

# BUDGET ANALYSIS 2023



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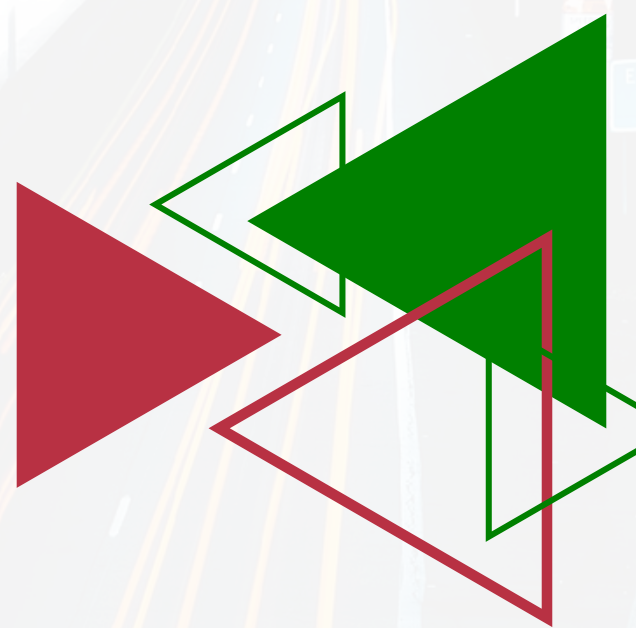


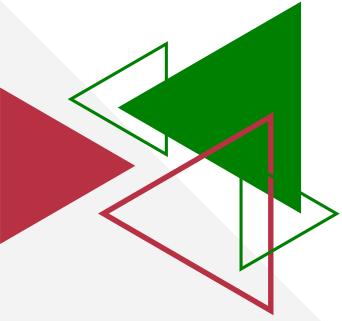
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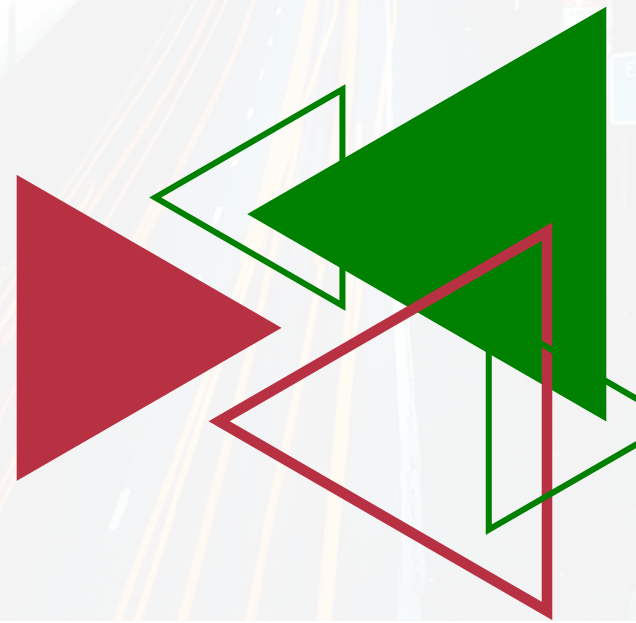
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**CA PRIYANSHU GOYAL**

**CA PRINCE GARG**

**CA SAGAR GOEL**

**CA JATIN GUPTA**





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# GST

## INDIRECT TAXES AMENDMENTS

## ○ **Scope of Composition scheme expanded**

The taxpayer who were engaged in supply of goods through electronic commerce operator who is required to deduct tax at source u/s 52 of CGST Act,2017 were not eligible for composition scheme.

Now with the amendment in finance act, the taxpayer who supply goods through e-commerce operator can opt for composition scheme.

## ○ **Reversal of common credit on exempt supply u/s 17(2)**

Earlier the value of exempt supply as per Section 17(3) for the purpose of reversal of common credit u/s 17(2) read with Rule 42 and 43 of CGST Rules, 2017 excludes the value of supply of warehoused goods to any person before clearance for home consumption, now the same should be included in value of exempt supply.

E.g. : If person 'A' avails ITC of Rs. 100 on goods and services and makes taxable supply of Rs. 600, exempt supply of Rs. 300 and supply goods imported by him & stored in warehouse to any person before its clearance for home consumption from custom department for Rs. 100. Total value of supply is Rs. 1000

Now as per Rule 42, the taxpayer is required to reverse common ITC to the extent of value of exempt supply. Let us assume the common ITC is Rs. 40

Now as per Rule 42, the taxpayer is required to reverse common ITC to the extent of value of exempt supply. Let us assume the common ITC is Rs. 40

Value of reversal before amendment: - Rs.  $40 * 300/1000 = 12$

Value of reversal after amendment : - Rs.  $40*(300+100)/1000 = 16$

### ○ **Blocked Input Tax Credit on expenditure incurred on CSR by companies**

With the amendment in Budget 2023, the input tax credit on purchase of goods or services or both, which are to be used for Corporate Social Responsibility activities under Companies Act, 2013 is blocked and cannot be availed.

### ○ **Time limit to furnish GSTR-1, i.e., return of outward supplies**

Section 37(5) has been inserted in CGST Act, 2017 providing for time limit to file the GSTR-1 till the period of 3 years from the due date of furnishing the respective tax period return. Earlier it was allowed to file up to indefinite period.

### ○ **Time limit to furnish GSTR-3B, i.e., summary return for payment of tax**

Section 39(11) has been inserted in CGST Act, 2017 providing for time limit to file the GSTR-3B till the period of 3 years from the due date of furnishing the respective tax period return. Earlier it was allowed to file upto indefinite period with late fees.

## ○ Time limit to furnish GSTR-9, i.e., Annual return

Section 44(2) has been inserted in CGST Act, 2017 providing for time limit to file the GSTR-9 till the period of 3 years from the due date of furnishing the respective tax period return. Earlier it was allowed to file upto indefinite period with late fees.

## ○ Time limit to furnish GSTR-8, i.e., TCS return by e-commerce operator

Section 52(15) has been inserted in CGST Act, 2017 providing for time limit to file the GSTR-8 till the period of 3 years from the due date of furnishing the respective tax period return. Earlier it was allowed to file upto indefinite period with late fees.

GST RETURN	MAX TIME LIMIT (before amendment)	MAX TIME LIMIT (after amendment)
GSTR-1	Indefinite Period	3 Years from the due date
GSTR-3B	Indefinite Period	3 Years from the due date
GSTR-8	Indefinite Period	3 Years from the due date
GSTR-9	Indefinite Period	3 Years from the due date



## ○ Penalty provisions for e-commerce operator

Additional penalty provisions for e-commerce operator introduced in case such operator :-

- allows supply of goods or services or both through it by an unregistered person; or
- allows inter-state supply of goods or services or both through it by a person who is not eligible to make such supply; or
- fails to furnish the correct details in statement to be furnished u/s 52 of CGST Act, 2017 of any outward supply of goods effected through it by a person exempted from obtaining registration,

shall be liable to penalty of ten thousand rupees or an amount equivalent to amount of tax involved , whichever is higher.

## ○ Amendment in list of offences

Following offences have been decriminalized u/s 132 of CGST Act, 2017:-

- obstructs or prevents any officer in the discharge of his duties
- tampers with or destroys any material evidence or documents
- fails to supply any information which he is required to supply under this Act or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information.

Further the limit of one crore rupees for launching prosecution has been restricted to the offence of only issuance of invoices or bills without supply of goods or services, other offences have been removed from this limit.

## ○ Amendment in Schedule III of CGST Act, 2017

Following paragraphs have been implemented retrospectively from 01st July 2017:-

- Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
- (a) Supply of warehoused goods to any person before clearance for home consumption;  
  
(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.]

**Explanation 2** - For the purposes of paragraph 2, the expression "warehoused goods" shall have the same meaning as assigned to it in the Customs Act, 1962 (50 of 1962).

The above paragraphs were inserted by CGST(Amendment) Act,2018 and were made effective from 01/02/2019. Now these paragraphs have been made effective **retrospectively in the act w.e.f 01/07/2017**. This amendment will be beneficial for the proceedings, i.e., any assessment, audit, scrutiny etc is ongoing for the period covered in above amendment. This is not applicable for any proceeding already concluded under the Act, hence no refund of tax shall be made by government which has been collected but which would not have been collected if the above amendment were in force at that time.

## ○ Consent for Sharing of information furnished by registered person

The following details furnished by registered person shall be shared with other systems as may be notified on obtaining consent of the supplier and recipient:

- particulars furnished in the application for registration under section 25 or in the return filed under section 39(GSTR-3B) or under section 44(Annual Return)
- the particulars uploaded on the common portal for preparation of electronic invoice, the details of outward supplies furnished under section 37(GSTR-1) and the particulars uploaded on the common portal for generation of documents under section 68(E-way Bill)

## ○ Amendment in definition of “non-taxable online recipient”

**Earlier definition:** "non-taxable online recipient" means any Government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory

**Explanation:** For the purposes of this clause, the expression "governmental authority" means an authority or a board or any other body, -

- (i) set up by an Act of Parliament or a State Legislature; or
- (ii) established by any Government, with ninety per cent. or more participation by way of equity or control, to carry out any function entrusted 1[to a Panchayat under article 243G or] to a municipality under article 243W of the Constitution;

**New definition :** “non-taxable online recipient” means any unregistered person receiving online information and database access or retrieval services located in taxable territory.

**Explanation:** For the purposes of this clause, the expression “unregistered person” includes a person registered solely in terms of clause (vi) of section 24 of the Central Goods and Services Tax Act, 2017’

With the above amendment, the registered government, local body, governmental authority and a registered individual has been removed from the scope of definition and covered all unregistered person and government department or establishment, local body & governmental agency registered solely for the purpose of deduction of TDS u/s 51 of CGST Act, 2017 under the definition.

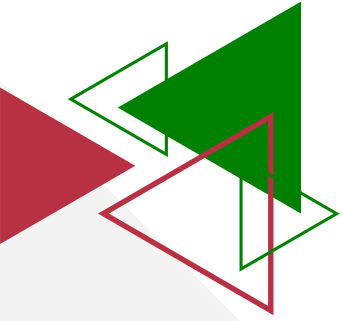
Additionally before the amendment, the person receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession were covered under the definition but now the scope of definition expanded to receiving online information and database access or retrieval services for all purposes.

## ○ Place of supply of services in relation to transportation of goods

Place of supply of services in relation to transportation of goods including by mail or courier to place outside India was the place of destination of such goods as per earlier provision, now the proviso has been omitted and place of supply of such services shall be determined by following procedure:

(a) if the recipient is a registered person, the place of supply shall be the location of such person;

(b) if the recipient is a person other than a registered person, the place of supply shall be the location at which such goods are handed over for their transportation.



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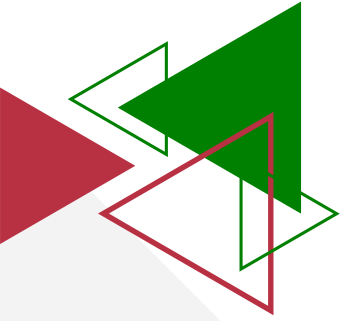
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# INCOME TAX

## DIRECT TAX AMENDMENTS



○ **Proposed changes in Income tax slab rates as per Section 115BAC applicable from Assessment year 2024-25:-**

S.NO	Total income	Rate of tax
1	Upto Rs. 3,00,000	Nil
2	From Rs. 3,00,001 to Rs. 6,00,000	5%
3	From Rs. 6,00,001 to Rs.9,00,000	10%
4	From Rs. 9,00,001 to Rs. 12,00,000	15%
5	From Rs. 12,00,001 to Rs. 15,00,000	20%
6	Above Rs. 15,00,000	30%

Now, in the Amended Bill, the following key changes have been made:-

- It is proposed to provide the benefit to the individuals, HUF, BOI, AOP (other than co-operative society) & Artificial juridical person having total income upto Rs.3,00,000/- shall be exempt for tax.
- It is proposed to increase the Rebate amount from 12,500/- to Rs.25,000/- for Assessment year 2024-25 onwards.

Resident individual having total Income upto Rs.7,00,000/- not required to pay any income tax assessee is entitled to a rebate of 100% of income tax payable under section 87A of Rs.25,000/-

- Now surcharge on total income more than Rs.5 crores is reduced to 25% in case of opting section 115BAC.
- It is proposed to insert new section 80CCH where the central government makes any contribution to the account of the assessee in the Agniveer corpus fund, the assessee shall be allowed to claim the deduction of whole of the amount contributed by the central government.

### ○ **Exemption on income from Agniveer Corpus Fund**

Any payment from Agniveer Corpus Fund to a person enrolled under Agnipath Scheme or to his nominee shall be **exempt** from Income tax under clause 12C of Section 10 of Income Tax Act, 1961

### ○ **Exemption on distribution of income on offshore derivative instruments**

A new clause has been inserted in clause 4E of section 10 which exempts distribution of income on offshore derivative instruments in addition to exemption on income accrued or arisen to or received by non resident on transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives entered into with an offshore banking unit of an International Financial Services Centre referred to in subsection (1A) of section 80LA.

However, the amount of distributed income shall include only so much of the amount which is chargeable to tax in the hands of the offshore banking unit under section 115AD.

## ○ Exemption on income of news agency withdrawn

The exemption on income of news agency u/s 10(22B) have been withdrawn by introducing proviso to the clause 22B w.e.f AY 2024-25.

## ○ Exemption on person established by Central or State Govt with specified purposes

The government has introduced new clause 46A in section 10 which exempts any income arising to a body or authority or Board or Trust or Commission, not being a company, which has been established or constituted by or under a Central Act or State Act with one or more of the following purposes, namely:-

- dealing with and satisfying the need for housing accommodation;
- planning, development or improvement of cities, towns and villages;
- regulating, or regulating and developing, any activity for the benefit of the general public; or
- regulating any matter, for the benefit of the general public, arising out of the object for which it has been created;

## ○ No deduction if ITR not filed before due date by newly established units in SEZ u/s 10AA

The deduction u/s 10AA to newly established units in Special Economic Zones shall not be allowed if ITR not filed before due date u/s 139(1) after amendment

## ○ **New condition introduced for exemption u/s 10AA to newly established units in SEZ**

New subsection 4A has been introduced in Section 10AA which provided that exemption is applicable if the proceeds from sale of goods or provision of services is received in, or brought into, India by the unit in convertible foreign exchange, within a period of six months from the end of the previous year.

## ○ **Deduction on contribution to Agniveer Corpus Fund u/s 80CCH**

The deduction under chapter VI-A of whole of the amount paid by the assessee into Agniveer Corpus Fund shall be allowed. The assessee should be enrolled under Agnipath Scheme and subscribed to Agniveer Corpus Fund on or after 1st November 2022.

Further the assessee shall also be allowed to claim deduction of whole contribution made by Central Government to the Agniveer Corpus Fund account of assessee.

## ○ Deduction in respect of donations to certain funds, charitable institutions, etc (Section 80G)

Deduction under Section 80G w.r.t donation to the Jawaharlal Nehru Memorial Fund; the Indira Gandhi Memorial Fund and Rajiv Gandhi Foundation is omitted from PY 2023-24 AY 2024-25

Motive of amendment (as explained by the memorandum to Finance Act 2023): It has been observed that there are only three funds based on names of the persons in the said section. In order to remove such funds, it is proposed to omit sub-clauses (ii), (iiic) and (iiid) of clause (a) of sub-section (2) of section 80G of the Act.

## ○ Special provision in respect of specified business (Section 80-IAC)

Section 80IAC of the Income Tax Act, 1961 provides tax benefits to startups in India. It allows startups to claim a 100% deduction on their taxable income for a period of three consecutive assessment years, subject to certain conditions. This deduction is available to startups that are incorporated on or after April 1, 2016 but before April 1, 2023. The provision is now extended till April 1, 2024.

Motive of amendment (as explained by the memorandum to Finance Act 2023): In order to further promote the development of start-ups in India and to provide them with a competitive platform, it is proposed to amend the provisions of section 80-IAC of the Act so as to extend the period of incorporation of eligible start-ups to 1st day of April 2024

## ○ Amendment in Capital Gain (Section 54 and Section 54F)

- Section 54 of the Income Tax Act, 1961 allows for tax exemptions on long-term capital gains (LTCG) earned from the transfer of a long-term asset (being residential house property), if the gains are reinvested into a new residential property. The exemption is available up to the cost of the new property, or the amount of capital gains, whichever is lower. **Now, With the Finance Act, 2023 The exemption is limited to Rs 10 Crores, i.e., the maximum exemption available in this section can not be more than Rs 10 Crores.**
- The Amendment to Section 54EA, 54EB, 54EC(3)(a) and 54ED(3)(a) deletes the provisions which are redundant and irrelevant in the current scenario.
- Section 54F of the Income Tax Act, 1961 allows for tax exemptions on long-term capital gains (LTCG) earned from the transfer of a long-term asset (other than residential house property), if the gains are reinvested into a new residential property. The exemption is available up to the cost of the new property, or the amount of capital gains, whichever is lower. **Now, With the Finance Act, 2023 The exemption is limited to Rs 10 Crores, i.e., the maximum exemption available in this section can not be more than Rs 10 Crores.**

**Motive of Above Amendments (as explained by the memorandum to Finance Act 2023):** The primary objective of the sections 54 and section 54F of the Act was to mitigate the acute shortage of housing, and to give impetus to house building activity. However, it has been observed that claims of huge deductions by high-net-worth assesses are being made under these provisions, by purchasing very expensive residential houses. It is defeating the very purpose of these sections. To overcome the issue, the above amendments are introduced to the section.

## ○ **Withdrawal of exemption from TDS deduction on Interest on Securities u/s 193**

As per earlier provision, it was exempted to deduct Interest on security listed on recognized stock exchange and is in dematerialized form. Now interest from such security is liable for deduction of TDS u/s 193.

## ○ **Scope of TDS u/s 194B expanded to winnings from gambling and betting of any form**

The scope of deduction of TDS u/s 194B has been expanded to cover winnings from lottery, crossword puzzle, card game and any other game, gambling or betting of any form or nature. The limit was ₹ 10000 per transaction before amendment, however now aggregate of amount to be paid to that person during the financial year has to be considered for the purpose of limit of ₹ 10000.

Further, new proviso has been inserted to provide that this section shall not apply to deduction of income-tax on winnings from any online game on or after 01st July 2023.

## ○ **Insertion of new section 194BA for deduction of tax on Winnings from online games**

This section has been introduced for deduction of tax on winnings from online games w.e.f. 01st July 2023. The person responsible for paying income in the form of winnings from online game to any person shall deduct income tax on the net winnings in his user account at the end of financial year at the rates in force.



In case the amount is withdrawal during the financial year, the income tax on net winnings comprised in such withdrawal shall be deducted at the time of withdrawal and net winnings comprised in balance in his user account shall be deducted at the end of financial year.

### ○ **Scope of TDS expanded from per transaction to aggregate amounts during FY u/s 194BB**

The limit was ₹ 10000 per transaction before amendment, however now aggregate of amount to be paid to that person during the financial year has to be considered for the purpose of limit of ₹ 10000.

### ○ **Limit of TDS on cash withdrawal revised for cooperative society u/s 194N**

The limit of deduction of TDS on cash withdrawal from Bank by cooperative society increased from one crore rupees to three crore rupees.

### ○ **Insertion of explanation on TDS on benefit or perquisite in business or profession u/s 194R**

It has been clarified by the amendment that TDS is applicable on any benefit or perquisite paid or payable whether in cash or in kind or partly in cash or partly in kind.

## ○ **Tax treaty relief at the time of TDS under section 196A of the Act**

In order to provide the relief requested by taxpayers, TDS on payment of certain income to a non-resident (not being a company) or to a foreign company, at the rate of 20% it is proposed to provide the benefit of tax treaty may be considered at the time of TDS so that if the treaty provides a rate lower than 20%, TDS is made at that lower rate that the TDS would be at the rate which is lower of the rate of 20% and the rate or rates provided in agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A of the Act, in case of a payee to whom such agreement applies and such payee has furnished the tax residency certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A of the Act.

## ○ **Extending the scope for deduction of tax at source to lower or nil rate**

Section 197 of the Act relates to grant of a certificate of tax deduction at lower or nil rate. It provides for assessee to apply to the Assessing Officer for TDS at zero rate or lower rate, In this case business trust shall deduct and deposit tax at the rate of 5% on interest income of non-resident unit holders & representations have been received that in some cases rate of deduction may be required to be reduced due to some exemption, for example exemption under section 10(23FE) of the Act allowed to notified Sovereign Wealth Funds and Pension Funds so, it is proposed to amend sub-section (1) of section 197 of the Act to provide that the sums on which tax is required to be deducted under section 194LBA of the Act shall also be eligible for certificate for deduction at lower rate. This amendment will take effect from 1st April, 2023.

## ○ Relief from special provision for higher rate of TDS/TCS for non-filers of income-tax returns

Section 206AB of the Act provides for special provision for higher TDS for non-filers of income-tax returns. Similarly, section 206CCA of the Act provides for special provision for higher TCS for non-filers of income-tax returns. These non-filers in these sections are referred to as “specified person”.

Amendment in the definition of “specified person” **exclude a non-resident from the definition of specified person**, if the non-resident does not have a permanent establishment in India.

## ○ Amendments related to Presumptive Income

- **Section 44AD: Presumptive Income of Eligible Business -**  
Under the current scenario of **Section 44AD**, the presumptive income is available to eligible businesses if total sales, turnover or gross receipts does not exceed two crores in any previous year. The limit is increased to **three crores** in the previous year if the **gross receipt in cash** (including cheques or draft which are not account payee) **does not exceeds 5%** of the total turnover or gross receipts of such previous year.
- Audit under **Section 44AB** is not applicable to the person opting and complying provisions of **Section 44AD(1)** and **Section 44ADA(1)**.

**Motive of the amendment** (as explained by the memorandum to **Finance Act 2023**: In order to ease compliance and to promote non-cash transactions, it is proposed to increase the threshold limits for presumptive scheme in section 44AD and section 44ADA of the Act on fulfilment of certain conditions.

- **Special provision in respect of specified business (Section 80-IAC)**- Section 80IAC of the Income Tax Act, 1961 provides tax benefits to startups in India. It allows startups to claim a 100% deduction on their taxable income for a period of three consecutive assessment years, subject to certain conditions. This deduction is available to startups that are incorporated on or after April 1, 2016 but before April 1, 2023. The provision is now extended till April 1, 2024.

**Motive of amendment (as explained by the memorandum to Finance Act 2023):** In order to further promote the development of start-ups in India and to provide them with a competitive platform, it is proposed to amend the provisions of section 80-IAC of the Act so as to extend the period of incorporation of eligible start-ups to 1st day of April 2024

## ○ **Penalty for cash loan/ transactions against primary co-operatives**

Section 269SS of the Act provides that no person shall take from any person any loan or deposit otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is Rs.20,000 or more. Similarly, section 269T provides that no loan or deposit shall be repaid otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is Rs. 20,000 or more. Certain exceptions have, however, been specified in the provisions.

To bring parity to Primary Agricultural Credit Societies ("PACS") and Primary Co-Operative Agricultural and Rural Development Bank ("PCARD") for limits on cash

## ○ **New provision in income from salaries**

The government has introduced Agnipath Scheme for our Soldiers and established Agnipath Corpus Fund for their contribution under Agnipath Scheme. The government vide this amendment made the contribution by the central government to Agnipath corpus fund account of assessee taxable under the head Salaries.

## ○ **Taxability of benefit or perquisite in kind arising from business or profession**

The government has amended section 28(iv) to clarify that value of any benefit or perquisite arising from business or the exercise of a profession, whether--

(a) convertible into money or not; or

(b) in cash or in kind or partly in cash and partly in kind;  
Is taxable.

## ○ **Statement u/s 35D on amortisation of preliminary expenses**

The government has introduced furnishing a statement containing the particulars of expenditure specified in section 35D(2)(a) in the manner as may be prescribed to claim amortisation of preliminary expenses instead of carrying out the work himself or by a concern approved by Board.

## ○ **Capital Gain Exemption on conversion of gold into Electronic Gold Receipt and vice versa**

Exemption vide clause (viid) of section 47 has been inserted on transfer of a capital asset, being conversion of gold into Electronic Gold Receipt issued by a Vault Manager, or conversion of Electronic Gold Receipt into gold.

## ○ **Section 49 – Cost with reference to certain modes of acquisition**

The cost of Electronic Gold Receipt issued by a Vault Manager, shall be deemed to be cost of gold in the hands of the person in whose name Electronic Gold Receipt is issued.

When the Gold is released in the physical form, the cost of acquisition of the asset shall be deemed to be cost of Electronic Gold Receipt in the hands of such person.

## ○ **Section 48 – Mode of Computation (Capital Gain)**

The following amendment with respect to Computation of Section 48 is introduced:

Cost of acquisition of the asset and the cost of any improvement thereto will not include the cost on which deduction is claimed under Chapter VIA (like Deduction in respect to principal repayment (Section 80C) or Section 24(b) (like Deduction in respect to interest payment on home loan) and so on.

**Motive of the amendment (as explained by the memorandum to Finance Act 2023):** It has been observed that some assesseees have been claiming double deduction of interest paid on borrowed capital for acquiring, renewing or reconstructing a property. Firstly, it is claimed in the form of deduction from income from house property under section 24, and in some cases the deduction is also being claimed under other provisions of Chapter VIA of the Act. Secondly while computing capital gains on transfer of such property this same interest also forms a part of cost of acquisition or cost of improvement under section 48 of the Act.

## ○ **Income of unitholders from business trusts**

New Entries inserted in Section 56 to include the income of Unitholders of Business Trusts under the head income from other sources. This entry provides that income other than following shall be taxable under the head Income from other Sources:

- That which is of the nature referred in clause (23FC) or clause (23FCA) of section 10 i.e. Income which has pass through status being that in respect of Interest Income, Dividend Income or Rental Income and which is taxable in the hand of unitholder.
- Not chargeable to tax under sub-section (2) of section 115UA In case of redemption of unit, sum received shall be reduced by the Cost of Acquisition.

○ **The sum received under Life Insurance policy shall be taxable wherein premium paid is above Rs 5 Lakh**

Any sum received under Life insurance policy other than ULIP and Keyman insurance policies wherein the premium or aggregate of premium in a year is above Rs 5 Lakh shall be taxable under the head income from other sources. Deduction shall be allowed for premium paid, if such premium has not been claimed as deduction earlier. The proposed provision shall apply for policies issued on or after 1st April, 2023.

○ **Deduction to be allowed on actual payment basis in case of dues to MSME**

Deduction to assessee for payments due to MSME will be allowed on actual payment basis only as it has been included in Section 43B, wherein deduction is allowed only on actual payment. Section 15 of the MSMED Act mandates payments to micro and small enterprises within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days.

It can be allowed on accrual basis only if the payment is within the time mandated under section 15 of the MSMED Act.



## ○ TDS at the rate of 20% in case of non-furnishing of PAN u/s 192A

Section 192A of the Act provides for TDS on payment of accumulated balance due to an employee under the Employees' Provident Fund Scheme, 1952. The current provisions provide that if the employee does not provide PAN, TDS shall be deducted at maximum marginal rate. It has been proposed to omit this specific provision after which in case of failure to furnishing of PAN tax will be deducted at the rate of 20% as in other non-PAN cases in accordance with section 206AA of the Act, instead of at the maximum marginal rate.

## ○ New provision for taxation of Online Gaming

New Section 115BBJ introduced to tax online gaming. It has been specifically provided that winning from online gaming shall not be taxable under the current section 115BB wherein the income from games or gambling is taxable.

New Section 115BBJ provides that Tax shall be payable on net winnings from online gaming at the rate of 30%.

Obvious question here is with regard to **What would constitute Online Gaming?**

Online game has been defined to mean a game

- that is offered on the internet and
- is accessible by user through a computer resource

TDS on the said winning will be deducted under the newly introduced section 194BA and not 194B.



*Thank you!*

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