

Union Budget 2024

Key Highlights

Transaction and Business Structuring | Audit and Assurance | Direct Tax | Corporate and Regulatory Laws | Indirect Tax | FEMA and International Taxation | SAFE | Doing Business in India



DIRECT TAX PROPOSALS

- Tax rates for Individual, HUF, **AOP (other than co-operative), BOI and AJP** under new regime for F.Y. 2024-2025 :

Total Income	Applicable Tax Rate
Upto INR 3,00,000	0%
More than INR 3,00,000 upto 7,00,000	5%
More than INR 7,00,000 upto 10,00,000	10%
More than INR 10,00,000 upto 12,00,000	15%
More than INR 12,00,000 upto 15,00,000	20%
More than INR 15,00,000	30%

- Under the new tax regime, standard deduction under the head “Salaries” is proposed to be increased from existing INR 50,000 to INR 75,000.
- Deduction of family pension is proposed to be enhanced from existing INR 15,000 to INR 25,000, under the new tax regime.
- Existing dual regime for charitable trusts and institutions is proposed to be transitioned into one regime in a phased manner.

- To simplify capital gains taxation, it is proposed to have only two holding periods. For all listed securities, the holding period is proposed to be 12 months and for all other assets, it will be 24 months w.e.f. 23rd July, 2024.
- Tax on Short Term Capital Gains on STT-paid equity shares, units of Equity Oriented Mutual Funds and units of Business Trust is proposed to be increased from present rate of 15% to 20% w.e.f. 23rd July, 2024.
- Tax on Long Term Capital Gains on all category of assets is proposed to be 12.5% w.e.f. 23rd July, 2024.
- Exemption of tax on Long Term Capital Gains on STT-paid equity shares, units of Equity Oriented Mutual Funds and units of Business Trust is proposed to be increased from INR 1 lakh to INR 1.25 lakhs.
- Indexation benefit for calculating capital gains is proposed to be removed w.e.f. 23rd July, 2024.
- Unlisted debentures and unlisted bonds are proposed to be taxed at applicable rates, irrespective of the period of holding.
- Tax on share subscription received by a company in excess of its FMV (Angel Tax) abolished for all investors.



DIRECT TAX PROPOSALS

- Tax rate for a foreign company is proposed to be reduced from present rate of 40% to 35%.
- Amount paid by a domestic company on buyback of shares is proposed to be taxed as dividend in the hands of the recipient shareholders at applicable tax rate.
- Cost of acquisition of the shares bought back shall be treated as Capital Loss and shall be dealt with according to the provisions of the Act.
- Deduction for employers in private sector and their employees for contribution to Pension Scheme under Section 80CCD of the Act is proposed to be increased from existing 10% to 14% of employee's salary.
- TDS on sum paid under life insurance policy is proposed to be reduced from 5% to 2%.
- TDS on rent paid by specified individuals and HUF is proposed to be reduced from 5% to 2%.
- TDS on commission or brokerage (other than insurance commission) is proposed to be reduced from 5% to 2%.
- TDS at the rate of 10% is proposed to be introduced on payment made to a partner of a firm by way of salary, remuneration, commission, bonus and interest to any account (including capital account) for amount exceeding INR 20,000/- in a financial year.
- Equalisation Levy is proposed to be withdrawn w.e.f. 1st August, 2024.
- 'Vivad Se Vishwas Scheme, 2024' for resolution of income tax disputes pending in appeal has been proposed.
- The Black Money Act is proposed to be amended to not attract penalty on failure to file ITR or report of assets located outside India in the ITR where the aggregate value of asset(s) (other than immovable property) is less than INR 20 lakhs.



GST PROPOSALS

- Applicability of sections 73 and 74 is proposed to be limited upto F.Y. 2023-2024. Instead, a new Section 74A is proposed to be inserted for assessments from F.Y. 2024-2025 onwards.
- The time limit to issue a Show Cause Notice is proposed to be 42 months from the due date of annual return for the financial year
- The time limit for issuing order under section 74A is proposed to be within 12 months from the date of issuance of show cause notice
- It is proposed that no penalty shall be payable if tax and interest are paid within 60 days from the date of issuance of show cause notice for proceedings other than fraud, willful misstatement and suppression

All the amendments mentioned above are proposed in the Finance Bill, 2024 and will take effect from FY 2024-25 (i.e. AY 2025-26) unless otherwise specifically stated, subject to passing by both the houses of the Parliament and assent by the President.

This document summarizes the Union Budget 2024 and the recent policy changes. It has been prepared for the privileged use of our clients. The document is prepared based on our interpretation to provide a general guidance to the intended user. We recommend you to seek professional advice before taking action on specific issues.

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‘ न चोर हार्यं न च राज हार्यं न भात्रू
भाज्यं न च भारकारि
व्ययं कृते वर्धत एव नित्यं
विद्याधनं सर्वधनप्रधानम ’

Knowledge is the Wealth that:
The **Thief cannot Steal,**
The **King cannot Acquire,**
The **Brothers cannot Share,**
Does not Weigh on You,
Grows Forever as you share ,
Truly, **Knowledge is the Greatest Wealth.**

Benefice Business House, 3rd Level,
126, Mathuradas Mills Compound,
N. M. Joshi Marg, Lower Parel (W),
Mumbai – 400013, India.

☎ : +91 22 3321 3737
✉ : reachus@gbcaindia.com
🌐 : www.gbcaindia.com
in : gbc-aassociates

GBCA
& ASSOCIATES LLP
Chartered Accountants