



Start of a New Journey



Amendments to Finance Bill, 2023

BACKGROUND

The Finance Bill, 2023 has been placed in the Lok Sabha as a part of Union Budget presented on 01-02-2023. With few further amendments to the Finance Bill, 2023, a Notice of Amendments to the Finance Bill, 2023 placed before the Lok Sabha on 01-02-2023, is passed on 24-03-2023. Provisions proposed in the Finance Bill, 2023 as introduced vide Union Budget vis-à-vis the amendments made in the Finance Bill (As passed by the Lok Sabha) have been discussed below:



AMENDMENTS IN DIRECT TAX PROPOSALS

Direct Tax

Provisions proposed in The Finance Bill, 2023 in the Union Budget	Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)
<p>Exemption of any income of National Credit Guarantee Trustee Company Limited, Credit Guarantee Fund, etc. [Sec. 10(46B)] [w.e.f. A.Y. 2024-25]</p> <ul style="list-style-type: none"> ■ No proposal proposed in The Finance Bill, 2023 in the Union Budget. 	<ul style="list-style-type: none"> ■ The Finance Bill, 2023 has been amended to insert new clause for providing exemption of any income arising to the following: <ul style="list-style-type: none"> • National Credit Guarantee Trustee Company Limited ("NCGTCL") being a company established and wholly financed by the Central Government (CG) for the purpose of operating credit guarantee funds established and wholly financed by the CG; • Credit Guarantee Fund established and wholly financed by the CG and managed by the NCGTCL; • Credit Guarantee Fund Trust for Micro and Small Enterprises, being a Trust created by the Govt. and the Small Industries Development Bank of India u/s 3(1) of the Small Industries Development Bank of India Act, 1989.

Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Higher rate of TCS for specified person i.e. non-filers of Income Tax Returns not to exceed 20% [Sec. 206CCA] [w.e.f. 01-07-2023]

- Presently, Sec. 206CCA(1) provides for collection of TCS at higher rate on any sum or amount received from 'specified person'. The TCS shall be collected at the rate which is higher of twice the prescribed rate or 5%.
- The Finance Bill, 2023 has been amended to insert a proviso to Sec. 206CCA(1) specifying that the higher rate of TCS u/s 206CCA shall not exceed 20% in any case.

No capital gain on transfer of interest in a Joint Venture held by a PSU in exchange of shares of a foreign company [w.e.f. 01-04-2023]

- No proposal proposed in The Finance Bill, 2023 in the Union Budget.
- A new clause (xx) has been inserted in Sec. 47 to provide exemption in relation to transfer of a capital asset, being an interest in a joint venture, held by a public sector company, in exchange of shares of a company incorporated outside India by the Government of a foreign State, in accordance with the laws of that foreign State.
- Joint venture shall mean a business entity, as may be notified by the Central Government in the Official Gazette.
- Further, sub-section (2AI) has been inserted in Sec. 49 to provide that the cost of the interest in the joint venture shall be deemed to be cost of shares of the foreign company received in exchange by the PSU.



Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Plugging of tax avoidance through distribution by business trusts to its unit holders [Sec. 48(ii) & Sec. 56(2)(xii)] [w.e.f. 01-04-2024]

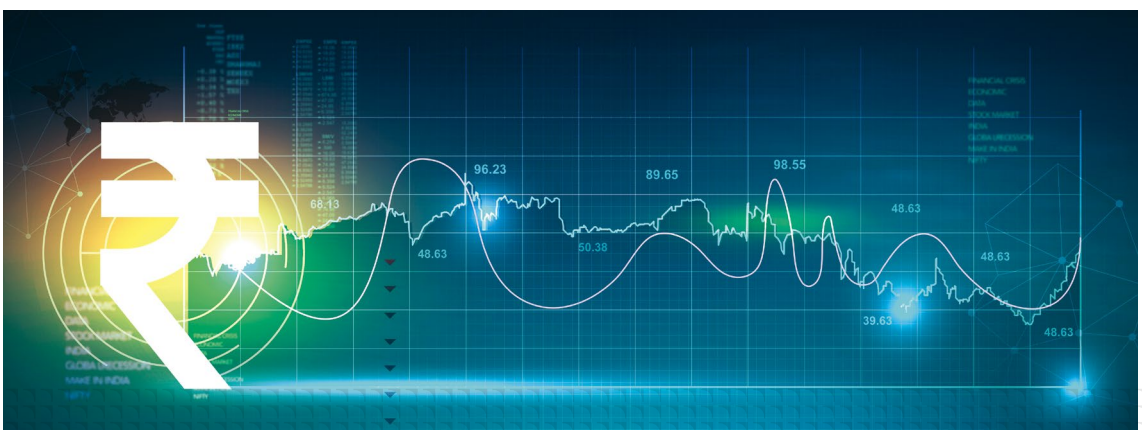
- Hitherto, as per Sec. 115UA r.w.s. 10(23FC) & 10(23FCA), interest, dividend and rental income of a business trust [InVITs & REITs] has been granted pass through status at the level of business trust and are taxable in the hands of unit holder. Further, income other than as specified above and capital gains taxable u/s 111A & 112 is taxable in the hands of business trust at maximum marginal rate.
- The Finance Bill, 2023 proposed to insert a new clause (xii) to Sec. 56(2) to tax any sum received by a unit holder from a business trust in the hands of unit holder, other than
 - those specified above [i.e. repayment of debt];
 - those which has been taxed in the hands of business trust.
- Further, The Finance Bill, 2023 proposed to insert proviso to Sec. 56(2)(xii), to provide that where sum received is for redemption of unit, it shall be reduced by cost of acquisition of unit not exceeding sum received and surplus shall be taxed under said clause.
- The Finance Bill, 2023 has amended Sec. 56(2) (xii) to provide for taxation of any specified sum received by a unit holder from a business trust during the previous year, with respect to a unit held by him at any time during the previous year.
- Specified sum has been defined as A-B-C (which shall be deemed to be zero if sum of B and C is greater than A), where-
 - A=aggregate of sum distributed by the business trust with respect to such unit, during the previous year or during any earlier previous year or years, to such unit holder, who holds such unit on the date of distribution of sum or to any other unit holder who held such unit at any time prior to the date of such distribution, which is,-
 - not in the nature of income referred to in clause (23FC) or clause (23FCA) of Sec. 10; and
 - not chargeable to tax u/s 115UA(2);
 - B=amount at which such unit was issued by the business trust; and
 - C=amount charged to tax under this clause in any earlier previous year;'
- Further Explanation (1) and (2) to clause (ii) of Sec. 48 has been newly inserted to provide clarification for purpose of computing cost of acquisition of a unit of a business trust by unit holders.
- Explanation 1 provides that the cost of acquisition of a unit shall be reduced by any sum received by a unit holder from the business trust with respect to such unit,
 - which is not in the nature of income as referred to in clause (23FC) [interest, dividend] or clause (23FCA) [rental income] of Sec. 10 and
 - which is not chargeable to tax in the hands of unitholders under newly inserted clause (xii) of Sec. 56(2) and in the hands of business trust u/s 115UA(2).

**Provisions proposed in The Finance Bill, 2023
in the Union Budget**

**Amendments made in The Finance Bill, 2023
(As passed by Lok Sabha)**

In other words, any sum received by a unit holder on which tax has been levied either in the hands of unit holder or business trust cannot be reduced so as to avoid double taxation on redemption of units.

- Explanation 2 provides that where transaction of transfer of a unit is not considered as transfer u/s 47 and cost of acquisition of such unit is determined u/s 49, sum received with respect to such unit before such transaction as well as after such transaction shall be reduced from the cost of acquisition under Explanation 1.
- For instance, where a transfer by a non-resident of units of business trust listed on recognised stock exchange in IFSC and consideration is received in foreign currency is not considered as transfer u/s 47 (viiab) r.w. Notification No. S.O. 986(E) dated 05-03-2020, then sum received by both the transferor and transferee has to be considered for Explanation 1.
- The intent of the aforesaid amendment is to tax sum received on redemption of unit as capital gain instead of u/s 56(2)(xii) as IFOS. This will allow the investors to claim capital loss also which was not allowable under the earlier proviso to Sec. 56(2)(xii).
- Further non-resident investors can avail concessional tax rate under tax treaty instead of being taxed at a rate of 30%/40% (plus applicable SC and cess) if the same was taxed u/s 56(2)(xii).
- This will ensure that Business Trusts remain lucrative for investors.



Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Expansion of scope of income exempt under Sec. 10(23FE) [w.e.f. 01-04-2024]

- Sec. 10(23FE) provides that any income of a specified person in the nature of dividend, interest or long-term capital gains arising from investment made in India, if the investment:
 - is made on or after 01-04-2020 but before 31-03-2024
 - is held for at least three years and
 - is in
 - a) a business trust referred to in Sec. 2(13A)(i);
 - b) or other entities or Funds specified therein
 - For the purposes of this clause, "specified person" means the following which fulfils certain conditions:
 - Wholly-owned subsidiary of the Abu Dhabi Investment Authority;
 - Sovereign wealth fund;
 - Specified Pension fund;
- The Finance Bill, 2023 has inserted new clause (xii) to Sec. 56(2) to tax specified income received by unitholders of business trust.
 - The Finance Bill, 2023 has now been amended to consequently amend Sec. 10(23FE) to provide for exemption of specified sum referred to in clause (xii) of Sec. 56(2) also in addition to interest and dividend received by specified person.

Extension of scope of rebate in case of resident individuals covered under new regime u/s 115BAC(1A) [Sec. 87A] [w.e.f. AY 2024-25]

- Hitherto, Sec. 87A provided rebate to resident individual where total income does not exceed ₹5 lacs @ ₹12,500 or 100% of tax whichever is less.
- The Finance Bill, 2023 has inserted proviso to Sec. 87A to modify the amount of rebate allowable to resident individual, provided total income as computed under new tax regime u/s 115BAC(1A) does not exceed ₹7 lacs. Such rebate is 100% of tax or ₹25,000/- whichever is less. However, no change has been made in rebate for taxation under old regime.
- The Finance Bill, 2023 has been amended to amend proviso to Sec. 87A to further allow rebate to those resident individuals where income as per new regime marginally exceeds ₹7 lacs. It has been provided that where total income exceeds ₹7 lacs and tax on such total income is more than amount of income exceeding ₹7 lacs, then the assessee will get a rebate of a sum equal to the amount by which the income tax payable on such total income exceeds the income over and above ₹7 lacs.
- For instance, if the income of the individual is ₹7.10 lacs then tax on such income will amount to ₹26,000. In such case, rebate can be availed, since tax on total income amounting to ₹26,000 is more than the increase in total income over and above ₹7 lacs i.e. by ₹10,000. Hence, the amount of total tax shall be restricted to increase in total income over ₹7 lacs i.e., ₹10,000 by allowing rebate u/s 87A of ₹16,000 [₹26,000 less ₹10,000]

Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Taxation of Market Linked Debentures [Sec. 50AA] [w.e.f. AY 2024-25]

- Hitherto, any listed securities held for more than 12 months, is considered as long term capital asset u/s 2(29AA) r.w.s. 2(42A). Further, while computing long term capital gain on listed debentures, indexation benefit is not available as per 4th proviso to Sec. 48. Capital Gain arising on such debentures is chargeable to tax @ 10% under 1st proviso to Sec. 112.
- Vide The Finance Bill, 2023, Sec. 50AA is proposed to be inserted to provide that notwithstanding anything contained in Sec. 2(42A) or Sec. 48, capital gain arising from transfer or redemption or maturity of Market Linked Debentures (MLD) shall be deemed to be capital gain arising from transfer of short term capital asset.
- Capital Gains is to be computed by reducing from full value of consideration, cost of acquisition and expenditure incurred on transfer of such asset. Further, no deduction of STT is to be provided while computing such Capital Gain.
- The Finance Bill, 2023 has been amended to expand the scope of newly inserted Sec. 50AA to include "a unit of a specified Mutual Fund acquired on or after the 1st day of April, 2023" in addition to a Market Linked Debenture.
- Explanation to Sec. 50AA is further proposed to be amended to define specified mutual fund to be the fund in which not more than 35% of investment are in equity shares of domestic companies.
- Further, such percentage shall be calculated with reference to annual average of the daily closing figures.



Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Withdrawal of TDS exemption on interest on listed securities [Sec. 193] [w.e.f. 01-04-2023]

- Sec. 193 provides for TDS on interest on securities payable to a resident at the time of credit of such income to the account of the payee or on payment, whichever is earlier.
- Various securities are listed in proviso to Sec. 193 which are exempted from TDS u/s 193. Vide Finance Act, 2008, clause (ix) of proviso to Sec. 193 was inserted to provide that TDS shall not be applicable on interest on securities issued by a company, where such security is in dematerialized form and listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and rules made thereunder.
- The Finance Bill, 2023 proposed to delete clause (ix) of proviso to Sec. 193. Hence, any person responsible for paying to a resident, income by way of interest on securities issued by a company, where such security is in dematerialized form and listed on a recognized stock exchange in India shall also be required to deduct TDS u/s 193.
- The Finance Bill, 2023 has been amended to substitute clause (ix) of proviso to Sec. 193 to provide that TDS shall not be applicable on any interest payable to a 'business trust' as defined in Sec. 2(13A) in respect of any securities, by a Special purpose vehicle referred in the Explanation to Sec. 10(23FC).
- Therefore the exemption from TDS u/s 193 granted earlier vide clause (ix) of proviso to Sec. 193 in respect of interest on specific securities issued by a company has been substituted with interest payable to specific 'business trust' as defined in Sec. 2(13A).

Rationalisation of TDS on winnings from lottery, crossword puzzle etc. [Sec. 194B] [w.e.f. 01-04-2023]

- The Finance Bill, 2023 proposed to amend Sec. 194B to provide that TDS shall be applicable where the amount or the aggregate of amount of winnings from any lottery or crossword puzzle or card game and other game of any sort during the FY exceeds ₹10,000.
- Further, the scope of Sec. 194B was proposed to be widened by including, income from gambling or betting of any form or nature, within its ambit. These amendments were proposed to come into effect from 01-04-2023.
- Further, 2nd proviso was proposed to be inserted w.e.f. 01-07-2023 to clarify that Sec. 194B shall not apply to winnings from any online games in view of specific provisions proposed to be introduced u/s 194BA.
- The effective date of amendments proposed by Finance Bill, 2023 in 2nd proviso to Sec. 194B has been changed to come into effect from 01-04-2023 instead of 01-07-2023.

Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Introduction of tax on net winnings from online games [Sec. 194BA] [w.e.f. 01-04-2023]

- The Finance Bill, proposed to introduce a New Sec. 115BBJ whereby any income by way of net winnings from any online games during the FY, computed in the prescribed manner, included in the Total Income, is to be taxed @ 30%. The aforesaid amendments were proposed to come into effect from AY 2024-25.
- Consequently, the Finance Bill, also proposed to introduce a new Sec. 194BA for levy of TDS on income by way of winnings from any online games taxable under the newly inserted Sec. 115BBJ during the FY.
- However, the said amendment was proposed to come into effect from 01-07-2023.
- The effective date of amendments proposed by The Finance Bill, 2023 in Sec. 194BA has been changed to come into effect from 01-04-2023 instead of 01-07-2023.

Amendments in Sec. 206CC restricting maximum rate at which tax must be collected if PAN is not furnished by the collectee [w.e.f. 01-07-2023]

- No proposal proposed in The Finance Bill, 2023 in the Union Budget.
- Amendment has been made to Sec. 206CC to insert a proviso after sub-section (1) restricting the maximum rate on which tax is to be collected to 20% in cases where PAN is not furnished by collectee to the collector of tax.



Provisions proposed in The Finance Bill, 2023 in the Union Budget	Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)
<p>Substitution of Sec 10(26AAA) for widening the meaning of "Sikkimese" eligible for exemption [w.r.e.f. 01-04-1990]</p>	
<ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. 	<ul style="list-style-type: none"> ▪ Sec 10(26AAA) provides exemption to Sikkimese individuals on account of any income from any source in the state of Sikkim and dividend or interest on securities. The Finance Bill, 2023 has been amended to substitute clause 10(26AAA) to widen the meaning of the term "Sikkimese" and include the individuals: <ul style="list-style-type: none"> • whose name does not appear in the Register of Sikkim Subjects but it is established that such individual was domiciled in Sikkim on or before 26-04-1975; or • who was not domiciled in Sikkim on or before 26-04-1975 but it is established beyond doubt that such individual's father or husband or paternal grandfather or own brother was domiciled in Sikkim on or before 26-04-1975. ▪ Hitherto, by virtue of proviso to Sec. 10(26AAA), exemption was not available to Sikkimese woman who married a non-Sikkimese individual on or after 01-04-2008. In the substituted Sec. 10(26AAA), this proviso is removed to allow exemption to such woman.
<p>New clause (34B) inserted in Sec. 10 to grant exemption of dividend income to the Unit of specified International Financial Service Centre (IFSC) from another specified IFSC [Sec 10(34B) [w.e.f. 01-04-2024]</p>	
<ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. 	<ul style="list-style-type: none"> ▪ The Finance Bill, 2023 has been amended to insert clause (34B) to Sec. 10 to provide exemption to any dividend income earned by unit of International Financial Services Centre (IFSC) which is primarily engaged in the business of leasing of aircraft which is received from another company being a unit of IFSC engaged in the same business. ▪ IFSC shall have the meaning as assigned to it in Sec. 2(q) of Special Economic Zone Act, 2005.
<p>Amendment in Sec. 11(7) for extending exemption u/s 10(23EC) to charitable trusts [Sec. 11(7)] [w.e.f. 01-04-2024]</p>	
<ul style="list-style-type: none"> ▪ The Finance Bill, 2023 proposed to amend Sec. 11(7) to allow trusts registered u/s 12AA or 12AB to claim exemption for newly inserted Sec. 10(46A). 	<ul style="list-style-type: none"> ▪ Finance Bill, 2023 has been amended to also allow exemption u/s 10(23EC) to such Trusts registered u/s 12AA or 12AB.



AMENDMENTS IN INTERNATIONAL TAXATION & TRANSFER PRICING PROPOSALS

Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Tax incentives for units in IFSC

- No proposal proposed in The Finance Bill, 2023 in the Union Budget.
- Finance Bill, 2023 has been amended to provide that surcharge & cess shall not be applicable on advance tax calculated on income covered u/s 115AD(1)(a) of a specified fund located in IFSC;
- Sec. 10(4G) provides for exemption on income of a non-resident from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident in an account maintained with an Offshore Banking Unit located in IFSC, to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India. Finance Bill, 2023 has been amended to extend the benefit of exemption w.e.f. 01-04-2024 to such activities carried out by such person, as may be notified by CG;
- Finance Bill, 2023 has been amended to insert Sec. 10(4H) w.e.f 01-04-2024 for extending exemption on income of a non-resident or unit of an IFSC engaged primarily in aircraft leasing business, arising from capital gains on transfer of equity shares of domestic company which is a unit of IFSC, engaged primarily in aircraft leasing business and commences operations on or before 31-03-2026. The exemption is available for 10 Ays beginning from the year of commencement of operations or for 10 Ays beginning from AY 2024-25, where the 10 years from the period of commencement ends before 01-04-2034.

Provisions proposed in The Finance Bill, 2023 in the Union Budget	Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)
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- Sec. 47(viiad) provides for exemption on gains arising from transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund. Finance Bill, 2023 has been amended to expand the definition of "Original Fund" under Explanation (a) to Sec. 47(viiad) to include an investment vehicle in which Abu Dhabi Investment Authority is direct or indirect sole shareholder or unit holder or beneficiary or interest holder and such investment vehicle is wholly owned and controlled, direct or indirectly, by the Abu Dhabi Investment Authority or the Govt. of Abu Dhabi and also to such other fund as may be notified by the CG..
- Sec. 80LA provides for deduction @ 100% for first five AYs & 50% for next five AYs in respect of certain incomes of Offshore banking Units. Finance Bill, 2023 has been amended to provide 100% tax holiday instead of 50% for AYs commencing on or after AY 2023-24;
- Finance Bill, 2023 has been amended to insert proviso to Sec. 115A(1)(a) (A) to tax non-resident @ 10% on dividend received from unit located in IFSC as referred to in Sec. 80LA(1A);
- Finance Bill, 2023 has been amended to allow units located in IFSC to opt for Tonnage taxation u/s 115VP by making application within three months from the date on which claim of deduction u/s 80LA ceases.

Amendment in taxation of royalty & fee for technical services (FTS) in case of non-residents/foreign companies [Sec. 115A] [w.e.f. 01-04-2024]
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| <ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. | <ul style="list-style-type: none"> ▪ Sec. 115A provides for taxation of income in the nature of royalty & FTS in the hands of non-residents/foreign companies @ 10% of gross amount. Finance Bill, 2023 has been amended to enhance the tax rate to 20% of gross amount. |
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Amendment in taxation of interest income on long term or INR denominated bonds specified u/s 194LC [w.e.f. 01-07-2023]
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| <ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. | <ul style="list-style-type: none"> ▪ Finance Bill, 2023 has been amended to expand scope of interest income u/s 194LC by inserting clause (ic) in sub-section 2 to cover interest income from any long-term bond or INR denominated bond issued on or after 01-07-2023, which is listed on stock exchange located in IFSC. ▪ Finance Bill, 2023 has been amended to insert proviso to Sec. 194LC(1) to provide that tax shall be withheld @ 9% on interest income payable to a non-resident in respect of newly inserted clause (ic) in sub-section 2. |
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Amendment in provision of TCS on remittance under Liberalised Remittance Scheme [Sec. 206C(1G)] [w.e.f. 01-07-2023]

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| <ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. | <ul style="list-style-type: none"> ▪ Sec. 206C(1G)(a) provides for TCS by an authorised dealer on receipt of money from a buyer for remittance out of India, being a person remitting such amount out of India under LRS. Finance Bill, 2023 has been amended to provide that TCS shall be collected in case of remittance under LRS even if remittance is not made out of India. |
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AMENDMENTS IN INDIRECT TAX PROPOSALS

Goods and Services Tax

Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Persons not liable to obtain registration [Sec. 23] [Retrospective effect from 01-07-2017]

- Sec. 23 of the CGST Act, 2017 provides that the persons exclusively engaged in the supply of wholly exempt goods or services and agriculturists would not be liable to obtain registration.
- The Finance Bill proposes to substitute Sec. 23 retrospectively w.e.f. 01-07-2017 with a non-obstante clause so as to provide that such persons need not obtain compulsory registration in terms of Sec. 22(1) (turnover based registration) and Sec. 24 (compulsory registration) if exempted under Sec. 23.
- The Finance Bill, 2023 has been amended to substitute Sec. 23(2) retrospectively w.e.f. 01-07-2017 with a non-obstante clause that exemption from compulsory registration in terms of Sec. 22(1) (turnover based registration) and Sec. 24 (compulsory registration) shall now be applicable only to the category of persons specified by the Government.

Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Revocation of cancellation of registration [Sec. 30] [w.e.f. as and when notified in the Official Gazette]

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| <ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. | <ul style="list-style-type: none"> ▪ The Finance Bill, 2023 has been amended to substitute Sec. 30(1) with the words 'the prescribed manner within thirty days from the date of service of the cancellation order' with the words 'such manner, within such time and subject to such conditions and restrictions, as may be prescribed'. ▪ Further, the proviso to Sec 30(1) has been omitted. ▪ The amendment provides that the time period for application for revocation of cancellation of registration and the powers to extend such period shall now be specified in the rules. |
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Assessment of non-filers of returns [Sec. 62] [w.e.f. as and when notified in the Official Gazette]

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| <ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. | <ul style="list-style-type: none"> ▪ The Finance Bill, 2023 has been amended to substitute the words 'thirty days' with the words 'sixty days' for Sec. 62(2). ▪ The above amendment provides that the time period to furnish GSTR-3B (and other returns u/s 39) and the final return upon cancellation of registration has been extended from 30 days to 60 days. ▪ Further a proviso is inserted to Sec. 62(2) wherein the time period mentioned can be further extended for a period of 60 days upon payment of penalty of ₹100 per day for each day of delay beyond the first 60 days. |
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Constitution of Appellate Tribunal and Benches thereof [Sec. 109] [w.e.f. as and when notified in the Official Gazette]

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| <ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. | <ul style="list-style-type: none"> ▪ The Finance Bill, 2023 has been amended to substitute Sec. 109 with a new provision dealing with constitution of Appellate Tribunal known as GST Appellate Tribunal for hearing appeals against the orders passed by the Appellate Authority or the Revisional Authority. ▪ The Government shall by notification constitute Principal Bench of the Appellate Tribunal at New Delhi which shall be presided over by the President, a Judicial Member, a Technical Member (Centre) and a Technical Member (State). ▪ The Government shall may by notification constitute such number of State Benches at such places and with such jurisdiction as may be recommended by the Council which shall consist of two Judicial Members, one Technical Member (Centre) and one Technical Member (State). |
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President and Members of Appellate Tribunal, their qualification, appointment, conditions of service, etc. [Sec. 110] [w.e.f. as and when notified in the Official Gazette]

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| <ul style="list-style-type: none"> ▪ No proposal proposed in The Finance Bill, 2023 in the Union Budget. | <ul style="list-style-type: none"> ▪ The Finance Bill, 2023 has been amended to substitute Sec. 110 with a new provision to prescribe the qualification, procedure for appointment and conditions of service of the President and members of Appellate Tribunal. |
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Provisions proposed in The Finance Bill, 2023 in the Union Budget

Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)

Financial and administrative powers of President [Sec. 114] [w.e.f. as and when notified in the Official Gazette]

- No proposal proposed in The Finance Bill, 2023 in the Union Budget.
- The Finance Bill, 2023 has been amended to substitute Sec. 114 to prescribe the financial and administrative power of the President.

Appeal to High Court [Sec. 117], Appeal to Supreme Court [Sec. 118], Sums due to be paid notwithstanding appeal, etc. [Sec. 119] [w.e.f. as and when notified in the Official Gazette]

- No proposal proposed in The Finance Bill, 2023 in the Union Budget.
- The Finance Bill, 2023 has been amended to substitute the words 'State Bench or Area Benches' with the word 'State Benches' and the word 'National Bench or Regional Benches' with the word 'Principal Bench' in the above sections wherever applicable.

Place of supply of services where location of supplier or location of recipient is outside India. [Sec. 13 of IGST Act, 2017] [w.e.f. as and when notified in the Official Gazette]

- No proposal proposed in The Finance Bill, 2023 in the Union Budget.
- The Finance Bill, 2023 has been amended to omit Sec. 13(9) which provided the place of supply of services of transportation of goods (other than by way of mail or courier), when either service provider or recipient is located outside India, to be the place of destination of such goods.

Schedule to the Goods and Services Tax (Compensation to States) Act, 2017 [w.e.f. as and when notified in the Official Gazette]

- No proposal proposed in The Finance Bill, 2023 in the Union Budget.
- The Finance Bill, 2023 has been amended to substitute the words 'One hundred and thirty-five per cent. ad valorem' with the words 'fifty one percent of retail sale price per unit' in serial no. 1 for the entry in column (4) against tariff item 2106 90 20.
- The Finance Bill, 2023 has been amended to substitute the words 'Four thousand one hundred and seventy rupees per thousand sticks or two hundred and ninety per cent. ad valorem or a combination thereof, but not exceeding four thousand one hundred and seventy rupees per thousand sticks plus two hundred and ninety per cent. ad valorem' with the words 'Four thousand one hundred and seventy rupees per thousand sticks or two hundred and ninety per cent. ad valorem or a combination thereof, but not exceeding four thousand one hundred and seventy rupees per thousand sticks plus two hundred and ninety per cent. ad valorem or hundred percent of retail sale price per unit' in serial no. 2 for the entry in column (4) against tariff Chapter 24.
- An Explanation is also inserted at the end of the Schedule wherein the meaning of retail sales price is given.

The Customs Act, 1962

Provisions proposed in The Finance Bill, 2023 in the Union Budget	Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)
Amendments regarding manufacture and other operations in relation to goods in a warehouse [Sec.65A, 157 & 159] [Applicable from a date to be notified]	
<ul style="list-style-type: none"> No proposal proposed in The Finance Bill, 2023 in the Union Budget. 	<ul style="list-style-type: none"> Section 65 provides the machinery provisions for the Manufacture and Other Operations in Warehouse Regulations, 2019 i.e. MOOWR scheme. MOOWR scheme is an industry-friendly initiative which allows manufacturing inside a private bonded warehouse and defers payment of Customs duty & IGST on imported raw materials & capital goods till the finished goods or capital goods are actually cleared for home consumption. A new Sec.65A is being inserted to specify that only customs duties other than IGST & GST compensation cess are to be deferred u/s 65. The customs duties deferred would be assessed prior to the deposit of dutiable goods in the warehouse. The taxes not deferred have to be paid before depositing such goods. CBIC empowered to exempt certain goods from the applicability of Sec. 65A and make regulations regarding the manner and conditions of payment of duty and removal of goods u/s 65A; The amendment would not be applicable to dutiable goods already deposited or permitted to be deposited in the warehouse prior to this amendment being notified.

The Customs Tariff Act, 1975

Provisions proposed in The Finance Bill, 2023 in the Union Budget	Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)
Amendments in Tariff Rate [Applicable from notified date]	
<ul style="list-style-type: none"> No proposal proposed in The Finance Bill, 2023 in the Union Budget. 	<ul style="list-style-type: none"> A new seventh schedule inserted in the Finance Bill to increase the BCD applicable on X ray machines falling under tariff heading 9022 14 from 10% to 15%. [Applicable from 01-04-2023] Minor cosmetic amendments also made in Tariff Schedule.

OTHER AMENDMENT RELATING TO STT

Provisions proposed in The Finance Bill, 2023 in the Union Budget	Amendments made in The Finance Bill, 2023 (As passed by Lok Sabha)
Amendment in rates of Securities Transaction Tax (STT) on sale of Futures and Options [w.e.f. 01-04-2023]	
<ul style="list-style-type: none"> No proposal proposed in The Finance Bill, 2023 in the Union Budget. 	<ul style="list-style-type: none"> The Finance Bill, 2023 has been amended to provide that Securities Transaction tax (STT) on sale of Options in securities shall be levied @ 0.0625% instead of 0.05%. Further, STT on sale of Futures in Securities shall be levied @ 0.0125% instead of 0.01%.

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