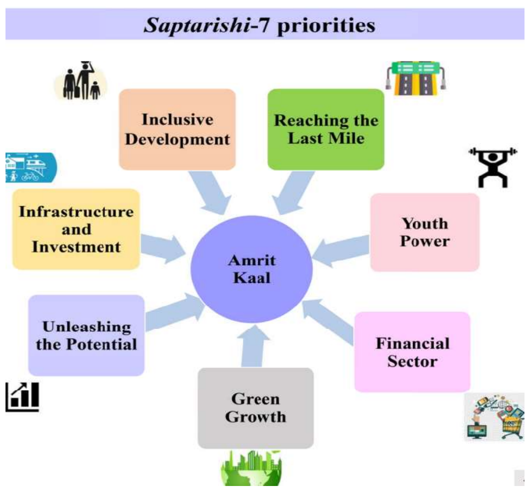
The Budget 2023-2024 Highlights

Amrit Kaal, the word first used by our Hon'ble Prime Minister, Mr Narendra Modi in 2021 during the 75th Independence Day celebrations. He used the word while laying out a new roadmap for India for the next 25 years. Amrit Kaal aims at bettering the lives of Indians and bridging the development gap between villages and cities. The proposed Budget as laid by our Hon'ble Finance Minister, Mrs. Nirmala Sitaraman is in line with the vision as our PM imagined for the next 25 years. The vision for Amrit Kaal includes technology-driven and knowledge based economy with strong public finances, and robust financial sector.

The economic agenda for achieving the vision focuses on three things primarily:

1. Opportunities to citizens with focus on the Youth
2. Providing strong impetus to growth and job creation
3. Strengthening macro-economic stability

The Budget 2023-24 adopts 7 priorities which acts as **Saptarishis** guiding us through the **Amrit Kaal**



1. **Inclusive Development**
    - The Govt. philosophy of 'Sabka Saath Sabka Vikas' has facilitated inclusive development giving priority to underprivileged sections of the society, covering in specific farmers (support for growth of agri-tech start-ups, agriculture accelerator fund, Global hub for millets and through agriculture credit), women (mobilizing rural women into 81 lakh SHGs, thereby enabling their economic empowerment), youth, OBCs, SCs, STs, divyanjan (elimination of sickle cell anaemia) and EWS.
    - 157 new medical colleges are to be established in co-location with existing 157 medical colleges alongwith facilities in select ICMR labs for research by public and private medical faculty. National Digital Library for children and adolescents will be set up for facilitating availability of quality books for making up for pandemic time learning-loss
2. **Reaching the Last Mile**
    - Pradhan Mantri PVTG Development Mission will be launched which shall cater to PVTG families basic needs of safe housing, clean drinking water, health and nutrition alongwith hiring of 38,800 teachers for 740 Eklavya Model Residential Schools for imparting knowledge to over 3.5Lakh tribal students.

- The outlay for PM Awas Yojana is also being enhanced from 66% to over 79,000 crores.

3. **Infrastructure and Investment**
    - Capital investment outlay is increased by 33% to Rs. 10lakh crores as investment in infrastructure and productive capacity has a multiplier impact on growth and employment alongside continuation of 50 year Interest free loan to State Governments which will in turn spur investment.
    - Furthermore, capital outlay for Railways has been provided at Rs. 2.4lakh crores alongwith revival of 50 airports, heliports for improving regional air connectivity.
    - States shall be encouraged to undertake urban planning reforms to transform cities into 'sustainable cities of tomorrow'.
4. **Unleashing the Potential**
    - Mission KarmaYogi aims at implementing capacity-building for civil-servants and launching of online platform 'iGOT KarmaYogi' to provide continuous learning to government employees.
    - 39,000 compliances have been reduced and 3400 legal provisions have been decriminalized for enhancing ease of doing business besides introducing Jan Vishwas Bill to amend 42 Central Acts. PAN will be used as a common business identifier for all digital systems of specified government agencies.
5. **Green Growth**
    - Vision for 'LiFE' or Lifestyle for Environment to spur movement of environmentally conscious lifestyle and aims to move to net-zero carbon emission by 2070. Recently launched, National Green Hydrogen Mission with investment outlay of Rs. 19,700 crores will also facilitate transition of economy to low carbon intensity.
    - Rs 35,000 crores for priority to capital investments aiming towards energy transition and net zero objectives has been allocated to Ministry of Petroleum and Natural Gas.
    - Green Credit Programme shall be notified under the Environmental Protection Act to encourage behavioural change which in turn shall incentivise environmentally sustainable and responsive actions by all stakeholders
6. **Youth Power**
    - Pradhan Mantri Kausal Vikas Yojana 4.0 is to be launched to upskill lakhs of youth by providing them new age courses like coding, robotics, AI and soft skills to make them industry fit.
    - Providing of stipend support to 47lakh youth, Direct Benefit Transfer for apprenticeship will be rolled out.
7. **Financial Sector**
    - Revamping of credit guarantee schemes to MSMEs through infusion of Rs. 9,000 crores in the corpus.
    - For simplification and ease of compliances, financial sector regulators shall carry out a comprehensive review of existing regulations. SEBI will be empowered to develop, regulate and enforce norms and standards for education in National Institute of Securities Market.
    - To enhance business activities in 'GIFT IFSC' powers have been delegated from SEZ Act to IFSCA and amending IFSCA Act for statutory provisions and ancilliary services as was required under SEZ Act.

- A one-time new small savings scheme, “Mahila Samman Savings Certificate” will be made available for 2 year period upto March, 2025 which shall offer deposit facility of Rs. 2lakhs in the name of women or girls for tenor of 2yrs at fixed interest rate of 7.5% with partial withdrawal option. The maximum deposit under Senior Citizens Savings Schemes has been enhanced from Rs. 15 lakh to Rs. 30 lakhs.

Budget Estimates 2023-2024

Total Receipts (other than borrowings) = Rs. 27.2 Lakh Crores

Total Expenditure = Rs. 45 Lakh Crores

- Net tax receipts are estimated at Rs. 23.3 Lakh crores

Fiscal Deficit is estimated at 5.9% of GDP.

To finance Fiscal Deficit, the net market borrowings from dated securities are estimated at Rs. 11.8Lakh Crores and balance to come from small savings and other sources.

DIRECT TAX PROPOSALS

Given so many changes introduced in the New Tax regime vide this Budget, it won’t be wrong to say that the “New Regime may become the new normal” in the coming years and most likely Government may completely do away with the Old Tax Regime. Furthermore, Revenue Secretary too had also emphasized on Government’s decision to shift to New Tax regime by making it more attractive. Roll out of a Common IT Return Form for tax payer convenience is also on the agenda. Major changes proposed vide the Finance Bill, 2023 are as follows:

1. **Changes in Section 115BAC (New Tax Regime) w.e.f AY 2024-2025:** Section 115BAC(1A) is proposed to be inserted to prescribe rates of tax for computing total income of a person, **being an Individual, HUF, Association of Persons (other than cooperative society), Body of Individuals or Artificial Juridical Person.** (Earlier option to avail new Regime was only available to Individuals and HUF but now the same has been extended to other categories of persons also and slab rates have also been revised in respect of the same). Comparison between the existing tax regime and proposed tax regime is illustrated below:

Existing

S.No	Total Income	Rate of Tax
1.	Upto Rs. 2,50,000	Nil
2.	From Rs. 2,50,001 to Rs. 5,00,000	5%
3.	From Rs. 5,00,001 to Rs. 7,50,000	10%
4.	From Rs. 7,50,001 to Rs. 10,00,000	15%
5.	From Rs. 10,00,001 to Rs. 12,50,000	20%
6.	From Rs. 12,50,001 to Rs. 15,00,000	25%
7.	Above Rs. 15,00,000	30%

Proposed

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

Furthermore, Section 115BAC (2) is proposed to be amended to provide for the following deductions viz:

- Standard Deduction of Rs. 50,000 u/s 16(ia) of the Act.
- Section 57(iia) deduction in nature of family pension (1/3rd of such income or Rs. 15,000, whichever is lower)
- Deduction u/s 80CCH(2) in respect of contribution made by Central Govt to the account of assesse in Agniveer Corpus Fund.

Note: It is to be noted that only the following deductions as provided u/s 115BAC (2) shall be allowed while computing Income under the New Tax Regime (115BAC(1A))

A new subsection (6) to section 115BAC is proposed to be inserted which read as follows: "**Nothing contained in sub- section (1A) shall apply to a person where an option is exercised by such person, in the manner as may be prescribed, for any assessment year, and such option is exercised,—**

(i) on or before the due date specified under subsection (1) of section 139 for furnishing the return of income for such assessment year, in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years; or

(ii) along with the return of income to be furnished under sub-section (1) of section 139 for such assessment year, in case of a person not having income referred to in clause (i):

Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise the option under this subsection, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available."

Note: In other words, income-tax payable in respect of total income of the person shall be computed as per the new rates only unless the person exercises an option to opt for Old Tax Regime u/s 115BAC (6). Going by the words of the Legislature, "New Regime is now Default Regime" as earlier if we had to apply for new regime we had to fill up Form 10IE on or before the due date of return of Income as specified u/s 139(1) of the Act, but now to opt for/remain in the old scheme he has to exercise such option (filing of Form, to be notified) every year.

There is yet another catch to the New Regime which provides that if a person's income includes income from Business or Profession and he has opted out from the new tax regime, shall be allowed to opt in only once. The said restriction is placed only on persons having Income from PGBP.

However, a person not having income from business or profession shall be able to exercise the option every year (by filing of prescribed form every year)

Maximum surcharge rate has been reduced from 37% to 25% in the new tax regime only. Furthermore, where members of AOP consists of only companies, maximum surcharge rate shall be 15%.

2. **Rebate u/s 87A of the Act**

A proviso to section 87A shall be inserted w.e.f. AY 2024-25 to entitle a resident individual to rebate of 100% of the amount of Income tax payable as computed u/s 115BAC(1A) on total income not exceeding Rs. 7lakhs. **(Another relief to individual resident taxpayers opting for new regime)**

3. Tax on Income of certain New Domestic Manufacturing Cooperative Societies

It is proposed to insert a new sub-section 115BAE which provides that a new manufacturing co-operative society set up on or after 1st April 2023, and commences manufacturing or production on or before 31st March 2024 and doesn't avail specified deductions/incentives as laid down u/s 115BAE of the Act, may opt for concessional rate of tax at 15% for AY 2024-25 onwards. Surcharge would be 10% on such tax. **(New section 115BAE contains similar conditions as provided u/s 115BAB)**

4. Increasing threshold limits for presumptive taxation schemes for eligible business (w.e.f. AY 2024-25)

It is proposed to provide that under section 44AD of the IT Act, for eligible business, where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total turnover or gross receipts, a threshold limit of **three crore** rupees will apply. **(The existing limit of Rs 2cr has been revised to Rs 3cr, a welcome move towards promoting cashless payments).**

Provided further that the receipt of amounts by a cheque drawn on bank or by bank draft, which is not account payee, shall be deemed to be a receipt in cash

5. Increasing threshold limits for presumptive taxation schemes for specified professionals (w.e.f. AY 2024-25)

It is proposed to provide that under section 44ADA of the IT Act, for professions referred to in sub-section (1) of section 44AA of the IT Act, where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total gross receipts, a threshold limit of seventy-five lakh rupees will apply. **(The existing limit of Rs. 50lakh has been revised to Rs. 75lakhs)**

Provided further that the receipt of amounts by a cheque drawn on bank or by bank draft, which is not account payee, shall be deemed to be a receipt in cash.

6. Tax on Income from Online Games

A new section 115BBJ is inserted w.e.f. AY 2024-25 to provide for taxability of Online Games, which proposes to tax income on winnings from any online game at the rate of **30%** in manner as may be prescribed. **Subsequent amendments have also been made to Section 115B and 115BB to exclude winnings from online games from the purview of the respective sections.**

7. TDS on winnings from Online Games

Section 194BA is inserted w.e.f 1St July 2023, which provides for deduction of TDS on net winnings in the user account. Furthermore, the Board may with prior approval of Central Govt may issue guidelines for the purposes of removing the difficulty and such guidelines shall be binding on the tax authorities and on the person responsible for deducting the income-tax. **(Similar guidelines were issued u/s 194R and 194S to remove difficulties while implementing the provision)**

8. **Increasing the threshold limit for co-operative societies to withdraw cash without TDS. (w.e.f. AY 2023-24)**

It is proposed to amend section 194N of the IT Act by inserting a new proviso to provide that, the co-operative society can withdraw cash without TDS upto the limit of 3 crore. **(Earlier the limit was of Rs. 1crore and the same has been revised to Rs. 3crores)**

9. **Capping of deduction u/s 54 and 54F of the Act to Rs. 10 Crores (w.e.f AY 2024-25)**

It is proposed to impose a limit on the maximum deduction that can be claimed by the assessee under section 54 and 54F to rupees ten crore. 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.

Corresponding amendments have also been proposed to be made to amounts to be deposited under Capital Gains Account Scheme under both the sections to INR 10 crores

10. **AgniPath Scheme 2022**

AgniPath Scheme is in effect from 1st Nov, 2022 proposes:

- Contribution made by Central Govt to AgniVeer Corpus Fund shall be allowed as deduction u/s 80CCH(2) of the Act and the same is to be considered in the salary of the individual as u/s 17(1)
- Payment received by AgniVeer or his nominee from such corpus to be exempt u/s 10(12C) of the Act.
- Contribution made by individual on his own account to AgniVeer corpus Fund shall also be allowed as deduction u/s 80CCH (1) of the Act.

Note: AgniVeer Corpus Fund comes under the category of 'EEE status', whereby contributions to the said fund are allowed as deduction and withdrawal is also exempted.

11. **Tax Holiday for Startups for 1 more year (w.e.f. AY 2023-24)**

To promote the development of start-ups in India and to provide them with a competitive platform, it is proposed to amend the provisions of section 80-IAC of the IT Act so as to extend the period of incorporation of eligible start-ups to **April 1, 2024**

12. **Carry forward of losses for eligible start-ups extended from seven years to ten years (w.e.f. AY 2023-24)**

Section 79(1) of the Act has been amended to substitute the word 'seven' to **'ten'** so that the carried forward losses of eligible-start-ups shall be considered for set-off, if loss had incurred during the period of 10yrs from the year in which such start-up was incorporated.

13. **Period of tax benefits to funds relocating to IFSC, GIFT City extended till March 31, 2025**

In order to further incentivize operations from IFSC, it is proposed to amend clause (b) of the Explanation to clause (viiad) of section 47 of the IT Act so as to extend the date for transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund in case of relocation to **March 31, 2025**.

14. **Income from Market Linked Debentures to be taxed (w.e.f. AY 2024-25)**

New section 50AA has been inserted to treat the full value of the consideration received or accruing as a result of the transfer or redemption or maturity of the “Market Linked Debentures” as reduced by the cost of acquisition of the debenture and the expenditure incurred wholly or exclusively in connection with transfer or redemption of such debenture, as capital gains arising from the transfer of a **short term capital asset.** In order to tax the capital gains arising from the transfer or redemption or maturity of these securities as **short-term capital gains at the applicable rates**

15. **Allowance of expenditure to MSME (w.e.f. AY 2023-24)**

MSMED Act, 2006 provides that where there is a written agreement between the two parties as to when the payment has to be made, then such payment should be made within that time period, which cannot be more than 45 days. However, when there is no written agreement then payment is to be made within 15 days. Vide amendment in Section 43B it has been proposed to allow payment on actual basis accruing to MSMEs as per defined period provided under the MSMED Act.

Note: In case of no agreement with respect to payment to MSMEs and entity creates a provision for such amount, then such amount shall be allowed only if the payment is made within the stipulated time period as provided u/s 15 of the MSMED Act, 2006.

16. **Extending the scope for TDS deduction at nil or lower rate u/s 197 (w.e.f. AY 2023-24)**

    It is proposed to amend Section 197(1) of the IT Act to include Section 194LBA that provides the business trust deducting TDS at 5% on interest income of NR unit holders to be eligible for certificate for deduction at lower or NIL rate.

17. **Transfer Pricing (w.e.f. AY 2023-24)**

    Section 92D has been amended for tightening the time limit for furnishing of Transfer Pricing Documentation to 10 days as against 30 days. However, assesse may request grant of additional 30 days for furnishing of Transfer Pricing Documents.