

India's Amrit Kaal

Budget Snippets | February 2023



Economic Survey

- ✓ Forex Reserves stood at USD 563 billion covering 9.3 months of imports. India is the sixth largest foreign exchange reserves holder in the world.
- ✓ Enhanced Employment generation in the declining urban unemployment rate from 9.8% in the quarter ending September 2021 to 7.2% in the quarter ending September 2022 and in the faster net registration in Employee Provident Fund.
- ✓ The highest ever annual FDI inflow was recorded in the FY 2021-22 which stood at USD 84.8 billion, indicates that India is a preferred investment destination.
- ✓ Financial health of the PSU banks has seen an improvement - India's improved balance sheets and digital infrastructure together will add anywhere between 50 - 100 basis points to India's potential GDP growth.
- ✓ India is the Third largest economy in Purchasing Power Parity terms and the fifth largest economy in terms of exchange rate.
- ✓ The outlay (target) for capital expenditure in 2022-23 (Bud. Est.) was increased sharply by 35.4% from INR 5.5 lakh crores in the previous year (2021-22) to INR 7.5 lakh crores, of which approximately 67% has been spent from April to December 2022.
- ✓ The Production Linked Incentive (PLI) schemes introduced across 14 categories, with an estimated capex of INR 4 lakh crore over the next five years, to plug India into global supply chains. Investment of INR 47,500 crores has been witnessed under the PLI schemes in the FY 2022-23, which is 106% of the designated target for the year. Production/sales worth INR 3.85 lakh crore and employment generation of 3.0 lakh have been recorded due to PLI schemes.
- ✓ A scheme for financial support for project development expenses of PPP Projects – the 'India Infrastructure Project Development Fund Scheme' (IIPDF) with INR 150 crores outlay from FY 23-25 was notified by the government on 3rd November 2022.
- ✓ In view of the nation's commitment at COP26 to reach net-zero emission by 2070, NHB has extended 100 bps concession for loans under Green Housing.

4 opportunities & 7 Priorities

Opportunities

- Economic empowerment of women
- Enabling Artisans and handicrafts
- Boosting the Tourism Sector
- Green Growth

Priorities

- Inclusive Development
- Reaching Last mile
- Infra and Investment
- Unleashing Potential
- Green Growth
- Youth Power
- Financial Sector

Direct Tax Proposals

- ✓ Income tax Portal recorded a capability of 72 Lakhs accepting Income-tax returns in a day. 6.5 crores of Income-tax returns has been processed in a year.
- ✓ 25% of the Income tax returns are processed within 24 Hours.
- ✓ Average Processing period for the returns reduced from 93 days to 16 days.
- ✓ Enhanced limits for the presumptive scheme for Micro enterprises and professionals from INR 2 Crores to INR 3 Crores & INR 50 Lakhs to INR 75 lakhs respectively subject to cash receipts being less than 5% of the total Revenue.
- ✓ New Cooperative societies that commences manufacturing activities on or before March 31, 2024 is eligible to avail beneficial tax rate of 15%
- ✓ Payments made to farmers in the period prior to AY 2016-17 by a Sugar Cooperatives allowed as expenditure.
- ✓ Primary agricultural society can accept cash deposit upto INR 2,00,000 per member.
- ✓ TDS on withdrawal of Cash increased for Cooperative Societies and Rural development Funds increased to INR 3 Crores.
- ✓ Extension of the timelimit to avail tax holiday by the Startups from March 31, 2023 to March 31, 2024.
- ✓ Carry forward of losses benefits extended to 10 years from 7 years for change of ownerships specifically for the Startups.

Direct Tax Proposals

- ✓ Conversion of Gold to electronic gold and vice versa not treated as capital gains
- ✓ Reduction of TDS from 30% to 25% for withdrawal of EPF.
- ✓ Extension of funds relocation to IFSC extended to March 31, 2025.
- ✓ Decriminalization of 276A for carryforward of strategic disinvestment losses including that of IDBI Bank.
- ✓ EEE status to Agniveer fund.
- ✓ Rebate limit increased to INR 7 Lakhs under the new tax regime. Therefore, any person having income upto INR 7 lakh will not be liable for taxation.
- ✓ New Regime taxation limits enhanced as follows:

Slab	Tax rate
INR 0 to INR 3,00,000	Nil
INR 3,00,001 to INR 6,00,000	5%
INR 6,00,001 to INR 9,00,000	10%
INR 9,00,001 to INR 12,00,000	15%
INR 12,00,001 to INR 15,00,000	20%
> INR 15,00,000	30%

Direct Tax Proposals

- ✓ Benefit of the standard deduction increased from INR 50,000 to INR 52,500 and the same is extended to salaried taxpayers under New Tax regime having income greater than INR 15,50,000.
- ✓ Maximum Marginal Rate reduced from 42.74% to 39% under new tax regime. Highest surcharge rate reduce from 37% to 25% in the new tax regime.
- ✓ Exemption Limit for Leave Encashment enhanced to INR 25 Lakhs for retiring Government employees.
- ✓ New Tax Regime will be considered as default tax regime. However, old tax regime will still continue.
- ✓ In order to extend support to MSME, expenditure incurred against availing services or procuring goods from MSMEs will be eligible for tax deduction only upon actual payment.
- ✓ Induction of 100 Additional Commissioners for speedy resolution of small appeals.
- ✓ Limit income tax exemption under section 54 and 54F to INR 10 Crores. Exemption Limit also has been proposed for high value settlement from the Insurance.

Indirect Tax Proposals

Indirect Taxes Proposals focused at increasing indigenous production and building export capability. Some of the key snippets are as follows:

- Basic Customs reduced from 21% to 13% on goods other than textiles and agriculture sectors
- Exemption of Excise duty on Compressed Natural Gas to mitigate cascading tax effect.
- Exemption for battery
- The govt proposed Customs duty exemptions on the import of capital goods and machinery required for lithium-ion batteries.
- The government also proposes to increase customs duty on silver to align with duty on gold and platinum
- Basic Duty on seeds used in manufacture of Lab grown diamonds is proposed to be exempted.
- Import of certain parts for manufacture of mobile phones, TV Panels, Kitchen Chimneys is proposed to be provided relief under the customs duty
- Natural Calamity Contingent Duty on Specified Cigarettes proposed to be increased to 16%.
- The Basic Customs Duty relief available for manufacture of CSRO steels and ferrous scrap is continued.

Other Proposals

- Global Hub for Millets. India is at the forefront of the millet production. Indian Institute of Shree Anna research – the centre of excellence
- Agriculture credit target increased to INR 20 Lakh crores
- Atmanirbhar Clean Plant Programme to be launched to improve availability of disease free quality planting materials for high value horticulture crops at outlay of INR 2,000 Crores
- Government to set up an Agriculture Accelerator Fund to encourage startups in Rural Areas.
- Government proposes to set up National Digital Library for children and adolescents to make up for the learning loss during pandemic
- PM Awas Yojana is being enhanced by 66% to INR 79,000 Crores.
- The Budget 2023 proposes to set up a PM Primitive Vulnerable Tribal Groups Mission to improve socio-economic conditions of vulnerable tribal groups
- Capital Expenditure proposed to be increased to INR 10 Lakh Crores to enhance growth potential.
- Government to launch a sub scheme under PM Matsya Sampada Yojana with an outlay of INR 6,000 Crores
- Interest-free Loan to state government to spur infrastructure spending – outlay INR 1.3 Lakh crores
- Capital Outlay of INR 2.4 Lakh Crores is provided for the Railways.

Other Proposals

- 50 Additional Airports, heliports and waterdome are proposed to be revived for ensuring regional connectivity
- Urban Infrastructure Fund will be set up – INR 10,000 Crores
- Transition from Manhole to machine hole mode.
- National Data Governance policy will be set up
- PAN will be used as a common identifier for all financial transactions.
- Vivad se Vishwas – 95% of the forfeited amount will be returned back to the MSME
- Vivas se vishwas II – Voluntary settlement scheme will be introduced to resolve MSME dispute with Public sector undertaking
- Entity Digilocker will be set up for MSMEs, Trusts and Large
- National Hydrogen Mission will be provided INR 19,700 crores. The goal is to reach a hydrogen production capacity of 5 metric million tonnes by 2030.
- Revamping of Credit Guarantee to MSME from April 1, 2023 with an infusion of INR 9,000 Crores
- The government will set up a National Financial Information Registry to serve as a central repository of financial and ancillary information

Other Proposals

- Single window registration and approval System for IFSCA, SEZ authorities, IRDAI, GSTN, RBI, and SEBI to permit acquisition financing by IFSC banking units for foreign banks
- Senior Citizen Savings scheme will be enhanced from 15 Lakhs to 30 Lakhs
- Central processing centre to be set up under Companies Act, 2013 to provide speedy resolutions to the Companies.
- Fiscal deficit estimated to be 5.9%
- A one-time new small saving scheme – “Mahila Samaan Saving Certificate” will be made available for 2 years for women and girls with a fixed rate of interest of 7.5% INR 7000 Crores to be spent for e-courts
- Proposed Amendment to IFSC Regulations:
 - Delegation of powers under SEZ Act to IFSCA to avoid Dual Regulations.
 - Single Window for Registration and Approval under applicable Laws and Regulations.
 - Permitting acquisition financing by IFSC Banking Units of foreign banks.
 - Establishment of Subsidiary of EXIM Bank for trade re-financing.
 - Introduction of Arbitration, Ancillary Services, and avoiding dual regulation under SEZ Act.
 - Recognizing offshore derivative instruments as valid contracts.
 - Tax Benefits to funds relocating to IFSC, Gift City extended till March 31, 2025
 - Facilitation of setting up Data Embassies in GIFT IFSC



Thank You

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