

The background features a dark blue gradient with a faint map of India and various financial data visualizations. On the left, there is a large, stylized Indian Rupee symbol (₹) with a grid pattern. An orange arrow points upwards from the bottom of the 'U' in 'BUDGET'. The text 'UNION BUDGET' is prominently displayed in white, with a gold Rupee symbol (₹) integrated into the word 'UNION'. Below this, the year '2023' is written in white on a red rectangular background. The overall aesthetic is professional and data-driven.

UNION  BUDGET
2023

Hon. Finance Minister of India Mrs. Nirmala Sitharaman presented the last full union budget of the Modi Government 2.0 on February 01, 2023 in the Loksabha. She referred to the budget as “First Budget of Amrit Kaal”.

**This Budget laid down the 7 priorities i.e.,
“Saptarishi” which are: -**



The background features a blue-toned graphic with a map of India, a large Indian Rupee symbol (₹), and various data visualizations including bar charts and line graphs. An orange arrow points upwards from the 'U' in 'BUDGET'.

UNION ₹
BUDGET
2023

Indirect Tax Proposals

Following are the major amendments proposed under Goods and Services Tax:

1. **Time Limit for filing GSTR 1:**
GSTR-1 is a return for communicating the details of the outward supplies monthly, which needs to be filed before 11th of the next month. With this amendment one cannot file the GSTR-1 after the expiry of a period of 3 years from due date.
2. **Time limit for filing GSTR 3B:**
GSTR-3B is a return, which needs to be filed before 20th of the next month. With this amendment one cannot file the GSTR-3B after the expiry of a period of 3 years.
3. **Time limit for filing GSTR 9:**
GSTR-9 is an annual return, which needs to be filed before 31st December of the next financial year. With this amendment one cannot file the GSTR-9 after the expiry of a period of 3 years.
4. **Time limit for filing GSTR 8:**
TCS Return cannot be filed after 3 years from its due date.
5. **Composition taxpayers are permitted to make intra-state supplies of goods through E-commerce operators (ECO):**
This amendment relaxes the condition that composition taxpayer cannot supply goods through ECO. Now the person opting to make the payment of tax at composition rate may also supply goods through e-commerce operator by charging the composition rate. The restriction for supply of service through ECOs continues.
6. **ITC restricted on goods and services in relation to CSR activities**
Section 17(5) provides the list of the blocked credit. Goods and service received for the CSR activities is added to this, thereby restricting the input tax credit.
7. **Clarity provided for exemption from registration**
Section 24 provides mandatory registration for person liable to pay tax under reverse charge mechanism. There are certain goods and services where tax needs to be paid by registered person. In such cases it is clear that if the person is exclusively providing exempted supply and received GTA service there is no need for registration and payment of tax.

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8. Retrospective applicability of changes made in Schedule III of CGST Act
Following provisions are inserted under Schedule III:
- Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
 - Supply of warehoused goods to any person before clearance for home consumption
 - Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption



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UNION
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2023

Direct Tax Proposals

Following are the major proposals/amendments proposed under Direct Tax Laws: -

I. Personal Income Tax

- The new taxation regime (Section 115BAC) which was introduced in 2021 will be now the default tax system with an option for the taxpayer to choose an alternative between new and old tax regime.
- Basic exemption limit under new tax regime is increased from Rs. 2,50,000/- to Rs. 3,00,000/-

New slab rates under new tax regime would be as follows: -

Total Income	Tax Rate
Up to Rs. 3,00,000/-	Nil
From Rs. 3,00,001/- to Rs. 6,00,000/-	5%
From Rs. 6,00,001/- to Rs. 9,00,000/-	10%
From Rs. 9,00,001/- to Rs. 12,00,000/-	15%
From Rs. 12,00,001/- to Rs. 15,00,000/-	25%
Above Rs. 15,00,000/-	30%

- Income limit to avail the Rebate under section 87A is increased from Rs. 5,00,000/- to Rs. 7,00,000/- under new tax regime. Thus, amount of rebate has been increased from Rs. 12,500/- to Rs. 25,000/-
- Highest surcharge rate has been reduced to 25% from 37% under new tax regime making the highest rate of tax in the country would be 39%.
- Maximum amount of leave encashment that can be exempt under section 10(10AA) of the Income Tax Act has been increased from Rs. 3,00,000/- to Rs. 25,00,000/- in case of non-governmental salaried employees.
- Standard deduction of Rs. 50,000/- is extended to new tax regime for salaried class and pensioners.
- Exemption under section 54 and 54F of the Income Tax Act, 1961 is restricted to Rs. 10 Crores.

II. Ease of Compliances

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

- A Under section 44AD of the Income Tax Act, 1961 threshold limit of total turnover or gross receipts has been increased to Rs. 3 crores as against existing Rs. 2 crores.
- B Under section 44ADA of the Income Tax Act, 1961 threshold limit of total gross receipts has been increased to Rs. 75 lakhs as against existing Rs. 50 lakhs.

III. TDS and TCS

- Section 194BA has been introduced w.e.f. 1st July 2023 to provide deduction of tax to provide tax deduction at source on net winnings from online games in the user account.
- Rate of TCS under section 206(1G) of the Income Tax Act, 1961 in case of overseas tour package and in any other case is increased to 20% as against 5% in the present case w.e.f. 1st July, 2023.
- Increase of threshold limit of section 194N in case of co-operative societies from Rs 1 crores to Rs. 3 crores.
- There is no extension on the sunset clause laid down in Section 194LC and 194LD of the Income Tax Act, 1961 i.e. interest paid by the Indian companies on External Commercial Borrowings.
- TDS on interest paid to residents in case of listed debentures now will be applicable.
- Penal provisions of the Income Tax Act, 1961 would apply if the provisions of Section 194R has not been followed by the assessee.

IV. Socio Economic Welfare Measures

- In order to promote timely payment to micro and small enterprises, an amendment to section 43B has been introduced; that deduction will be allowed only if payments are made to the micro and small enterprises on time i.e., generally within 45 days or the time limit mentioned in the MSMED Act, 2006.

V. Relief for Start-Ups

- The time period for loss of eligible start-ups to be considered for relaxation is proposed to be increased from seven years to ten years from the date of incorporation.
- In order to further promote the development of start-ups in India and to provide them with a competitive platform, it is proposed to amend section 80-IAC of the Income Tax Act, 1961 so as to extend the period of incorporation of eligible start-ups to 1st April 2024.

VI. Relief to Co-operative Societies

- Concessional tax regime @ 15% is introduced to co-operative societies which are engaged in the manufacturing activities by introducing new section 115BAE under Income Tax Act, 1961.

VI. Widening the Tax Base

- Sum of money exceeding Rs. 50,000/- received as a gift by not-ordinarily resident without consideration from a resident in India would be taxable.
- A new section 115BBJ has been introduced to tax winnings from online games at the rate of 30%.
- It is proposed to extend the ambit of section 56(2)(vii b) of the Income Tax Act, 1961 to the Indian companies which will be issuing its shares to the nonresidents at a price which is higher than its fair market value.

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VIII. Assessments and Litigation

- Powers given to the assessing officer to direct the assessee to carry out the inventory valuation by the Cost Accountants.
- A new authority "Joint Commissioner of Appeals" has been introduced to settle the small appeals.



The other key announcements of the Union Budget 2023-2024

- 1) To improve the manufacture of mobile, relief from customs duty on import of parts and inputs provided
- 2) Basic Customs Duty on electric kitchen chimneys duties increased to 15%, and Basic Customs Duty on heat coils reduced
- 3) Custom duty exemption on import of capital goods for the production of Lithium-ion cells used in batteries of EV
- 4) Concessional duty on import of battery and camera lens.
- 5) "Mahila Samaan Saving Certificate" for Women and Girls Offered for 2 Years with 7.5% Interest Rate
- 6) SEBI will be empowered to develop, regulate, maintain and impose norms and standards for education in the National Institute of Securities Market and to recognise the award of Degrees, Diplomas and Certificate
- 7) Single window registration and approval System for IFSCA, SEZ authorities, IRDAI, GSTN, RBI, and SEBI to permit acquisition financing by IFSC banking units for foreign banks
- 8) Amendments are proposed in the Banking Regulation Act, Companies Act and RBI Act to improve governance and enhance investor protection
- 9) Central processing Centre will be set up for faster response to companies under the Companies Act, 2013
- 10) PAN card to serve as Common Identifier for all digital systems of Government agencies
- 11) 95% of the forfeited amount related to the bid or performance guarantee will be returned in case MSMEs fail to execute contracts
- 12) DigiLocker facility will be available to SMEs, large businesses and charitable trusts to securely store and share documents online.
- 13) 30 'Skill India Centres' will be established
- 14) Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to upskill lakhs of youth within the next 3 years
- 15) A new program to promote research & innovation in the pharma sector will be launched
- 16) Capital Investment outlay is being increased straight for the third year in a row by 3.3% of GDP to 10 lakh crores
- 17) An agricultural accelerator fund to promote agri-startups is proposed
- 18) PM Awaas Yojana outlay hiked by 66% to Rs 79,000 crores
- 19) 39,000 compliances have been reduced for ease of doing business

In summary, this year's Budget seems to provide a hopeful future to the Great Indian Middle Class, and businesses alike, seeking to lay the foundation and providing a blueprint to steer the economy over the Amrit Kaal of the next 25 years.

The Govt. has focused on increasing the spending power of the people but has sacrificed the aspect of saving. Maintaining a fine balance between growth and fiscal deficit, this year's Budget continues to draw vision from the last year's Budget which included transparency of financial statement and fiscal position and reflect the government's intent, strengths, and challenges.

