

ANALYSIS OF UNION BUDGET 2024

HELPING YOU THRIVE IN A CHANGING WORLD

PREFACE

The Union Budget 2024, the seventh presented by the Hon'ble Finance Minister, Nirmala Sitharaman outlines the policy framework for the newly re-elected NDA government. India's economy surged ahead, at an impressive 8.2% growth in the FY 2024. This robust performance, as per provisional GDP estimates, solidified India's position as the world's fastest-growing major economy. The budget prioritizes economic reforms while addressing critical challenges such as unemployment, rural distress, and overall economic growth.

Key focus areas in the Union Budget include:

- **Employment and Skilling:** Significant emphasis on employment, skilling, and support for MSMEs to address unemployment and underemployment.
- **Inclusive Growth:** Targeted measures for farmers, women, youth, and the economically disadvantaged, aiming for inclusive growth.
- **Fiscal Discipline:** Commitment to reducing the fiscal deficit from 5.1% to 4.9%, with a further target of 4.5% next year, balancing fiscal discipline with growth initiatives.
- **Investment Reforms:** Proposed reforms to FDI and ODI regulations to attract foreign investment and rationalization of stamp duty rates on real estate.
- **Tax Simplification:** Simplification of personal taxes, increased standard deductions, rationalization of capital gains tax, and abolition of the angel tax to support the start-up ecosystem.
- **Market Dynamics:** Careful consideration of the impact of increased Securities Transaction Tax on derivatives and new taxation on share buybacks.
- **Ease of Doing Business:** Continued improvements and the introduction of the 'Vivad se Vishwas Scheme, 2024' to resolve tax disputes and simplify the Income-tax Act.

The budget also proposes changes in indirect taxes to promote domestic value addition, reduce trade bottlenecks, curb litigation, and improve ease of doing business, including a comprehensive revamp of the customs duty rate structure and amendments to GST laws based on recent GST Council recommendations.



DIRECT TAX PROPOSALS

INDIVIDUAL TAX RATES



Default Tax Regime - New tax Regime u/s 115 BAC

Tax Rates-AY 2024-25

Income Slabs (INR)	Tax Rates (%)
0 - 3 Lacs	Nil
3 Lacs - 6 Lacs	5%
6 Lacs - 9 Lacs	10%
9 Lacs - 12 Lacs	15%
12 Lacs - 15 Lacs	20%
15 Lacs & Above	30%

Tax Rates-AY 2025-26

Income Slabs (INR)	Tax Rates (%)
0 - 3 Lacs	Nil
3 Lacs - 7 Lacs	5%
7 Lacs - 10 Lacs	10%
10 Lacs - 12 Lacs	15%
12 Lacs - 15 Lacs	20%
15 Lacs & Above	30%

INDIVIDUAL TAX RATES



The tax rates under the old tax regime for AY 2025-26 remain unchanged under the Finance Bill, 2024

For Individuals having age less than 60 Years

Income Slabs (INR)	Tax Rates (%)
0 - 2.5 Lacs	Nil
2.5 Lacs - 5Lacs	5%
5 Lacs - 10 Lacs	20%
10 Lacs & Above	30%

For Individuals having age between 60 years to 80 years

Income Slabs (INR)	Tax Rates (%)
0 - 3 Lacs	Nil
3 Lacs - 5Lacs	5%
5 Lacs - 10 Lacs	20%
10 Lacs & Above	30%

For Individuals having age more than 80 Years

Income Slabs (INR)	Tax Rates (%)
0 - 5 Lacs	Nil
5 Lacs - 10 Lacs	20%
10 Lacs & Above	30%

TAX INCENTIVE FOR SALARIED INDIVIDUAL



Benefits are provided to employees in form of deductions which are discussed below-

- ❖ **Section 16(ia)**- Taxpayers opting to be governed under the New tax regime under section 115BAC can now claim an enhanced standard deduction of INR 75,000 instead of INR 50,000 which is available for assessee opting for the old tax regime.
- ❖ **Section 80CCD(2)**- This provision allows taxpayers to claim a deduction for contributions made by their employer to the National Pension Scheme (NPS) on their behalf. Initially capped at 10% of the salary for non-government employers, this ceiling for taxpayers opting to be governed under New tax regime under section 115BAC has now been raised to 14%, aligning it with the contribution limit applicable to employees of central and state governments.
- ❖ **Section 57(ia)**- Family pension (regular monthly amount payable by the employer to a person belonging to the family of an employee in the event of his death) can avail a deduction of a sum equal to $\frac{1}{3}$ rd of such income or INR 15,000, whichever is less. The ceiling of INR 15,000 is now increased to INR 25,000.



PARTNERSHIP FIRMS

- ❖ The limit of remuneration paid to working partners as prescribed under section 40 has been increased from INR 1,50,000 to INR 3,00,000 or 90% of the book profit whichever is more on the first INR 6,00,000 of book-profit (instead of first INR 3,00,000 of book-profit) or loss. On the balance book profit the 60% cap is retained.
- ❖ Section 194T has been introduced to enable TDS @ 10% from payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm for aggregate amounts more than INR 20,000 in the financial year.

CORPORATE ASSESSEE



CORPORATE TAX RATES

The Corporate Tax Rates for domestic companies under both the old and new tax regimes are proposed to remain unchanged. However, the Corporate Tax Rate for foreign companies is proposed to be reduced from 40% to 35%. Consequently, the TDS rate for foreign companies is also proposed to be reduced from 40% to 35%.

BUY BACK

It is proposed to abolish the Buy Back Tax levied under section 115QA on domestic companies for buybacks of shares occurring on or after 01-10-2024. The consideration paid by domestic companies for buybacks will be treated as deemed dividends and will be taxable in the hands of shareholders under the head "Income from other sources." Tax will be deducted at a rate of 10% under section 194 on such dividends. The cost of acquisition of the bought-back shares will be considered a capital loss for shareholders, which can be set off against other capital gains.

CORPORATE ASSESSEE



GIFT

It is proposed that w.e.f. AY 2025-26, exemption on transfer of capital asset under gift or will or an irrevocable trust u/s 47(iii) will not be available to any assessee other than Individuals and HUFs.

ANGEL TAX

The provisions which tax the excess consideration received for the issuance of shares over their Fair Market Value, are proposed to be discontinued effective from the AY 2025-26.

CHARITABLE TRUSTS AND INSTITUTIONS- RATIONALISATION



The exemption for Trusts and Institutions under section 10(23C) (iv),(v),(vi),(via) (referred as first regime) and section 11 to 13 (referred as second regime) to be merged. The key changes introduced are as follows:

- ❖ Applications seeking approval or provisional approval in first regime will be considered only upto 30-09-2024.
- ❖ Applications pending upto 30-09-2024 will be governed by section 10(23C). Approved trusts or institution under section 10(23C) will continue to be governed by extant provisions of the section.
- ❖ For subsequent registrations of such trust or institution the applications will required to be made in section 12A, i.e. second regime.
- ❖ Eligible mode of investment under first regime as specified in clause (b) of third proviso to section 10(23C) will be protected in second regime.
- ❖ Condonation of delay in filing of registration application by trusts or institutions.
- ❖ Rationalisation of timelines to file application and also dispose of applications for approval under section 80G.
- ❖ The respective amendments in section 10(23C), 11, 12 and 13, 80G will be effective from 1-10-2024.
- ❖ The said amendment is a welcome change in further simplification of taxation of charitable trusts or institutions.

ASSESSMENT & APPEAL PROCEEDINGS



REASSESSMENT PROCEEDINGS:

The reassessment procedures as outlined in the Finance Act, 2021, is set to be revised by replacing the current sections 148, 148A, 149, and 151 with new provisions effective from 01-09-2024. The major proposed amendments include:

- Currently, a return under section 148 must be furnished within 3 months from the end of the month in which the notice was issued or within an extended period allowed by the AO. The proposed amendment to section 148 specifies that the return must be furnished within the period mentioned in the notice, which will not exceed 3 months from the end of the month in which the notice was issued.
- Notices under section 148 are currently issued based on 'information' with the AO suggesting that income chargeable to tax has escaped assessment. The proposed amendment seeks to expand the scope of 'information' to include data obtained from surveys conducted under section 133A on or after 01-09-2024.

ASSESSMENT & APPEAL PROCEEDINGS



REASSESSMENT PROCEEDINGS (CONTD.):

The proposed amendment to section 149 includes the following provisions:

- A show cause notice under section 148A, along with information suggesting that income chargeable to tax has escaped assessment, must be issued within 3 years from the end of the relevant AY or within 5 years if the AO has information indicating that the escaped income amounts to or is likely to amount to ₹50 lakhs or more.
- A notice u/s 148 must be issued within 3 years & 3 months from the end of the relevant AY in general cases. For specific cases where the escaped income amounts to or is likely to amount to ₹50 lakhs or more, the notice under section 148 must be issued within 5 years & 3 months from the end of the relevant AY.

ASSESSMENT & APPEAL PROCEEDINGS

RATIONALISING THE PROVISIONS OF SECTION 153

The following amendments are proposed:

Assessment Orders:

For returns filed in response to an order under section 119(2)(b) (which addresses genuine hardship), the assessment order under section 143 (regular assessment) or section 144 (best judgment assessment) must be completed within 12 months from the end of the financial year in which the return was filed.

Fresh Assessment Orders:

Sub-section (3) currently specifies the time limit for passing fresh assessment orders following orders under sections 254 (Appellate Tribunal), 263 (revision prejudicial to revenue), or 264 (other revisions). It is proposed to include orders under Section 250 (orders by Joint Commissioner (Appeals) or Commissioner (Appeals)). Consequently, a fresh assessment order must be made within 9 months from the end of the financial year in which the order under section 250 is received by the Principal Chief Commissioner, Chief Commissioner, Principal Commissioner or Commissioner.



ASSESSMENT & APPEAL PROCEEDINGS



RATIONALISING THE PROVISIONS OF SECTION 153

The following amendments are proposed:

Reassessments:

Section 153(8) currently provides that orders of assessment or reassessment revived under section 153A must be completed within 1 year from the end of the month in which the revival occurs, or within the period specified in section 153B. The amendment will also cover orders in cases where block assessments under Chapter XIV-B are annulled.

Limitation Period Extension:

Explanation 1 to section 153 excludes the period from the initiation of a search to the date when seized materials are handed over to the AO while computing the limitation period. A new proviso is proposed to extend the limitation period to the end of the month if it originally ends before the month's end.

These amendments are set to take effect from 1-10-2024.

ASSESSMENT & APPEAL PROCEEDINGS

TRANSFER PRICING

Sections 92CA(2A) and 92CA(2B) are proposed to be amended effective from the AY 2025-26 to empower the Transfer Pricing Officer to address Specific Domestic Transactions (SDTs) that have not been referred to him by the AO and/or SDTs for which Form 3CEB has not been filed.

RE-INTRODUCTION OF BLOCK ASSESSMENT

The current provisions lead to a staggered approach in which only the time-barred year is reopened in cases involving searched assessee's, due to the lack of consolidated assessment. To address these issues, a new Chapter XIV-B is introduced to regulate the assessment of search proceedings under sections 132 and 132A of the Income Tax Act. This chapter aims to enhance efficiency, reduce litigation costs, and ensure coordinated investigations.



ASSESSMENT & APPEAL PROCEEDINGS



RE-INTRODUCTION OF BLOCK ASSESSMENT (CONTD.)

Upon the initiation of a block assessment, any pending regular assessments (including transfer pricing proceedings) for the block period as of the search initiation date will be suspended. Consequently, a single consolidated assessment will be conducted for the entire block period. During this block assessment, no further assessment or reassessment proceedings will occur for the period covered by the block.

The **TAX** on undisclosed income as assessed by AO and income offered in return filed under Section 158BC in addition to the income disclosed/ assessed earlier shall be levied at a rate of 60%, plus applicable surcharge which is yet to be prescribed.

The **TIME LIMIT** for completing a block assessment for a searched assessee will be 12 months from the end of the month in which the last authorization for a search or requisition was executed or made.

THE DIRECT TAX VIVAAD SE VISHWAS SCHEME, 2024



The income tax dispute resolution mechanism in India is multi-layered and time consuming, affecting the environment for doing business in India. The country has an extensive tax appeals system that goes up to the Supreme Court of India. Considering the mounting pendency of appeals at various direct tax appellate forums and keeping in view the success of the previous Vivaad Se Vishwas Act, 2020, an introduction of a Direct Tax Vivaad se Vishwas Scheme, 2024 (“VsV Scheme 2024”) is proposed with the objective of providing a mechanism of settlement of disputed issues.

Eligibility of the VsV Scheme 2024:

It is applicable to all appeals/ petitions filed by the taxpayers or the income tax department, which were pending on 22-07-2024, with either the Commissioner of Income-Tax (Appeals), Income-tax Appellate Tribunal, Dispute Resolution Panel, High court, or the Supreme Court.

DIRECT TAX VIVAD SE VISHWAS SCHEME, 2024

Amount payable according to the VsV scheme 2024

Procedure for VsV Scheme 2024:

The scheme has laid down five steps in the following order:

1. The **declaration** shall be filed by the declarant before the designated authority;
2. The declarant shall furnish an **undertaking** waiving his right, to seek or pursue any remedy or any claim in relation to the tax arrears which may be otherwise be available to him;
3. The designated authority shall, within a period of 15 days from the date of receipt of the declaration determine the amount payable and **grant a certificate** to the declarant containing particulars of the tax arrears and the amount payable after such determination;
4. The declarant shall **pay the amount** determined within a period of 15 days of the date of receipt of the certificate and intimate the details of such payment to the designated authority;
5. The designated authority shall **pass an order** stating that the declarant has paid the amount.

Particulars	on or before 31st December, 2024	After 31st December, 2024
<i>Appeals filed by taxpayer</i>		
Cases appealed after 31st of January, 2020	100% of disputed tax	110% of disputed tax
Cases appealed on or before 31st of January, 2020	110% of disputed tax	120% of disputed tax
Cases related only to interest, penalty, or fee appealed after 31st of January, 2020	25% of disputed interest, penalty or fee	30% of disputed interest, penalty or fee
Cases related only to interest, penalty, or fee appealed on or before 31st of January, 2020	30% of disputed interest, penalty or fee	35% of disputed interest, penalty or fee
Appeal filed by the department		
Cases appealed after 31st of January, 2020	50% of disputed tax	55% of disputed tax
Cases appealed on or before 31st of January, 2020	55% of disputed tax	60% of disputed tax
Cases related only to interest, penalty, or fee appealed after 31st of January, 2020	12.5% of disputed interest, penalty or fee	15% of disputed interest, penalty or fee
Cases related only to interest, penalty, or fee appealed on or before 31st of January, 2020	15% of disputed interest, penalty or fee	17.5% of disputed interest, penalty or fee

CAPITAL GAINS

To rationalize capital gain provisions, the following changes are proposed effective from 23-07-2024:



For calculating Long Term Capital Gains, the holding period will be set at 12 months for capital assets such as listed securities, units of equity-oriented funds, and zero coupon bonds. For all other capital assets (e.g., property, unlisted securities, gold) the holding period will be extended to 24 months.



Short Term Capital Gains arising from the transfer of assets on which Securities Transaction Tax (STT) is paid under section 111A will be taxed at an increased rate of 20%, up from the current 15%. Other Short Term Capital Gains will continue to be taxed at the applicable rates.



The exemption limit for Long Term Capital Gains on STT-paid equity shares, units of equity-oriented funds or business trusts is proposed to be increased to ₹1.25 lakh from the existing ₹1 lakh.



Long Term Capital Gains from assets are proposed to be taxed at a rate of 12.5%, replacing the current rates of 10% and 20%.



The indexation benefit available for the transfer of certain Long Term Capital Assets (e.g., property, gold, unlisted securities) is proposed to be withdrawn.



Capital Gains from the transfer of unlisted debentures and unlisted bonds are proposed to be classified as short-term capital gains under section 50AA, regardless of the holding period.

PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988

Section 24 of the Prohibition of Benami Property Transactions Act, 1988 deals with the notice and attachment of property involved in Benami transaction.

The proposed changes include:

- ❖ Inserting sub-section (2A) to allow a maximum of three months from the end of the month of notice issuance for the benamidar or beneficial owner to submit their explanations.
- ❖ Amending sub-sections (3) and (4) to extend the time limit for the Initiating Officer to act on provisional attachments from 90 days to four months from the end of the month in which the notice under sub-section (1) is issued.
- ❖ Extending the time under sub-section (5) for the Initiating Officer to prepare and refer the case statement to the Adjudicating Authority from fifteen days to one month from the end of the month in which the attachment order is issued.

A new Section 55A is proposed to be inserted into the Prohibition of Benami Property Transactions Act, 1988, to allow the Initiating Officer to render immunity from penalties to benamidar's who fully disclose details of benami transactions, subject to compliance and truthful disclosure.



BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) & IMPOSITION ACT, 2015



Failure to furnish the ITR in relation to foreign income and asset or to report such foreign income and assets located outside India in the ITR may attract a penalty under section 42 or 43 of the Black Money Act, of an amount of INR 10 lakhs regardless of the value of asset located outside India.

The [sections 42 and 43 of the Black Money Act amended](#) to provide that the provisions of the said sections shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed INR 20 Lakhs.

FINANCE ACT, 2016 - EQUALISATION LEVY

Finance Act, 2016 related to equalisation levy was amended by Finance Act, 2020 to provide for imposition of equalization levy of 2% on the amount of consideration received/ receivable by an e-commerce operator from e-commerce supply or services. The said levy is withdrawn w.e.f. 01-08-2024.

Also, exemption under section 10(50) is withdrawn in respect of e-commerce supply of services made or provided or facilitated on or after 01-08-2024.

TDS RATES RATIONALIZATION

Finance Bill 2024 proposes revision in the TDS rates for the following sections

SECTION	PRESENT TDS/TCS RATE	PROPOSED TDS/TCS RATE	WITH EFFECT FROM
Section 194 - Buyback of shares by domestic company	0%	10%	01.10.2024
Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	01.04.2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	01.10.2024
Section 194F - Relating to payments on account of repurchase of units by Mutual Fund or Unit trust of India	Proposed to be omitted		01.10.2024
Section 194G - Commission etc on sale of lottery tickets	5%	2%	01.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	01.10.2024
Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	01.10.2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	01.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01.10.2024
Section 194T- Payment of salary, remuneration, commission, bonus or interest to a partner of the firm exceeding INR 20,000	0%	10%	01.04.2025
Sec 206C (1F) - Payment made for purchase of Luxury Goods subject to TCS	0%	10%	01.05.2025

TDS - PENALTY & PROSECUTION



Finance Bill 2024 proposes changes in penalty & prosecution proceeding for TDS defaults -

Section 271H - The person responsible for filing the required statements u/s 200 (TDS) and 206C (TCS) will not be subject to penalties under this section if the such statements are filed within one month of the due date of filing these statement, w.e.f 01-04-2025. Earlier such timeline was one year.

Section 276B - To provide for exemption from prosecution to a person covered under clause (a) of the said section, if the payment of TDS in respect of a quarter has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement of such quarter under section 200(3) of the Act. w.e.f. 01-10-2024



ADJUSTMENT OF OUTSTANDING DEMAND

The interim budget had taken steps to withdraw outstanding demands upto INR 25,000 pertaining to period upto FY 2009-10 and demands upto INR 10,000 for FY 2010-11 to Fy 2014-15.

To further bring transparency on adjustment of outstanding demand the following steps have been taken:

- Section 245 enables adjustment of tax refund against any tax demand outstanding.
- The requirements of section are two fold i.e. the formation of opinion that grant of refund is likely to adversely affect the revenue and the second is to record the reasons of such opinion in writing.
- The period of withholding of such refund is extended from the date of assessment to upto 60 days from the date of assessment.
- No interest will be due for the period during which refund is withheld under provisions of section 245(2).

OTHER KEY AMENDMENTS

HOUSE PROPERTY

- Currently, some assessee report income from letting out of residential houses under the head 'Profits & Gains of Business & Profession'. It is proposed that, starting from the AY 2025-26, income from a residential house let out by the owner will only be taxed under the head 'Income from House Property'.

SETTLEMENT OF PROCEEDING FOR CONTRAVENTION OF LAW

- Explanation to section 37(1) of the Act is proposed to be amended to disallow any expenditure incurred to settle proceedings related to a contravention of any law currently in force, as specified by notifications from the Central Government in the Official Gazette.

DOMESTIC CRUISE SHIP OPERATIONS BY NON RESIDENTS

- Effective from the AY 2025-26, it is proposed to introduce a presumptive tax scheme for non-residents operating domestic cruise ships. Under this scheme, 20% of the amount received or receivable, or paid or payable, will be considered as income under the head 'Profits and Gains of Business or Profession'.

STT RATES REVISED

- It is proposed to increase the Securities Transaction Tax (STT) rates effective from 01-10-2024. The STT on the sale of options in securities will rise from 0.0625% to 0.1% of the option premium, and the STT on the sale of futures in securities will increase from 0.0125% to 0.02% of the transaction price. There will be no change in the STT rate on equity shares.

INDIRECT TAX PROPOSALS

GOODS AND SERVICES TAX (GST)

EFFECTIVE DATE TO BE NOTIFIED COINCIDING WITH SGST Act UNLESS OTHERWISE NOTIFIED

KEY LEGISLATIVE CHANGES – TAXABILITY



- ❖ Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption has been excluded from levy of GST. Similar amendments are also proposed in IGST Act and UTGST Act.
- ❖ **Comments:** This is a welcome change for the industry since the issue was very contentious and marred by litigations. Previously, Extra Neutral Alcohol being the raw material for preparing alcoholic liquor for human consumption, (outside the purview of GST) was subject to levy of GST which led hardship to the industry by way of distorted input credit mechanism.
- ❖ Section 13 (3) is being amended to provide for time of supply of services for issuance of invoices in case of supplies received from unregistered suppliers taxable under reverse charge, shall be earlier of
 - the date of payment or
 - date of issuance of self-invoice by the recipient taxpayer.

Similar amendment has been proposed under section 31(3)(f) to prescribe the time limit for issuance of invoice by the recipient taxpayer in case of RCM.

- ❖ Central Government has been empowered to regularize non-levy or short levy of central tax due to any general practice prevalent in trade.

KEY LEGISLATIVE CHANGES - ITC



- ❖ Relaxation has been provided to regularize ITC availed on invoices or debit notes pertaining to FY 2017-18 to FY 2020-21 in form GSTR- 3B filed till the 30th November, 2021.

Similar relaxation for time limit on ITC availed on invoices or debit notes has been extended for the interim period between the date of cancellation or effective date of cancellation till the order of revocation of cancellation of registration.

Such ITC can be availed in Form GSTR-3B latest by:

- earlier of 30th November of next FY or date of filing of annual return; or
- within 30 days of the order of revocation of cancellation, if revocation is beyond the timeline under a)

Comments: The above amendment is being made **retrospectively** with effect from 01-04-2017 and is a welcome change as it provides a big relief to the assessee due to the ongoing dispute wherein Hon'ble Patna High Court has denied the availment of ITC beyond the prescribed time limit of section 16(4).

- ❖ Section 17(5) is being amended to restrict the non-availability of input tax credit in respect of tax paid under section 74 only for demands up to FY 2023-24 i.e., references to sections 129 and 130 has been removed.

Comments: Earlier availment of ITC was blocked for tax demands under section 74, 129 and 130. Since under section 129 and 130 has been amended to provide for levy of penalty only, hence consequential amendment has been under section 17(5).

- ❖ Restrictions have been proposed to disallow refund of payment of IGST, for export of goods/supply to SEZ that are subjected to export duty. Previously, such restriction existed only for refund of unutilized ITC on account of export of such goods, now scope of restriction has been widened.

KEY LEGISLATIVE CHANGES – DEMAND & RECOVERY



- ❖ Section 74A is being inserted to provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason pertaining to the FY 2024-25 onwards.

With the above new provision of section 74A, the applicability of section 73 (for cases other than fraud, suppression etc.) and section 74 (for cases involving fraud, suppression etc.) has been restricted till FY 2023-24 only.

Following procedural changes has been provided under section 74A-

Particulars	Time limit/Penalty
Time limit for issuance of notice of demand	42 months from the due date of annual return or date of erroneous refund
Quantum of penalty (on account of fraud or suppression)	Equivalent to tax
Quantum of penalty (other than on account of fraud or suppression)	Rs.10,000 or 10% of tax whichever is higher
Adjudication order	12 months from the date of issuance of SCN and further extended by 6 months.

- Reduced penalty benefits-

Particulars	Quantum of Penalty
For tax demand (other than on account fraud or suppression)	
If tax demand paid along with interest before issuance of notice	No penalty*
For tax demand (on account of fraud or suppression)	
If tax demand paid along with interest before issuance of notice	15% of penalty*
If tax demand paid along with interest within 60 days of issuance of notice	25% of penalty*
If tax demand paid along with interest within 60 days of order	50% of penalty*

**Proceedings shall be deemed to be concluded*

KEY LEGISLATIVE CHANGES – APPEALS



- ❖ Reduction of pre deposit on Tax demand for filing of appeal before Appellate Authority and GSTAT is as under -

Existing	Proposed
Appellate Authority - 10% (up to maximum 25 Crs.)	Appellate Authority - 10% (up to maximum 20 Crs.)
GSTAT - 20% (up to maximum 50 Crs.)	GSTAT - 10% (up to maximum 20 Crs.)

- ❖ Central Government has been empowered to notify the time limit for filing appeals or application before the GSTAT (effective from the 1-08-24)
- ❖ Section 112 (6) pertaining to appeal to Appellate Tribunal is being amended to enable the Appellate Tribunal to admit appeals filed by the Department within 3 months after the expiry of the time limit of 6 months.

KEY LEGISLATIVE CHANGES – AMNESTY

- ❖ Insertion of section 128A to provide for waiver of interest and penalty on tax demand for the period July 2017 to March 2020 :

The benefit of the provision will be available to assessee who have received:

- SCN and Order issued under section 73 of the CGST Act,
- Adjudication Order and Revision Order under section 107 and section 108 respectively
- Revised demand under section 74 (on account of fraud, suppression etc.) to Section 73 (other than on account of fraud, suppression etc.)

The benefit will **not** be available in the following cases:

- Tax demand on erroneous refund
- Matters pending before the Appellate Authority/ Appellate Tribunal/ Courts (including Writ Petitions)

For avilment of the above benefit full amount of tax demand must be paid before the notified date.

Comments : This is welcome change in line with the Recommendation of 53rd GST Council Meeting for reducing the litigation arisen for initial years of GST coming into effect. It maybe pertinent to note that GST Council had recommended that waiver of interest and penalty be made effective only in case payment of tax demands is made till 31-03-2025, however such proposal is missing in the Finance Bill amendments.



KEY LEGISLATIVE CHANGES – OTHERS



- ❖ Section 70(1A) is being inserted to enable an authorized representative, to appear on behalf of the summoned person, give statements, produce documents etc. The power is discretionary to the relevant authority.
- ❖ Section 122(1B) is being amended to restrict the applicability of the penal provision to only those E-commerce operators, who are required to collect tax at source under section 52 of the said Act. Such amendment shall be made effective from the 01-10-2023.
- ❖ ITC on account of services received prior to 01-07-2017 by an ISD shall be eligible for distribution as credit under GST whether the invoices relating to such services are received prior to, on or after, 01-07-2017.
- ❖ Following inclusions are made to Schedule III of CGST Act to consider activities to be treated as neither supply of goods nor supply of services :
 - Apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by them provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.
 - The services by the insurer to the re-insurer, for which the ceding/reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer provided that tax liability on the gross reinsurance premium (inclusive of ceding/reinsurance commission) is paid by the reinsure

CUSTOMS

EFFECTIVE DATE TO BE NOTIFIED DATE FROM THE DATE OF PASSING OF FINANCE
BILL

KEY CHANGES



- ❖ Section 28 DA of The Customs Act, 1962 is amended to enable acceptance of a certificate or a declaration (issued as per trade agreement) as a valid document for establishing claim of 'proof of origin' for claim of Customs duty benefit under Preferential Trade Agreements
- ❖ A new proviso is to be inserted in section 65 (1) t The Customs Act, 1962 to empower Central Government to specify certain manufacturing and other operations in relation to class of goods that shall not be permitted in a MOOWR warehouse
- ❖ Retrospective amendment from GST Compensation cess on imports by SEZ unit/SEZ developer for authorised operations w.e.f 1st July 2017

CHANGES TO CUSTOMS DUTY RATES

Comprehensive review of 188 conditional exemptions/concessional rates was undertaken and a brief summary of the review is as under:

- 30 exemptions/concessional rates to be extended up to March 31, 2029
- 26 exemptions/concessional rates to be continued up to March 31, 2026
- 28 exemptions/concessional rates will lapse on their original expiry date i.e. September 30, 2024

CHANGES IN CUSTOMS DUTY RATE

Changes in Customs duty rates to be effective from July 24, 2024,

Chapter / Tariff Heading / Tariff Item	Particulars	Old rate	New rate	Impact
	GST Compensation Cess on imports by SEZ units or developers for authorized operations (effective from July 1, 2017)	As applicable	NIL	↓
3920, 3921	PVC flex films banners or sheets	10%	25%	↑
8517 7910	PCBA of specified telecom equipment	10%	15%	↑
7202 6000	Ferro Nickel	2.5%	NIL	↓
7204 0010	Blister Copper	5%	NIL	↓
30	Cancer Drugs (i) Trastuzumab Deruxtecan, (ii) Osimertinib, (iii) Durvalumab	10%	NIL	↓
7108	Gold Bar	15%	6%	↓
7108	Gold Dore	14.35%	5.35%	↓
7106	Silver Bar	15%	6%	↓

CHANGES IN CUSTOMS DUTY

Changes in Customs duty rates to be effective from July 24, 2024

Chapter / Tariff Heading / Tariff Item	Particulars	Old rate	New rate	Impact
7106	Silver Dore	14.35%	5.35%	↓
7118	Coins of precious metals	15%	6%	↓
8517 1300, 8517 1400	Cellular Mobile Phone	20%	15%	↓
8504 40	Charger/adapter of Cellular Mobile Phone	20%	15%	↓
8517 7910	PCBA of Cellular Mobile Phone	20%	15%	↓
84, 85 or any other chapter	Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such goods	7.5%	NIL	↓
7007	Solar glass for manufacture of solar cells or solar modules	NIL	10%	↑
Any Chapter	Specified goods for petroleum exploration operations	As applicable	NIL	↓

EXTENSION IN EXEMPTIONS TO CUSTOMS DUTY RATE

Extension in the date of exemptions/concessional rate till March 31, 2026 with no change in effective rate of Customs duty:

Chapter / Tariff Heading / Tariff Item	Particulars
164/165	Electrical energy supplied from SEZ unit/SEZ to DTA
290	Wood pulp for manufacture of newsprint, paper or paperboard
292	Goods imported for manufacture of paper, paper boards, newsprint
293A	Newsprint and uncoated paper imported for printing of newsprint
333	Moulds, tools and dies, for the manufacture of parts of electronic components or electronic equipment
368	Ferrous Scrap
374/ 375	Certain specified raw materials for manufacture of CRGO steel
471	All parts for use in the manufacture of LED lights
512A/512 B	Inputs, parts or sub-parts for use in the manufacturing of PCBA

CHANGES IN CUSTOM DUTY RATE

Extension in the date of exemptions/concessional rate till March 31, 2026 with no change in effective rate of Customs duty:

Entry No.	Description
164	Electrical energy supplied from SEZ unit to DTA
165	Electrical energy supplied from SEZ to DTA
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SECTORAL ANALYSIS



- ❑ **INR 1.52 Lakh Crores** has been provided for Agriculture and Allied sectors
- ❑ **Inclination towards Natural Farming**
Bringing 1 crore farmers into Natural Farming in the next two years
- ❑ **Digital Public Infrastructure (DPI)**
To be implemented for coverage of farmers and their lands in the next 3 years

Digital crop survey of Kharif Crops to be undertaken in 400 districts

Details of 6 crore farmers and their lands to be brought into the registries

Jan Samarth based Kisan Credit Cards will be enabled in 5 states
- ❑ **National Cooperation Policy**
National Cooperation policy to be introduced for development of cooperative sectors
- ❑ **Pulses and oil seeds**
To strengthen production, storage and marketing of pulses and oil seeds like mustard, groundnut, sesame, soya beans & sunflower
- ❑ **Bio Input Resource Centers**
Establishment of 10,000 need based Bio Input Resource Centers
- ❑ **Production and export of Shrimp**
Financial support for setting up network of nucleus breeding centre for shrimp stocks will be provided.
- ❑ Financing for shrimp farming, export will be facilitated through NABARD



AGRICULTURE & ALLIED SECTORS

□ Facilitating the MSME's

Relief in purchase of machinery and equipment by introducing Credit guarantee scheme

Financial support for setting up of 50 multi-product food irradiation units

New assessment model to be developed by public sector banks for MSME credit

Credit support to be provided during stress period

□ Advancing innovation through research and development

The government has proposed to establish the Anusandhan National Research Fund to support foundational research. Certain plans have been proposed that encourages private sector's R&D by a funding pool of INR1 lakh crore

□ Indirect Taxes

Basic Customs Duty rate on shea nuts reduced from 30% to 15%

Basic Customs Duty reduced for products such as SPF shrimp, live black tiger shrimp, SPF polychaete worms, oils used in the production of aquatic feed (such as fish lipids, crude fish, and algae), as well as feed for prawns, shrimps, and fish



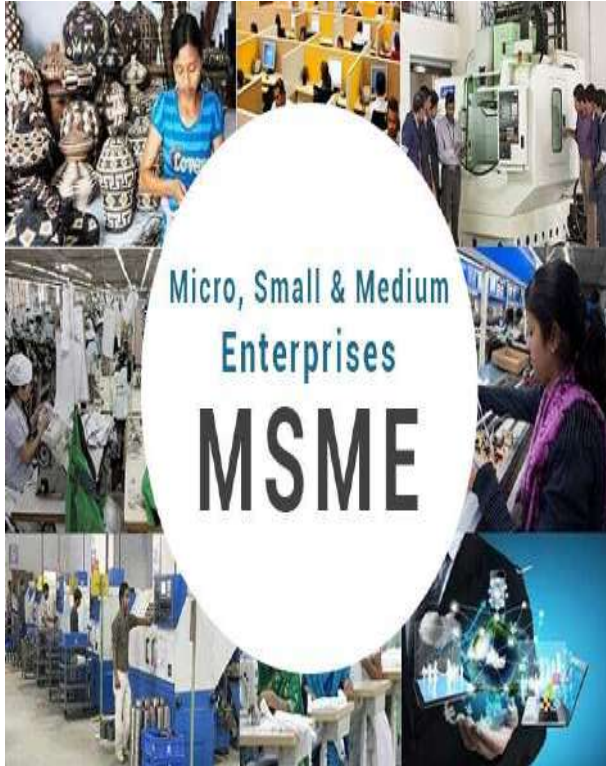
- ❑ **INR 19,100 Crores** has been provided for boosting India's Energy Mission
- ❑ **PM Surya Ghar Muft Bijli Yojana**
Installation of rooftop solar plants will be further encouraged to enable 1 crores household to obtain free electricity upto 300 units/ month
- ❑ **Nuclear Energy**
In collaboration with the private sector to set up Bharat Small Reactors, R&D of Bharat Small Modular Reactor and R&D of newer technologies for nuclear energy
- ❑ **New Projects**
JV between NTPC and BHEL to set up an 800 MW commercial plants using indigenously developed Advanced Ultra Super Critical (AUSC) technology
- ❑ 2400 MW power plant at Pirpainti, Bihar at a cost of INR 21,400 crore
- ❑ **Reduction of Carbon Emissions**
Transition of 'Hard-to-Abate' industries to Indian Carbon Market mode for transitioning from 'energy efficiency' targets to 'emission targets'
- ❑ **Indirect Taxes**

Basic Custom Duty for certain additional capital goods for use in manufacturing of solar cells and modules reduced from 7.5% to NIL

Basic Customs Duty applicable on solar glass and tinned copper interconnects (used in manufacturing of solar cells) at 10% and 5% respectively, with effect from October 2004 (Exemption not extended)



- ❑ Three schemes have been announced with focus on recognition of first-time employees, and support to employees and employers
 - ❑ Scheme A : New Employees
 - One-month wage up to Rs. 15,000 in all formal sectors
 - The eligibility limit will be a salary of 1 lakh per month (to benefit 210 Lakh youth)
 - ❑ Scheme B : Manufacturing Sector
 - Incentivize additional employment in the manufacturing sector, linked to the employment of first-time employees
 - Incentive to be provided at specified scale to first time employee and employer towards EPFO contribution in first 4 years of employment (to benefit 30 lakh youth)
 - ❑ Scheme C : Support to employers
 - To reimburse employers up to 3,000 per month for 2 years towards their EPFO contribution for each additional employee within a salary of INR 1 lakh per month
- ❑ Comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in five years. Companies to bear the training cost and 10% of the internship cost from their CSR funds



- ❑ Public sector banks will build their **in-house capability** to assess MSMEs for credit, instead of relying on external assessment. (new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy instead of scoring on asset / turnover criteria)
- ❑ Credit availability will be supported through a guarantee from a government promoted fund during their stress period
- ❑ Limit of Mudra loans will be enhanced to ₹ 20 lakh from the current ₹ 10 lakh
- ❑ To reduce the turnover threshold of buyers for mandatory onboarding on the **TReDS platform from 500 crore to 250 crore**
- ❑ SIDBI will open new branches to expand its reach to serve all major MSME clusters within 3 years, and provide direct credit to them
- ❑ Financial support for setting up of **50 multi-product food irradiation units** in the MSME sector will be provided. Setting up of 100 food quality and safety testing labs with NABL accreditation will be facilitated
- ❑ To enable MSMEs and traditional artisans to sell their products in international markets, **E-Commerce Export Hubs** will be set up in public-private-partnership (PPP) mode



- ❑ To facilitate development of investment-ready “plug and play” **industrial parks** with complete infrastructure in or near 100 cities
- ❑ **Rental housing** with dormitory type accommodation for industrial workers will be facilitated in PPP mode with VGF support and commitment from anchor industries
- ❑ Ownership, leasing and flagging reforms will be implemented to improve the share of the Indian **shipping industry** and generate more employment
- ❑ To set up a **Critical Mineral Mission** for domestic production, recycling of critical minerals
- ❑ **An Integrated Technology Platform** will be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC)
- ❑ Appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution
- ❑ Services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for **voluntary closure of LLPs** to reduce the closure time
- ❑ **Indirect Taxes**
 - Basic Custom Duty exemption is extended to the import of Components and consumables for manufacture of specified vessels and technical documentation and spare parts for construction of warships
 - Basic Custom Duty exemption for the import of spare parts and consumables for repairs of ocean-going vessels registered in India and Capital goods, raw materials and spares for repairs of ocean-going vessel

- INR 11.1 Lakh Crores has been allocated for Capital Expenditure which is 3.4% of GDP
- INR 1.5 Lakh Crores has been allotted towards interest free loans to support the states
- Investment in infrastructure by private sector will be promoted through viability gap funding and enabling policies and regulations
- Phase IV of Pradhan Mantri Gram Sadak Yojana will be launched to provide all-weather connectivity to 25,000 rural habitations
- To provide financial support for projects with estimated cost of 11,500 crore such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes to support Bihar
- Assistance for Flood management support to impacted states like Assam, Himachal Pradesh, Uttarakhand and Sikkim
- Vishnupad Temple Corridor and Mahabodhi Temple Corridor will be supported, modelled on the successful Kashi Vishwanath Temple Corridor, to transform them into world class pilgrim and tourist destinations
- A comprehensive development initiative for Rajgir will be undertaken
- GOI will support the development of Nalanda as a tourist centre





The government remains committed to enhancing digital infrastructure and technology, with a key focus on Innovation, Research, and Development among its nine priorities

Changes in tax policies include:

- Eliminating the 2% Equalization Levy ('EL') on e-commerce services provided by non-residents starting August 1, 2024
- Imposing a 6% EL on payments for online advertisements and digital advertising space
- Decreasing the tax deducted at source on e-commerce transactions from 1% to 0.1% effective from October 1, 2024, to align with offline transactions
- Reducing the corporate tax rate for foreign companies from 40% to 35% starting April 1, 2024
- Extending the basic customs duty exemption on motion picture, music, and gaming software used in gaming consoles until March 2026
- Rationalizing tax deducted at source rates

THANK YOU

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