



UNION BUDGET

2023

- KEY HIGHLIGHTS



DIRECT TAX PROPOSALS

- Tax rates for Individual, HUF, **AOP (other than co-operative), BOI and AJP** under new regime are proposed as under –

Total Income	Applicable Tax Rate
Upto INR 3,00,000/-	0%
More than INR 3,00,000/- upto INR 6,00,000/-	5%
More than INR 6,00,000/- upto INR 9,00,000/-	10%
More than INR 9,00,000/- upto INR 12,00,000/-	15%
More than INR 12,00,000/- upto INR 15,00,000/-	20%
Above 15,00,000/-	30%

- New tax regime for Individual, HUF, AOP (other than co-operative), BOI and AJP is proposed to be the default tax regime.
- Tax rate under erstwhile old regime remain unchanged.
- Under new tax regime highest surcharge rate on income above INR 5 crores is proposed to be reduced from 37% to 25%.
- Rebate of income tax to be increased from INR 5 lakhs to INR 7 lakhs under new regime.
- Standard deduction of INR 50,000/- shall now be available under new regime.
- Eligible business having turnover more than INR 2 crores but up to INR 3 crores, where cash receipts does not exceed 5% of gross receipts, can now opt for presumptive taxation.
- Eligible profession having gross receipts more than INR 50 lakhs but up to INR 75 lakhs, where cash receipts does not exceed 5% of gross receipts, can now opt for presumptive taxation.
- Tax Holiday available to eligible start-ups to be extended to start-ups incorporated till 31st March, 2024.
- Loss incurred by eligible start-up during first 10 years (earlier 7 years) of its incorporation can be carried forward irrespective of change in voting power, subject to other condition.
- Concessional Tax Regime of 15% shall be available to new manufacturing co-operative societies which are setup and registered on or after 01st April, 2023 and commence production on or before 31st March, 2024.
- Any sum payable to micro or small enterprise beyond the time limit specified under section 15 of MSME Development Act, 2006 to be allowed as deduction only on actual payment.
- For a deduction on Long Term Capital Gains from sale of residential property and any other capital asset cost of new residential house capped to INR 10 crores.
- Shares issued at premium to non-resident investor at higher than FMV shall be taxable in the hands of issuer company.



KEY HIGHLIGHTS

- Capital gain on transfer or redemption or maturity of Market-linked Debentures to be taxed as short term capital gain at normal slab rates.
- Exemption for income from life insurance policies (other than unit linked insurance policies) to be restricted to policies having aggregate annual premium of up to INR 5 lakhs. This will not affect the tax exemption provided to the amounts received on the death of the person insured and also to policies issued upto 31st March, 2023.
- TDS proposed to be applicable on interest paid on security which is in de-materialized form and is listed on recognized stock exchange.
- TDS to be applicable on net winnings from online games whether in cash or kind at 30% tax rate.
- Benefit or perquisite arising from business or profession includes benefit in form of cash. It is also clarified that TDS is applicable on benefits or perquisites whether in cash or in kind, if the value of benefit or perquisite exceeds INR 20,000/-.
- Return of income for re-assessment cases to be filed within three months from the end of the month in which notice is issued.
- Tax benefits announced for Agniveer Jawans.
- Deduction to SEZ units will be allowed only if convertible foreign exchange from sale of goods or provision of service is brought into India within a period of six months from end of the financial year.
- TCS rate for overseas tour package and all remittances other than for education or medical treatment, is proposed to be increased from 5% to 20%.
- Gift received by not ordinarily resident from person resident in India exceeding INR 50,000/- shall be taxable, irrespective of place of receipt.
- No capital gain on conversion of gold to electronic gold receipt and vice versa.
- Disallowance of interest paid by NBFC's to its Associated Enterprise(s) shall not be disallowed u/s 94B.
- TDS credit will be available for income already offered in the past years.
- Donations by charitable/religious entities to other charitable/ religious entities shall be allowed only to the extent of 85%.
- Non filing of application for regular registration / re-registration/ approval by charitable entities shall result in taxation of accreted income computed as prescribed.
- Tax exemption on leave encashment of non-government salaried employees is proposed to be increased to INR 25 Lakhs



GST PROPOSALS

- Input Tax Credit pertaining to supply of warehoused goods, before clearance for home consumption, to be reversed.
- Input Tax Credit in respect of goods or services or both used or intended to be used for CSR activities referred to in the Companies Act, 2013 not to be available.
- Persons engaged exclusively in exempt supplies and agriculturist not liable to register even for instances of compulsory registration.



‘ न चोर हार्यं न च राज हार्यं न भात्रू
भाज्यं न च भारकारि
व्ययं कृते वर्धत एव नित्यं
विद्याधनं सर्वधनप्रधानम ’

Knowledge is the Wealth that:
The Thief cannot Steal,
The King cannot Acquire,
The Brothers cannot Share,
Does not Weigh on You,
Grows Forever as you share ,
Truly, Knowledge is the Greatest Wealth.

Benefice Business House, 3rd Level,
126, Mathuradas Mills Compound,
N. M. Joshi Marg, Lower Parel (W),
Mumbai – 400013, India.

☎ : +91 22 3321 3737
✉ : reachus@gbcaindia.com
🌐 : www.gbcaindia.com
in : gbc-aassociates

GBCA
& ASSOCIATES LLP
Chartered Accountants