

I.P. PASRICHA & CO

Chartered Accountants

BUDGET

DECODING

UNION

BUDGET

DETAILED - 2023

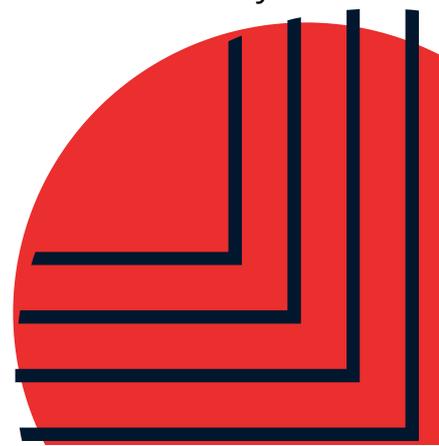
Foreward

The Union budget FY24 being first budget in AMRIT KAAL, apparently is quite realistic and seems to be very well-considered and feasible picture with multiple appropriate measures and without dollops of populist measures, heading into elections. Prioritizing growth through its increased focus on capital expenditure while keeping the goal of fiscal consolidation on track. The Finance Minister tried to invoke a feel-good factor across classes and sectors. The poor, middle class and HNIs have some positive takeaways from the budget. It offers stability for markets by not making any significant changes in the structure of capital gains taxes. The tax benefits have been tweaked to encourage individuals to move towards the new tax regime and to provide relief to middle class, the maximum marginal rate has also been reduced to 39% from 42.7% to give relief to the highest income bracket. While the government is foregoing effective revenue of 350 billion rupees through rendering tax benefits under lower tax regime, additional tax revenues are going to be collected from the rationalization of exemptions under sections 54 and 54F.

The increase of threshold limits for presumptive taxation is a welcome step that will aid more savings and reduce the cost of compliance for both professionals and MSMEs. Whether the lower tax outgo will spur consumption or inspire savings is a moot point.

The Budget has provided much-needed relief to the MSME sector that was badly affected by the Covid-induced crisis by returning 95% of the forfeited amount relating to bid or performance security by government and government undertakings. Referring to Sunrise Opportunities, the budget keeps in mind the needs of future India while focusing on Artificial Intelligence and Machine Learning. Pradhan Mantri Kaushal Vikas Yojana 4.0 to skill lakhs of youth with on-job training, industry partnership covering like coding, AI, robotics, mechatronics, etc. will be a booster for skilled manpower. 'Dekho Apna Desh' initiative to prefer domestic tourism over international tourism will be another promoter for the economy.

Further, the Budget aims at universalization of targeted benefits which inter-alia includes providing insurance cover and robust financial sector which provides strong impetus to growth. Overall, the Union Budget FY24 presents a positive outlook for the economy and will help sustain growth.



WELCOME TO **OUR FIRM**

I.P. Pasricha & Co is PAN India fully integrated professional services firm dedicated to assist clients to solve their problems and achieve their goals with consistent and committed services

Roots of I.P. Pasricha & Co was put in nearly 50 years ago, with the commitment to create a professionally managed global firm with the DNA of **"Trusted Dynamism"** where, client's engagement is much more than a professional transaction. With our seamless service, recognized expertise, and personal approach to relationships, our clients have clarity and confidence, no matter what's next.

Our firm has a unique blend of experience and young minds, which gives the power of knowledge, trust, agility and dynamism. These powers enable us to assist our client's with their problem in shortest turnaround time, So that they can **"Sail Freely"** in their business journey.



Inderpal Singh Pasricha Senior Partner

Union Budget 2023-24 seems to be a balanced budget and it is clear now the government is aiming to move to a simplified exemption-less regime of taxation. The budget aims at galvanising towards promoting domestic tourism over international tourism with catalysing the TDS base for foreign remittances depicts positive outlook for the economy. The increase in threshold limits for presumptive taxation for both professionals and small businesses will add more savings and will reduce the cost of compliance and will leave more disposable income in the hands of middle class taxpayers.

Maneet Pal Singh Partner

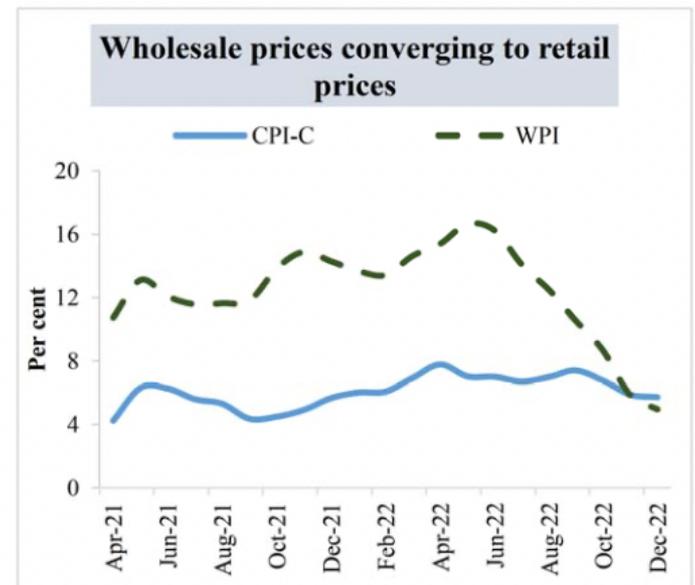
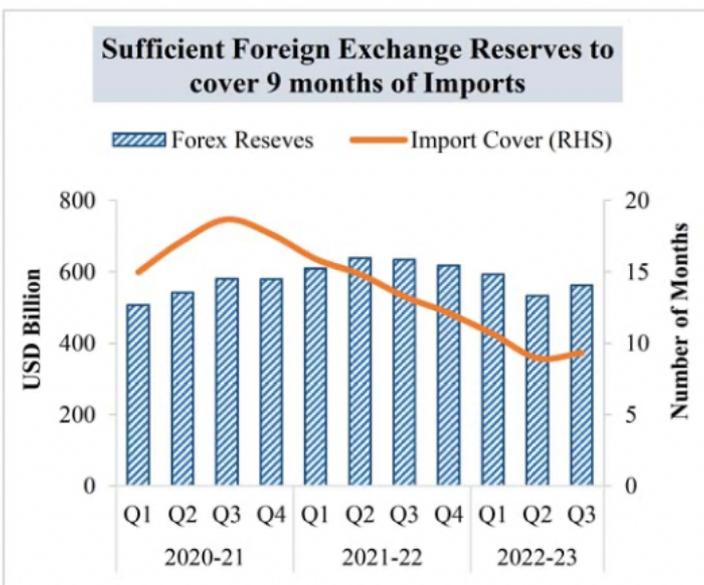
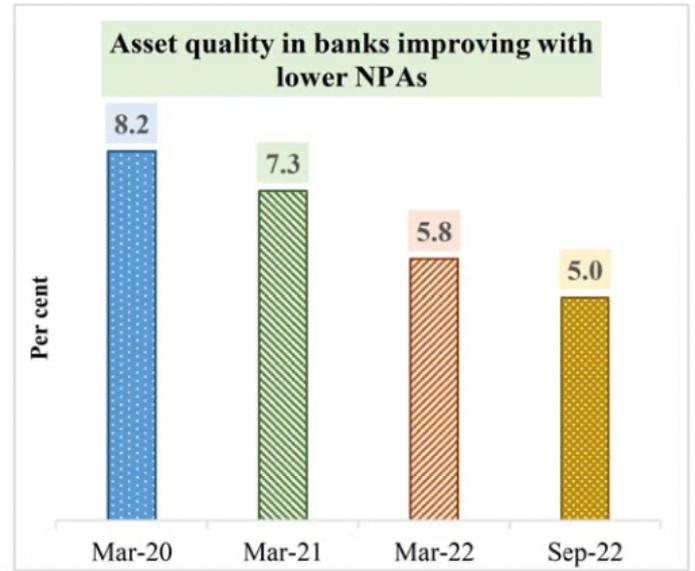
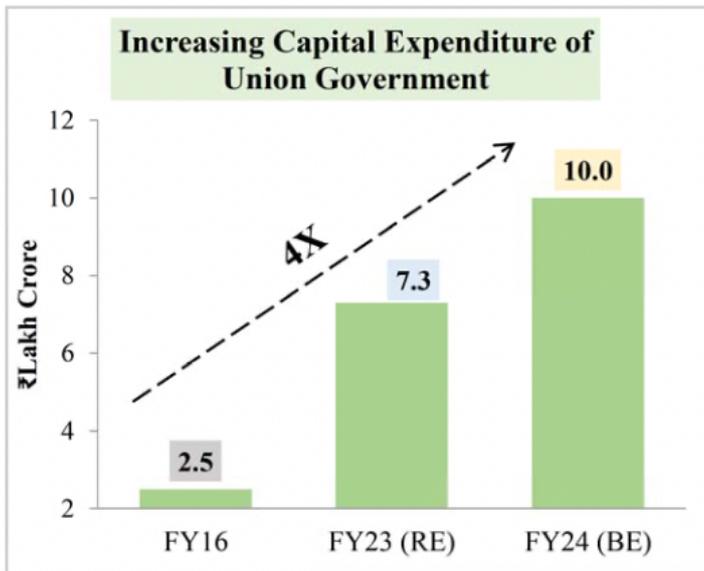
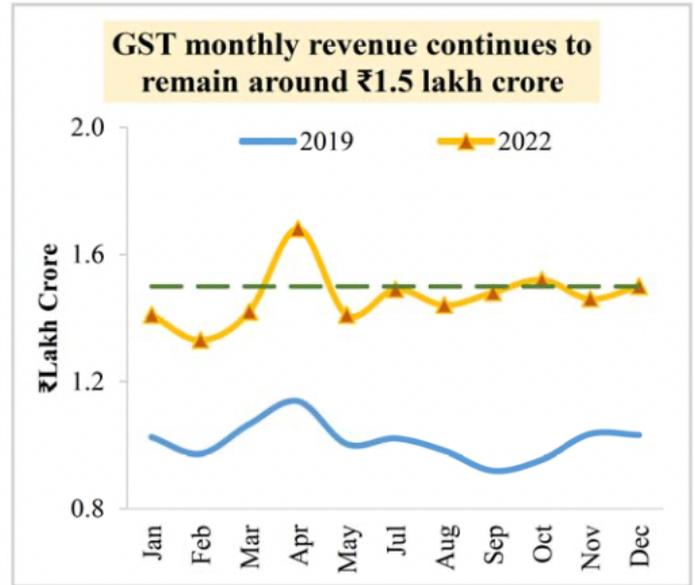
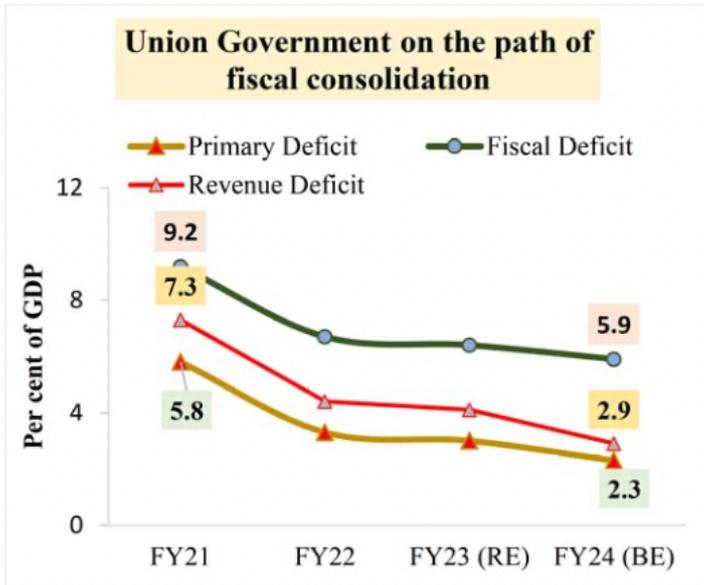
Budget's inclination towards new tax regime depicts the rules for financilisation of savings in India seems to be rewritten which will induce expenditures rather than savings. Higher capex spend, roadmap to reduce fiscal deficit and boosting consumption will provide a major led-up to the economy.

The focus on AI is a much needed step as it will lead to digitization of Indian economy and will enable companies like health tech, Fintech, etc. to compete globally when human resources are skilled in AI. Additionally, allocations and schemes for MSMEs will keep the sector floating with better working capital.

In conclusion, this budget presented by Nirmala Sitaraman is a well-rounded budget that focuses on the development of all sectors and ensures inclusive growth. I believe that this budget will go a long way in making India a prosperous and developed nation.



Macroeconomic Fundamentals for the Indian Economy



FINANCIAL SECTOR

Setting up of National Financial Information registry

To enable efficient lending, promote financial inclusion and enhance financial stability



Setting up of a Central Data processing Centre

For faster handling of administrative work under the Companies Act

Credit Guarantee scheme for MSMEs

Expanded corpus under a revamped scheme to enable additional collateral free guaranteed credit of ₹2 lakh crore

Mahila Samman Bachat Patra

One-time new small savings scheme for a 2-year period with a deposit facility of up to ₹2 lakh for women

Benefits for Senior Citizens

Enhanced maximum deposit limit for senior citizens savings scheme from ₹15 lakh to ₹30 lakh

Other Initiatives

- Initiatives to promote business activities in GIFT IFSC
- Create more trained professionals in Securities Markets via award of educational certificates

Fiscal Management

50 year Interest Free Loans to States

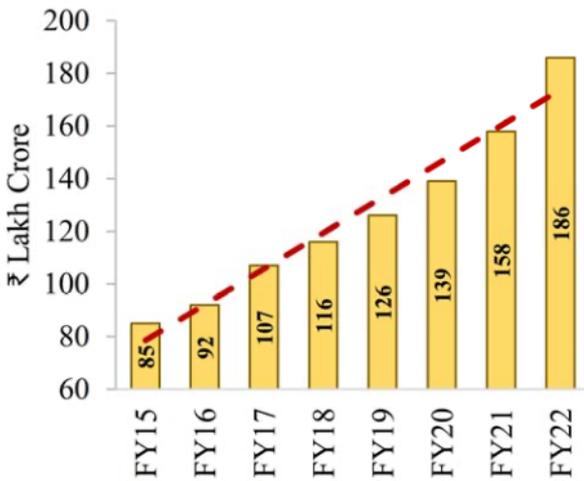
To be spent on Capital Expenditure within 2023-24 Part of the loan is conditional on States increasing actual Capital expenditure and parts of outlay will be linked to States undertaking several reforms

Fiscal Deficit of 3.5% of GSDP allowed for States (0.5% tied to Power sector reforms)

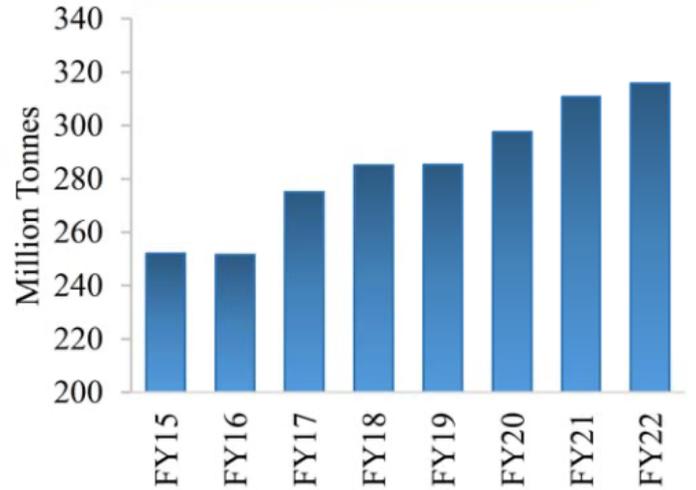
Fiscal Consolidation: Targeted Fiscal Deficit to be below 4.5% by 2025-26

Agriculture, Health and Education

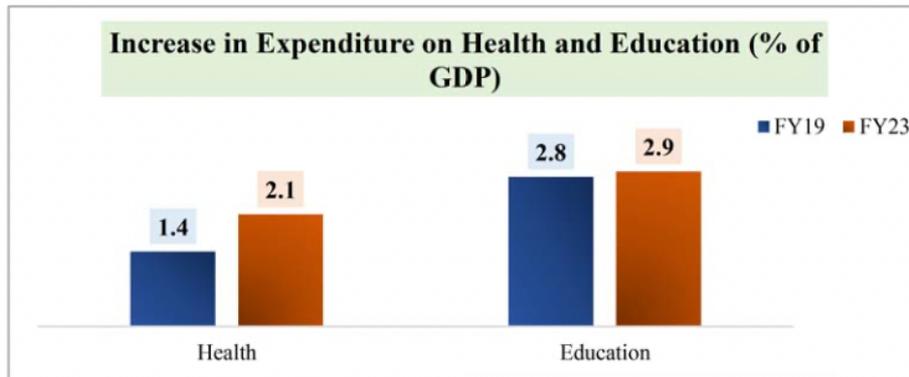
More Credit to Agriculture Sector



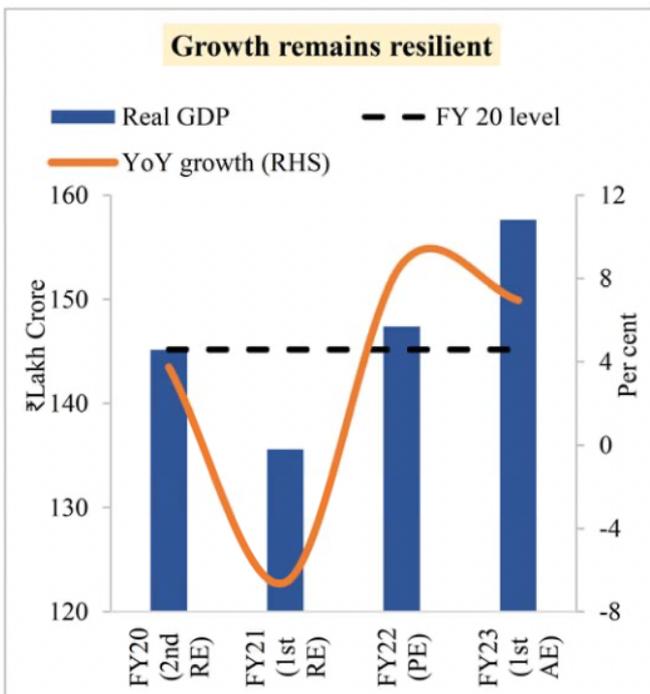
Record Foodgrain Production



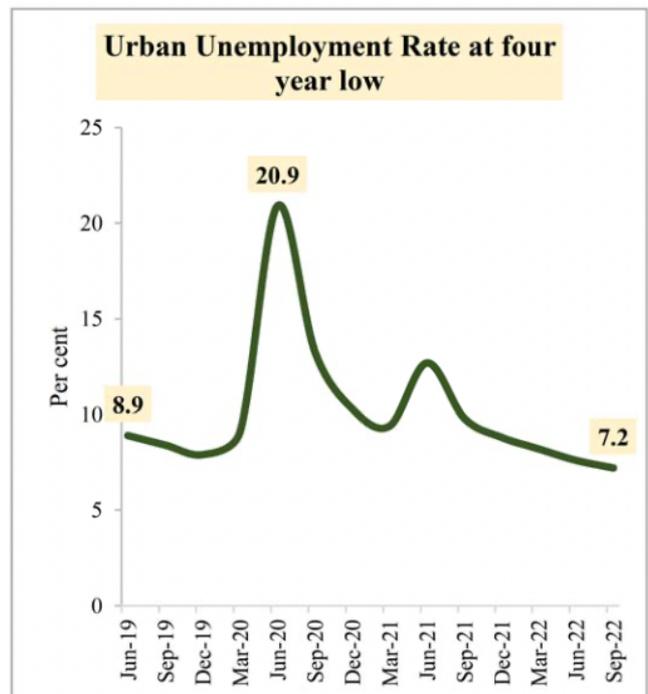
Increase in Expenditure on Health and Education (% of GDP)



Growth remains resilient

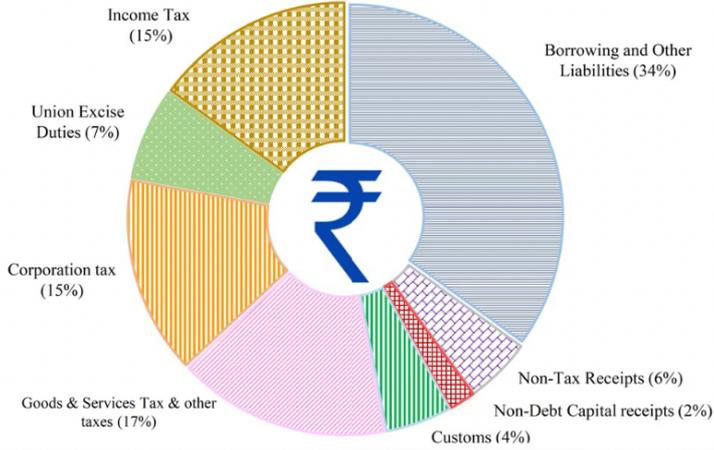


Urban Unemployment Rate at four year low

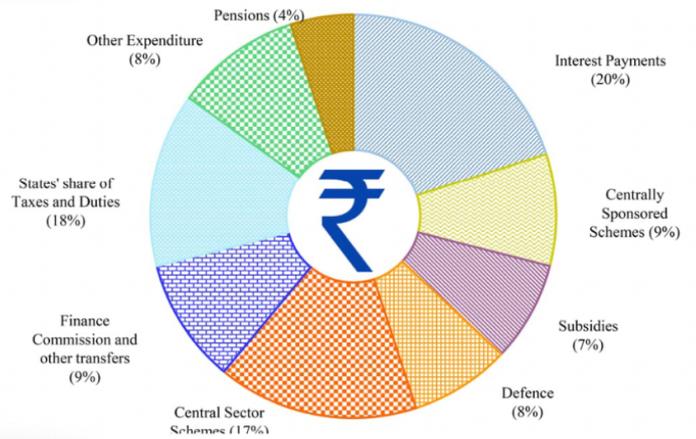


Rupee Movement

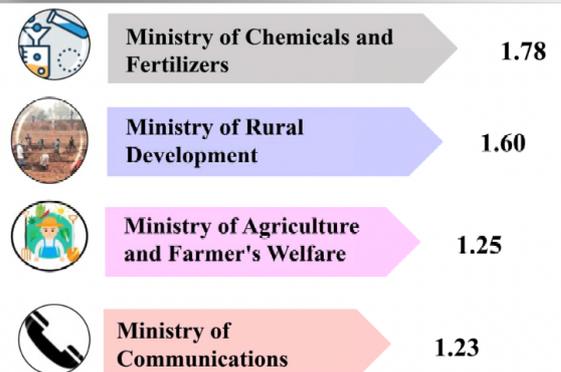
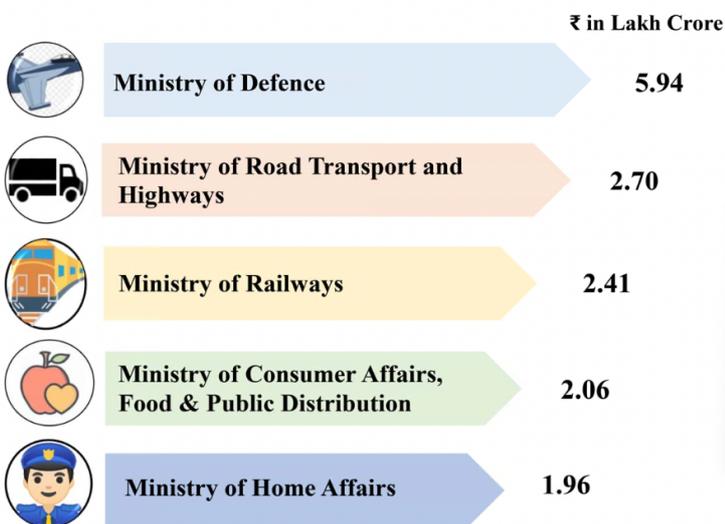
Rupee Comes From



Rupee Goes To



Allocation for Specific Ministries



Allocation in major Schemes (in crores)

Development of Pharmaceutical Industry



2022-23(BE) 2023-24(BE)

Jal Jeevan Mission



2022-23(BE) 2023-24(BE)

Eklavya Model Residential Schools



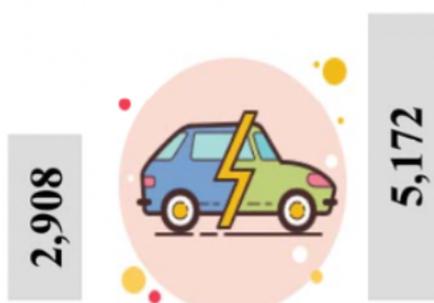
2022-23(BE) 2023-24(BE)

Pradhan Mantri Awas Yojana



2022-23(BE) 2023-24(BE)

Scheme for Faster Adoption and Manufacturing of EV's (FAME)



2022-23(BE) 2023-24(BE)

North East Special Infrastructure Development Scheme



2022-23(BE) 2023-24(BE)

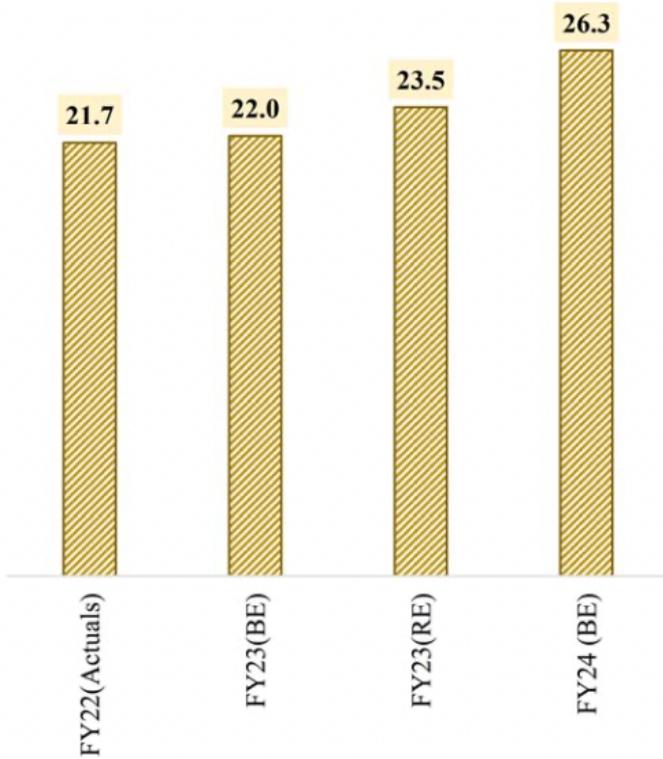


TRUST BASED GOVERNANCE

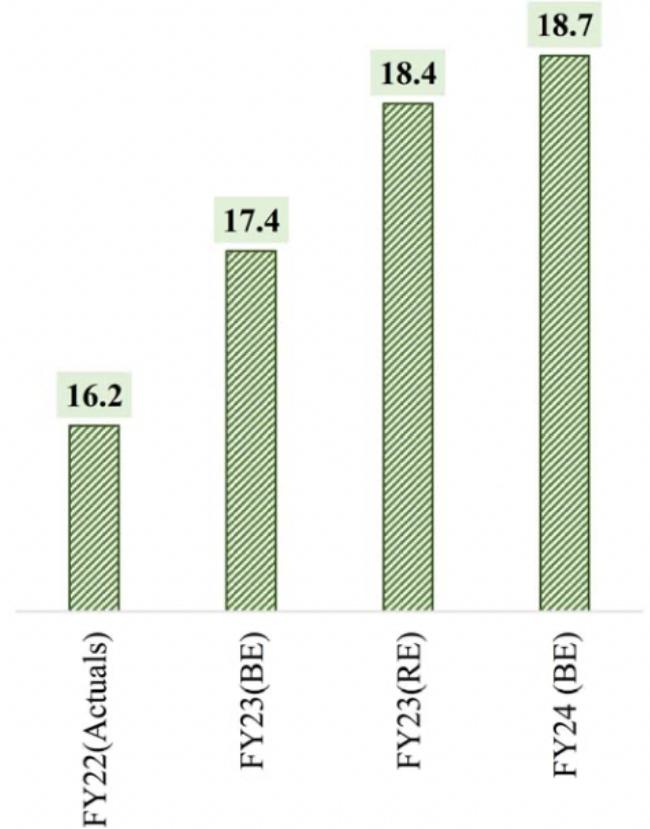
Measures	Expected Outcomes
Make AI in India: Three specialized AI centres to be set up in educational Institutes	AI based solutions in agriculture, health and sustainable cities
National Data Governance Policy to be introduced	Enable access to anonymized data for research by Start-ups and academia ● ● ● ●
Vivad se Vishwas 1: Less stringent contract execution for MSMEs	Relief to MSMEs affected during the Covid period
Vivad se Vishwas 2: Easier and standardized settlement scheme	Faster settlement of contractual disputes of Govt and Govt. undertakings
Phase 3 of E-Courts to be launched	Effective administration of Justice
Entity Digi Locker to be set- up for use by business enterprises and charitable trusts	Facilitating secure online storing and sharing of documents with the business ecosystem
Setting up of 100 tabs for 5G services based application development	To tap employment potential and business opportunities
R&D grant for Lab Grown Diamonds (LGD) sector	To reduce import dependency by encouraging domestic production

Receipts and Expenditure (Lakh Crore)

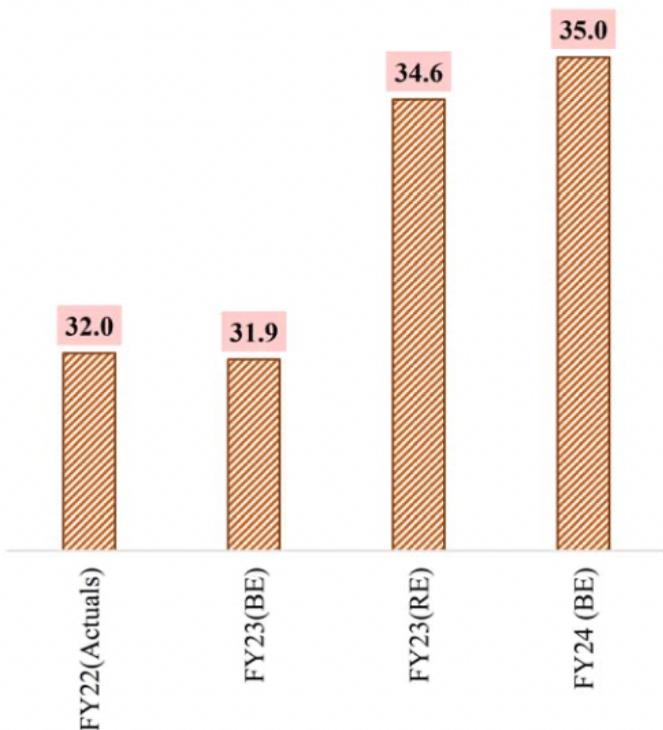
Revenue Receipts



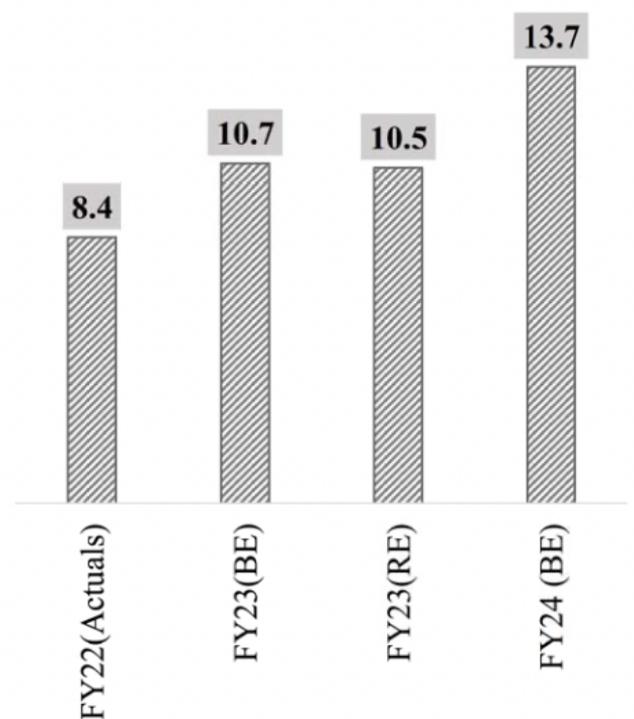
Capital Receipts



Revenue Expenditure



Effective Capital Expenditure





SECTOR-WISE ANALYSIS

Agriculture and Cooperation:

1. **Digital Public Infrastructure for Agriculture:** Aims to provide farmer centric solution by:
 - a. Improved access to farm inputs, credit and Insurance
 - b. help for crop estimation
 - c. market intelligence
 - d. support for growth of agri-tech industry and start-ups
2. **Agriculture accelerator Fund:** Aims to encourage agri-startups in rural areas by young entrepreneurs by introducing modern technologies for increasing productivity and profitability and minimising challenges faced by farmers.
3. **Enhancing productivity of cotton crop:** Collaboration between farmers, state and industry for input supplies, extension services, and market linkages for enhancing productivity.
4. **Atmanirbhar Horticulture Clean Plant Program:** An outlay of Rs 2200 cr. for availability of disease-free, quality planting material for high value horticultural crops.
5. **Global Hub for Millets: 'Shree Anna':** India being the second largest producer of "Shree Anna", the budget aims to make the same as "Global Hub" for which Hyderabad will be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level.
6. **Agriculture Credit:** The agriculture credit target will be increased to ` 20 lakh crore with focus on animal husbandry, dairy and fisheries.
7. **Fisheries:** with an aim to improve value chain and enable activities of fishermen, fish vendor and MSMEs, PM Matsya Sampada Yojana with targeted investment of ` 6,000 crore has been launched.
8. **Cooperation:** To fulfil the vision of "Sahakar Se Samridhi":
 - a. Government initiated computerisation 63,000 Primary Agricultural Credit Societies (PACS) with an investment of ` 2,516 crore.
 - b. Decentralised storage capacity is set up helping farmers to store their produce and realize remunerative prices through sale at appropriate times.
 - c. Government will also facilitate setting up of a large number of multipurpose cooperative societies, primary fishery societies and dairy cooperative societies in uncovered panchayats and villages in the next 5 years.

Health:

1. **Nursing Colleges:** Aims to set up 157 new nursing colleges in co-location.
2. **Sickle Cell Anaemia Elimination Mission:** Aims to eliminate Sickle Cell Anaemia by 2047 by , universal screening of 7 crore people in the age group of 0-40 years in affected tribal areas, and counselling.
3. **Medical Research:** Joint public and private medical research to be encouraged through selected ICMR labs.
4. **Pharma Innovation:** New programme to promote research in pharmaceuticals to be launched.

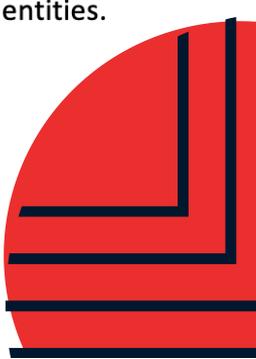
Education and Skilling:

- 1. Multidisciplinary courses for medical devices:** Aims to ensure availability of skilled manpower for futuristic medical technologies, high-end manufacturing and research.
- 2. Teachers' Training:** Aims to re-envision training through:
 - a. innovative pedagogy
 - b. curriculum transaction
 - c. continuous professional development
 - d. dipstick surveys
 - e. ICT implementation
- 3. National Digital Library for Children and Adolescents:** A National Digital Library for children and adolescents will be set-up.
4. States will be encouraged to set up physical libraries at panchayat and ward levels.
- 5. Eklavya Model Residential Schools:** Centre will recruit 38,800 teachers and support staff for 740 schools serving 3.5 lakh tribal students.
- 6. Developing apps:** 100 labs for developing apps using 5G services will be set up in engineering institutions.

Infrastructure and Transportation:

- 1. Railways:** A capital outlay of ` 2.40 lakh crore has been provided for the Railways. This highest ever outlay is about 9 times the outlay made in 2013- 14.
- 2. Vehicle Replacement:** Replacing old government vehicles and ambulances in furtherance of the vehicle scrapping policy mentioned in Budget 2021-22.
3. Proposed to hike the capital expenditure by 33 percent to Rs 10 lakh crore for infrastructure development for 2023-24 and will be at 33 percent of the GDP.
4. 100 critical transport infrastructure projects, identified for end to end connectivity for ports, coal, steel, fertilizer sectors.
5. Certain urban infrastructure in Tier 2 and 3 cities through establishment of Urban Infrastructure Development Fund.

Fintech:

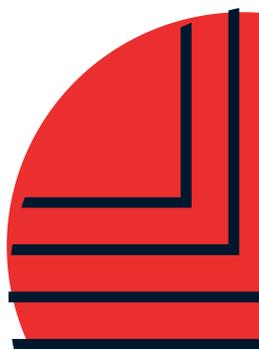
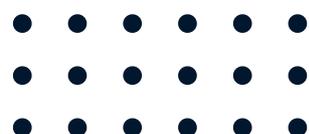
- 1. Digilocker:** Expansion of government digital certificate depository Digilocker services.
 - 2. Scope of documents:** Available in Digilocker for individuals will be expanded.
 - 3. Entity Digilocker:** For MSMEs, large business and charitable trusts to store and share documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.
 - 4. PM Vikas scheme** will now include access for digital payment and social security.
 - 5. Subsidy for UPI** expected to jump two-folds to Rs 2137 cr. in FY 2023 over previous fiscal.
 - 6. Fiscal support for digital public infrastructure (DPI)** will continue in 2023-24.
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Tourism:

1. Emphasis on job creation and entrepreneurship in tourism sector
2. Focus on both domestic and foreign tourists.
3. 50 destinations will be selected through challenge mode
4. Unity mall to be set up in each state for promotion and sale of their own ODOPs (one district, one product), GI products and other handicraft products, and for providing space for such products of all other States.

MSME:

1. **Vivad se Vishwas I – Relief for MSMEs:** 95% of the forfeited amount relating to bid will be returned to them by government in case of failure to execute contract during covid period.
2. **Credit Guarantee:** REVAMP scheme to be initiated from 01/04/2023 through infusion of Rs 9,000 crore in corpus.
3. **Collateral-free guarantee:** of Rs 2 lakh crore
4. **Cost of credit:** Reduced by about 1%
5. **Benefit of presumptive tax:** Limit of Rs. 2 crores has been increased to Rs 3 crore to the tax payers whose cash receipts are no more than 5 per cent.
6. **Deduction for expenditure incurred:** Deduction for expenditure incurred on payments made to them only when payment is actually made can be availed.



Energy:

1. Budget provide for Rs 35,000 crore as capital investment towards energy transition.
2. **Battery Energy Storage Systems** with capacity of 4,000 MWH will be supported with viability gap funding.
3. **Renewable Energy Evacuation** of 13 GW renewable energy from Ladakh will be constructed with investment of ` 20,700 crore including central support of ` 8,300 crore.
4. **Green Credit Programme under which :**
 - a. **Green Hydrogen Mission:** An outlay of Rs 19,700 crore will facilitate the transition of the economy to low carbon intensity and reduce dependency on fossil fuel imports by 2070. Target is to reach an annual production of 5 MMT by 2030.
 - b. **Green Growth:** Aims to adopt green fuel, energy and building practices to reduce carbon intensity and create new job opportunities|

Gift IFSC:

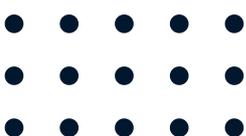
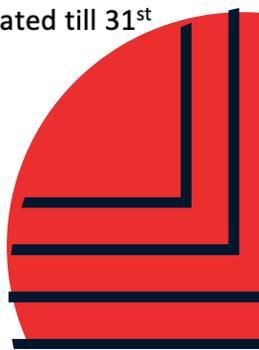
1. Delegating powers under the SEZ Act to IFSCA to avoid dual regulation
2. Setting up a single window IT system for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI.
3. Permitting acquisition financing by IFSC Banking Units of foreign banks.
4. Establishing a subsidiary of EXIM Bank for trade re-financing
5. Amending IFSCA Act for statutory provisions for arbitration, ancillary services, and avoiding dual regulation under SEZ Act
6. Recognizing offshore derivative instruments as valid contracts
7. Relocation of funds to IFSC has certain tax exemptions, if the relocation is before 31.03.2023. This date is proposed to be extended to 31.03.2025.

Startups:

1. Ease norms for startups by extending the benefit the carrying forward losses to 10 years;
2. Date of incorporation for income tax benefits to startups from 31 March, 2023 to 31 March, 2024;
3. Benefit of carry forward of losses on change in shareholding of startups extended from 7 years of incorporation to 10 years.|

Manufacturing Sector:

1. Removal of basic custom import duties and taxes on certain products for procuring raw-materials with policy measures to boost the industry;
2. PLI scheme to reward manufacturers of toys that meet Bureau of Indian Standards (BIS) standards;
3. Extension of 15% corporate tax rate to new manufacturing co-operative societies incorporated till 31st March 2024.



DIRECT TAX PROPOSALS

Amendment in section 9

Budget 2023 proposed to insert a new clause (viii) in sub-section (1) of section 9 in order to tax “any income arising outside India, being any sum of money referred to in section 56(2)(x), paid by a person resident in India:–

- a) On or after the 5th July, 2019 to a non-resident, not being a company, or to a foreign company’ or
- b) On or after 1st April, 2023 to a person not ordinarily resident in India.

Amendment in section 10

Budget 2023 proposed to insert new words/phrases under section 10 which is reproduced as under:-

- a) in clause (4D), in the explanation, in clause (c), in sub-clause (i), in item (I), after the words and figures “Securities and Exchange Board of India, 1992”, or”, the words, brackets and figures “regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the” shall be inserted.
- b) In clause (4E) w. e. f. 1st April, 2024, “any income of non-residents on transfer of Offshore Derivatives Instruments entered with IFSC Banking unit is exempt u/s 10(4E) of the Act.”
- c) In second proviso to clause 10(10D), the words “or the Explanation to sub-section (2A) of section 88” is omitted.
- d) In sixth proviso to clause 10(10D) of the Act, a proviso is inserted stating that nothing contained in this clause shall apply with respect to any Life Insurance Policy other than ULIP, issued on or after 1st April, 2023, if the amount of premium payable for any of the previous year exceeds 5 lakh rupees.
- e) A clause (12C) is inserted after (12B) stating that “any payment from the Angneer Corpus Fund to a person enrolled under the Agnipath Scheme, or to his nominee.
- f) A clause (22B) a fourth proviso has been inserted w.e.f 1st April, 2024 mentioning that “nothing contained in this clause shall apply to any income of the news agency of the previous year beginning on or after 1st April, 2024.
- g) Further, income under Clause (23BBF) has already been sunset and thus been omitted.
- h) In clause 10(23C), the following clause is to be substituted in the first proviso to clause (iv),

Amendment in section 10AA

- a) A proviso has been inserted under sub-section 1 which states that no deduction u/s 10AA shall be allowed in case assessee does not furnish return of income before due date specified u/s 139(1) of the Act.
- b) Further, a new sub section 4A has been inserted which states that this section 10AA shall also apply to a UNIT, if the proceeds from sale of goods or provision of services is received or brought into India by the assessee in convertible foreign exchange within a period of 6 months from the end of previous year.

Amendment in section 11

The budget proposed to change the time limit of exercising the option given in Explanation 1 of section 11(1) from earlier being “before the expiry of time allowed u/s 139(1) to “at least two months prior to the due date specified”.

Amendment in section 12A

Section 12A(1)(ac) of the Act lays down scenarios in which a person applies for registration. The budget has proposed to substitute sub clause (vi) in clause (ac) in section 12A(1) of the Act w.e.f 1st October,2023 which states the cases in which the assessee trusts has not commenced activities at least on month prior to the commencement of the previous year in which registration is sought or cases in which activities are commenced but no income of the said trust has been excluded from the total income from the applicability of section 10(23C) or section 11 & 12 of the Act.

Amendment in section 12AB

Sub-Clause (A) is proposed to be inserted in sub-section 1 which is reproduced as under: -

(a) in the opening portion, after the word, brackets and figure “sub-clause (v)”, the words, brackets, letter and figures “or item (B) of sub-clause (vi)” shall be inserted;

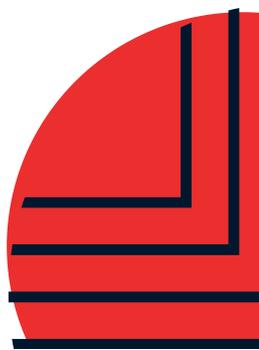
(b) in sub-clause (ii), for item (B), the following item shall be substituted, namely: —

“(B) if he is not so satisfied, pass an order in writing, — (I) in a case referred to in sub-clause (ii) or sub-clause (iii) or sub-clause (v) of clause (ac) of sub-section (1) of section 12A rejecting such application and also cancelling its registration; (II) in a case referred to in sub-clause (iv) or in item (B) of sub-clause (vi) of sub-section (1) of section 12A, rejecting such application, after affording a reasonable opportunity of being heard;

(B) for clause (c), the following clause shall be substituted, namely: -

“(c) where the application is made under item (A) of sub-clause (vi) of the said clause or the application is made under sub-clause (vi) of the said clause, as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought,”;

(b) in sub-section (4), in the Explanation, in clause (f), for the words “attained finality.”, the words “attained finality; or” shall be substituted; (c) after clause (f), the following clause shall be inserted, namely: — “(g) the application referred to in clause (ac) of subsection (1) of section 12A is not complete or it contains false or incorrect information.”



Amendment in section 17

Section 17 of the Act provides the list of perquisites which will form part of the salary. Sub-Clause (ix) is proposed to insert in Clause (1) of section 17 which is as under –

“the contribution made by the Central Government in the previous year, to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme referred to in section 80CCH.”

Amendment in section 28

Budget proposed to substitute clause (iv) in section 28 w.e.f. 1st April,2024 which states that “the value of any benefit or perquisite arising from business or the exercise of a profession, whether-

- a) Convertible into money or not; or
- b) In cash or in kind or partly in cash and partly in kind”

Amendment in section 43B

The budget proposed to insert & change few workings of section 43B w.e.f. 1st April,2024. The same is reproduced as under: -

(i) in clause (da), for the words “a deposit taking nonbanking financial company or systemically important non deposit taking non-banking financial company”, the words “such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf” shall be substituted;

(ii) in clause (g), after the word “assets,”, the word “or” shall be inserted;

(iii) after clause (g), the following clause shall be inserted, namely:—

“(h) any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006,”;

(iv) in the proviso, after the words “nothing contained in this section”, the brackets, words and letter “[except the provisions of clause (h)]” shall be inserted;

(v) in Explanation 4,—

(I) for clause (e), the following clause shall be substituted, namely:—

‘(e) “micro enterprise” shall have the meaning assigned to it in clause (h) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006;’;

(II) for clause (g), the following clause shall be substituted, namely:—

‘(g) “small enterprise” shall have the meaning assigned to it in clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.

Amendment in section 35D

It is proposed to insert a proviso in clause (a) of sub-section (2) of section 35D of the Act which states that : -

“Provided that the assessee shall furnish a statement containing the particulars of expenditure specified in this clause within such period, to such income tax authority, in such form and manner, as may be prescribed.”

Amendment in section 43D

The budget proposed to insert new words in clause (a) of section 43D of the Act which is stated as under: -

(i) in clause (a), for the words “a deposit taking nonbanking financial company or a systemically important non deposit taking non-banking financial company”, the words “such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf” shall be substituted;

(ii) in the long line, for the words “a deposit taking nonbanking financial company or a systemically important non deposit taking non-banking financial company”, the words “such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf,” shall be substituted;

(iii) in the Explanation, for clause (h), the following clause shall be substituted, namely: —

‘(h) the expression “non-banking financial company” shall have the meaning assigned to it in clause (vii) of the Explanation to clause (vii) of sub-section (1) of section 36.’

Amendment in section 44AB

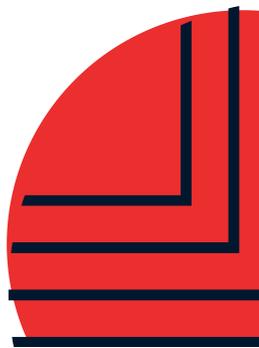
It is proposed to insert words “or sub-section 44ADA of the Act” in first proviso to sub-section (1) after the explanation given in section 44AB w.e.f. 1st April,2024.

Amendment in section 44AD

It is further proposed to insert two provisos in clause (b) of Explanation of section 44AD which states that if the aggregate receipts in cash received during the year does not exceed 5% of the total turnover or gross receipts of such previous year, the limit of “Rs.5crore” will be applicable as earlier from “Rs.2crore”.

Amendment in section 44ADA

It is proposed to insert first proviso in sub-section 1 of section 44ADA which states that if the aggregate receipts in cash received during the year does not exceed 5% of the gross receipts of such previous year, the limit of “Rs.75 lakhs” will be applicable as earlier from “Rs.50lakhs”.



Amendment in section 44BB

It is proposed that if an assessee opts to declare his/her income as per the provisions of section 44BB of the Act, he/she shall not be allowed to set off unabsorbed depreciation and brought forward loss for such previous year.

Amendment in section 44BBB

It is proposed that if an assessee opts to declare his/her income as per the provisions of section 44BB of the Act, he/she shall not be allowed to set off unabsorbed depreciation and brought forward loss for such previous year.

Amendment in section-45

It is proposed to insert sub-section (5A) in section 45 of the Act. Section 45(5A) speaks about the cases of taxability of JDA arises in the year in which completion certificate is issued for the whole or part of the property. Earlier the Fair value consideration used to include the SDV of property and consideration received in cash. Now, it is proposed to include ***“SDV plus any consideration received in cash or by cheque or draft or by any other mode”*** w.e.f. 1st April,2024.

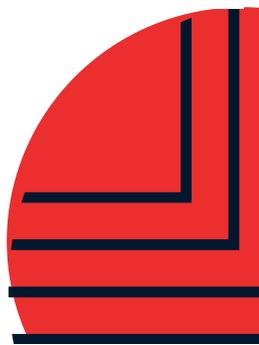
Amendment in section-47

Section 47 of the Act talks about the transactions which are not regarded as transfer for the purpose of capital gains. Clause (vii ad) covers transfers in which share or unit in original funds are relocated in the resultant fund. The definition of “relocation” was explained through & explanation to clause (vii ad) in the Act which laid the time limit of transfer up till 31st March, 2023. In the budget, it is proposed to increase the time span of transfers up till 31st March,2025.

Further, a new clause (vii d) has been inserted which states that conversion of gold into Electronic Gold Receipts issued by a Vault Manager or conversion of Electronic Gold Receipt into gold will not be regarded as transfer w.e.f. 1st April,2024.

Amendment in section-48

It is proposed to insert a new proviso in clause (ii) of section 48 of the Act which described the manner of computation of cost of acquisition for the purpose of capital gains. The new provisos states that the amount of interest claimed under clause (b) of section 24 or Chapter VIA shall not be included in cost of acquisition or the cost of improvement while computing Capital Gain. for the purpose to prevent double deductions claimed by assessee.”



Amendment in section-49

Budget 2023-24 proposed to insert a new sub-section (10) to section 49 of Income Tax Act, 1961 stating that: - *“Where an Electronic Gold Receipt issued by a Vault Manager, became the property of the person as consideration of a transfer, the cost of acquisition of the asset for the purpose of the said transfer, shall be deemed to be the cost of gold in the hands of the person in whose name Electronic Gold Receipt is issued and vice-versa”.*

Insertion of new section 50AA.

Budget 2023-24 proposed to insert a new section 50AA of Income Tax Act,1961 w.e.f. ~~st~~ April,2024 pertaining to manner of calculation of capital gains in case of Market Linked Debenture.

Amendment in section 54 & 54F

Budget proposed to put a cap by restricting the capital gain deduction u/s 54 & 54F of the Act to Rs.10crores. Corresponding amendments have been proposed in provisions of sub-section (2) of section 54 & sub-section (4) of section 54F which deals with deposit in the Capital Gain Accounts Scheme, 1988 by restricting the claim to Rs.10 crores.

Amendment in section 54EA

It is proposed to omit sub-section (3) section 54EA of Income Tax Act,1961.

Amendment in section 54EB

It is proposed to omit sub-section (3) section 54EB of Income Tax Act,1961.

Amendment in section 54EC

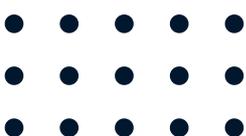
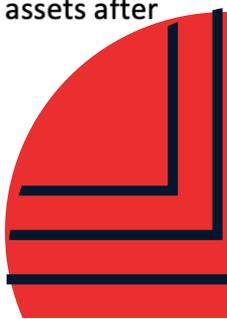
It is proposed to omit sub-section (3) in clause (a) of section 54EC of Income Tax Act,1961.

Amendment in section 54ED

It is proposed to omit sub-section (3) in clause (a) of section 54ED of Income Tax Act,1961.

Amendment in section 55

Section 55 of the Act speaks about the manner of computation of “cost of acquisition” and “cost of improvement”. This budget proposed to amend sub-clause (1) of the Clause (b) of the subsection (1) and clause (a) of sub-section (2) of section 55 of the Income Tax Act,1961 by including the “any other intangible assets after the word goodwill “or any other right” after the word “profession”.



Amendment in section 56

Budget has proposed amendments to section 56(2)(viib) of the Act which deals with tax on closely held companies for issuance of shares to **residents** at a premium where the shares are issued at a value higher than the FMV. Now, the budget has made applicable this provision to “**non-residents**” also. The objective of the change is to expand the scope of the section and bring shares issued to non-residents within the ambit of this section.

Amendment in section 72A

Section 72A relates to the provisions of carry forward and set off of accumulated loss & unabsorbed depreciation allowance in cases of amalgamation & demerger. In order to facilitate further strategic disinvestment, it is proposed to amend the definition of ‘strategic disinvestment’ in section 72A of the Act.

Amendment in section 79

Section 79 of the Act is proposed to be amended to make losses of first 10 years (earlier seven years) eligible for carry forward or for set off.

Amendment in section 80C

It is proposed to omit sub-section (7) of section 80C of the Act.

Amendment in section 80CCC

It is proposed to omit clause (a) in sub-section (3) of section 80CCC of the Act.

Amendment in section 80CCH

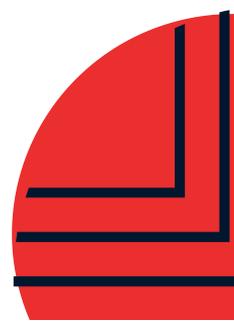
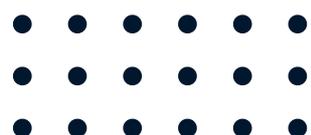
It is proposed to insert new section 80CCH of the Act to allow for deduction from the computation of total income of Agniveer.

Amendment in section 80G

It is proposed to remove Jawaharlal Nehru Memorial, Indira Gandhi Memorial & Rajiv Gandhi Foundation from exemption u/s 80G of the Act.

Amendment in section 80-IAC

The eligible startup is proposed to be a company or LLP if it is incorporated on or after the 1st day of April, 2016 but before 1st day of April 2024; if the total turnover does not exceed one hundred crore rupees and it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government.



Amendment in section 87

It is proposed to omit section 88, 88A, 88B, 88C, 88D shall be from sub-section (1) section 87.

Amendment in section 87A

It is proposed where a person has computed income under section 115BAC sub-section (1A) is and the total income does not exceed seven hundred thousand shall be entitled to a deduction of twenty-five thousand rupees or income tax payable, whichever is less.

Omission of section 88

Section 88 is proposed to be expunged with effect from 1/04/2023 by Finance Act 2023.

Amendment in section 92BA

A new clause in section 92BA is contemplated to be included through which any business transaction with effect from 1st day of April 2023, between assessee and other person as referred in 115BAE (4) will be considered as specific business transaction.

Amendment in section 92D

The period of thirty days for furnishing of any information in respect of the notice received u/s 92B is proposed to be reduced to ten days.

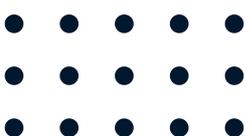
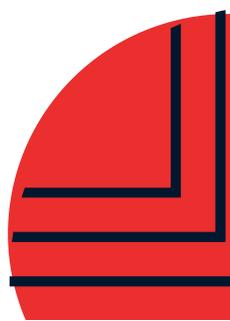
Amendment in section 94B

The Finance Act has proposed to add a "or such class of non-banking financial companies as may be notified by Central Government in Official Gazette in this behalf" in sub-section 3 of 94B, furthermore in subject 5 a new clause (iia) is inserted as "non-banking company" shall have the meaning assigned to it un clause(vii) of the explanation to clause (viia) of sub-section (1) of section 36.

Omission of few sub-sections

Sub-section 3 of section 111A is proposed to be omitted with effect from 1st day of April 2023.

Sub-section 3 of section 112 is proposed to be omitted with effect from 1st day of April 2023.



Amendment in section 115BAC

From A.Y 2024-25 it is proposed that the following tax rates will be applicable under section 115BAC sub-section (1A) for person being an individual/HUF/AOP/Body of Individual or an artificial juridical person

Sl. No.	Total Income	Rate of Tax
1	Upto Rs. 3,00,000	NIL
2	From Rs. 3,00,001 to Rs. 6,00,000	5 per cent
3	From Rs. 6,00,001 to Rs. 9,00,000	10 per cent
4	From Rs. 9,00,001 to Rs. 12,00,000	15 per cent
5	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent
6	Above Rs. 15,00,000	30 per cent

Amendment in section 115BAD

In section 115BAD of IT Act it is proffered to insert, the words and letters “other than those mentioned under section 115BAE” after the words “provisions of this chapter”

Amendment in section 115BAE

A new section 115BAE is expected to be inserted for new manufacturing co-operative society incorporate on or after 01-04-2023 and commences manufacturing or production on or before 31.03.2024.

Amendment in section 115BB

In section 115BB the current explanation is pressed to new explanation regarding online game.

Amendment in section 115BBJ

Taxability on Income from Winning from online games is proposed to introduced by inserting a new section 115BBJ.

Amendment in section 115JC

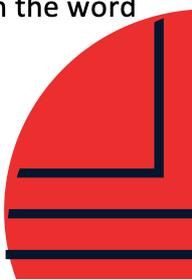
The provision of section 115JC shall not allowed to person who has exercised option u/s 115BAC sub-section (5), sub-section (1A) and (5) of section 115BAD or section 115BAE (5) with effect from 1st day of April 2024.

Amendment in section 115JD

The provision of section 115JD shall not allowed to person who has exercised option u/s 115BAC sub-section (5), sub-section (1A) and (5) of section 115BAD or section 115BAE (5) with effect from 1st day of April 2024.

Amendment in section 115TD

In section 115TD sub-section (3) clause (ii) sub-clause (b) the word “rejected” is to be substituted with the word “rejected; or”,



Amendment in section 115UA

A new sub-section 3A is likely to be inserted in section 115UA which shall determine non applicability of section 115UA on any sum referred in section 56(2)(xii).

Amendment in section 115UB

In explanation 1 clause (a) of section 115UB the words “regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made” will be inserted after the words and figures “Securities and Exchange Board of India Act, 1992 or”.

Amendment in section 116

In section 116 in clause (cca) the words and brackets “or Joint Commissioners of Income-Tax (Appeals) shall be inserted after the words “Joint Commissioners of Income-Tax”

Amendment in section 119

In section 119 the words and brackets “the Commissioner (Appeals)” and “a Commissioner (Appeals) are expected to be substituted with the words and brackets “the Joint Commissioner (Appeals)” and “a Joint Commissioner (Appeals)” respectively.

Amendment in section 131

In section 131 the words for the words and brackets “the Commissioner (Appeals)” is considered to be substituted with the words and brackets “Joint Commissioner (Appeals), Commissioner(Appeals)”.

Amendment in section 132

Sub-section 2 of 132 has been proposed to be substituted due to which a person or entity as may be approved by Principal Chief CIT or Chief CIT or Director General shall be required to assist the authorized officer to full fill the purpose specified in sub-section 1 or sub-section(1A).

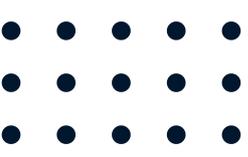
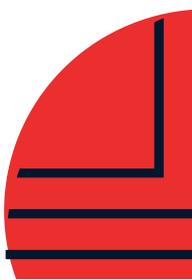
Furthermore, sub-section 9D of 132 has been proposed to be substituted due to which any other person or entity or any valuer registered under any law as approved by Principal Chief CIT, Chief CIT or the Principal Director General or Director General shall be required to estimate fair market value of the property and submit his findings/report to the authorized officer within sixty days from the date of receipt of such reference.

Amendment in section 133

In section 133 the words and brackets “the Commissioner (Appeals)” shall be substituted with the words and brackets “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 134

In section 134 the words and brackets “the Commissioner (Appeals)” shall be substituted with the words and brackets “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.



Amendment in section 135A

A new proviso after the proviso in sub section 2 of 135A shall be inserted shall be applicable from 1st day of April 2023, where the Central Government may amend and direction before 31st March 2022 by notification of Official Gazette.

Amendment in section 142

In section 142 a substitution in sub-section 2A is proposed due to which where the AO finds necessary with the prior approval of Principal CIT or Chief CIT may direct the assessee to get it account audited or to get it inventory valued or both by an accountant and cost accountant nominated by Principal CIT or Chief CITs.

Furthermore, due to the substitution in sub section 2D the expenses of any audit under sub-section 2A “including the remuneration of the accountant or cost accountant as the case may be” shall be finally to be bear by assessee itself.

The proposed amendment will lead to substitution of the words and bracket in sub-section 2D “such audit (including remuneration of the accountant)” to the words and brackets such “audit or inventory valuation (including remuneration of the accountant and cost accountant)” and in sub-subject 3 insertion of words “or inventory valuation” after the words “audit”.

An explanation in respect of cost accountant will be inserted.

Amendment in section 148

In section 148 a substitution has been proposed describing the time of three months from the end of the month in which notice u/s 147 was received to furnish the return of his income or the income of any other person in respect of which he is assessable under the Income Tax Act.

Furthermore, a third proviso has been proposed to be inserted mentioning return furnish under this and furnished after the expiry of three months shall not be deemed to be a return u/s 139

Amendment in section 151

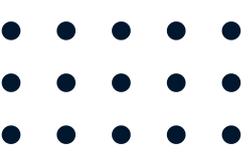
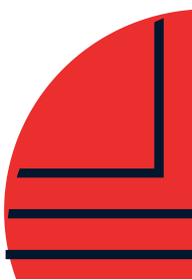
After proposed amendment the sanction for issue of notice u/s 151 if more than three years have been lapsed can be issued by Principal CIT, Principal Director General, Chief CIT and Director General.

Amendment in section 153

It is proposed that a proviso shall be inserted in respect of an order of assessment relating to the assessment year commencing on or after the 1st day of April, 2022, Period has changed from “twenty-one months” to “twelve months”.

Amendment in section 154

It is proposed to be amended in section 154(2)(b) that “the Commissioner (Appeals)” shall be substitute from “the Joint Commissioner (Appeals)”.



Amendment in section 155

It is proposed to be amended in sub section (11A) of section 155, the word section 10AA shall be inserted. Also, It is proposed to insert sub-section 19 Where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee, being a co-operative society engaged in the business of manufacture of sugar, and such deduction has been disallowed wholly or partly in any previous year commencing on or before the 1st day of April, 2014, the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of the assessee.

Further, Inserted a sub-section 20 Where any income has been included in the return of income furnished by an assessee and tax on such income has been deducted at source and paid to the credit of the Central Government the Assessing Officer shall, on an application made by the assessee in such form, as may be prescribed, within a period of two years from the end of the financial year in which such tax was deducted at source, amend the order of assessment

Amendment in section 158A

It is proposed to be amended in section 154(2)(b) that “the Commissioner (Appeals)” shall be substitute from “the Joint Commissioner (Appeals)”.

Amendment in section 158AB

It is proposed to be amended in section 154(2)(b) that “the Commissioner (Appeals)” shall be substitute from “the Joint Commissioner (Appeals)”.

Amendment in section 170A

It is proposed to be inserted a Section 170A giving effect to the order of business reorganization issued by tribunal or court or an Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016. where a return of income has been filed by the successor under section 139 of the Act, such successor shall furnish a modified return within six months from the end of the month in which such order of business reorganisation was issued.

Amendment in section 177

In section 177 in the proposed substitution the Assessing Officer, Joint Commissioner(Appeals) or Commissioner (Appeals) can imposed or direct the imposition of penalty.

Amendment in section 189

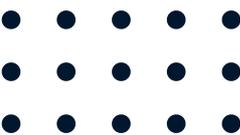
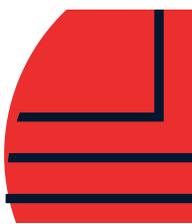
In section 177 in the proposed substitution the Assessing Officer, Joint Commissioner(Appeals) or Commissioner (Appeals) can imposed or direct the imposition of penalty.

Amendment in section 192A

Second proviso of section 192A is proposed to be omitted.

Amendment in section 193

It is proposed to omit clause (ix) in the proviso.



Amendment in section 194B

- a) Marginal heading is proposed to be substituted to “Winnings from lottery or crossword puzzle, etc.” from “Winnings from lottery or crossword puzzle”.
- b) It is also proposed to deduct tax on making payment for winning from lottery or crossword puzzle or from gambling or betting of any form or nature whatsoever where amount or aggregate amounts exceeds ten thousand rupees during the financial year while deducting tax thereon.
- c) Further it is also proposed that no tax shall be deducted on winning of online games on or after 1st July, 2023.

Amendment in section 194B

A new **section 194BA** is proposed to be inserted for winnings from online games with effect from 1st July, 2023. As per proposed section:-

- a) Person responsible for making payment for winning of online game shall deducted income tax act on net winnings in the account at the end of Financial year.
- b) If there is any withdrawal during the year, tax shall be deducted at the time of withdrawal.
- c) Furthermore if winnings are wholly in kind or partly in cash and party in kind but cash in not sufficient to meet liability of tax deduction in such case person responsible for paying shall ensure that the tax has been paid in respect of net winnings.

Amendment in section 194BB

It is proposed that tax shall be deducted on winning from horse race where amount or aggregate of amounts exceeds ten thousand rupees in financial year.

Amendment in section 194N

It is proposed that in case of tax withdrawal by co-operative society, TDS shall be deducted over the withdrawal of Three crores Rupees where Tax was initially deducted on over the withdrawal of one crore

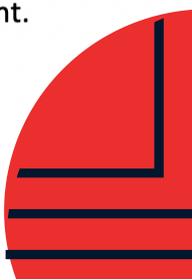
Amendment in section 194R

It is proposed that the Explanation to be numbered as Explanation 1 and after Explanation 1 the explanation 2 to be inserted clarifying that the provisions of sub-section (1) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.

Amendment in section 196A

It is proposed to insert the following proviso:-

Where central government have entered into an agreement with the government of any country outside India as specified under section 90(1) and payee has furnished a tax residency certificate as specified under Section 90A(4) shall deduct tax at the rate of lower of twenty percent or the rate mentioned in the agreement.



Amendment in section 197

It is proposed to insert "194LBA" after "194LA".

Amendment in section 206AB

Proviso to sub-clause (3) proposed to be substituted as follows:-

"Provided that the specified person shall not include—

- (i) a non-resident who does not have a permanent establishment in India; or
- (ii) a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf."

Amendment in section 206C

With effect from 1st July, 2023, under sub-section (1G) following changes are proposed:-

- (i) in the long line, the word, "five" to be substituted with "twenty".
- (ii) in the first proviso the words, "and is for a purpose other than purchase of overseas tour program package" to be substituted with "and is for the purposes of education or medical treatment".
- (iii) in the second proviso the words "is for a purpose other than purchase of overseas tour program package", is to be substituted with "is for the purposes of education or medical treatment".

Amendment in section 206CCA

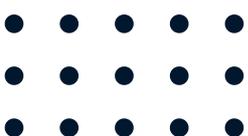
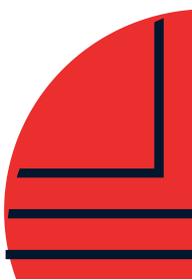
Proviso to sub-clause 3 is proposed to be substituted as follows: -

"Provided that the specified person shall not include—

- (i) a non-resident who does not have a permanent establishment in India; or
- (ii) a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf."

Amendment in section 241A

Withholding of refund in certain cases, it is proposed to insert a proviso stating that the provisions of this section shall not apply from 1st April, 2023.



Amendment in section 244A

Interest on Refunds it is proposed to insert the following provisios:-

- a) Under sub-section (1), after clause (a) after sub-clause (ii):- where assessing officer passes an order of refund on application made by assess, interest shall be calculated @1.5% for every month or part of month from the date of application till grant of refund.
- b) Under sub-section (1A):- In case proceedings for assessment or reassessment are pending for an assessee then while computing period for additional interest payable the period from withheld of refund by the Assessing Officer till the date on which such assessment or reassessment is made shall be excluded.

Amendment in section 245

It is proposed to substitute this Section with the following provisions:-

- a) In case a refund is due or is found to be due to any person, then such refund can be settled off against any sum due under this act after giving an intimation of proposed action in writing to such person.
- b) In case a part of refund is settled of as mentioned above or no refund is settled off, and refund becomes due to the person but after considering pending assessment or reassessment, assessing officer is of the opinion that refund will adversely affect the revenue then assessing officer may withhold the refund up to the date of assessment or reassessment with previous approval of Principal Commissioner or Commissioner and reasons recorded in writing.

Amendment in section 245D

Clause (iv) of sub-section (9) is proposed to be substituted with the following with effect from the 1st February, 2021:-

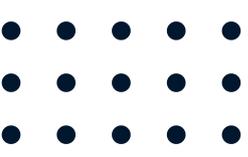
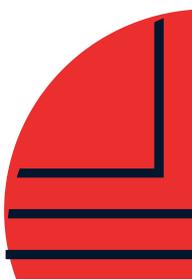
“(iv) where the time-limit for amending any order or filing of rectification application under sub-section (6B) expires on or after the 1st day of February, 2021, but before the 1st day of February, 2022, such time-limit shall be extended to the 30th day of September, 2023.”.

Amendment in section 245MA

It is proposed to insert a proviso under sub-section (4) stating that on or before 31st March, 2023 central government by notification in Official Gazette may amend any direction under this sub-section.

Amendment in section 245R

It is proposed to insert a proviso under sub-section (10) stating that on or before 31st March, 2023 central government by notification in Official Gazette may amend any direction under this sub-section.



Amendment in Chapter XX & Section 246

In Chapter XX, following substitutions are proposed:-

- a) Substitute sub-heading from “A.—Appeals to the Deputy Commissioner (Appeals) and Commissioner (Appeals)” with “A.—Appeals to the Joint Commissioner (Appeals) and Commissioner (Appeals)”.
- b) Section 246 shall be substituted with the following:-
 - i. Assesse aggrieved by orders mentioned in the section passed by Assessing officer not below the rank of joint commissioner may appeal to the Joint Commissioner (Appeals) against the passed order. But if order is passed by or with the prior approval of income tax authority above the rank of Deputy Commissioner then no such appeal can be filed.
 - ii. In case an appeal under above mentioned provision is pending before Commissioner (Appeals), the Board or an income-tax authority so authorised by the Board may transfer such pending appeal and any matter arising out of or connected with such appeal to the Joint Commissioner (Appeals) and vice-versa.
 - iii. Where an appeal is transferred, Opportunity of being reheard shall be given to appellant.
 - iv. For the purposes of disposal of appeal by the Joint Commissioner (Appeals), the Central Government may make a scheme, by notification in the Official Gazette.
 - v. The Board may specify cases or any class of cases to which the provisions of that sub-section (1) shall not apply.

Amendment in section 249

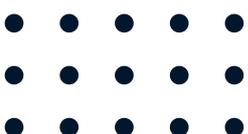
Under this section following changes are proposed:-

- a) Under Sub-section (1)- Insertion of “or to the Joint Commissioner (Appeals) on or after the 1st day of April, 2023,” after “1st day of October, 1998”.
- b) Under sub-section (3), “Commissioner (Appeals)” to be substituted with “Joint Commissioner (Appeals) or the Commissioner (Appeals)”.
- c) For proviso to sub-section (4), “Commissioner (Appeals)”, to be substituted with “Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 250

Under this Section following changes are proposed:-

- a) Under sub-sections (1), (3), (4), (5), (6) and (7), “Commissioner (Appeals)” to be substituted with “Joint Commissioner (Appeals) or the Commissioner (Appeals)”.
- b) Sub-section (6A) to be completely substituted with following provision:-
 - a. The Joint Commissioner (Appeals) or the Commissioner (Appeals) if possible may hear and decide within one year from the end of the financial year in which such appeal is filed or transferred.
- c) After the proviso to sub-section (6C), proviso stating that on or before 31st March, 2022 central government by notification in Official Gazette may amend any direction under this sub-section be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2022.



Amendment in section 251

Under this Section following changes are proposed:-

- a) Marginal heading to be substituted to "Powers of the Joint Commissioner (Appeals) or the Commissioner (Appeals)".
- b) After sub-section (1), new sub-section (1A) to be inserted stating the powers of Joint Commissioner (Appeals) in disposing an appeal.
- c) Under sub-section (2), "Commissioner (Appeals)", to be substituted with "Joint Commissioner (Appeals) or the Commissioner (Appeals), as the case may be,".
- d) In the Explanation, following changes are proposed:-
 - (a) The Words "an appeal, the Commissioner (Appeals)," to be substituted with "an appeal, the Joint Commissioner (Appeals) or the Commissioner (Appeals),".
 - (b) The words "raised before the Commissioner (Appeals)", to be substituted with "raised before the Joint Commissioner (Appeals) or the Commissioner (Appeals), as the case may be,".

Amendment in section 253

Under this Section following changes are proposed:-

It is proposed to insert few words in sub-section (1) of the Act. The same is reproduced as under: -

(a) in sub-section (1),-

(A) in clause (a), after the word, figures and letter "section 271A," the words, figures and letters "section 271AAB, section 271AAC, section 271AAD," shall be inserted;

(B) after clause (a), the following clause shall be inserted, namely:—

"(aa) an order passed by a Joint Commissioner (Appeals) under section 154, section 250, section 270A, section 271, section 271A, section 271AAC, section 271AAD or section 271J; or";

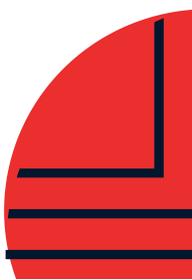
(C) for clause (c), the following clause shall be substituted, namely:—

"(c) an order passed by,—

(i) a Principal Commissioner or Commissioner under section 12AA or section 12AB or under clause (vi) of sub-section (5) of section 80G or under section 263 or under section 270A or under section 271 or under section 272A or an order passed by him under section 154 amending any such order; or

(ii) a Principal Chief Commissioner or Chief Commissioner or a Principal Director General or Director General or a Principal Director or Director under section 263 or under section 272A or an order passed by him under section 154 amending any such order; or";

(b) in sub-section (2), for the words and brackets "Commissioner (Appeals)", the words and brackets "the Joint Commissioner (Appeals) or the Commissioner (Appeals)" shall be substituted;



Amendment in section 264

Under sub-section (4), the words “the Commissioner (Appeals)” proposed to be substituted with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 267

The words “the Commissioner (Appeals)” proposed to be substituted with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 269SS

Under this section i.e. Mode of taking or accepting certain loans, deposits and specified sum following changes are proposed:-

- a) A new proviso to be inserted after the second proviso and before the Explanation stating that provisions of this section shall have the same effect as if for the words “twenty thousand rupees” is substituted with the words “two lakh rupees” in the case of any deposit or loan where such deposit is accepted by or such loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank from or by its member;
- b) In the Explanation, for clause (ii), proposed to be substitutes as follows:-
 - a. “co-operative bank”, “primary agricultural credit society” and “primary co-operative agricultural and rural development bank” shall have the meanings respectively assigned to them in the Explanation to sub-section (4) of section 80P”.

Amendment in section 269T

Under this Section following changes are proposed:-

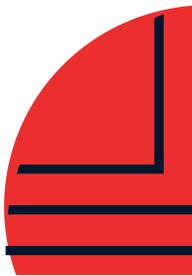
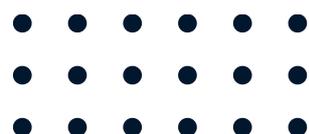
- a) A new proviso to be inserted after the second proviso and before the Explanation stating that provisions of this section shall have the same effect as if for the words “twenty thousand rupees” is substituted with the words “two lakh rupees” in the case of any deposit or loan where such deposit is paid by or such loan is repaid to a primary agricultural credit society or a primary co-operative agricultural and rural development bank to or by its member;
- b) In the Explanation, for clause (ii), proposed to be substitutes as follows:-
 - a. “co-operative bank”, “primary agricultural credit society” and “primary co-operative agricultural and rural development bank” shall have the meanings respectively assigned to them in the Explanation to sub-section (4) of section 80P”.

Amendment in section 270A

It is proposed that to substitute “the Commissioner (Appeals)” with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 271AA

In sub-section (6), it is proposed to insert “section 246 or” after the words “No appeal under”.



Amendment in section 271

It is proposed to substitute “the Commissioner (Appeals)” with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 271A

It is proposed to substitute “the Commissioner (Appeals)”, with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 271AAC

It is proposed to substitute “the Commissioner (Appeals)”, with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 271AAD

It is proposed to substitute “the Commissioner (Appeals)” with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 271C

In Sub-section (1), following change are proposed:-

a) In clause (b):-

- (I) The words “pay the whole” to be substituted with “pay or ensure payment of, the whole”
- (II) In sub-clause (i), the word “or” to be omitted;
- (III) After Sub-clause (ii), new sub-clauses (iii) & (iv) to be inserted which are as follows:-
 - i. (iii) the first proviso to sub-section (1) of section 194R; or
 - ii. (iv) the proviso to sub-section (1) of section 194S; or”;
- (IV) After Sub-clause (iv), the following sub-clause to be inserted with effect from 1st July, 2023 which is as follows:-
 - i. (v) sub-section (2) of section 194BA,”

b) In the line after clause (b), words “or ensure payment of,” to be inserted after the words “deduct or pay”.

Amendment in section 271FAA

It is proposed to renumber sub-section (1) 271FAA of the Act which inter-alia states that the prescribed income tax authority can direct such person to pay Rs.50,000/- as penalty.

Amendment in section 271J

It is proposed to substitute “the Commissioner (Appeals)” with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.

Amendment in section 274

It is proposed to insert a proviso stating that on or before 31st March, 2022 central government by notification in Official Gazette may amend any direction under this sub-section in section 274 sub-section (2B) after the proviso which shall be deemed to have been inserted with effect from the 1st April, 2022.

Amendment in section 275

In this section following changes are proposed:-

- a) The words and brackets “the Commissioner (Appeals)” to be substituted with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”
- b) The words and brackets “to the Commissioner (Appeals)” to be substituted with “to the Joint Commissioner (Appeals) or to the Commissioner (Appeals)”.

Amendment in section 276A

After the proviso, a new proviso is proposed to be inserted stating that no proceeding shall be initiated under this section on or after the 1st day of April, 2023.

Amendment in section 276B

- a) It is proposed to omit the words “pay to the credit of the Central Government”.
- b) In clause (a), for the words “the tax deducted”, the words “pay to the credit of the Central Government, the tax deducted” shall be substituted
- c) In clause (b), the following clause shall be substituted, namely: -
 - a. “Pay tax or ensure payment of tax to the credit of the Central Government, as required by section 115-O, proviso to section 194B, the first proviso to section 194R and the proviso to section 194S(1).

Amendment in section 279

It is proposed to substitute “or Commissioner (Appeals)”, with “or Joint Commissioner (Appeals) or Commissioner (Appeals)”.

Amendment in section 287

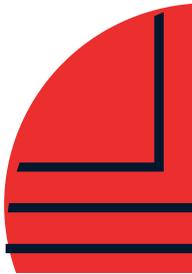
It is proposed to substitute “to the Commissioner (Appeals)”, with “to the Joint Commissioner (Appeals) or to the Commissioner (Appeals)”.

Amendment in section 295

In sub-section (2), following insertion and substitutions are proposed:-

- a) In clause (eec), the words “or inventory valuation” to be inserted after the word “audit”.

In clause (mm), the words “the Commissioner (Appeals)”, to be substituted with “the Joint Commissioner (Appeals) or the Commissioner (Appeals)”.



INDIRECT TAX AMENDMENTS

Indirect Tax Amendments:

Goods and Services Tax Act

- ❖ **Supplier of goods through electronic commerce operators eligible for opting Composition Scheme:**
Clause (d) of sub-section (2) and Clause (c) of sub-section (2A) in section 10 of the CGST Act is being amended to remove the restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the Composition Levy.
- ❖ **ITC reversal in case payment not made to supplier within 180 days:**
Second and third provisos to sub-section (2) of section 16 of the CGST Act are being amended to align the said sub-section with the return filing system provided in the said Act with respect to payment of tax with interest under section 50 for ITC availed and payment not made to supplier within 180 days.
- ❖ **Input tax credit not available on goods or services intended to be used for Corporate Social Responsibility:**
Sub-section (5) of section 17 of the CGST Act is being amended to provide that input tax credit shall not be available on goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred under section 135 of the Companies Act, 2013.
- ❖ **Treatment of Value of exempt supply for purposes of apportionment of credits:**
To amend explanation to sub-section (3) of section 17 of the CGST Act to restrict availment of input tax credit in respect of certain transactions specified in para 8(a) "Supply of warehoused goods to any person before clearance for home consumption" of Schedule III of the said Act, as may be prescribed, by including the value of such transactions in the value of exempt supply.
- ❖ **Filing of belated Form GSTR-1 not beyond 3 years from due date:**
Section 37 of the CGST Act is being amended to insert sub-section (5) to provide a time limit upto which the details of outward supplies under sub-section (1) of the said section for a tax period can be furnished by a registered person.
- ❖ **Filing of belated Form GSTR-3B not beyond 3 years from due date:**
Section 39 of the CGST Act is being amended to insert sub-section (11) to provide a time limit upto which the return for a tax period can be furnished by a registered person.

- ❖ **Filing of belated Annual Return not beyond 3 years from due date:**
Section 44 of the CGST Act is being amended to insert sub-section (2) to provide a time limit upto which the annual return under sub-section (1) of the said section for a financial year can be furnished by a registered person.
- ❖ **Filing of belated Form GSTR-8 not beyond 3 years from due date:**
Section 52 of the CGST Act is being amended to insert sub-section (15) to provide a time limit upto which the statement under sub-section (4) of the said section for a month can be furnished by an electronic commerce operator.
- ❖ **Provisional refund with respect to provisionally accepted input tax credit now eligible:**
Sub-section (6) of section 54 of the CGST Act is being amended to remove reference to the provisionally accepted input tax credit to align the same with the present scheme of availment of self-assessed input tax credit.
- ❖ **Manner prescribed for computing interest on delayed refunds:**
Section 56 of the CGST Act is being amended to provide for a prescribed manner for computation of period of delay for calculation of interest on delayed refunds.
- ❖ **Persons exempt from registration u/s 23(1) need not take GST Registration u/s 22(1):**
Retrospective amendment in sub-section (1) and sub-section (2) of section 23 of the CGST Act to provide that persons for compulsory registration in terms of sub section (1) of section and section 22 of the Act need not register if exempt under sub section (1) of section 23.
- ❖ **Decriminalization of offences:**
Sub-section (1) of section 132 of the CGST Act is being amended so as to decriminalize offences specified in clause (g), (j) and (k) of the said sub-section and to increase the monetary threshold for launching prosecution for the offences under the said Act from one hundred lakh rupees to two hundred lakh rupees, except for the offences related to issuance of invoices without supply of goods or services or both.
- ❖ **Consent based sharing of information:**
Section 158A is being inserted in the CGST Act to provide a prescribed manner and conditions for sharing of the information furnished by the registered person in his return or in his application of registration or in his statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details, as may be prescribed, on the common portal with such other systems.
- ❖ **Changes in Schedule III:**
Schedule III of the CGST Act (Activities or transactions which shall be treated neither as a supply of goods nor a supply of services) is being amended to give retrospective applicability to the following:
 - i) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India;
 - ii) Supply of warehoused goods to any person before clearance for home consumption;
 - iii) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.with effect from 01st July, 2017, so as to treat the activities/ transactions mentioned in the said paragraphs as neither supply of goods nor supply of services.

Further it is clarified that where the tax has already been paid in respect of such transactions/ activities during the period from 01st July, 2017 to 31st January, 2019, no refund of such tax paid shall be available.

❖ **Definition of non-taxable online recipient amended:**

Definition of “non-taxable online recipient” is being amended to remove the condition of receipt of online information and database access or retrieval services (OIDAR) for purposes other than commerce, industry or any other business or profession so as to provide for taxability of OIDAR service provided by any person located in non-taxable territory to an unregistered person receiving the said services and located in the taxable territory.

It is further proposed to clarify that persons registered solely in terms of clause (vi) of Section 24 of the CGST Act, i.e. persons who are required to deduct tax under section 51, shall be treated as unregistered person for the purpose of above definition.

❖ **Definition of online information and database access or retrieval services amended:**

Definition of “online information and database access or retrieval services” is being amended to remove the condition of rendering of the said supply being essentially automated and involving minimal human intervention.

❖ **Place of supply of services by way of transportation of goods amended:**

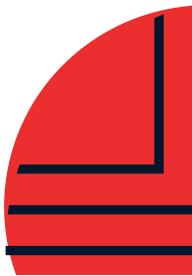
Proviso to sub-section (8) of section 12 of the IGST Act is being omitted so as to specify the place of supply, irrespective of destination of the goods, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.]

Excise Duty:**1. Revision in NCCD (National Calamity Contingent Duty):**

The Seventh Schedule to the Finance Act, 2001 is being amended w.e.f. 02.02.2023* to revise the NCCD rates on specified cigarettes under HS 2402 as detailed below:

S. No.	Heading	Particular	Unit	NCCD Rates(in '000')	
				From	To
Increase in NCCD Rates					
1	Other than filter cigarettes	Length not exceeding 65MM.	Tu	200	230
		Length exceeding 65MM but not 70MM.	Tu	250	290
2	Filter cigarettes of length(Length is 11MM or actual, whichever is more)	Not exceeding 65MM.	Tu	440	510
		Exceeding 65MM but not 70MM.	Tu	440	510
		Exceeding 70MM but not 75MM.	Tu	545	630
3	Cigarettes	Other	Tu	735	850
4	Cigarettes	Tobacco Substitutes	Tu	600	690

2. To exempt excise duty on blended Compressed Natural Gas (CNG) as equal to the GST amount paid on biogas/Compressed biogas contained in blended CNG subject to certain conditions.



Central Sales Tax Act, 1956:

1. Sub-section (3) in section 25 is proposed to be inserted to provide that all appeals filed under section 20 and pending before the erstwhile Authority for Advance Rulings as on the date on which the Finance Bill, 2023 receives the assent of the President shall stand transferred to the Authority referred to in section 19.
2. To omit section 24 of the Central Sales Tax Act, 1956 pertaining to Authority for Advance Rulings to function as Authority under this Act.
3. Section 19 of the Central Sales Tax Act is proposed to be amended to provide notwithstanding anything to the contrary contained in this Act or in any other law for the time being in force, the Customs, Excise and Service Tax Appellate Tribunal constituted under section 129 of the Customs Act, 1962 shall be the Authority under this Act to settle inter-State disputes falling under sections 6A and 9.

Customs Act, 1962

1. 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:
 - a) multilateral or bilateral trade agreement;
 - b) obligations under international agreements and treaties or such other obligations;
 - c) privileges of constitutional authorities;
 - d) schemes under the Foreign Trade Policy;
 - e) CG Schemes having validity more than two years;
 - f) re-import as gifts or personal baggage; and
 - g) any duty of customs under any law for the time being in force.
2. It is proposed to insert sub-section (8A) in section 127C to specify a time limit of 9 months from the date of application, for disposal of the application filed before the Settlement Commission.
3. The First Schedule to the Customs Tariff Act, 1975 is being amended to modify the tariff rates on certain tariff items as part of increase or rationalization of customs duty rate structure.

Changes in tariff rates and Basic Custom Duty				
S. No.	Commodity Head	Commodity	From	To
Increase in Tariff rate (to be effective from 02.02.2023)				
1.	Chemicals	Styrene	2%	2.5%
		Vinyl Chloride Monomer		
2.	Rubber	Compounded Rubber	10%	25% or Rs. 30 per kg., whichever is lower
3.	Gems and Jewellery Sector	Articles of precious metals	20%	25%
		Imitation Jewellery	20% or Rs. 400 per kg., whichever is higher	25% or Rs. 600 per kg., whichever is higher
4.	Electrical Goods	Electric Kitchen Chimney	7.5%	15%
5.	Automobiles and Toys	Bicycles	30%	35%
		Toys and parts of toys (other than parts of electronic toys)	60%	70%

Tariff rate changes (without any changes to the effective rate of Customs Duty)				
6.	Aircraft	New or retreaded pneumatic tyres, of rubber of a kind used on aircraft	3%	2.5%
		Aero planes and other aircrafts		
7.	Metal	Base metals clad with silver, gold and Platinum not further worked than semi manufactured	12.5%	10%
		Gold (including gold plated with platinum) unwrought or in semi manufactured forms, or in powder form		
		Platinum, unwrought or in semi manufactured form, or in powder form		
		Waste and scrap of precious metal		
		Coin		
Tariff rate changes (with changes to the effective rate of Customs Duty)				
8.	Metal	Silver, unwrought or in semi-manufactured forms, or in powder form	12.5%	10%
Changes in Basic Customs Duty (to be effective from 02.02.2023)				
9.	Agricultural Products and By Products	Pecan nuts	100%	30%
		Fish lipid oil and Algal Prime (flour)	30%	15%
		Crude glycerin for use in manufacture of Epichlorohydrin	7.5%	2.5%
		Denatured ethyl alcohol for use in manufacture of industrial chemicals	5%	NIL
		Fish meal, Krill meal and Mineral and Vitamin Premixes for use in manufacture of aquatic feed	15%	5%
10.	Minerals & Petrochemicals	Acid grade fluorspar	5%	2.5%
		Naphtha	1%	2.5%
11.	Gems and Jewellery Sector	Seeds for use in manufacturing of rough lab-grown diamonds	5%	NIL
		Silver, unwrought or in semi-manufactured forms, or in powder form	7.5%	10%
		Silver Dore	6.1%	10%
12.	IT, Electronics	Specified chemicals/items for manufacture of Pre-calcined Ferrite Powder	7.5%	NIL
		Palladium Tetra Amine Sulphate for manufacture of parts of connectors		
		Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.5%	NIL
		Specified parts for manufacture of open cell of TV panel	5%	2.5%
13.	Electronic appliances	Heat Coil for use in the manufacture of Electric Kitchen Chimneys	20%	15%

14.	Automobiles	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form .	30%	35%
		Vehicle in Completely Built Unit (CBU) form and Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60%	70%
		Vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing	As applicable	NIL
15.	Capital Goods	Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs)	As applicable	NIL
Changes in Basic Customs Duty (without any change in the effective rate of Customs Duties)				
16.	Metals	Coal, peat, lignite	1%	2.5%
		Gold and platinum, unwrought or in semi manufactured forms, or in powder form	12.5%	10%
		Gold Dore	11.85%	10%

4. Notification No. 11/2021 – Customs, dated 01.02.2021 is being amended to revise the AIDC rates on the following goods (w.e.f. 02.02.2023)

S. No.	Commodity Head	Commodity	From	To
AIDC rate changes (with changes to the effective rate of Customs Duty)				
1.	Metal	Silver, unwrought or in semi manufactured forms, or in powder form	2.5%	5%
		Silver Dore	2.5%	4.35%
Changes to AIDC (without any change to the effective rate of Customs Duty)				
2.	Chemicals and Metals	Coal, peat, lignite	1.5%	NIL
		Platinum other than rhodium and goods covered under notification No. 50/2017- Customs, dated the 30th June, 2017.	1.5%	5.4%
		Gold, unwrought or in semi-manufactured forms, or in powder form	2.5%	5%
		Gold Dore	2.5%	4.35%
		New pneumatic tyres, of rubber , of a kind used on aircraft as mentioned in Entry 280 A of Notification No. 50/2017	NIL	0.5%
		Aero planes and other aircraft covered under S.No. 543A of Notification No. 50/2017		

5. Extension in Customs Duty Exemption:

- a) To further provide impetus to green mobility, customs duty exemption is being extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles.
 - b) To further deepen domestic value addition in manufacture of mobile phones, it is proposed to provide relief in customs duty on import of certain parts and inputs like camera lens and continue the concessional duty on lithium-ion cells for batteries for another year.
6. Certain BCD exemptions under notification no. 50/2017-Customs dated 30.06.2017 and other notifications are being discontinued with effect from 31st March, 2023.
7. Certain goods in the nature of Silver, Imitation Jewellery, Platinum, Bicycles, etc. are being exempted from levy of SWS (Social Welfare Surcharge) in order to maintain the total effective duty owing to rationalization of basic customs duty.



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