
BUDGET



OVERVIEW



2023

H.S. Darda & Co.

General Overview

The Budget 2023 has adopted 7 priorities referred to as "Saptrishi", which aim to drive sustainable and environmentally-friendly economic development. These priorities will guide the country towards 'Amrit Kaal', comprising 25 years leading to 2047, the centenary year of India's Freedom.

The general budget proposals are as under:

1. Inclusive Development

EDUCATION & SKILLING

- Three centres of excellence in Artificial Intelligence will be set up in top educational institutions.
- Recruitment of 38,000 teachers and support staff in the next 3 years for 740 Eklavya Model Residential Schools serving 3.5 lakh tribal students.
- A National Digital Library is proposed to be set up.
- Direct Benefit Transfer under a pan-India national apprenticeship scheme to provide stipend support to 47 lakh youths in 3 years.

AGRICULTURE

- A digital public infrastructure to boost the agri-tech startups in the country to be enabled to include farmer-centric services that are relevant for crop protection.
- Agriculture credit of Rs. 20 lakh crore has been targeted to animal husbandry, dairy and fisheries sector.
- Launch of PM Matsya Sampada Yojana with targeted investment of Rs. 6,000 crores to boost the seafood industry and to expand markets for fisherman, fish vendors.
- Setting up of a Decentralised storage capacity to enhance the farmers to help them to store the perishable produce for longer shelf life and realising remunerative prices.
- Agriculture Accelerator Fund to be set up to encourage agri startups by young entrepreneurs in rural areas.
- Atmanirbhar Horticulture Clean Plant Program to be launched to boost the production and availability of disease-free high value horticulture crops.
- The expenditure of about Rs. 2 lakh crores for the year is to be borne by the central government under PM Garib Kalyan Anna Yojana, for supplying free food grains for one year to all Antyodaya and priority households.

COOPERATIVES

- Deposits & Loan Limit in cash has been increased to Rs. 2 lakh per member of cooperatives for deposits & loans in cash by Primary Agriculture Credit Society and Primary Cooperative Agriculture and Rural Development Bank.
- Sugar cooperatives can claim the amount of payments made to the sugarcane farmers for the period prior to A.Y. 2016-17 as an expenditure, while computing their income.

General Overview

HEALTH

- Establishment of 157 new nursing colleges.
- Launch of mission to eliminate Sickle Cell Anaemia by 2047 in which there will be screening of 7 crore people in the age bracket of 0-40 years in affected tribal areas.
- Joint Public and Private Medical Research to be encouraged via select ICMR labs.
- Facilities in select ICMR labs to be made available for research by public and private medical college faculty, private sector research teams for encouraging collaborative research and innovation.

TOURISM

- Promotion of tourism will be taken up intensively with active participation of states and PPPs.
- 50 tourist destinations to be developed as a whole package, to promote domestic and international tourism.
- Setting up a 'Unity Mall' in the state capital to promote and sell 'One District, One product', GI products and other handicrafts.

2. INFRASTRUCTURE AND INVESTMENT SECTOR

- Increase in the capital investment outlay by 33% to Rs 10 lakh crores to provide a greater impetus to development and employment. .
- "Technologies like Artificial Intelligence (AI), Machine Learning (ML), Internet of Things (IoT), cybersecurity, data science and cloud-based technologies are rapidly growing. To promote innovation, enhanced allocation is proposed.
- The allocation of Capital outlay of ₹ 2.4 lakh crores for Railways.
- Establishment of 100 "critical transport infrastructure projects" to promote multi-modal transport.
- Establishing a Rs. 10,000 crores Urban Infrastructure Development Fund (UIDF) through the priority sector.
- All logistics & connectivity infrastructure projects, entailing an investment of over Rs. 500 crores, are proposed to be routed through the NPG, constituted under the PM Gati Shakti initiative.

3. REACHING THE LAST MILE

- Setting up of a Bharat (SHRI) for digitalization of ancient inscriptions.
- Launch of Pradhan Mantri Vulnerable Tribal Group Development Mission and allocation of Rs. 15,000 crores to improve their economic conditions by providing safe housing, clean water, road, and telecom connectivity.
- Financial assistance of Rs. 5,300 crores to be given for sustainable micro irrigation in drought prone regions of Karnataka.

General Overview

4. UNLEASHING THE POTENTIAL

- Introduction of National Data Governance Policy for innovation and research by start-ups and academia.
- PAN will be used as the common identifier for all digital systems.
- Launch of Phase-3 of the E-Courts with an amount of Rs. 7,000 crores for effective administration of justice.
- R & D grant for Lab Grown Diamonds (LGD) sector to reduce imports by encouraging domestic production.
- Setting up of Entity Digi Locker for business enterprises and charitable trusts to facilitate secure online storing and sharing of documents.

5. YOUTH POWER

- Launch of PMKVY 4.0 within the next year. Under this scheme, skills such as AI, coding, mechatronics, drones, 3D printing etc. shall be covered.
- Launch of PM Vishwakarma Kaushal Samman (PM VIKAS) Scheme to provide solutions from financial support to digital training to the artisans and craftspersons.

6. GREEN GROWTH

- Green Credit Programme to be notified under the Environmental Protection Act.
- Allocation of Rs 19,700 crores for National Green Hydrogen Mission which will further help facilitate transition of economy from fossil fuels to green power.
- Capital Investment of Rs 35,000 crores towards Energy Transition for prioritising net zero commitments.
- Rs. 20,700 crores will be invested in the inter-state transmission system for evacuation and grid integration of 13 GW of renewable energy from Ladakh.

7. FINANCIAL SECTOR

- Setting up of the National Financial Information Registry for the purpose of efficient lending and promoting financial stability.
- The maximum investment limit for the Senior Citizen Savings Scheme (SCSS) has been increased from Rs. 15 lakh to Rs. 30 lakh.
- Introduction of Mahila Samman Savings Certificate, a one-time savings programme which would provide deposit facility up to Rs. 2 lakh in the name of women or girls for tenure of 2 years (up to March 2025) at fixed interest rate of 7.5% with partial withdrawal option.
- Enhancement of maximum deposit limit for Monthly Income Account Scheme from Rs. 4.5 lakh to Rs 9 lakh for single account and from Rs 9 lakh to Rs 15 lakh for joint account.

General Overview

- Various initiatives have been proposed to promote business activities in GIFT IFSC (International Financial Services Centres)
- The Investor Education and Protection Fund Authority will establish an integrated IT portal to enable investors to easily claim unclaimed shares and dividends.

FISCAL POSITION

- The fiscal deficit in Budget 2023-24 is projected to be 5.9% of GDP.
- Fiscal Deficit of 3.5% of GSDP allowed for states and 0.5% tied to Power Sector Reforms.

MSME

- Fresh infusion of corpus amounting to Rs. 9,000 crores to revamp Credit Guarantee Scheme which will be effective from 1st April 2023. This will further enable the additional collateral-free credit of Rs 2 lakh crores. Further, the cost of credit will be reduced by 1%.

Direct Tax

INDIVIDUAL SLAB RATES:

S. 115BAC [w.e.f. A.Y. 2023-24]

Revised slab rates under new tax regime:

Income	Tax Rate
Rs. 0-3 Lakhs	Nil
Rs. 3-6 Lakhs	5%
Rs. 6-9 Lakhs	10%
Rs. 9-12 Lakhs	15%
Rs. 12-15 Lakhs	20%
Above Rs. 15 Lakhs	30%

Revised surcharge rates under new tax regime:

Taxable Income	Surcharge %
Income below Rs 50 lakhs	0%
Income above Rs 50 lakhs up to Rs 1 crore	10%
Income above Rs 1 crore but up to Rs 2 crores	15%
Income above Rs 2 crores	25%

CO-OPERATIVE SOCIETIES SURCHARGE RATES:

Revised surcharge rates for co-operative societies:

Taxable Income	Surcharge %
Income below Rs 1 crore	0%
Income above Rs 1 crore up to Rs 10 crores	7%
Income above Rs 10 crores	12%

Direct Tax

Rebate under section 87A [w.e.f. A.Y. 2024-25]

An individual resident in India whose income is chargeable to tax under section 115BAC(1A), shall be entitled to a rebate of 100% of the amount of income tax payable on a total income not exceeding Rs. 7 lakhs which was earlier Rs. 5 lakhs.

Introduction of S.115BAE [w.e.f. A.Y. 2024-25]

A new manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15%. Surcharge would be at 10% on such tax.

Section 43B

Promoting timely payments to Micro and Small Enterprises

To ensure that the payments to micro and small enterprises are made within the specified time period, it has been proposed to include such payments under the scope of section 43B with effect from 1st April 2024. Therefore, payments made to micro and small enterprises beyond the period specified in section 15 of the MSME Act, 2006 would be allowed as deduction only upon their actual payment. This is an important amendment, which would bring about a revolutionary change in tax computation of various companies.

PRESUMPTIVE TAXATION

Section 44AD- Presumptive Taxation for Businesses [w.e.f. A.Y. 2024-25]

- Threshold for eligible businesses to claim benefit of presumptive taxation where total turnover or gross receipts in previous year does not exceed Rs. 2 crores, has been increased to Rs. 3 crores.
- Above benefit will be granted only if the aggregate amount of cash received does not exceed 5% of gross turnover.
- Receipt of amount through cheque drawn on bank and bank draft, which are not crossed as account payee will be deemed as cash receipt.

Section 44ADA- Presumptive Taxation for Professions [w.e.f. A.Y. 2024-25]

- Threshold for eligible professions to claim benefit of presumptive taxation where gross receipts in previous year does not exceed Rs. 50 lakhs has been increased to Rs. 75 lakhs.
- Above benefit will be granted only if the aggregate amount of cash transactions does not exceed 5% of gross turnover.
- Receipt of amount through cheque drawn on bank and bank draft, which are (not crossed as being account payee will be deemed as cash receipt.

Direct Tax

CAPITAL GAINS

Section 45- Capital Gains [w.e.f. A.Y. 2024-25]

- Earlier for computing the capital gain arising to an assessee (individual and HUF), from the transfer of a capital asset, being land or building or both, under a Joint Development agreement (JDA), the full value of consideration used to shall be taken as the stamp duty value of his share, as increased by the consideration received in 'cash'.
- In the new regime, consideration shall be taken as stamp duty value of his share, as increased by the consideration received in 'cash or by a cheque or draft or any other mode'.

Conversion of Gold to Electronic Gold Receipts [w.e.f. A.Y. 2024-25]

- Under S.47, Conversion of Gold to Electronic Gold Receipts and vice-versa shall not be treated as transfer of capital asset with an aim to promote the concept of electronic gold.

Cost of Acquisition [w.e.f. A.Y. 2024-25]

- Under S.48, cost of acquisition or cost of improvement shall not include the amount of deduction claimed as interest under House Property under s. 24(b).

Section 49-Cost with reference to certain modes of acquisition [w.e.f. A.Y. 2024-25]

- The cost of acquiring the asset for the purposes of the transfer referred to under the new proposed clause of section 47 shall be deemed to be the cost of gold in the possession of the person in whose name the Electronic Gold Receipt is issued, or vice versa. In other words, the original cost of acquisition will be treated as the cost of acquisition for Electronic Gold conversion or vice versa.

Section 50AA- Capital Gains in case of Market Linked Debentures [w.e.f. A.Y. 2024-25]

Where the Market Linked Debentures or hybrid securities are structured as such that the it is treated as income from Long Term capital assets, the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture as reduced by:

- Cost of Acquisition of Debenture
- Expenditure incurred exclusively in connection with such transfer or redemption shall be deemed to be the capital gains arising from the transfer of a short-term asset

That no deduction shall be allowed in respect of any sum paid on account of securities transaction tax.

Limiting the roll over benefit claimed under section 54 and section 54F

A limit has been imposed on the maximum deduction that can be claimed by the assessee under section 54 and 54F to Rs. 10 crores. It has been provided that if the cost of the new asset purchased is more than rupees ten crore, the cost of such asset shall be deemed to be ten crores. This will impact HNIs earning high capital gains.

Direct Tax

INCREASED CASH LIMIT FOR PACS AND PCARD UNDER SECTION 269SS/269T

S.269SS [w.e.f. AY 2024-25]

The limit of acceptance of deposit by a Primary Agricultural Credit Societies (PACS) or a Primary Co-Operative Agricultural and Rural Development Bank (PCARD) from its members or loan taken from PACS or PCARD by its member in any other means except through account payee cheque or account payee bank draft or online transfer through a bank account is increased from Rs. 20,000 to Rs. 2 Lakhs.

S.269T [w.e.f. AY 2024-25]

The limit for repayment of deposit by a PACS or a PCARD to members or repayment of loan to PACS or a PCARD by its member, in any other means except through account payee cheque or account payee bank draft or online transfer through a bank account is increased from Rs. 20,000 to Rs. 2 Lakhs.

DEDUCTIONS UNDER CHAPTER VI-A

80CCH- Agnipath Scheme

An individual enrolled in Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after 1st November, 2022 shall be eligible to claim deduction in computation of total income of whole amount paid or deposited.

An individual shall also be eligible to claim deduction of the amount contributed by the central government in the Agniveer Corpus Fund contributed towards Seva Nidhi.

Specified Investment

S.80C

Deduction for contribution by an employee to an approved superannuation fund has been omitted.

Donation

S.80G

Deduction under this section can not be claimed by donating in the following institutions anymore:

- The Jawaharlal Nehru Memorial Fund
- Indira Gandhi Memorial Trust
- The Rajiv Gandhi Foundation

Deduction available to start-ups - Sunset Provision Extended

S.80-IAC

The deduction available to a start-up incorporated between 01.04.2016 and 31.03.2022 has also been made available to the start-ups which are incorporated in the F.Y. 2023-24.

TAX DEDUCTED AT SOURCE OR TAX COLLECTED AT SOURCE (TDS/TCS)

TDS on winnings from online games [w.e.f. 1st July 2023]

Insertion of S. 194BA, for deduction of tax at 30% for income from winnings from any online game during the financial year.

Extending the scope u/s 197 for non-resident unit holders [w.e.f. AY 2024-25]

Section 194LBA of the Act provides that business trusts shall deduct and deposit tax at the rate of 5% on interest income of non-resident unit holders. However, the facility of a certificate for lower deduction was not available earlier.

It is proposed to amend sub-section (1) of section 197 of the Act to provide that the sums on which tax is required to be deducted under section 194LBA of the Act shall also be eligible for certificate for deduction at lower rate.

TDS on payment of accumulated balance under EPFO scheme [w.e.f. AY 2024-25]

Under S.192A, in case of failure to furnishing of PAN by the person relating to payment of accumulated balance due to him, tax will be deducted at the rate of 20% as in other non-PAN cases in accordance with section 206AA of the Act, instead of at the maximum marginal rate.

TDS on Interest payable on any security issued by a company [w.e.f. AY 2024-25]

Any interest payable on securities held in dematerialized form which are listed on a recognized stock exchange, shall be liable to TDS under S.193 of the Income Tax Act.

Provision for higher TDS for non-filers of income-tax returns [w.e.f. AY 2024-25]

The definition of the “specified person” who are exempted from the provision of higher TDS has been amended to exclude the following person under S.206AB, to provide a relief to Non Resident, whose income is not deemed to accrue or arise in India:

- a non-resident who does not have a permanent establishment in India
- a person who is not required to furnish the return of income for the assessment year relevant to the said previous year

Threshold limit for co-operatives to withdraw cash without TDS [w.e.f. AY 2024-25]

The threshold limit for withdrawing cash without TDS under S. 194N has been increased from one crore rupees to three crore rupees.

Direct Tax

Increased rates of TCS of certain remittances [w.e.f. 1st July, 2023]

The current and proposed TCS rates are tabulated as under:

Type of Remittance	Present rate*	Proposed Rate*
Education, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E.	0.5% of the amount or the aggregate of the amounts in excess of Rs. 7 lacs.	No change
Education, other than (i) or for the purpose of medical treatment.	For the purpose of education, other than (i) or for the purpose of medical treatment.	No change
Overseas tour package	5% without any threshold limit.	20% without any threshold limit.
Any other case	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	20% without any threshold limit.

Direct Tax

MISCELLANEOUS

Preventing permanent deferral of taxes through undervaluation of inventory [w.e.f. A.Y. 2024-25]

S.142 is amended to enable the Assessing Officer to direct the assessee to get the inventory valued by a cost accountant during inquiry. Expenses with respect to valuation to be borne by the Central Government.

S.246 Appeal to Joint Commissioner (Appeals)

Any assessee aggrieved by orders of an Assessing Officer or any other officer up to the rank of Deputy Commissioner may appeal to the Joint Commissioner (Appeals) against orders of assessment, reassessment or recomputation or orders being intimation. The order passed by the Commissioner (Appeals) are appealable before the Appellate Tribunal.

S.35D Deduction on amortization of preliminary expenditure [w.e.f. A.Y. 2024-25]

In order to ease the process of claiming amortisation of preliminary expenses, it is proposed to remove the condition of activity in connection with these expenses to be carried out. The assessee shall be required to furnish a statement containing the particulars of this expenditure within the prescribed period to the prescribed income-tax authority.

S. 79 Benefit of Carry forward losses to Startups [A.Y. 2023-24]

The eligible Startups shall be entitled to claim benefit of brought forward loss for a period of 10 years from the date of incorporation and condition of continuity of 51% of shareholding shall not be applicable to them

S.194R

Provisions of this section further covers levy on TDS on benefit or perquisite paid in respect of business and profession, whether in cash or in kind or partly in cash or partly in kind as well.

S. 285BA

Penalty of Rs. 5,000 would be levied if assessee furnishes an incorrect statement in respect of such specified financial transaction.

Indirect Tax

CUSTOMS ACT, 1962

Custom Duty Rates		
Particulars	Previous Rates	Amended Rates
Articles of Precious Metals	20%	25%
Imitation Jewellery	20% or ₹ 400 per kg., whichever is higher.	25% or ₹ 600 per kg., whichever is higher.
Base Metal clad with silver	12.5%	10%
Open cells of TV panel	5%	2.5%
Electronic components (camera lens and its inputs/parts for use in the manufacture of camera modules of cellular mobile phones)	2.5%	NIL
Waste and scrap of precious metal	12.5%	10%
Mineral and vitamin premixes	15%	5%
Denatured ethyl alcohol for use in manufacture of industrial chemicals	5%	NIL
Bicycles	30%	35%
Toys and other parts of toys	60%	70%

Exemption in Custom Duty Rates

w.e.f A.Y. 2025-26

- Import of capital goods and machinery required for manufacturing lithium ion cells for batteries used in electric vehicles is exempt from Custom duty.

w.e.f 2, February 2023

- Basic Custom Duty exempted on Vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing agencies for the purpose of testing and/ or certification.

GOODS AND SERVICE TAX ACT, 2017

- Section 17(5) has been amended 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.
- Restriction on filing returns to a maximum period of 3 years from the due date of GSTR-1, GSTR-3B, Annual Return (GSTR-9 & 9C).

What we Offer

Today's dynamic corporate environment has increased board's involvement in the company's tax strategy. We provide expert assistance in greater governance, disclosure norms and overall tax risk mitigation.

Audit & Assurance

Our ethically responsible Assurance processes are transparent and technology based to provide a consistent quality.

Tax

Corporate Advisory

Cross Border Transaction Advisory

Our International experts provide a wide range of business support services including setting up businesses in many countries

Risk Advisory

Business Restructuring and Resolution

Company Formation

Product and Process Assurance

India | Australia | Canada |
Hong Kong | Japan |
Singapore | UAE

About Us

With a humble beginning in 1970, H.S. Darda & Co. now has a presence across countries and pan - India. We offer a wide bouquet of services including Audit and Assurance, Tax, Risk Advisory, Financial Advisory and Consulting.


Collectively, we serve a credible base of clients in various countries including India, UAE, European and Far-east countries etc. The group is therefore able to offer good blend of knowledge and expertise based on its professional capabilities.



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