

The Essence of Budget – 2023



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Union Budget 2023

Our Take

D.Dhayabaran

Common Man expected Budget with 2024 election in mind , Government prepared Budget keeping 2024 election in mind , It is a Win Win Budget for both.

D.Shiva Roopa Ganesh

This Budget 2023 Puts More Money in Pockets of taxpayers by taking less out of their Pockets, Budget 2023 has been a Status Quo Budget with populist flavours.

Direct Tax Related Changes

Tax Rate for Assessment Year 2024-25 and Financial Year 2023-24

Type	115BAC Income slab	Tax Rate	Optional (Old Regime) Income Slab	Tax Rate	Cess
Individual	≤ 3,00,000	-	≤ 2,50,000	-	4%
	3,00,001 to 6,00,000	5%	2,50,001 to 5,00,000	5%	
	6,00,001 to 9,00,000	10%	5,00,001 to 10,00,000	20%	
	9,00,001 to 12,00,000	15%			
	12,00,001 to 15,00,000	20%	≥ 10,00,000	30%	
	≥ 15,00,000	30%			
Partnership firm			All income	30%	
Domestic Company with turnover less than 400 crores in FY 2021-22			All Income	25%	
Other Domestic Companies			All income	30%	

Illustrative comparison of tax outflow under new and old regimes for FY 2023-24.

S.No.	Income	115 BAC	Old Regime	Comment
1.	7,00,000	0	54,600	If the deductions are less New Tax Regime will result in lesser tax outflow from FY 2023-24
2.	15,00,000	1,56,000	2,73,000	
3.	25,00,000	4,68,000	5,85,000	

(This change will greatly increase the disposable income in the hands of taxpayers)

**Union Budget 2023****MSME Expenses on Credit – Disallowed**

The maximum credit period allowed as per section 15 of the Micro Small and Medium Enterprises Development Act, 2006 is 45 days.

If any customer does not pay the bills of his MSME Supplier within 45 days, he shall be liable to pay interest at the rate of **three times the bank rate notified by RBI** compounded monthly.

The sad part is that the interest paid as per the section 15 of the Micro Small and Medium Enterprises Development Act, 2006 for late payment to MSME Creditors is not allowed as deduction in Income Tax.

Now the Finance Bill 2023 has proposed that if credit of more than 45 days is taken for settling dues of the creditors falling under the classification of Micro or Small, such expense shall be disallowed in computation for the purpose of Income tax.

However such amount paid can be claimed as expense in the financial year in which the amount is actually paid.

Presumptive Taxation Schemes

Businesses were allowed to declare 8 % of their total cash receipts and 6 % of their total bank receipts as income under section 44AD.

In the same way professionals were allowed to declare 50% of their gross receipts as their income under section 44ADA.

The umbrella has been widened under these schemes by increasing the threshold limit for those tax payers whose Cash Receipts are less

than or equal to 5% of the total receipts in the financial year.

	Threshold limit		Effective from 01 st April 2024
	Existing	Enhanced	
Business	2 Crores	3 Crores	
Profession	50 lakhs	75 lakhs	

87A Rebate benefit for New Regime

As of now individuals earning upto Rs.5,00,000 are not liable to pay any tax as per the calculation below

Till FY 2022-23		
Particulars	New Regime	Old Regime
Income	5,00,000	5,00,000
Tax Payable	12,500	12,500
87A Rebate	(12,500)	(12,500)
Net Tax	-	-
Cess	-	-
Total	-	-

The Finance bill 2023 has given the benefit of claiming rebate upto Rs.25,000 only for new regime.

FY 2023-24		
Particulars	New Regime	Old Regime
Income	7,00,000	7,00,000
Tax Payable	25,000	52,500
87A Rebate	(25,000)	-
Cess	-	2,100
Total	-	54,600

The New tax Regime has been given great impetus in this budget 2023 through revision of slab rates and incremental rebate under section 87A of the Income tax Act, 1961

**Union Budget 2023****Section 115BAC to be default tax Regime**

Every individual and HUF has been mandatorily shifted to new regime of taxation with effect from 01st April 2024.

If they want to opt for old scheme Form 10-IE will have to be filed on or before the due date of furnishing the Income tax return.

Individuals and HUF having income other than business income can opt in and opt out of this scheme as per their convenience by filing Form 10-IE.

GST Related Changes

(All the GST changes have to be notified separately to be effective)

Returns Cannot be Filed after Expiry of Three years from due date of such returns

The following returns cannot be filed after the expiry of three years from the due date of furnishing such returns

- ✓ GSTR-1
- ✓ GSTR-3B
- ✓ GSTR - 9

Other Changes in GST

- ✓ Dealers under Composition scheme shall be eligible to supply goods through E Commerce Operators.
- ✓ Input tax Credit related to Corporate Social Responsibility Expenses incurred by Companies as per the Companies Act , 2013 have been marked as ineligible under section 17(5)(fa) of the Central Goods and Services Tax Act,2017.

Our Team

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