



**SAHIL SHAH & CO**  
**CHARTERED ACCOUNTANTS**



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## I. INCOME TAX:

- Slab Rate for New Income Tax Regime u/s 115 BAC:

Income In Lakh	Tax Rates
₹0-3	Nil
₹3-6	5%
₹6-9	10%
₹9-12	15%
₹12-15	20%
Above 15	30%

- Income Tax Limit for Rebate of Income-Tax increased from ₹5 lakh to ₹ 7 lakh in the new regime. So, under new regime a person earning income up to ₹ 7 lakh in a year will not be required to pay tax.
- Highest Surcharge rate on Income above ₹ 5 crore to be reduced from 37% to 25% under new regime. So effective Maximum Marginal Rate to be reduced from 42.7% to 39%.
- Extending benefits of standard deduction to new tax regime for salaried person. Each salaried person will have benefit of ₹ 50,000 standard deduction under new tax regime as well.
- Limit of Leave encashment on Retirement of non-government salaried employees will increased from ₹ 3 lakh to ₹ 25lakh.
- **Maturity proceeds of all life insurance policies (other than unit-linked insurance policies or ULIPs) that are issued after April 1, 2023, and have an annual premium of more than ₹5 Lakh will now be taxable. Note that if an individual has more than one life insurance policy, which is issued on or after the 1st of April 2023 and also if the aggregate amount of premium of such policies exceeds ₹5 lakh, then the maturity amount will be taxable.**

➤ **Attention: -**

There is no change in basic exemption limit or tax slab rate or rebate u/s 87A for old regime. All deductions and exemptions are available as per F.Y. 2022-23 for old regime.

New Regime of Tax u/s 115BAC, person having business & profession income shall have option to opting back to another regime only once. But person not having income of business shall have option every year.

## **II. OTHER DIRECT TAX PROPOSALS:**

### **Tax Benefits for Industry:**

#### **1) For Micro, Small and Medium Enterprises:**

- Micro enterprises with turnover up to ₹ 2 crore and certain professionals with turnover of up to ₹ 50 lakh were eligible to avail the benefit of presumptive taxation. Now enhanced limit is of ₹ 3 crore and ₹ 75 lakh respectively for the tax payers whose cash receipts are not more than 5%.
- **Deduction on Payment made to MSMEs to be allowed only when Payment is made within 15 days from the date of invoice or 45 days in case when agreement is made for the same only on actual basis. (Applicable from 01.04.2024)**

#### **2) For Co-operatives:**

- Extending 15% Corporate tax benefits to new Co-operatives, commencing manufacturing till 31st March, 2024.
- Higher Limit of ₹ 2 lakh per member for deposit and Loans in cash by PACS and PCARDBs
- Limit on TDS of Cash withdrawal is increased to ₹3 crores u/s 194N.

#### **3) For Startups:**

- Extension of the date of incorporation by one year for income tax benefits i.e., from 31.03.2023 to 31.03.2024.
- Benefit of carry forward of losses on change of shareholding from 7 years of incorporation to 10 years.

#### **4) For IFSC:**

- Relocation of funds to IFSC has certain tax exemptions, if the relocation is before 31.03.2023. This date is proposed to be extended to 31.03.2025.

Further, any distributed income from the offshore derivative instruments entered into with an offshore banking unit is also proposed to be exempted subject to certain conditions.

## TDS/TCS

- It is enabled co-operatives to withdraw cash up to ₹ 3 crore in a year without being subjected to TDS on such withdrawal.
- At present the TDS rate on withdrawal of taxable component from Employees' Provident Fund Scheme in non-PAN cases is 30 % now it is reduced to 20 %.
- For online games, it is proposed to provide for TDS at 30% and taxability on net winnings at the time of withdrawal or at the end of the financial year. Moreover, TDS would be without the threshold of ₹10,000. For lottery, crossword puzzles games, etc threshold limit ₹10,000 for TDS shall continue but shall apply to aggregate winnings during a financial year.
- To avoid the TDS mismatch faced by many taxpayers, it is now proposed to enable the claim of TDS on income already declared in earlier years by making an application in prescribed form before the AO within 2 years from the financial year in which such tax was deducted at source.
- The rate of TCS for foreign remittances for education and medical treatment is 5 % for remittances in excess of ₹ 7 lakh. Similarly, the rate of TCS on foreign remittances for the purpose of education through loan from financial institutions is continue to be 0.5 % in excess of ₹7 lakh. **However, for other purposes under Liberalized Remittance Scheme (LRS) and purchase of overseas tour program, it is increased from 5 % to 20 %. (Will result in Foreign Tours becoming Costly.)**

## CAPITAL GAIN

- The conversion of physical gold to Electronic Gold Receipt and vice a versa is not to be treated as a transfer and so not to attract any capital gain. This would promote investments in electronic equivalent of gold.
- Tax on capital gains can be avoided by investing proceeds of such gains in residential property. This is capped at ₹10 crore.

## AGRICULTURE

- Digital public infrastructure for agriculture will be built as an open source, open standard and inter operable public good. This will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of Agri-tech industry and start-ups.
- An Agriculture Accelerator Fund will be set-up to encourage Agri-start-ups by young entrepreneurs in rural areas. The Fund will aim at bringing innovative and affordable solutions for challenges faced by farmers. It will also bring in modern technologies to transform agricultural practices, increase productivity and profitability.
- Launch an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of ₹2,200 crore.

## INDIRECT TAXES

### I. Custom Duty:

#### A. Reduction in rate of basic customs duty

Commodity	At present (%)	To (%)
Specified capital goods/machinery for manufacture of lithium-ion cell for use in battery of electrically operated vehicle (EVs)	As applicable	Nil (Up to 31.03.2024)
Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.5	Nil
Specified parts for manufacture of open cell of TV panel	5	2.5
Heat coil for manufacture of electric kitchen chimneys	20	15

Seeds for use in manufacturing of rough lab-grown diamonds	5	Nil
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### **B. Increase in rate of basic customs duty**

<b>Commodity</b>	<b>At present (%)</b>	<b>To (%)</b>
Electric Kitchen chimney	7.5	15
Silver (including silver plated with gold or platinum), unwrought or in semi manufactured forms, or in powder form	7.5 (+ 2.5 AIDC + 0.75 SWS)	10 (+ 5 AIDC + Nil SWS)
Silver dore	6.1 (+ 2.5 AIDC + 0.61SWS)	10 (+ 4.35 AIDC + Nil SWS)
Articles of Precious Metals such as gold/silver/platinum	20 (+ Nil AIDC + 2 SWS)	25 (+ Nil AIDC + Nil SWS)

\* AIDC -Agriculture Infrastructure Development Cess; SWS – Social Welfare Surcharge

## **II. GOODS AND SERVICE TAX:**

### **1) Removal of restrictions to opt for Composition scheme:**

- Supplier supplying goods through Electronic Commerce Operators (ECO) may also opt for the Composition Scheme for the Intra state supply.

### **2) Restriction on Availment of Input Tax Credit (ITC):**

- The value of supply of warehoused goods before clearance for home consumption would now be treated as exempted supplies for the purpose of reversal of Input tax credit as per rule 42& 43 of the CGST Rules 2017.
- Input tax credit of expenditure incurred towards CSR (Corporate Social Responsibility) obligation shall not be allowed to a taxpayer.

### **3) Registration:**

- Person exclusively engaged in supply of goods and services which wholly exempt from tax or non-GST supplies or an agriculturalist are not required to obtain registration. (Retrospective Amendment w.e.f. 01.07.2017)

### **4) Time limit for filing returns after due date:**

- Monthly returns GSTR 1, GSTR 3B, and Annual Return GSTR 9 And GSTR 8 will not be allowed to be filed after a period of 3 years from the due date of filing of the said returns.

### **5) Penal Provision for Electronic Commerce Operators (ECO):**

- E-Commerce operator would be levied penalty of ₹10,000 or the Amount Involved whichever is higher for the following defaults:
  1. Allows an unregistered person to supply goods or services.
  2. Allows an interstate supply of services by a person registered under composition scheme.
  3. Fails to pay tax or furnish incorrect details.



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