



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SETUP BY AN ACT OF PARLIAMENT)

KOZHIKODE BRANCH OF SIRC E-NEWSLETTER

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FAREWELL MESSAGE

I really and thoroughly experienced my tenure as the chairman of the prestigious Branch of ICAI, Kozhikode Branch for the year 2022-2023 with lots of Professional Programmes, CPE Seminar, Workshops, Study Circles, Meetings on Direct Tax, Indirect Tax, Corporate Tax, Corporate Laws, AS, SA, Excel, Spreadsheet, Tax Audit, Trust Audit, Internal and External Audit and so on.

Though my journey from Vice Chairman to Chairman was considerable long, my journey from Chairman to past chairman is just a matter of few seconds from now.

When our journey is long or when we travel more or more frequently, we gain more exposure and experience, expertise and eminence in all walks of life and professional life is no exception.

I express my sincere gratitude to all our past chairmen, senior members, professional colleagues, MC Team, Institute staff, Central council members, Regional Council members, ICAI President and Vice President and my family for the tremendous support extended to me during the past one year in all professional activities.

I have great pleasure to place on record that our SICASA headed by CA Albudha Jyothi bagged Best Branch Award from SIRC during 2022-23.

Our joint seminar with Chartered Accountants in kolalampur, Malaysia in February, 2023 was a memorable event for us .The international tour at Malaysia was much enjoyable with our family members.

Kozhikode Branch has completed 41st year of its existence and duly entered 42nd year. Our new infrastructure proposal is half way now . We will be able to place the file with all details before the Central Council shortly this year through our infrastructure chairman cum CCM CA Dayaniwas Sharma.

With these good hopes, I bid farewell to chairmanship of Kozhikode Branch of SIRC of ICAI with best wishes to incoming Chairman CA Mujeeb Rahman and our MC Team for the year 2023-24.

CA G Santhosh Pai
Chairman 2022-23.



CA. ARUN SUBRAMANIAN

BUDGET 2023

1. Income tax slabs

| NEW TAX REGIME (u/s 115BAC (1A) | |
|----------------------------------|-----|
| ₹ 0 - 3 Lakhs | 0% |
| ₹ 3 - 6 Lakhs | 5% |
| ₹ 6 - 9 Lakhs | 10% |
| ₹ 9 - 12 Lakhs | 15% |
| ₹ 12 -15 Lakhs | 20% |
| ₹ 15 Lakhs + | 30% |

| OLD TAX REGIME | |
|-----------------|-----|
| ₹ 0 - 2.5 Lakhs | Nil |
| ₹ 2.5 - 5 Lakhs | 5% |
| ₹ 5 - 10 Lakhs | 20% |
| ₹ 10 Lakhs + | 30% |

2. TAX OUTFLOWS COMPARISON

► New normal slab rate vs new sec 115bac without any chapter VIA deductions

- Consider an Individual earning the below income

| Total Income | Tax under NEW NOR-MAL (after budget) | Tax under 115BAC (after budget) | Savings |
|----------------|--------------------------------------|---------------------------------|---------------|
| Rs 7,00,000/- | Rs 54,600/- | NIL | Rs 54,600/- |
| Rs 10,00,000/- | Rs 1,17,000/- | Rs 62,400/- | Rs 54,600/- |
| Rs 15,00,000/- | Rs 2,73,000/- | Rs 1,56,000/- | Rs 1,17,000/- |
| Rs 20,00,000/- | Rs 4,29,000/- | Rs 3,12,000/- | Rs 1,17,000/- |
| Rs 25,00,000/- | Rs 5,85,000/- | Rs 4,68,000/- | Rs 1,17,000/- |
| Rs 30,00,000/- | Rs 7,41,000/- | Rs 6,24,000/- | Rs 1,17,000/- |

3. Threshold limit Increased



► Surcharge

- **Highest Surcharge rate of 37% decreased to 25%**

- Eg: Taxpayer with taxable income of above ₹ 5Crores is required to pay only 25% surcharge instead of 37%

► Rebate u/s 87A - increased from 5 Lakhs to 7 Lakhs

4. Promoting timely payments to MSME

In order to promote timely payments to MSME enterprises it is proposed to include payments made to MSME within the ambit of Se 43B of the Act. Payments to MSME within the time as per the written agreement which cannot exceed 45 days and within 15 days if there is no such agreement. If the Payment not made with in the due date of 45 days, will not eligible for deduction.

5. Relief to Sugar Co – operatives from past demand

Where any deduction in respect of any expenditure incurred for the purchase of sugar cane has been claimed by an Assesse and such deduction has been disallowed wholly or partly by the AO, on the basis of application made by such assessee in this regard, recompute the total income of such assessee for such previous year. The AO shall allow such deduction to the extent the expenditure incurred at a price which is equal to or less than the price fixed or approved by the Govt.



- 6. Leave Encashment exemption on retirement of non government salaried employees is increased to ₹ 25Lakhs from ₹ 3 Lakhs**
- 7. New Tax Regime will be the default tax regime. However taxpayer can avail the old tax regime**
- 8. The Tax exemption limit is increased to ₹ 3 lakhs for the tax payers under New Regime**

9. Relief to Start-ups

- ▶ Relaxation to Section 79 has been provided in case of an eligible start up as referred to in Section 80-IAC of the Act.
- ▶ The condition of continuity of at least 51% shareholding is not applicable to the eligible start up, if all the shareholders of the company as on the last day of the year, in which the loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is set off.
- ▶ The amendments will take effect from AY 2023-24 onwards.
- ▶ The benefit of carry forward of losses on change of shareholding of startups is extended to 10years from 7 years.

10. DEDUCTION

- ▶ The deduction from capital gains on investment in residential house u/s 54 and u/s 54F capped at ₹10 Crore.
- ▶ Deduction for expenditure on payments made to MSME's will be allowed only when payment is actually made.
- ▶ w.e.f. 01/04/2023, if aggregate of premium for life insurance policies issued on or after 01/04/2023 is above ₹ 5 Lakhs, income from only those policies with aggregate premium up to ₹ 5 Lakhs shall be exempt

**11. 269SS & 269T**

- ▶ In the section 269SS and 269T the limit increased to Rs.2,00,000 from Rs.20,000.
- ▶ This will imply if the loan or deposit is taken or repaid by Primary Agricultural Credit Societies and Primary Agricultural and Rural Development Bank or its members.

12. Conversion of gold to Electronic Gold Receipt

- ▶ Any transfer of physical gold to E-Gold receipt or E-gold receipt to physical gold shall not be considered as transfer.
- ▶ It is also provided that once the E-gold receipt became the property of the person as a consideration of transfer, the cost of acquisition shall be deemed to be the cost of gold in hands of the person in whose name the E-Gold receipt is issued.
- ▶ The holding period for the purpose of the capital gain shall include the period for which the gold was held by the assessee prior to the conversion into E-Gold Receipt.

13. Changes in TDS

- ▶ TDS Rate on EPF withdrawal in Non PAN cases is reduced to 20% from 30%
- ▶ The Threshold for TDS on Cash withdrawal from co-operative banks is increased to Rs.3 Crores
- ▶ It is proposed to omit clause ix of the proviso to Section 193 of the Act, thereby removing the exemption from TDS on payment of any income to a resident by way of interest on Securities with effect from 01-04-2023.

14. Date of incorporation for startups for tax benefits is extended to 31/03/2024 from 31/03/2023**15. Exclude the income of body/authority/board/trust/commission Not being a company from the scope of Section 10(46).Apply from AY 2024-2025****16. New Co-operative which will commence manufacturing activities till 31/03/2024 will get a lower tax benefit of 15%**



17. Tax incentives to IFSC

- ▶ With effect from 01-04-2023, It is proposed to amend clause 4E of Section 10 to provide exemption to any income distributed on the offshore derivative instruments entered into with the offshore banking unit of IFSC.
- ▶ It is also provided that such exempted shall include only the amount which has been charged to tax in the hands of the IFSC banking unit u/s 115AD of the Act.

18. Section 194BA

- ▶ Section 194BA is proposed to be introduced with effect from 01-07-2023
- ▶ if any person receives any income by way of winning from any online game during the financial year then the person responsible for paying such income shall deduct TDS from the net winnings at the end of the financial year
- ▶ The payer shall deduct TDS at the rate of 30% from the net winnings of the user account.

19. TDS credit for income already disclosed in the return of the past years

- ▶ It is proposed to insert new Section 55 (20) of the Act, where any income has been included in the return of income of any assessment year and the TDS on such income is paid in a subsequent financial year, the assessee can make application to the AO within 2 years from the end of the financial year on which such tax was deducted, further credit of such tax deducted at source shall not be allowed in any other AY. This applies with effect from 01-10-2023.

20. **It is proposed to amend Section 35D of the Act to remove the condition for activity in connection with these expenses to be carried out by a concern approved by the Board. Instead, the assessee shall be required to furnish a statement containing the particulars of this expenditure within the prescribed period to the prescribed income tax authority in the prescribed form and manner. This amendment will take effect from 01-04-2024**

21. **Section 194 LBA of the Act provides that business trust shall deduct and deposit tax at the rate of 5% on interest income of on resident unit holders. It is proposed to amend 197(1) of the Act to provide that the sums on which tax is required to be deducted u/s 194LBA of the Act shall be eligible for certificate for deduction at lower rate with effect from AY 2023-24.**



- 22. Clause viii to sub Section 1 of Section 9 of the Act to provide that any sum of money in excess of Rs 50000/- received by a non-resident without consideration from a person resident in India on or after 05-07-2019 shall be deemed to accrue or arise in India. It has come to the notice that certain persons being not ordinarily resident are receiving the gifts from Resident Indian and not paying tax. In view of the above it is with effect from 01-04-2024 proposed to amend 9(1)(viii) of the Act to extend this deeming provision to Not ordinary resident.**
- 23. It is proposed to amend Section 10(22B) of the Act to withdraw the benefit of exemptions of income available to news agency by inserting fourth proviso to clause 22B of Section 10 of the Act with effect from AY 2024-25**
- 24. It is proposed to insert new sub Section to Section 285BA of the Act which shall provide that if there is inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and inaccuracy is due to false or inaccurate information submitted by account holder, a penalty of Rs 5000 is imposable. It is applicable form 1-04-2023**

ACTIVITIES - FEBRUARY, 2023



Conducted Union Budget Discussion Jointly with Malabar Chamber of Commerce.
Chief Guest - Mr Darzakhum Songate IRS, Principal Commissioner of Income Tax, kozhikode.
Speaker - R. Krishnan, Alleppey - 03.02.2023



2023-24 Managing Committee of Kozhikode Branch of SIRC of ICAI



S. Vaidyanath Aiyar Memorial Lecture
Topic - "Engagement Quality and Documentation"
Speaker - CA. Krishnakumar Ananthasivan, Ernakulam- - 17.02.2023



MANAGING COMMITTEE

KOZHIKODE BRANCH OF SIRC OF ICAI (2023-24)



CA. MUJEEB RAHMAN M K
CHAIRMAN



CA. SURYA NARAYANAN A R
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CA. ALBHUDHA JYOTHI M
TREASURER



CA. VINOD .N
SICASA CHAIRMAN



CA. SANTHOSH PAI G
MEMBER



CA. SATHEESAN P
EX-OFFICIO



UPCOMING PROGRAMMES MARCH, 2023

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41st Annual Change over function of Kozhikode Branch of SIRC of ICAI.

Venue : Hotel Malabar Palace, Kozhikode at 5 PM

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Women's Day Celebrations

Programme : "Empowerment to Excellence"

Venue : ICAI Bhawan Kozhikode at 5 PM

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CPE Seminar on Bank Branch Audit

Venue : Hotel Paramount Tower, Kozhikode at 9:30 AM

**Speakers : 1. CA. Dhananjay J. Gokhale , Mumbai
2. CA. Gopi K., Ernakulam**

**Topic : 1. Advances and IRAC Norms along with practical aspects of MOC's
2. LFAR and Practical Approach towards Bank Branch audit**

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Cricket Match

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Workshop on Microsoft Excel

Contributions to e-newsletter

Contributions in the form of articles, poems, jokes, travelogues etc. are invited from members for consideration in the monthly e-Newsletter. Interested members may email their contribution to icaikoznewsletter@gmail.com along with name, membership number and mobile number.