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**The Glossary of Union
Budget, 2023.**



“No power on earth can stop an idea whose time has come”.



BUDGET COMMITTEE MEMBERS

DIRECT TAX

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- | | |
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❖ **HIGHLIGHTS**

➤ **Vision of Amrit Kaal**

- Opportunities for citizens with focus on the youth
- Growth and Job Creation
- Strong and Stable Macro-Economic Environment
- Fiscal for country - 6.4% of GDP for FY 23, FY 24 target stands at 5.9% and Less than 4.5% by 25-26.

➤ **Finance Minister has Proposed 7 Priorities**

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

➤ **Key pronouncements thereunder**

- Increased capital investment outlay by 33.4% to 10 lakh crore. Three times since 2019.
- Mahila Samman Bachat Patra
- Heavy outlays for 19700 crore for green growth, 7000 crore outlay for third face of e-courts.
- 9000 crore Corpus for MSME credit

❖ **DIRECT TAX**

➤ **Amendments in New Tax Regime**

- New Tax Regime – Reduction from 7 slabs to 5 slabs.
- Reduce highest surcharge rate from 37 percent to 25 percent in new tax regime.
- Income under Salary - Introduction of Standard Deduction of Rs. 52,500.
- Rebate u/s 87A Increased to Rs. 7,00,000 from Rs. 5,00,000 in new tax regime.

➤ **No Change in Old Tax Regime. Moreover, New tax regime will become default and old tax regime will become optional.**

➤ **Increasing threshold limits for presumptive taxation schemes:**

➤ Enhance Limit for Presumptive scheme for business and profession to Rs. 3crores and Rs. 75 Lakhs respectively for entities having cash expense or receipts of less than 5%.

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- Government proposes to cap deductions u/s 54 and 54F from capital gains on investments in residential houses to Rs. 10 crores.

- **Co-operative Societies**
 - Tax concession rate for Cooperative: under new scheme Tax rate of 15% for new Domestic manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions. Also refer Page no. 97 of this Glossary section 115BAE for detailed explanation.
 - Increase in limit to Rs.2 lakhs on granting loans and accepting deposits for Primary Agricultural Credit Societies (“PACS”) and Primary Co-Operative Agricultural and Rural Development Bank (“PCARD”)
 - Higher TDS Limit of 3crores on cash withdrawal for co-operative society.

- TDS on online gaming at the rate of 30 % and taxability on net winnings of Section 115BBJ from 01.04.2024 is proposed.

- Hike in tax exemption on leave encashment on retirement of non-government salaried employees to Rs. 25 lakh from Rs. 3 lakhs.

- **Start Up**
 - Relief to start ups in carrying forward and set off of losses amended to 10 years instead of earlier 7 years.
 - Extension of date of incorporation to 31/03/2024 for eligible start-up for exemption.

- Gift in money, in excess of Rs. 50,000/-, received by Not Ordinarily Resident from a non-relative, shall be considered as Income received in India and taxable in India.

- **TDS on Interest on Listed Debentures:** Exemption from TDS on payment of interest on listed debentures to a Resident is removed. Hence TDS has to be deducted.

- **Increasing rate of TCS of certain remittances:** TCS at the rate of 20% has to be collected instead of 5% on overseas Tour Package with effect from 1st July, 2023.

- TDS rate to be reduced from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases.

❖ **INDIRECT TAX**

➤ **GST**

- No return shall be filed after the expiry of 3 years from the due date of said returns GSTR 3B, GSTR 1, TDS, TCS, Annual Return.
- ITC in respect of GST used or intended to be used for CSR activity shall not be allowed.
- ITC to be reversed pertaining to supply of warehoused goods before clearance for home consumption.
- Big Relief: Section 23 has been given overriding effect on section 24 retrospectively. Which means that persons making only exempt supplies and agriculturist now not liable to take registration even though required under section 24.
- 90% of refund to be granted considering provisionally accepted ITC also. (Earlier it was not allowed)
- Mechanism for interest on delayed refund shall be provided.
- Penal provisions to ecommerce operators relating to supplier of goods made by URD person or composition dealer.
- Person dealing in interstate supply of goods and person selling goods via e commerce operator is now allowed to opt for composition Scheme.

➤ **CUSTOMS**

- Customs duty reduced on textiles, toys, bicycle, seeds in manufacture for diamonds, Marine Products and Television - TV panels.
- Rates Increased on silver bars, Cigarettes, Rubber.
- Further concessions in Custom Duty on lithium ion batteries used in electric vehicles, camera lens and lithium battery, steel and ferrous products, copper, rubber etc
- Electric kitchen chimney to reduce inverted duty structure from 7.5 to 15 percent.
- Benefit for ethanol blending program and acid program and epichlorohydrine

DIRECT TAX

A. Tax Rates

❖ **Rates of Income Tax**

- There is no change in slab rate under old regime of Income Tax Act.
- There are certain changes in slab rates under new regime (115BAC) as compared to previous year along with the changes in Rebate & Surcharge.

| Existing Provision | Proposed Provision |
|--|---|
| Up to Rs.2,50,000 – Nil From Rs.2,50,001 to 5,00,000 – 5% From Rs.5,00,001 to 7,50,000 – 10% From Rs.7,50,001 to 10,00,000 – 15% From Rs.10,00,001 to 12,50,000 – 20% From Rs.12,50,001 to 15,00,000 – 25% Above Rs.15,00,000 – 30%. | Up to Rs.3,00,000 - Nil From Rs.3,00,001 to Rs. 6,00,000 – 5% From Rs.6,00,001 to Rs.9,00,000 – 10% From Rs.9,00,001 to Rs. 12,00,000 – 15% From Rs.12,00,001 to Rs. 15,00,000 – 20% Above Rs.15,00,000 - 30%. |
| The benefit of Rebate under section 87A was allowed up to income not exceeding Rs.5 lakhs. | The benefit of Rebate under section 87A is now allowed up to income not exceeding Rs.7 lakhs. |
| Surcharge rate on income above Rs.5 Crore was 37%. | Surcharge rate on income above Rs.5 Crore has been reduced to 25% . |
| Earlier the maximum tax along with surcharge was 42.74%. | Now the maximum tax along with the surcharge is 39% . |
| <u>Section 115BAE:</u> No existing provision. | <u>Section 115BAE:</u> Tax @15% with surcharge of 10% on such tax in case of a new manufacturing society set up on or after 01-04-2023. |

B. Salaries

- in clause (1), after sub-clause (viii), the following sub-clause shall be inserted, namely:—
“(ix) the contribution made by the Central Government in the previous year, to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme referred to in section 80CCH;”;

➤ **Rationalization of provisions for rent free accommodation**

- Earlier, the calculation of ‘perquisites’ – value of rent free accommodation from central government employers and other employers was done with two different methodologies. Now, under the current budget, these methodologies of calculations are being rationalized by prescribing a uniform method of calculating perquisites. Which is displayed below by amending respective explanations: -

| Section | Old | Amended Provision |
|----------------|--|--|
| 17 (2) (ii) | ii) the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer; Explanation 1.—For the purposes of this sub-clause, concession in the matter of rent shall be deemed to have been provided if,— (a) in a case where an unfurnished accommodation is provided by any employer other than the Central Government or any State Government and— (i) the accommodation is owned by the employer, the value of the | “(ii) the value of any accommodation provided to the assessee by his employer at a concessional rate.” Explanation.—In this sub-clause, it is clarified that accommodation shall be assumed to have been provided at a concessional rate, if the value of accommodation computed in such manner as may be prescribed, exceeds the rent recoverable from, or payable by, the assessee;”. |

| | | |
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| | <p>accommodation determined at the specified rate in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;</p> <p>(ii) the accommodation is taken on lease or rent by the employer, the value of the accommodation being the actual amount of lease rental paid or payable by the employer or fifteen per cent of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;</p> <p>(b) in a case where a furnished accommodation is provided by the Central Government or any State Government, the licence fee determined by the Central Government or any State Government in respect of the accommodation in accordance with the rules framed by such Government as increased by the value of furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the aggregate of the rent recoverable from, or payable by, the assessee and any charges paid or payable for the furniture and fixtures by the assessee;</p> <p>(c) in a case where a furnished accommodation is provided by an</p> | |
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| | <p>employer other than the Central Government or any State Government and—</p> <p>(i) the accommodation is owned by the employer, the value of the accommodation determined under sub-clause (i) of clause (a) as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;</p> <p>(ii) the accommodation is taken on lease or rent by the employer, the value of the accommodation determined under sub-clause (ii) of clause (a) as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;</p> <p>(d) in a case where the accommodation is provided by the employer in a hotel (except where the assessee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another), the value of the accommodation determined at the rate of twenty-four per cent of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, whichever is lower, for the period during which such accommodation is provided,</p> | |
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| <p>exceeds the rent recoverable from, or payable by, the assessee.</p> <p>Explanation 2.—For the purposes of this sub-clause, value of furniture and fixture shall be ten per cent per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the assessee during the previous year.</p> <p>Explanation 3.—For the purposes of this sub-clause, "salary" includes the pay, allowances, bonus or commission payable monthly or otherwise or any monetary payment, by whatever name called, from one or more employers, as the case may be, but does not include the following, namely:—</p> <ul style="list-style-type: none">(a) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the employee concerned;(b) employer's contribution to the provident fund account of the employee;(c) allowances which are exempted from the payment of tax;(d) value of the perquisites specified in this clause;(e) any payment or expenditure | |
|---|--|

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| | <p>specifically excluded under the proviso to this clause. Explanation 4.—For the purposes of this sub-clause, "specified rate" shall be—</p> <p>(i) fifteen per cent of salary in cities having population exceeding twenty-five lakhs as per 2001 census;</p> <p>(ii) ten per cent of salary in cities having population exceeding ten lakhs but not exceeding twenty-five lakhs as per 2001 census; and</p> <p>(iii) seven and one-half per cent of salary in any other place;</p> | |
|--|---|--|

- **This amendment will take effect from 1st April 2024, and will apply for A.Y. 2024-25 and all future years.**

C. Income From House Property

❖ **Prevention of double deduction claimed on interest on borrowed capital**

- As per the existing provision, double deduction was being claimed on interest on borrowed capital for acquiring, renewing or reconstructing a property, either in Section 24 or as Chapter VI deduction, and this interest formed part of 'cost of acquisition' or 'cost of improvement' under the head 'Capital Gains'.
- To prevent this, a new proviso is added, stating that 'cost of acquisition' or 'cost of improvement' shall not include such interest, which is claimed under section 24 or Chapter VI-A.
- **This amendment will take effect from 1st April 2024, and will apply for A.Y. 2024-25 and all future years.**

D. Profits and Gains from Business or Profession

❖ Tax Incentives to International Financial Services Centre

- Amendment in Clause (b) of section 47. Income earned by the IBU (IFSC banking unit) on such investments is taxed as capital gains, interest, and dividend under section 115AD of the Act. After the payment of tax, the IBU passes such income to the ODI holders. Presently, the exemption is provided only on the transfer of ODIs and not on the distribution of income to the non-resident ODI holders, hence this distributed income is taxed twice in India i.e. first when received by the IBU and second, when the same in income is distributed to non-resident ODI holders.
- Therefore, in order to remove the double taxation, it is proposed to amend clause (4E) of section 10 of the Act, to also provide **exemption to any income distributed on the offshore derivative instruments**, entered into with an offshore banking unit of an International Financial Services Centre as referred to in sub-section (1A) of section 80LA, which fulfils such conditions as may be prescribed. It has also been provided that such exempted income shall include only that amount which has been charged to tax in the hands of the IFSC Banking Unit under section 115AD.

❖ Facilitating certain strategic disinvestment

- Section 72A of the Act relates to provisions on carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger. Sub-section (1) of section 72A provides that in specified cases,

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accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the accumulated loss and unabsorbed depreciation of amalgamated company for the previous year in which the amalgamation was affected.

- Conditions have also been laid down in the said section to Facilitate carry forward and set off of loss and unabsorbed depreciation in the case of strategic disinvestment. Strategic disinvestment has been defined as sale of strategic disinvestment has been defined as sale of shareholding by Strategic disinvestment the Central Government or any State Government in a public sector company which results in reduction of its shareholding below fifty-one per cent along with transfer of control to the buyer.
- Section 72AA of the Act relates to carry forward of accumulated losses and unabsorbed depreciation allowance in a scheme of amalgamation in certain cases, which, *inter-alia*, **includes amalgamation of one or more banking company with any other banking institution.**
- To facilitate further strategic disinvestment, it is proposed to amend the definition of 'strategic disinvestment' in section 72A of the Act so as to provide that strategic disinvestment shall mean sale of shareholding by the Central Government, the State Government or Public Sector Company in a public sector company or a company which results in_
 - (i) **reduction of its shareholding below fifty-one per cent, and**
 - (ii) **transfer of control to the buyer.**
- The first condition shall apply in case the shareholding was **above fifty one percent before such sale of shareholding.** The requirement of transfer of

control may be carried out by either the Central Government or State government or Public Sector Company (or any two of them or all of them).

- It is also proposed to amend section 72AA of the Act to allow **carry forward of Accumulated losses and unabsorbed depreciation allowance** in the case of amalgamation of one or more banking company with any other banking institution or a company subsequent to a strategic disinvestment, **if such amalgamation takes place within 5 years of strategic disinvestment.**
- **This amendment will take effect from 1st April, 2023 and will accordingly apply to the assessment year 2023-24 and subsequent assessment years.**

❖ **Ease in Claiming Deduction on amortisation of Preliminary expense**

| Section | Existing Provision | Proposed Provision |
|----------------|---|---|
| 35D | Section 35D of the Act provides for amortization of certain preliminary expenses which are incurred prior to the commencement of business or after commencement, in connection with extension of undertaking or setting up of a new unit. Earlier there was condition of activity in connection with these expenses to be carried out by a concern approved by the Board. | It is proposed to remove the condition mentioned in existing provision, now the assessee shall be required to furnish a statement containing the particulars of this expenditure within prescribed period to the prescribed income-tax authority in the prescribed form and manner. |

- **This amendment will take effect from AY 2024-25 and onwards.**

❖ **Increasing threshold limits for presumptive taxation Schemes:**

| Sr. No. | Section | Existing Provision | Proposed Provision |
|----------------|----------------|--|--|
| 1 | 44AD | The provision is applicable to an assessee being individual, HUF or a Partnership firm other than LLP, for eligible business, where the amount or aggregate of amounts received during the previous year, in cash, does not exceed 5% of Total Turnover or gross receipts, a threshold limit of two Crore rupees or less. | It is proposed to increase threshold limit from Two Crore rupees to Three Crore rupees. |
| 2 | 44ADA | The provision is applicable to an assessee being individual, HUF or a Partnership firm and whose total gross receipts from profession do not exceed 50 Lakh rupees in a previous year. | It is proposed to increase threshold limit from 50 Lakh Rupees to 75 Lakh rupees. |

- **This amendment will take effect from AY 2024-25 and onwards.**

❖ **Removal of Exemption from TDS on payment of interest on listed debentures to a resident:**

| Section | Existing Provision | Proposed Provision |
|----------------|---|---|
| 193 | As per proviso to section 193, there was exemption from TDS if any interest is payable on any security issued by a company, where such security is in demat form and listed on recognized stock exchange. | It is proposed to omit the exemption due to under reporting of interest income by the recipient. This amendment will take effect from 1st April, 2023. |

❖ **Preventing misuse of Presumptive schemes under section 44BB and section 44BBB:**

| Section | Existing Provision | Proposed Provision |
|----------------|--|---|
| 44BB | This section is applicable to assessee being nonresident engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils, a sum equal to 10% of the aggregate amount shall be deemed to be the profits and gains and chargeable under head PGBP. | It is proposed to insert a new sub-section (4) in case of 44BB and sub-section (3) in case of 44BBB to avoid misuse of presumptive and non- presumptive taxation and to provide that notwithstanding anything contained in section 32(2) and 72(1), where an assessee declares profits & gains of business for any previous year in accordance with the provisions of presumptive taxation, no set off of unabsorbed depreciation and brought forward loss shall be allowed. |
| 44BBB | This section is applicable to an assessee, being a foreign company, engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf, a sum equal to 10% of the aggregate amount paid or payable to said assessee shall be deemed to be the profits and gains and chargeable under head PGBP. | |

- **This amendment will take effect from AY 2024-25 and onwards.**

❖ **Preventing permanent deferral of taxes through undervaluation of inventory:**

- Assessee are required to maintain books of account for the purposes of the Act. In some cases, cost records and its audit is mandatory, Amendment in section 142 relating to inquiry to ensure the following:
- **Assessing Officer can direct the assessee to get the inventory valued by a cost accountant.** Assessee is then required to furnish the report of inventory valuation in the prescribed form duly signed and verified by such cost accountant and other assessing officer as may require.
 - Expenses related to inventory valuation shall be determined by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in accordance with the prescribed guidelines.
 - Assessee will be given an opportunity of being heard in respect of any material gathered on the basis of such inventory valuation.
 - Cost accountant is a person who holds a valid certificate of practice .
 - Further, the following consequential amendments are proposed:–
 - (i) Exclude the period for inventory valuation through the cost accountant for the purposes of computation of time limitation.
 - (ii) Power to make rules for prescription of report of inventory valuation be there.

❖ **Rationalisation of exempt income under life insurance policies**

- Income-tax exemption on the sum received under a life insurance policy, including bonus on such policy. Premium payable for any of the years during the terms of the policy should **not exceed ten per cent of the actual capital sum assured.**
- Objective is to provide benefit to small and genuine cases of life insurance coverage. However several high net worth individuals are misusing the exemption provided under clause (10D) by investing in large premium contributions policy and claiming exemption.
- Sum received under a ULIP (barring the sum received on death of a person), issued on or after the 01.02.2021 shall not be exempt if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs 2,50,000. If more than one ULIPs than **exemption shall be available only if aggregate premium does not exceed 250000 Rs for any of year during term of policy.**
- However other kinds of life insurance policies are still eligible for exemption irrespective of amount of premium payable.
- In order to curb such misuse, it is proposed to tax income from insurance policies (other than ULIP for which provisions already exists) having premium or **aggregate of premium above Rs 5, 00,000 /-** in a year. Income is proposed to be **exempt if received on the death of the insured person.**
- Nothing shall apply with respect to any life insurance policy issued on or after the **01/04/2023 if premium payable exceeds 5 lakh rupees.**

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- If premium paid for **more than one life insurance policy provisions of this clause shall apply only** with respect to aggregate premium not exceeding Rs. 5,00,000 /-
- Not applicable to sum received on death of person.
- Sum so received as **exceeds the aggregate of the premium** paid during the term of such life insurance policy shall be **chargeable to income-tax under the head “Income from other sources.**

| Existing provision | Proposed provision |
|---|--|
| However provides that the deduction under section 10AA shall be eligible if such return is filed before the due date. | No deduction under the said section shall be allowed to an assessee who does not furnish a return of income on or before the due date specified |
| No time- limit prescribed in the Act for timely remittance of the export proceeds from sale of goods or provision of services by SEZ Units for claiming deduction | Deduction under section 10AA of the Act shall be available if the proceeds from sale of goods or provision of services is received in, or brought into India |
| Export proceeds from sale of goods or provision of services shall not be deemed to have been received in India where such proceeds from sale are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of RBI | Export proceeds from sale of goods or provision of services shall be deemed to have been received in India where such proceeds from sale are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of RBI |
| Assessing Officer cannot amend assessment order later where the export earning is realized in India after the permitted period. | Assessing Officer can amend the assessment order later where the export earning is realized in India after the permitted period. |

- **Amendments will be effective from the 1st day of April, 2024**

❖ **Non-Banking Financial Company (NBFC) categorization**

- Section 43B and section 43D of the Act currently use two erstwhile categories of NBFC namely, Deposit taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company. Such classification for non-banking financial companies is no longer followed by the Reserve Bank of India for the purposes of asset classification .
- In view of the above, it is proposed to amend section 43B and section 43D of the Act, to substitute the words, “a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company”, for the words “**such class of non-banking financial companies** as may be notified by the Central Government in the Official Gazette in this behalf .
- **These amendments will take effect from 1st April, 2024** and will accordingly apply to the assessment year 2024-2025 and subsequent assessment years.

❖ **Providing clarity on benefits and perquisites in cash.**

- **Section 28** of the act provides for income that shall be chargeable to income tax under the head “**profit and gains from business and profession**”. Clause (iv) of this section brings to chargeability the value of any benefit or perquisite, whether convertible into money or not, arising from business or exercise of a profession.
- However, courts have interpreted that if the benefit or perquisite are in cash then it is not covered within the scope of section 28.

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- In order to align with the provision with the intention of legislature , it is proposed to amend clause(iv) of section 28 of the act to clarify that provision of said clause also applies to cases where benefit or perquisites provided is in cash or in kind or partly in cash and partly in kind.
- **This amendment will take effect from 1st April, 2024 and will accordingly apply to the assessment year 2024-2025 and subsequent assessment years.**

E. Capital Gains

❖ Section 45(5A) of Act

- The **existing** provisions of the sub-section (5A) of section 45 of the Act, *inter alia*, provide that on the capital gain arising to an assessee (individual and HUF), from the transfer of a capital asset, being land or building or both, under a Joint Development agreement (JDA), the capital gains shall be chargeable to income-tax as income of the previous year in which the 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'.
- Further, it has been noticed that the taxpayers are inferring 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 chargeable to tax under sub-section (5A) of section 45.
- Accordingly, it is **proposed to amend** the provisions of sub-section (5A) of section 45 so as to provide that the **full value of consideration** shall be taken as the stamp duty value of his share as increased by any consideration **received in cash or by a Cheque or draft or by any other mode**.

❖ Conversion of Gold to Electronic Gold Receipt and vice versa

- For spot trading in gold on existing Stock Exchanges through the instrument of EGR, SEBI has come out with a detailed Regulatory framework.
- In order to promote EGR, it is proposed to insert new clause in **Section 47** that any transfer of a capital asset, being physical gold to the Electronic Gold Receipt issued by a Vault Manager or such Electronic Gold Receipt to physical gold shall **not** be considered as **'transfer'**.

- Also it is proposed to insert a new sub section (10) to Section 49 of the act that Cost of acquisition of the asset for the purpose of the said transfer, shall be deemed to be the cost of gold in the hands of the person in whose name Electronic Gold Receipt is issued.
- It is also proposed to insert a new clause (hi) in *Explanation 1* of sub-section (42A) of section 2 of the Act to provide that the holding period for the purpose of capital gain shall include the period for which the Gold was held by the assessee prior to conversion into the Electronic Gold Receipt.
- **These amendments will take effect from the 1st day of April, 2024 and shall accordingly, apply in relation to the assessment year 2024-25 and subsequent assessment years.**

❖ **Amendment of section 48 of the income tax act**

- In Section 48 clause (ii), the following proviso shall be inserted, namely –
“Provided that the cost of acquisitions or the cost of improvement of the asset **shall not include** the deductions claimed on the amount of **interest under clause (b) of section 24 or under the proviso of Chapter VI A.**”

❖ **Insertion of new Section 50AA- Taxation for Market Linked Debentures**

- It is also proposed to define the ‘Market linked Debenture’ as a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any securities classified or regulated as a Market Linked Debenture by Securities and Exchange Board of India.
- ‘Market Linked Debentures’ are listed securities. They are **currently** being taxed as long term capital gain at the rate of **10% without indexation**. However, these securities are in the nature of derivatives which are normally taxed at applicable rates..

- In order to tax the capital gains arising from the transfer or redemption or maturity of these securities, it is proposed to insert a **new section 50AA** in the Act to treat the full value of the consideration received or accruing as a result of the transfer or redemption or maturity of the “Market Linked Debentures” as reduced by the cost of acquisition of the debenture and the expenditure incurred wholly or exclusively in connection with transfer or redemption of such debenture, as capital gains arising from the transfer of a short term capital asset.
- **This amendment will take effect from the 1st day of April, 2024 and shall accordingly apply in relation to the assessment year 2024-25 and subsequent assessment years.**

❖ **Following Sections are omitted under the finance bill, 2023**

| Old provisions | New Provisions |
|--|-----------------------|
| ➤ Section 54EA(3)- Where the cost of the specified securities has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1), a rebate with reference to such cost shall not be allowed under section 88. | OMITTED |
| ➤ Section 54EB(3)- Where the cost of the long-term specified asset has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1), a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88. | OMITTED |
| ➤ Section 54EC(3)(a)- a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1.04.2006. | OMITTED |

| | |
|--|----------------|
| ➤ Section 54ED(3)(a)- A deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006 | OMITTED |
|--|----------------|

❖ **Limiting the roll over benefit claimed under section 54 and section 54F**

- The existing provisions of section 54 and section 54F of the Income-tax, 1961 (the Act) allows deduction on the Capital gains arising from the transfer of long-term capital asset if an assessee, within a period of **one year before** or **two years after** the date on which the transfer took place purchased any residential property in India, or within a period of **three years after** that date constructed any residential property in India.
- For section 54 of the Act, the 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**.
- In section 54F of the Act, the deduction is available on the long term capital gain arising from transfer of any long term capital asset **except a residential house**, if the net consideration is reinvested in a **residential house**.
- It is proposed to impose a limit on the maximum deduction that can be claimed by the assessee under section 54 and 54F to **rupees ten crore**. It has been provided that if the cost of the new asset purchased is more than rupees ten crore, the cost of such asset shall be **deemed to be ten crores**.
- The provisions of sub-section (2) of section 54 and sub-section (4) of section 54F that deals with the deposit in the Capital Gains Account Scheme have also been amended and it is proposed to insert a proviso for the purpose of deposit in Capital gains scheme, shall apply only to capital gains or net consideration, as the case may be, upto **rupees 10 Crores**.

- These amendments will take effect from the 1st day of April, 2024 and shall accordingly, apply in relation to the assessment year 2024-25 and subsequent assessment years.

❖ **Defining the cost of acquisition in case of certain assets for computing capital gains (Section 55)**

- Amendment in the sub-section (1), in clause (b), in sub-clause (1) of section 55 after the word “goodwill”, the words “**or any other intangible asset**” shall be inserted and after the word “profession”, the words “**or any other right**” shall be inserted;
- Amendment in the (b) in sub-section (2), in clause (a) of section 55 for the words “profession, or a right”, the words “**profession, or any other intangible asset or a right**” shall be substituted and for the word “hour,”, the words “**hour, or any other right**” shall be substituted
- This amendment will effect from 1st April 2024.

❖ **Tax on short-term capital gains in certain cases**

- ❖ Following are the provision omitted:

| Sr. No. | Section | Old provision | New provision |
|----------------|----------------|---|----------------------|
| 1. | 111A | Subsection 3 states that Where the total income of an assessee includes any short-term capital gains referred to in sub-section (1), the rebate under section 88 shall be allowed from the income-tax on the total income as reduced by such capital gains. | Omitted |
| 2. | 112 | Subsection 3 states that Where the total income of an assessee includes any income arising from the transfer of a long-term capital asset, the total income shall be reduced by the amount of such income and the rebate under section 88 shall be allowed from the income-tax on the total income as so reduced | Omitted |

F. Income from Other Sources

❖ Bringing the non-resident investors within the ambit of section 56(2)(viib) to eliminate the possibility of tax avoidance

| Section | Existing Provision | Proposed Provision |
|--------------------|--|--|
| 56(2)(viib) | In case of private company, any consideration received by a resident person for issue of shares, consideration in excess of Fair Market value shall be chargeable to tax as Income. | In case of private company, any consideration received by any person (resident as well as non-resident) for issue of shares, consideration in excess of Fair Market value shall be chargeable to tax as Income. |

- **This amendment will take effect from 1st April, 2024 and will accordingly apply in relation to the assessment year 2024-25 and subsequent assessment years.**

G. Special Case

❖ **Special Economic Zones**

- Following are the clause is inserted under section 10AA:
- If the Assesse has **not filed** a return of income on or **before the due date of section 139(1)** then deduction for such year **shall not be allowed**.
 - The proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, **within a period of six months** from the end of the previous year or, **within such further period as the competent authority may allow in this behalf**.
 - Competent authority means Reserve Bank of India or the authority authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.
 - The sale of goods or provision of services shall be deemed to have been received in India where such export turnover is credited to a separate account maintained for that purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.
 - export turnover” means the consideration in respect of export by the undertaking, being the Unit of articles or things or services received in, or brought into, India by the assessee in convertible foreign exchange in accordance with the provisions of sub-section (4A), but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things outside India or expenses, if any, incurred in foreign exchange in rendering of services (including computer software) outside India

❖ **Rationalization of provisions relating to Transfer Pricing Report:**

| Sr. No | Section | Existing Provision | Proposed Provision |
|--|---------|---|---|
| <u>Provisions relating to time provided for furnishing document related to Transfer Pricing Report the AO or CIT (A):</u> | | | |
| 1. | 92D | Sub-section (3), states that during the course of any proceedings, the AO or CIT (A) may require such person to furnish any document or information as provided under rule 10D within period of 30 days from the date of receipt a notice issued. It has been further provided that on an application made by the assessee the time period of 30 days may be extended by an additional period of 30 days (30 days + 30Days) | Sub-section (3), states that during the course of any proceedings, the AO or CIT (A) may require such person to furnish any document or information as provided under rule 10D within period of 10 days from the date of receipt a notice issued. It has been further provided that on an application made by the assessee the time period of 10 days may be extended by an additional period of 30 days (10 days + 30 Days) Effective date : 1 st April 2023 |
| <u>Provision related to excluding non-banking financial companies (NBFC) from restriction on interest deductibility under section 94B</u> | | | |
| 2. | 94B | Deduction of Interest in respect to debt issued by a non-resident, being an associated enterprise of the borrower. It applies to an Indian company, or a permanent establishment of a foreign company in India, who is a borrower. If such interest expenditure or in similar nature exceeds Rs. 1 Crore which is claimed as deduction under PGBP, then such interest shall be restricted to the extent of 30% of earnings before interest, taxes, depreciation and amortisation (EBITDA) | Sub-section (3) of this section excludes certain companies that are engaged in the business of banking or insurance from its scope. Sub-section (3) of this section excludes (i) an Indian company or a permanent establishment of a foreign company which is |

| | | | |
|--|--|--|--|
| | | | engaged in the business of banking or insurance; or (ii) such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf; Effective date : 1st April 2024 and A.Y. 2024-25 and subsequent onwards |
|--|--|--|--|

❖ **Meaning of specified domestic transaction as per section 92BA**

- Following clause has been included under the definition of specified domestic transaction:
- **Any business transacted between the assessee and other person as referred to in sub-section (4) of section 115BAE** i.e. Tax on income of certain new manufacturing co-operative societies stating that if that assessee and any other person make arrangement for making profit more than ordinary profit then AO shall determine the amount of profits as may be reasonably deemed to have been derived therefrom.
 - Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F
 - **This amendment will be effect from 1st April, 2024.**

❖ **Depositing back of corpus and repayment of loans or borrowings**

➤ **As per Existing Provision**

- No Explanation was previously with proviso (iii) to clause (23C) of section 10 of the Act.

➤ **As Per Proposed in Budget 2023**

- *Explanation 1* to the third proviso to clause (23C) of section 10 of the Act provides that income of the funds or trust or institution or any university or other educational institution or any hospital or other medical institution, shall not include income in the form of voluntary contributions made with a specific direction that they shall form part of the corpus subject to the condition that such voluntary contributions are invested or deposited in one or more of the forms or modes specified in sub-section (5) of section 11 of the Act maintained specifically for such corpus,

➤ **As per Existing Provision**

- Clause (d) of sub-section (1) of Section 11 of the Act provides that voluntary contributions made with a specific direction that they shall form part of the corpus of the trust or institution shall not be included in the total income of the trust or institution subject to the condition that such voluntary contributions are invested or deposited in one or more of the forms or modes specified in subsection (5) of section 11 of the Act maintained specifically for such corpus’

➤ **As Per Proposed in Budget 2023**

- In sub-section (5) of section 11 of the Act maintained specifically for such corpus, from the income of the previous year, such amount shall be allowed as application in the previous year in which it is deposited back to corpus to the extent of such deposit or investment.

➤ **As per Existing Provision**

- Further, it was noted that conditions that are required to be satisfied in the case of application for charitable or religious purposes must also be satisfied while making the application from the corpus or loan or borrowing. These conditions are as follows:
 - (i) Such application should not be in the form of corpus donation to another trust [twelfth proviso to clause (23C) of section 10 of the Act for the trust or institution under first regime and *Explanation 2* to sub-section (1) of section 11 of the Act for the trust or institution under second regime];
 - (ii) TDS, if applicable, should be deducted on such application [thirteenth proviso to clause (23C) of section 10 of the Act for the trust or institution under first regime and *Explanation 3* to sub-section (1) of section 11 of the Act for the trust or institution under second regime];
 - (iii) Application whereby payment or aggregate of payments made to a person in a day exceeds Rs 10,000 in other than specified modes (such as cash) is not allowed (thirteenth proviso to clause (23C) of section 10 of the Act for the trust or institution under first regime and *Explanation 3* to sub-section (1) of section 11 of the Act for the trust or institution under second regime);
 - (iv) Carry forward and set off of excess application is not allowed [*Explanation 2* to clause (23C) of section 10 of the Act for the trust or institution under first regime and *Explanation 5* to sub-section (1) of section 11 of the Act for the trust or institution under second regime];
 - (v) Application is allowed in the year in which it is actually paid [*Explanation 3* to clause (23C) of section 10 of the Act for the trust or institution under first regime and *Explanation* to section 11 of the Act for the trust or institution under second regime];
 - (vi) Application should not directly or indirectly benefit any person referred to in sub-section (1) of section 13 of the Act and the income of the trust or institution should not enure any benefit to such person [twenty-first proviso to clause (23C) of section 10 of the Act for the trust or institution under first regime and clause (c) of sub-section (1) of section 13 of the Act for the trust or institution under second regime];

(vii) Application should be in India except with the approval of the Board in accordance with the provisions of clause (c) of sub-section (1) of section 11 of the Act.

➤ **As Per Proposed in Budget 2023**

- Insert a second proviso to clause (i) of *Explanation 2* to the third proviso of clause (23C) of section 10 of the Act so as to provide that the provisions of the first proviso shall apply only if there was no violation of the conditions specified in the twelfth, thirteenth and twenty- first proviso to, and *Explanation 2* and *Explanation 3* of, clause (23C) of section 10 of the Act, at the time the application was made from the corpus and Loans or Borrowings,
- Insert a second proviso to clause (i) of *Explanation 4* to sub-section (1) of section 11 of the Act so as to provide that the provisions of the first proviso shall apply only if there was no violation of the conditions, specified in clause (c) of, and *Explanations 2, 3 and 5* of, sub-section (1) and *Explanation* to section 11 of the Act and clause (c) of sub-section (1) of section 13 of the Act, at the time the application was made from the corpus and Loans or Borrowings

❖ **Treatment of donations to other Trusts**

➤ **As per Existing Provision**

- The income of the trusts and institutions under both regimes is exempt subject to the fulfilment of certain conditions. Some of such **conditions** are as follows:
 - a) at least 85% of income of the trust or institution should be applied during the year for the charitable or religious purposes to ensure bare minimum application for charitable or religious purposes.
 - b) Trusts or institutions are allowed to either apply mandatory 85% of their income either themselves or by making donations to the trusts with similar objectives.
 - c) 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.
 - d) Thus, every trust or institution under both the regimes is allowed to accumulate 15% of its income each year.

- There are instances certain trusts try to defeat intention of the legislature by forming multiple trusts accumulating 15% at each layer.
- In order to ensure intended application toward charitable or religious purpose, it is proposed that only 85% of the eligible donations made by a trust or institution under the first or the second regime to another trust under the first or second regime shall be treated as application only to the extent of 85% of such donation.

➤ **Following amendments are proposed-**

- Inserted clause (iii) in *Explanation 2* to the third proviso of clause (23C) of section 10 of the Act **and** insert clause (iii) in *Explanation 4* to sub-section (1) of section 11 of the Act to provide that any amount credited or paid, other than the amount referred to in *Explanation 2* to the said sub-section, to any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act or other trust or institution registered under section 12AB of the Act, as the case may be, shall be treated as application for charitable or religious purposes only to the extent of eighty-five per cent. of such amount credited or paid.
- **These amendments will take effect from 1st April, 2024 and will accordingly apply in relation to the assessment year 2024-25 and subsequent assessment years.**

❖ **Omission of redundant provisions related to roll back of exemption**

| Existing Provisions | New Provisions |
|--|---|
| ➤ There are roll back provisions for the trust or institutions under the second regime. Subsection (2) of section 12A of the Act provides that where an application for registration under section 12AB of the Act has been made, the exemption shall be available with respect to the assessment year relevant to the | <ul style="list-style-type: none">➤ Second, third and fourth proviso to sub-section (2) of section 12A of the Act discussed above have been omitted.➤ These amendments will take effect from 1st April, 2023. |

financial year in which the application is made and subsequent assessment years.

- **Second proviso** to sub-section (2) of section 12A of the Act provides that where registration has been granted to the trust or institution under section 12AA or section 12AB of the Act, then, the provisions of sections 11 and 12 of the Act shall apply in respect of any income derived from property held under trust of any assessment year preceding the aforesaid assessment year, for which assessment proceedings are pending before the Assessing Officer as on the date of such registration if the objects and activities of such trust or institution remain the same for such preceding assessment year.

- **Third proviso** to sub-section (2) of section 12A of the Act provides that that no action under section 147 of the Act shall be taken by the Assessing Officer in case of such trust or institution for any assessment year preceding the aforesaid assessment year only for non registration of such trust or institution for the said assessment year

- **Fourth proviso** to sub-section (2) of section 12A of the Act provides that provisions contained in the second and third proviso to sub-section (2) of section 12A of the Act shall not apply in case of any trust or institution which was refused registration or the registration granted to it was

| | |
|--|--|
| cancelled at any time under section 12AA of the Act or section 12AB of the Act.. | |
|--|--|

❖ **Procedure for Registration of Trust:**

- Application for registration of trust under section first and second proviso to section 10(23C) [first regime], section 12A(1)(ac) of the act [second regime] and first and second provision of Section 80G(5) of the act.
- New Trust and institutions under the first and second regime are required to apply for the provisional registration/approval at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration/approval is sought. Such provisional registration / approval shall be valid for a period of 3 years and provisionally they have to apply for reregistration atleast six month six months prior to expiry of period of the provisional registration / approval or within six months of the commencement of activities, whichever is earlier. Such registration will be valid for 5 years.
- Since they are facing difficulties of not getting exemptions for that year in which they are formed or incorporated since they need to apply one month before the previous year for which exemption is sought. Besides they have already commenced the activities, they are required to apply for two registrations (provisional and regular) simultaneously.
- Therefore it is proposed to allow for direct final registration/approval in such cases by allowing them to make application for the provisional approval only

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before the commencement of activities and if they have already commenced their activities, they shall make application for a regular approval.

- Such application will be examined by the Principal Commissioner or Commissioner as per the procedure under the act.
- Where the Principal Commissioner or Commissioner is satisfied about the objects and genuineness of the activities and compliance of other requirements provided in law, registration or approval in such cases shall be granted for 5 years.
- The Principal Commissioner or the Commissioner shall pass and order granting or rejecting such applications within 6 months calculated from the end of the month in which such application was received.
- **These amendments will take effect from 1st October, 2023.**

❖ **Rejection of Provisional Approval / Registration / Reregistration of Trust:**

- As per First proviso and second proviso of Section 10(23C) and clause (ac) of sub-section (1) of section 12A, new trusts are required to apply for the provisional registration/approval which is valid for a period of 3 years or till six months from the commencement of activities whichever is earlier. The trusts and institutions under both regimes, already registered or approved, were required to furnish the application in **Form 10A** for re-registration/approval. The process of granting the provisional approval/ registration for the new trusts and re-registration/approval for the trusts already registered is automated. At present the approval/registration and the provisional approval/registration of the trusts can be cancelled by the PCIT/CIT for **certain specified violations**.

- It is proposed to include the case where the application referred to in the first proviso of section 10(23C) and clause (ac) of sub-section (1) of section 12A is not complete or it contains false or incorrect information under specified violation for section 10(23C) and section 12AB (4).
- **These amendments will take effect from 1st April, 2023.**

❖ **Amendment in the provision of Section 115TD [Exit Tax] for the Trust on deregistration:**

- All the existing trusts and institutions under the first and second proviso of section 10(23C) and section 12A(1) of the act are required to apply for re-registration/approval on or before 25.11.2022. and such reregistration / approval will be valid for a period of 5 years.
- New Trust and institutions under the first and second regime are required to apply for the provisional registration/approval at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration/approval is sought. Such provisional registration / approval shall be valid for a period of 3 years and provisionally they have to apply for reregistration.
- Further if they have not applied for registration / reregistration, then it will lead to deregistration of trust. However they may voluntarily wind up its activities and dissolve or may also merge with any other non-charitable institution, or it may convert into a non-charitable organization. For the such above consequences or activities , the said trust have to pay tax at maximum marginal rate on the accreted income as per section 115TD [Exit Tax].
- Accreted income is the amount of aggregate of Fair Market Value (FMV) of total assets as reduced by the liability as on the specified date. The method of valuation has been prescribed in rules.
- It is proposed to amend the provisions of section 115TD of the Act by inserting clause iii under section 115TD(3), that if the trust does not register or reregister

within the period specified in the said clauses then it shall be deemed to have been converted into any form not eligible for registration or approval in the previous year in which such period expires.

- It is further proposed that that principal officer or the trustee of the specified person, as the case may be, and the specified person shall also be **liable to pay the tax on accreted income to the credit of the Central Government within fourteen days** from the end of the previous year in which it is violate the above provision. It is also proposed that that date of conversion shall also mean the last date for making an application for registration under section 12A(1) or Section 10(23C) as the case may be, in a case referred to in clause (iii) of sub-section (3) of section 115TD of the Act.
- These amendments will take effect from 1st April, 2023 and will accordingly apply to the assessment year 2023-24 and subsequent assessment years

❖ **Alignment of the time limit for furnishing the form for accumulation of income and tax audit report**

- The trusts and institutions under the **first regime** are required to get their accounts audited as per the provisions of clause (b) of the tenth proviso to clause (23C) of section 10 of the Act
- The trusts and institutions under **second regime** are required to get their accounts audited as per the provisions of sub-clause (ii) of clause (b) of sub-section (1) of section 12A of the Act.
- The audit report under both the regimes is required to be furnished at least one month before the due date for furnishing the return of income.
- Explanation 3 to the third proviso of clause (23C) of the section 10 of the Act provides that where the trust or institution under the first regime accumulates or sets apart its income, such trust or institution is required to furnish a statement in the prescribed form (Form 10) on or before the due date specified under sub-section (1) of section 139 of the Act for furnishing the return of income for the previous year.

- Clause (c) of sub-section (2) of section 11 of the Act provides that where the trust or institution under the second regime accumulates or sets apart its income, such trust or institution is required to furnish a statement in the prescribed form (Form 10) on or before the due date specified under sub-section (1) of section 139 of the Act for furnishing the return of income for the previous year.
- Clause (2) of Explanation 1 to sub-section (1) of section 11 of the Act provides that where the trust or institution under the second regime deems certain income to be applied, such trust or institution is required to furnish a statement in the prescribed form (Form 9A) on or before the due date specified under sub-section (1) of section 139 of the Act for furnishing the return of income for the previous year.
- The due date for furnishing form 9A and form 10 is same as the due date of furnishing the return of income. The trusts are also required to furnish audit report in form 10B/10BB one month before the due date for furnishing return of income.
- In order to rationalise the provisions, it is proposed to provide for filing of Form No. 10A/9A at least two months prior to the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year. Necessary amendments in this regard are proposed.
- These amendments will take effect from **1st April, 2023** and will accordingly apply to the assessment year 2023-24 and subsequent assessment years.

❖ **Denial of exemption where return of income is not furnished within time**

- As per the provisions of twentieth proviso to clause (23C) of section 10 of the Act, if the return of income is not furnished by a trust or institution under first regime within the time under section 139 of the Act, exemption under sub clause (iv)/(v)/(vi)/(via) of clause (23C) of section 10 of the Act shall not be available to such trust or institution.
- Similarly, as per the provisions of clause (ba) of sub-section (1) of section 12A of the Act, if the return of income is not furnished by a trust or institution under the second regime within the time under section 139 of the Act, exemption under section 11, 12 of the Act shall not be available to such trust or institution.

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- Section 139 of the Act was amended by the Finance Act, 2022 providing for an option to the taxpayers to furnish updated return of income up to 2 years from the end of assessment year.
- Accordingly, it is proposed to clarify that the exemption under section 11, 12 and sub-clause (iv)/(v)/(vi)/(via) of clause (23C) of section 10 of the Act will be available only if the return of income has been furnished within the time allowed under sub-section (1) or subsection (4) of section 139 of the Act.
- Hence it is proposed to- amend the twentieth proviso of clause (23C) section 10 of the Act to provide that the fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) shall furnish the return of income for the previous year in accordance with the provisions of sub-section (4C) of section 139 of the Act, within the time allowed under sub-section (1) or sub-section (4) of that section.
- amend clause (ba) of sub-section (1) of section 12A of the Act to provide that the person in receipt of the income shall furnish the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139 of the Act, within the time allowed under sub-section (1) or sub-section (4) of that section.
- These amendments will take effect from 1st April, 2023 and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.

❖ **Income from property held for charitable or religious purposes.:**

- Income applied to such purposes of charitable activity in India during the previous year immediately following the previous year in which the income was derived as does not exceed the said amount may, at the option of the person in receipt of the income (such option to be exercised ~~before the expiry of the time allowed~~ **at least two months prior to the due date** specified under sub-section (1) of section 139 for furnishing the return of income, in such form and manner as may be prescribed will be deemed to be the income applied for such purposes.

H. Tax Deducted at Source and Tax Collected at Source

❖ **Section 192A :- TDS on payment of accumulated balance due to an employee under the Employees under the Employees' Provident Fund Scheme, 1952**

- Removal of second proviso of Section 192A as explained in the below mentioned table:-

| Old Provision | New Provision |
|---|--|
| <ul style="list-style-type: none">• If PAN is not furnished than tax should be deducted at minimum marginal rate (30%). | <ul style="list-style-type: none">• Omit the proviso and If PAN is not furnished than tax should be deducted @ 20% in accordance with section 206AA. |

- **This amendment will take effect from 1st April, 2023.**

❖ **Section 193 :- Removal of exemption from TDS on payment of interest on listed debentures to a resident**

- As per provisions of Section 193, any person who is paying interest on securities to a resident is required to deduct TDS. As per the proviso of the section, there was a exemption from TDS in case where Interest was payable on security issued by company where security is held in dematerialised form and is listed with SEBI.
- Omit the said proviso hereby deducting TDS on payment of Interest on such security.
- **This amendment will take effect from 1st April, 2023.**

❖ **Section 194B & 194BB :- Amendment of section 194B & 194BB**

- Amendment under section 194B related to Winnings from lotteries or crossword puzzles & section 194BB related to Winning from Horse Races are mentioned in below table:-

| Current Scenario | Proposed Scenario |
|---|--|
| <ul style="list-style-type: none">• TDS deducted at the rate of 30% if amount per transaction exceeding Rs.10, 000. | <ul style="list-style-type: none">• TDS deducted at the rate of 30% shall be on the amount or aggregate of the amounts exceeding ten thousand rupees during the financial year; |

- **This section shall be inserted with effect from the 1st April, 2023.**

❖ **Section 194BA :- Insertion of new section 194BA**

- This section covers the Tax Deducted at Source of Winnings from online games.
- The income-tax shall be deducted at the time of withdrawal on the net winnings.
- If the net winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings.
- Applicable rate of TDS is 30%.
- **This section shall be inserted with effect from the 1st July, 2023.**

❖ **Section 194N :- Increasing threshold limit for co-operatives**

- Earlier TDS was to be deducted if a sum or aggregate of sum withdrawn in cash by a person from a bank (private, public, and co-operative) or post offices, in a particular FY exceeds Rs.1 Crore.
- As per amendment, TDS is to be deducted if withdrawal amount **exceeds Rs.3 crore** in case of co-operative society.
- **This amendment will take effect from 1st April, 2023.**

❖ **Section 194R & Section 194S :- TDS on benefit or perquisite of a business or profession & TDS in case of Virtual Digital Assets**

- As per Sec. 194R, TDS is to be deducted at 10% for providing to a resident, any benefit or perquisite exceeding Rs. 20,000 whether convertible into money or not, arising either from business or from profession.
- Above TDS is applicable to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.
- As per section 194S, TDS is to be deducted on payment for transfer of virtual digital asset (VDA)
- Further it is proposed to amend section 271C and 276B which states that in case of any failure to deduct tax or failure to pay tax after deduction, is liable to pay penalty of sum equal to the amount of tax he failed to deduct or pay. This is also applicable for Section 194R and 194S.
- **These amendments will take effect from the 1st day of April, 2023**

❖ **Section 196A :- Tax treaty relief at the time of TDS under section 196A of the Act**

- Section 196A of the Act provides for TDS on payment of certain income to a non-resident (not being a company) or to a foreign company, at the rate of 20%. The income is required to be in respect of units of a Mutual Fund specified under clause (23D) of section 10 of the Act.
- In order to provide the relief requested by taxpayers, it is proposed to insert a proviso to sub-section (1) of section 196A of the Act. This proviso seeks to provide that the TDS would be at the rate which is **lower of the**
 - Rate of 20% or
 - Rates provided in agreement referred to in sub-section (1) of section 90 or section 90A (DTAA).
- **This amendment will take effect from 1st April, 2023.**

❖ **Section 197:- Deduction of tax at source to lower or nil rate.**

- As per amendment, the sums on which tax is required to be deducted under section 194LBA of the Act shall also be eligible for certificate for deduction at **lower rate.**
- **This amendment will take effect from 1st April, 2023.**

❖ **Section 206AB & 206CCA :- Relief from special provision for higher rate of TDS/TCS for non-filers of income-tax Returns**

- Section 206AB & 206CCA of the Act provides for special provision for higher TDS & TCS for non-filers of income-tax returns respectively.
- These sections define “specified person” to mean a person who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year-

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- For which the time limit for furnishing the return of income under sub-section of section 139 has expired; and
- The aggregate of tax deducted at source and tax collected at source in his case is Rupees fifty thousand or more in the said previous year.
- There may be certain persons who are not required to furnish the return of income. It is not the intention to include such persons in the category of non-filers. It is proposed to amend the definition of the “specified person” in sections 206AB and 206CCA of the Act so as to exclude a person who is not required to furnish the return of income.
- The provisos to these definitions exclude a non-resident from the definition of specified person, if the non-resident does not have a permanent establishment in India.
- **This amendment will take effect from 1st April, 2023.**

❖ **Section 206C :- Increasing rate of TCS of certain remittances**

- Section 206C of the Act provides for TCS on business of trading in alcohol, liquor, forest produce, scrap etc. Sub-section (1G) of the aforesaid section provides for TCS on foreign remittance through the Liberalised Remittance Scheme and on sale of overseas tour package.
- The TCS for overseas tour packages has been increased from 5 percent to 20 percent. (Without any threshold limit).
- The present rate and the proposed rate of TCS are on the amount or the aggregate of the amounts being remitted by the buyer in a **financial year**.
- **This amendment will take effect from 1st July, 2023.**

I. Filing of Returns, Assessments, Appeals, Penalties

| Section | Existing Provision | Proposed Provision |
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| Clause (cca) of Section 116 | Income-tax authorities. | In the respective mentioned sections where the word the “Commissioner (Appeals)” is used it shall be substituted as “the Joint Commissioner (Appeals) or the Commissioner (Appeals)” |
| Section 131 | Power regarding discovery, production of evidence, etc. | |
| Section 133 | Power to call for information. | |
| Section 134 | Power to inspect registers of companies. | |
| Section 158A | Procedure when assessee claims identical question of law is pending before High Court or Supreme Court. | |
| Section 158AB | Procedure where an identical question of law is pending before High Courts or Supreme Court. | |
| Sub-section (3), (4) of Section 249B | Form of appeal and limitation. | |
| Sub-section (1),(3),(4),(5),(6),(7) of Section 250 | Procedure in appeal. | |
| Sub-section (4) of Section 264 | Revision of other orders. | |
| Section 267 | Amendment of assessment on appeal. | |
| Section 270A | Penalty for under-reporting and misreporting of income. | |
| Section 271 | Failure to furnish returns, comply with notices, concealment of income, etc | |
| Sub-Section (1) of Section 279 | Prosecution to be at instance of [Principal Chief Commissioner or Chief Commissioner] or 3[Principal Commissioner or Commissioner]] | |

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| Sub-Section (2) of Section 287 | Publication of information respecting assessee in certain cases. | |
| Clause (mm) Sub-Section (2) of Section 295 | Power to make rules. | |
| Sub-Section (2) of Section 132 | Search and seizure. The authorised officer may requisition the services of any police officer or of any officer of the Central Government, or of both, to assist him for all or any of the purposes specified in sub-section (1) [or sub-section (1A)] and it shall be the duty of every such officer to comply with such requisition. | The authorised officer may requisition the services of— (i) any police officer or of any officer of the Central Government, or of both; or (ii) any person or entity as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, in accordance with the procedure, as may be prescribed, in this regard, to assist him for all or any of the purposes specified in sub-section (1) or sub-section (1A) and it shall be the duty of every such officer or person or entity to comply with such requisition. |
| Sub-Section (9D) of Section 132 | Search and seizure. The authorised officer may, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorisations for search was executed, make a reference to a Valuation Officer referred to in section 142A, who shall estimate the fair market value of the property in the manner provided under that section and submit a report of the estimate to the said officer within a period of sixty days from the date of receipt of such reference. | The authorised officer may, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorisations for search was executed, make a reference to,— (i) a Valuation Officer referred to in section 142A; or (ii) any other person or entity or any valuer registered by or under any law for the time being in force, as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, in accordance with the procedure, as may be prescribed, in this regard, who shall estimate the fair market value of the property in the |

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| | | manner as may be prescribed, and submit a report of the estimate to the authorised officer or the Assessing Officer, as the case may be, within a period of sixty days from the date of receipt of such reference. |
| Explanation 1 of Section 132 | Search and seizure. For the purposes of sub-sections (9A), (9B) and (9D), with respect to —execution of an authorisation for search, the provisions of sub-section (2) of section 153B shall apply | For the purposes of sub-sections (9A), (9B) and (9D), the last of authorisation for search shall be deemed to have been executed,— (a) in the case of search, on the conclusion of search as recorded in the last panchnama drawn in relation to any person in whose case the warrant of authorisation has been issued; or (b) in the case of requisition under section 132A, on the actual receipt of the books of account or other documents or assets by the authorised officer. |
| Sub- section (2A) of Section 142(2A) | (2A)If, at any stage of the proceedings before him, the 1[Assessing Officer], having regard to 3[the nature and complexity of the accounts, volume of the accounts, doubts about the correctness of the accounts, multiplicity of transactions in the accounts or specialised nature of business activity of the assessee, and] the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the 4[Principal Chief Commissioner or Chief Commissioner] or 5[Principal Commissioner or Commissioner], direct the assessee to get the accounts audited by an accountant, as defined in the Explanation below | “(2A) If, at any stage of the proceedings before him, the Assessing Officer, having regard to the nature and complexity of the accounts, volume of the accounts, doubts about the correctness of the accounts, multiplicity of transactions in the accounts or specialised nature of business activity of the assessee, and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, direct the assessee to get either or both of the following, namely:— (i) to get the accounts audited by an accountant, as defined in the Explanation below sub-section (2) of section 288, nominated by the |

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| | <p>sub-section (2) of section 288, nominated by the 1[Principal Chief Commissioner or Chief Commissioner] or 2[Principal Commissioner or Commissioner] in this behalf and to furnish a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed and such other particulars as the 3[Assessing Officer] may require: 4[Provided that the Assessing Officer shall not direct the assessee to get the accounts so audited unless the assessee has been given a reasonable opportunity of being heard.]</p> <p>The expenses of, and incidental to, any audit under sub-section (2A) (including the remuneration of the accountant) shall be determined by the 1[Principal Chief Commissioner or Chief Commissioner] or 2[Principal</p> | <p>Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf and to furnish a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars, as may be prescribed, and such other particulars as the Assessing Officer may require;</p> <p>(ii) to get the inventory valued by a cost accountant, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf and to furnish a report of such inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars, as may be prescribed, and such other particulars as the Assessing Officer may require:-</p> <p>Provided that the Assessing Officer shall not direct the assessee to get the accounts so audited or inventory so valued unless the assessee has been given a reasonable opportunity of being heard.”</p> <p>Clause (b) in sub-section (2D),—</p> <p>(i) for the words, brackets, figure and letter “audit under sub-section (2A) (including the remuneration of the accountant)”, the words, brackets, figure and letter “audit or inventory valuation under sub-section (2A) (including the remuneration of the</p> |
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| | <p>Commissioner or Commissioner] (which determination shall be final) and paid by the assessee and in default of such payment, shall be recoverable from the assessee in the manner provided in Chapter XVIII for the recovery of arrears of tax:] 4[Provided that where any direction for audit under sub-section (2A) is issued by the Assessing Officer on or after the 1st day of June, 2007, the expenses of, and incidental to, such audit (including the remuneration of the Accountant) shall be determined by the 1[Principal Chief Commissioner or Chief Commissioner] or 2[Principal Commissioner or Commissioner] in accordance with such guidelines as may be prescribed and the expenses so determined shall be paid by the Central Government.]</p> | <p>accountant or the cost accountant, as the case may be)” shall be substituted;</p> <p>(ii) in the proviso,—</p> <p>(I) for the words “audit under”, the words “audit or inventory valuation” shall be substituted;</p> <p>(II) for the words and brackets “such audit (including remuneration of the accountant)”, the words and brackets “such audit or inventory valuation (including the remuneration of the accountant or the cost accountant, as the case may be)” shall be substituted;</p> <p>(c) in sub-section (3), after the word “audit”, the words “or inventory valuation” shall be inserted;</p> <p>(d) after sub-section (4), the following Explanation shall be inserted, namely:—</p> <p>‘Explanation.—For the purposes of this section, “cost accountant” means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 and who holds a valid certificate of practice under sub-section (1) of section 6 of the said Act.’</p> |
| Section 148 | <p>(a) Before making the assessment, reassessment or recomputation under section 147, the Assessing Officer shall serve on the assessee a notice requiring him to furnish within such period, 2*** as may be specified in the notice, a return of his income or the income of any other person in respect of which he is assessable under this</p> | <p>(a) for the words “such period, as may be specified in such notice”, the words “a period of three months from the end of the month in which such notice is issued, or such further period as may be allowed by the Assessing Officer on the basis of an application made in this regard by the assessee” shall be substituted;</p> <p>(b) after the second proviso and</p> |

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| | Act during the previous year corresponding to the relevant assessment year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed; and the provisions of this Act shall, so far as may be, apply accordingly as if such return were a return required to be furnished under section 139:] | before Explanation 1, the following proviso shall be inserted, namely:— “Provided also that any return of income, required to be furnished by an assessee under this section and furnished beyond the period allowed shall not be deemed to be a return under section 139.”. |
| Section 149 | New proviso inserted after second proviso in section 149 of the Income-tax Act, in sub-section (1). | (I) after the second proviso, the following provisos shall be inserted, namely:— “Provided also that for cases referred to in clauses (i), (iii) and (iv) of Explanation 2 to section 148, where,— (a) a search is initiated under section 132; or (b) a search under section 132 for which the last of authorisations is executed; or (c) requisition is made under section 132A, after the 15th day of March of any financial year and the period for issue of notice under section 148 expires on the 31st day of March of such financial year, a period of fifteen days shall be excluded for the purpose of computing the period of limitation as per this section and the notice issued under section 148 in such case shall be deemed to have been issued on the 31st day of March of such financial year: Provided also that where the information as referred to in Explanation 1 to section 148 |

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| | | <p>emanates from a statement recorded or documents impounded under section 131 or section 133A, as the case may be, on or before the 31st day of March of a financial year, in consequence of,—</p> <p>(a) a search under section 132 which is initiated; or</p> <p>(b) a search under section 132 for which the last of authorisations is executed; or</p> <p>(c) a requisition made under section 132A,</p> <p>after the 15th day of March of such financial year, a period of fifteen days shall be excluded for the purpose of computing the period of limitation as per this section and the notice issued under clause (b) of section 148A in such case shall be deemed to have been issued on the 31st day of March of such financial year.”;</p> |
| Section 151 | N.A. | <p>After clause (ii), the following proviso shall be inserted, namely:—</p> <p>“Provided that the period of three years for the purposes of clause (i) shall be computed after taking into account the period of limitation as excluded by the third or fourth or fifth provisos or extended by the sixth proviso to sub-section (1) of section 149.”.</p> |
| Section 153 | N.A. | <p>After the third proviso, the following proviso shall be inserted, namely:—</p> <p>“Provided also that in respect of an order of assessment relating to the assessment year commencing on or after the 1st day of April, 2022, the provisions of this sub-section shall have effect, as if for the words</p> |

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| | <p>(1A) Notwithstanding anything contained in sub section (1) where a return under sub section (8A) of section 139 is furnished, an order of assessment under section 143 or section 144 may be made at anytime before the expiry of nine months from the end of financial year in which such return was furnished.</p> <p>N.A.</p> | <p>“twenty-one months”, the words “twelve months” had been substituted.”</p> <p>Sec 153 in sub-section (1A), for the words “nine months”, the words “twelve months” shall be substituted;</p> <p>Sub section (3A) of section 153 inserted</p> <p>Notwithstanding anything contained in subsections (1), (1A), (2) and (3), where an assessment or reassessment is pending on the date of initiation of search under section 132 or making of requisition under section 132A, the period available for completion of assessment or reassessment, as the case may be, under the said sub-sections shall,—</p> <p>(a) in a case where such search is initiated under section 132 or such requisition is made under section 132A;</p> <p>(b) in the case of an assessee, to whom any money, bullion, jewellery or other valuable article or thing seized or requisitioned belongs to;</p> <p>(c) in the case of an assessee, to whom any books of account or documents seized or requisitioned pertains or pertain to, or</p> |
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| | | any information contained therein, relates to, be extended by twelve months.”; |
| Section 154 | In section 154 of the Income-tax Act, in sub-section (2), in clause (b), “The authority concerned shall make such amendment for rectifying any such mistake which has been brought to its notice by assessee and where the authority concerned is the Commissioner (Appeals.), | In section 154 of the Income-tax Act, in sub-section (2), in clause (b), for the words and brackets “the Commissioner (Appeals)”, the words and brackets “ the Joint Commissioner (Appeals) or the Commissioner (Appeals) ” shall be substituted. |
| Sub-Section (11A) of Section 155 | Other amendments. Where in the assessment for any year, the deduction under section 10A or section 10B or section 10BA has not been allowed on the ground that such income has not been received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee with the approval of the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange and subsequently such income or part thereof has been or is received in, or brought into, India in the manner aforesaid, the Assessing Officer shall amend the order of assessment so as to allow deduction under section 10A or section 10B or section 10BA, as the case may be, in respect of such income or part thereof as is so received in, or brought into, India, | In the respective section where the word, figures and letter “section 10A or” is used it shall be inserted with “section 10AA or” from the 1st day of April, 2024 |

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| | and the provisions of section 154 shall, so far as may be, apply thereto, and the period of four years shall be reckoned from the end of the previous year in which such income is so received in, or brought into, India. | |
| Section 155 | Other amendments. New Sub-Section inserted after Sub-section (18) | <p>(19) Where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee, being a co-operative society engaged in the business of manufacture of sugar, and such deduction has been disallowed wholly or partly in any previous year commencing on or before the 1st day of April, 2014, the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of the assessee for such previous year after allowing deduction to the extent such expenditure is incurred at a price which is equal to or less than the price fixed or approved by the Government for that previous year, and the provisions of section 154 shall, so far as may be, apply thereto, and the period of four years specified in sub-section (7) of that section shall be reckoned from the end of previous year commencing on the 1st day of April, 2022.</p> <p>(20) Where any income has been included in the return of income furnished by an assessee under section 139 for any assessment year (herein referred to as the relevant assessment year) and tax on such income has been deducted at source and paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B in a subsequent financial year, the Assessing Officer shall, on an application made by the assessee in such</p> |

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| | | <p>form, as may be prescribed, within a period of two years from the end of the financial year in which such tax was deducted at source, amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year, and the provisions of section 154 shall, so far as may be, apply thereto and the period of four years specified in subsection (7) of that section shall be reckoned from the end of the financial year in which such tax has been deducted:</p> <p>Provided that the credit of such tax deducted at source shall not be allowed in any other assessment year.</p> |
| Section 170A of Income Tax act,1961 | Clause 2 of section 170A inserted | <p>(2) Where the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the order in respect of the business eorganisation applies,—</p> <p>(a) have been completed on the date of furnishing of the modified return in accordance with the provisions of sub-section (1), the Assessing Officer shall pass an order modifying the total income of the relevant assessment year determined in such assessment or eassessment, in accordance with such order and taking into account the modified return so furnished;</p> <p>(b) are pending on the date of furnishing of the modified return in accordance with the provisions of sub section (1), the Assessing Officer shall pass an order sssessing or reassessing the total income of the relevant assessment year in accordance with</p> |

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| | | <p>the order of the business reorganisation and taking into account the modified return so furnished.</p> <p>(3) Save as otherwise provided in this section, in an assessment or reassessment made in respect of an assessment year under this section, all other provisions of this Act shall apply and the tax shall be chargeable at the rate or rates as applicable to such assessment year.</p> <p>Explanation.—In this section, the expressions—</p> <p>(i) “business reorganisation” means the reorganisation of business involving the malgamation or demerger or merger of business of one or more persons;</p> <p>(ii) “successor” means all resulting companies in a business reorganisation, whether or not the company was in existence prior to such business reorganisation.’.</p> |
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| 241A | <p>Withholding of refund in certain cases</p> <p>For every assessment year commencing on or after the 1st day of April, 2017, where refund of any amount becomes due to the assessee under the provisions of sub-section (1) of section 143 and the Assessing Officer is of the opinion, having regard to the fact that a notice has been issued</p> | <p>For every assessment year commencing on or after the 1st day of April, 2017, where refund of any amount becomes due to the assessee under the provisions of sub-section (1) of section 143 and the Assessing Officer is of the opinion, having regard to the fact that a notice has been issued under sub-section (2) of section 143 in respect of such return, that the</p> |

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| | <p>under sub-section (2) of section 143 in respect of such return, that the grant of the refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or Commissioner, as the case may be, withhold the refund up to the date on which the assessment is made.]</p> | <p>grant of the refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or Commissioner, as the case may be, withhold the refund up to the date on which the assessment is made.]</p> <p>“Provided that the provisions of this section shall not apply from the 1st day of April, 2023.”.</p> |
| 244A | <p>Interest on refunds</p> <p>(1) [Where refund of any amount becomes due to the assessee under this Act], he shall, subject to the provisions of this section, be entitled to receive, in addition to the said amount, simple interest thereon calculated in the following manner, namely:—</p> <p style="padding-left: 40px;">[(a) where the refund is out of any tax collected at source under section 206C or paid by way of advance tax or treated as paid under section 199, during the financial year immediately preceding the assessment year, such interest shall be calculated at the rate of one-half per cent for every month or part of a month comprised in the period,—</p> <p style="padding-left: 80px;">(i) from the 1st day of</p> | <p>(1) [Where refund of any amount becomes due to the assessee under this Act], he shall, subject to the provisions of this section, be entitled to receive, in addition to the said amount, simple interest thereon calculated in the following manner, namely:—</p> <p style="padding-left: 40px;">[(a) where the refund is out of any tax collected at source under section 206C or paid by way of advance tax or treated as paid under section 199, during the financial year immediately preceding the assessment year, such interest shall be calculated at the rate of one-half per cent for every month or part of a month comprised in the period,—</p> <p style="padding-left: 80px;">(i) from the 1st day of April of the assessment year to the date on which the refund is granted, if the return of income has been furnished</p> |

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| | <p>April of the assessment year to the date on which the refund is granted, if the return of income has been furnished on or before the due date specified under sub-section (1) of section 139; or</p> <p>(ii) from the date of furnishing of return of income to the date on which the refund is granted, in a case not covered under sub-clause (i);</p> <p>(aa) where the refund is out of any tax paid under section 140A, such interest shall be calculated at the rate of 5 [one-half per cent.] for every month or part of a month comprised in the period, from the date of furnishing of return of income or payment of tax, whichever is later, to the date on which the refund is granted:</p> <p>Provided that no interest under clause (a) or clause (aa) shall be payable, if the amount of refund is less than ten per cent of the tax as determined under sub-section (1) of</p> | <p>on or before the due date specified under sub-section (1) of section 139; or</p> <p>(ii) from the date of furnishing of return of income to the date on which the refund is granted, in a case not covered under sub-clause (i);</p> <p>“Provided that where refund arises as a result of an order passed by the Assessing Officer in consequence of an application made by the assessee under sub-section (20) of section 155, such interest shall be calculated at the rate of one-half per cent. for every month or part of a month comprised in the period from the date of such application to the date on which the refund is granted;”</p> <p>(aa) where the refund is out of any tax paid under section 140A, such interest shall be calculated at the rate of 5 [one-half per cent.] for every month or part of a month comprised in the period, from the date of furnishing of return of income or payment of tax, whichever is later, to the date on which the refund is granted:</p> <p>Provided that no interest under clause (a) or clause (aa) shall be payable, if the amount of</p> |
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| | <p>section 143 or on regular assessment;]</p> <p>(b) in any other case, such interest shall be calculated at the rate of 5 [one-half per cent.] for every month or part of a month comprised in the period or periods from the date or, as the case may be, dates of payment of the tax or penalty to the date on which the refund is granted.</p> <p>Explanation.—For the purposes of this clause, —date of payment of tax or penalty means the date on and from which the amount of tax or penalty specified in the notice of demand issued under section 156 is paid in excess of such demand.</p> <p>[(1A) In a case where a refund arises as a result of giving effect to an order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264, wholly or partly, otherwise than by making a fresh assessment or reassessment, the assessee shall be entitled to receive, in addition to the interest</p> | <p>refund is less than ten per cent of the tax as determined under sub-section (1) of section 143 or on regular assessment;]</p> <p>(b) in any other case, such interest shall be calculated at the rate of 5 [one-half per cent.] for every month or part of a month comprised in the period or periods from the date or, as the case may be, dates of payment of the tax or penalty to the date on which the refund is granted.</p> <p>Explanation.—For the purposes of this clause, —date of payment of tax or penalty means the date on and from which the amount of tax or penalty specified in the notice of demand issued under section 156 is paid in excess of such demand.</p> <p>[(1A) In a case where a refund arises as a result of giving effect to an order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264, wholly or partly, otherwise than by making a fresh assessment or reassessment, the assessee shall be entitled to receive, in addition to the interest payable under sub-section (1), an additional interest on such amount of refund calculated at the rate of three per cent per annum, for the period beginning from the date following the date of expiry of the</p> |
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| | <p>payable under sub-section (1), an additional interest on such amount of refund calculated at the rate of three per cent per annum, for the period beginning from the date following the date of expiry of the time allowed under sub-section (5) of section 153 to the date on which the refund is granted.]</p> | <p>time allowed under sub-section (5) of section 153 to the date on which the refund is granted.]</p> <p>“Provided that where proceedings for assessment or reassessment are pending in respect of an assessee, in computing the period for determining the additional interest payable to such assessee under this sub-section, the period beginning from the date on which such refund is withheld by the Assessing Officer in accordance with and subject to provisions of sub-section (2) of section 245 and ending with the date on which such assessment or reassessment is made, shall be excluded.”.</p> |
| 245 | <p>Set off of refunds against tax remaining payable</p> <p>Where under any of the provisions of this Act, a refund is found to be due to any person, the [Assessing Officer], [Deputy Commissioner (Appeals)] [, or the Commissioner (Appeals) or Commissioner or [Principal Chief Commissioner or Chief Commissioner] or [Principal Commissioner or Commissioner]]], as the case may be, may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against the sum, if any, remaining payable under this Act</p> | <p>(1) Where under any of the provisions of this Act, a refund becomes due or is found to be due to any person, the Assessing Officer or Commissioner or Principal Commissioner or Chief Commissioner or Principal Chief Commissioner, as the case may be, may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against the sum, if any, remaining payable under this Act by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under this sub-section.</p> <p>(2) Where a part of the refund is set off under the provisions of sub-section (1), or where no such</p> |

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| | by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under this section. | amount is set off, and refund becomes due to a person, and the Assessing Officer, having regard to the fact that proceedings for assessment or reassessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or the Commissioner, as the case may be, withhold the refund up to the date on which such assessment or reassessment is made.”. |
| Section 245D sub-section (9) clause (iv) | Section 245D sub-section (9) clause (iv) where the time-limit for amending any order or filing of rectification application as per sub-section (6B) expires on or after the 1st day of February, 2021, in computing the period of limitation, the period commencing from the 1st day of February, 2021 and ending on the end of the month in which the Interim Board is constituted shall be excluded and where immediately after exclusion of such period, the remaining period available to the Interim Board for amending the order or to the Principal Commissioner or Commissioner or the applicant for filing of application is less than sixty days, such remaining period shall be extended to sixty days and the period of limitation shall be deemed to have been | In section 245D of the Income-tax Act, in sub-section (9), for clause (iv), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of February, 2021, namely:— (iv) where the time-limit for amending any order or filing of rectification application under sub-section (6B) expires on or after the 1st day of February, 2021, but before the 1st day of February, 2022, such time-limit shall be extended to the 30th day of September, 2023.”. |

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| | extended accordingly. | |
| Section 245MA sub-section (4) | Dispute Resolution Committee In Certain Cases Section 245MA Sub-Section (4) The Central Government may, for the purposes of giving effect to the scheme made under sub-section (3), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the said notification: Provided that no such direction shall be issued after the 31st day of March, 2023 | (4), after the proviso, the following proviso shall be inserted, namely:— “Provided further that the Central Government may amend any direction, issued under this sub-section on or before the 31st day of March, 2023, by notification in the Official Gazette.” |
| Section 245R sub-section (10) | Procedure on receipt of application 245R sub-section (10) The Central Government may, for the purposes of giving effect to the scheme made under sub-section (9), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the said notification: Provided that no such direction shall be issued after the 31st day of March, 2023 | In section 245R of the Income-tax Act, in sub-section (10), after the proviso, the following proviso shall be inserted, namely:— “Provided further that the Central Government may amend any direction, issued under this sub-section on or before the 31st day of March, 2023, by notification in the Official Gazette.”. |
| 246 | Appealable orders. Existing Provisions not applicable | Appealable orders. 246. (1) Any assessee aggrieved by any of the following orders of an Assessing Officer (below the rank |

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| | | <p>of Joint Commissioner) may appeal to the Joint Commissioner (Appeals) against—</p> <ul style="list-style-type: none">(a) an order being an intimation under sub-section (1) of section 143, where the assessee objects to the making of adjustments, or any order of assessment under sub-section (3) of section 143 or section 144, where the assessee objects to the amount of income assessed, or to the amount of tax determined, or to the amount of loss computed, or to the status under which he is assessed;(b) an order of assessment, reassessment or recomputation under section 147;(c) an order being an intimation under subsection (1) of section 200A;(d) an order under section 201;(e) an order being an intimation under sub-section (6A) of section 206C;(f) an order under sub-section (1) of section 206CB;(g) an order imposing a penalty under Chapter XXI; and(h) an order under section 154 or section 155 amending any of the orders mentioned in clauses (a) to (g): <p>Provided that no appeal shall be filed before the Joint</p> |
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| | | <p>Commissioner (Appeals) if an order referred to in this sub-section is passed by or with the prior approval of, an income-tax authority above the rank of Deputy Commissioner.</p> <p>(2) Where any appeal filed against an order referred to in sub-section (1) is pending before the Commissioner (Appeals), the Board or an income-tax authority so authorised by the Board in this regard, may transfer such appeal and any matter arising out of or connected with such appeal and which is so pending, to the Joint Commissioner (Appeals) who may proceed with such appeal or matter, from the stage at which it was before, it was so transferred.</p> <p>(3) Notwithstanding anything contained in subsection (1) and sub section (2), the Board or an incometax authority so authorised by the Board in this regard, may transfer any appeal which is pending before a Joint Commissioner (Appeals) and any matter arising out of or connected with such appeal and which is so pending, to the Commissioner (Appeals) who may proceed with such appeal or matter, from the stage at which it was before, it was so transferred.</p> <p>(4) Where an appeal is transferred under the provisions of sub-section (2) or sub-section (3), the appellant shall be given an opportunity of being reheard.</p> |
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| | | <p>(5) For the purposes of disposal of appeal by the Joint Commissioner (Appeals), the Central Government may make a scheme, by notification in the Official Gazette, so as to dispose of appeals in an expedient manner with transparency and accountability, by eliminating the interface between the Joint Commissioner (Appeals) and the appellant, in the course of appellate proceedings to the extent technologically feasible and direct that any of the provisions of this Act relating to jurisdiction and procedure for disposal of appeals by the Joint Commissioner (Appeals), shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification.</p> <p>(6) For the purposes of sub-section (1), the Board may specify that the provisions of that sub-section shall not apply to any case or any class of cases.</p> <p>Explanation.—For the purposes of this section, “status” means the category under which the assessee is assessed as “individual”, “Hindu undivided family” and so on.’.</p> |
| Sub-Section (6A) of Section 250 | In every appeal, the 4[*** Commissioner (Appeals)], where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed before him under sub-section (1) of section 246A. | In every appeal, the Joint Commissioner (Appeals) or the Commissioner (Appeals), as the case may be, where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed before him under subsection (1) or transferred to him under sub-section (2) or sub-section (3) of |

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| | | section 246 or filed before him under sub-section (1) of section 246A, as the case may be.” |
| Sub-Section (6C) of Section 250 | <p>The Central Government may, for the purposes of giving effect to the scheme made under sub-section (6B), by notification in the Official Gazette, direct that any of the provisions of this Act relating to jurisdiction and procedure for disposal of appeals by Commissioner (Appeals) shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:</p> <p>Provided that no direction shall be issued after the 31st day of March, 2022.</p> | <p>Provided further that the Central Government may amend any direction, issued under this sub-section on or before the 31st day of March, 2022, by notification in the Official Gazette.</p> <p>the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2022.</p> |
| Sub-section(a) of Section 269SS | <p>Mode of taking or accepting certain loans, deposits and specified sum.</p> <p>New proviso has been added in clause (a) after the second proviso and before the explanation.</p> | <p>Mode of taking or accepting certain loans, deposits and specified sum.</p> <p>Provided also that the provisions of this section shall have effect, as if for the words “twenty thousand rupees”, the words “two lakh rupees” had been substituted in the case of any deposit or loan where,— (a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or (b) such loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member.”; (b) in the Explanation, for clause (ii), the following clause shall be substituted, namely:— ‘(ii) “co-operative bank”, “primary agricultural</p> |

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| | | credit society” and “primary co-operative agricultural and rural development bank” shall have the meanings respectively assigned to them in the Explanation to sub-section (4) of section 80P; |
| Section 269T | <p>Mode of repayment of certain loans or deposits.</p> <p>New proviso has been added after the second proviso and before the explanation.</p> | <p>Mode of repayment of certain loans or deposits.</p> <p>Provided also that the provisions of this section shall have effect, as if for the words “twenty thousand rupees”, the words “two lakh rupees” had been substituted in the case of any deposit or loan where,— (a) such deposit is paid by a primary agricultural credit society or a primary co-operative agricultural and rural development bank to its member; or (b) such loan is repaid to a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member.”; (b) in the Explanation, for clause (ii), the following clause shall be substituted, namely:— ‘(ii) “co-operative bank”, “primary agricultural credit society” and “primary co-operative agricultural and rural development bank” shall have the meanings respectively assigned to them in Explanation to sub-section (4) of section 80P;</p> |
| 270AA sub-section (6) | <p>Immunity from imposition of penalty, etc.</p> <p>No appeal under section 246A or an application for revision under section 264 shall be admissible against the order of assessment or reassessment, referred to in clause (a) of sub-section (1), in a case where an order under sub-section (4) has been made accepting the application.]</p> | <p>No appeal under Section 246 or section 246A or an application for revision under section 264 shall be admissible against the order of assessment or reassessment, referred to in clause (a) of sub-section (1), in a case where an order under sub-section (4) has been made accepting the application.]</p> |
| 271C | <p>Penalty for failure to deduct tax at source</p> <p>(1) If any person fails to_</p> | <p>Penalty for failure to deduct tax at source</p> <p>(1) If any person fails to</p> |

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| | <p>(a) deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or</p> <p>(b) pay the whole or any part of the tax as required by or under</p> <p style="padding-left: 40px;">(i) sub-section (2) of section 115-O or</p> <p style="padding-left: 40px;">(ii) the second proviso to section 194B,</p> <p>then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay as aforesaid.</p> | <p>(a) deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or</p> <p>(b) pay or ensure payment of, the whole or any part of the tax as required by or under</p> <p style="padding-left: 40px;">(i) sub-section (2) of section 115-O</p> <p style="padding-left: 40px;">(ii) the second proviso to section 194B,</p> <p style="padding-left: 40px;">(iii) the provision to sub-section (1) of section 194R or</p> <p style="padding-left: 40px;">(iv) the proviso to sub-section (1) of section 194S or</p> <p style="padding-left: 40px;">(v) sub-section (2) of section 194BA</p> <p>then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay or ensure to payment of as aforesaid.</p> |
| <p>271FAA</p> | <p>Penalty for furnishing inaccurate statement of financial transaction or reportable account</p> <p>If a person referred to in clause (k) of sub-section (1) of section 285BA, who is required to furnish a statement under that section, provides inaccurate information in the statement, and where</p> <p>(a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or</p> <p>(b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority</p> | <p>Penalty for furnishing inaccurate statement of financial transaction or reportable account</p> <p>(1) then, the prescribed income-tax authority under subsection (1) of section 285BA may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.</p> <p>(2) Where in the case of a person, referred to in clause (k) of sub-section (1) of section 285BA, who is required to furnish a statement under that section (herein referred to as the reporting financial institution) provides inaccurate information in the statement and the inaccuracy in such statement is due to false or inaccurate information furnished by the holder or holders of the relevant reportable account or accounts, the prescribed income-</p> |

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| | <p>or agency; or (c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA, then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.</p> | <p>tax authority under subsection (1) of section 285BA, shall direct that the reporting financial institution shall, in addition to the penalty under sub-section (1), if any, pay a sum of five thousand rupees for every inaccurate reportable account and the reporting financial institution shall be entitled to recover the sum so paid on behalf of such reportable account holder, or to retain out of any moneys that may be in its possession, or may come to it from every such reportable account holder, an amount equal to the sum so paid.</p> <p>a. the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or</p> <p>b. the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or</p> <p>c. the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA, then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.</p> |
| 274 | <p>Procedure</p> <p>Insertion of new provision</p> | <p>Procedure</p> <p>Provided further that the Central Government may amend any direction, issued under this sub-</p> |

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| | | section on or before the 31st day of March, 2022, by notification in the Official Gazette. |
| 276A | Failure to comply with the provisions of sub-sections (1) and (3) of section 178. Insertion of new provision | Failure to comply with the provisions of sub-sections (1) and (3) of section 178. Provided further that no proceeding shall be initiated under this section on or after the 1st day of April, 2023. |
| 276B | Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B. If a person fails to pay to the credit of the Central Government,— (a) the tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or (b) the tax payable by him, as required by or under— (i) sub-section (2) of section 115-O; or (ii) the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.] | Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B. If a person fails to,— (a) pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or (b) pay tax or ensure payment of tax to the credit of the Central Government, as required by or under— (i) sub-section (2) of section 115-O; (ii) the proviso to section 194B; (iii) the first proviso to sub-section (1) of section 194R; (iv) the proviso to sub-section (1) of section 194S; or (v) sub-section (2) of section 194BA he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine. |
| Sub-Section (2) of Section 287 | Publication of information respecting assesseees in certain cases. No publication under this section shall be made in relation to any penalty imposed under this Act until the time for presenting an appeal to | In the respective section where the word the “Commissioner (Appeals)” is used it shall be substituted as “the Joint Commissioner (Appeals) or the Commissioner (Appeals)” |

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| | the 4[*** Commissioner (Appeals)] has expired without an appeal having been presented or the appeal, if presented, has been disposed of. | |
| Clause (ec) Sub-Section (2) of Section 295 | Power to make rules. the form of the report of audit and the particulars which such report shall contain under sub-section (2A) of section 142 | the form of the report of audit or inventory valuation and the particulars which such report shall contain under sub-section (2A) of section 142 |
| Clause (mm) Sub-Section (2) of Section 295 | Power to make rules. the circumstances in which, the conditions subject to which and the manner in which, the 3[*** or the Commissioner (Appeals)] may permit an appellant to produce evidence which he did not produce or which he was not allowed to produce before the 4[Assessing Officer] | In the respective section where the word the “Commissioner (Appeals)” is used it shall be substituted as “the Joint Commissioner (Appeals) or the Commissioner (Appeals)” |

❖ **Facilitating TDS credit for income already disclosed in the return of income of past Year**

- Representations have been received that in many instances, tax is deducted by the deductor in the year in which the income is actually paid to the assessee. However, following accrual method, the assessee may have already disclosed this income in earlier years in their return of income. This results in TDS mismatch, since the corresponding income has already been offered to tax by the assessee in earlier years, however, TDS is only being deducted much later when actual payment is being made. The assessee cannot claim the credit of TDS in the year in which tax is deducted since income is not offered to tax in that year. It may also not be possible to revise the return of past year in which the corresponding income was included since time to revise the return of income for that year may have lapsed. This results in difficulty to the assessee in claiming credit of TDS.
- In order to remove this difficulty, it is proposed to insert a new sub-section (20) in section 155 of the Act. This new sub-section applies where any income has been included in the return of income furnished by an assessee under section 139 of the

Act for any assessment year (hereinafter referred to as the “relevant assessment year”) and tax has been deducted at source on such income and paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B in a subsequent financial year. In such a case the ass sseese can make application in the prescribed form to the Assessing Officer within two years from the end of the financial year in which such tax was deducted at source. Then Assessing Officer shall amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year. It has been further provided that the provisions of section 154 of the Act shall, so far as may be, apply thereto, and the period of four years specified in sub-section (7) of that section shall be reckoned from the end of the financial year in which such tax has been deducted. Further, credit of such tax deducted at source shall not be allowed in any other assessment year.

❖ **Prohibition Benami Property Transaction Act,1988**

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| Section 46 of Prohibition Benami Property Transaction Act,1988 | Any person, including the Initiating Officer (IO), aggrieved by the order of the Adjudicating Authority, may prefer an appeal to the Appellate Tribunal within a period of 45 days from the date of the order. | Any person, including the Initiating Officer (IO), aggrieved by the order of the Adjudicating Authority, may prefer an appeal to the Appellate Tribunal within a period of 45 days from the date of receipt of the order. |
| Section 2(18) of Prohibition Benami Property Transaction Act,1988 | The ‘High Court’, for the purpose of filing appeal against the order of the Adjudicating authority, have been defined as Jurisdiction of such High Court within which either the aggrieved party ordinarily resides or carries on business or personally works for gain, or if the aggrieved party is Government then, jurisdiction of the High Court within which the | High Court jurisdiction for the non-resident appellants or respondents, it is roposed to amend section 2(18) of the PBPT Act to modify the definition of ‘High Court’ by inserting a proviso so as to provide that where the aggrieved party does not ordinarily reside or carry on business or personally work for gain in the jurisdiction of any High Court or where the Government is the aggrieved party and any of |

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| | <p>respondent, or any respondent in case of multiple respondents resides, or carries on business or works for gain. It has been observed that the non-residents against whom proceedings under PBPT Act have been initiated and who does not fall in the category of appellant or respondent mentioned in the definition, do not fall under the jurisdiction of any High Court.</p> | <p>the espondents do not ordinarily reside or carry on business or personally work for gain in the jurisdiction of any High Court, then the High Court shall be such within whose jurisdiction the office of the Initiating Officer is located.</p> |
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J. Exemption Under Section 10 and Deduction under Chapter VI-A

❖ Exemption under Section 10 and Deduction under Chapter VI-A

| Section | Existing Provision | Amended Provision |
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| Clause (10D) of section 10 | As per clause (10D) of section 10, the sum received under a ULIP (Unit Linked Insurance Policy) is exempted if the premium paid in any of the previous years during the term of the policy does not exceed Rs. 2,50,000 | In order to curb such misuse, it is proposed to tax income from insurance policies (other than ULIP for which provisions already exist) having premium or aggregate of premium above Rs 5,00,000 in a year. Income is proposed to be exempt if received on the death of the insured person. This income shall be taxable under the head “income from other sources”. Deduction shall be allowed for premium paid, if such premium has not been claimed as deduction earlier. The proposed provision shall apply for policies issued on or after 1st April, 2023. |
| 80CCH | No existing provision | Applicable to an assessee, being an individual enrolled in the “ Agnipath Scheme ” and subscribing to the “ Agniveer Corpus Fund ” on or after the 1st day of November shall be allowed a deduction of the whole amount deposited by him and the amount contributed by the Central Government to his account in the Agniveer Corpus Fund, from his total income. Sub-section (2) of section 80CCH: In the new tax regime, an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund shall get a deduction of the government contribution to his “Seva Nidhi”. |

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| <p>80G</p> | <p>In clause (a) of sub section (2) any sums paid by the assessee in the previous year as donations to— (ii) the Jawaharlal Nehru Memorial Fund (iiic) the Indira Gandhi Memorial Trust (iiid) the Rajiv Gandhi Foundation</p> <p>In the first proviso, for clause (iv) of sub section (5) (i) where the institution or fund is approved under clause (vi) [as it stood immediately before its amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020], within three months from the 1st day of April, 2021; (ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period; (iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier; (iv) in any other case, at least one month prior to commencement of the previous year relevant to the assessment year from which the said approval is sought:</p> | <p>The given sub clauses are omitted with effect from 1st day of April 2024</p> <p>In the first proviso, for clause (iv) of sub section (5) (i) where the institution or fund is approved under clause (vi) [as it stood immediately before its amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020], within three months from the 1st day of April, 2021; (ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period; (iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier; (iv) in any other case, where activities of the institution or fund have— (A) not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; (B) commenced and where no income</p> |
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| | <p>In the second proviso of clause (ii) of sub-section (5), where the application is made under clause (ii) or clause (iii) of the said proviso,—</p> <p>(a) call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about—</p> <p>(A) the genuineness of activities of such institution or fund; and</p> <p>(B) the fulfillment of all the</p> | <p>or part thereof of the said institution or fund has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 or section 11 or section 12 for any previous year ending on or before the date of such application, at any time after the commencement of such activities:”;</p> <p>In the second proviso of clause (ii) of sub-section (5), where the application is made under clause (ii) or clause (iii) or sub-clause (B) of clause (iv) of the said proviso,—</p> <p>(a) call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about—</p> <p>(A) the genuineness of activities of such institution or fund; and</p> <p>(B) the fulfillment of all the conditions laid down in clauses (i) to (v);</p> <p>(b) after satisfying himself about the genuineness of activities under item (A), and the fulfillment of all the conditions under item (B), of sub-clause (a),—</p> <p>(A) pass an order in writing granting it approval for a period of five years; or</p> <p>(B) if he is not so satisfied, pass an</p> |
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| | <p>conditions laid down in clauses (i) to (v);</p> <p>(b) after satisfying himself about the genuineness of activities under item (A), and the fulfillment of all the conditions under item (B), of sub-clause (a),—</p> <p>(A) pass an order in writing granting it approval for a period of five years; or</p> <p>(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its approval after affording it a reasonable opportunity of being heard;</p> <p>(iii) where the application is made under clause (iv) of the said proviso, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the registration is sought,</p> | <p>order in writing,—</p> <p>(I) in a case referred to in clause (ii) or clause (iii) of the first proviso, rejecting such application and cancelling its approval; or</p> <p>(II) in a case referred to in sub clause (B) of clause (iv) of the first proviso, rejecting such application, after affording it a reasonable opportunity of being heard;</p> <p>(iii) where the application is made under sub-clause (A) of clause (iv) of the said proviso or the application is made under clause (iv) of the said proviso as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the approval is sought,</p> <p>The third proviso of sub-section (5) Provided also that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received</p> |
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| | <p>The third proviso of sub-section (5) Provided also that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the first proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received</p> | |
| 80-IAC | <p>The sub clause (a) of clause (ii) of the Explanation states the following condition: “eligible start-up” means a company or a limited liability partnership engaged in eligible business which fulfills the following conditions, namely:— (a) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April 2023</p> | <p>As per the proposed amendment 2023 is substituted with 2024. Thus the revised clause will be: “eligible start-up” means a company or a limited liability partnership engaged in eligible business which fulfills the following conditions, namely:— (a) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April 2024</p> |
| 88 | <p>Rebate on life insurance premia, contribution to provident fund, etc</p> | <p>All the relevant clauses related to the given section have been omitted with effect from 1st April, 2024</p> |

These amendments will take effect from 1st April, 2024 and will accordingly apply to the assessment year 2024-25 and subsequent assessment years.

❖ **Incomes not included in total income (section 10)**

- Any income to Non-resident on transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives or distribution of income on offshore derivative instruments entered into with an offshore banking unit of an International Financial Services Centre referred to in subsection(1A) of section 80LA, which fulfils such conditions as may be prescribed
- Provided that the amount of distributed income of offshore derivative instruments shall include only so much of the amount which is chargeable to tax in the hands of the offshore banking unit under section 115AD.”;
- Clause 12C is inserted for any payment from agniveer corpous fund to a person enrolled under the agnipath scheme or to his nominee.
- Agniveer corpous fund and Agnipath scheme shall have the meanings respectively assigned to them in section 80CCH i.e. Agnipath Scheme means the scheme for enrolment in Indian Armed Forces and Agniveer Corpus Fund means a fund in which consolidated contributions of all the Agniveers and matching contributions of the Central Government along with interest on both these contributions are held;
- Any income to to a body or authority or Board or Trust or Commission, not being a company which is establish under central or state act with the following purpose
 - ✓ dealing with and satisfying the need for housing accommodation;
 - ✓ planning, development or improvement of cities, towns and villages;
 - ✓ regulating, or regulating and developing, any activity for the benefit of the general public; or
 - ✓ regulating any matter, for the benefit of the general public, arising out of the object for which it has been created; and
 - ✓ is notified by the Central Government in the Official Gazette for the purposes of this clause

❖ **Omitted Provision:**

| Sr. No. | Section | Old provion | New provsion |
|----------------|----------------|---|--|
| 1 | 10(23EB) | Any income of the Credit Guarantee Fund Trust for Small Industries, being a trust created by the Government of India and the Small Industries Development Bank of India established under sub-section (1) of section 3 of the Small Industries Development Bank of India Act, 1989 (39 of 1989), for five previous years relevant to the assessment years beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2007 | Omitted with effect from 01st April 2023 |
| 2 | 10(23BBF) | Any income of the North-Eastern Development Finance Corporation Limited, being a company formed and registered under the Companies Act, 1956 | Omitted with effect from 01st April 2023 |
| 3 | 10(26A) | Any income accruing or arising to any person from any source in the district of Ladakh or outside India in any previous year relevant to any assessment year commencing before the 1st day of April, 1989, where such person is resident in the said district in that previous yea | Omitted with effect from 01st April 2023 |
| 4 | 10(41) | Any income arising from transfer of a capital asset, being an asset of an undertaking engaged in the business of generation or transmission or distribution of power where such transfer is effected on or before the 31st day of March, 2006, to the Indian company notified under sub-clause (a) of clause (v) of sub-section (4) of section 80-IA | Omitted with effect from 01st April 2023 |
| 5 | 10(49) | any income of the National Financial Holdings Company Limited, being a company set up by the Central Government, of any previous year relevant to any assessment year commencing on or before the 1st day of April, 2014 | Omitted with effect from 01st April 2023 |

K. Start Ups & MSME

❖ **Relief to start-ups in carrying forward and setting off of losses**

- **Section 79** of the Act restricts carrying forward and setting off of losses in cases of companies, other than the companies in which the public is substantially interested. It prohibits setting off of carried forward losses if there is change in shareholding. However, some relaxation has been provided in case of an eligible start-up as referred to in section 80-IAC of the Act with the condition of continuity of at least 51% shareholding is not applicable to the eligible start-up, if all the shareholders of the company as on the last day of the year, in which the loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is set off & there is an additional condition that the loss is allowed to be set off, under this relaxation, only if it has been incurred during the period of seven years beginning from the year in which such company is incorporated.
- In order to align this period of seven years with the period of ten years contained in sub-section (2) of section 80-IAC of the Act, the time period for loss of eligible start-ups to be considered for relaxation is proposed to be increased from seven years to ten years from the date of incorporation.
- **This amendment will take effect from 1st day of April, 2023 and will accordingly apply to the assessment year 2023-2024 and subsequent assessment years**

❖ **Extension of date of incorporation for eligible start-up for exemption**

- The existing provisions of the section 80-IAC of the Act, provides for a deduction of an amount equal to hundred percent of the profits and gains

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derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years, beginning from the year of incorporation, at the option of the assesses subject to the condition that,

- (i) The total turnover of its business does not exceed one hundred crore rupees,
 - (ii) It is holding a certificate of eligible business from the Inter-Ministerial Board of Certification, and
 - (iii) It is incorporated on or after 1st day of April, 2016 but before **1st day of April 2023.**
-
- In order to further promote the development of start-ups in India and to provide them with a competitive platform, it is proposed to amend the provisions of section 80-IAC of the Act so as to extend the period of incorporation of eligible start-ups to 1st day of April 2024.

 - **This amendment will take effect from the 1st day of April, 2023 and shall accordingly, apply in relation to the assessment year 2023-24 and subsequent assessment years.**

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❖ **MSME -**

➤ **Promoting Timely Payments to Micro and Small Enterprises:-**

- Section **43B** of the Income Tax Act provides certain deductions which can only be allowed on actual payment basis.
- Further, the proviso of this section also allows deduction on accrual basis, if amount is paid by due date of furnishing of return of income.
- **Section 15 of MSMED Act**, states that where supplier supplies any goods, the buyer shall make the payment therefor on or before the date agreed upon between him as per the written agreement which cannot be more than **45 days**. If there is no such agreement the section mandates that the payment shall be made within **15 days**.
- Further, in order to promote timely payments to MSME'S ~~it is proposed to~~ ~~include these payments in the ambit of section 43B.~~ Accordingly, it is proposed to insert a new **clause (h)** in section 43B which provides that any sum payable by beyond the time limit specified in section 15 of MSMED act shall be allowed as deduction **only on actual payment**.
- However it can be allowed on accrual basis only if the payment is within the time mandated under section 15 of the MSMED Act.
- **This amendment will be effective from 1st April 2024 and will accordingly apply to the A.Y2024-25.**

➤ **Example:**

- Seller A has sold goods to Buyer B for Rs.45, 000/- on **25th March 2023**. The payment terms for the Buyer B are as per the agreement i.e. the payment

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has to be made within 45 days. If the payment is made up till **9th May 2024** i.e. within 45 days then the assessee will get the deduction of the same in the Year 2022-23.

- If Seller A has sold the goods to Buyer B for Rs.45, 000/- on **25th March 2023**. But there is no specified agreement between the buyer and seller for the payment of the above sum. So the Buyer B has to pay the sum up till **9th April 2024** i.e. within 15 days as per section 15 of MSMED act. If the Buyer B has paid the above sum up till **9th April 2024** then the Assessee will get the deduction of the same in the year 2022-23.
- But if the Buyer B fails to pay the amount till (9th April 2024 or 9th May 2024) then the assessee will get the deduction of the same in the year in which he actually pays the amount.

➤ **Settlement Schemes and credit guarantee scheme for MSMEs.**

- The Vivad se Vishwas 1 is proposed that the government and government undertaking will return 95% of forfeited amount related to the bid or performance security in case of failure for MSME to execute contracts during Covid period.
- Credit guarantee for MSME will be revamped and take effect April 1, 2023 with infusion of Rs. 9,000 crore corpus. Also, the cost of credit will be reduced by 1%.

L. Others Amendments:-

➤ **Introduction of the Agnipath Scheme for Indian Armed Forces**

Agnipath Scheme 2022 has been introduced by Minister Of Defence for enrollment of agniveers in Indian armed forces which came into force on 1st November 2022. Here Non lapsable Agniveer Corpus fund will be created where in an assessee being agniveer i.e who has subscribed to Agnipath Scheme will contribute 30% of his monthly agniveer package & equivalent amount will be contributed by government. On completion of 4 years of they will be paid back whole contribution made by them & government along with interest.

Below is the treatment which will be given as per income tax provision :-

- **Treatment of amount received from Corpus Fund:** A new clause (12C) in **Section 10**, is proposed to be introduced, which exempts amount received from corpus fund in the form of 'Seva Nidhi' Package.
- **Deduction for amount deposited :** Contribution made by an assessee towards this scheme will be considered as part of salary & deduction **u/s 80CCH** will be allowed for whole amount i.e. contribution of assessee as well as by government.
- This benefit can also be availed by person who has opt new tax regime u/s. 115BAC
- **This amendment will be applicable for FY 2022 – 23 i.e. AY 2023-24.**

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| Section | Existing | Proposed |
|---|--------------------------------|---|
| Insertion of new section- 115BBJ | There was no existing section. | <p>Section: 115BBJ of the Income-tax Act, the following section shall be inserted with effect from the 1st April, 2024, namely:—</p> <p>The total income of an assessee includes any income by way of winnings from any online game, the income-tax payable shall be ---</p> <p>(i) the amount of income-tax calculated on net winnings from such online games during the previous year, computed at the rate of 30%.; and</p> <p>(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the net winnings referred to in clause (i).</p> |

| Section | Existing | Proposed |
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| Section 115BAC | <ul style="list-style-type: none">• In the marginal heading, for the words “and Hindu undivided family”○ In sub-section (1), for the figures, letters and words “1st day of | <p>w.e.f 1st April 2024 -</p> <ul style="list-style-type: none">• The words “, Hindu undivided family and others” shall be substituted.○ The figures, letters and words “1st day of April, 2021 but |

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| | <p style="text-align: center;">April, 2021”</p> <p>in sub-section (2), in clause (i), “without any exemption..... or under any of the provisions of Chapter VI-A other than the provisions of sub-section 2 of section 80CCD or section 80JJAA”</p> <p>In clause (i) of sub-section (2), without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or section 16 or clause (b) of section 24 (in respect of the property referred to in sub-section (2) of section 23) or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or clause (iia) of section 57 or under</p> | <p style="text-align: center;">before the 1st day of April, 2024” shall be substituted.</p> <p>w.e.f 1st April 2023 – in sub-section (2), in clause (i), “without any exemption..... or under any of the provisions of Chapter VI-A other than the provisions of sub-section 2 of section 80CCD or sub-section (2) of section 80CCH or section 80JJAA”</p> <p>w.e.f 1st April 2024 – In clause (i) of sub-section (2), For the purposes of sub-section (1A), the total income of the person referred to therein, shall be computed without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or clause (ii) or clause (iii) of section 16 or clause (b) of section 24 [in respect of the property referred to in sub-section (2) of section 23] or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or</p> |
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| | <p>any of the provisions of Chapter VI-A other than the provisions of sub- section (2) of section 80CCD or section 80JJAA;</p> <p>in sub-section (3), The loss and depreciation referred to in clause (ii) of sub- section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year: Provided that where there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub- section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of</p> | <p>sub-clause (iia) or subclause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or sub-section (2) of section 80CCH or section 80JJAA</p> <p>in sub-section (3), The loss and depreciation referred to in clause (ii) of sub- section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year: “Provided further that in a case where,— (i) the assessee has not exercised the option under sub-section (5) for any previous year relevant to the assessment year beginning on or before the 1st day of April, 2023; (ii) the income-tax on the total income of the assessee is computed under sub-section (1A); and</p> |
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| | <p>April, 2021.</p> <p>for sub-section (4), In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-Section (1A) of section 80LA , which has exercised option under sub- section (5), the conditions contained in sub-Section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the said Section.</p> | <p>(iii) there is a depreciation allowance in respect of a block of assets which has not been given full effect prior to the assessment year beginning on the 1st day of April, 2024, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2023 in the manner as may be prescribed.”;</p> <p>‘(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA,—</p> <p>(i) who has exercised option under sub-section (5) for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021 but before the 1st day of April, 2024;</p> <p>(ii) whose total income is computed under subsection (1A),the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the</p> |
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| | <p>for sub-section (5), Nothing contained in this Section shall apply unless option is exercised in the prescribed manner 36 by the person,— (i) having income from business or profession, on or before the due date specified under sub-section (1) of Section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021, and such option once exercised shall apply to subsequent assessment years; (ii) having income other than the income referred to in clause (i), along with the return of income to be furnished under sub-section (1) of section 139 for a previous year relevant to the assessment year: Provided that the option under clause (i),once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any income from business or</p> | <p>said section. for sub-section (5), Nothing contained in this Section shall apply unless option is exercised in the prescribed manner 36 by the person,— (i) having income from business or profession, on or before the due date specified under sub-section (1) of Section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021, and such option once exercised shall apply to subsequent assessment years; (ii) having income other than the income referred to in clause (i), along with the return of income to be furnished under sub-section (1) of section 139 for a previous year relevant to the assessment year: Provided that the option under clause (i),once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any</p> |
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| | <p>profession in which case, option under clause (ii) shall be available.</p> <p>Sub-section (6) does not exist.</p> | <p>income from business or profession in which case, option under clause (ii) shall be available. Provided further that the provisions of this subsection shall not apply for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024.</p> <p>Sub-section (6) Nothing contained in sub-section (1A) shall apply to a person where an option is exercised by such person, in the manner as may be prescribed, for any assessment year, and such option is exercised,— (i) on or before the due date specified under subsection (1) of section 139 for furnishing the return of income for such assessment year, in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years; or (ii) along with the return of income to be furnished under sub-section (1) of section 139 for such assessment year, in case of a person not having income referred to in clause (i): Provided that the option under clause (i), once</p> |
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| | | <p>exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise the option under this subsection, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available.”.</p> |
| <p>Insertion of new section 115BAE</p> | <p>Not Existing</p> | <p>Under proposed new section 115BAE of the Act, a new manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for assessment year 2024-25 onwards. Surcharge would be at 10% on such tax.</p> <p>Provided further that the income-tax payable in respect of the income, of the assessee deemed so under the second proviso to sub-section (4) shall be computed at the rate of 30%.:</p> <p>Provided also that the income-tax payable in</p> |

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| | | <p>respect of income, being short term capital gains derived from transfer of a capital asset on which no depreciation is allowable under the Act shall be computed at the rate of 22%: Provided also that where the assessee fails to satisfy the conditions of sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply to the assessee.</p> <p>(2) For the purposes of sub-section (1), the following conditions shall apply,</p> <p>(a) the co-operative society has been set-up and registered on or after the 1st April, 2023, and has commenced manufacturing or production on or before the 31st March, 2024 and,—</p> <p>(i) the business is not formed by splitting up, or the reconstruction, of a business already in existence;</p> <p>(ii) does not use any machinery or plant previously used for any purpose.</p> |
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| | | <p>Explanation 1.—For the purposes of sub-clause (ii), any machinery or plant was used outside India by any other person shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—</p> <p>(A) such machinery or plant was not, at any time previous to the date of the installation, used in India;</p> <p>(B) such machinery or plant is imported into India from any country outside India; and</p> <p>(C) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of installation of machinery or plant by the person.</p> <p>Explanation 2.—Where any machinery or plant or any part thereof previously used for any purpose and is put to use by the assessee and the total value of such machinery or plant or part thereof does not exceed 22% of the total value of</p> |
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| | | <p>the machinery or plant used by the assessee, then, for the purposes of sub-clause (ii), the condition specified therein shall be deemed to have been complied with;</p> <p>(b) the assessee is not engaged in any business other than the business of manufacture or production, or distribution of such article produced.</p> <p>Explanation.— the business of manufacture or production of any article shall include the business of generation of electricity, but not include a business of,—</p> <p>(i) development of computer software in any form or in any media;</p> <p>(ii) mining;</p> <p>(iii) conversion of marble blocks or similar items into slabs;</p> <p>(iv) bottling of gas into cylinder;</p> <p>(v) printing of books or production of cinematograph film; or</p> <p>(vi) any other business as may be notified by the Central Government in this behalf;</p> <p>(c) the total income of the assessee has been computed,—</p> |
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| | | <p>(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 33AB or section 33ABA or subclause (ii) or sub-clause (iia) or sub-clause (iii) of subsection(1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of section 80JJAA;</p> <p>(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and</p> <p>(iii) by claiming the depreciation, if any, under section 32, other than clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.</p> <p>(3)The loss and depreciation referred to in sub-clause (ii) shall be deemed to have been given full effect to and no further deduction for such loss shall be allowed for any</p> |
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| | | <p>subsequent year.</p> <p>(4) Where it appears to the Assessing Officer that, owing to the close connection between the assessee to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such business, the Assessing Officer shall, in computing the profits and gains of such business for the purposes of this section, take the amount of profits as may be reasonably deemed to have been derived therefrom:</p> <p>Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F:</p> <p>Provided further that the amount, being profits in</p> |
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| | | <p>excess of the amount of the profits determined by the Assessing Officer, shall be deemed to be the income of the assessee.</p> <p>(5) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under section 139 for furnishing the first of the returns of income for any previous year relevant to the assessment year commencing on or after 1st day of April, 2024, and such option once exercised shall apply to subsequent assessment years: Provided that once the option has been exercised for any previous year shall not be allowed to be withdrawn for the same or any other previous year.</p> |
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| Sr No. | Section | Existing Provision | Proposed Provision |
|---------------|---|---|--|
| 1 | Insertion in Subsection (5) of Section 115JC | The provisions of section 115JC shall not be applicable to a person who has exercised the option referred to in section 115BAC or 115BAD. | The provisions of section 115JC shall not be applicable to a person where: (i) Such person has exercised the option referred in section 115BAC(5) or 115BAD(5) or |

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| | | | 115BAE(5) also. (ii) Income tax payable in respect of the total income of such person is computed under section 115BAC(1A) The changes shall be in effect from 1 st April,2024 |
| 2 | Insertion in Subsection (7) of Section 115JD | The provisions of section 115JD shall not be applicable to a person who has exercised the option referred to in section 115BAC or 115BAD. | The provisions of section 115JC shall not be applicable to a person where: (i) Such person has exercised the option referred in section 115BAC (5) or 115BAD(5) or 115BAE(5) also. (ii) Income tax payable in respect of the total income of such person is computed under section 115BAC (1A). The changes shall be in effect from 1 st April,2024 |
| 3 | Insertion in Subsection (3) clause (ii) of Section 115TD | A trust/institution, shall be deemed to have been converted into any form not eligible for registration under section 12AA or section 12AB in a previous year, if, it has adopted or undertaken modification of its objects which do not conform | In clause (ii) in sub clause (b) for the word “ rejected. ”, the words “ rejected; or ” shall be substituted and after clause (ii) the following shall be inserted, namely: |

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| | | to the conditions of registration and it,— (a) has not applied for fresh registration under section 12AA or section 12AB in the said previous year; or (b) has filed application for fresh registration under section 12AA or section 12AB but the said application has been rejected . | “(iii) it fails to make an application in accordance with the provisions of clause (i) or clause (ii) or clause (iii) of the first proviso to clause (23C) of section 10 or sub-clause (i) or sub-clause (ii) or sub-clause (iii) of clause (ac) of sub-section (1) of section 12A, within the period specified in the said clauses or sub-clauses, as the case may be, which expires in the said previous year.” |
| 4 | Insertion in Subsection (5) of clause (ii) of Section 115TD | the end of the previous year in a case referred to in sub-clause (a) of clause (ii) of sub-section (3) | the end of the previous year in a case referred to in sub-clause (a) of clause (ii), or clause (iii) of sub-section (3) |
| 5 | Insertion in Clause (i) of Explanation | “date of conversion” means,— (a) the date of the order cancelling | “date of conversion” means,— |

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| | <p>to section 115TD</p> | <p>the registration under section 12AA or section 12AB, in a case referred to in clause (i) of sub-section (3); or</p> <p>(b) the date of adoption or modification of any object, in a case referred to in clause (ii) of sub-section (3);</p> | <p>(a) the date of the order cancelling the registration under section 12AA or section 12AB, in a case referred to in clause (i) of sub-section (3); or</p> <p>(b) the date of adoption or modification of any object, in a case referred to in clause (ii) of sub-section (3); or</p> <p>(c) the last date for making an application for registration</p> <p>under sub-clause (i) or sub-clause (ii) or subclause (iii) of clause (ac) of sub-section (1) of section 12A or for making an application for approval under clause (i) or clause (ii) or clause (iii) of the first proviso to clause (23C) of section 10, as the case may be, in a case referred to in clause (iii) of sub-section (3)</p> |
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| 6 | Insertion in Subsection (3) of Section 115UA | The section remains as it is, however a new clause has been inserted after subsection (3) which shall be in effect from 1 st April,2024 | Subsection (3A) is inserted after subsection (3). The new subsection reads as “ The provisions of sub- sections (1), (2) and (3) shall not apply in respect of any sum referred to in clause (xii) of sub-section (2) of section 56, received by a unit holder from a business trust. ” The changes shall be in effect from 1 st April,2024 |
| 7 | Amendment in Explanation 1 to section 115UB clause (a) | Explanation-1: For the purposes of this Chapter,— (a) “investment fund” means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the | For the purposes of this Chapter,— (a) “investment fund” means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India |

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| | | Securities and Exchange Board of India Act, 1992 (15 of 1992) | (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022. |
| 8 | Insertion in Section 115BAD | The section remains as it is, however some new words has been inserted | In section 115BAD of the Income-tax Act, in subsection (1), after the words “ provisions of this Chapter, ”, the words, figures and letters “ other than those mentioned under section 115BAE, ” shall be inserted with effect from the 1st day of April, 2024. |
| 9 | Insertion in Section 115BB | Provided that income by way of winnings from such lottery or crossword puzzle or race including horse race or card game and other game of any form or nature whatsoever, at the rate of 30%. | Provided that nothing contained in this section shall apply to income by way of winnings from any online game for the assessment year beginning on or after the 1st day of April, 2024 |

➤ **Extension of provision for gift to Non-Ordinarily Resident**

- The most basic provision of the Income Tax act states that any income that is either earned or deemed to have been earned in India, is taxable in India.

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- A clause in the Budget of 2019 was then inserted, which stated that, if a non-resident, without any consideration, receives a sum of money from a resident Indian exceeding rupees 50,000 or more, **after July 5th, 2019**, that income is to be deemed to have been accrued or arisen in India.
- It was however observed that Non-Ordinary residents were not paying tax on such income. So, an amendment has been passed, which now states the provision of gift now applies to Non-residents, as well as **Non-Ordinary Residents**.
- **This amendment will take effect from 1st April 2024, and will apply for A.Y. 2024-25 and all future years.**

➤ **Removal of Exemption to News Agency Section 10 (22B)**

- The provision allowing exemption to any income of a news agency set up in India solely for collection and distribution of news has been proposed to be withdrawn.
- **This amendment will take effect from 1st April 2024, and will apply for AY 2024 – 25 & subsequent years.**

➤ **Extension of Specified Undertaking of Unit Trust of India (SUUTI) in office**

| Section | Old Provision | Amended Provision |
|-------------------------------|---|---|
| 8(1) of UTI Repeal Act, 2022. | SUUTI shall vacate office only on redemption of all schemes | SUUTI shall vacate office on redemption of all schemes of specified undertaking & payment to all investors , or a date notified by Central Government Gazette, whichever is earlier |

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| 13(1) of UTI Repeal Act, 2022. | SUUTI is exempted to pay tax income tax till 31.03.2023 | Time limit for exemption is being increased now SUUTI is exempted to pay tax income tax till 30.09.2023 |
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- **This amendment will take effect from 1st April 2023.**

INDIRECT TAXES

A. GOODS AND SERVICES TAX

The amendment shall take place through notification issued on later date:

| Sr. No. | Section | Existing Provision | Proposed Provision | Impact |
|----------------|--|--|--|--|
| 1 | 10(2) (d) CGST Act | A registered person is not allowed to take registration under composition levy if the person is making any supply of goods or services through an electronic commerce operator. | The following provision has been amended and person who is engaged in supply of goods through electronic commerce operator has been removed. | Beneficial provision for small tax payers who use to supply goods through electronic commerce operator as now they can opt for composition levy. |
| 2 | 10(2A) (c) CGST Act | A registered person is eligible to opt for composition scheme only if he is not engaged in making any inter-State outward supplies of goods. | The following provision has been amended and person making any inter-state outward supplies of goods is allowed to take registration under composition levy. | Beneficial provision for small tax payers who use to make inter-state supply of goods as now they can opt for composition levy. |
| 3 | 16(2) CGST Act | As per Section 16 of CGST Act, 2017 if a recipient fails to make payment to the supplier of goods and services within 180 days then the amount of Input tax credit taken by the recipient shall be added to outward supply and accordingly interest shall be levied. | The payment of Interest for failure in making payment to supplier within 180 days shall be done under section 50. | It is mandatory to make the payment of ITC claimed along with Interest if recipient fails to make payment to the supplier of goods and services within 180 days. |
| 4 | 17 CGST Act | As per section 17(3), the value of exempt supply" shall not include the value of | The value of exempt supply shall not include the value of activities or transaction | As per section 17(3) the value of exempt goods now also |

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| | | activities or transactions specified in Schedule III, except those specified in paragraph 5 of Schedule III. | specified in schedule III, except for those specified in paragraph 5 of the and paragraph 8(a) of the said Schedule. | includes the Supply of warehoused goods to any person before clearance for home consumption. For the sake of calculation reversal of ITC in case of exempt supply the turnover pertaining to supply of warehouse goods shall be included. So there will be more reversal henceforth. |
| 5 | 17 CGST Act | Input Tax Credit on goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013 was allowed. | Input Tax Credit on goods or services or both received by a taxable person, who are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013 has been blocked. | Input Tax Credit on goods or services or both received under corporate social responsibility shall not be allowed. |
| 6 | 23 CGST Act | Persons not liable for registration: a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act; | The amended provision states that Notwithstanding anything to the contrary contained in sub-section (1) of section 22 or section 24, The following persons shall not be liable to registration, namely: a) any person engaged exclusively in the business of | A person supplying interstate supplies but provides wholly exempt supplies or any other supplies as mentioned in section 24, need not take registration in case the goods and services provided are |

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| | | <p>(b) an agriculturist, to the extent of supply of produce out of cultivation of land.</p> <p>(2) The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.</p> | <p>supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;</p> <p>(b) an agriculturist, to the extent of supply of produce out of cultivation of land.</p> <p>(2) The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.</p> | <p>exclusively exempt supply or is an agriculturist. Further even if the turnover of a person exceeds the turnover as mentioned in section 22(1), but in case the goods and services provided is an exempt goods or services then he is not liable to take registration.</p> |
| 7 | 37(5) (newly inserted) CGST Act | <p>There was no restriction on a tax payer to file its details of outward supplied in form GSTR 1.</p> | <p>Now the tax payer is debarred to file its GSTR 1 after a period of 3 years from its due date, unless allowed by government by way of a notification.</p> | <p>Now the taxpayer will not be able to reinstate their suspended/ cancelled GST number after a period of 3 years as filing of GSTR -1 after a period of 3 years from its due date is not allowed and GST number cannot be reinstated until pending returns (if any) are filed.</p> |
| 8 | 39(11) (newly inserted) CGST Act | <p>There was no restriction on a tax payer to file its GSTR 3B.</p> | <p>Now the tax payer is debarred to file its GSTR 3B after a period of 3 years from its due date, unless allowed by government by way of a notification.</p> | <p>Now the taxpayer will not be able to reinstate their suspended/ cancelled GST number after a period of 3 years as filing of GSTR -3B</p> |

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| | | | | after a period of 3 years from its due date is not allowed and GST number cannot be reinstated until pending returns (if any) are filed. |
| 9 | 44(2) (newly inserted) CGST Act | A tax payer is allowed to file its Annual return belatedly by making payment of late fees as applicable at any point of time. | Now the tax payer is debarred to file its Annual Returns after a period of 3 years from its due date, unless allowed by government by way of a notification. | Annual return needs to be filed within 3 years of its due date, else the taxpayer loses its opportunity to file the same. |
| 10 | 52(15) (newly inserted) CGST Act | Filing of returns by Electronic Tax Operator | Now the tax payer is debarred to file its returns after a period of 3 years from its due date, unless allowed by government by way of a notification. | Electronic Commerce Operator is allowed to file its returns till the end of three years from the due date of filing of returns. |
| 11 | 54(c) of CGST Act | Person claiming the refund of any tax and interest on tax shall make an application in a prescribed manner. In case of any claim for refund for zero-rated supply of goods/services/both made by registered persons, refund on a provisional basis i.e. 90% of the total amount so claimed, excluding the amount of input tax credit provisionally accepted , in the prescribed manner for | The words “ excluding the amount of input tax credit provisionally accepted ,” have been omitted. | According to the earlier provision, entire ITC (irrespective of whether appearing in GSTR-2A) was claimed and accordingly refund of entire ITC was allowed in case of zero-rated supply or inverted duty. This application was checked by the officer and the officer used to restrict provisional refund to the extent of |

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| | | final settlement of the refund claim shall be furnished by the applicant. | | 90% of ITC provisionally accepted (i.e. amount shown in GSTR-2A) However, from Jan 2021, only ITC mentioned in GSTR-2A can be claimed and so to bring refund provisions in line with said provisions of refund the words “excluding the amount of input tax credit provisionally accepted,” is removed. So henceforth, the amount of refund claimed shall be 90% of refund applied (i.e. ITC mentioned in GSTR-2A only). |
| 12 | 56 of CGST Act | If any tax ordered to be refunded under section 54(5) to any applicant is not refunded within sixty days from the date of receipt of application, interest not exceeding 6% shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of | For the words “ from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub section till the date of refund of such tax”, the words “ for the period of delay beyond sixty days from the date of receipt of such application till the date of refund of such tax, to be computed in such manner and | Mechanism of Interest on delayed payment of refund shall be notified in due course of time. |

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| | | application under the said sub-section till the date of refund of such tax. | subject to such conditions and restrictions as may be prescribed” are substituted. | |
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| 13 | 122 of CGST Act | New Sub-section | Insertion of sub-section (IB) of section 122: (i) ECOs supplying goods/services/both on behalf of an unregistered person other than a person exempted from registration, (ii) ECOs making inter-state supply of goods/services/ both on behalf of a person who is ineligible to make such inter-state supply (iii) ECOs who fail to furnish the required details for outward supply of goods made by him on behalf of a person who is exempted from obtaining registration under the Act. | Penalty provision in case of E-Commerce operator supplying goods/service from URD or Composite Dealer or Person not required to take registration is introduce penalty amount shall be liable to pay a penalty of Rs. 10,000/- or amount of tax if such supply had been made by registered person other than person paying the tax u/s 10; whichever is higher |
| 14 | 132 (1) of CGST Act | (1) ¹ [Whoever commits, or causes to commit and retain the benefits arising out of, any of the following offences], (g) obstructs or prevents any officer in the discharge of his duties under this Act; (j) tampers with or destroys any material evidence or | 1) In Clause (g) (j) & (k) of Sub-section shall be omitted and clause (l) has been changed to (a) and (h) and (i) 2) In Clause (iii) for the words brackets and letter “any other offence” the words | The offences mentioned under clause (g) (j) & (k) shall no longer attract punishment of imprisonment and fine mentioned therein The clause (iii) is restricted to the offence mentioned in in Clause |

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| | <p>documents;</p> <p>(k) fails to supply any information which he is required to supply under this Act or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information; or</p> <p>(l) attempts to commit, or abets the commission of any of the offences mentioned in clauses (a) to (k) of this section,</p> <p>shall be punishable-</p> <p>(i) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds five hundred lakh rupees, with imprisonment for a term which may extend to five years and with fine;</p> <p>(ii) in cases where the</p> | <p>brackets and letter “an offence specified in clause (b)” shall be substituted</p> | <p>(b)</p> <p>i.e. in case any dealer issue invoice or bill without supply of goods or services or both leading to wrongful availment of ITC or refund of Tax and exceeds one hundred lakh rupees but does not exceed two hundred lakh rupees, then he is liable for imprisonment for a term which may extend to one year and with fine</p> |
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| | <p>amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds two hundred lakh rupees but does not exceed five hundred lakh rupees, with imprisonment for a term which may extend to three years and with fine;</p> <p>(iii) in the case of any other offence where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds one hundred lakh rupees but does not exceed two hundred lakh rupees, with imprisonment for a term which may extend to one year and with fine;</p> <p>(iv) in cases where he commits or abets the commission of an offence specified in clause (f) or clause (g) or clause (j), he shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.</p> | | |
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| 15 | 138 (1) of CGST Act | <p>1) Any offence under this Act may, either before or after the institution of prosecution, be compounded by the Commissioner on payment, by the person accused of the offence, to the Central Government or the State Government, as the case be, of such compounding amount in such manner <u>as may be prescribed</u>:</p> <p>Provided that nothing contained in this section shall apply to-</p> <p>(a) a person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f) of sub-section (1) of <u>section 132</u> and the offences specified in clause (l) which are relatable to offences specified in clauses (a) to (f) of the said sub-section;</p> <p>(b) a person who has been allowed to compound once in respect of any offence, other than those in clause (a), under this Act or under the provisions of any State</p> | <p>(i) For clause (a) the following clause shall be substituted</p> <p>“(a) a person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f), (h), (i) and (l) of sub-section (1) of section 132</p> <p>(ii) clause (b) shall be omitted;</p> <p>(iii) for clause (c), the following clause shall be substituted, namely:—</p> <p>“(c) a person who has been accused of committing an offence under clause (b) of sub-section (1) of section 132;”;</p> <p>(iv) clause (e) shall be omitted;</p> | <p>Earlier clauses cannot be compounded few of the are (h) & (i) post amendment even following offenders can apply for compounding.</p> |
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| | <p>Goods and Services Tax Act or the Union Territory Goods and Services Tax Act or the Integrated Goods and Services Tax Act in respect of supplies of value exceeding one crore rupees;</p> <p>(c) a person who has been accused of committing an offence under this Act which is also an offence under any other law for the time being in force;</p> <p>(d) a person who has been convicted for an offence under this Act by a court;</p> <p>(e) a person who has been accused of committing an offence specified in clause (g) or clause (j) or clause (k) of sub-section (1) of section 132; and</p> <p>(f) any other class of persons or offences as may be prescribed:</p> <p>Provided further that any compounding allowed under the provisions of this section shall not affect the proceedings, if any,</p> | | |
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| | | instituted under any other law: Provided also that compounding shall be allowed only after making payment of tax, interest and penalty involved in such offences. | | |
| 16 | 138 (2) of CGST Act | The amount for compounding of offences under this section shall be such as may be prescribed, subject to the minimum amount not being less than “ten thousand rupees or fifty percent of the tax involved, whichever is higher, and the maximum amount not being less than thirty thousand rupees or one hundred and fifty percent of the tax, whichever is higher.” | The amount for compounding of offences under this section shall be such as may be prescribed, subject to the minimum amount not being less than “twenty-five percent of the tax involved and the maximum amount not being more than one hundred percent of the tax involved.” | The amount of compounding enhanced. |
| 17 | 158A of CGST Act | New Provision | (1) Notwithstanding anything contained in sections 133, 152 and 158, the following details furnished by a registered person may, subject to the provisions of sub-section (2), and on the recommendations of the Council, be shared by the common portal with such other systems as may be notified by the Government, in | Finance Bill 2023 has inserted a new section “158A” which deals with “consent based sharing of information furnished by a taxable person.” It specifies that now the common portal can share information with Government notified |

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| | | <p>such manner and subject to such conditions as may be prescribed, namely:—</p> <p>(a) particulars furnished in the application for registration under section 25 or in the return filed under section 39 or under section 44;</p> <p>(b) the particulars uploaded on the common portal for preparation of invoice, the details of outward supplies furnished under section 37 and the particulars uploaded on the common portal for generation of documents under section 68;</p> <p>(c) Such other details as may be prescribed.</p> <p>(2) For the purposes of sharing details under sub-section (1), the consent shall be obtained, of —</p> <p>(a) the supplier, in respect of details furnished under clauses (a), (b) and (c) of sub-section (1); and</p> <p>(b) the recipient, in respect of details furnished under clause (b) of sub-section (1), and under clause (c) of sub-section</p> | <p>systems in the following manner:</p> <p>a) Supplier's consent will be taken while sharing the information shared during application for registration u/s 25</p> <p>b) Supplier as well as recipient's consent shall be taken while sharing information furnished under GSTR 1, preparation of invoice and information furnished in an e-way bill u/s 68. One must note that recipient's consent shall be taken ONLY IF the details include the information of the recipient.</p> <p>If any liability arises subsequent to sharing of any information under this section, no action can be taken against the Government or the Common portal. Also, there will be no change in impact on tax liability on the relevant supply or relevant</p> |
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| | | | (1) only where such details include identity information of the recipient, in such form and manner as may be prescribed. (3) Notwithstanding anything contained in any law for the time being in force, no action shall lie against the Government or the common portal with respect to any liability arising consequent to information shared under this section and there shall be no impact on the liability to pay tax On the relevant supply or as per the relevant return.”. | return. |
| 18 | Schedule III of CGST Act | Paragraph 7 of Schedule III which states Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India. Paragraph 8 of Schedule III which states (a) Supply of warehoused goods to any person before clearance for home consumption; (b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have | This insertion shall be deemed to come into effect retrospectively i.e. 1st July, 2017 | The provision was introduced on 01st February, 2019. However the period between 1 st July, 2017 to 1st February, 2019 was always questionable. This amendment clarifies the transaction to be exempt since the inception. However the taxes already paid shall not be refunded. |

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| | | been dispatched from the port of origin located outside India but before clearance for home consumption was brought into force w.e.f. 01st February, 2019. | | |
| 19 | 2 of IGST Act | <p>Clause (16) of IGST Act, defines “non-taxable online recipient” as any Government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.</p> <p>Clause (17) of IGST Act defines "online information and database access or retrieval services" as services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information</p> | <p>Clause (16) has been substituted as “non-taxable online recipient” means any unregistered person receiving online information and database access or retrieval services located in taxable Territory.</p> <p>In Clause (17) following words has been omitted- “essentially automated and involving minimal human intervention and”</p> | <p>The definition of non-taxable online recipient is widened and it shall also include person registered for paying TDS in GST Act.</p> <p>With this amendment, the OIDAR services is not restricted to minimal human intervention i.e. irrespective of the fact that data is provided or created manually if it is supplied through information technology, it will be covered.</p> |

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| | | technology and includes electronic services | | |
| 20 | 12 of IGST Act | <p>In sub-section (8), The place of supply of services by way of transportation of goods, including by mail or courier to,-</p> <p>(a) a registered person, shall be the location of such person;</p> <p>(b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation.</p> <p>[Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.]</p> | This proviso shall be omitted. | <p>Place of supply in case of transportation of goods including by mail or courier IRRESPECTIVE OF GOODS TRANSPORTED IN INDIA OR OUTSIDE INDIA shall be (a) in case of registered dealer, shall be location of such person.</p> <p>(b) other than registered, shall be location where goods are loaded.</p> <p>Previously the place of supply was outside India, when goods were transported outside india</p> |

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B. CUSTOMS

1. For settlement application, the order needs to be passed within 9 months from last day of month in which such application is made. If no order is passed, the proceeding shall be abating. Settlement commission can extend it to another 3 months if written reason is provided.
2. CVD and Anti- Dumping duty can be ceased if government considers the review; previously it was mandatory to consider.
3. Central Government henceforth can ascertain any amount of subsidy and not determine.

Amendments to the First Schedule to the Customs Tariff Act, 1975

- (i) The First Schedule to the Customs Tariff Act, 1975 is being amended to introduce new tariff lines or modify existing tariff lines. The proposed changes are in chapter 3, chapter 4, chapter 9, chapter 10, chapter 12, chapter 13, chapter 19, chapter 27, chapter 29, chapter 31, chapter 38, chapter 39, chapter 48, chapter 52, chapter 54, chapter 57, chapter 61, chapter 62, chapter 63, chapter 69, chapter 71, chapter 84, chapter 85, and chapter 87.
- (ii) The General explanatory note to the General Rules for interpretation of the Schedule is being amended to carry out some changes which inter alia, include changes to align the abbreviations and the tariff with complementary amendments to the HS 22.
- (iii) The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the tariff rates on certain tariff items as part of rationalization of customs duty rate structure.
- (iv) The Second Schedule is being amended to align the entries under heading 1202 with that of the First Schedule with effect from 1st May, 2023. [Clause 127 read with Fifth Schedule of the Finance Bill 2023]

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| AMENDMENTS | | | | |
|---------------------|---|--|---|---|
| Tariff Rate Changes | | | | |
| A. | Increase in Tariff rate (to be effective from 02.02.2023) * [Clause 126(a)] of the Finance Bill, 2023] <i>*Will come into effect immediately through a declaration under Provisional Collection of Taxes Act,1931</i> | | | Rate of Duty |
| S. No. | Heading, sub-heading tariff item | Commodity | From | To |
| | | Chemicals | | |
| 1. | 2902 50 00 | Styrene | 2% | 2.5% |
| 2. | 2903 21 00 | Vinyl Chloride Monomer | 2% | 2.5% |
| | | Gems and Jewellery Sector | | |
| 3. | 7113, 7114 | Articles of precious metals | 20% | 25% |
| 4. | 7117 | Imitation Jewellery | 20% or Rs. 400 per kg., whichever is higher | 25% or Rs. 600 per kg., whichever is higher |
| | | Automobiles and Toys | | |
| 5. | 8712 00 10 | Bicycles | 30% | 35% |
| 6. | 9503 | Toys and parts of toys (other than parts of electronic toys) | 60% | 70% |
| B. | Tariff rate changes (without any changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023] Note: In order to simplify the tax structure, number of BCD rates are being reduced. This rationalization of BCD rate structure is being carried out in a manner so as to maintain the existing incidence of duty in certain | | | Rate of Duty |

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| | items. These changes need to be read with appropriate changes in AIDC/SWS rates | | | |
|---------------|--|---|-------------|-----------|
| S. No. | Heading, sub-heading tariff item | Commodity | From | To |
| 1. | 7107 00 00 | Base metals clad with silver, not further worked than semi-manufactured | 12.5% | 10% |
| 2. | 7108 | Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form | 12.5% | 10% |
| 3. | 7109 00 00 | Base metals or silver, clad with gold, not further worked than semi-manufactured | 12.5% | 10% |
| 4. | 7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00 | Platinum, unwrought or in semi-manufactured form, or in powder form | 12.5% | 10% |
| 5. | 7111 00 00 | Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured | 12.5% | 10% |

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| | | | | |
|-----------|--|---|---------------------|-----|
| 6. | 7112 | Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal other than goods of heading 8549 | 12.5% | 10% |
| 7. | 7118 | Coin | 12.5% | 10% |
| C. | Tariff rate changes (with changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023] | | Rate of duty | |
| 1. | 7106 | Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form | 12.5% | 10% |

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Other proposals involving changes in basic customs duty rates in notifications

| A. | Changes in Basic Customs Duty (to be effective from 02.02.2023) | | Rates of Duty | |
|--------------|--|--|----------------------|-----------|
| S. No | Chapter, Heading, sub-heading, tariff item | Commodity | From | To |
| | | Agricultural Products and By Products | | |
| 1. | 1520 00 00 | Crude glycerin for use in manufacture of Epichlorohydrin | 7.5% | 2.5% |
| 2. | 2207 20 00 | Denatured ethyl alcohol for use in manufacture of industrial chemicals | 5% | Nil |
| | | Gems and Jewellery Sector | | |
| 3. | 7102, 7104 | Seeds for use in manufacturing of rough lab-grown diamonds | 5% | Nil |
| 4. | 7106 | Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form | 7.5% | 10% |
| 5. | 7106 | Silver Dore | 6.1% | 10% |
| | | IT, Electronics | | |
| 6. | 25, 28, 32, 39, 40, 69, 73, 85 | Specified chemicals/items for manufacture of Pre-calcined Ferrite Powder | 7.5% | Nil |
| 7. | Any Chapter | Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone | 2.5% | Nil |

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| | | Automobiles | | |
|-----------|--|---|---------------------|-----|
| 8. | 8703 | Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form . | 30% | 35% |
| 9. | 8703 | Vehicle in Completely Built Unit (CBU) form , other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol-run vehicle and more than 2500 cc for diesel-run vehicles, or with both | 60% | 70% |
| 10. | 8703 | Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000 | 60% | 70% |
| 11. | 39,40,58,70, 72 73,83,84,85, 87,90 | Vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing agencies for the purpose of testing and/ or certification , subject to conditions | As applicable | Nil |
| | | Capital goods | | |
| 12. | 84, 85 | Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs) | As applicable | Nil |
| B. | Changes in Basic Customs Duty (without any change in the effective rate of Customs Duties i.e., BCD+AIDC+SWS) | | Rate of Duty | |
| | Note: In order to simplify the tax structure, number of BCD rates are being reduced. This rationalization of BCD rate structure is being carried out in a manner so as to maintain the existing incidence of duty on certain items. These changes need to be read with appropriate | | | |

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| | | | | |
|--------------|--|---|---------------------|-----------|
| | changes in AIDC/SWS rates. | | | |
| S. No | Chapter, Heading, sub-heading, tariff item | Commodity | From | To |
| 1. | 7108 | Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form | 12.5% | 10% |
| 2. | 7108 | Gold Dore | 11.85% | 10% |
| 3. | 7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00 | Platinum, unwrought or in semi-manufactured form, or in powder form other than those used in manufacture of noble metal compounds, noble metal solutions and catalytic converters | 12.5% | 10% |
| C. | | Change in end date of exemption (No change in effective rate of duty). | Rate of duty | |
| S. No | S. No in Notification no 50/2017-Customs | Commodity | From | To |

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| | | | | |
|----|----------|---|-----|------------------------------|
| 1. | 368 | Ferrous waste and scrap | Nil | Nil (up to 31.03.2024) |
| 2. | 374, 375 | Raw materials for use in manufacture of CRGO steel | Nil | Nil (up to 31.03.2024) |
| 3. | 527B | Lithium-ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle | 5% | 5% (up to 31.03.2024) |
| 4. | 237 | Specified inputs for use in the manufacture of EVA sheet or back sheets which are used in the manufacture of solar cell or modules | Nil | Nil (up to 31.03.2024) |
| 5. | 340 | Solar tempered glass for use in the manufacture of solar cell or solar module | Nil | Nil (up to 31.03.2024) |

Review of customs duty concessions/ exemptions:

A. Review of conditional exemption rates of BCD prescribed in notification No. 50/2017 – customs dated 30.6.2017:

(a). The BCD exemption for the goods covered under following serial numbers of the notification are being extended for a period of one year i.e. up-to 31st March 2024, unless specified otherwise

| S. No. | S. No. of Notfn | Description |
|-------------------------------------|-----------------|---|
| Extension up to 31. 03. 2024 | | |
| 1. | 133 | Gold ores and concentrates for use in manufacture of Gold |
| 2. | 238 | Organic or inorganic coating material for manufacture of electrical steel |

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| | | |
|-----|------|---|
| 3. | 258 | Security fibre, security threads, Paper based taggant including M-feature for manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore. |
| 4. | 260 | Goods for the manufacture of orthopaedic implants falling under 902110 |
| 5. | 271 | Polytetramethylene ether glycol, (PT MEG) for use in manufacture of spandex yarn |
| 6. | 276 | Ethylene – propylene – non-conjugated diene rubber (EPDM) for manufacture of insulated wires and cables |
| 7. | 426 | Specified goods for the manufacture of goods falling under 8523 5200, 8541, 8542, 8543 9000 or 8548 00 00 |
| 8. | 435 | Capital goods/ Machinery for printing industry |
| 9. | 495 | Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles |
| 10. | 570 | Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof |
| 11. | 575 | Hospital Equipment (excluding consumables) for use in specified hospitals |
| 12. | 577 | Lifesaving medical equipment including accessories or spare parts or both of such equipment for personal use |
| 13. | 581 | Portable X-ray machine / system |
| 14. | 607 | Specified Life Saving drugs/medicines including medicines for Spinal Muscular Atrophy or Duchenne Muscular Dystrophy, for personal use |
| 15. | 607A | Lifesaving drugs/medicines for personal use supplied free of cost by overseas supplier |

Note: Description of entries is indicative. Notification may be referred to for complete description.

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B. Review of exemptions prescribed by other notifications:

(a). The BCD exemptions for the goods covered under following notifications are being extended for a period of one year i.e. up-to 31st March 2024.

| S. No. | Notification No. | Subject |
|---------------|-------------------------|---|
| 1. | 80/1970-Customs | Exemption to articles supplied free under warranty as replacement for defective ones |
| 2. | 46-Customs (1974) | Pedagogic material for educational or vocational training courses |
| 3. | 248/76-Customs | Exemption to precious stones imported by posts on 'approval or return' basis |
| 4. | 134/94-Customs | Exemption to goods for carrying out repairs, reconditions , testing calibration or maintenance |
| 5. | 152/94-Customs | Exemption to imports for handicapped person, charitable or social welfare purposes and research and education programme |
| 6. | 50/96-Customs | Exemption to specified equipment, instruments, raw material etc imported for R&D projects |
| 7. | 102/2007-Customs | Exemption from Special CVD to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importers. |

Other Notification changes

| S. No. | Notification No. | Subject |
|---------------|--|---|
| 1. | Notification No. 57/2000-Customs, dated 08.05.2000 | This notification relating to jewellery export promotion is being amended consequent to changes in import duty structure on Gold and increase in duty rate of Silver. |

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Customs duty exemptions /concessions being discontinued

Certain BCD exemptions under notification No. 50/2017-Customs dated 30.6.2017 and other notification are being discontinued with effect from 31.03.2023.

The following are being discontinued as they are redundant:

| S. No. | S. No. of Notfn | Description |
|---------------|-------------------------------|--|
| 1. | S. No. 325 of 50/2017-Customs | This exemption entry pertaining to 'Monofilament Yarn' is being withdrawn as tariff rate is also at 5% and hence redundant |

Social Welfare Surcharge (SWS)

| A. | AMENDMENT TO NOTIFICATION NO. 11/2018 – CUSTOMS, DATED 02.02.2018 (w.e.f. 02.02.2023) |
|---------------|---|
| S. No. | Description |
| | Following goods are being exempted from levy of Social Welfare Surcharge in order to maintain the total effective duty owing to rationalization of basic customs duty rate structure: |
| 1. | Silver (HSN 7106), Gold (HSN 7108) & Imitation Jewellery (HSN 7117). |
| 2. | Platinum (HSN 7110) other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017. |
| 3. | Motor vehicle including electrically operated vehicles falling under HSN 8703 covered under S. No. 526 (1)(b), 526 (2)(b), 526A(1)(b) and 526A(2)(b) of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017, published in the Gazette of India <i>vide</i> no G.S.R. 785(E) dated the 30th June, 2017 |

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| | |
|-----------|--|
| B. | RESCINDING OF NOTIFICATION RELATING TO SWS These notifications are being rescinded on account of being redundant due to basic customs duty rate structure rationalization: |
| 1 | No. 13/2021-Customs, dated the 1 st February, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 71(E), dated the 1 st February, 2021 |
| 2 | No. 34/2022-Customs, dated the 30 th June, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 487(E), dated the 30 th June, 2022 |

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Agriculture Infrastructure and Development Cess (AIDC)

| Notification No. 11/2021 – Customs, dated 01.02.2021 is being amended to revise the AIDC rates on the following goods (w.e.f. 02.02.2023): | | | | | |
|---|---|---|-------------|---------------------|--|
| A. | | AIDC rate changes (with changes to the effective rate of Customs Duty) | | Rate of Duty | |
| S. No | Chapter, Heading, sub-heading, tariff item | Commodity | From | To | |
| 1. | 7106,98 | Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form | 2.5% | 5% | |
| 2. | 71 | Silver Dore | 2.5% | 4.35% | |
| B. | | Changes to AIDC (without any change to the effective rate of Customs Duty) | | Rate of Duty | |
| S. No | Chapter, Heading, sub-heading, tariff item | Commodity | From | To | |
| 3. | 7108 or 98 | Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form | 2.5% | 5% | |
| 4. | 71 | Gold Dore | 2.5% | 4.35% | |
| 5. | 7110 | Platinum other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017- Customs, dated the 30th June, 2017. | 1.5% | 5.4% | |

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EXCISE

**Notification No. 05/2023-Central Excise, Dated 01.02.2023 w.e.f.
2nd February, 2023**

| Amendment |
|--|
| Notification No. 05/2023-Central Excise dated 01.02.2023 is being issued to exempt excise duty on blended Compressed Natural Gas (CNG) from so much of the amount as is equal to GST paid on biogas /compressed bio gas contained in such blended CNG subject to the specified conditions. |

This Guidance has been compiled and prepared to assist the Clients. We recommend you to seek and consult a Professional Advisor before taking decisions on basis of this Document. The Finance Bill as introduced in the Parliament may undergo changes before its enactment or enforcement.



“Budgeting has only one rule; Do not go over budget”.

Allow us to apprise you more!

R. C. JAIN & ASSOCIATES LLP

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