



UNION BUDGET 2023-24

... a road to \$5 trillion economy?



BAGARIA
& COMPANY

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1

Economic Survey

Analysis of growth of GDP, factors impacting growth, outlook, etc.

1. Economic Survey 2023

India Outlook in FY 22-23

India's economic growth is expected to rebound to 6% - 6.80% in 2023-24

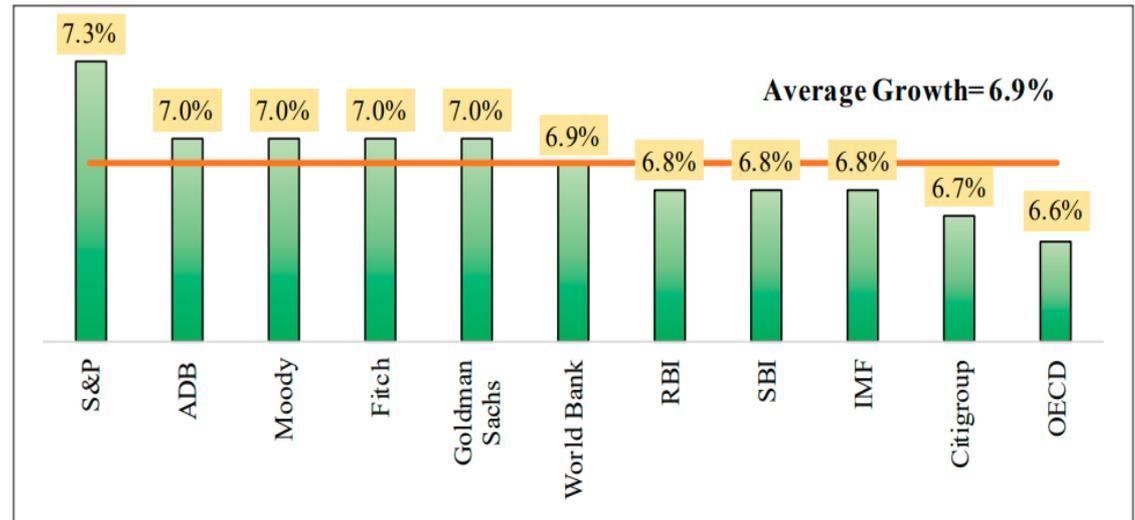
Inflation rate in April'22 peaked at 7.8% before moderating to 5.7% in December 2022

Substantial increase in Planned Capital expenditure for FY'24 at Rs. 10 trillion

Number of taxpayers doubled in 2022-23 since last year

Fiscal deficit for FY'23 pegged at 6.40%, while for FY 24 it is budgeted at 5.90%

India growth projections by various agencies for FY23



Source: Various Agencies

Note: ADB stands for Asian Development Bank, IMF is International Monetary Fund

BBB-

India Credit Rating
(As per
Standard & Poor's)

\$562 bn

Foreign Exchange
Reserve as on December
31, 2022

5th

Largest Economy in World

40th

Rank in Global
Innovation Index
(gained 6 places since
2022)

2

Rates of Taxes

Tax rates for assesses

2. Rates of Taxes

Taxation of Individuals, HUF, Co-operative, Firms and Local Authorities

For Individual Tax Payer (upto 60 years) & HUF :	Old Regime
< ₹ 2.5 Lakhs	-
> ₹ 2.5 Lakhs to < ₹ 5 Lakhs	5.20%
> ₹ 5 Lakhs and < ₹ 10 Lakhs	20.80%
> ₹ 10 Lakhs and < ₹ 50 lakhs	31.20%
> ₹ 50 Lakhs and < ₹ 1 crores	34.32%
> ₹ 1 crores and < ₹ 2 crores	35.88%
> ₹ 2 crores and < ₹ 5 crores	39.00%
> ₹ 5 crores	42.74%
For Individual Tax Payer (upto 60 years) & HUF :	New Regime
< ₹ 3 Lakhs	-
> ₹ 3 Lakhs to < ₹ 6 Lakhs	5.20%
> ₹ 6 Lakhs and < ₹ 9 Lakhs	10.40%
> ₹ 9 Lakhs and < ₹ 12 Lakhs	15.60%
> ₹ 12 Lakhs and < ₹ 15 Lakhs	20.80%
> ₹ 15 Lakhs and < ₹ 50 lakhs	31.20%
> ₹ 50 Lakhs and < ₹ 1 crores	34.32%
> ₹ 1 crores and < ₹ 2 crores	35.88%
> ₹ 2 crores and < ₹ 5 crores	39.00%
> ₹ 5 crores	39.00%

Notes

- The above-mentioned rates are effective rates of tax (including applicable tax rate, surcharge (SC), Health and Education cess)
- In Old Regime, the base exemption for senior citizen ie. 60 years to 80 years is ₹ 3,00,000 and for super senior citizen ie. 80 years & above is ₹ 5,00,000/-
- Rs 52,500 standard deduction to taxpayers has been introduced under the new regime incase income is equal or higher than Rs. 15.50 lakhs
Further, an assessee has an option to choose between the New Regime and Old Regime tax rates
- The income tax rebate limit is proposed to be increased from ₹5lakhs to ₹7lakhs in the new tax regime
- The highest surcharge rate on income above 5 crore is proposed to be reduced from 37% to 25% under the new tax regime
- Surcharge on the tax in respect of income by way of dividend or income under the provisions of section 111A, 112 and 112A of the Act shall be capped at 15%.

2. Rates of Taxes

Taxation of Individuals, HUF, Co-operative, Firms and Local Authorities

For Co-operatives, Firms and Local Authorities	Co-operatives*	Partnership Firms and Local Authorities
< ₹ 10,000	10.40%	31.20%
> ₹ 10,000 and < ₹ 20,000	20.80%	
> ₹ 20,000 and < ₹ 1 crores	31.20%	
> ₹1 crores and < ₹ 10 crores	33.38% (30% + 7% + 4%)	34.94% (30% + 12% + 4%)
more than ₹ 10 crores	34.94% (30% + 12% + 4%)	

Notes

*A co-operative society resident in India shall have the option to pay tax at 25.16% for assessment year 2021-22 onwards as per the provisions of section 115BAD, subject to fulfilment of certain conditions

In order to bring new manufacturing co-operative society at par with new manufacturing companies, following new provisions has been proposed in Finance Bill, 2023

Particulars	Section 115BAE (New)
Coverage	Tax on new manufacturing co-operative society (including electricity generation)
Date of set up condition	On or after 1st April,2023 and has commenced manufacturing on or before 31st March, 2024
Concessional rate of tax after including surcharge and cess	17.16% (15%+10% Surcharge+4% cess)
Taxation on income not incidental to manufacturing and production	22%
Taxation on additions made by the AO	30%
Tax on Short term capital gain derived from transfer of capital asset on which depreciation is not allowed under the Act	22%
Condition of split/ reconstruction and second hand machinery	Applicable
Applicability of concessional rate	AY 2024-25 onwards
Is it optional? When the option is to be exercised.	Yes- The option to be exercised during the first year. The option so exercised cannot be withdrawn
Essential Condition	The assessee should not avail any specified incentive or deductions

2. Rates of Taxes

Taxation of Domestic Companies – Summary

Section	Type of company	Base MAT rate	Normal tax rate	Effective normal tax rate		
				Income upto 1 Cr	Income > 1 Cr but upto 10 Cr	Income > 10 Cr
115BA	Domestic manufacturing company set-up and registered on or after 1 March 2016	15%	25%	26% (Nil SC + 4% cess)	27.82% (7% SC+ 4% cess)	29.12% (12% SC+ 4% cess)
115BAA	Any domestic company (even if an existing company or engaged in non-manufacturing business)	NA	22%	25.17% (10% SC+ 4% cess)	25.17% (10% SC+ 4% cess)	25.17% (10% SC+ 4% cess)
115BAB	Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2024	NA	15%	17.16% (10% SC+ 4% cess)	17.16% (10% SC+ 4% cess)	17.16% (10% SC+ 4% cess)
Para E of First Schedule	Domestic companies having turnover of less than INR 400 crores during FY 2018-19	15%	25%	26% (Nil SC+ 4% cess)	27.82% (7% SC+ 4% cess)	29.12% (12% SC+ 4% cess)
	Domestic companies having turnover of more than INR 400 crores during FY 2018-19	15%	30%	31.20% (Nil SC+ 4% cess)	33.38% (7% SC+ 4% cess)	34.94% (12% SC+ 4% cess)

2. Rates of Taxes

Taxation of Domestic Companies – Comparative Analysis

Particulars	Section 115BA (existing 25% tax rate)	Section 115BAA (amended 22% tax rate)	Section 115BAB (Amended 15% tax rate)	Domestic companies (Turnover < INR 400 crs)	Domestic companies (Turnover > INR 400 crs)
Coverage	Tax on domestic manufacturing companies	Tax on all domestic companies not claiming certain incentives / exemptions	Tax on new domestic manufacturing (including electricity generating) companies not claiming incentives / exemptions	All domestic companies have annual turnover during FY 18-19 less than ₹ 400 crores	All domestic companies have annual turnover during FY 18-19 more than ₹ 400 crores
Date of set-up condition	On or after 1 March 2016	No condition	On or after 1 October 2019 and has commenced manufacturing on or before 31 March 2024	NA	NA
Rate of tax after including surcharge and cess	26% / 27.82% / 29.12%	25.17%	17.16%	26% / 27.82% / 29.12%	31.2% / 33.38% / 34.94%
Applicability of MAT	Yes	No	No	Yes	Yes
MAT Credit	Available	Not Available	Not Available	Available	Yes
Base / essential conditions	Manufacturing company which is set up after 1 March 2016	Any domestic companies (including trading or service company)	Manufacturing Company which is set up on or after 1 Oct 2019 and commences operations on or before 31 March 2023	NA	NA

2. Rates of Taxes

Taxation of Domestic Companies – Comparative Analysis

Particulars	Section 115BA (existing 25% tax rate)	Section 115BAA (amended 22% tax rate)	Section 115BAB (Amended 15% tax rate)	Domestic companies (Turnover < INR 400 crs)	Domestic companies (Turnover > INR 400 crs)
Condition of split/reconstruction and second hand machinery	Not Applicable	Not Applicable	Applicable	Irrelevant	Irrelevant
Impact on claim of incentives and losses attributable to incentives	Need to be foregone	Need to be foregone	Need to be foregone	Available	Available
Specified domestic transfer – Transfer pricing	Applicable where certain profit linked deduction is claimed		Applicable on any business transacted by company with related party	Applicable where certain profit linked deduction is claimed	
Is it optional? When the option is to be exercised.	Yes - Option to be exercised during the first year - once opted in, opt out unlikely to apply. The exception provided is only when 115BAB applicable	Yes – Option can be exercised anytime - once opted the choice is irreversible	Yes – Option can be exercised anytime - once opted the choice is irreversible	NA	NA

3

Impact on Individuals and Businesses

Amendments impacting all assessee

3. Impact on Individuals and Businesses

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

As per IT Act, capital gains arising out of transfer of long term capital asset (residential house or not) is not subject to capital gains tax if the 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 of transfer constructed any residential property in India.

It has been observed by the IT Department that high-net-worth assesses claim huge deductions by purchasing very expensive residential houses.

In order to prevent this, it is proposed to impose a limit on the maximum deduction that can be claimed by the assessee under section 54 and 54F to Rs. 10 crore.

It has been provided that if the cost of the new asset purchased is more than Rs. 10 crore, the cost of such asset shall be deemed to be ten crores. This will limit the deduction under the two sections to Rs. 10 crore.

Special provision for taxation of capital gains in case of Market Linked Debentures

'Market Linked Debentures' are listed securities which are currently taxed as long-term capital gain at 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 gain arising from the transfer or redemption or maturity of these securities it is proposed that capital gain from Market Linked Debentures to be taxed as short-term capital gain at applicable rates.

It is proposed 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.

3. Impact on Individuals and Businesses

Rationalisation of exempt income under life insurance policies

Earlier the IT Act provided that the 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

Now it is proposed that income from all life insurance policies (other than ULIP) shall not be exempt if the premium or aggregate of premium exceeds Rs 5,00,000 in a year.

However, 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.

However, it is to be noted that the proposed provision shall apply for policies issued on or after 1st April, 2023 and there will not be any change in taxation for policies issued before this date.

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

The IT Act provides that where a company, not being a company in which the public are substantially interested,

receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head ‘Income from other sources’.

Specifying time limit for bringing consideration against export proceeds into India

As per the IT Act, deduction can be claimed on export income only when the return of income is filed on or before the specified due date.

Further it has been observed that no time limit is 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.

Therefore, it is proposed to provide a time limit of six months from the end of the Financial Year for an SEZ unit to bring the proceeds from exports of goods or services into India. The filing of income-tax return is also proposed to be made mandatory for claiming deduction on export income.

3. Impact on Individuals and Businesses

Timely Payments to MSME

To promote timely payments to the MSME, deduction can be claimed by the assessee only on payment basis. Deduction will be allowed on accrual basis only if the assessee makes the payment as per section 15 of the MSME Development Act i.e. within the timeline specified in the agreement where a written agreement exists or 15 days where a written agreement does not exist. Earlier the deduction was allowed on both payment and accrual basis, provided the payment is made within the date of furnishing the returns.

Conversion of Gold into Electronic gold receipt and Vice Versa

- Shall not be considered as transfer for the purpose of capital gains
- Cost of acquisition of EGR shall be deemed to be the cost of gold in the hands of the person in whose name EGR is issued
- Holding period would include period for which gold was held by the assessee prior to conversion into EGR.

Ease in claiming deduction on amortization of Preliminary Expenditure

IT Act provides the work in connection with the preparation of feasibility report or the project report or the conducting of market survey or of any other survey or the engineering services would need to be carried out either by the assessee himself or by a concern which is approved by the Board.

It is proposed to amend section 35D of the Act to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board. Instead, 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.

Increasing threshold limits for presumptive taxation Schemes

- In case of eligible business, threshold of turnover or gross receipts of Rs. 2 crores proposed to increase to Rs. 3 crores
- In case of eligible professions, threshold of turnover or gross receipts of Rs. 50 lakhs proposed to increase to Rs. 75 lakhs
- Tax audit shall not apply who opt for presumptive taxation schemes.

Preventing misuse of presumptive schemes:

- In case of presumptive schemes for non-residents (like engaged in the business or allied services of extraction or production of mineral oils and in the business of civil construction for turnkey project approved by the Central Government), it is proposed to disallow carried forward and set off of loss and unabsorbed depreciation computed as per books of account with presumptive income.

3. Impact on Individuals and Businesses

Charitable Trust or Institution

- Application out of corpus or loans or borrowings before 01.04.2021 should not be allowed as application for charitable or religious purposes when such amount is deposited back or invested in to corpus or when the loan or borrowing is repaid. It is further proposed to provide that if the trust or institution invests or deposits back the amount in to corpus or repays the loan within 5 years of application from the corpus or loan, then such investment/depositing back in to corpus or repayment of loan will be allowed as application for charitable or religious purposes.
- It is proposed that donations made by a trust or institution to the another trust shall be treated as application only to the extent of 85% of such donation.
- It is proposed to introduce payment of tax on assets if a trust does not apply for exemption after getting provisional exemption and for re-exemption after expiry of exemption
- IT Act provides that the forms (form 10/9A) for accumulation of income is required to be furnished on or before the due date of filing return of income. It is proposed to provide for filing of these forms at least two months prior to the due date for furnishing the return of income.
- the time provided for furnishing return of income for claiming exemption shall not include the time provided for furnishing updated return

Excluding NBFC from restriction on interest deductibility

IT Act provides that on deduction of interest expense in respect of any debt issued by a non-resident, being an associated enterprise of the borrower shall be restricted to the extent of 30% of the EBITDA and this restriction on interest deductibility on interest payment to overseas associated enterprise does not apply to those in the business of banking and insurance. It is proposed to extend this benefit to non-banking financial companies, as may be notified by the Central Government.

Extending deeming provision under section 9 to gift to not-ordinarily resident

- The IT Act provides that a sum of money exceeding Rs. 50,000 received by a Non-resident from a resident without consideration is taxable in India.
- It is proposed that the provisions of this section should be applicable incase a 'not-ordinarily' resident receives such sum from a resident.

3. Impact on Individuals and Businesses

Clarification to prevent double deduction claimed on interest or borrowed capital for acquiring, renewing or reconstructing a property

While interest paid on borrowed capital for acquiring or improving a property can, subject to certain conditions, be claimed as deduction from income, it can also be included in the cost of acquisition or improvement on transfer, thereby reducing capital gains.

It is proposed to provide that the cost of acquisition or improvement shall not include the amount of interest claimed earlier as deduction

Cost of Acquisition of Intangibles, now defined as nil

There are certain assets like intangible assets or rights for which no consideration has been paid for acquisition and the transfer of which may result in generation of income. Their cost of acquisition is proposed to be defined as NIL.

Removable of certain funds from section 80G

It is proposed to omit certain funds namely the Jawaharlal Nehru Memorial Fund, Indira Gandhi Memorial Trust and Rajiv Gandhi Foundation from sec 80G of the Act which provides for deduction of donation to such funds from the income of the donor.

Capital Gain arising from transfer of land or building or both under JDA (Joint Development Agreement)

For computing capital gain arising from transfer of land or building or both under JDA, 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. Earlier the consideration was taken as stamp duty value increased by consideration received in cash.

Leave encashment for Non-Government Employees

Increase in the Tax exemption limit from Rs.3 lakhs to Rs.25 lakh on leave encashment on retirement for non-government salaried employees.

Business trusts and its unit holders

It is proposed to tax distributed income by business trusts in the hands of a unit holder (other than dividend, interest or rent which is already taxable) on which tax is currently avoided both in the hands of unit holder as well as in the hands of business trust

It is proposed to allow a taxpayer to obtain certificate of deduction of tax at source to lower or nil rate on sums on which tax is required to be deducted under section 194LBA of the Act by Business Trusts

3. Impact on Individuals and Businesses

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

In companies other than in which the public is substantially interest, the section restricts setting off or carrying forward of losses if there is change in shareholding of more than 51%.

The condition of continuity of at least 51% of the shareholding for setting off or carrying forward of losses is relaxed for eligible start-ups if all the shareholders of the company continue to hold those shares.

The time period for loss of eligible start-ups to be considered for relaxation is proposed to be increased from 7 years to 10 years from the date of incorporation.

Extension of date of incorporation for eligible start-ups for exemption

The Income Tax Act provides for a deduction of an amount equal to 100% of the profits and gains derived from an eligible start-up for 3 consecutive assessment years out of 10 years, beginning from the year of incorporation, at the option of the assessee subject to the condition that,

- i. The total turnover of its business does not exceed Rs.100 crore,
- 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.

The date for incorporation of eligible start-ups is proposed to be extended from 1st April 2023 to 1st April 2024.

Other key proposed amendments relating to cash withdrawal or deposits:

- IT Act provides for deduction of tax at the time of cash withdrawals when payment of cash exceeds Rs. 1 crores. It is now proposed to increase this limit to Rs. 3 crore on cash withdrawals where the recipient is co-operative societies.
- It is proposed to raise the limit of Rs. 20,000 to Rs. 2 lakh per member for cash deposits and loans in cash to Primary Agricultural Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) and repayment of the same.

Benefit or perquisite in business

- Currently, value of benefit or perquisite in kind arising from business or profession is chargeable as business income.
- It is proposed that such provision will also apply where the benefit or perquisite is in cash or kind or partly in cash and partly in kind.

4

Tax Deducted at Source and Tax Collected at Source

Amendments in relation to TDS and TCS

4. TDS & TCS

Removal of exemption from TDS on payment of interest on listed debentures to a resident

The IT Act provides exemption from TDS in respect of payment of interest on listed debentures.

It is seen by the IT Department that there is under reporting of interest income by the recipient and hence in order to deal with this it is proposed to withdraw exemption from TDS currently available to the assesses.

TDS and taxability on net winnings from online games

As per the IT Act, TDS is applicable on winning from online games if the winning is more than Rs. 10,000 at 30% (Plus Surcharge and cess)

It is proposed to remove the threshold of Rs. 10,000.

TDS shall be applicable on net winnings in the users accounts 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.

Tax treaty relief at the time of TDS under section 196A of the Act

IT 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% but the tax rate in treaties may be lower

In order to provide relief to the tax payers, it is proposed that the TDS would be at the rate which is lower of 20% or rates provided in the tax treaty.

TDS on payment of accumulated balance due to an employee

As per the IT Act, TDS on payment of accumulated balance due to an employee under the EPF Scheme is at the rate of 10% of the taxable component of the lump sum payment due to an employee.

Maximum marginal rate of TDS was charged for employees with no PAN.

At present the TDS rate on withdrawal of taxable component from EPF Scheme in non-PAN cases is 30 per cent.

In order to rationalize it is proposed to reduce the TDS rate to 20 per cent, as in other non-PAN cases.

4. TDS & TCS

Increasing Rate of Tax Collected at Source of certain Remittances

Type of Remittance	Present Rate	Proposed Rate
For the purpose of any education, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E.	For the purpose of education, other than (i) or for the purpose of medical treatment.	No change.
For the purpose of education, other than (i) or for the purpose of medical treatment.	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	No change.
Overseas tour package	5% without any threshold limit.	20% without any threshold limit
Any other case	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	20% without any threshold limit

Facilitating TDS credit for income already disclosed in the return of income of past year

There are many instances of TDS mismatch, since the income has already been offered to tax by the assessee in earlier years following the accrual method, 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 such a case, the assessee 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.

The period of four years for rectification 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

The interest on refund arising out of above rectification shall be for the period from the date of the application to the date on which the refund is granted

5

Improvement in Compliance and Tax Administration

Amendments in assessments and procedural aspects

5. Improvement in Compliance and Tax Administration

Disposal of appeals pending with Commissioner

As per IT Act, to expedite the disposal of certain appeals pending with Commissioner (Appeals), any assessee aggrieved by following orders of an AO, may now appeal to Joint Commissioner (Appeals)- a new rank introduced in IT Authority. Any existing appeals filed or pending before Commissioner (Appeals) is now transferable to Joint Commissioner (Appeals).

Timeline for completion of assessment

Over the past few budgets, the timeline to complete the assessment was reduced from 21 months to 9 months from the end of financial year in which return was furnished. However, the assessee was not getting sufficient time to explain itself and complete the entire process of assessment.

It is now proposed to increase the timelimit to complete the assessment from 9 months to 12 months from the financial year in which return is filed. The same provision relating to timeline for completion of assessment is also applicable for assessee's filing updated returns [u/s 139 (8A)].

It is also proposed that in cases where search under section 132 of the IT Act or requisition under section 132A of the Act has been made, the period of limitation for passing the order of pending assessments shall be extended by 12 months.

Penalty order, rectification order and filing of memorandum now appealable before ITAT

Penalty orders passed by CIT(A), Rectification order u/s 263

passed by PCCIT/CCIT and filing of memorandum of cross-objections against orders passed by CIT(A) are not appealable under IT Act.

It is now proposed to make such orders appealable before Appellate Tribunal (ITAT).

Extension of time limit for amending rectification of order

As per IT Act, the time-limit for amending rectification of orders or for making an application to it by the Interim Board of Settlement, expires on or after 01.02.2021 but before 01.02.2022.

It is now proposed to extend the time-limit to 30.09.2023. This amendment will take effect retrospectively from the last day of February, 2021.

Reduction in timeline for furnishing documents in relation to international related party transactions or specified domestic transaction

As per IT Act, certain information/document needed to be furnished by any person before IT Authority in relation to international related party transactions or specified domestic transaction. Earlier, this information needed to be furnished within 30 days from receipt of notice with additional 30 days extension. It is now proposed to reduce the timeline from 30 days to within 10 days from receipt of notice and not later than 30 days of receipt of notice.

5. Improvement in Compliance and Tax Administration

Additional period for issuance of notice for assessment/reassessment

It is proposed to provide that in cases where search related information is available after 15th March of any financial year, an additional period of fifteen days shall be allowed for issuance of notice, for assessment/reassessments etc, under section 148 of the Act and the notice so issued shall be deemed to have been issued on the 31st day of March of such financial year.

Easing the procedure for search and seizure

It has been observed by IT Department that due to the increased use of technology and digitisation in every aspect, the procedure for search & seizure had become complex, requiring the use of data forensics for complete and proper analysis of accounts. Also, there is an increasing trend of undisclosed income being held in a vast variety of forms of assets or investments in addition to immovable property. Therefore, it is now proposed to allow the authorised officer to take assistance of specific domain experts like digital forensic professionals, valuers and services of other professionals like locksmiths, carpenters etc. during the course of search and also to aid in accurate estimation of undisclosed income held in the form of property by the assessee.

Penalty on furnishing inaccurate statement of financial transaction

It is proposed to provide a penalty of Rs. 5,000/- if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution due to false or inaccurate information submitted by the account holder and such amount is recoverable from every account holder.

Amendment in the time period for filing appeal against the order of Adjudicating authority under Benami Act

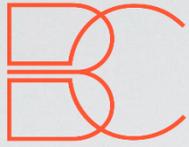
It is proposed to amend the time period for filing of appeal against the order of the Adjudicating authority under Benami Act within a period of 45 days from the date when such order is received by the Initiating Officer or the aggrieved person against earlier 45 days from date of order.

6

Key Indirect Tax related Amendments

6. Key Indirect Tax related Amendments

1. 16% tax hike on certain cigarettes.
2. Basic customs duty on crude, glycerine reduced to 2.5%.
3. Import duty on silver bars hiked to align it with gold, platinum.
4. Extend customs duty cut on imports of parts of mobile phones by 1 year.
5. To promote TV manufacturing, customs duty on open cells of TV panels reduced to 2.5%.
6. Relief provided on Customs Duty on import of certain parts & inputs like camera lens.
7. Concessional duty on lithium-ion cells for batteries extended for another year.
8. Number of basic custom duty rates on goods other than textiles and agriculture reduced from 21 to 13. As a result, there are minor changes in taxes on some items toys, bicycles, automobiles.



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