GHETIYA M.C.&Co.
Chartered Accountants

# INDIA BUDGET 2023

From Complexity To Simplicity

# BUDGET ANALYSER

### GHETIYA M.C. & CO., CHARTERED ACCOUNTANTS

**M/S. GHETIYA M.C. & CO.** was established in the year 2010, and has, over the years, expanded into a dynamic organisation that offers a spectrum of financial services to diverse clientele in the areas pertaining to **Audit & Assurance, Advisory Services, Taxation, Business Process Outsourcing, Project Finance, etc..** Our philosophy is of partnering with our clients and not being a distant service provider. Since businesses are inherently different, we tailor our services to meet clients' specific needs. Serving to the wider business community since last one and half decade, we enjoy unparalleled reputation and respect of our clients, who trust and rely on us for our expertise and professionalism.

**FCA MANISH C. GHETIYA,**
**Partner of GMCO**

Mr. Manish Ghetiya is a Co-founder of the Firm. He is a Graduate and a Fellow Member of Institute of Chartered Accountants of India. Having Spend more than a one and half decade in this profession. He has wide experience in the field of Project Finance, Direct Taxation, Indirect Taxation, Assurance and Accounting. He has worked with listed company during his initial years of career. He has also worked with renowned Chartered Accountants firms of Gujarat where he served to various listed and Multinational clients.

**FCA RENISH K. VIRAMGAMA,**
**Partner of GMCO**

Mr. Renish Viramgama is a Co-founder of the Firm. He is a Post Graduate and Fellow Member of the Institute of Chartered Accountants of India with 16 years standing in the profession. He has wide experience in the field of Business Law, Business planning, Budgeting, Assurance services and ERP implementation. He has worked with listed company for more than 7 years of his career. He has also worked with renowned Chartered Accountants firms of Gujarat where he served to various listed and MNC clients.

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# SYNOPSIS OF BUDGET

INDIA
BUDGET
2023

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# DIRECT TAX

Direct Tax proposals are aimed to simplify and rationalise various provisions to reduce the compliance burden, promote the entrepreneurial spirit and provide tax relief to citizens. The government has Constantly endeavour to improve Tax Payers Services by making compliance easy and smooth. Various major proposals of Budget 2023 are narrated below:

## 1. Individual Taxation

**a.** Rebate limit of Personal Income Tax to be increased to Rs. 7 lakh from the current Rs. 5 lakh in the new tax regime. Thus, persons in the new tax regime, with income up to Rs. 7 lakh to not pay any tax.

**b.** The FM has also proposed to reduce the number of slabs to five and increasing the tax exemption limit to Rs. 3 lakh.

**c.** It is also proposed to extend the benefit of standard deduction of Rs. 50,000 to salaried individual, and deduction from family pension up to Rs. 15,000, in the **new tax regime.**

**d.** The limit for tax exemption on leave encashment on retirement of non-government salaried employees to be increased to Rs. 25 lakh.

**e.** The new income tax regime to be made the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime.

**f.** The finance minister has proposed to limit income tax exemption from proceeds of insurance policies with very high value. it is proposed to tax income from insurance policies (other than ULIP for which provisions already exists) having premium or aggregate of premium above Rs 5,00,000 in a year. Income is proposed to be exempt if received on the death of the insured person. This income shall be taxable under the head "income from other sources".

**g.** TDS rate proposed to be reduced from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases.

## 2. Business / MSME

**a.** It is proposed to allow deduction for expenditure incurred to MSME vendors on payment basis. It can be allowed on accrual basis only if the payment is done within the time mandated under section 15 of the MSMED Act.

**b.** It is proposed to extend period of tax benefits to funds relocating to IFSC, GIFT City till 31.03.2025.

## 3. Co-operative Sector

**a.** It is proposed that New co-operatives commence manufacturing activities till 31.3.2024 to get the benefit of a lower tax rate of 15 per cent.

**b.** It is proposed to increase limit from Rs. 20,000 to Rs. 2 lakh per member for cash deposits to and loans in cash by Primary Agricultural Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs).

## 4. Relief to Start-up Entrepreneur

**a.** It is proposed to extend the start-up exemption to those entities incorporated before 31.03.204.

**b.** It is proposed to provide the benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.

## 5. Capital Gain

**a.** It is proposed to impose a limit on the maximum deduction that can be claimed by the assessee under section 54 and 54F to Rs. 10 crore. It has been provided that if the cost of the new asset purchased is more than Rs. 10 crore, the cost of such asset shall be deemed to be Rs. 10 crores.

**b.** It is proposed to insert a new section in the Act 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.

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# INDIRECT TAXES

INDIA
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# CUSTOMS ACT

## Change in Basic Custom Duty (Industry wise)

| Particulars | From | To |
|---|---|---|
| Gold Bars | 12.50% | 10% |
| Gold Dore | 11.85% | 10% |
| Platinum | 12.50% | 10% |
| Silver Bars | 7.50% | 10% |
| Silver Dore | 6.10% | 10% |
| Articles made of precious metals falling under CTH 7113 & 7114 | 22% | 25% |
| Imitation jewellery classified under Heading 7117 | 22% or 400/kg w. i. higher | 25% or 600/kg w. i. higher |
| Camera lens for camera module and input/sub parts for lens of camera module of mobile phone (Subject to IGCR condition) | 2.5% | NIL |
| Parts for manufacture of open cells of TV panels (Subject to IGCR condition) | 5% | 2.5% |
| Electric kitchen chimney | 7.5% | 15% |
| Heat coils for use in manufacture of electric kitchen chimney | 20% | 15% |
| Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form (It is being exempted from SWS) | 30% | 35% |
| Vehicles in Completely-Built Unit (CBU) form (It is being exempted from SWS) | 60% | 70% |
| Specified capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles as is available for manufacture of lithium-ion cells for batteries used in mobile handsets | | Exempt |
| Bicycles (exempted from SWS) | 30% | 35% |
| Toys and its parts (no changes to the effective rate on parts covered under S. No 591 of Notification No. 50/2017-Customs) | 60% | 70% |
| Coal, peat and lignite (exempted from AIDC) | 0% | 2.5% |
| Compounded rubber | 10% | 25% or Rs. 30/kg w. i. lower |
| Pecan nuts (SWS exemption is being withdrawn) | 100% | 30% |

## List of Goods Exempted from Social Welfare Surcharge (SWS)

| | |
|---|---|
| 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 annexed to the 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 the 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 the 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. | Toys and parts of toys (HSN 9503) other than goods covered under S. No. 591of the Table annexed to Notification No. 50/2017-Customs dated the 30th June,2017 |

## Change in rate of Agriculture Infrastructure and Development Cess (AIDC)

| Particulars | From | To |
|---|---|---|
| Silver bar | 2.5% | 5% |
| Silver Dore | 2.5% | 4.35% |
| Coal, peat, lignite | 1.5% | NIL |
| Gold bar | 2.5% | 5% |
| Gold Dore | 2.5% | 4.35% |
| 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% |

## Review of Exemption

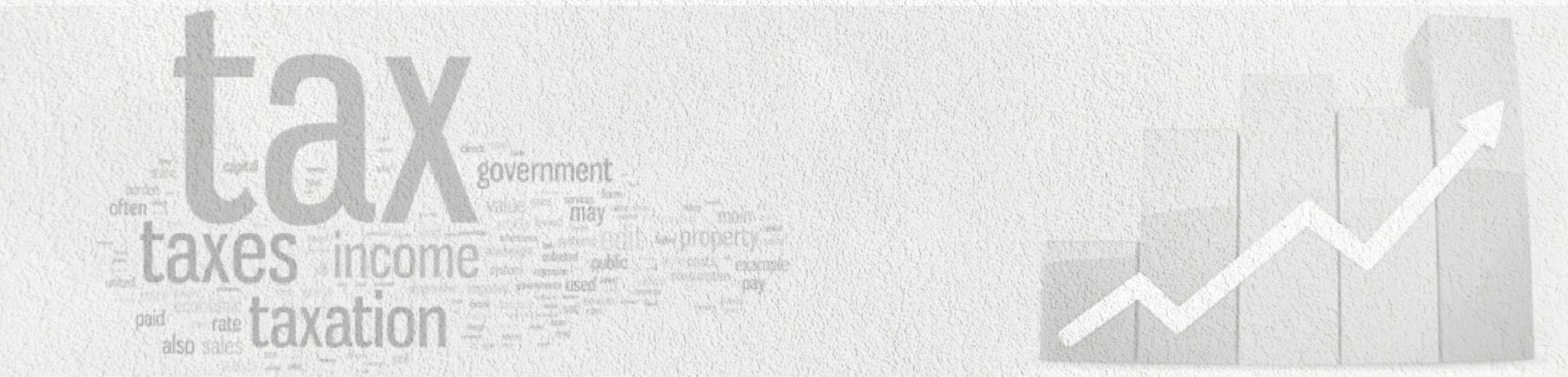
| S. No | Commodity | From | To |
|---|---|---|---|
| | **Extended by one-year upto 31.3.2024** | | |
| 1. | Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone | 5% | 5% |
| 2. | Lithium-ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle | 5% | 5% |
| 3. | 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 |
| 4. | Solar tempered glass for use in the manufacture of solar cell or solar module | NIL | NIL |

# Goods and Service Tax

**a.** Input Tax Credit for GST paid on Corporate Social Responsibility (CSR) expenditure will not be available.

**b.** Value of supply of customs warehoused goods shall be included in the value of exempt supply for reversal of common Input Tax Credit under Section 17 (2) read with Rule 42. It's worth noting that for high seas sales and for merchant trade (purchase from and sale both to other countries), no such reversal is required.

**c.** Person shall not be allowed to file the GSTR 1, GSTR 3B and GSTR 9 after the expiry of 3 years from the due date of filing such returns. However, government may allow filing of such returns beyond three years, by notification, subject to conditions and restrictions as may be specified therein.



# READY REFERENCER

## Income tax Rates for Financial Year 2023-24

| Old Tax Regime FY 2023-24 | | New Tax Regime FY 2023-24 | |
|---|---|---|---|
| **Individual , HUF, AOP & BOI** | | **Individual , HUF, AOP & BOI** | |
| **1.Resident & Non-Resident Assesses** | **Rate** | **1.Resident & Non-Resident Assesses** | **Rate** |
| Up to Rs. 2,50,000 | NIL | Up to Rs. 3,00,000 | NIL |
| Rs. 2,50,000 to 5,00,000 | 5% | Rs. 3,00,000 to Rs. 6,00,000 | 5% |
| Rs. 5,00,000 to 10,00,000 | 20% | Rs. 6,00,000 to Rs. 9,00,000 | 10% |
| Above Rs. 10,00,000 | 30% | Rs. 9,00,000 to Rs. 12,00,000 | 15% |
| | | Rs. 12,00,000 to Rs. 15,00,000 | 20% |
| | | Above Rs. 15,00,000 | 30% |
| | | | |
| **2.Resident Senior Citizen Assesses aged from 60 years to 79 years** | | | |
| Up to Rs. 3,00,000 | NIL | | |
| Rs. 3,00,000 to 5,00,000 | 5% | | |
| Rs. 5,00,000 to 10,00,000 | 20% | | |
| Above Rs. 10,00,000 | 30% | | |
| | | | |

| | | | |
|---|---|---|---|
| **3.Resident Senior Citizen Assesses aged 80 years & Above** | | | |
| Up to Rs. 5,00,000 | N IL | | |
| Rs. 5,00,000 to 10,00,000 | 20% | | |
| Above Rs. 10,00,000 | 30% | | |
| | | | |
| **Co-operative Society** | | **Co-operative Society** | |
| Up to Rs. 10,000 | 10% | Up to Rs. 10,000 | 10% |
| Rs. 10,000 to Rs. 20,000 | 20% | Rs. 10,000 to Rs. 20,000 | 20% |
| Above Rs. 20,000 | 30% | Above Rs. 20,000 | 30% |
| | | | |
| **Partnership Firm / LLP / Local Authority** | **30%** | **Partnership Firm / LLP / Local Authority** | **30%** |
| **Rebate under section 87A+** | | | |
| Taxable Income Up to 5 Lakh | No Tax 100% Rebate | Taxable Income Up to 7 Lakh - No tax | No Tax 100% Rebate |

+Rebate is applicable to Individual Assessee only.

## Corporate Assessee

| Sr.No. | Particular of Company | Rate | Surcharge Levied On Tax |
|---|---|---|---|
| 1 | Domestic Company (Total Turnover Up to 400 Cr in FY 2021-22) | 25% | 1 cr to 10 cr - 7%<br>Above 10Cr - 12% |
| 2 | Domestic Company (Total Turnover Above 400 Cr in FY 2021-22) | 30% | 1 cr to 10 cr - 7%<br>Above 10Cr - 12% |
| 3 | Domestic Company Specified U/s. 115BAB (New Manufacturing Company) | 15% | 10% |
| 4 | Domestic Company Specified U/s. 115BAA (Existing companies opted under this section) | 22% | 10% |

## Surcharge on other than corporate assessee

| Individual , HUF, AOP & BOI | Rate |
|---|---|
| Up to Rs. 50 Lakhs | NIL |
| 50 Lakh to 1 Cr | 10% |
| 1 Cr to 2 Cr | 15% |
| 2 Cr to 5 Cr | 25% |
| Above 5 Cr+ | 25% / 37% |
| **Co-operative Society** | |
| Up to Rs. 1 Cr | NIL |
| 1 Cr to 10 Cr | 7% |
| Above 10 Cr | 10% |
| **Partnership Firm / Limited Liability Partnership firm** | |
| Up to 1Cr | Nil |
| Above 1Cr | 12% |

+Maximum surcharge will be 25% in case of New tax regime.

# TDS Rates

| Section | Nature Of Payment | Threshold Limit in ₹ | Rate of TDS % |
|---|---|---|---|
| 192 | Salary (As per new Slab introduced in budget 2022-23) | As Per Slab | As Per Slab |
| 192A | Payment of accumulated balance due to an employee | 50,000 | NIL |
| 193 | Interest On Securities<br>(1) Interest on Debentures or Securities (Listed/Unlisted)<br>(2) Interest On 8% Savings (Taxable) Bonds, 2003.<br>(3) Any Other Interest On Securities (Unlisted) | <br>5,000**<br><br>10,000<br><br>0 | <br>10.00<br><br>10.00<br><br>10.00 |
| 194 | Dividend Other Than Dividend Covered by section 115-O | 5000* | 10.00 |
| 194A | Interest Other Than Interest On Securities Where The Payer is<br>(1) Banking Company<br>(2) Co-operative Society engaged in banking business<br>( for senior citizen)<br>(3) Post office under a deposit scheme framed By Central Government<br>(4)Other | <br>40,000<br>40,000<br>50,000<br>40,000<br>5,000 | <br>10.00<br>10.00<br><br>10.00<br>10.00 |
| 194B | Winning From Lotteries | 10,000 | 30.00 |
| 194BA | Income by way of Winnings from online games. [w.e.f. 1st July 2023] | NIL | 30.00 |
| 194BB | Winning From Horse Race | 10,000 | 30.00 |
| 194C | Payment To Contractors<br>(1) In Case of Contractors / Sub-Contractor / Advertising (In Case of Individual or HUF)<br>(2) In Case of Contractors / Sub-Contractor/ Advertising (Any Other Assesses)<br>[* This limit is for individual transaction. However, if aggregate payment to contractors during the year exceeds **Rs. 1,00,000/-**, then tax will be required to be deducted even where individual transaction is less than the threshold limit of Rs. 30,000/-] | <br>30,000*<br>30,000* | <br>1.00<br>2.00 |
| 194D | Insurance Commission [If deductee is Domestic Company Rate will be 10%] | 15000 | 5.00 |
| 194DA | LIC payment which are not covered u/s 10(10D) | 1,00,000 | 5.00 |

# TDS Rates

| | | | |
|---|---|---|---|
| 194E | Non-Resident Sportsman /Sports Association / Entertainer | NIL | 20.00 |
| 194EE | Deposit Under NSS to Resident / Non Resident | 2,500 | 10.00 |
| 194F | Repurchase of Units of Mutual Fund/ UTI From Resident/ Non-Resident | NIL | 20.00 |
| 194G | Commission on Sale of Lottery tickets to Resident/ Non-Resident | 15,000 | 5.00 |
| 194H | Commission Or Brokerage To Resident | 15,000 | 5.00 |
| 194I | Rent To Resident<br>(a) Rent For Machinery / Plant / Equipment<br>(b) Rent for other than in (a) | <br>2,40,000<br>2,40,000 | <br>2.00<br>10.00 |
| 194IA | Payment on Transfer or Certain Immovable properties (Other Than Agriculture Land) | 50,00,000 | 1.00 |
| 194IB | Payment of Rent by certain Individuals / HUF | 50,000 per month | 5.00 |
| 194IC | Payment of monetary consideration under Joint Development Agreements | NIL | 10.00 |

| | | | |
|---|---|---|---|
| 194J | Fees Payable to Resident for Professional/ Technical Services [2 % in case of fees for technical services (not being a professional services) or royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films] | 30,000 | 10.00 |
| 194K | Payment of any income in respect of Units of Mutual fund as per section 10(23D) or Units of administrator or from a specified company | _ | 10.00 |
| 194LA | Compensation to Resident on Compulsory Acquisition of Immovable Property | 2,50,000 | 10.00 |
| 194LB | Income by way of interest from infrastructure debt fund | NIL | 5.00 |
| 194LBA | Payment to resident Unit Holder specified in section 115UA | 0 | 10.00 |
| 194LBA | Payment to non-resident Unit Holder specified in section 115UA | 0 | 5.00 |
| 194LBB | Investment fund paying an income to a unit holder [other than income which is exempt under Section 10(23FBB)] | 0 | 10.00 |

# TDS Rates

| | | | |
|---|---|---|---|
| 194LBC | Income in respect of investment made in a securitization trust(specified in Explanation of section 115TCA) | NIL | 25.00 for Individual and HUF / 30.00 for any other person |
| 194LC | Interest paid by Specified Company to Non-Resident | NIL | 5.00 |
| 194LD | Income by way of interest on certain bonds and Government securities | NIL | 5.00 |
| 194M | Payment of commission, brokerage, contractual fee, professional fee to a resident person by an Individual or a HUF who are not liable to deduct | Rs. 50,00,000 | 5.00 |
| 194N | TDS under section 194C, 194H, or 194J.<br><br>Payment of certain amounts in cash.<br>1) If Regular Return is filled by payee Limit Rs. 3 Crore [amended by Budget 2023]<br>2) If regular returns are not filled by payee Up to 20 laks to 3 crore [amended by Budget 2023]<br>3) Exceeding Rs. 5 Crore | -<br>-<br>- | 2.00<br>2.00<br>1.00 |

| | | | |
|---|---|---|---|
| 194O | Applicable for E - Commerce operator for sale of goods or provision of service facilitated by it through its digital or electronic facility or platform. | Rs. 5,00,000 | 1.00 |
| 194Q | Purchase of goods | Rs. 50,00,000 | 0.10 |
| 194R | Deducation of tax on benefit or prequisits in respect of businee or profession | Rs. 20,000 | 10.00 |
| 195 | Deducation of tax on benefit or prequisits in respect of businee or profession | Rates Specified under part II of First Schedule of Bill, including applicable surcharge and education cess subjected to rate specified under applicable DTAA | |
| 196B | Payment Of Other Sums to Non-Resident (Other Than Specified in Section 194LB) | 0 | 10.00 |
| 196C | Income From Units (Including long term capital gain on transfer of such units) to an offshore fund | 0 | 20.00 |
| 196D | Income From Foreign Currency Bonds or GDR of Indian Company<br>Income of FII from securities not being dividend, long term and short term capital gain | 0 | 20.00 |

# TCS Rates

| Section | Nature of Payment | Threshold limit in cash ₹ | Rate of TCS % |
|---|---|---|---|
| 206C | Alcoholic liquor for human consumption and Indian made Foreign Liquor | NIL | 1.00 |
| | Timber obtained by one mode and any other forest produce | NIL | 2.50 |
| | Scrap | NIL | 1.00 |
| | Parking lot/ Toll Plaza/ Mining and Quarrying | NIL | 2.00 |
| | Tendu Leaves | NIL | 5.00 |
| | Minerals, being coal or lignite or iron ore | NIL | 1.00 |
| | Sale of motor vehicle | 10,00,000 | 1.00 |
| | Foreign remittance through Liberalised Remittance Scheme (LRS)* | 7,00,000 | 0.50 |
| | Foreign remittance through Liberalised Remittance Scheme (LRS) | 7,00,000 | 20.00 |
| | Selling of overseas tour package | NIL | 20.00 |
| | Sale of goods (Other than those being exported) | 50,00,000 | 0.10 |

(*if the remitted amount is out of loan obtained from any financial institution u/s 80E to pursue any education)

GHETIYA M.C.&Co.
Chartered Accountants

Rajkot Office
1103/B, 1104/A, 1104/B, Alpha Plus, 150Ft Ring Road,
Opp. GSPC Gas, Rajkot - 360 004
Mob.- 91-9537662232, 91-9662180401 | e - Mail : ghetiyamc@gmail.com,

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