

UNION BUDGET

2023-2024

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FOREWORD

This Union Budget 2023 has been of particular interest to the citizens and industries across the Nation as it is the first post-pandemic budget and the last budget before the 2024 general elections.

There were myriad industry expectations as the Union Budget was expected to provide an outlook on the future and aim to strike a balance between focusing on inflation as well as providing support to the industries to recover from the bruises from the pandemic.

This year the Budget focuses on India's growth, inflation and unemployment, agriculture sector, service sector and MSMEs and IFSC sector and falling rupee rate which have been the major focus in the previous year. The Vision for Amrit Kaal-Budget shows technology-driven and knowledge-based economy with strong public finances, and a robust financial sector. The economic agenda for achieving this vision focuses on three things:

facilitating ample opportunities for citizens, especially the youth, to fulfill their aspirations; providing strong impetus to growth and job creation; and strengthening macro-economic stability.

Among various reforms stated in the budget by the Finance Minister, the major reforms which might impact for better compliance include: -

Major tax benefits to Individual Tax payers during the Budget 2023 speech. Such tax payers can now avail rebate in the new tax regime when total income of such tax payers is up to INR 7 lakhs (earlier this limit was 5 lakhs) and there is also corresponding easing of the tax slabs. The Govt also proposes to reduce highest surcharge rate from 37% to 25% in new tax regime.

For MSMEs there were extensions in the limit to avail presumptive taxation. There is revamped Credit guarantee scheme for MSMEs with effect from April 1 this year. This may see an infusion of around Rs 9,000 crore into the corpus. Also, the launch of Vivad se Vishwas I for MSMEs shall provide relief to the MSMEs hit during pandemic.

The Budget also extended the existing income tax benefits for Startups by another year till March 31, 2024. There is also the benefit of carrying forward of losses on change of shareholding to 10 years of incorporation.

Setting up of National Financial Information Registry for easy lending and enhancing financial stability.

Setting up of Central Data Processing Centre for efficient working under Companies Act 2013;

There are also initiatives to promote the GIFT IFSC such as Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31.03.2025 and single window IT system for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI, will be set up.

For business establishments required to have Permanent Account Number, the PAN will be used as a common identifier for all Digital Systems of specified government agencies.

More than 39,000 compliances have been reduced and over 3,400 legal provisions decriminalised to enhancing ease of doing business in MSMEs.

The Finance Minister stated that this budget will focus on seven priorities of inclusive development, reaching the last mile, agriculture and investment, unleashing potential, green growth, youth power and financial sector. The fundamentals of the Indian Economy seem sound as compared to the other world economies post pandemic and Ukraine-Russia war as the inflation rates through the world accelerated and faced economic stress but in India the economy is expected to grow at 7% for FY 2022-23 and the annual rate for inflation is below 6%.

ECONOMIC INDICATORS

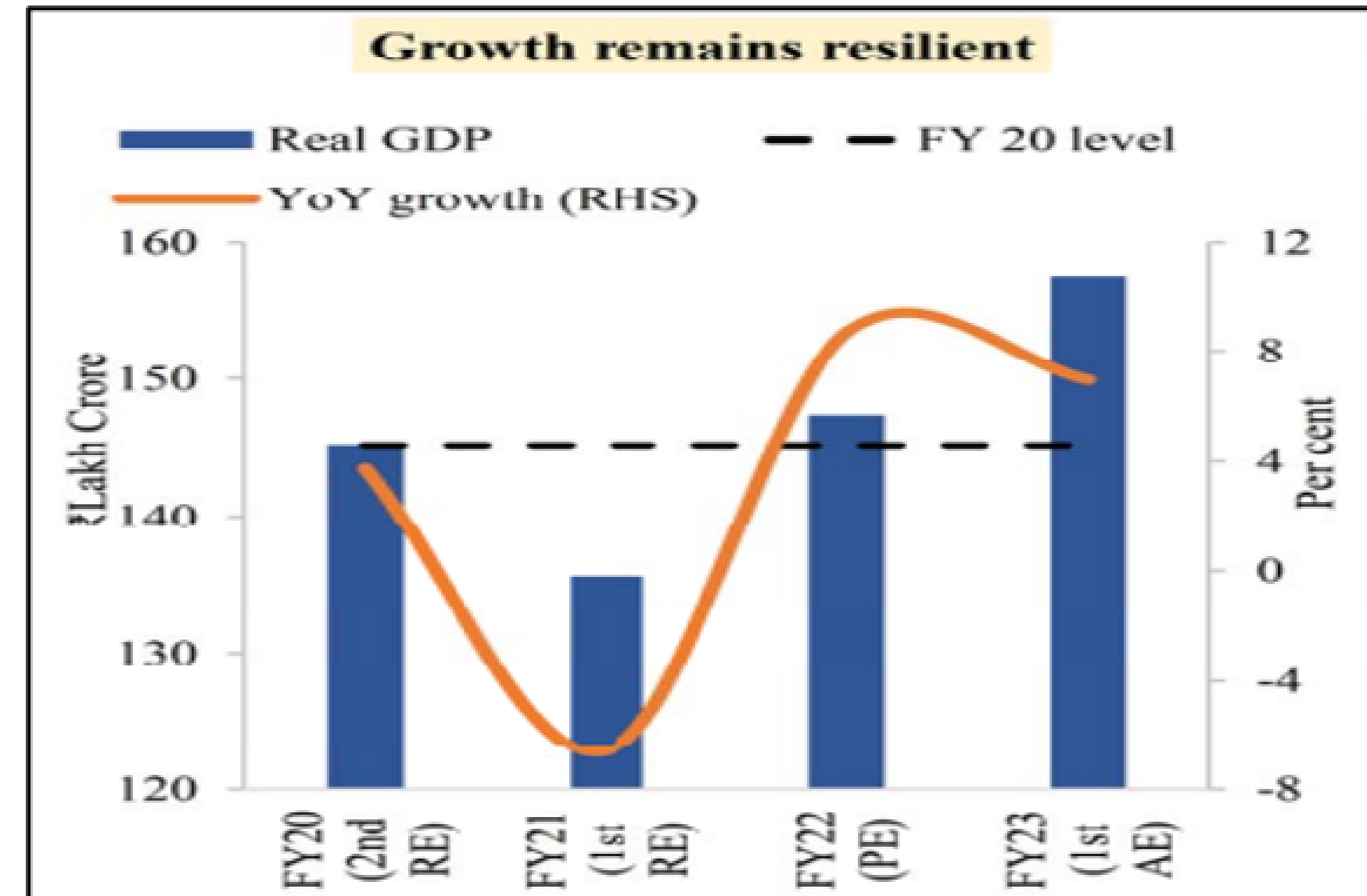
1. GDP GROWTH RATE

The Economic Survey 2023 has pegged India's GDP at 6.0–6.8 per cent in 2023–24 depending on the trajectory of economic and political developments globally. However, the figures in the Budget the growth in GDP is stated at 6.4 per cent in 2022–23 and 5.9 per cent in 2023–24. The Budget estimates the fiscal deficit for 2023–24 at 5.9 per cent of the GDP. The government here remains committed to bring down the fiscal deficit to 4.5 per cent of the GDP by 2025–26.



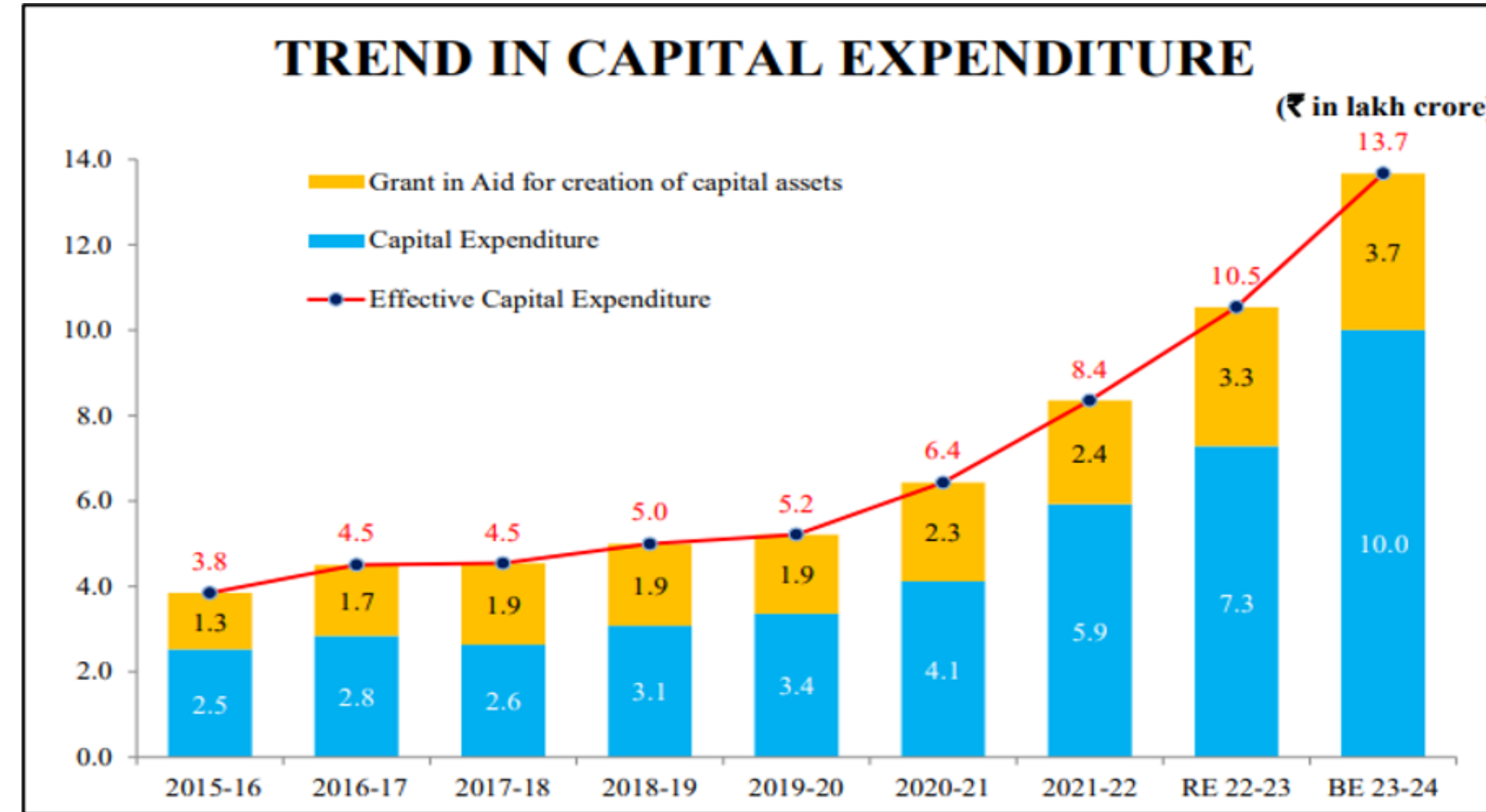
The Fiscal deficit, Revenue deficit, Effective revenue deficit and Primary deficit actuals and budgeted over the years can be reviewed as given in the below table and figure:

<i>(In ₹ crore)</i>				
	2021-2022	2022-2023	2022-2023	2023-2024
	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
1. Fiscal Deficit	1584521 (6.7)	1661196 (6.4)	1755319 (6.4)	1786816 (5.9)
2. Revenue Deficit	1031021 (4.4)	990241 (3.8)	1110546 (4.1)	869855 (2.9)
3. Effective Revenue Deficit	788375 (3.3)	672598 (2.6)	784958 (2.9)	499867 (1.7)
4. Primary Deficit	779021 (3.3)	720545 (2.8)	814668 (3.0)	706845 (2.3)



2. CAPITAL EXPENDITURE

The Budget also kept its focus on expanding Capital Expenditure depicting that the government's priorities are majorly building infrastructure such roads, highways, and railway lines. The Effective Capital Expenditure (Capex) can be seen increasing over the years from the trends Capex shared below. The Grant in Aid for creation of capital assets has increased from 10.5 lakh Cr from the FY 2022-2023 to 13.7 lakh Cr in the FY 2023-2024.



3. CONSUMER PRICE INDEX (CPI)

Consumer price inflation in India went through three phases in 2022. A rising phase up to April 2022 when it crested at 7.8 per cent, then a holding pattern at around 7.0 per cent up to August 2022 and then a decline to around 5.7 per cent by December 2022. The rising phase was largely due to the fallout of the Russia-Ukraine war and a shortfall in crop harvests due to excessive heat in some parts of the country.

The divergence between a relatively high Wholesale Price Index (WPI) inflation and lower Consumer Price Index (CPI) inflation widened in May 2022 primarily owing to a difference in relative weights of the two indices and the lagged effect of imported input costs on retail prices. However, the gap between the two measures of inflation has reduced since then, demonstrating a tendency towards convergence.

In general, the year 2022 was marked by a return of high inflation in the advanced world after three to four decades, depending on the country. In India, the government and the central bank took decisive measures to cap the rise in prices. India's retail inflation rate peaked at 7.8 per cent in April 2022. The overshoot of inflation above the upper end of the target range in India was one of the lowest in the world.

DIRECT TAX

Individual

1. Reduction of slab rate for new regime (Section 115 BAC).

In respect of income of all categories of assessee liable to tax for the assessment year 2023-24, the rates of income-tax have either been specified in specific sections of the Act (like section 115BAA or section 115BAB for domestic companies, 115BAC (New regime) for individual/HUF and 115BAD for cooperative societies). There is no change proposed in tax rates for Companies.

However, Tax rates under section 115BAC for the Individual/HUF has been amended, from assessment year 2024-25, it is proposed that the following rates are applicable

Moreover, the scope of Sec. 115 BAC has been increased. Previously the benefit of New regime was available only to the Individual & HUF but now it is applicable to an individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person.





A person having income from business or profession who has exercised the above option of shifting out of the regime provided under the proposed sub-section (1A) of section 115BAC shall be able to exercise the option of opting back

to the regime under proposed sub-section(1A) of section 115BAC only once. However, a person not having income from business or profession shall be able to exercise this option every year.

Union Budget 2023-24

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FINANCE



New Tax Slabs For Middle Class

Substantial relief is proposed under the new regime with new slabs and tax rates as under :

Rs. 0-3 lakh	Nil
Rs. 3-6 lakh	5%
Rs. 6-9 lakh	10%
Rs. 9-12 lakh	15%
Rs. 12-15 lakh	20%
Above Rs. 15 lakh	30%

1A. AGNIPATH SCHEME

In order to allow a deduction from the computation of total income of an Agniveer, any contribution made by “him” or the “Central Government” to his Agniveer Corpus Fund account and to exempt from tax any payment received by Agniveer or his nominee, from the “Agniveer Corpus Fund”, it is proposed to make the following amendments by inserting:-

(i) A new clause (12C) in section 10 of the Act to provide that any payment received from the “Agniveer Corpus Fund” by a person enrolled under the “Agnipath Scheme, 2022”, or the nominee of such person shall be exempted from income tax;

(ii) A new section 80CCH, where an assessee, being an individual enrolled in the Agnipath Scheme and subscribing to the “Agniveer Corpus Fund” on or after the 1st day of November, 2022, has in the previous year paid or deposited any amount in his account in the said Fund, he shall be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited;

(iii) A New clause u/s 17(1)(ix) provides that contribution made by the Central Government to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme u/s section 80CCH shall be considered as salary of that individual and shall get a deduction of the Government contribution to his Seva Nidhi [sub-section (2) of section 80CCH] u/s 115BAC (New Tax regime).

2. Rebate under section 87A

Under the provisions of section 87A of the Act, an assessee, being an individual resident in India, having total income not exceeding Rs 5 lakh, is provided a rebate of 100 per cent of the amount of income-tax payable i.e., an individual having income till Rs 5 lakh is not required to pay any income-tax.

However, from A.Y. 2024-25 onwards, an assessee, being an individual resident in India whose income is chargeable to tax under the proposed sub-section (1A) of section 115BAC (New Regime), shall now be entitled to a rebate of 100 percent of the amount of income-tax payable on a total income not exceeding Rs 7 lakh.

3. Standard Deduction u/s 16(ia)

It is proposed to extend the benefit of Standard Deduction u/s 16(ia) in the New Tax Regime u/s 115 BAC. Each salaried person with an income of Rs 15.5 lakh or more will be allowed to claim standard deduction of Rs 52,500.

4. Taxation relief for Leave Encashment

It is proposed to raise the exemption limit for Leave encashment received on retirement by Non-Government employee to Rs. 25 Lakhs from existing Rs. 3 Lakhs.

5. Taxability of exempt Income Under Life Insurance Policy.

It is proposed to provide that where aggregate of premium for life insurance policies (other than ULIP) which are issued on or after 1st April, 2023 is above Rs 5 lakh in a year, then the income will be taxable under head Income from other Sources. This will not affect the tax exemption provided to the amount received on the death of the person insured.

6. New Penalty u/s 271FAA

A new penalty of Rs. 5,000 shall be imposable if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, in addition to any other penalty leviable on such financial institution, if any.

Cooperative Society

7. Relief for Co-Operative Sector

In order to promote the growth of manufacturing in co-operative sector, where a new co-operative society is formed on or after 01.04.2023, which commences manufacturing or production by 31.03.2024 and does not avail of any specified incentive or deduction, is proposed to be allowed an option to pay tax at a concessional rate of 15% u/s 115 BAE which is similar to what is available to new manufacturing companies.

It is also proposed to enable co-operatives to withdraw cash up to Rs 3 crore in a year without being subjected to TDS on such withdrawal.

8. Relief to sugar co-operatives from past demand

It is proposed to amend section 155 of the Act to insert a new sub-section (19). It shall provide that in the case of a sugar mill co operative, where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee and such deduction has been disallowed wholly or partly the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of such assessee for such previous year.

The Assessing Officer shall allow such deduction to the extent such expenditure is incurred at a price which is equal to or less than the price fixed or approved by the Government for that previous year.

Also, the provision of section 154 shall, so far as may be, apply thereto, and the period of four years specified in sub-section (7) of section 154 shall be reckoned from the end of previous year commencing on the 1st day of April, 2022.

Business

9. Meaning of Strategic Disinvestment u/s 72A:

To facilitate strategic disinvestment, it is proposed to provide relaxation in the definition of 'strategic disinvestment' in section 72A as following:

- a. The first condition, i.e. reduction of its shareholding to below 51%, shall apply in a case where the shareholding was above 51% before such sale of shareholding.
- b. The second condition is that the transfer of control may be carried out by either the Central Government or State Government or Public Sector Company (or any two of them or all of them).

Accordingly, the above-defined amalgamated entity would be entitled to carry forward and set off of accumulated losses and unabsorbed depreciation allowance in the above stated amalgamation or demerger, etc.

Carryforward of losses & unabsorbed depreciation u/s 72AA:

Section 72AA of the Act is also amended to allow carry forward of accumulated losses and unabsorbed depreciation allowance in the case of amalgamation of one or more banking companies with any other banking institution or a company subsequent to strategic disinvestment, as defined above if such amalgamation takes place within 5 years of strategic disinvestment.

10. Ease in claiming deduction on amortization of preliminary expenditure [Section 35D]

At present for claiming amortization of certain preliminary expenses, the activity is to be carried out either by the assessee or by a concern approved by the Board. In order to ease the process of claiming amortization of these expenses it is proposed to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board. Format for reporting of such expenses by the assessee shall be prescribed.

11. Relief to start-ups in carrying forward and setting off of losses & Deduction 80-IAC

The condition of continuity of at least 51 per cent shareholding for setting off of carried forward losses is relaxed for an eligible start up if all the shareholders of the company continue to hold those shares. At present this relaxation applies for losses incurred during the period of 7 years from incorporation of such start-up. It is proposed to increase this period to 10 years for eligible Start-Ups.

Also, the period of incorporation of such eligible start-ups to avail Tax benefit 80-IAC, is proposed to be extended by one year to before 1st April, 2024.

12. Increasing threshold limits for presumptive taxation schemes

In order to ease compliance and to promote non-cash transactions, it is proposed to increase the threshold limits for presumptive scheme of taxation for eligible businesses from Rs 2 crore to Rs 3 crore and for specified professions from Rs 50 lakh to Rs 75 lakh. The increased limit will apply only in case the amount or aggregate of the amounts received during the year, in cash, does not exceed five per cent of the total gross receipts/turnover.

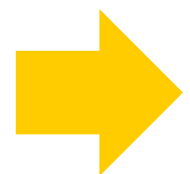
13. Taxability of income through distribution by business trusts to its unit holders

Generally, Income earned by Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InVIT) [commonly referred to as business trusts] are tax free in the hands of the trust and the same is taxable in the hands of unit holders as a pass-through income unless specifically exempted. Many times, these business trusts distribute the income to unit holders which is in the nature of Repayment of debt and the same will be treated as exempted income which lead to the situation of dual non-taxation

To curb this Non-Taxation it is proposed to tax distributed income by business trusts in the hands of a unit holder (other than dividend, interest or rent which is already taxable) on which tax is currently avoided both in the hands of the unit holder as well as in the hands of business trust reduced to the extent of cost of acquisition of unit.

14. Promoting timely payments to Micro and Small Enterprises [Section 43B].

The Finance Bill, 2023 has insert a new clause (h) in section 43B of the Act to provide that 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 (MSMED) Act 2006 shall be allowed as deduction only on actual payment. However, it is also proposed that the proviso to section 43B of the Act relating to payment made before filing the return, shall not apply to such payments.



Tax Deduction and Collection at Source

15. TDS on payment of accumulated balance due to an employee [Section 192A].

It is proposed to omit the second proviso to section 192A of the Act, so that in case of failure to furnishing of PAN by the person relating to payment of accumulated balance due to him, tax will be deducted at the rate of 20% as in other non-PAN cases in accordance with section 206AA of the Act, instead of at the maximum marginal rate This amendment will take effect from 1st April, 2023.

16. Removal of exemption from TDS on payment of interest on listed debentures to a resident [Section 193].

The proviso to section 193 of the Act provides exemption from TDS in respect of payment of interest on certain securities. It is proposed to omit clause (ix) of the proviso to section 193 of the Act. This amendment will take effect from 1st April, 2023.

17. TDS & Taxability on Net Winnings from Online Gaming [Section 194BA]

A new Section 194BA has been inserted to the Act which says that notwithstanding anything contained in any other provisions of this Act, any person responsible for paying to any person any income by way of winnings from any online game during the financial year shall deduct income-tax on the net winnings, at the end of the financial year at the rates in force. The provision of 194BA will be applicable from 1st day of July, 2023 and the provision of Section 194B shall cease to apply to any online gaming activity.

18. Increasing threshold limit for co-operatives to withdraw cash without TDS [Section 194N]

The Finance Bill, 2023 has amended section 194N of the Act by inserting a new proviso to provide that where a co-operative society withdraw cash from the Banks, then the threshold of 1 Cr is increased to 3 Cr in case of filers and non-filers. The new TDS on these withdrawals will be as follows:

In case of regular assessee:

Upto Rs. 3Cr	Nil TDS
Above Rs. 3Cr	TDS @ 2%

In case of non-fillers:

Above 20 Lakhs but Upto Rs. 3 Cr	TDS @ 2%
Above Rs. 3 Cr	TDS @ 5%

19. Increasing rate of TCS of certain remittances [Section 206C(1G)].

In order to increase TCS on certain foreign remittances and on sale of overseas tour packages, amendment is proposed in sub-section (1G) of section 206C of the Act and this amendment will take effect from 1st July, 2023.

The current and proposed TCS rates are tabulated as under:

S. No	Type of remittance	Present Rate	Proposed rate
1	For the purpose of any education, if the amount being remitted out is a loan obtained from any financial institution as defined 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 (i) 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.

Return of Income and Procedure of Assessment

20. In section 250(6A) of the Income-tax Act, in every appeal where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed before him under sub section (1) or transferred to him under sub-section (2) or sub-section (3) of section 246 or filed before him under sub-section (1) of section 246A, as the case may be.

21. Powers of Joint Commissioner (Appeals).

A new sub section 1A of section 251 of the Income-tax Act has been inserted that gives the following powers to the Joint Commissioner (Appeals) in disposing of an appeal;

- a) In an appeal against an order of assessment, he may confirm, reduce, enhance or annul the assessment;
- b) In an appeal against an order imposing a penalty, he may confirm or cancel such order or vary it so as either to enhance or to reduce the penalty.

22. Provisions related to business reorganization

Section 170A of the Act prescribed modified returns however there was no prescribed procedure to be followed by the Assessing Officer after the modified return is furnished by the successor entity.

Now, It is being provided that,

- a) if proceedings of assessment or reassessment for the relevant assessment year have been completed on the date of furnishing of modified return, the Assessing Officer shall pass an order modifying the total income of the relevant assessment year in accordance with the order of the business re-organisation and taking into account the modified return so furnished.
- b) Where proceedings of assessment or reassessment for the relevant assessment year are pending on the date of furnishing of modified return, the Assessing Officer shall pass an order assessing or reassessing the total income of the relevant assessment year in accordance with the order of the business re-organisation and taking into account the modified return so furnished.

23. Provisions relating to reassessment proceedings [Section 147, 148, 149, 133A, 149, 151].

Return in response to a notice under section 148 of the Act shall be furnished within three months from the end of the month in which such notice is issued, or within such further time as may be allowed by the Assessing Officer on a request made in this behalf by the assessee. However, any return which is furnished beyond the period allowed in the section 148 to furnish such return of income shall not be deemed to be a return under section 139 of the Act. As a result, the requirement of issuing notice u/s 143(2) would not be mandatory for such returns.

A new proviso has been inserted into section 149 to provide that in cases where a search under section 132 is initiated or a search for which the last of the authorization is executed or requisition is made under section 132A, after the 15th March of any financial year a period of 15 days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the notice so issued shall be deemed to have been issued on the 31st day of March of the such financial year.

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

24. In order to ensure that the inventory is valued in accordance with various provisions of law, it is proposed to amend Section 142 of the Act relating to Inquiry before the assessment to also ensure to get the inventory is valued by a cost accountant, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf and to furnish a report of such inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars, as may be prescribed, and such other particulars as the Assessing Officer may require.

25. Withholding & set off of refunds in certain cases

Section 241A is made inoperative w.e.f 1st April, 2023.

Section 245 is substituted so as to provide that where under any of the provisions of this Act, a refund is due to any person, the Assessing Officer (AO) or Commissioner (CIT) or Principal Commissioner (PCIT) or Chief Commissioner (CCIT) or Principal Chief Commissioner (PCCIT), may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against any sum remaining payable under this Act by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under this section.

Where part of the refund has been set off under above provision or where no amount is set off, and refund becomes due to a person, then AO, having regard to the fact that proceedings of assessment or reassessment are pending in such case and grant of refund is likely to adversely affect the revenue, and for reasons to be recorded in writing and with the previous approval of the CIT or PCIT, may withhold the refund till the date on which such assessment or reassessment is made.

Further, as the amendments proposed under section 245 would have an impact on cases referred to in section 244A(1A), i.e., where refund due to the assessee is required to be withheld by the AO under sub-section (2) of the proposed section till the date of the making assessment or reassessment, it is proposed to amend section 244A(1A) by inserting a proviso that in case of an assessee where proceedings for assessment or reassessment are pending, the additional interest shall not be payable to the assessee under this sub-section, for the period beginning from the date on which such refund is withheld by the AO, in accordance with and subject to provisions of sub-section (2) of section 245, till the date on which the assessment or reassessment pending in such case, is completed.

However, the proposed amendment shall not impact the existing position with regard to all other types of interest, except additional interest under sub-section (1A) of Section 244A, payable to the assessee as required under the Act.

26. Clarification regarding Interest u/s 234B while filing Updated Return

It is proposed to amend Section 140B(4) so as to provide that interest payable under Section 234B for updated return, shall be computed on an amount equal to the assessed tax as reduced by the amount of advance tax, the credit for which has been claimed in the earlier return, if any. This amendment will take effect retrospectively from 1st April, 2022.

27. Extension of time limit for rectification before Interim Board of Settlement

The Finance Act, 2021 abolished the Settlement Commission w.e.f. 01.02.2021 and the Central Government was empowered to constitute one or more Interim Boards for Settlement (IBS) but the same was constituted on 10.08.2021. As an interim measure, for settlement of applications pending with Settlement Commission as on 31.01.2021 was to be dealt at IBS.

Section 245D(9)(iv) provides that where the time-limit for amending any order or filing of rectification application as per sub-section (6B) expires on or after 01.02.2021, then the period from 01.02.2021 till the constitution of IBS shall be excluded from computing the time limit, and after such exclusion, if the time-limit available for amending the order or for making application is less than 60 days, such period shall be extended to 60 days. Therefore, as per the provisions of Section 245D(9)(iv), the period between 01.02.2021 till 10.08.2021 (when the order constituting IBS was issued) shall be excluded for computing the time-limit.

There was huge pendency before IBS as on date. In order to provide time to IBS, it proposed to be substituted with a new clause to provide that where the time-limit for amending an order or for making an application expires on or after 01.02.2021 but before 01.02.2022, then such time-limit shall stand extended to 30.09.2023.

This amendment will take effect retrospectively from 01.02.2021.

28. Introduction of a new authority “Joint Commissioner (Appeals)”

“Joint Commissioner (Appeals)” means a person appointed to be a Joint Commissioner of Income tax (Appeals) or an Additional Commissioner of Income tax (Appeals) under sub-section (1) of section 117. Such authority will have all powers, responsibilities and accountability similar to that of Commissioner (Appeals) with respect to the procedure for disposal of appeals. But an appeal cannot be filed before the JCIT(Appeals) where an order is passed by or with the approval of an income-tax authority above the rank of DCIT.

In case of transfer of appeal from CIT(A) to JCIT(A) or vice versa, the appellant shall be provided an opportunity of being reheard. The complete scheme in this regard will be notified by CBDT.

29. Increase in time-limit for assessment

The time available for completion of assessment relating to the assessment year commencing on or after the 1st day of April, 2022 shall be 12 months from the end of the assessment year in which the income was first assessable. The time available for completion of assessment proceedings in the case of an updated return is also proposed to be increased to 12 months from the end of the financial year in which such return is furnished.

Increased time limit of 12 months has been proposed by inserting 153(3A) to provide that where an assessment or reassessment is pending on the date of initiation of search under section 132 or making of requisition under section 132A, the period available for completion of assessment or reassessment, as the case may be, under the said sub-sections (1), (1A), (2) and (3) of the said section, shall be extended by 12 months in a case of an assessee where such search is initiated under section 132 or such requisition is made under section 132A or in the case of an assessee to whom any money, bullion, jewellery or other valuable article or thing seized or requisitioned belongs to or in the case of an assessee to whom any books of account or documents seized or requisitioned pertains or pertain to, or any information contained therein, relates to.

30. Assistance to authorised officer during search and seizure

Due to the increased use of technology and digitisation in every aspect including management and maintenance of accounts, digitisation of data, cloud digitization., the procedure for search & seizure has become complex, requiring the use of data forensics, advanced technologies for decoding data etc., for complete and proper analysis of accounts. Similarly, there is an increasing trend of undisclosed income being held in a vast variety of forms of assets or investments in addition to immovable property. Valuation of such assets and decryption of information often require specific domain experts like digital forensic professionals, valuers, archive experts, etc. In addition to this, services of other profession ones like locksmiths, carpenters, etc. are also required in most of the cases, due to the typical nature of the operations.

Income under the Head "Capital Gains"

31. Limiting the benefit u/s 54 & 54F in case of income arising on sale of Long term Capital Asset

An amendment is proposed in sections 54 and 54F to impose a limit of capital gain exemption under sections 54 and 54F of Rs. 10 crores. Further, if the cost of the new asset purchased is more than Rs. 10 crores, the cost of such asset shall be deemed to be Rs. 10 crores. This will limit the deduction under the two sections to Rs.10 crores.

32. Market linked Debentures [Section 50AA]

A new section has been introduced to tax the income arising on transfer or redemption or maturity of Market Linked Debentures as short-term capital gains at the applicable rates.

Such Capital gains shall be computed by taking the full value of the consideration received or accruing as a result of the transfer/redemption/maturity of the Debentures as reduced by the cost of acquisition of the debentures and the expenditure incurred wholly & exclusively in connection with transfer or redemption of such debentures

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

As per the existing provisions of sub-section (5A) of section 45, for computing the capital gains arising on the transfer of a capital asset, being land or building or both, under a Joint Development Agreement (JDA), the full value of consideration shall be taken as the stamp duty value of his share, as increased by the consideration received in 'cash'.

It has been noticed that the taxpayers are inferring that any amount of consideration which is received in a mode other than cash, i.e., cheque or electronic payment modes would not be included in the consideration for the purpose of computing capital gains chargeable to tax under sub-section (5A) of section 45. This is not in accordance with the intention of law as is evident from the provisions of section 194-IC of the Act which, inter alia, provides that tax shall be deducted on any sum by way of consideration (other than in kind), under the agreement referred to in sub-section (5A) of section 45, paid to the deductee in cash or by way of issue of a cheque or draft or any other mode.

Accordingly, it is proposed to amend the provisions of sub-section (5A) of section 45 so as to provide that the full value of consideration shall be taken as the stamp duty value of his share as increased by any consideration received in cash or by a cheque or draft or by any other mode. This amendment will take effect from the 1st day of April, 2024 and shall accordingly, apply in relation to the assessment year 2024-25 and subsequent assessment years.

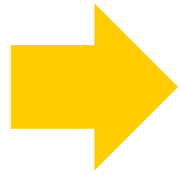
34. Conversion of Gold to Electronic Gold Receipt and vice versa

Clause 47(viid) is inserted in order to exclude conversion of actual gold to Electronic Gold Receipt (EGR) and vice versa from the definition of transfer which will result in “No Capital Gain tax”.

The cost of acquisition of the EGR or Gold shall be deemed to be the cost of gold/EGR in the hands of the person in whose name the Electronic Gold Receipt/Gold is issued and vice versa for the purpose of computing capital gains and holding period would be calculated from the date when Gold was purchased by the assessee prior to its conversion.

35. Prevention of double deduction claimed on interest on borrowed capital for acquiring, renewing or re-constructing a property [Provisio to section 48(ii)].

In order to prevent double deduction (i.e. Firstly, it is claimed as deduction u/s 24 and Secondly while computing capital gains on transfer of such property this same interest also forms a part of the cost of acquisition or cost of improvement u/s 48), it is proposed to insert a proviso after clause (ii) of section 48 so as to provide that the cost of acquisition or the cost of improvement shall not include the amount of interest claimed under section 24 or Chapter VIA. This amendment is proposed to take effect from the 1st day of April 2024.



Charitable Trust

36. Rationalisation of the provisions of Charitable Trust and Institutions [Section 10(23C), 11, 12, 12AA, 12AB, 115TD].

Depositing back of corpus and repayment of loans or borrowings:

It is further proposed to provide that if the trust or institution invests or deposits back the amount into corpus or repays the loan within 5 years of application from the corpus or loan, then such investment/depositing back into corpus or repayment of loan will be allowed as application for charitable or religious purposes provided conditions that are required to be satisfied in the case of application for charitable or religious purpose must also be satisfied.

Treatment of donation to other trusts:

It is proposed that only 85% of the eligible donations made by a trust or institution to another trust under the first or second regime shall be treated as application only to the extent of 85% of such donation.

Omission of redundant provisions related to rollback of exemption:

Now the trusts and institutions are required to apply for provisional registration before the commencement of their activities and therefore there is no need of roll back provisions provided in second, third and fourth proviso to sub-section (2) of section 12A of the Act and the same is also proposed to omit

Combining provisional and regular registration in some cases:

it is proposed to allow for direct final registration/approval in such cases in the below mentioned cases:

- a) Trusts or institutions formed or incorporated during the previous year are not able to get the exemption for that year in which they are formed or incorporated since they need to apply one month before the previous year for which exemption is sought.
- b) Besides trusts or institutions, where activities have already commenced, are required to apply for two registrations (provisional and regular) simultaneously.

Specified violations under section 12AB and fifteenth proviso to clause (23C) of section 10:

It is proposed to, insert clause (g) in Explanation 2 to the fifteenth proviso of clause (23C) of section 10 and for sub section (4) of section 12AB of the Act to provide that the “specified violation” shall also include the case where the application referred to in the first proviso is not complete or it contains false or incorrect information.

Denial of exemption where return of income is not furnished within time:

If the return of income is not furnished by a trust or institution under first regime within the time under section 139 of the Act, exemption under sub-clause (iv)/(v)/(vi)/(via) of clause (23C) of section 10 and clause (ba) of sub-section (1) of section 12A of the Act shall not be available to such trust or institution.

International Taxation

37. No set off of unabsorbed depreciation and brought forward loss to Non-residents while computing income in connection with the business of exploration, etc., of mineral oils u/s 44BB

38. No set off of unabsorbed depreciation and brought forward loss to Foreign Companies engaged in the business of civil construction, etc., in certain turnkey power projects while computing income u/s 44BBB.

39. Specified Domestic Transactions u/s 92BA have been extended by including any business transaction between the assessee and the co-operative society which opts for concessional rate of tax u/s 115BAE.

40. Reduction of response time period from 30 days to 10 days of the assessee when Assessing Officer or Commissioner (Appeals) require any information or documents required to be maintained u/s 92D. Further, the period of 10 days can be further extended by a period not exceeding 30 days.

41. Non-applicability of Thin Capitalization Rules on NBFCs (Section 94B).

Such class of NBFCs as may be notified by the Central Government in the Official Gazette will get exempted from applying thin capitalization rules.

42. Gift to Not ordinarily resident (RNOR) is taxable

The existing provision of section 9(1)(viii) of the Act regarding taxability of gifts exceeding fifty thousand rupees, received by a non-resident without consideration from a person resident in India shall be deemed to accrue or arise in India and such income is taxable. The scope of the said provisions has been extended to Resident and not ordinary resident (RNOR). In simple words, gifts received by RNOR from residents in India will now be taxable.

43. Relaxation to Non-residents w.r.t deduction of tax u/s 196A on income in respect of units of a Mutual Fund specified u/s 10(23D).

A proviso has been inserted after sub-section (1) of Section 196A to provide that where an agreement (DTAA) applies to the payee (Non-resident) and if he has submitted TRC & Form 10F, then, income tax thereon shall be deducted at the rate of twenty percent or at the rate or rates provided in such DTAA for such income, whichever is lower.

MISCELLANEOUS

1. Penalty for cash loan/transactions against primary co-operatives [Section 269SS, 269T]

For co-operative bank, primary agricultural credit society and primary co-operative agricultural and rural development bank the limit under section 269SS and 269T has been increased to two lakhs rupees from twenty thousand rupees.

2. Expanding the scope of section 56(2)(viib)

As per the existing provisions of the said section, where a closely held company receives from any resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head 'Income from other sources'.

Rule 11UA provides the formula for computation of the fair market value of unquoted equity shares for the purpose of the said section.

But, the above provisions were not applicable to consideration received from Non-Resident i.e., FDI route. Now, it is proposed that any receipt of consideration for the issue of shares from any person irrespective of his residency status to eliminate the possibility of tax avoidance.

3. Withdrawal of exemption provided to a notified news agency.

As per existing provision under clause (22B) of section 10 provides exemption to any income of a notified news agency which is set up in India solely for collection and distribution of news. The said exemption has been withdrawn w.e.f. 1st April, 2024.

4. Elimination of Double Taxation on distributed income from IFSC Banking Unit

The income received by the IFSC Banking Unit (IBU) from the investments made under the Offshore Derivative Instrument contract (ODI) is taxed as capital gains, interest, and dividend.

As per the existing provision, the only income of non-residents on transfer of ODI, i.e. capital gain, is exempt from tax u/s 10(4E). However, the distributed Income, i.e. Interest and dividend, has no such exemption. Therefore, this income is taxed twice in India i.e. when it is received by the IBU and then when it is distributed to the non-resident ODI holders.

To prevent double taxation, Section 10(4E) has been amended to include exemption for the income distributed to the non-resident ODI holders. In addition to existing provisions, this exemption on distributed income applies only if it has already been taxed in the hands of the IFSC Banking Unit.

5. Amendments for imposing penalty u/s 271AAB, 271AAC and 271AAD

Section 253 of the Act contains provisions relating to filing of appeals to the Appellate Tribunal. As per the existing provisions, Penalty order passed u/s 271AAB/AAC/AAD by the Commissioner (Appeals) are not appealable to Appellate Tribunal. Hence, it is proposed to amend clause (a) of sub-section (1) of section 253 to provide that penalty orders passed by Commissioner (Appeals) under the sections 271AAB, 271AAC and 271AAD shall also be appealable to the Appellate Tribunal.

Similarly, now appeal against an order passed under section 263 of the Act by Principal Chief Commissioner or Chief Commissioner or an order passed under section 154 of the Act in respect of any such order shall also be made to ITAT.

Earlier, a memorandum of cross-objections before ITAT can be filled only in the case of appeal against the order of CIT(A). Now, amendment has been proposed to enable filing of memorandum of cross-objections in all classes of cases against which appeal can be made to ITAT.

6. Facilitating TDS credit for income already disclosed in the return of income of past year [Sections 155(20), 244A]

It is proposed to insert a new sub-section (20) in section 155 of the Act. This new sub-section applies where any income has been included in the return of income furnished by an assessee under section 139 of the Act for any assessment year (hereinafter referred to as the “relevant assessment year”) and tax has been deducted at source on such income and paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B in a subsequent

financial year. In such a case the assessee can make an application in the prescribed form to the Assessing Officer within two years from the end of the financial year in which such tax was deducted at source. Then Assessing Officer shall amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year.

7. Rationalization of the provisions of the Prohibition of Benami Property Transactions Act, 1988 (PBPT Act).

Under the existing provisions of section 46 of the PBPT Act, any person, including the Initiating Officer (IO), aggrieved by the order of the Adjudicating Authority, may prefer an appeal to the Appellate Tribunal within a period of 45 days from the date of the order. The order often takes time to reach the office of the Initiating Officer or the approving authority and, it is difficult to file an appeal within the prescribed time limit and leads to delay in such filing. Now, the time limit of 45 days will start from the date when such order is received in the office of the Initiating Officer or the aggrieved person as the case may be.

INDIRECT TAXES

GOODS AND SERVICE TAX

Key Highlights of GST

- The restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the Composition Levy has been removed.
- The threshold for initiating prosecution proceedings has been increased to INR 2 crore from INR 1 crore.
- Some offences like tampering with evidence, failure to supply information and obstructing GST officials have been decriminalised.
- Penalties for e-commerce operators in case of contravention of provisions relating to supplies of goods made through them by unregistered person or composition tax payers has been introduced under sub-section (1B) in section 122 of the act.
- The slab for compounding of offences is reduced to 25%-100% from 50%-150%.
- A prescribed manner has been proposed for computation of period of delay and calculation of interest on delayed payment of refunds by tax authorities.
- As per the newly inserted section 158A-

The following details furnished by a registered person may be shared by the common portal with such other systems for the ease of business namely:

- a) particulars furnished in the application for registration or in the return filed
- b) the particulars uploaded on the common portal for preparation of invoice, the details of outward supplies and the particulars uploaded on the common portal for generation of documents.

- Further, For the purposes of sharing details, the consent shall be obtained, of supplier & recipient.
- As per section 12(8) of The IGST Act, 2017 The place of supply of services by way of transportation of goods, including by mail or courier to:

- a) a registered person, shall be the location of such person;
- b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation.

- “Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.”. (Omitted)

AMENDMENT IN DEFINITION

- As per section 2(16) of The IGST Act, 2017 the definition is amended as “non-taxable online recipient” means any unregistered person receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession located in taxable territory.

- As per section 2(17) of The IGST Act, 2017 the definition is amended as “Online information and database access or retrieval services” means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information technology and includes electronic services like advertising on the internet; providing cloud services; provisions of e-book, movies, music etc; online gaming etc.

INPUT TAX CREDIT

- The ITC shall not be available in respect of goods or services or both received by a taxable person, which is used for activities relating to his obligations under corporate social responsibility (CSR).
- Where a recipient fails to pay to the supplier of goods or services or both, the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be paid by him along with interest payable u/s 50 i.e., rate not exceeding 24%.

EXEMPTION FROM REGISTRATION

- GST Registration is not required for persons exclusively involved in effecting exempt/non-taxable supplies and agriculturist even if those are compulsorily required for registration under other sections. (applicable retrospectively w.e.f. 1 July 2017)

GST RETURNS & GST REFUNDS

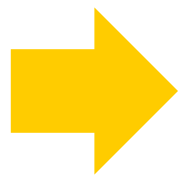
- A registered person shall not be allowed to furnish the details of outward supplies & Returns (GSTR 1, 3B, Annual returns) for a tax period after the expiry of a period of 3 years from the due date of furnishing the said details or returns. (Exceptions to be notified)
- The electronic commerce operator shall not be allowed to furnish a statement containing the details of outward supplies of goods or services or both effected through it after the expiry of a period of 3 years from the due date of furnishing the said statement.

- The proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, refund on a provisional basis, 90% of the total amount so claimed, excluding the amount of input tax credit provisionally accepted.

SCHEDULE III

- The following activities shall not be treated as either supply of goods or services retrospectively w.e.f. 1 July 2017:
 - a) 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.
 - b) Supply of warehoused goods to any person before clearance for home consumption.

Similarly, no refund shall be made in respect of GST already paid on such transactions.



CUSTOMS

Chapter V- Levy of, And Exemption from, Customs Duties

Section 25

Power to grant exemption from duty

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 agreements;
- (b) obligations under international agreements, treaties, conventions including with respect to UN agencies, diplomats, international organizations;
- (c) privileges of constitutional authorities;
- (d) schemes under Foreign Trade Policy;
- (e) Central Government schemes having a validity of more than two years;
- (f) re-imports, temporary imports, goods imported as gifts or personal baggage;

any duty of customs under any law for the time being in force including integrated tax leviable under sub-section (7) of Section 3 of the Customs Tariff Act, 1975, other than duty of customs leviable under section 12.

Chapter XIVA- Settlement of Cases

Section 127C

A new sub section (8A) to section 127 C is being inserted so as to specify a time limit of 9 months (extendable by three months) from the date of application, for disposal of the application filed before the Settlement Commission, failing which the settlement proceedings will stand abated and be disposed off by the Adjudicating Authority.

Amendments in Customs Tariff Act, 1975

Anti-Dumping Duty, Countervailing Duty & Safeguard Duty

Sections 9, 9A, 9C of the Customs Tariff Act are being amended to clarify the intent and scope of these provisions. They are also being validated retrospectively with effect from 1st January 1995.

Rationalisation of Tariff Rates

In order to simplify the tax structure, number of BCD rates are being reduced. This rationalization of BCD rate structure is being carried out in a manner so as to maintain the existing incidence of duty in certain items.

These changes need to be read with appropriate changes in Agriculture Infrastructure & Development Cess (AIDC)/Social Welfare Surcharge (SWS) rates.

The First Schedule to the Customs Tariff Act is being proposed to be amended in accordance with HSN 2022 amendments.

- New tariff lines are also proposed to be created, which will help in better identification of millet-based products, mozzarella cheese, medicinal plants and their parts, certain pesticides, telecom products, synthetic diamonds, cotton, fertilizer grade urea etc. helping in trade facilitation by better identification of the above items, getting clarity on availing concessional import duty through various notifications and thus, reducing dwell time. These changes shall come into effect from 01.05.2023.
- First Schedule & Second Schedule of Custom Tariff Act, 1975 have been amended by increasing and decreasing the rates on various items listed in the annexures attached.

Synopsis

Costlier

- Intimation Jewellery
- EV Vehicle Imports
- Imported Bicycles & Toys
- Electric Kitchen Chimney
- Cigarettes
- Silver
- Articles made from gold bars



Cheaper

- Cars
- TV Parts
- Mobile Phones
- Camera Lenses
- Lithium Ion Batteries
- Denatured Ethyl Alcohol

 **EXCISE**

Notification No. 05/2023-Central Excise dated 01.02.2023 is being issued to exempt excise duty on blended Compressed Natural Gas (CNG) from so much of the amount as is equal to GST paid on biogas /compressed bio gas contained in such blended CNG subject to the specified conditions.

AMENDMENT TO SEVENTH SCHEDULE TO THE FINANCE ACT, 2001

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:[Clause 153 read with Sixth Schedule of the Finance Bill, 2023]

Tariff item	Description	Unit	NCCD Rates (in Rs. per thousand)	
			From	To
2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	200	230
2402 20 20	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	250	290
2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	440	510
2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	440	510

2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	545	630
2402 20 90	Other	Tu	735	850
2402 20 10	Cigarettes of tobacco substitutes	Tu	600	690

ANNEXURES

Tariff Rate Changes

Commodity	Increased Rates	Decreased Rates
Chemicals - Styrene&Vinyl Chloride Monomer	2.5%	
Compounded Rubber	25% or Rs. 30 per kg., whichever is lower	
Articles of precious metals	25%	
Imitation Jewellery	25% or Rs. 600 per kg., whichever is higher	
Electric Kitchen Chimney	15%	
Bicycles	35%	
Toys and parts of toys (other than parts of electronic toys)	70%	
New or retreaded pneumatic tyres, of rubber , of a kind used on aircraft		2.5%
<ul style="list-style-type: none">• Base metals clad with silver, not further worked than semi manufactured• Gold (including gold plated with platinum) unwrought or in semi manufactured forms, or in powder form• Base metals or silver, clad with		10%

<p>gold, not further worked than semi manufactured</p> <ul style="list-style-type: none"> • Platinum, unwrought or in semi manufactured form, or in powder form • Base metals, silver or gold, clad with platinum, not further worked than semi- manufactured • Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal other than goods of heading 8549 • Coin 		
Aero planes and other aircrafts		2.5%
Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form		10% (with changes to the effective rate of Customs Duty)

Changes in Basic Custom Duty

Commodity	Rates
Pecan nuts	30%
<ul style="list-style-type: none"> • Fish lipid oil for use in manufacture of aquatic feed • Algal Prime (flour) for use in manufacture of aquatic feed • Heat Coil for use in the manufacture of Electric Kitchen Chimneys 	15 %
<ul style="list-style-type: none"> • Crude glycerin for use in manufacture of Epichlorohydrin • Acid grade fluorspar (containing by weight more than 97% of calcium fluoride) • Petrochemicals -Naphtha • Specified parts for manufacture of open cell of TV panel 	2.5%
Fish meal, Krill meal and Mineral and Vitamin Premixes for use in manufacture of aquatic feed	5%
<ul style="list-style-type: none"> • Silver (including silver plated with gold or platinum), unwrought or in semi manufactured forms, or in powder form • Silver Dore 	10%
<ul style="list-style-type: none"> • Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form . 	35%
<ul style="list-style-type: none"> • Vehicle in Completely Built Unit (CBU) form, other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol run vehicle and more than 2500 cc for diesel-run vehicles, or with both. • Electrically operated Vehicle in Completely Built Unit (CBU) form, other than 	70%

<ul style="list-style-type: none"> • Denatured ethyl alcohol for use in manufacture of industrial chemicals. • Seeds for use in manufacturing of rough lab-grown diamonds. • Specified chemicals/items for manufacture of Pre-Calcined Ferrite Powder • 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. • Vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing agencies for the purpose of testing and/ or certification, subject to conditions • Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs). 	Nil
Coal, peat, lignite	2.5 % (without any change in effective rate)
<ul style="list-style-type: none"> • Gold (including gold plated with platinum) unwrought or in semi manufactured forms, or in powder form, &Gold Dore. • Platinum, unwrought or in semi manufactured form, or in powder form other than those used in manufacture of noble metal compounds, noble metal solutions and catalytic converters. 	10% (without any change in effective rate)

***Certain Key Points**

- Changes in End Date of Exemption without any change in effective rate as with change in effective rates of duty have been made for commodities such as Ferrous waste and scrap, Raw materials for use in manufacture of CRGO steel, etc. and exemption has been extended upto 31.03.2024/ 31.03.2025.
- Conditional exemption rates of BCD prescribed in notification No. 50/2017 – customs dated 30.6.2017 have also been extended upto 31.03.2024.
- The BCD exemption for the Used bonafide personal and household effects of a deceased person is being extended for a period of five years i.e. upto 31stMarch2028.
- The exemption pertaining to Human Embryo and Monfilament Yarn, catering cabin equipment, food and drinks on re-importation by aircrafts of the Indian Airlines Corporation from foreign flights has been withdrawn.
- Certain goods are being exempted from levy of Social Welfare Surcharge (SWS) in order to maintain the total effective duty owing to rationalization of basic customs duty rates structure.

Commodities such as Silver, Silver Dore, Coal, peat, lignite, etc. shall be covered under Agriculture Infrastructure Development Cess (AIDC).

TAX RATE CARD

INCOME TAX RATES IN RESPECT OF INCOME LIABLE TO TAX FOR A.Y.2024-25

 **Slab Rate**

For Individuals

Option 1. Not opting for 115BAC

For Individuals below age of 60 years, AOI & BOI	
Total Income	Rate
Up to 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 10,00,000	20%
10,00,001 and above	30%

For Individuals
Option 1. Not opting for 115BAC

Individuals aged between 60years and below 80 years	
Total Income	Rate
Up to 3,00,000	Nil
3,00,001 to 5,00,000	5%
5,00,001 to 10,00,000	20%
10,00,001 and above	30%

For Individuals
Option 1. Not opting for 115BAC

Individuals aged 80 years and above	
Total Income	Rate
Up to 5,00,000	Nil
5,00,001 to 10,00,000	20%
10,00,001 and above	30%

For Individuals

**Option 2. For Tax Payer that has opted
taxation u/s 115 BAC of the Act.**

For Individuals, HUF, BOI, AOP (Other than Co-operative society) and AJP	
Total Income (Rs)	Rates
Up to 3,00,000	NIL
3,00,001 to 6,00,000	5%
6,00,001 to 9,00,000	10%
9,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%
15,00,001 and above	30%

For Co-operative Societies

There is no change in Income Tax Rates and is as follows:

Total Income (Rs)	Rates
Up to INR. 10,000	10%
INR. 10,001 to INR. 20,000	20%
INR. 20,001 and above	30%

However, a Co-operative society resident in India has the option to pay tax at 22%, as per the provisions of section 115BAD of the Act.

Also new section 115BAE has been inserted in the Act, which state a new manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for assessment year 2024-25 onwards.

For Local Authorities

The rate of income-tax in the case of every local authority has been same as earlier at the rate of 30%.

For Firms (including LLP)

The rate of income-tax in the case of every Firm including LLP has been same as earlier at the rate of 30%.

Domestic Companies

The rates of income tax in case of companies have been specified herein:

Option 1:

Gross Receipts or Total Turnover	Rates
< INR 400 Cr	25%
> INR400 Cr	30%

Option 2:

The Companies that opted taxation u/s 115BAA and 115BAB of the Act.

Type of Company	Rates
All Domestic Company	22%
New Domestic Manufacturing Company	15%

Conditions for opting reduced rate of 15% (section 115BAB)

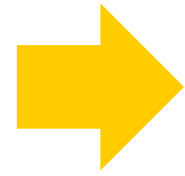
- Registered on or after 1st October 2019 and started manufacturing on or before 31st March 2024.
- Do not avail any specified exemption or incentive
- Surcharge rate for such Companies u/s 115BAB and for companies' u/s 115BAA shall be 10%.
- The Companies that opt for a reduced rate u/s 115BAB and 115BAA of the act are exempt from MAT.

For Foreign Companies

The rate of income-tax in the case of every Foreign Companies has been same as earlier at the rate of 40%.

In case the total income of the Company consists of

- a) Royalties received from Government of India in pursuance to an agreement before 1st April 1976
or
- b) fees for rendering technical services received from government in pursuance to an agreement before 1st April 1976 – Such Foreign Companies taxable @ 40%



Slab Rate

For Individuals/HUF

Option 1. Not opting for 115BAC

Income	Surcharge
Rs. 0.5-1 Cr.	10%
Rs. 1-2 Cr.	15%
Rs. 2-5 Cr.	25%
Above Rs. 5 Cr.	37%

**Option 2. Opting for 115BAC
(including AOP, BOI & AJP)**

Income	Surcharge
Rs. 0.5-1 Cr.	10%
Rs. 1-2 Cr.	15%
Above Rs. 2 Cr.	25%

In Case of Association of Persons having only company as its members – Surcharge has been restricted to 15% only.

Surcharge on Dividend income and capital gain u/s 111A, 112 and 112A will be restricted to 15% only.

In case of Co-operative Societies:

There is no change in surcharge rates and is as follows:

Total Income	Rate
Exceeding INR 1 Cr. but not exceeding 10Cr.	7%
Exceeding INR 10 Cr.	12%

However, Co-operative society opting to pay taxes as per the provision of section 115 BAD and 115 BAE are required to pay concessional surcharge at the rate of 10%

Domestic company:

There is no change in surcharge rates and are as follows:

Total Income	Rate
Exceeding INR 1 Cr. but not exceeding 10Cr.	7%
Exceeding INR 10 Cr.	12%

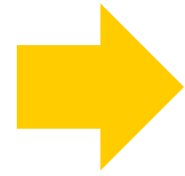
Foreign company:

There is no change in surcharge rates and are as follows:

Total Income	Rate
Exceeding INR 1 Cr. but not exceeding 10Cr.	7%
Exceeding INR 10 Cr.	12%

Surcharge will also be applicable at the appropriate rates for the persons liable to pay tax under section 115JB.

In other case, the surcharge will be leviable at the rate of 12% of Income Tax



Education Cess

Cess at the rate of 4% in the name of “HEALTH AND EDUCATION CESS ON INCOME TAX” shall be leviable on the amount of tax, inclusive of surcharge.

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