

UNION BUDGET 2023-24

TAX HIGHLIGHTS



DIRECT TAX PROVISIONS

Direct Tax Provisions

✓ Tax Rates

- ✓ New Tax Regime shall operate as Default regime instead of Old Regime. However, still taxpayer shall have option to opt for Old Regime
- ✓ Changes in personal taxation slab rates for FY 2023-24 under 'New Income Tax Regime' :

Income Slab	Tax rate	Income Slab	Tax rate
0-3 lakhs	Nil	9-12 lakhs	15%
3-6 lakhs	5%	12-15 lakhs	20%
6-9 lakhs	10%	Above 15 lakhs	30%

- ✓ Rebate limit for income tax increased from INR 5,00,000 to INR 7,00,000 under New Tax Regime
- ✓ Highest surcharge rate reduced to 25% from 37% in new regime
- ✓ Benefit of Newly Incorporated Co-Operative Society engaged in manufacturing shall be taxable at 15% on par with Private Companies
- ✓ In case if application for renewal of Charitable Trust is not made in Time, Exit Tax shall be applicable under 115TD

✓ TDS /TCS

- ✓ TDS on income from online gaming will be taxed at 30% with no threshold limit
- ✓ Threshold limit for co-operative society to withdraw cash without TDS increased to INR 3 crores

Direct Tax Provisions

✓ Startups

- ✓ Date of incorporation for startups to avail income tax benefits extended to 31-03-2024
- ✓ The benefit of carry forward of losses on change in shareholding of startups has been increased to 10 years from 7 years

✓ Business Re-organization

- ✓ In case of business re-organization where the return is filed by successor, the successor shall modify return within six months

✓ Small Business/MSMEs

- ✓ Small businesses having turnover up to INR 3 Crores (INR 2 Crores Earlier) can opt for presumptive scheme and similarly professionals having turnover up to INR 75 Lakhs (INR 50 Lakhs Earlier) can opt for presumptive scheme, provided gross receipts in cash does not exceed 5% of Gross Turnover
- ✓ Expenses on account of services availed from MSME shall be allowed only on payment basis

✓ Rationalization in Tax Provision

- ✓ Special audit of inventory in the books u/s 142(2A) along with audit of books of accounts
- ✓ De-criminalisation of three Offences w.e.f. 01st April, 2023.

INTERNATIONAL TAX PROVISIONS

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International Tax Provisions

✓ Important announcements w.r.t. International Tax Laws

- ✓ Monetary gift received by not ordinary resident shall be chargeable to tax in India
- ✓ Non-resident who does not have a permanent establishment in India has been excluded from the definition of specified purpose as mentioned under Section 206AB and 206CCA
- ✓ Consideration received from non-resident in excess of fair market value of the shares shall be chargeable for tax under the head income from other sources
- ✓ TCS increased from 5% to 20% for remittance made on account of LRS and foreign tour package

GIFT CITY - IFSC

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✓ Important Announcements for IFSC at GIFT City, Gujarat:

- ✓ Extension of tax benefit period for relocation of AIFs to new find location in GIFT IFSC to 31st March 2025
- ✓ Any income of non-resident Offshore Derivative Instruments holder distributed by offshore banking unit located in IFSC shall be exempt provided the income has been charged to tax in the hands of the IFSC Banking Unit under Section 115AD
- ✓ IFSCA to be empowered with powers of SEZ authority to avoid dual regulator
- ✓ Modification to include arbitration law, ancillary services and avoid dual regularization under SEZ Act
- ✓ Single window registration and approval system for IFSCA, SEZ authorities, IRDAI, GSTN, RBI and SEBI
- ✓ Proposed to setup subsidiary of EXIM bank for trade refinancing in IFSC
- ✓ Acquisition financing proposed to be permitted by IFSC banking units for foreign banks
- ✓ Setting up data embassies in IFSC (for countries looking for digital continuity solutions)
- ✓ Offshore derivative instrument proposed to be considered as a valid contract

INDIRECT TAX PROVISIONS

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Indirect Tax Provisions - GST

✓ Relief in GST Provisions

- ✓ Prosecution under CGST Act for tax amount increased from INR 1Crore to INR 2 crores (exception for invoicing without supply)
- ✓ Decriminalization of certain offences under CGST Act related to obstruction of duty, tampering of evidence, and failure to supply information
- ✓ Reduction in compounding amount from the present range of 50 to 150 per cent of tax amount to the range of 25 to 100 per cent
- ✓ Amendments proposed in Section 10 of the CGST Act to enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs), subject to certain conditions

✓ Rationalization in GST Law

- ✓ Input tax credit not available for expenditure related to CSR
- ✓ Insertion of new Section 158A in CGST Act for sharing of information on common portal
- ✓ Amendment to definition of "non-taxable online recipient" and "online information and database access or retrieval services" in IGST Act
- ✓ In cases of transport supplier and recipient are both located in India for transportation of goods outside India, place of supply will be considered as place of recipient and not the destination of goods
- ✓ Restriction of return filing under GST to a maximum of 3 years from due date

Indirect Tax Provisions- Customs

✓ Rate changes in Customs (to be effective from 02.02.2023)

Agricultural Products and By-Products

- ✓ Pecan nuts: 100% to 30%

Chemicals

BCD on:

- ✓ Denatured ethyl alcohol: 5% to Nil
- ✓ Acid grade fluorspar: 5% to 2.5%
- ✓ Crude glycerin: 7.5% to 2.5%
- ✓ Naphtha: 1% to 2.5%
- ✓ Styrene & Vinyl Chloride Monomer from 2% to 2.5%

Rubber

- ✓ Rate increased for Compounded Rubber from 10% to 25% or INR 30 per kg., whichever is lower

Electronics Goods

- ✓ Camera lens and its inputs/parts for camera module of cellular mobile phone: 2.5% to Nil
- ✓ Specified chemicals/items for Pre-calcined Ferrite Powder: 7.5% to Nil
- ✓ Palladium Tetra Amine Sulphate: 7.5% to Nil
- ✓ Specified parts for manufacture of open cell of TV panel: 5% to 2.5%

Indirect Tax Provisions- Customs

✓ Rate changes in Customs & Excise (to be effective from 02.02.2023)

Electrical Appliances

- ✓ Rate increased for Electric Kitchen Chimney from 7.5% to 15%
- ✓ Heat Coil (used in manufacture of Electric Kitchen Chimneys): 20% to 15%

Automobiles

- ✓ New or retreaded pneumatic tyres of rubber tax rate reduced from 3% to 2.5%
- ✓ Base metals clad with silver, gold (including gold plated with platinum), platinum, base metals, silver or gold, clad with platinum, waste and scrap of precious metal, coin tax rate reduced from 12.5% to 10%
- ✓ Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form: 30% to 35%
- ✓ Vehicle in Completely Built Unit (CBU) form (other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol-run vehicle and more than 2500 cc for diesel-run vehicles, or with both): 60% to 70%

Specified Capital Goods

- ✓ Import of Specific capital goods/machinery for manufacture of Lithium-ion cell, used in battery of electrically operated vehicle (EVs): Nil to Nil (no change)

Indirect Tax Provisions- Customs

✓ Rate changes in Customs & Excise (to be effective from 02.02.2023)

Export Promotion

BCD on certain ingredients/inputs for use in the manufacture of aquatic feed is being reduced subject to IGCR condition as follows:

- ✓ Fish lipid oil & Algal Prime (flour): 30% to 15%
- ✓ Fish meal, Mineral and Vitamin Premixes & Krill Meal, : 15% to 5%

Precious Metals

- ✓ Rate increased for articles of precious metals from 22% to 25%
- ✓ Rate of Imitation Jewellery increased from earlier 22% or INR 400 per kg., whichever is higher to 25% or INR 600 per kg., whichever is higher

Others

- ✓ Rates on Toys and parts of toys (other than parts of electronic toys) increased from 60% to 70%
- ✓ Aircraft (other than those Nil or 2.5%) and other aircrafts tyres (other than Nil) rates reduced from 3% to 2.5% ; also attracts AIDC of 0.5%
- ✓ Rates on Bicycles increased from 30% to 35%
- ✓ BCD on coal, peat and lignite is being increased to 2.5% but exempted from AIDC

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