month prior to the commencement of the previous year relevant to asst. yr. from which the said approval is sought for. Where activities of such trust/institutions etc. have commenced but no part of its income has ever been treated as exempted U/s 10(23C), U/s 11/ U/s 12 of the Act for any year ending on or before the date of such application, application for approval U/s 10 (23C) can be made at any time after the commencement of such activities.
- Such application for approval shall be dealt with by the Pr. CIT or CIT as per the procedure provided in the existing provisions. It is further proposed that in case of non-satisfaction of Pr. CIT or CIT about the objects and the genuineness of trust's/ institution's activities and other compliance requirements, he shall pass an order in writing rejecting such application after affording reasonable opportunity of being heard to the applicant trust/institution etc.
- It is also proposed to provide that where any application is made before the above said amendments by the Finance Act, 2023, the Pr. CIT or CIT shall pass an order in writing granting provisional approval for a period of 3 years from the assessment year from which the approval has been sought and a copy of such approval shall be sent to concerned trust/institution etc.

The aforesaid amendments shall be effective from 01.10.2023.

- One more condition for treating the earlier application out of corpus as application of income upon replenishment of corpus is proposed to be inserted to the effect that replenishment of corpus by investing/depositing back of the corpus in permissible modes has to be together with the adherence, at the time of application from corpus, to the conditions of such earlier application of corpus not being as inter-charity corpus donation, not being payment otherwise than banking or digital channels, if it exceeds ₹. 10000 per day, not being a case of claim of set off of excess application of income of earlier years while calculating amount required to be applied, such application being of any sum actually paid and not only on accrual basis and such application not being for direct or indirect benefit of related or interested persons referred in section 13(1) (c) read with section 13(3) of the Act.
- Moreover, a maximum time limit of 5 years from the end of previous year in which application from corpus was made, is proposed for aforesaid investing/deposit back of corpus fund applied earlier. However, it is also proposed that any application out of corpus made on or before 31.03.2021 shall not be treated as application of income even after investing/depositing back of the corpus into permissible investments.

Similar amendments have been proposed in respect of the similar application out of loan or borrowing also.

These amendments will take effect from assessment year 2023-24.

- Only 85% of any non- corpus inter charity donation to other trust/institution etc. referred in clauses (iv) to (via) of section 10(23C) or registered under section 12AB of the Act, will be treated as application of income for charitable or religious purposes. Hitherto it was 100% of such donations.





For example: If XYZ Charitable Trust earns an income of Rs. 100 lacs in the current year and donates it to PQR Charitable Trust. What happens in this case is that for XYZ Charitable Trust, Rs. 100 lacs donated to PQR Charitable Trust is treated as application of income and no tax is levied on XYZ Charitable Trust. In turn, PQR Charitable Trust donates this amount of Rs. 100 lacs to MNO Charitable Trust whereby the said amount is again treated as application of income without the same being deployed to any actual charitable/religious applications.

In order to prevent such wrong doings, the proposed amendment seeks to introduce that only 85% of such amount, i.e. 85 lacs will be considered as application of income by the donor trust. If the done trust resorts to any malpractice and again makes donation of Rs. 85 lacs, then 85% of 85 lacs will be treated as application at second stage. Thus, this measure should act as a deterrent.

This amendment will be effective from assessment year 2024-25.

- The time limit for filing the prescribed statement of accumulation of income for maximum period of 5 years is proposed to be at least 2 Months prior to the due date for furnishing of ITR for the previous year U/s 139(1) of the Act.

This amendment will be effective from assessment year 2023-24.

- The amendment has been proposed to include the cases of furnishing of incomplete, false or incorrect information in the application for approval as 'specified violation' which may result in cancellation of any approval granted by Pr. CIT or CIT.

This amendment shall take effective from 01.04.2023

- The proposed amendment provides for requirement of filing return of income (ITR) U/s 139(4C) within the time allowed under sub-section (1) or sub -section (4) of section 139 for the trust, institution, hospitals, universities, other educational institutions and other medical institutions etc. referred in clause (iv) to clause (via) of section 10(23C).

This amendment will be effective from assessment year 2023-24.

Section 11

The proposed amendments are as under:

- The option for filing accumulation of income under clause 2 of Explanation – 1 of section 11(1) shall have to be filed two months prior to the due date of filing of ITR under section 139(1) of the Act instead of timeline upto due date U/s 139(1) as per existing provisions.
- One more condition for treating earlier application of corpus as application of income upon replenishment of corpus is proposed to be inserted to the effect that replenishment of corpus by investing/depositing back of the corpus in the permissible investments u.s. 11(5) has to be together with the adherence, at the time of the application from corpus, to the conditions of application not being as inter charity corpus donation, not being payment otherwise than through banking or digital mode if it exceeds Rs. 10000/- per day, there being no set off of excess application of income of earlier years while calculating amount required to be applied, the application being of any sum actually paid and not on accrual basis and such application not being for direct or indirect benefit of related or interested persons referred in section 13(1)(c) read with section 13(3) of the Act.





- Moreover, a maximum time limit of 5 years from the end of previous year in which application from corpus was made, is proposed for aforesaid investing/deposit back of corpus fund applied earlier. However, it is also proposed that any application out of corpus made on or before 31.03.2021 shall not be treated as application of income even after investing/depositing back of the corpus into permissible investments.

Similar amendments have been proposed in respect of application out of loan or borrowings also.

This amendment is proposed to be effective from assessment year 2023-24.

- Only 85% of any non -corpus inter charity donation, to any trust/ institution etc. covered under clauses (iv) to (via) of section 10(23C) or registered u.s. 12AA or 12AB of the Act, is proposed to be treated as application of income by the donee trust /institution etc. Presently, it is 100% of such donation.

This amendment is proposed to be effective from assessment year 2024-25.

- The prescribed statement of accumulation of income under section 11(2) for maximum period of 5 years shall have to be filed at least two months prior to the due date specified for filing of ITR for the previous year. Thus, there is a reduction of 2 months' time for such filing of statement in comparison to time allowed under existing provisions.

This amendment is proposed to be made effective from assessment year 2023-24.

Section 12A

- As per proposed amendments unregistered trust/institution etc. wishing to avail benefit of exemption U/s 11/ 12 of the Act shall apply, for registration where the activities of the said trust or institutions etc. have not commenced, at least 1 month before the commencement of the previous year relevant to the asst. yr. from which the said registration is sought for. Where the activities of said trust/institutions etc. have commenced, such unregistered trust/institution etc. shall apply for registration, if no exemption U/s 10(23C) or section 11 or section 12 has been allowed for any part of its income in any previous year ending on or before the date of such application and such application may be made at any time after the commencement of such activities.

This amendment will take effect from 01.10.2023.

- The trust/institution etc. claiming the exemption U/s 11/12 of the Act will be required to file its ITR in accordance with provisions of section 139(4A) within the time allowed under section 139(1)/ 139(4) of the Act.

This amendment is proposed to be effective from assessment year 2023-24.

Section 12AB

- As per proposed amendments, the application made by trust/institution etc. under to be amended clause (vi) of section 12A(ac), has to be dealt with by Pr./ CIT as per existing procedure. Further, in case of non-satisfaction of Pr. CIT or CIT as to object and genuineness of the activities and compliance of the requirements, Pr. CIT or CIT shall pass an order in writing rejecting such application after giving a reasonable opportunity of being heard to the applicant trust/institution etc.





- It is also proposed to provide that where any application is made before the aforesaid proposed amendments by the Finance Act, 2023, the Pr. CIT or CIT shall pass an order in writing granting provisional registration for a period of three years from the asst. yr. from which the registration has been sought for and a copy of such order shall be sent to concerned trust/institution etc.

The aforesaid amendments shall be effective from 01.10.2023.

- The proposed amendment seeks to consider the cases of furnishing of incomplete, false or incorrect information in the application referred above as 'specified violation' contemplated in Explanation to section 12AB, which may result in cancellation of any registration granted by Pr. CIT or CIT.

This amendment shall take effect from 01.04.2023.

Section 80G

Clause 40

- The amendments, similar to those proposed in section 10(23C) and Section 12A in respect of application before Pr. CIT or CIT by the trust/institutions etc which are not yet approved/registered, are proposed to be inserted in section 80G also.

This amendment shall take effect from 01.10.2023.

- Further, the donations made to the funds or institutions specified in clauses (ii), (iiic) and (iiid) of section 80G (2) (a) of the Act shall not qualify for deduction U/s 80G.

This amendment shall take effect from asst. year 2023-2024.

Facilitating TDS credit for income disclosed in return of income of past year

- TDS is often deducted by the deductor in the year the income is paid to the assessee, even though the assessee may have already disclosed the income using the accrual method in earlier years. This creates a TDS mismatch, as the corresponding income has already been taxed but TDS is only deducted much later. The assessee cannot claim TDS credit in the year the TDS is deducted because the income was not taxed in that year, and it may not be possible to revise the return for the year in which the income was included. This creates difficulties for the assessee in claiming TDS credit.
- In order to address TDS mismatch, a new sub-section (20) is proposed to be inserted in section 155 of the Act.
- Applies when an assessee has included income in their return for an assessment year and TDS is deducted in a subsequent financial year. Assessee can make an application in the prescribed form to the Assessing Officer within 2 years from the end of the financial year of TDS.
- The Assessing Officer will amend the assessment order or allow TDS credit in the relevant assessment year. Provisions of section 154 of the Act will apply, with the 4-year period calculated from the end of the financial year of TDS.
- TDS credit will not be allowed in any other assessment year.
- Amendment has also been proposed in section 244A of the Act to provide that the interest on refund arising out of above rectification shall be for the period from the date of the application to the date on which the refund is granted.

With effect from 1st October, 2023



Composition Scheme extended to suppliers of E-commerce operators

- Section 10 is being amended to remove the restriction imposed on the registered person engaged in **supplying goods through Electronic Commerce Operators** from opting to pay tax under the Composition Scheme.

GARV INSIGHTS

The restriction is removed only in case of intra-state supply of goods through e-commerce operator. Composition scheme cannot be availed in case of inter-state supply of goods.

ITC Restriction in case of supply of warehoused goods before home consumption

- Section 17(3) is being amended to provide that Supply of Warehoused goods to any person before clearance for home consumption shall be included in the value of exempt supply.
- No Input Tax Credit available in respect of activities related to supply of Customs bonded warehoused goods to any person before clearance for home consumption.

GARV INSIGHTS

ITC on services of warehousing, transportation used for the purpose of supply of goods from customs bonded warehouse cannot be availed. Moreover, the common credit to the extent of such exempt supplies will also have to be reversed.

ITC Restriction on non-payments to suppliers within 180 days

- Second and Third provisos to sub-section (2) of section 16 are being amended to align the said sub-section with the return filing system provided in the said Act.

CSR Activities

- Section 17(5) of CGST Act is being amended to provide that **Input tax credit shall not be available** in respect of goods or services or both, 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

GARV INSIGHTS

ITC on CSR activities shall be restricted. The point to ponder is about the expenses incurred prior to this amendment.

Gstr-1, Gstr-3b, Gstr-9 & Gstr-8 cannot be filed after 3 years

- Section 37, 39, 44 and 52 of CGST Act, 2017 being amended to restrict filing of following returns/statements **up to a maximum period of three years** from the due date of filing of the relevant return/statement:
GSTR 1 (Statement of Outward Supplies)
GSTR 3B (Monthly Return)
GSTR 9 (Annual Return)
GSTR 8 (Statement of TCS by Electronic Commerce Operator)
- However, **Government may notify** and allow to furnish such returns/statement even after the expiry of the said period of three years.





Relaxation from compulsory registration

- Section 23 is being amended, so as to provide that persons requiring compulsory registration in terms of Section 24 need not register if otherwise exempt Section 23.

GARV INSIGHTS

With this amendment, if the person is falling under any exemption from registration as per section 23, he does not need registration irrespective of the fact that he is falling under any of the categories specified in section 24 such as inter-state supply of goods or services, persons supplying services through Electronic Commerce Operator, persons liable to pay tax under RCM, etc.

With retrospective effect from 1st July, 2017

Non-compliance by electronic commerce operator

- New sub-section (1B) in section 122 is being inserted so as to provide for penal provisions applicable to electronic commerce operators in case of contravention of provisions relating to supplies of goods or services made through them by unregistered persons or composition taxpayers
- Penalty is proposed to be ten thousand rupees, or an amount equivalent to the amount of tax involved had such supply been made by a registered person other than a composition registered person, whichever is higher.

GARV INSIGHTS

Any electronic commerce operator who allows a supply through it by an unregistered person other than a person exempted from registration by a notification or allows an inter-State supply through it by a person who is not eligible to make such inter-State supply or fails to furnish the correct details in GSTR 8 shall be liable to pay a penalty as prescribed.

Sharing of information

- A new section 158A is being inserted so as to provide for prescribing manner and conditions for sharing of the information furnished by the registered person on the portal.
- Consent shall be obtained from the supplier for information uploaded on the portal, and recipient (to the extent where details include identity information of the recipient)
- No action shall lie against the Government or the common portal with respect to any liability arising consequent to information shared and there shall be no impact on the liability to pay tax.

GARV INSIGHTS

The details uploaded by the registered person in the Registration application, GSTR 1, GSTR 3B, Annual Return, E-Invoice, E-Way Bill and other prescribed filings can be shared from the portal subject to consent of such person and his recipient.

Interest computation for delay in sanction of refund

- Section 56 being amended to provide that rules will be prescribed for the manner of computation of **period of delay for calculation of interest** on delayed refunds.





Decriminalization under GST

- The minimum threshold of tax amount for launching prosecution under GST has been raised **from Rs. One Crore to Rs. Two Crores**, except for the offence of issuance of invoices without supply of goods or services or both.
- Following offences have been proposed to be decriminalized
 - Obstruction or preventing any officer in discharge of his duties;
 - Deliberate tempering of material evidence;
 - Failure to supply any information or supplies false information

GARV INSIGHTS

The decriminalization of the aforesaid offences is a welcome move and will go on to reduce litigation in the long run. Now imprisonment provisions for offences involving GST of upto 2 Crores is applicable only on fake invoicing cases.

No compounding in case of fake invoices

- First proviso to sub-section (1) of section 138 being amended to restrict the persons involved in offences relating to **issuance of fake invoices without supply of goods or services** or both from the option of compounding of the offences
- The compounding amount is being reduced from the **present range of 50% to 150% of tax involved to the range of 25% to 100% of tax involved.**

Non-taxable online recipient & OIDAR

- Amendment in definition of **non-taxable online recipient** under section 2(16) and definition of **Online Information and Database Access or Retrieval Services (OIDAR)** under section 2(17) so as to reduce interpretation issues and litigation on taxation of OIDAR Services.

Schedule III items (neither supply of goods nor services)

- Paras 7, 8(a) and 8(b) were inserted in Schedule III with effect from 01.02.2019 to keep certain transactions/ activities, such as supplies of goods from a place outside the taxable territory to another place outside the taxable territory, high sea sales and supply of warehoused goods before their home clearance, outside the purview of GST. In order to remove the doubts and ambiguities regarding taxability of such transactions/activities during the period 01.07.2017 to 31.01.2019, it is proposed to make the said paras effective from 01.07.2017.
- However, no refund of tax paid shall be available in cases where any tax has already been paid in respect of such transactions/activities during the period 01.07.2017 to 31.01.2019

With retrospective effect from 1st July, 2017

Place of supply

- Proviso to sub-section (8) of section 12 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.

GARV INSIGHTS

Prior to this amendment, the place of supply of services by way of transportation of goods to a place outside India, was to be the place of destination of such goods. With the withdrawal of exemption on Ocean and Air Export freight with effect from 1st Oct 2022, GST was being charged with place of supply outside India. So there was an issue regarding availment of ITC by the recipient of services. With this amendment, this issue of ITC will be resolved.

The aforesaid GST Amendments will be effective from the date of enactment unless otherwise specified

CUSTOMS



Section 25(4A) of the Customs Act is being amended to insert a Proviso to the effect that the validity period of two years shall not apply to:

- Exemption notifications issued in relation to multilateral or bilateral trade agreements;
- Obligations under international agreements, treaties, conventions including with respect to UN agencies, diplomats, international organizations; privileges of constitutional authorities;
- Schemes under Foreign Trade Policy; Central Government schemes having a validity of more than two years;
- Re-imports, temporary imports, goods imported as gifts or personal baggage; any duty of customs under any law for the time being in force including integrated tax leviable under sub-section (7) of Section 3 of the Customs Tariff Act, 1975, other than duty of customs leviable under section 12.

A new sub section (8A) to section 127 C is being inserted so as to specify a time limit of 9 months from the date of application, for disposal of the application filed before the Settlement Commission.

The aforesaid Customs Amendments will be effective from the date of enactment unless otherwise specified

▼ What Gets Cheaper



Customs duty on parts of open cells of TV panels cut to 2.5 per cent



Govt proposes to reduce customs duty on the import of certain inputs for mobile phone manufacturing



Govt to reduce basic customs duty on seeds used in manufacturing of lab-grown diamonds



Govt to reduce customs duty on shrimp feed to promote exports

WHAT GETS COSTLIER ▲



Taxes on cigarettes hiked by 16 per cent



Basic import duty on compounded rubber increased to 25 per cent from 10 per cent



Basic customs duty hiked on articles made from gold bars



Customs duty on kitchen electric chimney increased to 15 per cent from 7.5 per cent



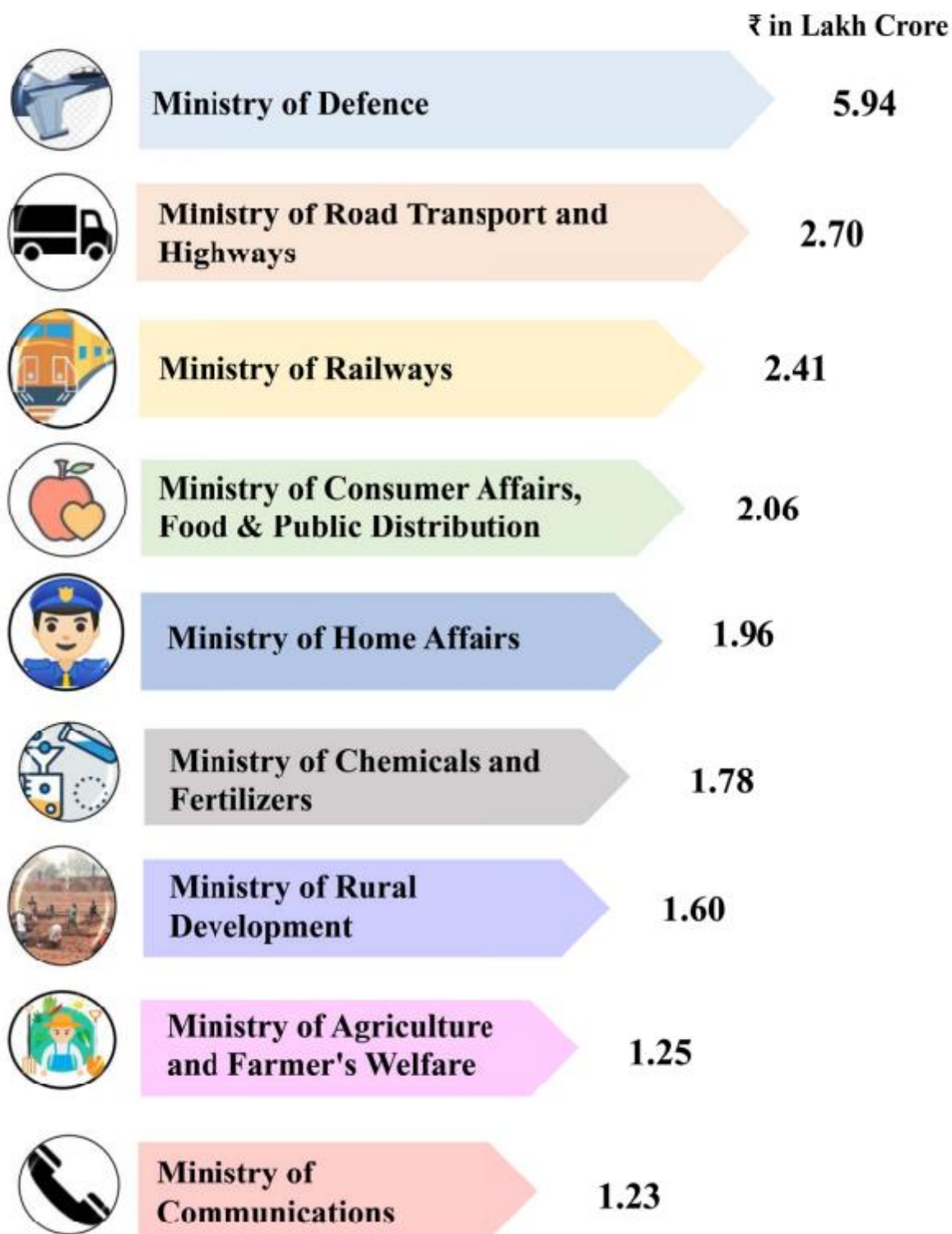
A lush green forest with a path leading to a flagpole with the Indian national flag. The scene is bathed in soft, golden light, suggesting a sunrise or sunset. The trees are dense and vibrant green, with some birds visible in the air. The path is a narrow, light-colored trail that leads the eye towards the flagpole in the distance.

04

**SECTORAL
IMPACTS**



Allocation for Specific Ministries



SECTORAL IMPACT



AGRICULTURE

Budget Proposals

- Open-source digital public infra for the agriculture sector, farm inputs, credit, insurance, crop protection, agriculture accelerator fund, and agriculture start-up focus will create huge opportunities for the sector
- Storage capacity creation and the formation of cooperative societies to help dairy and fisheries were announced.
- The announcement favoured shrimp exporters specifically.



INFRASTRUCTURE

Budget Proposals

- Capital expenditure for infrastructure development increased by 30% to almost Rs 10 lakh crores.
- The government will set up an Urban Infrastructure Development Fund (UIDF) of Rs 10,000 crore per year for creating infrastructure in Tier-2 and Tier-3 cities
- Rs 2.4 lakh crore outlay for railways is the highest ever and 9 times made in 2013.
- All cities and towns will be enabled for 100% mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode.
- Enhanced focus will be provided for scientific management of dry and wet waste.
- Rs 23,175.01 crore to be spent on Metro and mass rapid transit system projects



SECTORAL IMPACT



TOURISM AND AUTOMOBILE

Budget Proposals

- Promotion of tourism will be done in mission mode
- 50 tourist destinations will be selected through challenge mode to be developed as a whole package for domestic and international tourism
- States will be encouraged to set a 'unity mall' in state capital or the most popular tourist destination in the state for the promotion and sale of 'One District, One product' and GI products and other handicraft"
- Increased TCS (Tax Collected at Source) on outbound travel from 5% to 20% on overseas tour package is a dampener
- Customs duty has been exempted on capital goods imported for manufacturing lithium-ion batteries to boost EV domestic production.
- Replacement of over nine lakh old and polluting government vehicles
- Measures announced to encourage biogas-blended compressed natural gas



FINTECH

Budget Proposals

- National data governance policy to enable access to anonymized data.
- A simplified KYC process is a welcome step
- Expansion of Digilocker integration for Fintechs and MSMEs will give thrust to the India stack and JAM.
- The Centre has also made a provision of Rs 5.56 crore for 5G testbed
- An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts. This will be towards storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.

SECTORAL IMPACT



EDUCATION AND SKILL DEVELOPMENT

Budget Proposals

- Clear focus on creating intellectual capital with a focus on teachers' training, a national library, a decentralized education program, infrastructure creation, and Eklavya residential schools for targeting the last mile students
- National Digital Library for children and adolescents will be set-up for facilitating availability of quality books and device agnostic accessibility.
- Dedicated multidisciplinary courses for medical devices will be supported in existing institutions
- Digital ecosystem for skilling to be further expanded with the launch of a unified Skill India Digital platform for enabling demand-based formal skilling, linking with employers including MSMEs, and facilitating access to entrepreneurship schemes.



INDUSTRY SPEAK



ANAND MAHINDRA

Chairman, Mahindra Group

“I was gratified to see the higher capex. That’s all about investing for higher growth”



HARSH GOENKA

Chairman, RPG Group

“M’bap’pe of a budget, not ‘Messi’ at all. A budget that puts India on the path to become the world champion- all set to score goals on infra development, consumption and inclusion. A big boost for domestic manufacturing, job creation and ease of doing business!”



SUNIL NAYYAR
MD, SONY INDIA

“in-line with the government’s long term vision for India’s path to becoming a major global economy.”



SANJIV PURI
MD, ITC

“It is a very good, growth-oriented budget. It shows consistency of thought & strategy. Good for business environment. It is inclusive & prudent & touches all sectors of society for development. Public works when combined with growth we are seeing of private capex, though it is nascent right now, it will have a progressive future & good multiplier effect on the economy & make our economy more competitive.”

OUR TOUCH POINTS

KOLKATA

- 27 A, Hazra Road, Kolkata 700 029,
- Eastern Building, 1st Floor, 19, R.N. Mukherjee Road, Kolkata-700 001

MUMBAI

- Khatau Building, 1st Floor, 8/10 Alkesh Dinesh Modi Marg, Fort, Mumbai –400 023

HYDERABAD

- United arcade Complex, Unit No. 23 Kishanbagh Road, Attapur Hyderabad – 500 048

CHENNAI

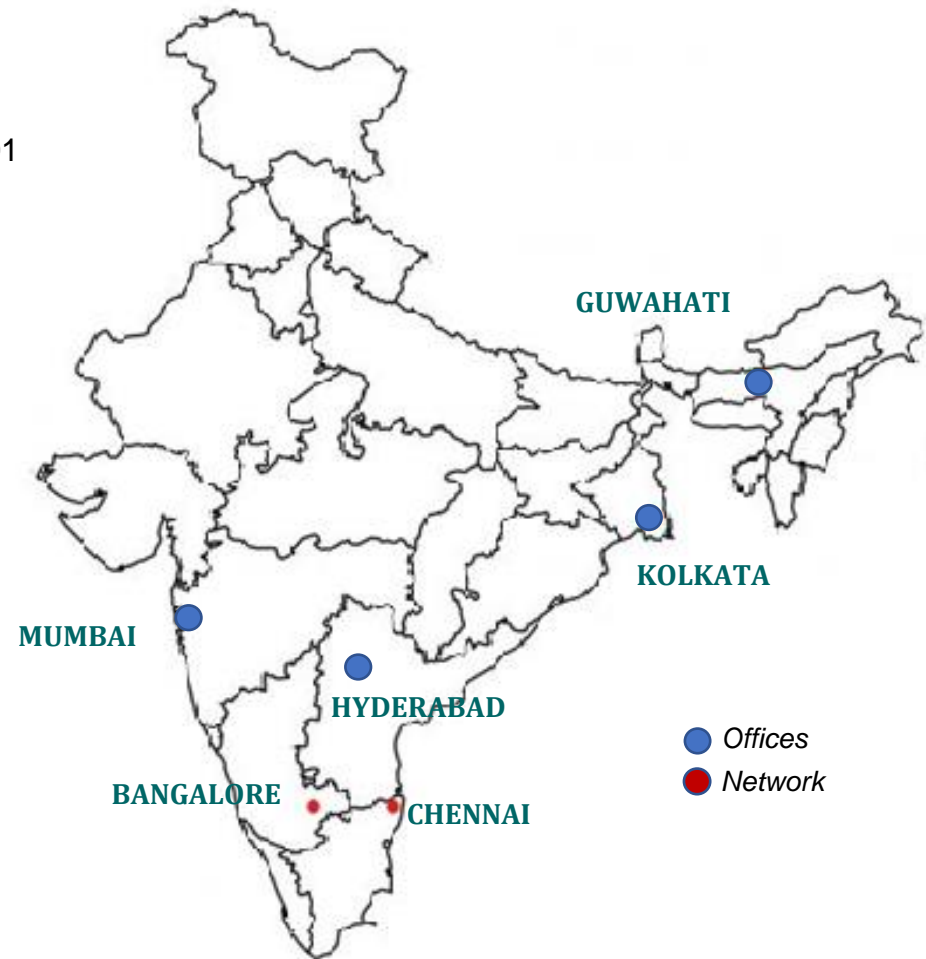
- Vimalachal, Unit A 1103 1088, Poonamallee High Road, Vepery Chennai – 600 007

GUWAHATI

- K C C Road, 2nd Floor Chatribari Guwahati – 781 008

BENGALURU

- Dassappa Reddy Complex, Unit 12, Balagere, Bengaluru – 560 087



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