



Notes on Budget 2023





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Budget Facts

Finance Minister Nirmala Sitharaman became only the second woman in the history of independent India to present the first Union Budget of the Modi government on July 5, 2019.



Breaking away from the brown Budget briefcase, Sitharaman held a red parcel like bag with a keyhole on the emblem.

What is a Union Budget?

Under Article 112 of the Constitution of India, the central government is constitutionally bound to lay down the 'annual financial report' of the country. This report is commonly known as the Union Budget of India.



The Union Budget holds the same character as the budgets of other levels of government, except in the source of revenue and expenditure.

The Union Budget also includes the Finance Bill and Appropriation Bill, both of which are to be passed by both Houses

of Parliament before implementation on April 1 of the new financial year.

Difference between Interim Budget and Full Budget

The outgoing government announces an Interim Budget or Vote on Account in February which is followed by a full budget by the new government in a few months' time after the elections.



A key point of difference between Interim Budget and a full-fledged Union budget is that the former is only valid for two months (until the new government presents its budget) while the latter is for a whole year.

First woman to present Union Budget

Former Prime Minister Indira Gandhi was the first woman till now to have presented the Union Budget. In 1970, she presented the Union Budget of India for 1970-71, after she took over the finance portfolio following the resignation of Morarji Desai as finance minister.

Lesser-known facts about the history of Union Budget of India:

1. India has had 26 finance ministers since Independence. The word 'budget' has been derived from 'bougette' which refers to a leather bag in French.
2. Budget was introduced for the first time in India on April 7, 1860, by the East India Company to the British Crown. A company which now has an India owner, Sanjiv Mehta, a Mumbai-born entrepreneur who successfully claimed it in 2005.



3. In 2001, NDA Finance Minister Yashwant Sinha changed the time of budget presentation from 5 pm to 11 am. Since then, this tradition has been continued further.

The practice of the budget presentation at 5 pm was started by Basil Blackett in 1924 to provide relief to officials who had worked all night.

4. The first Union Budget of Independent India was presented by RK Sanmukham Chetty, the then Finance Minister of India on November 26, 1947. The first budget of the Republic of India was presented by John Mathai.
5. The first budget of independent India was only for seven and a half months and that was the time when the 'Interim Budget,' that meant budget for a short period, came into being.
6. The longest budget speech was delivered by former PM Dr. Manmohan Singh, comprising 18,650 words, during his tenure as Finance Minister in 1991.
7. The shortest budget speech comprising 800 words was given by HM Patel in 1977 while delivering the Interim Budget.
8. Manmohan Singh as Finance minister introduced the concept of Service Tax, VP Singh introduced the Modified Value Added Tax (MODVAT) and Rajiv Gandhi Introduced the Minimum Alternate Tax (MAT).
9. In 2017, the Rail Budget, which was presented separately for 92 years, got merged with Union Budget.
10. Morarji Desai presented the budget on his birthday on February 29, 1964.





Nirmala Sitharaman, Union Budget 2019-20

Quotes Tamil poem in her Budget speech -

Translation: A few mounds of rice from paddy that is harvested from a small piece of land would be sufficient for an Elephant, but what if the Elephant itself enters into the field and starts eating? It would eat far lesser than what it will trample with its foot.



Dr. Manmohan Singh, Union Budget 1991-92.

Yunaan-o-Misr-o-Rom sab mit gaye jahaan say.
Ab tak magar hai baaki, naam-o-nishan hamara.

Translation: Old civilisations of Greece, Egypt and Rome have vanished from the earth. There is some reason why our civilisation is still alive.



Dr. Manmohan Singh, Union Budget 1992-93.

Kuchh aise bhee manzar hain taareekh ki nazron mein,
Lamhon ne khataa ki thi, sadiyon ne sazaa paayee.

Translation: Even this has happened in history: mistakes made in moments created trouble for centuries.



P. Chidambaram, Union Budget 2013-14.

Kalangathu kanda vinaikkan thulangathu
thookkang kadinthu seyal.

Translation: What clearly eye discerns as right, with steadfast will and mind unslumbering, that should man fulfill.



Budget Glossary

Important terms to understand Union Budget

Annual Financial Statement

Article 112 of the Constitution requires the government to present to Parliament a statement of estimated receipts and expenditure in respect of every financial year - April 1 to March 31. This statement is the annual financial statement.



The annual financial statement is usually a white 10-page document. It is divided into three parts, consolidated fund, contingency fund and public account. For each of these funds, the government has to present a statement of receipts and expenditure.

Consolidated Fund

This is the most important of all government funds. All revenues raised by the government, money borrowed and receipts from loans given by the government flow into the consolidated fund of India. All government expenditure is made from this fund, except for exceptional items met from the Contingency Fund or the Public Account. Importantly, no money can be withdrawn from this fund without the Parliament's approval.



Contingency Fund

As the name suggests, any urgent or unforeseen expenditure is met from this fund. The Rs 500-crore fund is at the disposal of the President. Any

Public Account

The Constitution requires that the budget has to distinguish between receipts and expenditure on revenue account from other expenditure.

Revenue Receipt/Expenditure

A collage of financial and business icons. At the top is a horizontal black bar. Below it is a line graph on a grid background with a green arrow curving upwards and a red arrow pointing upwards in a stepped fashion. To the left of the graph is a black calculator with a digital display showing '1234567890'. Below the calculator are three stacks of gold coins. To the right of the coins is a silver and blue megaphone. In the foreground, a tablet computer displays a 'BANK' form with fields for 'Name', 'Address', 'City', 'State', and 'Zip', and a 'SEND' button. A silver pen is resting on the tablet.

Capital Receipt/Expenditure

receipts from the sale would go under capital account. On the other hand, if the government gives someone a loan from which it expects to receive interest, that expenditure would go under the capital account.

In respect of all the funds the government has to prepare a revenue budget (detailing revenue receipts and revenue expenditure) and a capital budget (capital receipts and capital expenditure). Contingency fund is clearly not that important. Public account is important in that it gives a view of select savings and how they are being used, but not that relevant from a budget perspective. The consolidated fund is the key to the budget. We will take that up in the next part.

As mentioned in the first part, the government has to present a revenue budget (revenue account) and capital budget (capital account) for all the three funds. The revenue account of the consolidated fund is split into two parts, receipts and disbursements - simply, income and expenditure. Receipts are broadly tax revenue, non-tax revenue and grants-in-aid and contributions. The important tax revenue items are listed below.

Taxes on Income other than corporation tax:

Income tax paid by non-corporate assesses, individuals, for instance.

Direct Tax

Traditionally, these are taxes where the burden of tax falls on the person on whom it is levied. These are largely taxes on income or wealth. Income tax (on corporates and individuals) are direct taxes.

Indirect Tax

In case of indirect taxes, the incidence of tax is usually not on the person who pays the tax. These are largely taxes on expenditure and include Customs, GST.





Indirect taxes are considered regressive, the burden on the rich and the poor is alike. That is why governments strive to raise a higher proportion of taxes through direct taxes. Moving on, we come to the next important receipt item in the revenue account, non-tax revenue.

Non-Tax Revenue

The most important receipts under this head are interest payments (received on loans given by the government to states, railways and others) and dividends and profits received from public sector companies.

Various services provided by the government - police and defence, social and community services such as medical services, and economic services such as power and railways - also yield revenue for the government.

Though Railways are a separate department, all its receipts and expenditure are routed through the consolidated fund.

Grants-in-aid and contributions

The third receipt item in the revenue account is relatively small grants-in-aid and contributions. These are in the nature of pure transfers to the government without any repayment obligation.



expenditure on revenue account we come to an important item, the difference between the two, the revenue deficit.

Revenue Deficit

The excess of disbursements over receipts on revenue account is called revenue deficit. This is an important control indicator. All expenditure on revenue account should ideally be met from receipts on revenue account; the revenue deficit should be zero.

When revenue disbursement exceeds receipts, the government would have to borrow. Such borrowing is considered regressive as it is for consumption and not for creating assets. It results in a greater proportion of revenue receipts going towards interest payment and eventually, a debt trap. The FRBM Act requires the government to reduce fiscal deficit to zero.

Public Debt:

Public debt receipts and public debt disbursements are borrowings and repayments during the year, respectively. The difference is the net accretion to the public debt. Public debt can be split into- Internal (money borrowed within the country) and External (funds borrowed from non-Indian sources).

Internal debt comprises treasury bills, market stabilisation schemes, ways and means advance, and securities against small savings.

Treasury Bills (T-bills):

These are bonds (debt securities) with maturity of less than a year. These are issued to meet short-term mismatches in receipts and expenditure. Bonds of longer maturity are called dated securities.





Market Stabilisation Scheme:

The scheme was launched in April 2004 to strengthen RBI's ability to conduct exchange rate and monetary management. These securities are issued not to meet the government's expenditure but to provide RBI with a stock of securities with which it can intervene in the market for managing liquidity.



Ways and means advance (WMA):

One of RBI's roles is to serve as banker to both central and state governments. In this capacity, RBI provides temporary support to tide over mismatches in their receipts and payments in the form of ways and means advances.

Securities against small savings:

The government meets a small part of its loan requirement by appropriating small savings collection by issuing securities to the fund.

Miscellaneous Receipts:

These are receipts from disinvestment in public sector undertakings. Capital account receipts of the consolidated fund - public debt, recoveries of loans and advances, and miscellaneous receipts and revenue receipts are receipts of the consolidated fund.

Budget at a glance :

This is a snap shot of the budget for easy understanding. Nonetheless, it introduces some new concepts. While receipts are broken down into revenue and capital, unlike the consolidated fund, it shows the centre's net tax revenues. This is because a decent part of the gross tax revenue, as decided by the relevant Finance Commission, flows to the state governments. Budget at a glance also segments expenditure into plan and non-plan expenditure, instead of splitting into revenue and capital. Each of these is then split into revenue account and capital account. Before

discussing plan and non-plan expenditure it is important to discuss the concept of the central plan.

Central Plan:

Central or annual plans are essentially Five Year Plans broken down into annual installments. Through these plans, the government achieves the objectives of the Five Year Plans. The central plan's funding is split almost evenly between government support (from the budget) and internal and extra budgetary resources of public enterprises. The government's support to the central plan is called budget support. We will take up plan and non-plan expenditure in the next part.

Plan Expenditure:

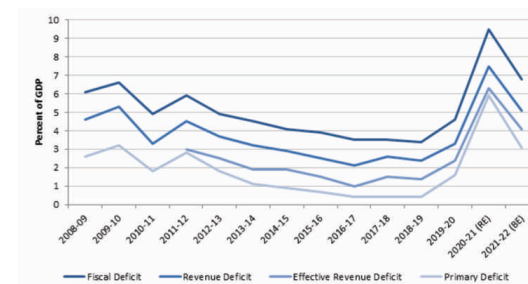
This is essentially the budget support to the central plan and the central assistance to state and union territory plans. Like all budget heads, this is also split into revenue and capital components.

Non-plan Expenditure:

This is largely the revenue expenditure of the government. The biggest items of expenditure are interest payments, subsidies, salaries, defence and pension. The capital component of the non-plan expenditure is relatively small with the largest allocation going to defence. Defence expenditure is non-plan expenditure.

Fiscal Deficit:

When the government's non-borrowed receipts fall short of its entire expenditure, it has to borrow money from the public to meet the shortfall. The excess of total expenditure over total non-borrowed receipts is called the fiscal deficit.



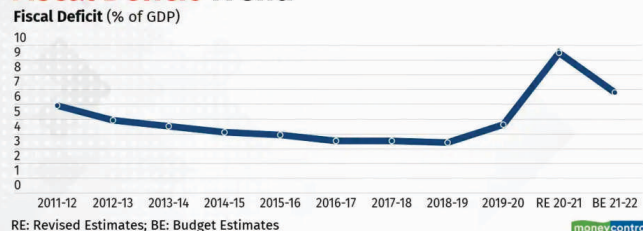


Primary Deficit:

The revenue expenditure includes interest payments on government's earlier borrowings. The primary deficit is the fiscal deficit

less interest payments. A shrinking primary deficit indicates progress towards fiscal health. The Budget document also mentions deficit as a percentage of GDP. This is to facilitate comparison and also get a proper perspective. Prudent fiscal management requires that government does not borrow to consume in the normal course.

Fiscal Deficit Trend

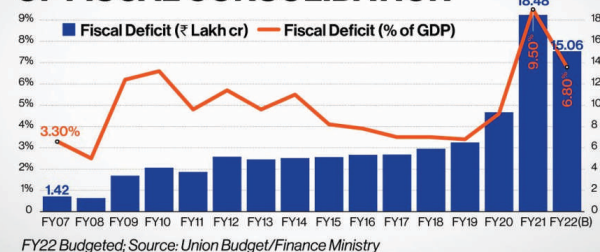


FRBM Act:

Fiscal Responsibility and Budget Management Act require the elimination of revenue deficit by 2008-09. Hence, from 2008-09, the government will have to meet all its revenue

expenditure from its revenue receipts. Any borrowing would only be to meet capital expenditure. The Act mandates a limit on the fiscal deficit after 2008-09.

A SUB-PAR TRACK RECORD OF FISCAL CONSOLIDATION



Resources transferred to the states:

A part of the Centre's gross tax collection goes to state governments. The Centre also transfers funds to states by way of support to their plans. It also gives large grants to manage centrally-sponsored schemes. The government counts small savings transfers to state governments, which are in the nature of borrowings, as resources transferred to states.

CESS:

This is an additional levy on the basic tax liability. Governments resort to cess for meeting specific expenditure.

Maximum Amount not Chargeable to Tax

	Present (FY2022-23)	Proposed (FY2023-24)
Individual less than 60 Years	250000	
Senior Citizen (Below 80 Years)	300000	
Very Senior Citizen (Above 80 Years)	500000	

Tax Rates for Individual / HUF (Old Tax Regime)

Total Income	Present (FY2022-23)	Proposed (FY2023-24)
Resident Individual Aged Above 60 Years		
Upto ₹ 3,00,000	Nil	
300001 - 500000	5%	
500001 - 1000000	20%	
Above 1000000	30%	
Resident Individual Aged Above 80 Years		
Upto Rs. 5,00,000	Nil	
500001 - 1000000	20%	
Above 1000000	30%	
Other Individuals / HUF/BOI		
Upto Rs. 2,50,000	Nil	
250001 - 500000	5%	
500001 - 1000000	20%	
Above 1000000	30%	



Surcharge Applicable to Individual / HUF

Total Income(Exceeding)	Present (FY2022-23) Surcharge	Proposed (FY2023-24)
₹ 50.00 Lakhs but not exceeding 100.00 Lakhs	10%	
₹ 100.00 Lakhs but not exceeding 200.00 Lakhs	15%	
₹ 200.00 Lakhs but not exceeding 500.00 Lakhs	25%	
₹ 500.00 Lakhs	37%	

Optional Tax Regime – Section 115BAC (New Tax Regime)

A new scheme has been introduced by the Finance Act , 2020 with lower rates for those foregoing certain exemptions/ deductions:

Total Income	Tax Rate (Under New Regime)	Tax Rate (Under Old Regime)	Proposed (FY 2023-24)
Upto ₹ 2,50,000	Nil	Nil	
250001 - 500000	5%	5%	
500001 - 750000	10%	20%	
750001 - 1000000	15%	20%	
1000001 - 1250000	20%	30%	
1250001 - 1500000	25%	30%	
Above 1500000	30%	30%	

Notes :

The new scheme is optional and the assessee will have to opt for the new scheme in the prescribed manner :

- Where such individual or HUF does not have business income the option is to be exercised for every year along with the filling of return of income under section 139(1) for the year.
- Where such individual or HUF has business income , the option is to be exercised on or before the due date of filling the return of income and such option once exercised shall apply for that previous year and all subsequent years.
- If the assessee having business income has opted to be governed by the new scheme , then subsequently he can opt out only once and thereafter , he will never be eligible to opt in for the new scheme again except when he ceases to have any business income.

Return of Income

SR No	Mandatory Present (FY2022-23)	Proposed (FY2023-24)
1	Deposited more than 100.00 lacs in one or more current bank accounts in a Financial Year	
2	Incurred expenditure of more than 2.00 lacs on foreign travel	
3	Incurred expenditure of more than 2.00 lacs on electricity consumption	
	Non-Mandatory Present (FY2022-23)	
1	Resident senior Citizen having only pension income & bank interest from same bank in which pension received.	

Notes :



Deductions from Gross Total Income

Deductions from Gross Total Income	Section	Present (FY2022-23)	Proposed (FY2023-24)
Life Insurance Premium	80C	150000	
Contribution towards PPF/NSC/Housing Loan Principal repayment/Specified MF etc.	80C		
Contribution to Pension Fund	80CCC		
Contribution to Pension Fund (Central Government)	80CCD		
Mediclaime	80D	25000	
Mediclaime (Senior Citizen)		30000	
Medical Treatment of Handicapped Dependant	80DD	40000	
Senior Citizen		60000	
Super Senior Citizen		80000	
Interest on Education Loan	80E		
Person with Dis-ability	80U	75000	
Person with Severe Dis-ability		125000	
Donation	80G		
Rent Paid	80GG	60000	

Notes :

Rate of Tax on Capital Gains

Long Term Capital Assets (Holding Period)

Sr. No.	Particulars of Assets	Minimum Holding Period (FY 2022-23) (Months)	Minimum Holding Period (FY 2023-24) (Months)
1	Listed Security on a recognized stock Exchange in India	12	
2	Units of UTI	12	
3	Units of an Equity Oriented Fund	12	
4	Unlisted Shares	24	
5	Land or Building or Both	24	
6	Units of MF u/s 10(23D)	36	
7	Any other Capital Asset	36	

Long Term Capital Gains

PARTICULARS OF ASSETS	Present (FY2022-23)	Proposed (FY2023-24)
LISTED EQUITY SHARES/UNITS OF EQUITY ORIENTED MF		
Upto 100000.00	Nil	
Above 100000.00	10%	
OTHER ASSETS		
NRI	10%	
Other Assets	20%	



Short Term Capital Gains

PARTICULARS OF ASSETS	Present (FY22-23)	Proposed (FY23-24)
Listed Equity Shares/Units of Equity MF	15%	

Deemed Income

Section	Particulars	Present (FY2022-23)	Proposed (FY2023-24)
44AD	Presumptive Computation of Profits for Taxation for Business		
	Mode of Receipt		
	Account Payee Cheque / Bank Draft/ ECS (> 200.00 Lacs)	6% of Total Turnover/Receipts	
	Any other Mode	8% of Total Turnover/Receipts	
44 AE	Business of Plying, leasing or hiring goods carriages		
	Owns upto 10 Goods Carriages	7500/-	
	Owns more than 10 Goods Carriages	NA	

MAT PAYABLE BY SPECIFIED COMPANIES (% of Book Profit)

TYPE OF COMPANY	Present (FY2022-23)	Proposed (FY2023-24)
Domestic Company	15%	
Foreign Company	15%	
MAT Credit Set-off/ CF	15 Years	
Marginal Relief Available	Yes	

Alternate Minimum Tax (AMT) payable by Non-Corporate (% of Total Income)

	Present (FY2022-23)	Proposed (FY2023-24)
Domestic Company	18.50 %	
AMT Credit Set-off/ CF	15 Years	

Advance Tax Due Dates

Installment Payable on or before	Present (FY2022-23 & 23-24)	Proposed (FY2024-25)
	% of Total Tax Payable	% of Total Tax Payable
15th June	15%	
15th September	45%	
15th December	75%	
15th March	Balance	
Presumptive Income u/s 44AD / 44ADA -Single Installment	100% before 15th March	

Notes :



Set-off And Carry Forward of Losses

Section	Type of Loss	Set-Off (Same AY)	Set-Off (Subsequent AY)	Carry Forward (No of Years)	Proposed FY 2023-24
72	Business/ Profession (Non-Speculation)	Business or Any other head except Salaries	Business	8	
73	Business (Speculation)	Speculation Profit	Speculation Profit	4	
32	Depreciation	Business or Any other head except Salaries	Business	No Restriction	
70/74	Short-Term Capital Loss	Capital Gain	Capital Gain	8	
71	Other Sources	Other Sources or any other head	No Carry Forward	NA	
70/74	Long-Term Capital Loss	Long-Term Capital Gain	Long-Term Capital Gain	8	
71B	House Property	Income from House Property or any other head	Income from House Property	8	

Notes :

Forms of Return of Income

Sr. No.	Particulars	Present (FY2022-23)	Proposed (FY2023-24)
1	Individuals	ITR-1	
2	Individuals not having income from Business/ Profession & not being partners in partnership firm.	ITR-2	
3	Individuals having income from Business/ Profession & are partners in partnership firm.	ITR-3	
4	Individual / HUF & Firms (Not LLP) having presumptive income under section 44AD / 44ADA / 44AE)	ITR-4	
5	Firms	ITR-5	
6	Companies other than companies claiming exemption section 11	ITR-6	
7	Person including companies required to furnish return u/s 139(4A to 4F)	ITR-7	

Notes :



Specified Returns

Sr. No.	Particulars	Present (FY2022-23)	Proposed (FY2023-24)
1	Belated Returns	Before 3 months from the end of the AY	
2	Revised Return	Within 3 months from the end of the AY	
3	Defective Return		
4	Updated Return	Within 24 months from the end of the AY	
	Additional Tax Payable		
	Upto 12 months from the end of AY	25%	
	Upto 24 months from the end of AY	50%	
5	Modified Return	Within 6 months from the end of the Specified order requiring filing of modified return.	

Notes :

Interest Payable by the Assessee

Section	Particulars	Amount for Computation of Interest	Present (FY2022-23)	Proposed (FY2023-24)
201	Delay to Deduct Tax	Amount of Tax not deducted	1.50% per month or part pf month	
201	Failure to Deduct Tax	Amount of Tax not deducted	1.00% per month or part pf month	
234A	Delay in Furnishing return of Income	Tax on Total Income	1.00% per month or part pf month	
234B	Default in payment of Advance Tax	Assessed tax	1.00% per month or part pf month	
234C	Failure / Deferment in payment of Advance Tax	Shortfall / Non-payment	1.00% per month or part of month	
234D	Interest on Excess refund		0.50% per month	
234E	Default / Delay in filling TDS statements		200/Day	
234F	Fees for Default / Delay in filling Return of Income	Income upto 5.00Lacs	1000/-	
		Income above 5.00Lacs	5000/-	
234H	Default in intimating Aadhar		Upto Rs. 1000/-	



Penalties

Section	Particulars	Present (FY2022-23)	Proposed (FY2023-24)
271B	Failure to get accounts audited u/s 44AB	0.50% of Total Sales/ receipts or 1,50,000 whichever is less	
271BA	Failure to furnish report u/s 92E	1,00,000	
271C	Failure to Deduct Tax at Source(TDS)	Amount of Tax failed to be deducted/deposited	
271CA	Failure to Collect Tax at Source (TCS)	Amount of Tax failed to be Collected	
271D	Contravention in mode of Loan / Deposited	Equal to the Amount of Loan/Deposit accepted as such	
271DA	Contravention in mode of receipt of amount more than 2.00 lacs.	Amount of receipt taken as such.	
271DB	Non-facilitation of prescribed modes of payment	5000/day till the default continues	
271E	Contravention in mode of repayment of Loan / Deposited	Equal to the Amount of Loan/Deposit repaid as such	
271F	Failure to furnish return of Income u/s 139(1) before the end of relevant AY	5000/-	

Section	Particulars	Present (FY2022-23)	Proposed (FY2023-24)
271FA	Failure to furnish Statement of Financial Transaction (SFT) or reportable account u/s 285BA(1)	500/day till the default continues	
271FA	Failure to furnish Statement of Financial Transaction (SFT) or reportable account u/s 285BA(5)	1000/day till the default continues	
271 FAA	Furnishing Inaccurate information or reportable account or failure to correct the same	50,000/-	
271 FAB	Failure to furnish information / document by eligible investment Fund	5,00,000/-	
271 H	Failure to furnish TDS statement by Due date / furnish incorrect statement	10000/- to 1,00,000/-	
271 I	Failure to furnish or furnish inaccurate information in respect of any payment to Non-resident / Foreign Company whether chargeable or not.	1,00,000/-	
271 J	Failure to furnish or furnishing inaccurate information in reports or certificates by an accountant / merchant banker/registered valuer	10,000/- for each such report/certificate	



Section	Particulars	Present (FY2022-23)	Proposed (FY2023-24)
271 K	Failure to deliver a statement or furnish a certificate as required under section 35 or 80G .	10,000/- to 1,00,000/-	
272 A(1)	Failure to comply with summons u/s 131 (1) / 142 (1) / 143(2) / 142 (2A)	10,000/- for each failure	
272 A(2)	Failure to comply with notice u/s 94 (6)		
272 AA	Failure to furnish information u/s 133B	Upto 1,000/-	
272 B(1)	Non-compliance u/s 139	10,000/-	
272 B(2)	Penalty for failure in quoting PAN/Aadhar	10,000/- for each failure	
272 BB(1)	Failure to apply for Tax Deduction Account Number (TAN)	10,000/-	
272 BB(1A)	Failure to quote Tax Deduction/Collection Account Number (TAN) in Challan / Statement / Certificate or other documents	10,000/-	

Notes :

Tax Deduction at Source (TDS) rates

Section	Particulars of Payment	Threshold	Rate of TDS (FY 22-23)	Proposed FY 23-24
194	Dividend payment to Resident Shareholder	5000/-	10 %	
194I	Interest (Other than interest on securities to residents)	40,000 /- (50,000/- for senior citizen)	10%	
194 B	Winning from Lotter / Crossword/Puzzle	10,000/-	30%	
194 BB	Winning from Horse Races	10,000/-	30%	
194 C	Payment to Resident Contractor/Sub-Contractor	30,000/- per credit & Aggregate 1,00,000/- per annum	1% for Individuals / 2% for Others	
194 D	Insurance Commission to Resident	15000/-	5%	
194 DA	Payment to resident of any sum under Insurance Policy	1,00,000/-	5%	
194 E	Payments to Non-resident Sportsmen	--	20%	
194 EE	Payment of Deposits under National Saving Scheme	2500/- (Payment to heirs exempt)	10%	
194 G	Commission / Remuneration or prize on sale of lottery tickets	15,000/-	5%	



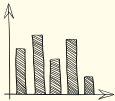
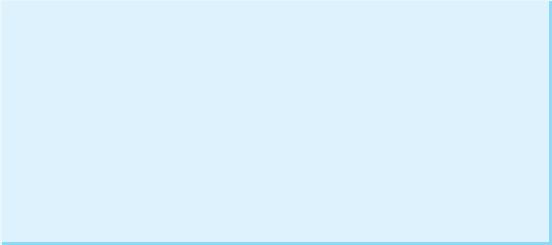
Section	Particulars of Payment	Threshold	Rate of TDS (FY 22-23)	Proposed FY 23-24
194 H	Commission or Brokerage to Resident	Individual - 5,000/-	5%	
194 I	Rent paid to any resident for Land & Building	2,40,000/-	10%	
194 I	Rent paid to any resident Plant & Machinery	2,40,000/-	2%	
194 IA	Payment on transfer of Immovable Property other Agriculture Land	50,00,000/-	1%	
194 IB	Rent paid by Individual / HUF to any resident	50,000/- pm	5%	
194 IC	Amount Paid for Joint Development Agreement (JDA)	Capital Gain arising to Individual / HUF from JDA	10%	
194 J	Fees for Professional / Technical Services	Individual & HUF need not deduct. Others Rs. 30,000/-	2% - Fees for Technical Services Others-10%	
194K	Income in respect of units paid to a resident	5000/-	10%	
194LA	Compensation to resident in acquisition of Immovable property	250000/-	10%	
194LC	Foreign Currency Borrowing		5%	

Section	Particulars of Payment	Threshold	Rate of TDS (FY 22-23)	Proposed FY 23-24
194LD	Interest payable to FII / QFI		5%	
194M	Payment by Individual / HUF under contract for work or professional fees	50,00,000/-	5%	
194N	Payment in cash by a banking Company	Cash Withdrawal in excess of 100.00 alcs	2%	
194-O	Payment of certain sums by E-commerce Operator	5,00,000/-	1%	
194 Q	Purchase of Goods	50,00,000/-	0.1% (In case seller does no g have PAN-5%)	
194 R	Benefit / Perquisite to a resident	Specified Conditions	10%	
194 S	Payment on transfer of Virtual Digital Asset	Specified Conditions	1%	
195	Interest or other sums (other than salary) payable to Non-residents or foreign companies	Any sum chargeable under Income Tax	Specified under DTTA	

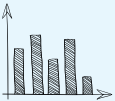
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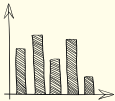
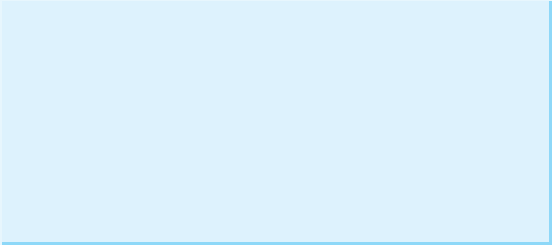


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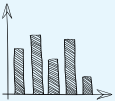




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From the Press



Economy: Macro

Plans Afoot to Rev Up Mfg, Export-Intensive Sectors

India eyes space created by China; broader focus to be on local production

Supporting Growth

India aims to raise share in global trade pie

Upcoming budget to unveil measures to support mfg, export-intensive sectors

Schemes promoting these two to get priority in fund allocation

Ministries, departments looking at expanding ambit of PLI

Sitharaman had cautioned about risks to the external front. "We have to be ready to face the challenges, the challenges in the exports. We have to see how our exports can be supported the best," Sitharaman had said, while assuring exporters of all the necessary support from the government in the wake of global challenges. Leading economists have also suggested that India grab the opportunity due to China slowing down and increase its share in global trade, which is currently 17%, significantly lower than China's share of 22%.

"Ultimately China is going to vacate many of these markets, things like the clothing industry. The labour-intensive products with the Chinese wages is not going to last ultimately for a very long time in the marketplace and somebody big have to come into this to step into the shoes (of China)," Arvind Panagariya, professor of Economics at Columbia University and former vice chairman of the NITI Aayog, said on the sidelines of an event Saturday. He added that countries like Vietnam were ahead of India in capturing some of the space. While some action is happening with FDI and some other large investments coming to the country, India has to grab this opportunity with the right policy incentives, he said. In the past two years, India has implemented various policies, including the production-linked incentive (PLI) scheme in 14 sectors such as automobiles and auto components, white goods, pharmaceuticals, food products, solar PV modules, advanced chemistry cell and specialty steel to reduce dependency on imports and boost local manufacturing. The Centre is looking at extending the PLI scheme to more sectors in the coming budget.

BRIEFS

Stash personal income tax rates in Budget: CII

INDUSTRY body CII has pushed for a revision in personal income tax rates, decriminalisation of the goods and services tax and a relief in the capital gains tax rates as part of its agenda presented to the Government for the forthcoming Budget. Arguing that the GST has already contained adequate penal provisions for deterrence against evasion of taxes, CII has suggested decriminalisation of GST law. Also, the applicability of prosecution provisions should not be based on the absolute amount of tax evasion but should be based on real intent to evade the taxes and a certain percentage of the tax payable, it stated. A fresh look is needed at the capital gains tax with respect to its rates and holding period to remove complexities and inconsistencies. Moreover, the Government should contemplate a reduction in the rate of personal income tax in its next push for reform as this would increase disposable incomes and revive the demand cycle," CII President Sanjay Bangia said. Tax certainty for businesses should continue and corporate tax rates should be maintained at the current levels. The chambers said, adding that no arrests or detention should take place in civil cases unless criminalisation in business has been proved beyond doubt.

Budget may tweak capital gains tax regime

NEW DELHI, Nov 15 (PTI)

THE Budget may tweak capital gains taxes levied on equity, debt and immovable property to bring parity in varied tax rates and holding period, a senior official said. Explaining the rationale, the official said there needs to have an alignment in tax rate and holding period for all the asset class.

Changes in capital gain tax expected in Budget, the official said. The Budget for 2023-24 fiscal would be presented in Parliament on February 1, 2023.

When asked about possible tinkering in capital gains tax, Central Board of Direct Taxes (CBDT) Chairman Nitin Gupta said: "It's part of budget process, can't divulge."

Under the Income Tax Act, gains from sale of capital assets -- both movable and immovable -- are subject to 'capital gains tax'. The Act, however, excludes movable personal assets such as cars, apparels and furniture from this tax.

The official said the current capital gains tax structure is 'complicated' and hence needs a relook.

"We are looking at the suggestions that have come in from stakeholders," the official added. Depending upon the period of holding an asset, the long-term or short-term capital gains tax is levied. The Act provides for separate rates of taxes for both categories of gains. The method of computation also differs for both the categories. Currently, long term capital gains on shares is taxable at 10 per cent when the holding period exceeds 1 year. For debt and immovable property, the tax rate is 20 per cent, while the holding period is 3 years and 2 years respectively.

FM to Kick-start Pre-Budget Meetings from November 21

PTI

New Delhi: Finance minister Nirmala Sitharaman will kick-start the customary pre-budget meetings beginning Monday with a special focus on issues concerning climate change and infrastructure.

The minister would hold virtual meetings on November 21 in three groups with industry chambers, infrastructure sector and environment experts seeking suggestions for the 2023-24 Budget making from stakeholders.

On November 22, Sitharaman would meet agriculture and agro processing industry representatives from financial sector and capital markets. She will also be meeting the representatives of services sector and trade bodies, besides experts from social sector, including health, education, water and sanitation, on November 24.

The pre-budget meetings with the trade union representatives and economists are scheduled for November 28. The participants will give suggestions on the 2023-24 Budget which will be presented in Parliament by the finance minister on February 1.

REVISED ESTIMATES IN FEB BUDGET Tax Revenues may Top FY23 Budget Estimate by ₹3-3.5 lakh cr

Factors: Improved compliance, post-Covid recovery, inflation

Deepshikha Sikarwar @timesgroup.com

New Delhi: The government is expecting a Rs 3-3.5 lakh crore jump in tax revenue in the current fiscal year as per revised estimates of accounts for FY23 that will be presented in the February budget, officials said.

Improved compliance, the post-pandemic economic recovery and high inflation have bolstered collections with both direct and indirect taxes contributing to the rise, they said. That's an increase of 10.9-12.7% over the budget estimate of Rs 27.6 lakh crore gross tax collection for the year.

"If the current growth continues, tax revenues could exceed budget estimates by about Rs 3.5 lakh crore this year," a senior government official told PTI. The bounty is expected to largely fund the extra spending on food and fertiliser subsidies and help keep the fiscal deficit in check.

'Direct tax mop-up to exceed Budget target by 25-30 pc'

NEW DELHI, Nov 15 (PTI)

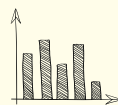
THE direct tax collection in the current fiscal is likely to exceed the Budget target of Rs 14.20 lakh crore by about 30 per cent, a senior official said on Tuesday. Central Board of Direct Taxes (CBDT) Chairman Nitin Gupta also said that the Budget for next fiscal could bring about some tweaks in the TDS provision for online gaming to check tax evasion.

"Currently there is a provision for deduction of TDS on online gaming. There is existing provision, if it needs to be modified or retained in the same way that needs to be seen," he said. Currently, a 10 per cent Tax Deduction at Source (TDS) is levied on income from online gaming. Gupta further said that given the current buoyancy in col-

lections, the Budget target for the next fiscal (2023-24) is also likely to be higher. "For current year we believe we would be exceeding the Budget estimate by sizeable margin, it could be 25-30 per cent higher than what has been given to us. Next year, given the buoyancy of tax collection, we would be giving good collection to Government," Gupta told reporters here.

A 25-30 per cent growth in tax collection would take the net direct tax mop-up for current fiscal at Rs 17.75-Rs 18.46 lakh crore.

The CBDT Chairman was speaking on the sidelines of the inauguration of the Taxpayers Lounge at the India International Trade Fair (IITF). The gross direct tax collections between April 1-November 10 stood at Rs 10.54 lakh crore.





Exporters Seek Tax Sops, Lower Interest Rates in Next Budget

New Delhi: Exporters on Thursday sought tax incentives for job intensive export units, cheaper credit for MSMEs and creation of an Export Development Fund. In the customary pre-budget interaction with finance minister Nirmala Sitharaman, exporters pitched for reduction in customs duty and sought government support for setting up a global Indian shipping line.

"Creation of employment is the biggest challenge faced by the country.. We would urge the go-

vernment to provide fiscal support to units which provide additional employment in the export sector," FIEO president A Sakthivel said. He added the credit rate for MSMEs is 11%-13% and it may increase further in the next few months.

"Therefore, there is an urgent need to restore the interest equalization (subsidy) benefit of 5% to manufacturer MSMEs and 3% to all 410 tariff lines (broad sectors) as existed prior to October 2021....," Sakthivel said. —Our Bureau

Tax Reforms Needed for Complete Stability

Anuradha Shukla & Deepshikha Sikarwar

New Delhi: There is need for further reforms in the direct and indirect tax regimes to give their structure complete stability, revenue secretary Tarun Bajaj said.

With regard to direct taxes, there is a need to "fix the capital gains on all fronts. Second is the personal income tax and the third is to rewrite the code itself to simplify it", Bajaj told ET in an interview. "If you do that, litigation will reduce," he said, laying down the agenda for reform.

He said the goods and services tax (GST) needs to be rationalised and there is a case for making the exemption-less personal income tax regime better than the old one.

In the case of GST the number of slabs needs to be reduced and another look taken at exemptions, he said, adding that increased compliance is providing a boost to revenue. He said the scheme to allow



The goods and services tax (GST) needs to be rationalised and there is a case for making the exemption-less personal income tax regime better

TARUN BAJAJ
Revenue Secretary

updated returns has been successful. "We have got about 4.5 lakh updated returns and some corporates have also filed updated returns," Bajaj said.

300-400 New Vande Bharat Trains Likely to be Announced in Budget

Twesh Mishra@timesgroup.com

New Delhi: The government is likely to announce 300-400 new Vande Bharat trains in the Union budget for 2023-24, said railway ministry officials privy to the information. The gross budgetary support for the ministry in the next financial year is expected to top the ₹1.35 lakh crore provided for 2022-23, they said. This will be the highest ever allocation for the railways ministry so far. "The funds will be spent on laying new lines to decongest the Indian Railways and make it future ready," said one of the officials, who did not wish to be identified.

ACHIEVING FREIGHT GOALS

Officials estimate that there is a need to lay 100,000 kilometres of tracks, including doubling of existing ones, in the next 25 years as more goods movement shifts away from roads to railways.

"The approach will be to move towards multi tracking in congested portions of the railways network to ease freight move-

On The Fast Track

Budget expected to announce

Up to 400 more Vande Bharat trains

Higher allocation for railways

Plans to decongest national transporter

Higher freight goals bank on

100,000 km of new tracks in 25 years

Multi-tracking of congested routes

Speedier trains on railway network

ting dedicated freight corridors have already started nearing saturation.

In the long run, the aim is to run most Indian Railways trains at 160 kilometres per hour (kmph). Cargo growth is estimated at 8.5-10% this year and expected to grow to 12-14% per annum as the railway routes are decongested.

The predominantly chair-car coaches of the indigenously developed Vande Bharat trains will soon be supplemented by sleeper coaches.

EYE ON BUDGET

On the Cards: 400 More Vande Bharat Trains



The Centre may announce 300-400 new Vande Bharat trains in the 2023-24 Budget, said railways ministry officials. Budgetary support for the ministry may top the ₹1.35 lakh crore provided for FY23.

Twesh Mishra reports. >>7

MFs SEEK PARITY WITH ULIPS >> 6

States: Extend Interest-Free Loans by 1 Yr



At the customary pre-Budget meet with Union FM Nirmala Sitharaman, state governments sought an extension of the interest-free loan for capex by one more year and greater say in implementing central schemes. >>7

Pre-Budget Wish List: CII Bats for Lower I-T, Higher Public Spending

Our Bureau

New Delhi: The Confederation of Indian Industry (CII) has pitched for a cut in personal income-tax and a bump in public spending in its pre-budget wish list.

The industry body suggested raising capital spending to 3.3-3.4% of GDP in FY24 from 2.9% currently with an aim to increase it further to 3.8-3.9% by FY25.

It has stressed on the need for revitalising the investment as well as consumption demand.

According to Sanjiv Bajaj, president, CII, a fresh look at the capital gains tax is needed with respect to its rates and holding period to remove complexities and inconsistencies.

He also suggested that personal income tax rates be trimmed to give more money in the hands of consumers.

"The government should contemplate a reduction in the rates of personal income tax in its next push for reform as this would increase disposable incomes and revive the demand cycle," Bajaj was quoted as saying in a statement from CII on Sunday.

Increasing outlays on green infrastructure like renewables along with traditional infrastructure like roads, railways and ports has also been suggested.

For financing infrastructure, CII has recommended deepening of corporate bond markets (including infrastructure bonds), prioritising a package for large play of urban

municipal bonds, launching of a Blended Finance Star Multiplier programme for sustainability projects with an allocation of ₹10,000 crore, among others.

A swift dispute resolution mechanism and expediting the land acquisition process has been recommended to aid private sector investment. Public-private partnerships (PPPs) should also be revived through timely payments, CII has said.

For raising consumption demand, CII has suggested putting in place policies such as rationalising income tax slabs and rates for individuals, reducing 28% GST rate on select consumer durables, expediting rural infrastructure projects for facilitating employment generation in the hinterland.



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