

HON.BALASAHEB THACKERAY AGRICULTURE BUSINESS AND RURAL TRANSFORMATION PROJECT

TAX CIRCULAR
(FOR THE F.Y. 2023-24)

A. PROVISIONS OF INCOME TAX FOR SALARY

I. Tax Slabs for resident men and women (who is below 60 years at any time during the year).

Old Tax regime tax rates

Sr.No.	Taxable Salary	Income Tax
1	Up to Rs. 250000	Nil
2	Rs. 250001 to Rs. 5,00,000	5% on income which exceeds Rs. 2,50,000
3	Rs. 5,00,001 to Rs. 10,00,000	20% on income which exceeds Rs. 5,00,000 +12500.
4	Above Rs. 10,00,000	30% on income more than Rs. 10,00,000 + Rs. 1,00,000

II) Second Option available to assessee/taxpayer for payment of taxes u/s new tax regime

Sr.No.	Taxable Salary	Income Tax
1	Up to Rs. 3,00,000	Nil
2	Rs. 3,00,000 to Rs. 6,00,000	5% on income which exceeds Rs. 3,00,000
3	Rs. 6,00,000 to Rs. 9,00,000	Rs. 15,000 + 10% on income more than Rs. 6,00,000
4	Rs. 9,00,000 to Rs. 12,00,000	Rs. 45,000 + 15% on income more than Rs. 9,00,000
5	Rs. 12,00,000 to Rs. 15,00,000	Rs. 90,000 + 20% on income more than Rs. 12,00,000
6	Above Rs. 15,00,000	Rs. 1,50,000 + 30% on income more than Rs. 15,00,000

Note

- Under this new tax regime no deduction and exemptions is available to assessee. The only deduction available is Sec 80CCD (2) employers contribution to NPS.
- An employee can choose the new tax regime at the beginning of FY 2021-22 and intimate their employer. The employee cannot change their choice anytime during the financial year. However, the change can be done at the time of filing the income tax return.
- In case an employee does not choose the new tax regime at the beginning of the financial year, the employer will deduct tax (TDS) under the new tax regime
- A salaried taxpayer can opt-in and opt-out every year. That means you can choose the new tax regime in one year and choose the regular tax regime in another year.

TDS CALCULATION OF SALARY ... CONTD..

Particulars	Old Tax Regime	New Tax regime	New Tax Regime
		(until 31st March 2023)	(From 1st April 2023)
Income level for rebate eligibility	₹ 5 lakhs	₹ 5 lakhs	₹ 7 lakhs
Standard Deduction	₹ 50,000	-	₹ 50,000
Effective Tax-Free Salary income	₹ 5.5 lakhs	₹ 5 lakhs	₹ 7.5 lakhs
Rebate u/s 87A	12,500	12,500	25,000
HRA Exemption	✓	X	X
Leave Travel Allowance (LTA)	✓	X	X
Other allowances including food allowance of Rs 50/meal subject to 2 meals a day	✓	X	X
Standard Deduction (Rs 50,000)	✓	X	✓
Entertainment Allowance Deduction and Professional Tax	✓	X	X
Perquisites for official purposes	✓	✓	✓
Interest on Home Loan u/s 24b on self-occupied or vacant property	✓	X	X
Interest on Home Loan u/s 24b on let-out property	✓	✓	✓
Deduction u/s 80C (EPF/LIC/ELSS/PPF/Children's tuition fee etc)	✓	X	X
Employee's (own) contribution to NPS	✓	X	X
Employer's contribution to NPS	✓	✓	✓
Medical insurance premium – 80D	✓	X	X
Disabled Individual – 80U	✓	X	X
Interest on education loan – 80E	✓	X	X
Interest on Electric vehicle loan – 80EEB	✓	X	X
Donation to Political party/trust etc – 80G	✓	X	X
Savings Bank Interest u/s 80TTA and 80TTB	✓	X	X
Other Chapter VI-A deductions	✓	X	X
All contributions to Agniveer Corpus Fund – 80CCH	✓	Did not exist	✓
Deduction on Family Pension Income	✓	✓	✓
Gifts upto Rs 5,000	✓	✓	✓
Exemption on voluntary retirement 10(10C)	✓	✓	✓
Exemption on gratuity u/s 10(10)	✓	✓	✓
Exemption on Leave encashment u/s 10(10AA)	✓	✓	✓
Daily Allowance	✓	✓	✓
Transport Allowance for a specially-abled person	✓	✓	✓
Conveyance Allowance	✓	✓	✓

List of deductions "not allowed" under new Tax rate regime

- Leave Travel Allowance (LTA)
- House Rent Allowance (HRA)
- Conveyance allowance
- Daily expenses in the course of employment
- Relocation allowance
- Helper allowance
- Children education allowance
- Other special allowances [Section 10(14)]
- Standard deduction on salary
- Professional tax
- Interest on housing loan (Section 24)
- Deduction under Chapter VI-A deduction (80C, 80D, 80E and so on) (Except Section 80CCD(2))

List of deductions "allowed" under new Tax rate regime

- Transport allowance for specially abled people
- Conveyance allowance for expenditure incurred for travelling to work
- Investment in Notified Pension Scheme under section 80CCD(2)
- Any allowance for travelling for employment or on transfer

When total deductions are less than ₹1.5lakhs						
A	B	C		D	E	F
Gross Total Income	Tax as per Old Regime - Standard deduction = ₹50,000 - Others u/s 80C, 80D etc = ₹1,50,000 - Rebate on income up to ₹5,00,000	Tax as per New Regime		Difference (B-D)	Which regime is better?	
		Pre Budget 2023	Post Budget 2023			
		No deductions or exemptions - Rebate on income up to ₹5,00,000	- Standard deduction: ₹50,000 - Rebate on income up to ₹7,00,000			
₹5,00,000	₹0	₹0	₹0	₹0	Any	
₹6,00,000	₹0	₹22,500	₹0	₹0	Any	
₹7,00,000	₹0	₹32,500	₹0	₹0	Any	
₹7,50,000	₹22,500	₹37,500	₹0	₹22,500	New	
₹8,00,000	₹32,500	₹45,000	₹30,000	₹2,500	New	
₹9,00,000	₹52,500	₹60,000	₹40,000	₹12,500	New	
₹10,00,000	₹72,500	₹75,000	₹52,500	₹20,000	New	
₹13,00,000	₹1,42,500	₹1,37,500	₹1,00,000	₹42,500	New	
₹15,00,000	₹2,02,500	₹1,87,500	₹1,40,000	₹62,500	New	
₹15,50,000	₹2,17,500	₹2,02,500	₹1,50,000	₹67,500	New	
₹17,00,000	₹2,62,500	₹2,47,500	₹1,95,000	₹67,500	New	
₹20,00,000	₹3,52,500	₹3,37,500	₹2,85,000	₹67,500	New	
₹30,00,000	₹6,52,500	₹6,37,500	₹5,85,000	₹67,500	New	

**HON.BALASAHEB THACKERAY AGRI BUSINESS AND RURAL TRANSFORMATION
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RATE FOR DEDUCTION AT SOURCE FROM NON SALARY

Sr.No.	Section	Nature of the payment	Cut off amount	Rate of TDS		Remarks
				HUF/Ind	Others	
1	194C(1)	Contracts	30000	1	2	Single bill limit
	194C(2)	Sub-Contracts/Advertisements	30000	1	2	Single bill limit
2	194C(1)	Contracts	100000	1	2	Yearly limit
	194C(2)	Sub-Contracts/Advertisements	100000	1	2	Yearly limit
3	194I	Renting (Land and Building)	240000	10	10	Yearly limit
	194I	Renting (Equipment, P&M, Furniture & Fittings)	240000	2	2	Yearly limit
4	194J	Professional/ Technical Charges	30000	10	10	Single bill limit
5	194Q	Purchase of Goods	5000000	0.1	0.1	Yearly limit

Note:

1 TDS is to be deducted @ 20% when PAN no. is not available/provided.

I. TDS deposit due dates

Sr.No.	Type of Payment	Time Limit	Section
1	Salary	To be deposited within one week from the last date of the month in which the deduction is made.	192A
2	Payment to Contractors/ Sub-Contractors/ Advertisements	To be deposited within one week from the last date of the month in which the deduction is made.	194C
3	Rent	To be deposited within one week from the last date of the month in which the deduction is made.	194I
4	Professional Fees	To be deposited within one week from the last date of the month in which the deduction is made.	194J
5	Purchase of Goods	To be deposited within one week from the last date of the month in which the deduction is made.	194Q

II.TDS return (salary and non-salary) submission date

Sr.No.	Date of ending of the quarter of the financial year	Due Date
1	30th June	31st July of the financial year
2	30th September	31st October of the financial year
3	31st December	31st January of the financial year
4	31st March	31st May of the financial year

III **Non-compliance of TDS Provisions**

- 1) **Interest on delayed deposit and payment of TDS :** The interest rate is 1.5% per month (and not day basis). If there is delay of even one day in deposit of the TDS amount in bank/treasury then interest @ 1.5% per month will be levied on the tax amount from the date of deduction. Similarly in addition to above, if deductor fails to deduct the tax, interest for non deduction of TDS will be paid from the date on which the tax is required to be deducted to the date of actual deduction @1% per month.
- 2) **Penalty for non filing of quarterly TDS return :** There is late fees u/s. 234E w.e.f. 01.07.2012 of Rs.200/- per day on delay in filing of the TDS return not exceeding the amount of tax deducted. Penalty for late filing or non filing u/s. 271H for false information is furnished in TDS return then penalty ranging from Rs.10000/- to Rs.200000/- can be levied. Even penalty of Rs.100/- per day has also been prescribed.
- 3) **Online Registration of TANo.:** If any defaults occur in filing of TDS return they can be viewed through login on TRACES site www.tdscpc.gov.in (TRACES) The TANo. should be registered online on income tax eportal. The TDS payment challan and TDS returns can be filed through the income tax eportal.
- 4) **Penalty for not downloading Form 16/16A within prescribed time:** It is mandatory on part of employer to file TDS return online within due date as stipulated and issue TDS certificate as downloaded from site of income tax eportal. TDS certificate in form 16/16A downloaded from TRACES are only valid and should be downloaded from site of TRACES within 15 days of filing of TDS return. Failure with which penalty Rs.100/- per day has been prescribed U/s 272A.
- 5) **Section 206AB has been inserted w.e.f. July 01, 2021.**
This new section requires deduction of TDS at the higher rate while making payment to the “Specified person”*. TDS rates would be higher of the following –
-at twice the rate specified in the relevant provision of the Act; or
-at twice the rate or rates in force; or
-at the rate of five per cent.

*Meaning of Specified person –

A person who has *not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years :*

Provided that the specified person shall not include a non-resident who does not have a permanent establishment in India.

In addition to non-filing of the income tax returns within the due dates, if the specified person does not furnish PAN to the payer, then the TDS rate shall be higher of the rates mentioned above or 20%.

Non – Applicability of this section

This provision is not applicable to deduction of tax at source under –

1. Section 192 (i.e. Salary),
2. Section 192A (i.e. Premature withdrawal of employees provident fund),
3. Section 194B (i.e. Winnings from lottery or crossword puzzle),
4. Section 194BB (i.e. Winnings from horse race.),
5. Section 194LBC (i.e. Income from investment in securitisation trust) or
6. Section 194N (i.e. Payment of certain amounts in cash.)

Conclusion:

The new rule requires the payers to verify below three things every time while deducting TDS on making payments to the specified persons:

- a Whether payee’s last two years tax deduction and tax collection was Rs. 50,000 or above;
- b Whether the person from whom TDS is deductible has filed his return of income for the previous two years; And for both the previous years, the due date to file the original return has expired.

Note: While making a particular payment, if the due date to file ITR of any of the year has not expired, there is no need to deduct tax at higher rates on that payment.

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Indicative list of Taxes to be deducted according to nature of Expenditure (Relevant to Project)

Sr.No.	Nature of Expense	Taxes Applicable	Rate	Conditions if any	Payment through Challan No.	Section (If Applicable)
1	Works / Construction Contract with material.	Income Tax	0%	Single bill amount below Rs.30000/- or total of bills during the year below Rs.100000/-		
		TDS		When single bill amount exceeds Rs.30000/- or total of bills during the year exceeds Rs.100000/- then		
			1%	Contractor is Indl or HUF	ITNS 281	194C
			2%	Other than Indl and HUF	ITNS 281	194C
				For works contract-		
		GST TDS	2%	When contractor is registered under Goods and Service Tax Act. (If contract amount exceeds Rs.250000/-, as applicable) (only in case where payer is government institutions as specified in the CGST Act)		
		Labour Cess	1%	For all type of civil works.		
	Insurance	1%	If the contractor does not provide the Worker's compensation insurance policy			
2	Labour Contract	Income Tax	0%	Single bill amount below Rs.30000/- or total of bills during the year below Rs.100000/- otherwise following is applicable		
		TDS				
			1%	Contractor is Indl or HUF	ITNS 281	194C
		2%	Other than Indl and HUF	ITNS 281	194C	

		GST TDS	2%	When contractor is registered under Goods and Service Tax Act. (If contract amount exceeds Rs.250000/-, as applicable) (only in case where payer is government institutions as specified in the CGST Act)		
		Labour Cess	1%	In case of civil works only. For e.g. Force method.		
		Insurance	1%	If the contractor does not provide the Worker's compensation insurance policy.(in case of civil works only) For e.g. Force method.		
3	Payment to Contractor /sub-contractor in transport business	TDS	0%	For contractor /sub-contractor in transport business (owing 10 or less than 10 goods carriage during the previous year) and furnishes his PAN and declaration to that effect(format is enclosed herewith).		194C
				For contractor /sub-contractor in transport business (owing more than 10 goods carriage during the previous year).		194C
			0%	Single bill amount below Rs.30000/- or total of bills during the year below Rs.75000/-.		
			1%	Contractor is Indl or HUF	ITNS 281	194C
			2%	Other than Indl and HUF	ITNS 281	194C
		GST TDS	2%	When contractor is registered under Goods and Service Tax Act. (If contract amount exceeds Rs.250000/-, as applicable) (only in case where payer is government institutions as specified in the CGST Act)		
3	a) Payment to Contractual employee having designation in the organisation	TDS on Salary		As per Income tax slab rates given in the Tax Circular.	ITNS 281	192B

	b) Government Employees	TDS on Salary		As per Income tax slab rates given in the Tax Circular.	ITNS 281	192A
		Prof Tax		As per Income tax slab rates given in the Tax Circular.	MTR 6	
4	Payment to Consultants	TDS	10%	Professional/ Technical Charges above Rs.30000/- for Individual or HUF & also for other than individual & HUF.	ITNS 281	194J
5	Payment for Advertisement	TDS	0%	Single bill amount below Rs.30000/- or total of bills during the year below Rs.100000/- otherwise following is applicable.		
			1%	Contractor is Indl or HUF	ITNS 281	194C
			2%	Other than Indl and HUF	ITNS 281	194C
		GST TDS	2%	When contractor is registered under Goods and Service Tax Act. (As applicable)		
6	Renting of Immovable Property	TDS	10%	Renting above Rs.240000/- (Land & Building) for Individual or HUF & also for other than individual & HUF	ITNS 281	194I
		GST TDS	2%	When contractor is registered under Goods and Service Tax Act. (If contract amount exceeds Rs.250000/-, as applicable) (only in case where payer is government institutions as specified in the CGST Act)		
7	Renting of Machinery Equipment etc.	TDS	2%	Renting above Rs.240000/-(Equipment, P&M, Furniture & Fittings) for Individual or HUF & also for other than individual & HUF	ITNS 281	194I
		GST TDS	2%	When contractor is registered under Goods and Service Tax Act. (If contract amount exceeds Rs.250000/-, as applicable) (only in case where payer is government institutions as specified in the CGST Act)		

8	Purchase of Goods	TDS	0.1%	Purchase of goods exceeding Rs.50 Lakhs, provided turnover/gross receipts/sales from business exceeding Rs.10 crores in the financial year immediately preceding financial year in which purchase of goods is carried out.	ITNS 281	194Q
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Important Note:

- I While making payment for goods/services, invoice of relevant parties where GST is is charged in the bill, Invoice should bear GST number. These numbers first to be get confirmed from site of MAHAGST. Then only payment of these taxes are to be made to parties.
- II It is advisable to purchase goods and procure services from registered person in order to contribute towards government initiative towards creation of larger tax base.
- III Similarly Procurement section also consider the GST rating of vendor(from the website of GST)while procuring goods and services.
- IV Similarly for the purchase of goods more than Rs.50000/- (for out of maharashtra purchase) and more than Rs.100000/- (for purchases in Maharashtra) **E-way bill** is compulsory to be accompanied with the goods alongwith other documents e.g.invoice,delivery challan. Such condition must be incorporated in RFQ / tender.

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**PROFESSION TAX RATE CHART
(FOR THE F.Y. 2023-24)**

Profession Tax deduction slabs for the F.Y. 2021-22

Sr.No.	Salary and wage earners- Such persons whose monthly salaries or wages	Profession Tax
1	Do not exceed Rs.7500/-.	Nil
2	Exceed Rs. 7500/- but do not exceed Rs.10000/-	Rs.175/- per month
3	Exceeds Rs.10000/-.	a) Rs. 200 per month except for the month of February. b) Rs. 300/- for the month of February.

Women employees who earn Salary up to Rs 25,000/- per month are exempted from paying Professional Tax.

Liability of the employer to file return (Form IIB) and payment of tax (from 01/04/2011) onwards

Sr.No.	Periodicity	Tax Liability during the previous year	Months of salary to be covered	Due date
1	Yearly	Less Rs.100000/- in previous year.	March of the previous year and April to February of the current year	31st March
2	Monthly	Rs.100000/- or more in previous year.	Salary of the previous month	End of the month for which return is filed
3	Monthly	In case of first year of registration.	Salary of the previous month	End of the month for which return is filed

Important Note:

- 1) **Interest on delayed deposit of PT :** The interest rate is 1.25% per month (and not day basis).
- 2) **Late Fees for non filing of monthly/yearly Profession Tax return :** There is late fees of Rs.1000/- per return on nonfiling of the profession tax return. This late fees is to be paid before the submission of the return.

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GST TDS Provisions

Sr.No.	Particulars	Details
1	Persons Liable to Deduct GST TDS	a) Local Authority b) Government Agencies c) Such Persons as may be notified. As per Notification No. 33/2017 dated 15 th Sept 17 following persons are notified i) An authority or a board or any other body which has been set up by Parliament or a State Legislature or by a government, with 51% equity (control) owned by government ii) A society established by the Central or any State Government or a Local Authority and the society is registered under the Societies Registration Act, 1860 iii) Public sector undertakings d) Dept or establishment of Central or State Govt.
2	Tax Rate	Effectively @ 2% (1% Maharashtra SGST and 1% CGST to be separately shown) and for IGST 2%).
3	Contract Limit	Rs. 2,50,000/- (While calculating the limit central tax, state tax, IGST, any cess charged separately in invoice are to be excluded. If taxes are not mentioned separately then tax is to be deducted on whole bill amount) Contract of Supply of goods or services are to be considered. Kindly note that not only Works Contract service will be liable for GST TDS but also any purchase of goods or any hiring of services will be liable for GST TDS.
4	Transaction on which GST TDS not deductible	1) When the contract value is below or equal to Rs.250000/- . 2) No deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory, which is different from the State, or as the case may be, Union Territory of registration of the recipient.
5	Payment of TDS	GST TDS payment is to be done online within 10 days from the end of the Month in which deduction is made.
6	Periodicity of GST TDS return	GST TDS/TCS returns GSTR7 are to be filed on monthly basis i.e. on or before 10 th of the following month. If in any month there is no deduction on account of TDS, deductor is not required to file return for that particular month.
7	GST TDS Certificate	GST TDS Certificate in GSTR 7A is to be issued within 5 days from the credit to the government
8	Penalty for Non/Short Deduction of tax	Penalty will be minimum Rs.10000/- or amount equal to tax not deducted/short deducted or not credited to government.
9	Penalty for Non/Delayed issuance of GST TDS certificate	Late fee will be Rs.100/- per day from the due date upto maximum Rs.5000/-.

Procedure of Registration under GST Law

1. For obtaining registration as GST deductor, an online application has to be filed and uploaded on site www.gst.gov.in. The applicant should have valid PAN or TAN, valid email id and mobile number.
2. After successful online application and approval from department Deductor can download registration certificate from portal.
3. If liability to deduct ceases in future, an application can be uploaded on portal requesting cancellation of registration and said registration will be cancelled.