

THE FINANCE BILL, 2023

Direct Taxes Amendments for PY 2023-24 AY 2024-25

GROWTH RIDER

Compiled By : CA Palak Pavagadhi

PERSONAL INCOME TAX

REBATE

1

Rebate now available for total income up to ₹ 7 lakh in New Tax Regime

RATES SLABS

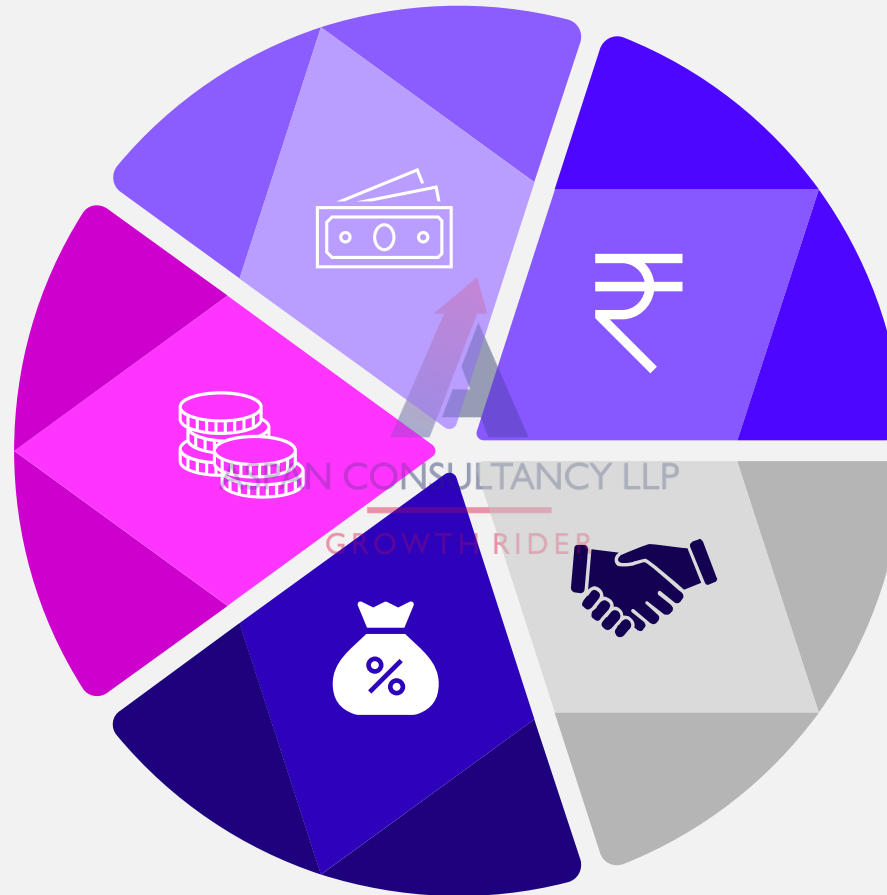
2

Tax Slabs for New Regime reduced to 5 Slabs with Low Taxes

LOWER TAX FOR SALARIED PERSON

3

Standard Deduction now available to the Salaried Persons



LOWER SURCHARGE LOWER TAX

4

Highest Surcharge reduced from 37% to 25% in New Tax Regime

LEAVE ENCASHMENT

5

Leave Encashment Benefit extended to ₹ 25 lakh from existing ₹ 3 lakh

Tax Slabs u/s. 115BAC(1A) (New Regime)

Total Income	Tax Rate
Upto 3,00,000	0 %
3,00,001 to 6,00,000	5 %
6,00,001 to 9,00,000	10 %
9,00,001 to 12,00,000	15 %
12,00,001 to 15,00,000	20 %
Above 15,00,000	30 %

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Rebate u/s. 87A for the Above New Regime :

- Available to Individual Resident
- If Total Income upto Rs. 7,00,000
- Rebate u/s. 87A : (i) Actual Tax Payable or (ii) Rs. 25,000 w.e. less

Surcharge Rate :

For Individual, HUF, AOP, BOI, AJP having Total income above 5 Crore, Surcharge Rate is reduced to 25 % in place of 37 %.

WHERE DO I FALL?



Income Tax Slab (₹)		Old Regime			New Regime		
		Tax Payable PY 2022-23	Tax Payable PY 2023-24	Remark	Tax Payable PY 2022-23	Tax Payable PY 2023-24	Remark
0	2,50,000	NIL	NIL		NIL	NIL	
2,50,001	3,00,000	5% (Nil 87A)	5% (Nil 87A)	2,500 Rebate u/s 87A	5% (Nil 87A)	NIL	Rebate u/s 87A
3,00,001	5,00,000	5% (Nil 87A)	5% (Nil 87A)	12,500 Rebate u/s 87A	5% (Nil 87A)	5% (Nil 87A)	Rebate u/s 87A
5,00,001	6,00,000	20%	20%		10%	5% (Nil 87A)	15,000 Rebate u/s 87A
6,00,001	7,00,000	20%	20%		10%	10% (Nil 87A)	25,000 Rebate u/s 87A
7,00,001	7,50,000	20%	20%		10%	10%	
7,50,001	9,00,000	20%	20%		15%	10%	
9,00,001	10,00,000	20%	20%		15%	15%	
10,00,001	12,00,000	30%	30%		20%	15%	
12,00,001	12,50,000	30%	30%		20%	20%	
12,50,001	15,00,000	30%	30%		25%	20%	
15,00,001	and above	30 % + 2,62,500	30 % + 2,62,500		30% + 1,87,500	30% + 1,50,000	



HOW MUCH TAX SHOULD I PAY?



Income Tax Slab (₹)		Old Regime			New Regime		
		Tax Payable PY 2022-23	Tax Payable PY 2023-24	Remark	Tax Payable PY 2022-23	Tax Payable PY 2023-24	Remark
0	2,50,000	NIL	NIL		NIL	NIL	
2,50,001	3,00,000	NIL	NIL	2,500 Rebate u/s 87A	NIL	NIL	2,500 Rebate u/s 87A
3,00,001	5,00,000	NIL	NIL	12,500 Rebate u/s 87A	NIL	NIL	Rebate u/s 87A
5,00,001	6,00,000	32,500	32,500		22,500	NIL	15,000 Rebate u/s 87A
6,00,001	7,00,000	52,500	52,500		32,500	NIL	25,000 Rebate u/s 87A
7,00,001	7,50,000	62,500	62,500		37,500	30,000	
7,50,001	9,00,000	92,500	92,500		60,000	45,000	
9,00,001	10,00,000	1,12,500	1,12,500		75,000	60,000	
10,00,001	12,00,000	1,72,500	1,72,500		1,15,000	90,000	
12,00,001	12,50,000	1,87,500	1,87,500		1,25,000	1,00,000	
12,50,001	15,00,000	2,62,500	2,62,500		1,87,500	1,50,000	
15,00,001	and above	30 % + 2,62,500	30 % + 2,62,500		30% + 1,87,500	30% + 1,50,000	



SHOULD I OPT FOR NEW REGIME?



**Salary
Income**
7,50,000

**Std.
Deduction**
50,000



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Old Regime

Net Taxable Salary = 7,50,000 – 50,000
= 7,00,000

Tax Amount = 52,500

New Regime

Net Taxable Salary = 7,50,000 – 50,000
= 7,00,000

Tax Amount = NIL (Rebate u/s 87A)

SHOULD I OPT FOR NEW REGIME?



**Salary
Income**
10,00,000

**Std.
Deduction**
50,000

**LIC
Premium**
50,000

Old Regime

Net Taxable Salary = 10,00,000 – 50,000
= 9,50,000

Total Income = 9,50,000 – 50,000
= 9,00,000

Tax Amount = 92,500



New Regime

Net Taxable Salary = 10,00,000 – 50,000
= 9,50,000

Total Income = 9,50,000

Tax Amount = 52,500

SHOULD I OPT FOR NEW REGIME?



**Salary
Income**
15,00,000

**Std.
Deduction**
50,000

**LIC
Premium**
1,50,000

Old Regime

Net Taxable Salary = 15,00,000 – 50,000
= 14,50,000

Total Income = 14,50,000 – 1,50,000
= 13,00,000

Tax Amount = 2,02,500



New Regime

Net Taxable Salary = 15,00,000 – 50,000
= 14,50,000

Total Income = 14,50,000

Tax Amount = 1,40,000

SHOULD I OPT FOR NEW REGIME?



**Salary
Income**
25,00,000

**Std.
Deduction**
50,000

**LIC
Premium**
1,50,000

**Int. on House
Property**
2,00,000

Old Regime

Net Taxable Salary = 25,00,000 – 50,000
= 24,50,000

Total Income = 24,50,000 – 2,00,000 – 1,50,000
= 21,00,000

Tax Amount = 4,42,500



New Regime

Net Taxable Salary = 25,00,000 – 50,000
= 24,50,000

Total Income = 24,50,000

Tax Amount = 4,35,000

SHOULD I OPT FOR NEW REGIME?



**Salary
Income**
50,00,000

**Std.
Deduction**
50,000

**LIC
Premium**
1,50,000

**Int. on House
Property**
2,00,000

NPS
50,000

Old Regime

Net Taxable Salary = 50,00,000 – 50,000
= 49,50,000

Total Income = 49,50,000 – 2,00,000 – 1,50,000
– 50,000
= 45,50,000

Tax Amount = 11,77,500


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New Regime

Net Taxable Salary = 50,00,000 – 50,000
= 49,50,000

Total Income = 49,50,000

Tax Amount = 11,85,000

SHOULD I OPT FOR NEW REGIME?



**Salary
Income**
7,00,00,000

**Std.
Deduction**
50,000

**LIC
Premium**
1,50,000

**Int. on House
Property**
2,00,000

NPS
50,000

Old Regime

Net Taxable Salary = 7,00,00,000 - 50,000
= 6,99,50,000

Total Income = 6,99,50,000 - 2,00,000
- 1,50,000 - 50,000
= 6,95,50,000

Tax Amount = 2,94,61,300

New Regime

Net Taxable Salary = 7,00,00,000 - 50,000
= 6,99,50,000

Total Income = 6,99,50,000

Tax Amount = 2,68,90,500



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FEW BENEFITS TO CO OPERATIVE SOCIETY

OPPORTUNITY FOR LOWER TAXES

Old Provision

- Section 115BAD → 22% Tax Rate +
- Conditions to be fulfilled:



Proposed Provision

- **New Section 115BAE** → 15% Tax Rate + Surcharge 10% + 4% Cess
- Conditions to be fulfilled:
 - ✓ Tax-Payer is Co-Operative Society
 - ✓ Incorporation on or after 01-Apr-2023
 - ✓ Production commenced upto 31-Mar-2024
- **Benefits not available u/s 115BAD** → Same here

NO TDS U/S 194N UPTO ₹ 3 CRORE

Old Provision

- If withdrawal is greater than ₹ 1 crore, then only TDS u/s 194N would trigger.
- Rate → 2%
- If previous 3 years return not filed, then TDS rates would be:
 - ✓ > ₹ 20 Lakh but upto ₹ 1 crore → 2%
 - ✓ > ₹ 1 crore → 5%



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Proposed Provision

- If withdrawal is greater than ₹ 3 crore, then only TDS u/s 194N would trigger.
- Rate would be same as before.
- If previous 3 years return not filed, then TDS rates would be:
 - ✓ > ₹ 20 Lakh but upto ₹ 1 crore → 2%
 - ✓ > ₹ 1 crore → 5%

Sec 269 SS & 269 T

- 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 cooperative agricultural and rural development bank by its member



Amount of Rs. 2,00,000 is applicable in place of Rs. 20,000.



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CAPITAL GAINS

Sec 54 & 54F

- **Investment in Residential House is eligible for Exemption u/s. 54 or u/s. 54F**
- **For the big investor a Cap on the investment amount of Rs. 10 Crore is inserted.**
- **If investment amount exceeds 10 Crore, for exemption u/s. 54 & 54F it is taken to be 10 Crore.**

LTCG NOW CAPPED U/S 54

LT Resi
House Sold

**Net
Consideration**
25 Crore

**Long Term
Capital Gain**
15 Crore

**Inv. in New Resd.
Property**
13 Crore

PY 2022-23 AY 2023-24

LTCG before 54 = 15 crore

Exempt u/s 54 = 15 crore or 13 crore which
ever is lower
= 13 crore

Taxable LTCG = 2 crore



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PY 2023-24 AY 2024-25

LTCG before 54 = 15 crore

Exempt u/s 54 = 15 crore or 13 crore which
ever is lower
= 13 crore (but max. 10 crore)
= 10 crore

Taxable LTCG = 5 crore

LTCG NOW CAPPED U/S 54F

LT Gold
Sold

**Net
Consideration**
25 Crore

**Long Term
Capital Gain**
15 Crore

**Inv. in New Resd.
Property**
13 Crore

PY 2022-23 AY 2023-24

LTCG before 54F = 15 crore

**Exempt u/s 54F = 15 crore or Proportionate of
Net Consideration**
= 7.80 Crore $(15 \times 13)/25$

Taxable LTCG = 7.20 crore

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PY 2023-24 AY 2024-25

LTCG before 54F = 15 crore

**Exempt u/s 54F = 15 crore or Proportionate of
(Investment or 10 Crore
which ever is lower)**
= 6 Crore $(15 \times 10)/25$

Taxable LTCG = 9 crore

Sec 45(5A) Joint Development Agreement

Old	New
<p>for the purposes of section 48, the stamp duty value, on the date of issue of the said certificate, of his share, being land or building or both in the project, as increased by the consideration received in cash, if any, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset</p> 	<p>for the purposes of section 48, the stamp duty value, on the date of issue of the said certificate, of his share, being land or building or both in the project, as increased by any consideration received in cash or by a cheque or draft or by any other mode, if any, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset</p>

Sec 47 Conversion of Physical Gold to Electronic Gold Receipt

- Conversion of Physical Gold to EGR or vice versa is not regarded as transfer and not liable for Capital Gains.
- When the Converted Capital Asset is sold off :
 - (a) Period of Holding to be reckoned from the date of acquisition of the original Asset.
 - (b) Indexation available from the date of acquisition of the original Asset.



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Section 48 Cost of Acquisition & Cost of Improvement

- A proviso in clause (ii) is added to provide that the cost of acquisition or the cost of improvement shall not include the amount of interest claimed under section 24 or Chapter VIA.
- For Example:

Question	Answer
Cost of Residential House Rs. 60,00,000	Interest Payable = Rs. 3,50,000
7 % Loan Taken Rs. 50,00,000	Allowable u/s. 24b = Rs. 2,00,000

Assessee was claiming Rs. 3,50,000 Interest as Cost of Improvement. Now due to above proviso, Interest claimed u/s. 24b worth Rs. 2,00,000 is not allowed as Cost of Improvement. But the Act is silent on allowability of Rs. 1,50,000 which is not claimed!!!

Section 55 Cost of Acquisition in case of Intangible assets

- Cost of acquisition and improvement for Intangible assets shall be for which no consideration has been paid for acquisition shall be Nil.



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Business & Profession

Sec 28(iv) : Chargeability of Benefit or Perquisite in the course of B & P

Old	New
<ul style="list-style-type: none">The value of any benefit or perquisite arising from business or the exercise of a profession, whether--(a) convertible into money or not; 	<p>the value of any benefit or perquisite arising from business or the exercise of a profession, whether--</p> <ul style="list-style-type: none">(a) convertible into money or not; or(b) in cash or in kind or partly in cash and partly in kind;

Sec 35D : Preliminary Expenses

Old	New
<ul style="list-style-type: none">• If assessee is incurring the expenses on<ul style="list-style-type: none">(i) Market Survey(ii) Project Report(iii) Feasibility Report(iv) Engineering Service <p>To be eligible for Sec 35D :</p> <p>Work is either to be done By the assessee or By the concern approved by the board</p> 	<ul style="list-style-type: none">• If assessee is incurring the expenses on<ul style="list-style-type: none">(i) Market Survey(ii) Project Report(iii) Feasibility Report(iv) Engineering Service <p>To be eligible for Sec 35D :</p> <p>Work is either to be done By the assessee or By any other Concern (Whether approved by the board or not). To claim it as allowable u/s. 35D, Assessee has to give a self declaration in prescribed form on or before the prescribed date.</p>

Sec 43B : Allowability of Expense on Actual Payment Basis

- Sec 43B provides that certain Expenses are allowed on Actual Payment Basis irrespective of the PY in which it is due.
- Proviso to Sec 43B provides that if the Expense is due but paid on or before the due date of filling ITR u/s. 139(1), then it is allowed in the PY in which it is paid.
- Clause (h) is inserted to the section to provide that payment to Micro & Small Enterprise is covered by 43B and allowed on actual payment basis. Proviso to 43B is not applicable for the same.

Sec 43B : Allowability of Expense on Actual Payment Basis

- Two important points emerging from the amendment :
 - (i) Only Micro & Small Enterprises are covered and not medium enterprises.
 - (ii) Proviso to 43B not applicable means even if it is paid after PY end but upto due date, unlike other expenses covered by 43B, it is allowed in the PY in which it is paid and not in which it is due.

Tax Audit & Presumptive Tax System

Sec 44AD

- For Resident Individual, HUF & Firm if they are engaged in business & turnover for the same doesn't exceeds Rs. 2 Crore, they are allowed to declare taxable B & P income to be 6% or 8% of their turnover.
- Sec 44AA for maintenance of Books of Accounts and Sec 44AB for Tax Audit is not applicable to them.
- Proposed Change is if the CASH Receipt doesn't exceeds 5% of Total Receipt, in place of 2 Crore, the limit of 3 Crore is applicable for the turnover.

Sec 44ADA

- For Resident Individual & Firm if they are engaged in Specified Profession & Gross Receipt for the same doesn't exceeds Rs. 50 Lakhs, they are allowed to declare taxable B & P income to be 50% of their Gross Receipt.
- Sec 44AA for maintenance of Books of Accounts and Sec 44AB for Tax Audit is not applicable to them.
- Proposed Change is if the CASH Receipt doesn't exceeds 5% of Total Receipt, in place of 50 Lakhs, the limit of 75 Lakhs is applicable for the Gross Receipt.



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Other Major Amendments

Sec 194BA & 115BBJ

Sec 194 BA

- TDS u/s. 194B & 194BB for the Casual Income and Horse Race to be made at 30% if the amount of winning exceeds Rs.10,000.
- But for online gambling Sec 194BA is inserted in the Act to provide that the TDS is required to be made at 30 % irrespective of the amount of winning.
- The intention behind the same is to cover all the winning under the TDS scope.



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Sec 115 BBJ

- Income from online gambling is taxable u/s. 115 BBJ at 30 % without allowing any expenses deductible.


Sec 206C(1G) :TCS in case of Foreign Remittance

<u>Sr No</u>	<u>Purpose of Remittance</u>	<u>Old</u>	<u>Proposed Change</u>
1	For Education from loan u/s. 80E	0.5 % above 7,00,000	No Change
2	For Education other than 80E	5 % above 7,00,000	No Change
3	Foreign Tour Package	5 % on Total Amount	20 % on Total Amount
4	Any other cases	5 % above 7,00,000	20 % on Total Amount



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Sec 9 (1)(viii)

Old	New
<ul style="list-style-type: none">Income arising outside India, being any sum of money referred to in sub-clause (xviiia) of clause (24) of section 2, paid on or after the 5th day of July, 2019 by a person resident in India to a non-resident, not being a company, or to a foreign company. 	<p>Income arising outside India, being any sum of money referred to in sub-clause (xviiia) of clause (24) of section 2, paid by a person resident in India -- (a) on or after the 5th day of July, 2019 to a non resident, not being a company, or to a foreign company; or (b) on or after the 1st day of April, 2023 to a person not ordinarily resident in India within the meaning of clause (6) of section 6</p>

Sec 56(2)(viib)

Old

- If Closely held company is issuing the shares to **Resident** at Premium and the issue price is more than the FMV, then the difference between the Issue Price and FMV is taxable to Company in IFOS.




New

If Closely held company is issuing the shares to **Resident or to Non Resident** at Premium and the issue price is more than the FMV, then the difference between the Issue Price and FMV is taxable to Company in IFOS.

It is not be noted that the same section is not applicable to Registered Start Ups.

Sec 79 : Carry forward of Loss for Start ups & extension of the time limit

Old	New
<ul style="list-style-type: none">Registered Start Ups claiming 80IAC can carry forward the loss without fulfilling the condition of keeping 51 % or more share holders same on the last date of the PY in which loss Arises and on the last date of the PY in which company wants to set off.The condition was that the loss must arise within 7 years of incorporation of the Start ups.  <p>ASPAN CONSULTANCY LLP GROWTH RIDER</p>	<p>* It is proposed that the word 10 years is to be read in place of 7 years. Means the loss must be the loss of first 10 years of incorporation for c/f without fulfilling the conditions of 51 % shareholding.</p> <p><i>New Start ups incorporated upto 31-3-2023 were eligible for Deduction u/s. 80IAC. This date is extended to 31-3-2024.</i></p>

Sec 10(10D) Proviso 6 Taxability on Maturity of Life Policy

- If the life policy is issued on or after 1st day of April 2023 and the premium or aggregate premium for the same during any PY exceeds Rs.5,00,000, then the maturity value for the same is taxable u/s. 56(2)(xii) under the head IFOS.
- It is taxable after allowing the premium paid as deduction u/s. 57.
- Taxability arises at normal rate of tax only.
- If the maturity is on the death of sum assured, it is exempt u/s. 10(10D).

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