

# HIGHLIGHTS OF UNION BUDGET 2024



## Highlights of Union Budget 2024-25

- **ECONOMIC PERFORMANCE AND EXPECTATIONS**

- Indian Economy had a Real GDP Growth of 8.2% in FY 2024.
- Fiscal deficit has declined from 6.4% of GDP in FY 2023 to 5.6% in FY 2024 and projected to further decline to 4.9% in FY 2025.
- Inflation has reduced to from 6.7% in 2022 to 5.4% in 2023 with core inflation (non-food, non-fuel) at 3.1% per cent.

- **Focus of Budget is on 4 major castes, namely**

- 'Garib' (Poor)
- 'Mahilayen' (Women)
- 'Yuva' (Youth)
- 'Annadata' (Farmer)

- **“ROADMAP TO VIKSIT BHARAT” – NINE KEY PRIORITIES**

- Productivity and resilience in Agriculture
- Employment & Skilling
- Inclusive Human Resource Development and Social Justice
- Manufacturing & Services
- Urban Development
- Energy Security
- Infrastructure
- Innovation, Research & Development and
- Next Generation Reforms



## Highlights of Union Budget 2024-25

- **Productivity and Resilience in Agriculture**

- Comprehensive review of the agriculture research setup to bring focus on raising productivity and developing climate resilient varieties.
- New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.
- Promotion of FPOs, cooperatives & start-ups for vegetable supply chains for collection, storage, and marketing.
- 1 crore farmers will be initiated for natural farming with certification and branding support. 10,000 bio-input resource centres will be established.
- National Cooperation Policy for systematic, orderly and all-round development of the cooperative sector.
- DPI coverage for 6 cr farmers and lands in 3 yrs. Digital Kharif crop survey in 400 districts and Kisan Credit Cards in 5 states.

## Highlights of Union Budget 2024-25

- **Employment and Skilling**

- Employment Linked Incentive via EPFO-based schemes to support first-time employees and incentivize job creation.
- 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation.
- Loans up to Rs.7.5 lakh with a guarantee from a government promoted fund.
- Financial support for loans upto Rs.10 lakh for higher education in domestic institutions. Annual interest subvention of 3%.

- **Inclusive Human Resource Development and Social Justice**

- Development of Eastern India with infrastructure, economic opportunities, and cultural projects, including roads, power plants, and new facilities.
- Support for Andhra Pradesh with Rs.15,000 crore for capital needs, complete the Polavaram project, and fund industrial infrastructure.

## Highlights of Union Budget 2024-25

- **Manufacturing & Services**

- Credit Guarantee to MSMEs during Stress Period.
- The limit of Mudra Loans enhanced to Rs.20 lakh under the 'Tarun' category.
- 12 Industrial parks under the National Industrial Corridor Development Programme.
- Integrated Technology Platform to strengthening Tribunal and Appellate Tribunal to speed up Insolvency Resolution.

- **Urban Development**

- Encouraging States to lower stamp duties for properties purchased by women.
- Transit Oriented Development plans for 14 large cities with a population above 30 lakh.
- Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects.
- Develop 100 weekly 'haats' or street food hubs in select cities.



## Highlights of Union Budget 2024-25

- **Energy Security**

- Initiatives with the private sector include developing Bharat Small Reactors, R&D of Bharat Small Modular Reactors, and advancing nuclear energy technologies.
- Financial support for shifting of micro and small industries to cleaner forms of energy.
- Facilitate installation of rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month.
- A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant using AUSC technology.

- **Infrastructure**

- Provision of Rs.11,11,111 crore for infrastructure (3.4% of GDP).
- Rs.1.5 lakh crore to states as long term interest free loans to support resource allocation.
- PMGSY will be launched to provide all weather connectivity to 25,000 rural habitations.
- Assistance in flood management and related project in Assam, Sikkim and Uttarakhand including rehabilitation in Himachal Pradesh.

## Highlights of Union Budget 2024-25

- **Innovation, Research & Development**

- A venture capital fund of Rs.1,000 crore is to be set up for space economy.
- Private sector-driven research and innovation at commercial scale with a financing pool of Rs.1 lakh crore.

- **Next Generation Reforms**

- Unique Land Parcel Identification Number or Bhu-Aadhaar for all lands.
- Land records in urban areas will be digitized with GIS mapping.
- Rules for Foreign Direct Investment(FDI) and Overseas Investment will be simplified to facilitate FDI and promote opportunities for using Indian Rupee as a currency for overseas investments.
- Taxonomy for climate finance: Enhancing the availability of capital for climate adaptation and mitigation related investments.
- NPS Vatsalya: A plan for contribution by parents and guardians for minors



- **Key Highlights of Direct Taxation**

- Following changes proposed for persons (being individuals/ HUF/ AOP/BOI) opting for New Tax regime u/s 115BAC:

- Increase in standard deduction from Rs.50,000 to Rs.75,000.
- Deduction on family pension for pensioners increased from Rs.15,000 to Rs.25,000
- The limit of employer contribution to NPS allowed as deduction is increased from 10% to 14% of salary

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- Tax Slab for Individuals/HUFs under New Regime are as under:-

### Proposed

Tax Slab as per Section 115BAC	Tax Rate
Upto Rs. 3 lakhs	Exempt
Rs.3 lakhs – Rs.7 lakhs	5%
Rs.7 lakhs – Rs.10 lakhs	10%
Rs.10 lakhs –Rs.12 lakhs	15%
Rs.12 lakhs – Rs.15 lakhs	20%
Above Rs.15 lakhs	30%

### Existing

Tax Slab as per Section 115BAC	Tax Rate
Upto INR 3 lakhs	Exempt
INR 3 lakhs - INR 6 lakhs	5%
INR 6 lakhs – INR 9 lakhs	10%
INR 9 lakhs – INR 12 lakhs	15%
INR 12 lakhs – INR 15 lakhs	20%
Above INR 15 lakhs	30%

- No change in tax slab in old tax regime

**Highlights of Union Budget 2024-25**

- **Key Highlights of Direct Taxation**

- **Comprehensive Review of Income Tax Act, 1961** - proposed to be completed in 6 months
- **Angel Tax abolished** – It has been proposed to insert a sun-set clause for section 56(2)(viib) whereby provisions of this section shall not apply from AY 2025-26
- **Buy Back in the hands of shareholder** – It is proposed that the sum paid by a domestic company for purchase of its own shares shall be treated as **dividend** in the hands of shareholders, who received payment from such buy-back of shares and shall be charged to income-tax at applicable rates. Cost of acquisition in the hands of the shareholders, would be treated as capital loss in their hands, which would be permitted to be set off and carried forward against capital gains subsequently accrued to the shareholder

This amendment effective from 01 October 2024



## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Simplification and Rationalisation of Capital Gains**

- It is proposed that there will only be two holding periods i.e. 12 months and 24 months, for determining whether the capital gains is short-term capital gains (STCG) or long-term capital gains (LTCG). For all listed securities, the holding period is proposed to be 12 months and for all other assets, it shall be 24 months in order to qualify as Long term.
- LTCG rate for all category assets under various sections to be 12.5%.
- Indexation is proposed to be removed for calculation of any LTCG which is presently available for property, gold and other unlisted assets etc.
- Tax rate on STCG u/s 111A (i.e. listed shares & securities) increased from 15% to 20%
- Tax rate on LTCG u/s 112A (i.e. listed shares & securities) increased from 10% to 12.5%. Exemption of gains u/s 112A increased from Rs.100,000 to Rs.1,25,000.
- Unlisted bonds and debentures to be deemed STCG and taxed at applicable rate.

**The above amendments are proposed to be given effect immediately with effect from 23 July 2024 applicable**

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Abolition of Corporate Gifting** – Section 47(iii) states that any gift of a capital asset is not considered a "transfer" for the purpose of calculating capital gains. Previously, tax authorities argued that such "gifts" could only be made by individuals gifting a capital asset out of natural love or affection. However, various judicial precedents established that gifting out of natural love or affection is not a prerequisite under section 47(iii), thus allowing gifts by corporates to also be excluded from capital gains tax computation.

The provision is now set to be amended, effective from AY 2025-26, to exclude only gifts made by individuals or Hindu Undivided Families from the scope of capital gains.

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Increase in Securities Transaction Tax (STT) on F&O-** Increase in Rates of STT on sale of an option in securities from 0.0625 % to 0.1 % of the option premium, and on sale of a futures in securities from 0.0125 % to 0.02 % of the price at which such “futures” are traded.
- **Increase in limit of remuneration to working partners-** Limit of remuneration u/s 40(b) to working partners in a partnership firm, which is allowed as deduction is proposed to be increased. Tabulated below:

on the first Rs.6,00,000 of the book profit or in case of a loss	Rs.3,00,000 or at the rate of 90% of the book profit, whichever is more
on the balance of the book-profit	at the rate of 60%

- **Transfer pricing-** It is proposed to amend sub-sections (2A) and (2B) of section 92CA to enable the TPO to deal with SDTs which have not been referred to him by the AO and/or in whose respect audit report under section 92CE has not been filed.



- **Key Highlights of Direct Taxation**

- **Revival of Block Period Concept for Search Assessments** The Finance Act, 2021 amended sections 153A and 153C to limit their application to search and seizure actions initiated on or before 31.03.2021.

After this date, search assessments were integrated into the reassessment provisions under sections 147, 148, 149, 151, and 151A. Significant changes have been made in Chapter XIV-B, effective from 1st September 2024, altering the assessment process following a search proceeding. Unlike the current scheme using sections 147/148 and the previous scheme under section 153A, a consolidated 'block assessment' order must now be issued.

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Penalty for failure to disclose foreign income and asset in the ITR** - Provisions of section 42 and 43 of BMA for imposing penalty shall not apply in respect of an asset or assets (other than Immovable Property) where aggregate value of such asset doesn't exceed 20 lakh. Earlier such exemption limit was with respect to amount in bank account not exceeding Rs 5 lakh. This amendment will take effect from 1 October 2024
- **Increase in monetary limits for filing appeals**- Monetary limits for filing appeal by the department before ITAT, HC and Supreme court have been proposed to be increased.

Appellate Forum	Existing Monetary Limit (Rs.)	Proposed Revised Monetary Limit (Rs.)
Before Income Tax Appellate Tribunal	50,00,00	60,00,000
Before High Court	1,00,00,000	2,00,00,000
Before Supreme Court	2,00,00,000	5,00,00,000

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Time limit for filing Appeal before ITAT-** Appeal before the ITAT may be filed within two months from the end of the month (earlier it was within 60 days) in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be
- **Vivad se Vishwas Scheme 2024-** Introduction of Direct Tax Vivad se Vishwas Scheme, 2024 is proposed with the objective of providing a mechanism of settlement of disputed issues, thereby reducing litigation without much cost to the exchequer.



## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Rationalization of provisions relating to assessment and reassessment under the Act**

- Section 148 and 148A has been substituted with new provisions, applicable from 1st September 2024
- Time limit for issuance of notice u/s 148A:
  - In normal case - 3 years from the end of the relevant assessment year
  - In specific cases where income escaped is 50 lakh or more – Not beyond 5 years from the end of relevant assessment year as compared to 10 years before amendment
- Time limit for issuance of notice u/s 148:
  - In normal case - 3 years and 3 months from the end of the relevant assessment year
  - In specific cases where income escaped is 50 lakh or more – Not beyond 5 years and 3 months from the end of relevant assessment year

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Reporting of income from letting out of house property-** Taxpayers are reducing tax liability on rental income generated by letting out of the house property by showing the same as business income therefore, amendment is made in section 28 which will be applicable from AY 2025-26. According to amended provisions letting out of a residential house or a part of the house by the owner shall be chargeable under the head “Income from house property” only
- **Section 50AA Amendment-** The definition "Specified Mutual Fund" under section 50AA has been amended to include funds investing over 65% in debt and money market instruments, or in units of such funds. Effective from AY 2026-27.

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Rationalising of certain TDS rates tabulated below:**

Section	Present TDS Rate	Proposed TDS Rate	With Effect from
Section 194D -Payment of insurance commission	5%	2%	01 April 2025
Section 194DA- Payment in respect of life insurance policy	5%	2%	01 Oct 2024
Section 194G – Commission etc on sale of lottery tickets	5%	2%	01 Oct 2024
Section 194H - Payment of commission or brokerage	5%	2%	01 Oct 2024
Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	01 Oct 2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided Family	5%	2%	01 Oct 2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01 Oct 2024
Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		01 Oct 2024



## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Interest rate for late payment of TCS** – Interest for delayed payment of TCS to Government is proposed to be increased from 1% to 1.5% for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid
- **Claiming credit for TCS of minor in the hands of parent-** CBDT to notify rules where credit of tax collected are given to person other than collectee. Example- Credit to parent for TCS collected from Minor.
- **TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners-** A new Section 194T is proposed to be introduced to bring such payments under the purview of TDS for amounts more than Rs.20,000 in the Financial Year. TDS rate @10% and effective from 01 April 2025.

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **TCS on notified goods-** It is proposed to amend section 206C(1F) to levy TCS on any other goods (in the nature of luxury goods), in addition to motor vehicle of value exceeding Rs.10 Lakh as may be notified by Central Government.
- **TDS on sale of immovable property-** Under section 194-IA, it has been proposed to clarify that where there is more than one transferor or transferee in respect of an immovable property, then the threshold limit of Rs.50 Lakh for such immovable property shall be computed by aggregating consideration paid/payable by all transferee. Effective from 01 October 2024.
- **Exemption from Prosecution in case of Late Deposit of TDS** – It has been proposed that in case payment of tax deducted in respect of a quarter has been made to the credit of the Central Government at any time on or before filing of TDS return, the person shall be exempted from prosecution. Effective from 01 October 2024

## Highlights of Union Budget 2024-25

- **Key Highlights of Direct Taxation**

- **Lower deduction/ collection certificate at source-** It is proposed that Lower deduction/ collection certificate, can be procured in case of TDS u/s 194Q and TCS u/s 206C(IH). Effective from 01 October 2024.
- **Correction of TDS/TCS statements** - Currently, there is no time limit for furnishing correction statement in case of TDS/TCS. It is now proposed that no TDS/TCS correction statement shall be delivered after the expiry of six years from the end of the financial year in which such statements are respectively delivered
- **Foreign company Tax rate-** Corporate tax rate on foreign companies reduced from 40% to 35%.
- **Equalization levy @2% withdrawn-** It is proposed that Equalization levy @2% shall not be applicable to consideration received or receivable for e-commerce supply or services, on or after 1 August 2024.



## Highlights of Union Budget 2024-25

- **Key Highlights of Indirect Taxation**

### Goods and Services Tax (GST)

(effective from date to be notified separately)

- Section 9 is amended to state that **un-denatured Extra Neutral Alcohol** or **rectified spirit** used in manufacture of alcoholic liquor for human consumption is to be kept out of purview of GST.
- Section 11A is inserted to empower Government to regularize non-levy or short levy of central tax due to any **general practice prevalent in trade**.
- Changes is made in time of supply provisions in cases of reverse charge supplies where recipient is required to issue the invoice in case of supplies received from unregistered person.
- For FYs 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take ITC in any return under section 39 which is filed up to the 30th November, 2021.

## Highlights of Union Budget 2024-25

- Key Highlights of Indirect Taxation

- ITC in case where the registration has been cancelled, can be **availed after revocation** of cancellation of registration where return is filed within 30 days from the date of order of revocation of cancellation of registration.
- ITC of taxes paid under section 74 is **blocked** up to FY 2023-24 and also ITC for tax paid under section 129 & 130 is not blocked.
- A new proviso has been inserted in Section 30(2) of the CGST Act so as to provide for an enabling clause to prescribe **conditions and restrictions** for revocation of cancellation of registration.

## Highlights of Union Budget 2024-25

- **Key Highlights of Indirect Taxation**

- Section 31(3)(f) is being amended, so as to incorporate an enabling provision for prescribing the **time period for issuance of invoice by the recipient** in case of reverse charge mechanism supplies in case of supplies from registered.
- As per new explanation to section 31(3), Supplier registered solely for the purposes of **tax deduction at source** under section 51 shall not be considered as a registered person for the purpose of section 31(3)(f).
- Section 54 is amended, so as to provide that no refund of unutilised input tax credit or integrated tax shall be allowed in cases of zero rated supply of goods where such goods are subjected to export duty.



- Key Highlights of Indirect Taxation

- **Section 74A** is inserted to so as to provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to the **Financial Year 2024-25** onwards. It also provides for 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, willful misstatement, or suppression of facts are invoked or not, while keeping a **higher penalty**, for cases involving fraud, wilful misstatement, or suppression of facts.
- Section 107 is being amended, so as to **reduce** the maximum amount of **pre-deposit** for filing appeal before the Appellate Authority from **Rs. 25 crores** to **Rs. 20 crores** under head CGST.

## Highlights of Union Budget 2024-25

- **Key Highlights of Indirect Taxation**

- Section 112 of the CGST Act amended to empower government to **notify the date** for filing **appeal** before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal w.e.f **1<sup>st</sup> August, 2024**.
- Section 112(6) amended to enable the Appellate Tribunal to admit appeals filed by the department within **3 months after the expiry of the specified time limit of 6 months** w.e.f. **1<sup>st</sup> August, 2024**.
- Section 112(8) also amended so as to **reduce** the maximum amount of **pre-deposit** for filing appeals before the Appellate Tribunal from the existing **20%** to **10%** and also reduce the maximum amount payable as pre-deposit from **Rs. 50 Crores** to **Rs.20 Crores** under CGST head.

## Highlights of Union Budget 2024-25

- **Key Highlights of Indirect Taxation**

- Section 122(1B) amended w.e.f. **01<sup>st</sup> October 2023** to restrict the applicability of the said sub-section to **electronic commerce operators**, who are required to collect tax at source under section 52 of the said Act.
- Section 128A introduced for a conditional waiver of interest and penalty in respect of demand notices under section 73 of the said Act for the Financial Years 2017-18, 2018-19 and 2019-20.
- Section 140 is being amended w.e.f. 1st July,2017 , so as to enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor prior to the appointed day.



## Highlights of Union Budget 2024-25

- **Key Highlights of Indirect Taxation**

- Section 171(2) has been amended so as to empower the Government to **notify the date** from which the Authority under the said section will not accept any application for **anti-profiteering cases**.
- Co-insurance premium apportioned by lead insurer to the co-insurer for the supply of insurance service by lead and co-insurer to the insured in coinsurance agreements introduced under **Schedule III**.
- Transaction of ceding commission/re-insurance commission between insurer and re-insurer introduced under **Schedule III**.
- 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 clause 114(Section 16(5) & (6)) been in force at all material times.

## Highlights of Union Budget 2024-25

- **Key Highlights of Indirect Taxation**

### Customs Law

(effective from 24<sup>th</sup> July, 2024)

- Changes are proposed in customs duties to support domestic manufacturing, while keeping the interest of the general public and consumers surmount. Sector specific customs duty proposals are as follows :

#### Proposals

1. Fully exempt 3 more cancer medicines from custom duties.
2. Changes in custom duties on x-ray tubes & flat panel detectors for use in medical x-ray machines.

1. Reduce custom duties to 15% on Mobile phone, Mobile PCBA and charger.
2. Custom duties increased from 10 to 15 per cent on PCBA of specified telecom equipment.

#### Sectors

Medicines and Medical Equipment

Mobile and Telecom industry

- **Key Highlights of Indirect Taxation**

### Proposals

Reduce custom duties on gold and silver to 6% and platinum to 6.4%

Reduce custom duties on shrimp and fish feed to 5%

Exempted more capital goods for manufacturing of solar cells & panels

Fully exempt custom duties on 25 critical minerals

### Sectors

Precious metals

Marine products

Solar Energy

Critical Minerals





- Key Highlights of Indirect Taxation

### Proposals

1. Custom duties removed on ferro nickel and blister copper, ferrous scrap and nickel cathode.
2. Concessional custom duties of 2.5 per cent on copper scrap.

Custom duties removed, subject to conditions, on oxygen free copper for manufacture of resistors

Custom duties on PVC flex banners increased from 10 to 25 per cent.

Custom duties on ammonium nitrate increased from 7.5 to 10 per cent.

### Sectors

Other metals

Electronics

Plastics

Chemicals and Petrochemicals

## Disclaimer

This document has been prepared in summary form by DPNC Global LLP based on Budget Speech & Finance Bill 2024 presented by the Hon'ble Finance Minister of India on 23rd July, 2024 and from sources believed to be reliable. For further details, please refer to Budget Speech, Finance Bill 2024 and Explanatory Memorandum. The information contained herein is intended only for the person to whom it is sent. While the information is believed to be accurate to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information. Recipients should conduct and rely upon their own examination, investigation and analysis and are advised to seek their own professional advice. The information and data contained herein is not a substitute for the recipient's independent evaluation and analysis. This document is not an offer, invitation, advice or solicitation of any kind. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies on it.

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