



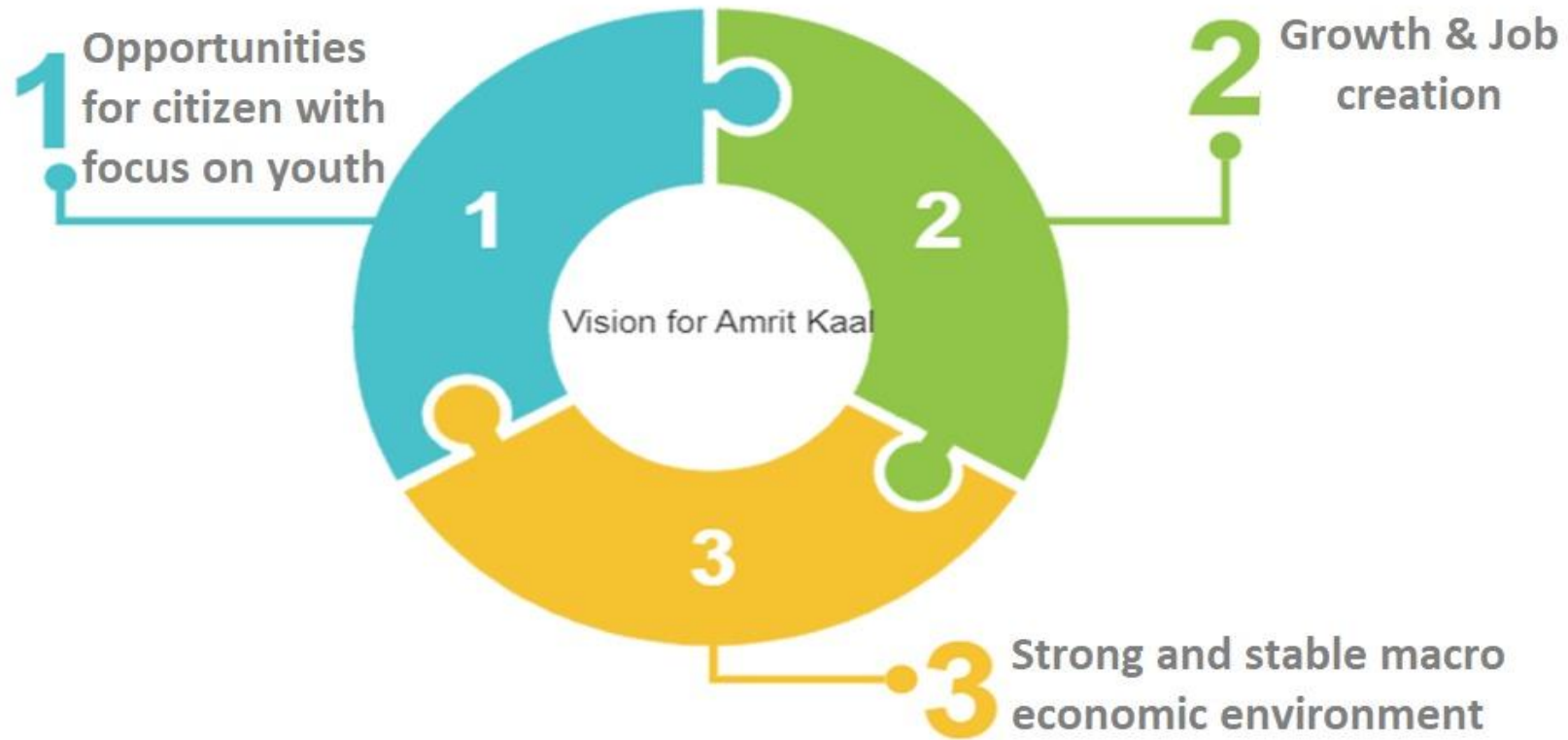
**Together,  
To The Future**

*The Budget unfolds a Plethora of reforms ranging from Agriculture to Infrastructure to defence and Oil & Gas which hallmarks a NEW INDIA .This attempt of DHC to analyse the Budget & its impact in Industry is an attempt to understand the Tax nuances so that Industry & Advisory Services goes hand in hand through a process of reciprocal Symbiosis to make India the most developed Nation in the coming years .*

**Happy & Industrious reading!**

***BUDGET 2023 – “ INDUSTRY IMPACT ”***

# Vision for Amrit Kaal



# SAPTARISHI-The Seven Sages

Inclusive  
development

Reaching  
the last  
mile

Infrastructure  
and  
investment

Unleashing  
the  
potential

Green  
growth

Youth  
Power

Financial  
Sector

# INDEX

- ↵ AGRICULTURE
- ↵ MANUFACTURING, POWER & RENEWABLE
- ↵ AUTOMOTIVE
- ↵ BANKING & FINANCE
- ↵ LIFE SCIENCES & HEALTHCARE
- ↵ TECHNOLOGY
- ↵ INFRASTRUCTURE
- ↵ DEFENCE & AEROSPACE
- ↵ TOURISM
- ↵ ENERGY, OIL & GAS
- ↵ MEDIA & ENTERTAINMENT
- ↵ REAL ESTATE
- ↵ GENERAL –GST AMENDMENTS



- ✎ The target of agricultural credit has been set at Rs 20 lakh crore for 2023-24
- ✎ Overall bank credit surged in 2022, Non Food Bank credit was up 15.3% in December, up from 9.4% a year ago
- ✎ Credit to agriculture and allied activities was up 11.5% in December
- ✎ The total outstanding bank loans to agriculture and allied activities stood at Rs 16.3 lakh crore as on December 30, up Rs 1.69 lakh crore from the end of 2021-22



## Making India a global hub for Shree Anna or Millets

- ✎ The budget envisages India becoming a global hub for Shree Anna or Millets
- ✎ Entire Expenditure of around Rs 2 lakh crore to be borne by Center to ensure Food security needs of the nation. Agri credit to be enhanced to Rs 20 lakh crore
- ✎ Decentralized storage capacity will be set up that will help farmers store their produce
- ✎ Millets, artisans, agri credit, micro entrepreneurs, small farmers -focus areas of the budget

### INC SPEAKS:

**Amit Sinha, Co-founder of Unnati:**

*The most visionary item in the budget is the focus on creating digital public goods in Agriculture. This will help build the bedrock for increasing innovation in the agri sector. This coupled with Agri Accelerator Fund is a smart idea for providing cutting-edge tools and technologies to young entrepreneurs and agritech businesses in rural areas. The government's support for digital public infrastructure will assist farmers in crop estimation and planning by raising awareness and facilitating higher-quality input. The National Cooperative Database will be established to map the country's decentralized storage capacities. This initiative will lay the groundwork for last-mile linkage farmers to store their produce and earn fair prices. It will also increase opportunities for private-sector investment in agricultural infrastructure.*

**Outlook : +ve**



## DIRECT TAXES

- ▶ Payments made by sugarcane co-operatives to sugarcane farmers for the period prior to FY 2015-16, can now be claimed as allowable expenditure to the extent of price fixed by the State Government if an application is filed before the AO towards the same
- ▶ New co-operatives which begins manufacturing operations before March 31st, 2024 eligible for a reduced tax rate of 15 percent
- ▶ The deadline for incorporating start-ups to receive a 100% deduction on profits and gains from their business for three consecutive years out of a ten-year period has been extended from March 31st, 2023 to March 31st, 2024. Additionally, eligible start-ups are now enabled to carry forward and set off losses incurred between 8th to 10th year from its incorporation date, even if more than 51% change in shareholding has occurred which was earlier restricted to initial 7 years
- ▶ The minimum limit for the application of section 269SS and 269T increased to Rs 2 lakhs from Rs 20,000 for primary agricultural credit societies and primary cooperative agricultural and rural development banks
- ▶ Threshold limit for cooperative society to withdraw cash without TDS increased from Rs 1 Cr to Rs 3 Cr



### INDIRECT TAXES

▮ BCD has been reduced on import of the following goods:

| Sl. No. | CTH                   | Description of goods  | BCD Rate   |             | Impact |
|---------|-----------------------|---|------------|-------------|--------|
|         |                       |   | Pre budget | Post budget |        |
| 1       | 2301 20<br>2309 90 90 | Fish meal, Krill meal & Mineral and Vitamin Premixes use in the manufacturing of aquatic feed | 15%        | 5%          | ↓      |

[Effective from 02-02-2023]

▮ BCD exemption for goods used in manufacture of fertilizers has been extended for one year till 31<sup>st</sup> March 2024

### Comments:

*Inclusive development has been one of the seven pillars in the Budget outlay 2023. An impetus is being given to the fisheries sector to expand domestic market. Thus, BCD rates with respect to manufacture of aquatic feeds has been reduced.*





## Major Highlights

- ✎ **Budget Allocation to Ministry of Agriculture and Farmer's Welfare: Rs 1.25 lakh Crore**
- ✎ Atmanirbhar Bharat Horticulture Clean Plant Program to boost production of high value crops
- ✎ More focus on Animal Husbandry, Dairy and fisheries Sector
- ✎ Additional Storage capacity for farm produce
- ✎ Support to making India a global Hub for Millets '**Shree Anna**'

## Impact

- ✎ Major impetus for Dairy & Fishery, Food security and opportunity to expand exports for agricultural sectors will reduce the current account deficit
- ✎ Policy to Favour Fisheries & Shrimp exporters
- ✎ Clean plant programme with a budget of Rs 2200 crore to increase the productiveness of Horticultural sector and make it self reliant

# Budget Snippets

- ▶ Budget's indirect tax proposals aim to boost domestic manufacturing
- ▶ Customs duty on certain TV parts reduced to make it less expensive for consumers
- ▶ Basic customs duty on electric kitchen chimneys increased to 15% to encourage domestic manufacturing
- ▶ Exemption from Basic Customs Duty on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued



**Outlook : +ve**

## INDIRECT TAXES

### ➤ Solar power plants and projects excluded from Customs Project Imports Scheme:

- Concessional rate of BCD available under Project Import Regulations, 1986 on goods required to be imported for setting up the 'Solar power project' / 'Solar power plant' is proposed to be removed
- Chapter 98 and relevant sub-headings of Schedule I of Customs Tariff Act is proposed to be amended to exclude solar power plants and solar power projects from availing project import benefits [Effective after Presidential Assent]
- The term 'any other Plant and Project' in Entry no 4 of the Project Import Regulation is proposed to be amended to exclude solar power plants or solar power projects from its purview [Effective from 02-02-23]

### Comments:

*Previously, several solar power developers were tapping in benefits of "project import scheme" to avoid paying high duties on cells and modules. This amendment has been proposed in a bid to cut imports from China and boost domestic manufacturing.*

🔸 **Customs Duty exemption on following goods used in solar power extended till 31<sup>st</sup> March 2024:**

- Goods used in in the manufacture of EVA (Ethylene Vinyl Acetate) sheets or back sheet used in manufacture of solar cell or solar module
- Solar tempered glass used in manufacture of solar cell or solar modules
- Flat copper wire used in the manufacturing of photo voltaic ribbon used in solar cell/modules

🔸 **Customs Duty exemption on following goods used in power sector extended till 31<sup>st</sup> March 2024:**

- Active Energy Controller (AEC) for use in manufacturing of Renewable Power Systems (RPS) inverters
- Raw materials for use in manufacture of Lithium ion cells
- Inputs, parts or sub parts for manufacture of PCBA of Lithium ion battery and battery pack
- Machinery/components required for initial setting up of non-conventional power generation plants
- Machinery/components required for initial setting up fuel cell based power generation plants

🔸 **Customs Duty exemption on following goods used in Wind Operated Electricity Generators (WOEG) extended till 31<sup>st</sup> March 2024:**

- Catalysts and resin used in manufacture of cast components of WOEG
- Forged steel rings for the manufacture of special bearings for use in WOEG

🔸 **Concessional Customs duty on following goods used in Wind Operated Electricity Generators (WOEG) extended till 31<sup>st</sup> March 2025**

- Raw materials and parts used in the manufacture of WOEG
- Permanent magnets for the manufacture of PM synchronous generators above 500KW

🔸 **BCD has been changed on import of Toys and parts of toys (other than parts of electronic toys)**

**Comments:**

*Impetus given to green transitioning as “Green Growth” has been identified as one of the seven pillars for Budget 2023. Therefore, several import duty exemptions and concessions with respect to non-conventional energy sector has been further extended.*

## Major Highlights

- ✎ New co-operatives commencing manufacturing activities till 31.3.2024 shall get the benefit of a lower tax rate of 15%
- ✎ Custom Duty on certain TV parts reduced and on electric kitchen chimneys increased
- ✎ Exemption from Basic Customs Duty on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued

## Impact

- ✎ New co-operatives engaged in manufacturing activities will create many employment opportunities in domestic markets.
- ✎ Increase in custom duty on electric kitchen chimneys will encourage “**Make in India**” initiative and give an impetus to domestic manufacturers

- ▶ Replacing old polluting vehicles and old ambulances of central & State Government in line with the notification that mandates all Government vehicles having completed 15 years as on 1<sup>st</sup> April 2023 will be compulsorily scrapped.
- ▶ Government's focus on green and clean mobility, allocation of funds for replacing government vehicles.
- ▶ Customs duty exemption extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles



**Outlook : +ve**



## INDIRECT TAXES

### ▮ BCD has been changed on import of the following goods:

| SL. No. | CTH  | Description of goods   | BCD Rate        |             |
|---------|------|--|-----------------|-------------|
|         |      |  | Pre budget      | Post budget |
| 1       | 8703 | Vehicle (including Electric vehicles) in Semi-Knocked Down (SKD) form  | 30%             | 35%         |
| 2       | 8703 | Vehicles in Completely-Built Unit (CBU)  | 60%             | 70%         |
| 3       | 8485 | Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs) | Applicable Rate | Nil         |

[Effective from 02-02-2023]

### ▮ Social Welfare Surcharge(SWS) has been exempted on Sl. No. 1&2 (CTH 8703)

### ▮ Extension in BCD exemption till 31<sup>st</sup> March 2024 on import of following goods:

- Lithium- ion cell used in manufacture of battery for Electronic Cell or other Vehicles
- Inputs/ Raw materials used in manufacturing of Lithium-ion cells

### Comments:

*To encourage domestic production of lithium-ion cells for batteries used in electric vehicles (EVs), the government has removed customs duty on the import of capital goods and machinery used in the manufacturing of lithium-ion cells. Encouragement to Green mobility has been a priority in this Budget and the same has been observed in the changes captured above.*





- ✦ Government moots amendments to Banking Regulation Act, the Banking Companies Act and the RBI Act to improve governance in banks
- ✦ Credit guarantee scheme for MSMEs through infusion of Rs 9,000 crore in the Capital
- ✦ Incentivising operation for IFSC
- ✦ Setting up of National Financial Information Registry which will serve as a store house of financial & ancillary operations
- ✦ Public consultation to be brought in for regulations and decision making
- ✦ Amendment in SEZ & IFSC Act to avoid double regulation



## INC SPEAKS:

**Chandra Shekhar Ghosh , Bandhan Bank Managing Director and Chief Executive Officer**

***The income tax concessions proposed in the Union budget will promote more savings and propel growth in deposits, which in turn, will help the banking industry.***

**Outlook : Neutral**

## DIRECT TAXES

- ✎ Thin Capitalisation rules are not applicable on Indian Cos. or PEs of foreign Co. engaged in business of banking or insurance. To bring parity between such companies & NBFCs (having similar functions & regulations), certain class of NBFCs also shall not be subject to Thin Capitalisation rules
- ✎ Any income distributed to holder of offshore derivative instruments (ODI) being a NR, entered into with an Offshore Banking Unit of IFSC, shall be exempt from tax, provided such income has been charged to tax in the hands of IFSC Banking Unit
- ✎ Various sections provided for WHT at specific rate without recourse to DTAA for payments made to NR/foreign company. In line with earlier amendment made, benefit of lower rates as per DTAA extended in respect of WHT on income from units of Mutual Funds or from specified company, subject to furnishing of a valid Tax Residency Certificate

## INDIRECT TAXES

- ✎ Exemption of BCD extended till 31st March 2024 on import of Foreign currency coins by a Scheduled Bank

## Major Highlights

- Amendments in Banking Regulation Act, The Banking Companies Act and The RBI Act
- Reduction in personal Income tax rates
- Incentives for IFSC
- Credit guarantee scheme for MSMEs

## Impact

- Governance and regulations made stronger
- Single window IT system being set up for registration and approvals from statutory authority like RBI ,SEBI etc. will facilitate ease of doing business

- ✎ 157 new nursing colleges will be established in core locations
- ✎ Promoting research to make India pharmacy capital of the World
- ✎ ICMR labs to be made available for research to public and private players, to promote research and development in pharma sector
- ✎ Mission to eliminate sickle cell anemia by 2047
- ✎ Open-Source Digital Public Infra for insurance to create huge opportunities for the sector
- ✎ One hundred labs for developing applications using 5G services which will cover health to be set up
- ✎ A new programme to promote research and innovation in pharmaceuticals will be taken up
- ✎ Multidisciplinary courses for medical devices will be supported in existing institutions to ensure availability of manpower for medical technologies



**Outlook : Long-term +ve for the sector**

## INDIRECT TAXES

### 📌 BCD exemption extended till 31<sup>st</sup> March 2024 on import of following goods:

- Lactose used in manufacture of homeopathic medicine
- Goods used in manufacture of orthopedic implants
- Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
- Hospital Equipment (excluding consumables) for use in specified hospitals
- Exemption to research equipment by publicly funded and research institutions, laboratory etc.

### 📌 BCD exemption extended till 31<sup>st</sup> March 2025 on import of following goods:

- Medicines, diagnostics kits, bulk drugs, life saving drugs/medicines used in manufacture of drugs/life-saving drugs or medicines

## Comments:

*The extension of the exemptions are a result of the Covid-19 pandemic. The Budget 2023 has laid foundations for allocation of funds to health sector and impetus has been given to investment in R&D for strengthening the health sector.*



## Major Highlights

- ✎ Budget Allocation to Health sector increased to Rs 88,956 crore
- ✎ The enhanced allocation assuages concern of the underprivileged over unplanned medical expenditure.
- ✎ Customs exemption for lifesaving drugs and specified drugs, medicines, diagnostic kits extended by two years up to 31 March 2025

## Impact

- ✎ Higher allocation will lead to better infrastructure and improve the health & quality of life of average Indians
- ✎ Creation of new nursing colleges will do away with shortage of nursing staff at medical colleges
- ✎ However Withdrawal of Custom Duty exemption for goods used in pharma sector for R&D activities may hamper further research



- ✎ Scope of services in DigiLocker and Aadhaar to be expanded
- ✎ 100 labs for developing applications to use 5G services to be set up in engineering institutions
- ✎ Labs will cover smart classrooms, precision farming, and healthcare applications
- ✎ Phase 3 of E-courts projects to be launched with outlay of Rs 7,000 crore
- ✎ Leading industry players to partner for developing and providing scalable options for health, agri and other sectors
- ✎ Setting up of digital library for children
- ✎ Central Data processing centre for handling administrative work under Companies Act
- ✎ KYC process will be simplified
- ✎ PAN will be used for common identifier for all digital systems of specified government agencies



**Outlook : +ve**

## INDIRECT TAXES

### ↗ Extension in BCD exemption on import of the following goods till 31<sup>st</sup> March 2024:

- Micro ATM, fingerprint reader/scanner for use in manufacturing of Cellular Mobile Phones, Miniaturized POS Card Reader for MPOS (other than Mobile Phone or Table Computer), parts and components for manufacturing of the said items
- Open Cell in manufacturing of Liquid Crystal Display (LCD) and LED TV panels
- Calendared Plastic Sheet for manufacturing of Smart Card covered under the heading of 8523

### Comments:

*The 2023 Budget showcased the government's commitment to incorporate technology in all aspects of the country's growth. The main object for extending the BCD exemption is to promote manufacturing of tech related products within India.*





## Major Highlights

- ✎ Focus on AI technology
- ✎ Setting up of Skill India digital platform
- ✎ Setting up of National Finance Information Registry
- ✎ Restriction of Input tax credit for CSR activities

## Impact

- ✎ Major impetus to Digital India through Digital platforms and AI technology
- ✎ Expenditure on CSR activities likely to see a downward trend

- ✎ To allocate Rs 15000 crore over three years under Schedule Tribe Mission towards safe housing and infrastructure development towards Road
- ✎ 100 transport infrastructure projects, for last and first mile connectivity will be taken up on priority with investment of Rs 75,000 crore (Rs 15,000 crore from private sources)
- ✎ Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall
- ✎ Support to state governments for capital investment
- ✎ Coastal shipping to be promoted in PPP mode through VGF



## INC SPEAKS:

**T. V. Narendran, Tata Steel CEO & MD**

*The finance minister has presented a high-quality budget that focusses on increasing capital expenditure to build infrastructure while at the same time not compromising on the fiscal discipline that is so essential in an era of rising interest rates. The finance minister has also taken multiple actions to support the agriculture sector and the rural economy. The focus on health expenditure also assuages concerns of the underprivileged sections of the society about unplanned medical expenditure.*

**Outlook : +ve**



## DIRECT TAXES

- ✎ To prevent misuse of Presumptive Taxation Scheme u/s Sec. 44BBB (applicable on foreign Co. engaged in business of civil constructions etc. in certain turnkey power projects), set-off of unabsorbed depreciation and brought forward loss has been denied in the previous year in which assessee has offered income as per presumptive taxation scheme
- ✎ Starting from Assessment Year 2024-25, the repayment of debt to unit holders will be considered as taxable income

## INDIRECT TAXES

- ✎ The concession of two-tier tax holiday under section 80-IA for development of infrastructure has been rationalized and enlarged
- ✎ Ten year tax holiday (out of initial 20 years) for roads, highways, rail, sanitation, sewerage, etc.
- ✎ Ten year tax holiday (out of initial 15 years) for airport, port, inland port or waterways, industrial park, power generation and distribution

## Major Highlights

- ✎ Green Credit programme under the environment protection Act to incentivise sustainable development action plan in the infrastructure sector
- ✎ Increase in government capex on infrastructure to Rs 10 lakh crore, increase of 33% compared to last year
- ✎ For electronics, the concessional duty on lithium-ion cells for batteries extended for another year
- ✎ Transmission system and grid integration of 13 GW renewable energy from Ladakh to be constructed with an investment of Rs 20,700 crore

## Impact

- ✎ Promotion of coastal shipping to reduce the cost of passenger transportation
- ✎ Continuance of restriction of custom duty upto 31<sup>st</sup> March 2025 on import of dredgers and raw materials used in manufacturing of vessels/ships will have an impact on shipping industries

- ✦ 50 additional airports, helipads, water aero drones, advanced landing grounds will be revived to improve regional air connectivity
- ✦ Allocation to Defence Research Development Organisation (DRDO) is Rs 23,264 crore
- ✦ Capital outlay for the Army has been pegged at Rs 37,241 crore
- ✦ Amount of Rs 52,804 crore set aside as the capital outlay for the Indian Navy
- ✦ Rs 1.62 lakh crore set aside for capital expenditure including purchases of new weapons, aircraft, warships and other military hardware
- ✦ Capital budget of the Border Roads Organisation increased to Rs 5,000 crore
- ✦ Capital outlay for the Indian Air Force stands highest at Rs 57,137.09 crore



## MINISTRY SPEAKS:

***The enhanced “operational allocations”, the Defence ministry said, will close critical gaps in combat capabilities and equip the forces in terms of ammunition, sustenance of weapons and assets, and military reserves.***

***“This will cater to sustenance of weapon systems, platforms including ships, aircraft and their logistics, boost fleet serviceability, emergency procurement of critical ammunition and spares; procuring of niche capabilities to mitigate capability gaps wherever required, progress stocking of military reserves, strengthening forward defences,” the Defence ministry said in a statement.***

**Outlook : +ve**



## DIRECT TAXES

- ✧ Contribution under Agniveers scheme will be governed under EEE scheme i.e. the same will be tax free at the time of contribution annual accretion through interest as well as withdrawal

## INDIRECT TAXES

- ✧ **BCD exemption on import of following goods extended till 31<sup>st</sup> March 2024 :**
  - Components or parts of Aircraft for manufacturing of Aircraft (except unmanned Aircraft used as Television Camera, Digital Camera or Video Camera Recorder) or for manufacturing of parts of Aircraft imported by PSUs under Ministry of Defence
  - Imports of goods in relation to Defense, Internal Security Forces and Air Forces w.r.t Notification No. 39/96-Customs and Notification No. 37/2017-Customs
- ✧ **BCD exemption on import of challenge cups and trophies won by a unit of Defence Force or its members extended till 31<sup>st</sup> March 2028**

## Comments:

*The Defence and Aerospace industry has been a sunrise sector supported by the Atmanirbhar Bharat Policy of the Government. In line with the same, import duty concessions and exemptions with respect to inputs and components used in aircrafts by the Ministry of Defence continue for another one year.*



## Major Highlights

- Defense budget allocation of Rs 1,62,600 crore for capital outlay and Rs 2,70,120 crore for revenue expenditure
- Agniveer Corpus fund to be created with 30% contributions of Agniveers and matching contribution by the Government

## Impact

- Defense Budget will strengthen the sovereignty of the Nation
- Creation of Agniveer Corpus will incentivize the Agniveers and make the scheme successful



- ▶ Promotion of tourism to be taken up on mission mode with active participation of states, the convergence of Government programs & public-private partnerships
- ▶ 50 tourist destinations to be selected through challenge mode to be developed as a whole package for domestic and international tourism
- ▶ States to be encouraged to set a 'Unity Mall' in State capital or the most popular tourist destination in the state for the promotion and sale of 'One District, One product' and GI products and other handicraft
- ▶ A scheme to be implemented over the next three years to encourage optimal use of wetlands, focusing on eco-tourism opportunities



### INC SPEAKS:

***Nakul Anand, Chairman, Federation of Associations in Indian Tourism and Hospitality (FAITH)***

***“While we are thankful that the Finance Minister has touched upon developing tourism on a mission mode along with destination development, the Indian tourism, travel and hospitality industry was keenly looking forward to getting the vital infrastructure status, to be treated at par with merchandise exports and to have gotten enhanced support to tourism for global marketing,”***

**Outlook : +ve**





## DIRECT TAXES

- ✧ TCS rate hiked from 5% to 20% on overseas tour package & in cases other than remittance for the purpose of education or medical treatment, without any threshold limit. The steep rise in TCS rates is likely to cause resentment and hardship as the same would lead to higher cash outflow. Further, hike in TCS rate for overseas tour package would act as a dampener for foreign travel

## Major Highlights

- ✧ To develop 50 destination to be selected through challenge mode
- ✧ Virtual connectivity and tourist amenities to be made available on app
- ✧ Every destination to be developed as a complete package with skilling and entrepreneurship development to achieve the objective of “**Dekho Apna Desh**”
- ✧ Schemes such as **MISHTI** (Mangrove Initiative for Shoreline Habitats and Tangible Income) and **AMRIT DHAROHAR** to be started

## Impact

- ✧ Boost to tourism industry will generate employment and improve the standard of living of the habitants in and around the tourist destination
- ✧ Under the vibrant villages programme amenities will be provided to border villages to improve the rural growth
- ✧ Influx of foreign tourist will increase the FE earnings
- ✧ **MISHTI** and **AMRIT DHAROHAR** schemes will promote mangrove plantation along coastline and enhance Biodiversity and ecotourism opportunities

- Focus on India's energy transition to reach net zero emissions by 2070
- Focus on **Panchamrit** goals of Hon'ble PM with special emphasis on Hydrogen, E-mobility, Renewables, biofuels and solar
- Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding
- Thrust on renewables, green energy, biomass, solar and energy transition
- 500 new 'waste to wealth' plants under GOBARdhan (Galvanising Organic Bio-Agro Resources Dhan) scheme to promote circular economy
- 5 per cent CBG mandate to be introduced for all marketing natural and biogas entities with adequate support



- For penetration of EV to scrap old vehicles of the Central Government & States in line with a goal of 30% penetration of EV by 2030
- Import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles entitled for custom duty exemption for a year

## INC SPEAKS:

***Shrikant M Vaidya, Chairman Indian Oil Corporation :***

***“The recent Budget has emphasised on the green economy, green hydrogen, biofuels and this is the way the Prime Minister has given the push for net zero economics”***

**Outlook : Neutral**



## DIRECT TAXES

- ✦ To prevent misuse of Presumptive Taxation Scheme u/s Sec. 44BB (applicable on NRs engaged in business of exploration etc. of mineral oil), set off of unabsorbed depreciation and brought forward loss has been denied in the previous year in which assessee has offered income as per presumptive taxation scheme

## INDIRECT TAXES

- ✦ Concession of rate of 5% BCD withdrawn for specific goods required for setting of petroleum refinery
- ✦ BCD on Denatured Ethyl Alcohol (DEA) reduced from 5% to nil for use in manufacture of Industrial chemicals through customs import of goods at concessional rate of duty route (IGCR)
- ✦ Custom duty exemption provided for import of capital goods and machinery used for manufacture of lithium cells/battery for use in EVs
- ✦ Supply of goods from non taxable to non taxable territories without goods entering into India , supply of warehouse goods before clearance for home consumption and high sea sales transactions to be constituted as neither supply of goods nor of services retrospectively from 01/07/2017
- ✦ Excise duty exemption to be provided on CNG to the extent of GST paid on Biogas/CBG in such blended CNG



## INDIRECT TAXES

### ✎ BCD exemption on import of following goods extended till 31<sup>st</sup> March 2024:

- Specified bunker Fuel used in ships or vessels
- Fuel and Lubricating oils by Indian Airlines
- Excess liquefied petroleum gases (LPG) returned by DTA unit to SEZ unit

### ✎ Changes in rates of BCD:

| SL. No. | CTH  | Description of goods | BCD Rate   |             | Impact |
|---------|------|----------------------|------------|-------------|--------|
|         |      |                      | Pre budget | Post budget |        |
| 1       | 2710 | Naphtha              | 1%         | 2.5%        | ↑      |

- ✎ To avoid cascading of taxes, the excise duty has been exempted from CNG from so much of the amount as is equal to GST paid on biogas /Compressed Bio Gas (CBG) contained in such blended CNG

## Major Highlights

- ✎ **Budget Allocation to Ministry of Petroleum & Natural Gas : Rs 35000 Crore**
- ✎ Custom duty exemption for capital goods used in EVs
- ✎ Introduction of VGF for 4000 MWH battery energy storage systems

## Impact

- ✎ Accelerating green push towards energy transition and net zero initiative
- ✎ Impetus to EVs and EV manufacturers
- ✎ Impetus to Alternate fuels in the form of hydrogen mobility, CNG & CBG
- ✎ Increase in custom duty of Naptha may increase the margin of OMCs
- ✎ Custom duty exemption on DEA to facilitate Ethanol blending programme



# Budget Snippets

- For 2023–24, allocation to the Ministry is Rs 4,692 crore, an increase from Rs 4,182 crore in the previous year
- The National Film Development Corporation to receive an allocation of Rs 3,051.5 crore
- The Film and Television Institute of India to receive Rs 64.75 crore
- Taxation on virtual digital assets and equalisation levy provision remains unchanged



**Outlook : Neutral**



## DIRECT TAXES

- Exemption available to income of a notified news agency (Press Trust of India – PTI) set up in India solely for collection and distribution of news has been withdrawn

## INDIRECT TAXES

### Extension in BCD exemption till 31<sup>st</sup> March 2024 :

- Photographic, Filming, Sound Recording, Radio Equipment, Raw Films, Video Tapes and Sound Recording Tapes of Foreign Origin if imported into India after having been exported therefrom
- The wireless apparatus, parts imported by a Licensed Amateur Radio Operator
- Newspaper Page, transmission and reception facsimile system or equipment, Telephoto Transmission and reception system or equipment
- Parts, components and accessories for manufacturing of Digital Video Recorder/Network Video recorder (NVR) falling under 85219090 and sub-parts of manufacturing of these items



# Key Takeaways

## Major Highlights

- Media & Entertainment sector in India is expected to grow at a CAGR of 13% to reach Rs 2.3 trillion in 2024
- Online gaming industry to remove the minimum threshold of Rs 10000 for TDS

## Impact

- Greater transparency, clear legal identity and standardized taxation for online gaming.

- ▶ Outlay for PM Awaas Yojana enhanced 66% to over Rs 79,000 crore
- ▶ States and cities encouraged to undertake urban planning reforms and actions to transform cities into 'sustainable cities of tomorrow'
- ▶ Through property tax governance reforms, cities will be incentivised to improve their credit worthiness for municipal bonds



| Sector   | Amendments  |
|--|---|
| Exporters/ Importers   | <ul style="list-style-type: none"> <li>✎ Removal of provisions deeming the place of supply of transportation services as outside India, where the destination of goods is outside India. This change shall remove the anomaly and confusion regarding availability of ITC to the exporters.</li> <li>✎ Reversal of GST credit on supply of warehoused goods</li> <li>✎ The definition of "non-taxable online recipient" to be widened to cover unregistered person receiving OIDAR services located in the taxable territory.</li> <li>✎ The definition of OIDAR to be amended to exclude the condition of "essentially automated and involving minimum human intervention".</li> </ul> |
| E-commerce Operators (ECO) and Taxpayers making supplies through ECO | <ul style="list-style-type: none"> <li>✎ Composition taxpayers being suppliers of goods to be allowed to make intra-state supply through ECOs</li> <li>✎ Penal provisions introduced on ECOs if allowing specified class of unregistered &amp; composition vendors to make supplies through its platform.</li> </ul>  |
| General  | <ul style="list-style-type: none"> <li>✎ Disallowance of GST credit on CSR expenditure</li> <li>✎ Restriction on filing GST returns post 3 years from due date</li> <li>✎ Offences like obstructing officer, tampering or destroying evidence &amp; failure to supply information decriminalized</li> </ul>   |



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# THANK YOU