



BUDGET 2023-24 HIGHLIGHTS

MAJOR DIRECT TAX AMENDMENTS

1) **The new tax regime for individuals made more attractive with reduced tax burden. However, no changes are proposed in old tax regime.**

- Increase in basic exemption limit from ₹ 2.5 lakhs to ₹ 3 lakhs.
- Widening of tax slabs leading to tax savings.
- Increase in rebate limit under section 87A resulting in no tax for individuals having income up to ₹ 7 lakhs.
- Reduction in highest surcharge for individuals having income of ₹ 5 crore or above from 37% to 25% which lowers the highest tax rate from 42.75% to 39%.
- Benefit of standard deduction of ₹ 50,000/- for salaried individuals extended to new tax regime.

New Tax Regime (earlier)

Total Income	Rate of tax
Up to ₹ 2.5 lakhs	Nil
₹ 2.5 lakhs - 5 lakhs	5%
₹ 5 lakhs - 7.5 lakhs	10%
₹ 7.5 lakhs - 10 lakhs	15%
₹ 10 lakhs - 12.5 lakhs	20%
₹ 12.5 lakhs - 15 lakhs	25%
Above ₹ 15 lakhs	30%

New Tax Regime (proposed)

Total Income	Rate of tax
Up to ₹ 3 lakhs	Nil
₹ 3 lakhs - 6 lakhs	5%
₹ 6 lakhs - 9 lakhs	10%
₹ 9 lakhs - 12 lakhs	15%
₹ 12 lakhs - 15 lakhs	20%
Above ₹ 15 lakhs	30%



2) Tax levied on specified life insurance policies maturity proceeds:

Proceeds from life insurance policies (other than ULIPs) issued on or after 1st April 2023 made taxable if the annual premium exceeds ₹ 5 lakh. However, death benefit will continue to remain exempt.

3) Amendment in Section 43B to facilitate timely payments to MSMEs:

Deduction will be allowed in respect of sum payable to MSMEs under Section 43B only on actual payment. It will be allowed on accrual basis only if the payment is made within 15 days or 45 days (as the case may be).

4) Presumptive tax limits enhanced under Section 44AD and Section 44ADA:

Presumptive tax limit enhanced from ₹ 2 crore to ₹ 3 crore (in case of business) and ₹ 50 lakhs to ₹ 75 lakhs (in case of profession) subject to condition of cash receipts not exceeding 5% of total turnover.

5) Deduction under Section 54 and Section 54F capped:

Deduction under Section 54 (investment in new residential property on sale of old residential property) and Section 54F (investment in new residential property on sale of any other capital asset) restricted to ₹ 10 crore.

6) Substantial increase in tax collected at source (TCS) on specified foreign remittance under Section 206C(1G):

The TCS of 5% increased to 20% under Section 206C(1G) on amount paid to –

- Authorized dealers for making foreign remittance under Liberalized Remittance Scheme (LRS).
- Seller of an overseas tour program package.

In case of foreign remittance made for educational & medical purposes, TCS rate of 5% will continue to apply with a threshold of ₹7.5 lakhs per annum.



7) Deposit schemes for senior citizens and women/girls:

- The maximum deposit under Senior Citizen Savings Scheme (SCSS) enhanced from ₹ 15 lakhs to ₹ 30 lakhs.
- A one-time savings scheme, Mahila Samman Savings Certificate, introduced as a deposit facility up to ₹ 2 lakhs in the name of women or girls for a tenor of 2 years at fixed interest rate of 7.5% with partial withdrawal option.

8) Removal of exemption from tax deducted at source (TDS) on listed debentures under Section 193:

- TDS was exempted on interest paid on listed debentures.
- Section 193 has been amended to levy TDS @ 10% on such listed debentures.

9) Gains arising on market linked debentures to be classified as short-term capital gain.

- Market linked debentures are listed securities which were currently being taxed @ 10% without indexation.
- Section 50AA introduced to classify the gains on market linked debentures as short-term which will be charged as per the slab rates.

10) Specifying time limit for bringing export proceeds into India for SEZ units:

- Section 10AA amended to provide that deduction under Section 10AA shall be available to the SEZ unit if proceeds from sale of goods or provision of services is received in, or brought into India in convertible foreign exchange, within a period six months from the end of the previous year.