



HIGHLIGHTS OF UNION BUDGET 2022-2023

Key Direct Tax Proposals

➤ **Personal Taxation**

- Tax rates, TDS rates, Standard deduction and relief for savings etc. remain unchanged.
- Rates of surcharge have been rationalized in case of Long - term capital gain other than listed shares, and for Cooperative societies.
- Medical relief provided by employers or any other person in relation to COVID-19 will be exempt from F.Y. 2019-20 onwards. However, where the financial assistance is received from any other person, the exemption shall be limited to INR 10 lakh in aggregate.
- Limit of deduction in respect of contribution by State Government towards National Pension Scheme has been raised from 10% to 14%.

➤ **New Provisions for Taxation of Virtual Digital Assets (VDA)**

- VDAs have been given statutory definition as information or code or number or token generated through cryptographic means and include NFTs. However, Indian Digital Currency or Foreign Currency will not be VDA.
- Income on transfer of VDAs will be taxable @ 30% from F.Y. 2022-23 onwards. No deduction will be allowed for expenditure except cost of acquisition.
- Any loss on transfer of VDAs will not be allowed to be set off.
- Gift of VDAs will be taxable in the hands of the recipients.

➤ **Changes in respect of Taxation of Profits from Business**

- Period of commencement of manufacturing for availing concessional tax rate of 15% has been extended to March 31, 2024.
- Period for availing deduction of profits in case of Start-up Units has been extended to March 31, 2023.
- Expenditure on interest payment can be claimed now only in the year of actual payment not on accrual.
- Health and Education Cess will not be admissible as business expense - retrospectively from April 1, 2005.

- Anti-avoidance provisions relating to dividend stripping and bonus stripping shall also apply to infrastructure investment trusts and real estate investment trusts.
- In cases of Business reorganisation proceedings initiated against a predecessor entity will be deemed to continue against the successor.
- Assessing officers have been authorised to modify tax demand in cases under the Insolvency Resolution Process as per the orders of the Adjudicating Authority under IBC.

➤ **Provisions Relating to TDS**

- Deduction of TDS of 1% on transfer of immovable property will be with reference to transfer consideration or stamp duty value whichever is higher.
- Any benefits provided by business entities to non-employees exceeding Rs. 20,000/- will be subject to TDS of 1%.
- Transfer of VDAs above INR 50000/- will be subject to TDS of 1%.

➤ **Procedural Changes**

- Taxpayers can file updated returns in case of any omissions by filing updated returns within 24 months from the end of the Assessment Year subject to payment of additional tax equal to 25% or 50% of tax and interest. This benefit will be not available in case of search or survey or loss or returns of loss.
- Faceless Assessment Scheme has been recast. Taxpayer can now it claim personal hearing through video conferencing in case of variation between returned income and income as per draft Assessment Order.

Trust the above note is informative and helpful. If you have any queries or would like to discuss in detail, please feel free to connect with our Tax team



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