

Sharma & Pagaria

CHARTERED ACCOUNTANTS

Excellence, Integrity, Independence

SIGNIFICANT CHANGES W.R.T DIRECT TAXES (BUDGET 2023)

- The new tax regime introduced by the Finance Act 2020, is now proposed to be the default regime. However, Assessee can opt for old regime.
- Basic Tax Rates (Effective from FY 2023-24):

New Tax Regime (Revised)		New Tax Regime (Old)		Old Tax Regime	
Income	Basic Tax Rate	Income	Basic Tax Rate	Income	Basic Tax Rate
Upto 3 Lakh	NIL	Upto 2.5 Lakh	NIL	Upto 2.5 Lakh	NIL
3 - 6 Lakh	5%	2.5 - 5 Lakh	5%	2.5 - 5 Lakh	5%
6 - 9 Lakh	10%	5 - 7.5 Lakh	10%		
9 - 12 Lakh	15%	7.5 - 10 Lakh	15%	5 - 10 Lakh	20%
12 - 15 Lakh	20%	10 - 12.5 Lakh	20%		
Above 15 Lakh	30%	12.5 - 15 lakh	25%	Above 10 Lakh	30%
		Above 15 Lakh	30%		

Under New Tax Regime: No deductions are available except for the following:

- Deduction in respect of employment of new employees u/s 80JJAA
- Deduction in respect of contribution by employer to pension scheme of Central Government u/s 80CCD (2)
- Family Pension of ₹ 15000/-
- In case of Salaried individuals, Standard deduction of ₹ 52500 /- in case of income of ₹ 15.50 Lakh or more; For others – ₹ 50000 /-
- Deposited in the Agniveer Corpus Fund u/s 80CCH(2)

- Leave encashment: The limit of tax exemption on Leave encashment on retirement of non-government salaried employees is increased from ₹ 3 Lakh to ₹ 25 Lakh.
- Rebate u/s 87A: Available for a resident Individual (whose income does not exceed 7,00,000). The amount of rebate is 100% of income tax calculated before education cess or 25000 whichever is less i.e. no tax under new regime upto Rs. 7 lakhs of Income .
- Presumptive Taxation u/s 44AD & 44ADA:

Applicable To:	Turnover / Gross Receipts	
	Old Regime	New Regime
Business	₹ 2 Crore	₹ 3 Crore
Specified Professionals	₹ 50 lakh	₹ 75 lakh

- The increased limits under new regime is applicable only in case the amount or aggregate of the amounts received during the year, in cash, does not exceed five per cent of the total gross receipts/turnover.

Sec 43B - Deduction allowable on actual payment basis:

Any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the MSMED Act 2006 shall be allowed as deduction only on actual payment made during the year only.

Surcharge on Income Tax:

In case of Individuals, HUF, AOP (other than co-operative), BOI and AJP,

Income	Surcharge Rate	
	Old Regime	New Regime
50 Lakh - 1 Crore	10%	10%
1 Crore - 2 Crore	15%	15%
2 Crore - 5 Crore	25%	25%
Above 5 Crore	37%	

- Capital Gains:
 - Maximum exemption available for deduction from capital gains on investment in residential house under sections 54 and 54F is limited to ₹ 10 crore.
 - The income from transfer or redemption or maturity of Market Linked Debentures is proposed to be taxed as Short-Term Capital Gains at the applicable rates.
 - Conversion of Gold to Electronic Gold Receipt and vice versa is not treated as transfer. Hence, No Capital Gain on such transfer.
 - Cost of Acquisition in case of transfer of Intangible assets or rights which were earlier acquired for no consideration, to be taken as NIL.

- Any income earned from Net winnings from online games is liable for deduction of TDS @ 30% at the time of withdrawal or at the end of the financial year. Also, there is no threshold limit of ₹ 10,000/-
- Foreign remittances for other purposes (other than foreign remittances for education and for medical treatment and foreign remittances for the purpose of education through loan from financial institutions) under LRS and purchase of overseas tour program, it is proposed to increase the rates of TCS from 5% to 20%.

Tax exemption for Life Insurance Policies (other than ULIP): In case of the policies issued on/after 01.04.2023, income from only those policies with aggregate premium up to ₹ 5 lakh shall be exempt.

- Start-ups:
 - Date of incorporation for income tax benefits to start-ups is extended by one year from 31.03.23 to 31.3.24.
 - The period for carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.
- TDS on payment of certain income to a non-resident: TDS would be deducted @20% or the rates as provided in the DTAA, whichever is lower.
- TDS on amount withdrawn from EPF: TDS rate on withdrawal of taxable component from Employees' Provident Fund Scheme in Non-PAN cases is reduced from 30 % to 20%.
- Co-operatives are allowed to withdraw cash up to ₹ 3 crore in a year without being subjected to TDS on such withdrawal.
- Sugar co-operatives are eligible to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure, if any disallowed earlier by an application to Assessing Officer.
- An higher limit of ₹ 2 lakh per member is prescribed for cash deposits to and loans in cash by Primary Agricultural Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs).

Sharma & Pagaria

CHARTERED ACCOUNTANTS

Excellence, Integrity, Independence