

Nangia Andersen LLP

*India Budget
Statement 2023*





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Foreword

Foreword

For India, the year 2022 was special! It marked the 75th year of India's Independence and India became the world's fifth-largest economy, measured in current dollars. The Economic Survey projects a growth of 7% in real terms for year ending March 2023 with GDP in nominal terms of around USD 3.5 trillion. India's economic growth has been principally led by private consumption and capital formation. It has helped generate employment, as seen in the declining urban unemployment rate and in the growth of registrations in the Employee Provident Fund. The fundamentals of the Indian economy are definitely sound, as it enters its Amrit Kaal, the 25-year journey towards its centenary as a modern, independent nation with an economic agenda of providing opportunities for citizens (with focus on the youth), growth and job creation; along with having a strong and stable macro-economic environment.

This is the context in which the Finance Minister announced the Union Budget 2023.

The Finance Minister highlighted the resilience in the Indian economy and noted that despite the

massive slowdown caused by Covid-19 and other global adverse events, the country is expected to grow at around 7%. The budgeted fiscal deficit for FY 2023-24 is pegged at 5.9%. The Finance Minister in her Budget Speech reiterated her commitment of staying in course of reducing the fiscal deficit to below 4.5% by 2025-26.

The announcements made in the Union Budget 2023 focusses on 7 priorities to prepare the nation for the Amrit Kaal. The priorities, which are inter-woven in the budget proposals, are (1) Inclusive Development (2) Reaching the Last Mile (3) Youth Power (4) Financial Sector (5) Green Growth (6) Infrastructure and Investment, and (7) Unleashing the Potential.

The government has been focusing on promoting a cooperative-based economic development model. The Government's focus on Inclusive development rests on 3 pillars (i) **Agriculture and Cooperatives** through, amongst other things, building an accessible, inclusive and informative digital public infrastructure for farmers, setting up of

Agriculture Accelerator Fund for encouraging innovative startups in rural areas; a more targeted funding of INR 20 lakh crore for animal husbandry, dairies and fisheries sector; transforming India into a global hub for Millets 'Shri Anna'; together with setting up of widely available storage capacity and preparation of a national cooperative database for country-wide mapping of cooperative societies (ii) **Health** through setting up of 157 new nursing colleges, launch of programme to promote research in Pharmaceuticals, promotion of joint public and private research via select Indian Council of Medical Research labs (iii) **Education and Skilling** which would include setting up of National Digital Library for children and adolescents, revamped Teachers' training via District Institutes of Education and Training.

The priority of Reaching the last mile envisages launching of Pradhan Mantri Development Mission for the Particularly Vulnerable Tribal Groups, financial assistance for sustainable micro irrigation in drought prone regions of the state of Karnataka, recruiting around 38,800 teachers for the 740 Eklavya Model Residential Schools serving 3.5 lakh tribal students.

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The government has also announced the enhancement of outlay for the PM Awas Yojana by a whopping 66% to over INR 79,000 crores. Additionally, as part of the Reaching Last Mile priority, the government has announced Setting up of ‘Bharat Shared Repository of Inscriptions’ will be set up in a digital epigraphy museum, providing financial support to incarcerated poor persons who are unable to afford the penalty or the bail amount.

In terms of Youth Power, the Budget focusses on covering new courses like coding, Artificial Intelligence, Robotics, 3D Printing as part of the new 4th iteration of the Pradhan Mantri Kaushal Vikas Yojana, development of 50 destinations as a complete package for domestic and foreign tourists.

On the Financial Sector, the Government has announced various initiatives to promote business activities in the GIFT-Tec International Financial Services Centre, expanded corpus under a revamped scheme to enable additional collateral-free guaranteed credit of INR 2 lakh crore, Additionally, the government has proposed to set

up credit data processing centre for faster handling of administrative work under the Companies Act and setting up of National Financial Information Registry to enable efficient lending, promote financial inclusion and enhance financial stability.

To promote Green Growth, the Government has announced launching of PM-PRANAM which is the Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth” to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers. To steer the economy on the sustainable development path, Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding. For encouraging behavioral change, a Green Credit Programme will be notified to incentivize environmentally sustainable and responsive actions by companies, individuals and local bodies, and help mobilize additional resources for such activities. Additionally, for facilitating 1 crore farmers to adopt natural farming (over the next 3 years), 10,000 Bio-Input Resource Centres

will be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.

One of the priorities in the Budget has been promoting infrastructure and investment in productive capacity by providing adequate incentives given the multiplier effect it has on growth and employment. The government has announced increased in capital investment outlay by 33.4% to INR 10 lakh crore, together with highest ever capital outlay for the railways to INR 2.4 lakh crore. The Budget also announces continuation of 50 year interest-free loan to State Government to incentivize infrastructure investment, identification of 100 transport infrastructure projects for end-to-end connectivity for ports, coal, steel, fertilizers sectors along with creating of urban infrastructure in Tier II and III cities via establishment of Urban Infrastructure Development Fund.

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The last priority of the budget is Unleashing the Potential through use of Trust-Based Governance. This is proposed to be achieved by multi-pronged solutions like introduction of National Data Governance Policy for easy access to anonymized data by Start-ups and academia, introduction of Vivad se Vishwas (I & II) for providing relief to MSMEs affected during the Covid-19 period and for faster settlement of contractual dispute, launching of Phase 3 for E-Courts for effective administration of justice, setting up of 100 labs for 5G Services based application development, facilitating secure online storing and sharing documents across business ecosystem through use of Entity Digi Locker.

On the indirect tax proposals, the budget focusses to deliver (i) Higher Exports (ii) Higher Domestic Manufacturing (iii) Enhanced Value Addition in the economy (iv) Promoting Green Energy and Mobility. The Finance Minister proposed the introduction of a simplified tax structure for Customs Duty with fewer tax rates (from 21 to 13) to reduce the compliance burden and improving tax administration.

On the personal tax front, the Finance Minister proposed the simplification in new tax regime along with rationalization of slab rates to make the scheme overall more effective when compared with the old tax regime. Further, the income limit for rebate of income tax increased from INR 5 lakh to 7 lakh under the new tax regime. Additionally, in a big relief to high income earners, the government has proposed to reduce the highest rate of surcharge from 37% to 25% under the new regime.

On the corporate tax front, the government has focused on simplifying tax benefits to industry like extending 15% tax rate to new co-operatives engaged in manufacturing subject to fulfilment of prescribed conditions, extension of tax relief in the form of carry-forward and set off of losses to start-ups from 7 years to 10 years. Extension of period of tax benefit to fund relocating to GIFT-Tec City till March 31, 2025.

Overall, on the tax front, as expected, the government has adopted a conservative approach and refrained from doling out any big tax reliefs. However, on the industry

announcements, the Finance Minister has done a commendable job. The sheer percentage increase in capital expenditure proposal is a testament to Government's underlying confidence in the economy and its ability to sustain growth over the long term.





02

Direct Tax Proposals

Individual Taxation

➤ Tax Rates

- The new tax regime introduced through Finance Act 2020, is now proposed to be the default regime.
- Under the new regime, basic exemption limit has been increased to INR 0.3 million and slabs have been modified which will reduce the overall tax liability. The proposed slab rates are as under:

S. No.	Total Income	Rate of Tax
1	Upto INR 0.3 million	Nil
2	> INR 0.3 million and upto INR 0.6 million	5%
3	> INR 0.6 million and upto INR 0.9 million	10%
4	> INR 0.9 million and upto INR 1.2 million	15%
5	> INR 1.2 million and upto INR 1.5 million	20%
6	> INR 1.5 million	30%

- The tax rates under the old regime have not been changed.

Applicable with effect from AY 2024-25

➤ Benefits under New Regime under Section 115BAC

- As per section 87A of the Act, rebate upto INR 12,500 is allowed to a resident individual whose total income does not exceed INR 0.5 million.
- It is now proposed to amend section 87A of the Act by inserting a new proviso wherein a resident

individual whose income is chargeable to tax under new regime i.e., section 115BAC (1A) of the Act, shall now be entitled to a rebate upto INR 25,000 if the total income does not exceed INR 0.7 million.

- It is also proposed to allow the following deductions under the new regime:
 - standard deduction upto INR 50,000 under section 16(ia) of the Act to salaried individuals;
 - deduction under section 57(iia) of the Act upto INR 15,000 to family pensioners.
- Highest rate of surcharge has been restricted to 25% as against the existing 37% under the new regime. This would reduce the maximum rate from about 42.7% to 39%.

Applicable with effect from AY 2024-25

Corporate Taxation



➤ **Ease in claiming deduction on amortization of preliminary expenditure**

- Section 35 provides for amortization of certain preliminary expenses which are incurred prior to the commencement of business or after commencement, in connection with extension of undertaking or setting up of a new unit. This includes expenditure in connection with preparation of feasibility report, project report etc. Further, section inter-alia provides that the work in connection with the preparation of feasibility report or the project report or the conducting of market survey or of any other survey or the engineering services would need to be carried out either by the taxpayer himself or by a concern which is approved by CBDT.
- To simplify the process for claiming amortization of preliminary expenses, the condition that activity in connection with certain expenses should be carried out by a concern approved by CBDT is proposed to be removed. The taxpayer will be required to furnish a statement containing the particulars of this expenditure within prescribed period to the prescribed income-tax authority in the prescribed time limit and manner.

Applicable with effect from AY 2024-25

Taxation of Co-operative Societies



➤ Lower Tax Rate

- A new section 115BAE has been proposed, wherein a new manufacturing co-operative society set up on or after April 01, 2023 which commences manufacturing or production on or before March 31, 2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for assessment year 2024-25 onwards subject to other conditions as may be prescribed. Surcharge would be at 10% on such tax.

Applicable with effect from AY 2024-25

Taxation of Start-ups

➤ Relief to Start-ups in carrying forward and setting off of losses

- As per proviso to Section 79 of the Act, the condition of continuity of at least 51% shareholding was not applicable to the eligible start-up, if all the shareholders of the company as on the last day of the year, in which the loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is set off. Such loss was allowed to be set off within a period of 7 years beginning from the year in which such company was incorporated.
- It is now proposed to extend the afore-mentioned period of 7 years to 10 years. This amendment will take effect from April 01, 2023.

Applicable with effect from AY 2023-24

➤ Extension of date of incorporation for eligible start-up for exemption

- The Government has extended the sunset date under provisions of section 80-IAC of the Act to April 01, 2024, which was earlier April 01, 2023, for eligible start-up to claim tax exemption.



Presumptive Taxation



➤ **Increasing threshold limits for presumptive taxation schemes**

- Section 44AD of the Act provides for a presumptive income scheme which covers small businesses who are resident taxpayers (i.e., an individual, HUF or a partnership firm other than LLP) carrying on eligible business and having a turnover or gross receipt of INR 20 million or less. It is proposed that where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed 5% of the total turnover or gross receipts, the threshold limit of INR 30 million will apply.
- Section 44ADA of the Act provides for a presumptive income scheme which covers small professionals who are resident assesseees (i.e., an individual, partnership firm other than LLP) who are engaged in any profession referred to in sub-section (1) of section 44AA, and whose total gross receipts do not exceed INR 5 million in a previous year. It is proposed that where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed 5% of the total gross receipts, the threshold limit of INR 7.50 million will apply.
- Further, the receipt by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.

Applicable with effect from AY 2024-25

Socio Economic Welfare Measures

➤ Promoting timely payments to Micro and Small Enterprises

- It is proposed to amend Section 43B of the Act wherein amount payable to Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, will be allowed as a deduction to the payer only when actual payment is made. This amendment is proposed in order to promote timely payments to micro and small enterprises. However, the payment shall be allowed on accrual basis if the payment is made as per the due dates prescribed under Section 15 of the MSMED Act. Further, the benefit of deduction in the same financial year if payment is made before return filing date is not provided in this case.

Applicable with effect from AY 2024-25

➤ Tax incentives to International Financial Services Centre

- No tax is levied on transfer of capital assets due to the relocation of an offshore fund to

IFSC. The deadline for this relocation has now been proposed to be extended by two years to March 31, 2025.

- It is further proposed to rationalise double taxation on distribution of income to NR Off-shore Derivative Instrument ('ODI') holders by providing for exemption to any income distributed on the offshore derivative instruments, entered into with an offshore banking unit of an IFSC (subject to the conditions prescribed). It is to be noted that only such income on which IFSC Banking Unit ('IBU') pays tax is exempted in the hands of non-resident ODI holders at the time of distribution.
- It is further proposed to amend the definition of "Specified Fund", "Resultant Fund" and "Investment Fund" to include the reference of IFSCA (Fund Management) Regulations, 2022.

➤ Facilitating certain strategic disinvestment

- It is proposed to amend the definition of 'strategic disinvestment' in Section 72A of

the Act. Currently, strategic disinvestment is defined as sale of shareholding by the Central Government or any State Government or a public sector company, in a public sector company or in a company, which results in - (a) reduction of its shareholding to below 51% and (b) transfer of control to the buyer.

- It is now proposed to amend the definition to provide that: (i) the condition of reduction of Government's or PSU's shareholding below 51% shall apply in case the shareholding is above 51% prior to sale of shareholding and (ii) transfer of control may be carried out by the Central Govt. or the State Govt. or the public sector company or any two of them or all of them;
- It is also proposed to amend Section 72AA 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

Applicable with effect from AY 2023-24

Rationalization of provisions

➤ Tax avoidance through distribution by business trusts to its unit holders

- Finance (No.2) Act, 2014 introduced a special taxation regime for REIT and InvIT [commonly referred to as business trusts].
- Section 115UA of the Act provides a pass-through status to business trusts in respect of income referred to in section 10(23FC) or section 10(23FCA) of the Act i.e., interest and dividend income received by the business trust from a SPV in case of both REIT and InvIT and rental income in case of REIT. Such income is taxable in the hands of the unit holders unless specifically exempted in the same nature and manner as it would have been taxable in hands of business trust.
- It is proposed to insert clause (xii) in Section 56(2) to tax any sum received by a unit holder from a business trust which is not in the nature of income referred in section 10(23FC) or section 10(23FCA) of the Act and also not chargeable to tax under Section 115UA(2) under the head 'income from other sources'.

- However, if the sum received is for redemption of unit(s) it shall be reduced from the COA of the unit(s) to the extent such cost does not exceed the sum received.
- The proposed amendment intends to tax distribution made by business trusts which is shown as repayment of debt but is actually an income of unit holder which does not suffer taxation either in the hands of business trust or in the hands of unit holder.

Applicable with effect from AY 2024-25

➤ Prevention of double deduction claimed on interest on borrowed capital for acquiring, renewing or reconstructing a property

- Section 24 of the Act provides that any interest payable on borrowed capital for acquiring, renewing or reconstructing a property is allowed as a deduction under the head "Income from house property".

- Section 48 of the Act, inter alia, provides that the income chargeable under the head "Capital gains" shall be computed by deducting the cost of acquisition of the asset and the cost of any improvement thereto from the full value of the consideration received or accruing as a result of the transfer of the capital asset.
- It has been observed that some taxpayers have been claiming double deduction of interest paid on borrowed capital for acquiring, renewing or reconstructing a property. Firstly, it is claimed in the form of deduction from income from house property under section 24, and in some cases the deduction is also being claimed under other provisions of Chapter VIA of the Act. Secondly while computing capital gains on transfer of such property this same interest also forms a part of cost of acquisition or cost of improvement under section 48 of the Act.

Rationalization of provisions

- Accordingly, in order to prevent the double deduction, it is proposed to insert a proviso after clause (ii) of the section 48 so as to provide that the cost of acquisition or the cost of improvement shall not include the amount of interest claimed under section 24 of the Act or Chapter VIA.

Applicable with effect from AY 2024-25



➤ Rationalization of provisions related to the valuation of residential accommodation provided to employees

- As per sub clauses (i) and (ii) of clause (2) of section 17 of the Act, “perquisite” includes value of rent-free accommodation or value of any concession in the matters of rent provided to employees by the employer. However, both the perquisites have different computation methodology.
- In order to rationalize the provisions and prescribe a uniform methodology in the rules for computing the value of perquisite and to classify the two categories of perquisites with respect to accommodation provided by the employers, it has been proposed to make amendments in sub-clauses (i) and (ii) of clause (2) of section 17 of the Act in following manner:

Perequisite	Amendments proposed
Rent Free accommodation	The value of rent-free accommodation shall be computed in such manner as may be prescribed
Accommodation at concessional rate	Accommodation shall be deemed to have been provided at a concessional rate if the value of the accommodation computed in such the manner as prescribed exceeds the rent recoverable from, or payable by the employee

Applicable with effect from AY 2024-25.

Rationalization of provisions

➤ Clarification regarding advance tax while filing updated return

- The Finance Act, 2022 introduced the concept of updated return vide section 139 (8A) of the Act where the Taxpayer can file an updated return up to two years from the end of the relevant assessment year subject to fulfilment of certain conditions as well as payment of additional tax. Further, for determination of additional tax, Section 140B was also inserted in the Act.
- Currently, Section 140B of the Act provides that for computation of interest under section 234B of the Act on an amount equal to assessed tax or the amount of advance tax paid falls short of assessed tax which was understood that interest was payable only on the difference of the assessed tax and advance tax. Further, it also provides that advance tax which has been claimed in earlier return of income shall be taken into account for computing such interest.
- In order to clarify the same, it has been proposed that interest payable under section

234B shall be computed on an amount equal to the assessed tax as reduced by the amount of advance tax, the credit for which has been claimed in the earlier return, if any.

The said amendment shall be retrospective with effect from AY 2022-23

➤ Charitable Trust and Institutions

- Income of trusts/institutions is exempt from tax under two regimes:
 - a. Under clause 23C of section 10 of the Act (first regime), and
 - b. Under section 11 and 12 of the Act (second regime).
- Various amendments have been proposed under both the exemption regimes.
- Application of Income on deposition of amount back in corpus and repayment of loans/borrowings
 - In order to address the issue of double deduction related to the corpus or loan/borrowing which has already been

claimed as application on or before March 31, 2021, it has now been proposed to provide that aforesaid should not be allowed as application of income, at the time of depositing such amount back in to corpus or on repayment of such loan or borrowing.

- In order to remove difficulty in implementing the provisions due to availability of indefinite period for deposit of amount back in to corpus or repayment of loan post March 31, 2021, it has now been proposed to provide that the same shall be allowed as application of income only when such deposition/repayment is made within 5 years from the end of the previous year in which such application was made from corpus/loan or borrowing.
- It has also been proposed to provide that depositing back into corpus or repayment of loan/borrowing shall not be treated as application of income, if the application from corpus or loan/borrowing does not satisfy the following conditions:

Rationalization of provisions

- Application should not be in form of corpus donation to another trust;
- TDS, if applicable should be deducted on such application;
- Application whereby payment or aggregate of payments made to a person in a day exceeds INR 10,000 in other than specified modes (such as cash) is not allowed;
- Carry forward and set off of excess application is not allowed;
- Application is allowed in the year in which it is actually paid;
- Application should not directly or indirectly benefit any specified person (trustees etc.);
- Application should be in India except with the approval of the Board.

Applicable with effect from AY 2023-24.

- It has been proposed that only 85% of the total eligible donations (i.e. other than corpus donations) by a trust/institution to another trust/institution with similar objectives shall be treated as application towards charitable or religious purposes.

Applicable with effect from AY 2023-24.

- In order to remove difficulty being faced by trusts/institutions under new registration provisions, it has been proposed as follows:
 - Trusts/institutions established during the previous year shall be required to obtain provisional registration/approval (under section 10(23C)/12AB/80G) only before the commencement of the activities.
 - Trusts/institutions who have already commenced their activities during the previous year shall apply for regular registration/approval (under section 10(23C)/12AB/80G).
 - Such applications shall be examined by the Principal Commissioner/

Commissioner as regards the objects and genuineness of the activities and compliance of other requirements as per law, and thereafter grant registration/approval within 6 months from the end of the month in which such application is received, for a period of 5 years.

Applicable with effect from October 01, 2023.



Rationalization of provisions

- It has been proposed to increase the scope of “specified violations” to include instances where application for registration/approval made is incomplete or contains false or incorrect information.
- Certain trusts/institutions either do not apply for regular registration post provisional registration or do not apply for fresh registration/approval or do not apply for re-registration/approval after the expiry of 5 years/3years.
- In order to curb aforesaid violations by trusts/institutions, following amendments have been proposed:
 - Failure to apply for re-registration/ approval or registration/approval by a trust/institution shall be deemed as conversion into any form not eligible for registration/approval and shall attract the provisions related to accretion of income and shall be taxable in terms of section 115TD of the Act.
 - The liability to pay tax on such accreted income shall also be on the principal officer/trustee of the specified person or the specified person within 14 days from the end of the previous year in which the registration expires.
 - Date of conversion shall mean the last date for making an application for re-registration/approval or registration/ approval.
- The due date of filing of Form 10 and Form 9A (for accumulation of income) has now been proposed to be amended to at least two months prior to the due date of furnishing the income tax return of trust/institution.
- The exemption to trusts/institution shall be denied in case return of income not furnished within the timelines prescribed in terms of Section 139(1) and (4) of the Act. Further, the option to file updated return of income would not be available to trust and institutions claiming exemption under the aforesaid regimes.

Applicable with effect from AY 2023-24.

➤ **Set off and withholding of refund in certain cases**

- Section 241A of the Act deals with withholding of refund in certain cases and Section 245 of the Act deals with set off of refunds against tax remaining payable. It has been proposed to integrate these provisions into Section 245 thereby rendering the provisions of Section 241A inapplicable.
- As per the proposed provisions, refund due to a taxpayer shall be eligible for set off against any outstanding demand. Further, any remaining refund shall be withheld till the disposal of assessment/reassessment proceedings, if any, pending in case of the taxpayer.
- Further, consequential amendment is proposed under section 244A of the Act to provide that where any refund due to the taxpayer is withheld by the tax authorities on account of pending assessment/reassessment proceedings against such taxpayer, no additional interest on income tax shall be payable on the same.

Applicable with effect from AY 2023-24.

Rationalization of provisions

➤ **Facilitating TDS credit for income already disclosed in the return of income of past year**

- Taxpayers were facing difficulties in claiming TDS pertaining to income which has already been disclosed in return filed for earlier years and the time to revise the same have expired.
- In order to curb the said difficulties, amendment have been proposed in Section 155 of the Act wherein if the Income has been included in the return of income furnished under section 139 of the Act for the relevant AY and tax has been deducted at source on such income and paid to CG in a subsequent FY then an application can be made in the prescribed form to the Assessing Officer within two years from the end of the FY in which such tax was deducted at source.
- Upon satisfaction, the Assessing Officer shall amend the order of assessment or

any intimation allowing the credit of such TDS in the relevant assessment year in which income has been disclosed. Further, such TDS credit shall not be allowed in any other AY.

- The provisions of section 154 shall also be applicable mutatis mutandis and period of four years shall be counted from the end of the FY in which such tax has been deducted.
- Further, consequential amendment has also been proposed in section 244A of the Act to provide that the interest on refund arising out of above rectification shall be for the period from the date of the application made by Assessee to the date on which the refund is granted.

Applicable with effect from October 01, 2023.

➤ **Relief from special provision for higher rate of TDS/TCS for non-filers of income-tax returns**

- Section 206AB/206CCA of the Act provides for special provision for higher TDS/TCS in case specified persons.

- The specified person includes a person who has not furnished the ITR for the AY as prescribed in the section and the aggregate of tax deducted at source and tax collected at source is INR 0.05 Million or more in the said previous year. Further, it excludes non-residents who do not have PE in India.
- In order to provide relief to certain persons who are not required to file ITR and should not be classified as non-filers, it has been proposed to amend the definition of Specified person and to exclude a person who is not required to furnish the ITR for the AY relevant to the said previous year and who is notified by the CG.

Applicable with effect from AY 2023-24.

Rationalization of provisions

➤ Inclusion of non-resident investor within the ambit of provisions of section 56(2)(viib)

- In order to prevent generation and circulation of unaccounted money through share premium received from non-resident investors in a closely held company in excess of its fair market value, it is proposed to include the consideration received from non-resident also under the ambit of section 56(2)(viib) of the Act.
- As such, the provisions of section 56(2)(viib) shall be applicable for receipt of consideration for issue of shares from any person irrespective of his residency status.

Applicable with effect from AY 2024-25.

➤ Specified deduction to be allowed to sez units under section 10aa of the act satisfying additional conditions

- To ensure timely remittance of export proceeds, it has been proposed that deduction under section 10AA shall be available only if a SEZ unit brings convertible foreign exchange within period of 6 months from the end of previous year or within such further period as allowed by the competent authority.
- To claim the deduction under Section 10AA and align the provisions with the provisions of Section 143(1) of the Act, it is proposed that the return of income shall be filed within the due date specified under Section 139(1) of the Act.

Applicable with effect from AY 2024-25.

➤ Exclusion of Non-Banking Financial Companies(NBFC) from limitation of interest deduction

- Section 94B of the Act provide for restriction on deduction of interest expenditure exceeding INR10 million by an Indian company or a permanent establishment of a foreign company in India in respect of debt issued by non-resident AE while computing income chargeable under the head PGBP to the extent of 30% of EBITDA.
- Currently, the said provisions excludes certain companies engaged in the business of banking and insurance.
- It has now been proposed that to exclude Non-Banking Financial Institution engaged in business of financing from the scope of the said provisions.

Applicable with effect from April 01, 2024.

Rationalization of provisions

➤ **Winning from online games**

- Section 194B of the Act provides for TDS on income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort exceeding INR 10,000. Section 194BB of the Act provides for TDS on winnings from horse racing in any racecourse or for arranging for wagering or betting in any racecourse exceeding INR 10,000.
- It is now proposed to amend sections 194B and 194BB to provide that tax would be required to be deducted on amount or aggregate of amounts exceeding INR 10,000 during a financial year.

Applicable with effect from April 01, 2023

- It is also proposed to insert new section 194BA in the Act for deduction of taxes on net winnings from online gaming at the time of withdrawal. In addition, tax shall also be deducted on the amount of net

winnings remaining in the user account at the end of the financial year.

Applicable with effect from July 01, 2023

- It is further proposed to insert new section 115BBJ in the Act to tax net winnings from online gaming at the rate of 30%.

Applicable with effect from April 01, 2024

- The definitions of terms “computer resource”, “internet”, “online game”, “online gaming intermediary”, “user”, “user account shall also be provided in the sections.

➤ **Tax treaty relief at the time of TDS under section 196a of the act**

- Section 196A of the Act provides for tax deduction at source at the rate of 20% on payments made to a non-resident in respect of income from units of specified mutual funds in terms of Section 10(23D) of the Act or a specified company in terms of Section 10(35) of the Act.

- To provide relief of beneficial tax rates available as per tax treaties while deducting tax at source, it has now been proposed to make necessary amendments to provide that tax would be deducted at the lower rate if available as per the applicable tax treaty, provided tax residency certificate has been furnished by such non-resident.

Applicable with effect from AY 2023-24.

➤ **Clarification on benefit and perquisites in cash**

- To align the provisions of section 28(iv) with the intent of the legislature, amendment has been proposed clarifying that the said provision to apply on benefit or perquisite provided in cash or kind or partly in cash and partly in kind and to be taxed as Business Income.

Applicable with effect from AY 2024-25.

- Simultaneously, provisions of Section 194R are also proposed to be amended to clarify that tax is required to be deducted on the benefit or perquisite provided in cash or kind or partly in cash and partly in kind.

Applicable with effect from AY 2023-24.

Capital Gains

➤ Conversion of Gold to Electronic Gold Receipt ('EGR') and vice versa

- To promote the concept of Electronic Gold, the government has excluded the conversion of physical form of gold into EGR and vice versa from the definition of 'transfer' for the purposes of Capital gains. In addition to above, the cost of acquisition of the EGR for the purpose of computing capital gains shall be deemed to be the cost of gold in the hands of the person in whose name EGR is issued.
- Furthermore, the holding period would also include the period for which the physical gold was held by the Assessee prior to its conversion into EGR for the purpose of capital gains.

Applicable with effect from AY 2024-25

➤ Limiting the roll over benefit claimed under Section 54 and Section 54F

- Sections 54 and 54F allows deduction on capital gains arising from long term capital asset if the taxpayer within a period of one year before or two years after the date on which the transfer took place purchased any residential property or within a period of three years after that date constructed any residential property in India.
- It is proposed to restrict the maximum deductions that can be claimed by the taxpayer under the above sections to INR 100 million. The maximum limit of INR 100 million is also applicable in case of amount deposited in the CGAS.

Applicable with effect from AY 2024-25



Assessments & Appeals

➤ Introduction of Joint Commissioner (Appeals)

- As per the current appellate structure under the Act, the first appellate authority for a taxpayer aggrieved by any order issued under the Act is the CIT(A). The order passed by the CIT(A) are appealable before the ITAT.
- Currently, CIT(A)s are overburdened due to high number of pending appeals. In order to reduce the burden, a new authority for appeals is being proposed to be created at Joint Commissioner/ Additional Commissioner level to handle certain class of cases involving small amount of disputed demand. Such authority will have all powers, responsibilities, and accountability similar to that of CIT(A)s with respect to the procedure for the disposal of appeals.

- It is proposed that an appeal before the Joint Commissioner (Appeals) cannot be filed against an order passed by an authority higher than Joint Commissioner (Appeals).
- It is also proposed that after giving an opportunity of being heard to the taxpayer, the CBDT or any tax authority authorized by CBDT may transfer any appeal or any connected matter from CIT(A) to Joint Commissioner (Appeals) who may proceed from the stage before it was transferred and vice versa.

Applicable with effect from April 01, 2023

➤ Appeals to the ITAT

- Section 253 of the Act contains provisions relating to filing of appeals before the ITAT. It details, inter-alia, various types of orders passed by the CIT(A) against which an appeal can be filed by the taxpayer before ITAT. Vide Finance Act, 2022, the CIT(A) was empowered to pass penalty orders

under sections 271AAB, 271AAC and 271AAD. However, reference to such orders was not inserted in section 253 of the Act.

- Also, vide Finance Act, 2021, section 263 of the Act was amended to enable Principal Chief Commissioner and Chief Commissioner to pass an order of revision under the said section. However, reference to such orders was not inserted in section 253 of the Act.
- It is now proposed to amend section 253 of the Act to provide that an appeal before ITAT can be filed in the following cases:
- Against the penalty orders passed by CIT(A) under section 271AAB (related to Search and Seizure), section 271AAC (Certain specified income), and Section 271AAD (the penalty for presenting false entries in books of accounts) of the Act.
- Order passed by the Principal Chief Commissioner and Chief Commissioner under section 263 of the Act or an order passed under section 154 of the Act rectifying such order under section 263 of the Act.

Assessments & Appeals

- It is also proposed to allow filing of cross-objections before the ITAT in cases of all appealable orders.

Applicable with effect from April 01, 2023

➤ **Alignment of timeline provisions under Section 153 of the Act**

- Section 153 of the Act deals with the time limit for the completion of assessment, reassessment, or re-computation. Currently, assessment proceedings are to be completed within 9 months from the end of relevant Assessment Year. Also, where the taxpayer files Updated Return, the assessment proceedings are to be completed within 9 months from the end of financial year in which such return is filed.
- It is proposed to amend section 153 of the Act and provide that assessment proceedings to be completed within 12 months from the end of relevant

Assessment Year. Also, where the taxpayer files Updated Return, it should be completed within 12 months from the end of financial year in which such return is filed.

- It is also proposed to insert sub-section (3A) to provide that where an assessment or reassessment is pending on the date of initiation of search under section 132 or making of requisition under section 132A, the period available for completion of assessment or reassessment, as the case may be, shall be extended by 12 months.

Applicable with effect from April 01, 2023

➤ **Provisions relating to reassessment proceedings**

- Finance Act, 2021 amended sections 147, 148, 149 and also introduced new section 148A to revamp the reassessment regime. Amendments have been proposed in

relation to conduct of reassessment proceedings under the Act to further streamline them and facilitate their conduct and completion in a seamless manner.

- It is proposed to provide that an income tax return in response to a notice under section 148 of the Act shall be furnished within three months from the end of the month in which such notice is issued, or within such further time as may be allowed by the Assessing Officer on a request made in this behalf by the taxpayer. An income tax return furnished beyond the period allowed shall not be deemed to be a return under section 139 of the Act and as a result, the consequential requirements viz. notice under sub-section (2) of section 143 etc. not mandatory for such returns.
- It is also proposed to insert Proviso to section 149 that in cases where a search under section 132 is initiated or a search for which the last of the authorization is executed or requisition is made under section 132A, after March 15th

Assessments & Appeals

of any financial year a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148. In cases where the information deemed to be with the Assessing Officer emanates from a statement recorded or documents impounded under summons or survey, as the case may be, on or before the 31st day of March of a financial year, in consequence of, a search initiated or last of the authorization executed under section 132 or a requisition made under section 132A, after the 15th day of March of such financial year, a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148/148A(b).

Applicable with effect from April 01, 2023



Transfer Pricing

➤ **The time limit for furnishing TP report has been reduced to 10 days, though additional 30 days can be sought.**

- The time limit for furnishing TP Report has been reduced to 10 days from earlier 30 days as per Section 92D. The TPO will now allow 10 days in the initial notice to file the TP report but can further extend this by up to 30 more days upon request from the Assessee, though at his/ her discretion.

Applicable with effect from April 01, 2023

➤ **The scope of specified domestic transactions has been enhanced to include the new manufacturing cooperative societies under the concessional tax regime**

- A new Section 115BAE has been inserted to the Act in which concessional tax regime is being provided for the new manufacturing cooperative societies as well. Accordingly, Section 92BA also gets amended to these in the scope of Specified Domestic Transactions

Applicable with effect from April 01, 2024



Miscellaneous

➤ **Enalty and prosecution in respect of new TDS provisions**

- Section 194R of the Act provides for deduction of tax on benefit or perquisite in respect of business or profession. Section 194S of the Act is a specified provision for deduction of tax on the transfer of Virtual Digital Assets (VDAs). Also, it has been proposed to introduce section 194BA for deduction of TDS on net winnings from online gaming.
- Payments related to benefit or perquisite or VDA or net winnings may be wholly in kind or partly in cash and partly in kind. The sections provide that where the consideration has 'in kind' component, the payer needs to ensure that the amount of tax has been deposited before releasing the consideration.
- Presently, the provisions for penalty and prosecution i.e., section 271C and section 276B do not clearly mandate penalty or

prosecution for a person who does not pay or fails to ensure that tax has been paid in a situation where consideration is in kind. Accordingly, amendments have been proposed to section 271C and section 276B to enable penalty and prosecution in the abovesaid circumstances.

➤ **Decriminalisation of section 276A of the act**

- Section 276A of the Act provides for prosecution with imprisonment upto 2 years in case of a liquidator for non-compliance with the relevant provisions of section 178 along with personal liability on such liquidator.
- Considering the fact that there is specific law for the operationalisation of Insolvency and Bankruptcy and also Section 178 of the Act shall not prevail the specific Act i.e., IBC, 2016, it has been proposed to introduce sun set clause to section 276A of the Act.

- No fresh prosecution shall be initiated against liquidator under this section on or after April 01, 2023. However, the earlier prosecutions shall continue to remain valid.



A hand in a blue suit sleeve holds a glowing blue wireframe map of India. The background is dark blue with light trails and a network of white lines. A red square on the left contains the number '03'. A white box on the right contains the text 'Indirect Tax Proposals'.

03

Indirect Tax Proposals

Customs

➤ Legislative changes in the Customs Act

• Amendment in Power of Officers of Customs

- Validity period of two years not to apply to exemption notifications issued in relation to the following:
 - Multilateral or bilateral trade agreements;
 - Obligations under international agreements treaties, conventions including with respect to UN agencies, diplomats, international organizations;
 - Privileges of constitutional authorities;
 - Schemes under Foreign Trade Policy;
 - Central Government schemes having a validity of more than two years;
 - Re-imports, temporary imports, goods imported as gifts or personal baggage; and
 - Duty of customs under any law for the time being in force including IGST leviable under the CTA, other than duty of customs leviable.

• Amendment in procedure on receipt of application for settlement of cases by the Settlement Commission

- Applications filed before the Settlement Commission to be disposed-off within 9 months from the date of application
- Above time limit may be further extended by the Settlement Commission, for a period not exceeding 3 months, for reasons to be recorded in writing

➤ Miscellaneous legislative changes

- To enhance business activities in GIFT IFSC, the following measures proposed to be taken:
 - Delegating powers under the SEZ Act to IFSCA to avoid dual regulation
 - Setting up a single window IT system for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI

➤ Changes in the Customs Tariff

- CTA amended to modify the tariff entries w.e.f May 01, 2023;
- BCD on various items reduced in turn reducing the rates of AIDC and/ or SWS;
- Concessional BCD on copper scrap continued to increase raw material availability for MSMEs;
- NCCD on specified cigarettes proposed to be revised up to 16%;
- Customs duty on silver increased to align with duty on gold and platinum;
- Solar power plant/ solar power project excluded from the purview of Project Imports with effect from February 02, 2023;
- CTA amended to remove ambiguity and clarify that determination and review for ADD and CVD refers to determine and review in a manner prescribed by rules under CTA;

Customs

First Schedule to the CTA amended to modify the tariff rates on certain tariff items as a part of rationalization of customs duty rate structure with effect from the date of assent;

➤ Key changes in BCD Rate

- Tariff rate changes for BCD to be effective from February 02, 2023, unless otherwise specified:

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
Chemicals/Petro chemicals				
1	2902 50 00	Styrene	2%	2.5%
2	2903 21 00	Vinyl Chloride Monomer	2%	2.5%
3	2710 12 21, 2710 12 22, 2710 12 29	Naphtha	1%	2.5%
Automobiles				

Customs

4	8703	Vehicle (including electric vehicles) in Semi-Knocked Down form	30%	35%
5	8703	Vehicle in CBU form, other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol run vehicle and more than 2500 cc for diesel-run vehicles, or with both	60%	70%
6	8703	Electrically operated Vehicle in (CBU) form, other than with CIF value more than USD 40,000	60%	70%
Agricultural Products and By Products				
7	1520 00 00	Crude glycerin for use in manufacture of Epichlorohydrin	7.5%	2.5%
8	2207 20 00	Denatured ethyl alcohol for use in manufacture of industrial chemicals	5%	Nil
Minerals				
9	2529 22 00	Acid grade fluorspar (containing by weight more than 97% of calcium fluoride)	5%	2.5%

Gems and Jewellery Sector

10	7102, 7104	Seeds for use in manufacturing of rough lab-grown diamonds	5%	Nil
11	7106	Silver (including silver plated with gold or platinum), unwrought or in semi manufactured forms, or in powder form	7.5%	10%
12	7106	Silver Dore	6.1%	10%
Electrical goods/appliances				
13	8414 60 00	Electric Kitchen Chimney	7.5%	15%
14	8516 80 00	Heat coil for use in the manufacture of electric kitchen chimneys	20%	15%
IT, Electronics				
15	Any Chapter	Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.5%	Nil
16	8529	Specified parts for manufacture of open cell of TV Panel	5%	2.5%

Customs

Automobiles-Capital Goods

17	84, 85	Specific capital goods/machinery for manufacture of Lithium-ion cell for use in battery of EVs	As applicable	Nil
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Rubber

18	4005	Compounded Rubber	10%	25% or INR 30 per Kg., whichever is lower
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Aviation

19	8802 2000, 8802 3000, 8802 4000	Aero plane and other aircrafts	3%	2.5%
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➤ **Review of customs duty concessions/ exemptions**

- Exemption of SWS on Aeroplane and other aircrafts and Motor vehicle including electrically operated vehicles effective from February 02, 2023;
- Details of exemption entries/ notifications extended by two years and one year are as follows effective from March 31, 2023:

S. No.	S. No in Notification No 50/2017-cus/Notification No	Commodity	From	To
Extended by two years up to March 31, 2025				
1	168	Specific inputs and sub-parts for use in manufacture of telecommunication grade optical fibre or optical fibre cables	Nil	Nil
2	341	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	5%	5%
3	341A	Inputs for manufacture of Preform of silica	Nil	Nil
4	405, 406	Raw materials and parts for manufacture of Wind operated electricity generators, including permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity operators	5%	5%

Customs

5	559	Raw material and parts (including Dredger) for use in the manufacture of ships/vessels	Nil	Nil
6	166	Specified Drugs, medicines, diagnostics kits	5%	5%
7	167	Lifesaving drugs etc	Nil	Nil
Extended by one year up to March 31, 2024				
8	368	Ferrous waste and scrap	Nil	Nil
9	374,375	Raw materials for use in manufacture of CRGO steel	Nil	Nil
10	527A	Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5%	5%
11	527B	Lithium-ion cell for use in the manufacture of battery or battery pack of EVs or hybrid motor vehicle	5%	5%
12	237	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
13	340	Solar tempered glass for use in the manufacture of solar cell or solar module	Nil	Nil

Customs

➤ **Changes to AIDC (without any change to the effective rate of custom duty) to be effective from February 02, 2023**

- Tariff rate changes for AIDC to be effective from February 02, 2023, unless otherwise specified:

S. No.	Chapter, Heading, sub-heading, tariff item	Commodity	Rate of Duty	
			From	To
1	2701, 2702, 2703	Coal, peat, lignite	1.5%	Nil
2	40113000	New pneumatic tyres, of rubber, of a kind used on aircraft as mentioned in Entry 280 A of Notification No. 50/2017-Cus	Nil	0.5%
3	8802 20 00 8802 20 00 8802 20 00	Aero planes and other aircraft covered under S. No. 543A of Notification No. 50/2017-Cus	Nil	0.5%

Excise Duty

- Excise duty component on GST paid on biogas /compressed biogas contained in blended Compressed Natural Gas (CNG) (subject to the specified conditions) exempted;
- **Amendment in the seventh schedule of the Finance Act, 2001**

Tariff Item	Description of goods	Unit	NCCD Rates (in INR per thousand)	
			From	To
(1)	(2)	(3)	(4)	(4)
2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	200	230
2402 20 20	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	250	290
2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	440	510
2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	440	510

Excise Duty

2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	545	630
2402 20 90	Other	Tu	735	850
2402 90 10	Cigarettes of tobacco substitutes	Tu	600	690

Goods & Service Tax

➤ Legislative changes in Goods & Service Tax

- Enabling provisions inserted to allow unregistered suppliers and composition taxpayers to make intra-state supply of goods through ECOs, subject to certain conditions;
- For the purpose of availing ITC, in case a taxpayer supplies warehoused goods (before clearance for home consumption), such value would be considered as exempt supply for the said purpose;
- ITC restricted in respect of procurements made by a taxable person, which are used/intended to be used for activities relating to his obligations under CSR (referred to in section 135 of the Companies Act, 2013);
- Retrospective amendment from July 01, 2017 to provide that persons specified for compulsory registration in terms CGST Act need not obtain registration if engaged exclusively in the business of supplying exempt goods/ services;
- Maximum period of 3 years (from the due date) prescribed in case of delayed filing of Form GSTR-1, Form GSTR-3B, Annual Return and Statement for tax collection at source;
- Enabling provision to prescribe manner of computation of period of delay for calculation of interest on delayed refunds inserted;
- Penal provisions inserted for Electronic Commerce Operators in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers;
- Provisions amended to inter-alia –
 - raise the minimum threshold of tax amount for launching prosecution under GST from INR 10 million to INR 20 million, except for the offence of issuance of invoices without supply of goods/ services;
 - reduce the compounding amount from the present range of 50% to 150% of tax amount to the range of 25% to 100%;
 - decriminalize certain offences specified under CGST Act (viz. obstruction or preventing any officer in discharge of his duties; deliberate tempering of material evidence and failure to supply the information)
- Enabling provisions inserted in CGST Act in relation to sharing of the information furnished by the registered person in his return or application of registration or statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details on the common portal, with other systems (in prescribed manner);

Goods & Service Tax

- Transactions/ activities such as supplies of goods from a place outside the taxable territory to another place outside the taxable territory, high sea sales and supply of warehoused goods before their home clearance were taken out of purview of GST from February 1, 2019. Said changes are now effective retrospectively from July 01, 2017. No refund of tax paid shall be available in cases where any tax is already paid in respect of such transactions;
- Definition of non-taxable online recipient modified to enhance scope to all unregistered recipients, whether or not the services are used for commerce, industry or any other business;
- Online information and database access or retrieval services (OIDAR services) definition modified to enhance the scope of taxability for OIDAR services irrespective of level automation & involvement of human intervention;



Central Sales Tax

- Customs, Excise and Service Tax Appellate Tribunal constituted under the Customs Act made responsible for settling specified inter-State disputes;

Particulars	Date from which changes will be effective
GST Legislative Changes	Amendments to come into effect from the date when the same will be notified, concurrently with the corresponding amendments to the similar Acts passed by the Centre, States and Union territories with Legislature, unless otherwise specified
Other Legislative Changes	Date of enactment of the Finance Bill, 2023 or from May 01, 2023
New rates of Excise Duty	February 02, 2023 unless otherwise specified
New rates of Customs Duty	February 02, 2023 unless otherwise specified



04

Regulatory Proposals



The budget lays down the following vision for Amrit kaal

- Opportunities for citizens with focus on the youth
- Growth and job creation
- Strong and stable macro-economic environment

For the abovementioned vision the following opportunities have been identified:

- Economic Empowerment of Women
- PM Vishwakarma Kaushal Samman (PM VIKAS)
- Tourism
- Green Growth

To achieve the vision and realise the opportunities, following seven priority areas have been identified:

- Inclusive development
- Reaching the last mile
- Youth power
- Financial sector
- Green growth
- Unleashing the potential
- Infrastructure & investment

Priority 1: Inclusive Development

➤ **Agriculture and Co-operation**

• **Digital Public Infrastructure for Agriculture**

The government plans to build a Digital Public Infrastructure for agriculture as an open source, open standard and interoperable public good. This will strengthen farmers by providing farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of agri-tech industry and start-ups.

• **Setting up of Agriculture Accelerator Fund**

An Agriculture Accelerator Fund will be set-up to encourage agri-startups by young entrepreneurs in rural areas. The fund shall aim at bringing innovative and affordable solutions for challenges faced by farmers

and will also bring in modern technologies to transform agricultural practices, increase productivity and profitability.

• **Enhancing productivity of cotton crop**

To enhance the productivity of extra-long staple cotton, the Government plans to adopt a cluster-based and value chain approach through Public Private Partnerships (PPP). This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages.

• **Launch of Atmanirbhar Clean Plant Program**

The Government plans to launch an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of INR 2,200 crore.

• **Agriculture credit target**

The Government proposes to increase the agriculture credit target to 20 lakh crore with focus on animal husbandry, dairy and fisheries.

• **Launch of new sub-scheme of PM Matsya Sampada Yojana**

The Government proposed to launch a new sub-scheme of PM Matsya Sampada Yojana with targeted investment of INR 6,000 crore to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.



Priority 1: Inclusive Development

- **Promoting cooperative-based economic development model for farmers**

A national cooperative database is being prepared for country-wide mapping of cooperative societies for promoting cooperative-based economic development model for farmers. A new Ministry of Cooperation was formed with a mandate to realise the vision of 'Sahakar Se Samridhi' thereby initiating computerization of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of INR 2,516 crore. In consultation with all stakeholders and states, model bye-laws for PACS were formulated enabling them to become multipurpose PACS. A national cooperative database is being prepared for country-wide mapping of cooperative societies.

The government plans to set up massive decentralized storage capacity which will help farmers store their produce and realize

remunerative prices through sale at appropriate times. The government will also facilitate setting up of a large number of multipurpose cooperative societies, primary fishery societies and dairy cooperative societies in uncovered panchayats and villages in the next 5 years.

- **Global Hub for Millets: 'Shree Anna'**

India is at the forefront of popularizing Millets, whose consumption furthers nutrition, food security and welfare of farmers. We are the largest producer and second largest exporter of 'Shree Anna' in the world.

In order to make India a global hub for 'Shree Anna', the Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level.



Priority 1: Inclusive Development

➤ Health

- **Establishment of New nursing colleges**

Centre to establish 157 new nursing colleges in co-location with the existing 157 medical colleges established since 2014.

- **Sickle Cell Anemia Elimination Mission**

Sickle Cell Disease (SCD), a genetic condition, which is widespread among the tribal population in India where about 1 in 86 births among Scheduled Tribes have SCD. The Ministry of Tribal Affairs has already launched Sickle Cell Disease Support Corner to bridge the gap between patients and health care services in tribal areas. In an order to eliminate the sickle cell anemia by 2047 the government has proposed to launch a mission which would result into awareness creation, universal

screening of 7 crore people in the age group of 0-40 years in affected tribal areas, and counselling through collaborative efforts of central ministries and state governments.

- **Select ICMR Labs to be made available for research purposes**

Selected Indian Council of Medical Research (‘ICMR’) labs to be made available for research by public and private medical faculties and private sector R&D teams which shall aid in encouraging collaborative research and innovation.

- **Launch of a new programme to promote research and innovation in pharmaceuticals**

A new programme to promote research and innovation in pharmaceuticals is proposed to be launched which shall be taken up through centers of excellence.

This shall aid in promoting the growth and innovation in the sector.

- **Dedicated multidisciplinary courses for medical devices**

Dedicated multidisciplinary courses for medical devices to be supported in existing institutions to ensure availability of skilled manpower for futuristic medical technologies, high-end manufacturing and research. This will help India to become self-reliant in medical devices and therefore, decrease India’s dependence on its import.

Priority 1: Inclusive Development

➤ Education and Skilling

• Development of District Institutes of Education and Training

The District Institutes of Education and Training are proposed to be developed as vibrant institutes of excellence for the purpose of re-envisioning of teachers training through innovative pedagogy, curriculum transaction, continuous professional development (E), dipstick surveys, and Information and Communications Technology (‘ICT’) implementation.

• Setting up of National Digital Library for Children and Adolescents

A National Digital Library to be set up for children and adolescents to make up for the learning loss during the pandemic. The library to make available

quality books across geographies, various languages, genres and levels, and device agnostic accessibility. States to be encouraged to set up physical libraries for them at panchayat and ward levels and also provide infrastructure for accessing the National Digital Library resources.

• National Book Trust, Children’s Book Trust and other sources to be encouraged to provide and replenish noncurricular titles in regional languages and English to physical libraries

To build a culture of reading and to make up for pandemic-time learning loss, the National Book Trust, Children’s Book Trust and other sources will be encouraged to provide and replenish non curricular titles in regional languages and English to these physical libraries. Collaboration with NGOs that work in literacy to be included to become a part of this initiative.



Priority 2: Reaching the last mile

➤ **PM Garib Kalyan Anna Yojana**

Scheme to supply free food grain to all Antyodaya and priority households for the next one year, under PM Garib Kalyan Anna Yojana (PMGKAY) from January 01, 2023.

➤ **Enhancement of outlay for PM Awas Yojna**

The outlay for Prime Minister Awas Yojana ('PMAY') has been enhanced by 66 per cent to over INR 79,000 crores.

➤ **Setting Up of Bharat Shared Repository of Inscriptions (Bharat SHRI)**

'Bharat Shared Repository of Inscriptions' will be set up in a digital epigraphy museum, with digitization of one lakh ancient inscriptions in the first stage.

➤ **Central Assistance to be given to Upper Bhadra Project in drought prone central region of Karnataka**

In the drought prone central region of Karnataka, Central assistance of INR 5,300 crore to be given to Upper Bhadra Project in drought prone central region of Karnataka to provide sustainable micro irrigation and filling up of surface tanks for drinking water. Upper Bhadra Project is under implementation in the central districts of Karnataka. It aims lifting up to 17.40 thousand million cubic (TMC) of water in first stage from Tunga to Bhadra and lifting 29.90 TMC of water in second stage from Bhadra to Tunnel near Ajjampura, in Tungabhadra sub-basin of Krishna basin, according to official information on the project.

Particularly Vulnerable Tribal Groups (PVTG)

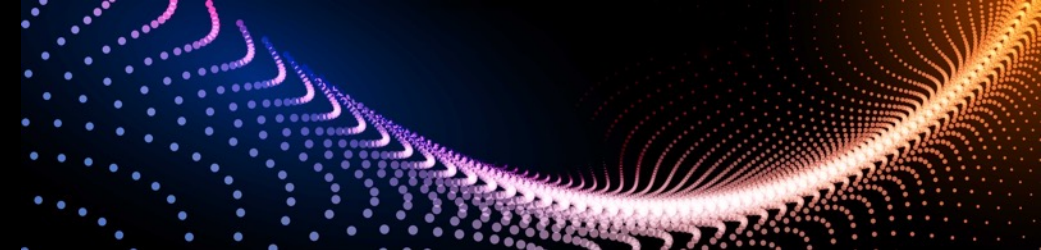
➤ **Launch of Pradhan Mantri PVTG Development Mission**

The government has proposed to launch Pradhan Mantri PVTG Development Mission and allocated 15000 crores for 3 years to improve the socio-economic conditions of Particularly Vulnerable Tribal Groups (PVTGs). It aims to provide the target beneficiaries basic facilities such as safe housing, clean drinking water and sanitation, improved access to education, health and nutrition, road and telecom connectivity, and sustainable livelihood opportunities. This would lead to ameliorate the lifestyle of the tribal groups of our societies.

➤ **Recruitment of 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools**

The central government has aimed to recruit 38,000 teachers and support staff to serve 3.5 lakh tribal students through Eklavya Model Residential Schools. This would primarily assist the tribals to join the mainstream society and would help in the employment creation of the upcoming tribal generation.

Priority 3: Infrastructure and Investment



➤ Capital investment outlay

The Government increased Capital investment outlay steeply for the third year in a row by 33 per cent to 10 lakh crores which would be 3.3 per cent of GDP. The proposed increased amount of capital investment outlay would be almost three times the outlay in 2019-20. The 'Effective Capital Expenditure' of the Centre is budgeted at INR 13.7 lakh crore, which will be 4.5% of GDP.

➤ Support to State Government through continuation of 50-year interest free loan

The government has provided in the budget for 2023-24, continuation of 1 more year to 50-year interest free loan to states to enhance the investment in the infrastructure development.

➤ Review of Harmonized Master List of Infrastructure

The government has recognized the need to review the Harmonized Master List of Infrastructure which acts as a guide to all agencies involved in the field of infrastructural development and financing in the country. An expert review committee will be formulated to recommend the classification and financing framework suitable for Amrit Kaal.

➤ Railways

The union budget has proposed an outlay of 2.4 lakh crore for the Indian Railways. It is pertinent to note that the allocation was nine times more than the amount earmarked in financial year 2013-14. The outlay constitutes 3.3% of GDP which is nearly 3 times when compared to the figures of 2019-20. The enormous amount of capex would further improve railways system and act as a catalyst of growth.

➤ Logistics

FM also stated that 100 critical transport infrastructure projects for last- and first-mile connectivity for coal, fertiliser and food grain sectors have been identified and will be taken up on a priority basis with an investment of INR 75,000 crores, including INR 15,000 crore from private sources. This would ensure reachability of significant articles throughout the nation in a time bound manner.

➤ Connectivity

Revival of Fifty additional airports, heliports, water aerodromes and advance landing grounds for improving regional air connectivity.

Priority 3: Infrastructure and Investment

➤ **Sites and cities will be encouraged to undertake urban planning reforms and actions to transform cities into ‘sustainable cities of tomorrow’.**

The union budget has envisaged the proper urbanisation of states and cities. In this regard, the Union Budget 2023-24 has aimed to encourage cities and states to undertake urban planning reforms and actions to transform our cities into ‘sustainable cities of tomorrow’. It means efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land, and opportunities for all.

➤ **Cities to be incentivized to improve credit worthiness for municipal bonds through property tax governance reforms and ring-fencing user charges on urban infrastructure**

To make cities self-reliant, the government contemplates to incentivize cities to improve their credit worthiness for municipal bonds. Property tax governance reforms and ring-fencing user charges on urban infrastructure will also be taken up through collaboration with state and municipal governments.

➤ **Urban Infrastructure Development Fund**

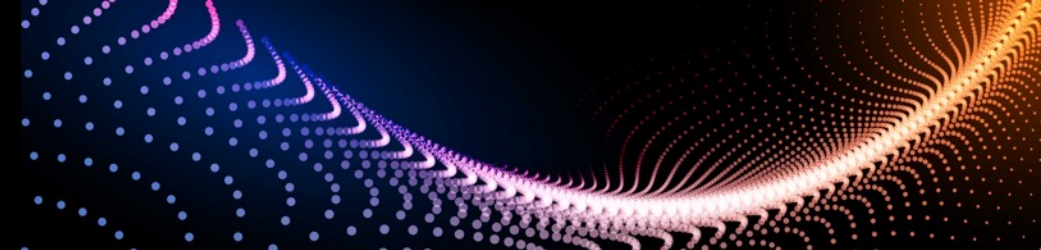
An Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall. The fund to be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities. It will be managed by National Housing Bank.

➤ **Urban Sanitation**

All cities and towns would be enabled for 100 per cent mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode. This budget proposes enhanced focus for scientific management of dry and wet waste.



Priority 4: Unleashing the Potential



➤ **Launch of an integrated online training platform, iGOT Karmayogi**

The government has also launched an integrated online training platform, iGOT Karmayogi, to provide continuous learning opportunities for lakh of government employees to upgrade their skills and facilitate people-centric approach under Mission Karmayogi.

➤ **Reduction of compliances and decriminalisation of certain legal provisions**

For enhancing ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized.

➤ **Introduction of Jan Vishwas Bill to amend 42 Central Acts**

In furtherance of enhancing the ease of doing business, in addition to legal provisions being decriminalized, the Government introduced the Jan Vishwas Bill to amend 42 Central Acts.

➤ **Setting up of 3 centres of excellence for Artificial Intelligence**

The Government plans to set up three "Centers of Excellence for Artificial Intelligence" in top educational institutions for realizing the vision of "Make AI in India and Make AI work for India". These centers will be collaborations between leading industry players with the goal of conducting interdisciplinary research, develop cutting-edge applications and scalable problem solutions in the areas of agriculture, health, and sustainable cities. This will help in creating a strong AI ecosystem in India and nurture quality human resources in the field by enhancing their skills with proper training.

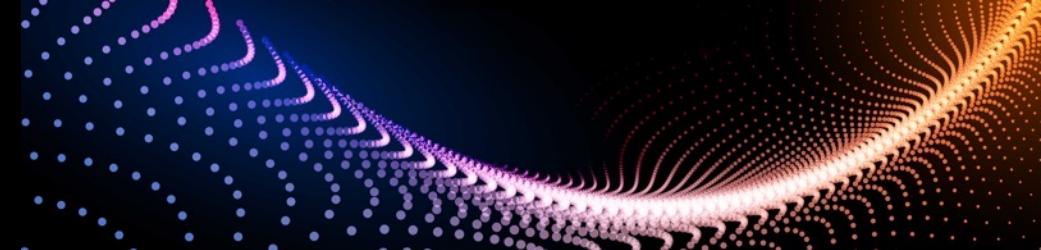
➤ **Launch of National Data Governance Policy**

National Data Governance Policy is proposed to be launched to unlock the potential of innovation, research and development by start-up and academia. The purpose of the policy is to gain access to anonymized data to drive creative insights and initiatives.

➤ **One stop solution for reconciliation and updating of identity and address of individuals**

Government in Union Budget proposed - A one stop solution for reconciliation and updating of identity and address of individuals maintained by various government agencies, regulators and regulated entities. This will be established using Digi Locker service and Aadhaar as foundational identity.

Priority 4: Unleashing the Potential



➤ **PAN to be used as the common identifier**

The Permanent Account Number (PAN) a 10-character identification issued by the Income-Tax Department will be the common identifier for all digital systems identified by the government. This will ensure that PAN is used as a common identifier for moving towards a single national window system to seek approvals and clearances from the central and state departments. At present, there are various business Id's such as GSTIN, TAN, EPFO, TIN, COI which are being used by business establishments while applying for government approvals. This will enhance ease of doing business and will be facilitated through a legal mandate.

➤ **Setting up of a system of 'Unified Filing Process'**

Government has proposed a system of 'Unified Filing Process' be set-up for obviating the need for separate submission of same information to different government agencies. Such filing of information or return in simplified forms on a common portal, will be shared with other agencies as per filer's choice.

➤ **State Support Mission of NITI Aayog to be continued for three years**

The Government proposed that the State Support Mission of NITI Aayog will be continued for another three years to move forward with collective efforts towards national priorities.

➤ **Launch of Phase-3 of E-Courts project**

To improve the justice delivery system and to escalate the setup of paperless digital environment, the central government in the

budget 2023-24 has provided an outlay of INR 7000 crores to launch the third phase of E-Courts in India.

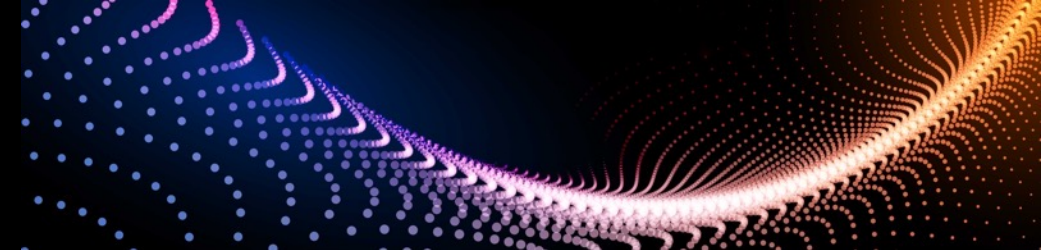
➤ **Expansion of scope of DigiLocker**

To enable more Fintech innovative services, the scope of documents available in DigiLocker for individuals to be expanded which shall enhance the ease of doing business and also help in simplifying the know-your-customer (KYC) process.

➤ **Setting up of Entity DigiLocker**

The scope of DigiLocker has been expanded by introduction of Entity based DigiLocker, which are to be set up for use by MSMEs, large business and charitable trusts. Entity DigiLocker will be used storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.

Priority 4: Unleashing the Potential



➤ **Vivad se Vishwas I – Relief for MSMEs:**

Government proposed a relief to MSMEs in cases of failure by them to execute contracts during the Covid period. In this, 95 per cent of the forfeited amount relating to bid or performance security, will be returned to them by government and government undertakings.

➤ **Vivad se Vishwas II – Settling Contractual Disputes:**

To settle contractual disputes of government and government undertakings, wherein arbitral award is under challenge in a court, a voluntary settlement scheme with standardized terms shall be introduced. This will be done by offering graded settlement terms depending on pendency level of the dispute.

➤ **Setting up of 100 labs for developing applications using 5G services**

With telecom players like Airtel and Reliance Jio already rolling out 5G services, the government is looking to tap into the fifth-generation mobile network for different sectors. The government will set up 100 labs to develop apps based on 5G to realize a new range of opportunities, business models, and employment potential. These apps will cover use cases such as smart classrooms, precision farming, healthcare, and intelligent transportation systems.

➤ **R&D grant to be provided to one of the IITs for 5 years for Lab Grown Diamonds ('LGD')**

Lab Grown Diamonds (LGD) is a technology-and innovation-driven emerging sector with high employment

potential. To encourage indigenous production of LGD seeds and machines and to reduce import dependency, a research and development grant will be provided to one of the IITs for five years. Further, basic customs duty on seeds used in the manufacture of LGD to be reduced. This will boost the morale of the industry.

➤ **Simplification of Know Your Customer (KYC) process**

KYC process to be simplified and evolved adopting a 'risk-based' approach instead of 'one size fits all' approach. The financial sector regulators will also be encouraged to have a KYC system fully amenable to meet needs of Digital India

Priority 5: Green Growth

➤ **Ambitious target of National Green Hydrogen Mission**

Government has recently launched National Green Hydrogen Mission, with an outlay of 19,700 crores, which aims to facilitate transition of the economy to low carbon intensity and to reduce dependence on fossil fuel imports, as well as make the country assume technology and market leadership in this sunrise sector. The National Green Hydrogen mission has aimed ambitious target to reach an annual production of 5 MMT by 2030.

➤ **Capital Investment**

This Budget proposed 35,000 crores for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.

To steer the economy on the sustainable development path, it is proposed to support the Battery Energy Storage Systems with capacity of 4,000 MWH with Viability Gap Funding.

➤ **Green Credit Programme**

A Green Credit Programme, for encouraging behavioral change is proposed to be notified under the Environment (Protection) Act. The Act will incentivize environmentally sustainable and responsive actions by companies, individuals, and local bodies, and help mobilize additional resources for such activities.

➤ **Renewable Energy Evacuation**

The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh is proposed to be constructed with investment of INR

20,700 crore including central support of INR 8,300 crore.

➤ **PM-PRANAM**

PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth is proposed to be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.

➤ **GOBARDhan (Galvanizing Organic Bio-Agro Resources Dhan)**

Another scheme aiming at establishing 500 new 'waste to wealth' plants under GOBARDhan (Galvanizing Organic Bio-Agro Resources Dhan) is proposed to be established for promoting circular economy.

Priority 5: Green Growth

➤ **Bhartiya Prakritik Kheti Bio-Input Resource Centres**

Over the next 3 years, the Government plans to facilitate 1 crore farmers to adopt natural farming. To achieve this 10,000 Bio-Input Resource Centres would be set-up to create a national-level distributed micro-fertilizer and pesticide manufacturing network.

➤ **Natural Farming**

The Government plans to facilitate 1 crore farmers to adopt natural farming in the next three years. In order to achieve this planning 10,000 Bio-Input Resource Centres will be established, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.

➤ **Conservation values through Amrit Dharohar**

The government endeavours to promote their unique conservation values through Amrit Dharohar, a scheme that will be implemented over the next three years to encourage optimal use of wetlands, and enhance biodiversity, carbon stock, eco-tourism opportunities and income generation for local communities.

➤ **MISHTI (Mangrove Initiative for Shoreline Habitats & Tangible Incomes)**

The Government proposed to take up for mangrove plantation along the coastline and on salt pan lands, wherever feasible, through convergence between MGNREGS, CAMPA Fund and other sources.

➤ **Coastal Shipping**

Coastal shipping will be promoted as the energy efficient and lower cost mode of transport, both for passengers and freight, through PPP mode with viability gap funding.

➤ **Vehicle Replacement**

In furtherance of the vehicle scrapping policy mentioned in Budget 2021-22, the Government in this year budget provides for adequate funds to scrap old vehicles of the Central Government. This is done as a part of greening our economy as replacing old polluting vehicles is an important part of it.



Priority 6: Youth Power

➤ **Launch of Pradhan Mantri Kaushal Vikas Yojana 4.0**

Pradhan Mantri Kaushal Vikas Yojana 4.0 is proposed to be launched to skill lakh of youth within the next three years with emphasis on on-job training, industry partnership and alignment of courses with needs of industry. Further, the scheme will cover new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills. Also, to skill youth for international opportunities, 30 Skill India International Centers will be set up across different States.

➤ **Launch of a unified Skill India Digital platform**

The government proposes to launch a unified Skill India Digital platform for further enhancing the scope of digital ecosystem for skilling. The platform shall enable demand-based formal skilling, linking with employers including MSMEs,

and facilitate easy access to entrepreneurship schemes.

➤ **National Apprenticeship Promotion Scheme**

Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Scheme to be rolled out to provide stipend support to 47 lakh youth in three years. It shall help the students to earn while gaining practical knowledge.

➤ **At least 50 destinations to be selected and develop as a complete package**

In order to foster the growth of tourism sector, the government has proposed to select at least 50 destinations through challenge mode to be developed as a complete package. All the relevant aspects of the selected destinations including physical and virtual connectivity, tourist guides, high standards for food streets and tourists' security would be made available on an App to enhance tourist experience.

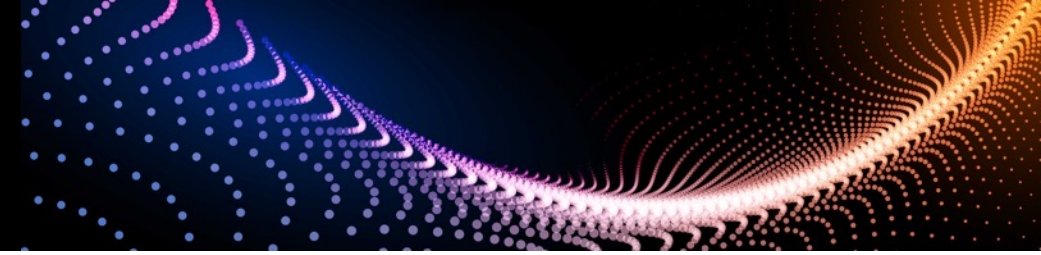
➤ **Sector specific skilling and entrepreneurship development to be dovetailed to achieve the objectives of the 'Dekho Apna Desh' initiative**

The government aims to encourage the middle class to prefer domestic tourism over international tourism which was envisaged by the Prime Minister through 'Dekho Apna Desh' ('DAD') initiative. Now, the government proposes adopt sector specific skilling and entrepreneurship development to achieve the objectives of the DAD initiative.

➤ **Set up of Unity Mall**

States to be encouraged to set up a Unity Mall in their state capital or most prominent tourism centers or the financial capital for promotion and sale of their own ODOPs (one district, one product), GI and other handicraft products, and for providing space for such products of all other States. This would also help in enhancing the economic strength of the MSME sector based in small towns and cities.

Priority 7: Financial Sector



➤ **Revamp of Credit Guarantee for MSMEs**

The government aims to revamp the credit guarantee scheme for MSMEs through infusion of 9,000 crore in the corpus. The revamped scheme will take effect from April 01, 2023. The new credit guarantee scheme will lower cost of credit by 1 per cent and allow MSMEs to avail additional collateral free credit guarantee of INR 2 lakh crores.

MSMEs are growth engines of our economy. Micro enterprises with turnover up to INR 2 crore and certain professionals with turnover of up to INR 50 lakh can avail the benefit of presumptive taxation. The Government proposes to provide enhanced limits of INR 3 crore and INR 75 lakh respectively, to the tax payers whose cash receipts are no more than 5 per cent.

➤ **Setting up of National Financial Information Registry**

The government has proposed to set up a National Financial Information Registry. The Registry shall serve as the central repository of financial and ancillary information and facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.

A new legislative framework to be designed in consultation with the RBI to govern aforesaid credit public infrastructure.

- Financial sector regulators to carry out a comprehensive review of existing regulations
- GIFT IFSC
 - Delegating powers under the SEZ Act to IFSCA to avoid dual regulation
 - Setting up a single window IT system for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI

- Permitting acquisition financing by IFSC Banking Units of foreign banks
- Establishing a subsidiary of EXIM Bank for trade re-financing
- Amending IFSCA Act for statutory provisions for arbitration, ancillary services, and avoiding dual regulation under SEZ Act
- Recognizing offshore derivative instruments as valid contracts
- Facilitation of setting up of Data Embassies in GIFT IFSC

➤ **SEBI to develop and enforce norms & standards for education in the National Institute of Securities Markets**

With an aim to elevate the competence of functionaries and professionals in the securities market, the government on Wednesday proposed that SEBI will be allowed to develop, maintain and implement norms and standards for education in the National Institute of Securities (NISM).

Priority 7: Financial Sector

Finance Minister Nirmala Sitharaman said, "SEBI will be empowered to develop, regulate, maintain and enforce norms and standards for education in the National Institute of Securities Markets and to recognize award of degrees, diplomas and certificate."

➤ **Setting up of Central Processing Centre**

To facilitate faster response to the Companies through centralized handling for various forms filed with field officers under the Companies Act, it is proposed to setup a Central Processing Centre.

➤ **Integrated IT portal for unclaimed Dividend/ Shares under IEPF**

To simplify and expedite claims settlement of unclaimed dividend/ shares, it has been proposed to overhaul the refund process and

introduce a real-time online interface with the company and the claimant. The move has been introduced considering the huge backlog of unclaimed shares with the IEPF authority.

Under the current process, the claim filed to the authority is required to be first verified by the companies and thereafter, the companies are required to send an e-verification report along with documents submitted by the claimant. There is often a considerable delay in submission of the e-verification report by companies or the companies submit report without requisite documents or the companies reject the claim in its verification report without intimating the claimant.

It has been proposed that after the claim is filed, the claimant and the company will be able to iterate the case between them online on a real time basis, till documentary requirements are complete and case is considered for final approval by the company.

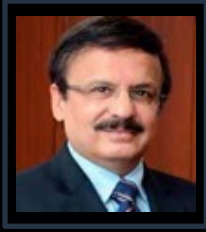
- Maximum deposit limit for Monthly Income Account Scheme enhanced from INR 4.5 lakh to INR 9 lakh for single account and from INR 9 lakh to INR 15 lakh for joint account

➤ **Mahila Samman Savings Certificate**

Under the given scheme the deposits can be made in the name of a woman or a girl child. You can deposit up to INR 2 lakh for a period of two years at a fixed rate of 7.5 percent. There are no tax benefits, but partial withdrawal is allowed in this scheme. The Mahila Samman Savings Certificate is a suitable and to fixed deposits (FDs) invested in the name of a woman for the short term. Its liquidity and higher interest rate than Fixed Deposits make it monetarily lucrative alternative investment option for woman.

05

Experts' Speak



Rakesh Nangia
Chairman
Nangia Andersen India Pvt. Ltd.

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Union Budget 2023-24, inter alia, lays emphasis on infrastructure and investment by increasing the capex outlay to ₹ 10 lacs crore (a rise by 33.4% over the last year), highest ever capital outlay of ₹ 2.4 lacs crore for Railways, continuation of 50-year interest free loan to State Governments to incentivise infrastructure investment. Expansion in infrastructure is key to sustain economic growth and attract foreign investment. With reciprocal private sector investments, India shall be well set on a path to a virtuous cycle of growth. The “Saptarishi” or the 7 priorities aim to accelerate India’s pace of inclusive, resilient, and sustainable growth.

The Budget also simplifies tax benefits for the Industry by extending 15% corporate tax benefit to new cooperatives, commencing manufacturing till 31.03.2024. The extension of the date of incorporation by one year for income tax benefits to start-ups and extension of period of tax benefit to funds relocating to IFSC, GIFT City are a welcome step.

The middle-class and salaried persons have reasons to cheer as well. The Hon’ble FM has made the new income tax regime attractive by increasing the exemption and rebate limits, reducing the number of slabs, and offering of standard deduction. This was anticipated since the new tax regime introduced in 2020 did not find many takers.

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Aravind Srivastan
India Tax leader
Nangia Andersen India Pvt. Ltd.

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Budget 2023 proposes fiscal prudence by cutting subsidies on food and fertilisers as well as rural employment guarantee scheme in line with the theme that we need to move past the pandemic and prioritise for increased capital expenditure spending. The tax proposals on indirect tax focus on incentivizing make in India for priority export sectors by lowering customs duty. As expected, the proposal on personal income tax proposes taxes to kick in only after income of seven lakhs under the new regime with an additional claim permitted for Standard deduction of INR 50,000 to allow more tax payers to join the new regime.

The budget proposals have stayed clear of revising taxes on capital gains which was widely expected but have proposed changes on certain specified investments such as market linked debentures and investments in debt in a REIT/Inv-IT. With a aim to reduce fiscal deficit to 5.9 percent amidst a slowing GDP growth of 6.5 percent, prudence has reigned supreme and limited announcements of new PLI schemes and capped budget allocations under FAME/PLI to about INR 5800 crores. The Budget proposals have not particularly laid down how big-ticket litigation and pending appeals would be reduced and have taken measures to clog presumably low value appeals through a scheme of First stage appeal disposal by Jt CIT.

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05

Glossary



5G	Fifth Generation
ADD	Anti-Dumping Duty
AE	Associated Enterprise
AI	Artificial Intelligence
AIDC	Agriculture Infrastructure and Development Cess
AO	Assessing Officer
AY	Assessment Year
BCD	Basic Customs Duty
BE	Budgeted Estimates
Bharat SHRI	Bharat Shared Repository of Inscriptions
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
Capex	Capital Expenditure
CBDT	Central Board of Direct Taxes
CBU	Completely Built Unit
CG	Central Government
CGAS	Capital Gains Account Scheme
CGST	Central Goods and Services Tax Act, 2017
CIF	Cost Insurance & Freight
CIT	Commissioner of Income-tax
CNG	Compressed Natural Gas
COA	Cost of Acquisition
COI	Certificate of Incorporation
Common Portal	Common Customs Electronic Portal
CRGO	Cold Rolled Grain Oriented
CSR	Corporate social responsibility
CST	Central Sales Tax, 1956
CTA	Covered Tax Agreement
CTH	Customs Tariff Heading
Customs Act	Customs Act, 1962
CVD	Countervailing Duty
DAD	Dekho Apna Desh
DTA	Domestic Tariff Area
EBITDA	Earnings before interest, tax, depreciation and amortization



ECB	External Commercial Borrowings
ECOs	Electronic Commerce Operators
EGR	Electronic Gold Receipt
EPF	Employee's Provident Fund
EPFO	Employees' Provident Fund Organisation
Evs	Electrically Operated Vehicle
E-way bill	Electronic Way Bill
EXIM	Export Import
FM	Finance Minister
FY	Financial Year
GDP	Gross Domestic Product
GI	Geographical Indication
GIFT	Gujarat International Finance Tec-City
GST	Goods & Service Tax
GSTIN	Goods & Service Tax Identification Number
GSTN	Goods and Services Tax Network
GSTR	Goods & Service Tax Return
GVA	Gross Value Added
GW	Giga Watt
HUF	Hindu Undivided Family
IBC	Insolvency & Bankruptcy Code, 2016
ICMR	Indian Council of Medical Research
ICT	Information and Communications Technology
IEPF	Investor Education and Protection Fund
IFSC	International Financial Services Centre



IFSCA	International Financial Services Centre Authority
iGOT	Integrated Government Online Training
IGST	Integrated Goods and Services Tax Act,
IIT	Indian Institute of Technology
INR	Indian National Rupee
InVIT	Infrastructure Investment Trust
IOT	Internet of Things
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITR	Income Tax Return
JDA	Joint Development Agreement
KYC	Know Your Customer
LGD	Lab Grown Diamonds
LLP	Limited Liability Partnership
MD	Managing Director
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Act
MISHTI	Mangrove Initiative for Shoreline Habitats & Tangible Incomes
MMT	Million Metric Tonnes
MSMED	Micro, Small and Medium Enterprises Development
MSMEs	Medium, Small and Micro Enterprises
MUDRA	Micro Units Development and Refinance Agency Bank
MWH	Mega Watt Hour
NBFC	Non-Banking Finance Companies



NCCD	National Calamity Contingent Duty levied under Finance Act, 2001
NISM	National Institute of Securities Markets
NITI Aayog	National Institution for Transforming India Aayog
NR	Non-Resident
ODI	Overseas Direct Investment
ODOP	One District One Product
OIDAR	Online Information and Database Access or Retrieval Services
PACS	Primary Agricultural Credit Societies
PAN	Permanent Account Number
PE	Permanent Establishment
PGBP	Profits and Gains of Business and Profession
PM	Pradhan Mantri
PMAY	PM Awas Yogna
PMGKAY	PM Garib Kalyan Anna Yojana
PM-PRANAM	Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth
PM VIKAS	PM VIshwakarma KAushal Samman
PPP	Public Private Partnership
PVTG	Particularly Vulnerable Tribal Groups
RBI	Reserve Bank of India
RE	Revised Estimates
REIT	Real Estate Investment Trust
RIC	Road and Infrastructure Cess
SCD	Sickle Cell Disease
SDV	Stamp Duty Value



SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SPAs	Schools of Planning and Architecture
SPV	Special Purpose Vehicle
SWS	Social Welfare Surcharge
TAN	Tax Deduction Account Number
TCS	Tax Collection at source
TDS	Tax Deducted at Source
The Act	Income Tax Act, 1961
TIN	Tax Identification Numbers
TMC	Thousand Million Cubic
TP	Transfer Pricing
TPO	Transfer Pricing Officer
Tu	Thousand in number
TV	Television
UIDF	Urban Infrastructure Development Fund
UN	United Nations
USD	US Dollars
VDA	Virtual Digital Assets

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This document summarizes the important provisions of the Budget 2023 proposals as placed before the Parliament. Topics presented are grouped into chapters and sections to facilitate an understanding of the proposals. These are, however, not mutually exclusive.

Unless otherwise stated, Direct Tax Proposals will be applicable with effect from A.Y. 2024-2025.

The proposals are subject to amendment as the Finance Bill passes through the Parliament.

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