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Form 1040-SR (2020)

DEDUCTIONS

12	Standard deduction or itemized deductions (from Schedule A)	12	
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	
14	Add lines 12 and 13	14	
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	
16	Tax (see instructions). Check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>	16	
17	Amount from Schedule 2, line 3	17	
18	Child tax credit or credit for other dependents	18	
19	Add lines 16 and 17	19	
20	Amount from Schedule 3, line 7	20	
21	Subtract line 21 from line 18. If zero or less, enter -0-	21	
22	Other taxes, including self-employment tax, from Schedule 2	22	
23	Add lines 22 and 23. This is your total tax	23	
24	Federal income tax withheld from:	24	
25	a Form(s) W-2	25	
	b Form(s) 1099		
	c Other		

Union Budget Highlights 2023-24

Foreword

The annual budget presented by Smt. Nirmala Sitharaman, the Union Minister of Finance and Corporate Affairs on February 1, 2023, proposes a particularly advantageous tax framework that will ensure that individuals and organisations stay motivated to comply with the tax provisions. Moreover, the proposed regime enables people to make strategic financial decisions by saving and investing their money.

Bringing online gaming within the purview of the tax regime will certainly broaden the revenue base and the re-introduction of the appellate authority of the Joint Commissioner (Appeals) has the potential to transform tax hearings through the effective disposal of pending appeals.

The budget is more sectoral in its approach when it comes to indirect tax with an increase in duty on articles of precious metals, toys, etc., and a cut in the import duty on gold and platinum. At the same time, the customs duty rate on silver items would be raised. Such changes in tax rates will affect the demand and supply of said metals, consequently having an impact on the trade balance. The lower rate of import duty on airplanes would encourage imports and also stimulate growth in allied businesses such as domestic aviation, maintenance, and repair services which will in turn create new job opportunities. On the other hand, increased customs duties on imported automobiles, bicycles, and toys will discourage demand for their imports and boost domestic output in these industries.

In a nutshell, we see this budget as another step towards achieving ease of compliance and the "Make in India" vision.



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(Former Chief Commissioner
of Income Tax)
Director - Tax Advisory



DIRECT TAX PROPOSALS

1. Income Tax Rates

The Budget under the new tax regime provides tax rebates for income up to 7 lakhs, a reduced surcharge rate to 25% from 37% on total income above 5 Crore, and an extended standard deduction. The new slab rates will be as follows:

Income	Tax Rate
0-3 lakh	Nil
3-6 lakh	5%
6-9 lakh	10%
9-12 lakh	15%
12-15 lakh	20%
Above 15 lakh	30%

Effective from April 1, 2024, i.e., AY 2024-25.

2. Conversion of physical form of gold to Electronic Gold does not amount to Transfer

The conversion of the physical form of gold into Electronic Gold receipts and vice versa are excluded from the scope of 'transfer' for the purposes of capital gains tax, by way of insertion of a new clause in section 47 to the Income Tax Act, 1961 ("the Act"). Effective from April 1, 2024, i.e., AY 2024-25.

3. Increase in turnover ceiling under Presumptive Taxation Scheme

For the purpose of the presumptive taxation scheme which applies to small and medium sector, the turnover ceiling is increased from Rs.2 Crore to Rs.3 Crore and Rs.50 lakh to Rs.75 lakh, respectively, for taxpayers with cash receipts less than 5%. Effective from April 1, 2024, i.e., AY 2024-25.

4. Option to avail lower rate of tax provided to new manufacturing co-operative societies

New co-operatives commencing manufacturing activities by March 31, 2024, will get the benefit of a lower tax rate of 15%. Effective from April 1, 2024, i.e., AY 2024-25.

5. Limit imposed on deduction claimable on housing investments

For the purpose of capital gains, the deduction available on investment in residential houses, under sections 54 and 54F of the Income Tax Act, 1961, is capped at Rs.10 Crores. Effective from April 1, 2024, i.e., AY 2024-25.

6. Additional appellate authority called Joint Commissioner (Appeals) to be set up

As a way to effectively deal with the caseload, tackle the pending appeals and ease the burden of the Commissioner (Appeals), an authority called the Joint Commissioner (Appeal) will be set up. Effective April 1, 2023, for the fiscal year 2023-24.

7. Levy of tax on winnings from online games

With effect from July 1, 2023, income tax has to be deducted from the net winnings gained through online games at the time of withdrawal from the user account and also from the balance left in the concerned user account at the end of the financial year. To ensure the same, Section 194BA would be inserted into the Act. Further, it is proposed to insert Section 115BBJ which levies a tax at the rate of 30% on winnings from online gaming. Effective from April 1, 2024, i.e., AY 2024-25.

8. Taxability of capital gains arising out of market-linked debentures

To levy the normal rate of tax applicable to Short-Term Capital Gains upon transfer, redemption, or maturity of market-linked debentures, Section 50AA is proposed to be introduced. Effective from April 1, 2024, i.e., AY 2024-25.

9. Extension of time-limit for completion of Assessment

For ease of compliance in the hands of the assessee during the stage of the adjudication, the time limit would be enhanced from 9 Months to 12 Months for completion of assessment u/s 143 or 144 of the Income Tax Act, 1961. Effective from April 1, 2022, i.e., AY 2022-23.



10. Benefit of lower tax rate provided to employees without PAN for PF withdrawals

Employees without Permanent Account Number (PAN) would be required to pay a reduced TDS rate of 20% (as opposed to 30%) on the taxable share of Provident Fund withdrawals under the Employees' Provident Fund Scheme, 1952. This is expected to benefit employees with low income. Effective from April 1, 2023, i.e., AY 2023-24.

11. Non-residents investing in excess of FMV brought within the scope of Section 56(2)(viib)

The scope of section 56(2)(viib) of the Act, which imposes a tax on the difference between real consideration (as received by the company from an Indian resident) for the issue of shares and the fair market value of such shares, has been expanded to include non-residents. Effective from April 1, 2024, i.e., AY 2024-25.





INDIRECT TAX PROPOSALS

Customs Duty

Tariff Rate changes to Basic Customs Duty

Sector	Before Budget	After Budget
Gems and Jewellery		
- Gold	12.5%	10%
- Platinum	12.5%	10%
- Silver	7.5%	10%
- Articles of precious metals	20%	25%
Aerospace industry		
Aeroplanes and other aircraft	3%	2.5%
-		
Automobile and Toys		
Vehicles Semi-knocked down	30%	35%
- Vehicles in Completely-built unit form	60%	70%
- Electrically operated vehicle in Completely-built unit form	60%	70%
- Bicycles	30%	35%
- Toys and parts of toys (other than	60%	70%

parts of electronic toys)		
Electrical Goods		
- Kitchen Chimney	7.5%	15%

Goods and Services Tax

1. The benefit of the composition levy is extended to registered persons supplying goods through e-commerce operators.
2. It is clarified that Corporate Social Responsibility inputs/input services are not eligible for the input tax credit under sub-section (5) of Section 17 of the CGST Act, 2017.
3. For the furnishing of details of outward supplies and submitting statements for the tax period and annual returns, the respective time period is extended to three years.



Key Contacts



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