



DIVYESH SHAH & CO

Chartered Accountants

Newsletter – Key Feature of Budget – 2023-24



**A LOOK
at the
BUDGET**

➤ The Budget for 2023-24 seeks to lay down the foundation on expanding Capex showing that the government's priorities are building roads, highways and railway lines. The middle class has been given some relief in terms of tweaks in the new income tax regime clearly pointing out that the government wants a shift towards the new regime from the older one.

➤ The government has **listed on 7 priorities** in current budget for 2023-23 i.e. on inclusive development, Reaching the last mile, Infrastructure and investment, Unleashing the potential, Green Growth, Youth power and financial sector.

➤ **Proposed changes under Personal Tax:**

- a) The proposed budget reduced the tax burden for individuals opting for the new tax regime.
- b) Rebate limit increased to Rs 7lakh from Rs 5lakh in the new tax regime
- c) Individual with income of Rs 15.5lakh and above are now eligible for standard deduction of Rs 52,500 in new tax regime

d) New Income Tax Regime will be the default tax regime. However, Taxpayers will have option to choose old regime

e) Proposed to reduced Highest Surcharge Rate from 37% to 25%

f) Rs 3lakh limit for tax exemption on leave encashment on retirement of non-government salaried employees increased to Rs 25lakh

g) The Government also proposed to cap deduction from capital gains on investment in residential house under sections 54 and 54F to Rs 10 crore

h) Presumptive Taxation u/s 44AD: Proposed to increase the limit of total turnover from INR 2 crore to INR 3 crore (Provided the aggregate amount does not exceed 5% of the total turnover)

i) Presumptive Taxation u/s 44ADA : Proposed to increase the limit of total turnover from INR 50 lakh to INR 75 lakh (Provided the aggregate amount does not exceed 5% of the total turnover)

j) Enhancement of deposit limits under the Senior Citizens Savings Scheme



k) Income Tax Slab: At glance

New Tax Regime (Previous)		Proposed Change in slab rate (New Tax Regime)	
Income	Tax Rate	Income	Tax Rate
0-2.5 lakh	Nil	0-3 lakh	Nil
2.5-5 lakh	5%	3-6 lakh	5%
5-7.5 lakh	10%	6-9 lakh	10%
7.5-10 lakh	15%	9-12 lakh	15%
10-12.5 lakh	20%	12-15 lakh	20%
12.5-15 lakh	25%	Above 15 lakh	30%
Above 15 lakh	30%		

Old Tax Regime	
Income	Tax Rate
0-2.5 lakh	Nil
2.5-5 lakh	5%
5-10 lakh	20%
Above 10 lakh	30%

- Corporate Tax rates remain **unchanged**
- Extension of time limit for start-ups to claim benefits and carry forward of losses by one year
- Applicability of angel tax now extended to non-residents
- MLDs equated with debts securities-computation mechanism now prescribed
- Minimum withdrawal limit for TDS on cash withdrawals increased to INR 3 crores
- Designation of PAN as Common Business Identifier
- Clarification on taxability of online gaming tax @ 30%
- Revamp of regime related to taxation of charitable trust
- Many amendments clarifying / rationalising the Act



Budget 2023 Highlights: Other ECONOMIC SECTOR

➤ Highlights - Health and family welfare ministry:

- a) The Union health and family welfare ministry has been allocated INR 89,155 crore in the Union budget FY24 marking a rise of a meagre 12% when compared to the revised budget estimated for FY 23.
- b) For the upcoming financial year, INR 86,175 crore has been allocated to the department of health and family welfare while INR 2,980 crore has been allocated for the department of health research.

➤ Highlights - Fintech Sector:

- a) Digital payments rose 76% in transaction and 91% in value terms in 2022
- b) Fiscal support for digital public infrastructure (DPI) will continue in 2023-2024
- c) The scope of documents available in DigiLocker for individuals will be expanded
- d) An entity DigiLocker will be set up for use by MSMEs and large businesses
- e) PM VIKAS scheme will now include access to digital payments and social security.
- f) Subsidy for UPI expected to jump two-folds to Rs 2,137 crore in FY23 over previous fiscal.
- g) Allocation for digital payments promotion remains stagnant at Rs 1500 crore for last three years



➤ Highlights - Defence sector:

- a) While the Ministry of Defence has received the highest allocation among all ministries at INR 5.94 lakh crore, it is not a significant jump from INR 5.25 lakh crore for this FY
- b) Shares of Bharat Electronics, Bharat Dynamics, Hindustan Aeronautics, Paras Defence and BEML tumbled 5-9 percent after Finance Minister Nirmala Sitharaman completed her Budget speech.
- c) Under its ambitious Atmanirbhar Bharat scheme, the government has banned imports of several items, including crucial parts used in defence equipment. Which means they are being manufactured in India now.

➤ Highlights - Road ministry:

- a) Allocation for the road transport and highways ministry has been increase by 36% to around INR 2.7 lakh crore for 2023-24 in the Budget.
- b) National Highways Authority of India (NHAI) has been allocated around INR 1.62 lakh crore as part of capital expenditure plan for 2023-24
- c) As per the government's revised estimates the NHAI will spend INR 798 crore as IEBR in 2022-23.

➤ Highlights - IT ministry:

- a) The budget estimate for the Ministry of Electronics and Information Technology has been increased to INR 16,549.04 crore from the INR 11,719.95 crore.
- b) The allocation for the period of 2021-22 stood at INR 8,118.65 crore, making this year's budget estimate nearly double of what it was two years back.

BUDGET 2023 HIGHLIGHTS: WHAT INDUSTRY EXPERTS HAVE TO SAY

- Radhika Gupta, the Managing Director and Chief Executive Officer, Edelweiss Mutual Fund, says that the thrust of tourism in the Budget is great. "I am most happy to see the thrust on tourism in the budget. India has huge untapped potential as a destination and tourism can make a significant contribution to GDP, in addition to its soft power. Looking forward to seeing and supporting action on the grounds," she tweeted.
- Nilesh Shah, MD, Kotak Mahindra, said the tax exemption going away is a clear negative for the insurance sector, and there will be impact on the business, which is reflected into the prices.
- Colonel Sanjeev Govila, CEO of Hum Fauji Initiatives, said that the new tax regime has been made better, slowly making exemptions of the old tax regime redundant.
- Harsh Goenka, Chairman of RPG Enterprises, said that it was an intelligent budget that focuses on key areas of infrastructure, employment and consumption led demand while keeping fiscal deficit on track. "Builds on strengths of manufacturing, digital talent and the middle class," he tweeted.
- Former NITI Aayog CEO Amitabh Kant said this is a Budget that will drive the consumption story in India. He adds that the real highlight of the Budget was going digital across the economy.

Thank
you



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