



Lalit Vanjani & Co.

Union Budget 2023

Uncluttering the cluttered

10 February 2023

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Covering significant amendments on:

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Tax policy

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- Move towards exemption free tax regime

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- Increased eligibility threshold for presumptive taxation
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- Rationalization of TDS provisions on winnings from crossword puzzles, card games & any other games, and horse racing
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Promoting entrepreneurship

- Concessional rate of 15% for new manufacturing cooperatives
- Continuing impetus to startups/ IFSC



Personal Tax

Personal tax

Optional simplified tax regime [Section 115BAC(1A)]

An individual/HUF taxpayer can opt for simplified regime with lower tax rates. The new tax slab rates under this simplified regime are as follows:

Income slabs (in INR)	Base Rate of Tax (%)
Up to 3,00,000	NIL
3,00,000 to 6,00,000	5
6,00,000 to 9,00,000	10
9,00,000 to 12,00,000	15
12,00,000 to 15,00,000	20
Above 15,00,000	30

Alternative Minimum Tax already does not apply to a taxpayer who opts for new tax regime u/s 115BAC.

In case an individual or HUF opts for the lower tax regime, certain exemptions, deductions and set-off of losses will not be available to be considered while computing the taxable income (certain instances given below):

- Section 10 such as **LTA, HRA, income of minor child**, and certain exemptions provided under section 10(14), etc.;
- **Interest on housing loan** under section 24(b) on self-occupied property and “house property loss”;
- **Chapter VIA deductions** other than employers’ contribution to NPS under section 80CCD(2) and deduction for employment of new employees under section 80JJAA.
- **Carry forward and set-off of loss** arising from above deductions and **certain other eligible deductions** against business income [sections 32(1)(ia), 32AD, 33AB, 33ABA, 35, 35AD, 35CCC]

However, following deductions will be available.

- **Standard deductions for family pension** under section 57(ia)
- **Standard deduction** under section 16
- Contribution to **Agniveer Corpus Fund**

Personal tax

Simplified comparison of New Regime and Old Regime for AY 2024-25

E.g. - For taxable income of Rs. 20,50,000 (with standard deduction of Rs. 50,000)

In new regime u/s 115BAC

For AY 2024-25

Income slabs	Tax Rate	Tax
Upto 3L	0	-
3L to 6L	5%	15,000
6L to 9L	10%	30,000
9L to 12L	15%	45,000
12L to 15L	20%	60,000
Above 15L	30%	1,50,000
Total Basic Tax		3,00,000

Old regime

For AY 2024-25

Income slabs	Tax
Upto 2.5L	-
2.5L to 5.0L	12,500
5L to 10L	1,00,000
Above 10L	3,00,000
Total Basic Tax	4,12,500

Old regime would be beneficial only if a person can claim deduction of more than Rs. 375,000 in a year under different provisions (HRA/Home Loan Interest/LTA/80C/80D/80G, etc.).

Personal tax

New tax regime to be applicable at the option of assessee to be exercised in following manner:

Assessee with 'business' income	Assessee without 'business' income
Option to be exercised on or before due date of filing the Return of Income	Option to be exercised along with the Return of Income
Option exercised to apply for all assessment years. Assessee can go back to the old regime once in life-time. Once assessee withdraws from new tax regime, the option cannot be exercised again, unless there is no business income.	Option available for every assessment year. Effectively, the taxpayer can opt in or opt out of the new tax regime every year
Claim of impermissible deductions exemption/set-off of losses to make option invalid for that and subsequent assessment years	Claim of impermissible deduction/exemption/set-off of losses to make option invalid only for that assessment year.

Personal tax

Increased rebate under Section 87A

Currently, 100% tax rebate is available if assessee is:

- An individual, resident in India
- Total income does not exceed Rs. 5 lac

The income threshold for rebate is proposed to be increased to Rs. 7 Lakh if income is offered to tax under new regime u/s 115BAC.

This amendment shall apply for AY 2024-25 and onwards.

Rebate u/s 87A shall be limited to the income of Rs. 5 Lakh if income is offered under old regime.



Personal tax

Relaxation in Surcharge income exceeding Rs. 5 Cr

Old rates of surcharge in case of Individual, HUF, AOP and BOI were as follows:

Sr. No.	Total Income	Surcharge
1	Above Rs. 50 Lakhs & up to Rs. 1 Cr.	10%
2	Above Rs. 1 Cr. and up to Rs. 2 Cr.	15%
3	Above Rs. 2 Cr. and up to Rs. 5 Cr.	25%
4	Above Rs. 5 Cr.	37%

Surcharge above Rs. 5 Cr., in case of Individual, HUF, AOP and BOI, proposed to be abolished if the income is offered to tax in new regime. The new slabs of surcharge would be:

Sr. No.	Total Income	Surcharge
1	Above Rs. 50 Lakhs & up to Rs. 1 Cr.	10%
2	Above Rs. 1 Cr. and up to Rs. 2 Cr.	15%
3	Above Rs. 2 Cr. and up to Rs. 5 Cr.	25%

The reduction in surcharge would be available only in new regime.

Highest effective tax rate will come down from 42.744% to 39.00%.

Personal tax

Capping of insurance premium for claiming exemption of income other than ULIP [Section 10(10D)]

Section 10(10D) provides tax exemption in respect of sum received under an insurance policy subject to the fulfilment of conditions given therein.

Exemption is proposed to be restricted for life insurance policies issued after 1 April 2023.

The **exemption will not be available** if the aggregate **premium payable in any previous year** during the term of life insurance policy **exceeds Rs. 5 Lakh**.

Such income shall be taxed under “Income from other sources” w.e.f., AY 2024-25 and onwards.



Personal tax

Increased in threshold limit for presumptive taxation for businesses [Section 44AD]

Currently, section 44AD provides that a sum equal to 6% or 8% of turnover or gross receipts shall be deemed as taxable income, if turnover or gross receipts do not exceed Rs. 2 Cr.

The threshold for presumptive taxation u/s 44AD to be considered as **Rs. 3 Cr.**, if the amounts or aggregate of amounts received **in cash do not exceed 5%** of total turnover or gross receipts.

This amendment will **apply from AY 2024-25.**

Tax Audit u/s 44AB shall not apply in the above conditions are met.

Increased in threshold limit for presumptive taxation for professionals [Section 44ADA]

Currently, section 44ADA provides that a sum equal to 50% of turnover or gross receipts shall be deemed as taxable income, if turnover or gross receipts do not exceed R. 50 Lakh.

The threshold for presumptive taxation u/s 44ADA to be considered as **Rs. 75 Lakh**, if the amounts or aggregate of amounts received **in cash do not exceed 5%** of total turnover or gross receipts.

This amendment will **apply from AY 2024-25.**

Tax Audit u/s 44AB shall not apply in the above conditions are met.

Personal tax

Withholding tax on payment of PF accumulated balance due to an employee

- The second proviso to Section 192A is proposed to be omitted so that withholding tax on payment of accumulated balance in PF corpus in cases where the taxpayer fails to furnish PAN is at par with Section 206AA i.e., taxed at 20% instead of maximum marginal rate.
- The above amendment is proposed w.e.f. 1 April 2023.

Rationalization of valuation of residential accommodation provided to employees

- The valuation of residential accommodation provided to employees is proposed to be made rationalized by prescribing a uniform methodology in the rules for computing the value of perquisite under Section 17(2) read with Rule 3.
- It proposes to take the power of prescription of the method for computation of value of perquisite in the following cases w.e.f. 1 April 2024:
 - Rent-free accommodation provided to the employee by his employer.
 - Accommodation provided to the employee by his employer at a concessional rate.

Personal tax

Capital Gains on residential house [Section 54 and 54F]

Currently, exemption under section 54 and section 54F is available if investment is made in new residential house.

As of now there is no upper monetary limit for making investment in new residential house for claiming the deduction under section 54 and section 54F.

- **Section 54** (for sale of long-term capital asset being a residential house property)
- **Section 54F** (for sale of long-term capital asset other than residential house property)

It is proposed to restrict the quantum of exemption.

Maximum amount of investment in new residential property will be considered at Rs. 10 Crores.

The calculations of investment as per net consideration u/s 54F would need to be considered carefully.

Consequently, same limit will apply on amount to be deposited in Capital Gains Account Scheme, if required.

This amendment will take effect from AY 2024-25 and onwards

Personal tax

Increased TCS on remittances under LRS [Section 206C(1G)]

TCS on certain foreign remittances and on sale of overseas tour packages is proposed to be increased. The comparison of current and proposed rates of TCS is as follows:

Sr. No.	Type of remittance	Threshold limit (in INR)	Present rate	Proposed rate
1	Education loan obtained from any financial institution as defined in section 80E	7,00,000	0.5%	No change
2	For the purpose of education, other than (1) or for the purpose of medical treatment.	7,00,000	5%	No change
3	Overseas tour package	Any amount	5%	20%
4	Any other remittance under LRS	7,00,000	5%	20%

This amendment will take effect from 1 July 2023.

Corporate Tax

Corporate tax

Tax rates

There is no change in the tax slabs and tax rates for domestic as well as foreign companies.

Optional tax regime under section 115BA, 115BAA and 115BAB to remain available.

Effective tax rates to range from 17.16% to 34.96% under different options available to domestic companies.

Effective tax rate for foreign companies to be in the range of 41.60% to 43.68%.

Benefits and perquisites - Sections 28(iv) and 194R

Section 28(iv) provides for taxability of value of any benefit/perquisite, whether convertible into money or not.

Courts have upheld non applicability of section 28(iv) if the benefit/perquisite are in cash [**CIT v. Mahindra and Mahindra (2018) 404 ITR 1 (SC)**].

In order to align with the intention of legislature, it is proposed to clarify that section 28(iv) also applies to cases where benefit/perquisite provided is **in cash** or in kind or partly in cash and partly in kind.

A similar amendment has been proposed in section 194R, which deals with withholding tax in relation to the benefits or perquisites arising from the business or profession.

Amendment to be effective from 1 April 2023.

Corporate tax

Prompting timely payments to MSMEs [Section 43B]

Certain expenditures are allowed as deduction on actual payment basis u/s 43B.

The provision is proposed to cover any sum payable to MSMEs beyond the time limits specified in section 15 of MSMED Act, 2006.

Expense payable to MSMEs would be allowed in the year in which payment is made, if is not paid within the timeline prescribed under MSMED Act [15/45 days].

This amendment will take effect 1st April 2024.

Categorization of NBFCs to be rationalized [Section 43B]

To align the categorization of NBFCs as per the RBI regulations, suitable amendments have been proposed under sections 43B and 43D, whereby a notification shall be issued by the CBDT for specific classes to be included under these sections.



Corporate tax

Cost of acquisition of Intangible Assets

The existing provisions of section 55, define the terms 'cost of any improvement' and 'cost of acquisition'.

In case of intangible assets or any sort of right for which no consideration is paid for acquisition, the cost of acquisition is **not clearly defined as 'nil'** under section 55.

This has led to disputes and the courts have ruled against the tax department that in the absence of specific provisions to determine the COA the capital gains cannot be taxed as the computation mechanism fails.

Therefore, it is proposed to amend section 55 to provide that the '**cost of improvement**' or '**cost of acquisition**' of a capital asset being **any intangible asset or any other right** shall be '**Nil**'.

This amendment shall be made effective from fiscal year 2023-24.



Corporate tax

New provision for TDS on online gaming [Section 194BA]

Net winnings from online games to be subjected to TDS under new section 194BA at the rates in force (currently 30 %) **from 1 July 2023** as follows:

- **On withdrawal** from user account during the FY (on the net winnings comprised in such withdrawal)
- **On the net winnings** in the user account/remaining in the user account **at the end of the FY.**

Manner of computing net winnings in the user account to be prescribed.

Where net winnings are wholly or partly in kind and, cash is insufficient to cover TDS liability, the payer should **ensure that the payee has paid tax before releasing the winnings.**

Terms such as online gaming intermediary, user, user account, etc., have been defined.

Rationalization of TDS provisions for winnings from lotteries, crosswords, horse races, etc. [Section 115BB, 194B and 194BB]

Threshold of **INR 10,000 to apply on an aggregate basis** (during an FY) and not on per transaction basis, for TDS on winnings from lotteries, crossword & other games, and horse races.

TDS provisions of lottery, crossword puzzles, etc., have been amended to include winnings from “gambling or betting of any form or nature whatsoever”.

These amendments are proposed to be effective from 1 April 2023.

Winnings from online gaming would be excluded from the ambit of existing section 194B w.e.f. 1 July 2023.

Corporate tax

Other amendments related to TDS provisions

Exception provided in Clause (ix) of proviso to **Section 193** omitted to bring interest payable on listed securities by a company to a resident under its purview of withholding tax.

Threshold limit for non-applicability of TDS under **Section 194N** on cash withdrawal by co-operative society has been increased from INR 1 Cr. to INR 3 Cr. However, the said threshold shall not be applicable on non-filers.

Widening the ambit of **Section 197** (relating to issuance of lower or nil withholding certificate) to include withholding tax under Section 194LBA by business trust.

Proposed to amend **section 271C** and **276B** to levy **penalty** and carry out **prosecution** proceedings in a case where withholding tax is not paid to the Central Government for payments covered under

- section 194R (Benefit or perquisite in respect of business or profession),
- section 194S (Transfer of virtual digital asset), and
- the proposed new section 194BA (Net winnings from online games).

The above amendments shall be effective from 1 April 2023 for Section 194R/ Section 194S and 1 July 2023 for Section 194BA.

Higher rate of TDS and TCS under **Section 206AB** and **Section 206CCA** are to be **not applicable to persons who are not required to furnish return of income** for the relevant year and the persons notified by the Govt.

Corporate tax

Special provisions for taxation of Market Linked Debentures (MLDs) [Section 50AA]

Income from transfer of Market Linked Debentures is currently taxed @ 10% as long-term capital gains without indexation.

New **section 50AA** is proposed to be introduced to tax capital gains arising from transfer or redemption or maturity of Market Linked Debentures. It is proposed to treat full value of consideration to be reduced by:

- Cost of acquisition of the debenture; and
- Expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity.

as **short-term capital gains** taxed at normal applicable tax rates.

It is also proposed to define “Market Linked Debenture” as debt security where returns are linked to market and includes SEBI regulated/classified Market Linked Debentures.

This amendment shall be made effective from fiscal year 2023-24.



Corporate tax

Mechanism to resolve withholding tax credit mismatch where income is offered in earlier year(s) and TDS is deducted in subsequent year(s) [Section 155(20)]

Amendment proposed to Section 155(20) to enable the tax authorities to pass orders revising assessment orders/intimation providing credit for withholding tax where income is offered in the relevant fiscal year, but the subject withholding tax credit is deducted and remitted in the subsequent fiscal year by the vendor.

To avail the above credit, the taxpayer needs to **file an application** in the prescribed form to the tax authorities **within two years from the end of the fiscal year in which tax is deducted at source.**

Corresponding amendment to be made in section 244A to grant interest from the date of filing rectification application till the date of grant of refund.

Modified return in case of business reorganization

Section 170A of the IT Act provides for furnishing of modified return by the successor entity where the original return was furnished by it. It is now proposed that the return furnished by an entity to which reorganization order applies can be modified by the successor entity.

Further, it is also proposed to provide the procedure to be followed by the Tax Officer after the modified return is furnished by the successor entity.

Corporate tax

Alignment of timeline provisions [Section 153]

Time limit for completion of assessment relating to the fiscal year commencing on or after the 1 April 2021 is proposed to be **increased** from 9 months to **12 months** from the end of the fiscal year in which the income was first assessable.

Similarly, time available for completion of assessment proceedings in case of an updated return is also proposed to be increased from 9 months to 12 months from the end of the fiscal year in which such return is furnished.

Time limits provided for completion of assessment etc., shall be applicable to revision order also.

These amendments shall be made effective from fiscal year 2023-24.

Re-assessment proceedings [Section 148]

Tax return in response to the notice initiating reassessment proceedings shall be filed **within 3 months from the end of the month in which such notice is issued** or further extended time as permitted by the tax officer.

If the return is filed post the time allowed, it would be deemed that no return has been filed at all

Effective from 1 April 2023

Corporate tax

Preventing permanent deferral of taxes through undervaluation of inventory

To ensure that the inventory is valued in accordance with various provisions of law, it is proposed to amend section 142 of the IT Act relating to Inquiry before assessment to provide for the following:

- Valuation of inventory by a cost accountant nominated by the prescribed authorities.
- Expenses of and incidental to such inventory valuation (including remuneration of the cost accountant) shall be paid by the Central Government.
- Taxpayer will be given an opportunity of being heard (except in case of best judgement assessment) in respect of any material gathered based on such inventory valuation.
- Period for inventory valuation through the cost accountant to be excluded for the purposes of computation of time limitation for assessment and re-assessment.

Introduction of the authority of Joint Commissioner (Appeals)

To expedite the disposal of appeals pending with first appellate authority, it is proposed to introduce a new authority in the rank of Joint Commissioner/ Additional Commissioner [Joint Commissioner (Appeals)] to handle certain class of cases involving small amount of disputed demand.

It is also proposed to provide for filing of appeal by the taxpayer against certain specified orders passed by an authority below the rank of Joint Commissioner (Appeals).

This amendment shall be made effective from fiscal year 2023-24.



Corporate tax

Rationalization of appeals to the Tax tribunal

Following amendments have been proposed:

- Appeal can be filed before the Tax Tribunal against penalty orders passed by first appellate authority.
- Appeal against order passed by Principal Chief Commissioner or Chief Commissioner can be filed before Tax Tribunal.
- Filing of memorandum of cross objections is enabled in all classes of cases against which appeal can be made to the Tax Tribunal.

This amendment to be effective from fiscal year 2023-24.

Decriminalization of Section 276A

It is proposed that **liquidators would not be liable to be prosecuted** on or after 1 April 2023.

The earlier prosecutions initiated under section 276A will however continue.

Amendment to Section 271FAA

The provisions of Section 271FAA of the Act provides for levy of penalty of INR 50,000 for furnishing inaccurate statement of financial transactions or reportable account.

It is proposed to amend the said provision by levying **additional penalty** on reporting financial institution for furnishing incorrect statement under section 285BA of the IT Act.

The additional penalty of **INR 5,000** shall be levied **for every inaccurate reportable account** based on false self certification provided by the account holders.

The reporting financial institution may recover the amount so paid on behalf of the account holder or retain out of any moneys that may be in its possession or may come to it from every such reportable account holder.

Corporate tax

Set-off and withholding of refunds in certain cases [Section 241A and 245]

Provisions of section 241A relating to withholding of refund is proposed to be merged with section 245 relating to set-off of refund against existing demand, to provide that where refund is due to a taxpayer, such refund shall be set-off against existing demand, and if proceedings for assessment or reassessment are pending in such case, the balance refund due will be withheld by the tax authorities till the date of assessment or reassessment.

It is also proposed that **additional interest** under section 244A of the IT Act **shall not be payable** for the period from the date of withholding of refund till the date of completion of assessment.

Section 241A of the IT Act is proposed made inapplicable from fiscal year 2023-24.



Corporate tax

Widening the scope of income to include certain distributions by Business Trusts (REIT/InVIT) to unitholders

There was no clarity on taxability of distribution made by business trust (REIT/InVIT) to unitholders other than interest, dividend and rental income.

Payment made towards repayment of debt with/without redemption of units does not suffer taxation either in the hands of business trust or unitholders.

The Finance Bill proposes to tax repayment of debt in the hands of unitholders by way of the following amendments:

- Section 56 proposed to be amended to tax any sum received from the business trust other than interest, dividend and rental income under the head “income from other sources”.

- Insertion of proviso to section 115UA to provide that payment received towards repayment of debt in case of redemption is to be reduced from cost of acquisition of the units to the extent such cost does not exceed the sum received.
- Definition of income under section 2(24) is proposed to be amended to add clause (xviic) to cover distribution other than interest, dividend and rental income.

The amendment will be effective from FY 2023-24

Corporate tax

Cash Loan and deposits [Section 269SS]

Presently, no person shall take loan and accept any deposits other than by account payee cheque, account payee bank draft or any other online mode exceeding of Rs. 20,000.

It is now proposed to increase the limit to Rs. 2 Lakh for the following:

- Primary Agriculture Credit Society (“PACS”)
- Primary Co- operative Agriculture and Rural Development Bank (“PCARD”)

where such deposit is accepted from its member.

This amendment will take effect from 1st April 2023.

Repayment of cash loan and deposits [Section 269T]

Under this section, repayment of loan or deposits shall not be paid other than account payee cheque or any other online mode exceeding of Rs. 20,000.

In the continuation of section 269SS, loan repaid to PACS or PCARD by its member or repaid of deposits by PACS or PCARD to its member other than account payee cheque, bank transfer or any other mode of online.

The limit would be increased to Rs. 2 Lakh from Rs. 20,000 for PACS and PCARD.

This amendment will take effect from 1st April 2023.

Startups

Proposals for Startups

Extension of period of losses which can be carried forward and set off [Section 79]

The general provisions of section 79 do not allow carry forward and set-off of tax losses of a closely held company unless the shares carrying 51 of the voting power on the last day of the year were beneficially held by persons who beneficially held shares carrying 51 of the voting power on the last day of the year in which losses were incurred

This provision is relaxed for eligible start ups that are registered under section 80 IAC. For such start-ups, as long as all shareholders who held shares carrying voting power on the last day of the year in which the loss was incurred continue to hold those shares on the last day of the relevant year

This relaxation had been given for losses incurred during the period of 7 years beginning from the year of incorporation

The relaxation is now proposed to be extended for losses incurred during the period of 10 years beginning from the year of incorporation

Proposals for Startups

Extension of incorporation date for eligible start-ups to avail tax holiday [Section 80-IAC]

The date of incorporation for eligible start-ups to avail tax holiday to be extended until 31 March 2024.



A photograph of a desk with a globe, a tablet, pens, and currency notes. The globe is the central focus, showing a map of the world. The desk is dark wood, and the background is blurred greenery.

International taxation



International taxation

Preventing misuse of presumptive schemes under section 44BB and section 44BBB

Section 44BB and 44BBB provide for presumptive taxation schemes in the case of non-resident taxpayers carrying out eligible businesses such as mineral oils exploration, civil construction, turnkey power projects etc.

Such taxpayers opt in and opt out of presumptive schemes to avail benefit of both presumptive scheme income and non-presumptive income.

To avoid such misuse, it is proposed that non-resident taxpayers shall not be eligible to claim brought forward business loss and unabsorbed depreciation in case they adopt a presumptive taxation scheme under sections 44BB and 44BBB.

Providing DTAA relief for TDS on payment of specified income to non-resident

The tax on income earned by non-resident from units of specified mutual funds or specified company, shall be deducted at lower of

- 20%, or
- the rate provided in the relevant double tax avoidance agreement,

subject to payee furnishing tax residency certificate.

International taxation

Rationalization of thin capitalization provisions [Section 94B]

Section 94B restricts the deduction of interest exceeding 30% of EBIDTA, subject to other specified thresholds, in case of an Indian company (or a PE of a foreign company in India) if the interest is payable in respect of debt issued by a non-resident Associated Enterprise (AE).

Sub-section (3) of this section excludes certain companies that are engaged in the business of banking or insurance from its scope.

NBFCs to be brought at par with Banking/Insurance institutions for non-applicability of thin capitalization provisions under **section 94B** (i.e., restriction on claim of interest expense payable to non-resident associated enterprise).

This amendment will take effect from 1 April 2024.



International taxation

Bringing the non-resident investors within the ambit of section 56(2)(viib) to eliminate the possibility of tax avoidance

Any amount received from a resident by a company in which public are not substantially interested towards issue of shares, the amount in excess of fair value of shares shall be taxable in the hands of the investee company.

It is proposed that this provision shall **apply to the amount invested by non-residents as well.**

The amendment will be effective from 1 April 2023

Extending deeming provisions [Section 9]

Currently, a sum or money received by non-resident is deemed to be income arise or accrue in India *and taxed in India in the hands of non-resident (NR)*, if the aggregate of gifts:

- exceeds Rs. 50,000
- is received from a person who is resident in India

Individuals who are not-ordinarily resident (NOR) in India also proposed to be included in the scope of persons receiving gifts exceeding Rs. 50,000 from Indian residents.

The background of the slide is a close-up, artistic photograph of several rolled-up US dollar bills. The bills are of various denominations, including \$100, \$20, and \$10. The focus is on the intricate details of the currency, such as the Federal Reserve seal, the text 'FEDERAL RESERVE NOTE', and various serial numbers and alphanumeric codes. The lighting creates soft shadows and highlights the texture of the paper.

Transfer Pricing

Transfer Pricing

Reduction in time limit for furnishing the Transfer Pricing documentation

It is proposed to reduce time limit for filing the “information and documentation” as prescribed in Rule 10D of the Income-tax Rules, 1962 (Transfer Pricing documentation) from **30 days** to **10 days** from the date of receipt of notice from the AO or CIT(A).

This time limit can be further extended by **30 days** at the discretion of the AO or CIT(A) on filing of application by the taxpayer. The time limit for **extension is also proposed to be reduced to 10 days**.

This amendment is proposed to be effective from 1 April 2023.

Widened scope of domestic transfer pricing

It is proposed to widen the scope of domestic transfer pricing prescribed u/s 92BA to include transactions with new manufacturing cooperative society availing a concessional tax rate of 15% as referred to in Section 115BAE.

Issue of shares to non-resident

As discussed in previous slides, receipts from issue of shares by a company from a non-resident shall be taxable, to the extent such receipts exceed the fair market value. With this proposed amendment, the taxpayers may no longer be able to take shelter of the

Hon'ble Bombay High Court decision (Vodafone & Shell) to take a position that issue of shares does not give rise to income and therefore no requirement to determine arms length consideration

Contact us

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320, Vishal Tower
District Center, Janakpuri
New Delhi 110058

GURGAON

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Intellect Building
Phase IV, Udyog Vihar
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Haryana