

## **Income Tax relief for working professionals: TDS clarity to tax slab change – what to expect from Budget 2023**

*Budget 2023 Income Tax expectations of professionals: Taxpayers, including salaried and professionals, have several tax-relief expectations from the Budget.*

As we get into 2023, all eyes are on the upcoming Budget 2023, which will be presented by Union Finance Minister Nirmala Sitharaman on February 1. Taxpayers, including salaried and professionals, have several tax-relief expectations from the Budget. But many experts believe that there may not be any big announcement in the Budget.

“Budget 2023 is going to be an important budget for the Government. It is the last full budget that the Government will present before the elections in 2024. The impetus would be on spending in this budget and hence usually, in such cases, we cannot expect any big relief from the Government,” says Ankit Jain, Partner, Ved Jain & Associates.

However, there are still some expectations of working professionals from the Budget. Following is a list of such expectations:

### **Presumptive taxation**

In Budget 2016, the government introduced a scheme of presumptive taxation wherein only half of the receipts of a professional was taxed as his income. Only professionals receiving an annual income of up to Rs 50 lakhs were eligible to opt in this scheme. Ankit says the Government may increase this limit from Rs. 50 lakh to Rs 75 lakhs or Rs 1 crore.

### **Clarity on TDS**

Jyotika Jain, Partner at MVAC, says professionals across the spectrum would expect clarity on the implementation of the provisions of Section 194-R in the backdrop of the Supreme Court’s decision in Mahindra & Mahindra Ltd.

“The government must make it amply clear that write-off of debt is not a benefit or perquisite arising from the exercise of the profession, and hence be kept outside of the purview of TDS under Section 194-R. Naturally, with the practical difficulties in mind, a lead time of up to a few months must be provided and the effective date of the provision must be deferred correspondingly,” says Jyotika.

### **Tax slab change**

The tax slabs have also not been modified significantly since 2014. While the basic exemption threshold was increased to Rs 5 lakhs, the highest tax rate continues to apply for income from Rs 10 lakhs.

“We hope that the Government can increase the slab rate from the current Rs 10 lakhs to Rs. 20 lakhs. A similar change can be made for the slabs as per the new regime with the highest slab pushed to Rs. 30 lakhs from the current Rs. 15 lakhs,” says Ankit.

“With the country out of the pangs of COVID, and the outlook for the economy looking strong, now would be a good time to give these benefits to the Indian people so that there’s more money in the hands of the people which will lead to increased domestic spending,” he adds.

### **Increase in Basic Exemption Limit**

Jyotika says the key expectations that would overlap not just professionals but anyone, in general, would be an increase in the basic exemption limit from the current Rs 2.5 lakh. Given that those with income up to Rs 5 lakh get a rebate under Section 87A, it is only logical to raise the exemption limit up to at least Rs 5 lakhs, simplifying the fundamental step in income tax calculation.

*(Source: Financial Express)*