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Union Budget 2023

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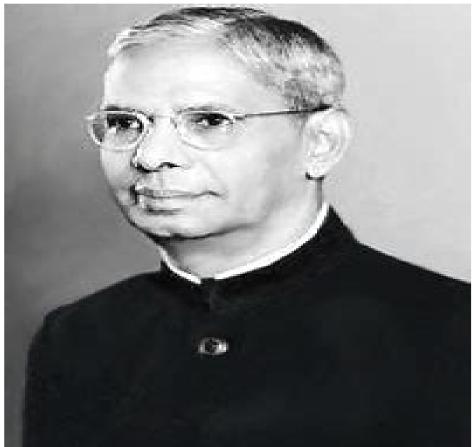

Sri.R K Shanmukham Chetty

Smt.Nirmala Sitharaman

73 Annual Budgets
14 Interim Budgets
4 Special / Mini Budgets

26 Finance Ministers

10 by Sri.Morarji Desai
9 by Sri.P Chidambaram
8 by Sri.Pranab Mukherjee
5 by Smt.Nirmala Sitharaman

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Saptarishi

First Budget of Amrit Kaal

Moving towards 100th Year of India's Independence

- Inclusive Development
- Reaching the Last Mile
- Infrastructure & Investment
- Green Growth
- Youth Power
- Financial Sector
- Unleashing the Potential

- **Capital investment outlay is being increased by 33% to 10 lakh Crores.**
- **50 additional airports, heliports, water aerodromes to improve regional air connectivity**
- **75,000 Crore investment in critical transport infrastructure projects for last and first connectivity for ports, steel, coal, fertilizer & food grains.**
- **Highest ever capital outlay of 2.4 Lakh Crore has been allotted for the Railways**
- **Recruitment of 38,800 teachers for 740 Eklavya Model Residential Schools serving 3.5 lakh tribal students.**
- **39,000 compliances have been reduced to promote ease of doing business**
- **An Integrated IT portal for reclaiming unpaid shares/ dividends from IEPF.**
- **Battery energy storage system with a capacity of 4,000 MWH will be set-up under the Green Growth initiative.**
- **National Digital Library for children and adolescents.**
- **Centres of Excellence for Artificial Intelligence to 'make AI in India and make AI work for India'**

- **5G Services - 100 labs for developing applications using 5G services will be set up in engineering institutions.**
- **A simplified system of 'Unified Filing Process' will be set-up for filing of return on a common portal.**
- **National Apprenticeship Promotional Scheme to provide stipend support to 47 lakh youth in 3 years.**
- **Skill India Digital Program to up-skill the youth**
- **Setting up of 157 new nursing colleges in existing medical colleges to strengthen health infrastructure.**
- **Setting up of Indian Institute of Millet Research to make India the global hub for Millets - 'Shree Anna'**
- **Mahila Samman Bachat Scheme for Women – Maximum Investment of Rs. 2,00,000 @ 7.5%**
- **Senior Citizen Savings Scheme limit has been enhanced to Rs. 30 lakhs from Rs. 15 lakhs**
- **Post Office Monthly Income Scheme limit has been extended to**
  - **Rs. 9 lakhs from Rs. 4.5 lakhs for Single account holders**
  - **Rs. 15 lakhs from Rs. 9 lakhs for Joint account holders**

Tax Rates

TAX RATES
Individuals/HUF/AOP/BOI/Artificial Juridical Person

There are no changes in the tax slabs /tax rates for AY 2023-24.

As applicable to AY 2023-24		
a) where the total income does not exceed Rs. 2.5 Lac b) where the total income exceeds Rs. 2.5 Lac but does not exceed Rs. 5 Lac c) where the total income exceeds Rs. 5 Lac but does not exceed Rs. 10 Lac d) where the total income exceeds Rs. 10 Lac	– Nil – 5% – 20% – 30%	Rebate of 12,500 or Income-tax whichever less if total income does not exceed Rs.5 Lac. Surcharge: 50 Lakhs – 1 Cr - 10% 1 Cr – 2 Cr - 15% 2 Cr – 5Cr - 25% > 5 Cr - 37% (15% cap in respect of certain incomes) Cess at 4% on tax and surcharge
For resident individuals above 60 years a) where the total income does not exceed Rs. 3 Lac b) where the total income exceeds Rs. 3 Lac but does not exceed Rs. 5 Lac c) where the total income exceeds Rs. 5 Lac but does not exceed Rs. 10 Lac d) where the total income exceeds Rs. 10 Lac	 – Nil – 5% – 20% – 30%	
For resident individuals above 80 years a) where the total income does not exceed Rs. 5 Lac b) where the total income exceeds Rs.5 Lac but does not exceed Rs. 10 Lac c) where the total income exceeds Rs. 10 Lac	 – Nil – 20% – 30%	

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TAX RATES
Individuals/HUF/AOP/BOI/Artificial Juridical Person

Change in Tax rates Section 115BAC (New Tax Regime) the tax slabs /tax rates for AY 2024-25.

Total Income (In Rs.) (Applicable for AY 2023-24 only		Total Income (In Rs.) As applicable for AY 2024-25 and onwards	
< 2.5 Lac	0%	< 3 Lac	0%
2.5 Lac- 5 Lac	5%	3 Lac- 6 Lac	5%
5 Lac - 7.5 Lac	10%	6 Lac - 9 Lac	10%
7.5 Lac – 10 Lac	15%	9 Lac – 12 Lac	15%
10 Lac – 12.50 Lac	20%	12 Lac – 15 Lac	20%
12.5 Lac - 15 Lac	25%	> 15 Lac	30%
> 15 Lac	30%		

Rebate of Rs. 25,000/- (Earlier Rs.12,500/-) or income tax whichever is less if the total income does not exceed Rs. 7 Lac (Earlier Rs.5L).

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New Tax Regime – How does it work?

DEFAULT REGIME :
The rates would be considered as default rates for succeeding AYs
Option TO BE exercised for availing tax rates under old regime.

The option to shift out of the regime under Section 115BAC(1A) can be exercised only once by a taxpayer earning business/profession income.

However, a person not having income from business or profession shall be able to exercise this option every year. ***

Income tax payable would be computed without allowing any exemption or deduction as per Section 115BAC(2)(i) but providing additionally;
Standard Deduction under Section 16(ia) – 50,000
Deduction for family pension under Section 57(iia) – 15,000/-
Deduction as per proposed Section 80CCH for contribution to Agniveer Corpus Fund.

Surcharge: Capped at 25%, if opted for new tax regime under Section 115BAC(1A).
Maximum tax rate will be – 39% as against the maximum in old regime – 42.74%.

The following are some of the major deductions and exemptions you cannot claim under the new tax system:

- **The standard deduction under Section 80TTA/80TTB**
- **Professional tax and entertainment allowance on salaries**
- **Leave Travel Allowance (LTA)**
- **House Rent Allowance (HRA)**
- **Minor child income allowance**
- **Helper allowance**
- **Children education allowance**
- **Other special allowances [Section 10(14)]**
- **Interest on housing loan on the self-occupied property or vacant property (Section 24)**
- **Chapter VI-A deduction (Section 80C, 80D, 80E and so on, except Section 80CCD(2) and Section 80JJAA)**
- **Exemption or deduction for any other perquisites or allowances including food allowance of Rs 50/meal subject to 2 meals a day**
- **Employee's (own) contribution to NPS**
- **Donation to Political party/trust, etc**
- **Budget 2023 update – Family Pension - FY 2023-24 Rs.15,000/- is allowed as deduction)**
- **Budget 2023 update – Salary - From FY 2023-24 Rs.50,000/- is allowed as deduction)**

House property loss under the new tax regime

In the case of a Self Occupied Property :

No deduction of Rs.2,00,000/- on interest for a housing loan. Consequently, you cannot set off the loss of Rs 2 lakh from house property from one's salary income.

In case of Let Out property :

One can claim a deduction for interest paid on the housing loan / property loan only to the extent of taxable income from such let out property.

Neither provision to set off is available nor is provision to carry forward of losses to future years available.

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	Gross total Income	5,50,000	6,50,000	7,00,000	7,01,000	7,49,000	8,00,000	9,50,000	10,00,000	11,00,000	12,50,000	13,50,000	15,01,000	17,50,000	35,00,000	45,00,000	49,00,000
Deduction as below																	
-	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	22,500	42,500	52,500	52,700	62,300	72,500	1,02,500	1,12,500	1,42,500	1,87,500	2,17,500	2,62,800	3,37,500	8,62,500	11,62,500	12,82,500
50,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	32,500	42,500	42,700	52,300	62,500	92,500	1,02,500	1,27,500	1,72,500	2,02,500	2,47,800	3,22,500	8,47,500	11,47,500	12,67,500
1,00,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	22,500	32,500	32,700	42,300	52,500	82,500	92,500	1,12,500	1,57,500	1,87,500	2,32,800	3,07,500	8,32,500	11,32,500	12,52,500
1,30,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	16,500	26,500	26,700	36,300	46,500	76,500	86,500	1,06,500	1,48,500	1,78,500	2,23,800	2,98,500	8,23,500	11,23,500	12,43,500
1,65,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	19,500	19,700	29,300	39,500	69,500	79,500	99,500	1,38,000	1,68,000	2,13,300	2,88,000	8,13,000	11,13,000	12,33,000
1,97,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	13,100	13,300	22,900	33,100	63,100	73,100	93,100	1,28,400	1,58,400	2,03,700	2,78,400	8,03,400	11,03,400	12,23,400
2,00,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	-	12,700	22,300	32,500	62,500	72,500	92,500	1,27,500	1,57,500	2,02,800	2,77,500	8,02,500	11,02,500	12,22,500
2,62,500	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	-	-	-	20,000	50,000	60,000	80,000	1,10,000	1,38,750	1,84,050	2,58,750	7,83,750	10,83,750	12,03,750
2,87,500	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	-	-	-	15,000	45,000	55,000	75,000	1,05,000	1,31,250	1,76,550	2,51,250	7,76,250	10,76,250	11,96,250
3,00,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	-	-	-	-	42,500	52,500	72,500	1,02,500	1,27,500	1,72,800	2,47,500	7,72,500	10,72,500	11,92,500
3,12,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	-	-	-	-	40,100	50,100	70,100	1,00,100	1,23,900	1,69,200	2,43,900	7,68,900	10,68,900	11,88,900
3,50,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	-	-	-	-	32,500	42,500	62,500	92,500	1,12,500	1,57,800	2,32,500	7,57,500	10,57,500	11,77,500
3,85,000	NEW REGIME	-	-	-	25,100	29,900	35,000	52,500	60,000	75,000	1,00,000	1,20,000	1,50,300	2,25,000	7,50,000	10,50,000	11,70,000
	OLD REGIME	-	-	-	-	-	-	25,500	35,500	55,500	85,500	1,05,500	1,47,300	2,22,000	7,47,000	10,47,000	11,67,000

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Assessee’s with Business Income – New Regime Vs Old Regime

Un-utilised Depreciation allowance as at 31.3.2023 shall be adjusted to the WDV as at that date.

Deductions and exemptions not allowed against business income:

- Additional depreciation under section 32
- Investment allowance under section 32AD
- Sector-specific business deductions under section 33AB and 33ABA
- Expenditure on scientific research under section 35
- Capital expenditure under section 35AD
- Exemption under section 10AA for SEZ units

Senior Citizens – 60 years of Age & Super Senior Citizens - 80 years of Age

– aged beyond 75 years need not earlier file returns
– if he / she earns only pension income and interest is also earned from the same bank in which pension gets credited
– now MUST file returns
– because under new regime they have not been given exemption.

Capital Gain

Gold to Electronic Gold Receipts

Conversion of
physical form of Gold into Electronic Gold Receipt (EGR)
or
vice versa

Shall not be considered as “transfer” of asset.

Hence, no capital gain would arise on such conversion.

At the time of sale of the converted asset, for the purposes of computing capital gains, the aggregate period of holding and cost of acquisition of original asset (Gold/ EGR) will be considered.

Investment in Capital Asset
&
Capital Gains

Cost of Acquisition of a Capital Asset

In computing capital gains

Only such Interest which is not claimed as deduction U/s.24 or under Chapter VIA (80EE & 80EEA) can be considered as cost of Acquisition of a Capital Asset.

Whether it should be limited to the interest claimed or whole of the interest?
Whether interest that was eligible to be claimed but not claimed - can it be considered?

Interest on Borrowed Capital *

[Section 24(b)]

a) In respect of let-out property, actual interest incurred on capital borrowed for the purpose of acquisition, construction, repairing, re-construction shall be allowed as deduction

b) In respect of self-occupied residential house property, interest incurred on capital borrowed for the purpose of acquisition or construction of house property shall be allowed as deduction up to Rs. 2 lakhs. The deduction shall be allowed if capital is borrowed on or after 01-04-1999 and acquisition or construction of house property is completed within 5 years.

c) In respect of self-occupied residential house property, interest incurred on capital borrowed for the purpose of reconstruction, repairs or renewals of a house property shall be allowed as deduction up to Rs. 30,000.

*** Any interest pertaining to the period prior to the year of acquisition/ construction of the house property shall be allowed as deduction in five equal installments, beginning with the year in which the property was acquired/ constructed.**

Investment in Capital Asset – Residential Property
&
Exemption from Capital Gains

Deduction can be claimed when a capital asset (A Residential House Property or other than a Residential House Property is sold

Section 54 : Deduction is available on the long-term capital gain arising from transfer of a residential house if the capital gain is reinvested in a residential house.

Section 54F : Deduction is available on the long-term capital gain arising from the transfer of any long-term capital asset except a residential house, if the net consideration is reinvested in a residential house.

Investment in Capital Asset – Residential Property
&
Exemption from Capital Gains

Proposed to limit the maximum amount that can be claimed as deduction on investment in residential property under section 54 and 54F to

Rs 10 cr.

Where the cost of new asset is more than 10 Crores,

The amount exceeding 10 Crores shall not be considered for the purpose of Deduction.

Illustration - Exemption from Capital Gains

Mr. A, has sold a residential house property in Jayanagar for Rs 20 crores and purchased a residential property in Basavanagudi for Rs 25 crores.

Particulars	Old Section 54 (INR in Cr)	New Section 54 (INR in Cr)
Sale Consideration on transfer of residential house (A)	20	20
Less: Indexed Cost of Acquisition (B)	8	8
Long Term Capital Gain (C = A - B)	12	12
Purchase Cost of New Residential House	25	25
Less: Deduction under section 54 (D)	12	10
Taxable Capital Gain (C-D)	NIL	2

Illustration - Exemption from Capital Gains

Mr. A, has sold a equity shares and jewellery for Rs 20 crores and purchased a residential property in Basavanagudi for Rs 25 crores.

Particulars	Old Sec. 54F (INR in Cr)	New Sec. 54F (INR in Cr)
Sale Consideration on transfer of asset other than Capital Asset (A)	20	20
Less: Indexed Cost of Acquisition (B)	8	8
Long Term Capital Gain (C = A - B)	12	12
Purchase Cost of New Residential House	25	25
Less: Deduction under section 54 (D)	12	6 (12*10/20)
Taxable Capital Gain (C-D)	NIL	6

Investment in Capital Asset – Residential Property
&
Exemption from Capital Gains

Deposit in Capital Gains Account Scheme – limited to 10 Crores

Where more than one Residential House Property is sold and more than one Residential House Property is purchased - then for deduction - value of each such purchase is to be tested for 10 Crores limit separately.

Where more than one Residential House Property is sold and ONLY ONE Residential House Property is purchased – then for deduction - value of such purchase is to be tested for 10 Crores limit.

Possibility of Double Taxation 54(1)(ii)

Year	Particulars	Scenario 1 Amt in Crs	Scenario 2 Amt in Crs
FY 2023-24	Net Sale Consideration	18	18
	Less: ICOA	6	6
	Gross Capital Gain	12	12
	Cost of New Asset	8	15
	Less: Exemption under Section 54	8	10
	Net Capital Gain	4	2
FY 2025-26	Sale of New asset within 3 years	10	17
	Cost	0	3
	CG	10	14
	Benefit Lost	NA	2

Joint Development Agreements

Section 45(5A) provides that on the capital gain arising to an individual and HUF from the transfer of land or building or both under a Joint Development agreement (JDA) shall be taxable when certificate of completion for the whole or part of the project is issued by the competent authority.

Further, for computing the capital gains amount on this transaction, the full value of consideration shall be taken as the stamp duty value of his share, **as increased by the consideration received in 'cash'.**

Inference is possible that any amount of consideration which is received in a mode other than cash, i.e., cheque or electronic payment modes would not be included in the consideration for the purpose of computing capital gains.

Section 45(5A) is brought in sync with the provisions of Section 194-IC which provides that tax shall be deducted on any sum by way of consideration (other than in kind), under the JDA, paid to the deductee in cash or by way of issue of a cheque or draft or any other mode.

MSME's

MS~~M~~E'S – Micro, Small & ~~Medium~~ Enterprises

Category	Investment in Plant Machinery or Equipment	Turnover
Micro Enterprises	Not more than 1 Crore INR	Not more than 5 Crore INR
Small Enterprises	Not more than 10 Crores INR	Not more than 50 Crores INR
Medium Enterprises	Not more than 50 Crores INR	Not more than 250 Crores INR

MS~~M~~E'S – Micro, Small & ~~Medium~~ Enterprises

Proposed changes in section 43B

"any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006,"

Shall be allowed to be claimed as Expenditure only upon Payment and in the year of Payment

As Section 15 of the MSMED Act
payments to micro and small enterprises should mandatorily be released within

Where there is no written agreement/contract - 15 days
Where written agreement/contract exists – Time as per contract / agreement or 45 days whichever is earlier.

MS~~M~~E'S – Micro, Small & ~~Medium~~ Enterprises

Whether payment if made within the due date for filing of tax returns be considered for allowability of expenditure?

Whether payment made towards purchase of a capital asset covered?

Whether the enterprise should have registered itself as a MSME (Udyam Registration)?

Is it my responsibility check whether the enterprise is a MSME?

This provision is applicable irrespective of applicability or otherwise of Tax audit?

Requirement for Vendor registration process to capture the nature of enterprise.

How is the disallowance of claim to be made in respect of a person opting for Presumptive Taxation?

Presumptive Taxation

Increase in threshold limits for presumptive scheme in section 44AD and section 44ADA on fulfilment of certain conditions.

For eligible business under Section 44AD, where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total turnover or gross receipts, a threshold limit of Rs. 3 Cr (Presently 2 Crores without any conditions as to percentage of cash receipts and shall continue to remain appliable for enterprises with turnover less than 2Crores) will apply.

Under Section 44ADA, for professions referred to in Section 44AA(1), where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total gross receipts, a threshold limit of Rs. 75 Lacs (Presently 50 Lakhs without any conditions as to percentage of cash receipts and shall continue to remain appliable for enterprises with turnover less than 50 Lakhs) will apply.

Note: Receipts by way of Cheque / Draft which is not an Account payee Cheque / Draft shall be deemed as receipt in Cash.

Presumptive Taxation – 44AD / ADA applicability

Section	Turnover / Gross Receipts	Cash receipts Vis a Vis Turnover
44AD Eligible Business	Up to 3 Crores	Check if it exceeds 5%
	Up to 2 Crores	No need to check
44ADA Profession	Up to 75 Lakhs	Check if it exceeds 5%
	Up to 50 Lakhs	No need to check

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TRUST's

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Trusts

Failure to apply for registration

Mandatory requirement for registration of Trust

Type of Registration	Time limit
Trust already registered under the old provisions	25th November 2022
Trust having registration under new provision (for 5 years) and its period of registration is due to expire	At least 6 months prior to the expiry of period of registration
Trust having provisional registration (registration for the first time)	At least 6 months prior to the expiry of period of registration or within 6 months of its commencement of its activities, whichever is earlier.

Trusts

All Charitable Institutions existing on or before 31-3-2021 were required to be registered u/s 12AA in order to avail tax benefits under sec. 11 to 13.

The TAXATION AND OTHER LAWS (RELAXATION AND AMENDMENT OF CERTAIN PROVISIONS) ACT, 2020 inserted sub clause (5) to section 12AA by way of which Section 12AA was made ineffective from 1st April 2021 and therefore all institutions registered earlier u/s 12AA were deemed to be unregistered from 01.04.2021.

An option was given to such Institutions to register u/s 12AB to continue to be governed by section 11 to 13.

Such option to seek re-registration was not mandatory.

Trusts

Section 115TD of the Income Tax Act 1961 was introduced by Finance Act 2016 with an intention to tax at 42.744% (Maximum Marginal Rate)

The Capital or Corpus funds of Charitable Institutions

which convert into Non-Charitable Organizations or wind up their activities.

Tax under Section 115TD, as it exists as of date, would only apply in case of charitable institutions which are covered under any of the following categories:

1. **The institution has converted into any form which is not eligible for registration u/s 12AA or 12AB**
2. **The institution merged with an entity other than one registered u/s 12AA/12AB or one which is having different objects.**
3. **The institution has dissolved and has failed to transfer its assets to any other trust registered u/s 12AA/12AB within 12 months of dissolution**

Trusts

Levy of Exit Tax – Retrospective amendment – Applicable from 01/04/2022

A new scenario has been introduced whereby

Trust that fails to make application for seeking re-registration or renewal on or before the specified dates

is also covered for being taxed at Maximum Marginal Rate of 42.744%

Trusts – Inter Trust Donations

The income of Charitable Institutions is exempt subject to the fulfilment of certain conditions.
Some of such conditions are

1. at least 85% of income of the charity institution should be applied during the year for the charitable or religious purposes.

2. Charitable Institutions are allowed to either apply mandatory 85% of their income either themselves or by making donations to the trusts with similar objectives.

3. If donated to other trusts or institutions, the donation should not be towards corpus to ensure that the donations are applied by the donee trust or institutions.

4. Thus, every trust or institution under both the regimes is allowed to accumulate 15% of its income each year.

Trusts – Inter Trust Donations

Sl. No.	Particulars	Donation by A to B	Donation by B to C	Application for charitable purposes by C
1	Income of a Charitable Trust	100	85	72.25
2	Less: Accumulation Allowed	15	12.75	10.84
3	Income required to be applied	85	72.25	61.41
4	Application of Income by way of Donation to another Trust	85	72.25	61.41
5	Shortfall in Accumulation	NIL	NIL	NIL

Here the actual utilization towards charitable activity is Rs.61.41 only and the amount accumulated is Rs.38.59/- as against the allowed accumulation of Rs.15.

Amendment has been brought in to curb this practice.

Trusts – Inter Trust Donations

Sl. No.	Particulars	Donation by A to B	Donation by B to C	Application for charitable purposes by C
1	Income of a Charitable Trust	100	85	72.25
2	Less: Accumulation Allowed	15	12.75	10.84
3	Income required to be applied	85	72.25	61.41
4	Donation / Application	85	72.75	61.41
5	Application of Income by way of Donation to another Trust (Restricted to 85%)	72.25	61.41	61.41
6	Shortfall in Accumulation	12.75	10.84	NIL

In order to ensure intended application toward charitable or religious purpose

Eligible donations made by a trust or institution to another trust shall be treated as application only to the extent of 85% of such donation.

Trusts – Depositing Back of Corpus and Repayment of Loans on Borrowings

Applicable for Financial Year – 2022-23

Utilisation from Corpus / Loans and Borrowings for object of Trust

Shall be treated as application only in the year in which the Corpus / Loans and Borrowings are replenished.

Conditions prescribed for replenishment to be treated as application:
a) A time frame is now prescribed to state that such replenishment shall happen within 5 years from the end of the previous year in which such application was made from corpus / loan.
b) Such application should not have been to the corpus of another trust
c) Compliance with TDS, Cash Expenditure limits, etc.,
d) Application should not have benefited specified persons
e) Application should be in India except where board had approved;
f) Should not be in relation to carry forward and set off of excess application.

Trusts – Time Limit for Compliance

Provides for filing of

Form No. 9A - Option to exercise utilization of income in subsequent year due to non receipt of income.

Form No.10 - Intimation of accumulation of income for specified purposes.

at least two months prior to the due date specified under Section 139(1) for furnishing the return of income for the previous year.

31st October is the due date and hence 31st August is the due date for filing the said forms.

Finalisation of Books of Accounts and most possibly audit should also be completed by such date.

Trusts – Time Limit for claim of Exemption U/s.11/12

Act Provides for filing of returns with the time prescribed U/.139(1) or Section 139(4).

Further Section 139(8A) allows filing of return within 2 years from the end of the Assessment Year.

Unintended Exemptions were being claimed U/s.11 & 12 by filing updated returns.

Hence amendment introduced to limit eligibility of exemption only if returns is filed U/s.139(1) / Section 139(4).

Trusts – Cancellation of Approval for Specified Violations

The process of furnishing form by the trusts for provisional approval/registration and for reregistration/approval have been found to be flawed in some cases.

The process is automated, however the approval/registration and the provisional approval/registration of the trusts can be cancelled by the PCIT/CIT for certain specified violations.

If the Application is not complete or it contains false or incorrect information

it shall be treated as Specified Violation leading to cancellation of registration.

TDS
&
TCS

TCS Rates

Type of Transaction	Present Position	Amended Position
Foreign remittance for education purposes, if the amount being remitted out is a loan obtained from any financial institution as defined in Section 80E	0.5% of amount or the aggregate of the amounts in excess of Rs. 7,00,000	No change
Foreign remittance for education purposes (other than above) or for medical treatment	5% of amount or the aggregate of the amounts in excess of Rs. 7,00,000/-	No change
Foreign remittance for any other case	5% of amount or the aggregate of the amounts in excess of Rs. 7,00,000/-	20% without any threshold limit
Overseas tour package	5% without any threshold limit	20% without any threshold limit

TDS – Credit in subsequent year

Where Income is offered to tax in an earlier year TDS is made by the deductor in a subsequent year :

Procedure is prescribed for the claim of such TDS since

a) time limit for revision of earlier period's return would have lapsed &
b) TDS cannot be claimed in the subsequent year when the TDS credit is reflected since income is not offered in that year.

Life Insurance Policy (Maturity Proceeds)

Section 10(10D)

In respect of policies issued on or after 01/04/2023

Where the premiums paid on all the policies (excluding ULIP's) in aggregate is in excess of Rs.5,00,000/-.

The sum received including the bonus thereupon shall be taxable in the year of maturity.

- Deduction of premiums paid is allowed
- Sum received upon death of the policy holder is exempt from taxation in the hands of the recipient legal heir.

No change in taxation of Policies issued before the above date.

Avopa

Others

Shekar & Yathish

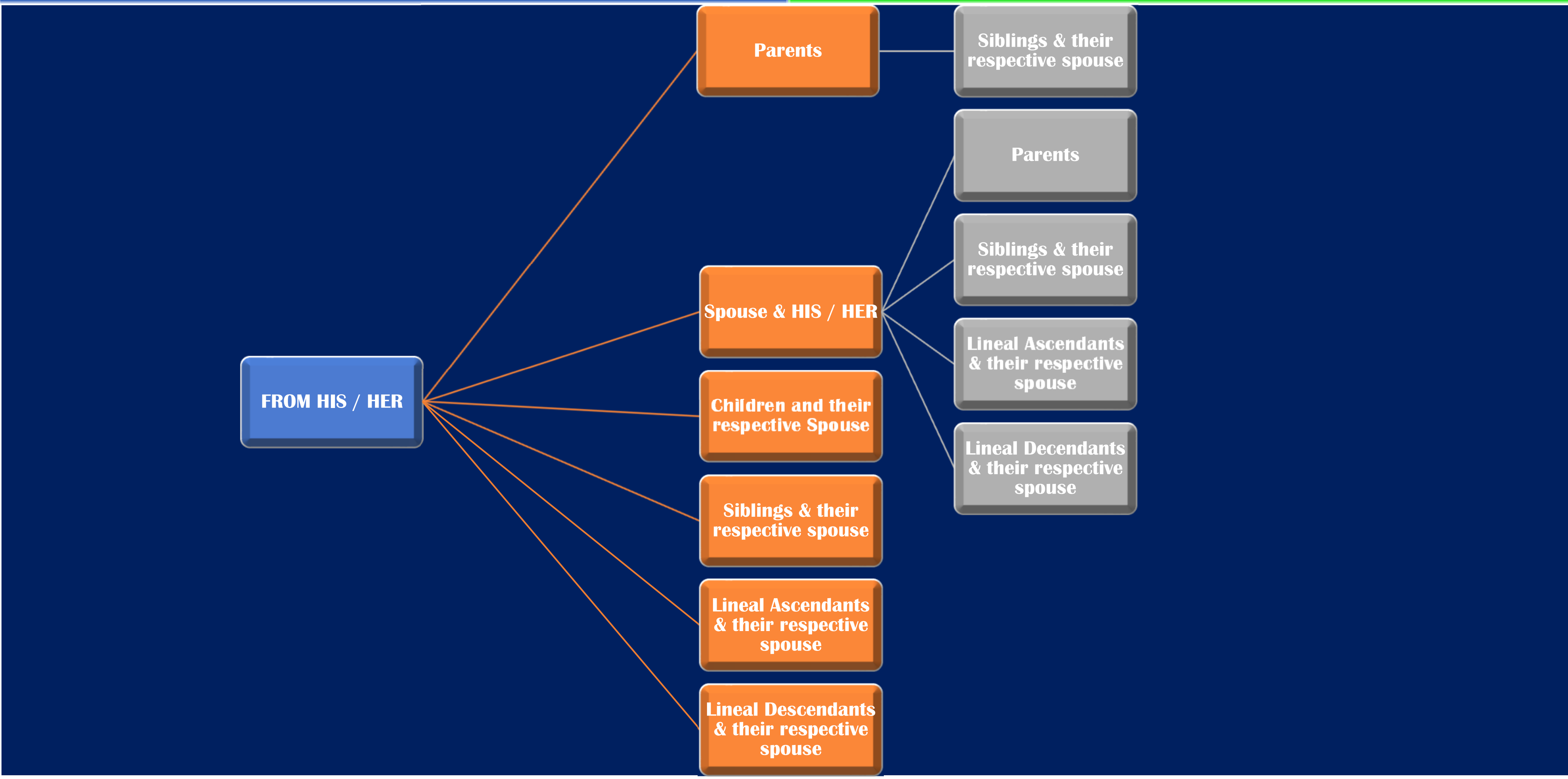
Other Provisions

- Inventory Valuation, as a special audit, by a cost accountant may be prescribed by the Assessing officer to mitigate the possibility of deferral of taxes through undervaluation of inventory. Applicable from FY 2022-23.

- Effective FY 2023-24 – Shares issued to a Non-resident (Hitherto limited only to residents) at a value higher than the FMV shall be taxable in the hands of the issuing company.

- A resident and ordinary resident receiving the gift from resident is now taxable in India – Deemed to accrued in India. Applicable from FY 2023-24

- Where an RFI provide information that is false or inaccurate with regard to Foreign Account Tax Compliance Act. A penalty of Rs.5,000/- shall be levied. If the reason for such false and inaccurate reporting is attributable to the account holder the RFI is authorized to recover the same from the account holder.


FROM HIS / HER
Parents
Spouse & HIS / HER
Children and their respective Spouse
Siblings & their respective spouse
Lineal Ascendants & their respective spouse
Lineal Descendants & their respective spouse
Siblings & their respective spouse
Parents
Siblings & their respective spouse
Lineal Ascendants & their respective spouse
Lineal Decendants & their respective spouse

Other Provisions

- Donations made to Jawahar Lal Nehru Memorial Fund, Indira Gandhi Memorial Trust and Rajiv Gandhi Foundation is removed from 80G section. Thereby effective FY 2023-24 donations made to these funds will not be eligible for deduction under section 80G.

- The scope of withholding of refund is broadened to withhold refund even where assessments are pending for different assessment year. Further no interest shall be paid on the amount so withheld for the period till the completion of the assessment / reassessment.

- Start Up's – 01/04/2016 and 01/04/2024 (extended for 1 year from 01/04/2023)
  - Carry forward and setting off of losses allowed for 10 years
  - 51% shareholding restraint excluded

- 269SS & T – relaxation for Primary Agricultural Credit Societies (PACS) & Primary Co-operative Agricultural & Rural Development Bank (PCARD) – Rs.2,00,000/-

Immensely Grateful

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