



# Budget 2023

## Key Highlights

# Dhiren H Pandya & Associates LLP

**Chartered Accountants**

**Ahmedabad - Mumbai**

Head Office: 204, Mahalaya Complex, Off C.G.Road, Swastik cross roads, Navrangpura, Ahmedabad – 380009 URL:[www.dhpa.in](http://www.dhpa.in)

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**Dhiren H Pandya & Associates LLP**

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Prepared by Dhiren H Pandya & Associates LLP, for client service and internal use only.  
This document summarizes the key indicator of Budget Performance and key proposals of the Finance Bill 2023  
However, this publication is not intended to give legal, tax, accounting or other professional advice  
Expert guidance may be sought before acting upon the proposals.



# Economic Performance & Budget Financials

# Economic Performance

## Key Indicators

Particulars	2019-20	2020-21	2021-22	2022-23
Growth in %				
-GDP (factor cost, constant prices)	3.74	-6.60	8.68	6.95 <sup>a</sup>
-Currency in Circulation(CIC)	14.5	16.6	9.8	8.2
-Schedule Commercial Bank Credit (Growth Rate)	6.13	5.58	8.59	10.63 <sup>b</sup>
Imports (at c.i.f , in USD billion)	477.94	398.45	618.62	381.36 <sup>c</sup>
Export (at f.o.b, in USD billion)	320.43	296.30	429.164	234.80 <sup>c</sup>
Inflation in % (Average in terms of WPI)	1.7	1.3	13.0	11.5 <sup>b</sup>
Forex reserves (in USD billion)	477.81	576.98	607.31	562.72 <sup>d</sup>
Net Foreign Investment (FDI/ FII/ FPI, in USD billion)	44.4	80.103	21.81	11.92 <sup>c</sup>
Exchange Rate(INR/USD) (annual average)	70.90	74.23	74.50	81.81 <sup>e</sup>

a: Provisional, b: (April – December) 2022 , c : (April- September)2022, d: End of December 2022 , e: End of November 2022

# Budget Financials

## Key Budget Financials

(Rs. in Crores)

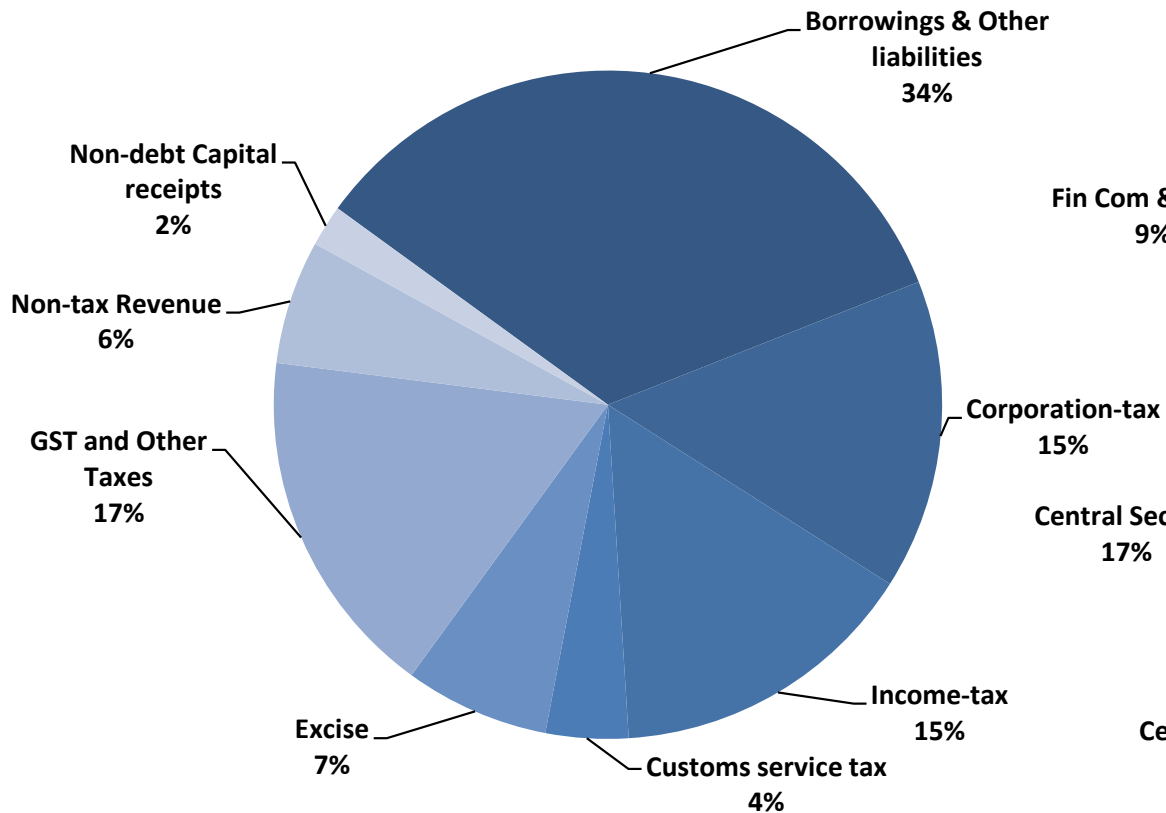
Particulars	2021-22 Actual	2022-23 (B.E.)	2022-23** (R.E.)	2023-24** (B.E.)
1. Revenue Receipt	2169905	2204422	2348413	2632281
2.Capital Receipts <sup>1</sup>	1623896	1740487	1838819	1870816
3.Total Receipt (1+2)	3791258	3944157	4190474	4514884
4. Total Expenditure(5+6)	3793801	3944909	4187232	4503097
5. Revenue Expenditure	3200926	3194663	3458959	3502136
6. Capital Expenditure	592874	750246	728274	1000961
7. Revenue Deficit(5-1)	1031021	990241	1110546	869855
As a percentage of GDP	-4.4	-3.8	-4.1	-2.9
8.Effective Revenue Deficit(7-Grants in Aid for Creation of capital Assets)	788375	672598	784958	499867
As a percentage of GDP	-3.3	-2.6	-2.9	-1.7
9.Fiscal Deficit{4-(1+Recoveries of Loan + Other receipts)}	1584521	1661196	1755319	1786816
As a percentage of GDP	-6.7	-6.4	-6.4	-5.9
10. Primary Deficit (9-Interest Payments)	779022	720545	814668	706845
As a Percentage of GDP	-3.3	-2.8	-3.0	-2.3

B.E. Budget Estimate, R.E. Revised Estimate

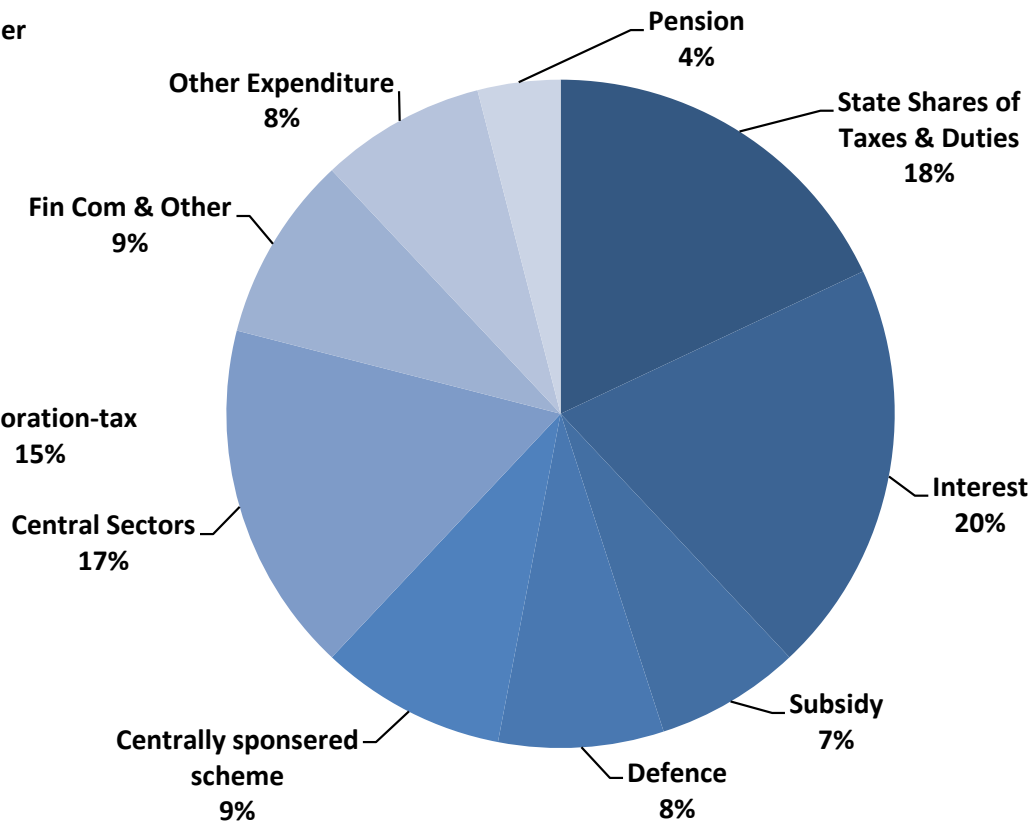
\*\*Nominal GDP for BE 2023-2024 has been projected at ₹ 30175065 crore assuming 10.5% growth over the estimated nominal GDP of ₹ 27307751 crore as per the first advance estimates of F.Y. 2022-23. ii) Individual items in this document may not sum up to the totals due to rounding off. iii) Figures in parenthesis are as a percentages of GDP. iv) 1Includes drawdown of cash Balance.

# Budget Financials

## Where the Rupee comes



## Where the Rupee Goes





# Key Policy Announcements

## Infrastructure

- ❖ Increased capital investment outlay by 33.4% to Rs. 10 lakh crore
- ❖ Continuation of 50 Year interest free loan to State Governments to incentivize infrastructure investment
- ❖ Capital outlay of Rs. 2.4 lakh crore for railways

## Financial Sector

- ❖ One time new small saving scheme for a 2 year period with a deposit facility of up to Rs. 2 lakh for women.
- ❖ Enhanced maximum deposit limit for senior citizens saving Scheme from Rs. 15 lakh to Rs. 30 Lakh.
- ❖ Expanded corpus under a revamped scheme to enable additional collateral free guaranteed credit to MSMEs of Rs. 2 lakh crore

# Key Policy Announcements

## Fiscal Management

- ❖ To be spent on Capital expenditure within 2023-24, Part of the loan is conditional on States increasing actual capital expenditure and parts of outlay will be linked to States undertaking several reforms.
- ❖ Fiscal Deficit of 3.5% of GSDP allowed for states (0.5% tied to power sector reforms)
- ❖ Targeted Fiscal Deficit to be below 4.5% by 2025-26.

## Vivad se Vishwas I & II

- ❖ 95 % of the forfeited amount relating to bid or performance security will be refunded as a relief to MSMEs.
- ❖ For settling contractual disputes a voluntary settlement scheme with standardized terms will be introduced.





# Direct Taxes

# Rates Of Taxes

## ❖ Tax rates for individuals, HUF, etc u/s 115BAC

- Changes in tax rates based on income bracket as follows:

Old Regime (A.Y. 2021-22 to 2023-24) Taxable Income in Rs.	New Regime (w.e.f. A.Y. 2024-25) Taxable Income in Rs.	Tax Rate
Upto 2,50,000	Upto 3,00,000	Nil
2,50,001 to 5,00,000	3,00,001 to 6,00,000	5%
5,00,001 to 7,50,000	6,00,001 to 9,00,000	10%
7,50,001 to 10,00,000	9,00,001 to 12,00,000	15%
10,00,001 to 12,50,000	12,00,001 to 15,00,000	20%
12,50,001 to 15,00,000	-	25%
>15,00,000	>15,00,000	30%

# Rates Of Taxes

## ❖ Other Provisions of New Regime:

- Income shall be calculated without any exemptions and deductions
- Option can be exercised to shift out of this regime (115BAC will not be applicable):

Assessee with Income from Business or Profession	Assessee with Income under other heads
Income from Business or Profession	Income under other heads
Option can be exercised on or before due date of filing return	Option can be exercised along with filing return
Can opt back to the regime u/s 115BAC only once	No restriction on number of times option is exercised

# Rates Of Taxes / Co-operative Society

## ❖ Rebate u/s 87A :

- For assessee under new regime, rebate available for income tax payable on income less than or equal to Rs. 7 lakhs, upto Rs. 25000

Particulars	Old Regime	New Regime
Rebate available if taxable income <=	Rs. 5 lakhs	Rs. 7 lakhs
Maximum rebate available	Rs. 12,500	Rs. 25,000

## ❖ New manufacturing co-op societies u/s 115BAE:

- Can opt for Concessional tax rate of 15%, subject to conditions
- Set up on or after 1<sup>st</sup> April, 2023
- Commence manufacturing by 31<sup>st</sup> March, 2025
- Do not avail any specified incentive or deduction
- W.e.f. 1<sup>st</sup> April, 2024

# Business & Profession / Presumptive Income

## ❖ SEZ Units:

- To avail benefits of 10AA, IT return needs to be filed within due date u/s 139(1)
- Further convertible foreign currency to be received in 6 months for availing the benefits.

## ❖ IFSC:

- Distribution of income on offshore derivative instruments from IBU located in IFSC is now exempt.

## ❖ Section 44BB and Section 44BBB (non-residents):

- No set off of Unabsorbed Depreciation and Brought Forward Losses shall be allowed if assessee declares profits and gains of business as presumptive income under section 44BB and 44BBB of the Act.

# Business & Profession / Presumptive Income

## ❖ Section 44AD – Business :

- If total amount received in cash is less than or equal to 5% of gross receipts, then limit of Rs.3 Crores is applicable instead of Rs.2 Crores for Presumptive taxation
- Receipt of amount by cheque or bank draft which is not account payee shall be considered as receipt in cash.

## ❖ Section 44ADA – Profession :

- If total amount received in cash is less or equal to 5% of gross receipts, then limit of Rs.75 lacs is applicable instead of Rs.50 lacs for presumptive taxation
- Receipt of amount by cheque or bank draft which is not account payee shall be considered as receipt in cash.



# Business & Profession / Transfer Pricing

## ❖ Any Benefit / Perquisite:

- Value of any benefit or perquisite arising in cash or kind or partly in cash or kind arising from Business or Profession shall also be liable to tax.

## ❖ Reduction in time to produce Transfer Pricing(TP) report u/s 92D

- Assessing Officer may require TP report to be furnished within 10 days (previously 30 days), extendable by 30 days (previously also 30 days)

# Capital Gain:

## ❖ Section 50AA:

- Any gain arising from transfer or redemption or maturity of Market Linked Debentures shall be now taxed as Capital Gain.

- Capital Gain shall be Computed as follows:

	Full Value of Consideration Received	XXXX
Less:	Cost of Acquisition	(XXXX)
Less:	Expenditure incurred wholly in connection with transfer	(XXXX)
		<hr/>
	Capital Gain	XXXX

- However, no deduction shall be allowed for the payment of Securities Transaction Tax.

# Capital Gain

## ❖ Residential Property:

- Benefit u/s 54 & 54F capped at Rs.10 Crores.

## ❖ Issue of shares at higher than face value:

- Provision of section 56(2)(viib) now covers non-resident investors.

## ❖ Conversion of Gold into Electronic gold receipt:

- Conversion of Gold into Electronic gold receipt and vice-versa will not be regarded as a transfer, hence no Capital gain will be taxable on conversion.

# Setoff & Carry forward of losses

## ❖ Strategic Disinvestment:

- Carry forward of losses allowed in case of strategic disinvestment of PSUs.
- Strategic Disinvestment is defined as gradual reduction in shareholding by government to <51%.
- If Amalgamation of banks carried within 5 years of a strategic disinvestment, Banks can carry forward losses (u/s 72AA).

## ❖ Startup:

- Losses incurred within 10 years to be allowed to be carry forward (Previously 7 years)

# Deduction / Tax Deducted at Source

## ❖ Deductions – Agnipath :

- Full amount of contribution by assessee and matching contribution by Government to the Agniveer Corpus Fund after November 1, 2022 to be allowed as deduction.
- Income received from the Agnipath scheme to be exempt from total income.

## ❖ Deduction of tax on interest on security u/s 193

- Interest on listed securities which is in dematerialized form is now subject to TDS deduction at rates in force.

# Tax Deducted at Source

## ❖ Winnings from Online game u/s 194BA

- TDS at the rates in force to be deducted on the amount of net winnings in the user account earned by way of winnings from any online game during the financial year. (w.e.f. 1<sup>st</sup> July 2023)

## ❖ Gambling and Betting u/s 194B

- TDS introduced on Gambling & Betting by way of inclusion in Section 194B.

## ❖ Cash Withdrawal by Co-Op Society

- TDS at the rate of 2% to be deducted, if any Co-Operative Society is receiving cash payment in excess of Rs. 3 Crore. (Earlier limit is Rs. 1 Crore)



# Tax Collected at Source

## ❖ TCS on remittance outside India & Overseas Tourism Programme

- TCS rate increase from 5% to 20%
- Threshold of Rs. 7 Lacs to be available for remittance for the purpose of education or medical treatment only.
- Threshold of Rs. 7 Lacs **not** available for Overseas Tourism Program for TCS collection.

# Limit for Cash Loan/ Deposit/ Repayment

## ❖ Mode of taking or accepting loans, deposits, etc. u/s 269SS

- Individual can take or accept any loan or deposit in cash up to Rs. 2,00,000 (earlier Rs. 20,000), where such loan is taken from a primary agriculture credit society or a primary co-operative agricultural and rural development bank by its member or vice-versa.

## ❖ Mode of repayment loans or deposits u/s 269T

- Individual can repay any loan or deposit in cash up to Rs. 2,00,000 (earlier Rs. 20,000), where such loan is taken from a primary agriculture credit society or a primary co-operative agricultural and rural development bank by its member or vice-versa.



# Goods and Service Tax

# Goods and Service Tax

## ❖ Composition Scheme:

- Person supplying goods through e-commerce operators now eligible for Composition Scheme

## ❖ Input Credit:

- Now cannot be claimed on supply warehoused goods before clearance for home consumption (Schedule III 8(a))
- Now cannot be availed on Goods & Services used or intended to be used for **Corporate Social Responsibility (CSR)** Activities as per Section 135 of Companies Act

## ❖ Returns / Annual Returns:

- Time Limit of 3 years introduced for filing various returns for any tax period

# Goods and Service Tax

## ❖ Penalties:

- E-Commerce Operator liable, if it allows non-exempt unregistered person to make a supply **or** it wrongly allows interstate supply by a non-eligible person
- Penalty at higher of Rs.10,000 or tax amount involved

## ❖ **OIDAR - Online Information and Database Access or Retrieval Services:**

- Exception of services related to Commerce, Industry, Business and Profession removed from “Non-taxable Online Recipient” definition
- Hence, unregistered person receiving OIDAR services related to Commerce, Industry etc. to be considered Non-taxable recipient



# Customs



# Customs – Major Rate Changes

Chemicals	Existing (BCD)	Proposed (BCD)	Movement
Styrene	2%	2.5%	↑
Vinyl Chloride Monomer	2%	2.5%	↑

Electrical Goods	Existing (BCD)	Proposed (BCD)	Movement
Electric Kitchen Chimney	7.5%	15%	↑

Petrochemicals	Existing (BCD)	Proposed (BCD)	Movement
Naphtha	1%	2.5%	↑

**\* Effective from 02-02-2023**

# Customs – Major Rate Changes

Rubber	Existing (BCD)	Proposed (BCD)	Movement
Compounded Rubber	10%	25% or Rs. 30 per kg., Whichever is lower	↑

Airline	Existing (BCD)	Proposed (BCD)	Movement
Aero planes and other aircrafts	3%	2.5%	↓

\* Effective from 02-02-2023

# Customs – Major Rate Changes

Automobiles and Toys	Existing (BCD)	Proposed (BCD)	Movement
Bicycles	30%	35%	↑
Toys and parts of toys (other than parts of electronic toys)	60%	70%	↑

Gems & Jewellery Sector	Existing (BCD)	Proposed (BCD)	Movement
Artices of precious metals	20%	25%	↑
Imitation Jewellery	20% or Rs.400 per kg., whichever is higher	25% or Rs.600 per kg., whichever is higher	↑

**\* Effective from 02-02-2023**

# Customs – Major Rate Changes

Precious Metals	Existing (BCD)	Proposed (BCD)	Movement
Gold Bars	12.50%	10%	↓
Gold Dore	11.85%	10%	↓
Platinum	12.50%	10%	↓
Silver Bar	7.50%	10%	↑
Silver Dore	6.10%	10%	↑

**\* Effective from 02-02-2023**

# Customs – Major Rate Changes

Agriculture Products and By Products	Existing (BCD)	Proposed (BCD)	Movement
Pecan nuts	100%	30%	↓

Minerals	Existing (BCD)	Proposed (BCD)	Movement
Acid grade fluorspar (containing by weight more than 97% of calcium fluoride)	5%	2.5%	↓

**\* Effective from 02-02-2023**

# Customs – Major Rate Changes

IT Electronics	Existing (BCD)	Proposed (BCD)	Movement
Specified parts for manufacture of open cell of TV panel	5%	2.5%	↓
Camera lens for camera module of mobile	2.5%	NIL	↓

Capital goods	Existing (BCD)	Proposed (BCD)	Movement
Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicles (Evs)	As applicable	Nil	↓

**\* Effective from 02-02-2023**



# Customs – Major Rate Changes

Others	Existing (BCD)	Proposed (BCD)*	Movement
Crude glycerin for use in manufacture of Epichlorohydrin	7.5%	2.5%	↓
Coal, peat, lignite	1%	2.5%	↑
Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form .	30%	15%	↓

**\* Effective from 02-02-2023**

# Budget Team

**CA Dhiren H Pandya**, Partner

Email: [dhiren@dhpa.in](mailto:dhiren@dhpa.in)

**CA Varun Pandya**, Partner

Email: [varun@dhpa.in](mailto:varun@dhpa.in)

**CA Nirali Pandya** (Partner)

**CA Rameshkumar Purohit**

**CA Hemant Dave**

**Riya Wadhwani**

**Hitesh Rajpurohit**

**Tanay Pandya**

**CA Swati Bajaj** (Partner)

**CA Vandana Kewalramani**

**Shubham Manghani**

**Nilesh Nai**

**Nandini Gupta**

**Khushi Patel**

# Dhiren H Pandya & Associates LLP

## Ahmedabad Office:

204, Mahalaya Complex,  
Near Hotel President,  
Off. C.G.Road, Navrangpura,  
Ahmedabad 380009

Phone: +91 79 26400005 /  
+91 79 26426729

## Mumbai Office:

C-5 Premkanku Apts,  
5<sup>TH</sup> Floor,  
Navroji Cross Road,  
Ghatkopar, Nr. Jain Mandir,  
Mumbai 400086

Email : info@dhpaa.in  
URL : <http://www.dhpaa.in>  
 : <http://www.facebook.com/1dhpaa>  
Twitter: [http://www.twitter.com/\\_dhpaa\\_](http://www.twitter.com/_dhpaa_)