

DPNC GLOBAL

Comprehensive Analysis on **UNION BUDGET 2024-2025**



FOREWORD

Hon'ble Finance Minister Smt. Nirmala Sitharaman delivered her seventh consecutive Budget at Parliament on Tuesday, 23 July 2024. This budget, the inaugural one from the newly elected NDA government, emphasizes a commitment to policy continuity, economic reform, and tackling pressing socio-economic challenges such as employment generation, rural and agricultural distress, and overall economic growth.

The budget, in line with the 'Viksit Bharat' initiative, center's on nine key themes, such as urban development and innovation and research, with a focus on employment generation, skilling, MSMEs, middle class etc.

The commitment to reducing the Fiscal deficit to 4.9% of GDP in FY25, down from the previous estimate of 5.1% and aim to reach a fiscal deficit of 4.5% of GDP by FY26, demonstrates a prudent approach to fiscal management.

On the Direct tax front, a range of measures has been proposed to mitigate tax disputes and resolve litigation. These include a comprehensive review of the existing 1961 law and an announcement for simplifying the reassessment regime, including transfer pricing assessments. Additionally, the Vivad Se Vishwas Scheme 2024 has been introduced to settle income tax disputes pending in appeal.

Capital gains taxation is being restructured, with differentiated rates for short-term and long-term gains on various financial and non-financial assets

To further boost foreign direct investments,

the FDI and ODI regimes are proposed to be simplified, and the corporate tax rate on foreign companies has been reduced to 35%. Additionally, to strengthen the Indian start-up ecosystem, the angel tax has been abolished.

The proposed changes in indirect taxes primarily aim to encourage domestic value addition, reduce trade bottlenecks, minimize litigation, and enhance the ease of doing business

The Union Budget 2024 adopts a balanced strategy to promote economic growth, simplify the tax structure, and tackle key socio-economic challenges. The proposed measures aim to drive the growth of the Indian economy while ensuring inclusivity and streamlined tax procedures. Achieving these goals will rely on effective implementation and ongoing monitoring.

Hope this thorough analysis by our team offers valuable insights and guidance.

Thank you

Warm Regards,

Team DPNC Global LLP

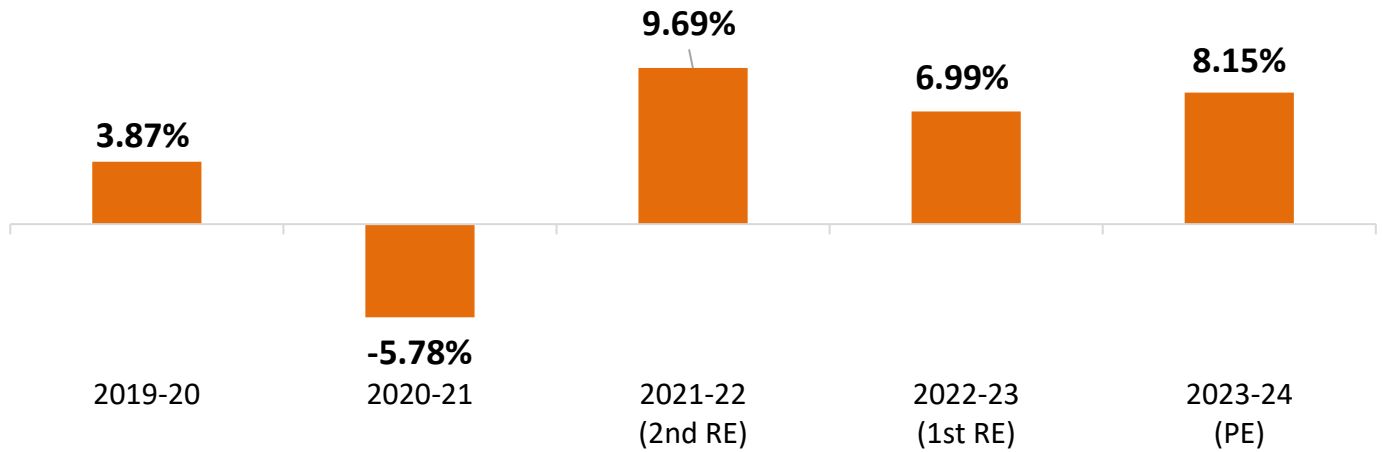
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Economic Survey 2023-24

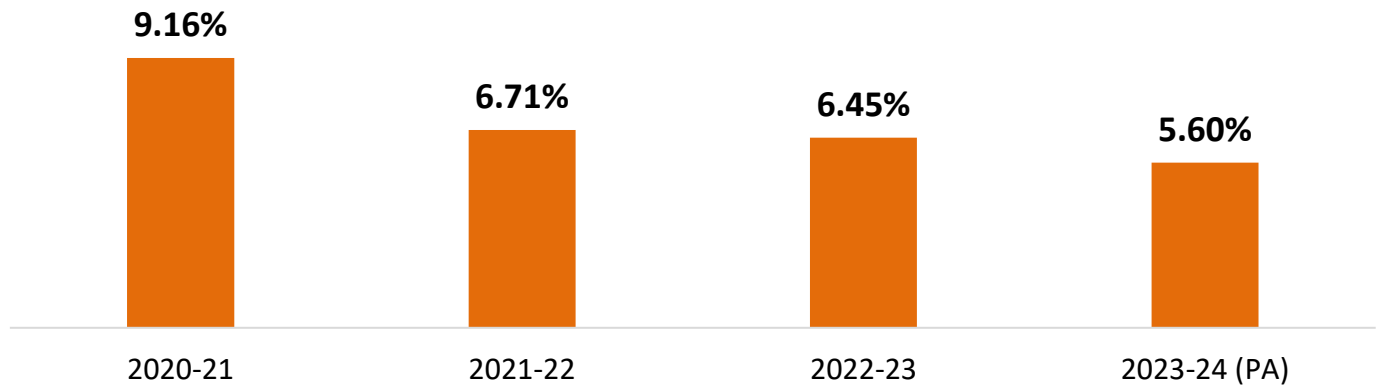
Real GDP Growth

(at constant prices %)



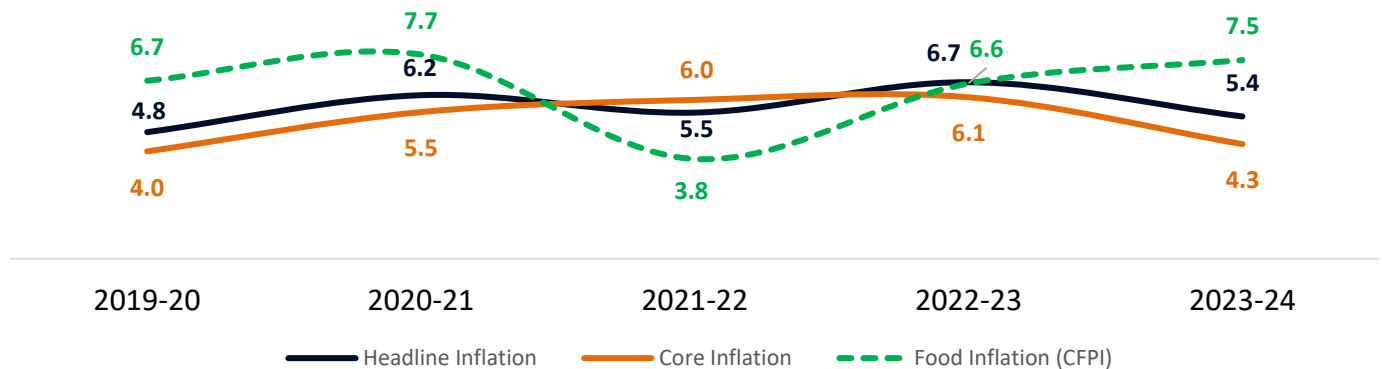
Fiscal Deficit

(as % of GDP)



Inflation

in %

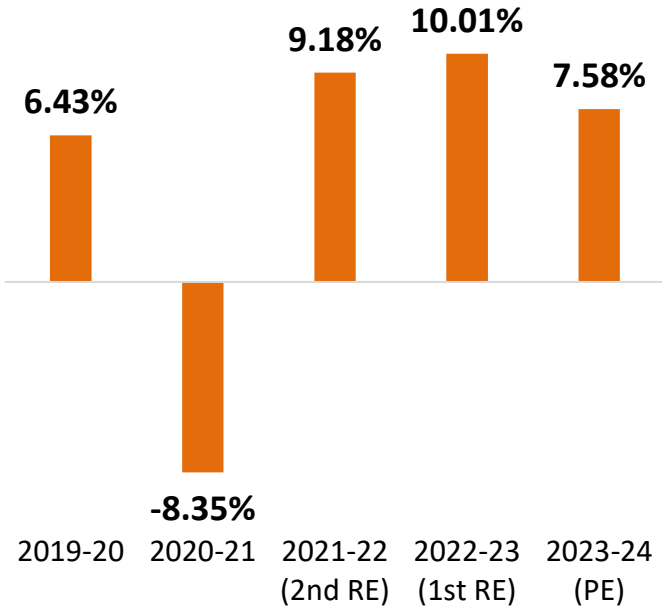


PE – Provisional Estimate | PA – Provisional Actual | RE – Revised Estimate

Economic Survey 2023-24

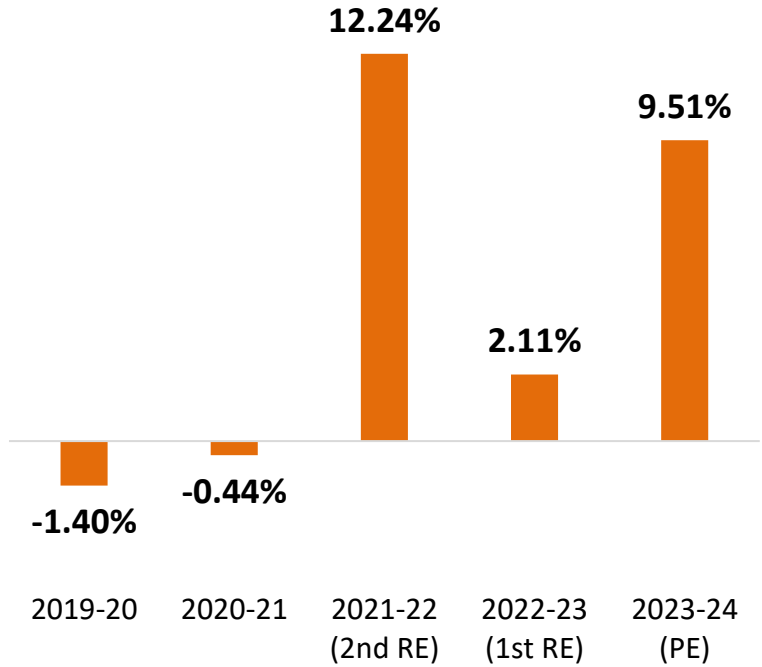
Services

(Growth Rate of Gross value added at Basic Price %)



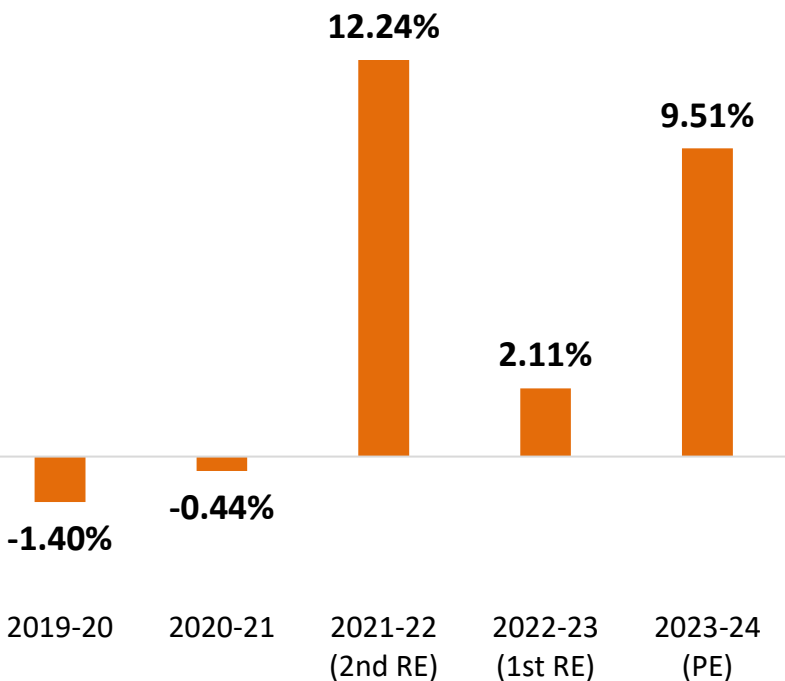
Industrial Growth

(Growth Rate of Gross value added at Basic Price %)



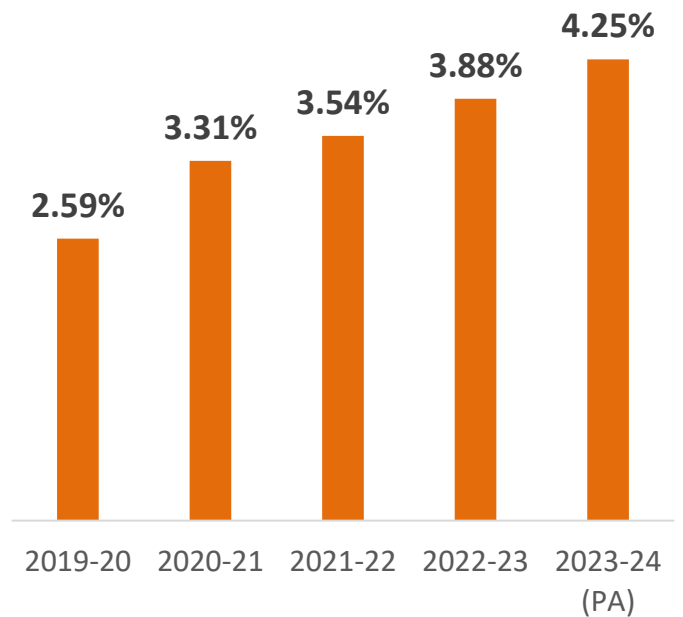
Industrial Growth

(Growth Rate of Gross value added at Basic Price %)



Effective Capex

as a % of GDP



PE – Provisional Estimate | RE – Revised Estimate | PA – Provisional Actual

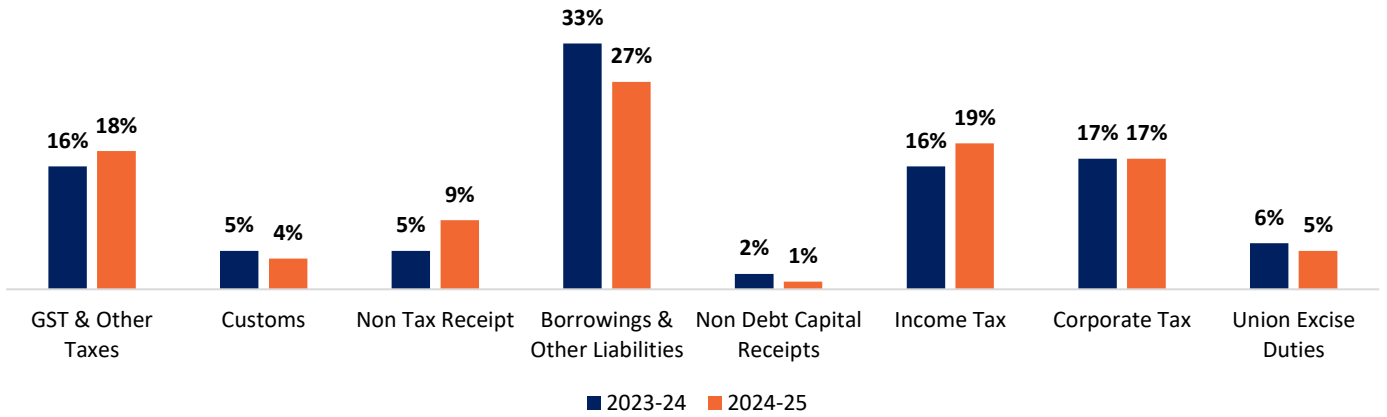
Budget Allocation and Fiscal Summary

This is a budget that will take the country's villages, poor and farmers on the path of prosperity. In the last 10 years, 25 crore people have come out of poverty. This budget is a budget for the continuation of the empowerment of the newly emerged, Neo Middle Class-

*Hon'ble Prime Minister,
Shri Narendra Modi*

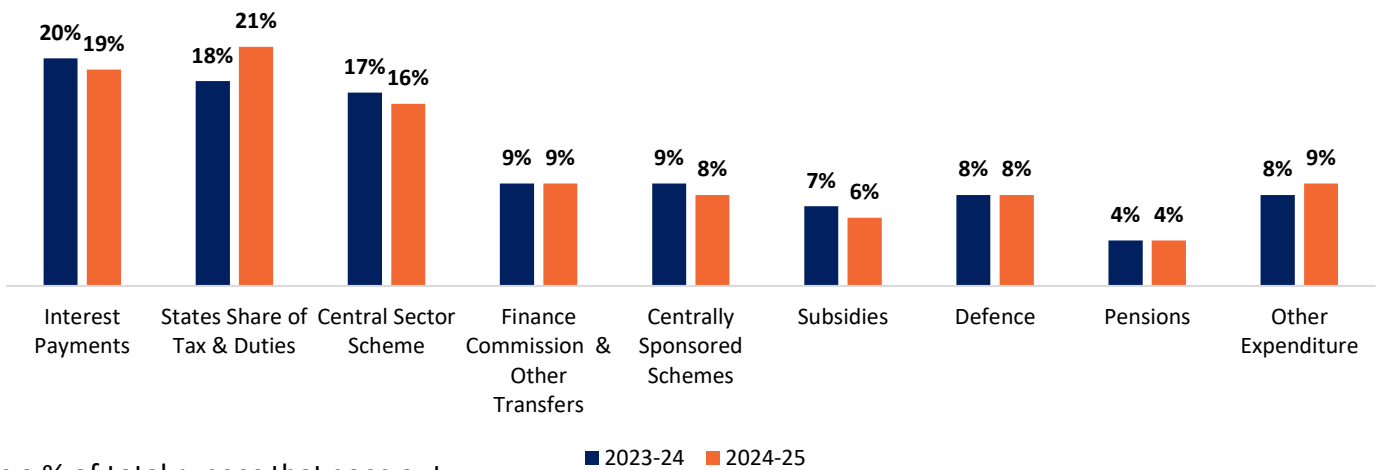


Rupee Comes from



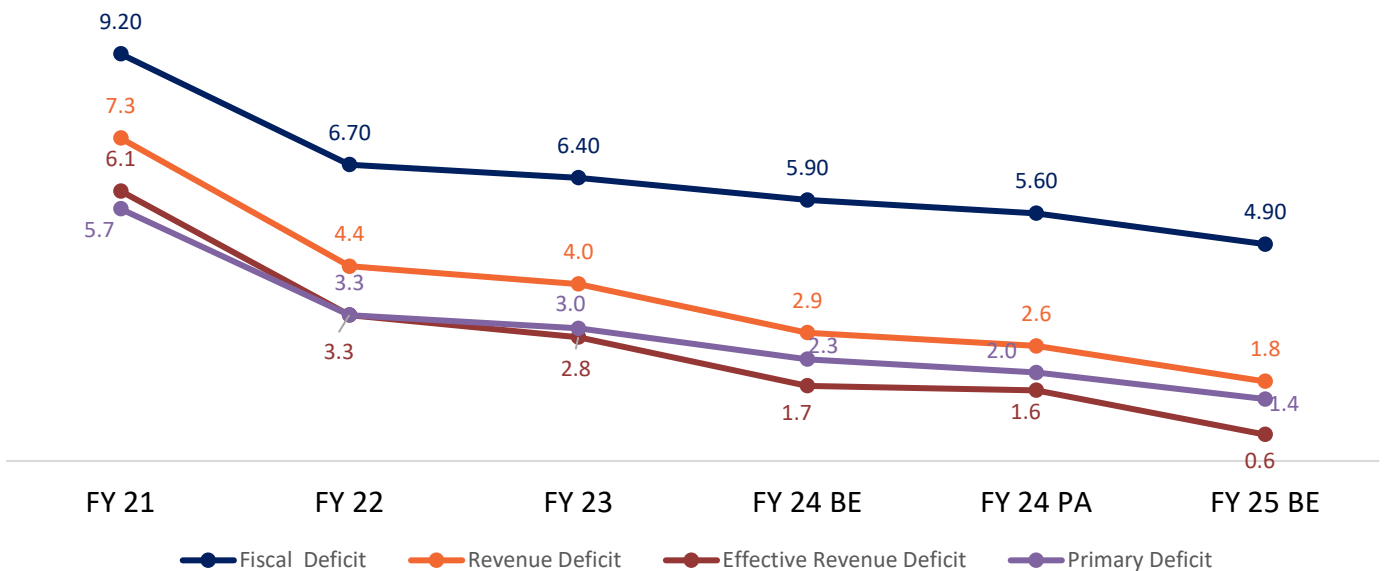
As a % of total rupees that comes in

Rupee Goes To



As a % of total rupees that goes out

Deficit Trends (% of GDP)

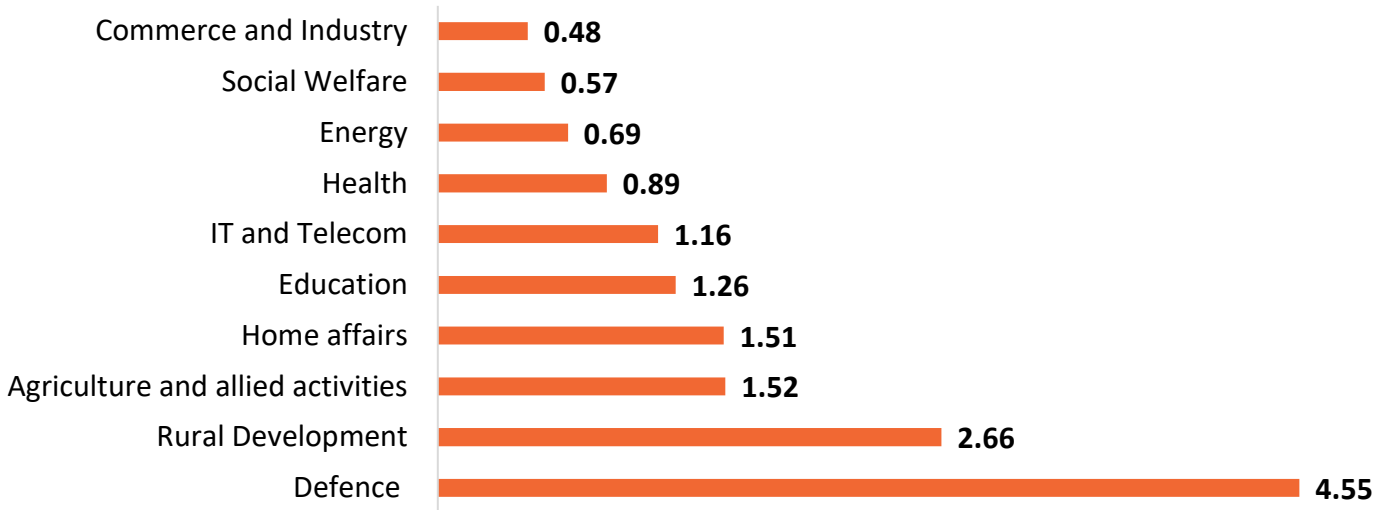


PE – Provisional Estimate | RE – Revised Estimate | PA – Provisional Actual

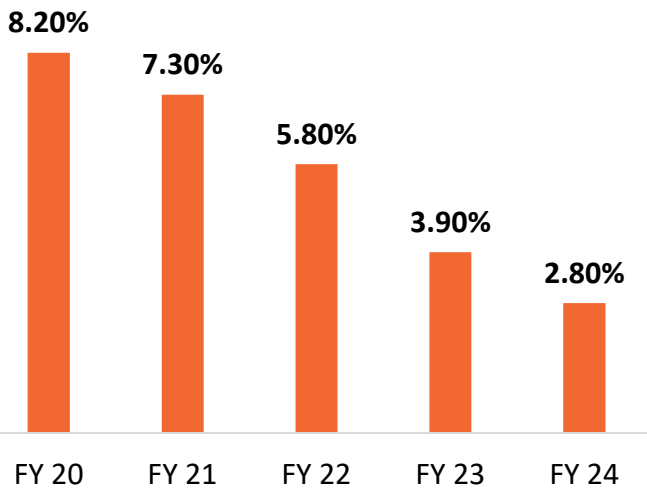
Source: Budget at a glance

Allocation for ministries

In ₹ lakh crores

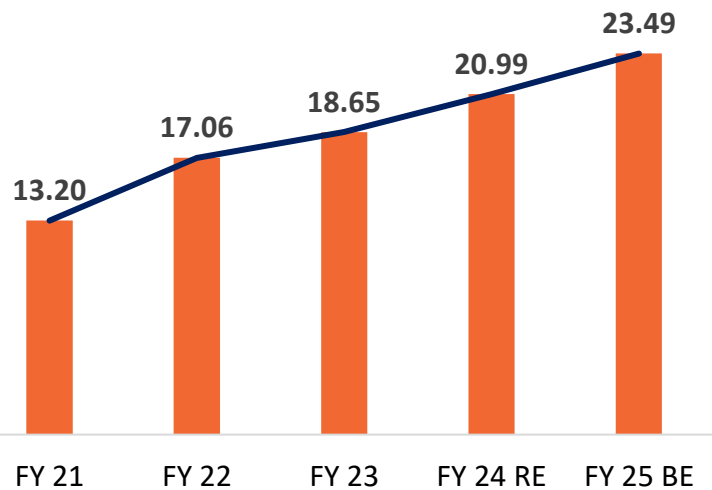


Declining GNPA as a % Of Gross Advances

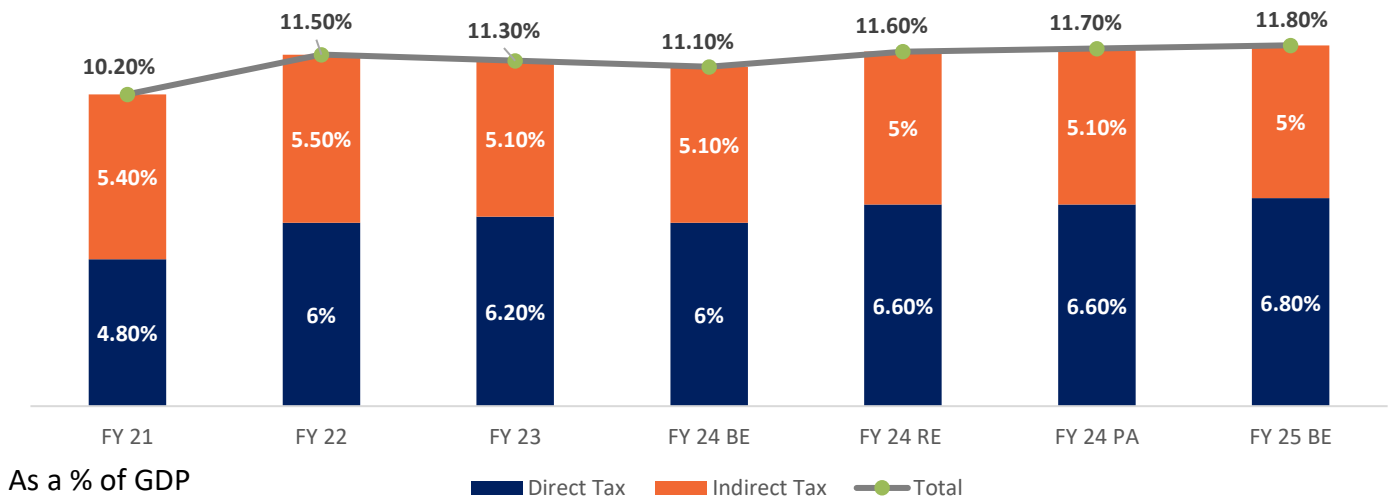


Transfer to States and UTs

In ₹ lakh crores



Trend in Tax Receipts



PE – Provisional Estimate | RE – Revised Estimate | PA – Provisional Actual

Source: Budget at a glance

Budget Theme

We are the envy of the world in terms of our growth in GDP. We are the preferred destination of the world for investment because of the belief in our future. But the vital task ahead for us is to ensure that this growth is now accompanied by an explosion in job-creation. The most important element of yesterday's budget was strong evidence that the Government recognizes this to be its most important mission. And that skilling to make young people employable is as important as employment. The schemes announced are promising. But they need to be tracked closely to ensure that the incentives are working and if any tweaks/modifications are required

*~ Anand Mahindra
Chairman Mahindra Group*

A. 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.

B. Focus of Budget is on 4 major castes, namely

- ‘Garib’ (Poor)
- ‘Mahilayen’ (Women)
- ‘Yuva’ (Youth)
- ‘Annadata’ (Farmer)

C. “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

D. 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.

E. 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%.

F. 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.

G. 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.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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

Direct Taxation

We will continue our efforts to simplify taxes, improve tax payer services, provide tax certainty and reduce litigation while enhancing revenues for funding the development and welfare schemes of the government. It has been our endeavor to simplify taxation. We have taken a number of measures in the last few years including introduction of simplified tax regimes without exemptions and deductions for corporate tax and personal income tax

*~ Nirmala Sitharaman,
Finance Minister of India*



A. Personal Taxation

1. Increase in Standard Deduction and deduction from family pension for tax payers of new regime.

- It is proposed to insert a proviso after Section 16(ia) to increase the standard deduction for salaried individuals from Rs. 50,000 to Rs. 75,000 opting for new tax regime.
- It is also proposed to insert a proviso after Section 57 (iia) to increase the deduction in case of family pension from Rs. 15,000 to Rs. 25,000 for the taxpayers opting for the new tax regime.
- These amendments are proposed to be effective from the A.Y. 2025-26.

2. Increase in amount allowed as deduction to non-government employers and their employees for employer contribution to a Pension Scheme referred in section 80CCD

- Section 36 of the Act, dealing with deductions for business or profession income, is proposed to be amended to increase the allowed employer contribution to a pension scheme from 10% to 14% of the employee's salary.
- Section 80CCD, dealing with deductions for contributions to a pension scheme, is also being amended. For contributions made by employers other than the Central or State Government, the allowed deduction will be increased from 10% to 14% of the employee's salary, but only if the employee's salary is taxable under section 115BAC(1A) i.e. New Tax Regime.
- This amendment is proposed to be effective from the A.Y. 2025-26.

B. Corporate Taxation

1. Tax on distributed income of domestic company for buy-back of shares

- As per Section 115QA, any amount distributed by a company on buy back of shares from shareholders shall be charged to tax and such company shall be liable to pay additional income tax at the rate of 20% on distributed income. Further, capital gain in the hands of shareholders is exempt from tax.
- It is proposed that a domestic company's purchase of its own shares is treated as a dividend in the hands of shareholders, who are charged income-tax at applicable rates. Further the cost of shares bought back will be treated as capital loss in the hands of shareholder and allowed to be set off.
- This amendment is proposed to be effective from 01.10.2024.

2. Abolition of Angel Tax

- Section 56(2)(viib) is deeming section provides for deemed income in the hands of issuing company if consideration received on the issue of shares exceeds fair market value. It has been proposed to put sun-set clause to this provision and the same shall not apply from AY 2025-26.

3. Tax incentives to International Financial Services Centre

In order to further incentivize operations from IFSC, it is proposed to make the following amendments:

- It is proposed to amend Section 10(4D)(c) to include in Specified Funds those retail funds and Exchange Traded Funds which have been granted a certificate to that effect under IFSCA Regulation 2022 and satisfy conditions as may be prescribed.

- It is proposed to amend Sec 10(23EE) to modify definition of “recognised clearing corporation” to include corporation as defined in IFSCA (Market Infrastructure Institutions) Regulations, 2021.
- Section 68 provided that the onus to prove source of sum in the hands of creditor would not apply in case of SEBI regulated VCF or VCC. It is not proposed to include those VCF which are regulated by IFSCA.
- Section 94B puts restriction of 30% on allowability of interest on debts issued by AE of the borrower if exceeds certain limits. It is proposed provide that the provisions of this section shall not apply to finance companies located in IFSC.
- This amendment is proposed to be effective from A.Y. 2025-26.

4. Increase in limit of remuneration to working partners of a firm allowed as deduction

- It is proposed to amend the limit of remuneration to working partners in a partnership firm u/s 40(b), which is allowed as deduction. Presently, remuneration to working partner of the firm including LLP is disallowed if it exceeds aggregate of the following

On the first Rs. 3 lakhs of book profit or in case of loss	Rs.1.5 lakhs or 90% of book profit, whichever is more
On balance of book profit	60% of book profit

- It is now proposed to increase the above limit as under

On the first Rs.6 lakhs of book profit or in case of loss	Rs. 3 lakhs or 90% of book profit, whichever is more
On balance of book profit	60 % of book profit

- This amendment is proposed to be effective from A.Y. 2025-26.

5 Reporting of income from letting out of house property under ‘Income from House Property’

- Owing to different tax treatment for rental income by some taxpayers thereby leading to reduced tax liability, it is proposed to amend the section 28 of the Act so as to clarify that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property”.
- This amendment is proposed to be effective from A.Y. 2025-26.

6. Disallowance of settlement amounts being paid to settle contraventions

- Explanation 3 to Sec 37(1) clarify that expenditure incurred for “any purpose which is an offence or prohibited under law” is not an allowable expenditure.
- It is proposed to amend Explanation 3 to Sec 37(1) to clarify that "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" under Explanation 1 shall include any expenditure incurred by an assessee to settle proceedings initiated in relation to a contravention under any law for the time being in force, as notified by the CG.
- This amendment is proposed to be effective from A.Y. 2025-26.

7. Removing reference to National Housing Board in Section 43D of the Act

- Clause (b) of section 43D of the Act states that in the case of a public company involved in housing finance, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the National Housing Bank (NHB). However, the Finance (No. 2) Act, 2019 (23 of 2019) has amended the National Housing Bank Act, 1987, conferring powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI).
- It is proposed to remove reference to National Housing Bank by omitting clause (b) of section 43D of the Act and clause (a) and (b) of Explanation to section 43D of the Act.
- This amendment is proposed to be effective from A.Y. 2025-26.

8. Promotion of domestic cruise ship operations by Non-Residents

- In order to promote tourism industry in India and attract global tourists to cruise shipping in India, it is proposed to insert new section 44BBC which deems twenty per cent of the aggregate amount received/ receivable by, or paid/ payable to, the non-resident cruise-ship operator as PGBP, subject to conditions.
- It is also proposed to insert sub-section (15) to Sec 10, to provide that any rentals paid by a such non-resident operating cruise ships shall be exempt in the hands of foreign company if both the companies are subsidiaries of the same holding company. This exemption is available upto AY 2030-31.
- This amendment is proposed to be effective from A.Y. 2025-26.

C. Capital Gain Taxation

1. Simplification and Rationalization 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.
- Please refer chart on next page for certain assets.

Changes in Capital Gain Tax Rates and Period of Holding

Asset Type	Period of Holding for LTCG	Short Term Capital Gains		Long Term Capital Gains	
		Transfer till 22nd July 2024	Transfer on or after 23rd July 2024	Transfer till 22nd July 2024	Transfer on or after 23rd July 2024
Listed Equity Shares & Units of Equity Mutual Fund	No change – 12 Months	15%	20%	10% (without indexation exceeding Rs. 1 Lakh)	12.5% (without indexation exceeding Rs.1.25 Lakh)
Unlisted Shares	No change – 24 Months	Applicable rates	Applicable rates	20% (with Indexation) 10% (without indexation for NR)	12.5% (without indexation)
Immovable Properties (Land or Building or both)	No change – 24 Months	Applicable rates	Applicable rates	20% (with Indexation)	12.5% (without indexation)
Debt Mutual Funds (acquired after 01.04.23), Market Linked Debentures (Note 1)	Not Applicable Deemed Short Term	Applicable rates	Applicable rates	Applicable rates	Applicable rates
Unlisted Debenture or Unlisted Bond (Note 1)	Yes – Earlier 36 Months, Now Deemed Short Term	Applicable rates	Applicable rates	20% (without Indexation)	Applicable rates
Units of Listed Business Trust (REITs/InVITs)	Yes – Earlier 36 Months, Now 12 Months	15%	20%	10% (without indexation)	12.5% (without indexation)
Other Listed Securities (like bonds, debentures etc.)	No change – 12 Months	Applicable rates	Applicable rates	10% (without indexation)	12.5% (without indexation)
Other Unlisted Securities & Other assets like gold etc.	Yes – Earlier 36 Months, Now 24 months	Applicable rates	Applicable rates	20% (with Indexation)	12.5% (without indexation)

Note -1 – Please refer to the amendment made in Section 50AA.

2. Amendment to definition of Specified Mutual Fund under section 50AA

- The Finance Act, 2023, introduced section 50AA, imposing short-term capital gains tax on Market Linked Debentures and Specified Mutual Funds, taxing gains regardless of holding period. The requirement of investment of not more than 35% in equity shares has also impacted other funds which are not debt-oriented funds, but invest below 35% in equity shares. Such funds which are adversely impacted include Exchange Traded Funds (ETFs), Gold Mutual Funds and Gold ETFs. In the case of Fund-of-Funds (FoFs) as well, wherein the underlying fund further invests in other instruments, there is ambiguity as to whether they will be considered Specified Mutual Funds as defined in section 50AA.
- To address these issues, it is proposed to amend the definition of “Specified Mutual Fund” under section 50AA to provide that a specified mutual fund shall mean:
 - a) a Mutual Fund by whatever name called, which invests more than sixty five per cent of its total proceeds in debt and money market instruments; or
 - b) a fund which invests sixty five per cent or more of its total proceeds in units of a fund referred to in sub-clause (a).
- Further, unlisted debentures and unlisted bonds are proposed to be brought to tax at applicable rates by including them under provisions of section 50AA of the Act. This amendment in section 50AA shall come into effect from the 23rd day of July, 2024.

3. Abolition of Corporate Gifting

- Clause (iii) of section 47 provides that any transfer of a capital asset by way of gift or through will or an irrevocable trust is not regarded as a transfer. Since the Act does

not provide category of the Donor, in multiple cases taxpayers have argued before judicial fora that transaction of gift of shares by Company is not liable to capital gains tax, in view of the provisions of section 47(iii) of the Act.

- With a view to underscore the intent of gift which is given out of natural love and affection, it is proposed to substitute the clause (iii) that transfer of individual or HUF only shall not be regarded as transfer.
- This amendment is proposed to be effective from A.Y. 2025-26.

4. Rationalization of Capital Gain on Offer for Sale (“Ofs”)

- Finance Act 2018 had introduced long-term capital gains tax on transfer of equity shares on which STT is paid at the time of acquisition (subject to certain exceptions) and transfer
- The cost of acquisition is to be taken as per the following formula: Higher of (a) and (b):
 - a) Actual cost of acquisition
 - b) lower of: (i) FMV of shares as of 31st January, 2018; and (ii) Full value of Consideration received upon sale
- As per the explanation, indexed cost of acquisition for FY 2017-18 is considered as FMV as on 31st January, 2018 in case of unlisted equity shares which are listed on the date of transfer
- In case of OFS, shares are not listed on the date of transfer but listed subsequently. Since STT is paid on transfer, capital gain tax is payable under section 112A which requires cost to be computed as per above explanation. Some taxpayers were taking the position that in case of OFS, the computation of FMV fails as shares are not listed on the date of transfer and hence capital gains is not chargeable to tax

- It is proposed to amend the explanation defining FMV to include sale of unlisted equity shares under OFS to mean indexed cost of such shares for FY 2017-18
- This amendment is proposed to be retrospectively effective from A.Y. 2018-19

D International Taxation

1. Abolition of Equalization Levy in relation to e-Commerce Operators

- Equalization levy @ 2% on the amount of consideration received/ receivable by an e-commerce operator from e-commerce supply or services was introduced vide Finance Act 2020. In view of raising concerns that scope of 2% equalization levy is ambiguous and leads to compliance burden, it is proposed that equalization levy shall not apply on consideration received for e-commerce supply or services on or after 01.08.2024. Consequently, the exemption provided to income u/s 10(50) arising from e-commerce on which equalization levy was applicable will now be withdrawn.
- This amendment is proposed to be effective from 01.08.2024

2. Determination of ALP in respect of Specified Domestic Transactions by TPO

- The provisions of sub-section (2A) & 2(B) of Section 92CA, provides that if, during the course of proceeding before TPO, an international transaction comes to his notice, which has not been referred to him by the AO, the TPO can proceed to determine the ALP in its respect as well. It also provides for computation of ALP by the TPO, of those international transactions, details of which have not been furnished in the audit report referred to above. The present law does not extend to Specified Domestic Transactions (SDT).

- 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.
- This amendment is proposed to be effective from A.Y. 2025-26.

3. Submission of statement by liaison office of non-resident in India

- In order to ensure better compliance of filing annual activity statement in Form 49C by a NR having Liaison Office in India, it is proposed to insert new section 271GC to levy penalty of Rs.1000 per day upto 3 months for failure to furnish such statement, and Rs.1 Lac in any other case. No penalty shall be levied if reasonable cause is shown.
- This amendment is proposed to be effective from 01.04.2025



E. Litigation

1. Reassessment Rationalization – Effective from 01/09/2024

- Section 148 and 148A has been substituted with new provisions, applicable from 01/09/2024. Salient features of the reassessment proceedings are as under:
 - Cases involving search initiated on or after 01/09/2024, shall be excluded from the scope of reassessment provisions.
 - Requirement of conducting an inquiry before issue of notice for reopening to be deleted.
 - Time limit to furnish return of income is now capped to 3 months from the end of the month in which the notice is issued.
 - Scope of 'information' escaping assessment expanded to include any information emanating out of survey conducted after 01/09/2024.
 - Specified Authority as per section 151 for the purpose of section 148 and 148A shall be now Additional Commissioner or Additional Director or Joint Commissioner or Joint Director.
 - Time limit for issuance of notice u/s 148A:

2. Revival of the concept of block period for conducting the search assessment where search is conducted on or after 01/09/2024

- The Finance Act, 2021 amended sections 153A and 153C to apply only to search and seizure actions initiated on or before 31.03.2021. The separate search assessment regime was abolished and merged into reassessment provisions under sections 147, 148, 149, 151, and 151A.
- Now it is proposed to amend the provisions of Chapter XIV-B of the Act, and new scheme proposed for completion of assessment for block period in cases where search is initiated on or after 01/09/2024.
- Salient features of the new scheme are as follows:
 - The 'block period' – 6 years.
 - Regular assessments for the block period shall abate.
 - The Assessing Officer shall assess the 'total income' of the assessee, including the undisclosed income.
 - The assessment in respect of any other person shall be governed by the provisions of section 158BD.
 - The tax shall be charged at 60% for the block period, as per section 113 of the Act.
 - No interest under the provisions of section 234A, 234B or 234C
 - No penalty u/s 270A.
 - Penalty on the undisclosed income shall be 50%
 - The time-limit for completion of block assessment – 12 months from the end of the month of last authorizations for search or requisition

Threshold	Notice u/s 148A	Notice u/s 148
Income escaping assessment	3 Years	3 Years and 3 Months
Income escaping assessment >= Rs 50 Lakh	5 Years	5 years and 3 months, subject to certain conditions

3. Direct Tax Vivad se Vishwas Scheme, 2024

- In 2020 government had brought “Direct Tax Vivad Se Vishwas Act, 2020” to reduce litigation in direct taxes and the scheme got encouraging response from the taxpayers.
- It is now proposed to bring a similar scheme, namely ‘Direct Tax Vivad Se Vishwas Scheme, 2024’ for reducing the pending litigations at various appellate forums i.e. CIT(A), DRP ITAT, High Court and Supreme Court.
- The following cases are eligible under the Scheme:

Nature of tax arrears	Amount payable up to 31st December 2024	Amount payable after 1st January 2025 but before last date
Aggregate of disputed tax, interest & penalty on disputed tax, where appeal is filed by taxpayer after 31.01.2020 but before 22.07.2024	100% of disputed tax (complete waiver of interest & penalty)	110% of disputed tax (complete waiver of interest & penalty)
Aggregate of disputed tax, interest & penalty on disputed tax, where appeal is filed by taxpayer on or before 31.01.2020	110% of disputed tax (complete waiver of interest & penalty)	120% of disputed tax (complete waiver of interest & penalty)
Aggregate of disputed interest, penalty or fees, where appeal is filed by taxpayer after 31.01.2020 but before 22.07.2024	25% of disputed interest, penalty or fees	30% of disputed interest, penalty or fees
Aggregate of disputed interest, penalty or fees, where appeal is filed by taxpayer on or before 31.01.2020	30% of disputed interest, penalty or fees	35% of dispute interest, penalty or fees

- The amount payable will be 50% of the amount specified above in following cases:
 - Appeals filed by the Revenue
 - For cases where an appeal is pending before the CIT(A) / JC(A) / DRP / ITAT on which favourable decision in its own case from the higher appellate forum is received.
- The procedure for filling declaration under the Scheme and the last date for filling such declaration to be notified.
- The Scheme explicitly excludes certain cases including where assessment has been made on the basis of search initiated under section 132 or 132A.

4. Change in time limits for levy of penalty and filling of appeal before ITAT

Relevant Section	Applicable from	Changes made
Section 275	01/10/2024	Now it is proposed that after amendment reference to the date of receipt of order by the principal Chief Commissioner or Chief Commissioner is to be omitted.
Section 253	01/10/2024	Time limit for filing appeals to ITAT has been changed to 2 months from the end of the month in which the order sought to be appealed against communicated.

Tax clearance certificate and adjusting liability under BMA against seized assets - Applicable from 01/10/2024

- Under section 230(1A) of the Act, Indian residents must obtain a certificate from income-tax authorities before leaving India. However, the BMA is not covered by this section.
- Under section 230(1A) of the Act, Indian residents must obtain a certificate from income-tax authorities before leaving India. However, the BMA is not covered by this section.
- Now it is proposed to expand the scope of the said section and reference of liabilities under BMA is made to include in the section 230(1A) of the Act.
- Presently, any assets seized during the course of search or otherwise requisitioned by the Assessing Officer have to be utilized against the existing liability under the Income Tax Act or any of the mentioned laws.
- It is proposed to extend the scope of such seized and requisitioned assets to utilize it against any existing liability under the BMA.

5. Amendments in Black Money Act, 2015 ('BMA')

Relaxation of Penalty u/s 42 and 43 of BMA for Non- disclosure of foreign assets - Applicable from 01/10/2024

- Presently, a resident taxpayer faces of Rs 10 lakh penalty for failing to disclose foreign assets, except for bank accounts with an aggregate balance under Rs 5 lakhs.
- To relieve taxpayers from penalties for not reporting low-value foreign assets, sections 42 and 43 of the BMA will be amended. Taxpayers will be exempt from penalties for assets (excluding immovable property) under INR 20 lakhs.

6. Amendment in Section 245Q and 245R related to Advance rulings –Applicable from 01/10/2024

- The Authority for Advance Ruling ceased to exist from 01/09/2021, as per the Finance Act 2021.
- It is proposed to amend section 245Q to allow withdrawal applications by 31/10/2024 for transferred cases where no order under section 245R(2) has been passed.
- The Board for Advance Rulings may reject withdrawal applications under section 245R(1) by 31/12/2024.

7. Increase in monetary limits for filing appeals by tax department

- 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	50,00,000	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

8. CIT (Appeals) empowered to set aside in certain cases - Applicable from 01/10/2024

- Where assessment order was passed as best judgment case u/s 144 of the Act, Commissioner (Appeals) shall be empowered to set aside the assessment and refer the case back to the Assessing officer for making fresh assessment.

F. Withholding tax

1. Time limit to file correction statement in respect of TDS/ TCS statements

- There is a time limit for furnishing statements detailing the TDS/TCS, however there is no time limit for furnishing correction statements. Hence such statements may be revised multiple times indefinitely and thus these provisions may be misused causing difficulty to deductees/collectees.
- In order to put certainty and finality on the correction statement of TDS and TCS statements, it is proposed to amend section 200 and section 206C(3B) to provide that no correction statement shall be allowed after the expiry of six years from the end of the financial year in which the statement referred to in section 200(3) and statement referred to in section 206C(3) are respectively delivered.
- The amendment is proposed to be effective from the 1st April,2025.

Well thought out budget. Fiscal discipline maintained. Right focus on employment and MSME. Capital gains tax smartly simplified, leaning in favour of revenue. STT increase is necessary sand in the wheels of high derivative volumes. Paradigm shift of saver to investor continues.

**Uday Kotak
Managing Director and
CEO of Kotak Mahindra Bank**

2. Excluding sums paid under section 194J from section 194C (Payments to Contractors)

- Section 194C of the Act provides for TDS on payments to contractors at the rate of 1% to an individual or HUF and 2% in other cases. Section 194J of the Act relates to TDS on fees for professional or technical services wherein the applicable TDS rates are 2% or 10% depending on the nature of payment being made.
- Clause (iv) of the Explanation of section 194C defines “work” to specify which activities attract TDS under this section. However, there is no explicit exclusion of assesseees who are required to deduct tax under section 194J from requirement/ability of deducting tax under section 194C. As a result, some deductors are incorrectly applying section 194C when they should be applying section 194J.
- In view of the above, it is proposed to explicitly state that any sum referred to in section 194J(1) does not constitute “work” for the purposes of TDS under section 194C.
- The amendment is proposed to be effective from 1st day of October 2024.

3. TDS on payment of salary by partnership firms to Partners

- It is proposed to insert a new TDS section 194T to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS @ 10% for aggregate amounts more than Rs 20,000 in the financial year.
- This amendment is proposed to be effective from 01.04.2025

4. TCS under sub-section (1F) of section 206C on notified goods

- The existing provisions of Sec 206C(1F) provides for collection of TCS @1% at the time of sale of motor vehicle exceeding value Rs.10 Lacs.
- In view of increased expenditure on luxury goods by HNIs, it is proposed to amend sub-section (1F) to levy TCS on any other goods of value exceeding Rs.10 Lacs as may be notified by the Government.
- This amendment is proposed to be effective from 01.01.2025

5 Tax Deduction at source on Floating Rate Savings (Taxable) Bonds (FRSB) 2020

- The provisions of section 193 of the Act are proposed to be amended to allow for deduction of tax at source at the time of payment of interest exceeding ten thousand rupees on a) FRSB and b) any security of CG or SG as specified by notification.
- This amendment is proposed to be effective from 01.10.2024

6. Extending the scope for lower deduction/collection certificate

- To facilitate ease of doing business and to provide an option to seek a lower deduction certificate so as to reduce compliance burden on the assessee, it is proposed:
 - a) to amend sub-section (1) of section 197 to bring section 194Q (TDS on Purchases) in its ambit
 - b) to amend sub-section (9) of the section 206C to bring sub-section (1H) of section 206C (TCS on sale of goods) in its ambit.
- This amendment is proposed to be effective from 01.10.2024

7. Relaxation of prosecution on late deposit of TDS - Applicable from 01/10/2024

- That presently as per section 276B, where a deductor fails to deposit tax deducted within the prescribed due date, he shall be punishable with rigorous imprisonment for 3 months to 7 years and with time.
- Now it is proposed to make amendment in this provisions to provide exemption from prosecution if the TDS is deposited before the time prescribed for filing Quarterly TDS returns.

8. Timelines for provisions of TDS / TCS statements / orders - Applicable from 01/04/2025

- The time limit for delivering TDS / TCS corrective statement shall be up to 6 years from the end of the relevant financial year.
- Same time limit prescribed for passing TDS order (in respect of TDS default) for both resident as well as non-resident payees.
 - 6 years from the end of the financial year to which TDS/TCS pertains.
 - 2 years from the end of financial year in which correction statement is furnished.

Whichever is later.
- Similar timelines prescribed for TCS provisions

9. Time limit for filing belated TDS/TCS statement without penalty is reduced- Applicable from 01/04/2025.

- Amendment in section 271H(3) to provide that no penalty shall be levied if the person proved that after paying TDS / TCS along-with fees and interest, has filed TDS/TCS Statement before the expiry of 1 month from the due date of furnishing such statements.

- Earlier the time limit was 31st December of the same assessment year.

10. Claiming credit for TCS of minor in the hands of parent

- It is proposed to introduce a provision in section 206C of the Act, to allow the Board to notify the rules for cases where credit of TCS are given to person other than collectee, only where the income of the minor is being clubbed with the parent as under sub-section (1A) of section 64 of the Act.
- This amendment is proposed to be effective from 01.01.2025

11 Rationalization of Tax Deducted at Source rates

- To improve ease of doing business and better compliance by taxpayers, the TDS rates are proposed to be reduced as under:

Please refer chart on next page



Section	Nature of Payment	Present Rate	Proposed rate	With Effect from
194D	Payment of insurance commission (in case of person other than company)	5%	2%	01 April 2025
194DA	Payments in respect of life insurance policy	5%	2%	01 October 2024
194G	Commission on sale of lottery tickets	5%	2%	
194H	Payment of commission or brokerage	5%	2%	
194-IB	Payment of rent by certain individuals or HUF	5%	2%	
194M	Payment of certain sums by certain individuals or HUF	5%	2%	
194-O	Payments by e-commerce operators to ecommerce participant	1%	0.1%	
194F	Repurchase of units by Mutual Fund / Unit Trust of India	20%	Nil	

G. Rationalization

1. Ease in claiming credit for TCS collected/TDS deducted by salaried employees

- For the purpose of deduction of TDS on salary, presently section 192(2B) requires consideration of income under other heads and related tax deductions while calculating TDS on salary. However, it does not provide for credit of any TDS where there is no corresponding income (like TDS on cash withdrawal u/s 194N). Also, it does not provide for claim of TCS collected from tax payer. This resulted into hardship and claim of such TDS/TCS as refund. Accordingly, now it is proposed to amend section 192(2B) to provide for allowance of all TDS/TCS under Chapter XVII Part B & BB.
- This amendment is proposed to be effective from 1st October, 2024.

2. Late payment of TCS – Interest rate increased to 1.5% at par with TDS:

- At present, section 206C(7) provides for payment of interest @1% for delayed payment of TCS to government. Whereas delayed payment of TDS u/s 201(1A) attracts interest @1.5% per month. Accordingly, it is now proposed to amend section 206C(7) to increase rate of interest for such delayed payment of TCS also to 1.5% p.m. at par with TDS.
- This amendment is proposed to be effective from 1st April, 2025.

3. Rate of STT on F&O Increased

- It is proposed to increase securities transaction tax on Option from 0.0625% to 0.1% and Futures sales in securities from 0.0125% to 0.02% due to the exponential growth of derivative markets, aiming to cover a larger proportion of stock exchange trading.
- This amendment is proposed to be effective from 01.10.2024.

4. Rationalization of Provisions Of Charitable Trusts

Consolidation of Two Charitable Tax Regimes

- Presently, there are two regimes governing Public Charitable Trusts viz; section 10(23C) and section 11 to 13
- It is now proposed to transit the trust/institution from section 10(23C) to section 11 - 13 in a gradual manner
- This amendment will take effect from 01st October, 2024

Merger of Charitable Trusts with Other Trusts

- To insert new section laying down the conditions under which mergers of public charitable trust shall not attract tax on accreted income.

Relaxation in Registration Approval

- It is proposed to empower the Pr. CIT/CIT to condone the delay in filing the application for registration of charitable trust if there is reasonable cause for such delay
- It is proposed to rationalise the timelines for passing order granting or rejecting registration under section 12AB or approval under section 80G within six months from the end of the quarter in which application is received
- This amendment will take effect from 01st October, 2024

Amendment of Section 80G

- The contributions to the National Sports Development Fund would be eligible for deduction under section 80G of the Act.
- This amendment will take effect from AY 2025-26

Indirect Taxation

The exemption of customs duties on cancer drugs such as Trastuzumab Deruxtecan, Osimertinib and Durvalumab will have a profound impact on patients battling cancer.

Dr Kumardeep Dutta Choudhury
Director of Medical Oncology
MAX Hospital



A. Amendments under CGST Act, 2017 (effective from the date to be notified)

- 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. Similar amendment is made in section 5 of IGST Act and section 7 of UTGST Act.
- 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. Similarly Section 6A is inserted in IGST Act and section 8A is inserted in UTGST Act.
- Changes are 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.
- A new proviso in sub-section (2) of section 30 of the CGST Act is being inserted, so as to provide for an enabling clause to prescribe conditions and restrictions for revocation of cancellation of registration.
- For invoice or debit note for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the 30th day of November, 2021.
- ITC in case where the registration has been cancelled can be availed after revocation of cancellation of registration where return is filed within thirty days from the date of order of revocation of cancellation of registration.
- ITC of taxes paid under section 74 is blocked upto financial year 2023-24 and also ITC for tax paid under section 129 & 130 is not blocked.
- 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 received from unregistered person.
- 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 39(3) is being substituted, so as to mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not. It also empowers the Government to prescribe by rules, the form, manner and the time within which such return shall be filed.
- 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.
- Section 70(1A) is being inserted, to enable an authorized representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer.
- Section 73(12) & 74(12) is being inserted, so as to restrict the applicability of the said sections for determination of tax pertaining to the period upto Financial Year 2023-24. The explanation in Section 74 dealing with suppression has been omitted.
- 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, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts.

- Reference of new added section 74A is made in certain sections such as Section 10(5), 21, 35(6), 49(8), 50(1), 51(7), 61(3), 62(1), 63, 64(2), 65(7), 66(6), 75, 104(1), 107(11), 127.
- Section 75 is amended so as to provide for redetermination of penalty demanded in a notice invoking penal provisions under clause (ii) of sub-section (5) of the proposed section 74A of the said Act to re-determine the penalty as per clause (i) of the sub-section (5) of the said section, in cases where the charges of fraud, wilful misstatement, or suppression of facts are not established.
- 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.
- Section 109 is being amended, so as to empower the Government to notify types of cases which includes Anti profiteering cases that shall be heard only by the Principal Bench of the Appellate Tribunal.
- Section 112 of the CGST Act are being amended,
 - ❖ To empower the 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. The said amendment will be made effective from the 1st day of August, 2024.
 - ❖ Sub-section (6) of the said section is also being amended so as to enable the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months. The said amendment will be made effective from the 1st day of August, 2024.
- ❖ Sub-section (8) of the said section is also being amended so as to reduce the maximum amount of pre-deposit for filing appeals before the Appellate Tribunal from the existing 20% to 10% of the tax in dispute and also reduce the maximum amount payable as pre-deposit from Rs. 50 Crores to Rs.20 Crores under CGST head.
- Sub-section (1B) of section 122 of the CGST Act is being amended w.e.f. 01st October,2023, so as 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 in the CGST Act is being inserted, to provide for a conditional waiver of interest and penalty in respect of demand notices issued under section 73 of the said Act for the Financial Years 2017-18, 2018-19 and 2019-20, except the demands notices in respect of erroneous refund. In cases where interest and penalty have already been paid in respect of any demand for the said financial years, no refund shall be admissible for the same.
- 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, for which invoices were also received prior to the appointed date.

- Proviso and Explanation is being inserted in subsection (2) of section 171 of the CGST Act, 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. Explanation in the sub-section (3A) of the said section is being inserted, so as to include the reference of Appellate Tribunal in the Authority under the said section so that the Appellate Tribunal may be notified by the Government to act as an Authority under the said section.
- Paragraph 8 is being inserted in Schedule III to the CGST Act, so as to provide that the activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements shall be treated as neither supply of goods nor supply of services, provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.
- Paragraph 9 is being inserted in Schedule III to the CGST Act, so as to provide that the services by the insurer to the reinsurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.
- 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.

B. Amendments in Central Excise Act, 1944 (effective from the date of enactment of finance bill)

- Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months.
- The Clean Environment Cess, levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30th June, 2017 subject to payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017.



C. Amendments to The Customs Act, 1962 (effective from the date of enactment of finance bill)

- Section 28 DA is being amended to accept various proof of origin documents allowed in terms of new trade agreements. These trade agreement allow importers to self-certify the origin of the goods for claiming concessionary duty benefits.
- Section 65 is being amended to specify certain class of goods in respect of which manufacturing and other operations shall not be permitted in a warehouse.
- Section 143AA and Section 157(2)(m) of the Customs Act is amended to expand scope by including “any other persons” as well apart from importers and exporters.

D. Amendments to the Customs Tariff Act, 1975 (effective from the date of enactment of finance bill)

- Section 6 of custom tariff act which deals with imposition of protective customs duties is proposed to be omitted.

E. Amendments to the first schedule to The Customs Tariff Act, 1975 (to be effective from 24.07.2024)

- The First Schedule is being amended to change the tariff rates on certain items- refer Third Schedule of Finance Bill.
- Notification for effecting these changes with effect from 24.07.2024 has already been issued.

F. Amendments to the first schedule to the Customs Tariff Act, 1975 (to be effective from 1.10.2024)- refer Fourth Schedule of Finance Bill

- A substantial increase in tariffs rate from 30% to 150% is being imposed on other roasted nuts and seeds, including arecanuts (falling under HSN 20081920/20081930).

- The import duty on other prepared or preserved nuts, including arecanuts, has increased from 30% to 150%.

G. Amendments to the other proposals involving changes in basic customs duty rates in notifications (to be effective from 24.07.2024)

- Amendments to basic customs duty rates for other items has been detailed in Notification No. 30/2024-Customs with effect from 24.07.2024.

H. Amendments to the Export duty (to be effective from 24.07.2024)

- Amendments to Export duty rates has been made in Notification No. 30/2024 with effect from 24.07.2024

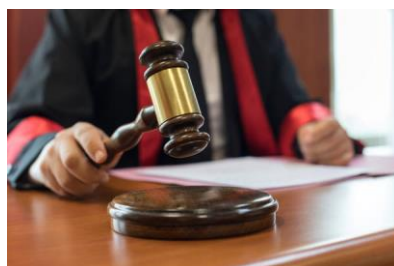
A future reduction in GST on products such as packaged foods and instant coffee, along with a decrease in import duty on green beans, would greatly support meeting market demand and improving the sustainability and profitability of coffee production.

- Praveen Jaipuria
CEO of Continental Coffee

Company law, Foreign Exchange Management Act (FEMA), IBC and Other

Many provisions have been made in this budget to make the defense sector self-reliant. The focus is also laid on the tourism sector in this budget. A decision has also been taken on the reduction of tax and TDS rules are also simplified. We are speeding development in the eastern region by the way of construction of highways and water and power projects

*~Hon'ble Prime Minister,
Shri Narendra Modi*



A. New Integrated Technology Platform to Enhance IBC Outcomes

- With a view to achieving consistency, transparency, timely processing, and better oversight for all stakeholders, an Integrated Technology Platform will be set up to improve outcomes under the Insolvency and Bankruptcy Code (IBC).

B. Voluntary closure of LLPs

- It is proposed that the Centre for Processing Accelerated Corporate Exit (C-PACE) will now extend its services to include the voluntary closure of LLPs. This expansion builds on C-PACE's success in streamlining corporate exits, which has significantly reduced closure times and administrative burdens for companies.

C. Acceleration of Insolvency Resolution Process

- With a view to speeding up insolvency resolution, appropriate changes to the IBC, along with reforms and strengthening of the tribunal and appellate tribunals, will be initiated. Additional tribunals will be established, some of which will be dedicated exclusively to deciding cases under the Companies Act.

D. Moderation of Stamp Duty

- As a part of urban development scheme, the Centre will encourage states to lower the stamp duties including further reduction in stamp duties on properties purchased by women.

E. Inward and outward investment

- With a view to facilitating foreign direct investments and overseas investment, it is proposed that rules and regulations for Foreign Direct Investment and Overseas Investments be simplified. These changes aim to nudge prioritization and promote the use of the Indian Rupee as a currency

for overseas investments, enhancing India's global economic engagement.



ANNEXURE - A

A. Personal Tax

Tax Slab for Individuals/HUFs : -

Tax Slab as per new tax regime u/s 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%

Tax Slab as per Normal Provision	Tax Rate
Upto Rs 2.5 lakhs	Exempt
Rs 2.5 lakhs - Rs 5 lakhs	5%
Rs 5 lakhs – Rs 10 lakhs	20%
Above Rs 10 lakhs	30%

Surcharge for Individuals/HUFs

Surcharge for Individual or HUF exercising option for 115BAC (New)	Tax Rate
Income exceeding Rs 50 Lakh but does not exceeding Rs 1 Crore	10%
Income exceeding Rs 1 Crore but does not exceeding Rs 2 Crore	15%
Income exceeding Rs 2 Crore	25%

Surcharge for Individual or HUF (Old)	Tax Rate
Income exceeding Rs 50 Lakh but does not exceeding Rs 1 Crore	10%
Income exceeding Rs 1 Crore but does not exceeding Rs 2 Crore	15%
Income exceeding Rs 2 Crore but does not exceeding Rs 5 Crore	25%
Income exceeding Rs 5 Crore	37%

Surcharge on Capital Gains taxable u/s 111A ,112 & 112A and on dividend income is capped at 15%.

Cess

- Health & Education cess in all cases remains unchanged at 4%.

ANNEXURE - A

B. Corporate Tax

Basic tax rates for companies are as under :-

Particulars	Tax rates
For domestic companies whose total turnover or gross receipts in the FY 22-23 does not exceed Rs 400 Crores	25%
For companies opting for Section 115BA	25%
For companies opting for Section 115BAA	22%
For companies opting for Section 115BAB	15%
For other domestic Companies	30%
Foreign Companies	35%

- MAT is 15% except for companies opting for Section 115BAA/115BAB

Surcharge for companies

Particulars	Domestic Company	Foreign Company
Income exceeding Rs 1 crore but not exceeding Rs 10 Crore	7%	2%
Income exceeding Rs 10 crore	12%	5%

- For companies opting for Section 115BAA/115BAB Surcharge of 10% would be levied irrespective of the income

Cess

Health & Education Cess in all cases remains unchanged at 4%.

C. Firms and LLP

- Basic tax rate remains at 30% and surcharge rate is 12% where income exceeds Rs 1 Crore.
- Health & Education Cess in all cases remains unchanged at 4%.

D. Co-operative Society

Particulars	Tax Rate
Income upto Rs 10,000	10%
Income exceeding Rs 10,000 but not exceeding Rs 20,000	20%
Income exceeding Rs 20,000	30%

- Section 115BAD - Resident Co – operative society has the option to pay Tax @ 22%, if the co- operative Society agrees to forego prescribed deductions and exemptions under the Income Tax Act, 1961
- Sec 115BAE applicable for new manufacturing co-operative society set up on or after 01.4.2023 , which commences manufacturing or production on or before 31.03.2024 , has the option to pay tax @ 15% for AY 2024-25 onwards.
- Surcharge: 7% if total income exceeds Rs 1 Crore and 12% if total income exceeds Rs 10 Crores. if opting for 115BAD & 115BAE Surcharge of 10% would be levied.
- Health & Education Cess in all cases remains unchanged at 4%.

E. AOP/BOI/Artificial Judicial Person (Old)

Particulars	Tax Rate
Income upto Rs 2.5 Lakh	Nil
Income exceeding Rs 2.5 Lakh but not exceeding Rs 5 Lakh	5%
Income exceeding Rs 5 Lakh but not exceeding Rs 10 Lakh	20%
Income exceeding Rs 10 Lakh	30%

Surcharge for AOP/BOI/Artificial Judicial Person (Old)

Particulars	Tax Rate
Income exceeding Rs 50 Lakh but not exceeding Rs 1 Crore	10%
Income exceeding Rs 1 Crore but not exceeding Rs 2 Crore	15%
Income exceeding Rs 2 Crore but not exceeding Rs 5 Crore	25%
Income exceeding Rs 5 Crore	37%

- Surcharge on Capital Gains taxable u/s 111A ,112 & 112A and on dividend income is capped at 15%.
- Maximum Surcharge on AOP with all members as a company is 15%.

Cess

- Health & Education cess in all cases remains unchanged at 4%.

F. AOP/BOI / Artificial Judicial Person (Section 115BAC - New)

Particulars	Tax Rate
Income upto Rs 2.5 Lakh	Nil
Income exceeding Rs 2.5 Lakh but not exceeding Rs 5 Lakh	5%
Income exceeding Rs 5 Lakh but not exceeding Rs 10 Lakh	20%
Income exceeding Rs 10 Lakh	30%

Surcharge for AOP/BOI/Artificial Judicial Person (Section 115BAC - New)

Surcharge for AOP/BOI/AJP opting for 115BAC - New	Tax Rate
Income exceeding Rs 50 Lakh but not exceeding Rs 1 Crore	10%
Income exceeding Rs 1 Crore but not exceeding Rs 2 Crore	15%
Income exceeding Rs 2 Crore	25%

- Surcharge on Capital Gains taxable u/s 111A ,112 & 112A and on dividend income is capped at 15%.
- Maximum Surcharge on AOP with all members as a company is 15%.

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- Health & Education cess in all cases remains unchanged at 4%.

DISCLAIMER

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