

India Union Budget 2023-24

Point of view

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Transport and Logistics

Implications for the sector

- Allocation of funds to Ministry of Road Transport and Highways – INR2.70 lakh crore and Ministry of Railways – INR2.41 lakh crore
- One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertiliser, and food grains sectors have been identified. They will be taken up on priority with investment of INR75,000 crore, including INR15,000 crore from private sources
- 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
- Simplification in indirect taxes to deliver
 - Higher exports
 - Higher domestic manufacturing
 - More value addition in the economy
 - Green energy and mobility.

Key announcements for the sector

Direct Tax

- No change in corporate tax rates
- Payments to MSMEs beyond the time limit specified under the MSMED Act to be allowed only on actual payment
- Similar to goodwill, cost of acquisition and cost of improvement of all intangible assets or any sort of rights shall be 'NIL'
- Scope of business income expanded to include benefit or perquisite received fully or partly in cash. Similar amendment also made to the 194R to align with CBDT circular
- Timelines for completion of assessment extended from 9 months to 12 months (AY 2022-23 onwards). Time limit to furnish Transfer Pricing report reduced to 10 days, 30 days additional can be sought
- SEZ unit – to claim deduction only when tax return is filed within due date and export proceeds brought into Indian within 6 months from the end of the financial year. Subsequent receipt – order can be rectified to allow deduction within 4 years from the end of the financial year of the receipt
- TDS @ 10% applicable on payment of interest on debentures (in demat form) and listed on stock exchange to a resident

- Gift tax currently applies on issue of shares only on consideration received from resident investors. Proposed to expand for consideration received from non-resident investors
- Taxability of market linked debentures as short-term capital asset irrespective of period of holding
- Assessee face difficulty while claiming TDS credit for income reported in the past; rectification application to be filed by the assessee within 2 years from the end of the financial year in which tax is deducted.

Indirect Tax

- Exemption from central excise duty is provided to the extent of an amount equal to the GST paid on biogas / compressed biogas contained in Compressed Natural Gas
- Exemption from custom duty on import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in EVs up to 31 March 2024 w.e.f. 2 Feb 2023
- Place of supply of international transportation of goods services to GST registered customer will be determined basis the location of recipient of services and will not be construed as inter-state supply as per the existing provision (to be effective from future date)
- Transactions of supply of goods from non-taxable territory to non-taxable territory without goods entering into India, supply of warehoused goods before clearance for home consumption and high sea sale transaction are construed as neither supply of goods nor supply of services retrospectively from 1 July 2017
- Supply of warehoused goods to any person before clearance for home consumption is proposed to be construed as exempt supply and will require a reversal of input tax credit on value of such activities or transactions as may be prescribed
- Input tax credit is proposed to be restricted in respect of goods or services or both received and used pertaining to the Corporate Social Responsibility under section 135 of the Companies Act, 2013.

Personal Tax

- No change in tax rates under the old tax regime
- The proposed tax rates and slabs under the new tax regime are as follows:

Taxable Income (INR)	Tax rate (%)
0 – 300,000	Nil
300,001 – 600,000	5 per cent
600,001 – 900,000	10 per cent
900,001 – 1,200,000	15 per cent
1,200,001 – 1,500,000	20 per cent
Above 1,500,000	30 per cent

- Surcharge rates for income exceeding INR 50,000,000 reduced to 25 per cent from 37 per cent
- Standard deduction for salaried individuals and pensioners, deduction for contribution to Agnipath scheme

- Limit of INR 10 crore to be applied for computing exemption of long-term capital gains on reinvestment of specified amount in a residential house property
- Any benefit received by not ordinarily residents (from persons resident in India) in the form of money or property, now taxable
- Maturity proceeds from a life insurance policy (other than a unit linked insurance policy (ULIP)) issued on or after 01 April 2023 is taxable, if the aggregate annual premium on such policies exceeds INR 500,000 in any of the tax years during the policy term. Such maturity proceeds net of non-tax deductible premium would be taxable as income from other sources in the year of receipt
- Provisions to withhold tax from payments to employees at maximum marginal rate for non-availability of PAN, now scrapped.

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