

An Analysis of Union Budget 2023-24



CACS

Chir Amrit Corporate School
Jaipur



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Overall Evaluation



Sanjay Jhanwar
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The first Budget of 'Amrit Kaal' is, in fact, path-breaking as it gives long term directions to Indian Economy and also gives indications of policy level stability.

The key focuss areas highlighted in the budget are cumulatively the orientation towards growth of forward looking sustainable businesses, Medical & Pharma, tourism, fin-tech, education, manufacturing, Infrastructure, logistics and work of skilled professionals.

Thus, I would call it a Progressive Budget giving impetus to the Vision of technology-driven modern India, towards making it a place of opportunities for enthusiastic youth, and also a dream & green planet to live!

Jai Hind!



Team Chir Amrit at Parliament

Analysis of Union Budget 2023-24

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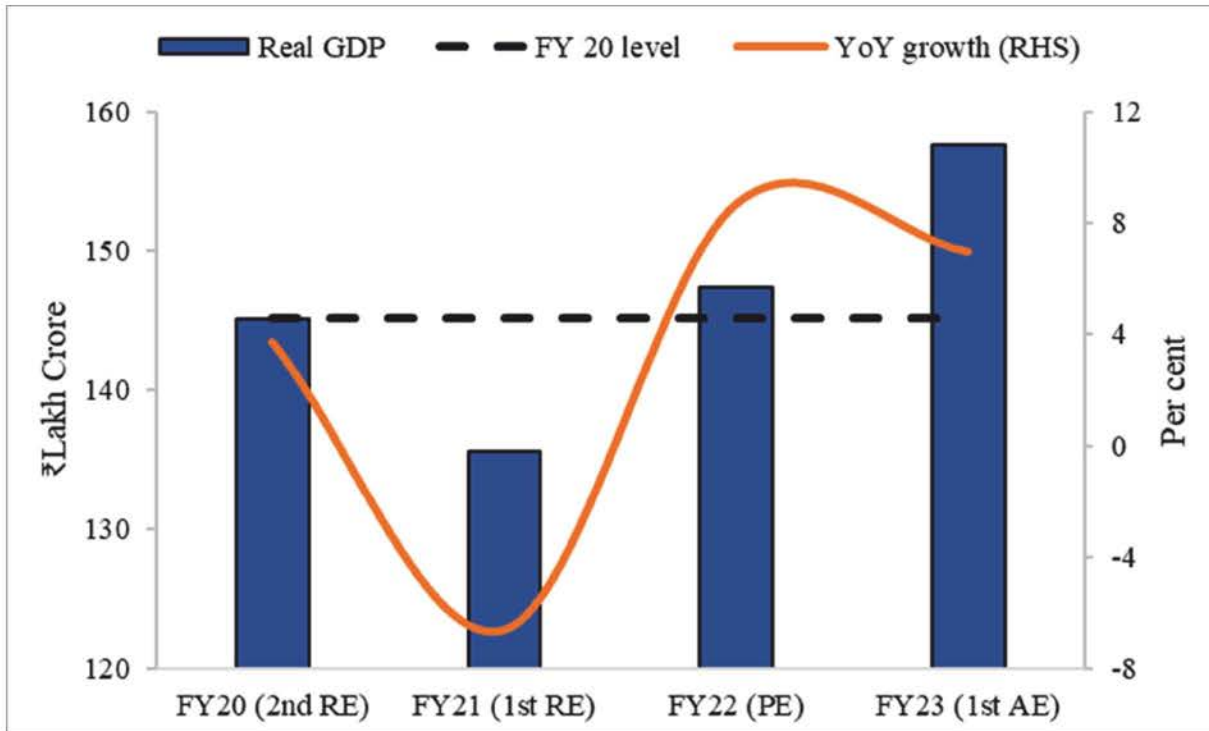
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INDIAN ECONOMY : FACTS & FIGURES

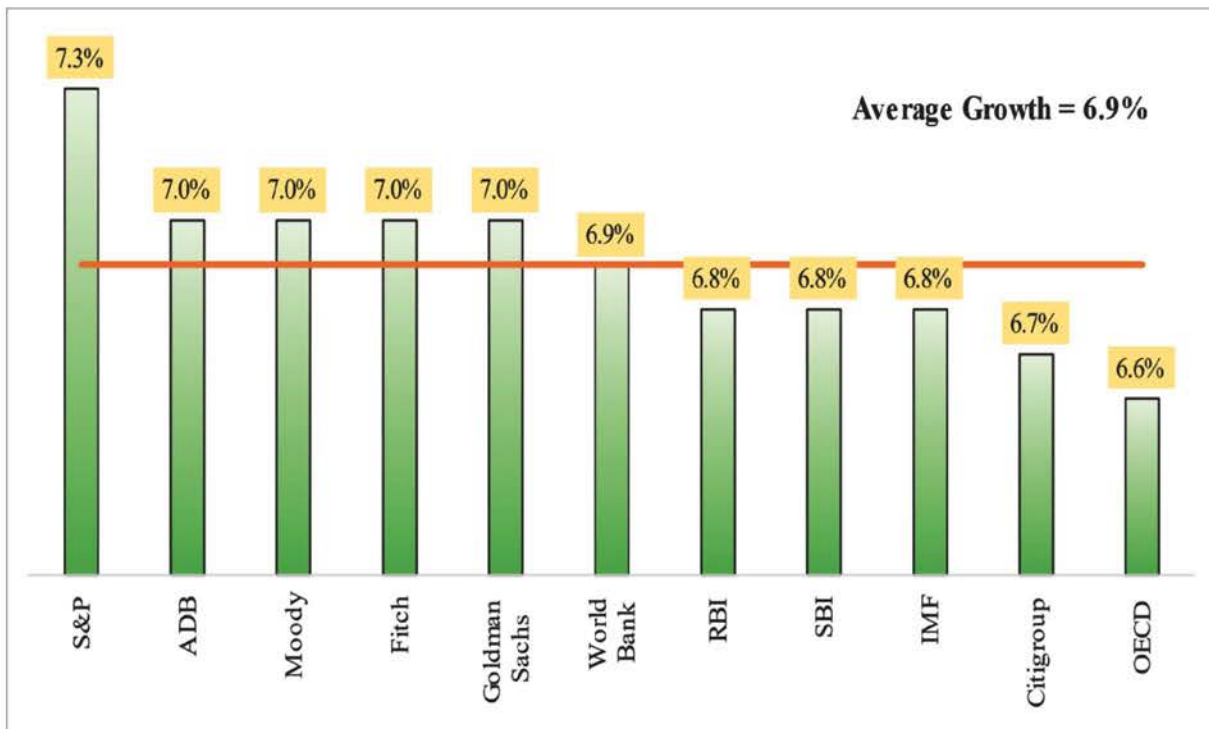


Economic growth remains resilient



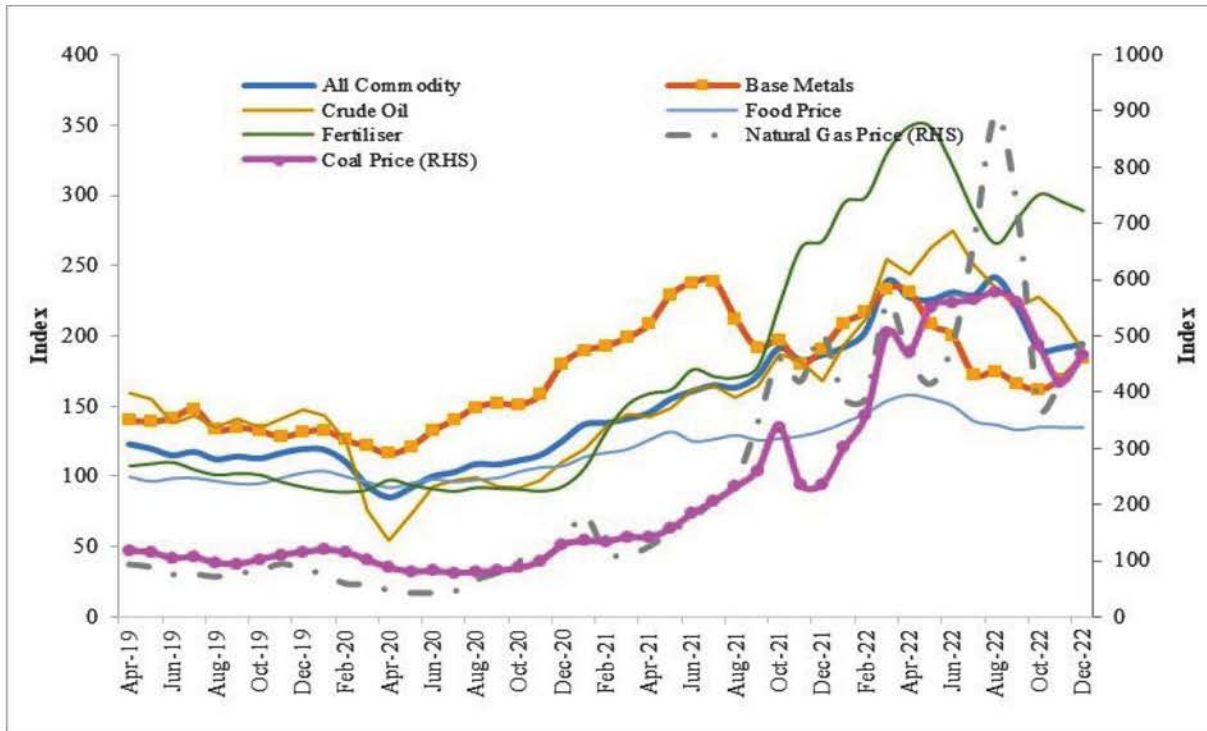
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India growth projections by various agencies for FY23



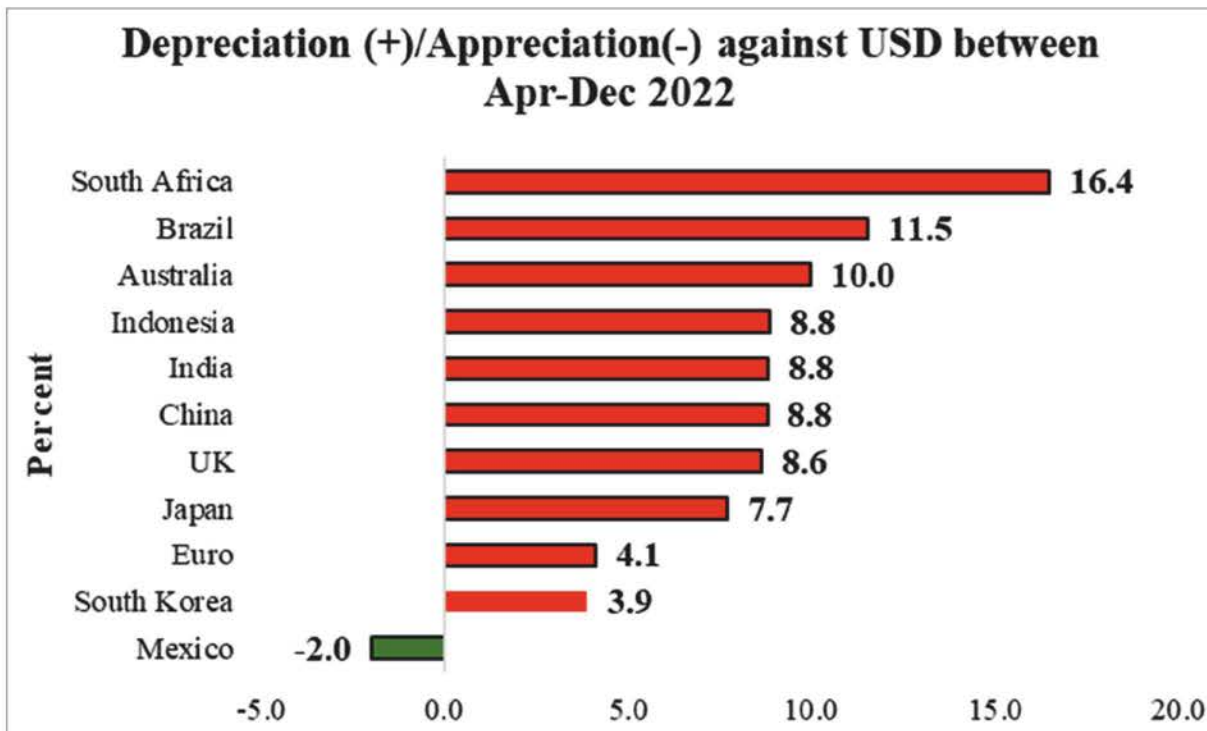
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Sharp rise in commodity prices due to War



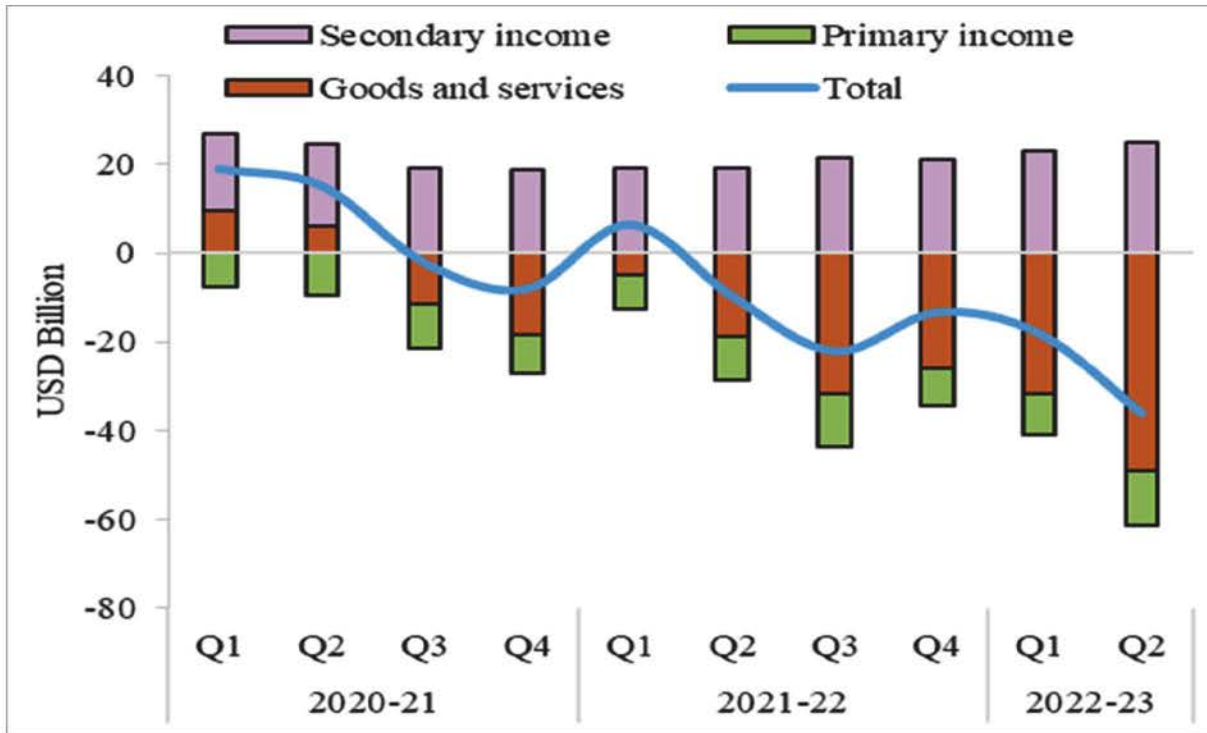
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INR performed well compared to other EMEs



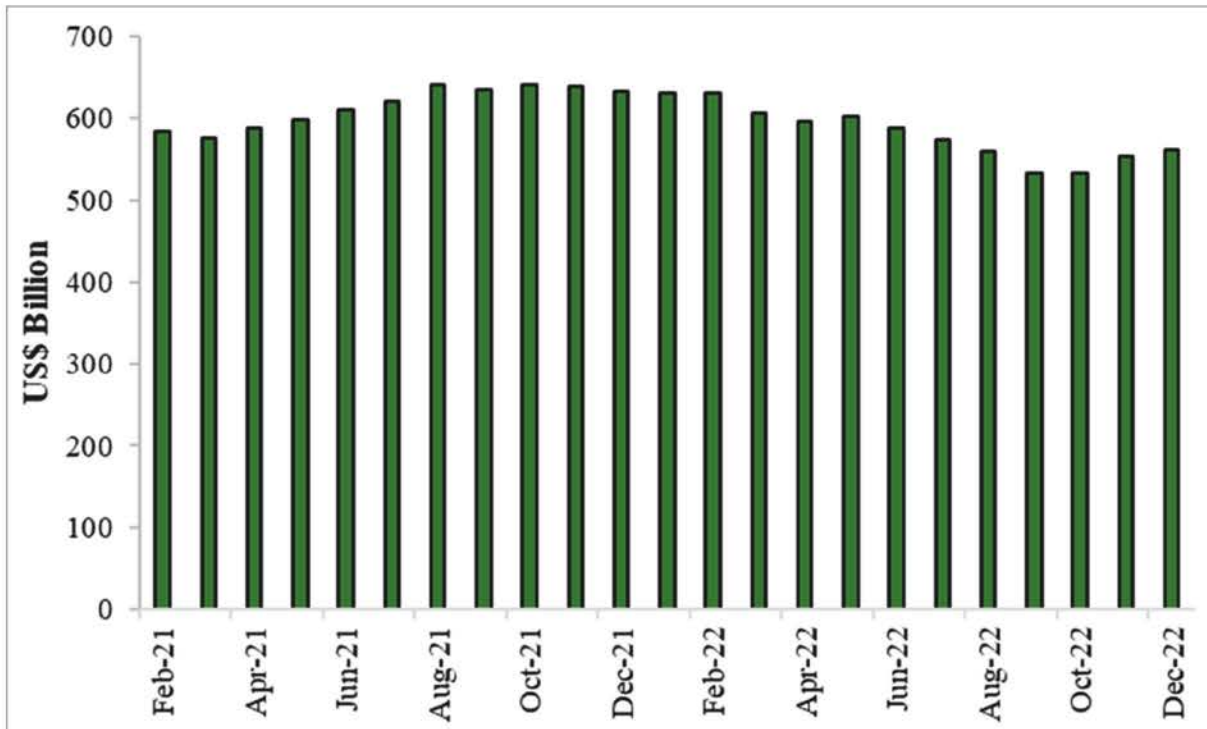
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Widened Current Account Deficit



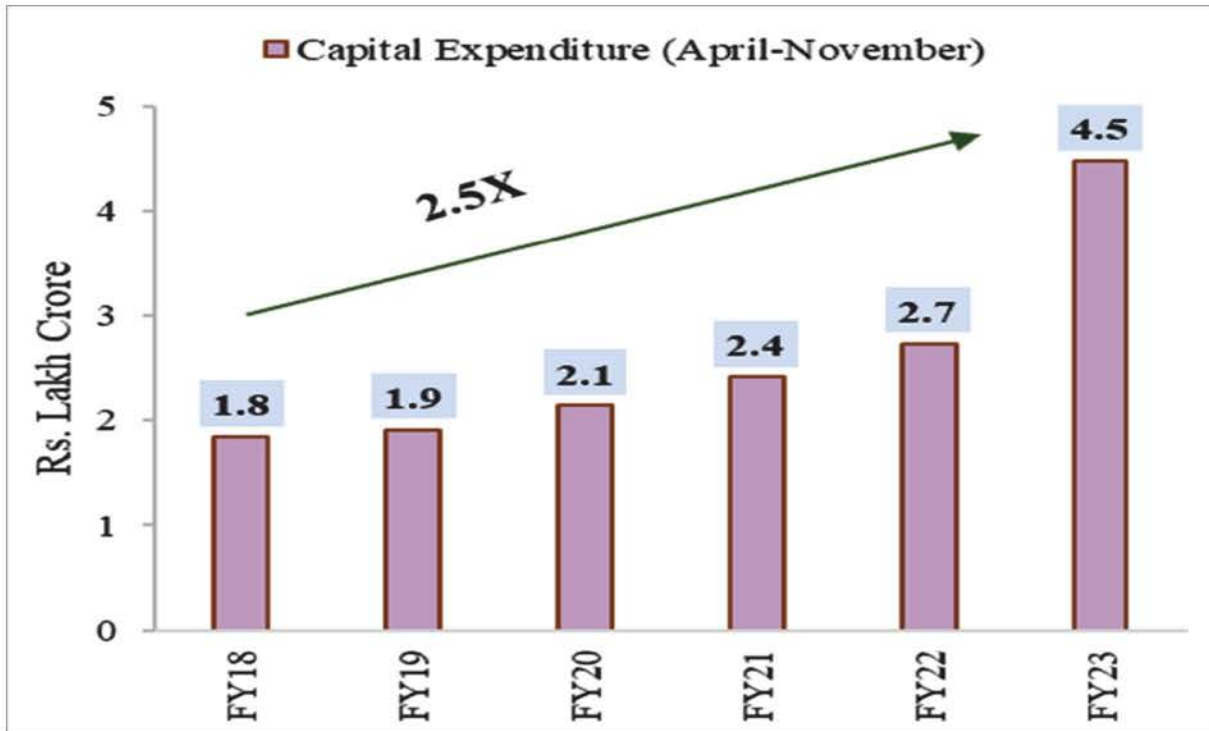
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Adequate foreign exchange reserves to finance CAD



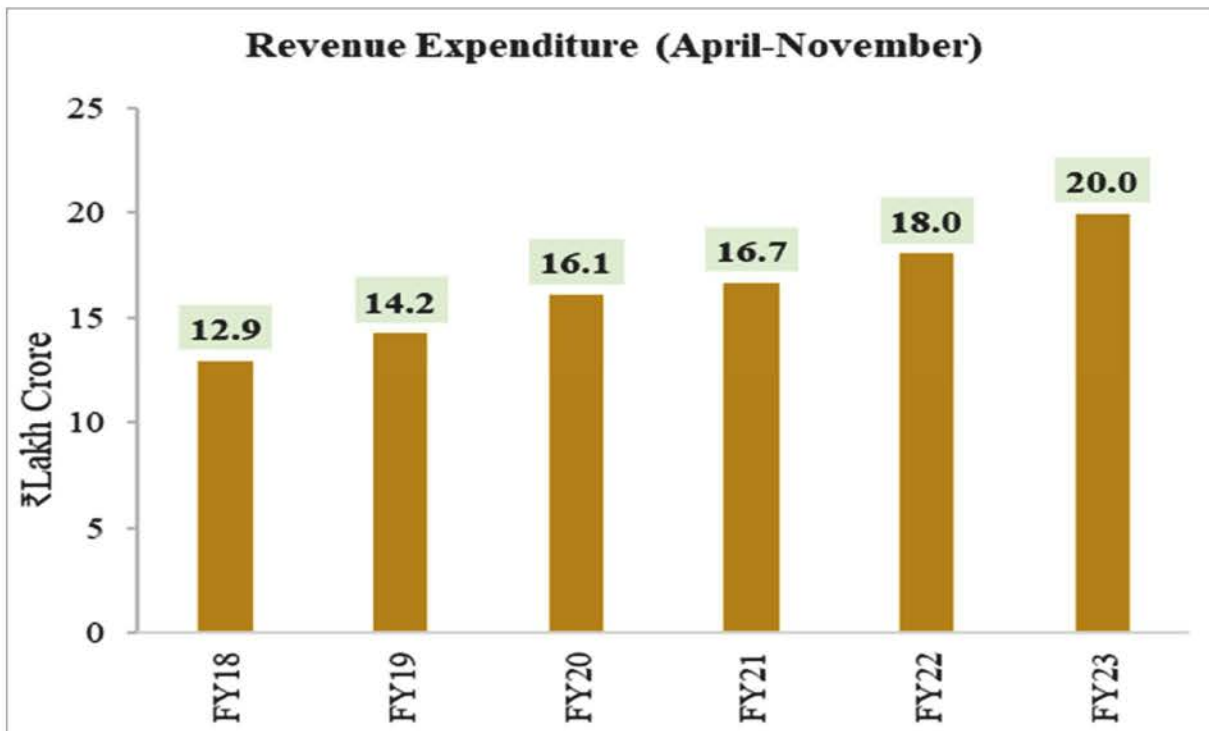
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Capex doubled in the past five years



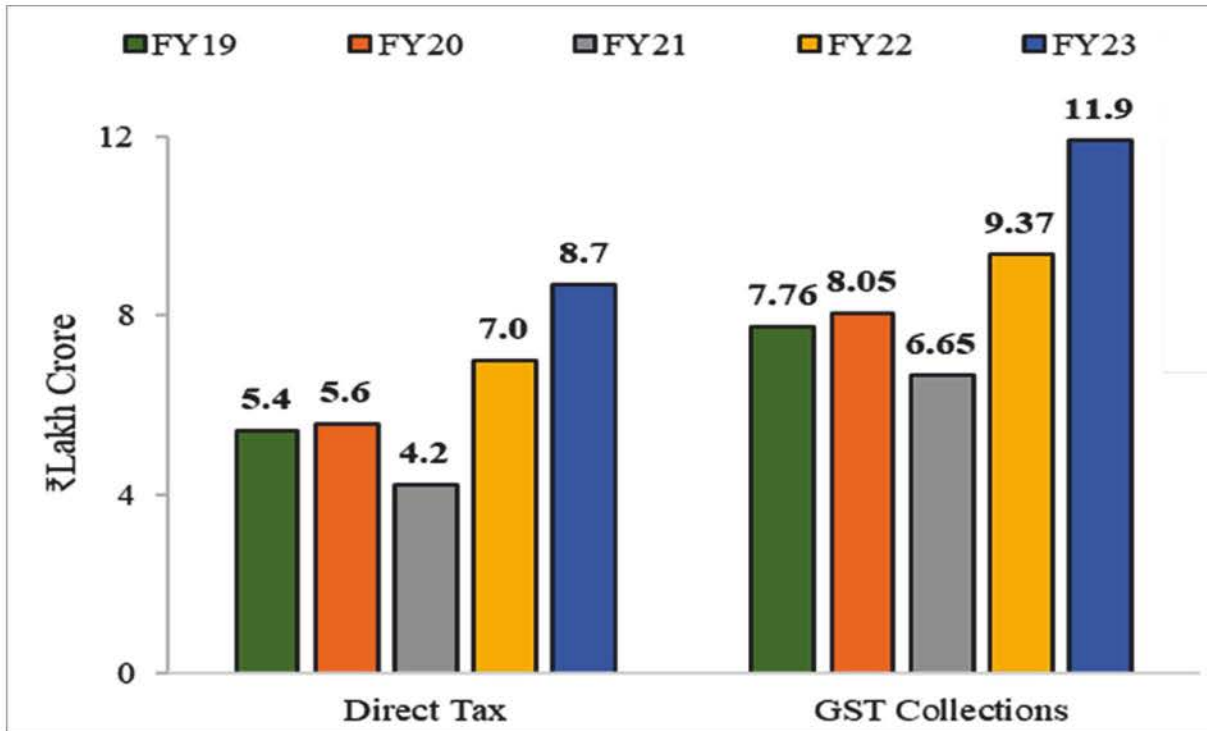
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Limited growth in revenue expenditure



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Buoyant tax collections (April-November)



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Composition and growth trajectory

Figure III.3: Composition of tax profile of Union Government (FY23 BE)

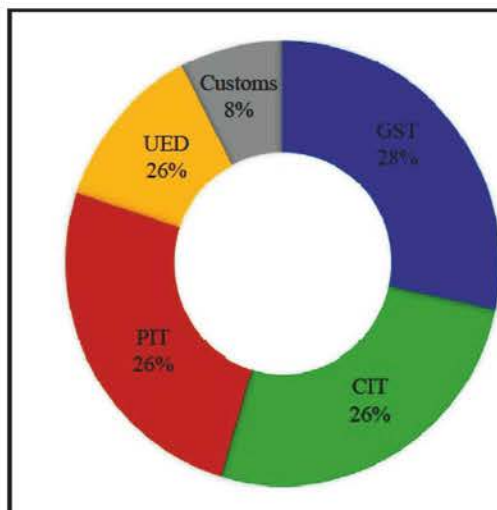
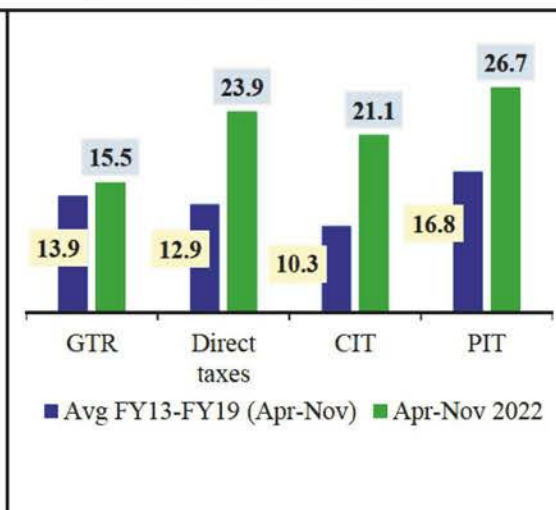


Figure III.4: Growth in Centre's direct taxes are higher than their corresponding longer-term averages during the period April to November



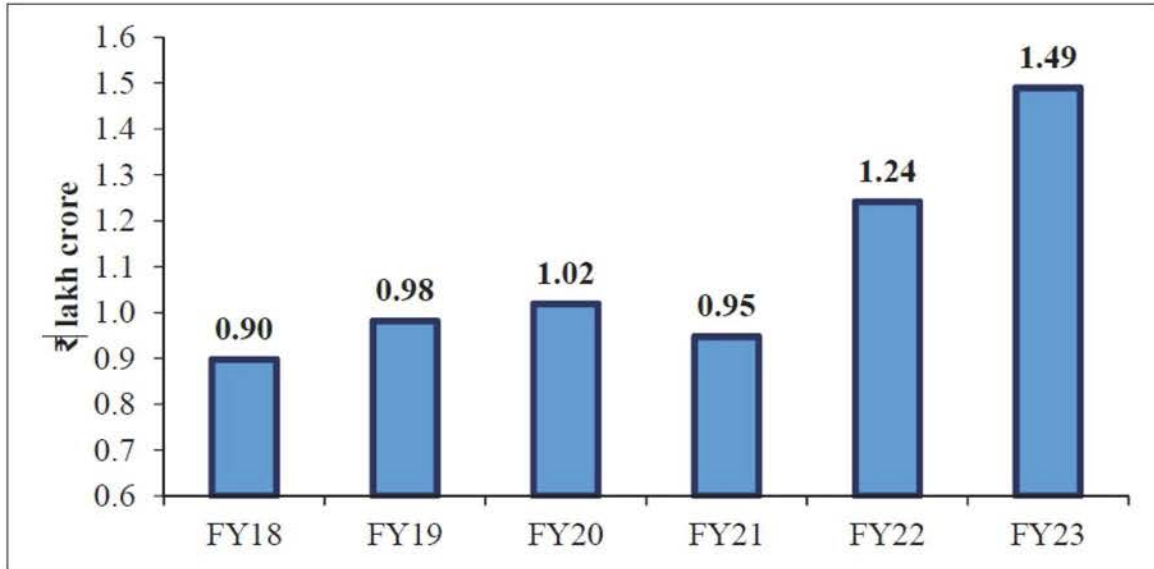
Source: Union Budget FY23, O/o CGA

Note: GTR - Gross Tax Revenue, GST - Goods and Services Tax, CIT - Corporation Income Tax, PIT - Taxes on Income other than Corporation Income Tax. UED - Union Excise Duties

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Rising average monthly gross GST collection

Figure II.9: Rising average monthly gross GST collection

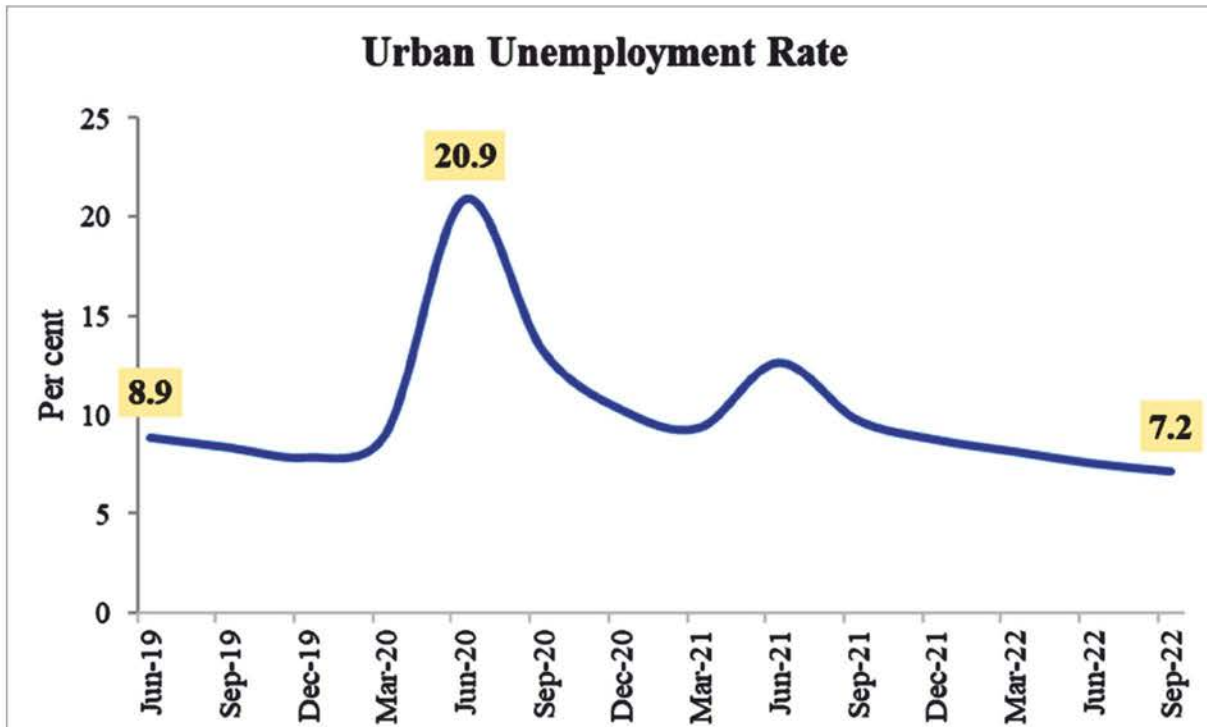


Source: Department of Revenue

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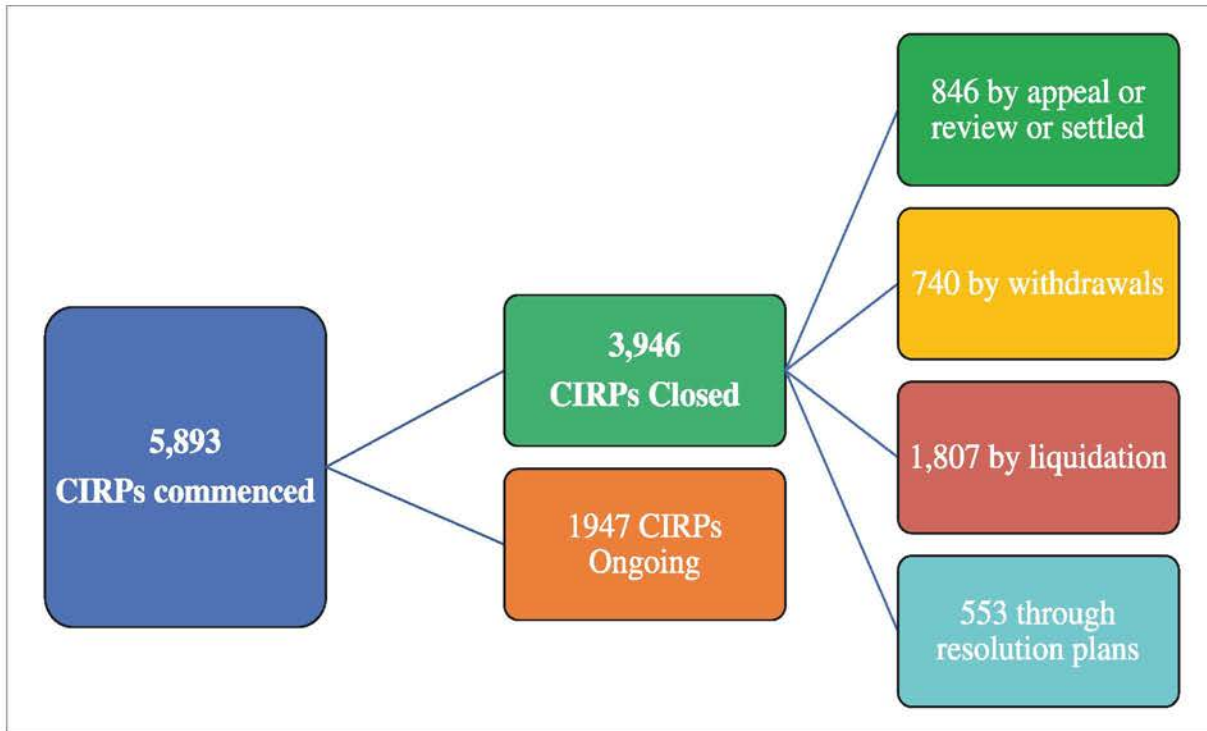
Urban Unemployment Rate at four-year low

Urban Unemployment Rate



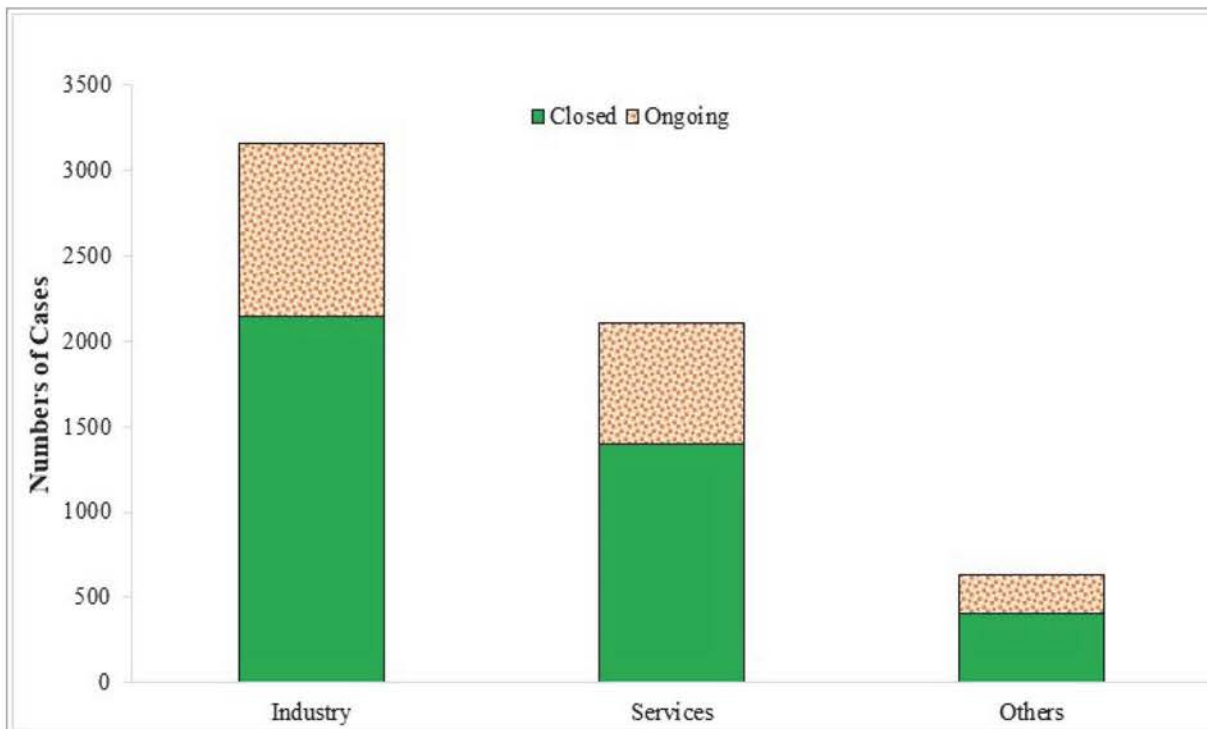
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Corporate Insolvency Resolution Process Status



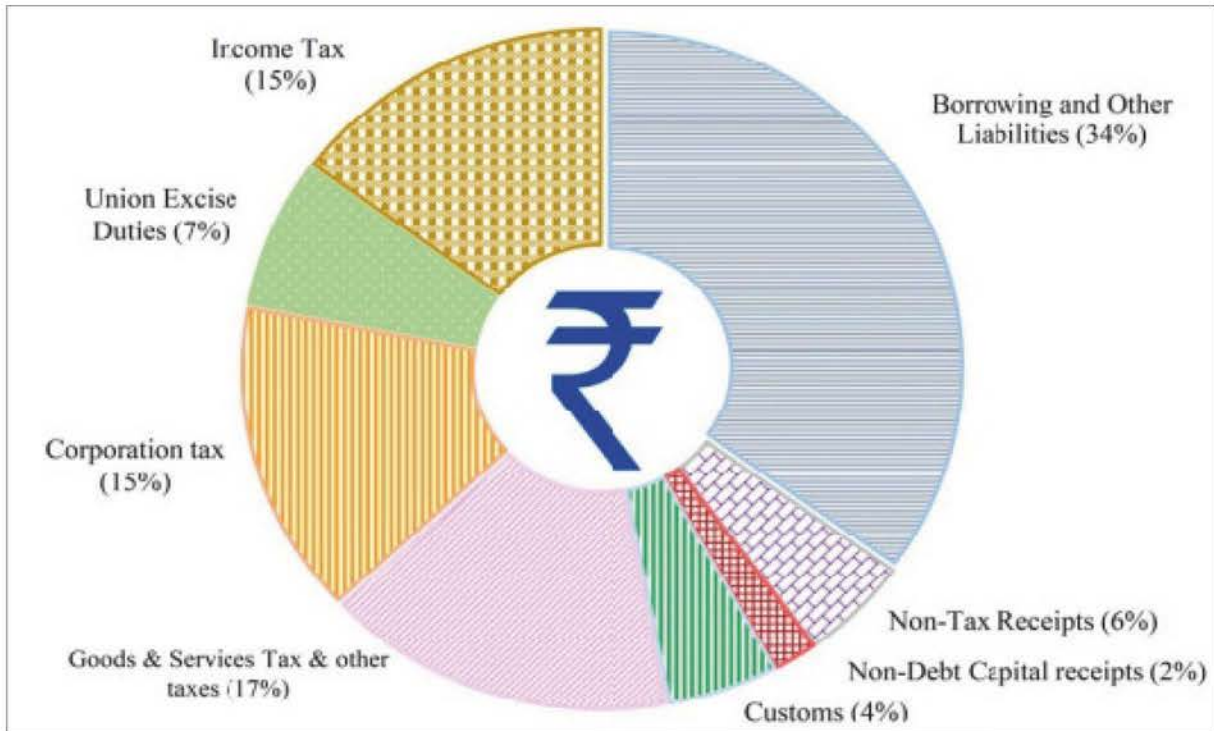
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Sector-wise status of CIRP



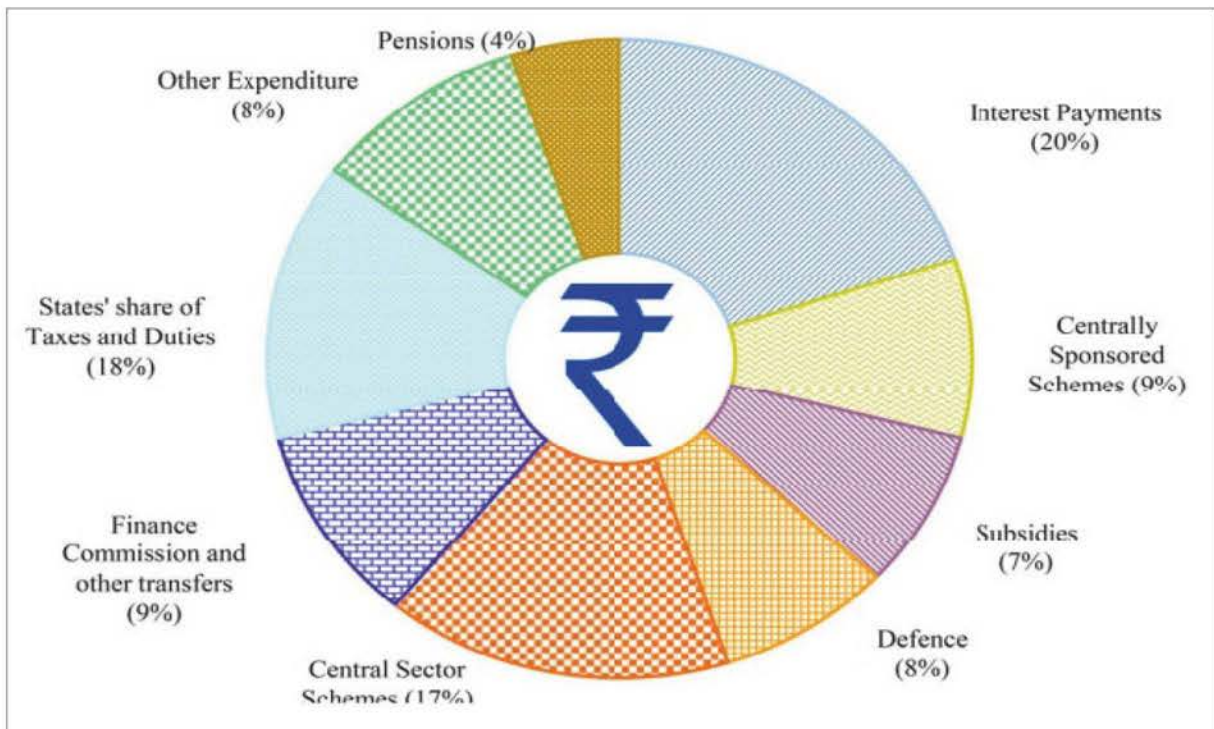
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Rupee Comes From



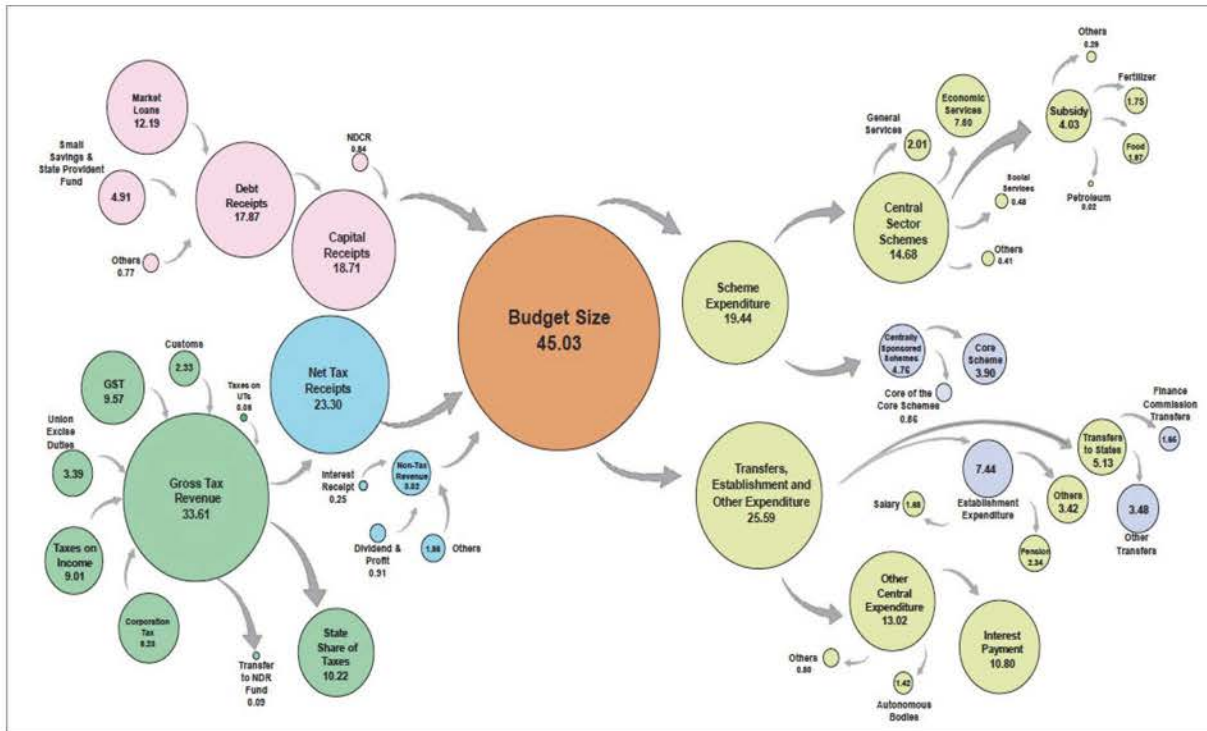
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Rupee Goes To



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Budget Profile



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24 Sub-Sectors under Make in India 2.0

Furniture	Air-Conditioners	Leather ad Footwear	Ready-to-Eat
Fisheries	Agri Produce	Auto Components	Aluminium
Electronics	Agrochemicals	Steel	Textile
EV Components & Integrated Circuits	Ethanol	Ceramics	Set-Top Boxes
Robotics	Televisions	Close Circuit Cameras	Toys
Drones	Medical Devices	Sporting Goods	Gym Equipments

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Vision for Amrit Kaal



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Saptarishi-7 Priorities



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HIGHLIGHTS OF IMPORTANT AMENDMENTS RELATING TO INCOME TAX



RATES OF TAXES

- New tax regime was introduced under the Finance Bill 2020.
- A new section 115BAC was introduced to provide an option of reduced tax rates to individuals and HUF.
- While the slabs of new tax regime were more favourable, it restricted the assessee from claiming many exemptions, allowances, and deductions.
- Currently, if an individual or HUF would opt to file a return, the old regime would have been the default tax regime and such assessee would have to specifically opt for the new tax regime.
- Following major amendments have been proposed in the new tax regime:
 - New sub-section 115BAC(1A) to be inserted.
 - Apart from individual and HUF, the new tax regime to also apply to AOP (other than Co-operative Societies) or BOI, whether incorporated or not, or Artificial Juridical Person
 - The new tax regime to become the default regime for such Persons.
 - If any Person wants to opt for old tax regime, they will have to follow guidelines prescribed under new proposed sub-section 115BAC(6) (discussed in detail ahead)

Tax Rates under Amended New Tax Regime

For Certain Individuals or HUF or AOP (other than Co-operative Societies) or BOI, whether incorporated or not, or Artificial Juridical Person* (Default Rates are applicable u/s 115BAC(1A))

Rate of Tax	For A.Y. 2024-25	For A.Y. 2023-24.
Nil	Up to Rs. 3,00,000	Up to Rs. 2,50,000
5%	From Rs. 3,00,001 to Rs. 6,00,000	From Rs. 2,50,001 to Rs. 5,00,000
10%	From Rs. 6,00,001 to Rs. 9,00,000	From Rs. 5,00,001 to Rs. 7,50,000
15%	From Rs. 9,00,001 to Rs. 12,00,000	From Rs. 7,50,001 to Rs. 10,00,000
20%	From Rs. 12,00,001 to Rs. 15,00,000	From Rs. 10,00,001 to Rs. 12,50,000
25%	-	From Rs. 12,50,001 to Rs. 15,00,000
30%	Exceeding Rs. 15,00,000	Exceeding Rs. 15,00,000
<p>Note: Total income shall be computed subject to conditions as prescribed u/s 115BAC(2)</p> <p>Note: Amount of additional depreciation can be added back to the written down value of the block of such asset as on 1.04.2023, i.e. opening WDV of such block of asset as per the prescribed manner.</p> <p>However, it is proposed that the following deduction or exemption shall be allowable (w.e.f. AY 2024-25):</p> <ul style="list-style-type: none"> • Standard deduction as provided u/s 16(ia), • Deduction of income in the nature of family pension u/s 57(ia), • Deduction in respect of amount paid or deposited in Agniveer Corpus Fund u/s 80CCH(2). • Deduction u/s 80CCD(2) & 80JJAA 		
Surcharge @ 10% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A)	When total income (including the income by way of dividend or income u/s 111A, 112 and

	exceeds Rs. 50 Lakhs but does not exceed Rs. 1 crore.	112A) exceeds Rs. 50 Lakhs but does not exceed Rs. 1 crore.
Surcharge @ 15% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 1 crore but does not exceed Rs. 2 crore.	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 1 crore but does not exceed Rs. 2 crore.
Surcharge @ 25% (subject to marginal relief) #	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore.	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore but does not exceed Rs. 5 crore.
Surcharge @ 37% (subject to marginal relief) #	-	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 5 crore.
Surcharge @ 15% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore, but is not covered under the 25% clause above.	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore, but is not covered under 25% or 37% above.

Where total income includes any income by way of dividend or income u/s 111A, 112 and 112A, the rate of surcharge in respect of that part of income shall not exceed 15%.

In case of AOP consisting only of companies as its members, then the rate of surcharge shall not exceed 15%.

Opting for Old Tax Regime

- New sub-section 115BAC(6) is proposed to be inserted.
- As per the proposed sub-section, a person to whom provisions of section 115BAC(1A) are applicable, may opt for the old tax regime in the manner prescribed.
- In case of a person not having income from business or profession
 - Such option shall be exercised along with the return of income to be furnished u/s 139(1)
 - Such person may opt for the option every year
- In case of a person having income from business or profession
 - Such option shall be exercised on or before the return filing date prescribed u/s 139(1)
 - Such option exercised for any previous year can be withdrawn only once for a previous year other than a year in which it was exercised and thereafter, the person shall never be eligible to exercise the option under this sub-section, except where such person ceases to have any income from business or profession in which case, the above provision shall be applicable, i.e. such person may opt for the option every year.

Tax Rates under Old Tax Regime

For Individuals (Other than Senior Citizen and Super Senior Citizen) or HUF or AOP or BOI, whether incorporated or not, or Artificial Juridical Person*

S. No.	Rate of Tax	For A.Y. 2024-25
	Nil	Up to Rs. 2,50,000
	5%	From Rs. 2,50,001 to Rs. 5,00,000
	20%	From Rs. 5,00,001 to Rs. 10,00,000
	30%	Exceeding Rs. 10,00,000
1	Surcharge @ 10% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 50 Lakhs but not exceeds Rs. 1 crore
2	Surcharge @ 15% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 1 crore but does not exceed Rs. 2 crore.
3	Surcharge @ 25% (subject to marginal relief) #	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore but does not exceed Rs. 5 crore.
4	Surcharge @ 37% (subject to marginal relief) **	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 5 crore.

When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore, but is not covered under S. No 3 or 4 above, then the rate of surcharge is 15%.

#In case of AOP consisting only of companies as its members, then the rate of surcharge shall not exceed 15%.

* If a person opts for old tax regime, the maximum surcharge rate of 37% is applicable.

For Senior Citizens – being a resident in India (i.e., whose age is more than or equal to 60 years but less than 80 years* (if Option u/s 115BAC(6) is exercised)

S. No	Rate of Tax	For A.Y. 2024-25
	Nil	Up to Rs. 3,00,000
	5%	From Rs. 3,00,001 to Rs. 5,00,000
	20%	From Rs. 5,00,001 to Rs. 10,00,000
	30%	Exceeding Rs. 10,00,000
1	Surcharge @ 10% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 50 Lakhs but does not exceed Rs. 1 crore
2	Surcharge @ 15% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 1 crore but does not exceed Rs. 2 crore.
3	Surcharge @ 25% (subject to marginal relief) #	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore but does not exceed Rs. 5 crore.
4	Surcharge @ 37% (subject to marginal relief) #	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 5 crore.

When total income (including the income by way of dividend or income u/s 111A and 112A) exceeds Rs. 2 crore, but is not covered under S. No 3 or 4 above, then the rate of surcharge is 15%.

For Super Senior Citizens – being a resident in India (i.e., whose age is more than or equal to 80 years (if Option u/s 115BAC(6) is exercised)

S. No	Rate of Tax	For A.Y. 2024-25
	Nil	Up to Rs. 5,00,000
	20%	From Rs. 5,00,001 to Rs. 10,00,000
	30%	Exceeding Rs. 10,00,000
1	Surcharge @ 10% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 50 Lakhs but not exceed Rs. 1 crore
2	Surcharge @ 15% (subject to marginal relief)	When total income (including the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 1 crore but does not exceed Rs. 2 crore.
3	Surcharge @ 25% (subject to marginal relief) #	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceeds Rs. 2 crore but does not exceed Rs. 5 crore.
4	Surcharge @ 37% (subject to marginal relief) #	When total income (excluding the income by way of dividend or income u/s 111A, 112 and 112A) exceed Rs. 5 crore.

When total income (including the income by way of dividend or income u/s 111A and 112A) exceeds Rs. 2 crore, but is not covered under S. No 3 or 4 above, then the rate of surcharge is 15%.

For Co-operative Society

Rate of Tax	Existing
10%	Up to Rs. 10,000
20%	From Rs. 10,001 to Rs. 20,000
30%	Exceeding Rs. 20,000
Surcharge @ 7% (subject to marginal relief)	When total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore.
Surcharge @ 12% (subject to marginal relief)	When total income exceeds Rs. 10 crore.

For Certain Co-operative Society (Rates Under Special Cases)

Rate of Tax	Existing
22 % of total income	Option U/s 115 BAD exercised
Surcharge @ 10 % (subject to marginal relief)	On the total tax liability u/s 115 BAD

For Certain Co-operative Society (Rates under Special Case)- New proposed Section 115BAE

Rate of Tax	Conditions
15 % of total income#	<ul style="list-style-type: none"> • New manufacturing co-operative society is set up on or after 01.04.2023. • And Commences manufacturing or production on or before 31.03.2024, and not avail any specified incentive or deduction
Surcharge @ 10 % (subject to marginal relief)	On the total tax liability u/s 115 BAE.

Where total income of the assessee is neither been divided from nor is incidental to manufacturing or production of an article or thing and is respect of which no specific rate of tax has been provided separately, such income shall be taxable at 22%.

For Firm and Local Authority

Rate of Tax	Existing
30%	Whole of the total income
Surcharge @ 12% (subject to marginal relief)	When total income exceeds Rs. 1 crore

For Domestic Company

Rate of Tax	Existing
25 % of total income	Total turnover/Gross Receipt in previous year 2021-22 was upto Rs. 400 crore.
30 % of total income	In all other cases.
Surcharge @ 7 % (subject to marginal relief)	When total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore.
Surcharge @ 12 % (subject to marginal relief)	When total income exceeds Rs. 10 crore.

For Certain Domestic Company (Rates Under Special Cases)

Rate of Tax	Existing
22 % of total income	Option U/s 115 BAA exercised
15 % of total income	Option U/s 115 BAB exercised
Surcharge @ 10 % (subject to marginal relief)	On the total tax liability u/s 115BAA or 115BAB

For Company, other than Domestic Company

Rate of Tax	Existing
50 %	Specific Royalty/FTS
40 %	Balance Total Income
Surcharge @ 2 % (subject to marginal relief)	When total income exceeds Rs. 1 crore but does not exceed Rs. 10 Crore

Surcharge @ 5 % (subject to marginal relief)	When total income exceeds Rs. 10 crore
--	--

Cess on Income Tax

Particulars	Existing
Health and Education Cess#	4% of income tax including surcharge

#No Marginal Relief is available in respect of Health and Education Cess.

Rebate u/s 87A

- From assessment year 2024-25 onwards, an assessee, being an individual resident in India whose income chargeable to tax under proposed section 115BAC(1A), i.e. who opts for the new tax regime, shall now be entitled to a rebate of tax payable on total income not exceeding Rs. 7 Lakh. Hence, the individual will get the following tax rebate:
 - 5% on 3,00,000 (3 lakh to 6 lakh): Rs. 15,000/-
 - 10% on 1,00,000 (6 lakh to 7 lakh): Rs. 10,000/-
 - Total rebate (15,000 + 10,000): Rs. 25,000/-
- For an individual who opts for the old tax regime u/s 115BAC(6), the rebate of tax shall continue on total income not exceeding Rs. 5 Lakh. Hence, the individual will get the following tax rebate:
 - 5% on 2,50,000 (2.5 lakh to 5 lakh): Rs. 12,500/-

SOCIO ECONOMIC WELFARE MEASURES

Relief to Start-Ups in Carrying Forward and Setting Off of Losses

- Section 79 of IT Act prohibits setting off of carried forward losses if there is change in shareholding of companies, other than companies in which the public are substantially interested.
- The carried forward loss is allowed to be set off only if at least 51% of the voting power of the company, as on the last date of previous year, remains with the same beneficial shareholders of the company as on the last date of the previous year or years to which the loss belongs.
- However, an eligible start-up as referred to in Section 80-IAC of IT Act can set off the carried forward loss even if there is no continuity of at least 51% voting power, subject to the following conditions:
 - 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, and
 - loss, that is to be set off, has been incurred during the period of 7 years beginning from the year in which such company is incorporated.
- Section 80-IAC provides for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive A.Y.s out of 10 years, beginning from the year of incorporation of eligible start-up, at the option of the assessee subject to certain conditions.
- To align the period of 7 years contained in Section 79 with the period of 10 years contained in Section 80-IAC, it is proposed to amend the proviso to Section 79(1).
- After the proposed amendment, the carried forward loss of eligible start-up shall be considered for set off under the proviso to Section 79(1), if such loss has been incurred during the period of 10 years beginning from the year in which such company was incorporated.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

Extension of Date of Incorporation for Eligible Start-Up for Exemption u/s 80-IAC

- The existing provisions of Section 80-IAC of IT Act provides for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive A.Y.s out of 10 years, beginning from the year of incorporation of eligible start-up, at the option of the assessee, subject to the condition that:
 - the total turnover of its business does not exceed Rs. 100 Crore,
 - it is holding a certificate of eligible business from the Inter-Ministerial Board of Certification, and
 - it is incorporated on or after 01.04.2016 but before 01.04.2023.
- To further promote the development of start-ups in India and to provide them with a competitive platform, it is proposed to extend the period of incorporation of eligible start-ups to 01.04.2024.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

Conversion of Physical Form of Gold to Electronic Gold Receipt and *vice versa*

- Pursuant to the announcement in the Union Budget 2021-22 about Gold Exchange, SEBI has come out with a regulatory framework for spot trading in gold on existing stock exchanges through the instrument of Electronic Gold Receipts ("EGR").
- To promote the concept of Electronic Gold, the act of conversion of physical gold to EGR and *vice versa* is proposed to be made tax neutral.

Exclusion from the ambit of 'Transfer'

- Accordingly, it is proposed to:
 - to provide that any transfer of a capital asset, being physical gold to the EGR issued by a Vault Manager or such EGR to physical gold shall not be considered as 'transfer' by inserting a new clause (viid) in Section 47 of IT Act.

- to provide that the expressions “Electronic Gold Receipt” and “Vault Manager” shall have the meanings respectively assigned to them in regulation 2(1)(h) and regulation 2(1)(l) of the SEBI (Vault Managers) Regulations, 2021 made under the SEBI Act by inserting an Explanation to the proposed Section 47(viid).

Cost of Acquisition

- It is also proposed to insert Section 49(10) in IT Act to provide that for the purpose of computing capital gains, the cost of acquisition of:
 - EGR, which became the property of the person as a consideration of a transfer as referred to in proposed Section 47(viid), shall be deemed to be the cost of gold in the hands of the person in whose name EGR is issued.
 - gold released against an EGR, which became the property of the person as a consideration of a transfer as referred to in proposed Section 47(viid), shall be deemed to be the cost of EGR in the hands of such person.

Period of Holding

- It is also proposed to insert a new clause (hi) in Explanation 1 of Section 2(42A) of IT Act to provide that for the purpose of computing capital gains, the holding period of:
 - EGR, issued in respect of gold deposited as referred to in proposed Section 47(viid), shall include the period for which the gold was held by the assessee prior to conversion into EGR.
 - gold, released in respect of EGR as referred to in Section 47(viid), shall include the period for which such EGR was held by the assessee prior to its conversion into gold.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Promoting Timely Payment to Micro and Small Enterprises

- Section 43B of IT Act provides for certain deductions to be allowed only on actual payment. Further, the proviso of this section allows deduction on accrual basis, if the amount is paid by due date of furnishing of the return of income.
- In order to promote timely payments to micro and small enterprises, it is proposed to include payments made to such enterprises within the ambit of Section 43B of IT Act.
- It is proposed to insert a new clause (h) to Section 43B of IT Act, so as to provide that any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in Section 15 of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) shall be allowed as deduction only on actual payment.
- It is proposed to amend the proviso to Section 43B of IT Act also, to not allow the deduction on accrual basis, even if the amount is paid by due date of furnishing the return of income in the case of micro or small enterprises. Thus, resulting in dis-allowance if the payment is not made strictly in compliance with the proposed amendment.
- It is proposed to substitute clause (e) and clause (g) of Explanation 4 to define the expressions “micro enterprise” and “small enterprise” for the purposes of Section 43B of IT Act.
- As per Section 7 of MSMED Act, 2006 [By Notification no. S.O. 2119]
 - A micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
 - A small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;
 - A medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

- Thus, the proposed amendment to Section 43B of IT Act will allow the payment to micro and small enterprises as deduction only on payment basis subject to due dates as mentioned u/s 15 of MSMED Act 2006.
- *w.e.f. 01.04.2024*

Section 15 of MSMED Act, 2006 mandates payments to micro and small enterprises within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days.

Agnipath Scheme, 2022 For Personnel of Indian Armed Forces

- The Ministry of Defence had introduced Agnipath Scheme, 2022 (the Scheme) for enrolment of Agniveers in Indian Armed Forces. It has come into force on 01.11.2022.
- In pursuance of the Government's decision to implement the Agnipath Scheme, 2022, the Competent Authority has decided to create a non-lapsable dedicated Agniveer Corpus Fund in the interest-bearing section of the Public Account head.
- The package given to an Agniveer from Agniveer Corpus Fund is called as 'Seva Nidhi'.
- In the Scheme, Agniveer Corpus Fund is defined as a Fund in which consolidated contributions of all the Agniveers and matching contributions of the Government along with interest on these contributions would be held in their respective accounts.
- The scheme will be administered and the Fund will be maintained under the aegis of Ministry of Defence (MoD) with the following features –
 - Each Agniveer is to contribute 30% of his monthly customized Agniveer Package to the individual's Agniveer Corpus Fund. Further the Government will also contribute a matching amount to the 'Agniveer Corpus Fund'. The

Government will also pay to the subscriber interest as approved from time to time on the contributions standing in his account.

- On completion of the engagement period of 4 years, Agniveers will be paid one time 'Seva Nidhi' package, which shall comprise of their contribution including interest thereon and matching contribution from the Government equal to the accumulated amount of their contribution including interest.
- It is proposed to insert a clause (12C) in Section 10 of IT Act so as to provide that any payment from the Agniveer Corpus Fund under the Agnipath Scheme to a person enrolled under the said Scheme, or to his nominee, shall be exempted.
- It is proposed to insert Section 17(1)(ix) of IT Act to provide that the contribution made by the Central Government in the previous year to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme referred to in Section 80CCH shall be considered as salary of that individual.
- It is proposed to insert a new Section 80CCH to provide that where an assessee, being an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after 1st November, 2022, has in the previous year, paid or deposited any amount in his account in the said Fund, he shall be allowed a deduction in the computation of his total income-
 - Of the whole of the amount so paid or deposited in accordance with the said Scheme; and
 - Any contribution made by Central Government.
- It is further proposed to define the expressions "Agnipath Scheme" and "Agniveer Corpus Fund". The same have been defined u/s Section 80CCH of IT Act as follows:-
 - "Agnipath Scheme" means the scheme for enrolment in Indian Armed Forces introduced vide letter No.1(23)2022/D(Pay/Services), dated the 29th December, 2022 of the Government of India in the Ministry of Defence;
 - "Agniveer Corpus Fund" means a fund in which consolidated contributions of all the Agniveers and matching contributions of the Central Government along with interest on both these contributions are held'.
- Further, the above deduction shall also be available to an individual who has opted for concessional tax regime u/s 115BAC(2)(i) of IT Act.
- **w.e.f. 01.04.2023.**

Rationalization of Provisions for Relief to Sugar Co-operatives from Past Demand u/s 155

- Section 36(1)(xvii) was inserted through Finance Act 2015 which provides that the amount paid for purchase of sugarcane by the co-operative societies engaged in the manufacture of sugar at a price which is equal to or less than the price fixed by the Government i.e., Statutory Minimum Price (SMP) shall be allowed as deduction for computing business income of the sugar co-operative factories. It was made applicable from A.Y. 2016-17 onwards.
- However, pending demands and litigation persisted in respect of assessment year prior to A.Y. 2016-17. Therefore, to provide the benefit of the relief mentioned in Section 36(1)(xvii) for years prior to A.Y. 2016-17, it is proposed to amend section 155 of IT Act by insertion of a new sub-section (19).
- It shall provide that in case of a sugar mill co-operative, where any deduction in respect of any expenditure incurred for purchase of sugarcane has been claimed by the assessee and disallowed by AO commencing on or before 01.04.2014, an application regarding the same will be made by the assessee. AO will recompute the total income of such assessee for such previous year.
- Deduction shall be allowed to the extent such expenditure is incurred at a price equal to or less than the price fixed by the Government for that previous year.
- Consequently, the provisions of section 154(7) of IT Act will apply i.e., period of 4 years shall be reckoned from the end of previous year commencing on 01.04.2022.
- *w.e.f. 01.04.2023.*

Increasing Threshold Limit for Co-operatives to withdraw cash without TDS u/s 194N.

- Section 194N provides for deduction of income tax @ 2% at the time of making payment of sum in cash to the recipient by a banking company or co-operative society engaged in the business of banking or post office. The requirement to deduct tax applies only when the amount of cash payment exceeds Rs. 1 crore during the year.
- A new proviso is proposed to be inserted after second proviso in Section 194N of IT Act as per which for the purpose of Section 194N, in case if the recipient of cash is a co-operative society, the threshold limit is substituted to Rs. 3 crore from Rs. 1 crore.
- Further, the existing Section 194N stipulates that where the recipient of cash is a non-filer, then the deduction u/s 194N shall be at an increased @ 2% where the sum exceeds Rs. 20 lakh but not exceeding Rs. 1 crore in aggregate during the financial year, and @ 5% on sum exceeding Rs. 1 crore in aggregate during the financial year.
- Non-filer means a recipient who has not filed any income tax return for all of the three assessment years relevant to the three previous years immediately preceding the previous year in which such payment is received.
- Consequently, on account of substitution of the limit for the recipient co-operative societies, the thresholds for where the recipient of cash is a non-filer, then the deduction u/s 194N shall be at an increased @ 2% where the sum exceeds Rs. 20 lakh but not exceeding Rs. 3 crore in aggregate during the financial year, and @ 5% on sum exceeding Rs. 3 crore in aggregate during the financial year
- *w.e.f. 01.04.2023.*

Increasing Threshold Limit for Cash Loan/transactions against PACS and PCARD u/s 269SS and 269T

- Presently, Section 269SS provides that no person shall take from any person any loan or deposit otherwise than by account payee cheque/account payee bank draft/online transfer exceeding Rs. 20,000.
- Similarly, Section 269T provides that no loan or deposit shall be repaid otherwise than by account payee cheque/account payee bank draft/online transfer if the amount of such loan or deposit is exceeding Rs. 20,000.
- Primary Agricultural Credit Societies (PACS) and Primary Co-operative Agricultural and Rural Development Bank (PCARD) are engaged in providing credit facilities in the rural segment. They were liable for penalty on accepting loan or deposit in cash exceeding Rs. 20,000 as per Section 269SS as well as repayment of loan or deposit exceeding Rs. 20,000 under section 269T.
- To provide relief to the low-income groups, a new proviso is proposed to be inserted after the second proviso which states a higher limit of Rs. 2 lakh per member for cash deposits to and loans by PACS and PCARD.
- Penalty would be leviable only when the amount of loan or deposit exceeds Rs.2 lakh.
- *w.e.f. 01.04.2023.*

Time Limit for Relocation of a Foreign Fund to International Financial Service Centre extended

- To promote IFSC, the government had exempted capital gain in hands of shareholder or unit holder or interest holder, on relocation of the share or unit or interest held in an Original Fund (a foreign fund) as defined u/s 47(viiad) of the IT Act or of its wholly owned special purpose vehicle, for the share or unit or interest in the Resultant Fund (in India) subject to the conditions such as
 - Such Resultant Funds are registered under
 - SEBI (Alternative Investment Fund) Regulations, 2012 or
 - International Financial Service Centre Authority Act, 2019
 - The Resultant Fund need to be located in any IFSC

- Relocation of the Original Fund shall be done on or before 31.03.2023
- To further promote the relocation of foreign funds to IFSC set up in India, the above time limit of 31.03.2023 for relocation has now been proposed to be further extended to 31.03.2025.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

Avoidance of Double Taxation on Income distributed to Non-Residents by IFSC Banking Unit (IBU)

- Non-Residents subscribe to Offshore Derivative Instruments (ODI) issued overseas by the IBU against securities held by it in India, as its underlying.
- Income of non-residents on transfer of Offshore Derivative Instruments (ODI) entered into with IBU [referred in Section 80LA(1A)] is exempt u/s 10 (4E) of the Act. Income earned by the IBU on such investments is taxed as capital gains, interest, dividend under section 115AD of the Act. After the payment of tax, the IBU passes such income to the ODI holders.
- Presently, the exemption is provided only on the transfer of ODIs and not on the distribution of income to the non-resident ODI holders, hence this distributed income is taxed twice in India i.e. first when received by the IBU and second, when the same income is distributed to non-resident ODI holders.
- Therefore, in order to remove the double taxation, it is proposed to amend Section 10(4E) of the IT Act, to also provide exemption to any income distributed on the ODI to a non-resident subject to the condition that IBU fulfils conditions as may be prescribed .
- Further, via Proviso it has also been provided that such exempted income shall include only that amount which has been charged to tax in the hands of the IBU u/s 115AD.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Reference to IFSCA (Fund Management) Regulations, 2022 included in IT Act

- International Financial Services Centres Authority (IFSCA) (Fund Management) Regulations, 2022 was recently notified on 19.05.2022.
- IFSCA is the authority to manage and regulate the Fund Management Entities (FME) established under the above regulations for undertaking the business of fund management in an International Financial Services Centre (IFSC).
- To promote FME which have been registered under the recently notified regulations, the reference of the above mentioned regulation has been inserted in various provisions of the IT Act.
- Accordingly, it has been proposed to amend the definition of the terms , “Specified Fund”, “Resultant Fund” and “Investment Fund” under various provisions of IT Act to include IFSCA (Fund Management) Regulations, 2022.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

Exemption to Development Authorities

- Section 10(46) of the IT Act provides exemption to any specified income arising to a body or authority or Board or Trust or Commission, or a class thereof which—
 - (a) has been established or constituted by or under a Central, State or Provincial Act, or constituted by the Central Government or a State Government, with the object of regulating or administering any activity for the benefit of the general public;*
 - (b) is not engaged in any commercial activity; and*
 - (c) is notified by the Central Government in the Official Gazette for the purposes of this clause.*

Emphasis Supplied

- Supreme Court in case of *ACIT (Exemptions) vs Ahmedabad Urban Development Authority in Civil Appeal No 21762 of 2017* vide its order dated 19.10.2022 held that in sub-clause (b) of clause (46) of section 10 of the Act, the term “commercial” has the same meaning as “trade, commerce, business” in

clause (15) of section 2 of the Act. Therefore, sums charged by such notified body, authority, Board, Trust or Commission (by whatever name called) will require similar consideration – i.e., whether it is at cost with a nominal mark-up or significantly higher, to determine if it falls within the mischief of “commercial activity”.

- However, the Hon’ble Court has also made a fine distinction in respect of statutory authorities, boards etc. which have been established by the State government or Central governments, for achieving essentially “public functions/services”. In such cases, the court have held that the amounts or any money whatsoever charged for the public services are prima facie to be excluded from the mischief of business or commercial receipts as their objects are essential for advancement of public purposes/ functions.
- Accordingly, for those body or authority or Board or Trust or Commission, not being a company, not covered in the scope of Section 10(46) of the IT Act, a new clause (46A) in section 10 of the IT Act is proposed to be inserted for exempting their income.
- The new clause (46A) proposes to exempt any income arising to a body or authority or Board or Trust or Commission, not being a company, which has been
 - Established or constituted by or under a Central or State Act with one or more of the following purposes,
 - namely: -
 - (i) dealing with and satisfying the need for housing accommodation;
 - (ii) planning, development or improvement of cities, towns and villages
 - (iii) regulating, or regulating and developing, any activity for the benefit of the general public; or
 - (iv) regulating any matter, for the benefit of the general public, arising out of the object for which it has been created.
 - Is notified by the Central Government in the Official Gazette for the purposes of this clause
- This amendment shall cover various authorities such as urban improvement trusts, urban development authorities, housing boards etc.
- Consequential amendment is also proposed in the Explanation to the nineteenth proviso of section 10(23C) and in section 11(7) of the IT Act.

w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)

Change in Definition of Strategic Disinvestment for Allowing Carry Forward of Accumulated Losses and Unabsorbed Depreciation

- As per existing provision of Section 72A of IT Act IT Act relates to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger, this section provides provides that in specified cases, accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the accumulated loss and unabsorbed depreciation of amalgamated company for the previous year in which the amalgamation was affected. Conditions have also been laid down in the section to facilitate carry forward and set off of loss and unabsorbed depreciation in the case of strategic disinvestment.
- As per present provisions the term Strategic disinvestment has been defined as sale of shareholding by the Central Government or any State Government in a public sector company which results in reduction of its shareholding below 51% along with transfer of control to the buyer.
- It is proposed to substitute clause (iii) of the Explanation to Section 72A(1)(d) to provide that -
 - strategic disinvestment shall mean 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 fifty-one per cent.; and*
 - (b) *transfer of control to the buyer.*
 - Provided that the condition laid down in subclause (a) shall apply only in a case where shareholding of the Central Government or the State Government or the public sector company was above fifty-one per cent. before such sale of shareholding:*
 - Provided further that the requirement of transfer of control referred in subclause (b) relation to such strategic disinvestment may be carried out by either the Central Government, or the State Government or the public sector company or any two of them or all of them.*

(Emphasis Supplied)

- Thus, the above proposed amendment shall result in facilitating certain strategic disinvestment by the government.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards).*

Carry Forward of Losses and Unabsorbed Depreciation after Strategic Disinvestment

- As per current Provisions of Section 72AA(i), where there is amalgamation of one or more banking institutions under a scheme sanctioned and brought into force by the Central Government under Section 45(7) of Banking Regulation Act, 1949 (10 of 1949), the accumulated loss and the unabsorbed depreciation of such banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution or amalgamated corresponding new bank or amalgamated Government company for the previous year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.
- It is proposed to amend clause (i) of Section 72AA of IT Act 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 five years of strategic disinvestment.
- It is further proposed to insert a new clause (via) in the Explanation to the Section 72AA of IT Act so as to refer the revised definition of term “strategic disinvestment” by giving reference to the meaning assigned to it in clause (iii) of the Explanation to Section 72A(1)(d) of IT Act.
- Allowing carry forward of losses on strategic disinvestment including that of IDBI Bank.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards).*

15 % Concessional tax to Promote New Manufacturing Co-operative Society

- The existing provisions of the Section 115BAD of IT Act, provides a concessional taxation regime for co-operative societies, wherein they can opt to pay tax @ the reduced rate of 22%. if they do not avail of any specified incentives or deductions.
- Section 115BAB of IT Act provides that new manufacturing domestic companies set up on or after 01.10.2019, which commence manufacturing or production by 31.03.2023 and do not avail of any specified incentive or deductions, may opt to pay tax @ a concessional rate of 15%. However, the same provision has not been provided for new manufacturing co-operative societies.
- To provide a level playing field to co-operative societies as well, it is proposed to insert Section 115BAE in IT Act to provide that new manufacturing co-operative society set up on or after 1st April, 2023, which commence manufacturing or production by 31st March, 2025 and do not avail of any specified incentive or deduction, may opt to pay tax @ a concessional rate of 15%.
- The other condition as mentioned in Section 115 BAE of IT Act for new manufacturing companies have also been made applicable to new manufacturing Co-operative societies except to the condition that generation of electricity shall also be an eligible business for the purpose of Section 115BAE of IT Act.
- A consecutive amendment has also been proposed by inserting a new clause (vb) to Section 92BA of IT Act to include the transaction between the cooperative society and the other person with close connection within the meaning of 'specified domestic transaction'.
- *w.e.f. 01.04.2024. (A.Y. 2024-25 onwards)*

EASE OF COMPLIANCE

No Requirement to Carry Out Preliminary Expenses by Self or an Approved Concern

- Section 35D of IT Act provides for amortization of certain preliminary expenses incurred prior to the commencement of business or after commencement, in connection with extension of undertaking of setting up of a new unit equally over 5 successive previous years.
- Section 35D(2) defines the nature of expenditure eligible for deduction u/s 35D.
- The proviso to Section 35D(2)(a) 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 relating to the business of the assessee would need to be carried out:
 - either by the assessee himself; or
 - by a concern which is approved by the Board.
- To ease the process of claiming amortization of aforesaid preliminary expenses, it is proposed to substitute the proviso to Section 35D(2)(a) to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board.
- The proposed substitute proviso shall require the assessee to furnish a statement containing the particulars of this expenditure within prescribed period to the prescribed income-tax authority in the prescribed form and manner basis which such deduction of aforesaid expenditure can be claimed.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Increasing Threshold Limits for Presumptive Taxation Schemes

- Sections 44AD of IT Act provides for presumptive income scheme for certain resident assessee carrying on eligible business. Under the scheme, a sum equal to 8% or 6% of the turnover or gross receipt is deemed to be profits and gains from business u/s 44AD.
- Sections 44ADA of IT Act provides for presumptive income scheme for certain resident assessee engaged in eligible profession. Under the scheme, 50% of the gross receipts is deemed to be profits and gains from business u/s 44ADA.
- Under the existing provisions, the scheme u/s 44AD can be opted if the turnover or gross receipt from eligible business is up to Rs. 2 Crore.
- Similarly, the scheme u/s 44ADA can be opted if total gross receipts from profession do not exceed Rs. 50 lakhs in a previous year.
- Further, those assessee opting for and fulfilling the conditions laid in the presumptive schemes are exempt from audit under Section 44AB of IT Act.
- To benefit more persons in the small and medium segment, ease compliance and promote non-cash transactions, it is proposed to increase the threshold limits for presumptive scheme in Section 44AD and Section 44ADA on fulfilment of certain conditions.
- It is proposed to insert a proviso to clause (b) in Explanation to Section 44AD to provide that for eligible business, 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, a threshold limit of Rs. 3 Crore will apply.
- It is also proposed to insert proviso after Section 44ADA(1) to provide that, 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 5% of the total gross receipts, a threshold of Rs. 75 Lakh will apply.
- In the above proposed insertions, 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.

- It is also proposed to substitute the first proviso to Section 44AB to provide that the provisions of Section 44AB shall not apply to a person who declares profits and gains for the previous year in accordance with the provisions of Section 44AD(1) or Section 44ADA(1).
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Extending the Scope for Deduction of Tax at Source to Lower or Nil Rate

- Section 197 of IT Act provides for assessee to apply to AO for TDS at zero rate or lower rate, if the tax is required to be deducted under sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBB, 194LBC, 194M, 194-O and 195 of IT Act.
- If AO is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or zero rate, he is required to give an appropriate certificate to the assessee.
- Section 194LBA of IT Act, *inter-alia*, provides that business trust shall deduct and deposit tax at the rate of 5% on interest income of non-resident unit holders.
- However, in some cases, rate of deduction may be required to be reduced due to some exemption, for example, exemption u/s 10(23FE) of IT Act allowed to notified Sovereign Wealth Funds and Pension Funds.
- Under the existing provisions of Section 197, certificate for lower deduction u/s 194LBA cannot be obtained and therefore the benefit of exemption is not available at the time of tax deduction.
- To remove this difficulty, it is proposed to amend Section 197(1) by inserting the figures and letters "194LBA," after the figures and letters "194LA,".
- *w.e.f. 01.04.2023*

WIDENING AND DEEPENING OF TAX BASE/ANTI-AVOIDANCE

Restricting Set-off of Brought forward Loss with Preemptive Income u/s 44BB and 44BBB

- Section 44BB of the Act provides for presumptive scheme in the case of a non-resident assessee who is engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils.
- Section 44BBB of the Act provides for presumptive scheme in the case of a non resident foreign company who is engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government.
- Both the sections provide that an assessee may claim lower profits and gains than the profits and gains specified if he keeps and maintains such books of account and other documents as required under sub-section (2) of section 44AA of the Act and gets his accounts audited and furnishes a report of such audit as required under section 44AB of the Act.
- The said schemes provided under the law were being misutilized as the assesses begun to take the benefit available under presumptive scheme in the profitable years of the business, however, in the loss-making years, it would opt out of the scheme and claim lossess which would be carried forward and then set-off from the presumptive income offered to tax in the next year.
- To avoid such misuse of carry forward of losses and unabsorbed depreciation, it is proposed to insert a new sub-section to section 44BB and to section 44BBB of the Act to provide that notwithstanding anything contained in subsection (2) of section 32 and sub-section (1) of section 72, where an assessee declares profits and gains of business for any previous year in accordance with the provisions of presumptive taxation, no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.

w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)

TDS and Taxability on Net Winnings from Online Games

- Considering the rise in the users of online games, it has been proposed to insert a new Section 115BBJ which provide that where the total income of an assessee includes any income by way of winnings from any online game, the income-tax payable shall be the aggregate of –
 - the amount of income-tax calculated on net winnings from such online games during the previous year, computed in the prescribed manner, at the rate of thirty percent; and
 - the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the net winnings referred to above;
- Further, explanation to the proposed section shall explain the scope of the terms –
 - Computer resource,
 - Internet and
 - Online game
- In light of the same, an amendment is proposed to exclude online games from the ambit of Section 115BB of the IT Act which provides rates of tax on certain specified incomes.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*
- Further, to deepen the tax base, it has been proposed to insert Section 194BA to provide for deduction of tax at source on net winnings in the user account at the end of the financial year.
- The proposed section requires income-tax to be deducted on net winnings at the time of withdrawal from the user account during the financial year. Further, income-tax shall also be deducted on the remaining amount of net winnings in the user account at the end of the financial year.
- Sub-section (2) of the proposed section provides that in a case where the net winnings are wholly in kind or partly in cash and the cash component is not sufficient to meet the tax liability, payer, before releasing the winnings has to ensure that tax has been paid in respect of the net winnings.
- *w.e.f. 01.07.2023*

Amendment in the ambit provided u/s 194B and 194BB

- Section 194B of the IT Act provides that the person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort in an amount exceeding Rs.10,000 shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.
- Section 194BB of the Act provides for similar provisions for deduction of tax at source for horse racing in any race course or for arranging for wagering or betting in any race course.
- On observing that the deductors are engaging in mechanisms to avoid tax by splitting a winning into multiple transactions below the limit for non-deduction of Rs. 10,000, it has been proposed to amend the said sections to provide that deduction of tax under these sections shall be on the amount or aggregate of the amounts exceeding Rs. 10,000 during the financial year.
- Further, scope of Section 194B of the IT Act has been proposed to be expanded to include in its ambit gambling or betting of any form or nature whatsoever and to exclude online games from its ambit.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

Empowering Income-tax Authorities to Conduct Inventory Valuation to Prevent Deferral of Taxes

- In order to ensure the valuation of inventory as per the law, Section 142 of the IT Act (Inquiry before assessment) has been proposed to be amend sub-section (2A) that empowers the Assessing Officer, if he opines it to be necessary at any stage of proceedings before him and with previous approval of PCCIT or CCIT or PCIT or CIT, to direct the assessee to get accounts audited by a Chartered Accountant, nominated by PCCIT or CCIT or PCIT or CIT, to also get inventory valued by a Cost Accountant nominated by PCCIT or CCIT or PCIT or CIT and furnish a report of such audit in a prescribed form duly signed and verified by the Chartered Accountant/Cost Accountant.

- Further, proviso to Section 142(2D) of the IT Act has been proposed to be amended to provide that expenses of/ incidental to the inventory valuation shall be determined by PCCIT or CCIT or PCIT or CIT and the sum so determined shall be paid by Central Government.
- Consequentially, Section 153 of the IT Act (Time limit for completion of assessment, reassessment and recomputation) has been proposed to be amended as to exclude the period for inventory valuation through the cost accountant for the purposes of computation of time limitation.
- Consequential amendments have also been proposed in Section 295 of the IT Act (Power to make rules) so as to include in the aforesaid section, the power to make rules for the form of prescription of report of inventory valuation and the particulars which such report shall contain.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

Alignment of provisions of Section 45(5A) with Section 194-IC

- Presently, Section 45(5A) of the IT Act provides that capital gain shall arise in the hands of an individual/HUF on transfer of land or building or both, under a specified agreement (commonly known as Joint Development agreement) and shall be chargeable to income-tax in the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority.
- Further, for computing the capital gains amount on this transaction, the full value of consideration is taken as the stamp duty value of his share, as increased by the consideration received in 'cash'.
- From the aforementioned categoric definition of the full value of consideration, incorrect inference has been drawn that consideration received in forms other than cash shall not form part of full value of consideration for computing the capital gain which is not in line with the intent of law as provided under Section 194-IC of the IT Act (Deduction at source on payments made under specified agreements).
- Thus, Section 45(5A) of the IT Act has been proposed to be amended so as to provide that the full value of consideration shall be taken as the stamp duty

value of his share as increased by any consideration received in cash or by a cheque or draft or by any other mode.

- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Prevention of Double Deduction of Interest on Borrowed Capital for Acquiring, Renewing or Reconstructing a Property

- Presently, Section 24 of the IT Act provides deduction with respect to the amount of any interest payable on borrowed capital for acquiring, renewing or reconstructing a property while computing income chargeable to tax under the head "Income from house property".
- Further, Section 48 of the IT 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/accruing as a result of the transfer of the capital asset.
- It has been observed that the interest paid on capital borrowed for acquiring, renewing or reconstructing a property is firstly claimed as deduction from income from house property and thereafter, in the event of transfer of the said property, the same interest forms part of the cost of acquisition or improvement and is thus, reduced from consideration while computing capital gain.
- In order to prevent this double deduction, it is proposed to insert a proviso after clause (ii) of the Section 48 of the IT Act 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 or Chapter VIA.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Cost of Acquisition of Certain Assets for Computing Capital Gain

- Currently, Section 55 of the IT Act, inter alia, defines “cost of acquisition” and “cost of improvement” for the purpose of computing capital gain.
- However, certain assets like intangible assets or any sort of right for which no consideration has been paid for acquisition have not been categorized to have ‘nil’ cost of acquisition under the said section. Since there is no specific provision which states that the cost of such assets is nil, the chargeability of capital gains from transfer of such assets has not found favour with the Courts.
- Therefore, to define the term ‘cost of acquisition’ and ‘cost of improvement’ of such assets, it is proposed to amend the provisions of Section 55(1)(b)(1) and 55(2)(a) of the IT Act respectively.
- The proposed amendment provides that the ‘cost of improvement’ of the capital asset, being any intangible asset or any other right, shall be considered as Nil for computing income under the head Capital Gain.
- Further, the proposed amendment shall provide the ‘cost of acquisition’ of the capital asset, being any intangible asset or any other right to be as follows:
 - In case where it is acquired by way of purchase, the amount of purchase price;
 - In case it is acquired in any of the forms prescribed u/s 49(1), in sub-clauses (i) to (iv), then the amount of purchase price of the previous owner; and
 - In any other case, Nil.
- **w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)**

Taxability of Market Linked Debentures

- Market linked Debenture are the debentures which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities. This also includes any securities classified or regulated as a Market Linked Debenture by Securities and Exchange Board of India.
- Currently, these securities are taxable as Long Term Capital Gain @ 10% without indexation. However, derivatives are taxable as per the applicable slab rate.
- In order to correct this mistake, new Section 50AA is proposed to be inserted. As per the said Section, notwithstanding Section 2(42A) or Section 48, any gain received or accruing as a result of transfer/ redemption/maturity of Market Linked Debentures shall be taxable as Short Term Capital Gain.
- To calculate the capital gain, cost of acquisition of the debenture and expenditure incurred wholly and exclusively in connection with such transfer shall be reduced from the full value of consideration received / accrued.
- STT paid on such debentures shall not be reduced while calculating the capital gain.
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Maximum Cap on Premium Paid on Life Insurance Policies for Claiming Exemption u/s 10(10D)

- As per the existing provisions of Section 10(10D) of the IT Act, sum received under life insurance policy including the sum allocated by way of bonus on such policy shall be exempted in a case where the premium payable for any of the years during the term of the policy does not exceed 10% of the actual capital sum assured.

- The intention of such exemption was to provide benefit to small and genuine cases of life insurance. However, the high net worth individuals claim exemption under this provision by investing in insurance policies or ULIP with huge premium.
- In order to prevent the misuse of exemption under the said clause, Finance Act, 2021, has already amended Section 10(10D). As per the amendment, ULIPs issued on or after 01.02.2021 shall not be exempt if the amount of premium payable during the financial year exceeds Rs 2,50,000/-.
- Thus, as per the Amendment in Budget 2021, ULIP is excluded for the purpose of exemption. However, all other kinds of life insurance policies (except ULIP) are still eligible for exemption irrespective of the amount of premium payable.
- As per the proposed amendment, income from insurance policies having premium or aggregate of premium above Rs 5,00,000 in a year will be taxable.
- However, Income will be exempt if received on the death of the insured person.
- Income shall be taxable under the head Income from Other Sources.
- Deduction shall be allowed for premium paid, if such premium has not been claimed as deduction earlier.
- The proposed provision shall apply for policies issued on or after 1st April, 2023.
- Further it is proposed that if the premium is payable by a person for more than one life insurance policy (other than unit linked insurance policy) which is issued on or after the 01.04.2023, exemption will be applicable only where the aggregate amount of premium does not exceed Rs. 5,00,000/- in any of the years during the term of policy.
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Tax avoidance through distribution by business trusts to its unit holders

- Finance Act, 2014 introduced a special taxation regime for business trusts to address the challenges of financing and investment in infrastructure. The business trusts invest in special purpose vehicles (SPV) through equity or debt instruments.
- As per the special taxation regime under section 115UA, Incomes (interest income, dividend income etc) received by the business trust from a special purpose vehicle in case of both REIT and InvIT and rental income in case of REIT is taxable in the hands of the unit holders.
- Normally, business trusts distribute sums to their unit holders are categorised in the following four categories:
 - Interest;
 - Dividend;
 - Rental income;
 - Repayment of debt.
- Interest, dividend and rental income have been characterised a pass-through status at the level of business trust and are taxable in the hands of the unit holder as per Section 115UA. However, distributions made by the business trust to its unit holders which is shown as repayment of debt is actually an income of unit holder and this does not become chargeable to tax either in the hands of business trust or in the hands of unit holder. This is not the intent of the special taxation regime applicable to business trusts.
- Thus, it is proposed to insert new clause to Section 56(2)(xii) to make such sum received by unit holder taxable in his hands as income from other sources.
- Further, in case the income received by the unit holder is in the form of redemption of units, for the purpose of taxability, the sum received by a unit holder from a business trust shall be reduced by the cost of acquisition of the units to the extent such cost does not exceed the sum received.
- Correspondingly, amendment is proposed in section 115UA by insertion of a new sub-section 3A which provides that the tax mechanism stated in sub - sections (1), (2) and (3) of Section 115UA will not apply where Section 56(2)(xii) is applicable.

- Further, Section 2 is also amended which provides that income shall include as mentioned in Section 56(2)(xii).

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Extending Deeming Provision u/s 9 to Gift to Not-Ordinarily Resident

- Currently, as per Section 9(1)(viii) of the Act, any sum of money exceeding Rs. 50,000/-, received by a non-resident without consideration from a person resident in India, on or after 05.07.2019, is treated as income deemed to accrue or arise in India.
- Persons being not ordinarily residents are not covered in the purview of the said section. Therefore, currently not ordinarily resident are not paying the tax on gifts received from resident of India.
- In view of the above, it is proposed to amend Section 9(1)(viii) so as to extend this deeming provision to not-ordinarily residents. Thus, if a not ordinarily resident receives sum of money exceeding Rs. 50,000/- without consideration from a person resident in India, such sum will be taxable.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Removal of Exemption of News Agency under Section 10(22B)

- Section 10(22B) provides the exemption to any income of a notified news agency set up in india solely for collection and distribution of news. This exemption is subject to a condition that news agency applies its income or accumulates it for application solely for collection and distribution of news and not distribute its income in any manner to its member.
- In accordance with the stated policy of the government of phasing out of exemption and deduction under the IT Act, the exemption available to news agency u/s 10(22B) is proposed to be withdrawn by inserting fourth proviso to clause (22B).
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Removal of Exemption from TDS on Payment of Interest on Listed Debenture to a Resident u/s 193

- Section 193 deals with TDS on payment of any income to a resident by way of interest on securities.
- The proviso to Section 193 provides exemption from TDS in respect of certain payments of interest on securities.
- Clause (ix) of the proviso to the aforesaid Section provides exemption if following conditions are fulfilled:
 - any interest payable on any security issued by a company;
 - where such security is in dematerialized form; and
 - is listed on recognized stock exchange in India.
- It come to notice that there is under reporting of interest income by the recipient due to above TDS exemption.
- Hence, it is proposed to omit Clause (ix) of the proviso to Section 193.
- *w.e.f. 01.04.2023.*

Increase Rate of TCS of Certain Remittances u/s 206C(1G)

- For the sale of overseas tour package, currently rate of TCS is 5% without any threshold limit. Now, it is proposed to increase the rate of TCS to 20% without any threshold limit.
- For the residual category (any other case) of remittance, currently rate of TCS is 5% without any threshold limit. Now it is proposed to increase the rate of TCS to 20% without any threshold limit.
- *w.e.f. 01.07.2023.*

Limit on Exemption Benefit Available u/s 54 and 54F

- Section 54 and 54F allows deduction on capital gain arising from the transfer of long term capital assets if an assessee, purchased any residential property in India within a period of one year before or two year after the date on which the transfer took place, or constructed any residential property in India within a period of three year after the date on which transfer took place.

- Section 54 allows the deduction if the capital gain arising from transfer of a residential house and such capital gain is reinvested in another residential house.
- Section 54F allows the deduction if the capital gain arising from transfer of any long term capital assets except a residential house and net consideration is reinvested in another residential house.
- The primary objective of section 54 and 54F was to mitigate the acute shortage of housing, and to give incentive to house building activity.
- However, it came to notice that high-net-worth assesses claims huge deduction by purchasing very expensive residential houses.
- In order to prevent this, it is proposed to impose a limit of Rs. 10 Crore that can be claimed by assessee u/s 54 or 54F.
- Consequentially, the provision of Section 54(2) and 54F(4) that deals with the deposit in the Capital Gains Account Scheme proposed to be amended by inserting proviso.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

IMPROVING COMPLIANCE AND TAX ADMINISTRATION

Widening of Scope of Penalty u/s 271C and Prosecution u/s 276B

- Under the existing provisions of Section 271C, a person shall be liable to pay penalty for failure (i) in deduction of whole or any part of the tax at source as required under the provision of Chapter XVIIIB or (ii) to pay the whole or part of the tax as required u/s 115-O or 194B, a sum equal to the amount of tax which such person has failed to deduct or pay.
- Two new provisions were inserted in the FA 2022 i.e. Section 194R (deduction of tax on benefit or perquisite in respect of business or profession) and Section 194S (Deduction of tax on payment on transfer of virtual digital assets). In addition, Section 194BA is proposed to be inserted to provide for tax deduction of tax on net winnings from online games.
- Under the above-mentioned 3 Sections, it has been provided that in case the benefit or perquisite or virtual digital assets or net winnings has a “in kind” component, then the person responsible for providing such benefit or perquisite or winnings shall ensure that required amount of tax has been paid.
- Presently, Section 271C does not provides for penalty for a person who does not pay or fails to ensure that tax has been paid in a situation where the benefit or perquisite or winnings passed is in kind.
- Therefore, in order to enable such penalty it has been proposed to amend the language of Section 271C to include a situation where a person fails to pay or fails to ensure payment of tax u/s 194R, 194S and 194BA.
- Similarly, under the existing provisions of Section 276B, a person shall be punishable with rigorous imprisonment for a term not less than 3 months but which may extend to 7 years with fine for failure in-
 - payment of tax deducted at source as required u/c XVIIIB or
 - payment of the whole or part of the tax payable by him as required u/s 115-O or 194B.

- Similar to Section 271C, it has been proposed to amend the language of clause (b) of Section 276B to include a situation where a person fails to ensure payment of tax and insert 3 new sub-clauses to widen applicability of provisions u/s 276B on Section 194R, 194S and 194BA.
- *w.e.f. 01.04.2023 (for Section 194R and 194S)*
- *w.e.f 01.07.2023 (for Section 194BA)*

Assistance of Experts to Authorised Officer during Search and Seizure

- Under the existing provisions of Section 132(2), an authorised officer may requisition the services of any police officer or any officer of the Central Government, to assist him for any of the actions required to be performed during the course of search, and it shall be the duty of such officer to comply.
- Similarly, presently as per the provisions of Section 132(9D), the authorised officer may make a reference to a valuation officer for estimating the fair market value of the property and such reference can be made during the search or within 60 days from the date of executing the last authorisation for search.
- In the recent past, due to the increased use of technology and digitisation in every aspect including management and maintenance of accounts, digitisation of data, cloud storage etc., the procedure for search & seizure has become complex, requiring the use of data forensics, advanced technologies for decoding data etc., for complete and proper analysis of accounts.
- Similarly, there is an increasing trend of undisclosed income being held in a vast variety of forms of assets or investments in addition to immovable property. Valuation of such assets and decryption of information often require specific domain experts like digital forensic professionals, valuers, archive experts etc. In addition to this, services of other professionals like locksmiths, carpenters etc. are also required in most of the cases, due to typical nature of the operations.
- Therefore, it is proposed to amend Section 132(2) to provide that during the course of search the authorised officer, may requisition the services of any other person or entity, as approved by the PCCIT or the CCIT, the PDGIT or the DGIT, in accordance with the procedure prescribed by the Board.

- Likewise, it is proposed to amend Section 132(9D) to provide that during and within a period of 60 days from the date on which the last of the authorisations for search was executed, the authorised officer may make reference to any person or entity or any valuer registered by or under any law for the time being in force, as approved by the PCCIT or the CCIT, the PDGIT or the DGIT, in accordance with the procedure prescribed by the Board. Such person shall estimate the fair market value of the property in the manner prescribed and submit a report of the estimate to the authorised officer or the AO within 60 days from the receipt of such reference.
- *w.e.f 01.04.2023*

Reference of Last of Authorisations u/s 132

- The timelines for completing assessment or reassessment in search cases is linked to the execution of the last of the authorisations during such procedure. Presently, the same is defined as provided for in Section 153B(2):
 - in the case of search, on the conclusion of search as recorded in the last panchnama drawn in relation to any person in whose case the warrant of authorisation has been issued.
 - in the case of requisition under section 132A, on the actual receipt of the books of account or other documents or assets by the authorised officer.
- As the provisions of section 153B are no longer exist, therefore, it has been proposed to amend Explanation 1 of Section 132 to define the last date of authorisation for search same as Section 153B(2) above.
- *w.r.e.f 01.04.2022*

New Appellate Authority for Small Tax Disputes

- Under Section 246A of IT Act, first Appellate Authority is Commissioner (Appeals) in case where the Assessee is aggrieved by any order passed under IT Act.
- Currently CIT(A) is overburdened with huge quantum of appeals. Therefore, in order to reduce overburden of CIT(A), it is proposed to create new authority

named as “Joint Commissioner (Appeals)” to handle cases involving small amount of disputed demand.

- Section 246 is proposed to be substituted and following orders of AO (below the rank of Joint Commissioner) will be appealable to new authority:
 - Intimation u/s 143(1), order u/s 143(3) or 144;
 - Order u/s 147 or 201, 206CB(1) and intimation u/s 200A(1) or 206(6A);
 - Order of penalty under chapter XXI or order u/s 154 or 155.
- Further, an appeal cannot be filed before the JCIT(A), if order passed by or with approval of authority above the rank of Deputy Commissioner.
- Board may transfer any appeal cases pending before the CIT(A) to JCIT (A) from the stage at which it was before transfer. Similarly, reverse transfer is also proposed wherein the Board may transfer the cases pending before JCIT(A) to CIT(A). However, in the both the above mentioned transfers, an opportunity of being reheard is required to be provided to Assessee before transferring the case.
- IT is also proposed to empower Central government u/s 246(5), to make scheme to expedient disposal of appeal with transparency and accountability by eliminating interface between JCIT (A) and Appellant.
- Proposal is also made to empower Board may specify to any case or any class of cases on which provision of this section shall not apply.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Rationalisation of Appeals to ITAT

- Currently, Section 253(1) provides that any assessee aggrieved by any order passed by Commissioner (Appeals) u/s 154, 250, 270A, 271, 271A, 271J or 272A may appeal to ITAT. Recently, vide FA 2022 CIT (A) were also empowered to pass order u/s 271AAB, 271AAC or 271AAD for imposing penalty. However, appeal mechanism to such penalty orders has not been craved in Section 253(1) which lead to a situation where such orders could not be appealed before the ITAT.
- In order to rationalise the appeals proceedings before ITAT, it has been proposed to amend Section 253(1) to include the orders passed u/s 271AAB, 271AAC or 271AAD within its ambit.

- Similarly, it is also proposed to amend Section 253(1) to include order passed u/s 263 by PCCIT or CCIT as appellable orders before the ITAT.
- Also, in order to remove the anomaly, It is proposed to amend Section 253(4) in order to enable the respondent in appeal to file memorandum of cross-objections before the ITAT in all appeals.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Rationalisation of Reassessment Proceedings

- **Time Limit to File Return of Income u/s 148 Increased to 3 Months**
 - To streamline the reassessment proceedings, it has been proposed that a return in response to notice u/s 148 of IT Act shall be furnished within 3 months from end of month in which such notice issued or within such further time as may be allowed by AO on request of Assessee.
- **Extension of Time Limit to issue Notice u/s 148 or 148A of IT Act.**
 - Section 149 provides the time limit for issuance of notice u/s 148 of the IT Act. However, in certain cases where certain actions like search, requisition, survey proceedings are conducted by the Investigation Wing of Income tax department after 15th March of a FY, and evidence related to income escapement may be found for AY, in respect to which time limit to issue notice u/s 148 may expire by end of such FY in which search or survey proceeding were conducted ("*specified cases*" for short). Due to paucity of time AO may not able to collate the information and issue notice u/s 148 or 148A(b) of IT Act.
 - In order to provided relaxation to AO specifically for the above mentioned scenario, it is proposed to insert two provisos in Section 149 of IT Act to provide additional time of 15 days to AO for issuance of notice u/s 148 or 148A(b) of the IT Act in specified cases instituted after the 15th day of March of any F.Y, and the notice so issued shall be deemed to have been issued on 31st March of such FY.
- **Approval for Reopening of Cases beyond 3 Years**
 - It has been proposed to provide that specified authority u/s 151(ii) of IT Act shall be PCCIT or PDGIT or CCIT or DGIT.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Alignment of Timeline Provisions u/s 153 of the IT Act

- **Time Limit increased from 9 Months to 12 Months**
 - Under Section 153 of IT Act, the time limit to pass an order of assessment relating to AY commencing on or after 01.04.2021 is 9 months from end of AY. Similarly, in the case of updated return as referred u/s 139(8A) of the IT Act, the time limit to pass an order of assessment u/s 143 or 144 is 9 months from end of FY in which such updated return furnished.
 - It is proposed to extend the time limit to pass an order of assessment u/s 143 or 144 for both normal return or updated return from 9 months to 12 months.
- FA, 2021 empowers PCCIT and CCIT to pass order u/s 263 of the IT Act. Now, in order to bring parity, Section 153 sub sections (3), (5) and (6) which provides for extension of time limits in case where the matter to TPO u/s 92CA, the additional extension of time limit of said sub sections are also applicable on the orders passed by the PCCIT or CCIT u/s 263 of the IT Act.
- **Time Limit in case of Pending Assessment or Reassessment at the Time of Search u/s 132**
 - It is proposed to insert sub-section (3A) in Section 153 of the IT Act to extend the time limit by 12 months from time limits provided under sub-sections (1), (1A), (2) and (3) in case of pending assessment or reassessment in following cases:
 - if search u/s 132 initiated or requisition u/s 132A is made
 - if any money, bullion, jewellery or other valuable article or thing seized or requisitioned belongs to Assessee
 - if any books of account or documents seized or requisitioned pertain or information relates to Assessee.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Extension of Time for Disposing Pending Rectification Application by Interim Board for Settlement

- It is proposed to extend the time limit upto 30.09.2023 for rectifying the order or making application for rectification in the order of Settlement Commission under sub-section (6B) of Section 245D by amending the clause (iv) of Section 245D(9) of the IT Act.
- Also, the above extension only applicable, if the time limits for rectifying order or making application for rectification expires on or after 01.02.2021 but before 01.02.2022.
- *w.e.f. 01.02.2021 restropectively (A.Y. 2021-22 onwards)*

Time limit Reduced for Furnishing Transfer Pricing Information and Documents

- Section 92D deals with Maintenance, keeping and furnishing of information and document by certain persons.
- Under Section 92D(3), AO or CIT(A) may during the course of any proceedings under the Act require such person to furnish any information or document, as provided under rule 10D of the Rules, within a period of 30 days from the date of receipt of a notice issued in this regard. It has been further provided that on an application made by the assessee the time period of 30 days may be extended by an additional period of 30 days.
- In order to expediate the process and providing additional time to the AO or CIT(A), It is proposed to reduce the time limit to furnish the above mentioned information and document from 30 days to 10 days from the date of receipt of a notice. Further, on application such time limit can be further extended for a period not exceeding 30 days.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Introduction of Penalty for Furnishing Inaccurate Statement of Financial Transaction (“SFT”) or Reportable Account

- Section 285BA deals with the obligation to furnish statement of financial transaction or reportable account by specified financial institutions.
- In this Section, it is mandatory for a person responsible for registering, or, maintaining books of account or other document containing a record of any specified financial transaction or any reportable account as may be prescribed, under any law for the time being in force, to furnish a statement in respect of such specified financial transaction or such reportable account to the prescribed income-tax authority.
- If any person furnishes inaccurate statement of financial transaction or reportable account, then it shall be liable to pay the penalty of Rs. 50,000 u/s 271FAA.
- For the purpose of this Section, self-certifications was mandatory by reportable persons and account holders u/r 114H. However, there is no penal provision in respect of submission of a false self-certification which in turn leads to furnishing of an incorrect statement under section 285BA.
- Therefore, It is now proposed to insert Section 271FAA(2) which shall provide that if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, a penalty of Rs 5,000/- shall be imposable on such institution, in addition to the penalty leviable on such financial institution in the Section 271FAA(1), if any.
- Further, It is also proposed to safeguard the interest of reporting financial institution as vested power is proposed to be specifically included wherein such institution may recover the amount so paid on behalf of the account holder or retain out of any moneys that may be in its possession or may come to it from every such reportable account holder.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Rationalization of the provisions of the Prohibition of Benami Property Transactions Act, 1988 ("PBPT Act")

- **Amendment in Section 45**

- Existing Section 45 which deals with Appeal to Appellate Tribunal.
- In Section 46(1) and (1A) it is provided that any person who is aggrieved by the order of the Adjudicating Authority, may prefer an appeal to the Appellate Tribunal within a period of 45 days from the date of the order.
- It is proposed that "Date of order" shall be substituted from "Date when such order is received in the office of the Initiating Officer or the aggrieved person as the case may be".
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

- **Amendment in the definition of High Court**

- Under existing definition of High court as defined under section 2(18), there is ambiguity related Jurisdiction of the High Court in case of a non-resident appellant or respondent.
- It is proposed to insert new clause u/s 2(18) in order to define High Court jurisdiction in case of non-resident appellant. Further, it states that where the aggrieved party does not ordinarily reside or carry on business or personally work for gain in the jurisdiction of any High Court or where the Government is the aggrieved party and any of the respondents do not ordinarily reside or carry on business or personally work for gain in the jurisdiction of any High Court, then the High Court shall be such within whose jurisdiction the office of the Initiating Officer is located.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Substitution of Section Related to Business Reorganisation

- Under existing provision of Section 170A, it is provided that return of income shall be filed by successor u/s 139 of the IT Act.
- This Section contains ambiguity regarding the filing of return by successor and further, no procedure is prescribed for assessment or re-assessment by AO.
- It is proposed to Substitute the words from “filed by successor” to “by an entity to which such order applies”.
- Further, Sub-section (2) and (3) also proposed to be inserted to provide the follows :
 - Completed proceedings - for proceedings of assessment or reassessment for the relevant A.Y. have been completed on the date of furnishing of modified return under sub-section (1), the AO shall pass an order modifying the total income of the relevant assessment year in accordance with the order of the business re-organisation and taking into account the modified return so furnished.
 - Pending proceedings - Where proceedings of assessment or reassessment for the relevant A.Y. are pending on the date of furnishing of modified return under sub-section (1), the AO shall pass an order assessing or reassessing the total income of the relevant assessment year in accordance with the order of the business re-organisation and taking into account the modified return so furnished.
 - *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Clarification regarding advance tax while filing Updated Return

- Section 140B was introduced by F.A. 2022 to provide for tax on updated return.
- The intent of Section 140B (4) was to provides that interest payable under Section 234B of the Act is computed on an amount equal to the assessed tax or the amount by which the advance tax paid falls short of the assessed tax. This implied that interest was payable only on the difference of the assessed tax and advance tax.

- However, the language of the law is ambiguous that it leads to open room for the interpretation. To remove the doubts, amendment in language have proposed to give effect to following conditions.
 - Paid but not claimed.
 - Paid but claimed.then the interest payable u/s 234B will be calculated on the net tax liability after taking into amount the amount of advance tax claimed in the earlier return.
- If the amount of advance tax is paid and claimed in the return filed u/s 139(1), then the interest payable u/s 234B will be calculated on the net tax liability computed in updated return u/s 139(8A).
- *w.e.f. 01.04.2022 (A.Y. 2023-24 onwards)*

RATIONALISATION OF PROVISIONS

Tax Treaty Relief for Deduction of TDS u/s 196A of the IT Act.

- Under Section 196A of the Act, TDS on payment of income in respect of units of a Mutual Fund specified under Section 10(23D) or from the specified company referred to in the Explanation to Section 10(35) of the Act to a non-resident (not being a company) or to a foreign company, @20%.
- It is proposed to insert a proviso to section 196A(1) which seeks to provide that the TDS would be deducted @ 20% or rates provided in agreement referred to in Section 90(1) or Section 90A(1), in case of a payee to whom such agreement applies.
- To avail the relief of Tax Treaty Rate, the payee has furnished the tax residency certificate referred to in Section 90(4) or section 90A(4). of the Act.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

No Maximum Marginal Rate in case of PF Withdrawal

- Under Section 192A of the IT Act, TDS on payment of accumulated PF balance due to employee is deducted @ 10%. However, as per second proviso, if any person does not furnish PAN to deductee, then TDS is required to be deducted at maximum marginal rate.
- It is proposed to omit the second proviso to Section 192A, in order to rationalise the rate viz. 20% for TDS when no PAN is furnished.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

No More TDS Mismatch

- On account of timing difference taxpayers were facing issue of TDS mismatch. The core reason of such timing difference was that the Assessee were filing ROI as per the accrual concept, however deductor were deducting TDS in subsequent year at time of actual payment to Assessee. Therefore, assessee is

unable to claim the credit of TDS in the year in which tax is deducted as such income was already offered to tax in earlier periods and not in current year.

- In order to remove this difficulty, it is proposed to insert new sub-section (20) to Section 155 of the IT Act which provides that in case where income has been included in return of income furnished by Assessee for any AY and tax has been deducted at source on such income and paid to Central Government in subsequent AY. In such case, Assessee can make application in prescribed form to AO within 2 years from end of FY in which tax was deducted.
- In such case, AO shall pass amended order of assessment or intimation allowing credit of such tax deducted in the AY in which income offered to tax. Further, provision of 154 of the IT Act shall apply and period of 4 years begin from end of FY in which tax has been deducted.
- It is also proposed in Section 244A of the IT Act, that interest on refund arising out of rectification shall be for the period from date of application to date on which refund granted.
- *w.e.f. 01.10.2023 (A.Y. 2024-25 onwards)*

No Higher TDS/TCS Rate for Non-Residents u/s 206AB and 206CCA

- The existing provision of Section 206AB and 206CCA requires to deduct or collect higher rate of TDS or TCS for specified persons. The specified person means a person who not furnished the return of income in immediately preceding FY to the previous year and time limit for furnishing return of income u/s 139(1) has expired and aggregate TDS or TCS is Rs. 50,000/- or more in such previous year.
- It is proposed to insert proviso to exclude the following person from the definition of specified person:
 - A person who is not required to furnish the return of income for any AY and who is notified by Central Government.
- *w.e.f. 01.04.2023 (A.Y. 2024-25 onwards)*

Exclusion of NBFC for Section 94B

- Under Section 94B of the Act introduced *vide* FA 2017 for Base Erosion and Profit Shifting, an Indian Company or permanent establishment of a foreign company being a borrower incurs any expenditure by way of interest or similar nature for an amount exceeding Rs. 1,00,00,000/- to its Non- Resident Associated Enterprises in respect of any debt issued as mentioned in the following cases then interest deductible shall be restricted to the extent of 30% of its EBITDA:
 - Debt issued by Associated Enterprises or
 - Debt issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee to such lender or deposits a corresponding and matching amount of funds with the lender.
- It is proposed to amend Section 94B(3) which provides exclusion clause to the above restriction of 30% EBITDA deduction to provide a carve out to certain class of NBFCs as may be notified by the Central Government in the Official Gazette in this behalf.
- Further, it is proposed to insert Section 94B(5)(iia) to provide that “non-banking financial company” shall have the same meaning as assigned to it in Section 36(1)(viiia) of the Act.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Non -Residents investors within the ambit of Section 56(2)(viib)

- Section 56(2)(viib) of the Act, provides that where recipient being a closely held company receives any consideration for issue of shares from a resident person. Then, aggregate consideration received for such shares as exceeds the fair market value of the shares, shall be chargeable to IT in the hands of recipient-company u/s 56(2)(viib) under the head “Income from other sources”.
- It is proposed to include the consideration received from a non- resident also under the ambit of clause (viib) by removing the phrase ‘being a resident’ from the said clause.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Rationalization of Provisions for valuation of residential accommodation u/s 17(2)(i) and (ii)

- Under Section 17(2) of the Act, “perquisite” inter alia includes value of rent-free accommodation or value of any concessional rent accommodation provided to employees by the employer. However, different methodologies were prescribed for rent-free accommodation and for concessional rent accommodation.
- To rationalize this provision a uniform methodology for both, Section 17(2) is proposed to be amended to empower to formulate Rules in this behalf.
- Also, an explanation is proposed to be substituted to clarify that accommodation shall be deemed to have been provided at a concessional rate only if the value of the accommodation computed in the prescribed manner exceeds the rent recoverable from, or payable by, the assessee.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Increase in Conditions for Claiming deduction u/s 10AA

- Section 10AA of the Act, provides 15-year tax benefit to a unit established in a SEZ which begins to manufacture or produce articles or things or provide any services on or after 01.04.2005. The deduction is available for units that begin operations before 30.09.20.
- It is proposed to insert a proviso to Section 10AA(1) of the Act to provide that no deduction under the said Section shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under Section 139(1).
- Further, It is proposed to insert Section 10AA(4a) to provide that the deduction under section 10AA of the Act shall be available for such unit, if the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months

from the end of the previous year or, within such further period as the competent authority may allow in this behalf.

- The expression “competent authority” shall mean the RBI or such authority as is authorized under any law for the time being in force for regulating payments and dealings in foreign exchange.
- Also, it is proposed that if the export proceeds from sale of goods or provision of services shall be deemed to have been received in India where such proceeds from sale of goods or provision of services are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.
- It is proposed to make consequential amendment in Section 155(11A) to allow the Assessing Officer to amend the assessment order later where the export earning is realized in India after the permitted period.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

NBFC categorization u/s 43B and 43D

- Section 43B and section 43D of the Act currently use two erstwhile categories of NBFC namely, Deposit taking NBFC and Systemically Important Non-Deposit taking NBFC. Such classification for NBFC is no longer followed by the RBI for the purposes of asset classification, it is proposed to amend Section 43B and 43D of the Act, to substitute the words, “a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company”, for the words “such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf”.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Benefits and Perquisites in cash Covered u/s 28 and 194R

- It is proposed to amend Section 28(iv) to clarify that provisions of said clause also applies to cases where benefit or perquisite provided is in cash or in kind or partly in cash and partly in kind.

- It is also proposed to clarify by way of insertion of an Explanation to section 194R of the Act to provide that provisions of sub-section (1) apply to benefit or perquisite whether in cash or in kind or partly in cash and partly in kind.
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Removal of Name Based Funds from Section 80G

- Section 80G of the Act, provides for the procedure for granting approval to certain institutions and funds receiving donation and the allowable deductions in respect of such donations to the assessee making such donations.
- It is proposed to omit three funds as mentioned under based on names of the persons in the said section:
 - (ii) Jawaharlal Nehru Memorial Fund
 - (iiic) Indira Gandhi Memorial Trust
 - (iiid) Rajiv Gandhi Foundation
- *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

Set Off and Withholding of Refunds in Certain Cases

- Section 241A of IT Act provides that where a refund becomes due to an assessee u/s 143(1) of IT Act and notice for assessment is issued to him u/s 143(2), AO may withhold such refund till the date of such assessment being made, if he is of the opinion that the grant of refund is likely to adversely affect the revenue.
- Section 245 of IT Act provides that where refund is found to be due to any person under any provisions of IT Act, AO or other IT authorities mentioned in the section, may, in lieu of payment, set off part or whole of the refund against any sum remaining payable by such person, after giving him an intimation in writing.
- To remove the overlap between Section 241A and Section 245, it is proposed to integrate these sections.
- It is proposed to substitute Section 245 to provide that where under any of the provisions of IT Act a refund is due to any person, the AO or CIT or PCIT or CCIT or PCCIT, may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against any sum remaining payable under

IT Act by the person to whom the refund is due, after giving an intimation in writing.

- Further, it is proposed to provide that where a part of the refund has been set off under proposed Section 245(1) or where no amount is set off, and refund becomes due to a person, then, AO after recording reasons in writing and obtaining previous approval of PCIT or CIT, having regard to the fact that proceedings of assessment or reassessment are pending in such case and grant of refund is likely to adversely affect the revenue, may withhold the refund till the date on which such assessment or reassessment is made.
- It is also proposed to impose sunset on Section 241A from 01.04.2023.
- Further, it is proposed to insert a proviso to Section 244A(1A) to provide that in case of an assessee where proceedings for assessment or reassessment are pending, the additional interest shall not be payable to the assessee u/s 244A(1A) for the period beginning from the date on which such refund is withheld by AO under the proposed Section 245, till the date on which the assessment or reassessment pending in such case, is made.
- The proposed amendment shall not impact the existing position w.r.t. all other types of interest, except additional interest u/s 244A(1A).
- *w.e.f. 01.04.2023*

Extension of Exemption to Specified Undertaking of Unit Trust of India and Providing for Alternative Mechanism for Vacation of Office of the Administrator

- Specified Undertaking of Unit Trust of India (“SUUTI”) was created by Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (“UTI Repeal Act, 2002”).
- SUUTI is the successor of the erstwhile Unit Trust of India (“UTI”) and is mandated to liquidate the Government liabilities on account of erstwhile UTI.
- SUUTI has been continuously working for payment of investors’ dues through redemption of various schemes since its formation.
- As per Section 13(1) of UTI Repeal Act, 2002, SUUTI has been exempted from payment of income-tax up to 31.03.2023.

- Further Section 8(1) of UTI Repeal Act, 2002, provides that the Administrator, SUUTI shall vacate its office only on the redemption of all the schemes.
- The work of SUUTI pertaining to the redemption of schemes, payments of entire amounts, pending litigation etc. is expected extend beyond 31.03.2023.
- In view of the above, it is proposed to amend:
 - Section 8(1) of UTI Repeal Act, 2002 so as to provide that the Administrator, SUUTI shall immediately on redemption of all the schemes of the specified undertaking and the payment of entire amount to investors or from the date as may be notified by the Central Government in the Official Gazette, whichever is earlier, vacate his office.
 - Section 13(1) of UTI Repeal Act, 2002 so as to provide that notwithstanding anything contained in IT Act or any other enactment for the time being in force relating to tax or income, profits or gains, no income-tax or any other tax shall be payable by the Administrator in relation to the specified undertaking till the period ending on the 30.09.2023 in respect of any income, profits or gains derived, or any amount received in relation to the specified undertaking.
- *w.e.f. 01.04.2023*

Rationalisation of the Provisions of Charitable Trust and Institutions

- **Current Provisions under the IT Act:**
 - Income of any fund or institution or trust or any university or other education institution or any hospital or other medical institution referred to in sub-clauses (iv), (v), (vi), (via) of Section 10(23C) (“**First Regime**”) or any trust or institution registered u/s 12AA or 12AB (“**Second Regime**”) of the Act is exempt subject the fulfilment of conditions provided under various sections.
 - It is now proposed to further rationalise the provisions of both the exemption regimes.

- **Clarity regarding application out of corpus and loan or borrowings prior to 01.04.2021:**
 - Currently, corpus donations are to be kept as investment in the prescribed modes. As an effect of FA 2021, application out of invested corpus funds is not considered as application for the purpose of exemption under both the regimes. Such application amount is considered as application in the previous year when it is invested back.
 - Similarly, as an effect of FA 2021, application from loans and borrowings is not considered as application under both the regimes. When loan or borrowing is repaid from the income of the previous year, such repayment is considered as application in the previous year in which it is repaid to the extent of such repayment.
 - It has come to the notice that many assesses are taking advantage of the changes by FA 2021, by taking double deduction. Firstly, claiming exemption prior to 01.04.2021 under unamended provisions and secondly, after 01.04.2021 under amended provisions on re-investment or repayment.
 - In order to ensure proper implementation of both the regimes, it is proposed that application out of corpus or loan or borrowing prior to 01.04.2021, shall not be treated again as application when such amount is deposited back or invested into corpus or when the loan or borrowing is repaid.
 - *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*
- **5 years time limit for considering application on corpus reinvestment and repayment of loan or borrowing:**
 - Currently, a trust may invest or deposit back the amount into corpus or repay the loan after many years of application from the corpus or loan and claim such repayment of loan or reinvestment into corpus as application for charitable or religious purposes.
 - It is observed that availability of indefinite period for the reinvestment to the corpus funds or repayment of loan will make the implementation of the provisions quite difficult.
 - Therefore, it is proposed to provide that the trust or institution has to reinvest the amount into corpus or repay the loan within 5 years from the end of previous year in which earlier application was made from the corpus or loan, in order to claim such reinvestment into corpus or repayment of loan as application under both the regimes.
 - *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

- **Fulfilment of existing general conditions for considering application on corpus reinvestment and repayment of loan or borrowing:**
 - It is also proposed to provide that the repayment of loan or reinvestment into corpus will be treated as application only if there was no violation of existing prescribed conditions at the time the amount was applied out of corpus and loan funds.
 - *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

- **Treatment of donation to other trusts:**
 - Under the existing provisions of both regimes, if any trust or institution makes donation to other trust or institution it shall be treated as application of income. However, such donation should not be made towards corpus.
 - It has come to the notice of department in certain circumstances that many trusts or institutions are trying to defeat the intention of legislature by forming multiple trusts for accumulating 15% by each trust or institution, thereby reducing the mandatory requirement of application of 85%.
 - Now, it is proposed that the eligible donations made by a trust or institution under both regimes to another trust or institution shall be treated as application only to the extent of 85% of such eligible donation instead of 100% of such eligible donation.
 - *w.e.f. 01.04.2024 (A.Y. 2024-25 onwards)*

- **Omission of redundant provisions related to roll back of exemption:**
 - Section 12A(2) of the Act provides that where an application for registration under section 12AB of the Act has been made, the exemption shall be available with respect to the assessment year immediately following the financial year in which the application is made and subsequent assessment years.
 - Further, the trusts and institutions under the second regime are required to apply for provisional registration before the commencement of their activities and therefore there is no need of roll back provisions (applicability for financial year before the year of application) provided in second, third and fourth proviso to section 12A(2) of the Act.
 - Therefore, second, third and fourth proviso to Section 12A(2) of the Act have become redundant after the amendment of Section 12A of the Act by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020.

- Now, it is proposed to omit the second, third and fourth proviso to section 12A(2) of the Act.
- *w.e.f. 01.04.2023*
- **Combining provisional and regular registration in case of new trust or institution:**
 - Under the existing provisions of IT Act, new trusts or institutions under both regimes need to apply for the provisional registration/approval at least 1 month prior to the commencement of the previous year relevant to the AY from which the said registration/approval is sought. Such provisional registration/ approval is valid for a period of 3 years.
 - Provisionally registered/approved trusts or institutions under both regimes will again need to apply for regular registration/approval at least 6 months prior to expiry of period of the provisional registration/ approval or within 6 months of the commencement of activities, whichever is earlier. Regular registration/approval shall be valid for a period of 5 years.
 - It has also been brought to notice that trusts and institutions under both the regimes are facing following difficulties:
 - Trusts or institutions formed or incorporated during the previous year are not able to get the exemption for that previous year in which they are formed or incorporated since they need to apply one month before the beginning of the previous year for which exemption is sought.
 - Besides trusts or institutions, where activities have already commenced, are required to apply for two registrations (provisional and regular) simultaneously.
 - In order to ensure rationalisation of the provisions, it is proposed to bring following changes:
 - If trust or institution has not commenced activities, then application has to be made at least 1 month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought. Registration in this case will be provisional for a period of 3 years.
 - If trust or institution has commenced its activities, then at any time after the commencement of such activities subject to the condition that no income or part thereof of the said trust or institution has been excluded from the total income under either of the regimes, for any

previous year ending on or before the date of such application.
Registration in this case will be for a period of 5 years.

- Similar changes are proposed for registration under Section 80G.
- o *w.e.f. 01.10.2023*
- **Specified violations under Section 12AB and Section 10(23C):**
 - o Under the existing provisions of both regimes, the process of granting the provisional approval or registration for the new trusts and re-registration or approval for the trust or institution already registered is automated.
 - o It has come to the notice that in some cases the form furnished by the trusts for provisional approval or registration and for re-registration or approval are defective and since such process is automated, registration has been granted by the CPC.
 - o At present the approval or registration and the provisional approval or registration of the trusts can be cancelled by the PCIT/CIT for certain specified violations.
 - o In order to rationalise the provisions, it is proposed that under both regimes "Specified Violation" shall also include the case where application is not complete or it contains false or incorrect information.
 - o *w.e.f. 01.04.2023*
- **Applicability of Section 115TD in case of failure to apply for re-registration.**
 - o Section 115TD seeks to impose a levy in the nature of an exit tax which is attracted when the registration of the trust or institution is cancelled or due to modification of objects the fresh registration application is rejected.
 - o Under the existing provision of both regimes, instances have come to the notice where certain trusts and institutions under the have not applied for the regular registration after taking the provisional registration. Further some trusts and institutions have not applied for the re-registration or re-approval. Also, there may be possible instances where the trusts or institutions will not apply for re-registration or re-approval after the expiry of 5 years or 3 years.
 - o It is proposed to amend the provisions of Section 115TD to cover the case where any trust or institution fails to make an application for re-registration or re-approval, within the specified period. Hence, levying the exit tax in such cases.

- It is also proposed to provide that the date of conversion for the purpose of levying exit tax in such case shall mean the last date for making an application for re-registration or re-approval.
- *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*
- **Alignment of the time limit for furnishing the Form 10 or 9A for accumulation of income and tax audit report:**
 - The trusts and institutions under both regimes are required to get their accounts audited. The audit report under both the regimes is required to be furnished at least 1 month before the due date for furnishing the return of income.
 - Under both Regimes where the Trust or Institution accumulates or sets apart its income, it is required to furnish a statement in Form 10 or 9A on or before the due date of return of income.
 - Since the due date for furnishing Form 9A or 10 is same as the due date of furnishing the ITR, auditors find it difficult to finalise the audit report.
 - In order to rationalise the provisions, it is proposed to provide for filing of Form No. 10 or 9A at least 2 months prior to the due date of return of income for the previous year.
 - *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*
- **Denial of exemption in case of updated return:**
 - Existing provisions under both regimes provides that if return of income is furnished by an organisation within the time under Section 139, then exemption shall be available to such organisation.
 - Section 139(8A) was inserted by the FA, 2022 providing for an option to the taxpayers to furnish updated return of income up to 2 years from the end of AY. This resulted in unintended consequences of allowing exemption in case the updated return of income is furnished.
 - Accordingly, it is proposed to amend 20th proviso of Section 10(23C) and Section 12A(1)(ba) to provide that the organisation shall furnish the return of income for the previous year within the time allowed under Section 139(1) or 139(4).
 - *w.e.f. 01.04.2023 (A.Y. 2023-24 onwards)*

Clarification regarding advance tax while filing Updated Return

- Section 140B was introduced by F.A. 2022 to provide for tax on updated return.
- The intent of Section 140B (4) was to provide that interest payable under Section 234B of the Act is computed on an amount equal to the assessed tax or the amount by which the advance tax paid falls short of the assessed tax. This implied that interest was payable only on the difference of the assessed tax and advance tax.
- However, the language of the law is ambiguous that it leads to open room for the interpretation. To remove the doubts, amendment in language have proposed to give effect to following conditions.
 - Paid but not claimed.
 - Paid but claimed.then the interest payable u/s 234B will be calculated on the net tax liability after taking into account the amount of advance tax claimed in the earlier return.
- If the amount of advance tax is paid and claimed in the return filed u/s 139(1), then the interest payable u/s 234B will be calculated on the net tax liability computed in updated return u/s 139(8A).
- *w.e.f. 01.04.2022 (A.Y. 2023-24 onwards)*

Omission of Certain Redundant Provisions of IT Act

- The existing provisions of Section 88 of IT Act relates to rebate on life insurance premia, contribution to provident fund, etc.
- However, Section 88 has no relevance at present as it was sunset by FA 2005 and Section 80C was introduced for allowing deduction on various instruments listed therein.
- To remove the redundant provisions from IT Act, it has been proposed to omit Section 88 from IT Act.
- Consequent to the proposed omission of Section 88, the following Sections are also proposed to be omitted:
 - Section 54EA(3)
 - Section 54EB(3)

- Section 54EC(3)(a)
- Section 54ED(3)(a)
- Section 80C(7)
- Section 80CCC(3)(a)
- Section 80CCD(4)(a)
- Section 111A(3)
- Section 112(3)
- It is also proposed to omit:
 - the figures and letters “, 88, 88A, 88B, 88C, 88D” from Section 87(1).
 - the words, figures and letters “or section 88 or section 88A or section 88B or section 88C or section 88D” from Section 87(2).
- Further, clauses (23BBF), (23EB), (26A), (41) and (49) of Section 10 of IT Act have already been sunset. Hence it is proposed to omit these clauses.
- *w.e.f. 01.04.2023*

Extension of Exemption to Specified Undertaking of Unit Trust of India and Providing for Alternative Mechanism for Vacation of Office of the Administrator

- Specified Undertaking of Unit Trust of India (“SUUTI”) was created by Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (“UTI Repeal Act, 2002”).
- SUUTI is the successor of the erstwhile Unit Trust of India (“UTI”) and is mandated to liquidate the Government liabilities on account of erstwhile UTI.
- SUUTI has been continuously working for payment of investors’ dues through redemption of various schemes since its formation.
- As per Section 13(1) of UTI Repeal Act, 2002, SUUTI has been exempted from payment of income-tax up to 31.03.2023.
- Further Section 8(1) of UTI Repeal Act, 2002, provides that the Administrator, SUUTI shall vacate its office only on the redemption of all the schemes.
- The work of SUUTI pertaining to the redemption of schemes, payments of entire amounts, pending litigation etc. is expected extend beyond 31.03.2023.

- In view of the above, it is proposed to amend:
 - Section 8(1) of UTI Repeal Act, 2002 so as to provide that the Administrator, SUUTI shall immediately on redemption of all the schemes of the specified undertaking and the payment of entire amount to investors or from the date as may be notified by the Central Government in the Official Gazette, whichever is earlier, vacate his office.
 - Section 13(1) of UTI Repeal Act, 2002 so as to provide that notwithstanding anything contained in IT Act or any other enactment for the time being in force relating to tax or income, profits or gains, no income-tax or any other tax shall be payable by the Administrator in relation to the specified undertaking till the period ending on the 30.09.2023 in respect of any income, profits or gains derived, or any amount received in relation to the specified undertaking.
- *w.e.f. 01.04.2023*

Modifications of Directions related to Faceless Schemes and E-proceedings by the Central Government

- The Central Government has undertaken a number of measures to make the processes under the Act, electronic, by eliminating person to person interface between the taxpayer and the Department to the extent technologically feasible, and provide for optimal utilisation of resources and a team-based assessment with dynamic jurisdiction.
- Accordingly, various schemes have been notified and directions issued for implementation of e-proceedings and faceless schemes, as follows:
 - Section 135A:- e-Verification Scheme, 2021
 - Section 245MA:- e-Dispute Resolution Scheme, 2022
 - Section 245R:- e-advance rulings Scheme, 2022
 - Section 250:- Faceless Appeal Scheme, 2021
 - Section 275:- Faceless Penalty Scheme, 2022

- While introducing these amendments in the relevant provisions, time limitations were also incorporated into the statute for issuing directions, with an intent to implement these reforms in a timely manner. These time limits in case of each provision are as below:
 - Section 135A:- 31.03.2022
 - Section 245MA:- 31.03.2023
 - Section 245R:- 31.03.2023
 - Section 250:- 31.03.2022
 - Section 274:- 31.03.2022
- In order to overcome any issues arising in implementation of these schemes and also to ensure that the schemes can operate according to the changing times, adjustments may be required to be made to the directions issued under these provisions.
- However, as per the present provisions, an express power to amend or modify the directions is not available. Therefore, it has been proposed to amend the relevant provisions to provide that where any direction has been issued for the purposes of giving effect to the scheme under that Section before the expiry of limitation, the Central Government may, amend such direction by notification in the Official Gazette even after the following dates:
 - Section 135A:- 31.03.2022
 - Section 245MA:- 31.03.2023
 - Section 245R:- 31.03.2023
 - Section 250:- 31.03.2022
 - Section 274:- 31.03.2022
- *w.e.f. 01.04.2022 (for Section 135A, 250 and 274)*
- *w.e.f. 01.04.2023 (for Section 245MA and 245R)*

Decriminalization of Section 276A of IT Act

- Section 276A of IT Act provides for prosecution with rigorous imprisonment up to 2 years and personal liability in case of a person, being a liquidator, who:
 - fails to give notice in accordance with Section 178(1) of IT Act; or
 - fails to set aside the amount as per Section 178(3); or

- parts with any of the assets of the company or the properties in contravention of the provisions of Section 178.
- The provisions of Section 276A have been examined in light of the stated policy of the Government to decriminalize minor offences as a step towards ease of doing business.
- Further, with the operationalization of IBC, waterfall mechanism for payment of dues is now in place for companies under liquidation and Section 178(6) provides that Section 178 shall not have effect when the provisions of IBC are in contrary.
- Moreover, the liquidator is now working under the oversight of IBC.
- Therefore, it is proposed to amend Section 276A by providing a sunset clause w.e.f. 31.03.2023.
- It is proposed that no fresh prosecution shall be launched under Section 276A on or after 01.04.2023. The earlier prosecutions shall however continue.

w.e.f. 01.04.2023



HIGHLIGHTS OF IMPORTANT AMENDMENTS RELATING TO INDIRECT TAXES



GOODS AND SERVICES TAX

Imposition of Time Limit for Furnishing of Returns by a Registered Person

- New provisions have been proposed to be inserted to provide for the time limit upto which returns u/s 37 (FORM GSTR-1), Section 39 (FORM GSTR-3B), Section 44 (FORM GSTR-9, FORM GSTR-9A, FORM GSTR-9B and FORM GSTR-9C) and Section 52 (FORM GSTR-8) can be furnished. As per the new provisions, a registered person shall not be allowed to furnish the returns for a tax period after the expiry of a period of three years from the due date of furnishing the such return.
- Further, it also seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for a registered person or a class of registered persons.

Computation of Period of Delay for Calculation of Interest on Delayed Refunds

- Section 56 of the CGST Act provides for interest on delayed refunds. As per the existing provision, interest is payable from the date immediately after the expiry of sixty days from the date of receipt of refund application till the date of refund of such tax. Now, as per the proposed change, power has been granted to prescribe the manner of computation of delay.

Place of supply of services by way of transportation of goods to a place outside India

- Proviso to Section 12(8) of the IGST Act is proposed to be omitted which states that where the transportation of goods is to a place outside India, the place of supply of services by way of transportation of goods where the supplier of services and recipient of services are located in India shall be the place of

destination of such goods i.e. outside India. Hence, as per the proposed amendment, where goods are sent outside India and where both supplier and recipient are in India, the place of supply would be in India.

Amendment in Definition of Non-Taxable Online Recipient

- Definition of “non-taxable online recipient” u/s 2(16) of the IGST Act has been proposed to be amended wherein, the condition of receiving OIDAR services for purposes other than commerce, industry or any other business or profession has been removed to provide for taxability of OIDAR service provided by any person located in the non-taxable territory to an unregistered person receiving the said services and located in the taxable territory.
- Further, persons registered solely in terms of clause (vi) of Section 24 of CGST Act i.e. persons who are required to deduct tax u/s shall be treated as unregistered persons for the purpose of the definition of the non-taxable online recipient.

Amendment in Definition of Online Information and Database Access or Retrieval Services

- Definition of OIDAR services u/s 2(17) of the IGST Act has been proposed to be amended to remove the condition of being essentially automated and involving minimal human intervention.
- Under the new definition, it is possible that more electronic services may fall under the scope of OIDAR services that are merely being provided with the help of information technology.

Relief to Suppliers Selling Goods through E-Commerce Operators

- Section 10 of CGST Act provides for a registered person to opt for payment of taxes under a composition scheme. Currently, any dealer who is supplying

goods through electronic commerce operator is barred from being able to opt for payment of taxes under the composition scheme.

- Now, registered persons supplying “goods” (only) through electronic commerce operators can now opt to pay tax under the composition levy scheme of GST, subject to the general eligibility criteria. Hence, businesses that have an annual turnover up to 1.5 crore can now register for the composition scheme. Correspondingly, composition taxpayers are now allowed to make intra-state supply of goods through e-commerce.
- During the 47th and 48th GST Council Meetings, the in-principal approval for relaxation in the provisions for suppliers making supplies through E-Commerce Operators was granted.
- *W.e.f date to be notified*

Availment of Input Tax Credit

- Section 16 provides for conditions for availing input tax credit.
- Changes have been made in the provisio to Section 16 to clarify and align with the return filing system provided in the CGST Act in relation to payments made to supplier of goods or services.
- *W.e.f date to be notified*

Blocked Credits

- Section 17 provides for apportionment of credit and blocked credits. Availment of input tax credit has been restricted in respect of supply of warehoused goods before clearance for home consumption by including it in the value of exempt supply.
- Section 17(5)(fa) has been newly introduced which provides that input tax credit on good/services used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall be ineligible. This is a welcome move since there existed a lot of controversy in availment of input tax credit of GST paid on CSR expenses.
- *W.e.f date to be notified*

Registration

- Section 23 provides that certain categories of persons are not liable for registration. This section has been retrospectively substituted. It has been now clarified that persons falling under the category of compulsory registration in terms of Section 22(1) and Section 24 of the Act need not register if exempt under sub section (1) of section 23.
- For this purpose, a notwithstanding clause was introduced under the newly substituted Section 23 to provide that Section 23 prevails over Section 22(1) and Section 24.
- *W.e.f 01.07.2017 retrospectively*

Penalty on E-Commerce Operators Subject to Certain Conditions

- Section 122(1B) has been newly introduced. Such penal provisions are applicable in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers.
- *W.e.f date to be notified*

Decriminalizing Offences and Increase in Threshold for Launching Prosecution

- Section 132 provides for punishments for a list of offences. Out of these offences, three offences have been decriminalized. These offences include the following:
 - obstruction or preventing any officer in the discharge of his duties;
 - deliberate tempering of material evidence;
 - failure to supply the information or supply of false information.
- Further, the minimum threshold of tax amount for launching prosecution under GST has been raised from one crore to two crore, except for the offence of issuance of invoices without supply of goods or services or both.
- *W.e.f date to be notified*

Compounding of Offences

- Section 138 provides for compounding of offences. This section has been rationalized and the language has been made simpler.
- Primarily, the amount for compounding of various offences has been reduced from the present range of 50 per cent - 150 per cent of tax amount to the range of 25 per cent - 100 per cent.
- *W.e.f date to be notified*

Consent-Based Sharing of Information

- A new section 158A in CGST Act is being inserted to enable 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 a manner to be prescribed.
- *W.e.f date to be notified*

Retrospective Exemption to Certain Activities in Schedule III

- Schedule III of the CGST Act was amended in 2018 so as to add Para 7 [supply of goods from non-taxable territory to non-taxable territory], Para 8(a) [supply of warehoused goods before clearance of home consumption] and Para 8(b) [high sea sales], so as to treat the activities/ transactions mentioned in the said paragraphs as neither supply of goods nor supply of services.
- These three entries were inserted in 2018 and came into effect on 01.02.2019. However, in the intervening period between 01.07.2017 and 01.02.2019, the taxability of these three transactions was not clear. Hence, the applicability of the said three transactions have been retrospective with effect from 01.07.2017.
- However, no refund of tax paid shall be available in cases where any tax has already been paid in respect of such transactions/ activities during the period 01.07.2017 to 31.01.2019.
- *W.e.f 01.07.2017 retrospectively*

CUSTOMS LAW

Time period of validity of exemption notification not to apply in certain cases

- Exemptions granted under Section 25 of the Customs Act, unless otherwise specified, are valid upto 31st March falling immediately after 2 years of coming into force of such exemption.
- That for the purposes of expanding the benefit of Customs Duty exemption, it is proposed to insert a Proviso to Section 25(4A) providing that the stipulation of period of validity of the exemption shall not apply in certain cases, namely:
 - Multilateral or bilateral trade agreements.
 - Obligations under international agreements, treaties, conventions, including obligations with respect to United Nations agencies, diplomats and international organisations;
 - Privileges of constitutional authorities.
 - Schemes under Foreign Trade Policy.
 - Central Government schemes having validity of more than 2 years.
 - Re-imports, temporary imports, goods imported as gifts or personal baggage.
 - Any duty of customs under any law for the time being force, including IGST leviable under Section 3(7) of Customs Tariff Act, other than duty of customs leviable under Section 12.

Time Limit to decide settlement applications

- Section 127C of the Customs Act is proposed to be amended by inserting *Sub-Section(8A)* whereby the Settlement Commission is required to decide a settlement application within 9 months (extendable upto 12 months by reasons to be recorded in writing) otherwise the settlement application shall stand abated.

Determination or review of CVD and ADD to be done as per the rules

- Section 9 and Section 9A of the Customs Tariff Act pertaining to Countervailing Duty (“CVD”) and Anti-Dumping Duty (“ADD”) respectively and Section 9C of the Customs Tariff Act pertaining to appeal against determination or review of CVD or ADD are being proposed to be amended by omission of certain words.
- Further, an explanation in Section 9C is proposed to be inserted providing that the determination or review of said duties shall be done in such manner as be specified in the rules made under the said sections.
- That the said amendments are proposed to take effect retrospectively from 1st January, 1995.

CENTRAL SALES TAX ACT

- That Section 19 of the Central Sales Tax Act, 1956 (“the Act”) is proposed to be amended by providing that the Central Excise and Service Tax Tribunal constituted under Section 129 of the Customs Act shall be the authority under the Act to settle inter-state disputed falling under Section 6A and Section 9 of the Act.
- That Section 25 of the Act is proposed to be amended by insertion of *Sub-Section(3)* providing that all appeals filed under Section 20 and pending before the Authority for Advance Rulings shall stand transferred to the Central Excise and Service Tax Tribunal constituted under Section 129 of the Customs Act.



HIGHLIGHTS OF IMPORTANT AMENDMENTS RELATING TO MISCELLANEOUS LAWS



MOVE TOWARDS POTENTIAL ECONOMY

Ease of Doing Business

- Currently, an entity engaged in business has multiple identifiers like Permanent Account Number ("PAN"), GSTIN, TIN, TAN, establishment registration with EPFO and ESIC, etc. The Hon'ble Finance Minister proposed under this Budget that in relation to the business entities which are required to obtain PAN, PAN will serve as the common identifier for all digital systems of the designated Government entities.
- A "Unified Filing Process" system is proposed to be set up to eliminate the requirement of separate filing of the same information to multiple Governmental authorities. Further, the filer of the information/return will have the option to share the same with other Governmental authorities as per the choice of the filer.
- The Jan Vishwas (Amendment of Provisions) Bill, 2022 was introduced in the Lok Sabha on December 22, 2022, and is pending before the Lok Sabha. The said Bill proposes to amend 42 Central Acts thereby advancing trust-based governance wherein various provisions are proposed to be decriminalized along with proposal for decreasing several compliance to make doing business better.
- A central data processing centre is proposed to be set up for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act, 2013.

Vivad se Vishwas

- **Vivad se Vishwas I - Relief to MSMEs.**
Under this, a relief to MSMEs is proposed wherein 95% (Ninety-five percent) of the forfeited amount relating to bid or performance security, on account of non-execution of their contracts during the Covid period will be returned to the concerned MSME by the Government and Government undertakings.
- **Vivad se Vishwas II- Settling Contractual Disputes**
Under this, the introduction of a voluntary settlement scheme with standardized terms is proposed, to settle the ongoing contractual disputes of

the Government and Government undertakings wherein arbitral award is under a challenge before any court. This will be done by offering graded settlement terms depending on pendency level of the dispute.

DIGITAL INDIA

Know Your Customer (KYC) Services

- To simplify the KYC Process, it is proposed to adopt a “risk-based” method, rather than “one size fits all”. Currently, the KYC process is the same for all persons, however, it is proposed to revise the KYC process based on the risk factors involved.
- It is proposed to use Digilocker service and Aadhar as the foundational identity to establish a one-stop solution service platform for reconciliation and updation of identity and addresses of individuals maintained by multiple Government agencies, regulators, and regulated entities.

DIGILOCKER

- In order to enable more Fintech innovative services, it is proposed to increase the range of documents stored in DigiLocker for individuals.
- At present only individuals can store and share their certificates in DigiLocker. It is proposed to set up “Entity DigiLocker” which would enable MSMEs, large businesses, and charitable trusts to store and share documents securely with various authorities, regulators, banks and other business entities through DigiLocker.

E-Courts

- To promote technology integration of the justice delivery system, Phase 3 of the e-courts project is proposed to be implemented. Phase 3 of the e-courts project envisions a judicial system which is more accessible, efficient and equitable for every individual who seeks justice, or is part of the delivery of justice, in India. It envisions infrastructure for the judicial system that is natively digital.

Artificial Intelligence

- The Government has been working in enhancing the usage of artificial intelligence, internet of things, big data, cybersecurity, machine learning and robotics through its Digital India program.
- Through this budget, establishment of three centres of excellence for artificial intelligence in prestigious educational institutions is proposed, to help realise the aim of "Make AI in India and Make AI work for India".
- Accordingly, leading business players will collaborate to perform multidisciplinary research, create cutting-edge applications, and find scalable solutions to issues in the fields of sustainable cities, health, and agriculture. As a result, an efficient artificial intelligence ecosystem will be stimulated, and skilled human resources will be developed.

National Data Governance Policy

- To enable the access to anonymized data, formulation of National Data Governance Policy is proposed. Further, this policy will aid the start-ups and academia with their research and innovations.

Skill India Digital Platform

- It is proposed to launch a unified Skill India Digital Platform for enabling demand based formal skilling, linking it with employers including MSMEs, and facilitating access to entrepreneurship schemes.
- To provide stipend support to youth, it is proposed to roll out direct benefit transfer under a pan-India National Apprenticeship Promotion Scheme.

BANKING & FINANCE

Credit Services

- In budget 2022-23, the Hon'ble Finance Minister proposed to revamp the Credit Guarantee Trust for Micro and Small Enterprises Scheme which, under this Budget, is proposed to be effective from April 01, 2023. The proposed implementation of the revamped scheme will reduce the cost of credit by 1% (One percent) and will provide the MSMEs with an additional collateral-free guaranteed credit of Rs. 2 lakh Crores.
- To enhance the efficiency of the flow of credit, to promote financial inclusion and to foster financial stability, it is proposed to set up a national financial information registry, in consultation with the Reserve Bank of India, which will serve as the central repository of financial and ancillary information.
- The financing of select schemes is proposed to revise from "input-based" to "result-based" on a pilot basis in order to effectively distribute limited resources among competing development requirements.

GIFT City

- The government aims to make Gujarat International Finance Tec-City ("GIFT City"), India's first International Financial Services Centre ("IFSC"), which would be a global hub for financial services. Every year various measures are introduced to strengthen the regulatory framework in GIFT City.
- Various proposals have been announced in this budget to enhance the business activities in GIFT City which are as follows:
 - To avoid dual regulations, powers under the SEZ Act are proposed to be delegated to the International Financial Services Centers Authority ("IFSCA").
 - To seek approval and registration from SEZ authorities, IFSCA, RBI, SEBI, Insurance Regulatory and Development Authority, and GSTN, a single window information technology system is proposed to be set up.
 - Permitting acquisition financing by IFSC banking units of foreign banks.
 - Establishing a subsidiary of EXIM bank for trade refinancing.
 - Amending IFSCA Act, with respect to the provisions relating to arbitration, ancillary services and avoiding dual regulation under SEZ Act.

- Facilitating setting-up of Data Embassy in GIFT IFSC for the countries looking for digital continuity solutions.
- To further incentivize operations from IFSC, the Finance Bill, 2023 has proposed to amend Section 18A of the Securities Contracts (Regulation) Act, 1956 which governs contracts in derivatives. The proposed amended Section includes a derivative contract regulated by IFSCA in an IFSC and issued by Foreign Portfolio Investor as legal and valid. Thus, recognizing offshore derivative instruments as regulated by IFSCA as valid contracts.

Investors' Protection

- To enhance investors' protection and banking governance, it is proposed to amend the provisions of the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
- The establishment of an integrated information technology portal is proposed to facilitate and ease the process of reclaiming the unclaimed shares and unpaid dividends by the investors from the Investor Education and Protection Fund Authority.

Saving Schemes

- **Government Savings**
 - To simplify and facilitate the process of payment of eligible balance of deposit on the death of depositor in the case there is no nomination and document as specified under Section 4(4) of Government Savings Promotion Act, 1873 ("**Government Saving Act**") have not been submitted within the timelines specified therein, the Finance Bill, 2023 has proposed to substitute sub-section (4) of Section 4A of the Government Savings Act.
 - Through the proposed substitution of sub-section (4) of Section 4A of the Government Saving Act, the following changes are proposed:
 - The timeline for submission of documents is proposed to be increased from 3 months to 6 months from the date of death of the depositor;

- legal heir certificate issued by the revenue authority, not below the rank of tahsildar having jurisdiction, is proposed to be included as valid proof for a person legally entitled to receive the eligible balance of the deposit; and
 - The authority for submitting the document is proposed to be changed from the secretary of Government savings bank to Authorised Officer under the Act, which means (a) in the case of a Post Office Savings Bank, an officer authorised by the Director General Posts; and (b) in the case of State Bank of India or a banking company or any other company or institution, an officer so authorised by State Bank of India or that banking company or that other company or that institution, as the case may be;
 - It is also proposed to amend the Part A to Schedule to the Government Savings Act to incorporate the PM Cares for Children Scheme, 2021 as an additional deposit in the Government savings schemes.

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- **Mahila Samman Savings Certificate**

The Hon'ble Finance Minister has proposed to introduce a new one-time small savings scheme, Mahila Samman Savings Certificate, for women and girls to commemorate Azadi Ka Amrit Mahotsav for 2 year period up to March 2025. The said scheme will offer a deposit facility of upto Rs. 2 lakhs at a fixed interest rate of 7.5% and will have a partial withdrawal option.

- **Maximum Deposit Limits**

The maximum deposit limit for the following schemes is proposed to be enhanced:

S. No.	Relevant Scheme	Existing Maximum Limit	Proposed Enhanced Limit
1.	Senior Citizen Savings Scheme	Rs. 15 lakhs	Rs. 30 lakhs
2.	Monthly Income Account Scheme for Single Account	Rs. 4.5 lakhs	Rs. 9 lakhs
3.	Monthly Income Account Scheme for Joint Account	Rs. 9 lakhs	Rs. 15 lakhs

Municipal Bonds

- In November 2022, the Reserve Bank of India released a report on municipal finances emphasizing that an under-developed municipal bond market is putting the local bodies in a difficult position as they are forced to rely largely on loans from the central and state governments and borrowings from banks and financial institutions to finance their resource gaps.
- Therefore, to incentivize the cities to improve their creditworthiness for raising of funds through municipal bonds, the Hon'ble Finance Minister has proposed property tax governance reforms and ring fencing user charges on urban infrastructure.

Urban Infrastructure Development Fund

- It is proposed to establish Urban Infrastructure Development Fund through use of priority sector lending shortfall. This fund will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.

AGRICULTURAL DEVELOPMENT

- To enhance inclusive and farmer-centric solutions, digital public infrastructure for agriculture is proposed to be built as an open source, open standard and inter-operable public good.
- An agriculture accelerator fund is proposed to be set up to promote agricultural startups by young entrepreneurs in the rural areas. The said fund will endeavour to provide solutions to the problems faced by the farmers and will help in developing modern technologies to enhance productivity and profitability.
- It is proposed to establish large producer enterprises or collectives to enable economic women empowerment and reach the next stage of economic empowerment.

GREEN GROWTH

- The Hon'ble Prime Minister has given a vision for "LiFE", or Lifestyle for Environment, to spur a movement of environmentally conscious lifestyle. The Hon'ble Finance Minister announced that this year's budget is focused on green growth.
- In this regard, it is proposed that Rs. 35,000 crores will be allocated for priority capital investments towards energy transition, net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.
- To steer the economy on the sustainable development path, battery energy storage system with capacity of 4,000 MWH is proposed to be supported by the Government. It is proposed that the detailed framework for pumped storage projects will be formulated.
- It is proposed to introduce a Green Credit Programme under the Environment (Protection) Act, 1986 to incentivize environmentally sustainable and responsive actions by companies, individuals and local bodies.

OTHERS

- The Finance Bill, 2023 has proposed to amend division D of Article 47 of Schedule I of the Indian Stamp Act, 1899 in order to exempt the policies of life insurance issued under the Pradhan Mantri Jeevan Jyoti Bima Yojana from the levy of Stamp Duty.



LIST OF ABBREVIATIONS



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AO	Assessing Officer
AR	Authorized Representative
CCIT	Chief Commissioner of Income Tax
CIT	Commissioner of Income Tax
CGST	Act Central Goods and Services Tax Act, 2017
CGST Rules	Central Goods and Services Tax Rules, 2017
Companies Act	Companies Act, 2013
Customs Act	Customs Act, 1962
Excise Act	Central Excise Act, 1944
FCRA	Forward Contract (Regulation) Act, 1952
FEMA	Foreign Exchange Management Act, 1999
FRBM Act	Fiscal Responsibility and Budget Management Act, 2003
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
IGST Act	Integrated Goods and Services Tax Act, 2017
IGST Rules	Integrated Goods and Service Tax Rules, 2017
IRDA	Insurance Regulatory and Development Authority Act, 1999
IT Act	Income Tax Act, 1961
IT Rules	Income Tax Rules, 1961
ITAT	Income Tax Appellate Tribunal
ITO	Income Tax Officer
ITR	Income Tax Return
ITC	Input Tax Credit
NBFC	Non-Banking Finance Company
PBPT Act	Prohibition of Benami Property Transaction Act, 1988
PE	Permanent Establishment
PCCIT	Principal Chief Commissioner of Income Tax
PCIT	Principal Commissioner of Income Tax
PMLA	Prevention of Money Laundering Act, 2002
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RERA	Real Estate (Regulation and Development) Act, 2016
SCRA	Securities Contracts (Regulations) Act, 1956
SCR Rules	Securities Contracts (Regulations) Rules, 1956
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEZ	Special Economic Zone
SEZ Act	Special Economic Zones Act, 2005
Stamp Act	Indian Stamp Act, 1899
Tariff Act	Custom Tariff Act, 1975 TRO Tax Recovery Officer



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