

Ekbote Deshmukh &Co.
Nagpur, Nashik, Pune, Mumbai
Celebrating 25 years of Incorporation

Highlights of Budget 2023-24

Amendments in Direct Taxation

➤ **Changes in Individual Taxation System**

- Rebate limit of Personal Income Tax is increased to Rs. 7 lakh from the current Rs. 5 lakh in the new tax regime.
- Tax structure in new personal income tax regime is changed by reducing the number of slabs to five and increasing the tax exemption limit to Rs. 3 lakh.
- Tax Rates

Total Income	New Tax Rates
Up to 3,00,000	Nil
From 3,00,001 to 6,00,000	5%
From 6,00,001 to 9,00,000	10%
From 9,00,001 to 12,00,000	15%
From 12,00,001 to 15,00,000	20%
Above 15,00,000	30%

- The benefit of standard deduction of Rs.52, 500 to salaried individual is now available under New Tax Regime.
- Deduction from family pension was not available until now which become available up to Rs. 15,000 under new tax regime.
- Highest surcharge rate to reduce from 37 % to 25% in the new tax regime. This to further result in reduction of the maximum personal income tax rate to 39 per cent.
- The limit for tax exemption on leave encashment on retirement of non-government salaried employees to increase to Rs. 25 lakh.
- Deduction from capital gains on investment in residential house under sections 54 and 54F is enhanced and capped at Rs. 10 crore from the existing 2 crores for better targeting of tax concessions and exemptions.
- Minimum threshold of Rs. 10,000/- for TDS is removed and taxability relating to online gaming is clarified.
- TDS rate to be reduced from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases.

➤ **Changes in Presumptive Taxation Limits**

The limits for micro enterprises and certain professionals for availing the benefit of presumptive taxation is enhanced from 2cr to 3 cr and from 50 Lakhs to 75 Lakhs respectively. The limit will apply only in case the amount or aggregate of the amounts received during the year, in cash, does not exceed 5% per cent of the total gross receipts/turnover.

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➤ **Cooperative Society:**

- New co-operatives that commence manufacturing activities till 31.3.2024 to get the benefit of a lower tax rate of 15 per cent, as presently available to new manufacturing companies.
- Opportunity provided to sugar co-operatives to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure. This expected to provide them a relief of almost Rs. 10,000 crore.
- Provision of a higher limit of Rs. 2 lakh per member 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).
- TDS on cash withdrawal limit is increased to Rs. 3 crore from 1 crore to co-operative societies.

➤ **Tax Benefits for Start-Ups**

- Date of incorporation for income tax benefits to start-ups is extended from 31.03.23 to 31.3.24.
- The benefit of carry forward of losses on change of shareholding of start-ups is extended from seven years of incorporation to ten years.

Amendments in Indirect Taxation

➤ **Changes in Customs**

- Number of basic customs duty rates on goods, other than textiles and agriculture, reduced to 13 from 21.
- Excise duty exempted on GST-paid compressed bio gas contained in blended compressed natural gas.
- Customs Duty on specified capital goods/machinery for manufacture of lithium-ion cell for use in battery of electrically operated vehicle (EVs) extended to 31.03.2024
- Customs duty exempted 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.
- Customs duty on camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone reduced to zero and concessional duty on lithium-ion cells for batteries extended for another year.
- Basic customs duty reduced on parts of open cells of TV panels to 2.5 per cent.
- Basic customs duty on electric kitchen chimney increased to 15 per cent from 7.5 per cent.
- Basic customs duty on heat coil for manufacture of electric kitchen chimneys reduced to 15 per cent from 20 per cent.
- Denatured ethyl alcohol used in chemical industry exempted from basic customs duty.
- Basic customs duty reduced on acid grade fluorspar (containing by weight more than 97 per cent of calcium fluoride) to 2.5 per cent from 5 per cent.
- Basic customs duty on crude glycerin for use in manufacture of epichlorhydrin reduced to 2.5 per cent from 7.5 per cent.
- Duty reduced on key inputs for domestic manufacture of shrimp feed.
- Basic customs duty reduced on seeds used in the manufacture of lab grown diamonds.
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- Basic Customs Duty exemption on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode continued.
- Concessional BCD of 2.5 per cent on copper scrap is continued.
- Basic customs duty rate on compounded rubber increased 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.

➤ **Changes in Goods and Service Tax:**

- To raise the minimum threshold of tax amount for launching prosecution under GST from 1 crore to 2 crore;
- To reduce the compounding amount from the present range of 50 to 150 per cent of tax amount to the range of 25 to 100 per cent;
- To restrict filing of returns/statements to a maximum period of three years from the due date of filing of the relevant return/statement; and
- to enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs).

➤ **Miscellaneous-**

- New Infrastructure Finance Secretariat established to enhance opportunities for private investment in infrastructure.
- District Institutes of Education and Training to be developed as vibrant institutes of excellence for Teachers' Training.
- A 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.
- Fiscal Deficit of 3.5% of GSDP allowed for States of which 0.5% is tied to Power sector reforms.
- Conversion of gold into electronic gold receipt and vice versa not to be treated as capital gain.
- Agniveer Fund to be provided EEE status. The payment received from the Agniveer Corpus Fund by the Agniveers enrolled in Agnipath Scheme, 2022 proposed to be exempt from taxes. Deduction in the computation of total income is proposed to be allowed to the Agniveer on the contribution made by him or the Central Government to his Seva Nidhi account.