



 **AKM GLOBAL**
TAX | CONSULTING | OUTSOURCING

UNION BUDGET

2024 -25



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01.

Economic Survey



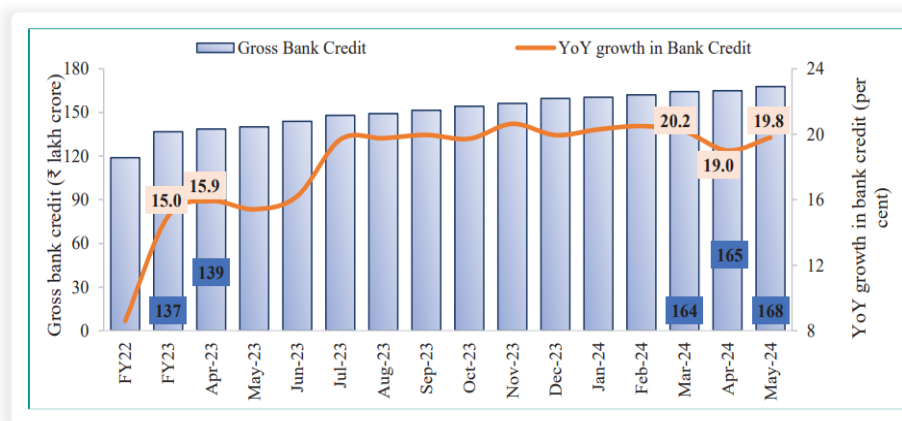
State of Indian Economy

- Indian economy grew by 8.2% in FY 2024.
- **Factors that support economy growth are:**
 - Reduction in Unemployment
 - Reduction in poverty
 - Increase in labor force participation
- Real GDP in 2024 raised by 20% than it was in 2020.
- In FY 2024, Gross Value Added (GVA) increased by 7.2%.
- Through skillful administration and monetary policies, retail inflation decreased from 6.7% in FY23 to 5.4% in FY24.
- Out of the total tax collected, 55% was from direct taxes and remaining 45% from indirect taxes.
- Improvement in Current Account Deficit (CAD): CAD was 0.7% of GDP in FY 2024 while it was 2.0% in FY 2023.
- Government has successfully provided foodgrains to 81.4 crore individuals.



Price and Inflation

- The Central Government's timely policies and the Reserve Bank of India's efforts to stabilize prices kept retail inflation at 5.4%, the lowest since the pandemic.
- In August 2023, the price of domestic LPG cylinders was reduced by INR 200 (USD 2.5) per cylinder across all markets in India, also the prices of diesel and petrol reduced by INR 2 per liter.
- In FY24, core consumer durables inflation declined due to an improved supply of key input materials to industries.
- The agriculture sector encountered difficulties from severe weather conditions, reduced reservoir levels, and crop damage, because of which food inflation rose from 6.6% in FY23 to 7.5% in FY24.
- 9 States and Union Territories recorded inflation below 6 per cent in FY24.
- IMF forecasts inflation of 4.6 per cent in 2024 and 4.2 per cent in 2025 for India.
- The RBI forecasts inflation to decline to 4.5% in FY25 and further to 4.1% in FY26, depending on a normal monsoon and no unforeseen external or policy disruptions



Monetary Management & Financial Intermediation

- India's banking and financial sectors have showed good performance, and the inflation rate was under control throughout the year.
- Repo rate at 6.5% was maintained by Monetary policy committee (MPC) in FY 2024
- Scheduled Commercial Banks disbursed loans totaling INR 164.3 lakh crore (USD 2,042.5 billions) by March 2024, marking a 20.2% increase from the previous year.
- Broad money (M3) grew by 11.2% as of March 22, 2024, up from 9% the previous year.
- Industrial Credit Growth also increases from 5.2 to 8.5%.
- In FY24, primary capital markets enabled capital formation of INR 10.9 lakh crore (USD 136.25 billion), roughly 29% of the gross fixed capital formation by private and public corporates in FY23.
- Indian microfinance sector emerges as the second largest in the world after China.

Medium-Term Outlook – A Growth Strategy for New India

Key Policy Focus Areas (Short to Medium Term)

- Job and skill creation.
- Maximizing the potential of the agriculture sector and managing India's green transition.
- IMF forecasts inflation of 4.6 per cent in 2024 and 4.2 per cent in 2025 for India.
- Reducing inequality and enhancing the health quality of the young population.

Amrit Kaal Growth Strategy

- Boosting private investment and expanding MSMEs.
- Positioning agriculture as a growth engine and financing the green transition.
- Bridging the education-employment gap and building capacity of State.

Growth Target

- Achieving a growth rate of 7% or higher requires a collaborative effort (tripartite compact) between the Union Government, State Governments, and the private sector.
- Agriculture and allied sectors registered an average annual growth rate of 4.18% at constant prices over the last five years.
- Allied sectors of Indian agriculture are becoming robust growth centers and promising sources for improving farm incomes.
- By January 31, 2024, the total agricultural credit disbursed reached INR 22.84 lakh crore (USD 285.5 billions).
- As of January 31, 2024, banks issued 7.5 crores Kisan Credit Card (KCC) with a limit of INR 9.4 lakh crores (USD 117.5 billions).
- 90 lakh hectares covered under micro irrigation from 2015-16 to 2023-24 under Per Drop More Crop (PDMC) program.
- It is estimated that each rupee invested in agricultural research (including education) generates a return of INR 13.85.

Employment and Skill Development: Towards Quality

- Unemployment rate in India declined to 3.2% in 2022-23 reflects positive trends in the labour market.
- Urban unemployment rate for ages 15 and above fell from 6.8% in Q1 of last year to 6.7% in Q1 of 2024.
- According to PLFS, the agriculture employs over 45%, manufacturing 11.4%, services 28.9%, and construction 13.0%.
- Youth unemployment rate decreased from 17.8% in 2017-18 to 10% in 2022-23.
- Two-thirds of new EPFO subscribers are aged 18-28 years, with net payroll additions doubling to 13.15 million in FY24, growing at an 8.4% CAGR from FY15 to FY24.
- Increasing Female labour force participation rate (FLFPR) for six years.
- In 2021-22, employment in organized manufacturing exceeded pre-pandemic levels, with per-factory employment also rebounding.
- From FY15 to FY22, rural wages grew at a 6.9% CAGR, compared to 6.1% CAGR in urban areas. Factories employing over 100 workers grew by 11.8% from FY18 to FY22.
- Employment grew faster in larger factories (over 100 workers), showing a trend of scaling up manufacturing.
- Manufacturing sector is less vulnerable to AI because industrial robots are not as agile or cost-effective as human labor.
- Gig workforce projected to reach 23.5 million by 2029–30.
- Need to create about 7.85 million jobs annually in the non-farm sector until 2030 to meet growing workforce demands.
- By 2050, the population in India is projected to increase from 507 million in 2022 to 647 million.
- A 2% of GDP direct public investment could generate 11 million jobs, with nearly 70% benefiting women.

Services Sector – Fueling Growth Opportunities

- The Gross Value Added of Services reached the level which was before pandemic i.e. about 55%.
- India’s services exports accounted for 4.4% of global commercial services exports in 2022.
- Exports of computers and business services showed a YoY growth rate of 9.6% in FY 2024 and comprised about 73 percent of India’s services exports.
- Digital services exports global share rose to 6% from 4.4% (2019-2023).
- Outstanding credit is INR 45.9 lakh crore (USD 573.75 billions) in March 2024, with a YoY increase of 22.9%.
- 5.2% increase in passenger traffic from Indian Railway in FY 2024 as compared to previous year.
- 92 lakh foreign tourists arrived in 2023, with a YoY growth of 43.5%.
- In 2023, residential real estate sales were the highest since 2013, with a 33% growth and 4.1 lakh units sold in the top eight cities.
- Indian e-commerce expected to exceed INR 28 lakh crore (USD 350 billion) by 2030.
- Tele-density increased from 75.2% (Mar 2014) to 85.7% (Mar 2024); internet density at 68.2%.
- 65% of active companies are in services; 16,91,495 active companies as of 31st March 2024.





Industry Sector

- 5.2% annual growth in manufacturing sector over the last decade, led by chemicals, furniture, transport equipment, pharmaceuticals, machinery, and equipment.
- Increased coal production in the past five years reduced import dependence.
- Pharmaceutical market is the third largest by volume globally, valued at INR 4 lakh crore (USD 50 billion).
- India is second-largest manufacturer in clothing and a top-five exporter worldwide.
- India's electronics accounts for 3.7% of the global market share in FY22.
- PLI Schemes attracted INR 1.28 Lakh Crore (USD 16 billions) in investments by May 2024, resulting in INR 10.8 Lakh Crore (USD 135 billions) in production/sales and over INR 8.5 Lakh crore (USD 106.25 billions) in job creation.
- Industry must incentivize R&D, innovate, and enhance workforce skills through collaboration with academia.
- Economic growth of 8.2% in FY24 was driven by a 9.5% rise in industrial growth.

Key Infrastructure and Economic Developments in India

- Public Sector Investment plays a key role in funding large-scale infrastructure projects in recent years.
- National Highway Construction has increased from 11.7 km/day in FY14 to 34 km/day in FY24.
- Capital expenditure on railways increased by 77% in 5 years, with investments in new lines, gauge conversion, and doubling.
- Indian Railways to introduce Vande metro trainset coaches in FY25.
- New terminal buildings on 21 airports have been operationalized in FY24, increasing capacity by 62 million passengers annually.
- India improved to 22nd in World Bank Logistics Performance Index in 2023, up from 44th in 2014.
- Clean Energy Invested INR 8.5 lakh crore (USD 106.25 billions) invested between 2014 and 2023.

Social Sector - Benefits that Empower

- New Welfare Approach focuses on increasing the impact per rupee spent and digitization of healthcare, education, and governance acts as a force multiplier for welfare programs.
- Between FY18 and FY24, nominal GDP grew at a CAGR (Compound Annual Growth Rate) of around 9.5% and welfare expenditure grew at a CAGR of 12.8%.
- Over 34.7 crore (347 millions) Ayushman Bharat cards generated and the scheme covered 7.37 crore hospital admissions and 22 mental disorders covered under Ayushman Bharat – PMJAY health insurance.
- Nearly one lakh patents granted in FY24, compared to less than 25,000 in FY20.

India's External Sector: Key Highlights

- India's external sector remained robust amidst geopolitical challenges and persistent inflation.
- The current account deficit narrowed to 0.7% in FY24 due to lower merchandise imports and rising services exports.
- India's share in global goods exports increased to 1.8% in FY24, up from an average of 1.7% during FY16-FY20.
- Services exports grew by 4.9% to INR 27.288 billion (USD 341.1 billion) in FY24, driven by IT/software and other business services.
- India received INR 9.6 lakh crore (USD 120 billion) in remittances in 2023, the highest globally.
- India's external debt to GDP ratio stood at 18.7% at the end of March 2024.

02.

Non-Tax Proposals



Focus on 4 Major castes (Priorities of Viksit Bharat)

(Poor, Woman, Youth and Farmer)

Productivity and resilience in Agriculture

- **Natural Farming:** 1 crore (10 mn) farmers across the country will be initiated into natural farming, supported by certification and branding in next 2 years and 10,000 need-based bio-input resource centres to be established.
- **Shrimp Production & Export:** Financing for Shrimp farming, processing and export will be facilitated through NABARD.
- **Digital Public Infrastructure for Agriculture (DPI):** DPI for coverage of farmers and their lands in 3 years, Digital crop survey in 400 districts and issuance of Jan Samarth based Kisan Credit Cards.

Employment

- **Scheme A First timers:** One-month wage to new entrants in all formal sectors in 3 instalments up to INR 15,000 (USD 180 approx) which will be expected to benefit 210 lakh (21 mn) youth.
- **Scheme B Job Creation in Manufacturing:** Linked to first time employees and Incentive to both employee & employer for EPFO contributions in the specified scales for the first 4 years which will be expected to benefit 30 lakh (3mn) youth.
- **Scheme C Support to Employers:** Government will reimburse EPFO contributions of employers up to INR 3,000 (USD 36 approx.) per month for 2 years for all new hires which will be expected to generate 50 lakh (5mn) jobs.

Focus on 4 Major castes (Poor, Woman, Youth and Farmer)

Skilling Programme

- 20 lakh (2mn) youth will be skilled over a 5-year period.
- 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation.
- Course content & design aligned as per skill needs of industry Employment
- Loans up to INR 7.5 lakh (USD 9035 approx) with a guarantee from a government promoted Fund which will be expected to help 25,000 students every year
- Financial support for loans upto INR 1 million (USD 12000 approx) for higher education in domestic institutions. Direct E-vouchers to 1 lakh students every year. Annual interest subvention of 3%.

Inclusive Human Resource Development and Social Justice

- Plan for endowment-rich states in the Eastern parts covering Bihar, Jharkhand, West Bengal, Odisha, and Andhra Pradesh for the generation of economic opportunities to attain Viksit Bharat.
- Amritsar Kolkata Industrial Corridor with the development of an industrial node at Gaya.
- Allocation of more than INR 3 lakh crore (USD 36.2 bn) for schemes benefitting women and girls.
- **Pradhan Mantri Janjatiya Unnat Gram Abhiyan:** Improving the socio-economic condition of tribal communities covering 63,000 villages benefitting 5 crore (50mn) tribal people.
- More than 100 branches of India Post Payment Bank will be set up in the North-East region.

Focus on 4 Major castes (Poor, Woman, Youth and Farmer)

Andhra Pradesh Reorganization Act

- Financial support of INR 15,000 crores (USD 1.8 bn) will be arranged in FY 24- 25.
- Completion of Polavaram Irrigation Project ensuring food security of the nation.
- Essential infrastructure such as water, power, railways and roads in Kopparthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor.

Inclusive Human Resource Development and Social Justice

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector.
- New assessment model for MSME credit.
- Enhanced scope for mandatory onboarding in TReDS.
- Mudra Loans: The limit was enhanced to INR 2 million (USD 24000 approx) from the current INR 1 million (USD 12000 approx) under the 'Tarun' category.
- MSME Units for Food Irradiation, Quality & Safety Testing.
- Credit Support to MSMEs during Stress Period.
- Twelve industrial parks under the National Industrial Corridor Development Programme
- Rental housing with dormitory-type accommodation for industrial workers in PPP mode with VGF support.

Focus on 4 Major castes (Poor, Woman, Youth and Farmer)

Urban Development

- **Stamp Duty:** Encouraging states to lower stamp duties for properties purchased by women.
- **Street Markets:** Envisioning a scheme to develop 100 weekly 'haats' or street food hubs in select cities.
- **Transit Oriented Development:** Transit Oriented Development plans for 14 large cities with a population above 30 lakh (3mn) Employment.
- **Water Management:** Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects.

Housing needs

PM Awas Yojana Urban 2.0:

- Needs of 1cr (10mn) urban poor and middle-class families will be addressed with an investment of INR 10 lakh crore (USD 120 bn).
- Enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place.

Energy Security

PM Surya Ghar Muft Bijli Yojana:

- 1 crore (10mn) Households obtain free electricity.
- Up to 300 Units every month.
- 1.28 crore (12.8 million) Registrations and 14 lakh (1.4 million) applications so far.

Focus on 4 Major castes (Poor, Woman, Youth and Farmer)

Infrastructure

- Provision of INR 11,11,111 crore (USD 133.86 bn approx.) for infrastructure (3.4% of GDP).
- INR 1.5 lakh crore (USD 18.75 bn approx.) to states as long-term interest-free loans to support resource allocation.
- Phase IV of PMGSY will be launched to provide all-weather connectivity to 25,000 rural habitations.

Irrigation and Flood Mitigation

- Financial support for projects with an estimated cost of INR 11,500 crore (USD 1.38 bn approx.) such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes.
- Assistance for flood management and related projects in Assam, Sikkim & Uttarakhand.
- Assistance for reconstruction and rehabilitation in Himachal Pradesh.

Tourism

- Development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on Kashi Vishwanath Temple Corridor.
- Comprehensive development initiative for Rajgir will be undertaken which holds religious significance for Hindus, Buddhists and Jains.
- The development of Nalanda as a tourist centre besides reviving Nalanda University to its glorious stature.
- Assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches making it an ultimate tourism destination.

Employment and Education

Employment Linked Incentive

- The government will implement three 'Employment Linked Incentive' schemes under the Prime Minister's package, based on EPFO enrolment, to support first-time employees, and aid both employees and employers.
- The government will reimburse employers up to INR 3,000 (USD 36 approx.) per month for 2 years based on their EPFO contribution for each additional employee with a salary up to INR 1 lakh (USD 1200 approx.), aiming to create 50 lakh (5mn) jobs.

Participation of women in the workforce

- Enhance women's workforce participation by setting up working women hostels, establishing creches, organizing women-specific skilling programs, and promoting market access for women SHG enterprises.

Skilled Programme

- A new centrally sponsored scheme will skill 20 lakh (2mn) youth over 5 years, upgrade 1,000 Industrial Training Institutes, and align courses to industry needs under the Prime Minister's package.
 - **Skilling Loans:** The Model Skill Loan Scheme will be revised to facilitate loans up to INR 7.5 lakh (USD 9035 approx.) for students with a guarantee from a government-promoted Fund.
 - **Education Loans:** The government has announced financial support for loans up to INR 1 million (USD 12048 approx) for higher education of students in domestic institutions. E-vouchers will be given directly to 1 lakh (100,000) students every year for an annual interest subvention of 3% of the loan amount.



Infrastructure and Productivity

E-Commerce Export Hubs

E-Commerce Export Hubs, through public-private-partnership (PPP) mode will help small businesses and artisans sell their products abroad by providing all the necessary trade and logistics services in one place.

Government to Develop Investment-Ready Industrial Parks

The government will create fully-equipped “plug and play” industrial parks in 100 cities with the help of state and private sector partners, utilizing improved town planning schemes.

Boost of Services Sector Productivity and Innovation

The government will develop scalable Digital Public Infrastructure (DPI) applications across multiple sectors to boost productivity and innovation through private sector involvement.

Private Investment in Infrastructure

Viability gap funding and enabling policies, along with a market-based financing framework, will be introduced to encourage private sector investment in infrastructure.

Boost in Capital for Green Transition

A new taxonomy for climate finance will be developed to increase capital availability for climate adaptation and mitigation, supporting the country’s green transition and climate commitments.



Other Fiscal Measures

Simplified FDI and ODI Rules

Simplified rules for Foreign Direct Investment and Overseas Investments will facilitate foreign investments, encourage prioritization, and promote the use of Indian Rupee in international transactions.

Enhanced Technology Adoption to Drive Economic Digitalization

Building on a decade of technological advancements, increased public and private investment will further digitalize the economy and improve access to market resources, education, and services for all citizens.

Jan Vishwas Bill 2.0 and State Incentives

The Jan Vishwas Bill 2.0 and state incentives for implementing Business Reforms Action Plans and digitalization aim to enhance the ease of doing business.

Digital Public Infrastructure for Agriculture

The government will implement Digital Public Infrastructure (DPI) in agriculture, covering 6 crore farmers and their lands within 3 years, starting with a digital crop survey for Kharif in 400 districts and issuing Jan Samarth-based Kisan Credit Cards in 5 states this year.



Other Fiscal Measures

Support for promotion of MSMEs

This budget focuses on MSMEs and labor-intensive manufacturing with a comprehensive package including financing, regulatory changes, and technology support to boost growth and global competitiveness.

Credit Guarantee Scheme for MSMEs in the Manufacturing Sector

A new credit guarantee scheme will facilitate collateral-free term loans for MSMEs to purchase machinery, offering up to INR 100 crore (USD 12.05 mn approx.) in guarantee cover through a self-financing guarantee fund.

New assessment model for MSME credit

Public sector banks will develop in-house capabilities and a new credit assessment model based on digital footprints to better evaluate MSMEs for credit, covering those without formal accounting systems.

Credit Support to MSMEs during Stress Period

A new mechanism will support continued bank credit to MSMEs during stress periods with government fund guarantees to prevent them from becoming NPAs.

Mudra Loans

The limit of the Mudra loans is enhanced to INR 2 million (USD 24,000 approx.) from the current INR 1 million (USD 12,000 approx.) under the 'Tarun' category for those entrepreneurs who have successfully repaid previous loans under the 'Tarun' category.



03.

Direct Tax Proposals



Income Tax

Personal Tax Proposal

Revision in Income Tax Slab under new tax regime

- It has now been proposed to amend the income tax slabs rates under the Section 115BAC.
- Proposed Income slab is reproduced below:

S. No.	Total Income	Rate of Tax
1.	Up to INR 3,00,000	Nil
2.	From INR 3,00,001 to INR 7,00,000	5%
3.	From INR 7,00,001 to INR 10,00,000	10%
4.	From INR 10,00,001 to INR 12,00,000	15%
5.	From INR 12,00,001 to INR 15,00,000	20%
6.	Above INR 15,00,000	30%

- The proposed slab rate would be applicable from 1st April, 2025 and accordingly shall apply for AY-2025-26 and subsequent years.

Enhancement of limit of standard deduction under new tax regime

- With the aim of encouraging and incentivizing the tax payers, it has been proposed to increase the standard deduction to INR 75,000 (USD 938 approx) as against INR 50,000 (USD 625 approx) earlier with effect from 1st April 2025.
- It is important to note that there is no change for standard deduction in old tax regime.

Income from letting out of residential property is covered under House property

- There has been ongoing litigation over the reporting of income from letting out of residential house property.
- It has now been proposed to insert an explanation which states that any income to owner of house from letting out of residential property shall be chargeable under the head “Income from house property” and not chargeable under the head “PGBP” w.e.f. 1st April 2025.
- The proposed amendment would overrule some of the landmark rulings including “*Chennai Properties & Investments Ltd. [2015] 56 taxmann.com 456 (SC)*”.



Income Tax

Personal Tax Proposal

Increase in amount allowed as deduction for National Pension Scheme (NPS) under Section 80CCD(2)

- Section 80CCD(2) allows employees to claim deductions for employer's contribution to the Central Government Pension Scheme, up to the limit of 10% of the employee's salary.
- The Budget 2024 proposes to enhance the limit upto 14% of the employee's salary for those opted for the new tax regime.
- This amendment will be effective from 1st April, 2025 applicable for AY 2025-26 and onwards.

AKM MEDIA APPEARANCE:

Amit Maheshwari, Tax Partner, AKM Global quoted in The Hindu:

“The amount of employer contribution allowed as deduction has been enhanced from 10 per cent to 14 per cent of the salary of the employee. This will further boost the option of NPS by employees as a retirement kitty and resultant contributions. However, this will only be allowed to employees who opt for new tax regime and hence this shows the intention of the government to further strengthen the position of new tax regime as preferred and default regime.”

[Please click here for the link](#)

Proposed changes in Exemption Limit of Family Pension

- Earlier, the maximum deduction related to family pension under Section 57 was limited to INR 15,000 (USD 187 approx).
- Now, it is increased from INR 15,000 (USD 187 approx) to INR 25,000 (USD 312 approx) w.e.f. 1st April 2025.

Income Tax

Corporate Tax Proposal

Reduction in tax rate in case of foreign company

- It is proposed to reduce the tax rate from 40% to 35% in case of foreign companies.
- This amendment will be applicable from 1st April, 2025 and shall apply accordingly for AY-2025-26 and subsequently.
- This would reduce the disparity of tax rate between a branch set up by a foreign company vis-à-vis a subsidiary.

Angel tax is no longer applicable for all investors

- Section 56(2)(viib) states that any shares issued by a closely held company to any person at a price that exceeds the Fair Market Value, the difference between such price and FMV shall be taxable under "Income from Other Sections".
- It has been proposed that such differential amount shall not be taxable in the hands of investee w.e.f. 1st April, 2025.
- This would help in doing away with several complexities and litigations with respect to capital infusion for privately held companies including start-ups.

India proposes a simplified tax regime for foreign shipping companies operating cruises within the country.

- A new presumptive taxation regime under Section 44BBC is being proposed for a non-resident which deems 20% of the aggregate amount received/ receivable by, or paid/ payable to the non-resident cruise-ship operator, along with exemption to income of a foreign company from lease rentals, if such foreign company and the non-resident cruise ship operator have the same holding company.
- The aim is to make India an attractive cruise tourism destination, to attract global tourists to cruise shipping in India and to popularize cruise shipping with Indian tourists.
- Now onwards, Section 44B relating to presumptive taxation for shipping business of non-residents, shall therefore, no longer apply to cruise-ship business.
- This amendment will come in effect from 1st April 2025.



Income Tax

Capital Gain Tax Proposal

Simplification and rationalization of taxation of Capital Gains

Section	Particulars	Taxpayer	Existing Tax Rate	Proposed Tax Rate
112	All long-term assets including (immovable property, precious metals & unlisted shares) not covered in 112A	Resident or Domestic Company	20%	12.50% without indexation
		Non-Resident or Foreign Company	20% with Indexation or 10% without indexation	12.50% without indexation
112A	Long Term Gain arising from transfer of listed equity shares, units of equity-oriented funds, or units of business trusts.	Any person	10% without indexation	12.50% without indexation
111A	Income by way of short-term capital gains arising from the listed equity shares, units of business trust, equity oriented funds.	Any person	15%	20%

Note:

- It is noteworthy to mention the concept of indexation has completely removed.
- It has been proposed to enhance the exemption limit from long-term capital gains u/s 112A from INR 1,00,000 (USD 1204 approx.) to INR 1,25,000 (USD 1506 approx.).
- The previous rates are applicable till 22rd July, 2024 and the current rates are applicable commencing 23rd July, 2024.
- It is proposed that there will only be two holding periods, 12 months and 24 months for determination of LTCG/STCG. Therefore, the period of holding for the listed shares/listed business trust would be 12 months and for other capital assets is 24 months.



Income Tax

Capital Gain Tax Proposal

Revised tax rate for capital gain in the hands of non-resident to bring the parity vis-a-vis residents.

Section	Particulars	Taxpayer	Existing Tax Rate	Proposed Tax Rate
115AB	Income by way of long-term capital gains arising from the transfer of units purchased in foreign currency	Overseas financial organisation	10% without Indexation	12.50% without indexation
115AC	Tax on income by way of long-term capital gains arising from the transfer of bonds of an Indian company or Global Depository Receipts as notified by Central Government.	Non-Resident	10% without Indexation	12.50% without indexation
115ACA	Tax on income by way of Long term capital gains arising from the transfer of Global Depository Receipts	Resident and an employee of an Indian company or its subsidiary engaged in specified knowledge based industry or service.	10% without Indexation	12.50% without indexation
115AD	Tax on income of Foreign Institutional Investors by way of short-term or long-term capital gains arising from the transfer of specified securities.	Foreign Institutional Investors	10% without Indexation (Long Term) 15% (Short term)	12.50% without indexation (Long term) 20% (Short term)
115E	Income from long-term capital gains of an asset other than a specified asset	Non-Resident Indian	10% without Indexation	12.50% without indexation

Income Tax

Capital Gain Tax Proposal

Addition of unlisted bond and unlisted debenture in capital asset under Section 50AA and Change in definition of Specified Mutual Fund

- Section 50AA of the Act provides that the capital gain arising from the transfer/ redemption/maturity of a unit of Specified Mutual Fund or a Market Linked Debenture acquired on or after 1st April, 2023 shall be treated as Short Term Capital Gain irrespective of Period of Holding.
- Specified mutual fund is a mutual fund that invests not more than 35% of its proceeds in equity shares of Indian companies.
- It has been proposed to include unlisted bonds or unlisted debentures which are transferred or redeemed or matures on or after the 23rd July, 2024 in the list of capital assets.
- Additionally, the definition of Specified Mutual Fund has been substituted with the new definition, where Specified Mutual Fund means:
 - a mutual fund that invests more than 65% of its proceeds in debt and money market instruments, or
 - another fund which invests 65% or more of its proceeds in the units of mutual fund mentioned above.

Amendment in the definition of Fair market value under section 55

- Cost of Acquisition of long term capital asset, being an equity share in a company or a unit of a mutual fund or a unit of a business trust shall be higher of-
 - Cost of acquisition of such asset, and
 - Lower of fair market value of such asset and full value of consideration received or receivable
- It is proposed to amend the explanation to include that in a case where the capital asset is an equity share in a company, which is not listed on a recognized stock exchange as on 31 January 2018, but listed on such exchange subsequent to the transfer, fair market value would be proportionate to the cost of acquisition, using the cost inflation index (CII) for FY 2017-18 relative to the CII for the first year the asset was owned by the taxpayer.

Income Tax

Tax Proposal

Amendment in Taxation on Buyback of shares.

- Section 115QA deals with taxation of the income by the way of buy back of shares of a company from a shareholder. Company was required to pay a tax at the rate of 20% plus applicable surcharge and cess and gains in hands of shareholder was exempted.
- Now it has been proposed that Section 115QA will not be applicable for the buy-back of the shares with effect from 1st October, 2024.
- Meaning thereby, amount distributed on buy back of shares will now be treated as deemed dividend in the hands of the shareholders under newly inserted Section 2(22)(f) and would be taxed under the head “Income from other sources” at the applicable slab rates.
- The amendment to Section 46A stipulates that the value of consideration received from the buyback of shares will be deemed to be nil. Consequently, the cost of acquisition for these shares will be recognized as a capital loss, which can be set off against future capital gains.
- Any expenses incurred by the shareholder during buy back of shares would not be allowed to claim it as a deduction from Income from other sources under Section 57.
- This will benefit foreign investors as they could be eligible for treaty relief and tax credit in their home jurisdiction.

Increase in contribution limit to pension Scheme

- It is proposed that amount contributed by an employer towards the pension scheme shall be allowed as an expense if it does not exceed 14% of the salary of the employee. Earlier this limit was 10%.
- This amendment will come in effect from 1st April 2025.

Increase in Amount paid as remuneration to working partners

- Section 40(b)(v) of income tax states that the amount allowed as an expenditure is paid as remuneration to the working partner. It is proposed to increase this limit to INR 6,00,000 (USD 7,225 approx.) in case of profit and INR 3,00,000 (USD 3615 approx.) in case of loss.
- This amendment will come into effect from 1st April 2025.



Income Tax

Tax Proposal

Extending the ambit of Lower Withholding Certificate for deduction/collection of Tax at source

- Section 197 provides that payments on which tax is required to be deducted under certain sections are eligible for certificate for deduction at lower rate. However, this does not include section 194Q which requires buyers to deduct 0.1% tax on purchases exceeding INR 50 lakhs (USD 60 thousand approx.) in a year.
- Section 206C(9) provides that sums on which tax is required to be collected are eligible for collection of tax at lower rate. However, this does not include section 206C(IH) which requires sellers to collect 0.1% tax on sales exceeding INR 50 lakhs (USD 60 thousand approx.) in a year.
- Now it has been proposed to include section 194Q and section 206C(IH) to be eligible for application of lower deduction/collection certificates. It would prevent the unnecessary blockage of working capital.
- This amendment will take effect from 1st October, 2024.

Inclusion of foreign withheld taxes in total income calculation

- Section 198 provides that sums deducted under TDS provisions are considered income received for the calculation of total income, however it was seen that some assesses are not including the income taxes withheld outside India but credit for foreign taxes withheld was being taken.
- It has been proposed to include the income tax withheld outside in the computation of total income to prevent under reporting of total income and claiming double benefit. This amendment shall take effect from 1st April, 2025.

Time Limit for correction of TDS and TCS Statements

- Section 200 and section 206C prescribes the time limit for furnishing statements detailing the TDS and TCS respectively. However, there is no time limit for furnishing correction statements and may be revised multiple times.
- It is proposed that no correction statement shall be submitted after the expiry of six years from the end of the financial year in which the original statements were delivered. This amendment shall take effect from 1st April, 2025.
- Now onwards, such statements cannot be revised indefinitely and therefore such provision cannot be misused leading to correct reporting of data in TDS/TCS statement.



Income Tax

Tax Proposal

Reduction in time limit for orders deeming assessee in default

- Section 201(3) provides a time limit of seven years for order deeming a person to be an assessee in default for failure to deduct the tax (whole or part) where the payee is a person resident in India. Section 206C(6A) provides that a person fails to collect tax or fails to pay after collecting considered to be an assessee in default.
- It has now been proposed that no person considered as assessee in default for failure to deduct/collect tax from any person after the completion of six years from the end of the financial year in which payment is made or credit. This amendment shall be applicable to both resident and non-residents and will be effective from 1st April, 2025.

Interest on late deposit of tax collected

- Section 206C(7) provides that in case of any delay, interest shall be calculated @ 1% per month or part thereof from the date on which TCS was collectible to date on which TCS is actually paid.
- It has now been proposed that interest rate for late TCS payments to 1.5% per month or part thereof which ensures consistency and alignment with interest rates applicable on late deposit of tax deducted at source. This amendment shall take effect from 1st April, 2025.

Expansion of TCS on high-value goods

- Section 206C(IF) provides that a seller whose turnover exceeds INR 1 crores (USD 1,20,000 approx.) (50 lakhs (USD 60 thousand approx.) in case of profession) in the preceding financial year is required to collect the TCS at the rate of 1% from the sale of motor vehicle of the value exceeding INR 10 lakh (USD 12,000 approx.)
- Now, it has been proposed to extend this levy to other goods exceeding INR 10 lakh (USD 12,000 approx.), as notified by the Central Government.
- The amendment will take effect from 1st January, 2025.



Income Tax

Other Tax Proposal

Consequences of non-filing of 49C by Liaison office of non-residents in India

- Every person being a non-resident having a liaison office in India is required to file Form 49C (i.e. annual statement) within sixty days from the end of the financial year.
- It has now been proposed that failure to furnish a statement may attract a penalty of INR 1,000 (USD 12 approx.) for each day during the period which default continues accordingly.
- This will be effective from 1st April 2025.

Income arising to NR from Units of an IFSC

- As per section 10(4F), any royalty or interest income arising in the hands of a non-resident received from a Unit of an IFSC on account of the lease of an aircraft or a ship shall be exempt from tax.
- The above deduction shall be allowed only if such IFSC unit has started its operations on or before 31st March 2024.
- It has been proposed to extend this date by one year to 31st March 2025.

Income in relation to transfer of asset for Unit of an IFSC

- Section 80LA of the Act provides for deduction in respect of certain incomes of Offshore Banking Units and the International Financial Services Centre (IFSC).
- It includes any income arising from the transfer of an asset, being an aircraft or a ship, that was leased by an IFSC unit to a person.
- The said deduction shall be allowed to those IFSC units that have commenced their operation on or before the 31st March 2024.
- It has been proposed to extend the period of commencement of operations from 31st March 2024 to 31st March 2025 (i.e., extended by one year).

Income of specified person arising from investments made in India

- Section 10 (23FE) of the Act states that the income of a specified person in the nature of dividend, interest, or long-term capital gains arising from investment made in India shall be exempt from tax.
- It has been proposed to increase this time limit for investment by one year i.e., till 31st March 2025.
- Specified persons include a wholly owned subsidiary of the Abu Dhabi Investment Authority, a Sovereign Wealth Fund, and a Pension fund, subject to satisfaction of the prescribed conditions.



Income Tax

Other Tax Proposal

TDS on Interest on Securities of Central Government or State Government

- Clause (iv) of Section 193 provides that no TDS shall be deducted on Interest received on securities of the Central Government.
- Further, it is provided that this exemption shall not apply to interest exceeding INR 10,000 (USD 120 approx.) payable on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 during the financial year.
- This exemption has been extended w.e.f. 1st October 2024 and Floating Rate Savings Bonds, 2020 (Taxable) has been added. Hence, TDS under section 193 shall also apply to such bonds.

Relief on Tax Deduction at source at the time of payment on repurchase of units by Mutual Funds or Unit Trust of India

- The person paying any amount for repurchase of units by Mutual Funds or Unit Trust of India was liable to deduct TDS at the rate of 20%.
- Now this section has been omitted w.e.f. 1st October 2024.

Meaning of “Work” under section 194C

- As per clause (iv) of explanation to section 194C, there is an exclusion from the definition of “work”; manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer.
- Further, in addition to the above exclusion, it has been proposed to exclude any sum referred to in sub-section (1) of section 194J. This will be effective from 1st October 2024.

Clarification on sale consideration under section 194-IA

- TDS shall not be deductible if the amount of sale consideration or Stamp Duty Value of immovable property (other than agriculture land) is less than INR 50 lakh (USD 60,000 approx.).
- It has been clarified w.e.f. 1st October 2024, that, in case where there is more than one transferor or transferee in respect of an immovable property, the consideration shall be aggregate of the amounts paid or payable by all the transferees to the transferor.



Income Tax

Tax Proposal

TDS on Salary, remuneration, commission, bonus and interest paid to partner by Partnership Firm/LLP

- Earlier there was no provision for deducting tax at source on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners.
- Section 194T has been proposed for the deducting tax at source on the above-mentioned payments by a partnership firm to partners of the firm.
- The rate of TDS is 10% of such salary, remuneration, interest, bonus or commission with a threshold limit of INR 20,000 (USD 240 approx.).
- This section will be effective from 1st April 2025.

Credit for TCS of minor in parent's hand

- Earlier there was no provision for allowing credit of TCS to any other person (eg. parent) other than the collectee.
- An amendment to section 206C is proposed in Budget 2024 which allow the credit of TCS by parents for their minor's children transaction.
- However, credit of TCS of the minor shall only be allowed where the income of the minor is being clubbed with the parent.
- This section will be effective from 1st January 2025.



Income Tax

Tax Proposal

Section	Particulars	Existing Tax Rate	Proposed Tax Rate
194DA	Payment in respect of Life Insurance Policy.	5%	2%
194G	Commission etc. on sale of lottery tickets.	5%	2%
194H	Commission on brokerage.	5%	2%
194-IB	Payment of rent by certain individuals or Hindu Undivided Family.	5%	2%
194M	Payment of certain sum by certain individuals or Hindu Undivided Family.	5%	2%
194O	Payment of certain sum by e-commerce operator to e-commerce participant.	1%	0.1%
196B	Income from units purchased in foreign currency	12% (on LTCG) and 10% on income other than LTCG	12.5% (on LTCG) and 10% on income other than LTCG
196C	Income from Foreign currency bonds or shares of Indian company	10% (on LTCG) and 10% on income other than LTCG	12.5% (on LTCG) and 10% on income other than LTCG

- Decrease in TDS rates could lead to increasing of revenue cash flow in the hands of recipient. This would be welcome move by the ministry of finance.
- Effective date of the rates of section 194DA, 194G, 194H, 194-IB, 194M, 194O is 1st October 2024 and 23rd July 2024 for 196B and 196C.



Income Tax

Tax Proposal

Amendment to the Finance Act 2004 in chapter VII, in Section 98 with respect to Security transaction tax on sale of future and Options in Securities. (applicable from 1st day of October, 2024)

- Earlier, the STT on the sale of an Option in securities was "0.0625 per cent". Now, after the amendment, the new STT will be "0.1 per cent." This means the STT for selling an option will be slightly higher than it was before.
- Similarly the STT on the sale of a futures in securities was "0.0125 per cent". This has also been increased to "0.02 per cent".

Withdrawal of Equalization Levy 2.0 introduced by the Finance Act 2020

- Chapter VIII of the Finance Act, 2016 related to equalisation levy was amended by Finance Act, 2020 to provide for imposition of equalization levy (EL) of 2% on the amount of consideration received/ receivable by an e-commerce operator from e-commerce supply or services.
- Some stakeholders have expressed concerns about the unclear scope and compliance challenges of the 2% equalisation levy. Therefore, this levy has been withdrawn with effect from 1st day of August, 2024.
- Consequently as the 2% levy is being made inapplicable, income which is exempt under section 10(50) earlier shall no longer be exempt on or after 1st day of August, 2024.
- Hence, the taxation of such income shall revert back to taxation as Royalty/FTS.



Income Tax

Tax Proposal

Transition from Dual Trust Exemption to Unified Trust Exemption

- Earlier there were two separate regimes for trust exemptions as mentioned under section 10 (23C) (first regime) and sections 11 to 13 (second regime). Both the regimes intend to grant similar benefit to the trust and charitable organisation.
- In order to simplify the procedures and to reduce administrative burden, it has been proposed to merge two tax exemption regimes for charitable trusts into one, by stating that the first regime for trusts, funds, or institutions to be merged and transited to the second regime in a gradual manner.
- The above changes in the provision will take effect from the 1st October, 2024.

Condonation of Delay in Trust/Charitable Organization Registration Applications

- Trusts/institutions must apply for registration under section 12AB within specified timelines. Delays may lead to taxation on accreted income or permanent exit from the exemption regime. Section 80G has specific timelines for approval applications for funds/institutions.
- It has been proposed that Principal Commissioner can now condone delays in filing application provided reasonable cause exist. Timelines for section 80G approval applications will also be rationalized to prevent unintended exits.
- The above changes will take effect from 1st October,2024.

Income Tax

Assessment, Reassessment, Appeal and Penalty

Streamlining the procedures for Income escaping assessment



Substitution of Section 148 and Section 148A of the Act

- Existing provision of Section 148 of the Act in conjunction with section 148A of the Act provides for the procedure of assessment or reassessment which states that before making the assessment or reassessment under section 147 (in case where income has escaped assessment), the Assessing Officer shall conduct inquiry and serve on the assessee a notice, along with a copy of the order passed under section clause(d) of Section 148A of the Act.
- With effect from 1st day of September 2024, Budget 2024 proposes to substitute new sections for Section 148 and 148A of the Act. However, no material changes have been brought in newly substituted section



Reduction of Time limit for issuance of notice [section 149 of the Act]

Section 149 specifies the timeframe within which such notices must be issued and calculates the period of limitation under different circumstances. Budget 2024 proposes to amend the time limit provided in Section 149 as under-

Particulars	Existing provision	Proposed Amendment
Time Limit for Notice issuance of notice under section 148A		
Normal Case i.e., income escaping assessment amount is < 50 lakh.	No specific provision	3 years from the end of the relevant assessment year.
Specific Case i.e., income escaping assessment amount is >= 50 lakh.	No specific provision	5 years from the end of the relevant assessment year.
Time Limit for Notice issuance of notice under section 148		
Normal Case i.e., income escaping assessment amount is < 50 lakh	3 years from the end of the relevant assessment year.	3 years and 3 months from the end of the relevant assessment year.
Specific Case i.e., income escaping assessment amount is >= 50 lakh.	10 years from the end of the relevant assessment year.	5 years and 3 months from the end of the relevant assessment year.



Income Tax

Assessment, Reassessment, Appeal and Penalty

Specified authority for the purposes of section 148 and section 148A (Section 151)

- Budget 2024 proposes to replace the existing Section 151 of the Income Tax Act with a new provision. The aim of this amendment is to reduce the administrative burden on the AO with respect to the approval required for reopening the assessment.
- Specified authority for the purposes of section 148 and section 148A is as under-

Particulars	Earlier Provision	Proposed Amendment
If 3 years or less than 3 years from the end of the relevant assessment year.	Principal commissioner, Principal Director, Commissioner, Director.	Additional Commissioner, the Additional Director, the Joint Commissioner, the Joint Director
If more than 3 years from the end of the relevant assessment year	Principal Chief Commissioner, Principal Director General, Chief Commissioner, Director General	



Income Tax

Assessment, Reassessment, Appeal and Penalty

Insertion of Sub-section 3 and 4 to the Section 152 relating to Other Provisions.

i

Sub-section 3 to the section 152 of The Income Tax Act, 1961

- Budget 2024 proposed rationalisation of assessment or reassessment procedures by substituting 148 and 148A of the Act and reducing the time limit provided in Section 149 and 151.
- To clarify that the proposed changes in section 147 to 151 shall not apply to case in which search has initiated under section 132 or requisition is made under section 132A or a survey is conducted under section 133A on or after the 1st day of April, 2021 but before the 1st day of September, 2024, Sub-section (3) to the section 152 has been inserted.
- In other words, section 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.

ii

Sub-section 4 to the section 152 of The Income Tax Act, 1961

- To clarify that the proposed changes in section 147 to 151 shall not apply to case in which notice under section 148 has been issued or an order under clause (d) of section 148A has been passed, on or after the 1st day of April, 2021 but before the 1st day of September, 2024, Sub-section (4) to the section 152 has been inserted.
- In other words, the amended section 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.
- This amendment will take effect from the 1st day of September, 2024.

Income Tax

Assessment, Reassessment, Appeal and Penalty

Section 153 in relation to “Time limit for completion of assessment, reassessment and recomputation.

i

Insertion of Sub-section 1B to the section 153 of The Income Tax Act, 1961

- Sub-section (1) of the said section provides that assessment under section 143 or section 144 shall be completed within twelve months from the end of the assessment year in which the income was first assessable. Earlier this sub-section did not include any time limit for order of assessment of cases where return of income is furnished in consequence of an order under clause (b) of sub-section (2) of section 119.
- Budget, 2024 proposed to insert a new sub-section (1B) in the said section to provide that order of assessment of cases where return of income is furnished in consequence of an order under clause (b) of sub-section (2) of section 119 may be completed within twelve months from the end of the financial year in which such return is furnished.
- Further, the existing provisions of the section 139 prescribe, inter-alia, that every person, being a company or a firm, or being a person other than a company or a firm whose total income exceeds the maximum amount which is not chargeable to income-tax, shall, furnish a return of his income. In this regard, consequential amendment is proposed in the said section to provide that where any return of income is furnished in pursuance of an order under clause (b) of sub-section (2) of section 119, the provisions of this section 139 shall apply.

ii

Insertion of section 250 among other sections to the sub-section (3) of the said section

- Sub-section (3) of the said section provides the time-limit for passing the fresh assessment order in pursuance of an order under section 254 or section 263 or section 264 setting aside or cancelling an assessment. It further provides that such fresh assessment order shall be passed at any time before the expiry of twelve months from the end of the financial year in which the order under section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be.
- Earlier there was no provision for fresh order in pursuance to order passed u/s 250 of the Act.
- The Budget proposed to insert the reference to section 250 in the said sub-section in order to provide the time-limit for disposal of cases which are separately proposed to be set aside by the Commissioner (Appeals).

Income Tax

Assessment, Reassessment, Appeal and Penalty

Section 153 in relation to “Time limit for completion of assessment, reassessment and recomputation.

iii

Involvement of revival cases under section to the section 158BA and involvement of section 158BE for determining time limit of The Income Tax Act, 1961

- Sub-section (8) of the said section provides that order of assessment or reassessment relating to any assessment year, which stands revived under sub-section (2) of section 153A, shall be made within a period of one year from the end of the month of such revival or within the period specified in the said section or sub-section (1) of section 153B, whichever is later.
- In this regard, proposal has been made to involve those situation as well where revival is made under 158BA(5). Also the time limited has now included the reference of Section 158BE i.e. such assessment shall be completed within a period of one year from the end of the month of such revival or within the period specified in the said section or sub-section (1) of section 153B or 158BE, whichever is later.

iv

Insertion of 6th proviso to clause xii of Explanation 1 of the said section

- Clause (xii) of Explanation 1 of the said section provides that while computing the period of limitation, period commencing from date of initiation of search and ending on the date on which the seized materials are handed over to the Assessing Officer is excluded.
- The budget, 2024 has proposed to insert 6th proviso stating that cases where after exclusion of this period, the period of limitation ends before the end of the month then such period shall be extended to the end of such month.
- These amendments will take effect from 1st October, 2024.

Income Tax

Assessment, Reassessment, Appeal and Penalty

Introduction of Block Assessment provisions in cases of search under section 132 and requisition under section 132A of the Act:

- In Budget 2024, A special procedure for assessment of search cases is introduced in order to make the procedure of Assessment of search cases cost-effective, efficient and meaningful and to overcome multiple problems that are arising under the present scheme of search assessment under section 148 of the Act. It is proposed to introduce the scheme of Block Assessment for the cases in which search under section 132 or requisition under section 132A has been initiated or made. The main objectives for the introduction of this scheme are early finalization of search assessments, coordinated investigation during search assessments and reduction in multiplicity of proceedings.

Amendments in the provisions of chapter XIV-B of the Act:

- Assessment of total income as a result of Search: Where on or after the 1st day of September, 2024, a search is initiated u/s 132, or books of account, or any assets are requisitioned under section 132A, in the case of any person, the Assessing Officer shall proceed to assess or reassess the total income of such person in accordance with the provisions of the said Chapter.
- The Assessments/ re-assessments or re-computation including the cases where reference has been made u/s 92CA(1) and order passed u/s 92CA(3) of the Act for the block period shall abate. Till block assessment shall be completed, no further assessment/reassessment proceeding shall take place in respect of the period covered in the block.
- The total income of the block period shall be computed in accordance with the provision of section 158BB of the Act, on the basis of evidence found as a result of search or survey in consequence of such search or requisition of books of account or other material /information as are either available with the Assessing Officer or come to his notice by any means during the course of proceedings under the said Chapter.
- The total income relating to the block period shall be chargeable to tax, at the rate specified in section 113 of the Act i.e., sixty percent, as income of the block period irrespective of the previous year or years to which such income relates. No interest as per section 234A, 234B or 234C or penalty as per section 270A of the Act shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.
- Penalty on the undisclosed income of the block period as determined by the Assessing officer shall be levied at 50 percent of the tax payable on such income. No such penalty shall be levied if the assessee offers undisclosed income in the return furnished in pursuance of search and pays the tax along with the return.



Income Tax

Assessment, Reassessment, Appeal and Penalty

- The Assessing Officer, on determination of the total income of the block period in accordance with the procedure given in this chapter, shall pass an order of assessment or reassessment with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director within twelve months from the end of the month in which the last of the authorisation for search under section 132, or requisition under section 132A of the Act, was executed or made and determine the tax payable by him on the basis of such assessment or reassessment.
- The provisions of section 144C of the Act shall not apply to any proceeding under the said Chapter
- The provision of this chapter shall not apply in case where, search was initiated before 1st September, 2024 and proceedings in such case shall be governed by the other provisions of Act.

Income Tax

Assessment, Reassessment, Appeal and Penalty

Proposed changes to provisions of Section 253

- Section 253 allows taxpayers to appeal to the Income Tax Appellate Tribunal (ITAT) against orders from various tax authorities. under several sections such as 154, 250, 270A, 271, and others.
- Section 158BFA deals with penalties on undisclosed income found during searches. Since it is not currently included in Section 253(1), taxpayers cannot appeal against such penalty orders. It is proposed to add Section 158BFA to the list of appealable orders.
- Currently, appeals to the ITAT must be filed within 60 days from the date the order is communicated to the taxpayer or the Principal Commissioner/Commissioner. With the new Faceless Appeal system, orders are uploaded daily, making it hard to track the deadline.
- It is proposed to change the time limit to two months from the end of the month in which the order is communicated to the taxpayer or the Principal Commissioner/Commissioner.
- These changes will streamline the appeal process and ensure that the deadlines are easier to manage under the new system.

Proposed changes to provisions of Section 276B

- Union budget has proposed to amend Section 276B and extended the timelimit to deposit TDS and TCS till the date of furnishing TDS/ TCS returns. Section 276B contains the stringent provision of prosecution for failure to deposit TDS and TCS with central government on or before due date of depositing TDS/ TCS. The prosecution may be for minimum of 3 months and maximum term of 7 years along with a fine.
- This was often perceived as a huge punishment even if the delay in depositing TDS/ TCS is not substantial. Many small companies have to face litigation on small delays. The amendment in Union budget will provide relief to taxpayers from prosecution if delay in depositing TDS/ TCS is not beyond the due date of furnishing TDS returns. This change aligns with the government's agenda to reduce tax litigation.



Income Tax

Assessment, Reassessment, Appeal and Penalty

Proposed changes to provisions of Section 251 with respect to powers of CIT(A)

- Currently, The Commissioner (Appeals) have the following powers:
 - Confirm, reduce, enhance, or cancel an assessment if the appeal is against an assessment order.
 - Confirm, cancel, or modify (to increase or decrease) a penalty if the appeal is against a penalty order.
- The Commissioner (Appeals) can ask the Assessing Officer for a report after conducting further inquiries before making a decision on an appeal. This is called as remand report.
- In many cases, taxpayers often ignore letters or notices from the Faceless Assessing Officer and instead file appeals directly with the Commissioner (Appeals) which adds to backlog of cases
- Proposed powers for Commissioner (Appeals):
 - To facilitate handling of the large number of pending appeals and disputed tax demands, it is proposed that for best judgement cases (under Section 144), the CIT(A) can set-aside the assessment order and send the case back to the Assessing Officer for a fresh assessment.
 - A corresponding amendment to Section 153(3) will set a time limit for the disposal of cases referred back by the Commissioner (Appeals).



Income Tax

Assessment, Reassessment, Appeal and Penalty

Proposed changes to provisions of Section 246(A)

- As per section 275 no penalty order can be made if there is an ongoing appeal against the assessment order or other relevant order before the Joint Commissioner (Appeals), Commissioner (Appeals), under section 246 or 256(A) or the Appellate Tribunal (ITAT) under section 253.
- The penalty order must be made within:
 - The end of the financial year in which the penalty proceedings were completed, or
 - Six months from the end of the month in which the appellate order [of JCIT(A), CIT(A), or ITAT] is received by the Principal Chief Commissioner, Chief Commissioner, Principal Commissioner, or Commissioner.
- The later of these two dates will be the deadline.
- For calculating the time limit, the important date is when the appellate order is received by the Principal Chief Commissioner, Chief Commissioner, Principal Commissioner, or Commissioner.
- It is proposed to amend Section 275 to remove the reference of the date of receipt of the order by these offices.
- This amendment aims to simplify and clarify the calculation of the time limit for imposing penalties, making it easier to determine the exact deadline.



Income Tax

Assessment, Reassessment, Appeal and Penalty

Introduction of the direct tax Vivad se Vishwas scheme, 2024

- The Direct Tax Vivad Se Vishwas Act, 2020, was a successful initiative for pending appeals as of 31.01.2020, receiving strong taxpayer response and significant revenue for the Government. Since the number of pending litigation cases is increasing because more cases go to appeal than are resolved. Given the success of the previous Vivaad Se Vishwas Act, 2020, and the growing number of appeals at the CIT(A) level, a new Direct Tax Vivad se Vishwas Scheme, 2024, is proposed. This scheme aims to settle disputed issues and reduce litigation at a minimal cost to the exchequer.
- The Vivad Se Vishwas Scheme, 2024 has been introduced to alleviate the financial and procedural burden on taxpayers by providing a streamlined mechanism for resolving disputes. By opting for this scheme, taxpayers can withdraw their pending appeals and settle their tax disputes in a simplified manner.
- The Vivad Se Vishwas Scheme, 2024 helps taxpayers by making it easier to settle tax disputes. It aims to cut down on legal costs and avoid long court cases. By using this scheme, taxpayers can get reduced penalties and interest, encouraging them to resolve their issues quickly and fairly. The scheme is designed to make the tax process smoother and more efficient for everyone.
- The Scheme will come into force on a date to be announced by the Central Government. The final date for the Scheme will also be notified.

Income Tax

Transfer Pricing Proposal

Amendment in sub-section (2A) and (2B) of section 92CA of the Income-tax Act which relates to reference to Transfer Pricing Officer (“TPO”) by the Assessing Officer (“AO”)

- Earlier Sub Section 2A allowed the TPO to determine the Arm's Length Price (ALP) of an international transaction which comes to the notice of the TPO and which has not been referred to him by the AO. And Sub Section 2B provides for computation of ALP by the TPO, of those international transactions, details of which have not been furnished in the audit report (“TP Certification”).
- In the Finance Bill 2024, it is proposed to amend sub-sections (2A) and (2B) of section 92CA to empower the TPO to address Specified Domestic Transactions (SDTs) that have not been referred to him by the AO and for which no audit report under section 92CE has been filed.
- These amendments will be effective from April 1, 2025
- The proposed amendment expands the TPO's jurisdiction to include SDTs in addition to International Transactions that have not been referred to him by the AO or for which no audit report under section 92CE has been filed.

Exclusion of Finance Company located in International Financial Services Centre (“IFSC”) from the scope of section 94B of the Act

- Section 94B of the Act was inserted by Finance Act, 2017 in order to implement the recommendation on Action Plan 4 of the Base Erosion and Profit Shifting (BEPS) to put a cap on the entities resorting to base erosion and profit shifting (BEPS) by way of excess interest deductions. The aforesaid provisions are not applicable to Banking and Insurance Companies or such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf.
- In the proposed amendment, it is provided that Finance Company located in International Financial Services Centre (“IFSC”) shall be excluded from the purview of Section 94B i.e., nothing contained in section 94B of the Act shall apply to such Finance Company.
- This amendment will be effective from April 1, 2025
- The insinuation of this amendment is that If such Finance Company located in IFSC incur any interest expense or similar nature of expense exceeding one crore rupees which are deductible in computing income chargeable under the head PGBP, it shall not be limited to the extent of 30% of its EBITDA.

Income Tax

Transfer Pricing Proposal

Expansion of Scope of Safe Harbour rules to streamline Transfer Pricing Assessment

- With a view to reduce litigation and provide certainty in International Transactions, the scope of safe harbour rules would be expanded to make them more attractive and transfer pricing assessment procedure would be streamlined. Although specific details on the implementation of these measures have not been provided at this time.

Amendments in sections 245Q and 245R related to Advance Rulings

- Section 245Q has been proposed to be amended to extend the time limits for withdrawal of applications before Board of Advance Rulings (“BAR”) till October 31st October 2024. Earlier, the Authority for Advance Rulings (“AAR”) was made ineffective in 2021 and pending applications were transferred to newly constituted BAR. The taxpayers were given 30 days time to withdraw the erstwhile applications made before AAR, if required.
- Many of the applicants were pointing out that their applications are still pending for disposal, and that these applications were filed before AAR to get certainty on taxability of the transactions with an intent to get a ruling from a quasi-judicial forum in a time-bound manner. However, due to various reasons like change in constitution of BAR forum, non-binding nature of the ruling (as it is made appealable to High Court), substantial passage of time, and other commercial reasons, these applicants wish to withdraw their applications.
- However, the timelimit of 30 days to withdraw has also been lapsed. Hence, an extension has been provided to taxpayers for withdrawal of applications as per the choice of taxpayers.

Implication on Transfer Pricing Assessment in case of Assessment of Total Income as a result of search initiated u/s 132 or making of requisition u/s 132A of the Act

- In case of initiation of search or requisition under section 132 or 132A of the Act, the Ongoing TP Assessment or issued order u/s 92CA(3) shall be considered as abated on the date of the initiation of search.
- Where any evidence found as a result of search or requisition relates to any IT or SDT referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.
- The provisions of section 144C of the Act shall not apply to any proceeding under the said Chapter.
- This amendment will take effect from the September 1, 2024



Income Tax

Proposal in relation to amendment in Prohibition of Benami Property Transactions Act, 1988

Amendment of Section 24 of the Prohibition of Benami Property Transactions Act, 1988 (effective from the 1st day of October, 2024)

- Section 24 of the Prohibition of Benami Property Transactions (PBPT) Act, 1988 pertains to the issuance of notices and the attachment of properties involved in Benami transactions.

Insertion of new sub-section (2A) to the Section 24 of the Act

- Section 24 of the Act currently lacks time limit for benamidar to furnish a reply to the notice issued under sub-section (1) or beneficial owner to file submissions on copy of said notice given to him under sub-section (2) of Section 24 of the Act.
- Budget 2024 proposes to insert sub-section (2A) to provide a maximum time limit of three months from the end of the month in which notice is issued under sub-section (1) for the benamidar or the beneficial owner to file their explanations or submissions.

Amendment of provisions of sub-section (3) and sub-section (4)

- Existing provisions of sub-section (3) and sub-section (4) of section 24 of the Act provides for a time limit of Ninety days from the last day of the month in which notice under sub-section (1) is issued, for the Initiating Officer to provisionally attach the property or to pass an order for continuing the provisional attachment or revoking the provisional attachment or deciding not to attach the property, as the case may be.



Income Tax

Proposal in relation to amendment in Prohibition of Benami Property Transactions Act, 1988

Amendment of provisions of Sub-section (5) of Section 24 of the Act

- The existing provisions of sub-section (5) of said section 24 allow for a time period of fifteen days from the date of attachment order to the Initiating Officer to draw up a statement of the case and refer it to the Adjudicating Authority.
- Budget 2024, proposes to increase the above said limit to One month from the last day of the month in which the order under sub-clause (i) of clause (a), or under sub-clause (i) of clause (b) of sub-section (4) of the said section 24 of the PBPT Act, 1988, has been passed

Insertion of Section 55A in the Prohibition of Benami Property Transactions Act, 1988(The PBPT Act,1988)

- To gather evidence against beneficial owners and incentivize benamidars to cooperate in proceedings and provide testimony/evidences against the beneficial owner, Budget 2024 proposes to insert a new section 55A in the PBPT Act,1988 in the relation to "Power to tender immunity from prosecution and penalty" to benamidar, provided they make full and true disclosure of the whole circumstances relating to the benami transaction.
- This amendment will take effect from the 1st day of October, 2024.



Income Tax

Tax Proposal

Amendment in provisions relating to set off and withholding of refunds [Section 245]

- Sub-section (2) of section 245 of the Act provides that where a part of the refund is set off under the provisions of sub-section (1), or where no such amount is set off, and refund becomes due to a person and the Assessing Officer having regard to the fact that proceedings for assessment or re-assessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax, withhold the refund up to the date on which such assessment or reassessment is made.
- The above sub-section, inter alia, requires the Assessing Officer to form an opinion for withholding the refund that the grant of refund is likely to adversely affect the revenue. Budget 2024 proposes to amend the sub-section (2) to omit the said requirement.
- Further, the time limit for withholding of refund was up to the date on which such assessment or reassessment is made, which in is inadequate as the demand itself becomes due after thirty days of the date of assessment.
- Budget 2024 proposes to extend the period of withholding the refund up to sixty days from the date on which such assessment or reassessment is made.
- Consequential amendment is also required in Proviso to sub section (1A) of Section 244A of the Act in determining the period of non-payment of additional interest payable in case where assessment is pending, the words “on which such assessment or reassessment is made” shall be substituted with the words “upto which such refund is withheld”.
- This amendment will take effect from the 1st day of October, 2024.



Income Tax

Tax Proposal

Amendment to Section 132B of the Act [Application of seized or requisitioned assets]

- Section 132B of the Act provides that any existing liability under the Income-tax Act, 1961, the Wealth-tax Act, 1957(27 of 1957), the Expenditure-tax Act, 1987 (35 of 1987), the Gift-tax Act, 1958 (18 of 1958) and the Interest-tax Act, 1974 (45 of 1974), and the amount of liability determined on completion of the assessment or reassessment in consequence of search or requisition, may be recovered from the taxpayer out of the seized assets under section 132 or requisitioned under section 132.
- Currently, most of the liabilities arising under the above stated Acts have been covered in section 132B of the Act, for the purpose of extinguishment of liability by recovery out of the seized assets, except the liabilities arising under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 which provides for taxation of undisclosed foreign income and undisclosed foreign assets.
- To include the liabilities arising under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, Budget 2024 proposes to insert the reference of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the section 132B of the Income-tax Act, 1961 so as to recover the existing liabilities under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, out of seized assets.
- This amendment will take effect from the 1st day of October, 2024.

Income Tax

Amendment To The Black Money (Undisclosed Of Foreign Income And Assets) And Imposition Of Tax Act, 2015

Amendment to Section 42 of the Black Money Act, 2015

- Section 42 of the Act imposes a penalty for not furnishing income tax return in relation to foreign income and assets. This section applies to residents in India who are not ordinarily residents and may result in a penalty of up to ten lakh rupees (USD 12,000 approx.) on non-furnishing ITR.
- The proviso to this section exempts asset being a bank account with an aggregate balance not exceeding five hundred thousand rupees (USD 60 approx.) during the previous year.
- The proposed amendment seeks to substitute this exemption and provides that this section would not be applicable in respect of an asset/ assets other than immovable property upto a limit of twenty lakh rupees (USD 24,000 approx.).
- This amendment will take effect from October 1, 2024

Amendments to Section 43 of the Black Money Act, 2015

- Section 43 of the Act imposes a penalty for failure to furnish in return of income, information or furnish inaccurate particulars about an asset (including financial interest in any entity) located outside India. his section mandates a penalty of ten lakh rupees (USD 12,000 approx.), irrespective of the value of the foreign asset, in cases where a resident and ordinarily resident individual fails to disclose details of specified foreign assets or provides inaccurate particulars of such assets in their income tax return.
- The proviso to this section exempts asset being a bank account with an aggregate balance not exceeding five hundred thousand rupees (USD 60 approx) during the previous year.
- The proposed amendment seeks to substitute this exemption and provides that this section would not be applicable in respect of an asset/ assets other than immovable property upto the limit of twenty lakh rupees (USD 24,000 approx.).
- This amendment will take effect from October 1, 2024



04.

Indirect Tax Proposals





Goods and Services Tax

Amendment in Section-9 of CGST Act, 2017

- The provisions of Section 9(1) of the CGST Act, 2017 was amended to exclude **Extra Neutral Alcohol (ENA) or rectified spirit used for manufacture of alcoholic liquor for human consumption** from the purview of GST. Similar amendment is made in the IGST Act and UTGST Act. The taxability of Extra Neutral Alcohol (ENA), a key raw material for liquor production, has been a contentious issue between the Centre, which claims it falls under GST, and the States, which assert exclusive rights to levy VAT on it. The recent provision excluding un-denatured ENA used for manufacturing alcoholic beverages from GST aims to resolve this dispute.

Insertion of Section-11A of CGST Act, 2017

- Government has inserted a new Section-11A of the CGST Act, 2017 which empowers Government to fix issues where the tax was not charged correctly because of common practices in the trade. This new power will also apply to the IGST Act, UTGST Act, and GST (Compensation to States) Act, helping ensure that tax rules are followed correctly across all these areas. This provision aims to regularize past practices and offer relief to businesses that adhered to industry norms, even if those norms did not fully comply with tax law. This proactive measure not only promotes a more predictable tax environment but also underscores the government's commitment to addressing industry concerns and fostering a more business-friendly climate.

Amendment in Section-13 of CGST Act, 2017

- Section 13(3) of the CGST Act, 2017 is amended to provide the Time of Supply of Services where Invoice is required to be issued by the Recipient of Services in case of Reverse Charge Mechanism (Self-Invoicing). The Time of Supply shall be earlier of the following:
 - a. Date of Payment
 - b. Sixty days from date of invoice issued by the Supplier
 - c. Date of Invoice issued by the Recipient

Goods and Services Tax

Insertion in Section 16 of CGST Act, 2017

- Section-16(5) of CGST Act, 2017 is inserted to provide retrospective benefit to taxpayer in respect of Input Tax Credit claimed by the taxpayer on invoices and debit notes pertaining to the Financial Year 2017-2018 to Financial Year 2020-2021, if the ITC has been claimed by the registered taxpayer in any GSTR 3B Return filed on or before 30th November 2021. The addition of sub-sections (5) and (6) to Section 16 introduces exceptions to the current rules, permitting registered persons to claim Input Tax Credit (ITC) for past financial years (2017-18 to 2020-21) under specific conditions. This retrospective amendment provides substantial relief to businesses by extending the timeline for availing ITC.
- Further Section-16(6) of the CGST Act, 20217 was inserted, which provides for the cases where cancellation of registration has been revoked by the Appellate Authority, Tribunal or Court. The Taxpayer shall be able to claim ITC from the date of cancellation to the date of revocation of cancellation of registration upon filing of
 - I. GSTR-3B on or before 30th November following the financial year or relevant Annual Return whichever is earlier
 - II. 30 days from the date of revocation of cancellation

Whichever is later.

Amendment in Section 17(5) of CGST Act, 2017

- Under the earlier provisions, Input Tax Credit (ITC) was blocked on tax paid under Sections 74, 129, and 130, as per clause (i) of Section 17(5) of the CGST Act, 2017. The new finance bill proposes to withdraw the reference to Sections 129 and 130 of the CGST Act, 2017, thereby allowing ITC on tax paid under these provisions.
- Additionally, ITC on taxes paid under Section 74 of the CGST Act, 2017, will be restricted until the Financial Year 2023-24.

Goods and Services Tax

Amendment in Section 30 of CGST Act, 2017

- A second proviso to Section-30(2) of the CGST Act, 2017 is inserted which provides an enabling clause to prescribe conditions and restrictions for revocation of cancellation of registration.

Amendment in Section 31 of CGST Act, 2017

- To give effect to the amendment in Section-13 (3) of the CGST Act, 2017, clause (f) of Section 31 of the CGST Act, 2017 is also amended. It is being amended to introduce a provision that specifies the time frame within which an invoice must be issued by the recipient under the reverse charge mechanism.
- Additionally, An explanation is inserted after clause (g) of Section 31 of the CGST Act, 2017 which defines Unregistered Supplier as the one who is registered under section 51 of the CGST Act, 2017 as a TDS deductor for the purpose of Clause (f) of the said Section. It clarifies that a person registered solely for the purpose of deducting TDS under Section 51 of the CGST Act shall be considered as not registered for the purposes of Clause (f) of Section 31(3) of the said Act.

Amendment in Section 39 of CGST Act, 2017

- Previously Section 39 of CGST Act, 2017 requires a TDS Deductor to furnish a return electronically for the month in which such deductions were made. The finance bill amends the aforesaid section and now requires TDS Deductor to furnish monthly return whether tax has been deducted by the taxpayer or not.
- The government is also empowered to prescribe rules, form, manner and time within which to file return.

Goods and Services Tax

Additions in Section 54 of the CGST Act, 2017

- A new subsection (15) has been inserted to provide no refund of Unutilized ITC or Integrated Tax paid shall be allowed in case of Zero rated supply, where such goods are subject to export duty.
- To give effect to the said provision IGST Act 2017 is also amended.

Insertion in Section 70 of the CGST Act, 2017

- This Sub-section has been inserted, to enable an authorised representative to appear on behalf of the summoned person before the proper officer to comply with summon proceedings.

Amendment in Section 73/74 of the CGST Act, 2017

- Sections 73 and 74 of the CGST Act are being amended to limit their applicability to demands up to the Financial Year 2023-24. Starting from the Financial Year 2024-25, demands will be determined according to the provisions of the newly inserted Section 74A.
- Additionally, references to Section 74A or the relevant sub-sections of Section 74A are being inserted into Sections 10, 21, 35, 49, 50, 51, 62, 63, 64, 65, 66, 104, and 127 of the respective Acts.

Goods and Services Tax

Insertion of new section 74A in the CGST Act, 2017

Section 74A has been inserted to streamline the time limits for issuing adjudication notices and orders under GST law. It lays down the same limitation period for issuing demand notices and orders in respect of demands from the Financial Year 2024-25 onwards, irrespective of whether the charges of fraud, wilful, misstatement, or suppression of facts are invoked or not. Below are important highlights of the aforesaid section.

- **Issuance & Time Limit to issue Notice:** Time limit to issue notice shall be 42 months from the due date of furnishing the Annual Return for the financial year to which the demand pertains or from the date of the erroneous refund.
- **Penalty:** In bonafide cases the penalty shall be INR 10,000 (USD 120 approx.) or 10 percent of the tax due whichever is higher. In malafide cases involving fraud or any wilful-misstatement or suppression of facts to the penalty shall be equivalent to the tax due.
- **Time limit to issue Order:** The proper officer shall issue the order within 12 months from the date of issuance of notice. Also, the commissioner or person authorized by the commissioner can extend the said period further by a maximum of 6 months.
- **Payment of Tax before issuance of notice:** In bonafide cases, the amount payable shall be tax and interest as computed under section 50. No penalty shall be leviable. In malafide cases involving fraud, the amount payable shall be tax, interest and 15 percent penalty on the amount of tax payable.
- **Payment of tax after issuance of notice:** In bonafide cases, if the amount (tax and interest) is paid within 60 days from the date of service of notice, then no penalty shall be payable. In malafide cases, if the taxpayer makes payment within 60 days of the service of notice, then the amount payable shall be tax, interest and penalty amounting to 25% of the tax payable..
- **Payment of tax after issuance of Demand Order:** In malafide cases if the taxpayer pays the tax, interest and penalty amounting to 50% of tax payable within sixty days of communication of the order, all of the proceedings in respect of the said notice shall be deemed to be concluded.
- **No notice shall be issued, if the unpaid tax or ITC has been wrongly availed or utilized in a financial year is less than 1,000/- rupees (USD 12 approx.).**

Goods and Services Tax

Insertion in section 75 of CGST Act, 2017

- Insertion of Sub-section (2A), clarifies non applicability of penalty due to Fraud or wilful-misstatement or suppression of facts specified u/s 74A(5)(ii), if same has not been established with Appellate Authority or Appellate Tribunal or court. These provisions are in similar lines with existing provisions specified u/s 75(2), which is in relation to section 74.

Amendment in section 107 of CGST Act, 2017

- Clause (b) of Section 107(6) of the CGST Act, 2017 is being amended to reduce the maximum pre-deposit amount required for filing an appeal before the Appellate Authority from twenty-five crores (USD 3 mn approx.) to twenty crores (USD 2.4 mn approx.) in each head i.e. center and state.

Amendment in section 109 of CGST Act, 2017

- Section 109(5) of the CGST Act, 2017 is being amended to include the proviso which empower the Government to designate specific types of cases and cases of Section-171 (2) of the CGST Act, 2017, that will be exclusively be heard by the Principal Bench of the Appellate Tribunal.

Goods and Services Tax

Amendment in section 112 of CGST Act, 2017

- Sub-sections (1) and (3) of section 112 of the CGST Act, 2017 is being amended to allow the government to set the date for filing appeals before the Appellate Tribunal and to create new deadlines for these appeals. These changes will be effective from August 1, 2024.
- Additionally, sub-section (6) of the said section is being amended to enable the Appellate Tribunal to consider appeals filed by the department within three months after the expiration of the prescribed six-month time limit.
- Clause (b) of Sub-section (8) of the said section is also being amended to reduce the maximum pre-deposit amount required for filing appeals before the Appellate Tribunal from twenty percent (20%) to ten percent (10%) of the tax in dispute. Moreover, the maximum amount payable as pre-deposit is being reduced from fifty crores (USD 6 million approx.) to twenty crores (USD 2.5 million approx.) in each head i.e. center and state. A similar amendment is made in the IGST Act, 2017.

Amendment in section 122 of CGST Act, 2017

- Sub-section (1B) of section 122 of the CGST Act, 2017 is being amended to limit its applicability to electronic commerce operators who are mandated to collect tax at source (TCS) under section 52 of the said Act. This amendment will be effective from October 1, 2023, the date when the said sub-section originally came into force.
- This amendment aims to restrict penalty only towards e-commerce operators who are mandated to deduct TCS, except E-commerce operators providing specific services through its platform as mentioned u/s 9(5).

Amendment in section 128A of CGST Act, 2017

- Section 128A of the CGST Act, 2017 is being inserted to introduce a conditional waiver of interest and penalty concerning demand notices issued under Section 73 of the CGST Act 2017 pertaining to the Financial Years 2017-18, 2018-19, and 2019-20. The waiver is available only if the full tax amount is paid on or before the specified date to be notified later. For demands pertaining to these financial years where interest and penalty have already been paid, no refund shall be granted.

Goods and Services Tax

Amendment in section 140 of CGST Act, 2017

- Section 140(7) of the CGST Act is being retrospectively amended, effective from July 1, 2017, to allow the availment of transitional credit for input services received by an Input Services Distributor before the GST enactment date, provided that the invoices were also received prior to this date.

Amendment in section 171 of CGST Act, 2017

- New Explanation and Proviso to Section 171(2)(a) of the CGST Act, 2017 has been inserted to allow the Government authorize the Government to designate the GST Appellate Tribunal for handling anti-profiteering cases. Additionally, it empowers the Government to set a date after which the Authority for Anti-profiteering will no longer accept applications for examination.

No refund of tax paid or input tax credit reversed

- No refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed had the said section 114 been in force at all material times.

Insertion of paragraph 8 and 9 in Schedule III CGST Act, 2017

- Paragraph 8 is being added to Schedule III of the CGST Act, 2017 which states that when a lead insurer and a co-insurer jointly provide insurance services to someone under a co-insurance agreement, the process of dividing the co-insurance premium between them won't be considered as selling goods or providing services. This is on the condition that the lead insurer pays taxes on the entire premium amount paid by the insured.
- Paragraph 9 is also being added to Schedule III of the CGST Act, 2017 which explains that when an insurer pays a reinsurance premium to a reinsurer and deducts a commission from it, the services provided by the insurer to the reinsurer won't be considered as selling goods or providing services either. This is provided that the reinsurer pays taxes on the total reinsurance premium, including any commission deducted.



Excise

Exemption from Clean Environment Cess

- The Clean Environment Cess which is levied and collected as a duty of excise, shall be exempted on excisable goods lying in stock as on 30th June, 2017, if the payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017.

Customs

Exemptions from GST

Compensation Cess

- Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect from 1st July, 2017 on imports in SEZ by SEZ units or developers for authorized operations.

Extension of BCD exemptions from goods to 31 March 2026 and 31 March 2029

- The Ministry of Finance has extended the time-limit for the Basic Customs Duty (BCD) exemption on goods specified under Notification No. 50/2017-Customs dated 30 June 2017 and other notifications, until March 31, 2026. The exempted goods include textiles and leather products, capacitor-grade plastics, simply sawn diamonds, machinery, and electrical equipment for use in semiconductor wafer production, LCD and semiconductor chips, as well as parts for the manufacture of micro ATMs, fingerprint readers/scanners, iris scanners, and miniaturized POS systems, among others.
- Further, the Basic Customs Duty (BCD) exemptions for goods under various notifications are extended until 31 March 2029. These cover various items such as show-room displays, warranty replacements, foodstuffs, firearms, specified gifts, aids for the disabled, repair articles, defense imports, research equipment, semiconductor machinery, aircraft parts, artwork, and specific medicines.
- The BCD exemption for goods under specific serial numbers of notification no. 50/2017-Customs is extended until March 31, 2029. Items include medicines from UNICEF, drugs, press and journalist equipment, ship repair materials, lifesaving medical equipment and drugs, and archaeological artefacts for exhibition.

Customs

Exemptions from levy of Social Welfare Surcharge

The following goods are exempted from the levy of Social Welfare Surcharge like natural graphite, sands, various ores and concentrates (including copper, cobalt, and tin), rare-earth metals, silicon compounds, oxides, hydroxides, chlorides, and nitrates of specific elements, as well as unwrought and semi-manufactured metals such as tin, tungsten, tantalum, etc.

Customs Duty Exemptions on certain goods to Lapse Effective 30.9.2024

Certain BCD exemptions under S No. 50/2017-Customs dated 30.6.2017 and other notifications will lapse from 30.9.2024. This includes exemptions for wireless apparatus, zinc metal, precious metal spinnerettes, coating materials, catalysts, resins, plastic sheets, toughened glass, telecommunication equipment, batteries, energy controllers, surveying instruments, aluminum oxide, clay powder, solar glass, medical endoscope parts, syringe components, and monitoring system parts.

Notification 29/2024 dated 23 July 2024 - Import of Commercial Samples

In case of import of commercial samples, the importer at the time of importation has to declare and ensure that the value of goods are not exceeding INR 3,00,000/- (USD 3600 approx.).

Notification No. 38/2024 - Customs (dated July 23, 2024)

The duration for re-exporting foreign articles imported into India for repairs has been extended from six months to one year, with a further extension of one year. For aircraft and vessels imported for maintenance, repair, and overhauling, the initial re-exportation period is now one year, extendable by another year.

Notification No. 39/2024 - Customs (dated July 23, 2024)

The duty-free re-import period for goods exported from India under warranty, excluding those under export promotion schemes, has been increased from three years to five years, with a possible extension of two additional years



Customs: Change in Tariff Rates

Sector: Aquafarming & Marine Exports

#	Heading, sub- heading, tariff item	Commodity	From	To	Impact
1	0306 36	Live SPF Vannamei shrimp (Litopenaeus vannamei) broodstock	10%	5%	The recent budget decision to fully exempt customs duties on critical minerals, including lithium, copper, cobalt, and rare earth elements, is a significant boost for India's strategic sectors. These minerals are essential for advancing nuclear energy, renewable energy, space exploration, defense technologies, telecommunications, and high-tech electronics. By reducing costs and ensuring the availability of these crucial materials, the government is fostering innovation, enhancing competitiveness, and driving sustainable economic growth. This initiative will also help India's self-reliance and resilience in critical industries.
2	0306 36	Live Black tiger shrimp (Penaeus monodon) broodstock	10%	5%	
3	0306 36 60	Artemia	5%	Nil	
4	0511 91 40	Artemia cysts	5%	Nil	
5	0308 90 00	SPF Polychaete worms	30%	5%	
6	1504 20	Fish lipid oil for use in manufacture of aquatic feed	15%	Nil	
7	1504 20	Crude fish oil for use in manufacture of aquatic feed	30%	Nil	
8	1518	Algal Oil for use in manufacture of aquatic feed	15%	Nil	
9	2102 20 00	Algal Prime (flour) for use in manufacture of aquatic feed	15%	Nil	
10	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	5%	Nil	
11	2301 10 90	Insect meal for use in Research & Development purposes in aquatic feed manufacturing	15%	5%	
12	2309 90 90	Single Cell Protein from Natural Gas for use in Research & Development purposes in aquatic feed manufacturing	15%	5%	
13	2301 20	Krill Meal for use in manufacture of aquatic feed	5%	Nil	
14	1901	Pre-dust breaded powder for use in processing of sea-food	30%	Nil	
15	2309 90 31	Prawn and shrimps feed	15%	5%	
16	2309 90 39	Fish feed			



Customs: Change in Tariff Rates

Sector: Critical Minerals

#	Heading, sub- heading, tariff item	Commodity	From	To	Impact
1	2504	Natural Graphite	5%	3%	The reduction of basic customs duty on shrimp and fish feed is a significant boost for the aquaculture industry. This initiative will lower production costs, making the industry more competitive and sustainable. By easing the financial burden on shrimp and fish farmers, the government is fostering growth in the sector and supporting rural livelihoods. This proactive measure underscores the government's commitment to enhancing the agricultural economy and ensuring the prosperity of aquaculture enterprises
2	2505	Natural sands of all kinds, whether or not coloured, other than metal bearing sands of chapter 26 of The Customs tariff Act, 1975	5%	Nil	
3	2506	Quartz (other than natural sands);quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape	5%	3%	
4	2603 00 00	Copper ores and concentrates	3%	Nil	
5	2605 00 00	Cobalt ores and concentrates	3%	Nil	
6	2609 00 00	Tin ores and Concentrates	3%	Nil	
7	2611 00 00	Tungsten Ores and Concentrates	3%	Nil	
8	2613	Molybdenum ores and concentrates	3%	Nil	
9	2615 10 00	Zirconium ores and concentrates	3%	Nil	
10	2615 90	Hafnium Ores and concentrates	3%	Nil	
11	2615 90 10	Vanadium ores and concentrates	3%	Nil	
12	2615 90 20	Niobium or tantalum ores and concentrates	3%	Nil	
13	2617	Antimony Ores and Concentrates	3%	Nil	
14	2804 50 20	Tellurium	5%	Nil	
15	2804 61 00	Silicon, containing by weight not less than 99.99% of silicon	5%	Nil	
16	2804 69 00	Other silicon	5%	Nil	
17	2804 90 00	Selenium	5%	Nil	
18	2805 30 00	Alkali or alkaline earth metals, Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed	5%	Nil	
19	2822 00 10	Cobalt oxides	8%	Nil	
20	2827 35 00	Chlorides of Nickel	8%	Nil	
21	2833 24 00	Sulphates of Nickel	8%	Nil	
22	2834 21 00	Nitrates of potassium	8%	Nil	
23	2836 91 00	Lithium carbonates	8%	Nil	
24	2846	Compounds, inorganic or organic of rare earth metals	8%	Nil	
25	2918 15 30	Bismuth citrate	8%	Nil	
26	7202 60 00	Ferro Nickel	3%	Nil	
27	7204	Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.03.2026)	
28	7225	Certain specified raw materials for manufacture of CRGO steel	Nil (till 30.09.2024)	Nil (till 31.03.2026)	
29	7402 00 10	Blister Copper	5%	Nil	



Customs: Change in Tariff Rates

Sector: Cancer Drugs and Medical Equipment

#	Heading, sub- heading, tariff item	Commodity	From	To	Impact
1	30	Trastuzumab Deruxtecan, Osimertinib, Durvalumab	10%	Nil	The exempting customs duties on three additional cancer medicines and reducing BCD on medical machines is a commendable step towards making life-saving treatments more accessible and affordable for patients. This proactive measure reflects the government's commitment to improving healthcare outcomes and supporting those battling cancer. By reducing the financial burden on patients and their families, this initiative will enhance the overall quality of care and encourage timely medical intervention.
2	39	All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10	As applicable	Nil	
3	39, 72, 81	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and All types of polyethylene for use in manufacture of other artificial parts of the body falling under sub-heading 9021 31 or 9021 39	As applicable	Nil	
4	9022 30 00	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31st March 2025) 0.075 (w.e.f 1st April, 2025 to 31st March, 2026) 0.1 (w.e.f 1st April, 2026)	
5	9022 90 90	Flat panel detectors (including scintillators) for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31st March 2025) 0.075 (w.e.f 1st April, 2025 to 31st March, 2026) 0.1 (w.e.f 1st April, 2026)	



Customs: Change in Tariff Rates

Sector: Precious Metals

#	Heading, sub- heading, tariff item	Commodity	From	To	Impact
1	7108	Gold bar	15%	6%	The recent reduction of customs duty on gold, silver and platinum is a strategic move designed to benefit both consumers and the manufacturing sector. By lowering the cost of these precious metals, the government is making them more accessible to buyers and stimulating market demand. Additionally, this reduction will significantly reduce working capital requirements for jewellery manufacturers, enhancing their liquidity and competitiveness.
2	7108	Gold dore	14%	5%	
3	7106	Silver bar	15%	6%	
4	7106	Silver dore	14%	5%	
5	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	15%	6%	
6	7118	Coins of precious metals	15%	6%	
7	7113	Gold/Silver findings	15%	6%	
8	71	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	8%	5%	
9	84	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	8%	5%	



Customs: Change in Tariff Rates

Sector: IT and Electronics Sector

#	Heading, sub- heading, tariff item	Commodity	From	To	Impact
1	8517 13 00, 8517 14 00	Cellular mobile phone	20%	15%	The Finance Minister's decision to reduce the basic customs duty on mobile phones, mobile PCBAs, and chargers is a significant win for consumers. This move aims to make essential technology more affordable and accessible. By lowering import costs, the government is not only reducing the financial burden on consumers but also encouraging innovation and competitiveness among Indian manufacturers.
2	8504 40	Charger/Adapter of cellular mobile phone	20%	15%	
3	8517 79 10	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20%	15%	
4	28, 29, 38	Specified parts for use in manufacture of connectors	5%/7.5%	Nil	
5	74	Oxygen Free Copper for use in manufacture of Resistors	5%	Nil	
6	40	Specified die-cut parts for use in manufacture of cellular mobile phones	As applicable	Nil	
7	40, 70, 76	Specified mechanics for use in manufacture of cellular mobile phones	As applicable	Nil	
8	8517 79 10	Printed Circuit Board Assembly (PCBA) of specified telecom equipment	10%	15%	



Customs: Change in Tariff Rates

Sector: Renewable Energy Sector

#	Heading, sub- heading, tariff item	Commodity	From	To	Impact
1	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 capital goods	8%	Nil	Exemption of more capital goods for the manufacturing of solar cells and panels is a pivotal step towards bolstering India's renewable energy sector. This move not only reduces the cost of production for solar manufacturers but also accelerates the adoption of clean energy technologies. By making the manufacturing process more cost-effective, the government is driving innovation, creating green jobs, and reinforcing India's commitment to sustainable development.
2	7007	Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 1.10.2024)	
3	74	Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5%(w.e.f 1.10.2024)	

About US

Headquartered in Gurgaon (India), AKM Global is a leading Tax, Advisory, and Regulatory service partner for both domestic and MNCs across industries. With a team of over 600 professionals operating out of 8 locations, AKM Global serves a wide range of clients, from Fortune 500 corporations & closely held businesses to startups and high net-worth individuals.

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