

# India Budget 2023

## Key Highlights

**CHAUHAN & JAIN**  
Chartered Accountants

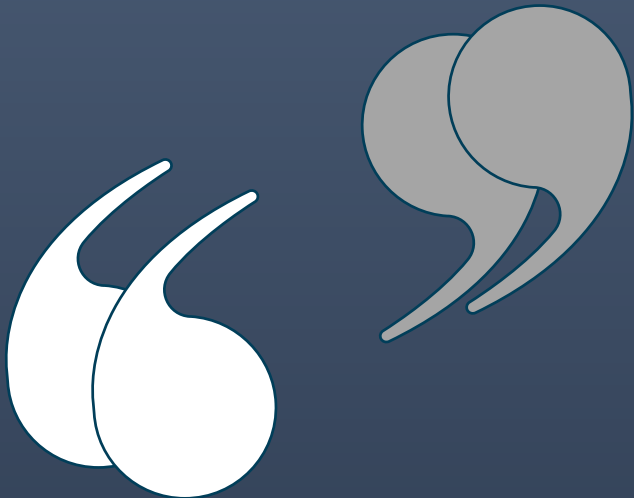


*“1<sup>st</sup> Budget in Amrit Kaal.”*

*“This Budget hopes to build on the foundation laid in the previous Budget, and the blueprint drawn for India @ 100”*

*“In the 75<sup>th</sup> year of our Independence, the world has recognized the Indian economy as a ‘bright star’. Our current year’s economic growth is estimated to be at 7 per cent. It is notable that this is the highest among all the major economies”*

*Smt. Nirmala Sitharaman -  
Minister of Finance, India*



# Table of Contents



## 01 Direct Tax Proposals

- a) Personal Taxation
- b) International Tax & Transfer Pricing
- c) Other Key Direct Tax Proposals

## 02 Indirect Tax Proposals

- a) Customs Duty
- b) GST

## 03 Other Key Highlights from Budget-2023

# 01 Direct Tax Proposals

## New Tax Regime - Proposals

Tax Rate	Existing Slab Rates	Proposed Slab Rates
Nil	Upto Rs. 2,50,000	Upto Rs. 3,00,000
5%	Rs. 2,50,001 to Rs. 5,00,000	Rs. 3,00,001 to Rs. 6,00,000
10%	Rs. 5,00,001 to Rs. 7,50,000	Rs. 6,00,001 to Rs. 9,00,000
15%	Rs. 7,50,001 to Rs. 10,00,000	Rs. 9,00,001 to Rs. 12,00,000
20%	Rs. 10,00,001 to Rs. 12,50,000	Rs. 12,00,001 to Rs. 15,00,000
25%	Rs. 12,50,001 to Rs. 15,00,000	-
30%	Above Rs. 15,00,001	Above Rs. 15,00,001

- Rebate limit to be increased to INR 7 lakhs under New Tax Regime
- New Tax regime is now the Default tax regime, however, taxpayers shall continue to have the option to avail the benefit of the old tax regime.

### C&J's View

"Proposed Increase in Rebate Limit is expected to benefit primarily to middle class by reducing their tax liabilities. Further, it will also simplify the tax structure and reduce compliance burden for small individual taxpayers."

## Other Amendments

- Highest rate of Surcharge reduced from 37% to 25%. Hence, the effective rate of tax (ETR) in case of individuals shall reduce from 42.74% to 39%.
- Standard deduction of Rs. 50,000 which was so far available only under old tax regime has now been extended to new tax regime for salaried pensioners including family pensioners with an income of Rs. 15.50 lacs or more.
- Leave encashment exemption limit has been increased from Rs. 3,00,000 to Rs. 25,00,000 on retirement of non-government salaried employees.
- Maturity amount received from insurance policies (other than ULIP for

which provisions already exists) having premium or aggregate of premium above Rs 5,00,000 in a year shall be taxable and benefit of Section 10(10D) shall not be available. However, in case of death of policy holder, this shall not apply.

- **Limiting the roll over benefit claimed under section 54 and section 54F:** Maximum cap of Rs. 10 Crore imposed on Capital Gain Exemption provided under section 54 and 54F. It means if the cost of the new asset purchased is more than rupees ten crore, the cost of such asset shall be deemed to be ten crores. This will limit the deduction under the two sections to Rs. 10 Crores only.

## Increasing threshold limits for presumptive taxation schemes

- For Taxpayers with Small Business (covered under section 44AD) - Threshold Limit increased from Rs. 2 Crore to Rs. 3 Crore
- For Professional Taxpayers (covered under section 44ADA) - Threshold Limit increased from Rs. 50 Lakhs to 75 Lakhs

Above is subject to the condition that 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

### C&J's View

"This will encourage small business and professionals to go with cash-less transactions and to adopt digital economy. Moreover, it will also reduce the compliance burden for MSMEs and professionals."

# 01 Direct Tax Proposals

## International Tax & Transfer Pricing

B

### Increasing rate of TCS on certain outward remittances

#	Type of Remittance	Present Rate	Proposed Rate
1	For education, out of educational loan as referred in section 80E.	0.5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh	No change
2	For the purpose of education, other than (1) or for the purpose of medical treatment.	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh	No change
3	Overseas tour package	5% without any threshold limit	20% without any threshold limit
4	Any other case	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh	20% without any threshold limit

#### C&J's View

*“With an objective of widening & deepening of tax base or say as an anti-avoidance measure the high rate of TCS i.e., 20% shall be collected from the taxpayers by the Dealer Bank, at the time of making any payment for overseas tour package as also on other LRS remittances. This amendment shall be applicable from July, 2023 onwards. Although these provisions are brought to widen the tax base, in our opinion we believe that 20% TCS is significantly high and it may cause genuine hardships to the taxpayers by way of blocking substantial amount i.e., 1/5th part as TCS. It is also pertinent to note that LRS payments also do cover the transaction of making investments in entities outside India. The taxpayer however shall be able to claim the credit while filing return of income in subsequent year.*”

### Transfer Pricing

- Proposal for reducing the time provided for furnishing TP report to authorities from 30 days to 10 days.
- Proposal to exclude the Non-Banking Finance Company (NBFC) from the restriction being placed on account of interest deductibility under section 94B.
- Proposal to insert a new clause (vb) in the section 92BA of the Act (Specified Domestic Transactions) to include the transaction between the Cooperative society (availaing concessional tax u/s 115BAE) and the other person with close connection within the purview of ‘specified domestic transaction.

# 01 Direct Tax Proposals

# Other Relevant Proposals C

- 1** Encouraging of timely payments to Micro and Small Enterprises, if payment is not made to them within 45 days, then it will be disallowed u/s 43B in the hands of the payer
- 2** Relief to start-ups in carrying forward and setting off of losses currently from 7 years to 10 years
- 3** Introduction of the authority of Joint Commissioner (Appeals) for certain class of cases involving small amount of disputed demand to reduce the burden of Commissioner (Appeals)
- 4** 15% concessional tax to promote new manufacturing co-operative society formed on or after 01.04.2023, which commences manufacturing or production by 31.03.2024

# 02 Indirect Tax Proposals

## Customs Duty

- To promote domestic manufacturing and exports.
- Rates of basic customs duty have reduced on some items like toys, bicycles, automobiles and naphtha
- Basic Custom Duty exemption on Capital Goods and Lithium batteries.
- Mobiles, Camera lenses, Televisions to become cheaper.
- Gold, Silver & Diamonds, cigarettes, imported rubber to get expensive.

## Goods & Service Tax

- Composition dealers can now supply goods inter-state and through e-commerce operators also.
- Big Relief: Section 23 has been given overriding effect on section 24 retrospectively. *“It can be inferred that the persons making only exempt supplies and agriculturist are henceforth not liable to take registration even though it was required under section 24.”*
- GSTR-1, 3B, 8, 9, cannot be filed after 3 years from due date. (Exceptions to be notified)
- ITC to be reversed pertaining to supply of warehoused goods before clearance for home consumption.
- 90% of refund to be granted considering provisionally accepted ITC also. (Earlier it was not allowed)

# 03 Other Key Highlights of Union Budget 2023-24

- ✓ EPFO Numbers doubled to 27 crores
- ✓ Agriculture accelerator fund to boost startup in Agri sector. Special scheme to boost fisheries
- ✓ 38,800 teachers will be employed in 3.5 lakh Eklavya tribal school
- ✓ Capital outlay of Rs. 2.40 lakh crore for Railways
- ✓ 50 New Airports and Heliports to be made
- ✓ Rs. 10,000 crore for urban infra fund every year
- ✓ Rs. 75,000 crore for 100 transport infra projects
- ✓ 3 Centers of Excellence for “Artificial Intelligence” will be set up
- ✓ KYC procedure to be simplified. PAN to be come common business identifier
- ✓ Scope of Digi locker to be increased
- ✓ More than 39,000 compliances reduced. Jan Vishwas Bill to amend 42 laws
- ✓ Rs. 35,000 crore for Energy transmission
- ✓ 10,000 bio input research centers to be set up
- ✓ 30 Skill India International centers to be set up
- ✓ NFIR (National Financial Information Registry) to be launched for financial strategy
- ✓ Reducing cost of MSME Credit by 1%. Infusion of Rs. 9,000 crore in corpus for MSME credit
- ✓ ‘Mahila Samman Bachat Scheme’ for Women for Rs. 2,00,000 @ 7.5%
- ✓ SCSS enhanced from 15 lakh to 30 Lakh



# CHAUHAN & JAIN

Chartered Accountants

## Contact Us:

**CA. Vijaysinh N Chauhan**  
**Partner**

M: +91-96240-32588

E: [vijay@chauhanandjain.com](mailto:vijay@chauhanandjain.com)

W: <http://www.chauhanandjain.com>

**CA. Brijesh P Darji**  
**Partner**

M: +91-76987-00314

E: [brijesh@chauhanandjain.com](mailto:brijesh@chauhanandjain.com)

W: <http://www.chauhanandjain.com>

**Disclaimer:**

*This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.*

# Thank You!!!

