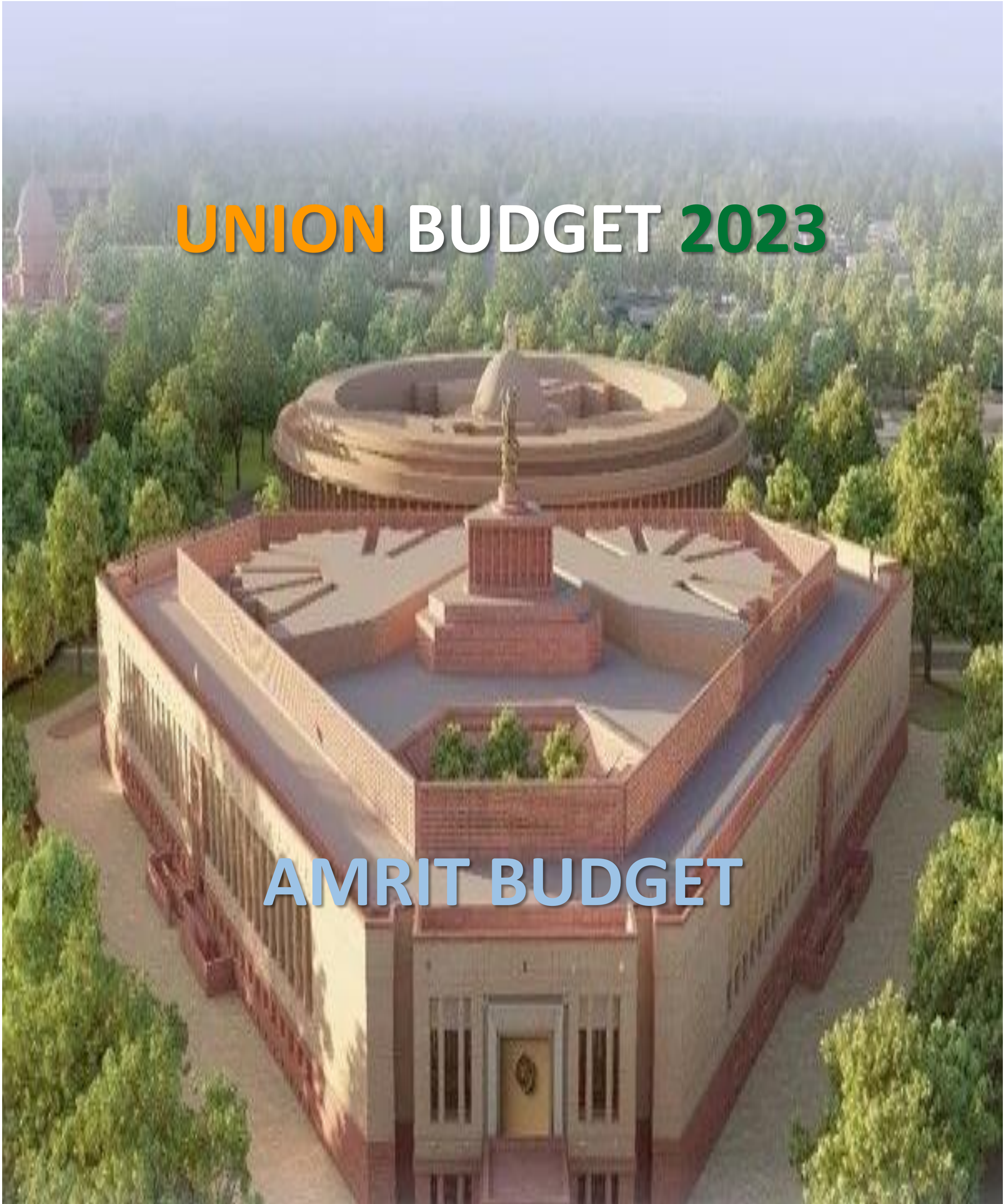
UNION BUDGET 2023



AMRIT BUDGET

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GLOSSARY

1 Crore	=	Rs. 10 million
1 Lakh	=	Rs. 100 thousand
AO	=	Assessing Officer
BCD	=	Basic Custom Duty
ACD	=	Additional Custom Duty
CVD	=	Countervailing Duty
SAD	=	Special Additional Duty
AED	=	Additional Excise Duty
SAED	=	Special Additional Excise Duty
MAT	=	Minimum Alternate Tax
GST	=	Goods & Service Tax
FII	=	Foreign Institutional Investor
RSP	=	Retail Sale Price

FOREWORD

The Finance Minister Smt. Nirmala Sitharaman, presented her fifth and last full budget of the Ruling Government before the General Elections in 2024, earlier today. This is the first budget in ***AMRIT KAAL*** and is guided by adopting seven priority areas which complement each other. It envisions opportunities for citizens with focus on the youth, growth and job creation along with a strong and stable Macro-Economic environment.

The Budget 2023 is especially significant as it comes at a time of unprecedented economic and social challenges, both globally and domestically. Despite the massive slowdown globally caused by Covid-19 and a War, the government remains committed to promoting economic growth, creating jobs and improving the standard of living for all citizens.

This Budget presents a comprehensive strategy to support the ongoing economic recovery, enhance the competitiveness of Indian industry and promote inclusive growth. The government's commitment to investing in infrastructure, education, healthcare and tourism will play a critical role in driving the economic resurgence. The emphasis on digital technology, particularly in the rural sector, will help bridge the gap between urban and rural India, enabling the country's vast population to participate in the digital economy.

The Infrastructure Sector also attracts a significant deal of budgetary allocation with the government persisting to boost Investment in Infrastructure and productive capacity which is expected to have a multiplier effect on growth and employment. Capital Investment Outlay is being increased steeply for the third year in a row by 33% to Rs. 10 Lakh Crore, which is 3.3% of GDP and almost three times the outlay in 2019-2020.

The Union Budget 2023 also underscores the government's commitment to fiscal prudence, with a focus on reducing the fiscal deficit and ensuring sustainable public finances. At the same time, the government is making strategic investments in areas that will help build resilience and promote long-term growth.

As a result of the empowering proposals, revenue of about Rs. 35,000 crore annually will be foregone.

In conclusion, the Union Budget 2023 represents a balanced and pragmatic approach to addressing the challenges and opportunities of the Indian Economy.

Kolkata **Ajay K. Doshi**

February 1, 2023.

HIGHLIGHTS OF ECONOMIC SURVEY 2023

Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, presented the Economic Survey 2022-23 in the Union Parliament today. The highlights of the Survey are as follows:

STATE OF THE ECONOMY 2022-23: RECOVERY COMPLETE

- Recovering from pandemic-induced contraction, Russian-Ukraine conflict and inflation, Indian economy is staging a broad based recovery across sectors, positioning to ascend to the pre-pandemic growth path in FY23.
- India's GDP growth is expected to remain robust in FY24. GDP forecast for FY24 to be in the range of 6-6.8 %.
- Private consumption in H1 is highest since FY15 and this has led to a boost to production activity resulting in enhanced capacity utilisation across sectors.
- The Capital Expenditure of Central Government and crowding in the private Capex led by strengthening of the balance sheets of the Corporates is one of the growth driver of the Indian economy in the current year.
- The credit growth to the MSME sector was over 30.6 per cent on average during Jan-Nov 2022.
- Retail inflation is back within RBI's target range in November 2022.
- Indian Rupee performed well compared to other Emerging Market Economies in Apr-Dec2022.
- Direct Tax collections for the period April-November 2022 remain buoyant.
- Enhanced Employment generation seen in the declining urban unemployment rate and in the faster net registration in Employee Provident Fund.
- Economic growth to be boosted from the expansion of public digital platforms and measures to boost manufacturing output.

INDIA’S MEDIUM TERM GROWTH OUTLOOK: WITH OPTIMISM AND HOPE

- Indian economy underwent wide-ranging structural and governance reforms that strengthened the economy's fundamentals by enhancing its overall efficiency during 2014-2022.
- With an underlying emphasis on improving the ease of living and doing business, the reforms after 2014 were based on the broad principles of creating public goods, adopting trust-based governance, co-partnering with the private sector for development, and improving agricultural productivity.
- The period of 2014-2022 also witnessed balance sheet stress caused by the credit boom in the previous years and one-off global shocks, that adversely impacted the key macroeconomic variables such as credit growth, capital formation, and hence economic growth during this period.
- This situation is analogous to the period 1998-2002 when transformative reforms undertaken by the government had lagged growth returns due to temporary shocks in the economy. Once these shocks faded, the structural reforms paid growth dividends from 2003.
- Similarly, the Indian economy is well placed to grow faster in the coming decade once the global shocks of the pandemic and the spike in commodity prices in 2022 fade away.

- With improved and healthier balance sheets of the banking, non-banking and corporate sectors, a fresh credit cycle has already begun, evident from the double-digit growth in bank credit over the past months.
- Indian economy has also started benefiting from the efficiency gains resulting from greater formalisation, higher financial inclusion, and economic opportunities created by digital technology-based economic reforms.
- Thus Chapter 2 of the Survey shows that India's growth outlook seems better than in the pre-pandemic years, and the Indian economy is prepared to grow at its potential in the medium term.

FISCAL DEVELOPMENTS: REVENUE RELISH

- The Union Government finances have shown a resilient performance during the year FY23, facilitated by the recovery in economic activity, buoyancy in revenues from direct taxes and GST, and realistic assumptions in the Budget.
- The Gross Tax Revenue registered a YoY growth of 15.5 per cent from April to November 2022, driven by robust growth in the direct taxes and Goods and Services Tax (GST).
- Growth in direct taxes during the first eight months of the year was much higher than their corresponding longer-term averages.
- GST has stabilised as a vital revenue source for central and state governments, with the gross GST collections increasing at 24.8 per cent on YoY basis from April to December 2022.
- Union Government's emphasis on capital expenditure (Capex) has continued despite higher revenue expenditure requirements during the year. The Centre's Capex has steadily increased from a long-term average of 1.7 per cent of GDP (FY09 to FY20) to 2.5 per cent of GDP in FY22 PA.
- The Centre has also incentivised the State Governments through interest-free loans and enhanced borrowing ceilings to prioritise their spending on Capex.
- With an emphasis on infrastructure-intensive sectors like roads and highways, railways, and housing and urban affairs, the increase in Capex has large-scale positive implications for medium-term growth.
- The Government’s Capex-led growth strategy will enable India to keep the growth-interest rate differential positive, leading to a sustainable debt to GDP in the medium run.

MONETARY MANAGEMENT AND FINANCIAL INTERMEDIATION: A GOOD YEAR

- The RBI initiated its monetary tightening cycle in April 2022 and has since raised the repo rate by 225 bps, leading to moderation of surplus liquidity conditions.
- Cleaner balance sheets led to enhanced lending by financial institutions.
- The growth in credit offtake is expected to sustain, and combined with a pick-up in private capex, will usher in a virtuous investment cycle.
- Non-food credit offtake by scheduled Commercial Banks (SCBs) has been growing in double digits since April 2022.
- Credit disbursed by Non-Banking Financial Companies (NBFCs) has also been on the rise.
- The Gross Non-Performing Assets (GNPA) ratio of SCBs has fallen to a seven-year low of 5.0.

- The Capital-to-Risk Weighted Assets Ratio (CRAR) remains healthy at 16.0.
- The recovery rate for the SCBs through Insolvency and Bankruptcy (IBC) was highest in FY22 compared to other channels.

PRICES AND INFLATION: SUCCESSFUL TIGHT-ROPE WALKING

- While the year 2022 witnessed a return of high inflation in the advanced world after three to four decades, India caps the rise in prices.
- While India's retail inflation rate peaked at 7.8 per cent in April 2022, above the RBI's upper tolerance limit of 6 per cent, the overshoot of inflation above the upper end of the target range in India was however one of the lowest in the world.
- The government adopted a multi-pronged approach to tame the increase in price levels
    - Phase wise reduction in export duty of petrol and diesel
    - Import duty on major inputs were brought to zero while tax on export of iron ores and concentrates increased from 30 to 50 per cent
    - Waived customs duty on cotton imports w.e.f 14 April 2022, until 30 September 2022
    - Prohibition on the export of wheat products under HS Code 1101 and imposition of export duty on rice
    - Reduction in basic duty on crude and refined palm oil, crude soyabean oil and crude sunflower oil
- The RBI's anchoring of inflationary expectations through forward guidance and responsive monetary policy has helped guide the trajectory of inflation in the country.
- The one-year-ahead inflationary expectations by both businesses and households have moderated in the current financial year.
- Timely policy intervention by the government in housing sector, coupled with low home loan interest rates propped up demand and attracted buyers more readily in the affordable segment in FY23.
- An overall increase in composite Housing Price Indices (HPI) assessment and Housing Price Indices market prices indicates a revival in the housing finance sector. A stable to moderate increase in HPI also offers confidence to homeowners and home loan financiers in terms of the retained value of the asset.
- India's inflation management has been particularly noteworthy and can be contrasted with advanced economies that are still grappling with sticky inflation rates.

SOCIAL INFRASTRUCTURE AND EMPLOYMENT: BIG TENT

- Social Sector witnessed significant increase in government spending.
- Central and State Government's budgeted expenditure on health sector touched 2.1% of GDP in FY23 (BE) and 2.2% in FY22 (RE) against 1.6% in FY21.
- Social sector expenditure increases to Rs. 21.3 lakh crore in FY23 (BE) from Rs. 9.1 lakh crore in FY16.
- Survey highlights the findings of the 2022 report of the UNDP on Multidimensional Poverty Index which says that 41.5 crore people exit poverty in India between 2005-06 and 2019-20.
- The Aspirational Districts Programme has emerged as a template for good governance, especially in remote and difficult areas.

- eShram portal developed for creating a National database of unorganised workers, which is verified with Aadhaar. As on 31 December 2022, a total of over 28.5 crore unorganised workers have been registered on eShram portal.
- JAM (Jan-Dhan, Aadhaar, and Mobile) trinity, combined with the power of DBT, has brought the marginalised sections of society into the formal financial system, revolutionising the path of transparent and accountable governance by empowering the people.
- Aadhaar played a vital role in developing the Co-WIN platform and in the transparent administration of over 2 billion vaccine doses.
- Labour markets have recovered beyond pre-Covid levels, in both urban and rural areas, with unemployment rates falling from 5.8 per cent in 2018-19 to 4.2 per cent in 2020-21.
- The year FY22 saw improvement in Gross Enrolment Ratios (GER) in schools and improvement in gender parity. GER in the primary-enrolment in class I to V as a percentage of the population in age 6 to 10 years - for girls as well as boys have improved in FY22.
- Due to several steps taken by the government on health, out-of-pocket expenditure as a percentage of total health expenditure declined from 64.2% in FY14 to 48.2% in FY19.
- Infant Mortality Rate (IMR), Under Five mortality rate (U5MR) and neonatal Mortality Rate (NMR) have shown a steady decline.
- More than 220 crore COVID vaccine doses administered as on 06 January, 2023.
- Nearly 22 crore beneficiaries have been verified under the Ayushman Bharat Scheme as on 04 January, 2023. Over 1.54 lakh Health and Wellness Centres have been operationalized across the country under Ayushman Bharat.

CLIMATE CHANGE AND ENVIRONMENT: PREPARING TO FACE THE FUTURE

- India declared the Net Zero Pledge to achieve net zero emissions goal by 2070.
- India achieved its target of 40 per cent installed electric capacity from non-fossil fuels ahead of 2030.
- The likely installed capacity from non-fossil fuels to be more than 500 GW by 2030 resulting in decline of average emission rate by around 29% by 2029-30, compared to 2014-15.
- India to reduce emissions intensity of its GDP by 45% by 2030 from 2005 levels.
- About 50% cumulative electric power installed capacity to come from non-fossil fuel-based energy resources by 2030.
- A mass movement LIFE– Life style for Environment launched.
- Sovereign Green Bond Framework (SGrBs) issued in November 2022.
- RBI auctions two tranches of ₹4,000 crore Sovereign Green Bonds (SGrB).
- National Green Hydrogen Mission to enable India to be energy independent by 2047.
- Green hydrogen production capacity of at least 5 MMT (Million Metric Tonne) per annum to be developed by 2030. Cumulative reduction in fossil fuel imports over ₹1 lakh crore and creation of over 6 lakh jobs by 2030 under the National green Hydrogen Mission. Renewable energy capacity addition of about 125 GW and abatement of nearly 50 MMT of annual GHG emissions by 2030.
- The Survey highlights the progress on eight missions under the NAP on CC to address climate concerns and promote sustainable development.
- Solar power capacity installed, a key metric under the National Solar Mission stood at 61.6 GW as on October 2022.

- India becoming a favored destination for renewables; investments in 7 years stand at USD 78.1 billion.
- 62.8 lakh individual household toilets and 6.2 lakh community and public toilets constructed (August 2022) under the National Mission on Sustainable Habitat.

AGRICULTURE AND FOOD MANAGEMENT

- The performance of the agriculture and allied sector has been buoyant over the past several years, much of which is on account of the measures taken by the government to augment crop and livestock productivity, ensure certainty of returns to the farmers through price support, promote crop diversification, improve market infrastructure through the impetus provided for the setting up of farmer-producer organisations and promotion of investment in infrastructure facilities through the Agriculture Infrastructure Fund.
- Private investment in agriculture increases to 9.3% in 2020-21.
- MSP for all mandated crops fixed at 1.5 times of all India weighted average cost of production since 2018.
- Institutional Credit to the Agricultural Sector continued to grow to 18.6 lakh crore in 2021-22
- Foodgrains production in India saw sustained increase and stood at 315.7 million tonnes in 2021-22.
- Free foodgrains to about 81.4 crore beneficiaries under the National Food Security Act for one year from January 1, 2023.
- About 11.3 crore farmers were covered under the Scheme in its April-July 2022-23 payment cycle.
- Rs 13,681 crores sanctioned for Post-Harvest Support and Community Farms under the Agriculture Infrastructure Fund.
- Online, Competitive, Transparent Bidding System with 1.74 crore farmers and 2.39 lakh traders put in place under the National Agriculture Market (e-NAM) Scheme.
- Organic Farming being promoted through Farmer Producer Organisations (FPO) under the Paramparagat Krishi Vikas Yojana (PKVY).
- India stands at the forefront to promote millets through the International Year of Millets initiative.

INDUSTRY: STEADY RECOVERY

- Overall Gross Value Added (GVA) by the Industrial Sector (for the first half of FY 22-23) rose 3.7 per cent, which is higher than the average growth of 2.8 per cent achieved in the first half of the last decade.
- Robust growth in Private Final Consumption Expenditure, export stimulus during the first half of the year, increase in investment demand triggered by enhanced public capex and strengthened bank and corporate balance sheets have provided a demand stimulus to industrial growth.
- The supply response of the industry to the demand stimulus has been robust.
- **PMI manufacturing has remained in the expansion zone** for 18 months since July 2021, and Index of Industrial Production (IIP) grows at a healthy pace.

- **Credit to Micro, Small and Medium Enterprises (MSMEs) has grown by an average of around 30%** since January 2022 and credit to large industry has been showing double-digit growth since October 2022.
- **Electronics exports rise nearly threefold**, from US $4.4 billion in FY19 to US $11.6 Billion in FY22.
- **India has become the second-largest mobile phone manufacturer globally**, with the production of handsets going up from 6 crore units in FY15 to 29 crore units in FY21.
- **Foreign Direct Investment (FDI) flows into the Pharma Industry has risen four times**, from US $180 million in FY19 to US $699 million in FY22.
- The Production Linked Incentive (PLI) schemes introduced across 14 categories, with an estimated capex of ₹4 lakh crore over the next five years, to plug India into global supply chains. Investment of ₹47,500 crores has been seen under the PLI schemes in the FY22, which is 106% of the designated target for the year. Production/sales worth ₹3.85 lakh crore and employment generation of 3.0 lakh have been recorded due to PLI schemes.
- **Over 39,000 compliances have been reduced** and **more than 3500 provisions decriminalized** as of January 2023.

SERVICES: SOURCE OF STRENGTH

- The services sector is expected to grow at 9.1% in FY23, as against 8.4% (YoY) in FY22.
- **Robust expansion in PMI services**, indicative of service sector activity, observed since July 2022.
- India was among the top ten services exporting countries in 2021, with its share in world commercial services exports increasing from 3 per cent in 2015 to 4 per cent in 2021.
- India's **services exports remained resilient** during the Covid-19 pandemic and amid geopolitical uncertainties driven by higher demand for digital support, cloud services, and infrastructure modernization.
- Credit to services sector has grown by over 16% since July 2022.
- US$ 7.1 billion FDI equity inflows in services sector in FY22.
- Contact-intensive services are set to reclaim pre-pandemic level growth rates in FY23.
- Sustained growth in the real estate sector is taking housing sales to pre-pandemic levels, with a 50% rise between 2021 and 2022.
- Hotel occupancy rate has improved from 30-32% in April 2021 to 68-70% in November 2022.
- Tourism sector is showing signs of revival, with foreign tourist arrivals in India in FY23 growing month-on-month with resumption of scheduled international flights and easing of Covid-19 regulations.
- Digital platforms are transforming India's financial services.
- India's e-commerce market is projected to grow at 18 per cent annually through 2025.

EXTERNAL SECTOR

- Merchandise exports were **US$ 332.8 billion** for April-December 2022.
- India diversified its markets and increased its exports to Brazil, South Africa and Saudi Arabia**.**
- To increase its market size and ensure better penetration, in 2022, CEPA with UAE and ECTA with Australia come into force.

- India is the **largest recipient** of remittances in the world receiving **US$ 100 bn in 2022.** Remittances are the **second largest major source of external financing** after service export
- As of December 2022, Forex Reserves stood at **US$ 563 bn covering 9.3 months** of imports.
- As of end-November 2022, India is the **sixth largest foreign exchange reserves holder** in the world.
- The current stock of external debt is well shielded by the comfortable level of foreign exchange reserves.
- India has relatively low levels of total debt as a percentage of Gross National Income and short-term debt as a percentage of total debt.

PHYSICAL AND DIGITAL INFRASTRUCTURE

GOVERNMENT'S VISION FOR INFRASTRUCTURE DEVELOPMENT

- **Public Private Partnerships**
  - In-Principal Approval granted to 56 projects with Total Project Cost of ₹57,870.1 crore under the VGF Scheme, from 2014-15 to 2022-23.
  - IIPDF Scheme with ₹150 crore outlay from FY 23-25 was notified by the government on 03 November, 2022.

- **National Infrastructure Pipeline**
  - 89,151 projects costing ₹141.4 lakh crore under different stages of implementation
  - 1009 projects worth ₹5.5 lakh crore completed
  - NIP and Project Monitoring Group (PMG) portal linkage to fast-track approvals/ clearances for projects

- **National Monetisation Pipeline**
  - ₹ 9.0 lakh crore is the estimated cumulative investment potential.
  - ₹ 0.9 lakh crore monetisation target achieved against expected ₹0.8 lakh crore in FY22.
  - FY23 target is envisaged to be ₹1.6 lakh crore (27 per cent of overall NMP Target)

- **GatiShakti**
  - PM GatiShakti National Master Plan creates comprehensive database for integrated planning and synchronised implementation across Ministries/ Departments.
  - Aims to improve multimodal connectivity and logistics efficiency while addressing the critical gaps for the seamless movement of people and goods.

- **Electricity Sector and Renewables**
  - As on 30 September 2022, the government has sanctioned the entire target capacity of 40 GW for the development of 59 Solar Parks in 16 states.
  - 17.2 lakh GWh electricity generated during the year FY22 compared to 15.9 lakh GWh during FY21.

- The total installed power capacity (industries having demand of 1 Mega Watt (MW) and above) increased from 460.7 GW on 31 March 2021 to 482.2 GW on 31 March 2022.

MAKING INDIAN LOGISTICS GLOBALLY COMPETITIVE

- National Logistics Policy envisions to develop a technologically enabled, integrated, cost-efficient, resilient, sustainable and trusted logistics ecosystem in the country for accelerated and inclusive growth.
- Rapid increase in National Highways (NHs) /Roads Construction with 10457 km NHs/roads constructed in FY22 compared to 6061 km in FY16.
- Budget expenditure increased from ₹1.4 lakh crore in FY20 to ₹2.4 lakh crore in FY23 giving renewed push to Capital expenditure.
- 2359 Kisan rails transported approximately 7.91 lakh tonnes of perishables, as of October 2022.
- More than one crore air passengers availed the benefit of the UDAN scheme since its inception in 2016.
- Near doubling of capacity of major ports in 8 years.
- Inland Vessels Act 2021 replaced 100-year-old Act to ensure hassle free movement of Vessels promoting Inland Water Transport.

INDIA'S DIGITAL PUBLIC INFRASTRUCTURE

- **Unified Payment Interface (UPI)**
  - UPI-based transactions grew in value (121 per cent) and volume (115 per cent) terms, between 2019-22, paving the way for its international adoption.

- **Telephone and Radio - For Digital Empowerment**
  - Total telephone subscriber base in India stands at 117.8 crore (as of Sept,22), with 44.3 per cent of subscribers in rural India.
  - More than 98 per cent of the total telephone subscribers are connected wirelessly.
  - The overall tele-density in India stood at 84.8 per cent in March 22.
  - 200 per cent increase in rural internet subscriptions between 2015 and 2021.
  - Prasar Bharati (India's autonomous public service broadcaster) - broadcasts in 23 languages, 179 dialects from 479 stations. Reaches 92 per cent of the area and 99.1 per cent of the total population.

- **Digital Public Goods**
  - Achieved low-cost accessibility since the launch of Aadhaar in 2009
  - Under the government schemes, MyScheme, TrEDS, GEM, e-NAM, UMANG has transformed market place and has enabled citizens to access services across sectors
  - Under Account Aggregator, the consent-based data sharing framework is currently live across over 110 crore bank accounts.
  - Open Credit Enablement Network aims towards democratising lending operations while allowing end-to-end digital loan applications

- National AI portal has published 1520 articles, 262 videos, and 120 government initiatives and is being viewed as viewed as a tool for overcoming the language barrier e.g. 'Bhashini'.
- Legislations are being introduced for enhanced user privacy and creating an ecosystem for standard, open, and interoperable protocols underlining robust data governance.

HIGHLIGHTS OF UNION BUDGET 2023

OTHER BUDGET PROPOSALS

INTRODUCTION

- This Budget hopes to build on the foundation laid in the previous Budget, and the blueprint drawn for India@100.
- Our current year's economic growth is estimated to be at 7 per cent.

RESILIENCE AMIDST MULTIPLE CRISIS

- The focus is on wide-ranging reforms and sound policies, implemented through *Sabka Prayas* resulting in *Jan Bhagidari* and targeted support to those in need, helped to perform well in trying times.
- Several accomplishments: unique world class digital public infrastructure, e.g., Aadhaar, Co-Win and UPI; Covid vaccination drive in unparalleled scale and speed; proactive role in frontier areas such as achieving the climate related goals, mission LiFE, and National Hydrogen Mission.
- During the Covid-19 pandemic, it was ensured that no one goes to bed hungry, with a scheme to supply free food grains to over 80 Crore persons for 28 months.
- Implementing, from 1st January 2023, a scheme to supply free food grain to all Antyodaya and priority households for the next one year, under PM Garib Kalyan Anna Yojana (PMGKAY). The entire expenditure of about Rs.2 lakh crore will be borne by the Central Government.

G20 PRESIDENCY: STEERING THE GLOBAL AGENDA THROUGH CHALLENGES

- The G20 Presidency, a unique opportunity to strengthen India's role in the world economic order.
- The theme of '*Vasudhaiva Kutumbakam'*, steering an ambitious, people-centric agenda to address global challenges, and to facilitate sustainable economic development.

ACHIEVEMENTS SINCE 2014: LEAVING NO ONE BEHIND

- The per capita income has more than doubled to Rs.1.97 lakh.
- In these nine years, the Indian economy has increased in size from being 10th to 5th largest in the world.
- The EPFO membership more than doubling to 27 crore, and 7,400 crore digital payments of Rs. 126 lakh crore through UPI in 2022.
- The efficient implementation of many schemes that has resulted in inclusive development. Some of the schemes are:
  - 11.7 crore household toilets under Swachh Bharat Mission,
  - 9.6 crore LPG connections under Ujjawala,
  - 220 crore Covid vaccination of 102 crore persons,
  - 47.8 crore PM Jan Dhan bank accounts,

- Insurance cover for 44.6 crore persons under PM Suraksha Bima and PM Jeevan Jyoti Yojana, and
- Cash transfer of Rs. 2.2 lakh crore to over 11.4 crore farmers under PM Kisan Samman Nidhi.

VISION FOR *AMRIT KAAL* – AN EMPOWERED AND INCLUSIVE ECONOMY

- Technology-driven and knowledge-based economy with strong public finances, and a robust financial sector.
- Ample opportunities for citizens, especially the youth, to fulfil their aspirations.
- Growth and job creation.
- Strengthening macro-economic stability.

PRIORITIES OF THIS BUDGET

The budget adopts the following seven priorities. They complement each other and act as the *'saptarishi'* .

1. Inclusive development
2. Reaching the last mile
3. Infrastructure and investment
4. Unleashing the potential
5. Green growth
6. Youth power
7. Financial sector

PRIORITY 1 - INCLUSIVE DEVELOPMENT – SABKA SAATH SABKA VIKAS

AGRICULTURE & COOPEARTIVES

- Building a Digital Public Infrastructure to act as an accessible, inclusive and informative solution for farmers.
- Setting up Agriculture Accelerator Fund for encouraging innovative start-ups in rural areas.
- To launch Atmanirbhar Horticulture Clean Plant Program in order to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of Rs. 2,200 crore.
- Increase the agriculture credit target to Rs. 20 lakh crore with focus on animal husbandry, dairy and fisheries.
- In order to make India a global hub for 'Shree Anna', the Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level.
- Setting up of widely available storage capacity to enhance farmers' remuneration by enabling sales at appropriate times.
- To launch a new sub-scheme of PM Matsya Sampada Yojana with targeted investment of Rs. 6,000 crore to enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies and expand the market.

HEALTH, EDUCATION & SKILLING

- Establishment of 157 new nursing colleges in co-location with the existing 157 medical colleges established since 2014.
- A Mission to eliminate Sickle Cell Anaemia by 2047 to be launched in order to entail awareness creation, universal screening of 7 crore people in the age group of 0-40 years in affected tribal areas and counselling through collaborative efforts of central ministries and state governments.
- A new program to promote research and innovation in pharmaceuticals will be taken up through centers of excellence and also encourage industry to invest in research and development in specific priority areas.
- Facilities in select ICMR Labs will be made available for research by public and private medical college faculty and private sector R&D teams for encouraging collaborative research and innovation.
- Dedicated multidisciplinary courses for medical devices will be supported in existing institutions to ensure availability of skilled manpower for futuristic medical technologies, high-end manufacturing and research services.
- Teachers' training will be re-envisioned through innovative pedagogy, curriculum transaction, continuous professional development, dipstick surveys, and ICT implementation.
- A National Digital Library for children and adolescents will be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility.
- To build a culture of reading and to make up for pandemic-time learning loss, the National Book Trust, Children's Book Trust and other sources will be encouraged to provide and replenish non curricular titles in regional languages and English to these physical libraries.

PRIORITY 2 - REACHING THE LAST MILE

- To provide a sharper focus to the objective of 'reaching the last mile', the government has formed the ministries of AYUSH, Fisheries, Animal Husbandry and Dairying, Skill Development, Jal Shakti and Cooperation.
- The Government has recently launched the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services across multiple domains such as health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.
- To improve socio-economic conditions of the particularly vulnerable tribal groups (PVTGs), Pradhan Mantri PVTG Development Mission will be launched. An amount of Rs. 15,000 crore will be made available to implement the Mission in the next three years under the Development Action Plan for the Scheduled Tribes.
- In the next three years, centre will recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lakh tribal students.
- In the drought prone central region of Karnataka, central assistance of Rs. 5,300 crore will be given to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water.
- The outlay for PM Awas Yojana is being enhanced by 66 per cent to over Rs. 79,000 crore.

- ‘Bharat Shared Repository of Inscriptions’ will be set up in a digital epigraphy museum, with digitization of one lakh ancient inscriptions in the first stage.
- For poor persons who are in prisons and unable to afford the penalty or the bail amount, required financial support will be provided.

PRIORITY 3 - INFRASTRUCTURE & INVESTMENT

- Incentives to boost investments in infrastructure and productive capacity have a large multiplier impact on growth and employment.
- Capital investment outlay is being increased steeply for the third year in a row by 33 per cent to Rs. 10 lakh crore, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20.
- Continuation of the 5-year interest-free loan to State Governments to incentivize infrastructure investment.
- The ‘Effective Capital Expenditure’ of the Centre is budgeted at Rs. 13.7 lakh crore, which will be 4.5 per cent of GDP.
- A capital outlay of Rs. 2.40 lakh crore has been provided for the Railways which is by far the highest ever outlay.
- 100 transport infrastructure projects identified for end-to-end connectivity for ports, coal, steel, fertilizer sector which will be taken up on priority basis with investment of Rs. 75,000 crore, including Rs. 15,000 crore from private sources.
- Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- States and cities will be encouraged to undertake urban planning reforms and actions to transform our cities into ‘sustainable cities of tomorrow’.
- To create Urban Infrastructure in Tier 2 and 3 cities via establishment of Urban Infrastructure Development Fund (UIDF) of Rs. 10,000 crore per annum.
- Enhanced focus will be provided for scientific management of dry and wet waste.

PRIORITY 4: UNLEASHING THE POTENTIAL

- Under Mission Karmayogi, Centre, States and Union Territories are making and implementing capacity-building plans for civil servants. The government has also launched an integrated online training platform, *iGOT Karmayogi*, to provide continuous learning opportunities for lakhs of government employees to upgrade their skills and facilitate people-centric approach.
- More than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized.
- Introduction of the Jan Vishwas Bill to amend 42 Central Acts.
- Three centres of excellence for Artificial Intelligence will be set-up in top educational institutions.
- To unleash innovation and research by start-ups and academia, a National Data Governance Policy will be brought out.
- The KYC process will be simplified adopting a ‘risk-based’ instead of ‘one size fits all’ approach. The financial sector regulators will also be encouraged to have a KYC system fully amenable to meet the needs of Digital India.

- A one stop solution for reconciliation and updating of identity and address of individuals maintained by various government agencies, regulators and regulated entities will be established using DigiLocker service and Aadhaar as foundational identity.
- For the business establishments required to have a Permanent Account Number (PAN), the PAN will be used as the common identifier for all digital systems of specified government agencies. This will bring ease of doing business; and it will be facilitated through a legal mandate.
- For obviating the need for separate submission of same information to different government agencies, a system of 'Unified Filing Process' will be set-up.

VIVAD SE VISHWAS I – RELIEF FOR MSMES

- In cases of failure by MSMEs to execute contracts during the Covid period, 95 per cent of the forfeited amount relating to bid or performance security, will be returned to them by government and government undertakings.

VIVAD SE VISHWAS II – SETTLING CONTRACTUAL DISPUTES

- To settle contractual disputes of government and government undertakings, wherein arbitral award is under challenge in a court, a voluntary settlement scheme with standardized terms will be introduced.

- The State Support Mission of NITI Aayog will be continued for three years for our collective efforts towards national priorities.
- To better allocate scarce resources for competing development needs, the financing of select schemes will be changed, on a pilot basis, from 'input-based' to 'result-based'.
- For efficient administration of justice, Phase-3 of the E-Courts project will be launched with an outlay of Rs. 7,000 crore.
- To enable more Fintech innovative services, the scope of documents available in Digi Locker for individuals will be expanded.
- An Entity Digi Locker will be set up for use by MSMEs, large business and charitable trusts. Facilitating storing and sharing documents online securely with the business ecosystem.
- One hundred labs for developing applications using 5G services will be set up in engineering institutions to tap employment potential and business opportunities.
- To encourage indigenous production of LGD (Lab Grown Diamonds) seeds and machines and to reduce import dependency, a research and development grant will be provided to one of the IITs for five years.

PRIORITY 5: GREEN GROWTH

- India is moving forward firmly for the *'panchamrit'* and net-zero carbon emission by 2070 to usher in green industrial and economic transition.

GREEN HYDROGEN MISSION

- The recently launched National Green Hydrogen Mission, with an outlay of ` 19,700 crores, will facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector. India's target is to reach an annual production of 5 MMT by 2030.

- Rs. 35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.
- Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding.
- The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with investment of Rs. 20,700 crore including central support of Rs. 8,300 crore.

GREEN CREDIT PROGRAMME

- For encouraging behavioural change, a Green Credit Programme will be notified under the Environment (Protection) Act.

PM-PRANAM

- PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth" will be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.

GOBARDHAN SCHEME

- 500 new 'waste to wealth' plants under GOBARdhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme will be established for promoting circular economy.
- These will include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants at total investment of Rs. 10,000 crore.
- In due course, a 5 per cent CBG mandate will be introduced for all organizations marketing natural and bio gas.
- For collection of bio-mass and distribution of bio-manure, appropriate fiscal support will be provided.

BHARTIYA PRAKRITIK KHETI BIO-INPUT RESOURCE CENTRES

- Over the next 3 years, 1 crore farmers will be facilitated to adopt natural farming.
- 10,000 Bio-Input Resource Centres will be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.

MISHTI

- 'Mangrove Initiative for Shoreline Habitats & Tangible Incomes', MISHTI, will be taken up for mangrove plantation along the coastline and on salt pan lands, wherever feasible, through convergence between MGNREGS, CAMPA Fund and other sources.

- The government will promote their unique conservation values through *Amrit Dharohar*, a scheme that will be implemented over the next three years to encourage optimal use of wetlands, and enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.
- Coastal shipping will be promoted as the energy efficient and lower cost mode of transport, both for passengers and freight, through PPP mode with viability gap funding.

VEHICLE REPLACEMENT

- In furtherance of the vehicle scrapping policy mentioned in Budget 2021-22, adequate funds to scrap old vehicles of the Central Government have been allocated. States will also be supported in replacing old vehicles and ambulances.

PRIORITY 6 - YOUTH POWER

- Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to skill lakhs of youths on coding, AI, Robotics, 3D Printing, etc. within the next three years.
- The digital ecosystem for skilling will be further expanded with the launch of a unified Skill India Digital platform for enabling demand-based formal skilling, linking with employers including MSMEs and facilitating access to entrepreneurship schemes.
- To provide stipend support to 47 lakh youth in three years under National Apprenticeship Promotion Scheme.
- At least 50 destinations will be selected through challenge mode and the same are to be developed as a complete package for domestic and foreign tourists.
- States will be encouraged to set up a Unity Mall in their state capital / most prominent tourism center / the financial capital for promotion and sale of their own ODOPs (one district-one product), GI products and other handicraft products and for providing space for such products of all other States.

PRIORITY 7: FINANCIAL SECTOR

- Reforms in the financial sector and innovative use of technology have led to financial inclusion at scale, better and faster service delivery, ease of access to credit and participation in financial markets.

CREDIT GUARANTEE FOR MSMES

- Revamping of the credit guarantee scheme for MSMEs was done last year, this revamped scheme shall take effect from 1st April 2023 through infusion of Rs. 9,000 crore in the corpus.
- The revamping will enable additional collateral-free guaranteed credit of Rs. 2 lakh crore

- The cost of the credit will be reduced by about 1 per cent.

NATIONAL FINANCIAL INFORMATION REGISTRY

- A national financial information registry will be set up to serve as the central repository of financial and ancillary information
- NFIR will facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.
- A new legislative framework will govern this credit public infrastructure, and it will be designed in consultation with the RBI.

FINANCIAL SECTOR REGULATIONS

- To meet the needs of *Amrit Kaal* and to facilitate optimum regulation in the financial sector, public consultation, as necessary and feasible, will be brought to the process of regulation-making and issuing subsidiary directions.
- To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations.
- Suggestions from public and regulated entities will be considered.

GIFT IFSC

- Delegating powers under the SEZ Act to IFSCA to avoid dual regulation.
- Setting up a single window IT system for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI.
- Permitting acquisition financing by IFSC Banking Units of foreign banks.
- Establishing a subsidiary of EXIM Bank for trade re-financing.
- Amending IFSCA Act for statutory provisions for arbitration, ancillary services, dual regulation under SEZ Act
- Recognizing offshore derivative instruments as valid contracts.

DATA EMBASSY

- For countries looking for digital continuity solutions, Data Embassies in GIFT IFSC set ups will be facilitated by the government.

IMPROVING GOVERNANCE AND INVESTOR PROTECTION IN BANKING SECTOR

- To improve bank governance and enhance investors' protection, certain amendments to the Banking Regulation Act, the Banking Companies Act and the Reserve Bank of India Act are proposed.

CAPACITY BUILDING IN SECURITIES MARKET

- To build capacity of functionaries and professionals in the securities market, SEBI will be empowered to develop, regulate, maintain and enforce norms and standards for education in the National Institute of Securities Markets and to recognize award of degrees, diplomas and certificates.

CENTRAL DATA PROCESSING CENTRE

- A Central Processing Centre will be setup for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act.

RECLAIMING OF SHARES AND DIVIDENDS

- Investors can reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease, an integrated IT portal will be established.

DIGITAL PAYMENTS

- Digital payments continue to find wide acceptance.
- In 2022, they show increase of 76 per cent in transactions and 91 per cent in value.
- Fiscal support for this digital public infrastructure will continue in 2023-24.

AZADI KA AMRIT MAHOTSAV MAHILA SAMMAN BACHAT PATRA

- A one-time new small savings scheme, Mahila Samman Savings Certificate, will be made available for a two-year period up to March 2025.
- This will offer deposit facility upto 2 lakh in the name of women or girls for a tenor of 2 years at fixed interest rate of 7.5 per cent with partial withdrawal option.

SENIOR CITIZEN

- The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from Rs. 15 lakh to Rs. 30 lakh

MONTHLY INCOME SCHEME

- The maximum deposit limit for Monthly Income Account Scheme will be enhanced from Rs. 4.5 lakh to Rs. 9 lakh for single account and from Rs. 9 lakh to Rs. 15 lakh for joint account.

FISCAL MANAGEMENT

- Fifty-year interest free loan will be provided to the states. Such a loan amount has to be spent on capital expenditure within 2023-24. Most of this will be at the discretion of states, but a part will be conditional on states increasing their actual capital expenditure. Parts of the outlay will also be linked to, or allocated for, the following purposes:

  - Scrapping old government vehicles,
  - Urban planning reforms and actions,
  - Financing reforms in urban local bodies to make them creditworthy for municipal bonds,
  - Housing for police personnel above or as part of police stations,
  - Constructing Unity Malls,
  - Children and adolescents' libraries and digital infrastructure, and
  - State share of capital expenditure of central schemes
- Fiscal Deficit of States
  - States will be allowed a fiscal deficit of 3.5 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms.
- Revised estimates 2022-23
  - The Revised Estimate of the total receipts other than borrowings is Rs. 24.3 lakh crore, of which the net tax receipts.

DIRECT TAX PROPOSALS

- The budget proposes to reduce the tax burden for individuals opting for the new tax regime.
- The Government also proposes to cap deduction from capital gains on investment in residential house under sections 54 and 54F to Rs. 10 crore.
- Another proposal with similar intent is that of limiting the income tax exemption from proceeds of insurance policies with very high value.
- Under the new personal tax regime, seven income slabs have been reduced to six. The government also proposes to increase the tax exemption limits in some of these categories:
  - 0-3 lakh- nil
  - 3-6 lakh -5%
  - 6-9 lakh - 10%
  - 9-12 lakh-15%
  - 12-15 lakh -20%
  - Above 15 lakh - 30%
- People who are earning an income of Rs. 9 lakh a year will have to pay only Rs. 45,000 a year as tax. That is 5% of their income or a reduction of 25 percent from the Rs. 60,000 they were paying earlier.
- New tax regime is now default regime; will have option to choose old regime.
- No tax for income up to Rs. 3 lakh/year.
- Tax Exemption up to Rs. 7 lakh/year is under new tax regime.
- Exempt tax on income of boards for housing, other activities.
- Processed more than 6.54 cr Returns this year on the tax portal, average processing period of 93 days in FY13-14 reduced to 16 days now; 45% Returns processed within 24 hours.
- Currently, the highest rate is 42.74% income tax under the new regime. The FM has proposed to reduce the highest surcharge from 37% to 25% in the new tax regime, max rate of 39%.
- 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 withdraw the exemption from TDS currently available on interest payment on listed debentures.

- With respect to presumptive schemes for non-residents, it is proposed to disallow carried forward and set off of loss computed as per books of account with presumptive income.
- For online games, it is proposed to provide for TDS and taxability on net winnings at the time of withdrawal or at the end of the financial year. Moreover, TDS would be without the threshold of Rs. 10,000. For lottery, crossword puzzles games, etc threshold limit Rs. 10,000 for TDS shall continue but shall apply to aggregate winnings during a financial year.
- Tax on capital gains can be avoided by investing proceeds of such gains in residential property. This is proposed to be capped at Rs. 10 crore.
- The income from market linked debentures is proposed to be taxed as short-term capital gains at the applicable rates.
- The TDS rate on taxable portion of EPF withdrawal in non-PAN cases has been proposed to be reduced from 30% to 20%.
- It is proposed to provide that where aggregate of premium for life insurance policies (other than ULIP) issued on or after 1st April, 2023 is above Rs. 5 lakh, income from only those policies with aggregate premium up to Rs. 5 lakh shall be exempt.
- The limit of Rs. 3 lakh for tax exemption on leave encashment on retirement of non-government salaried employees has been proposed to be increased to Rs. 25 Lakh. The notification for the same will be issued shortly.

INDIRECT TAX PROPOSALS

CUSTOMS DUTY

- Government will provide relief in customs duty on import of certain parts like camera lens and concession on import of lithium ion batteries to further promote mobile phone production in India.
- Basic customs, excise duty cuts on a range of products including mobile phone and television parts.
- Duty cuts have been announced on toys and bicycles as well easing indirect tax regime in a push to value added manufacturing in India.
- In addition to reduction of custom duties on handset parts for production, the government will also boost television production in the country by reducing basic custom duties on parts of open cells of TV panels to 2.5%.
- The basic customs duty on electric kitchen chimneys is ramped up from 7.5% to 15%.
- Basic Customs Duty on compounded rubbers is being increased from 10% to 25% or 30 kg whichever is lower.
- Basic Customs Duty on Denatured ethyl alcohol for use in manufacture of industrial chemicals is reduced from 5% to Nil.
- To further enhance the export competitiveness of marine products, particularly shrimps, duty is being reduced on key inputs for domestic manufacture of shrimp feed.
- India is a global leader in cutting and polishing of natural diamonds, contributing about three-fourths of the global turnover by value. Basic Customs Duty on Seeds for use in manufacturing of rough lab-grown diamonds has been reduced from 5% to Nil.
- Basic Customs Duty on Heat Coil for use in the manufacture of Electric Kitchen Chimneys reduced from 20 per cent to 15 per cent.
- National Calamity Contingent Duty (NCCD) on specified cigarettes was last revised three years ago. This is proposed to be revised upwards by about 16 per cent.

- Basic Customs Duty on Silver (including silver plated with gold or platinum), unwrought or in semi manufactured forms, or in powder form has been increased from 7.5% to 10%, the import duty on silver dore, bars and articles have been increased from 6.1% to 10% to align them with that of gold and platinum.

EXCISE DUTY

To avoid cascading of taxes on blended compressed natural gas, excise duty on GST-paid compressed bio gas contained in it is exempted.

GOODS AND SERVICE TAX

- To raise the **minimum** threshold of tax amount for launching prosecution under GST from rupees one crore to rupees **two crore**, except for the offence of issuance of invoices without supply of goods or services or both.
- Sections 37, 39, 44 and 52 of CGST Act, 2017 are being amended to **restrict filing** of returns/ statements to a **maximum** period of **three** years from the due date of filing of the relevant return / statement.
- Section 17(5) of CGST Act is being amended to provide that **input tax credit** shall **not** be available in respect of 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.
- Clause (16) of section 2 of IGST Act is amended to revise the definition of "**non-taxable online recipient**" by removing the condition of receipt of online information and database access or retrieval services for purposes other than commerce, industry or any other business or profession so as to provide for taxability of OIDAR service provided by any person located in non-taxable territory to an unregistered person receiving the said services and located in the taxable territory.
- Proviso to sub-section (8) of section 12 of the IGST Act is being omitted so as to **specify** the **place of supply**, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.

DIRECT TAXES PROPOSALS

A. RATES OF INCOME TAX

1. RATES OF INCOME TAX FOR THE NON-CORPORATE TAX PAYERS

The Finance Bill 2023 has proposed that in case of non-corporate taxpayers, the rates of income tax under the new regime have been amended and are shown in the table below;

New Tax Regime Slabs (Pre-Union Budget 2023)	
Income Slab	**Rate of Tax (%)**
Rs. 0 to Rs. 2,50,000	NIL
Rs. 250,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs 7,50,000	10%
Rs. 7,50,001 to Rs 10,00,000	15%
Rs. 10,00,001 to Rs 12,50,000	20%
Rs. 12,50,001 to Rs. 15,00,000	25%
Rs. 15,00,001 and above	30%

New Tax Regime Slabs (Post-Union Budget 2023)	
Income Slab	**Rate of Tax (%)**
Rs. 0 to Rs. 3,00,000	NIL
Rs. 3,00,001 to Rs. 6,00,000	5%
Rs. 6,00,001 to Rs 9,00,000	10%
Rs. 9,00,001 to Rs 12,00,000	15%
Rs. 12,00,001 to Rs 15,00,000	20%
Rs. 15,00,001 and above	30%

Note 1: Rebate limit u/s 87A has been increased from Rs. 5,00,000 to Rs. 7,00,000.
Note 2: Each salaried person and pensioners including family pensioners with an income of Rs. 15.5 lakh or more will thus stand to benefit by a standard deduction of Rs. 52,500.
Note 3: Standard deduction of Rs 50,000 to salaried individuals and family pension up to Rs. 15,000 is proposed to be allowed in the new regime also.
Note 4: Rate of Surcharge has been reduced from 37% to 25% for income above Rs. 2 Crores.

COMMENTS

Assessee: Mr. X (Individual) is having Income from Salaries only.

Particulars	Amount (Rs.)			
	Situation-1		Situation-2	
	Pre-Budget	Post-Budget	Pre-Budget	Post-Budget
Annual Salary (a)	**7,50,000**	**7,50,000**	**15,00,000**	**15,00,000**
Less: Standard Deduction (b)	***NA****	50,000	***NA***	50,000
Income from Salaries/Total Income (a-b)	7,50,000	7,00,000	15,00,000	14,50,000
Total Tax (A)	37,500	25,000	1,87,500	1,50,000
Less: Rebate u/s 87A (B)	***NA***	25,000	***NA***	***NA***
Net Tax (C=(A-B))	37,500	-	1,87,500	1,50,000

Add: Surcharge (I)	***NA***	***NA***	***NA***	***NA***
Add: HEC** @ 4% (II)	1,500	-	7,500	6,000
Total Tax Payable III=C+I+II	39,000	-	1,95,000	1,56,000
Tax Savings		**39,000**		**39,000**

Particulars	**Amount (Rs.)**			
	Situation-3		**Situation-4**	
	Pre-Budget	**Post-Budget**	**Pre-Budget**	**Post-Budget**
Annual Salary (a)	**16,00,000**	**16,00,000**	**6,00,00,000**	**6,00,00,000**
Less: Standard Deduction (b)	***NA****	52,500	***NA***	52,500
Income from Salaries/Total Income (a-b)	16,00,000	15,47,500	6,00,00,000	5,99,47,500
Total Tax (A)	2,17,500	1,64,250	1,77,37,500	1,76,84,250
Less: Rebate u/s 87A (B)	***NA***	***NA***	***NA***	***NA***
Net Tax (C=(A-B))	2,17,500	1,64,250	1,77,37,500	1,76,84,250
Add: Surcharge (I)	***NA***	***NA***	65,62,875	44,21,063
Add: HEC** @ 4% (II)	8,700	6,570	9,72,015	8,84,213
Total Tax Payable III=C+I+II	2,26,200	1,70,820	2,52,72,390	2,29,89,525
Tax Savings		**55,380**		**22,82,865**

*****NA denotes Not Applicable.
**HEC denotes Health & Education Cess.

2. RATES OF INCOME TAX FOR CORPORATE TAXPAYERS

The Finance Bill 2023 has not proposed any change in the rate of Income Tax for the corporate taxpayers.

B. SOCIO-WELFARE MEASURES

1. PROMOTING TIMELY PAYMENTS TO MICRO AND SMALL ENTERPRISES

The Finance Bill 2023 proposes to amend Section 43B to provide that any amount payable by a taxpayer to a micro or small enterprise beyond the time limit specified in Section 15 of the Micro, Small and Medium Enterprises Development (MSMED), 2006 will be allowed as a deduction only on actual payment. However, the proviso to Section 43B, which provides for the allowance of the payment by the due date of the filing of the return, will not be applicable to such payments. In other words, the deduction will be allowed only in the year of payment.

MSMED Act mandates payments to micro and small enterprises within the time limit as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the provisions mandate that payment would be made within 15 days. Thus, the proposed amendment under Section 43B will allow the payment as a deduction only on a payment basis. However, it can also be allowed on an accrual basis if the payment is within the time mandate under Section 15 of the MSMED Act.

This amendment will take effect from 1 April 2024, relating to the AY 2024-25 and consequent assessment years.

2. RELIEF TO SUGAR CO-OPERATIVES FROM PAST DEMAND

The Finance Bill proposes to allow relief to sugar co-operatives from past demand by way of allowing excess payment from and beyond the statutory minimum price (SMP) as business expenditure. Amendments were made earlier by the Finance Act, 2015, which was applicable from the AY 2016-17 onwards. However, pending demand and litigation persisted in the AYs prior to 2016-17. The proposed amendment provides for the allowance of the expenditure on the said account for the prior years also.

This amendment will take effect from 1 April 2023.

3. INCREASING THE THRESHOLD LIMIT FOR CO-OPERATIVES TO WITHDRAW TAX WITHOUT TDS

Under Section 194N, certain banks etc., are required to deduct tax at source on the withdrawal of cash from a bank, cooperative society, or post office.

The Bill proposes to amend Section 194N, to provide that when the recipient is a cooperative society, then for up to Rs. 3 crore, there will be no TDS under Section 194N. Presently the said limit is Rs. 1 crore, even for cooperative societies.

This amendment will take effect from 1 April 2023.

4. PENALTY FOR CASH LOANS / TRANSACTIONS AGAINST PRIMARY CO-OPERATIVES

To provide relief to the low-income groups and facilitate easier conduct of business operations of primary co-operatives, it is proposed to amend Sections 269SS and 269T of the Act. Presently under both sections, the transaction limit is Rs. 20,000, which is proposed to be increased to Rs. 200,000.

In other words, penalties under Sections 269SS and 269T will be imposed if the amount of such loan or deposit exceeds Rs. 2 lakhs.

This amendment will take effect from 1 April 2023.

5. RELIEF TO START-UPS IN CARRYING FORWARD AND SET OFF OF LOSSES

Section 79, which restricts the carry forward of losses in certain cases of change in shareholding, is proposed to be amended. Under the existing provisions, losses are allowed to be carried forward for 7 years in case of a change in shareholdings (51%) of a start-up to 10 years from the year in which such company was incorporated.

This amendment will take effect from 1 April 2023, relevant to the AY 2023-24 and consequent assessment years.

6. TAX INCENTIVES TO INTERNATIONAL FINANCE SERVICES CENTRE

The Finance bill proposes to further incentivise operations from IFSC.

7. EXEMPTION TO DEVELOPMENT ACTIVITIES, ETC.

The bill proposes to insert a new Clause – 46A to Section 10 of the Act. The new Clause 46A proposes to exempt any income arising to a body or authority or board or trust, or commission, not being a company, which has been established or constituted by or under a Central or State Act with one or more of the following purposes:

(i) Dealing with and satisfying the need for housing accommodation.
(ii) Planning, development or improvement of cities, towns, and villages.
(iii) Regulating or developing any activity for the benefit of the general public.
(iv) Regulating any matter for the benefit of the general public arising out of the objective for which it has been created.

Such entity should be notified by the Central Government in the official gazette for the purpose of Clause 46A.

The relevant amendment will take effect from 1 April 2024, relevant to the AY 2024-25 and consequent years.

8. FACILITATING CENTRAL STRATEGIC DISINVESTMENT - SECTIONS 72A AND 72AA

The said sections provide for carrying forward and set off of accumulated losses and unabsorbed depreciation to encourage and facilitate strategic disinvestment by the government. It is proposed to amend the definition of strategic disinvestment in Section 72A to provide that such disinvestment will mean the sale of shareholding by a government or public sector company in a public sector company or company which results in a reduction of its shareholdings below 51% and transfer of control to the buyer.

Section 72AA is also proposed to be amended to allow the carrying forward of accumulated losses or unabsorbed depreciation in the case of amalgamation of one or more banking companies with any other banking company, consequent to such disinvestment if such amalgamation takes place within five years of strategic disinvestment.

These amendments will take effect from 1 April 2023, relevant to the AY 2023-24 and consequent years.

9. CONCESSIONAL TAX TO PROMOTE NEW MANUFACTURING COOPERATIVE SOCIETIES

The Finance bill proposes to extend the concessional rate of tax, which is so far applicable to manufacturing companies, to the manufacturing co-operative societies as well. The conditions as mentioned in the proposed Section 115BAE are materially amendment is similar to the conditions applicable to new manufacturing companies.

This amendment will take effect from 1 April 2024, relevant to the AY 2024-25 and consequent years.

C. EASE OF COMPLIANCE

1. EASE IN CLAIMING DEDUCTION ON AMORTIZATION OF PRELIMINARY EXPENDITURE – SECTION 35D

The bill proposes to amend Section 35D, which currently, *inter alia*, provides that the expenses incurred for the purpose of the feasibility report or the project report, etc., should be carried out either by the taxpayer itself or by a concern which is approved by the CBDT.

According to the proposed amendment, the taxpayer will be required to furnish a statement containing the particulars of the expenditure. In other words, there will be no requirement for the preparation of a feasibility report, etc., by a CBDT-approved entity. Such a statement will be required to be furnished within the prescribed period to the tax authorities in the prescribed form and manner.

This amendment will be effective from 1 April 2024, relevant to the AY 2024-25 and consequent years.

2. INCREASING THRESHOLD LIMITS FOR PRESUMPTIVE TAXATION SCHEMES – SECTION 44AD & SECTION 44ADA

Section 44AD provides for a scheme for presumptive taxation in the case of certain professionals if their gross receipts do not exceed Rs. 2 crore. This limit is proposed to be increased to Rs. 3 crore.

Section 44ADA also provides for a scheme for presumptive taxation where the present limit is Rs.50 lakhs, which is proposed to be increased to Rs. 75 lakhs.

Other conditions in both sections remain the same.

These amendments will be effective from 1 April 2024, relevant to the AY 2024-25 and consequent years.

D. WIDENING AND DEEPENING OF TAX BASE / ANTI-AVOIDANCE

1. EXTENDING DEEMIMG PROVISION UNDER SECTION 9 TO GIFT TO NOT-ORDINARILY RESIDENT

The bill proposes to amend Section 9 of the Act to provide that any gift to a person who is ‘not ordinarily resident’ will be charged to tax if such gift exceeds Rs.50,000 in a year.

This amendment will take effect from 1 April 2024, relevant to the AY 2024-25 and consequent years.

2. REMOVAL OF EXEMPTION FROM TDS ON PAYMENT OF INTEREST OF ON LISTED DEBENTURES TO A RESIDENT – SECTION 193

Presently there is no TDS on payment of interest on listed debentures to a resident. However, the bill proposes to remove such exemptions with effect from 1 April 2023.

3. PRESUMPTIVE SCHEME OF TAXATION UNDER SECTION 44BB & 44BBB

Section 44B applies to a non-resident who is engaged in the business of exploration, etc., of mineral oils. Section 44BBB applies to a foreign company which is engaged in the business of civil contracts, etc., in certain turnkey power projects.

Under the present scheme, it is possible for the taxpayer to switch between presumptive and non-presumptive schemes.

The Finance Bill 2023 now provides that where a taxpayer declares profits and gains of business in any year on the basis of the presumptive scheme of taxation, no set off of unabsorbed depreciation and brought forward losses will be allowed to the taxpayer for such year.

This amendment will be effective from 1 April 2024, relevant to the AY 2024-25 and consequent years.

4. TDS AND TAXABILITY ON NET WINNINGS FROM ONLINE GAMES

The Bill proposes to bring net winnings from online games within the ambit of the TDS regime. The bill proposes to insert a new Section 194BA with effect from 1 July 2023 to provide for TDS on net winnings of a taxpayer. The rate of TDS will be 30%, both for the residents and non-residents.

It is also proposes to insert a new Section 115BBJ in the Act, which provides that the tax on winnings from online games will be charged at 30%. This will be effective from 1 April 2024, relevant to the AY 2024-25 and consequent years.

5. INCREASED RATE OF TDS ON RATE OF CERTAIN REMITTANCES

TDS on remittances for overseas tour packages and any other case is proposed to be increased to 20% without any threshold limit against the existing 5%. It may be noted that the threshold limit under the head ‘any other case’ is presently Rs. 7 lakhs.

This amendment will take effect from 1 July 2023.

6. LIMITING THE BENEFIT UNDER SECTIONS 54 & 54F

Presently the benefit under Sections 54 and 54F for saving long-term capital gains is allowed without any monetary limit. However, the Bill provides that the benefit under the said Sections will apply only to capital gains or net consideration, as the case may be, up to Rs. 10 crores.

These amendments will take effect from 1 April 2024, relevant to the AY 2024-25 and consequent years.

7. SPECIAL PROVISION FOR TAXATION OF CAPITAL GAINS IN THE CASE OF MARKET-LINKEDKED DEBENTURES

Presently market linked debentures are taxed as long-term capital gains at 10% without indexation.

The Bill proposes to treat the capital gains arising from such transfer, etc., of market-linked debentures as short-term capital gains. The proposed new Section 50AA also defines the term market-linked debentures to mean a security 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.

This amendment will take effect from 1 April 2024, relevant to the AY 2024-25 and consequent years.

8. PREVENTING PERMANENT DEFERRAL OF TAXES THROUGH UNDERVALUATION OF INVENTORY

The bill proposes to amend Section 142 of the Act with the objective to ensure that inventory is valued in accordance with various provisions of the law. The new provision will allow the tax officials to direct a taxpayer to get the inventory valued by a cost accountant nominated by the tax department and furnish the report of the same to the tax authorities.

Consequent amendments are also proposed in the other provisions of the Act.

This amendment will apply from 1 April 2023, relevant to the AY 2023-24 and consequent years.

9. RATIONALISATION OF EXEMPT INCOME UNDER LIFE INSURANCE POLICIES – SECTION 10(10D)

The bill proposes to rationalise the exemption of income received under life insurance policies. The exemption is proposed to be denied if the annual premium in a year exceeds Rs. 5 lakhs. Any income arising from such policies will be taxed under the head ‘income from other sources’. A deduction will also be allowed for the premium paid if such a premium was not claimed as a deduction earlier.

The proposed provision will apply for policies issued on or after 1 April 2023.

10. PREVENTION OF DOUBLE DEDUCTION CLAIMED ON INTEREST ON BORROWED CAPITAL FOR ACQUIRING, RENEWING AND RECONSTRUCTING A PROPERTY

Presently, taxpayers are claiming interest on borrowed capital while computing income from house property as well as capital gains. The bill proposes to amend Section 48 to provide that the cost of acquiring or the cost of the improvement will not include the interest claimed under Section 24 or Chapter VIA (Section 80C) of the Act.

This amendment will take effect from 1 April 2024, relevant to the AY 2024-25 and consequent years.

E. IMPROVING COMPLIANCE AND TAX ADMINISTRATION

1. INTRODUCTION OF THE AUTHORITY OF THE JOINT COMMISSIONER (APPEALS)

The bill proposes to introduce an authority of the Joint Commissioner (Appeals) to take up certain classes of cases involving small amounts of disputed demands. The power, responsibility and accountability of such authority will be similar to that of the Commissioner (Appeals). However, the matter which the Joint Commissioner (Appeals) will adjudicate are limited and not as wide as the authority that Commissioner (Appeals) has.

This amendment will take effect from 1 April 2023.

2. REDUCING THE TIME LIMIT FOR FURNISHING TRANSFER PRICING REPORT

The time provided to a taxpayer for furnishing the transfer pricing report is proposed to be reduced to ten days from the date of receipt of a notice, which may be extended by an application to be made by a taxpayer, for a further period not exceeding 30 days.

This amendment will take effect from 1 April 2023.

3. TIME LIMITS FOR COMPLETION OF ASSESSMENT, REASSESSMENT, ETC.

Time limits under the provision of Section 153, and reassessment proceedings, are proposed to be enhanced. In the case of Section 153, the time limit for completion of the assessment is proposed to be increased to 12 months from the end of the financial year in which the return is filed.

This will be effective form 1 April 2023.

F. RATIONALISATION OF PROVISIONS

1. TAX TREATY RELIEF AT THE TIME OF TDS – SECTION 196 A

By proposing to amend Section 196A, the tax officer is being authorised to issue a certificate for a lower rate of TDS, if it is so provided in an Agreement for Avoidance of Double Taxation. However, the payee will be liable to furnish a tax residency certificate as provided in the Act.

This amendment will take effect from 1 April 2023.

2. FACILITATING TDS CREDIT ALREADY DISCLOSED IN THE RETURN OF INCOME OF PAST YEARS

By proposing to insert a new sub-section – 20 – in Section 155 of the Act, the taxpayers will be allowed to make an application to claim TDS credit for income already disclosed in the return of income of a past year. However, such an application could be made to the tax officer within two years from the end of the financial year in which such tax was deducted.

The amendment will take effect from 1 October 2023.

3. BRINGING THE NON-RESIDENT INVESTORS WITHIN THE AMBIT OF SECTION 56(2) OF THE ACT TO ELIMINATE THE POSSIBILITY OF TAX AVOIDANCE

Section 52(2)(viib) applies to resident investors in a closely held company. However, the said provisions are not applicable to non-resident investors. The bill, therefore, proposes to include the consideration received from a non-resident also within the ambit of the said provision.

The relevant amendment will take effect from 1 April 2024, relevant to the AY 2024-25 and consequent years.

4. RATIONALISATION OF THE PROVISIONS OF CHARITABLE TRUSTS & INSTITUTIONS

The bill proposes a number of amendments in the Act in relation to provisions of Charitable Trusts and Institutions. These amendments will further squeeze the exemption under the relevant provisions.

Such amendments will be applicable with effect from different dates.

5. SET OFF OF AND WITHHOLDING OF REFUND IN CERTAIN CASES

Set off of and withholding of refund in certain cases is governed by Sections 241 A and 245.

The bill proposes to merge these two sections by substituting Section 245. The main theme of Section 245, however, remains the same. The bill proposes to authorise the tax officer to withhold the refund with the prior permission of his superior authorities, in cases where proceedings of assessment or reassessment are pending and the grant of refund is likely to adversely affect the refund, till the date on which such assessment or reassessment is made.

The bill also proposes to amend Section 244A, which provides that interest under the provisions of Section 244A(1A) will not be applicable where the refund is withheld by the AO.

This amendment will take effect from 1 April 2023.

INDIRECT TAX PROPOSALS

CUSTOMS DUTY

I. AMENDMENTS TO THE CUSTOMS ACT,1962

Amendments of sections 25(4A) of the customs act has been proposed to be amended to insert a proviso to the effect that the validity period of two years shall not apply to exemption notifications issued in relation to multilateral or bilateral trade agreements.

A new sub section (8A) to section 127C is proposed to be inserted so as to specify time limit of nine months from the date of application, for disposal of the application filed before Settlement Commission.

II. **AMENDMENTS TO CUSTOM TARIFF ACT 1975**

1. Retrospective Amendments (w.e.f 01-01-1995)

a) Sub-section (6) and sub-section (7) of section 9 of Customs Tariff Act,1975- being amended to remove ambiguity and clarify the determination and review of CVD

b) Sub-section (5) and subsection (6) of section 9A of Customs Tariff Act,1975- being amended to remove ambiguity and clarify the determination and review of anti-dumping duty

c) Section 9C of the Customs Tariff Act,1975 Act is being amended to remove ambiguity and clarify that appeals under this section lie against the determination or review their work.

2. Prospective Amendments

a) The first schedule to the Customs Tariff Act,1975 being amended to increase the tariff rates on certain items w.e.f 02-02-2023.

b) The first schedule to the Customs Tariff Act,1975 being amended to modify the tariff rates on certain items as part of rationalization of customs duty w.e.f the date of assent.

c) The heading 9801 of the first schedule of same act to exclude solar power/solar power plant/solar power project from the purview of project imports w.e.f the date of assent.

d) The first schedule to the Customs Tariff Act,1975 being amended to modify the tariff entries w.e.f 01-05-2023.

III. Amendments to the First schedule to the customs tariff Act,1975

1. The above schedule 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.

2. 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 custom duty rate structure.

COMMENTS

Changes to Custom Duty on	Benefits
Import of capital goods for Li-ion battery manufacturing	For greener mobility
Import of mobile camera lens	Deepening Value Addition
Denatured ethyl alcohol	For chemical Industry
Key inputs for producing shrimp feed	More marine exports
Seeds for manufacturing lab grown diamonds	Export promotion
Continuing concessional basic custom duty on copper scrap	Augmenting raw material availability for MSMEs
Compounded rubber, to bring it at par with natural rubber	To curb duty circumvention

EXCISE DUTY

1. Amendments in the Seventh Schedule to the Finance Act 2001 have been made w.e.f 02-02-2023 and will come into force immediately through a declaration under the Provisional Collection of Taxes act, 1931. This has been made to revise the NCCD (National Calamity Contingent Duty) rates on specified cigarettes under HS 2402.

2. Notification number 05/2023- Central Excise dated 01-02-2023 w.e.f 02-02-2023 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 biogas contained in such blended CNG subject to specified conditions.

GOODS AND SERVICE TAX PROPOSALS

i. AMENDMENTS IN THE CGST ACT,2017

SL NO	PARTICULARS OF AMMENDMENTS	SECTION/SUBSECTION/CLAUSE
1	To remove the restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the Composition Levy	Clause (d) of sub-section (2) and clause (c) of sub-section (2A) in section 10 of CGST Act
2	To align the said sub-section with the return filing system provided in the said Act	Second and third provisos to sub-section (2) of section 16 of the CGST Act
3	To restrict availment of input tax credit in respect of certain transactions specified in para 8(a) of Schedule III of the said Act, as may be prescribed, by including the value of such transactions in the value of exempt supply. Further, sub-section (5) of said section is also being amended so as to provide that input tax credit shall not be available in respect of 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	Explanation to sub-section (3) of section 17 of the CGST Act
4	To amend with retrospective effect from 01st July, 2017, so as to provide that person for compulsory registration in terms of sub-section (1) of section and section 22 of the Act need not register if exempt under sub section (1) of section 23.	Sub-section (1) and sub-section (2) of section 23 of the CGST Act
5	New sub-section inserted to provide time limit upto which details of outward supplies under sub-section (1) of the said section for a tax period can be furnished by a registered person. Further it also provides extension of time limit, subject to certain conditions for a registered person or a class of registered person	Sub-section (5) in section 37 of the CGST Act
6	New sub- section inserted to provide a time limit upto which the return for a tax period can be furnished by a registered person. Further it also provides an enabling	Sub-section (11) in section 39 of the CGST Act

	provision for extension of said time limit, subject to certain conditions for a registered person or a class of registered person.	
7	New sub-section inserted to provide time limit upto which the annual return under sub-section (1) of the said section for a financial year can be furnished by a registered person. Further it also provides an enabling provision for extension of time limit, subject to certain conditions for a registered person or a class of registered person.	Sub-section (2) in section 44 of the CGST Act
8	New sub- section inserted to provide a time limit upto which the statement under sub-section (4) of the said section for a month can be furnished by an electronic commerce operator. Further, it seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for an electronic commerce operator or a class of electronic commerce operators.	Sub-section (15) in section 52 of the CGST Act
9	To remove the reference to the provisionally accepted input tax credit to align the same with the present scheme of availment of self-assessed input tax credit as per sub-section (1) of section 41 of the said Act.	Sub-section (6) of section 54 of the CGST Act
10	To provide for an enabling provision to prescribe manner of computation of period of delay for calculation of interest on delayed refunds	Section 56 of the CGST Act
11	To provide for penal provisions applicable to Electronic Commerce Operators in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers	Sub-section (1B) in section 122 of the CGST Act
12	To decriminalize offences specified in clause (g), (j) and (k) of the said sub-section and to increase the monetary threshold for launching prosecution for the offences under the said hundred lakh rupees to two hundred lakh rupees, except for the offences related to issuance of invoices without supply of goods or services or both	Sub-section (1) of section 132 of the CGST Act
13	To simplify the language of clause(a), to omit clause(b) and to substitute clause(c) to	First proviso to sub-section (1) of section 138 of the CGST Act

	exclude offending persons in connection with issuance of invoices without supply of goods or services or both. Further sub-section (2) also amended to rationalize the amount for compounding of various offenses through reduction the minimum as well as maximum amount.	
14	To provide for prescribing manner and conditions for sharing of the information furnished by the registered person in his return or in his application of registration or in his statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details, as maybe prescribed, on the common portal with such other systems, as may be notified	section 158A in the CGST Act
15	To give retrospective applicability to Para 7, 8 (a) and 8 (b) of the said Schedule, with effect from 01st July, 2017, so as to treat the activities /transactions mentioned in the said paragraphs as neither supply of goods nor supply of services. It is also being clarified that where the tax has already been paid in respect of such transactions/ activities during the period from 01st July, 2017 to 31st January, 2019, no refund of such tax paid shall be available.	Schedule III of the CGST Act

ii. AMENDMENTS IN THE IGST ACT, 2017

SL NO	AMENDMENTS	SECTION/SUBSECTION/CLAUSE
1	To revise the definition of “non-taxable online recipient by removing the condition of receipt of online information and database access or retrieval services (OIDAR)for purposes other than commerce, industry or any other business or profession so as to provide for taxability of OIDAR service provided by any person located in non-taxable territory to an unregistered person receiving the said services and located in the taxable territory	Clause (16) of section 2 of the IGST Act
2	To revise the definition of “online information and database access or	Clause (17) of section 2 of the IGST Act

	retrieval services" to remove the condition of rendering of the said supply being essentially automated and involving minimal human intervention	
3	To omit so as to specify the place of supply, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.	Proviso to sub-section (8) of section 12 of the IGST Act

Although utmost care has been taken in preparing this document, any inadvertent error is regretted.

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