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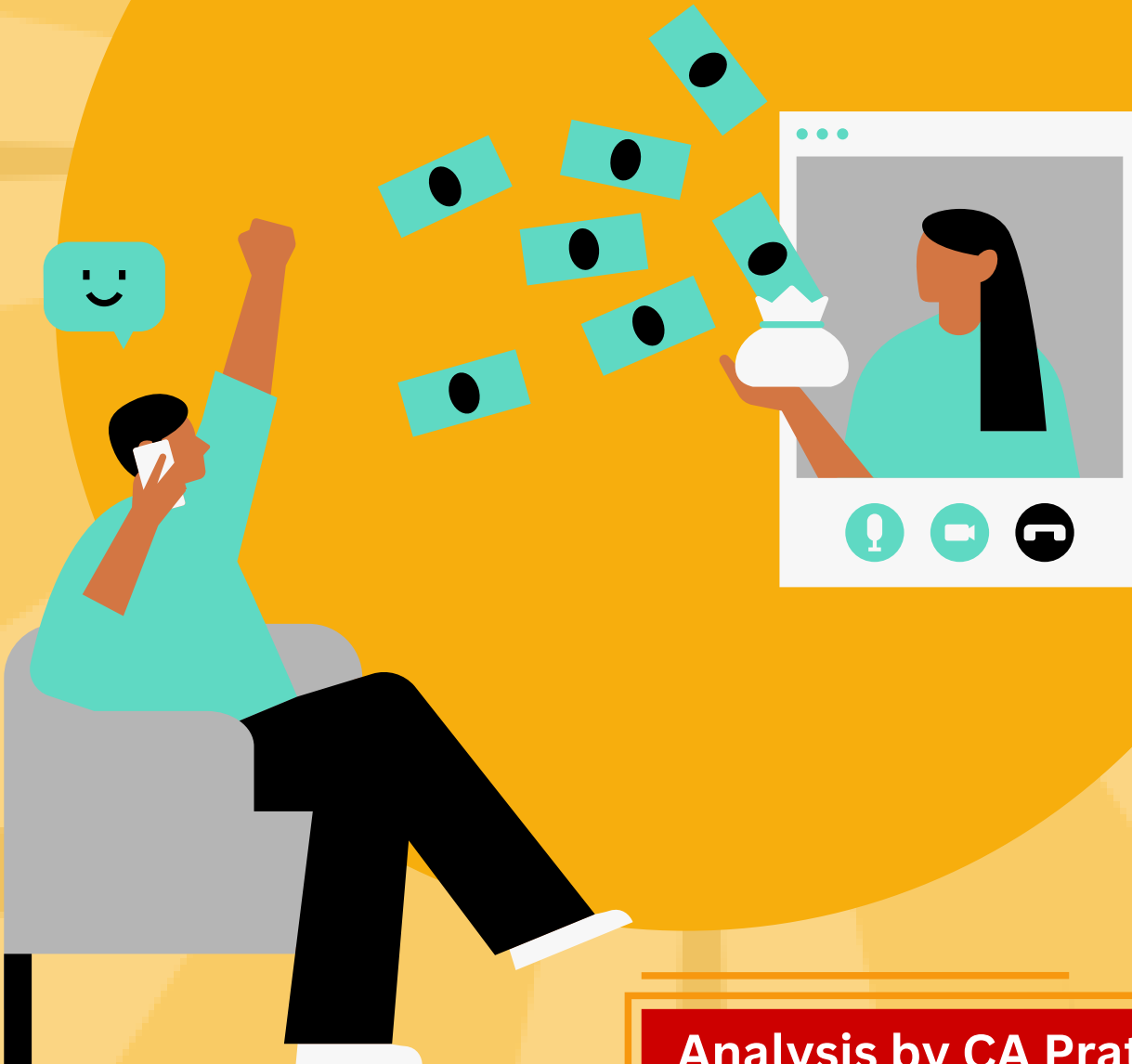


JITO
YOUTH

JITO
BANGALORE SOUTH

BUDGET 2023

SIMPLIFIED



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and CA Akshitha Jain**



FINANCE BILL 2023

DIRECT TAX PROPOSALS

FOR INDIVIDUAL TAXPAYERS

The rate of taxes for taxpayers {individual, HUF, AOP other than cooperative society, BOI or an artificial judicial person opting taxation under the New Regime [Section 115BAC] are as below. These rates are applicable in respect of the total income for FY 2023-24 (AY 2024-25) and onwards.

Total Income (In Rs.) As applicable for AY 2024-25 and onwards	Tax Rate
< 3 Lac	0%
3 Lac- 6 Lac	5%
6 Lac - 9 Lac	10%
9 Lac – 12 Lac	15%
12 Lac - 15 Lac	20%
> 15 Lac	30%

Important Points to Note:

- The aforesaid rates would be considered as default rates for succeeding AYs.
- Income tax payable would be computed without allowing any exemption or deduction.
- From AY 2024-25 onwards, rebate of Rs. 25,000 or income tax amount, whichever is less, would be available, under new tax regime, if the total income does not exceed Rs. 7 Lac.
- Surcharge is capped at 25% if opted for this New regime of tax.

FOR CO OPERATIVE SOCIETIES

A new manufacturing co-operative society set up on or after April 1, 2023, commencing 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. Surcharge would be at 10% on such tax.

TAXATION ON ONLINE GAMING

- Any income by way of winning from online game shall be taxed at the rate of 30%.
- Therefore, TDS on net winnings will be applicable at 30% in the user account at the end of financial year and if there is a withdrawal from user account, TDS at the time of such withdrawal on net winnings comprised in such withdrawals.

STARTUPS

Extension of Time Period for Adjustment of Losses:

The Time-limit for set-off of carried forward losses incurred by start-ups has been increased from 7 years to 10 years.

Extension of Incorporation Date for Claiming Exemption:

The period of incorporation of eligible start-ups has been extended to April 1, 2024 from April 1, 2023, with an objective to further promote the development of start-ups in India and to provide them with a competitive platform

DEEMED GIFT PROVISIONS FOR NON RESIDENTS

Any sum of money exceeding Rs.50,000, received by a non-resident without consideration from a person resident in India, on or after the July 5, 2019, shall be income deemed to accrue or arise in India.

The said amendment was introduced as an anti-abuse provision, as certain instances were observed where gifts were being made by persons residents in India to non-residents and were claimed to be non-taxable in India by such non-residents.

PREVENTING THE MISUSE OF PRESUMPTIVE TAXATION

Taxpayers have been opting in and out of presumptive scheme in order to avail benefit of both presumptive scheme income and non-presumptive income. In a year of loss, they claim it as per the books of account and carry it forward while in a year of profit, they use presumptive scheme to restrict the profit to 10% and set off the brought forward losses from earlier years.

Conceptually, if assessee is maintaining books of account and claiming losses as per such accounts, he should also disclose profits as per accounts and there lies no justification for setting off of losses computed as per books of account with income computed on presumptive basis.

To avoid such misuse, the Finance Bill, 2023 proposes to insert a new sub-section to Section 44BB to disallow the adjustment of unabsorbed depreciation and brought forward loss where an assessee declares profits and gains of business for any previous year in accordance with the provisions of presumptive taxation.

INCLUSION OF PAYMENTS TO MSMEs UNDER SEC. 43B

In order to promote timely payments to Micro, Small and Medium Enterprises (MSMEs), the Finance Bill, 2023 proposes to:

- Include payments made to such enterprises within the ambit of Section 43B.
- Section 43B provides that any sum payable by the Assessee to a MSME beyond the time limit specified in Section 15 of MSME Act 2006 (within 45 days, if there is written agreement, 15 days in other cases) shall be allowed as deduction only on actual payment.

INCREASE IN THRESHOLD FOR PRESUMPTIVE TAXATION

- For eligible business under Section 44AD, where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total turnover or gross receipts, a threshold limit of Rs. 3 Cr will apply.
- Under Section 44ADA, for professions referred to in Section 44AA(1), where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total gross receipts, a threshold limit of Rs. 75 Lacs will apply.

CAP ON SECTION 54 AND SECTION 54F DEDUCTIONS ON CAPITAL GAINS

Section 54 provides for deduction on long term capital gain for purchase of residential properties and Section 54F provides the deduction on transfer of long-term capital asset if the amount is invested in residential property with an objective to mitigate the acute shortage of housing.

The high net-worth Assesseees are found to be taking advantage of this provision, therefore, the Finance Bill, 2023 proposes to:

ØLimit the maximum deduction that can be claimed under Section 54 and 54F to Rs. 10 Cr. and if the cost of new asset purchased is more than Rs.10 Cr. then the cost of such asset shall be deemed to be Rs.10 Cr.

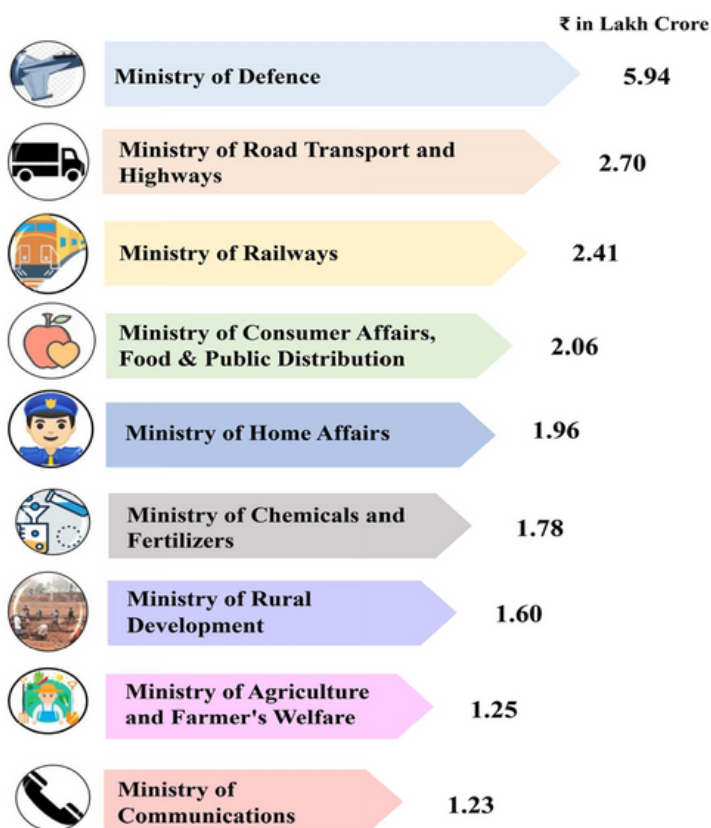
TCS ON FOREIGN REMITTANCES PERTAINING TO OVERSEAS TOUR PACKAGE

Increase in TCS on foreign remittance pertaining to Overseas tour package and for any other case from 5% to 20% without any threshold limit.

STATISTICS OF THE BUDGET



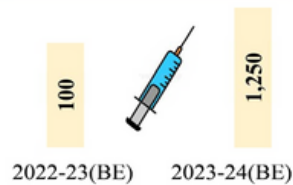
Allocation for Specific Ministries



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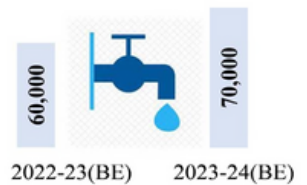
Allocation to Major Schemes (in ₹ crore)

Development of Pharmaceutical Industry



2022-23(BE) 2023-24(BE)

Jal Jeevan Mission



2022-23(BE) 2023-24(BE)

Eklavya Model Residential Schools



2022-23(BE) 2023-24(BE)

Pradhan Mantri Awas Yojana



2022-23(BE) 2023-24(BE)

Scheme for Faster Adoption and Manufacturing of EV's (FAME)



2022-23(BE) 2023-24(BE)

North East Special Infrastructure Development Scheme



2022-23(BE) 2023-24(BE)

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MEANING OF FISCAL DEFICIT & REVENUE DEFICIT



a. Fiscal Deficit (FD):

- Fiscal deficit is referred to as the difference between the total revenue earned and total expenditures incurred by a country in a fiscal year.
- FD is the adverse fiscal balance which is a difference between the Revenue Receipts Plus Non-Debt Capital Receipts (NDCR) i.e., total of the non-debt receipts and the total expenditure.
- FD is reflective of the total borrowing requirement of Government

b. Revenue Deficit (RD):

- A revenue deficit is a shortage of Government's funds to maintain daily affairs. It occurs when total revenue expenditure surpasses total revenue receipts.
- The excess of expenses over receipts on revenue account is called revenue deficit. $\text{Revenue deficit} = \text{Revenue Expense} - \text{Revenue Receipts}$.
- RD refers to the excess of revenue expenditure over revenue receipts.



BENEFITS FOR MSMEs FROM THIS BUDGET

Benefit 1:

The Turnover limit for Opting the Presumptive Taxation rate of 8% (or 6%) has been increased from 2 crores to 3 crores for MSME traders and from 50 lakhs to 75 lakhs for service providers.

Benefit 2:

Businesses supplying to an MSME enterprise, needs to make timely payments to the MSME enterprise, and in case the payments are not done timely, then the supplier entity cannot claim the same as expenses in their business until the payments are made.

Benefit 3 – Vivad se Vishwas

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

Benefit 4:

DigiLocker will be set up for use by MSMEs, large business and charitable trusts. This will be towards storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.

Benefit 5:

Revamping of the credit guarantee scheme for MSMEs with an additional infusion of 9000 crores in the Corpus. This will enable additional collateral-free guaranteed credit of 2 lakh crore. Further, the cost of the credit will be reduced by about 1 per cent.

SAVING SCHEMES BY GOVERNMENT

For Senior Citizens

- a. The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from 15 lakhs to 30 lakhs at rate of interest of 7.4% p.a.
- b. The maximum deposit limit for Monthly Income Account Scheme will be enhanced from 4.50 lakh to 9 lakhs for single account and from 9 lakhs to 15 lakhs for joint account.

For Women and girls

For commemorating Azadi Ka Amrit Mahotsav, a one-time new small savings scheme, Mahila Samman Savings Certificate, will be made available for a two-year period up to March 2025. This will offer deposit facility upto 2 lakh in the name of women or girls for a tenor of 2 years at fixed interest rate of 7.5 per cent with partial withdrawal option.



**THANK
YOU**

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