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CHARTERED ACCOUNTANTS



UNION  BUDGET  
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This booklet summarizes the important proposals included in the budget speech made by the Honourable Finance Minister on 1st February, 2023. Whilst every care has been taken in the preparation of this document it may contain inadvertent errors for which we shall not be held responsible. It must be stressed that the Finance Bill may contain proposals which have not been referred to in the budget speech and additionally, the detailed proposals are liable to amendment during the passage of the Finance Bill through Parliament. The information given in this document provides a bird's-eye view on the changes proposed and should not be relied for the purpose of economic or financial decision. Each such decision would call for specific reference of the relevant statutes and consultation of an expert.

## **CONTENTS**

Foreword.....	02
Rates of Taxes .....	05
Provisions Relating to Withholding Taxes .....	09
Amendments and Incentives to Co-Operative Societies.....	12
Amendments in Relation to Presumptive Taxation Schemes .....	15
Amendments and Relief in Relation to Startup Taxation .....	17
Tax Incentive to IFSC .....	18
Agnipath Scheme 2022 .....	19
Taxation in Relation to Winnings From Online Gaming/ Lotteries/ Horse Races, etc .....	20
Penalty and Prosecution.....	21
Incentive to MSME.....	23
Widening and Deepening of Tax Base/ Anti-Avoidance.....	24
Amendments for Improving Tax Compliance and Administration .....	29
Amendments in Relation to Trust Taxation.....	33
Rationalization of Certain Provisions of the Act .....	41
Other Amendments .....	43
Rates of TDS applicable .....	46
Customs .....	66
Excise .....	87
Goods And Services Tax.....	88
The Central Sales Tax Act, 1956 .....	92



## FOREWORD.....

Smt. Nirmala Sitharaman, presented the Union Budget 2023-24, the first budget of “Amrit Kaal” on February 01, 2023, which is viewed as a forward-thinking budget having a positive tone. In her budget speech, the finance minister, has presented a distinctive set of measures with a focus on economic growth, job creation and stable macro-economic environment.

The Budget focuses to develop India as an empowered and inclusive economy which is technology-driven and knowledge-based economy with strong public finances and a robust financial sector. Despite a massive global economic slowdown caused by Covid-19 and a War, India’s current economic growth is estimated to be 7%, which is the highest amongst the major economies.

Top priorities in “Amrit Kaal” to ensure an empowered and inclusive economy are – Opportunities for Citizen with focus on Youth, Growth and Job Creation and Strong and Stable Macro-Economic environment.

Opportunities which can be transformative in the Journey to “India@100” are:

Economic Empowerment of Women	PM Vishwakarma Kaushal Samman
<ul style="list-style-type: none"><li>It is proposed to have large producer enterprises or collectives having several thousand members to help achieve economic empowerment of Self-Help Groups under the <b>“Deendayal Antyodaya Yojana National Rural Livelihood Mission”</b>.</li></ul>	<ul style="list-style-type: none"><li><b>“PM VIKAS”</b> scheme will be enabled to improve the quality, scale and reach of traditional artisans and craftspeople products, integrating them with the MSME value chain.</li></ul>
Tourism	Green Growth
<ul style="list-style-type: none"><li>Large potential to be tapped in tourism. Huge opportunities for jobs and entrepreneurship for youth. Active participation of states, convergence of government programmes and public-private partnerships.</li></ul>	<ul style="list-style-type: none"><li>Programmes being implemented for green fuel, green energy, green farming, green mobility, green buildings and green equipment. Policies to be set for efficient use of energy across sectors. Aims to provide large scale green job opportunities.</li></ul>

Finance Minister, Smt. Nirmala Sitharaman, with an emphasis on **“Sabka Saath, Sabka Vikaas”**, presented the budget around seven key pillars, complimenting each other and act as **“Saptarishi”** guiding us through **“Amrit Kaal”**, namely,

1. Inclusive development;
2. Reaching the last mile;



3. Infrastructure and investment;
4. Unleashing the potential;
5. Green growth;
6. Youth power; and
7. Financial sector.

A plethora of policy announcements have been made in the Budget, major announcements being:

- To ensure better job creations and to drive the economy, ₹ 10 Lakh Crores of Capital investment outlay has been proposed for the third year in a row. Capital Outlay of ₹ 2.4 Lakh Crores has been provided for Railways, which is the highest ever allocation to this sector. To further improve the regional connectivity, 50 new airports, heliports, water aerodromes and landing grounds will be revived.
- On the Agricultural sector front, credit target is set to be increased to ₹ 20 Lakh crores. Additionally, Agriculture Accelerator Fund is to be set up for agri-startups by young entrepreneurs in Rural areas.
- To further boost the momentum of Start-ups, the period of Incorporation of eligible start-ups is proposed to be extended to 31st March, 2024 for availing the benefits under the Income Tax Act, 1961. Additionally, the period of benefit to carry forward the losses in case of change in shareholding pattern is proposed to be extended to 10 years from the date of incorporation from the existing period of 7 years.
- For enhancing ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalised. Further, a simplified KYC process is proposed to be adopted for meeting the needs of Digital India.
- 3 Centres for Excellence for Artificial Intelligence to be set up in top educational institutions to realise the vision of: “Make AI in India and Make AI works for India”
- 100 labs to be setup for developing applications using 5G services to be set up in engineering institutions.
- On the green growth front, capital investment of ₹ 35,000 crores towards energy transition have been proposed.
- To extend support to MSME, infusion of ₹ 9,000 crores in the corpus of Credit Guarantee scheme for MSME has been provided for. On the Direct tax front, the threshold limit for availing the benefit of Presumptive Taxation has been enhanced for small business and small professionals.



# INDIA 20 BUDGET 23

- Income Tax limit has been revised from existing slab rate of ₹ 5 Lakhs to ₹ 7 Lakhs under the new regime, which is proposed to be the default tax regime. The maximum surcharge under the new regime is proposed to be capped at 25%.
- A slew of changes has also been made to the schemes under the Income Tax Act, 1961, for Charitable organisations, faceless assessments and penalty related provisions, rationalising time limits under Transfer Pricing Proceedings and search and seizure related provisions.

To conclude, the Budget focused on overall economic growth; inclusive development covering farmers, women, youth, OBCs, Scheduled Castes, Scheduled Tribes and overall priority to underprivileged; continuous policy reforms in almost all sectors; trust-based governance for ease of doing business, and supportive business environment for all including startups and MSMEs. This will ensure that India is in a position to sustain growth and boost its march to Global leadership.



## RATES OF TAXES

### Personal Tax (Normal tax Regime)

The tax rates have remained the same as in the earlier year.

#### (A) For Individuals, HUFs, AOPs, BOIs [not covered in (B) & (C) below]

Total Income	Rates of Tax (%)		
	Tax Rate (%)	Cess @ 4%(%)	Effective Rates (%)
Upto ₹ 2,50,000	0.00%	0.00%	0.00%
₹ 2,50,001 to ₹ 5,00,000	5.00%	0.20%	5.20%
₹ 5,00,001 to ₹ 10,00,000	20.00%	0.80%	20.80%
Above ₹ 10,00,000	30.00%	1.20%	31.20%

#### (B) Resident Senior individuals (Age 60 years or more)

Total Income	Rates of Tax (%)		
	Tax Rate (%)	Cess @ 4%(%)	Effective Rates (%)
Upto ₹ 3,00,000	0.00%	0.00%	0.00%
₹ 3,00,001 to ₹ 5,00,000	5.00%	0.20%	5.20%
₹ 5,00,001 to ₹ 10,00,000	20.00%	0.80%	20.80%
Above ₹ 10,00,000	30.00%	1.20%	31.20%

#### (C) Resident Very Senior individuals (Age 80 years or more)

Total Income	Rates of Tax (%)		
	Tax Rate (%)	Cess @ 4%(%)	Effective Rates (%)
Upto ₹ 5,00,000	0.00%	0.00%	0.00%
₹ 5,00,001 to ₹ 10,00,000	20.00%	0.80%	20.80%
Above ₹ 10,00,000	30.00%	1.20%	31.20%



## Surcharge for Individuals, HUFs, AOPs, BOIs

Existing Surcharge*		Proposed Surcharge*	
Total Income	Rate of surcharge	Total Income	Rate of surcharge
Upto ₹ 50,00,000	0%	Upto ₹ 50,00,000	0%
₹ 50,00,001 - ₹ 1,00,00,000	10%*	₹ 50,00,001 - ₹ 1,00,00,000	10%
₹ 1,00,00,001 - ₹ 2,00,00,000	15%*	₹ 1,00,00,001 - ₹ 2,00,00,000	15%
₹ 2,00,00,000 - ₹ 5,00,00,000	25%*	₹ 2,00,00,000 - ₹ 5,00,00,000	25% ^
₹ 5,00,00,000+	37%*	₹ 5,00,00,000+	37% ^

[\*Note: However, assessee would be entitled to Marginal Relief]

[^ Note: The surcharge shall not exceed 15% in case for:

- Dividend Income,
- Capital Gains taxed u/s 111A, u/s 112 & u/s 112A,
- Foreign Institutional Investor - for income in the form of Dividends & Capital Gains (as referred to in S. 115AD (1)(b)); and
- An Association of Persons consisting of only companies as its members.

**It is pertinent to note that the benefit of capping the surcharge at 15 % for Dividend or Capitals Income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s, 115AD.**

## Rebate for Resident Individuals

The rebate u/s 87A will remained changed at INR 12,500/- for resident individuals whose total income is not exceeding INR 5,00,000/- . The amount of rebate will be the actual tax payable or ₹ 12,500/-, whichever is lower

## Personal Tax (New Regime 115BAC amended rates)

### (A) For Individuals, HUFs, AOPs, BOIs

Existing Slab Rate (Applicable for AY 2023-24)	
Total Income	Tax Rate (%)
Upto ₹ 2,50,000	0.00%
₹ 2,50,001 to ₹ 5,00,000	5.00%
₹ 5,00,001 to ₹ 7,50,000	10.00%





Existing Slab Rate (Applicable for AY 2023-24)	
Total Income	Tax Rate (%)
₹ 7,50,001 to ₹ 10,00,000	15.00%
₹ 10,00,001 to ₹ 12,50,000	20.00%
₹ 12,50,001 to ₹ 15,00,000	25.00%
Above ₹ 15,00,000	30.00%

Proposed Slab Rates* (Applicable for AY 2024-25)	
Total Income	Tax Rate (%)
Upto ₹ 3,00,000	0.00%
₹ 3,00,001 to ₹ 6,00,000	5.00%
₹ 6,00,001 to ₹ 9,00,000	10.00%
₹ 9,00,001 to ₹ 12,00,000	15.00%
₹ 12,00,001 to ₹ 15,00,000	20.00%
Above ₹ 15,00,000	30.00%

Existing Surcharge* (Applicable for AY 2023-24)		Proposed Surcharge* (Applicable for AY 2024-25)	
Total Income	Rate of surcharge	Total Income	Rate of surcharge
Upto ₹ 50,00,000	0%	Upto ₹ 50,00,000	0%
₹ 50,00,001 - ₹ 1,00,00,000	10%*	₹ 50,00,001 - ₹ 1,00,00,000	10%*
₹ 1,00,00,001 - ₹ 2,00,00,000	15%*	₹ 1,00,00,001 - ₹ 2,00,00,000	15%*
₹ 2,00,00,000 - ₹ 5,00,00,000	25%*	₹ 2,00,00,000 +	25% <sup>^</sup>
₹ 5,00,00,000+	37%*	-	-

[\*Note: However, assessee would be entitled to Marginal Relief]

[<sup>^</sup>Note: The surcharge shall not exceed 15% in case for:

- Dividend Income,
- Capital Gains taxed u/s 111A, u/s 112 & u/s 112A,
- Foreign Institutional Investor - for income in the form of Dividends & Capital Gains (as referred to in S. 115AD (1)(b)); and
- An Association of Persons consisting of only companies as its members



# INDIA 20 BUDGET 23

It is pertinent to note that the benefit of capping the surcharge at 15 % for Dividend or Capitals Income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s, 115AD.

## Rebate for Resident Individuals

Vide Finance Bill 2023, the rebate u/s 87A has been increased to ₹ 25,000/- for resident individuals whose total income does not exceed ₹ 7,00,000/-. The amount of rebate shall be the actual tax payable or ₹ 25,000/-, whichever is lower.

## Surcharge

The highest surcharge rate of 37 per cent has now been reduced to 25 per cent.



## PROVISIONS RELATING TO WITHHOLDING TAXES

### ❖ Relief from special provision for higher rate of TDS/TCS for non-filers of income-tax returns [Section 206AB/206CCA]

Section 206AB and Section 206CCA of the Act deal with special provisions of TDS and TCS respectively for non-filers of income-tax return, for deduction and collection of tax at source at a higher rate, where payment is made to or there is a receipt from specified persons.

‘Specified person’ is defined under sub-section 3 of Section 206AB/206CCA as a person:

- i) who has not filed the return of income for financial year immediately preceding the financial year in which tax is to be deducted; and
- ii) aggregate of tax deducted at source and tax collected at source in his case is ₹ 50,000/- or more for each of these years

and excludes a non-resident who does not have a Permanent Establishment in India as per proviso to the section 206AB(3)/ 206CCA(3). The above definition of ‘Specified Person’ could, therefore, include a person who is otherwise not required to furnish the return of income under the law and thus the person could fall in the category of non-filers of income-tax returns.

In order to provide relief in such cases, Finance Bill 2023 now proposes to exclude such person who is not required to furnish the return of income under the law and who is notified by the Central Government in the Official Gazette in this behalf.

This amendment will take effect from 1st April, 2023.

### ❖ Increasing rate of TCS of certain remittances [Section 206C(1G)]

Section 206C deals with TCS on various transactions and sub-section (1G) includes foreign remittance through the Liberalised Remittance Scheme (‘LRS’) and sale of overseas tour package. The said sub-section is amended to increase the rates as tabulated below:

Sr. No	Type of Remittance	Current scenario	Proposed scenario
1.	For education purposes, if the amount being remitted out is a loan obtained from any financial institution as defined in Section 80E	0.5% of amount or the aggregate of the amounts in excess of ₹ 7,00,000	No change



2.	For education purposes (other than 1. above) or for medical treatment	5% of amount or the aggregate of the amounts in excess of ₹ 7,00,000	No change
3.	Overseas tour package	5% without any threshold limit	20% without any threshold limit
4.	Any other case	5% of amount or the aggregate of the amounts in excess of ₹ 7,00,000	20% without any threshold limit

This amendment will take effect from 1st July 2023.

### ❖ **TDS on payment of accumulated balance due to an employee [Section 192-A]**

Section 192A provides for TDS on payment of accumulated balance due to an employee under the Employees' Provident Fund Scheme, 1952 at the rate of 10% of the lump sum payment due to an employee where the payment is Rs 50000/- or more. Further, if no PAN is furnished, the tax is required to be deducted at the maximum marginal rate. It has now been proposed to delete the proviso which states that TDS shall be deducted at maximum marginal rate. Thus, in such cases now the TDS shall be 20% in terms of section 206AA.

This amendment will take effect from 1st April, 2023.

### ❖ **Removal of exemption from TDS on payment of interest on listed debentures to a resident [Section 193]**

Section 193 of the Act provides for TDS on payment of any income to a resident by way of interest on securities.

Clause (ix) of the section 193 provides that no tax is to be deducted in the case of any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (32 of 1956) and the rules made thereunder. The said clause(ix) of the proviso to section 193 of the Act is proposed to be omitted and therefore, TDS on interest on such securities shall now be deductible.

This amendment will take effect from 1st April, 2023.

### ❖ **Extending the scope for deduction of tax at source to lower or nil rate [Section 197]**

The assessing officer can grant a certificate of tax deduction at lower or nil rate as per Section 197. The Assessee is required to apply to the assessing officer where tax is required to be deducted under sections specified in section 197 of the Act for the purpose of issuance of certificate for lower withholding of tax.



A business trust paying interest income to non-resident unit holders is required to deduct TDS at 5% under section 194LBA. Since Section 194LBA was not mentioned in specified section list of Section 197, the benefit of applying to the assessing officer and claiming lower or nil deduction of TDS was not available to the non-resident assessee.

Thus, Section 197 is proposed to be amended to include Section 194LBA so that non-resident unit holders of business trust shall also be eligible for certificate of deduction at lower rate.

This amendment will take effect from 1st April, 2023.

❖ **Extending the scope for deduction of tax at source to lower or nil rate [Section 196A]**

Any person making payment to a non-resident (not being a company) or a foreign company, being in the nature of income from units of a mutual fund is required to deduct TDS at the rate of 20%.

However, where India has entered into Double Tax Avoidance Agreements (DTAA) with the foreign country and where such agreement provides a benefit in the form of lower tax rate, non-residents were not able to claim such benefit for tax deduction.

Thus, in order to provide relief to non-resident taxpayers a proviso is proposed to be inserted to Section 196A(1) stating that TDS shall be deducted at 20% or rate provided in DTAA, whichever is lower.

This amendment will take effect from 1st April, 2023.



## AMENDMENTS AND INCENTIVES TO CO-OPERATIVE SOCIETIES

### ❖ **Increasing threshold limit for co-operatives to withdraw cash without TDS [Section 194N]**

Previously, section 194N of the Act provided for levy of TDS at the rate of 2 per cent on cash payments in excess of ₹ 1 crore in aggregate made during the year, by a banking company or cooperative bank or post office, to any person from an account maintained by the recipient with it.

The Finance Bill 2023 has proposed to increase the threshold limit for co-operative societies to 3 crores to withdraw cash without implication of TDS.

This amendment will take effect from 1st April, 2023.

### ❖ **Insertion of new section 115BAE – Tax on income of certain new manufacturing co-operative societies.**

Under the existing provision of section 115BAD, a resident Co-operative society in India can opt for Tax Rate of 22% from AY 2021-22 along with surcharge at the rate of 10% on such tax subject to certain conditions specified therein.

It is proposed to enact a new provision i.e., section 115BAE to cover the category of new manufacturing co-operative society under the ambit of taxation. The relevant factors of this provisions is highlighted as under:

1. A co-operative society being set up on or after 01.04.2023 which will engage in manufacturing or production activity on or before 31.03.2024 may opt to pay tax at a concessional rate of 15% from AY 2024-25 along with surcharge at the rate of 10% on such tax. Further, please note that concessional rate of Tax can be availed on satisfaction of certain conditions.
2. If the total income of such co-operative society includes any income which is not related to the manufacturing or production activity of any article or thing and for which no specific tax rate is provided under this chapter then such income shall be liable to tax at the rate of 22% without granting any deduction in respect of any allowance or expenditure.
3. In case of any income received by way of short-term capital gains arising on transfer of capital asset and no depreciation on such asset is allowable under the act, then the applicable rate of tax on such short-term capital gains shall be 22%.



4. The option of concessional rate of tax shall not be valid, if the conditions prescribed here under are not satisfied:
- a. The co-operative society will be set-up and gets registered on or after 01.04.2023 and commence manufacturing or production activity prior to 31.03.2024.
  - b. The business is not formed by spilt-up or reconstruction of an existing business
  - c. The co-operative society does not use any machinery or plant previously used for any purpose. However, if the machinery or plant which is previously used for any purpose and put to use by such co-operative society does not constitute more than 20% of value of total machinery or plant then this condition is deemed to have been satisfied. Further, following are the exceptions to this condition:
    - i. Any machinery or plant was not used in India prior to the date of installation.
    - ii. Any machinery or plant is imported in India.
    - iii. No deduction in respect of depreciation of such machinery or plant was allowed or is allowable under the provisions of this act in computing total Income of any person for any period prior to the installation date of such machinery or plant.
  - d. The co-operative society is not engaged in any business other than business of manufacture or production of any article or thing and research in relation to such article or thing. The business of manufacture or production of any article or thing shall include business of “generation of electricity” but will exclude the following:
    - i. Development of computer software in any form
    - ii. Mining
    - iii. Conversion of marble blocks or similar items into slabs
    - iv. Bottling of gas into cylinder
    - v. printing of books or production of cinematograph film; or
    - vi. any other business as may be notified by the Central Government in this behalf.
  - e. the total income of such co-operative society is computed:



- i. without any deduction in respect of (a) payments made towards Special Economic Zone Re-investment Reserve Account as per Section 10AA or (b) depreciation on new machinery or plant or (c) tea/coffee/rubber development account or (d) site restoration account or (e) payment to scientific research association or (f) payment for the purpose of scientific research or (g) payment towards research in social science or statistical research or (h) payment to a national laboratory or university or IIT for scientific research undertaken for a program approved by the prescribed authority or (i) payment towards specified business prescribed under section 35AD or (j) expenditure on agriculture extension project or (k) under any of the provisions of Chapter VI-A excluding section 80JJAA.

*It is pertinent to note here that the deduction for income of co-operative society as mentioned under section 80P of the act is not considered as eligible deduction for the purpose of this section.*

- ii. without set-off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i) above. The loss and depreciation shall be deemed to have been given full effect and no further deduction shall be allowed.
- iii. By claiming the depreciation under section 32

The provision of this section shall apply only if the co-operative society exercises the option in the prescribed manner before due date mentioned in section 139(1) for furnishing first return of income for previous year relevant assessment year 2024-25 and subsequent assessment years. Once the option is exercised it shall apply to subsequent assessment years and once the option is exercised in any of the previous years, it shall not be allowed to be withdrawn for same or any other previous year.

#### ❖ **Insertion of new clause in Section 92BA – Specified Domestic Transactions**

The Finance Bill, 2023 proposes to cover the business transactions between the assessee and co-operative society referred to in sub-section (4) of section 115BAE within the ambit of specified domestic transaction for the purpose of transfer pricing compliance.

This amendment will take effect from 1st April, 2024

#### ❖ **Tax on income of certain resident co-operative societies [Section 115BAD]**

The provisions of Section 115BAE is included in non-obstante clause in section 115BAD and hence, section 115BAE is not subject to provisions of Section 115BAD.

This amendment will take effect from 1st April, 2024





## AMENDMENTS IN RELATION TO PRESUMPTIVE TAXATION SCHEMES

### ❖ **Increasing Threshold Limits for Presumptive Taxation Scheme**

Section 44AD/44ADA

Section 44AD of the Act, provides for a presumptive income scheme for small businesses and section 44ADA provides for a presumptive income scheme for small professionals . This scheme applies to certain resident assesseees (i.e., an individual, HUF or a partnership firm other than LLP) carrying on eligible business and having a turnover or gross receipt of not exceeding two crore rupees. In case of professionals the said limit is fifty lakh rupees.

Now, in the case of person engaged in carrying on business, it has been proposed to increase the limit of two crores rupees to three crores rupees, provided the aggregate amount received during the previous year, in cash, does not exceed five per cent of the total gross receipts.

Further, in case of professionals, it is proposed to increase the limit of fifty lakhs to seventy-five lakhs, provided the aggregate amount received during the previous year, in cash, does not exceed five per cent of the total gross receipts.

This amendment shall be effective from 1st April 2024

### ❖ **Exclusion of professionals under presumptive taxation scheme from tax audit [Section 44AB]**

As per Section 44AB of the Act, every person carrying on business is required to get his accounts audited, if his total sales, turnover, or gross receipts, in business exceeds one crore rupees in any previous year or exceeds ten crore rupees, if 95% of the receipts or payments are in non-cash mode. Tax audit is also applicable to any person carrying on profession if the gross receipts exceed fifty lakh rupees.

Further, any person carrying on business and declaring profits and gains as per presumptive scheme is excluded from the ambit of tax audit.

Now, it has been proposed to exclude professionals also who declare income under presumptive scheme from the ambit of tax audit.

This amendment shall be effective from 1st April 2024



## ❖ Preventing Misuse of Presumptive Taxation Scheme For Non-Residents [Section 44BB & Section 44BBB]

Section 44BB of the Act provides for presumptive scheme in the case of a non-resident assessee who is engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire, used or to be used, in the prospecting for, or extraction or production of, mineral oils.

Section 44BBB of the Act offers presumptive scheme for a non-resident foreign company engaged in the business of civil construction or erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government..

It was observed that the taxpayers opt in and opt out of the presumptive scheme to benefit from both presumptive and non-presumptive schemes. If they have loss in a year, they claim loss as per book of accounts and carry it forward and when they have profit they use presumptive scheme to limit their profit to 10% and set it off with brought forward losses from earlier years. To avoid this, a new sub-section has been proposed to be inserted wherein if the taxpayer opts in for presumptive scheme then no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.

This amendment shall be effective from 1st April 2024



## **AMENDMENTS AND RELIEFS IN RELATION TO STARTUP TAXATION**

### **❖ Relief to start-ups in carrying forward and setting off of losses [Section 79]**

Proviso to section 79 provided that eligible startups registered under section 80-IAC were eligible to carry forward and set-off losses incurred during first seven years of incorporation even if there was change in shareholding of more than 49% subject to condition that all shareholders holding shares during the year in which loss was incurred continue to be shareholder in the year in which such loss is set-off. Now it has been proposed to extend the benefit of proviso to losses incurred during first ten years of incorporation subject to fulfillment of condition relating to continuation of shareholders as stated above.

### **❖ Extension of date of incorporation for eligible start-up for exemption [Section 80-IAC]**

Section 80-IAC provides various benefits to eligible start-up provided it is incorporated by 31st March, 2023. This period has now been extended to 31st March 2024 .



## TAX INCENTIVE TO IFSC

- ❖ **Tax Incentives to International Financial Service Centre [Section 47]**
- a) **Insertion of Section 47(viid) Conversion of Gold to Electronic Gold Receipt and vice versa**

Under current regime, transfer of gold into electronic form ('EGR') and vice versa would be chargeable to Income Tax.

However, to promote the concept of electronic gold, it is proposed to excluded the conversion of physical form of gold into EGR and vice versa by a SEBI registered Vault Manager from the purview of the 'transfer' for the purposes of Capital Gains. Accordingly, no capital gain shall arise on such transfer.

This amendment will take effect from 1st April,2024.

## TAX INCENTIVES TO INTERNATIONAL FINANCIAL SERVICES CENTRE

- ❖ **Extension of date for transfer of assets (Amendment to Section 47(viiad))**
- ❖ **Exemption to income distributed on the offshore derivative instruments entered into with an offshore banking unit of an IFSC (Amendment to section 10(4E))**

Section 47(viiad) of the Act excluded the transfer of a capital asset being fund located outside India to IFSC from the scope of capital gain taxation if the transfer is made before 31st March 2023. This date is now proposed to be extended to 31st March 2025

The income earned by the IFSC banking units from their investment in the Indian securities is taxed in the hands of the IFSC banking units as capital gains, dividends, and interest under section 115AD of the Act. Further, only the transfer of the offshore derivative instruments ('ODI') is exempt in the hands of the non-resident ODI holders. There is no exemption on the income distributed by the IFSC banking units to the non-resident ODI holders which lead to double taxation in India i.e. first in the hands of the IFSC banking units and second in the hands of the non-resident ODI holders.

In order to remove such double taxation, a new clause (4E)(ii) of section 10 is proposed to be inserted to provide an exemption to the non-resident ODI holders on the income distributed by the IFSC banking units, which fulfils the prescribed conditions. However, it is also provided that such an exemption shall be limited only to the amount taxable in the hands of the IFSC banking unit under section 115AD.

This amendment will take effect from 1st April 2024



## AGNIPATH SCHEME 2022

### ❖ Contribution to Agniveer Corpus Fund [Section 17]

Section 17(1) provides the types of income treated as salary under the head 'Income from Salaries'. Now, it has been proposed that the contribution made by the Central Government to the Agniveer Corpus Fund account of an individual, shall be treated as salary of that individual.

Correspondingly, section 80CCH has been introduced to allow such individual, deduction of the whole amount deposited by him and the amount contributed by the Central Government to his account in the Agniveer Corpus Fund. Such deduction is allowed even under the new regime.

Further, it is proposed that any payment received from the Agniveer Corpus Fund by a person enrolled under the Agnipath Scheme 2022, or his nominee, shall be exempted from income tax as per new clause (12C) to section 10 of the Act.

These amendments shall take effect from 1st day of April 2023.



## TAXATION IN RELATION TO WINNINGS FROM ONLINE GAMING/ LOTTERIES/ HORSE RACES, ETC

### ❖ **TDS on winnings from online games [Insertion of new section 194BA]**

A new section 194BA is proposed to be inserted which provides for deduction of tax at source at the rate in force which is of 30% under section 115BBJ ( proposed ) on net winnings from online gaming in the user account at the end of the financial year.

Further, it has been proposed that in case there is withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on net winnings comprised in such withdrawal.

In addition, income-tax shall also be deducted on the remaining amount of net winnings in the user account at the end of the financial year. Net winnings shall be computed in the prescribed manner.

The amendment shall take effect from 1st July, 2023.

### ❖ **TDS on winnings from lottery or crossword puzzles, etc. [Section 194B]**

As per section 194B of the Act, the person who is responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle, card game and other game of any sort in an amount exceeding ₹ 10,000 is required to deduct income-tax thereon at thirty percent.

It has been proposed to provide that deduction of tax shall be on the amount or aggregate of the amounts exceeding ₹ 10,000 during the financial year and not per transaction.

Further, it has been proposed to widen the scope of section 194B of the Act to include “gambling or betting of any form or nature whatsoever”. This means that any form of gambling or betting (except online gaming which is separately covered) has been brought under the purview of section 194B of the Act and winnings from such activities will be subject to TDS at the rate of 30 percent under section 194B if the aggregate amount during the financial year exceeds ₹ 10,000.

Amendment will respect to scope of definition will take effect from 1st April, 2023.

This amendment will take effect from 1st July, 2023.

### ❖ **TDS on winnings from horse races [Section 194BB]**

Section 194BB of the Act provides for deduction of tax at the rate of 30 per cent on any income exceeding ₹ 10,000 generated from winning of horse races.

Finance Bill 2023 has proposed to provide that deduction of tax shall be on the amount or aggregate of the amounts exceeding ₹ 10,000 during the financial year and not per transaction.

This amendment will take effect from 1st April, 2023.



## PENALTY AND PROSECUTION

### ❖ **Mode of taking or accepting certain loans, deposits and specified sum (Section 269SS) and Mode of repayment of certain loans or deposits (Section 269T)**

Section 269SS and 269T provide for the mode of taking or accepting certain loans or deposits and its repayment where the amounts involved were ₹ 20,000 or more with certain persons being specifically excluded. The Finance Bill 2023 proposes to raise this limit to ₹ 2,00,000 or more only for Primary Agricultural Credit Societies (“PACS”) or Primary Co-Operative Agricultural and Rural Development Bank (“PCARD”) with respect to loans and deposits taken by them, and their corresponding repayment.

It is pertinent to note that PCAS and PCARD were not specifically mentioned in Sec 269SS or Sec 269T and are now specified in these sections.

### ❖ **Penalty for failure to deduct tax at source [Section 271C]**

The provisions of section 271C is proposed to be amended to extend its applicability to impose penalty for failure to ensure payment of tax as required under provisions of section 194R (Deduction of tax on benefit or perquisite in respect of business or profession) and section 194S (Payment on transfer of virtual digital assets)

The amendments will take effect from the 1st day of April, 2023.

### ❖ **Penalty for furnishing inaccurate statement of financial transaction or reportable account [Section 271FAA]**

The existing provision of Section 271FAA levies a penalty with respect to furnishing inaccurate statement of financial transaction or reportable account amounting to fifty thousand rupees.

The Finance Bill, 2023 proposes to amend the section 271FAA of Income Tax Act to insert a new sub-section to provide that, in addition to the above penalty, a penalty amounting to five thousand rupees shall also be imposed on the prescribed reporting financial institution for every inaccurate information in the statement furnished even though the inaccuracy in such statement is due to false or inaccurate information furnished by the holder or holders of relevant reportable account or accounts.

Also, the prescribed reporting financial institution is entitled to recover the said amount of penalty from the account holder or retain the moneys in its possession or from every reportable account holder an amount equal to the sum paid.

The amendment will take effect from 1st April, 2022



## ❖ Decriminalisation of Section 276A

Sec 276A contains provisions regarding prosecution of a liquidator in case he failed to give notice of his appointment, or fails to set aside the amount or parts with the assets of the company in contravention of the provisions given in Section 178 of the Act. As per this section the liquidator would be punished with an imprisonment for a term not less than two years.

The Finance Bill, 2023 proposes to insert a proviso so as to discontinue the provisions of this section by providing a sunset clause and accordingly no further proceedings shall be initiated with effect from 1st April, 2023.

## ❖ Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B [Section 276B]

Sec 276B contains provisions regarding prosecution of a person who has not paid to the Central Government *inter alia* TDS deducted as per the provisions of Chapter XVII-B

With the introduction of Sec 194R (*TDS on perquisite of business and profession*) and Sec 194S (*TDS on payment of transfer of Virtual Digital Asset*) in the Finance Act, 2022 and Sec 194BA (*TDS on winnings from online gaming*) in the Finance Bill, 2023 the prosecution provisions under Section 276B have now been proposed to be extended to non-compliance u/s 194R, 194S, & 194BA.

The amendment shall take effect from 1st April, 2023 w.r.t. non-compliance of provisions of Sections 194R and 194S.

The amendment shall take effect from 1st July, 2023 w.r.t. non-compliance of Section 194BA.





## INCENTIVE TO MSME

### ❖ **Inclusion of payments made to MSME within the scope of Section 43B**

In order to encourage timely payments to micro and small enterprises (MSME), it is proposed to include payments made to such enterprises within the ambit of section 43B of the Act. Accordingly, it is proposed to provide that any sum payable to MSME beyond the time limit specified in Section 15 of the MSMED Act (15 days or 45 days as the case may be) shall be allowed as deduction only on actual payment.

It is also proposed that payments made to MSMEs beyond the time limit prescribed in the MSMED Act, shall not be allowed as deduction even if the same is made before due date of filing return of income under section 139(1).

This amendment will apply from AY 2024-25.



## WIDENING AND DEEPENING OF TAX BASE/ ANTI-AVOIDANCE

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

Section 45(5A) provides for chargeability of Capital Gains in the hands of Individual/ HUF on transfer of property to the builder for redevelopment purpose as income for the Previous year in which the certificate of completion (COC) for the whole or part of the project is issued by the competent authority.

As per section 48, the sale consideration for the above proviso shall be considered to be the stamp duty value on the date of issue of the COC, of his share, as increased by the consideration received in cash.

Since the section 48 provides only for 'Cash' consideration to be added to the stamp duty value, taxpayers are inferring that any amount of consideration which is received in a mode other than cash, i.e cheque or other electronic payment modes would not be included in the consideration for the purpose of computing Capital Gains.

Hence, to avoid the above issue and to be in accordance with section 194-IC of the act, an amendment is proposed, to substitute the words "the consideration received in cash, if any," with the words "any consideration received in cash or by a cheque or draft or by any other mode".

This amendment will take effect from 1st April, 2024.

### ❖ **Cost of acquisition and cost of improvement of certain assets like intangible assets and any sort of right [Section 55]**

The Finance Bill, 2023 proposes to amend section 55 to define cost of acquisition and cost of improvement of certain assets like intangible assets and any sort of right as NIL. The said amendment has been proposed as there was no specific provision earlier to define the cost of acquisition and cost of improvement for these assets in cases where no consideration has been paid for its acquisition.

These amendments will take effect from 1st April, 2024

### ❖ **Allowability of interest on borrowed capital as Cost of Acquisition under section 48**

According to section 48, cost of acquisition and cost of improvement are calculated considering the amount of any interest payable on borrowed capital for acquiring, renewing or reconstructing a property.



Section 24 of the Act also allows a deduction under the head Income from House Property for the interest payable on the borrowed capital.

To avoid double deduction of interest paid on borrowed capital towards acquiring / renewal of house property, it is proposed that the interest claimed under Section 24 or Chapter VI-A shall not form part of the cost of acquisition / cost of improvement under Section 48.

The amendment shall take effect from AY 2024-25

## ❖ **Special provision for computation of capital gains in case of Market Linked Debenture [Insertion of new section 50AA]**

Market Linked Debentures ('MLD') are hybrid securities combining the features of plain vanilla debt securities and exchange traded derivatives. Currently, capital gain earned on the MLD are being taxed in the same manner as other listed securities. However, since they are in the nature of derivatives which are taxed at applicable rates, a new section 50AA has been proposed to be inserted to tax at the applicable rate the capital gain arising from its transfer, redemption or maturity as short term capital gain

This amendment will take effect from the 1st day of April, 2024

## ❖ **Limiting the exemption under section 54 and section 54F**

Under Section 54 of the Act, an individual or HUF selling a residential house property can claim exemption from such capital gains if they invest the proceeds in acquisition i.e., purchase or construction of another residential house.

In section 54F of the Act, the deduction is available on the long term capital gain arising from transfer of any long term capital asset except a residential house, if the net consideration is reinvested in a residential house.

The deduction under the aforesaid sections are available without any limit. It has been proposed to impose a limit on the maximum deduction that can be claimed by the assessee under section 54 and 54F to ₹ 10 crores.

Consequently, the provisions that deal with the deposit in the Capital Gains Account Scheme have been proposed to be amended to limit the amount of deposit in the Capital Gains Account Scheme upto ₹ 10 Crores only.

These amendments will take effect from 1st April, 2024



## ❖ **Extension of deeming provision to gift by Resident to Resident but not ordinarily resident [Section 9]**

As per section 9(1)(viii) of the Act any sum of money exceeding fifty thousand rupees, received by a non-resident without consideration from a person resident in India, shall be income deemed to accrue or arise in India.

Now, it has been proposed to extend the rigours of this section to resident but not ordinarily resident' and accordingly any such sum as referred above shall be income deemed to accrue or arise in India, in the hands of resident but not ordinarily resident.

These amendments will take effect from 1st April, 2024

## ❖ **Rationalisation of exempt income from Life Insurance Policies [Section 10(10D)]**

Any sum received under a life insurance policy, including bonus on such policy, was exempt from tax in accordance with clause 10D of section 10 of the Act, provided that premium payable for any of the years during the terms of the policy is not more than ten per cent of the actual capital sum assured. Such an exemption was provided with an intent to improve the welfare by subsidizing risk premium for an individual's life and by providing benefit to small genuine cases of life insurance coverage and not for insurance policy which in essence work as investment .

Now, it has been proposed to amend section 10(10D) so as to include proceeds from life insurance policies (other than ULIP) having premium of or aggregate premium exceeding ₹ 5,00,000 in a year, under the head 'Income from Other Sources' excepts the proceeds received upon the death of policy holder.

A computation mechanism shall be prescribed for claiming the deduction of the premium against the income received under a life insurance policy. This provision shall not apply to ULIP or Keyman insurance policies

This amendment shall apply for policies issued on or after 1st April 2023.

## ❖ **Mandatory filing of return of income before due date by entity established in SEZ and specifying time limit for bringing export proceeds into India [Section 10AA]**

Section 10AA provides a 15-year tax benefit to units established in Special Economic Zone (SEZ) which begin manufacturing or production of articles or things or providing services on or after 1st April 2006 and begin operations before 1st April 2021. However, it was not mandatory to file return of income within due date prescribed under section 139(1) for claiming such deduction. On the other hand, section 143(1) mandates that deduction under section 10AA shall be available only if return of income is filed within due date prescribed under section 139(1). In order to align these provisions, a proviso



to 10AA(1) has been added to provide that no deduction under the said section shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under sub-section (1) of section 139.

Further, no time limit was prescribed for remittance of export proceeds by SEZ units for claiming such deduction. Now, it has been proposed that deduction may be allowed only if proceeds from sale of goods or provision of services is received in or brought into India by the assessee in convertible foreign exchange, within a period of 6 months from the end of previous year or within such further period as the competent authority may allow in this behalf. In this regard, competent authority means RBI or the such other authority authorized for regulating payments and dealing in foreign exchange.

It is proposed that the export proceeds from sale of goods or provision of services shall be deemed to have been received in India when such proceeds are credited to a separate account maintained for this purpose by the assessee with any bank outside India with the approval of RBI.

## ❖ **Measures to curb tax avoidance through distribution by business trusts to its unit holders**

Insertion of clause (xii) in section 56(2) and sub-section (3A) in section 115UA – Curbing tax avoidance through distribution by business trust to its unit holders

Section 115UA is a special taxation regime for Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InVIT) [commonly referred to as business trusts] which provides a pass-through status at the level of the business trust to:

- interest income and dividend income received by a business trust from a special purpose vehicle in case of REIT and InVIT [referred in section 10(23FC)] and
- rental income received by a REIT [referred to in section 10(23FCA)].

Such income is taxable directly in the hands of the unit holders, unless specifically exempted.

However, certain distributions (such as repayment of loans) made by the business trust, which actually represents the income of the unit holders, do not get taxed either in the hands of the business trust or the unit holders. In order to curb such tax avoidance through business trusts, the Finance Bill 2023 proposes to introduce the following amendments under various provisions of the Act:

1. A new clause (xii) has been proposed to be inserted under sub-section (2) to section 56 which provides that income chargeable to tax under the head “income from other sources” shall also include any sum, received by a unit holder from a business trust, which:



- a) is not in the nature of as referred to in clause (23FC) or clause (23FCA) of section 10 of the Act; and
- b) is not chargeable to tax under sub-section (2) of section 115UA of the Act.

It is to be noted that the proceeds received by unit holder on redemption of units, shall be reduced by the cost of acquisition of the unit or units to the extent such cost does not exceed the sum received for the purpose of inclusion under section 56(2)(xii).

2. The special taxation regime under section 115UA shall not apply in respect of income of a unit holder of a business trust which is taxable under Section 56(2)(xii).
3. Any sum chargeable to tax under the provisions of section 56(2)(xii) has been included within the definition of the term 'income'.

The above amendments will take effect from 1st April 2024

## ❖ **Preventing permanent deferral of taxes through undervaluation of inventory [Section 142]**

The Finance Bill, 2023 proposes to amend the section 142 so as to ensure valuation of inventory as per the provisions of law. In this regard, section 142 to enable the assessing officer to direct the assessee to furnish the report of inventory valuation by a Cost Accountant

Consequential amendment has also been proposed to the provisions of section 153 to exclude the period for inventory valuation through the cost accountant for the purposes of computation of time limitation.



## AMENDMENTS FOR IMPROVING TAX COMPLIANCE AND ADMINISTRATION

❖ **Maintenance and keeping of information and document by persons entering into an international transaction or specified domestic transaction [Section 92D]**

The Finance Bill, 2023 proposes to amend the section so as to reduce the period for furnishing any information or document referred therein from 30 days to 10 days.

Also, the extension, if any is granted by the transfer pricing officer of the transfer pricing documentation has been reduced from period of 30 days to 10 days.

This amendment will take effect from 1st April, 2024

❖ **Effect of order of Tribunal or Court in respect of Business Reorganization. [Substitution of new section for section 170A]**

Section 170A of the Act was inserted vide Finance Act, 2022 for the purpose of giving effect to the order of business reorganisation (Business Reorganisation Order) issued by Tribunal or Court or an Adjudicating authority under the Insolvency and Bankruptcy Code, 2016. This section provides that the successor has to furnish a modified return within 6 months from the month in which order of business reorganisation was issued, provided the successor has already filed a return under section 139 of the Act.

However, the provision of Section 170A posed an issue regarding the obligation of Assessing Officer with respect to passing or modifying the assessment or reassessment orders. Also, there was no mention in the erstwhile provision of the procedure to be followed by the assessing officer after the modified return of income was filed by the successor.

Accordingly, it is proposed to substitute section 170A, to provide that the successor is required to file a modified return in a case where prior to the date of Business Reorganisation Order, the successor has furnished a return of income under section 139. The modified return needs to be filed within 6 months from the month in which the order is received. Further, it is proposed that if the proceeding of assessment or reassessment for the relevant year is completed as on the date of furnishing of modified return, the Assessing Officer shall pass an order modifying the total income of the relevant year in accordance with the Business Reorganisation order and considering the modified return. However, if the proceedings of assessment or reassessment for the relevant year are pending on the date of modified return, the Assessing Officer shall pass an order assessing or reassessing the total income of the relevant year in accordance



with the Business Reorganisation order and considering the modified return. For the purposes of such assessment or reassessment, unless provided otherwise, all other provisions of the Act shall apply and the tax shall be chargeable at the rate applicable to such assessment year.

It is also proposed to define the terms of “Business Reorganisation” and “Successor” in the similar manner as mentioned in the erstwhile provision.

This amendment will take effect from 1st April, 2023

## ❖ **Faceless Collection of Information [Section 135A]**

The Finance Bill, 2023 seeks to amend section 135A of the Act relating to faceless collection of information.

It is proposed to insert a second proviso in the said sub-section (2) of the said section so as to provide that the Central Government may amend any direction issued under the said sub-section on or before 31st March, 2022, by notification in the Official Gazette.

This amendment will take effect retrospectively from 1st April, 2022.

## ❖ **Time limit for notice [Section 149]**

It has been proposed that where a search is initiated under section 132 or a search under section 132 for which last authorisation is executed or requisition is made under section 132A after 15th March for any financial year and the period of limitation for issue of notice under section 148 expires on 31st March of such financial year, then a period of 15 days shall be excluded for the purpose of computing period of limitation as per this section and a notice under section 148 shall be deemed to be issued on 31st March of the such financial year.

It has also been proposed that where the information suggesting that income chargeable to tax has escaped assessment as referred to in Explanation 1 to section 148 emanates from statement recorded or documents impounded under section 131 or section 133A, on or before 31st March of a financial year, in consequence of a search initiated under section 132 or a search under section 132 for which last authorisation is executed or requisition is made under section 132A after 15th March for such financial year, then a period of 15 days shall be excluded for the purpose of computing period of limitation as per this section and a notice under section 148A(b) shall be deemed to be issued on 31st March of the such financial year.

The aforesaid insertions have been proposed as there was extremely less time to issue a notice under section 148 or show cause notice under section 148A(d) when the last authorisation / requisition is received/ made after 15th March of the said year and the time limit for issuance of notice is getting over for earlier years on 31st March.

These amendments will take effect from 1st April, 2023.





❖ **Sanction for issue of notice [Section 151]**

As per section 151 of the Act, specified authority for the purpose of sanction of notice under section 148 and 148A would include Principal Chief Commissioner or Principal Director General or where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General if more than three years have elapsed from the end of relevant assessment year.

Now, it has been proposed to delete the phrase “ where there is no Principal Chief Commissioner or Principal Director General ” and thus in effect, it would mean that any of these authorities may sanction the issue of notice u/s 148 and 148A.

This amendment will take effect from 1st April, 2023

❖ **Introduction of the authority of Joint Commissioner (Appeals)**

Considering the large pendency of appeals before the Commissioner (Appeals), it is proposed to create a new authority- Joint Commissioner/Additional Commissioner level to handle certain class of cases involving small amount of disputed demand. Such authority shall have all powers, responsibilities and accountability like that of Commissioner (Appeals) with respect to the procedure for disposal of appeals. The appeal before such authority shall lie for certain specific orders of the Assessing Officer. Consequential amendments have been proposed in respect of the functioning of such authority. Further, powers on the lines of powers of Commissioner of Appeal have been proposed for such authority.

These amendments will take effect from the 1st day of April, 2023.

❖ **Appeals to the Appellate Tribunal [Section 253]**

Currently, the orders passed under section 271AAB, section 271AAC and section 271AAD were not appealable before the Appellate Tribunal. It has been now proposed u/s section 253(1) to allow the aggrieved assessee to file an appeal before the Appellate Tribunal against these orders.

Currently, the orders passed by Principal Chief Commissioner or Chief Commissioner or a Principal Director General or Director General or a Principal Director or Director under section 263 and section 154 were not covered as appealable orders. The anomaly has been proposed to be set right by allowing such orders to be appealable before Appellate Tribunals.

Section 253(4) previously allowed filing of memorandum of cross objections only against order of Commissioner (Appeals). It has been proposed to amend to allow filing of memorandum of cross objections not only against the order of Commissioner (Appeals) but other orders also as may be passed by the revenue authorities.

This amendment will take effect from 1st April, 2023



## ❖ **Return in response to notice Issue under section 148**

It has been proposed to amend section 148 to provide that a return in response to notice under section 148 shall be filed within 3 months from the end of the month in which notice is issued or within such time as may be allowed by the Assessing Officer on a request being made in the regard.

It is also proposed to provide that where any such return is filed beyond the time allowed under section 148, such return shall not be deemed to be return under section 139. As a consequence, notice under section 143(2) would not be mandatory in such cases.

These amendments will take effect from 1st April, 2023

## ❖ **Time limit for completion of assessment, reassessment and recomputation [Section 153]**

It is proposed to insert a new proviso, so as to extend the time limit of passing an order of assessment relating to the assessment year commencing on or after 1st April, 2022 from nine months to twelve months from the end of the assessment year including return of income filed under section 139 (8A).

It is also proposed to extend the time limit of completing assessment or reassessment by twelve months where an assessment or reassessment is pending on the date of initiation of search under section 132 or making of requisition under section 132A in the following cases:

- a) in a case where such search is initiated under section 132 or such requisition is made under section 132A or
- b) in the case of an assessee to whom any money, bullion, jewellery or other valuable article or thing seized or requisitioned belongs to or
- c) 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.

It is also proposed to amend section 153 to provide that the time limits mentioned therein shall also be applicable to passing of orders of set aside assessments or reassessments and order giving effects passed in consequence of orders passed under section 263 or section 264, by the Principal Chief Commissioner or Chief Commissioner as well.

These amendments will take effect from the 1st day of April, 2023.



## AMENDMENTS IN RELATION TO TRUST TAXATION

For the sake of brevity and ease of reference any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub clause (iv) or (v) or (vi) or (via) under section 10(23C) of the Income-tax Act, 1961 (“the Act”) and all trusts or institutions registered under section 12AA or 12AB of the Act will be referred as “**Trust/Institution**” hereinafter.

Under the Act, income of a registered and eligible trust/institution is exempt under either of the two regimes/provisions i.e.

- a) under section 10(23C) (First Regime) or
- b) under section 11 and 12 for trust/institution registered under section 12AA/12AB (Second Regime)

The Finance Bill, 2023 with its various amendments and clarifications has tried to bring consistency and provide clarity on taxation under peculiar circumstances. The same are summarised below on a comparative basis of section 10(23C) vs section 11, 12, 12AA/AB and 13 alongwith relevant circumstances which have been attempted to align and rationalise.

### ❖ **Depositing back of corpus and repayment of loans or borrowings (Insertion to provisos to section 10(23C) & 11)**

#### **Corpus Donations**

The existing provisions relating to the corpus donation received by the Trust/Institution under regime 1 and regime 2 are as below :-

- 1) Voluntary contribution received by the Trust/Institution with the specific direction that it shall form part of corpus shall be exempt provided the same is deposited or invested in one or more of the modes specified under section 11(5).
- 2) The utilisation of funds out of the corpus shall not be considered as application for charitable or religious purposes as per section 10(23C) and 11 of Act. The same shall be treated as application, only in the year in which such amount is deposited back or invested in the modes specified under section 11(5).

However, there were certain instances noticed, wherein utilisation out of corpus was already claimed as application and allowing the same as application once again at the time of investment or deposit of such corpus back into the modes specified under section 11(5) would amount to double deduction. Further in absence of any definite time period for investment or deposit of such corpus back into the modes specified under section 11(5), the implementation of the provisions becomes difficult.



In order to ensure that there is no double deduction being claimed and easy implementation the following amendments have been proposed by way of insertion of provisos to section 10(23C) and 11, which are mentioned below:

- a. The conditions required to be satisfied for application for charitable or religious purpose should be satisfied at the time of utilisation out of corpus, only then such utilisation out of corpus shall be allowed as application at the time of depositing the same back into the modes specified under section 11(5).

The conditions to be satisfied are mentioned below:

- Application should not be in the form of corpus donation to other Trust/ Institution.
  - TDS, if applicable (for example- on payments made to contractors, professionals or rent or such other payments to should be deducted on such application
  - Any payment or aggregate of such payments made in cash in respect of such application to a person in a day should not exceed ₹ 10000
  - Carry forward and set-off of excess application is not allowed
  - Application allowed only in the year in which actually paid
  - Application should be in India only except where the approval is obtained under section 11(1)(c)
  - Application should not be for benefit of the persons referred to in section 13
- b. Investment to be made or amount to be deposited back to the modes specified under section 11(5) within a period of 5 years from end of the year in which application out of corpus is made, only then such amount so deposited shall be allowed as application.
  - c. Point a shall not be applicable in cases where the utilisation out of the corpus is made on or before 01.04.2021.

Repayment of loans or borrowings

The existing provisions under the first regime and second regime states that application made out of the loans or borrowings shall be allowed as application only in the year in which the repayment of such loans or borrowings is made.

The Finance Bill, 2023 has proposed amendments in the provisions relating to repayment of loans or borrowings as mentioned in the Point a to Point c above.

These amendments will be effective from 1st April, 2023



❖ **Treatment of Donation to other Trusts [Section 10(23C) and 11]**

The existing provisions under the first regime and second regime states that the income of the trusts and institutions shall be exempted provided at least 85% of income of the trust or institution is applied during the year towards the charitable or religious purposes. The mandatory application of 85% shall include the donations made to other Trust/Institution with similar objectives provided such donations are not towards the Corpus of the Trust/Institution. Further 15% of income of the Trust/Institution shall be unconditionally exempt.

Since the Trust/Institutions were allowed to make donations to the other Trust/Institutions with similar objectives, this led to formation of multiple trusts accumulating 15% at each layer. This resulted in reduction of the effective application towards charitable activities to less than mandatory requirement of 85%.

In order to ensure the intended application towards the charitable or religious purpose, it has been proposed to amend the provisions relating to donation made to other Trust/Institution under the clause (iii) in Explanation 2 to third proviso of Section 10(23C) and the clause (iii) in Explanation 4 to subsection (1) of section 11. The proposed amendment states that any amount donated to other Trust/Institution shall be treated as application for charitable or religious purposes only to the extent of 85% of such amount credited or paid.

The above amendments will take effect from 1st April, 2024

❖ **Time-limit for furnishing the form for accumulation of income [Section 10(23C) and 11]**

Form	Existing Time-limit	Proposed Time-limit
<b>Form 10B</b> (Audit Report under section 12A(b) in case of charitable or religious trusts or institutions)	30th September of the relevant assessment year	30th September of the relevant assessment year
<b>Form 9A</b> [Application for exercise of option under section 11(1)(2) – Accumulation for 1 year]	31st October of the relevant assessment year	31st August of the relevant assessment year (i.e. Two months prior to the due date for furnishing the return of income)
<b>Form 10</b> [Statement to be furnished to the Assessing Officer for exercise of option under section 11(2) – Accumulation for 5 years]	31st October of the relevant assessment year	31st August of the relevant assessment year (i.e. Two months prior to the due date for furnishing the return of income)



The auditors are required to report the details of Form 9A/10 in the audit report. Since the due date for furnishing audit report is one month before the due date of furnishing the ITR, auditors were facing difficulties in reporting the same. Hence in order to rationalise the provisions, the Finance Bill, 2023 proposed the above tabulated amendment.

These amendments will take effect from 1st April, 2023

## ❖ **Omission of redundant provisions related to roll back of exemption [Section 12A]**

The existing provisions under the second regime provides for roll back provisions which are stated as under-

- a. Where an application for registration is made under section 12AB, the provisions under section 11 and 12 shall be applicable from the assessment year relevant to the previous year in which the application is made. (First Proviso to Section 12A(2))
- b. Where the registration has been granted under section 12AA or 12AB, the provisions under section 11 and 12 shall be applicable in respect of any income of the Trust derived from the property of the Trust for assessment year preceding the assessment year mentioned in point a above if-
  - the assessment proceedings for the preceding assessment years are pending as on date of registration
  - the objects and activities for the preceding assessment year and the assessment year mentioned in point (a) above remains same. (Second Proviso to Section 12A(2)).
- c. No proceedings under section 147 shall be initiated in case of such Trust or institution for any assessment year preceding to the assessment year mentioned in point (a) above on account of non-registration of the Trust for the said assessment year. (Third Proviso to Section 12A(2)).
- d. The provisions mentioned in Point a and b above shall not apply in respect of trusts/institutions to whom registration was either refused or granted and then later cancelled at any time afterwards. (Fourth Proviso to Section 12A(2)).

Pursuant to the amendment of Section 12A by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, the Trust/Institutions under the second regime are required to apply for registration before commencement of their activities and thus the rollback provisions mentioned in point b, c, and d became redundant. Thus, the Finance Bill, 2023 proposes the omission of the same.

This amendment will take effect from 1st April, 2023.



## ❖ **Specified violation for cancellation of registration [Section 10(23C) and 12AB]**

The new Trust/Institution under both the regimes are required to obtain provisional registration and the Trust/Institution already registered or approved are required to obtain re-registration/ approval by filing an application in Form 10A on the e-filing portal. The registration/approval (including the provisional registration/approval) is granted in automated manner without any verification.

Due to the automated process of approval, certain cases were noticed wherein the applications filed were defective and even then the registration was granted by CPC.

Thus, in order to rationalise the provisions, Finance Bill, 2023 has proposed amendments in Section 10(23C) and 12AB which states that the specified violation under these section on the basis of which the registration/approval granted to the Trust/Institution can be cancelled by the Principal Commissioner/Commissioner shall now include the case where the application filed is not incomplete or contains incorrect or false information.

This amendment will take effect from 1st April, 2023.

## ❖ **Denial of exemption where return of income is not furnished within time [Section 10(23C) and 12A]**

Under the existing provisions, the Trust/Institution shall be allowed to claim exemption under both the regimes provided they have furnished their return of income within the time-limit specified under section 139.

An option allowing the taxpayers to furnish an updated return upto 2 years from the end of the relevant assessment year was introduced by the Finance Act, 2022. This led to allowing of exemption under both the regimes to the Trust/Institution furnishing the updated return.

Thus, the Finance Bill, 2023, proposes a clarificatory amendment which states that the exemption under both the regimes shall be available to the Trust/Institution, only if the return of income has been furnished as per the time-limit mentioned under section 139(1) (31st October of the AY) or 139(4) (31st December of the AY).

These amendments will take effect from 1st April, 2023

## ❖ **Tax on accreted income [Section 115TD, 115TE and 115TF]**

The provisions of section 115TD states that in cases where the Trust/Institution under the first or second regime voluntarily wind up its activities and dissolve or merge with any other non-charitable institution or convert into a non-charitable organisation, it is required to pay exit tax at maximum marginal rate (34.944%) on the accreted income (difference between fair market value of assets and liabilities).





Under the first and second regimes, the Trust/Institution are required to apply for provisional registration/approval or re-registration/approval. The Trust were required to apply for regular registration/approval after expiry of 3 years of provisional registration/approval and re-registration/approval after expiry of 5 years. In such cases, if the Trust/Institution does not apply for re-registration/approval or registration/approval, it allows them to easily escape from the provisions of exit tax under section 115TD.

Therefore, the Finance Bill, 2023 proposes an amendment to section 115TD to include such cases where the Trust/Institution does not apply or fails to apply for re-registration/approval or registration/approval under both the regimes. Thus in such cases it shall be deemed that the Trust/Institution have converted itself into any entity not eligible for registration/approval in previous in which such period expires and shall be required to pay the exit tax. Further the date of conversion for the purposes of section 115TD shall be the last date on which application for registration/approval should have been made.

These amendments will take effect from 1st April, 2023

## ❖ **Provisional and Regular Registration under section 10(23C), 12(A), 12AB and 80G(5)**

### **Registration of Trust/Institution (Section 10(23C))**

The first proviso to section 10(23C) specifies the time-limit within which application for grant of approval under section 10(23C) is required to be made in the cases tabulated below-

<b>Clauses of the first proviso</b>	<b>Time-limit</b>
<b>Clause (i)</b> – Trust/Institution approved under second proviso <i>(as it was before the amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020)</i>	Within 3 months from 1st day of April, 2021
Clause (ii) – Trust/Institution is approved, and the period of approval is about to expire.	At least 6 months prior to the expiry of the said period
<b>Clause (iii)</b> – where the Trust/Institution has been granted the provisional approval	At least 6 months prior to the expiry of the provisional approval or within 6 months of commencement of the activities, whichever is earlier
<b>Clause (iv)</b> – In any other case	At least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought





The Finance Bill, 2023 has now proposed to be amend the above-mentioned clause (iv) to include sub-clause (A) & (B) thereby dividing the cases covered by the said clause into the Trust/Institution where activities have not commenced and Trust/Institution where the activities have commenced.

The amended clause (iv) of the first proviso is tabulated as under:

Clause (iv) of the first proviso – In any other case	Time-limit
(A) <b>Activities have not commenced</b> (Application for provisional approval to be made before commencement of the activities)	At least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought
(B) <b>Activities have already commenced.</b>  (Application for regular approval can be made directly and the Trust/Institution are no longer required to first make an application for provisional approval)	At anytime after the commencement of the activities

The second proviso to section 10(23C) specifies the procedure to be followed by the Principal Commissioner or Commissioner for the grant of approval under section 10(23C).

The existing clause (ii) of the second proviso deals with the procedure for grant of approval in case of applications made under the above-mentioned clause (ii) & (iii) of the first proviso.

The clause (ii) of the second proviso is proposed to be amended to include application made for regular approval by the Trust/Institution where the activities have commenced.

The amended clause (ii) of the second proviso is tabulated as under:

Clause (ii)(b)(B) of the second proviso – In any other case	Treatment of Application (If not satisfied with the object and genuineness) after affording reasonable opportunity of being heard
(A) <b>If application made under clause ii or iii of first proviso</b>	The Principal Commissioner of Income Tax may reject such application and also cancel its existing approval
(B) <b>If application made under clause iv(B) of first proviso</b>	The Principal Commissioner of Income Tax may reject such application



The above amendments will be effective from 1st October 2023.

### **Registration of Trust/Institution (Section 80G (5))**

The amendments proposed to clause (iv) of first proviso and clause (ii) and (iii) of second proviso to section 80G(5) are identical to the amendments proposed in section 10(23C) mentioned above.

The above amendments will be effective from 1st October 2023.

**Further the following Funds (eligible for 100% deduction of amount donated) are proposed to be omitted from section 80G with effect from 01st April 2024**

Clause ii :- Jawaharlal Nehru Memorial Fund

Clause iiic :- Indira Gandhi Memorial Trust

Clause iiid :- Rajiv Gandhi Foundation Trust

### **Registration of Trust/Institution (Section 12A)**

The amendments proposed to sub-clause (vi) of clause (ac) of sub-section (1) to section 12A are identical to the amendments proposed in section 10(23C) mentioned above.

The above amendments will be effective from 1st October 2023.

### **Registration of Trust/Institution (Section 12AB)**

The amendments proposed to sub-clause (vi) of clause (ac) of sub-section (1) to section 12A are identical to the amendments proposed in section 10(23C) mentioned above.

The above amendments will be effective from 1st October 2023.



## RATIONALIZATION OF CERTAIN PROVISIONS OF THE ACT

### ❖ **Deduction of tax on benefit or perquisite in respect of business or profession [Section 194R]**

Section 28 has been proposed to be amended to include benefit derived in form of cash to be chargeable to income-tax under the head profits and gain of business or profession. Consequently, this form of perquisite is also proposed to be included for the purpose of TDS u/s 194R.

The amendment shall take effect from 1st April 2023.

### ❖ **Limitation on Interest deduction in certain cases [Section 94B]**

The finance Bill, 2023 proposes to exclude NBFC from the purview of applicability of provision of section 94B. For the purpose of this provision, the NBFCs shall be as referred to in clause (vii) of the Explanation to clause (viia) of sub-section (1) of section 36 of the Act.

This amendment will take effect from 1st April, 2024

### ❖ **Rationalisation of provision with respect to valuation of residential accommodation provided to employees [Section 17(2)]**

Perquisite includes value of rent-free accommodation or value of any concession of rent provided to employees by the employer, as per the provisions of section 17(2) of the Act. The value of rent-free accommodation is computed as per Rule 3 of the Income-tax Rules, 1962, whereas that of concession in rent provided to employees by the employer is computed as per explanations to section 17(2).

Now, it has been proposed to prescribe a uniform methodology in the Rules for computing the value of perquisite for both categories of perquisites with respect to accommodation provided by the employers. It is now provided that accommodation shall be deemed to have been provided at a concessional rate if the value of the accommodation computed in the prescribed manner exceeds the rent recoverable from, or payable by, the employee. Thus, such difference between value as computed in the prescribed manner and the rent actually recoverable from, or payable by the employee, shall be treated as perquisite under section 17(2)(ii).

This amendment shall take effect from 1st April, 2024



## ❖ **Clarity on benefits and perquisites in cash [Section 28]**

Subsequent to Finance Act, 1964, the value of any benefit or perquisite, whether convertible into money or not, arising from business or profession is taxable as per section 28(iv) of the Act. However, despite clarification provided vide Circular no. 20D dated 7th July 1964, courts have interpreted that benefits or perquisites in cash are not covered in this clause.

Therefore, it has been proposed to amend section 28(iv) of the Act to clarify that benefit or perquisite provided in cash or kind or partly in cash and kind, shall be covered under this clause.

This amendment shall take effect from 1st April 2024

## ❖ **Categorization of Non-Banking Financial Companies [Section 43D]**

As per section 43D of the Act. Interest income in relation to certain categories of bad or doubtful debts received by two categories of Non-Banking Financial Companies (NBFC) namely - Deposit taking NBFC and Systemically Important Non-Deposit taking NBFC, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account or actually received, whichever is earlier. Such classification for NBFCs is no longer followed by the RBI for the purposes of asset classification. Hence, it is proposed to delete these two categories of NBFC and replace them with “such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf”.

This amendment shall take effect from 1st April 2024



## **OTHER AMENDMENTS**

### **❖ Cost of Acquisition - Electronic gold receipt and gold [Section 49]**

Section 49 determines the cost of acquisition of capital assets in certain specific cases. New sub-section (10) has proposed to be inserted to Section 49 to determine the cost of acquisition of Electronic gold receipt and gold released against the same.

Where electronic gold receipt is issued by vault manager in exchange for depositing gold, the cost of acquisition of such receipt shall be deemed to be the cost of acquisition of gold to the depositor.

Further, where gold is released against electronic gold receipt, the cost of acquisition of such gold shall be the cost of acquisition of the electronic gold receipt.

This amendment will take effect from the 1st day of April, 2024

### **❖ Rebate on life insurance premia, contribution to provident fund, etc [Omission of Sec. 88]**

The existing provisions of the section 88 of the Act relates to rebate on life insurance premia, contribution to provident fund, etc.

The said section has no relevance at present as it was sunset by the Finance Act, 2005 and section 80C was introduced for allowing deduction on various instruments listed therein.

In order to remove the redundant provisions from the Act, it is proposed to omit section 88 from the Act. Consequential amendment for omission of sub-sections having reference of section 88 have been made in section 54EA, section 54EB, section 54EC and section 54ED of the Act.

This amendment will take effect from 1st April, 2023.

### **❖ Amortization of certain preliminary expenditure [Section 35D]**

Section 35D of the Act provides for amortization of certain preliminary expenses which are incurred prior to the commencement of business or after commencement, in connection with extension of undertaking or setting up of a new unit. This includes expenditure in connection with preparation of feasibility report, project report, market survey etc.

To get the benefit of amortization, the work in connection with preparation of feasibility report, or conducting the market survey or the engineering services would be carried out by the assessee or a concern which is approved by the CBDT.



In order to ease the process of claiming amortization of these preliminary expenses, it is now proposed to remove the condition of obtaining approval of the CBDT and the assessee would now be required to furnish a statement containing the particulars of the expenditure as may be prescribed

This amendment will take effect from 1st April 2024

## ❖ **Carry forward and set-off of accumulated losses and Unabsorbed depreciation in amalgamation or demerger [Section 72A]**

Section 72A provides for carry forward and set-off of accumulated losses and unabsorbed depreciation allowance in case of amalgamation or demerger. It provides that in specific cases, accumulated losses and unabsorbed depreciation of the amalgamating company shall be deemed to be accumulated losses and unabsorbed depreciation of amalgamated company in the year of amalgamation.

In the case of strategic disinvestment, certain conditions have been prescribed to avail the aforesaid carry forward facilities. Earlier, the sale of shareholding by the Central Government and State Government in a public sector company were included within the ambit of strategic disinvestment. Now, sale of shareholding by public sector company in another company is also included within the scope of strategic disinvestment.

This amendment will take effect from 1st April, 2023

## ❖ **Carry forward and set-off of accumulated losses and Unabsorbed depreciation in a scheme of amalgamation in certain cases [Section 72AA]**

Section 72AA refer to provisions on carry forward and set-off of accumulated losses and unabsorbed depreciation allowance in certain case of amalgamation.

It is proposed to include the allowance of carry forward of accumulated losses and unabsorbed depreciation where there is an amalgamation of one or more banking company with any other banking institution or company subsequent to a strategic disinvestment provided the amalgamation takes place within 5 years of strategic disinvestment.

This amendment will take effect from 1st April, 2023

## ❖ **Extension of time for disposing pending rectification applications by Interim Board for Settlement [Section 245D]**

Section 245D was amended by Finance Act 2021 with retrospective effect from 01.02.2021 to abolish the settlement commission and Interim Boards for Settlement (IBS).

Section 245D(6B) states the time limit for the settlement commission to rectify a mistake apparent from record.



It is also provided 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 clause (iv) of sub-section (9) of section 245D, 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.

It has now been proposed that where the time-limit for amending an order or for making an application under sub-section (6B) expires on or after 01.02.2021 but before 01.02.2022, such time-limit is extended to 30.09.2023.

This amendment will take effect retrospectively from the 1st day of February, 2021.

## ❖ **Modification of directions related to faceless schemes and e-proceedings [Section 245MA and Section 245R]**

The Central Government had introduced e-Dispute Resolution Scheme, 2022 under Section 245MA and e-advance rulings Scheme, 2022 under Section 245R for implementation of e-proceedings and faceless schemes to eliminate person to person interface between the taxpayer and the Department.

Currently, the time limit for issuing directions to implement the scheme is 31st March 2022. Further, adjustments are to be made to the directions issued under these provisions, to overcome any issues arising in their implementation. However, as per the present provisions, the power to amend or modify the directions, upon expiry of the relevant time period is not available.

Thus, Section 245MA and Section 245R have been amended to extend the time limit to issue such directions on or before 31st March 2023 to enable the Central Government to amend such directions at any time by notification in the Official Gazette.

## ❖ **Other Amendments [Section 155]**

It is proposed to insert a new sub-section (19) to section 155 relating to deduction for purchase of sugarcane.

The proposed newly inserted section states that in case of a co-operative society, if the deduction in respect of expenditure for purchase of sugarcane is disallowed wholly / partly by the Assessing Officer for the Previous Year on or before 01.04.2014, then such co-operative society can make an application to the Assessing Officer and he can recompute total income of the co-operative society after allowing deduction of an amount equivalent to the price fixed by the Government for that previous year and the period of 4 years shall be reckoned from 31.03.2023.

This amendment will take effect from 1st April, 2023



## RATES OF TDS APPLICABLE

### TDS

#### TDS RATES FOR ASSESSMENT YEAR 2024-25 (FINANCIAL YEAR 2023-24)

##### (A) On payments to Residents (subject to notes below)

Sr. No.	Payments to Resident Payee	Criteria for Deduction	Section	Company	Partnership Firm	Individual, HUF, AOP, BOI
Rate (%)**						
1	Pre- mature withdrawal from Employee Provident Fund Scheme (Note 1)	Payment in excess of ₹ 50,000/-	192A	-	-	10
2	Interest on Securities (Note 2 & 3)	No Threshold Limit (Refer Note 2)	193	10	10	10
3	Dividends distributed by Domestic Company (Note 4)	Payment to a shareholder (being an individual) in excess of ₹ 5,000/- during the financial year.	194	10	10	10
4	Interest on Bank Deposits, Co-operative society carrying on banking business and Deposits with Post Office for Senior Citizens (Note 5 & Note 6)	Payment in excess of ₹ 50,000/- per financial year (For Senior Citizens)	194A	10	10	10
5	Interest on Bank Deposits, Co-operative society carrying on banking business and Deposits with Post Office (For Others) (Note 5 & Note 6)	Payment in excess of ₹ 40,000/- per financial year (For Others)	194A	10	10	10
6	Other Interest (Note 5 & Note 6)	Payment in excess of ₹ 5,000/- per financial year	194A	10	10	10





Sr. No.	Payments to Resident Payee	Criteria for Deduction	Section	Company	Partnership Firm	Individual, HUF, AOP, BOI	Rate (%)**
7	Winnings from Lotteries, crossword, puzzles, card games and other games of any sort (Note 8)	Payment (or aggregate payments) in excess of ₹ 10,000/-	194B	30	30	30	
8	Winnings from Online Games (Note 9)	No threshold limit.	194BA	30	30	30	
9	Winnings from Horse Race (Note 10)	Payment (or aggregate payments) in excess of ₹ 10,000/-	194BB	30	30	30	
10	Payments to Contractors (Note 6 & Note 7)	Payment in excess of ₹ 30,000/- per transaction or ₹ 1,00,000/- per financial year	194C	2	2	1	
11	Insurance Commission	Payment in excess of ₹ 15,000/- per financial year	194D	5	5	5	
12	Sum received for Life Insurance Policy including bonus [except exempt u/s 10(10D)]	Payment in excess of ₹ 1,00,000/- per financial year	194DA	5	5	5	
13	Payments in respect of deposits under National Savings Scheme, etc Central Government Schemes	Payment in excess of ₹ 2,500/- per financial year	194EE	10	10	10	
14	Commission on Sale of Lottery Tickets	Payment in excess of ₹ 15,000/-	194G	5	5	5	
15	Other Commission/ Brokerage	Payment in excess of ₹ 15,000/- per financial year	194H	5	5	5	
16	Rent for Plant & Machinery, Equipments (Note 12)	Payment in excess of ₹ 2,40,000/- per financial year	194-I (a)	2	2	2	
17	Rent for Land or Building or Furniture or Fittings (Note 12)	Payment in excess of ₹ 2,40,000/- per financial year	194-I (b)	10	10	10	

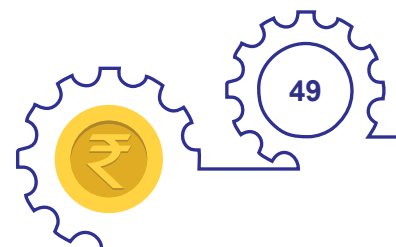


# INDIA 20 BUDGET 23

Sr. No.	Payments to Resident Payee	Criteria for Deduction	Section	Company	Partnership Firm	Individual, HUF, AOP, BOI
Rate (%)**						
18	Income by way of Rent from SPV distributed by REITs (Note 11 & Note 6)	No Threshold Limit	194-I	-	-	-
19	Consideration for Transfer of Immovable Property (other than Agricultural Land) (Note 13)	Sale Consideration / Stamp Duty Value of such property exceeds ₹ 50,00,000/-	194-IA	1	1	1
20	Income by way of Rent (Note 14 & 15)	Rent exceeds ₹ 50,000 p.m. or part thereof	194-IB	5	5	5
21	Monetary Payment in respect of Joint Development Agreement	No Threshold Limit	194-IC	10	10	10
22	Professional Fees/ Royalties/ Fees for Technical Services (Note 6)	Payment in excess of ₹ 30,000/- p.a.	194J	10	10	10
23	Professional Fees (for certain payees) (Note 16)	Payment in excess of ₹ 30,000 p.a.	194J	2	2	2
24	Income of units issued by Mutual funds or Unit Trust of India (Note 17)	Payment in excess of ₹ 1,000 p.a.	194K	10	10	10
25	Consideration for Compulsory Acquisition of Immovable Property (other than Agricultural Land)	Payment in excess of ₹ 2,50,000/-	194LA	10	10	10
26	Interest distributed from SPV distributed by Business Trusts i.e. REITs & INVITs	No Threshold Limit	194LBA	5	5	5
27	Dividend distributed from SPV distributed by Business Trusts i.e. REITs & INVITs	No Threshold Limit	194LBA	10	10	10



Sr. No.	Payments to Resident Payee	Criteria for Deduction	Section	Company	Partnership Firm	Individual, HUF, AOP, BOI
Rate (%)**						
28	Income other than business income distributed by an Alternate Investment Fund (Category I and II)	No Threshold Limit	194LBB	10	10	10
29	Income in respect of investment in Securitization Trust	No Threshold Limit	194LBC	30	30	25
30	Payments to Contractors/ Professionals (Other than those covered in 194C & 194J) (Note 18)	Payment in excess of ₹ 50,00,000/- or aggregate of such payment exceeding ₹ 50,00,000/-, during a financial year	194M	5	5	5
31	Payment by a 'banking company' /'banking institution'/ 'post office'. (Note 19)	who is responsible for paying any sum, or, as the case may be, aggregate of sums, in cash, in excess of one crore rupees during the previous year, to any person (herein referred to as the recipient) from an account maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount equal to two per cent. of sum exceeding one crore rupees, as income-tax	194N	2	2	2
32	Payment by co-operative society engaged in banking business. (Note 19)	Threshold Limit ₹ 3 crores w.e.f. 1st of April 2023 (prior to 1st of April 2023 threshold limit ₹ 1 crore)	194N	2	2	2



# INDIA 20 BUDGET 23

Sr. No.	Payments to Resident Payee	Criteria for Deduction	Section	Company	Partnership Firm	Individual, HUF, AOP, BOI
Rate (%)**						
33	Credit of Amount by E-Commerce Operator to E-Commerce participant in respect of sale of goods/ provision of services facilitated through its platform (Note 20)	Payment in excess of ₹ 5,00,000/- or aggregate of such payment exceeding ₹ 5,00,000/-, during a financial year.	194O	5	5	5
34	ESOP issued by eligible startups	Refer Note : 21	192	At applicable rates		
35	Interest paid by Specified Bank (Note 22)	Towards sums maintained by a Senior Citizen (above 75 yrs of age) earning only pension income	194P	-	-	Rates in force
36	Payment by Buyer of Goods (Note 23)	Towards purchase of goods having value (or aggregate value during the Financial Year) exceeding ₹ 50,00,000/-	194Q	0.1	0.1	0.1
37	Payment of benefit of perquisite in respect of business or profession (Note 24)	Value or aggregate of value of the benefit or perquisite exceeds ₹ 20,000/- during the Financial Year	194R	10	10	10
38	Payment/credit of consideration for transfer of virtual digital asset by specified person (Note 25)	Threshold limit ₹ 50,000	194S	1	1	1
	Payment/credit of consideration for transfer of virtual digital asset by other than specified person (Note 25)	Threshold limit ₹ 10,000		1	1	1



Notes	
1	Erstwhile TDS was required to be deducted at maximum marginal rate in case PAN is not furnished by the deductee, vide Finance Bill 2023, it is proposed that TDS is now required to be deducted at 20% (i.e. u/s 206AA). The same shall be effective from 1st April, 2023.
2	<p>For payment of interest on :-</p> <p>(a) Listed debentures ( paid through an account payee cheque) paid to Individual/ HUF, TDS is not required to be deducted where interest paid is less than ₹ 5000/-</p> <p>(b) 7.75% Savings (Taxable) Bonds 2018, where payment of interest is below ₹ 10,000/- during Financial Year.</p>
3	Prior to 1st April 2023, TDS was not required to be deducted on interest paid on listed demat securities, effective 1st April 2023 the said exemption has been done away with and now TDS is required to be deducted on Interest paid on every listed security.
4	Dividends paid by certain insurance companies or insurers and certain business trusts (viz. INVITs & ReITs referred u/s/ 10(23FC)) are excluded from provisions of S. 194
5	<p>For interest on Bank Deposits and Deposits with Post Office, the threshold limit is ₹ 50,000/- for senior citizens and ₹ 40,000/- for others.</p> <ul style="list-style-type: none"> <li>- Also applicable on payment of Interest on time deposits by co-operative banks to its members and payment of interest on Recurring Deposit</li> <li>- Computation of interest income shall be made taking into account income credited or paid by the bank (including all branches) who has adopted core banking solutions.</li> </ul>
6	<p>For the purposes of Section 194A/194C, 194H, 194 I and 194 J previously, Individual / HUF are liable to deduct TDS where there turnover / gross receipts exceed the following limits:</p> <p>a) INR 1 crore in case of Business</p> <p>b) INR 50 Lakhs in case of Profession during the financial year immediately preceeding the financial year in which payment is made under the respective sections.</p>
7	No TDS on payment made to contractor who owns ten or less goods carriage at any time during the year and furnishes PAN.



8	Vide Finance Bill 2023, it is clarified that the threshold of ₹ 10,000 shall be applicable for payment or aggregate payments for winnings from lottery or crossword puzzle or game of any sort or from It was further clarified that S. 194B shall be applicable on winnings from gambling or betting of any form or nature whatsoever (including winnings from Online Games till 30th June 2023)
9	With effect from 1st of July, 2023, TDS on net winnings is required to be deducted at rates in force. The net winnings are to be computed in the manner prescribed by the CBDT which is yet to be issued.
10	Vide Finance Bill 2023, it is clarified that the threshold of ₹ 10,000 shall be applicable for payment or aggregate payments for winnings.
11	No deduction shall be made under section 194-I of the Act where the income by way of rent is credited or paid to a Real Estate Investment Trust.
12	No TDS is required to be deducted on remittance of Passenger Service Fees by an Airline to Airline Operator (Circular No. 21/2017)
13	The term “Consideration for immovable property” has been defined :  “to include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property.”  With effect from 1st April, 2022, the TDS is required to deducted on sums paid / credited to the account of resident or stamp duty value of the property whichever is higher.
14	Provisions of Section 194-IB are applicable in cases where the deductor is individuals or HUFs other than those covered by Tax Audit u/s 44AB in immediately preceding financial year, subjects to the threshold and other conditions.
15	Deduction u/s 206AA shall not exceed Amount of Rent payable for last month of previous year (March) or last month of tenancy, as the case maybe.
16	TDS is to be deducted u/s 194J @ 2% where the :-  a) Payee is only engaged in the business of operation of call centre. b) Fees are for technical services (not being a professional service)”  Any payments to a director of a company other than those which are “salaries” are specifically covered u/s 194J.
17	The person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent. Further, credit to a suspense account shall also be deemed to be credit to the account of person.



18	The provisions of S. 194M shall be applicable only to person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C or section 194J).
19	The provisions of Section 194N has come into effect 01/09/2019. It is pertinent to note that tax is not deductible on any payments made to Government, Banking company, Co-operative society engaged in Banking business, Business correspondent/ White label automated teller machine operator of such Banking company or Co-operative society.
20	Threshold shall only apply in case of the electronic participant is Individual/ HUF and where PAN has been furnished by such electronic participant
21	The employer shall deduct or pay, as the case may be, tax on ESOP issued to employees within fourteen days of the following — <ul style="list-style-type: none"> <li>(i) after the expiry of forty eight months from the end of the relevant assessment year; or</li> <li>(ii) from the date of the sale of such specified security or sweat equity share by the assessee; or</li> <li>(iii) from the date of which the assessee ceases to be the employee of the person; whichever is the earliest on the basis of rates in force of the financial year in which the said specified security or sweat equity share is allotted or transferred.</li> </ul>
22	The interest paid to senior citizen (Aged 75 years or more ), where the said individual is in receipt of only pension income & other income comprises of Interest received from amounts maintained by him in the same specified bank shall be covered by S. 194P.  The TDS needs to be deducted after giving all deductions and rebates at rates in force.
23	The provisions of Section 194Q has come into effect 01/07/2021, the TDS is required to be deducted by the buyer towards purchase of any goods of the value (or aggregate value during the financial year) exceeding ₹ 50 lakh rupees at a rate of 0.1%  <i>Note:</i> The provisions of this section shall not apply : <ul style="list-style-type: none"> <li>i) When the total sales, gross receipts or turnover from the business carried on by buyer does not exceed ten crore in preceeding Financial Year.</li> <li>ii) Where TDS/ TCS (except collectible u/s 206C(1H)) is deductible/ collectible under the provisions of Act.</li> </ul>





24	<p>The provisions of S. 194 R were introduced into effect from July 1, 2022, as per the said section TDS is required to deducted at 10% on the value of benefit or perquisite covered u/s 28(iv) paid or likely to be paid by any person to a resident in excess of ₹ 20,000/- during a financial year.</p> <p>In cases where the benefit or perquisite, as the case may be, is “wholly in kind” or “partly in cash and partly in kind but such part in cash is not sufficient to meet the TDS liability in respect of whole of such benefit or perquisite”, the ‘person responsible for providing’ such benefit of perquisite shall, before releasing it, ensure that tax has been paid in respect of the benefit or perquisite.</p>
	<p>Vide Finance Bill 2023, it was further clarified that the provisions are applicable on any benefit/perquisite arising from the business or by exercise of profession, whether in cash or in kind or partly in cash or partly in kind.</p>
25	<p>The provisions of S. 194 S with come into effect from July 1, 2022, as per the said section TDS is required to deducted at a rate of 1% on the consideration of transfer of a virtual digital asset at the time of credit or payment whichever is earlier.</p> <p>In cases where the consideration is wholly in kind or in exchange of another virtual digital asset or “partly in cash and partly in kind but such part in cash is not sufficient to meet the TDS liability in respect of whole of such benefit or perquisite”, the ‘person responsible for paying such consideration shall, before releasing the consideration, ensure that tax has been paid in respect of such consideration for the transfer of virtual digital asset.</p> <p>“Specified person” is defined to mean :</p> <p>(a) being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case of business or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred;</p> <p>(b) being an individual or a Hindu undivided family, not having any income under the head “Profits and gains of business or profession”.</p> <p>Further, credit to a suspense account shall also be deemed to be credit to the account of person.</p>
<b>GENERAL CONSIDERATIONS</b>	
a	<p>TDS shall be deducted u/s 206AA @ 20%( 5% in case where S. 194Q is applicable) or the higher rate as provided under the Act, if PAN is not furnished by the deductee.</p>





b	<p>Tax shall be deducted at a higher of “5%” OR “Twice the rate specified in the act” OR “Twice the rates in force”, where a person has:</p> <p>i) Who has not filed the return of income <b>for financial year immediately preceding the financial year</b> in which tax is to be deducted AND</p> <p>ii) Aggregated of tax deducted at source and tax collected at source in his case exceeds ₹ 49,999/- for each of these years, TDS u/s 206AB shall be deducted at a higher of:</p> <p>“5%” or “Twice the Rates in Force” or “Twice the rate specified in the act”.</p> <p>Where S. 206AA is applicable TDS shall be deducted at higher of rates prescribed under S. 206AA or S. 206AB.</p>
	<p>The said section shall not apply to:</p> <p><b>Till 1st April 2023</b></p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>ii) Where TDS is deductible under 192, 192A, 194B, 194BB, 194 IA, 194-IB, 194LBC, 194 M or 194N.</p> <p><b>Post 1st April 2023 ( pursuant to amendment proposed by Finance Bill, 2023)</b></p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>ii) Where TDS is deductible under 192, 192A, 194B, 194BB, 194-IA, 194-IB, 194LBC, 194 M or 194N or</p> <p>iii) A person who is not required to file person who is not required to for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf</p>
c	<p>No TDS is required to be deducted in case where the payee is an entity whose income is exempt u/s 10 and is not required to file returns as per Section 139. (Circular No. 18/2017)</p>
d	<p>Certificate for deduction at lower rate can be applied for Sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBA (proposed to be inserted by Finance Bill, 2023), 194LBB, 194LBC, 194M.</p>
e	<p>Certificate for nil rate of tax deduction can be applied for Sections 194, 194EE, 192A, 193, 194A, 194DA, 194K, 194-I.</p>
f	<p>No TDS where the deductee furnishes a self- declaration in Form 15G/ 15H for deduction of tax under Sections 194, 194EE, 192A, 193, 194A, 194D, 194DA, 194-I and 194K.</p>
g	<p>As per Section 196, no deduction of tax shall be made by any person from any sums payable to Government, RBI, a Corporation established under Central Act, a Mutual Fund specified under section 10(23D).</p>



## (B) On payments to Non-Residents (subject to notes below)

Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)
1	Tax on Short Term Capital Gains	On sale of shares or units of mutual funds where STT is paid	111A	15
		On sale of shares or units of mutual funds where STT is not paid		
		(a) In case of companies	45	40
		(b) In case of persons other than companies		30
2	Tax on Long Term Capital Gains	Not being long term capital gains referred to section 10(33), 10(36) and 10(38) ie. on listed shares, units of an equity oriented fund, or units of business trust i.e. REITs & Invits [Except for transactions covered u/s 112(1)(c)(iii)]	112	20
		On income by way of long-term capital gains from unlisted securities u/s 112(1)(c)(iii)	112	10
3	Tax on Long Term Capital Gains on Transfer of Equity Share in company or a unit of equity oriented mutual fund or a unit of Business Trust (Note 9)	(i) STT is applicable on acquisition/transfer (except Transfer on a recognised stock exchange located in any International Financial Services Centre and consideration is received in foreign currency),		
		(ii) Tax on Long Term Capital Gains exceeding ₹ 1,00,000/-	112A	10
4	Winning From Lotteries crossword puzzles, card games and other games of any sort	Payment in excess of ₹ 10,000/-	194B	30
5	Winning From Horse Race	Payment in excess of ₹ 10,000/-	194BB	30



Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)
6	Tax on royalty or copyrights or on fees for technical services matters included in industrial policy or under approved agreements by an Indian concern or by Government of India	Agreements made or entered into after 31st March, 1976	115A(1)(b)	10
7	Tax on Interest	On borrowings in foreign currency:- (a) by an Indian concern or by Government of India other than interest referred in (b) or (c) below (b) On notified infrastructure debt fund (c) By Specified Companies or Business Trusts (REITs & Invits) under a loan agreement or any long term bond : i) On Long-term bond or rupee denominated bond listed only on a recognised stock exchange located in any International Financial Services Centre. Issued on or after the 1st day of April, 2020 but before the 1st day of July, 2023) ii) Other than above	115A(1)(a) 194LB 194LC 194LC	20 5 4 5
8	Income by way of interest from SPV distributed by Business Trusts (REITS & INVITS)	No Threshold Limit	194LBA	5
9	Income by way of Rent from SPV distributed by REITs	No Threshold Limit	195	-
10	Income other than business income distributed by an Alternate Investment Fund (Category I & II)	No Threshold Limit	194LBB	Rates in Force (Refer Note:5)



Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)
11	Income in respect of Investment in Securitization Trust	No Threshold Limit	194LBC	Rates in Force (Refer Note:5)
12	Income by way of interest to FII or QFI	a) On Rupee denominated Bonds of Indian Company and Government Securities.		
		b) On Municipal debt securities (Income arising on or after 01st April, 2020 but before 1st day of July 2023) (Note 8)	194LD	5
13	Payments to Non-Resident Sportsmen/ Entertainer/Sports Association	Other than to a non-resident being an Indian citizen	194E	20
14	Other income	(a) In case of non-resident companies	-	40
		(b) In case of non-residents other than foreign companies	-	30
15	Dividends distributed by Domestic Company	(Refer Note No. 11 below)		
16	Income in respect of units of non-residents. (Note -12)	No Threshold Limit	196A	Rates in Force [effectively] (Refer Note-5& 12)
17	Income of Foreign Institutional Investor (Note -13)	Income other than interest covered above in S. 194D & other than capital gains taxable u/s 115AD	196D	Rates in Force [effectively] (Refer Note-5& 13)
18	Equalisation Levy	(Refer Note No. 6 below)		

## Notes

- 1 Cess @ 4% shall be levied additionally. ( See below for surcharge)
- 2 Treaty rates will differ from Country to Country. Treaty rates will apply only if Tax Residency Certificate is produced.



3	NRIs opting to be taxed under chapter XII-A, tax shall be deductible at the rate of ten percent on long term capital gains referred to in section 115E and twenty percent on investment income.
4	The rate of TDS will be deducted u/s 206AA @ 20% in all cases, if PAN is not quoted by the deductee. However, this condition is not applicable: <ul style="list-style-type: none"> <li>- in respect of Royalties, FTS, Dividend, Interest and Capital Gains on compliance of conditions in Rule 37BC.</li> <li>- in respect of Interest covered u/s 194LC</li> </ul>
5	TDS is to be deducted at “Rate in Force”. The term “Rate in force” means rate as per Income Tax Act, 1961 or Relevant DTAA rate, whichever is more beneficial.
6	Equalisation Levy 1.0 has been introduced for online advertisement / digital advertising space services provided by a non-resident to a resident or a permanent establishment of non-resident in India. The rate for such levy shall be six percent of the consideration.  Equalisation Levy 2.0 as introduced by Finance Act, 2020 for the consideration received or receivable by an e-commerce operator from e-commerce supply/services made/ services provided / services facilitated at a rate of 2%.
7	TDS on Interest Payments u/s 194LC will now be available in respect of borrowings made before 1st July, 2023
8	TDS on Interest Payments u/s 194LD will now be available in respect of interest payable before 1st July, 2023
9	The Long Term Capital Gains shall be computed without giving effect to 1st and 2nd proviso to Section 48.
10	No tax at source is required to be deducted under section 195 by National Technical Research Organisation (‘NTRO’) on payments of royalty or fees for technical services paid to non resident or foreign company
11	Vide Finance Act, 2021 2nd Provisio to Section 195 has been deleted, thereby distribution distributed and received by a non resident would be covered under the provisions of section 195.
12	<b>With effect from AY 2023-24</b> , the provisions of S. 196A is amended to provide treaty benefit to non residents, including foreign company in respect of income received from units of a Mutual Fund specified under S 10(23D) or 10(35) of the Act, thus the TDS rate subject to satisfaction of treaty eligibility criteria be at a rate of twenty per cent. and rate or rates of income-tax provided in such agreement for such income, whichever is lower.
13	With effect from AY 2021-22, the provisions of S. 196D is amended to provide treaty benefit to the FIIs, thus the TDS rate subject to satisfaction of treaty eligibility criteria be at a rate of rate of twenty per cent. and rate or rates of income-tax provided in such agreement for such income, whichever is lower.



## GENERAL CONSIDERATIONS

- a Certificate for deduction at lower rate can be applied for Section 195.
- b With effect from 1st April 2022, TDS u/s 206AB shall be deducted at a higher of “5%” or “Twice the Rates in Force” or “Twice the rate specified in the act”, in case of a person :
- Who has not filed the return of income for financial year immediately preceding the financial year in which tax is to be deducted AND
  - Aggregated of tax deducted at source and tax collected at source in his case exceeds ₹ 49,999/- for each of these years,

The said section shall not apply to:

- A Non-resident who does not have a Permanent Establishment in India; or
  - Where TDS is deductible under 192, 192A, 194B, 194BB, 194LBC or 194N or
  - Where TDS deductible u/s 206AA is higher than than S. 206AB
- c Applicable Surcharge Rates

Sr. No.	Payee Status	Deduction Threshold	Rate (%)
(a)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	Exceeding ₹ 50 lakhs upto 1crore	10%
(b)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person <b>[Note: Surcharge of an Association of Persons consisting of only companies is capped at 15%]</b>	Exceeding ₹ 1 crore upto ₹ 2 crore	15%
(c)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	Exceeding ₹ 2 crore upto ₹ 5 Crore (excluding income covered under 111A,112 and 112A) <b>Refer Note Below]</b>	25%
(d)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	Exceeding ₹ 5 crores (excluding Capital Gains covered under section 111A, 112 and 112A and Dividend Income & income covered under 115AD (for FIIs)) <b>[Refer Note Below]</b>	37%##
(e)	Co-Operative Society	Exceeding ₹ 1 crore	12%
(f)	Foreign Company	Exceeding ₹ 1 crore upto ₹ 10 crores	2%



Sr. No.	Payee Status	Deduction Threshold	Rate (%)
(g)	Foreign Company	Exceeding ₹ 10 crores	5%
#	<p>Surcharge for Dividend Income &amp; Capital Gains is capped at a rate of 15%.</p> <p>It is pertinent to note that the benefit of capping the surcharge at 15% for Dividend &amp; Capital Gains income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA &amp; 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s 115AD.</p>		
##	<p>Surcharge for Individuals, HUF, AOP (other than Co-op Society), BOI or Artificial Judicial Person is capped at 25% opting for New Regime u/s 115BAC</p>		





## TCS

### TCS RATES FOR ASSESSMENT YEAR 2024-25 (FINANCIAL YEAR 2023-24)

Sr. No.	Nature of Goods/Contract/Licence /Lease	Criteria for Collection	Rate (%) *
1	Alcoholic Liquour for Human Consumption	No Threshold Limit	1
2	Tendu Leaves	No Threshold Limit	5
3	Timber obtained under a Forest Lease	No Threshold Limit	2.5
4	Timber obtained by any mode other than under a Forest Lease	No Threshold Limit	2.5
5	Any other Forest produce	No Threshold Limit	2.5
6	Scrap	No Threshold Limit	1
7	Minerals, being Coal or Lignite or iron ore	No Threshold Limit	1
8	Motor Vehicle (Note 1)	Payment in excess of ₹ 10,00,000/-	1
9	Cash Sale of Bullion	Payment in excess of ₹ 2,00,000/-	1
10	Cash Sale of any other goods (other than bullion and jewellery) or Providing any service for Cash	Payment in excess of ₹ 2,00,000/-	1
11	Transfer of right or interest in any Parking Lot or Toll Plaza or Mining and Quarrying (other than of mineral oil) under any contract, licence and lease	No Threshold Limit	2
12	<b>Remittance of loan for Educational Purposes</b> Amount received by an Authorised Dealer from Buyer for Remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India (being loan for education purpose) (Note 2)	Threshold limit ₹ 7,00,000	0.5
	<b>Remittance towards Education or Medical Treatment purposes</b> Amount received by an Authorised Dealer from Buyer for Remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India for education purpose other than loan or for medical treatment. (Note 2)	Threshold limit ₹ 7,00,000	5





Sr. No.	Nature of Goods/Contract/Licence /Lease	Criteria for Collection	Rate (%) *
	<p><b>Other remittances under Liberalised Remittance Scheme</b></p> <p>Amount received by an Authorised Dealer from Buyer for Remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India other than :-</p> <p>a) For Education or Medical Treatment Process</p> <p>b) As a Loan for Education purpose.</p>	No Threshold Limit	20
13	Amount received by Seller from Buyer in respect of overseas tour program package (Note 2)	No Threshold Limit	20
14	Amount received by Seller as consideration for sale of any goods other than the goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) (Note 3), (Note 4)	Value or aggregate of such value exceeding fifty lakh rupees in any previous year	0.1
Note 1	No TCS shall be collected where the buyer is the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; local authority as defined in explanation to clause (20) of Section 10; a public sector company which is engaged in the business of carrying passengers.		
Note 1	No TCS shall be collected where the buyer is the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; local authority as defined in explanation to clause (20) of Section 10; a public sector company which is engaged in the business of carrying passengers.		
Note 2	<p>The provisions of subsection (1G) shall not apply in case where :</p> <p>(i) Where TDS has to be deducted under any provision and has been deducted</p> <p>(ii) the buyer is Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein</p>		
Note 3	The tax shall be collected on Amount exceeding 50 Lakhs.		



Sr. No.	Nature of Goods/Contract/Licence /Lease	Criteria for Collection	Rate (%) *
Note 4	The provisions of subsection (1H) shall not apply in case where : (i) if the buyer is liable to deduct tax at source under any other provision of this Act and has deducted such amount. (ii) Where the purchaser is the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or a local authority as defined in the Explanation to clause (20) of section 10; or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;		
*	<b>General Notes</b>		
(i)	<b>TCS where PAN is not furnished by Buyer</b>		
	TCS shall be deducted u/s 206CC @ twice the rate applicable or 5%, whichever is higher, if PAN is not furnished by the collectee. For the purpose of Sec 206C(1H), the rate will be 1% instead of 5%		
(ii)	<b>Non-filers of Return</b>		
	TCS shall be collected at a higher of “5%” OR “Twice the rate specified in the act” , where a person has :		
	i) Not filed the return of income for the preceding years immediately preceding the financial year in which tax is to be collected AND		
	ii) Aggregated of tax deducted at source and tax collected at source in his case exceeds ₹ 49,999/- for each of these years.		
	Where S. 206CAA is applicable TCS shall be collectible at higher of rates prescribed under S. 206CC or S. 206CCA.		
	The said section shall not apply to:		
	<b>Till 1st April 2023</b>		
	i) A Non-resident who does not have a Permanent Establishment in India; or		
	<b>Post 1st April 2023 ( pursuant to amendment proposed by Finance Bill, 2023)</b>		
	i) A Non-resident who does not have a Permanent Establishment in India; or		
	ii) A person who is not required to file person who is not required to for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf		
(iii)	Surcharge Applicable:-		



Sr. No.	Nature of Goods/Contract/Licence /Lease	Criteria for Collection	Rate (%) *	
	<b>Sr. No.</b>	<b>Payee Status</b>	<b>Deduction Threshold</b>	<b>Rate (%)</b>
	(a)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	Exceeding ₹ 50 lakhs upto 1 crore	10%
	(b)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	Exceeding ₹ 1 crore upto ₹ 2 crore	15%
	(c)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	Exceeding ₹ 2 crore upto ₹ 5 Crore (excluding income covered under 111A and 112A) [Refer Note Below]	25%
	(d)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	Exceeding ₹ 5 crores (excluding Capital Gains covered under section 111A & 112A and Dividend Income & income covered under 115AD (for FIIs)) [Refer Note Below]	37%#
	(e)	Co-Operative Society	Exceeding ₹ 1 crore	12%
	(f)	Foreign Company	Exceeding ₹ 1 crore upto ₹ 10 crores	2%
	(g)	Foreign Company	Exceeding ₹ 10 crores	5%
#	Surcharge for Dividend Income & Capital Gains is capped at a rate of 15%. It is pertinent to note that the benefit of capping the surcharge at 15 % for Dividend & Capital Gains income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s 115AD. -			
##	Surcharge for Individuals, HUF, AOP (other than Co-op Society), BOI or Artificial Judicial Person is capped at 25% opting for New Regime u/s 115BAC			



## CUSTOMS

### I. AMENDMENTS TO THE CUSTOMS ACT, 1962

S. No.	Amendment
1	Section 25(4A) of the Customs Acts regarding the Power to grant exemption from duty, is being amended to insert a Proviso to the effect that the validity period of two years mentioned therein shall not apply to exemption notifications issued in relation to multilateral or bilateral trade agreements; obligations under international agreements, treaties, conventions including with respect to UN agencies, diplomats, international organizations; privileges of constitutional authorities; schemes under Foreign Trade Policy; Central Government schemes having a validity of more than two years; re-imports, temporary imports, goods imported as gifts or personal baggage; any duty of customs under any law for the time being in force including integrated tax leviable under sub-section (7) of Section 3 of the Customs Tariff Act, 1975, other than duty of customs leviable under section 12.
2	A new sub section (8A) to section 127C (Procedure on receipt of an application under Section 127B (Application for settlement of cases)) is being inserted so as to specify a time limit of 9 months from the date of application, for disposal of the application filed before the Settlement Commission.

### II. AMENDMENTS TO THE CUSTOMS TARIFF ACT, 1975

S. No.	Amendment
<b>A.</b>	<b>Retrospective Amendments (w.e.f. 01.01.1995)</b>
1	Sub-section (6) and sub-section (7) of section 9 (regarding Countervailing duty on subsidized articles) of the Customs Tariff Act, 1975 is being amended to remove ambiguity and clarify that determination and review for countervailing duty refers to determination and review of countervailing duty in a manner prescribed by rules under the Act.
2	Sub-section (5) and sub-section (6) of section 9A (regarding Anti- dumping duty on dumped articles) of the Customs Tariff Act, 1975 is being amended to remove ambiguity and clarify that determination and review for anti-dumping duty refers to determination and review in a manner prescribed by rules under the Act.



S. No.	Amendment
3	Section 9C (regarding Appeal) of the Customs Tariff Act, 1975 is being amended to remove ambiguity and clarify that appeals under this section lie against the determination or review thereof made by an authority in a manner as specified by rules notified under Sections 8B, 9, 9A and 9B of the Act. It also seeks to insert an explanation to provide the meaning of determination or review thereof.
<b>B.</b>	<b>Prospective Amendment</b>
4	The First Schedule to the Customs Tariff Act, 1975 is being amended to increase the tariff rates on certain tariff items with effect from 2.2.2023.
5	The First Schedule to the Customs Tariff Act, 1975 is being amended to modify the tariff rates on certain tariff items as part of rationalization of customs duty rate structure with effect from the date of assent.
6	The heading 9801 of the first schedule of Customs Tariff Act, 1975 is being amended to exclude solar power plant/solar power project from the purview of Project Imports with effect from the date of assent.
7	The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the tariff entries with effect from 1st May, 2023

### III. AMENDMENTS TO THE FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT, 1975

- i. The First Schedule to the Customs Tariff Act, 1975 is being amended to introduce new tariff lines or modify existing tariff lines. The proposed changes are in chapter 3, chapter 4, chapter 9, chapter 10, chapter 12, chapter 13, chapter 19, chapter 27, chapter 29, chapter 31, chapter 38, chapter 39, chapter 48, chapter 52, chapter 54, chapter 57, chapter 61, chapter 62, chapter 63, chapter 69, chapter 71, chapter 84, chapter 85, and chapter 87.
- ii. The General explanatory note to the General Rules for interpretation of the Schedule is being amended to carry out some changes which inter alia, include changes to align the abbreviations and the tariff with complementary amendments to the HS 22.
- iii. The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the tariff rates on certain tariff items as part of rationalization of customs duty rate structure.
- iv. The Second Schedule is being amended to align the entries under heading 1202 with that of the First Schedule with effect from 1st May, 2023. [clause 127 read with Fifth Schedule of the Finance Bill 2023]



## TARIFF RATE CHANGES

AMENDMENTS					
A.	Increase in Tariff rate (to be effective from 02.02.2023) * [Clause 126(a) ] of the Finance Bill, 2023]			Rate of Duty	
<i>*Will come into effect immediately through a declaration under Provisional Collection of Taxes Act,1931</i>					
S. No.	Heading, sub- heading or tariff item	Commodity	From	To	
<b>Chemicals</b>					
1	2902 50 00	Styrene	2%	2.5%	
2	2903 21 00	Vinyl Chloride Monomer	2%	2.5%	
<b>Rubber</b>					
3	4005	Compounded Rubber	10%	25% or ₹ 30 per kg., whichever is lower	
<b>Gems and Jewellery Sector</b>					
4	7113, 7114	Articles of precious metals	20%	25%	
5	7117	Imitation Jewellery	20% or ₹ 400 per kg., whichever is higher	25% or ₹600 per kg., whichever is higher	
<b>Electrical Goods</b>					
6	8414 60 00	Electric Kitchen Chimney	7.5%	15%	
<b>Automobiles and Toys</b>					
7	8712 00 10	Bicycles	30%	35%	
8	9503	Toys and parts of toys (other than parts of electronic toys)	60%	70%	



<b>B.</b>		<b>Tariff rate changes (without any changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023]</b>	<b>Rate of Duty</b>	
Note: 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 AIDC/SWS rates				
<b>S. No.</b>	<b>Heading, sub-heading tariff item</b>	<b>Commodity</b>	<b>From</b>	<b>To</b>
1	4011 30 00	New or retreaded pneumatic tyres, of rubber, of a kind used on aircraft of heading 8802	3%	2.5%
2	7107 00 00	Base metals clad with silver, not further worked than semi- manufactured	12.5%	10%
3	7108	Gold (including gold plated with platinum) unwrought or in semi- manufactured forms, or in powder form	12.5%	10%
4	7109 00 00	Base metals or silver, clad with gold, not further worked than semi- manufactured	12.5%	10%
5	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	Platinum, unwrought or in semi-manufactured form, or in powder form	12.5%	10%
6	7111 00 00	Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured	12.5%	10%
7	7112	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	12.5%	10%
8	7118	Coin	12.5%	10%





9	8802 20 00 8802 30 00 8802 40 00	Aero planes and other aircrafts	3%	2.5%
<b>C.</b>	<b>Tariff rate changes (with changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023]</b>		<b>Rate of duty</b>	
1	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	12.5%	10%

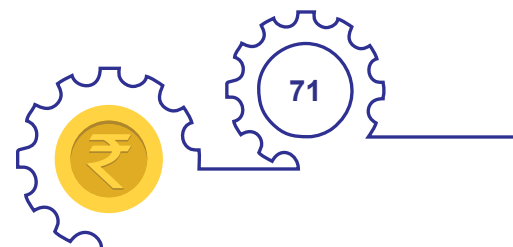
#### IV. OTHER PROPOSALS INVOLVING CHANGES IN BASIC CUSTOMS DUTY RATES IN NOTIFICATIONS

<b>A.</b>	<b>Changes in Basic Customs Duty (to be effective from 02.02.2023)</b>		<b>Rates of Duty</b>	
<b>S. No</b>	<b>Chapter, Heading, sub- heading, tariff item</b>	<b>Commodity</b>	<b>From</b>	<b>To</b>
		<b>Agricultural Products and By Products</b>		
1	0802 99 00	Pecan nuts	100%	30%
2	1504 20	Fish lipid oil for use in manufacture of aquatic feed	30%	15%
3	1520 00 00	Crude glycerin for use in manufacture of Epichlorohydrin	7.5%	2.5%
4	2102 20 00	Algal Prime (flour) for use in manufacture of aquatic feed	30%	15%
5	2207 20 00	Denatured ethyl alcohol for use in manufacture of industrial chemicals	5%	Nil
6	2301 20	Fish meal for use in manufacture of aquatic feed	15%	5%
7	2301 20	Krill meal for use in manufacture of aquatic feed	15%	5%
8	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	15%	5%
		<b>Minerals</b>		
9	2529 22 00	Acid grade fluorspar (containing by weight more than 97% of calcium fluoride)	5%	2.5%





		<b>Petrochemicals</b>		
10	2710 12 21, 2710 12 22, 2710 12 29	Naphtha	1%	2.5%
		<b>Gems and Jewellery Sector</b>		
11	7102, 7104	Seeds for use in manufacturing of rough lab-grown diamonds	5%	Nil
12	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	7.5%	10%
13	7106	Silver Dore	6.1%	10%
		<b>IT, Electronics</b>		
14	25, 28, 32, 39, 40, 69, 73, 85	Specified chemicals/items for manufacture of Pre-calcined Ferrite Powder	7.5%	Nil
15	3824 99 00	Palladium Tetra Amine Sulphate for manufacture of parts of connectors	7.5%	Nil
16	Any Chapter	Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.5%	Nil
17	8529	Specified parts for manufacture of open cell of TV panel	5%	2.5%
		<b>Electronic appliances</b>		
18	8516 80 00	Heat Coil for use in the manufacture of Electric Kitchen Chimneys	20%	15%
		<b>Automobiles</b>		
19	8703	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form.	30%	35%
20	8703	Vehicle in Completely Built Unit (CBU) form, other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol- run vehicle and more than 2500 cc for diesel-run vehicles, or with both	60%	70%
21	8703	Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60%	70%

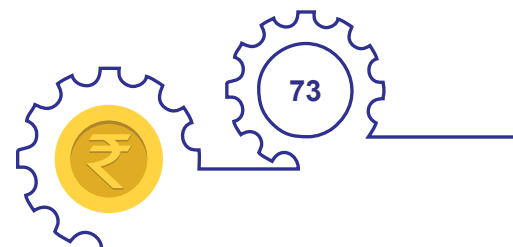


# INDIA 20 BUDGET 23

22	39,40,58,70, 72 73,83,84,85, 87,90	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	As applicable	Nil
<b>Capital goods</b>				
23	84, 85	Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs)	As applicable	Nil
<b>B.</b>	<b>Changes in Basic Customs Duty (without any change in the effective rate of Customs Duties i.e., BCD+AIDC+SWS)</b>		<b>Rate of Duty</b>	
	<b>Note:</b>			
	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 on certain items. These changes need to be read with appropriate changes in AIDC/ SWS rates			
<b>S. No</b>	<b>Chapter, Heading, sub- heading, tariff item</b>	<b>Commodity</b>	<b>From</b>	<b>To</b>
1	2701, 2702, 2703	Coal, peat, lignite	1%	2.5%
2	7108	Gold (including gold plated with platinum) unwrought or in semi- manufactured forms, or in powder form	12.5%	10%
3	7108	Gold Dore	11.85%	10%
4	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	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	12.5%	10%



C.	Change in end date of exemption (No change in effective rate of duty)		Rate of duty	
	S. No	S. No in Notification no 50/2017-Customs	Commodity	From
1	368	Ferrous waste and scrap	Nil	Nil (up to 31.03.2024)
2	374, 375	Raw materials for use in manufacture of CRGO steel	Nil	Nil (up to 31.03.2024)
3	527A	Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5%	5% (up to 31.03.2024)
4	527B	Lithium-ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle	5%	5% (up to 31.03.2024)
5	168	Specified inputs and sub-parts for use in manufacture of telecommunication grade optical fibre or optical fibre cables	Nil	Nil (up to 31.03.2025)
6	341	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	5%	5% (up to 31.03.2025)
7	341A	Inputs for manufacture of Preform of silica	Nil	Nil (up to 31.03.2025)
8	237	Specified inputs for use in the manufacture of EVA sheet or back sheets which are used in the manufacture of solar cell or modules	Nil	Nil (up to 31.03.2024)
9	340	Solar tempered glass for use in the manufacture of solar cell or solar module	Nil	Nil (up to 31.03.2024)
10	405, 406	Raw materials and parts for manufacture of wind operated electricity generators, including permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity operators	5%	5% (up to 31.03.2025)
11	559	Raw material and parts (including Dredger) for use in the manufacture of ships/vessels	Nil	Nil (up to 31.03.2025)



12	166	Specified Drugs, medicines, diagnostics kits or equipment, bulk drugs used in manufacture of drugs or medicines	5%	5% (up to 31.03.2025)
13	167	Lifesaving drugs/ medicines and diagnostic test kits, bulk drugs used in manufacture of life-saving drugs or medicines	Nil	Nil (up to 31.03.2025)

## V. REVIEW OF CUSTOMS DUTY CONCESSIONS/ EXEMPTIONS:

### A. Review of conditional exemption rates of BCD prescribed in notification No. 50/2017 – customs dated 30.6.2017:

- a) The BCD exemption for the goods covered under following serial numbers of the notification are being extended for a period of one year i.e. upto 31st March 2024, unless specified otherwise.

S. No.	S. No. of Notification	Description
<b>Extension up to 31. 03. 2024</b>		
1	90	Lactose for use in the manufacture of homeopathic medicine
2	133	Gold ores and concentrates for use in manufacture of Gold
3	139	Specified bunker Fuel for use in ships or vessels
4	150	Goods of Heading 2710 or 271490 for manufacture of Fertilizers
5	155	Excess Liquefied petroleum gases (LPG) returned by DTA unit to SEZ unit
6	164	Electrical energy supplied to DTA by power plants of 1000MW or above
7	165	Electrical energy supplied to DTA by power plant less than 1000MW
8	183	Medical use fission Molybdenum-99 (Mo-99) for use in manufacture of radio pharmaceutical
9	184	Pharmaceutical Reference Standard
10	188	Specified goods for manufacture of ELISA Kits
11	204	Anthraquinone or 2-Ethyl Anthraquinone, for use in manufacture of Hydrogen Peroxide
12	212A	Medicines/drugs/vaccines supplied free by United Nations International Children's Emergency Fund (UNICEF), Red Cross or an International Organization
13	213	Drugs and materials



S. No.	S. No. of Notification	Description
14	238	Organic or inorganic coating material for manufacture of electrical steel
15	253	Goods for manufacture of Brushless Direct Current (BLDC) motors
16	254	Catalyst for manufacture of cast components of Wind Operated Electricity Generator
17	255	Resin for manufacture of cast components of Wind Operated Electricity Generator
18	258	Security fibre, security threads, Paper based taggant including M-feature for manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore.
19	259	Raw materials for manufacture of security fibre and security thread for supply to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt. Ltd, Mysore for use in manufacture of security paper
20	260	Goods for the manufacture of orthopaedic implants falling under 902110
21	261	Alatheon and copper wire
22	269	Super absorbent polymer for manufacture adult diapers, tampons, sanitary pads etc (9619)
23	271	Polytetramethylene ether glycol, (PT MEG) for use in manufacture of spandex yarn
24	276	Ethylene – propylene – non-conjugated diene rubber (EPDM) for manufacture of insulated wires and cables
25	277A	Calendared plastic sheet for manufacturing of Smart Card (8523)
26	279	Pneumatic tyres of rubber for MRO of aircraft used in scheduled air service
27	280	Pneumatic tyres of rubber for MRO of aircraft used by training, aeroclub etc.
28	333	Moulds, tools and dies for manufacture of parts of electronic components/equipment
29	334	Graphite Felt or graphite pack for growing silicon ingots; Thin steel wire used in wire saw for slicing of silicon wafers
30	339	Toughened glass for solar thermal collectors or heaters
31	353	Foreign currency coins when imported into India by a Scheduled Bank
32	364A	Spent catalyst or ash containing precious metals



S. No.	S. No. of Notification	Description
33	378	Metal parts for manufacture of electrical insulators falling under heading 8546
34	379	Pipes and tubes for use in manufacture of boilers
35	380	Forged steel rings for manufacture of special bearings for use in wind operated electricity generator
36	381	Flat copper wire for use in the manufacture of photo voltaic ribbon for solar cell/modules
37	387	Zinc metal recovered by toll smelting or toll processing from zinc concentrates exported from India for such processes
38	392	Dies for drawing metal, when imported after repairs in exchange of similar worn out dies exported out for repairs
39	415	Parts/inputs for manufacture of catalytic convertors or its parts
40	415A	Platinum or Palladium for manufacture of all goods including Noble Metal Compounds & Noble Metal Solutions falling under 2843 and goods of heading 381512
41	416	Ceria zirconia compounds for use in the manufacture of washcoat for catalytic convertors
42	417	Cerium compounds for use in the manufacture of washcoat for catalytic convertors
43	418	Zeolite for use in the manufacture of washcoat for catalytic convertors
44	419	Aluminium Oxide for use in the manufacture of washcoat for catalytic convertors
45	420	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors
46	421	Goods required for basic telephone /internet service and their parts
47	426	Specified goods for the manufacture of goods falling under 8523 5200, 8541, 8542, 8543 9000 or 8548 00 00
48	428	Specified goods imported by accredited press cameraman
49	429	Specified goods, imported by accredited journalist
50	435	Capital goods/ Machinery for printing industry
51	441	Spinnerettes made interalia of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn out or damaged spinnerettes exported out of India
52	462	Ball screws for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463



S. No.	S. No. of Notification	Description
53	463	Linear Motion Guides for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
54	464	CNC Systems for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
55	467	Cash dispenser and parts thereof
56	468	Micro ATM; fingerprint reader/scanner other than for use in manufacturing cellular mobile phones; miniaturized POS card reader for mPOS (other than Mobile phone or Tablet Computer); parts and components for manufacture of the above items
57	471	All parts for use in the manufacture of LED lights or fixtures including LED lamps
58	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights and fixtures or LED lamps
59	475	Specified goods including scramblers, descramblers, encoders, jammers, network firewall, SMS monitoring system etc
60	476	Television equipment, cameras and other equipment for taking films, imported by a foreign film unit or television team
61	477	Photographic, filming, sound recording and radio equipment, raw films, video tapes and sound recording tapes of foreign origin if imported into India after having been exported therefrom.
62	478	The wireless apparatus, parts imported by a licensed amateur radio operator
63	480	Goods imported for being tested in specified test centers
64	482	Newspaper page, transmission and reception facsimile system or equipment; telephoto transmission and reception system or equipment
65	489B	Specified goods for manufacturing of microphones
66	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles
67	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
68	504	Parts and Components of Digital Still Image Video Cameras
69	509	Parts, components and accessories for manufacture of Digital Video Recorder /Network Video Recorder (NVR) falling under 85219090 and sub-parts for manufacture of these items





S. No.	S. No. of Notification	Description
70	510	Parts, components and accessories for use in manufacture of reception apparatus for television and sub-parts for manufacture of these items
71	511	Parts, components and accessories for manufacture of CCTV Camera / IP camera and sub-parts for manufacture of these items
72	512	Specified Parts, components and subparts for use in manufacture of Lithium-ion battery and battery pack
73	512A	Inputs ,parts or subparts for manufacture of PCBA of Lithium ion battery and battery pack
74	515A	Open cell for use in manufacture of LCD and LED TV panels of heading 8524
75	516	Specified goods for use in the manufacture of Liquid Crystal Display (LCD) and LED TV panel
76	519	Raw materials or parts for use in manufacture of e-Readers
77	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium ion cells
78	527	Lithium ion cell used in manufacture of battery or battery pack of items other than cellular mobile phone, electrically operated vehicle or hybrid motor vehicle
79	534	Parts of gliders or simulators of aircrafts (excluding rubber tyres and tubes of gliders)
80	535	Raw materials for manufacture of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or its parts
81	535A	Components or parts of aircraft for manufacture of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or for manufacture of parts of aircraft imported by PSUs under Ministry of Defence
82	536	Parts, testing equipment, tools and tool-kits for maintenance, repair, and overhauling of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or its parts
83	537	All goods of Heading 8802 (except 88026000-spacecraft)
84	538	Components or parts, including engines, of aircraft of heading 8802
85	539	(a) Satellites and payloads; (b) Ground equipments brought for testing of (a)
86	539A	Scientific and technical instruments, apparatus etc required for launch vehicles and satellites and payloads





S. No.	S. No. of Notification	Description
87	540	Specified goods under heading 8802 imported by scheduled air transporter
88	542	Specified goods imported by Aero Club, Flying Training Institutes
89	543	Specified goods imported by non-scheduled air transporter
90	544	Parts (other than rubber tubes) of aircraft of heading 8802 for operating scheduled air transport/air cargo services
91	546	Parts (other than rubber tubes) of aircraft of heading 8802 for non-scheduled passenger/charter services, aero club, training purpose etc
92	548	Barges or pontoons imported along with ships
93	549	Capital goods and spares, raw materials, parts, material handling equipment and consumables for repairs of ocean-going vessels by a ship repair unit
94	550	Spare parts and consumables for repairs of ocean-going vessels registered in India.
95	551	Cruise ships, excursion ships (excluding vessels and floating structures imported for breaking up)
96	553	Fishing vessels, Tugs and Pusher crafts, light vessels (excluding vessels and floating structures imported for breaking up)
97	555	Vessels such as warships, lifeboats (excluding vessels and floating structures imported for breaking up)
98	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope
99	566	Polypropylene, Stainless-steel Strip and stainless steel capillary tube for manufacture of syringes, needles, catheters and cannulae
100	567	Stainless steel tube and wire, cobalt chromium tube, Hayness alloy-25 and polypropylene mesh required for manufacture of coronary stents / coronary stent system and artificial heart valve
101	568	Parts and components required for manufacture of Blood Pressure Monitors and blood glucose monitoring system (Glucometers)
102	569	Ostomy products, its accessories and parts required for manufacture of such medical equipment
103	570	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
104	575	Hospital Equipment (excluding consumables) for use in specified hospitals



S. No.	S. No. of Notification	Description
105	577	Lifesaving medical equipment including accessories or spare parts or both of such equipment for personal use
106	578A	Raw materials, parts or accessories for manufacture of Cochlear Implants
107	579	Survey (DGPS) instruments, 3D modeling software cum equipment for surveying and prospecting of minerals
108	580	X-Ray Baggage Inspection Systems and parts thereof
109	581	Portable X-ray machine / system
110	583	Parts and cases of braille watches, for the manufacture of Braille watches
111	593	Parts of video games for the manufacture of video games
112	607	Specified Life Saving drugs/medicines including medicines for Spinal Muscular Atrophy or Duchenne Muscular Dystrophy, for personal use
113	607A	Lifesaving drugs/medicines for personal use supplied free of cost by overseas supplier
114	611	Archaeological specimens, photographs, plaster casts or antiquities for exhibition for public benefit in a museum managed by ASI or by State Govt.
115	612	Specified raw material for sports goods

**Note:** Description of entries is indicative. Notification may be referred to for complete description.

- b) The BCD exemption for the goods covered under following serial number of the notification no 50/2017-Customs is being extended for a period of five years i.e. up to **31st March, 2028**.

S. No.	S. No. of Notification	Subject
1	609	Used bonafide personal and household effects of a deceased person



## B. Review of exemptions prescribed by other notifications:

- a) The BCD exemptions for the goods covered under following notifications are being extended for a period of one year i.e. upto 31st March 2024.

S. No.	Notification No.	Subject
1	16-Customs dated 23.1.65	Exemption to goods exported to foreign countries for display in show- rooms of Govt of India
2	80/1970- Customs	Exemption to articles supplied free under warranty as replacement for defective ones
3	46- Customs (1974)	Pedagogic material for educational or vocational training courses
4	248/76-Customs	Exemption to precious stones imported by posts on 'approval or return' basis
5	207/89-Customs	Exemption to foodstuff and provisions, imported by foreigners
6	134/94-Customs	Exemption to goods for carrying out repairs, reconditions , testing calibration or maintenance
7	147/94-Customs	Exemptions to firearms & ammunition by renowned shot
8	148/94-Customs	Exemptions to specified free gifts, donations, relief and rehabilitation material imported by charitable trusts, Red Cross, CARE and Govt of India
9	151/94-Customs	Exemption to aircraft equipment, tanks, fuel and lubricating oils by Indian Airlines, United Arab Airlines, Indian Air Force
10	152/94-Customs	Exemption to imports for handicapped person, charitable or social welfare purposes and research and education programme
11	153/94-Customs	Exemption to goods for foreign origin imported for repair and return
12	39/96-Customs	Imports relating to defence, internal security forces& air forces
13	50/96-Customs	Exemption to specified equipment, instruments, raw material etc imported for R&D projects
14	51/96-Customs	Exemption to research equipment by publicly funded and research institutions, Govt. Dept., laboratory, IIT etc
15	25/98- Customs	Effective rate of duty for goods of Chapter 70,84,85 or 90
16	97/99- Customs	Exemption to Gold bars under Gold Deposit Scheme of RBI
17	113/2003-Customs	Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by unit in SEZ and brought to DTA



18	30/2004-Customs	Exemptions to second-hand computers/accessories received as donation by schools, charitable institutions
19	45/2005-Customs	Exemption from Special Additional duty of Customs to goods cleared from SEZ and brought to any other place in India
20	81/2005-Customs	Exemption to machinery/components for initial setting up of non- conventional power generation plants
21	102/2007-Customs	Exemption from Special CVD to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importers.
22	26/2011-Customs	Exemption to work of art, antiques in museum or art gallery imported for public exhibition
23	23/2016-Customs	Effective rates for parts of aircraft imported under the Standard Exchange Scheme
24	05/2017-Customs	Exemption to machinery, components for setting up fuel cell based power generation plant.
25	16/2017-Customs	Exemption to specified drugs & medicines supplied free of cost to patients under Patient Assistance program of Pharma Companies
26	29/2017-Customs	Exemption to specimen, models, wall pictures and diagrams for instructional purposes
27	30/2017-Customs	Exemption to motion picture, music, gaming software for use in gaming console printed or recorded on media
28	32/2017-Customs	Exemption to art work created abroad by Indian artist, sculptor, antiques books more than 100 years
29	37/2017-Customs	Imports relating to defence & internal security forces
30	49/2017-Customs	Exemption to special Additional Duty on specified goods of fourth schedule to Central Excise Act
31	52/2017-Customs	Effective rate of Additional duty for goods under Chapter 27

b) The BCD exemptions for the goods covered under following notifications are being extended for a period of five years i.e. upto 31st March 2028.

1	41/2017-Customs	Exemption to import of cups, trophies to be awarded to winning teams in international tournament /world cup to be held in India.
2	33/2017-Customs	Exemption to import of challenge cups and trophies won by a unit of Defence Force or its members.



3	146/94-Customs	Exemption to imports by specified sports goods imported by National Sports Federation or by a Sports person of outstanding eminence for training.
4	90/2009-Customs	Exemption to imports from Antarctica of goods used for or related to Indian Antarctic Expedition or Indian Polar Science Programme.

## VI. OTHER NOTIFICATION CHANGES

S. No.	Notification Number	Subject
1	Notification No. 22/2022-Customs, dated 30.04.2022	The India-UAE CEPA Tariff notification is being amended as a consequential change to rationalization of basic customs duty rate structure.
2	Notification No. 57/2000-Customs, dated 08.05.2000	This notification relating to jewellery export promotion is being amended consequent to changes in import duty structure on Gold and increase in duty rate of Silver.
3	Notification No. 146/94-Customs, dated 13.07.1994	Benefit of the existing exemption notification No. 146/94-Customs, dated 13.07.1994, is being extended w.e.f. 02.02.2023 to imports of 'Warm Blood horse' when imported by Sportsperson of eminence for training.

## VII. CUSTOMS DUTY EXEMPTIONS /CONCESSIONS BEING DISCONTINUED

Certain BCD exemptions under notification No. 50/2017-Customs dated 30.6.2017 and other notification are being discontinued with effect from 31.03.2023.

The following are being discontinued as they are redundant:

S. No.	S. No. of Notification	Description
1	S. No. 16 of 50/2017-Customs	This exemption entry pertaining to 'Human Embryo' is being withdrawn as it is redundant on account of prohibition of import of Human Embryo under the Assisted Reproductive Technology (Regulation) Act, 2021 and The Surrogacy (Regulation) Act, 2021. [notification No. 22/2015-20 dated 20th July, 2022 of DGFT refers]
2	S. No. 325 of 50/2017- Customs	This exemption entry pertaining to 'Monofilament Yarn' is being withdrawn as tariff rate is also at 5% and hence redundant
3	48/2017-Customs	Exemption to catering cabin equipment, food and drinks on re- importation by aircrafts of the Indian Airlines Corporation from foreign flights is being withdrawn.



## VIII. SOCIAL WELFARE SURCHARGE (SWS)

<b>A. AMENDMENT TO NOTIFICATION NO. 11/2018 – CUSTOMS, DATED 02.02.2018 (w.e.f. 02.02.2023)</b>	
<b>S. No.</b>	<b>Description</b>
	<b>Following goods are being exempted from levy of Social Welfare Surcharge in order to maintain the total effective duty owing to rationalization of basic customs duty rate structure:</b>
1	Silver (HSN 7106), Gold ( HSN 7108) & Imitation Jewellery (HSN 7117).
2	Platinum (HSN 7110) other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017.
3	All goods falling under HSN 7113, other than the goods covered under S. Nos. 356, 357 and 364C of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017.
4	All goods falling under HSN 7114, other than the goods covered under S. Nos. 356 and 357 of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017.
5	Bicycles (HSN 8712 00 10)
6	Motor vehicle including electrically operated vehicles falling under HSN 8703 covered under S. No. 526 (1)(b), 526 (2)(b), 526A(1)(b) and 526A(2)(b) of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the 30th June, 2017
7	Aeroplane and other aircrafts falling under tariff items 8802 2000, 8802 3000 and 8802 4000 covered under S. No. 543 A of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the 30th June, 2017.
8	Toys and parts of toys (HSN 9503) other than goods covered under S. No. 591 of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017
<b>B. RESCINDING OF NOTIFICATION RELATING TO SWS</b>	
	These notifications are being rescinded on account of being redundant due to basic customs duty rate structure rationalization:
1	No. 13/2021-Customs, dated the 1st February, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 71(E), dated the 1st February, 2021





2	No. 34/2022-Customs, dated the 30th June, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 487(E), dated the 30th June, 2022
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## IX. AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC)

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):

A. AIDC rate changes (with changes to the effective rate of Customs Duty)		Rate of Duty		
S. No	Chapter, Heading, sub-heading, tariff item	Commodity	From	To
1	7106,98	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	2.5%	5%
2	71	Silver Dore	2.5%	4.35%
B. Changes to AIDC (without any change to the effective rate of Customs Duty)		Rate of Duty		
S. No	Chapter, Heading, sub-heading, tariff item	Commodity	From	To
1	2701, 2702, 2703	Coal, peat, lignite	1.5%	Nil
2	40113000	New pneumatic tyres, of rubber, of a kind used on aircraft as mentioned in Entry 280 A of Notification No. 50/2017-Cus	Nil	0.5%
3	7108 or 98	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	2.5%	5%
4	71	Gold Dore	2.5%	4.35%
5	7110	Platinum other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017.	1.5%	5.4%



# INDIA 20 BUDGET 23

6	8802 20 00	Aero planes and other aircraft covered under S.No. 543A of Notification No. 50/2017-Cus	Nil	0.5%
	8802 30 00			
	8802 40 00			

**Changes in precious metals is summarized as follows:**

Commodity	BCD		AIDC		SWS		Total Duty
	From	To	From	To	From	To	
Gold Bars	12.50%	10%	2.50%	5%	Nil	Nil	15%
Gold Dore	11.85%	10%	2.50%	4.35%	Nil	Nil	14.35%
Platinum	12.50%	10%	1.50%	5.40%	1.40%	Nil	15.40%
Silver bar	7.50%	10%	2.50%	5%	0.75%	Nil	15%
Silver Dore	6.10%	10%	2.50%	4.35%	0.61%	Nil	14.35%





## EXCISE

### I. AMENDMENT TO SEVENTH SCHEDULE TO THE FINANCE ACT, 2001

<b>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]</b>				
Tariff item	Description	Unit	NCCD Rates (in ₹ per thousand)	
(1)	(2)	(3)	From (4)	To (5)
2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimeters	Tu	200	230
2402 20 20	Other than filter cigarettes, of length exceeding 65 millimeters but not exceeding 70 millimeters	Tu	250	290
2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) not exceeding 65 millimeters	Tu	440	510
2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 65 millimeters but not exceeding 70 millimeters	Tu	440	510
2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 70 millimeters but not exceeding 75 millimeters	Tu	545	630
2402 20 90	Other	Tu	735	850
2402 90 10	Cigarettes of tobacco substitutes	Tu	600	690

\*Will come into effect immediately through a declaration under the Provisional Collection of Taxes Act, 1931.

### II. NOTIFICATION NO. 05/2023-Central Excise, DATED 01.02.2023 w.e.f 2nd February, 2023

#### Amendment

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.



## GOODS AND SERVICES TAX

### I. AMENDMENTS IN THE CGST ACT, 2017:

Sr. No.	AMENDMENT
1	Clause (d) of sub-section (2) and Clause (c) of sub-section (2A) in section 10 (Composition levy) of the CGST Act is being amended so as 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.
2	Second and third provisos to sub-section (2) of section 16 (Eligibility and conditions for taking input tax credit) of the CGST Act are being amended to align the said sub-section with the return filing system provided in the said Act.
3	Explanation to sub-section (3) of section 17 (Apportionment of credit and blocked credits) of the CGST Act is being amended so as to restrict availment of input tax credit in respect of certain transactions specified in para 8(a) of Schedule III of the said Act, as may be prescribed, by including the value of such transactions in the value of exempt supply.  Further, sub-section (5) of said section is also being amended so as to provide that input tax credit shall not be available in respect of 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 to in section 135 of the Companies Act, 2013.
4	Sub-section (1) and sub-section (2) of section 23 (Persons not liable for registration) of the CGST Act are being amended, with retrospective effect from 01st July, 2017, so as to provide that persons for compulsory registration in terms of sub section (1) of section and section 22 (Persons liable for registration) of the Act need not register if exempt under sub section (1) of section 23.
5	A new sub-section (5) in section 37 (Furnishing details of outward supplies) of the CGST Act is being inserted so as to provide a time limit up to 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.  Further, it also seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for a registered person or a class of registered persons.



Sr. No.	AMENDMENT
6	<p>A new sub-section (11) in section 39 (Furnishing of returns) of the CGST Act is being inserted so as to provide a time limit up to which the return for a tax period can be furnished by a registered person.</p> <p>Further, it also seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for a registered person or a class of registered persons.</p>
7	<p>A new sub-section (2) in section 44 (Annual return) of the CGST Act is being inserted so as to provide a time limit up to which the annual return under sub-section (1) of the said section for a financial year can be furnished by a registered person.</p> <p>Further, it also seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for a registered person or a class of registered persons.</p>
8	<p>A new sub-section (15) in section 52 (Collection of tax at source) of the CGST Act is being inserted so as to provide a time limit up to which the statement under sub-section (4) of the said section for a month can be furnished by an electronic commerce operator.</p> <p>Further, it seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for an electronic commerce operator or a class of electronic commerce operators.</p>
9	<p>Sub-section (6) of section 54 (Refund of tax.) of the CGST Act is being amended so as to remove the reference to the provisionally accepted input tax credit to align the same with the present scheme of availment of self- assessed input tax credit as per sub-section (1) of section 41 of the said Act.</p>
10	<p>Section 56 (Interest on delayed refunds) of the CGST Act is being amended so as to provide for an enabling provision to prescribe manner of computation of period of delay for calculation of interest on delayed refunds.</p>
11	<p>A new sub-section (1B) in section 122 (Penalty for certain offences) of the CGST Act is being inserted so as to provide for penal provisions applicable to Electronic Commerce Operators in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers.</p>
12	<p>Sub-section (1) of section 132 (Punishment for certain offences) 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.</p>



Sr. No.	AMENDMENT
13	First proviso to sub-section (1) of section 138 (Compounding of offences) of the CGST Act is being amended so as to simplify the language of clause (a), to omit clause (b) and to substitute the clause (c) of said proviso so as to exclude the persons involved in offences relating to issuance of invoices without supply of goods or services or both from the option of compounding of the offences under the said Act. It further seeks to amend sub-section (2) so as to rationalize the amount for compounding of various offences by reducing the minimum as well as maximum amount for compounding.
14	A new section 158A in the CGST Act is being inserted so as to provide for prescribing 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, as may be notified.
15	Schedule III (Activities or transactions which shall be treated neither as a supply of goods nor a supply of services) of the CGST Act is being amended to give retrospective applicability to Para 7, 8 (a) and 8 (b) of the said Schedule, 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.  It is also being 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.

## II. AMENDMENTS IN THE IGST ACT, 2017:

Sr. No.	AMENDMENT
1	Clause (16) of section 2 of the IGST Act is being amended so as to revise the definition of “non-taxable online recipient” by removing 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.  Further, it also seeks to clarify that the persons registered solely in terms of clause (vi) of Section 24 (Compulsory registration in certain cases) of CGST Act shall be treated as unregistered person for the purpose of the said clause.



Sr. No.	AMENDMENT
	<p>Also, clause (17) of the said section is being amended to revise the definition of “online information and database access or retrieval services” to remove the condition of rendering of the said supply being essentially automated and involving minimal human intervention.</p>
2	<p>Proviso to sub-section (8) of section 12 (Place of supply of services where location of supplier and recipient is in India) of the IGST Act is being omitted so as to specify the place of supply, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.</p> <p>Hence, even where the supply of service is by way of transportation of goods is to a place outside India, the place of supply shall be the location of registered person or the location at which such goods are handed over for their transportation in case of unregistered person.</p>



## THE CENTRAL SALES TAX ACT, 1956

Sr. No.	Amendment
1	Section 19 (Central Sales Tax Appellate Authority), of the act shall be substituted as “section 19. 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.”
2	Section 24 (The Authority for Advance Rulings) of the Central Sales Tax Act shall be omitted.
3	The following clause (3) shall be inserted in section 25 (Transfer of pending proceedings) of the central sales tax act:  (3) All appeals filed under section 20 (Appeals) 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 (Central Sales Tax Appellate Authority).



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