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**Prashant Deshpande (Senior Advisor, India Law Alliance)**

Indirect tax proposals in budget 2023 – a balanced scorecard

"Budget day creates an expectancy of reliefs and concerns of additional burden of taxes. The indirect tax budget announcements for 2023, however, neither provided much relief not added significant burden of taxes. It would therefore be in order to take stock of the changes announced as those positive to the business and those that would raise a frown:

Positive changes in GST and Customs:

1. Composition taxpayers engaged in the supply of goods, would be allowed to make intra-state supply through E-commerce operators. This will open huge E-commerce market for small suppliers availing composition scheme to sell their goods on the E-commerce platform.
2. Section 23 of the CGST Act, specifying the persons not liable for registration, shall now have an overriding effect over the provisions of law regarding registration and compulsory registration
3. The definition of OIDAR services is being amended to omit the words “Essentially automated and involves minimum human intervention”. This will result in reduction in disputes that have arisen in determining whether supplies which are impossible to ensure in the absence of information technology do involve any human intervention or not.
4. Section 127 C of the Customs Act, pertaining to settlement of cases is being amended by way of insertion of sub-section (6) to specify time limit of 9 months from the date of application, for disposal of the application filed before the settlement commission. This will ensure time bound resolution.

Negative changes in GST and customs:

1. Section 17 of the CGST Act, restricted the amount of ITC proportionately, where the goods or services are used by a registered person for effecting taxable supplies and Exempt supplies. The exempt supplies for this purpose included sale of land. Now through the amendment proposed, it shall also include supply of warehoused goods before clearance for home consumption. This will amount to further restricting the ITC for a person making supply warehoused goods.
2. Section 17(5) of the CGST Act, specifies goods or services on which ITC shall not be available. Through the amendment proposed, the Government intends to restrict the ITC also on goods or services or both received by a taxable person which are used or intended to be used for activities relating to his obligations under corporate social responsibility under the Companies Act, 2013.
3. A new sub section(1B) in section 122 of the CGST Act, dealing with penalty for certain offences, is being inserted so as to provide for penal provisions applicable to E-Commerce Operator in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers.
4. The proviso contained to sub-section (8) of section 12 of CGST Act that determined the place of supply of services by way of transportation of goods is being omitted. This will have implications in respect of place of supply of services by way of transportation of goods, where supplier of services and recipient of services are located in India notwithstanding that the destination of such

goods is outside India.

5. The heading 9801 of the first schedule of Customs Tariff Act, 1975 is being amended to exclude solar power plant/solar power project from the purview of Project Imports with effect from the date of assent to the Finance bill.

The customs announcement also reflects a review of exemptions being undertaken. Out of 196 exemptions, 146 exemptions contained in conditional and standalone notifications are being extended for a period of 1 year i.e. up to 31.03.2024 for the purpose of undertaking review. This provides an opportunity for those likely to be affected by future possible discontinuance to take steps for the continued operations thereof."

**Pratik Jain, (Regional Managing Partner (North), PwC)**

"Indirect tax proposals are aligned with key strategic priorities of the Government including push to 'make in India', affirmative action on climate changes and ease of doing business.

As expected, customs duty has been reduced on parts of many items including mobile phones, TVs, EVs etc to incentivize domestic value addition. However, there was no mention of the much anticipated voluntary compliance scheme under Customs to reduce the pending disputes. The extension of several exemption notifications (due to expire in March 2023) by 1 to 2 years and exclusion of such sunset clauses for exemptions under FTA, FTPs, etc is a welcome move for the industry.

On the GST front the changes in law are largely to give effect to decisions made by the GST Council, such as relaxation of prosecution provisions, enhancing and simplifying the scope of OIDAR supplies, suppliers through e-commerce platforms, etc. One key change that can impact the industry is the proposal to remove input tax credit benefit to CSR expenditure of corporations. The entire aspect of blocked credits would need a greater deliberation by the GST Council with regard to the relevance of such blockage. On one hand the definition of input tax credit is wide enough to cover all expenses that are incurred for business use, while on the other there are provisions to deny credit on select supplies. In effect there is a disconnect in the manner of extending deductions under the income tax law and input credit benefit under GST for the same set of expenses.

Indirect tax collection estimate for FY 24 is moderate as compared to a robust growth rate experienced in FY 23 and seems quite achievable."

**Abhishek Jain (Partner - Indirect Tax, KPMG in India)**

“This year’s budget has been largely customs centric, and a perusal of the fine print of the budget documents clearly exemplifies Government’s intent to promote domestic manufacturing, with special focus on Green mobility. This is evident from Nil rate of Customs duty being introduced for capital goods/ machinery for manufacture of Lithium-ion cell for use in EV batteries, reduction in customs duty rate for import of denatured ethyl alcohol to promote petroleum blending, and increase in import tariff rates for petrol/ diesel run vehicles along with EVs manufactured outside India. Solar power projects being excluded from Project Import benefits, while creating some cost related hardship for these projects, will promote in-house solar module manufacturing and reduce dependance on other nations.

Other sectors where some advantage has been extended to domestic manufactures are bicycle and toy manufacturing, where tariff rates have been increased. This change comes at an opportune time when

PLI for these sectors seems to be on the cards. Impetus has also been provided to consumer electronics sector with major exemptions being continued for parts used in mobile manufacturing for another year, and Customs duty cut for import of parts used in manufacturing open cell for TV panels.

On GST front, while most of the changes such as decriminalization of offences, clarity in definitions of OIDAR/ non-online recipient, etc have been largely aligned to Council recommendations, one major change that merits consideration is restriction of ITC on goods/ services used for CSR activities."

L. Badri Narayanan (Executive Partner, Lakshmikumaran & Sridharan)

"The last budget before next year's election is generally tax friendly. The new regime for taxing individuals/AOP took the centre stage at the Union Budget 2023. Under the new regime, it is proposed to provide 100% tax rebate for incomes upto Rs. 7,00,000/-, reduced surcharge rate for individuals in highest tax bracket, lower slab rates for individuals and standard deduction for salaried class. The intent seems to be to incentivise the growing middle class to opt out of traditional deduction-based regime to a simpler tax regime with lower tax rates.

The amendments proposed in relation to special TDS provision for online gaming sector is a mixed bag. The sector will rejoice the deferment of tax deduction to the withdrawal of funds by user and also the fact that TDS will be on net winnings. However, on the flip side, there is no threshold for tax deduction. Considering the sheer number of online gaming users, the new provision may increase compliance burden for the sector. To note also is that prosecution has also been proposed for certain non-compliances.

An attempt has also been made for quicker disposal of low value appeals pending before the first appellate authority.

Amendments have also been proposed to further incentivise funds moving to IFSC. Apart from that, certain incentives have also been proposed for co-operative societies including the new reduced 15% tax rates for new manufacturing setups.

Further, certain tax avoidance provisions have also been rationalised. Share premium received by closely held companies from non-residents is also sought to be taxed, if issue price exceeds fair market value of the share."

Rohit Jain (Partner, Economic Laws Practice)

"Union Budget 2023-24 kept its focus on expanding Capex, particularly on infrastructure, reiterating the government's priorities on building roads, highways, ports and railway lines. As expected, it is a populist budget (prior to a general election) where the middle class has been given relief in terms of changing income tax slabs in the new regime and granting rebate to income earners upto 7 lakhs. There are other important changes proposed under Income tax in respect of TDS provisions (specifically 194R, payment to non-resident, etc). Again, as expected changes were also made in Customs duty tariffs to promote make in India. Most of the legislative changes proposed under the GST were an outcome of GST council meeting held in December. Industry was looking forward to an amnesty scheme for Customs and GST which remained unaddressed. Overall, the budget had no negative proposals as such – it provides a stable tax regime which along with significant capex spent will ultimately provide an impetus for growth of the Indian economy in Amrit Kaal."

**K. Vaitheeswaran (Advocate & Tax Consultant)**

"The Hon'ble Finance Minister has embarked upon this year's budget exercise with clinical precision and vision. There is significant focus and allocation for infrastructure and the momentum has been maintained. The 'Seven Saptarishis' which she referred to are well though off and the budget transverses between agriculture, education, airports, ease of doing business, unified filing process, contract dispute settlement, green focused, tourism and financial sectors.

What is disappointing is the absence of any customs dispute settlement scheme or a GST late fee / interest waiver scheme which is very much needed at this point of time. The amendments to the CGST Act in expanding the scope of Section 17(5) is unwarranted since on one hand the law expects the corporate sector to step in and mandatorily spend on CSR and on the other hand, denial of ITC on such activities would only increase the cost.

On the Customs front, the changes are in line with the past policies and the emphasis is on 'atmanirbhar bharat'.

On the income tax front, it is unfortunate that the Government has chosen to amend Section 10(10D) of the Income Tax Act and impose tax on the amounts received under an insurance policy subject to certain limits. This will have a huge impact on the insurance sector and on public at large."

**Puneet Bansal (Managing Partner, NITYA Tax Associates**)

"As per Economic Survey 2022-2023, Indian economy has bounced back after facing pandemic and staged full recovery in FY 2022-23, outperforming many nations. It is poised to return to its pre-pandemic growth trajectory in FY 2023-24. Amidst fast-paced inflation and taking cue from last year's speech, the FM introduced this year's budget as first budget in "Amrit Kaal". This budget focuses on all key sectors such as infrastructure, agriculture, education and employment, critical for overall development of country. The highlight of budget is capex outlay of Rs. 10 lakh crore (increment of 33% from last year). At same time, measures were also announced to meet needs of Digital India.

On legal and tax front, the Government has actively worked towards reducing compliance burden and enhancing ease of doing business. In line with this intent, the Government has announced removal of numerous compliances and de-criminalized multiple offences.

On Indirect Taxes, the Government proposes to promote export, boost domestic manufacturing and enhance domestic value addition. In line with this objective, Basic Customs Duty is rationalized on various goods like parts of camera lens, parts of open cells of TV panels, lithium-ion cells for batteries etc. The Government has also given effect to several decisions taken in last meeting of the GST Council like decriminalization & compounding of certain offences, retrospective amendment to treat certain transactions (high sea sales, bonded warehouse sales etc.) as no supply since July 2017. Apart from this, many other legislative amendments are proposed like barring ITC on CSR expenses, restriction on filing of GST returns beyond 3 years from due date, introduction of penalty on E-Commerce operators allowing unregistered persons / composition taxpayers to make supplies through their platform, consent-based sharing of taxpayers' information with other government agencies etc.

Surprisingly, the Government maintained pin-drop silence on many strategic topics like much-anticipated Customs amnesty scheme, New SEZ law (DESH Bill), New FTP etc."

Jigar Doshi, (Founding Partner at TMSL)

"The last full budget of Modi Government 2.0, stressed on the 7 focus areas of India’s journey to its centennial centenary. Being called the Saptarishi, the role of which has been defined in Vedas as – born from the mind of Brahma, the creator of the world and to guide the human race towards excellence, the Honourable FM has identified such 7 guiding factors which shall be imperative in the journey of Bharat towards Amrit Kaal.

From custom perspective, to provide impetus to the domestic manufacturing and the domestic value addition, the Honourable FM has made changes in import duties of electrical kitchen chimneys, Heat coils, chemicals parts of mobile phones, television sets, and seeds of Lab grown Diamonds etc. Putting a smile on the faces of the Jewellery industry, the Budget proposes to reduce the import duty on gold, silver, platinum, coin, and seed of Lab grown Diamonds. Also, in lines with its mission to become carbon neutral by 2070, blended CNG on which GST is paid has been made exempt from Excise duty to that extent, BCD has been exempted on capital goods used for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs) and Vehicles etc which further strengthens the vision of sustainable development .

From a GST standpoint, while not much changes have been proposed, owing to multiple amendments during the GST council meetings across the year, some significant proposals such as disallowance of ITC on CSR expenditure seems to bit off radar. Considering that Section 135 of the Companies Act, 2013 makes it mandatory to incur a specific amount towards CSR, the ineligibility of ITC on the same would be a harsh step against the corporates. However, the same is in lines with the Income Tax Act, 1961 where deduction of CSR expenditure is disallowed. Till now, the Companies were availing this ITC on the premise that the same is being incurred under the Companies Law and hence is an eligible expense to claim ITC on.

Moreover, the threshold of time limit of three years has now been prescribed for furnishing GSTR 1, GSTR 3B and GSTR 9/9C. Earlier, there was no time limit to furnish returns and a taxpayer could furnish belated returns with late fees and interest. However, the returns older than 3 years would be locked henceforth for filing. This may have an impact from litigation perspective as the time limit to initiate an assessment or audit would be impacted based on this amendment.

Interestingly, the scope for OIDAR services has been increased to be applicable to all unregistered persons irrespective of whether the same are being used for commerce, industry or any other business. Additionally, the words ‘automated and involving minimal human intervention’ have been deleted from the definition of OIDAR services. Both these amendments seem to aim at plugging the loophole wherein the service recipients were not paying taxes contending the above exceptions as excuses.

Decriminalisation and enhanced threshold for prosecution would be appreciated by the industry in view of the countless ongoing investigations and inquiries. There have been certain other amendments which have been proposed for streamlining the law and the rules.

With two GST Council meetings in the past six months and plethora of Notifications and Circulars, the Union Budget seems to be devoid of any major overhaul from GST perspective. Nonetheless, the want of GST Appellate Tribunal, Amnesty scheme and clarity on taxation of online gaming remained under the carpet as far as the Budget was concerned. With such fewer changes in the budget as far as GST is concerned, one is forced to think that over the years the budget may not have the significance that it used have. In our view, it will be a good change because that day will mark stabilisation of GST regime and robustness of GST Council!"

Harpreet Singh, (Partner – Indirect Taxes (GST & Customs), Japan Corridor Leader (Tax), Tax Sector Leader - Consumer Markets, KPMG)

"The Budget 2023 has set the vision for Amrit Kaal and has emphasized the essentiality of the Jan Bhagidari through Sabka Saath Sabka Prayas, to achieve technology-driven and knowledge-based economy.

Like past few years some key marquee announcements that were announced are:

- For realizing the vision of "Make AI in India and Make AI work for India", three centres of excellence for Artificial Intelligence to be set-up in top educational institutions
- One stop solution for reconciliation of IDs maintained by various government agencies using Digilocker and Aadhar as foundational identity. For the business establishments, PAN will be used as the common identifier for all government agencies
- 100 Labs to be set up in engineering institutes to develop applications using 5G technologies, to realize a new range of opportunities, business models, and employment potential

An interesting observation made by the Hon'ble Finance Minister was on promoting ease of doing business by reduction in more than 39,000 compliances and decriminalization of more than 3400 legal provisions.

Also, while the Budget has aimed to promote exports, domestic manufacturing and value addition by import duty rationalization, however, on indirect taxes, there were less than expected announcements to take care of the said objectives.

Few key proposed amendments are as follows:

<u>Customs</u>

To provide impetus to domestic manufacturing, Custom duties have been rationalized under various sectors such as -

1. Increase in duty on bicycles, electric chimneys, toys, compounded rubber, vehicle in SKD/ CBU form etc. and
2. Reduction in duty on parts for manufacture of TV panels, certain parts of mobile phones like camera lens, capital goods/ machinery for manufacture of lithium-ion cells for use in EVs.
3. Certain exemptions/ concessions in duty have been extended till 31.03.2024 on various parts and components.

<u>GST</u>

a. Decriminalization of offences in the nature of obstructing officer, tampering or destroying evidence and failure to supply information
b. Increase in threshold for launch of prosecution and reduction in the amount for compounding for various offences
c. Disallowance of credit on CSR expenditure
d. Input tax credit restricted on goods/services in relation to supply of warehoused goods
e. Place of supply of transportation of goods being outside India omitted, in cases where supplier and recipient of services located in India
f. Restriction on filing of returns after 3 years from its due date
g. Penalty on E-commerce operators for allowing specified class of unregistered & composition vendors to make supplies through its electronic platform.

No announcements on functioning of GST Tribunals, addressing issues on input tax credit blockages and much anticipated Customs amnesty scheme, were some of the key miss-outs."

**Amitabh Khemka (Lead Partner – Global Indirect Taxes, KNAV)**

"The revised estimates for GST collection for 2022-23 is INR 8.54 lakh crores against its budgeted estimates of INR 7.80 lakh crores. This shows growth of 22% against the actual collections of INR 6.98 lakh crores in 2021-22.

The budgeted estimates for GST collection for 2023-24 is INR 9.57 lakh crores. The revenue growth is estimated at 12% against the revised estimates in 2022-23. This revenue growth is 10.5% for income tax (corporate tax and personal income tax).

As recommended by GST Council, amendments have been proposed to be made in GST laws, however, amendment is not made for waiver of compulsory registration for persons supplying goods through electronic commerce operators. The additional amendment proposed is to restriction on input tax credit in respect of goods or services used or intended to be used for obligations under corporate social responsibility referred to in the Companies Act, 2013. This amendment is not retrospective.

It is proposed that the validity period of two years, which was specified for conditional exemptions under the customs duty law in Finance Act, 2021, would not apply to exemptions in relation to multilateral or bilateral trade agreement, obligations under international agreements, schemes under Foreign Trade Policy etc. Customs duty rates have been proposed to be amended in case of number of items with objective to increase tariffs rates for specified items and to rationalize customs duty rate structure for specified items. Certain exemptions have been extended for a period of one year.

The National Calamity Contingency Duty has been increased on cigarettes. Central Excise Duty has been exempted on blended compressed natural gas from so much of the amount as is equal to GST paid on biogas / compressed biogas contained in such blended CNG subject to specified conditions."

**Abhishek A Rastogi (Rastogi Chambers)**

“In a major pragmatic move, Budget exempts import of Denatured Ethyl Alcohol, most prominent input used in chemical industry, from the whole of basic customs duty. Such exemption is a major impetus to the exporters manufacturing 'ethyl acetate', 'ethanol and di-acetane alcohol', 'cosmetic and skincare products such as toners'. The exemption would be a major relief to the Indian exporters as it would ensure availability of more working capital with improved competitiveness to indigenous manufacturing. The exemption could be utilized for increasing the production capacity of the manufactured-produce.

The classification dispute with respect to the lower rate of basic customs duty for these products is before various high courts and the announcements would provide respite to the Indian manufacturers, explained Abhishek A Rastogi, founder of Rastogi Chambers , who is arguing on behalf of the petitioners before various courts.

However, the chemical industry still awaits the fineprint for further clarification about the effective date of such exemption benefits and the interface of the same with 'excisable/non-excisable goods'”

**Saket Patwari (Executive Director, Indirect Tax, Nexdigm)**

"All eyes were on the Hon'ble Finance Minister as she presented her last full Union Budget before 2024 elections. While the Indirect tax proposals in the Budget Speech were primarily limited to customs duty rate changes, the details, as always, lie in the fine print.

On the GST front, the perplexity around claiming ITC on account of expenditure incurred for Corporate Social Responsibility (CSR) has been clarified by disallowing ITC on such expenditure. Further, to curb the inordinate delay and to ensure regular compliance by taxpayers, an outer time limit of 3 years has been introduced for filing GST returns. While the unregistered suppliers and composition dealers have been allowed to trade on e-commerce platforms, an obligation has been cast on the e-commerce operators to ensure there is no contravention of provisions by such suppliers, otherwise they could be penalized to the extent of tax amount.

The GST Council recommendations in relation to GST implications on supply of goods where supplier and recipient are located outside India and supply of warehoused goods before clearing for home consumption have been implemented retrospectively to avoid unnecessary litigations in line with the decision taken in 48th GST council meeting.

Similarly, the interpretation issues over the taxability of electronic services qualifying as 'OIDAR' services appears to have been settled by omitting the conditions of "essentially automated" and "involving minimal human intervention". This has widened the scope of OIDAR services. Further, such services would now attract GST in India even if the same are received by unregistered persons for the purposes of business, commerce, or profession. Such widened scope could see an increase in registrations by foreign entities engaged in providing various electronic services in India.

On the other hand, the Customs proposals are largely aligned to the Government's vision of 'Make in India' by boosting domestic manufacturing, enhancing domestic value addition, and encouraging green energy and mobility. Accordingly, the reduction in the number of basic customs duty (BCD) rates on goods, other than textiles and agriculture, is a welcome move as it further simplifies the overall customs duty rate structure in the country. Further, the BCD rate exemptions should provide impetus to electronic goods, automobiles, petrochemicals, and precious metal sectors. The legislature seems to have also rectified an unintended miss whereby the 2 years' validity on exemptions shall not apply inter alia to schemes under Foreign Trade Policy, Multilateral & Bilateral Trade Agreements, re-imports and temporary imports, and to goods imported as gifts or personal baggage.

However, a lot more was expected from the Budget, and this was an opportune time to clarify the roadmap for DESH scheme and GST Tribunals, measures to streamline GST administration through investigations, scrutiny etc., to introduce an automated standardized Customs SVB procedure, as well as to extend a one-time amnesty both under Customs and GST laws to reduce the litigation."

**Rajat Bose (Partner Shardul Amarchand Mangaldas & Co.)**

"The focus of Union Budget 2023, has been people centric, with a vision of co-operative growth of the nation. The changes in the Budget appear to focus around on sustainable economic development, unleashing the true potential of youth by facilitating opportunities, strengthening macro- economic stability and focusing on untapped sectors such as tourism, green growth etc. In addition to making certain regulatory changes such as introduction of a unified filing process before various ministries and reducing compliances, the Budget also holds promise for the domestic manufacturing sector, especially the electronic sector by tweaking the customs duty rates.

It is proposed, to exclude certain exemptions granted under multilateral or bilateral trade agreements, obligations under international agreements, schemes under Foreign Trade Policy etc., from the validity period of 2 years under the Customs Laws. In order to provide for a time bound settlement, it is proposed that the settlement applications shall be adjudicated and order shall be passed within a period of 9 months from date of filing the application. However, the settlement application shall abate if the order is not passed within stipulated timelines and adjudication will re-start as usual -this appears to be draconian.

In so far as changes under GST laws are concerned, it is proposed that a supplier of goods supplying through an e-commerce operator liable to TCS, is now eligible to avail the benefit of the composition scheme. Input tax credit in certain cases has been restricted such as in cases where supply of goods to any person before clearance for home consumption and goods and services used or intended to be used in CSR activities. A new provision has been introduced to impose a time limit of 3 years from the due date of furnishing details of outward supply. This would encourage taxpayers to make correct disclosures even if it is discovered at a later stage. Penalty provisions have been introduced for e-commerce operators. Further, as a welcome move, certain offences which have been decriminalized. Compounding provisions have been made easier.

All in all, a pragmatic and industry centric budget from an indirect tax perspective."

Nishant Shah (Senior Partner, Economic Laws Practice)

"Along with the first budget of the Amritkaal, the Hon'ble Finance Minister was also presenting the last full budget of this Government. In line with expectations, this budget contains a lot for not just the common man but also the agri sector and growing breed of MSME's in the country. First on the tax proposals, very clearly a welcome reduction in the overall tax burden of the working middle class population in the country. One believes, this will go to compensate for the cost of GST being borne on daily consumption of Goods and Services by this class of the population. The other tax proposals are mainly to encourage production and make Indian manufacturing more competitive in the global market.

The first part of the Hon'ble Finance Minister's budget encompassed under seven key initiatives nomenclature as "Saptrishi", packs a lot of initiatives all of which are clearly focused towards growth of the Indian economy. Considering the huge number of sub-initiatives announced under each of these seven initiatives, it would be a test for this Government to ensure effective implementation of each of these sub-initiatives, especially considering elections lined-up next year. The current Government has a track record of delivering on new initiatives and one is hopeful for the Saptrishi initiative."

Rajat Mohan (Senior Partner, AMRG & Associates)

"Hon'ble Finance Minister Nirmala Sitharaman, presented a comprehensive and integrated budget that aims to provide a balanced approach to the development of various sectors of the economy. The budget aims to support micro, small, and medium enterprises (MSMEs) and start-ups, boost infrastructure, agriculture, and healthcare, and attract foreign investment.

FM announced a CAPEX bazooka with a 33% hike over last year, Rs 10 lakh crore if you talk about the numbers; the previous year, it was Rs 7.5 lakh crore. Expanding CAPEX is a considerable positive for markets as it will help crowd private investment. This signifies that the government means business and is willing to walk the extra mile to push growth.

Looking at the looming global recessions, post-pandemic and slow growth, FY23 growth is estimated at 7%, which is an optimistic sign. It is the highest among major economies.

Infrastructure is a primary focus of the budget, with a significant allocation for developing roads, ports, airports, and urban transportation. The aim is to improve connectivity and reduce business logistics costs, making the country more competitive and attractive for investment.

Agriculture sector also received significant attention in the budget, with measures aimed at increasing farmers' income and making the sector more sustainable. The budget proposes better access to credit, an increase in the minimum support price for crops, and the development of agro-processing clusters. Healthcare is another key focus of the budget, with a substantial allocation for the sector's development.

Foreign investment is also a key focus of the budget, with measures aimed at reducing the corporate tax rate for new manufacturing companies, improving the ease of doing business, and promoting investment in sectors such as infrastructure and technology.

Budget Speech 2023 includes tax benefits for Senior Citizens, Pensioners, and Salaried Employees.

A simplified tax structure reduces compliance burden and improves tax administration. A perfect budget helps the low-income group and gives them some relief on taxes. Indirect Tax proposals aim to promote exports, boost domestic manufacturing, enhance domestic value addition, and encourage green energy and mobility.

The aspect of the budget speech that the salaried class was most eager to hear about was the announcement of the tax impact, which raise rebate upto INR 7 lac per annum, which will increase net disposable income fueling domestic consumption. The highest effective tax rate for big earners has been reduced from 42.7% to 39%.

Several initiatives to streamline the indirect tax system and boost revenue collection while promoting ease of compliance for taxpayers are put forth in the budget for 2023. Indirect tax proposals aim to promote exports, boost domestic manufacturing, and encourage green initiatives and mobility.

Overall, the budget's proposals on indirect taxation aim to promote a more efficient, transparent, and fair tax system that benefits both taxpayers and the government.

In conclusion, I give three cheers to the overall budget, even though markets have turned quite volatile in the second half of the trading session. I believe long-term perspective of Indian companies is quite bright and we may see more investments flowing in Technology, Green initiatives and infrastructure sector."

**Bimal Jain (Founder, A2Z Taxcorp LLP)**

“The Union Budget 2023-24 being presented as first in the Amrit Kaal, held much significance, given that the country's next Lok Sabha election is set for April–May 2024.

The Union Budget is worthy as it includes a technology-driven and knowledge-based economy with strong public finances and a robust financial sector, wherein the Indian economy has been recognised as a ‘bright star,’ which is expected to grow at 7% in the current year, the highest among major economies worldwide.

This Budget has prioritized inclusive development, reaching the last mile, agriculture and investment, unleashing potential, green growth, youth power, and the financial sector and referred to as "Saptrishi." The Finance Minister has proposed to increase capital expenditure by 33 percent to Rs 10.5 lakh crore, which would be 3.3 percent of the GDP. Moreover, to support startups and MSMEs, several reliefs have been proposed.

The Union Budget w.r.t indirect tax perspective has primarily focused on promoting exports, boosting domestic manufacturing, enhancing the domestic value addition, and encouraging green energy and mobility with the simplified tax system along with lower tax rates, lessening the burden of compliance and enhancing the tax management. The Union Budget proposed to reduce the basic customs duty rates on goods other than textile and agriculture from 21% to 13%.

Further, more than 39,000 compliances have been reduced to enhance the ease of doing business and morethan 3, 400 offences are decriminalized. Further, Phase 3 of the E-court's project is proposed to be launched with an outlay of INR 7,000 crore for the efficient administration of justice. Furthermore, PAN will be used as a Common business Identifier for all digital systems of specified government agencies.

W.r.t direct tax, the Union Budget has proposed to give a rebate of income earned up to INR 7 lakh from INR 5 lakh earlier under the new tax regime. Further, the basic exemption limit in the New Income tax regime has been raised to INR 3 lakh, up from INR 2.5 lakh earlier. New slabs under the New Income Tax regime have been introduced, providing relief to individual taxpayers by raising such tax exemption or rebate limit, which will give more disposable income in the hands of individuals for more consumptions in the GDP."

Lalitendra Gulani (Partner, Anantham Legal)

"The Budget of 2023 presented in the aftermath of recovery phase of COVID-19, is progressive in outlook and focusses on Artificial Intelligence, research & development, shift to green energy, mobility and sustainable lifestyle and urbanisation. It further proposes to activate and marshal the potential of women, youth, artisans, farmers, tribal communities, tourism, culture and foodgrains of India. It was refreshing to hear the Hon'ble Finance Minister clearly lay out the roadmap towards not only supporting these sectors, but also harnessing nation's entrepreneurial capabilities and integrating these sectors into the Indian economy. The outlays clearly indicate that Union Budget of 2023 is modern budget which seeks to achieve sustainable and inclusive growth by tapping to India's innate and indigenous potential.

On the indirect tax front, the trend to tinker with customs duty rates to promote the domestic manufacturing capabilities, align them with international trade policies, and promote certain sectors, such as electric vehicles, chemicals, cellular phones continues. National Calamity Contingent Duty on demerit goods (cigarettes) has been increased. The amendment in provision for place of supply in case of transportation of goods for export by a registered taxpayer to an Indian exporter will allow free flow of input tax credit. The retrospective effect given to high sea sales and supply of warehoused goods before their clearance for home consumption in Schedule III of Central Goods and Services Tax Act, 2017 will nip the issue in bud. However, the proposal to disallow input tax credit on corporate social responsibility is quite a retrograde step and moves a step lower than the erstwhile tax regime. The Budget speech unfortunately did not even mention about Goods and Services Tax Appellate Tribunal which has led to burdening the High Courts and is a significant shortfall.

All in all, the Budget of 2023 has paid heed to the demands of taxpayers. Several points raised in the consultation process have been integrated into the GST and customs regime. The industry however was expecting reference to introduction of new PLI schemes, customs amnesty scheme to resolve litigation, rationalisation of place of supply provisions and relaxation in blocked credits which were conspicuously missing."

Rakesh Gupta (Vice President and Group Head- Taxation, RPG)

The rationalisation of customs duties to boost exports, domestic production and green economy is welcome move. The reduction in MMR for high earning individuals from 42.7% to 39% is very bold move. The amendment in Sec 43B on allowability of payments to MSME may discourage the large businesses to deal with MSME. There is no roadmap announced for further rationalise the GST law and rates while the disallowing credit for CSR activities is against the spirit of GST Law. The proposed amendment in Sec 142 for appointment of cost accountant for inventory valuation may lead to high pitched assessments. The introduction of the new authority as JST(A) may help in expediting the disposal of first level appeal as normal CIT(A) can concentrate on larger disputes.