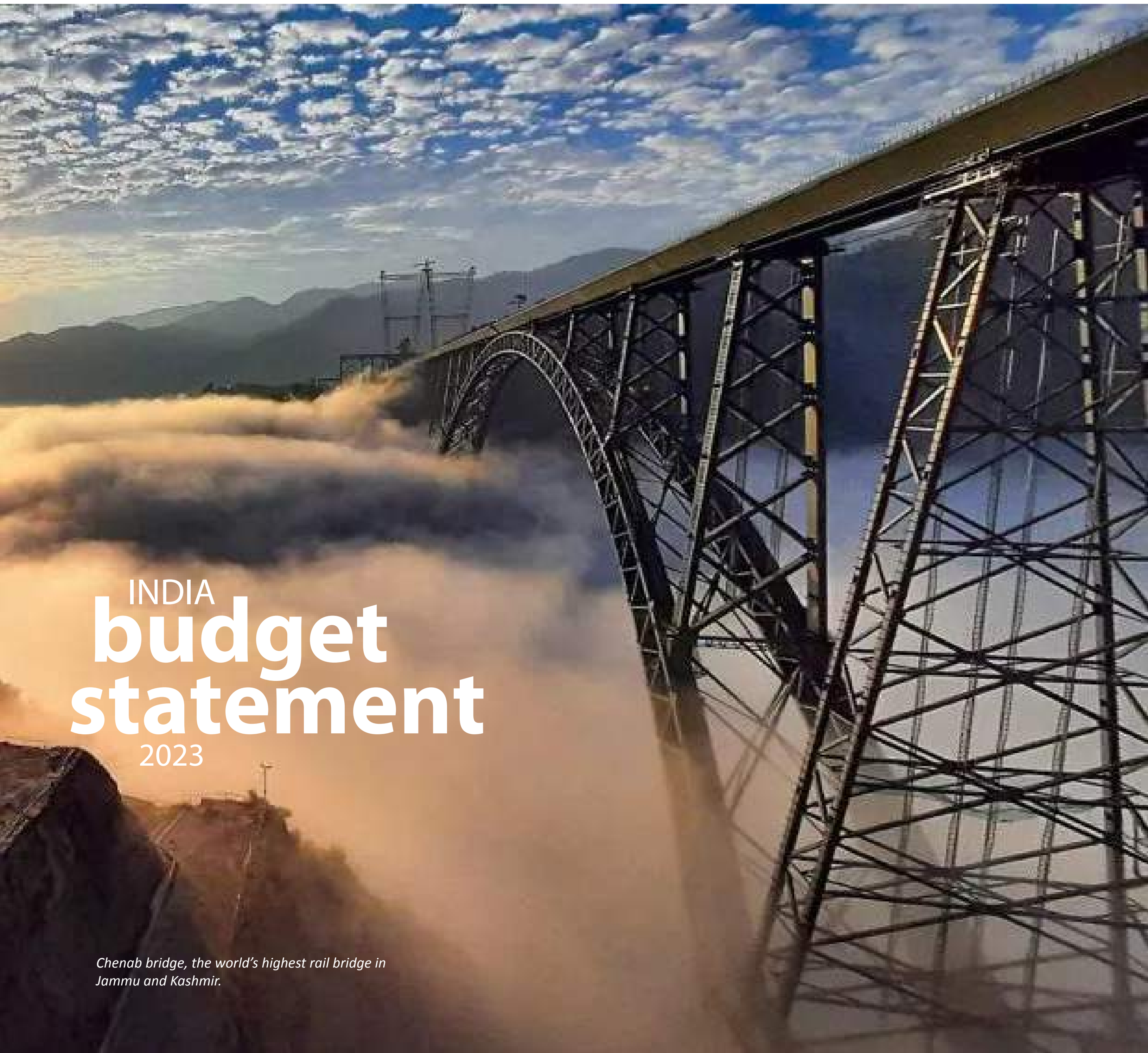
VERENDRA KALRA & CO

CHARTERED ACCOUNTANTS

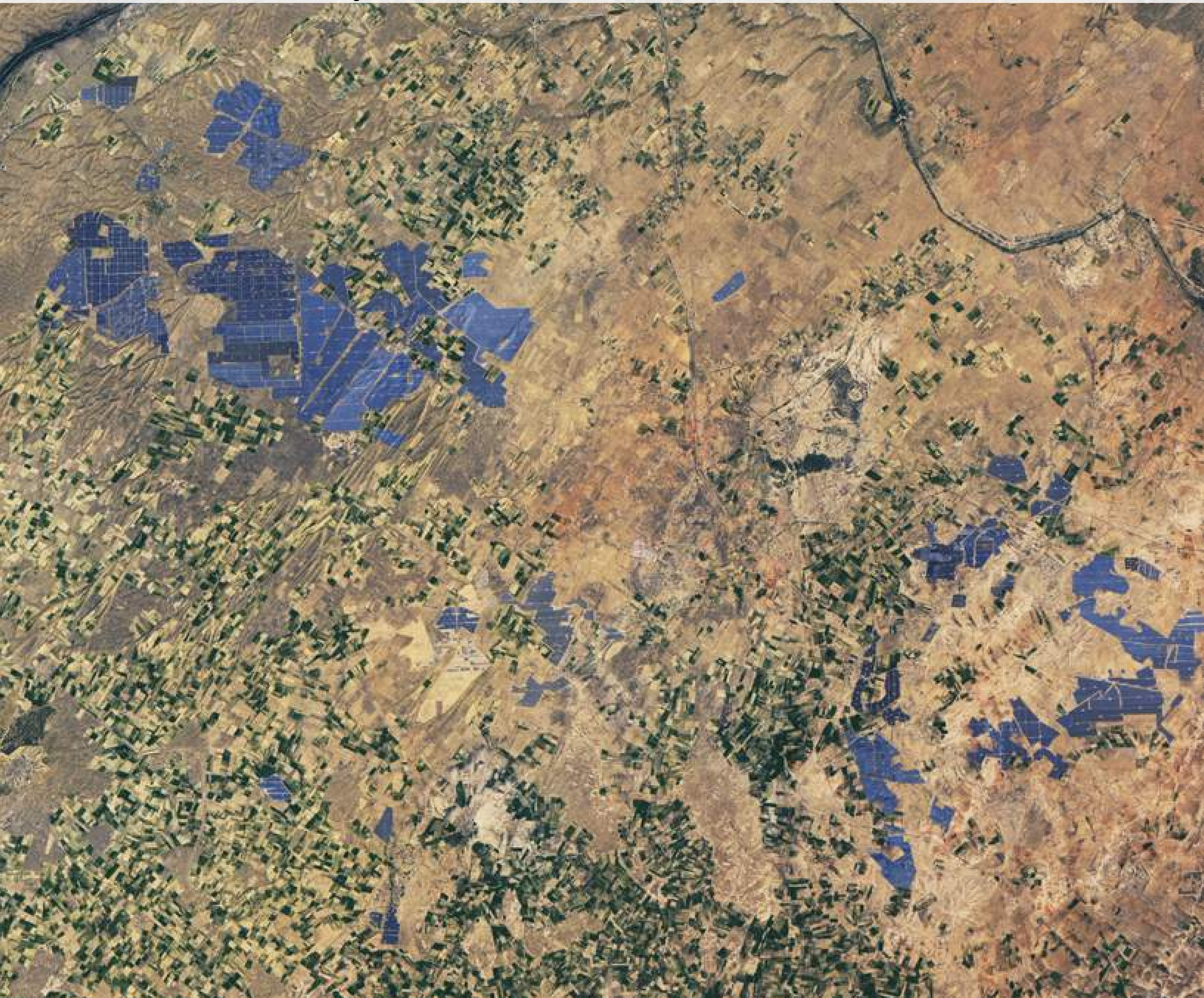


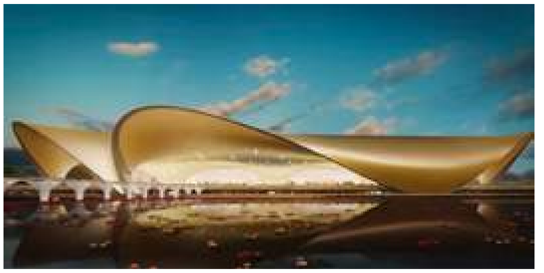
INDIA budget statement 2023

Chenab bridge, the world's highest rail bridge in Jammu and Kashmir.

CONTENTS

Bhadla Solar Park - the world's largest




Navi Mumbai Airport

Foreword

Budget 2023 is the last full budget to be presented before the national elections in 2024. Amidst wide expectations of being a populist one in a pre-election year, Budget 2023 instead ticked just the right boxes by balancing outlays for infrastructure and capex with measures to boost consumption.

The first budget in India's Amrit Kaal envisions to include technology-driven and knowledge-based economy with strong public finances, and a robust financial sector. The economic agenda for achieving this vision focuses on three things: first, facilitating ample opportunities for citizens, especially the youth, to fulfil their aspirations; second, providing strong impetus to growth and job creation; and third, strengthening macro-economic stability.

Budget 2023 adopts seven priorities calling them 'Saptarishis' as the guiding factors.

Inclusive Development has been sought to be pushed through measures like building of digital public infrastructure for agriculture, setting up an Agriculture Accelerator Fund to encourage agri startups by young entrepreneurs in rural areas, increase of agriculture credit target to INR 20 lac crore (INR 20 trillion), schemes for computerization of 63,000 Primary Agricultural Credit Societies (PACS) and a National Digital Library for children and adolescents facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility.

Second on the list of priorities set out by H'ble FM, is **Reaching the Last Mile**. To achieve this, Recruitment of 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lac tribal students is proposed in the next three years. The outlay for PM Awas Yojana is being enhanced by 66% to over INR 79,000 crore (INR 790 crore).

With a strong focus on **Infrastructure and Investment,** capital investment outlay is being increased steeply for the third year in a row by 33% to INR 10 lac crore (INR 10 trillion), which would be 3.3% of GDP. This will be almost three times the outlay in 2019-20. A capital outlay of INR 2.40 lac crore (INR 2.4 trillion) has been provided for the Railways, which is about 9 times the outlay made in 2013-14. One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified. They will be taken up on priority with investment of INR 75,000 crore (INR 750 billion), including INR 15,000 crore (INR 150 billion) from private sources.

Measures to **Unleash the Potential** include push through schemes like Mission Karmayogi, by implementing capacity-building plans for civil servants

Pavagada Solar Park

through integrated online training platform, *iGOT Karmayogi*. For realizing the vision of "*Make AI in India and Make AI work for India*", three centres of excellence for Artificial Intelligence will be set-up in top educational institutions.

Ease of doing business gets sustained attention through multiple initiatives riding on technology such as **One stop solution for identity and address updating** for regulators and regulated entities using DigiLocker service and Aadhaar as foundational identity, **PAN as Common Business Identifier,** Unified Filing Process for obviating the need for separate submission of same information to different government agencies.

MSME sector gets the enhanced working capital access through schemes ***Vivad se Vishwas -I & II***, wherein return of 95% of the forfeited amount is being allowed relating to bid or performance security by government and government undertakings in cases of failure by MSMEs to execute contracts during the Covid. To further support MSMEs in timely receipt of payments, there is a welcome proposal to allow deduction under Income Tax Act for expenditure incurred on payments made to them only when payment is actually made are welcome measures to boost the MSME sector.

Green Growth continues to be a central pillar of India's overall development trajectory. The Budget speech outlined several new priorities, like the recently launched National Green Hydrogen Mission, with an outlay of INR 19,700 crore (INR 197 billion), to facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports. This Budget provides INR 35,000 crore (INR 350 billion) for priority capital investments towards energy transition and net zero objectives.

Youth Power or the 'Amrit Peedhi'

to be empowered by schemes like Pradhan Mantri Kaushal Vikas Yojana 4.0 to skill lacs of youth within the next three years. The scheme covers new age courses for Industry like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills. To skill youth for international opportunities, 30 Skill India International Centers to be set up across different States.

Impetus to digital ecosystem for skilling is expanded with the launch of a unified Skill India Digital platform for enabling demand-based formal skilling, linking with employers including MSMEs, and facilitating access to entrepreneurship schemes.

Financial sector which as been identified as the seventh on the list of priorities is given considerable attention in the Budget with measures like Credit Guarantee for MSMEs. To simplify, ease and reduce cost of compliance, financial sector regulators are to carry out a comprehensive review of existing regulations along with other measures for improving Governance and Investor Protection in Banking Sector, capacity Building in Securities Market and a Central Data Processing Centre while also introducing a one-time new small savings scheme for women and enhancement of the maximum deposit limit for Senior Citizen Savings Scheme.

On the direct tax front, under personal income tax, middle class gets tax relief through increase in the rebate limit (for taxpayers in the new regime), will NIL tax up to INR 7 lac (INR 0.7 million) of income. Individuals with an income of INR 15 lac (INR 1.5 million) will be required to pay only INR 1.5 lac (INR 0.15 million) or 10% of his or her income, a reduction of 20% from the existing liability. The highest surcharge rate has been brought down from 37% to 25% in the new tax regime. All these measures are aimed at moving in the long term towards a tax regime with minimal deductions and exemptions.

In continuation are extensions of income tax benefits to start-ups by another one year and benefits of carry forward of losses on change of shareholding from seven years of incorporation to ten years.

Indirect tax proposals aim to promote exports, boost domestic manufacturing, enhance domestic value addition, encourage green energy and mobility. Custom duty rates have been brought down from 21 to 13. There is no tinkering of rates under GST.

With fiscal deficit estimated to be 5.9% of GDP in FY 24, India is well on the path of fiscal consolidation and current year's economic growth estimated at 7% which is notably the highest among all the major economies. This is despite the massive slowdown globally caused by Covid-19 and a war.

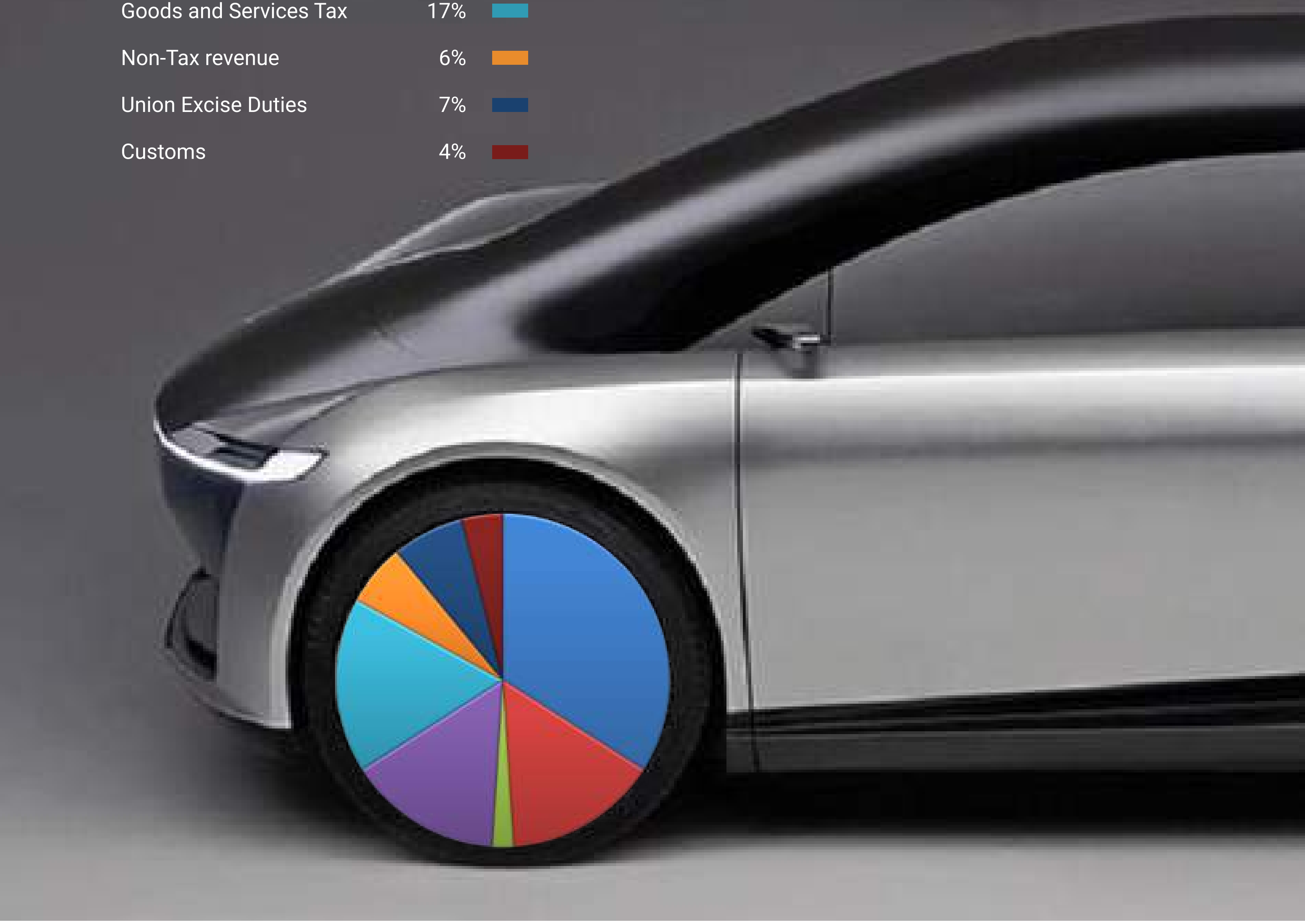
Continuity, Consistency and Certainty have been the hallmark of all the budgets presented by the present government. In the backdrop of the elections in 2024, this is just the right time for all political parties to come together in a bi-partisan manner and consensually approach the economic agenda, so as to build incrementally upon all what has been achieved in the past and take Mission India@100 forward to its tryst with destiny.

Verendra Kalra
Managing Partner

BUDGET AT A GLANCE

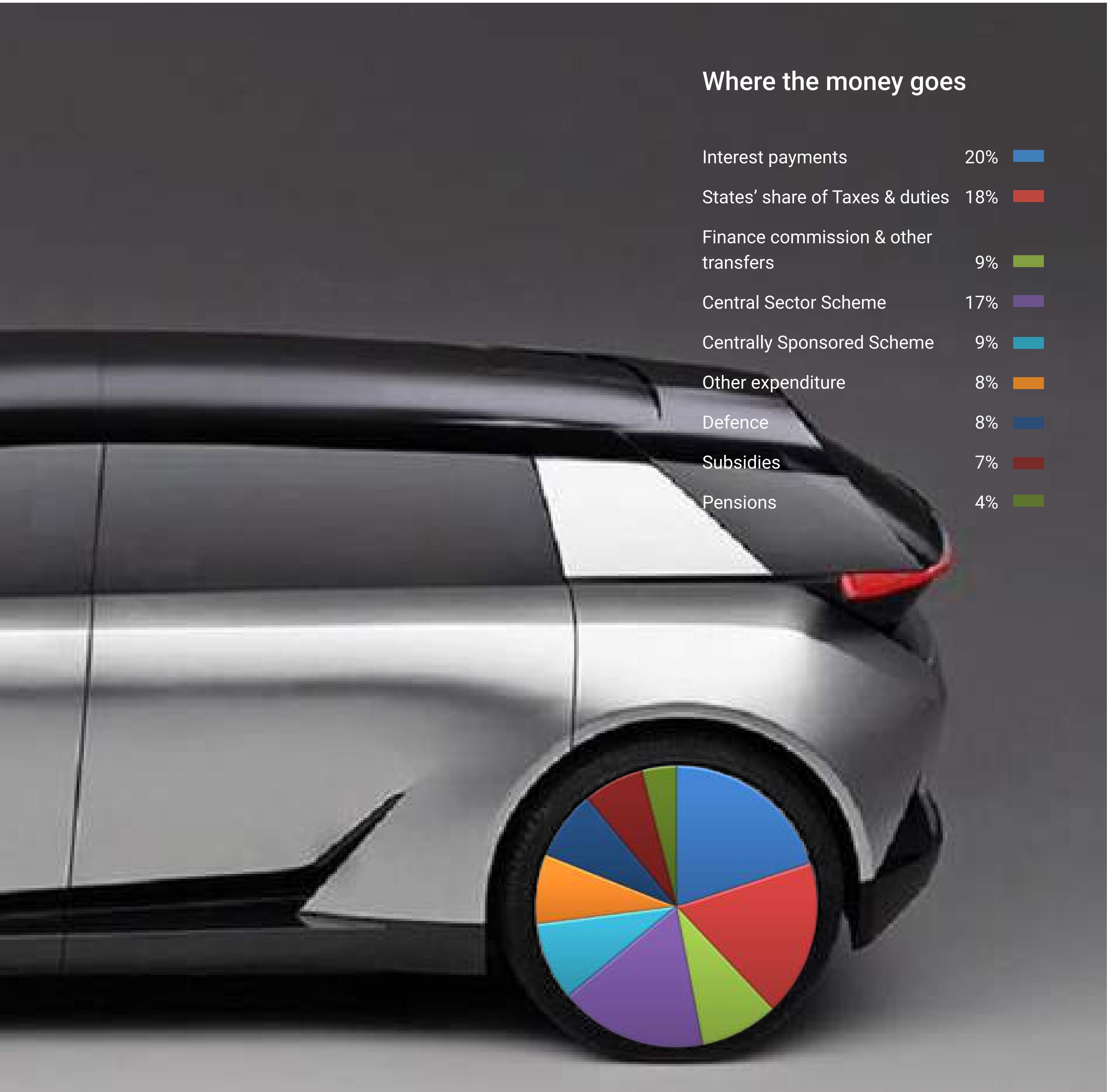
Where the money comes from

Borrowing and other liabilities	34%
Corporate Tax	15%
Non-debt capital receipts	2%
Income Tax	15%
Goods and Services Tax	17%
Non-Tax revenue	6%
Union Excise Duties	7%
Customs	4%



Avinya - the flag bearer for India-made EVs

Where the money goes



Interest payments	20%
States' share of Taxes & duties	18%
Finance commission & other transfers	9%
Central Sector Scheme	17%
Centrally Sponsored Scheme	9%
Other expenditure	8%
Defence	8%
Subsidies	7%
Pensions	4%

BUDGET FINANCIALS

(Amount in INR billion)

	Particulars	2021-22 Actuals	2022-23 BE	2022-23 RE	2023-24 BE
1	**Revenue Receipts (2+3)**	**21,699**	**22,044**	**23,484**	**26,323**
2	Tax Revenue(Net to Centre)*	18,048	19,348	20,867	23,306
3	Non-tax revenue	3,651	2,697	2,617	3,017
4	**Capital Receipts(5+6+7)**	**16,239**	**17,405**	**18,388**	**18,708**
5	Recoveries of loans	247	143	235	230
6	Other receipts	146	650	600	610
7	Borrowings & other liabilities**	15,845	16,612	17,553	17,868
8	**Total Receipts (1+4)**	**37,938**	**39,449**	**41,872**	**45,031**
9	**Total Expenditure (10+13)**	**37,938**	**39,449**	**41,872**	**45,031**
10	On Revenue account	32,009	31,947	34,590	35,021
11	Interest Payments	8,055	9,407	9,407	10,800
12	Grants in aid for creation of capital assets	2,426	3,176	3,256	3,700
13	On Capital account	5,929	7,502	7,283	10,010
14	**Effective Capital Expenditure (12+13)**	**8,355**	**10,679**	**10,539**	**13,709**
15	**Revenue deficit (10-1)**	**10,310**	**9,902**	**11,105**	**8,699**
		(4.4)	**(3.8)**	**(4.1)**	**(2.9)**
16	**Effective Revenue deficit (14-12)**	**7,884**	**6,726**	**7,850**	**4,999**
		(3.3)	**(2.6)**	**(2.9)**	**(1.7)**
17	**Fiscal deficit {9-(1+5+6)}**	**15,845**	**16,612**	**17,553**	**17,868**
		(6.7)	**(6.4)**	**(6.4)**	**(5.9)**
18	**Primary deficit (16-11)**	**7,790**	**7,205**	**8,147**	**7,068**
		(3.3)	**(2.8)**	**(3.0)**	**(2.3)**

* Includes drawdown of cash balance

** RE 2022-23 is reduced by INR 32,607 crore (INR 326.07 billion) on account of net amount payable by Centre for prior years. Growth in BE 2023-24 over RE 2022-23 is 10% excluding prior year adjustments.”

Notes:

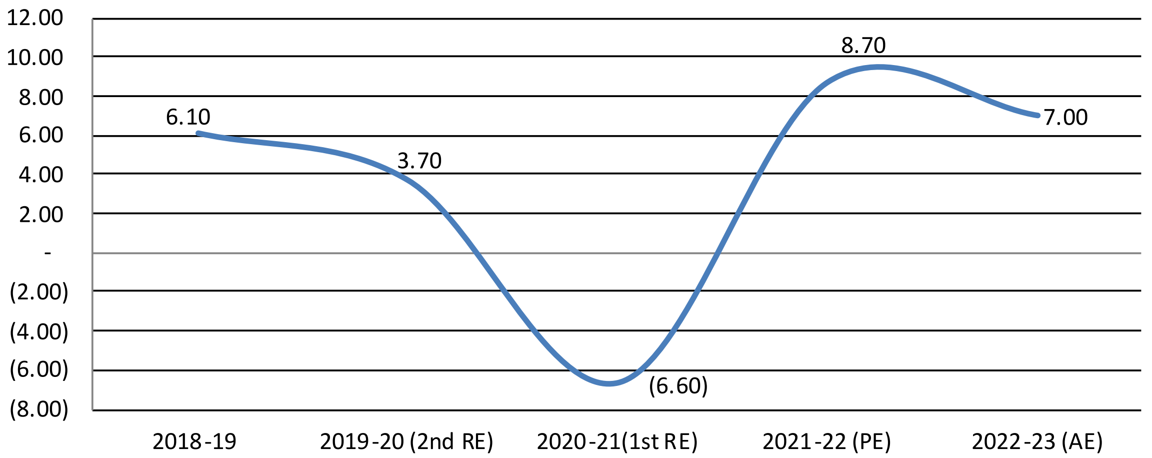
(i) GDP for BE 2023-24 has been projected at INR 3,01,75,065 crore (INR 3,01,750.65 billion) assuming 10.5% growth over the estimated GDP of INR 2,73,07,751 crore (INR 2,73,077.51 billion) for 2022-23 (AE).

(ii) Individual items in this document may not sum up to the totals due to rounding off.

(iii) Figures in parenthesis are as a percentage of GDP.

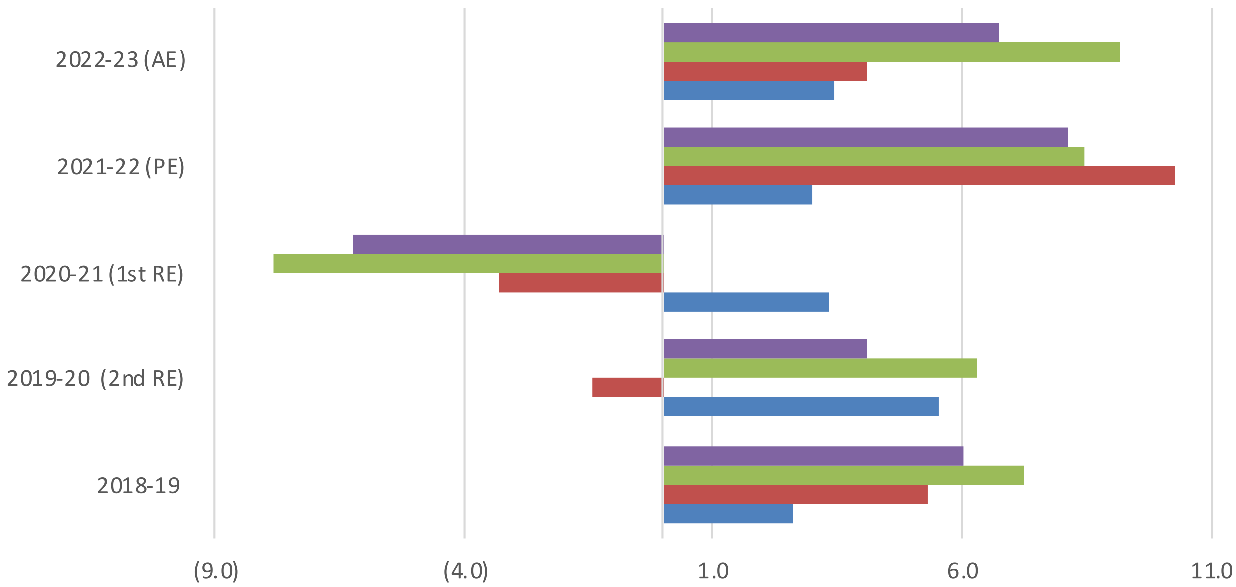
ECONOMIC INDICATORS

GDP Growth (at constant Market prices)



Year	%
2018-19	*6.10*
2019-20 (2nd RE)	*3.70*
2020-21(1st RE)	*(6.60)*
2021-22 (PE)	*8.70*
2022-23 (AE)	*7.00*

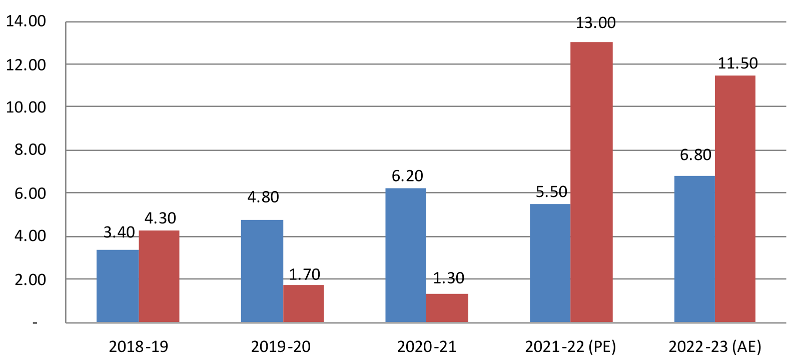
Growth in GVA
at constant Market prices



Year	*Agriculture & Allied*	*Industry*	*Services*	*GVA*
2018-19	*2.6*	*5.3*	*7.2*	*6.0*
2019-20 (2nd RE)	*5.5*	*(1.4)*	*6.3*	*4.1*
2020-21 (1st RE)	*3.3*	*(3.3)*	*(7.8)*	*(6.2)*
2021-22 (PE)	*3.0*	*10.3*	*8.4*	*8.1*
2022-23 (AE)	*3.5*	*4.1*	*9.1*	*6.7*

Inflation CPI and WPI

[Average]%



Year	*Inflation CPI [Combined] [Average]*	*Inflation WPI [Average]*
2018-19	*3.40*	*4.30*
2019-20	*4.80*	*1.70*
2020-21	*6.20*	*1.30*
2021-22 (PE)	*5.50*	*13.00*
*2022-23 (AE)**	*6.80*	*11.50*

** Average April- December 2022*

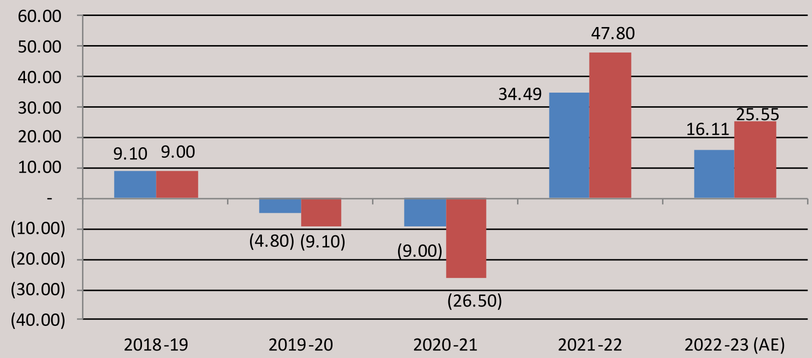
The Statue of Unity is the world's tallest

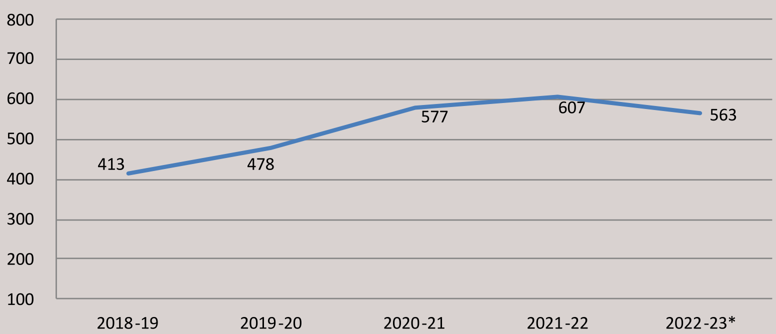
Economic Indicators

Growth in Foreign Trade [Average]%

Year	*Exports Growth*	*Imports Growth*
2018-19	*9.10*	*9.00*
2019-20	*(4.80)*	*(9.10)*
2020-21	*(9.00)*	*(26.50)*
2021-22	*34.49*	*47.80*
*2022-23 (AE)**	*16.11*	*25.55*

** Average April- December*

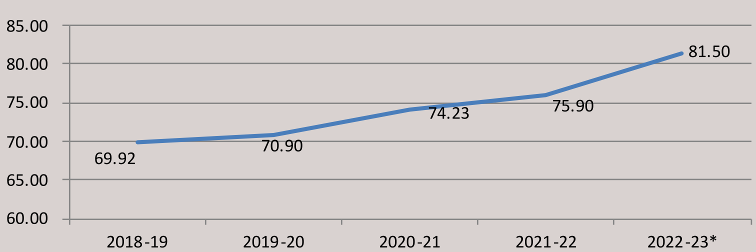




Forex Reserves

Year	*In USD billion*
2018-19	*413*
2019-20	*478*
2020-21	*577*
2021-22	*607*
*2022-23**	*563*

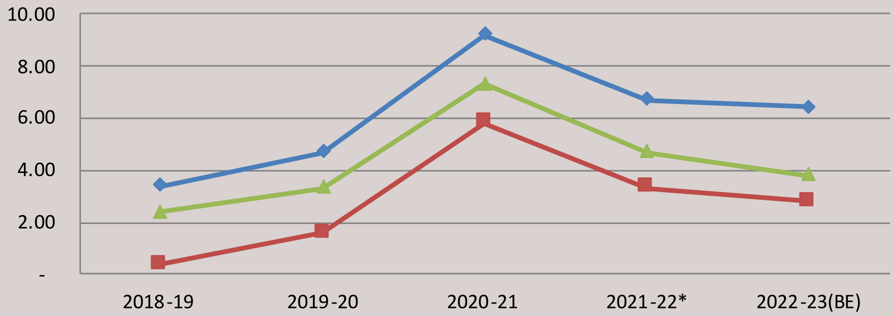
**December, 2022*



Exchange Rate

Year	*Exchange Rate (INR per USD)*
2018-19	*69.92*
2019-20	*70.90*
2020-21	*74.23*
2021-22	*75.90*
*2022-23**	*81.50*

** January, 2023*



Deficit Trends (% of GDP)

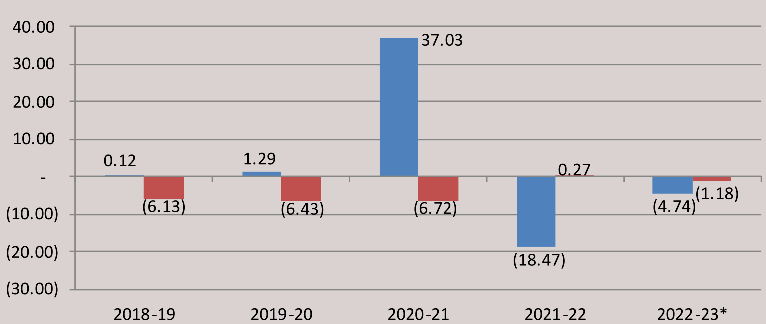
(As per the new classification of expenditure)

Year	*Fiscal Deficit*	*Primary Deficit*	*Revenue Deficit*
2018-19	*3.4*	*0.4*	*2.4*
2019-20	*4.7*	*1.6*	*3.3*
2020-21	*9.2*	*5.8*	*7.3*
*2021-22**	*6.7*	*3.3*	*4.7*
2022-23(BE)	*6.4*	*2.8*	*3.8*

** Provisional Actuals*

Foreign Investment

(FPI/FII Net investment in USD billion)



Year	***Equity***	***Debt***
2018-19	*0.12*	*(6.13)*
2019-20	*1.29*	*(6.43)*
2020-21	*37.03*	*(6.72)*
2021-22	*(18.47)*	*0.27*
*2022-23**	*(4.74)*	*(1.18)*

**Upto January 30, 2023*

The Economic Survey 2022-23 comes when global uncertainties are rife. It all started with the pandemic-induced contraction of the global output, followed by the Russian-Ukraine conflict leading to a worldwide surge in inflation. As inflation rates accelerated, central banks of advanced countries scrambled to respond with monetary policy tightening.

For India, however 2022 was special. It marked the 75th year of India's Independence. India became the world's fifth largest economy, measured in current dollars. Come March, the nominal GDP of India will be around USD 3.5 trillion. In real terms, the economy is expected to grow at 7% for the year ending March 2023. This follows an 8.7% growth in the previous financial year. The rise in consumer prices has slowed considerably. The annual rate of inflation is below 6%.

Bharatmala Project - 66,100 kms of prosperity

Wholesale prices are rising at a rate below 5%. The export of goods and services in the first nine months of the financial year (April - December) is up 16% compared to the same period in 2021-22. Although the high oil price this year compared to last inflated India's import bill and caused the merchandise trade deficit to balloon, concerns over the current account deficit and its financing have ebbed as the year rolled on. Foreign exchange reserve levels are comfortable and external debt is low.

The fundamentals of the Indian economy are sound as it enters its Amrit Kaal, the 25-year journey towards its centenary as a modern, independent nation. Policies pursued carefully and consciously have ensured that the recovery is robust and sustainable.

India's best success stories is around the forward-looking programmatic approach towards infrastructure adopted by the GOI. Roads, railways, and waterways have seen unprecedented expansion in the last eight years, and ports & airports have been substantially upgraded. Extending infrastructural facilities is only part of the story; modernization is the other important objective that has been pursued with verve and achieved with commendable speed.

Finally, the growth and evolution of India's public digital infrastructure is a story not just of numbers and milestones but also of thoughtful regulatory and innovation architecture that have enabled it to retain its public good character with enough incentives for the private sector to innovate and invest. The untapped potential is huge, and the country needs to continue to innovate. With digital technology and infrastructure, one must keep running to hold onto one's place.

GDP Growth

The Indian economy is estimated to grow at 6.5-7.0% in 2022-23 making India the fastest growing major economy. India's economic growth in 2022-23 has been principally led by private consumption and capital formation.

The survey projects a baseline GDP growth of 6.5% in real terms in FY24. The projection is broadly comparable to the estimates provided by multilateral agencies such as the World Bank, the IMF, and the ADB and by RBI, domestically. The actual outcome for real GDP growth will probably lie in the range of 6.0% to 6.8%, depending on the trajectory of economic and political developments globally.

The upside to India's growth outlook arises from the fact that India's recovery from the pandemic was relatively quick. Growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. The current growth

Bharatmala Project - 66,100 kms of prosperity

trajectory will also be supported by multiple structural changes that have been implemented over the past few years.

Agriculture

The performance of the agriculture and allied sector has been buoyant over the past several years, much of which is on account of the measures taken by the government to augment crop and livestock productivity, ensure certainty of returns to the farmers through price support, promote crop diversification, improve market infrastructure through the impetus provided for the setting up of farmer-producer organizations and promotion of investment in infrastructure facilities through the Agriculture Infrastructure Fund.

The Indian agriculture sector has been growing at an average annual growth rate of 4.6% during the last six years. It grew by 3.0% in 2021-22 compared to 3.3% in 2020- 21. With its solid forward linkages, the agriculture and allied activities sector significantly contributed to the country's overall growth and development by ensuring food security.

Industry and Infrastructure

The industry holds a prominent position in the Indian economy contributing about 30% of total gross value added in the country.

In 2022-23, the industry sector witnessed modest growth of 4.1% compared to the strong growth of 10.3% in 2021-22. In 2022-23, the Indian industry faced some extraordinary challenges as the Russian-Ukraine conflict broke out. That led to a sharp rise in the prices of many commodities. Prices of edible oil, crude oil, fertilizers and food grains rose sharply. They remained at elevated levels for several months. The risk of another round of supply chain disruptions emerged, but they were not as severe as feared. Nonetheless, both the price and the availability of essential commodities had the potential to dent the industry's

Bharatmala Project

optimism on consolidating the recovery of 2021-22 and further accelerating it. It is fair to say that the Indian industry acquitted itself rather well under trying circumstances.

Services Sector

India's services sector witnessed a swift rebound in 2021-22 growing at 8.4% compared to a contraction of 7.8% in the previous financial year driven by growth in the contact intensive services sub-sector, which bore the maximum burden of the pandemic. This sub-sector completely recovered from the pre-pandemic level in Q2 of 2022-23, driven by the release of pent-up demand, ease of mobility restriction, and near-universal vaccination coverage and has continued the growth momentum in 2022-23. GVA in the services sector is estimated to grow at 9.1% in 2022-23, driven by 13.7% growth in contact-intensive services sector like tourism, retail trade, hotel, entertainment, and recreation.

Prices and Inflation

CPI in India went through three phases in 2022. A rising phase up to April 2022 when it crested at 7.8%, then a holding pattern at around 7.0% up to August 2022 and then a decline to around 5.7% by December 2022. The rising phase was largely due to the fallout of the Russia-Ukraine war and a shortfall in crop harvests due to excessive heat in some parts of the country. Prompt and adequate measures by the Government of India and the Reserve Bank of India have reined in the rise in inflation and brought it within the Central Bank's tolerance limit.

The divergence between a relatively high WPI inflation and lower CPI inflation widened in May 2022 primarily owing to a difference in relative weights of the two indices and the lagged effect of imported input costs

Delhi - Mumbai Expressway

on retail prices. However, the gap between the two measures of inflation has reduced since then, demonstrating a tendency towards convergence.

In general, the year 2022 was marked by a return of high inflation in the advanced world after three to four decades, depending on the country. In India, the government and the central bank took decisive measures to cap the rise in prices. India's retail inflation rate peaked at 7.8% in April 2022. The overshoot of inflation above the upper end of the target range in India was one of the lowest in the world.

External Sector

During 2022-23 (till December 2022) India's exports have displayed resilience on the back

of record levels of exports in 2021-22. Petroleum products, gems & jewelry, organic & inorganic chemicals, drugs & pharmaceuticals were among the leading export items.

India achieved an all-time high annual merchandise export of USD 422 billion in 2021-22. However, the global economy has started facing formidable headwinds and the ripple effect of the global trade slowdown has started reflecting in India's merchandise export growth, wherein moderation in pace is observed in 2022. Merchandise exports were USD 332.8 billion over April-December 2022 against USD 305 billion during the period April-December 2021.

As the pandemic ebbed, India witnessed a revival in domestic demand resulting in strong import growth. Merchandise imports for the period April-December 2022 were USD 551.7 billion as against USD 441.5 billion during the period April-December 2021.

Overall, the adverse global economic situation placed India's BoP under pressure in 2022. While the impact of a sharp rise in oil prices was discernible in the widening of the CAD, policy

tightening by the US Fed and the strengthening of the US dollar led to FPI outflows. As a result, as the net financial inflows fell short of the CAD, there was a depletion of foreign exchange reserves on a BoP basis to the tune of USD 25.8 billion in H1 2022-23 in contrast to an accretion of USD 63.1 billion in H1 2021-22.

India's foreign exchange reserves stood at USD 532.7 billion as of end-September 2022, covering 8.8 months of imports. The reserves augmented to USD 562.7 billion as of end December 2022 covering 9.3 months of imports. As of end-November 2022, India was the sixth largest foreign exchange reserves holder in the world according to data compiled by the IMF.

The exchange rate of the Indian Rupee is market-determined as the RBI's intervention in the foreign exchange market is mainly to contain instances of excessive volatility. On a financial year basis, i.e., from April to December 2022, the INR has depreciated against USD by 8.3%. Further, the INR appreciated against select major currencies barring the US dollar. The average exchange rate of INR against the Pound Sterling appreciated by 6.7% in April -December 2022 over April - December 2021. This rate of appreciation was 14.5% with respect to the Japanese Yen and 6.4% against the Euro.

India's external debt, at USD 610.5 billion as of end-September 2022, grew by 1.3% (USD 7.6 billion) over USD 602.9 billion as of end-September 2021. However, external debt as a ratio to GDP fell to 19.2% as of end-September 2022 from 20.3% a year ago.

India's external sector has fared relatively better and hence positioned relatively stronger to face the evolving adverse global

INS Marmugao

scenario as evidenced by the Indian rupee outperforming most EME currencies, comfortable import cover and moderate CAD. India's external debt vulnerability indicators are benign by international standards.

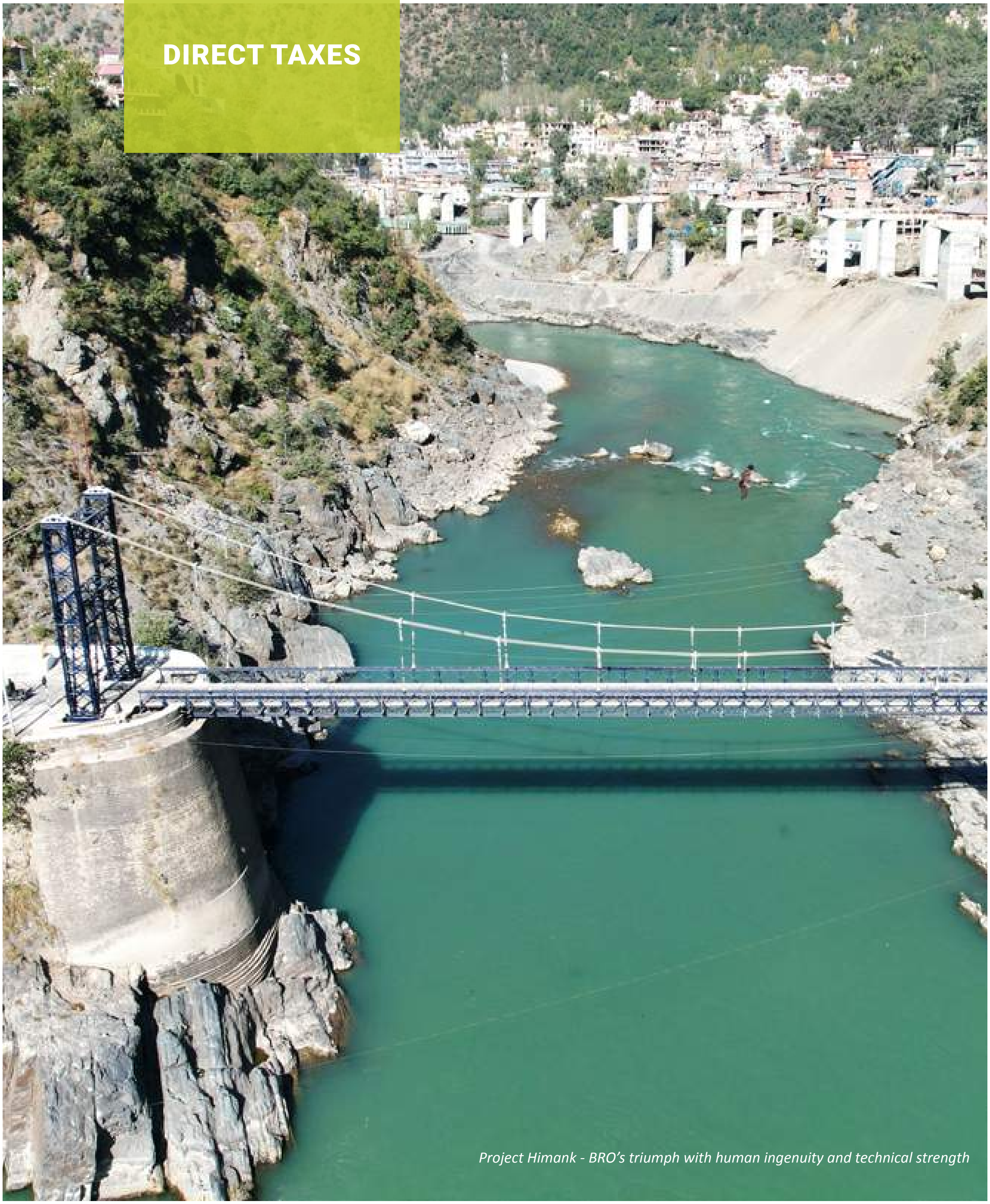
Fiscal Developments

Despite these additional fiscal pressures during the year, the Union Government is on track to achieve the budget estimate for the fiscal deficit in 2022-23. The resilience in the fiscal performance of the Union Government has been facilitated by the recovery in economic activity, buoyancy in revenues from direct taxes and GST, and realistic assumptions in the Budget.

The Gross Tax Revenue registered a YoY growth of 15.5% from April to November 2022, driven by robust growth in the direct taxes and GST. The growth in direct taxes during the first eight months of the year was much higher than their corresponding longer-term averages. The GST has stabilized as a vital revenue source for central and state governments, with the gross GST collections increasing at 24.8% on YoY basis during April - December 2022.

The fiscal deficit of the Union Government, which reached 9.2% of GDP during the pandemic year 2020-21, has moderated to 6.7% of GDP in 2021-22 PA and is further budgeted to reach 6.4% of GDP in 2022-23.

DIRECT TAXES



Project Himank - BRO's triumph with human ingenuity and technical strength

A. RATES OF INCOME TAX

Individual Income Tax Rates

Tax Slabs

With effect from AY2024-25,

Slab rates applicable to an Individual, HUF, AOP/BOI or Artificial Judicial Persons under concessional tax regime under section 115BAC are as under:

Total Income	Rate
Up to INR 3.0 lac (INR 0.30 million)	Nil
INR 3.00 lac to INR 6.00 lac (INR 0.30 million to INR 0.60 million)	5%
INR 6.00 lac to INR 9.00 lac (INR 0.60 million to INR 0.90 million)	10%
INR 9.00 lac to INR 12.00 lac (INR 0.90 million to INR 1.20 million)	15%
INR 12.00 lac to INR 15.00 lac (INR 1.20 million to INR 1.50 million)	20%
Above INR 15.00 lac (INR 1.50 million & above)	30%

New tax regime is now to be extended to cover Association of Persons (AOPs) (other than a co-operative society), Body of individuals and artificial judicial persons.

Slab rates applicable for the individual opting for old scheme are as under:

Total Income	Rate
Up to INR 2.50 lac (INR 0.25 million)	Nil
INR 2.50 lac to INR 5.00 lac (INR 0.25 to INR 0.50 million)	5%
INR 5.00 lac to INR 10.00 lac (INR 0.50 to INR 1 million)	20%
Above INR 10.00 lac (INR 1 million)	30%

From AY2024-25 onwards, new income tax regime under section 115BAC will now be the default regime though taxpayer have an option to choose old regime. Further, below mentioned deductions are now also eligible to be claimed in the new tax regime:

- Standard deduction under clause (ia) of section 16 of the Act.
- Deduction in respect of income in the nature of family pension as provided under clause (iia) of section 57 of the Act.
- Deduction in respect of the amount paid or deposited in the Agniveer Corpus Fund as proposed to be provided under sub- section (2) section 80CCH of the Act.

From AY 2024-25 onwards, individuals opting for new income tax regime under section 115BAC with a net taxable income of up to INR 7 lac (INR 0.70 million) in a FY will be able to avail tax rebate of INR 25,000 under section 87A.

However, no changes were made in the tax rebate u/s 87A for individuals, if opting for old tax regime. Individuals with a net taxable income of up to INR 5 lac (INR 0.50 million) in a FY, opting for old tax regime, will be able to avail tax rebate of INR 12,500 under section 87A as given in previous year.

Further, government proposed raising the limit for tax exemption on leave encashment on retirement for non-government salaried employees from existing limit of INR 3 lac (INR 0.3 million) to INR 25 lac (INR 2.5 million)

Surcharge

From AY 2024-25 onwards, applicable rates of surcharge, applicable for individual, HUF, AOP, BOI, AJP (including non-residents) are as under:

Total Income	New tax regime	Old tax regime
Exceeding INR 50 lac (INR 5 million) to INR 1 crore (INR 10 million)	10%	10%
Exceeding INR 1 crore (INR 10 million) to INR 2 crore (INR 20 million)	15%	15%
Exceeding INR 2 crore (INR 20 million) to INR 5 Crore (INR 50 million)	25%	25%
Exceeding INR 5 Crore (INR 50 million)	25%	37%

Firms/ Local authorities

The rates of tax continue to be the same as that specified for AY 2023-24.

Co-operative societies

The rates of tax continue to be the same as that specified for AY 2023-24.

Further, under proposed new section 115BAE of the Act, a new manufacturing co-operative society set up on or after April 1, 2023, which commences manufacturing or production on or before March 31, 2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for AY 2024-25 onwards. Surcharge would be at 10% on such tax.

Companies

The rates of tax continue to be the same as that specified for AY 2023-24.

VKC Insights

In view of the above amendments, an honest and sincere attempt has been made to work out and analyse all the possible permutations and combinations of income levels of an individual and HUF assessee and the specified deductions available to them. The Hon'ble Finance Minister in seeking to make the new personal taxation regime more attractive and beneficial for the individual and HUF, the ultimate goal being to finally move towards tax regime with no deductions and exemptions.

However, the move towards such direction will be at the cost of discouraging savings which the middle class looked forward to.

SOCIO ECONOMIC WELFARE MEASURES

Promoting timely payments to Micro and Small Enterprises.

In order to promote timely payments to micro and

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small enterprises, it is proposed to insert a new clause (h) in section 43B of the Act to provide that any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 shall be allowed as deduction only on actual payment. To that effect, it is proposed to allow the deduction on accrual basis only if the payment is within the time mandated under section15 of MSMED Act.

This amendment will take effect from April 1, 2024 and will accordingly apply to the AY 2024-25 and subsequent AYs.

Agnipath Scheme, 2022

The Ministry of Defence had introduced the Agnipath Scheme, 2022 (the Scheme) for enrolment of Agniveers in Indian Armed Forces which came into force on November 1, 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 and the package given to an Agniveer from this fund is called as 'Seva Nidhi'.

Under this Scheme:

- Each Agniveer is to contribute 30% of his monthly customized Agniveer Package to the individual's Agniveer Corpus Fund and the Government will also contribute a matching amount to the 'Agniveer Corpus Fund'.
- On completion of the engagement period of four 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.

To allow deduction from the computation of total income of Agniveer, it is proposed to make the following amendments:

- It is proposed to insert a new clause (12C) in section 10 of the Act to provide that any payment received from the Agniveer Corpus Fund by a person enrolled under the Agnipath Scheme, 2022, or the nominee of such person shall be exempted from income tax.
- It is further proposed to insert a new section 80CCH to the Act to provide that an assessee, being an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after November 1, 2022, shall be allowed a deduction of the whole of the amount deposited by him and also the amount contributed by the Central Government to his account in the Agniveer Corpus Fund, from his total income.
- For the purposes of this proposed clause (12C) of section 10 and section 80CCH, it is proposed to define 'Agnipath scheme' as a scheme for the enrolment in Indian Armed Forces introduced by the Central Government, and 'Agniveer Corpus Fund' as a fund defined in para 2(c) of Agnipath Scheme notified by the Central Government.
- It is also proposed to insert a new sub-clause in clause (1) of section 17 of the Act so as 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. A corresponding deduction of the same has been provided as mentioned above.

These amendments will take effect from April 1, 2023 and will apply in relation to AY 2023-24 and onwards.

Relief to sugar co-operatives from past demand

Sugar factories operating in the co-operative sectors in certain States of India pay to sugarcane growers a final amount, often referred to as Final Cane Price (FCP) which is over and above the Statutory Minimum Price (SMP) fixed by the Central Government under the Sugarcane Control Order, 1996. The co-operative sugar factories were claiming this excess payment as business expenditure whereas the same has been disallowed in the assessment on the ground that the excess price paid for purchase of sugar cane over and above SMP is in the nature of appropriation/distribution of profit and hence not allowable as deduction.

Amendment was made in the Finance Act 2015 to provide 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 or fixed with the approval of the Government shall be allowed as deduction for computing business income of the sugar co-operative factories.

To extend the benefit of the above- mentioned relief to all the applicable years, it is proposed to amend section 155 that, where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee and such deduction has been disallowed wholly or partly the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of such assessee for such previous year. The Assessing Officer shall allow such deduction to the extent such expenditure is incurred at a price which is equal to or less than the price fixed or approved by the Government for that previous year.

This amendment will take effect from the April 1, 2023.

VKC Insights

The introduction of this section is aimed to boost the viability of the sugar related co-operative societies and is expected to provide relief of approx. INR 10,000 crore.(INR 100 billion)

Increasing threshold limit for co-operatives to withdraw cash without TDS

Section 194N of the Act provides that a banking company or a co-operative society engaged in carrying on the business of banking or a post office, which is responsible for paying any sum to any person (referred to as the recipient) shall, at the time of payment of such sum in cash, deduct an amount equal to two per cent of such sum, as income-tax. The requirement to deduct tax applies only when the payment of amount or aggregate of amount in cash during the year exceeds INR 1 core (INR 10 million).

It is proposed to increase this limit to INR 3 crore (INR 30 million) as against the current limit of INR 2 crore (INR 20 million).

This amendment will take effect from the April 1, 2023.

VKC Insights

The amendment has been brought in with the intent of ease of doing business for the rural economy

Penalty for cash loan/ transactions against primary co-operatives

Section 269SS of the Act provides that no person shall take from any person any loan or deposit otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is INR 20,000 or more. Similarly, section 269T provides that no loan or deposit shall be repaid otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is INR 20,000 or more. Certain exceptions have, however, been specified in the provisions.

Since PACS and PCARD are providing credit facilities at the grass-root level, relaxation may be made for them under the aforesaid provisions. It has been proposed to amendment section 269SS/269T of the Act by raising the limit of INR 20,000 to INR 2 lac (INR 0.2 million) for PACS and PCARD.

Penalty shall be imposable if the amount of such loan or deposit exceeds INR 2 lac (INR 0.2 million)

This amendment will take effect from the April 1, 2023.

VKC Insights

The amendment has been brought in with the intent of ease of doing business for the rural economy

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

In case of an eligible start-up, it is proposed to amend the proviso to sub-section (1) of section 79 of the Act to increase the period of carry forward of losses on change of shareholding from seven years to ten years from the date of incorporation.

This amendment will take effect from April 1, 2023 and will accordingly apply to the AY 2023-2024 and subsequent AYs.


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

The existing provisions of the section 80-IAC of the Act, inter alia, 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 three consecutive AYs out of ten years, beginning from the year of incorporation, at the option of the assessees subject to the condition that:

- the total turnover of its business does not exceed INR 100 crore (INR 1 billion),
- it is holding a certificate of eligible business from the Inter-Ministerial Board of Certification, and
- it is incorporated on or after April 1, 2016 but before April 1, 2023.

It is proposed to amend the provisions of section 80-IAC of the Act so as to extend the period of incorporation of eligible start-ups to April 1, 2024.

This amendment will take effect from April 1, 2023 and shall accordingly, apply in relation to the AY 2023-24 and subsequent AYs.

Conversion of Gold to Electronic Gold Receipt and vice versa is not liable to capital gain taxation

Under SEBI's regulatory framework, spot trading in gold on existing stock exchanges through the instrument of Electronic Gold Receipts (EGR) is now being allowed.

In order to promote the concept of Electronic Gold, it is proposed to exclude the conversion of physical form of gold into EGR and vice versa by a SEBI registered Vault Manager from the purview of 'transfer' for the purposes of Capital gains.

It is also proposed that the cost of acquisition of the EGR for the purpose of computing capital gains shall be deemed to be the cost of gold in the hands of the person in whose name Electronic Gold Receipt is issued, and the holding period for the purpose of capital gains, would include the period for which gold was held by the assessee prior to its conversion into EGR. Similarly, provision for conversion from gold to EGR is also proposed.

This amendment will take effect from April 1, 2024 and shall accordingly, apply in relation to the AY 2024-25 and subsequent AYs.

VKC Insights

This move will increase liquidation of physical gold in favor of in electronic gold, as there would be no burden of capital gain now.

Tax Incentives to International Financial Services Centre

Over the past few years several tax concessions have been provided to units located IFSC under the Act to make it a global hub of financial services sector.

To further incentivize operations from IFSC, it is proposed as under:

- To extend the date for transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund in case of relocation to March 31, 2025 from current limitation of March 31, 2023. The above amendment will take effect from April 1, 2023 and accordingly apply to AY 2023-24 and subsequent AYs.

- Income of non-residents on transfer of ODI entered into with IFSC Banking unit is exempt under section 10 (4E) of the Act. Under the ODI contract, the IFSC Banking Unit (IBU) makes the investments in permissible Indian Securities. 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 clause (4E) of section 10 of the Act, to also provide exemption to any income distributed on the offshore derivative instruments, entered into with an offshore banking unit of an International Financial Services Centre as referred to in sub-section (1A) of section 80LA, which fulfils such conditions as may be prescribed.
  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 IFSC Banking Unit under section 115AD.
  This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

- IFSCA (Fund Management) Regulations, 2022 has come into force from May 19, 2022. To bring the reference of the said regulation in the provisions of the Act, it is proposed to amend the definition of “Specified Fund”, “Resultant Fund” and “Investment Fund” to include the reference of IFSCA (Fund Management) Regulations, 2022 in the Act.
  This amendment will take effect from April 1, 2023, and accordingly apply to AY 2023-24 and subsequent AYs.

Exemption to development authorities etc.

Recently, Hon'ble Supreme Court of India in the case of Assistant Commissioner of Income-tax (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, "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, in respect of statutory authorities, boards etc. which have been established by the State government or Central governments, for achieving essentially "public functions/services", the Hon'ble Court has 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.

In view of the above, it is proposed to amend the Act so as to exclude income of a body or authority or Board or Trust or Commission, not being a company, from the scope of clause (46) of section 10 of the Act and insert a new clause (46A) in section 10 of the Act for 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:

- dealing with and satisfying the need for housing accommodation
- planning, development or improvement of cities, towns and village
- regulating, or regulating and developing, any activity for the benefit of the general public; or
- regulating any matter, for the benefit of the general public, arising out of the object for which it has been created.

It is also required to be notified by the Central Government in the Official Gazette for the purposes of this clause.

Consequential amendment is also proposed in the Explanation to the nineteenth proviso of clause (23C) of section 10 of the Act. Similarly, consequential amendment is also proposed in sub-section (7) of section 11 of the Act.

This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

Facilitating certain strategic disinvestment

Section 72A of the Act relates to provisions on carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger. Conditions have also been laid down in the said section to facilitate carry forward and set off of loss and unabsorbed depreciation in the case of strategic disinvestment. 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.

To facilitate further strategic disinvestment, it is proposed to amend the definition of 'strategic disinvestment' in section 72A of the Act so as to provide that strategic disinvestment shall mean sale of shareholding by the

Central Government, the State Government or Public Sector Company in a public sector company or a company which results in

- reduction of its shareholding below 51%, and
- transfer of control to the buyer

The first condition shall apply in case the shareholding was above fifty one percent before such sale of shareholding. The requirement of transfer of control may be carried out by either the Central Government or State Government or Public Sector Company (or any two of them or all of them).

It is also proposed to amend section 72AA of the 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 5 years of strategic disinvestment.

This amendment will take effect from April 1, 2023 and will accordingly apply to the AY 2023-24 and subsequent AYs.

15% concessional tax to promote new manufacturing co-operative society

The Taxation Laws (Amendment) Act, 2019, inter-alia, inserted section 115BAB in the Act which provides that new manufacturing domestic companies set up on or after October 1, 2019, which commence manufacturing or production by March 31, 2023 and do not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15%. However, the same provision has not been provided for new manufacturing co-operative societies.

To provide a concessional tax regime of 15% to new manufacturing co-operative societies as well, it is proposed to insert a new section 115BAE to the Act. The conditions are materially like the conditions applicable to new manufacturing companies.

This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

EASE OF COMPLIANCE

Ease in claiming deduction on amortization of preliminary expenditure

Section 35D of the Act provides for amortization of certain preliminary expenses which are incurred prior to the commencement of business or after commencement, in connection with extension of undertaking or setting up of a new unit. This includes expenditure in connection with preparation of feasibility report, project report etc. The section inter-alia provides that the work in connection with the preparation of the above reports would need to be carried out either by the assessee himself or by a concern which is approved by the Board.

In order to ease the process of claiming amortization of these preliminary expenses it is proposed to amend section 35D of the Act to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board. Instead, the assessee shall be required to furnish a statement containing the particulars of this expenditure within the prescribed period to the prescribed income-tax authority in the prescribed form and manner.

This amendment will take effect

from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

Increasing threshold limits for presumptive taxation schemes

In order to ease compliance and to promote non-cash transactions, it is proposed to increase the threshold limits for presumptive scheme in section 44AD and section 44ADA of the Act on fulfilment of certain conditions.

It is proposed to provide that:

- under section 44AD of the Act, 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 3 crore (INR 30 million) will apply.

- under section 44ADA of the Act, for professions referred to in sub-section (1) of section 44AA of the Act, 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 limit of INR 75 lac (INR 7.5 million) will apply.

- 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.

- provision of section 44AB of the Act shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD of the Act or sub-section (1) of section 44ADA of the Act, as the case may be.
  This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

VKC Insights

The increase in the threshold limit has been proposed in order to ease compliance and to promote non- cash transactions.

Extending the scope for deduction of tax at source to lower or nil rate

Section 197 of the Act relates to the grant of a certificate of tax deduction at lower or nil rate.

Section 194LBA of the Act provides that business trust shall deduct and deposit tax at the rate of 5% on interest income of non-resident unit holders. There are cases where rate of deduction may be required to be reduced due to some exemption, for example exemption under section 10(23FE) of the Act allowed to notified Sovereign Wealth Funds and Pension Funds. However, since certificate for lower deduction under section 194LBA of the Act cannot be obtained under section 197 of the Act, benefit of such exemption is not available at the time of tax deduction under Section 194LBA.

To remove this difficulty, it is proposed to amend sub-section (1) of section 197 of the Act to provide that the sums on which tax is required to be deducted under section 194LBA of the Act shall also be eligible for certificate for deduction at lower rate.

This amendment will take effect from April 1, 2023.

WIDENING AND DEEPENING OF TAX BASE/ ANTI AVOIDANCE

Extending deeming provision under section 9 to gift to not-ordinarily resident

Under the Act, income which, inter-alia, is deemed to accrue or arise in India during a year is chargeable to tax. Sub-section (1) of section 9 of the Act is a deeming provision providing the types of income deemed to accrue or arise in India.

Under section 9 of the Act any sum of money exceeding INR 50,000, received by a non-resident without consideration from a person resident in India, on or after the 5th day of July, 2019, shall be income deemed to accrue or arise in India.

It has come to notice that certain persons being not ordinarily residents are receiving the gifts from persons resident in India and not paying tax on it. Hence it is proposed to amend section 9 to extend this deeming provision to sum of money exceeding INR 50,000, received by a not ordinarily resident, without consideration from a person resident in India.

This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

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Removal of exemption of news agency under clause (22B) of section 10

Clause (22B) of section 10 of the Act, inter-alia, provides exemption to any income of a notified news agency which is set up in India solely for collection and distribution of news.

In accordance with the stated policy of the Government of phasing out of exemptions and deductions under the Act, the exemption available to news agencies under clause (22B) of section 10 of the Act is proposed to be withdrawn.

This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

Tax avoidance through distribution by business trusts to its unit holders

Finance (No.2) Act, 2014 introduced a special taxation regime for Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InVIT) [commonly referred to as business trusts]. The special regime was introduced in order to address the challenges of financing and investment in infrastructure. The business trusts invest in special purpose vehicles (SPV) through equity or debt instruments.

Keeping in mind the business structure, the special taxation regime under section 115UA of the Act, inter-alia, provides a pass-through status to business trusts in respect of interest income, dividend income received by the business trust from a special purpose vehicle in case of both

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REIT and InvIT and rental income in case of REIT. Such income is taxable in the hands of the unit holders unless specifically exempted.

However, in respect of the distributions made by the business trust to its unit holders which are shown as repayment of debt, it is actually an income of unit holder which does not suffer taxation either in the hands of business trust or in the hands of unit holder.

It may be noted that dual non-taxation of any distribution made by the business trust i.e. which is exempt in the hands of the business trust as well as the unit holder, is not the intent of the special taxation regime applicable to business trusts.

In view of the above, it is proposed to make such sum received by unit holder taxable in his hands. However, provision is also proposed for a situation when the sum received by unit holder represents redemption of unit held by him. Hence it is proposed to amend the Act by way of:

- insertion of clause (xii) in sub-section (2) of section 56 of the Act to provide that income chargeable to income-tax under the head “income from other sources” shall also include any sum, received by a unit holder from a business trust, which-
    - * is not in the nature of income as referred to in clause (23FC) or clause (23FCA) of section 10 of the Act; and
    - * is not chargeable to tax under sub-section (2) of section 115UA of the Act;
- insertion of a proviso to the said clause to provide that where the sum received by a unit holder from a business trust is for redemption of unit or units held by him, the sum received shall be reduced by the cost of acquisition of the unit or units to the extent such cost does not exceed the sum received;
- insertion of sub-section (3A) in section 115UA of the Act to provide that the provisions of sub - sections (1), (2) and (3) of this section, shall not apply in respect of any sum, as referred to in clause (xii) of sub-section (2) of section 56 of the Act, received by a unit holder from a business trust;
- insertion of sub-clause (xviic) in clause (24) of section 2 of the Act to provide that income shall include any sum referred to in clause (xii) of sub-section (2) of section 56 of the Act.
  This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

Removal of exemption from TDS on payment of interest on listed debentures to a resident

Section 193 of the Act provides for TDS on payment of any income to a resident by way of interest on securities. The proviso to section 193 of the Act provides exemption from TDS in respect of payment of interest on certain securities. Clause (ix) of the proviso to the aforesaid section provides that no tax is to be deducted in the case of any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (32 of 1956) and the rules made thereunder.

It is seen 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 of the Act.

This amendment will take effect from April 1, 2023.

VKC Insight:

Market linked debentures were a popular product among HNI's and rich investors, and this amendment will make them less attractive.

Preventing misuse of presumptive schemes under section 44BB and section 44BBB

Section 44BB and Section 44BBB of the Act provides for presumptive scheme of taxation.

Both 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.

Till now, taxpayers could opt in and opt out of presumptive scheme in order to avail benefit of both presumptive scheme income and non-presumptive income. In a year when they have loss, they claim actual loss as per the books of account and carry it forward. In a year when they have higher profits, they use presumptive scheme to restrict the profit to 10% and set off the brought forward losses from earlier years.

To avoid such misuse, 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 sub- section (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.

This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

TDS and taxability on net winnings from online games

Section 194B of the 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 INR 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.

Section 115BB of the Act provides for the rate of tax on winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or gambling or betting of any form or nature.

- It is seen that deductors are deducting tax under section 194B and 194BB of the Act by applying the threshold of INR 10,000 per transaction and avoiding tax deduction by splitting a winning into multiple transactions each below INR 10,000.
- To plug this gap and to bring in specific provisions regarding TDS and

taxability of online games due to its different nature, it is proposed to:–

- amend section 194B and 194BB of the Act to provide that deduction of tax under these sections shall be on the amount or aggregate of the amounts exceeding INR 10,000 during the financial year;
- amend section 194B of the

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Act to include "gambling or betting of any form or nature whatsoever" within its scope;

- amend section 194B of the Act to exclude online games from the purview of the said section from July 1, 2023, since a new section 194BA is proposed to be introduced for deduction of tax at source on winnings from online games from that date;

- insert a new section 194BA

in the Act, with effect from July 1, 2023, to provide for deduction of tax at source on net winnings in the user account at the end of the financial year. In case there is withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on net winnings comprised in such withdrawal. In addition, income-tax shall also be deducted on the remaining amount of net winnings in the user account at the end of the financial year.

- to provide in the proposed section 194BA that in a case where the net winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings;
- to amend section 115BB of the Act to exclude income from winnings from online games from the purview of the said section from the AY 2024-25, since it is proposed to introduce section 115BBJ to tax winnings from online games from that AY;
- to insert a new section 115BBJ in the Act with regard to tax on winnings from online games to 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 per cent; 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;

The amendments proposed for section 194B and section 194BB of the Act will take effect from April 1, 2023.

The proposed section 194BA of the Act will take effect from July 1, 2023.

The amendment proposed for section 115BB of the Act and the proposed section 115BBJ in the Act will take effect from April 1, 2024, and will accordingly be applicable for the AY 2024-25 and subsequent AYs.

The amendment proposed for section 115BB of the Act and the proposed section 115BBJ in the Act will take effect from April 1, 2024, and will accordingly be applicable for the AY 2024-25 and subsequent AY’s.

Increasing rate of TCS of certain remittances

In order to increase TCS on certain foreign remittances and on sale of overseas tour packages, amendment is proposed in sub-section (1G) of section 206C of the Act.

The current and proposed TCS rates are tabulated as under:

SN	Type of remittance	Present rate*	Proposed rate *
(i)	For the purpose of any education, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E.	0.5% of the amount or the aggregate of the amounts in excess of INR 7 lac (INR 0.7 million)	No change.
(ii)	For the purpose of education, other than (i) or for the purpose of medical treatment.	5% of the amount or the aggregate of the amounts in excess of INR 7 lac (INR 0.7 million)	No change.
(iii)	Overseas tour package	5% without any threshold limit.	20% without any threshold limit.
(iv)	Any other case	5% of the amount or the Aggregate of the amounts in excess of INR 7 lac (INR 0.7 million)	20% without any threshold limit.

In the table above, the present rate and the proposed rate of TCS are on the amount or the aggregate of the amounts being remitted by the buyer in a financial year.

This amendment will take effect from July 1, 2023.

Limiting the roll over benefit claimed under section 54 and section 54F

The existing provisions of section 54 and section 54F of the Income-tax, 1961 (the Act) allows deduction on the Capital gains arising from the transfer of long-term capital asset subject to certain conditions.

The primary objective of the sections 54 and section 54F of the Act was to mitigate the acute shortage of housing and to give impetus to house building activity. However, it has been observed that claims of huge deductions by high-net-worth assessees are being made under these provisions, by purchasing very expensive residential houses.

In order to prevent this, it is proposed to impose a limit on the maximum deduction that can be claimed by the assessee under section 54 and 54F to INR 10 crore (INR 100 million). It has been provided that if the cost of the new asset purchased is more than INR 10 crore (INR 100 million), the cost of such asset shall be deemed to be INR 10 crore (INR 100 million).

This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

Special provision for taxation of capital gains in case of Market Linked Debentures

There are a variety of hybrid securities that combine features of plain vanilla debt securities and exchange traded derivatives which are being issued through private placements and listed on stock exchanges. It is seen that such securities differ from plain vanilla debt securities.

'Market Linked Debentures' are listed securities. They are currently being taxed as long- term capital gain at the rate of 10% without indexation. However, these securities are in the nature of derivatives which are normally taxed at applicable rates. Further, they give variable interests as they are linked with the performance of the market.

In order to tax the capital gains arising from the transfer or redemption or maturity of these securities as short-term capital gains at the applicable rates, it is proposed to insert a new section 50AA in the Act to treat the full value of the consideration received or accruing as a result of the transfer or redemption or maturity of the "Market Linked Debentures" as reduced by the cost of acquisition of the debenture and the expenditure incurred wholly or exclusively in connection with transfer or redemption of such debenture, as capital gains arising from the transfer of a short term capital asset.

This amendment will take effect from April 1, 2024 and accordingly apply to AY 2024-25 and subsequent AYs.

Preventing permanent deferral of taxes through undervaluation of inventory

Assessees are required to maintain books of account for the purposes of the Act. The Central Government has notified the Income Computation and Disclosure Standards (ICDS) for the computation of income. ICDS-II relates to valuation of inventory. Section 148 of the Companies Act 2013 also mandates maintenance of cost records and its audit by cost accountant in some cases.

In order to ensure that the inventory is valued in accordance with various provisions of law, it is proposed to amend section 142 of the Act relating to Inquiry before assessment to ensure the following:

- To enable the Assessing Officer to direct the assessee to get the inventory valued by a cost accountant, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf. Assessee is then required to furnish the report of inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars as may be prescribed and such other particulars as the Assessing Officer may require.
- To provide that except where the assessment is made under section 144 of the Act, the assessee will be given an opportunity of being heard in respect of any material gathered on the basis of such inventory valuation which is proposed to be utilized for assessment.

Further, the following consequential amendments are proposed: –

- To amend section 153 of the Act, to exclude the period for inventory valuation through the cost accountant for the purposes of computation of time limitation.
- To amend section 295 of the Act, 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.

The amendments in section 142 and 153 of the Act will take effect from April 1, 2023 and will accordingly apply to the AY 2023-2024 and subsequent AYs.

The amendment in section 295 of the Act will take effect from April 1, 2023.

Rationalisation of exempt income under life insurance policies

In order to curb widespread misuse of exemption, it is proposed to tax income from insurance policies (other than ULIP for which provisions already exists) having premium or aggregate of premium above INR.5 Million in a year. Income is proposed to be exempt if received on the death of the insured person. This 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 April 1, 2023. There will not be any change in taxation for polices issued before this date. Hence, it is proposed to amend the Act so as to-

- insert a new proviso (sixth proviso) to clause (10D) of the section 10 of the Act to provide that nothing contained in this clause shall apply with respect to any life insurance policy (other than a unit linked insurance policy) issued on or after the April 1, 2023, if the amount of premium payable for any of the previous year during the term of such policy exceeds INR 0.5 Million;
- insert a new proviso (seventh proviso) to clause (10D) of section 10 of the Act to provide that if the premium is payable by a person for more than one life insurance policy (other than unit linked insurance policy), issued on or after the April 1, 2023, the provisions of this clause shall apply only with respect to those life insurance policies (other than unit linked insurance policies), where the aggregate amount of premium does not exceed the amount referred to in the sixth proviso in any of the previous years during the term of any of those policies;
- amend the existing sixth proviso (new proposed eighth proviso) to clause (10D) of section 10 of the Act to provide that the provisions of the fourth, fifth, sixth and seventh provisos shall not apply to any sum received on the death of a person;
- insert clause (xiii) in sub-section (2) of section 56 of the Act to provide where any sum is received (including the amount allocated by way of bonus) at any time during a previous year, under a life insurance policy, which is not exempt under clause (10D) of section 10 of the Act, the sum so received as exceeds the aggregate of the premium paid during the term of such life insurance policy shall be chargeable to income-tax under the head “Income from other sources”. If the

premium paid had been claimed as a deduction in any other provision of the Act such premium will not be reduced from sum so received. Computation mechanism shall be prescribed. This would not apply to ULIP or Keyman insurance policies whose taxation is governed by other existing provisions of the Act

- insert an *Explanation* to clause (xiii) in sub-section (2) of section 56 of the Act to provide that for the purposes of this clause, "unit linked insurance policy" shall have the same meaning as assigned to it in Explanation 3 to clause (10D) of section 10 of the Act;
- insert sub-clause (xviid) in clause (24) of section 2 of the Act to provide that income shall include any sum referred to in clause (xiii) of sub-section (2) of section 56 of the Act.

These amendments will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AYs.

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In view of the same, entire maturity receipts will be exempt if planning to purchase the policy before March 31, 2023. it is advised to purchase the policy before March 31, 2023 wherein the aggregate premium per PAN is more than INR 5 lac (INR 0.5 million).

This amendment will act as a dampener for the insurance sector, when insurance penetration is already low in the country.

Alignment of provisions of section 45(5A) with the TDS provisions of section 194-IC

For computing the capital gain as per the provision of section 45(5A), the full value of consideration shall be taken as the stamp duty value of his share, as increased by the consideration received in 'cash'.

This has been interpreted to consider that any amount of consideration which is received in a mode other than cash, i.e., cheque or electronic payment modes would not be included in the consideration for the purpose of computing capital gains chargeable to tax under sub-section (5A) of section 45. This is not in accordance with the intention of law as is evident from the provisions of section 194-IC of the Act which, inter alia, provides that tax shall be deducted on any sum by way of consideration (other than in kind), under the agreement referred to in sub-section (5A) of section 45, paid to the deductee in cash or by way of issue of a cheque or draft or any other mode.

Accordingly, it is proposed to amend the provisions of sub-section (5A) of section 45 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.

These amendments will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AYs.

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

This amendment is to prevent claim of double deduction of interest paid on borrowed capital for acquiring, renewing or reconstructing a property. Firstly, it is claimed in the form of deduction from income from

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house property under section 24, and in some cases the deduction is also being claimed under other provisions of Chapter VIA of the Act. Secondly while computing capital gains on transfer of such property this same interest also forms a part of cost of acquisition or cost of improvement under section 48 of the Act.

It is proposed to insert a proviso after clause (ii) of section 48 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.

These amendments will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AYs.

VKC Insights

The amendment proposed is appreciable and in tune with the intention of the legislature. As the amendment has been proposed from the AY 2024-25 only it is prospective in nature and the legislature has been magnanimous by not making the amendment retrospective.

Defining the cost of acquisition in case of certain assets for computing capital gains

In the existing provisions of section 55 of the act, cost of acquisition of intangible asset has not been clearly defined. This led to many legal disputes. Therefore, to define the term 'cost of acquisition' and 'cost of improvement' of such assets, it is proposed to amend the provisions of sub-clause (1) of the Clause (b) of the sub- section (1) and clause (a) of sub-section (2) of section 55 so as to provide that the 'cost of improvement' or 'cost of acquisition' of a capital asset being any intangible asset or any other right shall be 'Nil'.

These amendments will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AYs.

IMPROVING COMPLIANCE AND TAX ADMINISTRATION

Deployment of Joint Commissioner/ Additional Commissioner for disposal of small appeals

To clear backlog of appeals with Commissioner (Appeals), a new authority for appeals is being proposed to be created at Joint Commissioner/ Additional Commissioner level to handle certain class of cases involving small amount of disputed demand. Such authority will have all powers, responsibilities and accountability similar to that of Commissioner (Appeals) with respect to the procedure for disposal of appeals.

Any assessee aggrieved by any of the following orders of an Assessing Officer may appeal before Joint Commissioner (Appeals) stated as under:

- An order issued under section 143(1) / 143(3) or 144
- Reassessment order under section 147
- Intimation order under section 200A (1),201, 206C(6A), 206CB
- Order imposing penalty under chapter XXI
- Order under section 154/155

Further it is proposed that, appeal cannot be filed before the Joint Commissioner (Appeals) where an order referred to under this sub-section is passed by or with the approval of an income-tax authority above the rank of Deputy Commissioner.

This amendment will take effect from April 1, 2023.

Reducing the time provided for furnishing TP Report

Due to the limited time available for TP proceedings it may not be possible to provide minimum 30 days for producing these information or documents which in any case is already in possession of the assessee. Accordingly, the time allowed for submission of information or documents in respect of international transactions, or a specified domestic transaction is required to be reduced to 10 days so as to provide the AOs a reasonable amount of time to examine the information/documents submitted and complete the pending proceedings.

However, the Assessing Officer or the Commissioner (Appeals) may, on an application made by such person who has entered into an international transaction or specified domestic transaction, extend the period of ten days by a further period not exceeding thirty days.

This amendment will take effect from April 1, 2023.

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The amendment has been brought with the intent to reduce expeditious hearing pending before CIT(A). The functioning of first appellate proceedings had literally come to a halt in view of the pandemic condition and due to the introduction of the Faceless Appeal Scheme. Giving the power of hearing to JCIT / Addl. CIT is a welcome step.

Rationalization of Appeals to the Appellate Tribunal

Section 253 of the Act contains provisions relating to filing of appeals to the Appellate Tribunal. Sub-section (1) of the said section details the types of orders passed under various sections of the Act, against which an aggrieved assessee may appeal to the Appellate Tribunal.

- It has been proposed to amend the provisions of section 253 of the Act to provide that appeal against penalty orders passed by Commissioner (Appeals) under the sections 271AAB, 271AAC and 271AAD cn now be made to the Appellate Tribunal.
- It is also proposed that, appeal against an order passed under section 263 of the Act by Principal Chief Commissioner or Chief Commissioner or an order passed under section 154 of the Act in respect of any such order can now be made to the Appellate Tribunal.
- It is proposed that an amendment may be made in sub-section (4) of section 253 to enable filing of memorandum of cross-objections in all classes of cases against which appeal can be made to the Appellate Tribunal.

This amendment will take effect from April 1, 2023.

Assistance to Authorised officer during search and seizure

Section 132 of the Act makes provisions related to search and seizure. This section provides various provisions regarding powers of income-tax authority, procedure to be followed, requisition of services of other officers for assistance, examination of books of account or other documents, procedure for custody of evidence, provisional attachment etc. during the search and seizure proceedings.

It is proposed to amend relevant provisions of the section 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 Principal Chief Commissioner or the Chief Commissioner, the Principal Director General or the Director General, in accordance with the procedure prescribed by the Board in this regard, to assist him for the purposes of the search.

Similarly, in during and post search enquiries, 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, who 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 Assessing Officer within sixty days from the receipt of such reference.

This amendment will take effect retrospectively from April 1, 2022.

Rationalization of the provisions of the Prohibition of Benami Property Transactions Act, 1988

It is proposed that the provisions of section 46 of the PBPT Act may be amended to allow the filing of appeal against the order of the Adjudicating authority within a period of 45 days from the date when such order is received in the office of the Initiating Officer or the aggrieved person as the case may be. Earlier concerned person has to file the appeal to the Appellate Tribunal within a period of 45 days from the date of the order.

To enable the determination High Court Jurisdiction for the Non-Resident appellants/ respondents it is proposed to amend section 2(18) of the PBPT Act to modify the definition of 'High Court'. The aggrieved party or respondents does not require to reside or carry-on business or personally work for gain in the jurisdiction of any High Court. In the said case, the High Court shall be such within whose jurisdiction the office of


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the Initiating Officer is located.

This amendment will take effect from April 1, 2023.

Alignment of timeline provisions under section 153 of the Act

Presently in Section 153 of the Act, a notice under section 143 (2) of the Act can be served on the assessee up to 3 months from the end of the relevant AY. This gives only 6 months' time to the Assessing Officer for making assessment. Hence due to faceless assessment a lot of co-ordination is required between the different units in every single scrutiny assessment and adequate time is essential for a rational and speaking order. Therefore, it has been proposed that the time available for completion of assessment relating to the AY commencing on or after April 1, 2022 shall be twelve months from the end of the AY in which the income was first assessable. Consistent with the above, the time available for completion of assessment proceedings in the case of an updated return is also proposed to be increased to 12 months from the end of the financial year in which such return is furnished.

- Further, it is proposed to amend section 153 (3), (5) & (6) to provide that the provision of the said section shall also be applicable to order under section 263 or section 264, passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be.
- It is proposed to insert new sub section (3A) under section 153 to provide that where an assessment or reassessment is pending on the date of initiation of search under section 132. The period available for completion of assessment or reassessment, under the said sub-sections

(1), (1A), (2) and (3) of the said section shall be extended by twelve months in a case of an assessee where such search is initiated under section 132/132A

This amendment will take effect from April 1, 2023.

Amendment of directions regarding faceless schemes and e-proceedings

Various schemes were notified and directions issued for implementation of faceless schemes and e-proceedings in the past with prescribed time limitations. To allow adjustments to be made to such directions and in order to facilitate implementation of the faceless and e-proceeding schemes, it is proposed that where any direction has been issued for the purposes of giving effect to the scheme under that section before the expiry of limitation, i.e., March 31, 2022 or March 31, 2023, as the case may be, the Central Government may, amend such direction at any time by notification in the Official Gazette.

This amendment will take effect retrospectively from April 1, 2022 for sections 135A, 250 and 274 and for sections 245MA as well as 245R from April 1, 2023.

Reassessment Proceedings

Section 148

It is proposed that the section 148 of the Act may be amended to provide that a return in response to a notice under this section shall be furnished within three months from the end of the month in which such notice is issued, or within such further time as may be allowed by the AO on a request made in this behalf by the assessee. However, upon failure to comply with such time limit prescribed under section 148, the late furnished return shall not be deemed to be a return under section 139 of the Act. Resultantly, consequential requirements viz. notice under sub-section 2 of section 143 etc. would not be mandatory for such returns.

Section 132

It has been seen that in the cases where the search under section 132, requisition under section 132A or survey proceedings under section 133A are conducted after 15th March of a financial year, there is extremely little time to collate this information and issue a notice under section 148 or show cause notice under section 148A(b) of the Act. Therefore, important information related to revenue leakage cannot be proceeded on due to the paucity of time for searched conducted and information obtained because of these searches in the last few days of any financial year.

Hence, it is proposed to insert a proviso in the said section to provide that in cases where a search under section 132 is initiated or a search for which the last of the authorization is executed or requisition is made under section 132A, after March 15 of any financial year, a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the notice so issued shall be deemed to have been issued on the March 31 of such financial year.

Section 149

Similar provisions have been introduced by way of another proviso in the section 149 of the Act to provide extension of 15 days also in cases where the information deemed to be with the AO comes from a statement recorded or documents impounded under summons or survey, as the case may be, on or before the March 31 of a financial year, in consequence of, a search initiated or last of the authorization executed under section 132 or a requisition made under section 132A.

Section 151

Specified authority under clause (ii) of section 151 of the Act earlier was Principal Chief Commissioner and where there is no Principal Chief Commissioner, the Chief Commissioner. The section has been amended to provide that it shall now be Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General.

The above amendments will take effect from April 1, 2023.

Penalty for furnishing inaccurate statement of financial transaction or reportable account

Under the scope of section 285BA, there is no penal provision for the submission of a false self-certification which in turn leads to furnishing of an incorrect statement under this section. It has now been provided that if such inaccuracy is due to false or inaccurate information submitted by the account holder, a penalty of INR 5,000 shall be imposable on such institution, in addition to the penalty leviable on such financial institution in the said section, if any.

It is also proposed to clarify that the reference to the income-tax authority prescribed which shall levy the said penalty in the section 271FAA is the prescribed authority under sub-section (1) of section 285BA.

This amendment will take effect from April 1, 2023.

Amendments consequential to the new TDS provisions

In order to have a clear mandate for penalty and prosecution of a person, who does not pay or fails to ensure that tax has been paid in a situation where the benefit or perquisite is passed in kind, consequential amendments are proposed in section 271C by inserting two new sub- clauses under clause (b) in sub-section (1) which provide reference to the first proviso to section 194R and the first proviso to section 194S.

Similar amendments are also proposed in section 276B.

This amendment will take effect from April 1, 2023.

Moreover, it is proposed to insert a new sub-clause under section 271C and section 276B providing reference to sub- section (2) of section 194BA.

This amendment will take effect from July 1, 2023.

RATIONALISATION OF PROVISIONS

Restriction on interest deductibility no longer applicable to NBFC

Section 94B was introduced to address the issues relating to base erosion and profit shifting through excess interest deductions and had provided for restriction on deduction of interest expense in respect of any debt issued by a non-resident, being an associated enterprise of the borrower. However, as per the proviso thereto, certain companies engaged in the banking and insurance sector were excluded. However, NBFC's engaged in the business of financing have similar scope were not covered under the proviso. This caused genuine difficulty for such entities.

In view of the same, it is proposed to amend sub-section (3) of section 94B of the Act to carve out certain class of NBFCs and to provide that nothing contained in sub-section (1) of section 94B of the Act will take effect to such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf.

This amendment will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AY's.

Tax treaty relief at the same time of TDS as per section 196A of the Act

TDS rate on income from units of a Mutual Fund specified under clause (23D) of section 10 of the Act or from the specified company referred to in the Explanation to clause (35) of section 10 of the Act is currently 20%. To provide the benefit of tax treaty, where such treaty provides for a rate lower than 20%, it is proposed to insert a proviso to sub-section (1) of section 196A of the Act. This proviso ensures that the TDS would be deducted at the rate which is lower of the rate of 20% and the rate or rates provided in the agreement, with attached conditions as mentioned therein.

This amendment shall take effect from April 1, 2023.

TDS on payment of accumulated balance due to an employee under section 192A

In order to minimize the grievance faced by low paid employees who do not have a PAN and as a result are facing tax deduction at maximum marginal rate, it is proposed to omit the second proviso to section 192A of the Act, so that in case of failure to furnishing of PAN by the person relating to payment of accumulated balance due to him, tax will be deducted at the rate of 20% as in other non-PAN cases in accordance with section 206AA of the Act, instead of at the maximum marginal rate.

This amendment will take effect from April 1, 2023.

Enabling TDS credit for income already disclosed in the return of income of past year

Many assessee's face genuine inconvenience in claiming credit of TDS, when an income has been included in the return of income furnished by an assessee under section 139 of the Act in a preceding year but tax has been deducted at source on such income and paid to the credit of the Central Government in a subsequent financial year. A new sub-section (20) in section 155 has now been inserted to permit such assessee's to make an application in the prescribed form to the AO within two years from the end of the financial year in which such tax was deducted at source.

The AO shall then amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant AY. Moreover, four years' time limit as per sub-section (7) of section 154 shall be considered from the end of the financial year in which such tax has been deducted.

At the same time, it is further proposed to amend section 244A of the Act so that the interest on refund arising out of the above rectification shall be for the period from the date of the application to the date on which the refund is granted.

These amendments will take effect from October 1, 2023.

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

Section 206AB of the Act calls for a special provision of higher TDS for non-filers of income-tax returns. Similarly, section 206CCA of the Act provides for the same with respect to TCS. Currently, this also applies to certain persons who are not supposed to file tax returns. Therefore, in order to provide relief in such cases, it is proposed to amend the definition of the “specified person” in sections 206AB and 206CCA of the Act so as to exclude a person who is not required to furnish the return of income for the AY.

The amendment will take effect from April 1, 2023.

Clarification of advance tax while filing Updated Return

In order to provide by clarity regarding the provisions of sub-section 4 of section 140B of the Act, a retrospective amendment has been proposed in this sub-section that interest payable under section 234B shall be computed on an amount equal to the assessed tax as reduced by the amount of advance tax, the credit for which has been claimed in the earlier return, if any.

This amendment will take effect from April 1, 2022.

Non Resident investors to fall within the purview of section 56(2)(viib) to curb the possibility of tax avoidance

Section 56(2)(viib) of the Act provides where companies, not being companies in which the public are substantially interested, receive, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax 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. This will make the provision applicable for receipt of consideration for issue of shares from any person irrespective of his residency status.

This amendment will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AY’s.

VKC Insight:

This amendment may affect fundraising for unlisted domestic companies.

Provisions pertaining to valuation of residential accommodation provided to employees

Provisions to value “perquisite” in respect of rent-free accommodation or any

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concession in the matters of rent provided to employees by the employer are provided under Clause (2) of section 17 of the Act as well as Rule 3 of the IT Rules. In order to afford uniformity to such a valuation, it is proposed to prescribe a uniform methodology in the Rules for computing the value of perquisite. Consequential amendments have been proposed in sub-clause (i) and (ii) of clause (2) of section 17 of the Act.

This amendment will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AY's.

Specifying time limit for bringing consideration against export proceeds into India

Currently no time limit has been prescribed in the Act for the timely remittance of the export proceeds from sale of goods or provision of services by SEZ Units for claiming deduction under section 10AA , as is provided under other similar export related deductions in the Act. It is proposed to insert a new sub-section 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.

Furthermore, it is proposed to substitute clause (i) of Explanation 1 of the said section to define the term "convertible foreign exchange" and give reference to new sub section (4A) in the definition of "Export Turnover".

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.

Additionally, it is also proposed to make consequential amendment in sub-section (11A) of section 155 of the Act, to insert section 10AA to allow the Assessing Officer to amend the assessment order later where the export earning is realized in India after the permitted period.

This amendment will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AY's.

Categorization of Non-Banking Financial Company

It is noted that both section 43B and section 43D of the Act currently use two erstwhile categories of NBFC namely, Deposit taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking

Sewri - Navi Mumbao Sea link

Financial Company. However, such classification for non-banking financial companies is no longer followed by the Reserve Bank of India for the purposes of asset classification.

In order to provide conformity, it is proposed to amend section 43B and section 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”.

This amendment will take effect from April 1, 2024, and will accordingly apply to the AY 2024-25 and subsequent AY’s.

Clarity on prerequisites and benefits in cash

Section 28

Under the head of “Profits and gains of business and profession,” clause (vi) of section 28 was introduced with the legislative intention that this provision was also to include benefit or perquisite whether in cash or in kind. However, as per judicial interpretation, it has been held that if the benefit or perquisite are in cash, it is not covered within the scope of this clause of section 28 of the Act.

In order to correct such interpretational issues, it is proposed to amend clause (iv) of section 28 of the Act 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.

This amendment will take effect from April 1, 2024, and will accordingly apply to the AY 2024-

25 and subsequent AY's.

Section 194R

Section 194R of the Act provides for deduction of tax on benefit or perquisite provided to a resident arising from business or exercise of a profession at the rate of 10%.

it is proposed to now 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.

The amendment will take effect from April 1, 2023.

Rationalization of provisions regarding Charitable Trust and Institutions

Depositing back of corpus and repayment of loans or borrowings

In order to ensure proper implementation of both the exemption regimes (Entities referred to in section 10(23C) or any trust or institution registered u/s 12AA or 12AB of the Act) , it is proposed to provide that application out of corpus or loans or borrowings before April 1, 2021, should not be allowed as application for charitable or religious purposes when such amount is deposited back or invested in to corpus or when the loan or borrowing is repaid.

It is further proposed to provide that if the trust or institution invests or deposits back the amount into corpus or repays the loan within 5 years of application from the corpus or loan, then such investment/depositing back into corpus or repayment of loan will be allowed as application for charitable or religious purposes.

It is also proposed to provide that where the application from corpus or loan did not satisfy the conditions (as are required to be satisfied in the case of application for charitable or religious purposes) while making the application from the corpus or loan or borrowing, the repayment of loan or investment/depositing back in to corpus of such amount will not be treated as application.

This amendment will take effect from April 1, 2023, and will accordingly apply to the AY 2023-24 and subsequent AY's.

VKC Insight:

Amendments to tighten exemption provisions to trusts are creating immense complexity for small trusts, for whom to follow the elaborate and myriad guidelines is becoming a challenge every year.

Treatment of donation to other trusts

To curb practices where effective application towards the charitable or religious activities is reduced significantly to a lesser percentage compared to the mandatory requirement of 85%, through formation of multiple trusts and accumulating 15% at each layer, it is proposed that only 85% of the eligible donations made by a trust or institution under the first or the second regime to another trust under the first or second regime shall be treated as application only to the extent of 85% of such donation.

This amendment will take effect from April 1, 2023 and will accordingly apply to the AY 2023-24 and subsequent AY's.

Omission of redundant provisions related to roll back of exemption

The second, third and fourth proviso to sub-section (2) of section 12A of the Act discussed above 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. As such, it is proposed to omit the second, third and fourth proviso to sub-section (2) of section 12A of the Act.

This amendment will take effect from April 1, 2023.

Combining provisional and regular registration in some cases

This rationalization has been done as:

- Trusts or institutions formed or incorporated during the previous year were not able to get the exemption for that year in which they are formed or incorporated since they needed to apply one month before the previous year for which exemption is sought.
- Trusts or institutions, where activities had already commenced, were required to apply for two registrations (provisional and regular) simultaneously.

It is proposed to allow for direct final registration/approval in such cases.

To this effect, following amendments are proposed:

- The trusts and institutions under the first regime shall be allowed to make application for the provisional approval only before the commencement of activities under proposed sub-clause (A) of clause (iv) of the first proviso to clause (23C) of section 10 of the Act. Similarly trusts and institutions under the second regime shall be allowed to make application for the provisional registration only before the commencement of activities under proposed item (A) of sub-clause (vi) of clause (ac) of sub-section (1) of section 12A of the Act.
- The trusts and institutions under first regime, which have already commenced their activities, shall make application for a regular approval under sub-clause (B) of clause (iv) of the first proviso to clause (23C) of section 10 of the Act. Similarly, the trusts and institutions under second regime, which have already commenced their activities, shall make application for a regular registration under item (B) of sub-clause (vi) of clause (ac) of sub-section (1) of section 12A of the Act.
- Trusts and institutions under section 80G regime shall be allowed to make application for the provisional approval only before the commencement of activities under proposed sub-clause (A) of clause (iv) of the first proviso to sub-section (5) of section 80G of the Act. The trusts and institutions under section 80G regime, which have already commenced their activities, shall make application for a regular approval under the proposed sub-clause (B) of clause (iv) of the first proviso to sub-section (5) of section 80G of the Act.

These amendments will take effect from October 1, 2023.

VKC Insights

The amendment has been brought with the intent of reducing the cost and time involved of the tax payer in filing application firstly for provisional registration and then immediately applying for the regular registration, wherein the activities have already been commenced. Similarly, it will also reduce the time and cost of the department reviewing applications and passing orders.

Specified violations under section 12AB and fifteenth proviso to clause (23C) of section 10

It has come to the notice that in some cases the form furnished by the trusts for provisional approval/registration and for re-registration/approval are defective and since the process of registration/approval/provisional registration/approval is automated, registration has been granted by the CPC. At present the approval/registration and the provisional approval/registration of the trusts can be cancelled by the PCIT/CIT for certain specified violations.

It is now proposed to insert clause (g) in Explanation 2 to the fifteenth proviso of clause (23C) of section 10 of the Act to provide that the "specified violation" shall also include the case where the application referred to in the first proviso is not complete or it contains false or incorrect information.

Similarly, it is proposed to insert clause (g) in Explanation to sub-section (4) of section 12AB of the Act to provide that "specified violation" shall also include the case where the application referred to in clause (ac) of sub-section (1) of section 12A of the Act is not complete or it contains false or incorrect information.

These amendments will take effect from April 1, 2023.

Trusts or institutions not filing the application in certain cases

Instances have come to notice where certain trusts and institutions under the first and second regime have not applied for the regular registration after taking the provisional registration. Further some trusts and institutions under the first and second regime have not applied for the re-registration/ approval. Further, there may be possible instances where the trusts and institutions under the first or second regime will not apply for re-registration after the expiry of 5 years/3 years. This will result in the following unintended consequences:

- Once a trust or institution under the first or second regime enters in-to exemption regime, it is allowed to exit on payment of tax at the rate of maximum marginal rate on its accreted income (difference between the fair market value of assets and liabilities). This is because of the reason that the income of the trust or institution has been exempted from tax and the accreted income of the trust represents the income on which tax has not been paid and appreciation thereof.
- By not applying for re-registration/approval or registration/approval, the trust gets an easy route to exit without payment of the tax on accreted income.

It is proposed to amend the provisions of section 115TD of the Act by inserting clause (iii) in sub-section (3) of section 115TD of the Act to provide that the provisions of Chapter XII-EB (consisting of Sections 115TD, 115TE and 115TF inserted earlier with a purpose to tax accreted income) shall be applicable if any trust or institution under the first or second regime fails to make an application in accordance with the provisions of the Act, within the period specified in the said clauses or sub-clauses. Upon violation of these, it shall be deemed to have been converted into any form not eligible for registration or approval in the previous year in which such period expires.

These amendments will take effect from April 1, 2023 and will accordingly apply to the AY 2023-24 and subsequent AY's

VKC Insight:

Amendments to tighten exemption provisions to trusts are creating immense complexity for small trusts, for whom to follow the elaborate and myriad guidelines is becoming a challenge.

Alignment of the time limit for furnishing the form for accumulation of income and tax audit report

In order to rationalize the provisions, it is proposed to provide for filing of Form No. 10A/9A at least two months prior to the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year. Necessary amendments in this regard are proposed in,

- clause (c) of Explanation 3 to third proviso of clause (23C) of section 10 of the Act;
- clause (2) of Explanation 1 sub-section (1) of section 11 of the Act;
- clause (c) of sub-section (2) of the said section 11 of the Act.

These amendments will take effect from April 1, 2023 and will accordingly apply to the AY 2023-24 and subsequent AY's.

Denial of exemption where return of income is not furnished within time

Currently, exemption under section 11, 12 of the Act and sub-clause (iv)/(v)/(vi)/(via) of clause (23C) of section 10 of the Act is available to the trusts where they furnish updated return of income.

It is proposed to:

- amend the twentieth proviso of clause (23C) section 10 of the Act to provide that the fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) shall furnish the return of income for the previous year in accordance with the provisions of sub-section (4C) of section 139 of the Act, within the time allowed under sub-section (1) or sub-section (4) of that section.
- amend clause (ba) of sub-section (1) of section 12A of the Act to provide that the person in receipt of the income shall furnish the return of income for the previous year in accordance with the provisions of


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sub-section (4A) of section 139 of the Act, within the time allowed under sub-section (1) or sub-section (4) of that section.

These amendments will take effect from April 1, 2023 and will accordingly apply to the AY 2023-24 and subsequent AYs.

Set off and withholding of refunds in certain cases

Section 241A of the Act deals with withholding of refund in certain cases and section 245 of the Act deals with set off of refunds against tax remaining payable. However, there falls an overlap between both these provisions. In order to simplify matters, it is proposed it is substitute section 245 that when a refund is due to any person, the AO or Commissioner or Principal Commissioner or Chief Commissioner or Principal Chief Commissioner, 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 this Act by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under

this section.

Additionally, it is proposed to amend section 241A of the Act to ensure that the provisions of such section are no longer applicable from April 1, 2023.

Furthermore, it is proposed to amend sub-section (1A) of section 244A by inserting a proviso that in case of an assessee where proceedings for assessment or reassessment are pending, the additional interest shall not be payable to the assessee under this sub-section, for the period beginning from the date on which such refund is withheld by the Assessing Officer, in accordance with and subject to provisions of sub-section (2) of section 245, till the date on which the assessment or reassessment pending in such case, is made.

This amendment will take effect from April 1, 2023.

OTHERS

Decriminalization of Section 276A of the Act

Under section 276A of the Act, if a person failed to comply with the provisions of sub-sections (1) and (3) of the section 178, then he shall be punishable with rigorous imprisonment up for a term which may extend up to two years. In order to uphold the stated policy of the Government to decriminalize minor offences, it is proposed to amend section 276A by providing a sunset clause on the section with effect from March 31,2023.

Therefore, it is proposed that no fresh prosecution shall be launched under this section on or after April 1, 2023. The earlier prosecutions will however continue.

This amendment will take effect from April 1, 2023.

INDIRECT TAXES

Gagan Yaan Project

INDIRECT TAXES

Amendments carried out in the Finance Bill, 2023, vide clause 128 to 144 will come into effect from a date to be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

GOODS AND SERVICES TAX (GST)

Amendments in the CGST Act, 2017

- Clause (d) of sub-section (2) and Clause (c) of sub-section (2A) in section 10 of the CGST Act is being amended so as to remove the restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the Composition Levy.

VKC Insights: This amendment now permits registered persons engaged in supplying goods through Electronic Commerce Operators ("ECOs") to opt to pay tax under the Composition Levy and to enable unregistered suppliers and composition taxpayers to make intrastate supply of goods through E Commerce Operators, subject to conditions prescribed therein

- Second and third provisos to sub-section (2) of section 16 of the CGST Act are being amended to align the said sub-section with the return filing system provided in the said Act.

- Explanation to sub-section (3) of section 17 of the CGST Act is being amended so as to restrict availment of input tax credit in respect of certain transactions specified in para 8(a) of Schedule III of the said Act, as may be prescribed, by including the value of such transactions in the value of exempt supply. Further, sub-section (5) of said section is also being amended so as to provide that input tax credit shall not be available in respect of goods or services or both received by a taxable person, which are 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.

- *VKC Insights: The amendment intends to include the value of transaction for supply of warehoused goods to any person before clearance for home consumption in the value of exempt supply so as to restrict the availment of input tax credit under Rule 42 and Rule 43 of CGST Act, 2017.*
  Further, input tax credits under Section 17(5) of CGST Act, 2017 shall not be available on the goods or services used or intended to be used for activities

relating to the obligations of a registered person having net worth of INR 500 crore (INR 5 billion) or more, or turnover of INR 1000 crore (INR 10 billion) or more or a net profit of INR 5 crore (INR 50 million) or more during immediately preceding financial year.

- Sub-section (1) and sub-section (2) of section 23 of the CGST Act are being amended, with retrospective effect from July 1, 2017, so as to provide that persons for compulsory registration in terms of sub section (1) of section and section 22 of the Act need not register if exempt under sub section (1) of section 23.

VKC Insights: : Persons required to take registration in GST as per Section 22(1) of the CGST Act and compulsory registration required under Section 24 of the CGST Act, need not to register themselves if they are not liable for registration and/or exempted under Section 23(1) of the CGST Act. This amendment now provides over riding status to provisions contained in Section 23

- A new sub-section (5) in section 37 of the CGST Act is being inserted so as to provide a time limit of three years upto which the details of outward supplies under sub-section (1) of the said section for a tax period can be furnished by a registered person. 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.

VKC Insight: Time limit of furnishing details of outward supplies in FORM GSTR-1 for a tax period is now being provided upto three years.

- A new sub-section (11) in section 39 of the CGST Act is being inserted so as to provide a time limit of three years upto which the return for a tax period can be furnished by a registered person. 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.

VKC Insight: Time limit of furnishing tax return in FORM GSTR-3B for a tax period is now being provided upto three years.

- A new sub-section (2) in section 44 of the CGST Act is being inserted so as to provide a time limit of three years upto which the annual return under sub-section (1) of the said section for a financial year can be furnished by a registered person. 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.

VKC Insight: Time limit of furnishing annual return in FORM GSTR-9, FORM GSTR-9A and FORM GSTR-9B for a tax period is now being provided upto three years.

- A new sub-section (15) in section 52 of the CGST Act is being inserted so as to provide a time limit of three years which the statement under sub-section (4) of the said section for a month can be furnished by an electronic commerce operator. Further, it seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for an electronic commerce operator or a class of electronic commerce operators.

VKC Insight: Time limit of furnishing of the statement for a month in FORM GSTR-8 by e-commerce operator is now being provided upto three years.

- Sub-section (6) of section 54 of the CGST Act is being amended so as to remove the reference to the provisionally accepted input tax credit to align the same with the present scheme of availment of self-assessed input tax credit as per sub-section (1) of section 41 of the said Act.

VKC Insight: Amendment intends to remove the reference in the section to the provisionally accepted ITC to align the same with the present scheme of availment of self-assessed ITC as per Section 41(1) of the CGST Act.

- Section 56 of the CGST Act is being amended so as to provide for an enabling provision to prescribe manner of computation of period of delay for calculation of interest on delayed refunds.

VKC Insight: Seeks to provide that interest for delayed refund beyond 60 days shall be paid for the period of delay beyond 60 days, that too from the date of receipt of refund application till the date of refund.

- A new sub-section (1B) in section 122 of the CGST Act is being inserted so as to provide for penal provisions applicable to Electronic Commerce Operators in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers. ECO's shall be liable to pay a penalty of INR 10,000, or an amount equivalent to the amount of tax involved had such supply been made by a registered person other than a person paying tax under section 10, whichever is higher.
- Sub-section (1) of section 132 of the CGST Act is being amended so as to decriminalize offences specified in clause (g), (j) and (k) of the said sub-section and to increase the monetary threshold for launching prosecution for the offences under the said Act from INR 1 crore (INR 10 million) to INR 2 crore (INR 20 million), except for the offences related to issuance of invoices without supply of goods or services or both.

VKC Insights: Amendment intends to decriminalize the following offences:

- *obstructs or prevents any officer in the discharge of his duties under this Act*
- *tampers with or destroys any material evidence or documents*
- *fails to supply any information which he is required to supply under this Act or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information*
- *Further, the threshold limit for the prosecution for the offences being extended to INR 2 crore (INR 20 million) from INR 1 crore (INR 10 million) except for the offences related to issuance of invoices without supply of goods or services or both. Thus, for fake invoices, the prosecution will continue as for threshold amount of INR 1 crore (INR 10 million).*

- First proviso to sub-section (1) of section 138 of the CGST Act is being amended so as to simplify the language of clause (a), to omit clause (b) and to substitute the clause (c) of said proviso so as to exclude the persons involved in offences relating to issuance of invoices without supply of goods or services or both from the option of compounding of the offences under the said Act. It further seeks to amend sub-section (2) so as to rationalize the amount for compounding of various offences by reducing the minimum as well as maximum amount for compounding.
- A new section 158A in the CGST Act is being inserted so as to provide for prescribing manner and conditions for sharing of the information furnished by the registered person in his return or in his application of registration or in his

statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details, as may be prescribed, on the common portal with such other systems, as may be notified.

- Schedule III of the CGST Act is being amended to give retrospective applicability to Para 7, 8 (a) and 8 (b) of the said Schedule, with effect from July 1, 2017, so as to treat the activities/ transactions mentioned in the said paragraphs as neither supply of goods nor supply of services. It is also being clarified that where the tax has already been paid in respect of such transactions/ activities during the period from July 1, 2017 to January 31, 2019, no refund of such tax paid shall be available.

VKC Insights: Amendment intends to treat activities/transactions with effect from July 01, 2017 as neither supply of goods nor supply of services:

- *Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.*

- *ii(a) Supply of warehoused goods to any person before clearance for home consumption;*

ii(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.]

Explanation [1].—For the purposes of paragraph 2, the term "court" includes District Court, High Court and Supreme Court. [Explanation 2. –– For the purposes of paragraph 8, the expression —warehoused goods shall have the same meaning as assigned to it in the Customs Act, 1962.

Amendments in the IGST Act, 2017:

- Clause (16) of section 2 of the IGST Act is being amended so as to revise the definition of "non-taxable online recipient" by removing the condition of receipt of online information and database access or retrieval services (OIDAR) for purposes other than commerce, industry or any other business or profession so as to provide for taxability of OIDAR service provided by any person located in nontaxable territory to an unregistered person receiving the said services and located in the taxable territory. Further, it also seeks to clarify that the persons registered solely in terms of clause (vi) of Section 24 of CGST Act shall be treated as unregistered person for the purpose of the said clause. Also, clause (17) of the said section is being amended to revise the definition of "online information and database access or retrieval services" to remove the condition of rendering of the said supply being essentially automated and involving minimal human intervention.

- Proviso to sub-section (8) of section 12 of the IGST Act is being omitted so as to specify the place of supply, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.

CUSTOMS

Amendments in The Customs Act, 1962

Section 25(4A) of the Customs Act is being amended to insert a Proviso to the effect that the validity period of two years shall not apply to exemption notifications issued in relation to multilateral or bilateral trade agreements; obligations under international agreements, treaties, conventions including with respect to UN agencies, diplomats, international organizations; privileges of constitutional authorities; schemes under Foreign Trade Policy; Central Government schemes having a validity of more than two years; re-imports, temporary imports, goods imported as gifts or personal baggage; any duty of customs under any law for the time being in force including integrated tax leviable under sub-section (7) of Section 3 of the Customs Tariff Act, 1975, other than duty of customs leviable under section 12.

A new sub section (8A) to section 127 C is being inserted so as to specify a time limit of 9 months from the date of application, for disposal of the application filed before the Settlement Commission.

Amendments in The Customs Tariff Act, 1975

Retrospective Amendments (w.e.f. January 01,1995)

Sub-section (6) and sub-section (7) of section 9 of the Customs Tariff Act, 1975 is being amended to remove ambiguity and clarify that determination and review for countervailing duty refers to determination and review of countervailing duty in a manner prescribed by rules under the Act.

Sub-section (5) and sub-section (6) of section 9A of the Customs Tariff Act, 1975 is being amended to remove ambiguity and clarify that determination and review for anti-dumping duty refers to determination and review in a manner prescribed by rules under the Act.

Section 9 C of the Customs Tariff Act, 1975 is being amended to remove ambiguity and clarify that appeals under this section lie against the determination or review thereof made by an authority in a manner as specified by rules notified under Sections 8 B, 9, 9A and 9B of the Act. It also seeks to insert an explanation to provide the meaning of determination or review thereof.

Prospective Amendment

The First Schedule to the Customs Tariff Act, 1975 is being amended to increase the tariff rates on certain tariff items with effect from February 2, 2023 (Read with Second Schedule).

The First Schedule to the Customs Tariff Act, 1975 is being amended to modify the tariff rates on certain tariff items as part of rationalization of customs duty rate structure with effect from the date of assent (Read with Third Schedule).

The heading 9801 of the first schedule of Customs Tariff Act, 1975 is being amended to exclude solar power plant/solar power project from the purview of Project Imports with effect from the date of assent (Read with Third Schedule).

The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the tariff entries with effect from May 1,2023 (Read with Fourth Schedule).

Amendments in the First Schedule to The Customs Tariff Act, 1975

		Tariff Rate Changes			
A.	**Increase in Tariff rate (to be effective from February 2, 2023) * [Clause 126(a)] of the Finance Bill, 2023]** *Will come into effect immediately through a declaration under Provisional Collection of Taxes Act,1931			Rate of Duty	
S. No.	**Heading, sub-heading tariff item**	**Commodity**	**From**	**To**	**Increase/ (Decrease)**
	Chemicals				
1	2902 50 00	Styrene	2%	2.50%	0.50%
2	2903 21 00	Vinyl Chloride Monomer	2%	2.50%	0.50%
	Rubber				
3	4005	Compounded Rubber	10%	25% or INR 30 per kg, whichever is lower	15% or INR - 30 per kg.
	Gems and Jewellery Sector				
4	7113, 7114	Articles of precious metals	20%	25%	5.00%
			20 % or INR - 400 per kg, whichever is higher	25% or INR- 600 per kg, whichever is higher	5% or INR - 200 per kg
	Electrical Goods				
6	8414 60 00	Electric Kitchen Chimney	7.50%	15%	7.50%
	Automobiles and Toys				
7	8712 00 10	Bicycles	30%	35%	5.00%
8	9503	Toys and parts of toys (other than parts of electronic toys)	60%	70%	10.00%

B.	**Tariff rate changes (without any changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023]** Note: In order to simplify the tax structure, number of BCD rates are being reduced. This rationalization of BCD rate structure is being carried out in a manner so as to maintain the existing incidence of duty in certain items. These changes need to be read with appropriate changes in AIDC/SWS rates		Rate of Duty		
S. No.	**Heading, sub-heading tariff item**	**Commodity**	**From**	**To**	**Increase/ (Decrease)**
1	4011 30 00	New or retreaded pneumatic tyres, of rubber, of a kind used on aircraft of heading 8802	3%	2.50%	-0.50%
2	7107 00 00	Base metals clad with silver, not further worked than semi- manufactured	12.50%	10%	-2.50%
3	7108	Gold (including gold plated with platinum) unwrought or in semi- manufactured forms, or in powder form	12.50%	10%	-2.50%
4	7109 00 00	Base metals or silver, clad with gold, not further worked than semi- manufactured	12.50%	10%	-2.50%
5	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	Platinum, unwrought or in semi- manufactured form, or in powder form	12.50%	10%	-2.50%
6	7111 00 00	Base metals, silver or gold, clad with platinum, not further worked than semi- manufactured	12.50%	10%	-2.50%
7	7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal other than goods of heading 8549	12.50%	10%	-2.50%
8	7118	Coin	12.50%	10%	-2.50%
9	8802 20 00 8802 30 00 8802 40 00	Aero planes and other aircrafts	3%	2.50%	-2.50%

C.	Tariff rate changes (with changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023]		Rate of duty		
S. No.	**Heading, sub-heading tariff item**	**Commodity**	**From**	**To**	**Increase/ (Decrease)**
1	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	12.50%	10%	-2.50%

Other Proposals Involving Changes in Basic Customs Duty Rates in Notifications

	Changes in Basic Customs Duty (to be effective from February 2, 2023)		Rate of Duty		
S. No.	**Heading, sub-heading tariff item**	**Commodity**	**From**	**To**	**Increase/ (Decrease)**
	Agricultural Products and By Products				
1	0802 99 00	Pecan nuts	100%	30%	-70%
2	1504 20	Fish lipid oil for use in manufacture of aquatic feed	30%	15%	-15%
3	1520 00 00	Crude glycerin for use in manufacture of Epichlorohydrin	7.50%	2.50%	-5%
4	2102 20 00	Algal Prime (flour) for use in manufacture of aquatic feed	30%	15%	-15%
5	2207 20 00	Denatured ethyl alcohol for use in manufacture of industrial chemicals	5%	Nil	-5%
6	2301 20	Fish meal for use in manufacture of aquatic feed	15%	5%	-10%
7	2301 20	Krill meal for use in manufacture of aquatic feed	15%	5%	-10%
8	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	15%	5%	-10%
	Minerals				
9	2529 22 00	Acid grade fluorspar (containing by weight more than 97% of calcium fluoride)	5%	2.50%	-2.50%
	Petrochemicals				
10	2710 12 21, 2710 12 22, 2710 12 29	Naphtha	1%	2.50%	1.50%
	Gems and Jewellery Sector				

11	7102, 7104	Seeds for use in manufacturing of rough lab-grown diamonds	5%	Nil	-5%
12	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	7.50%	10%	2.50%
13	7106	Silver Dore	6.10%	10%	3.90%
	IT, Electronics				
14	25, 28, 32,39, 40, 69,73, 85	Specified chemicals/items for manufacture of Pre-calcined Ferrite Powder	7.50%	Nil	-7.50%
15	3824 99 00	Palladium Tetra Amine Sulphate for manufacture of parts of connectors	7.50%	Nil	-7.50%
16	Any Chapter	Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.50%	Nil	-2.50%
17	8529	Specified parts for manufacture of open cell of TV panel	5%	2.50%	-2.50%
	Electronic appliances				
18	8516 80 00	Heat Coil for use in the manufacture of Electric Kitchen Chimneys	20%	15%	-5%
	Automobiles				
19	8703	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form.	30%	35%	5%
20	8703	Vehicle in Completely Built Unit (CBU) form, other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol- run vehicle and more than 2500 cc for diesel-run vehicles, or with both	60%	70%	10%
21	8703	Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60%	70%	10%
22	39,40,58,70,72,73, 83,84,85,87,90	Vehicles, specified automobile parts/ components, sub-systems and tyres when imported by notified testing agencies for the purpose of testing and/ or certification, subject to conditions	As applicable	Nil	-
	Capital goods				
23	84, 85	Specific capital goods/machinery for manufacture of Lithiumion cell for use in battery of electrically operated vehicle (EVs)	As applicable	Nil	

11	7102, 7104	Seeds for use in manufacturing of rough lab-grown diamonds	5%	Nil	-5%
12	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	7.50%	10%	2.50%
13	7106	Silver Dore	6.10%	10%	3.90%
	IT, Electronics				
14	25, 28, 32,39, 40, 69,73, 85	Specified chemicals/items for manufacture of Pre-calcined Ferrite Powder	7.50%	Nil	-7.50%
15	3824 99 00	Palladium Tetra Amine Sulphate for manufacture of parts of connectors	7.50%	Nil	-7.50%
16	Any Chapter	Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.50%	Nil	-2.50%
17	8529	Specified parts for manufacture of open cell of TV panel	5%	2.50%	-2.50%
	Electronic appliances				
18	8516 80 00	Heat Coil for use in the manufacture of Electric Kitchen Chimneys	20%	15%	-5%
	Automobiles				
19	8703	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form.	30%	35%	5%
20	8703	Vehicle in Completely Built Unit (CBU) form, other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol- run vehicle and more than 2500 cc for diesel-run vehicles, or with both	60%	70%	10%
21	8703	Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60%	70%	10%
22	39,40,58,70,72,73, 83,84,85,87,90	Vehicles, specified automobile parts/ components, sub-systems and tyres when imported by notified testing agencies for the purpose of testing and/ or certification, subject to conditions	As applicable	Nil	-
	Capital goods				
23	84, 85	Specific capital goods/machinery for manufacture of Lithiumion cell for use in battery of electrically operated vehicle (EVs)	As applicable	Nil	

	Changes in Basic Customs Duty (without any change in the effective rate of Customs Duties i.e., BCD+AIDC+SWS) Note: In order to simplify the tax structure, number of BCD rates are being reduced. This rationalization of BCD rate structure is being carried out in a manner so as to maintain the existing incidence of duty on certain items. These changes need to be read with appropriate changes in AIDC/SWS rates		Rate of duty		
S. No.	**Heading, sub-heading tariff item**	**Commodity**	**From**	**To**	**Increase/ (Decrease)**
1	2701, 2702,2703	Coal, peat, lignite	1%	2.50%	1.50%
2	7108	Gold (including gold plated with platinum) unwrought or in semi- manufactured forms, or in powder form	12.50%	10%	-2.50%
3	7108	Gold Dore	11.85%	10%	-1.18%
4	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	Platinum, unwrought or in semi-manufactured form, or in powder form other than those used in manufacture of noble metal compounds, noble metal solutions and catalytic converters	12.50%	10%	-2.50%

C.	**Change in end date of exemption (No change in effective rate of duty).**		Rate of duty		
S. No.	**Heading, sub-heading tariff item**	**Commodity**	**From**	**To**	**Increase/ (Decrease)**
1	368	Ferrous waste and scrap	Nil	Nil (up to March 31, 2024)	-2.50%
2	374, 375	Raw materials for use in manufacture of CRGO steel	Nil	Nil (up to March 31, 2024)	
3	527A	Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5%	Nil (up to March 31, 2024)	
4	527B	Lithium-ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle	5%	Nil (up to March 31, 2024)	

5	168	Specified inputs and sub-parts for use in manufacture of telecommunication grade optical fibre or optical fibre cables	Nil	Nil (up to March 31, 2025)
6	341	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	5%	Nil (up to March 31, 2025)
7	341A	Inputs for manufacture of Preform of silica	Nil	Nil (up to March 31, 2025)
8	237	Specified inputs for use in the manufacture of EVA sheet or back sheets which are used in the manufacture of solar cell or modules	Nil	Nil (up to March 31, 2024)
9	340	Solar tempered glass for use in the manufacture of solar cell or solar module	Nil	Nil (up to March 31, 2024)
10	405, 406	Raw materials and parts for manufacture of wind operated electricity generators, including permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity operators	5%	Nil (up to March 31, 2025)
11	559	Raw material and parts (including Dredger) for use in the manufacture of ships/vessels	Nil	Nil (up to March 31, 2025)
12	166	Specified Drugs, medicines, diagnostics kits or equipment, bulk drugs used in manufacture of drugs or medicines	5%	Nil (up to March 31, 2025)
13	167	Lifesaving drugs/ medicines and diagnostic test kits, bulk drugs used in manufacture of life-saving drugs or medicines	Nil	Nil (up to March 31, 2025)

Review of customs duty concessions/exemptions:

Review of conditional exemption rates of BCD prescribed in notification No. 50/2017 – customs dated June 30, 2017

The BCD exemption for the goods covered under following serial numbers of the notification are being extended for a period of one-year upto 31st March 2024, unless specified otherwise.

Extension up to March 31, 2024

S. No.	S. No. of Notification	Description
1	90	Lactose for use in the manufacture of homeopathic medicine
2	133	Gold ores and concentrates for use in manufacture of Gold
3	139	Specified bunker Fuel for use in ships or vessels
4	150	Goods of Heading 2710 or 271490 for manufacture of Fertilizers
5	155	Excess Liquefied petroleum gases (LPG) returned by DTA unit to SEZ unit
6	164	Electrical energy supplied to DTA by power plants of 1000MW or above
7	165	Electrical energy supplied to DTA by power plant less than 1000MW
8	183	Medical use fission Molybdenum-99 (Mo-99) for use in manufacture of radio pharmaceutical
9	184	Pharmaceutical Reference Standard
10	188	Specified goods for manufacture of ELISA Kits
11	204	Anthraquinone or 2-Ethyl Anthraquinone, for use in manufacture of Hydrogen Peroxide
12	212A	Medicines/drugs/vaccines supplied free by United Nations International Children's Emergency Fund (UNICEF), Red Cross or an International Organization
13	213	Drugs and materials
14	238	Organic or inorganic coating material for manufacture of electrical steel
15	253	Goods for manufacture of Brushless Direct Current (BLDC) motors
16	254	Catalyst for manufacture of cast components of Wind Operated Electricity Generator
17	255	Resin for manufacture of cast components of Wind Operated Electricity Generator
18	258	Security fibre, security threads, Paper based taggant including M-feature for manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore.
19	259	Raw materials for manufacture of security fibre and security thread for supply to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt. Ltd, Mysore for use in manufacture of security paper

20	260	Goods for the manufacture of orthopaedic implants falling under 902110
21	261	Alatheon and copper wire
22	269	Super absorbent polymer for manufacture adult diapers, tampons, sanitary pads etc (9619)
23	271	Polytetrametylene ether glycol, (PT MEG) for use in manufacture of spandex yarn
24	276	Ethylene – propylene – non-conjugated diene rubber (EPDM) for manufacture of insulated wires and cables
25	277A	Calendared plastic sheet for manufacturing of Smart Card (8523)
26	279	Pneumatic tyres of rubber for MRO of aircraft used in scheduled air service
27	280	Pneumatic tyres of rubber for MRO of aircraft used by training, aeroclub etc.
28	333	Moulds, tools and dies for manufacture of parts of electronic components/equipment
29	334	Graphite Felt or graphite pack for growing silicon ingots; Thin steel wire used in wire saw for slicing of silicon wafers
30	339	Toughened glass for solar thermal collectors or heaters
31	353	Foreign currency coins when imported into India by a Scheduled Bank
32	364A	Spent catalyst or ash containing precious metals
33	378	Metal parts for manufacture of electrical insulators falling under heading 8546
34	379	Pipes and tubes for use in manufacture of boilers
35	380	Forged steel rings for manufacture of special bearings for use in wind operated electricity generator
36	381	Flat copper wire for use in the manufacture of photo voltaic ribbon for solar cell/modules
37	387	Zinc metal recovered by toll smelting or toll processing from zinc concentrates exported from India for such processes
38	392	Dies for drawing metal, when imported after repairs in exchange of similar worn-out dies exported out for repairs
39	415	Parts/inputs for manufacture of catalytic convertors or its parts
40	415A	Platinum or Palladium for manufacture of all goods including Noble Metal Compounds & Noble Metal Solutions falling under 2843 and goods of heading 381512
41	416	Ceria zirconia compounds for use in the manufacture of washcoat for catalytic converters
42	417	Cerium compounds for use in the manufacture of washcoat for catalytic converters
43	418	Zeolite for use in the manufacture of washcoat for catalytic converters
44	419	Aluminium Oxide for use in the manufacture of washcoat for catalytic converters
45	420	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors
46	421	Goods required for basic telephone /internet service and their parts
47	426	Specified goods for the manufacture of goods falling under 8523 5200, 8541, 8542, 8543 9000 or 8548 00 00
48	428	Specified goods imported by accredited press cameraman
49	429	Specified goods, imported by accredited journalist
50	435	Capital goods/ Machinery for printing industry

51	441	Spinnerettes made interalia of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn out or damaged spinnerettes exported out of India
52	462	Ball screws for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
53	463	Linear Motion Guides for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
54	464	CNC Systems for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
55	467	Cash dispenser and parts thereof
56	468	Micro ATM; fingerprint reader/scanner other than for use in manufacturing cellular mobile phones; miniaturized POS card reader for mPOS (other than Mobile phone or Tablet Computer); parts and components for manufacture of the above items
57	471	All parts for use in the manufacture of LED lights or fixtures including LED lamps
58	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights and fixtures or LED lamps
59	475	Specified goods including scramblers, descramblers, encoders, jammers, network firewall, SMS monitoring system etc
60	476	Television equipment, cameras and other equipment for taking films, imported by a foreign film unit or television team
61	477	Photographic, filming, sound recording and radio equipment, raw films, video tapes and sound recording tapes of foreign origin if imported into India after having been exported therefrom.
62	478	The wireless apparatus, parts imported by a licensed amateur radio operator
63	480	Goods imported for being tested in specified test centers
64	482	Newspaper page, transmission and reception facsimile system or equipment; telephoto transmission and reception system or equipment
65	489B	Specified goods for manufacturing of microphones
66	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles
67	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
68	504	Parts and Components of Digital Still Image Video Cameras
69	509	Parts, components and accessories for manufacture of Digital Video Recorder /Network Video Recorder (NVR) falling under 85219090 and sub-parts for manufacture of these items
70	510	Parts, components and accessories for use in manufacture of reception apparatus for television and sub-parts for manufacture of these items
71	511	Parts, components and accessories for manufacture of CCTV Camera /IP camera and sub-parts for manufacture of these items

72	512	Specified Parts, components and subparts for use in manufacture of Lithium-ion battery and battery pack
73	512A	Inputs, parts or subparts for manufacture of PCBA of Lithium-ion battery and battery pack
74	515A	Open cell for use in manufacture of LCD and LED TV panels of heading 8524
75	516	Specified goods for use in the manufacture of Liquid Crystal Display (LCD) and LED TV panel
76	519	Raw materials or parts for use in manufacture of e-Readers
77	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium-ion cells
78	527	Lithium-ion cell used in manufacture of battery or battery pack of items other than cellular mobile phone, electrically operated vehicle or hybrid motor vehicle
79	534	Parts of gliders or simulators of aircrafts (excluding rubber tyres and tubes of gliders)
80	535	Raw materials for manufacture of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or its parts
81	535A	Components or parts of aircraft for manufacture of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or for manufacture of parts of aircraft imported by PSUs under Ministry of Defence
82	536	Parts, testing equipment, tools and tool-kits for maintenance, repair, and overhauling of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or its parts
83	537	All goods of Heading 8802 (except 88026000-spacecraft)
84	538	Components or parts, including engines, of aircraft of heading 8802
85	539	(a) Satellites and payloads; (b) Ground equipments brought for testing of (a)
86	539A	Scientific and technical instruments, apparatus etc required for launch vehicles and satellites and payloads
87	540	Specified goods under heading 8802 imported by scheduled air transporter
88	542	Specified goods imported by Aero Club, Flying Training Institutes
89	543	Specified goods imported by non-scheduled air transporter
90	544	Parts (other than rubber tubes) of aircraft of heading 8802 for operating scheduled air transport/air cargo services
91	546	Parts (other than rubber tubes) of aircraft of heading 8802 for non- scheduled passenger/ charter services, aero club, training purpose etc
92	548	Barges or pontoons imported along with ships
93	549	Capital goods and spares, raw materials, parts, material handling equipment and consumables for repairs of ocean-going vessels by a ship repair unit
94	550	Spare parts and consumables for repairs of ocean-going vessels registered in India.
95	551	Cruise ships, excursion ships (excluding vessels and floating structures imported for breaking up)
96	553	Fishing vessels, Tugs and Pusher crafts, light vessels (excluding vessels and floating structures imported for breaking up)

97	555	Vessels such as warships, lifeboats (excluding vessels and floating structures imported for breaking up)
98	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope
99	566	Polypropylene, Stainless-steel Strip and stainless-steel capillary tube for manufacture of syringes, needles, catheters and cannulae
100	567	Stainless steel tube and wire, cobalt chromium tube, Hayness alloy-25 and polypropylene mesh required for manufacture of coronary stents / coronary stent system and artificial heart valve
101	568	Parts and components required for manufacture of Blood Pressure Monitors and blood glucose monitoring system (Glucometers)
102	569	Ostomy products, its accessories and parts required for manufacture of such medical equipment
103	570	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
104	575	Hospital Equipment (excluding consumables) for use in specified hospitals
105	577	Lifesaving medical equipment including accessories or spare parts or both of such equipment for personal use
106	578A	Raw materials, parts or accessories for manufacture of Cochlear Implants
107	579	Survey (DGPS) instruments, 3D modeling software cum equipment for surveying and prospecting of minerals
108	580	X-Ray Baggage Inspection Systems and parts thereof
109	581	Portable X-ray machine / system
110	583	Parts and cases of braille watches, for the manufacture of Braille watches
111	593	Parts of video games for the manufacture of video games
112	607	Specified Life Saving drugs/medicines including medicines for Spinal Muscular Atrophy or Duchenne Muscular Dystrophy, for personal use
113	607A	Lifesaving drugs/medicines for personal use supplied free of cost by overseas supplier
114	611	Archaeological specimens, photographs, plaster casts or antiquities for exhibition for public benefit in a museum managed by ASI or by State Govt.
115	612	Specified raw material for sports goods

The BCD exemption for the goods covered under following serial number of the notification no 50/2017-Customs is being extended for a period of five years upto March 31, 2028.

S. No.	S. No. of Notification.	Subject
1	609	Used bonafide personal and household effects of a deceased person

Review of exemptions prescribed by other Notifications:

The BCD exemptions for the goods covered under following notifications are being extended for a period of one-year upto March 31, 2024.

S. No.	S. No. of Notification	Description
1	16-Customs dated January 1, 1965	Exemption to goods exported to foreign countries for display in show- rooms of Govt of India
2	80/1970-Customs	Exemption to articles supplied free under warranty as replacement for defective ones
3	46-Customs (1974)	Pedagogic material for educational or vocational training courses
4	248/76-Customs	Exemption to precious stones imported by posts on 'approval or return' basis
5	207/89-Customs	Exemption to foodstuff and provisions, imported by foreigners
6	134/94-Customs	Exemption to goods for carrying out repairs, reconditions, testing calibration or maintenance
7	147/94-Customs	Exemptions to firearms & ammunition by renowned shot
8	148/94-Customs	Exemptions to specified free gifts, donations, relief and rehabilitation material imported by charitable trusts, Red Cross, CARE and Govt of India
9	151/94-Customs	Exemption to aircraft equipment, tanks, fuel and lubricating oils by Indian Airlines, United Arab Airlines, Indian Air Force
10	152/94-Customs	Exemption to imports for handicapped person, charitable or social welfare purposes and research and education programme
11	153/94-Customs	Exemption to goods for foreign origin imported for repair and return
12	39/96-Customs	Imports relating to defence, internal security forces& air forces
13	50/96-Customs	Exemption to specified equipment, instruments, raw material etc imported for R&D projects
14	51/96-Customs	Exemption to research equipment by publicly funded and research institutions, Govt. Dept., laboratory, IIT etc
15	25/98- Customs	Effective rate of duty for goods of Chapter 70,84,85 or 90
16	97/99- Customs	Exemption to Gold bars under Gold Deposit Scheme of RBI
17	113/2003-Customs	Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by unit in SEZ and brought to DTA

18	30/2004-Customs	Exemptions to second-hand computers/accessories received as donation by schools, charitable institutions
19	45/2005-Customs	Exemption from Special Additional duty of Customs to goods cleared from SEZ and brought to any other place in India
20	81/2005-Customs	Exemption to machinery/components for initial setting up of non- conventional power generation plants
21	102/2007-Customs	Exemption from Special CVD to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importers.
22	26/2011-Customs	Exemption to work of art, antiques in museum or art gallery imported for public exhibition
23	23/2016-Customs	Effective rates for parts of aircraft imported under the Standard Exchange Scheme
24	05/2017-Customs	Exemption to machinery, components for setting up fuel cell-based power generation plant.
25	16/2017-Customs	Exemption to specified drugs & medicines supplied free of cost to patients under Patient Assistance program of Pharma Companies
26	29/2017-Customs	Exemption to specimen, models, wall pictures and diagrams for instructional purposes
27	30/2017-Customs	Exemption to motion picture, music, gaming software for use in gaming console printed or recorded on media
28	32/2017-Customs	Exemption to art work created abroad by Indian artist, sculptor, antiques books more than 100 years
29	37/2017-Customs	Imports relating to defence & internal security forces
30	49/2017-Customs	Exemption to special Additional Duty on specified goods of fourth schedule to Central Excise Act
31	52/2017-Customs	Effective rate of Additional duty for goods under Chapter 27

Review of exemptions prescribed by other Notifications:

The BCD exemptions for the goods covered under following notifications are being extended for a period of five years upto March 31, 2028.

S. No.	S. No. of Notification	Description
1	41/2017-Customs	Exemption to import of cups, trophies to be awarded to winning teams in international tournament /world cup to be held in India.
2	33/2017-Customs	Exemption to import of challenge cups and trophies won by a unit of Defence Force or its members.
3	146/94-Customs	Exemption to imports by specified sports goods imported by National Sports Federation or by a Sports person of outstanding eminence for training.
4	90/2009-Customs	Exemption to imports from Antarctica of goods used for or related to Indian Antarctic Expedition or Indian Polar Science Programme.

Other Notification changes

Certain BCD exemptions under notification No. 50/2017-Customs dated June 30, 2017 and other notification are being discontinued with effect from March 31, 2023. The following are being discontinued as they are redundant:

S. No.	S. No. of Notification	Description
1	S. No. 16 of 50/2017-Customs	This exemption entry pertaining to 'Human Embryo' is being withdrawn as it is redundant on account of prohibition of import of Human Embryo under the Assisted Reproductive Technology (Regulation) Act, 2021 and The Surrogacy (Regulation) Act, 2021. [Notification No. 22/2015-20 dated July 20, 2022 of DGFT refers]
2	S. No. 325 of 50/2017-Customs	This exemption entry pertaining to 'Monofilament Yarn' is being withdrawn as tariff rate is also at 5% and hence redundant
3	48/2017-Customs	Exemption to catering cabin equipment, food and drinks on re- importation by aircrafts of the Indian Airlines Corporation from foreign flights is being withdrawn.

Social Welfare Surcharge (SWS)

Amendment To Notification No. 11/2018 – Customs, dated February 2, 2018 (w.e.f. February 2, 2023)

Following goods are being exempted from levy of Social Welfare Surcharge in order to maintain the total effective duty owing to rationalization of basic customs duty rate structure:

S. No.	Description
1	Silver (HSN 7106), Gold (HSN 7108) & Imitation Jewellery (HSN 7117).
2	Platinum (HSN 7110) other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017-Customs, dated the June 30, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the June 30, 2017.
3	All goods falling under HSN 7113, other than the goods covered under S. Nos. 356, 357 and 364C of the Table in Notification No. 50/2017-Customs, dated the June 30, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the June 30, 2017.
4	All goods falling under HSN 7114, other than the goods covered under S. Nos. 356 and 357 of the Table in notification No. 50/2017-Customs, dated the June 30, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the June 30, 2017.
5	Bicycles (HSN 8712 00 10)
6	Motor vehicle including electrically operated vehicles falling under HSN 8703 covered under S. No. 526 (1)(b), 526 (2)(b), 526A(1)(b) and 526A(2)(b) of the Table in Notification No. 50/2017-Customs dated the June 30, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the June 30, 2017
7	Aeroplane and other aircrafts falling under tariff items 8802 2000, 8802 3000 and 8802 4000 covered under S. No. 543 A of the Table in Notification No. 50/2017-Customs dated the June 30, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the June 30, 2017.
8	Toys and parts of toys (HSN 9503) other than goods covered under S. No. 591of the Table in Notification No. 50/2017-Customs dated the June 30,2017
	Rescinding of Notification Relating to SWS These notifications are being rescinded on account of being redundant due to basic customs duty rate structure rationalization:
1	No. 13/2021-Customs, dated the February 1, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 71(E), dated the February 1, 2021
2	No. 34/2022-Customs, dated the June 30, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 487(E), dated the June 30, 2022

Agriculture Infrastructure and Development Cess (AIDC)

Notification No. 11/2021 – Customs, dated February 2, 2021 is being amended to revise the AIDC rates on the following goods (w.e.f. February 02, 2023):

A	AIDC rate changes (with changes to the effective rate of Customs Duty)			Rate of Duty	
S. No	Chapter, Heading, sub- heading, tariff item	Commodity	From	To	Increase/ (Decrease)
1	7106,98	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	2.50%	5%	2.50%
2	71	Silver Dore	2.50%	4.35%	1.85%
B.	Changes to AIDC (without any change to the effective rate of Customs Duty)		Rate of Duty		Increase/ (Decrease)
S. No	Chapter, Heading, sub- heading, tariff item	Commodity	From	To	
1	2701, 2702, 2703	Coal, peat, lignite	1.50%	Nil	-1.50%
2	40113000	New pneumatic tyres, of rubber, of a kind used on aircraft as mentioned in Entry 280 A of Notification No. 50/2017-Customs	Nil	0.50%	0.50%
3	7108 or 98	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	2.50%	5%	2.50%
4	71	Gold Dore	2.50%	4.35%	1.85%
5	7110	Platinum other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in Notification No. 50/2017-Customs, dated the 30th June, 2017.	1.50%	5.40%	3.90%
6	8802 20 00 8802 30 00 8802 40 00	Aero planes and other aircraft covered under S.No. 543A of Notification No. 50/2017-Customs	Nil	0.50%	0.50%

EXCISE

Amendment to Seventh Schedule to the Finance Act, 2001

The Seventh Schedule to the Finance Act, 2001 is eing amended w.e.f. February 2, 2023 to revise the NCCD rates on specified cigarettes under HS 2402 as detailed below: [Clause 153 read with Sixth Schedule of the Finance Bill, 2023]

Tariff item	Description	Unit	NCCD Rates (in INR per thousand)		Increase/ (Decrease)
			From	To	
1	2	3	4	5	6
2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	200	230	30
2402 20 20	Other than filter cigarettes,of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	250	290	40
2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	440	510	70
2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	440	510	70
2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	545	630	85
2402 20 90	Other	Tu	735	850	115
2402 90 10	Cigarettes of tobacco substitutes	Tu	600	690	90

Notification No. 05/2023-Central Excise, February 1, 2023 w.e.f February 2, 2023

Amendment

Notification No. 05/2023-Central Excise dated February 1, 2023 is being issued to exempt excise duty on blended Compressed Natural Gas (CNG) from so much of the amount as is equal to GST paid on biogas /compressed bio gas contained in such blended CNG subject to the specified conditions.

SECTOR WISE IMPACT

HEALTH SECTOR

- 157 new nursing colleges to be established in co-location with the existing 157 medical colleges established since 2014.
- Mission to eliminate Sickle Cell Anemia by 2047 to be launched.
- A new programme to promote research and innovation in pharmaceuticals to be taken up through centers of excellence.
- Dedicated multidisciplinary courses for medical devices to be supported in existing institutions to ensure availability of skilled manpower for futuristic medical technologies, high-end manufacturing, and research.
- Facilities in select ICMR Labs to be made available for research by public and private medical college faculty and private sector R&D teams for encouraging collaborative research and innovation.

INFRASTRUCTURE SECTOR

- Capital investment outlay to be increased steeply for the third year in a row by 33% to INR 10 lac crore (INR 10 trillion), which would be 3.3% of GDP.
- The newly established Infrastructure Finance Secretariat to assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure and power, which are predominantly dependent on public resources.
- The Harmonized Master list of Infrastructure to be reviewed by an expert committee for recommending the classification and financing framework suitable for Amrit Kaal.
- Capital outlay of INR 2.40 lac crore (INR 2.4 trillion) provided for the Railways, highest ever outlay about 9 times the outlay made in 2013-14.
- 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors identified to be taken up on priority with investment of
- INR 75,000 crore (INR 750 billion), including INR 15,000 crore (INR 150 billion) from private sources.
- 50 additional airports, heliports, water aerodromes and advance landing grounds to be revived for improving regional air connectivity.
- UIDF to be established with an outlay of INR 10,000 crore (INR 100 billion) per annum.

FINANCIAL SECTOR

- Revamped scheme for Credit Guarantee to MSMEs to take effect from April 1,2023 through infusion of INR 9,000 crore (INR 90 billion) in the corpus to enable additional collateral-free guaranteed credit of INR 2 lac crore (INR 2 trillion). Further, the cost of the credit to be reduced by about 1%.
- National financial information registry to be set up to serve as the central repository of financial and ancillary information.

- To simplify, ease and reduce cost of compliance, financial sector regulators to be requested to carry out a comprehensive review of existing regulations.
- To enhance business activities in GIFT IFSC, measures like delegating powers under the SEZ Act, setting up a single window IT system for registration and approval, permitting acquisition financing by IFSC Banking Units of foreign banks, establishing a subsidiary of EXIM Bank for trade re-financing, amending IFSCA Act etc.
- Amendments to the Banking Regulation Act, the Banking Companies Act and the Reserve Bank of India Act proposed to improve bank governance and enhance investors' protection.
- SEBI to develop and enforce norms and standards for education in the National Institute of Securities Markets and to recognize award of degrees, diplomas and certificates.
- An integrated IT portal to be established for investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease.
- A one-time new small savings scheme, Mahila Samman Savings Certificate, to be made available for a two-year period up to March 2025 to offer deposit facility upto INR 2 lac (INR 0.2 million) in the name of women or girls for a tenor of 2 years at fixed interest rate of 7.5% with partial withdrawal option.
- The maximum deposit limit for Senior Citizen Savings Scheme to be enhanced from INR 15 lac (INR 1.5 million) to INR 30 lac (INR 3 million) and for Monthly Income Account Scheme to be enhanced from INR 4.5 lac (INR 0.45 million) to INR 9 lac (INR 0.9 million) for single account and from INR 9 lac (INR 0.9 million) to INR 15 lac (INR 1.5 million) for joint account.

INDUSTRIAL AND CORPORATE SECTOR

- PAN to be used as the common identifier for all digital systems of specified government agencies for the business establishments required to have a PAN.
- System of 'Unified Filing Process' to be set-up for obviating the need for separate submission of same information to different government agencies.
- 95% of the forfeited amount relating to bid or performance security, to be returned to MSMEs by government and government undertakings.
- Entity DigiLocker to be set up for use by MSMEs, large business and charitable trusts.

AGRICULTURE SECTOR

- Digital public infrastructure for agriculture to be built for relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of agri-tech industry and start-ups.
- Agriculture Accelerator Fund to be set-up to encourage agri-startups by young entrepreneurs in rural areas.
- To enhance the productivity of extra-long staple cotton, a cluster-based and value chain approach through PPP to be adopted.
- Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of INR 2,200 crore (INR 22 billion) to be launched.
- To make India a global hub for millets: 'Shree Anna', the Indian Institute of Millet Research, Hyderabad to be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level.
- The agriculture credit target to be increased to INR 20 lac crore (INR 20 trillion) with focus on animal husbandry, dairy and fisheries.
- A new sub-scheme of PM Matsya Sampada Yojana with targeted investment of INR 6,000 crore (INR 60 billion) to be launched to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.
- A plan to set up a massive decentralized storage capacity to be implemented to help farmers store their produce and realize remunerative prices through sale at appropriate times.

EDUCATION SECTOR

- The District Institutes of Education and Training to be developed as vibrant institutes of excellence for the purpose of Teachers' training.
- National Digital Library for children and adolescents to be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility.
- Centre to recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lac tribal students.
- 3 centres of excellence for Artificial Intelligence to be set-up in top educational institutions.
- To unleash innovation and research by start-ups and academia, a National Data Governance Policy to be brought out.

- To encourage indigenous production of Lab Grown Diamond seeds and machines and to reduce import dependency, a research and development grant to be provided to one of the IITs for five years.
- iGOT Karmayogi to provide continuous learning opportunities to government employees to upgrade their skills and facilitate people-centric approach.
- Pradhan Mantri Kaushal Vikas Yojana 4.0 to be launched to skill youth within the next three years in areas like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills.
- The digital ecosystem for skilling to be further expanded with the launch of a unified Skill India Digital platform.
- National Apprenticeship Promotion Scheme to be rolled out to provide stipend support to 47 lac youth in three years.

OTHER SECTORS

- Central assistance of INR 5,300 crore (INR 53 billion) to be given to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water in the drought prone central region of Karnataka.
- The outlay for PM Awas Yojana to be enhanced by 66% to over INR 79,000 crore (INR 790 billion)
- All cities and towns to be enabled for 100% mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode.
- For furthering the trust-based governance, Jan Vishwas Bill to be introduced to amend 42 Central Acts.
- Amrit Dharohar to be implemented over the next three years to encourage optimal use of wetlands, and enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.
- Coastal shipping to be promoted as the energy efficient and lower cost mode of transport.
- States to be supported in replacing old vehicles and ambulances.
- Phase-3 of the E-Courts project to be launched with an outlay of INR 7,000 crore (INR 70 billion).
- 100 labs for developing applications using 5G services to be set up in engineering institutions to realise a new range of opportunities, business models, and employment potential.
- National Green Hydrogen Mission, with an outlay of INR 19,700 crore (INR 197 billion), to facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in the sector.
- Allocation of INR 35,000 crore (INR 350 billion) for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.
- A detailed framework for Pumped Storage Projects to be formulated. Battery Energy Storage Systems with capacity of 4,000 MWH to be supported with Viability Gap Funding.
- The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh to be constructed with investment of INR 20,700 crore (INR 207 billion) including central


Varanasi-Bangladesh Cruise

support of INR 8,300 crore (INR 83 billion).

- 500 new 'waste to wealth' plants under GOBARdhan scheme to be established for promoting circular economy.
- 10,000 Bio-Input Resource centres to be set-up. 1 crore farmers to be facilitated to adopt natural farming.
- MISHTI to be taken up for mangrove plantation along the coastline and on salt pan lands.
- At least 50 tourist destinations to be selected for enhancement of tourist experience. Physical connectivity, virtual connectivity, tourist guides, high standards for food streets and tourists' security, all the relevant aspects to be made available on an App.
- Sector specific skilling and entrepreneurship development to be merged to achieve the objectives of the 'Dekho Apna Desh' initiative.
- States to be encouraged to set up a Unity Mall in their state capital or most prominent tourism centre.

GLOSSARY

AAI	Airport Authority of India
AAR	Authority for Advance Ruling
AE	Advance Estimates
AIDC	Agriculture Infrastructure and Development Cess
AIF	Alternative Investment Funds
AIIMS	All India Institute of Medical Sciences
ALP	Arm's Length Price
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Persons
APA	Advance Pricing Agreement
API	Application Programming Interface
AVGC	Animation, Visual effects, Gaming, and Comic
AY	Assessment Year
BaaS	Battery as a Service
BE	Budget Estimate
BEPS	Base Erosion and Profit Shifting
BM Act	Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015
BOD	Board of Directors
BOI	Body of Individuals
BPL	Below Poverty Line
BSE	Bombay Stock Exchange
CAD	Current Account Deficit
CbC	County-By-Country
CBDC	Central Bank backed Digital Currency
CBDT	Central Board of Direct Taxes
CBU	Completely Built Unit
CDT	Commodities Transaction Tax
CFPI	Consumer Food Price Index
CFS	Consolidated Financial Statements
CGST	Central Goods and Service Tax
CGTMSE	Credit Guarantee Trust for Micro and Small Enterprises
CIF	Cost Insurance Freight
CIT	Commissioner of Income Tax
COA	Cost of Acquisition
COI	Cost of Improvement
C-PACE	Centre for Processing Accelerated Corporate Exit
CPC	Central Processing Cell
CPSE	Central Public Sector Enterprises
CSI	Continental Shelf of India
CTT	Commodity Transaction Tax
CVD	Counter Vailing Duty
DBU	Digital Banking Unit
DDT	Dividend Distribution Tax
DEPB	Duty Entitlement Pass Book
DFI	Development Financial Institution
DIN	Document Identification Number
DRP	Dispute Resolution Panel
DTA	Domestic Tariff Area
DTAA	Double Tax Avoidance Agreement
DTC	Direct Tax Code
ECB	External Commercial Borrowings
ECGC	Export Credit and Guarantee Corporation
ECLGS	Emergency Credit Line Guarantee Scheme
ECS	Electronic Clearing System
EDF	Electronic Development Fund
EEFC	Exchange Earners' Foreign Currency
EEZ	Exclusive Economic Zones
EGR	Electronic Gold receipt
EOU	Export Oriented Unit
EPFS	Employee's Provident Fund Scheme
ESOP	Employee Stock Option Plan
FA	Finance Act
FCCB	Foreign Currency Convertible Bonds
FCEB	Foreign Currency Exchangeable Bonds
FCI	Food Corporation of India
FCP	Final Cane Price
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FIF	Financial Inclusion Fund
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
FMV	Fair Market Value
FPI	Foreign Portfolio Investors
FTP	Foreign Trade Policy
GAAR	General Anti Avoidance Rules
GCF	Gross Capital Formation
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GERD	Gross Domestic Expenditure on R&D
GIFT	Gujarat International Finance Tec
GOBARdhan	Galvanizing Organic Bio-Agro Resources Dhan
GST	Goods & Services Tax
GSTN	Goods & Services Tax Network
GTA	Goods Transport Agency
HEFA	Higher Education Financing Agency
HSD	High Speed Diesel
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICD	Inland Container Depot
ICMR	Indian Council of Medical Research
ICT	Information & Communication Technology
IDR	Indian Depository Receipts
IFSC	International Financial Services Centre
IGST	Integrated Goods and Service Tax
IIFCL	India Infrastructure Finance Company Limited
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IIT-B	Institute of Information Technology-Bangalore
IMR	Infant Mortality Rate
Ind-AS	Indian Accounting Standards
INR	Indian National Rupee
Invit	Infrastructure Investment Fund
IPTV	Internet Protocol Television
IRDA	Insurance Regulatory and Development Authority
IRGD	Interest rate growth rate differential
IRS	Indian Revenue Service
IT	Information Technology
ITA	Income-tax Authority
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITSC	Income Tax Settlement Commission
JV/ WOS	Joint Venture/Wholly Owned Subsidiary
LCD	Liquid Crystal Display
LLP	Limited Liability Partnership
LPG	Liquified Petroleum Gas
LTCG	Long-term Capital Gain
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate affairs
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MISHTI	Mangrove Initiative for Shoreline Habitats & Tangible Incomes
MLI	Multilateral Instrument
MRP	Maximum Retail Price
MSE	Micro and Small Enterprises
MSME	Micro Small and Medium Enterprises
MSP	Maximum Selling Price
MTFP	Medium-Term Fiscal Policy
MUDRA	Micro Units Development Refinance Agency
NCD	Non-convertible Debentures
NHAI	National Highways Authority of India
NHB	National Housing Bank
NPS	National Pension Scheme
NR	Non-Resident
NRI	Non-Resident Indian
NSE	National Stock Exchange
NSIL	New Space India Limited
NTLM	National Language Translation Mission
ODI	Offshore Derivative Instruments
ONGC	Oil and Natural Gas Corporation
OPC	One person Company
OTS	One Time Settlement
PACS	Primary Agricultural Credit Societies
PAN	Permanent Account Number
PBPT	Prohibition of Benami Property Transactions Act
PCARD	Primary Co-Operative Agricultural and Rural Development Bank
PCBA	Printed Circuit Board Assembly
PDMA	Public Debt Management Agency
PE	Permanent Establishment
PLI	Production Linked Incentive
PM-JAY	Pradhan Mantri Jan Arogya Yojana
POEM	Place of Effective Management
PPA	Power Purchase Agreement
PPP	Public Private Partnership
Pr.CIT	Principal Commissioner of Income-tax
PSU	Public Sector Undertaking
PY	Previous Year
QFI	Qualified Foreign Investors
QIB	Qualified Institutional Buyer
QIP	Qualified institutional Placement
R&D	Research & Development
RAMP	Raising and Accelerating MSME Performance
RBI	Reserve Bank of India
RE	Revised Estimates
REIT	Real Estate Investment Fund
RIC	Road and Infrastructure Cess
RPF	Recognised Provident Fund
RRB	Regional Rural Bank
RSE	Recognised Stock Exchange
RSP	Retail Sale Price
RTE	Right to Education
SAD	Specific Advaloram Duty
SAF	Superannuation Funds
SC/ST	Scheduled Cast/Scheduled Tribe
SCRA	Securities Contract (Regulation) Act, 1956
SEBI	Securities & Exchange Board of India
SEP	Significant Economic Presence
SEZ	Special Economic Zones
SFC	State Finance Corporations
SGST	State Goods and Service Tax
SIDBI	Small Industries and Development Bank of India
SITP	Software Information Technology Park
SMP	Statutory Minimum Price
SPV	Special Purpose Vehicle
SSI	Small Scale Industry
STT	Securities Transaction Tax
TAN	Tax Collection/ Deduction Account number
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
TI	Total Income
TP	Tansfer Pricing
TPO	Transfer Pricing Officer
UID	Unique Identification
UIDAI	Unique Identification Authority of India
UIDF	Urban Infrastructure Development Fund
ULIP	Unit Linked Insurance Plan
USD	US Dollar
UTGST	Union Territory Goods and Service Tax
UTI	Unit Trust of India
VCU	Venture Capital Undertaking
VRS	Voluntary Retirement Scheme
WPI	Wholesale Price Index
WTO	World Trade Organization
YoY	Year on year

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