

# HIGHLIGHTS OF UNION BUDGET 2023



## Highlights of Union Budget 2023-2024

- **ECONOMIC PERFORMANCE AND EXPECTATIONS**

- Economic growth expected at 7% (in real terms) for 2022-23.
- GDP growth estimated in 2023-24 of 6% to 6.8%.
- Total receipts other than borrowings estimated at INR 27.2 lakh crores (USD 340 Billion) for 2023-24
- Total expenditure estimated at INR 45 lakh crores (USD 562 Billion) for 2023-24.
- Fiscal deficit for 2023-24 estimated at 5.9% of GDP.

- **SOME ACHIEVEMENTS SINCE 2014**

- Per capita income has more than doubled to INR 1.97 lakhs (USD 2,462).
- Indian economy has increased in size from 10th to 5th largest in the world.
- Formalized economy with 7,400 crores digital payments of INR 126 lakh crores (USD 1,575 Billion) through UPI in 2022.

## Highlights of Union Budget 2023-2024

- **SEVEN KEY PRIORITIES “SAPTRISHI” OF THIS BUDGET**

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

- **FOCUS ON INFRASTRUCTURE**

- Railways – INR 2.4 lakh crores (USD 30 Billion) has been provided for railways
- 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.

## Highlights of Union Budget 2023-2024

- **FOCUS ON EASE OF DOING BUSINESS**

- More than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized.
- To unleash innovation and research by startups and academia, a National Data Governance Policy will be introduced, enabling access to anonymized data.
- KYC process will be simplified adopting a 'risk based' approach.
- DigiLocker services and Aadhaar will be used as foundational identity for reconciliation and updating of identity and address of individuals
- PAN will be used as a common identifier for all digital systems of specified government agencies for business establishments required to have PAN.
- A system of 'Unified Filing Process' will be setup for avoiding submission of same information to multiple government agencies.

## Highlights of Union Budget 2023-2024

- **FOCUS ON ARTIFICIAL INTELLIGENCE (AI) AND TECHNOLOGY**

- 3 centers of excellence for AI will be set-up in top educational institutions.
- To enable more Fintech innovative services, scope of documents available in DigiLocker for individuals will be expanded.
- Entity DigiLocker will be setup for use by MSMEs, large business and charitable trusts.
- 100 labs for developing applications using 5G services will be setup in engineering institutions.

- **FOCUS ON GREEN GROWTH**

- Budget provides INR 35,000 Crores (USD 4,375 Million) for priority capital investments towards energy transition and net zero objectives and energy security
- Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap funding.
- 500 new 'Waste to wealth' plants under "GOBARdhan Scheme" will be established for promoting circular economy.

***Disclaimer** - The information contained herein is in summary form prepared by us based on the Budget Speech presented by the Hon'ble Finance Minister of India on 1st February, 2023. For details, please refer Final Budget Speech.*

## Highlights of Union Budget 2023-2024

- **FOCUS ON YOUTH POWER**

- Unified Skill India Digital Platform for enabling demand based formal skilling, linking with employers including MSMEs and facilitating access to entrepreneurship schemes.
- Direct Benefit Transfer under PAN India National Apprenticeship Promotion scheme will be rolled out for providing stipend support to 4.7 Million youth over 3 years.

- **FOCUS ON SENIOR CITIZEN**

- Maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from INR 15 lakhs (USD 18,750) to INR 30 lakhs (USD 37,500).
- Maximum deposit for Monthly Income Account Scheme will be enhanced from INR 4.5 lakhs to INR 9 lakhs for single account and from INR 9 lakh to INR 15 lakh for joint account.

## Highlights of Union Budget 2023-2024

- **FOCUS ON FINANCIAL SECTOR**

- Revamping Credit Guarantee scheme for MSMEs through infusion of INR 9,000 Crores (USD 1,125 Million).
- National Financial Information Registry will be setup to serve as central repository of financial and ancillary information.
- Financial regulators will be requested to carry out comprehensive review of existing regulations.
- Certain amendments to Banking Regulation Act, Banking Companies Act and Reserve Bank of India Act proposed to improve bank governance and enhance investor's protection.
- Central Processing Centre will be setup for faster response to companies through centralized handling of various forms filed with field offices under Companies Act.
- An integrated IT Portal will be established to reclaim unclaimed shares and unpaid dividends from Investor Education and Protection Fund authority.

## Highlights of Union Budget 2023-2024

- **FOCUS ON HEALTH, EDUCATION AND SKILLING**

- 157 new nursing colleges will be established in co-location with existing 157 medical colleges established since 2014
- New programme to promote research and innovation in pharma will be taken up
- Teacher's training through innovative pedagogy, curriculum transaction, continuous professional development.
- National library for children and adolescents for facilitating availability of quality books across geographies, languages, genres etc.



## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- Following changes proposed for persons (being individuals/ HUF/ AOP/BOI) opting for New Tax regime u/s 115BAC:
  - ❖ Basic exemption limit increased to INR 3 lakhs from INR 2.5 lakhs.
  - ❖ For every increase of INR 3 lakhs in income above basic exemption limit, the tax rate will increase by 5% as against earlier slabs of tax rate increase of 5% for every increase in income of INR 2.5 lakhs.
  - ❖ Surcharge restricted to 25% for highest income slab instead of 37%. Thereby, effective tax rate will be 39% instead of 42.744%.
  - ❖ Rebate u/s 87A increased from INR 5 lakhs to INR 7 lakhs.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- Tax Slab for Individuals/HUFs under Old and New Regime are as under:-

Tax Slab as per Section 115BAC	Tax Rate	Tax Slab as per Normal Provision	Tax Rate
Upto INR 3 lakhs	Exempt	Upto INR 2.5 lakhs	Exempt
INR 3 lakhs - INR 6 lakhs	5%	INR 2.5 lakhs - INR 5 lakhs	5%
INR 6 lakhs – INR 9 lakhs	10%	INR 5 lakhs – INR 10 lakhs	20%
INR 9 lakhs – INR 12 lakhs	15%	Above INR 10 lakhs	30%
INR 12 lakhs – INR 15 lakhs	20%		
Above INR 15 lakhs	30%		

- No Tax on resident individual having taxable income upto INR 7,00,000 as a result of rebate u/s 87A who opt for section 115BAC.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- **Surcharge for Individuals/HUFs :-**

- ❖ Maximum rate of surcharge will be 25% Vs previous 37% on income exceeding INR 5 Crores (USD 0.625 Million).

Surcharge for Individual or HUF exercising option for 115BAC	Tax Rates
Income exceeding INR 50 Lakh but does not exceeding INR 1Crore	10%
Income exceeding INR 1 Crore but does not exceeding INR 2Crore	15%
Income exceeding INR 2 Crore	25%

## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- **New Section 115BAE** introduced for Co-operative societies providing concessional tax rate of 15% for new manufacturing co-operative societies set up on or after 01.04.2023 and commences manufacturing or production on or before 31.03.2024.
- **Amendment related to Startups:** Section 80 IAC is proposed to be amended to extend the last date of incorporation for "eligible start-ups" for income tax benefits from March 31, 2023 to March 31, 2024. Section 79 is proposed to be amended to make losses of first 10 years (earlier seven years) eligible for carry forward for set off.
- **Presumptive taxation** – Proposed to increase limit for presumptive taxation under Section 44AD for turnover or gross receipts from INR 2 crores to INR 3 crores and for professional receipts from INR 50 lakhs to INR 75 lakhs provided amount received in cash does not exceed 5% of total turnover or gross receipts or professional receipts, as the case maybe.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- **Applicability of Section 56(2)(viib) on non-residents** – Proposed to include non-residents within the ambit of within Sec. 56(2)(viib) for issue of shares.
- **Limit of INR 10 crores for deduction u/s 54 and 54F:** It is proposed to limit the deduction u/s 54 and 54F related to investment in residential house to INR10 crores.
- **Claiming TDS Credit:** Amendment in Section 155 to allow TDS credit to assessee for income already disclosed in the ITR of past AYs but the TDS was deducted in a subsequent year. Necessary application to be made to AO for claiming TDS credit.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- **Time limits extended/increased for completion of assessments/reassessments:**

- ❖ Time limits for completing the assessments u/s 143(3)/144 has been increased from 9 months to 12 months from the end of the assessment year.
- ❖ Time limits for completing the assessments u/s 143(3)/144 in case of Updated Return [Section 139(8A)] has also been increased from 9 months to 12 months from the end of FY in which such Updated Return was furnished.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- **Time limits extended/increased for completion of assessments/reassessments:**

- ❖ Time limits for completion of assessment/reassessment extended by 12 months in the following cases:
  - ✓ Where such search is initiated u/s 132 or such requisition is made u/s 132A;
  - ✓ Where an assessee, to whom any money, bullion, jewellery or other valuable article or thing seized or requisitioned belongs to;
  - ✓ Where an assessee, to whom any books of account or documents seized or requisitioned pertains or pertain to, or any information contained therein, relates to.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- Amend section 28(iv) to clarify that provisions of said clause also applies to cases where benefit or perquisite provided is in cash or in kind or partly in cash and partly in kind.
- Increase rate of TCS from 5% to 20% under LRS scheme or overseas tour of package. The said amendment is applicable w.e.f. 1<sup>st</sup> July, 2023.
- Introduce New Section 194BA w.e.f 1<sup>st</sup> July, 2023 to provide for deduction of tax at source from online games on net winnings in the user account at the end of the financial year.  
*In case there is withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on net winnings comprised in such withdrawal As well as, income-tax shall also be deducted on the remaining amount of net winnings in the user account at the end of the financial year. Net winnings shall be computed in the prescribed manner.*



## Highlights of Union Budget 2023-2024

- **Key Highlights of Direct Taxation**

- **Rationalisation of exempt income under life insurance policies-** Earlier there is exemption on sum received from LIC u/s 10(10D) if premium paid doesn't exceed 10% of sum assured. It is proposed to remove exemption if policy issued after 1st April 2023 & having premium above INR 5,00,000/- same will be taxable u/s 56(2)(xiii) under the head other sources.
- Proposed amendment to section 43B will allow expenditure of amounts related to micro & small enterprise on payment basis. Deduction can be allowed on accrual basis if payment to micro & small enterprise is made within time permitted under section 15 of MSME Act'2006.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Indirect Taxation**

- Sunset clause of 2 years for customs duty exemption is proposed to be done away in cases where such exemptions were granted in terms of international conventions or foreign trade policy. As such, exemption is going to be continued for indefinite period unless otherwise rescinded.
- Rate of customs duty on various goods are being modified/rationalized including exclusion of solar power plant / solar power project from the purview of project imports. Illustratively:
  - ❖ Increased on 'articles of precious stones', 'vehicles including e-vehicles in SKD form', 'electrically operated vehicle in CBU form', etc.

## Highlights of Union Budget 2023-2024

- **Key Highlights of Indirect Taxation**

- Rate of customs duty on various goods are being modified/rationalized including exclusion of solar power plant / solar power project from the purview of project imports. Illustratively:

- ❖ Decreased on 'camera lens used in manufacture of mobile phones, 'Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of EVs', etc.
- ❖ Extended on 'Pipes and tubes for use in manufacture of boilers', 'Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles', etc.

- Related changes in CGST Act which were already recommended by GST council in its earlier meetings.

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