

Proposed Amendments to Indirect tax laws in Budget 2023

GOODS AND SERVICES TAX

- It is proposed to insert Clause (fa) under section 17(5) of CGST Act 2017 to block ITC on the inward supply of Goods and Services which are intended to be used to meet the CSR Obligation u/s 135 of Companies Act, 2013.
- It is proposed to block the filing of the following returns by registered persons after the expiry of three years from the due date of furnishing of the said return.
 - Return u/s 37 (**GSTR - 1**)
 - Return u/s 39 (**GSTR - 3B**)
 - Annual Return u/s 44 (**GSTR - 9/9A**)
 - Return of Collection of Tax at Source (TCS) u/s 52 (**GSTR - 7**)
- It is proposed to remove the restriction imposed on taxpayers engaged in supplying goods through electronic commerce operators from opting to pay tax under the composition levy.
- It is proposed to increase the scope of Exempted supply for the purpose of calculation of common credit u/s 17(2) r/w rule 42 & 43 by adding certain activities (yet to be prescribed) in respect of Paragraph 8(a) of schedule III. Which is "Supply of Warehoused Goods to any person before Clearance for Home Consumption".
- It is proposed to increase the monetary threshold from 1 crore to 2 crore rupees under section 132(1) of CGST Act 2017 for launching prosecution for the offences except for the offences related to issuance of invoices without supply of goods or services or both.
- It is proposed to give the retrospective exemption for the following supplies in Schedule -III of CGST Act 2017. (High Sea Sales & In Bond sale)
 - Supply of Goods from a place Located in the Non-Taxable Territory to another Non-taxable territory without of such Goods Entered into India.
 - Supply of Warehoused Goods to any Person before clearance for Home Consumption
 - Supply of goods by the consignee to any other person, by an 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.
- It is proposed to reduce the compounding of offences amount from present range of 50 to 150 per cent of tax amount to the range of 25 to 100 per cent.

CUSTOMS

- It is proposed to reduce number of basic customs duty rates on goods, other than textiles and agriculture, to 13 from 21.
- It is proposed to exempt customs duty on 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.
- It is proposed to reduce customs duty on camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone to zero and concessional duty on lithium-ion cells for batteries extended for another year.
- It is proposed to reduce basic customs duty on parts of open cells of TV panels to 2.5 per cent.
- It is proposed to increase basic customs duty on electric kitchen chimney to 15 per cent from 7.5 per cent.
- It is proposed to reduce basic customs duty on heat coil for manufacture of electric kitchen chimneys to 15 per cent from 20 per cent.
- It is proposed to exempt basic customs duty on denatured ethyl alcohol used in chemical industry.
- It is proposed to reduce basic customs duty on acid grade fluorspar (containing by weight more than 97 per cent of calcium fluoride) to 2.5 per cent from 5 per cent.
- It is proposed to reduce basic customs duty on crude glycerine for use in manufacture of epichlorohydrin to 2.5 per cent from 7.5 per cent.
- It is proposed to reduce duty on key inputs for domestic manufacture of shrimp feed.
- It is proposed reduce basic customs duty on seeds used in the manufacture of lab grown diamonds.
- It is proposed to increase import duty on silver Dore, bars and articles .
- It is proposed to increase Basic customs duty rate on compounded rubber to 25 per cent from 10 per cent or 30 per kg whichever is lower.
- National Calamity Contingent Duty (NCCD) on specified cigarettes revised upwards by about 16 per cent.
- It is proposed to exempt excise duty on GST-paid compressed bio gas contained in blended compressed natural gas.

Note: The above-mentioned proposals are not effective yet and would be given effect through relevant circulars/Notifications.

Sharma & Pagaria

CHARTERED ACCOUNTANTS

Excellence, Integrity, Independence