

FISCAL MANAGEMENT



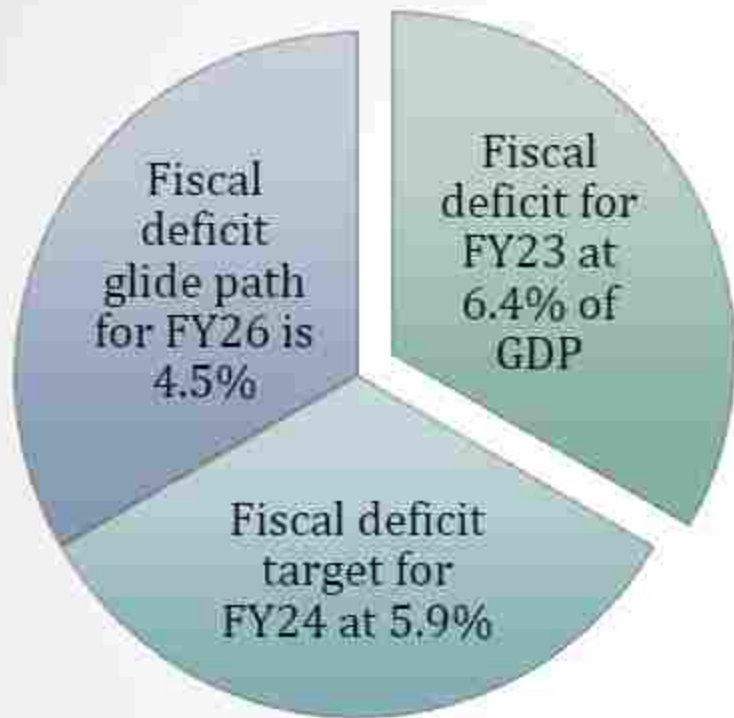
50 Year Interest Free Loans to States



To be spent on capital Expenditure within 2023-24

Part of the loan is conditional on States increasing actual capital expenditure and parts of outlay will be linked to states undertaking several reforms

FISCAL DEFICIT



TAX PROPOSALS



INDIRECT TAX

Indirect tax proposals aim to promote exports, boost domestic manufacturing, enhance domestic value addition, encourage green energy and mobility

Basic customs duty rates on goods, other than textiles and agriculture, from 21 to 13

Minor changes in the basic custom duties, cesses and surcharges on some items including toys, bicycles, automobiles and naphtha

INDIRECT TAX

GST

- No return shall be filed after the expiry of 3 years from the due date of said returns GSTR 3B, GSTR 1, TDS, TCS, Annual Return.
- ITC in respect of GST used or intended to be used for CSR activity shall not be allowed
- Amendment to Schedule III of CGST Act, 2017
- Big Relief: Section 23 has been given overriding effect on section 24 retrospectively. Which means that persons making only exempt supplies and agriculturist now not liable to take registration even though required under section 24



INDIRECT TAX

Decriminalisation

Section 132 and section 138 of CGST Act are being amended:

- Raise the minimum threshold of tax amount for launching prosecution under GST from one crore to two crore, except for the offence of issuance of invoices without supply of goods or services or both;
- Reduce the compounding amount from the present range of 50 per cent to 150 per cent of tax amount to the range of 25 per cent to 100 per cent;
- Decriminalize certain offences specified under clause (g), (j) and (k) of sub-section (1) of section 132 of CGST Act, 2017,
 - Obstruction or preventing any officer in discharge of his duties;
 - deliberate tempering of material evidence;
 - failure to supply the information

INDIRECT TAX

- 90% of refund to be granted considering provisionally accepted ITC also. (Earlier it was not allowed)
- Mechanism for interest on delayed refund shall be provided
- Penal provisions to ecommerce operators relating to supplier of goods made by URD person or composition dealer
- Person dealing in interstate supply of goods and person selling goods via e-commerce operator is now allowed to opt for composition Scheme



INDIRECT TAX

1) Green Mobility

- To exempt excise duty on GST Paid compressed bio gas

2) Electronics

- To provide relief in customs duty on imports of certain parts of mobile phones
- To reduce basic customs duty on parts of open cells of TV panels to 2.5%

3) Electricals

- To increase basic customs duty on electric kitchen chimney from 7.5% to 15%
- To reduce basic customs duty on chimney heat coils from 20% to 15%

4) Chemicals and Petrochemicals

- To exempt basic customs duty on chemicals and petrochemicals
- To reduce basic customs duty on acid grade fluorspar and crude glycerine to 2.5%

INDIRECT TAX

5) Marine Products

- To reduce duty on key inputs for domestic manufacture of shrimp feed

6) Lab grown Diamonds

- To reduce basic customs duty on seeds used in their manufacturing

7) Precious Metals

- To increase customs duties on articles made from gold and platinum
- To increase import duty on silver dore, bars and articles

8) Compounded Rubber

- To increase basic customs duty rate on compound rubber from 10% to 25%

9) Cigarettes

- National Calamity Contingent Duty (NCCD) on specified cigarettes to be revised upwards by about 16%



DIRECT TAX

TAX RATES

Rates of Income Tax



There is no change in slab rate under old regime of Income Tax Act

There are certain changes in slab rates under new regime (115BAC) as compared to previous year along with the changes in Rebate & Surcharge

DIRECT TAX – PERSONAL INCOME TAX

Existing Provision	Proposed Provision
<p>Up to Rs.2,50,000 – Nil From Rs.2,50,001 to 5,00,000 – 5% From Rs.5,00,001 to 7,50,000 – 10% From Rs.7,50,001 to 10,00,000 – 15% From Rs.10,00,001 to 12,50,000 – 20% From Rs.12,50,001 to 15,00,000 – 25% Above Rs.15,00,000 – 30%</p>	<p>Up to Rs.3,00,000 - Nil From Rs.3,00,001 to Rs. 6,00,000 – 5% From Rs.6,00,001 to Rs.9,00,000 – 10% From Rs.9,00,001 to Rs. 12,00,000 – 15% From Rs.12,00,001 to Rs. 15,00,000 – 20% Above Rs.15,00,000 - 30%.</p>
<p>The benefit of Rebate under section 87A was allowed up to income not exceeding Rs.5 lakhs.</p>	<p>The benefit of Rebate under section 87A is now allowed</p>
<p>Surcharge rate on income above Rs.5 Crore was 37%</p>	<p>Surcharge rate on income above Rs.5 Crore has been reduced to 25%</p>
<p>Earlier the maximum tax along with surcharge was 42.74%</p>	<p>Now the maximum tax along with the surcharge is 39%</p>

INCOME UNDER SALARY

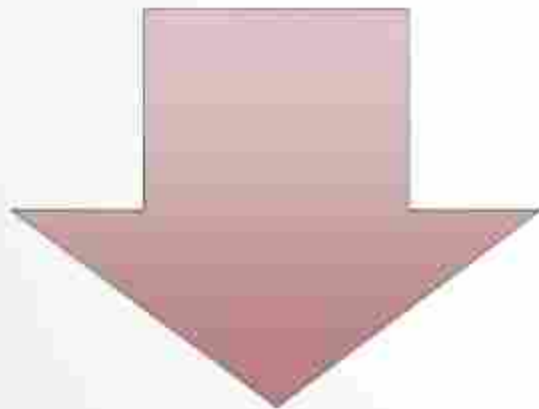
Introduction of Standard Deduction under new regime



OTHER AMENDMENTS



Agnipath Scheme, 2022



The payment received from the Agniveer Corpus Fund by the Agniveers enrolled in Agnipath Scheme, 2022 is proposed to be exempt from taxes. Deduction in the computation of total income is proposed to be allowed to the Agniveer on the contribution made by him or the Central Government to his Seva Nidhi account

INCOME FROM HOUSE PROPERTY

Prevention of double deduction claimed on interest on borrowed capital

As per the existing provision, double deduction was being claimed on interest on borrowed capital for acquiring, renewing or reconstructing a property, either in Section 24 or as Chapter VI deduction, and this interest formed part of 'cost of acquisition' or 'cost of improvement' under the head 'Capital Gains'.

To prevent this, a new proviso is added, stating that 'cost of acquisition' or 'cost of improvement' shall not include such interest, which is claimed under section 24 or Chapter VI-A

This amendment will take effect from 1st April 2024, and will apply for A.Y. 2024-25 and all future years

PROFITS AND GAINS FROM BUSINESS OR PROFESSION

Tax Incentives to International Financial Services Centre

Removal of Exemption from TDS on payment of interest on listed debentures to a resident

Facilitating certain strategic disinvestment

- It is also proposed to amend section 72AA of the Act to allow **carry forward of Accumulated losses and unabsorbed depreciation allowance** in the case of amalgamation of one or more banking company with any other banking institution or a company subsequent to a strategic disinvestment, **if such amalgamation takes place within 5 years of strategic disinvestment**
- **This amendment will take effect from 1st April, 2023 and will accordingly apply to the assessment year 2023-24 and subsequent assessment years**

PROFITS AND GAINS FROM BUSINESS OR PROFESSION

Ease in Claiming Deduction on amortisation of Preliminary expense

Increasing threshold limits for presumptive taxation Schemes

Preventing misuse of Presumptive schemes under section 44BB and section 44BBB

Non-Banking Financial Company (NBFC) categorization

Providing clarity on benefits and perquisites in cash.

Amendments will be effective from the 1st day of April, 2024

CAPITAL GAINS

Section 45(5A) of Act

Conversion of Gold to Electronic Gold Receipt and vice versa ,w.e.f 1st day of April, 2024

Amendment of section 48 of the income tax act

Insertion of new Section 50AA- Taxation for Market Linked Debentures , 1st day of April, 2024

Limiting the roll over benefit claimed under section 54 and section 54F ,w.e.f 1st day of April, 2024

Defining the cost of acquisition in case of certain assets for computing capital gains (Section 55) w.e.f 1st day of April, 2024

INCOME FROM OTHER SOURCES

- Bringing the non-resident investors within the ambit of section 56(2)(viib) to eliminate the possibility of tax avoidance ,w.e.f 1st day of April, 2024

Section	Existing Provision	Proposed Provision
56(2)(viib)	In case of private company, any consideration received by a resident person for issue of shares, consideration in excess of Fair Market value shall be chargeable to tax as Income.	In case of private company, any consideration received by any person (resident as well as non-resident) for issue of shares, consideration in excess of Fair Market value shall be chargeable to tax as Income.

OTHERS

- Section 10 (10AA) (ii) – Leave Encashment for non Govt. employees exemption enhanced upto Rs. 25 lacs
- Promoting timely payments to Micro and Small Enterprises – Section 43B on payment to Micro and small industries
- Deemed income accrual provision relating to sums of money exceeding fifty thousand rupees, received from residents without consideration to a not ordinarily resident with effect from 1st April, 2023
- omit the provision to allow tax exemption to news agencies set up in India solely for collection and distribution of news from the financial year 2023-24
- aggregate of premium for life insurance policies (other than ULIP) issued on or after 1st April, 2023 is above 5 lakh, income from only those policies with aggregate premium up to 5 lakh shall be exempt. This will not affect the tax exemption provided to the amount received on the death of person insured. It will also not affect insurance policies issued till 31st March, 2023

OTHERS

- It is proposed to provide for some provisions to minimise risk to revenue due to undervaluation of inventory
- Promoting timely payments to Micro and Small Enterprises – Sect 43B
- There are certain assets like intangible assets or rights for which no consideration has been paid for acquisition and the transfer of which may result in generation of income. Their cost of acquisition is proposed to be defined to be NIL.
- charitable trusts and institution :
 - provide clarity on tax treatment on replenishment of corpus and on repayment of loans/borrowings
 - treat only 85 per cent of donation made to another trust as application;
 - combine provisional and regular registration in some cases;
 - modify the scope of specified violation;
 - provide for payment of tax on assets if a trust does not apply for exemption after getting provisional exemption and for reexemption after expiry of exemption;
 - align of time for furnishing of certain forms;
 - for claiming exemption shall not include the time provided for
 - furnishing updated return.

OTHERS

- omit certain name-based funds from section 80G of the Act
- proposed to provide that where refund is due to a person, such refund shall be set off against existing demand, and if proceedings for assessment or reassessment are pending in such case, the refund due will be withheld by the Assessing Officer till the date of assessment or reassessment

TAX DEDUCTED AT SOURCE AND TAX COLLECTED AT SOURCE

- **Section 192A :- TDS on payment of accumulated balance due to an employee under the Employees under the Employees' Provident Fund Scheme, 1952-**
TDS rate to be reduced from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases
- **Section 193 :- Removal of exemption from TDS on payment of interest on listed debentures to a resident**
- **Section 194B & 194BB :- Amendment of section 194B & 194BB**
TDS deducted at the rate of 30% shall be on **the amount or aggregate** of the amounts exceeding ten thousand rupees during the financial year
- **Insertion of new section 194BA**
This section covers the Tax Deducted at Source of Winnings from online games w.e.f 1st July,2023
- **Section 194R & Section 194S :- TDS on benefit or perquisite of a business or profession & TDS in case of Virtual Digital Assets**

TAX DEDUCTED AT SOURCE AND TAX COLLECTED AT SOURCE

- **Section 194N :- Increasing threshold limit for co-operatives**
TDS is to be deducted if withdrawal amount **exceeds Rs.3 crore** in case of co-operative society
- **Section 196A :- Tax treaty relief at the time of TDS under section 196A of the Act**
- **Section 197:- Deduction of tax at source to lower or nil rate**
As per amendment, 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**
- **Section 206C :- Increasing rate of TCS of certain remittances**
The TCS for overseas tour packages has been increased from 5 percent to 20 percent. (Without any threshold limit) w.e.f 1st July 2023

SIMPLIFYING TAX BENEFITS FOR INDUSTRY



MSME



Rationalization

Co-operative
Societies



Startups



MSME

Micro enterprises with turnover up to ₹ 2 crore and certain professionals with turnover of up to ₹ 50 lakh can avail the benefit of presumptive taxation



Micro, Small and Medium Enterprises




Deduction for expenditure incurred on payments made to them only when payment is actually made


Enhanced limits of ₹ 3 crore and ₹ 75 lakh respectively, to the tax payers whose cash receipts are no more than 5 per cent

CO-OPERATIVE SOCIETIES

Tax concession rate for Cooperative: under new scheme Tax rate of 15% for new Domestic 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



Increase in limit to Rs.2 lakhs on granting loans and accepting deposits for Primary Agricultural Credit Societies ("PACS") and Primary Co-Operative Agricultural and Rural Development Bank ("PCARD")



Higher TDS Limit of 3crores on cash withdrawal for co-operative society.

STARTUPS

Extension of the date of incorporation by one year for income tax benefits for startups

Benefit of carry forward of losses on change of shareholding of startups from seven years of incorporations to ten years

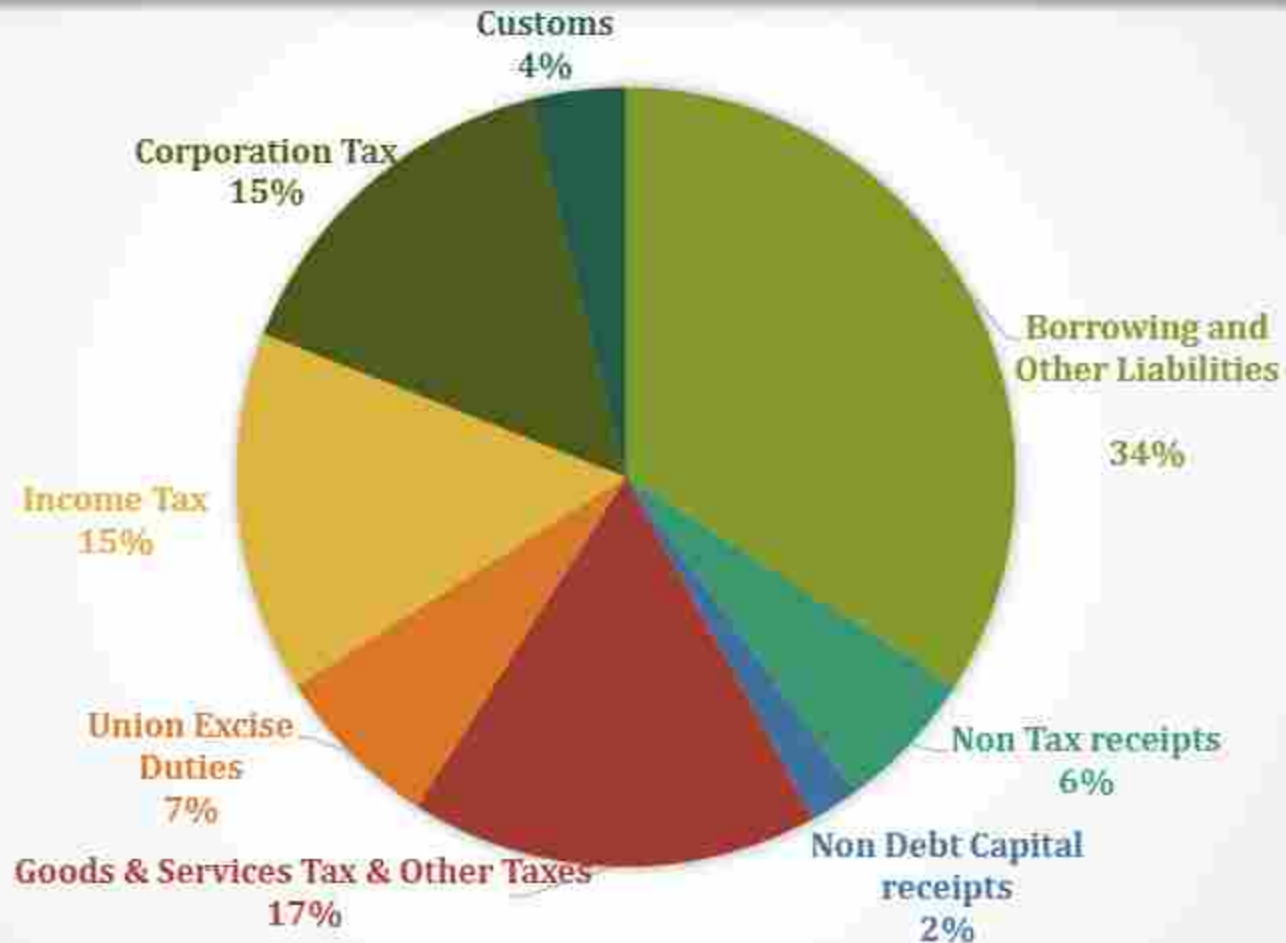


RATIONALIZATION

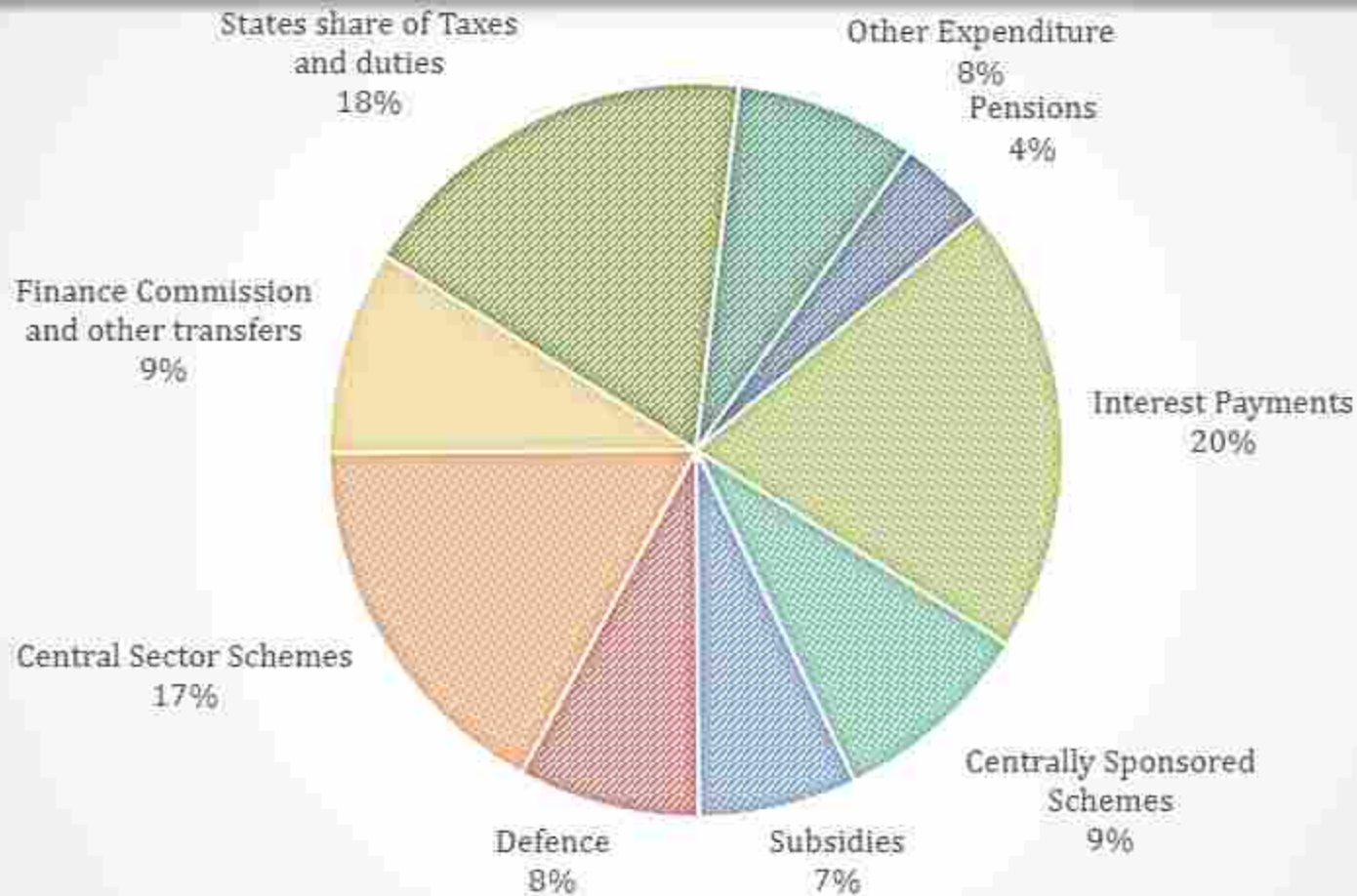
Income of authorities, boards and commissions set up by statutes of the Union or State for the purpose of housing, development of cities, towns and villages, and regulating, or regulating and developing an activity or matter, is proposed to be exempted from income tax

Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31st March, 2025

RUPEE COMES FROM



RUPEE GOES TO



CONCLUSION

Excerpts from Thirukural:

பிணியின்மை செல்வம் விளைவின்பம் ஏமம்
அணியென்ப நாட்டிவ் வைந்து.

Health, wealth, production, happiness and security, these five in a country are its ornaments of beauty.

**KNOWLEDGE
HAS A
BEGINNING
BUT NO END**

Thank You!
😊