

# Union Budget 2024

**GBCA**  
& ASSOCIATES LLP  
Chartered Accountants



**Building a Viksit Bharat**

Transaction and Business Structuring | Audit and Assurance | Direct Tax | Corporate and Regulatory Laws |  
Indirect Tax | FEMA and International Taxation | HNI Services | Estate and Succession Planning | Doing Business in India



### Inclusive and Comprehensive

The Hon'ble Finance Minister, Ms. Nirmala Sitharaman, presented her 7th successive budget, the first in PM Modi's record breaking third term, with a focus on **E.M.P.L.O.Y.M.E.N.T.**

This stands for **E**mployment and **E**ducation, **M**SMES, **P**roductivity, **L**and, **O**pportunity, **Y**outh, **M**iddle Class, **E**nergy Security, **N**ew Generation Reforms, and **T**echnology.

The Government has taken a long term view on the financial stability of the country along with fiscal consolidation and reduction of the debt to GDP ratio of the country over the next few years, as a new target with providing opportunities for the youth and MSMEs of the country for widening the beneficiaries of a growing economy.

The Government avoided populism in its previous full budget before the election and in this budget it seems to be using the fiscal advantages to provide a stimulus to multiple stakeholders. The youth of the country will get a significant benefit from the internship and employment subsidy schemes announced and the Government has taken feedback from the MSME to ensure that working capital can be made available when they need it the most.

The word 'employment' was used 33 times in her speech, making it the highest times used, in her seven speeches. Like the PLI schemes for manufacturing there is now a fiscal incentive being provided to employers and employees, with a focus on training and skilling.

In a move towards introducing a simpler Direct Tax Code, the Government has made significant changes to the capital gains tax regime, bringing a lot of assets together and removing the benefit of indexation. While on aggregate it has been argued that the benefit from a lower tax rate should offset the removal of indexation benefit, investors will have to calibrate their investments in a way to focus on nominal returns and not only to beat inflation. The increase in STT for futures and options was anticipated and warranted given the many comments and warnings given by Government and Regulators on the increase in futures and options trading in the country.

The Government continues its policy towards taxing the rich by the changes in the capital gains and further by the taxation of buy backs in the hands of the recipient but at the same time has rationalized the taxation on unlisted shares and brought it in line with listed shares. This cements the trajectory followed over the last few years of rationalizing taxes and removing exemptions that were utilized by the rich and ensuring fiscally responsible nation building.

The Government is looking at the future with hope and responsibility. A number of initiatives taken to combat climate change, provide energy security, ensure the youth are employable and employed and the MSME sector of the economy can function optimally. All this with a commitment to look at a reduction of debt to GDP ratio of the country in the next few years.

CA Haresh K. Chheda



# Table of Contents

1. Key Highlights .....	04
2. Direct Tax Proposals .....	08
3. Indirect Tax Proposals .....	61
4. Glossary .....	70

*All the amendments mentioned below are proposed in The Finance (No. 2) Bill, 2024 and will take effect from FY 2024-2025 (i.e. AY 2025-2026) unless otherwise specifically stated, subject to passing by both the houses of the Parliament and assent by the Hon'ble President.*

*This document summarizes the Union Budget 2024-2025 and the recent policy changes. It has been prepared for the privileged use of our clients. We recommend you to seek professional advice before taking action on specific issues.*

**© GBCA & Associates LLP, Chartered Accountants**

# Key Highlights

- ❑ DIRECT TAX PROPOSALS ..... 05
- ❑ INDIRECT TAX PROPOSALS ... 07



### Direct Tax Proposals

- Tax rates for Individual, HUF, AOP (other than co-operatives), 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 INR 7,00,000	5%
More than INR 7,00,000 upto INR 10,00,000	10%
More than INR 10,00,000 upto INR 12,00,000	15%
More than INR 12,00,000 upto INR 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.
- 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. 23<sup>rd</sup> 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. 23<sup>rd</sup> July, 2024.
- Tax on Long Term Capital Gains on all category of assets is proposed to be 12.5% w.e.f. 23<sup>rd</sup> July, 2024.
- Exemption of tax on Long Term Capital Gains, 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 Long Term Capital Gains is proposed to be removed w.e.f. 23<sup>rd</sup> July, 2024.
- Unlisted debentures and unlisted bonds are proposed to be taxed at applicable slab 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 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 slab rates.
- 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 2.0 is proposed to be withdrawn w.e.f. 01<sup>st</sup> August, 2024.
- 'Vivad Se Vishwas Scheme, 2024' for resolution of income tax disputes pending in appeal has been brought back.
- 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.





### Indirect Tax 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.



# Direct Tax Proposals

<input type="checkbox"/> RATE CHARTS .....	09
<input type="checkbox"/> TDS AND TCS PROVISIONS .....	31
<input type="checkbox"/> PERSONAL TAXATION .....	34
<input type="checkbox"/> INCOME FROM HOUSE PROPERTY .....	36
<input type="checkbox"/> CAPITAL GAINS .....	37
<input type="checkbox"/> BUSINESS PROVISIONS .....	41
<input type="checkbox"/> INCOME FROM OTHER SOURCES .....	42
<input type="checkbox"/> INTERNATIONAL TAXATION .....	43
<input type="checkbox"/> ASSESSMENT .....	46
<input type="checkbox"/> VIVAD SE VISHWAS SCHEME, 2024 ....	53
<input type="checkbox"/> PENALTIES .....	56
<input type="checkbox"/> CHARITABLE TRUST .....	57
<input type="checkbox"/> BLACK MONEY & BENAMI PROPERTY ..	58
<input type="checkbox"/> OTHERS .....	60





New tax regime for Individual, HUF, AOP (other than co-operatives), BOI and AJP is default tax regime. An individual/ HUF /AOP/ BOI/ AJP shall have an option to opt for old tax regime :

### I. Tax Rates in Old Regime

Tax Slab Rates for Individuals, HUF, AOP (Other than Co-Operative Society) , BOI and AJP				
Status →	Individual, HUF, AOP, BOI & AJP	Senior Citizen (60 years & Above)	Very Senior Citizen ( 80 years & above)	Notes
Taxable Income (INR)				<ul style="list-style-type: none"> <li>Surcharge @ 10% if income exceeds INR 50 Lakhs but not exceeding INR 1 Crore.</li> <li>Surcharge @ 15% if income exceeds INR 1 Crore but not exceeding INR 2 Crores.</li> <li>Surcharge @ 25% if income exceeds INR 2 Crores but not exceeding INR 5 Crores.</li> <li>Surcharge @ 37% if income exceeds INR 5 Crores.</li> <li>In case of AOP consisting of only companies as its members, the rate of surcharge shall be restricted to 15%, even if total income exceeds INR 2 Crores.</li> <li>In case of STCG u/s 111A, LTCG and dividend, the rate of surcharge shall be restricted to 15%, even if total income exceeds INR 2 Crores.</li> <li>Health and Education Cess @ 4% of Tax + Surcharge.</li> <li>Maximum rebate of INR 12,500 available to resident individuals with net taxable income up to INR 5,00,000.</li> <li>AMT shall be applicable in case of taxpayer claiming specified deductions.</li> </ul>
Upto – 2,50,000	NIL	NIL	NIL	
2,50,001 – 3,00,000	5%	NIL	NIL	
3,00,001 – 5,00,000	5%	5%	NIL	
5,00,001 –10,00,000	20%	20%	20%	
Above 10,00,000	30%	30%	30%	



## II. Tax Rates u/s 115 BAC in New Regime [For Individuals, HUF, AOP (other than co-operatives), BOI and AJP]

Tax Slab Rates for Individuals/ HUF/ AOP (Other than Co-Operative Society)/ BOI and AJP				
Existing Slabs Net Taxable Income (INR)	Existing Slab Rates	Proposed Slabs Net Taxable Income (INR)	Proposed Slab Rates	Notes
Up to 3,00,000	NIL	Up to 3,00,000	NIL	<ul style="list-style-type: none"> <li>Surcharge @ 10% if income exceeds INR 50 Lakhs but not exceeding INR 1 Crore.</li> <li>Surcharge @ 15% if income exceeds INR 1 Crore but not exceeding INR 2 Crores.</li> <li>Surcharge @ 25% if income exceeds INR 2 Crores.</li> <li>Health and Education Cess @ 4% of Tax + Surcharge.</li> <li>Maximum rebate of INR 25,000 available to resident individuals with total income up to INR 7,00,000.</li> </ul>
3,00,001 – 6,00,000	5%	3,00,001 – 7,00,000	5%	
6,00,001 – 9,00,000	10%	7,00,001 – 10,00,000	10%	
9,00,001 – 12,00,000	15%	10,00,001 – 12,00,000	15%	
12,00,001 – 15,00,000	20%	12,00,001 – 15,00,000	20%	
Above 15,00,000	30%	Above 15,00,000	30%	

### Note 1

- In case of short term capital gains u/s 111A, long term capital gains u/s 112 & 112A and dividend, the rate of surcharge shall be restricted to 15%, even if total income exceeds INR 2 Crores. The option u/s 115BAC can be opted every year in case of person not having business income. In other case, once such option is exercised it can be withdrawn only once in subsequent year unless such person ceases to have Business Income.
- AMT will not be applicable if one opts for Section 115BAC.



- In order to opt for old regime, individual, HUF & others shall have to opt for the same and file the return of income within the due date prescribed u/s 139(1).
  - In case of new regime, the individual, HUF & others will not be able to set-off any loss carried forward or depreciation attributable to exemptions/deductions mentioned in Note 2 below. [Though set-off of loss of earlier years on account of unabsorbed depreciation is not allowed, corresponding adjustment in WDV of such block of assets is allowed].
- Note 2**
- Under the new tax regime, the following exemptions and deductions cannot be claimed:
- Leave travel concession u/s 10(5)- applicable for persons in employment
  - House rent allowance u/s 10(13A) - applicable for persons in employment
  - Allowances u/s 10(14) - applicable for persons in employment other than:
    - Transport allowance to divyang employee commuting between residence and office
    - Conveyance allowance to meet expenses during conveyance on duty
    - Allowance to meet cost of travel on tour or transfer
    - Daily allowance on account of absence from normal place of duty
  - Deduction for entertainment allowance and profession tax u/s 16 against salary income
  - Allowances to MPs/MLAs u/s 10(17)
  - Allowance for income of minor u/s 10(32)
  - Exemption for SEZ units u/s 10AA
  - Interest on loan taken for self-occupied or vacant property u/s 24
  - Additional depreciation u/s 32(1)(iia)
  - Donations or expenditure on scientific research u/s 35(1)(ii), 35(1)(iia), 35(1)(iii), 35(2AA)
  - Deductions u/s 32AD, 33AB, 33ABA, 35AD, 35CCC applicable to business income
  - Any deduction under Chapter VIA like life insurance premium, PPF, ELSS, repayment of housing loan, mediclaim, donations, deductions in respect of profits other than deduction u/s. 80CCD(2), 80CCH, 80JJAA & 80LA



### Note 3

Following deductions shall be available under both regimes:

- Deposit of amount under Agniveer Scheme will be allowed as deduction.
- Standard deduction of INR 75,000 under new regime and INR 50,000 under old regime for Income from Salary.
- Family pension upto INR 25,000 under new regime and upto INR 15,000 under old regime.





## RATE CHARTS – ILLUSTRATION FOR INDIVIDUALS

GBCA & Associates LLP, Chartered Accountants

Individuals < 60 years	Example 1				Example 2			
	Existing Old Regime (With HP loss)	Existing Old Regime (Without HP loss)	Existing New Regime	Proposed New Regime	Existing Old Regime (With HP loss)	Existing Old Regime (Without HP loss)	Existing New Regime	Proposed New Regime
Salary	11,52,500	11,52,500	11,52,500	11,52,500	15,50,000	15,50,000	15,50,000	15,50,000
Less: Standard Deduction	-	-	-50,000	-	-	-	-50,000	-75,000
Less: Profession Tax	50,000	50,000	NIL	75,000	50,000	50,000	NIL	NIL
<b>Income from Salary</b>	<b>11,00,000</b>	<b>11,00,000</b>	<b>11,02,500</b>	<b>10,77,500</b>	<b>14,97,500</b>	<b>14,97,500</b>	<b>15,00,000</b>	<b>14,75,000</b>
Net Annual Value (Self Occupied Property)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Less: Interest expense u/s 24	-2,00,000	NIL	NIL	NIL	-2,00,000	NIL	NIL	NIL
<b>Income from House Property</b>	<b>-2,00,000</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>-2,00,000</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Gross Total Income</b>	<b>9,00,000</b>	<b>11,00,000</b>	<b>11,02,500</b>	<b>10,77,500</b>	<b>12,97,500</b>	<b>14,97,500</b>	<b>15,00,000</b>	<b>14,75,000</b>
<u>Less: Deductions under Chapter VI-A</u>								
80C – LIC, PPF, etc.	-1,50,000	-1,50,000	NIL	NIL	-1,50,000	-1,50,000	NIL	NIL
80D – Medclaim	-25,000	-25,000	NIL	NIL	-25,000	-25,000	NIL	NIL
<b>Total Taxable Income</b>	<b>7,25,000</b>	<b>9,25,000</b>	<b>11,02,500</b>	<b>10,77,500</b>	<b>11,22,500</b>	<b>13,22,500</b>	<b>15,00,000</b>	<b>14,75,000</b>
<b>Tax Liability (Excl. Cess)</b>	<b>57,500</b>	<b>97,500</b>	<b>75,375</b>	<b>61,625</b>	<b>1,49,250</b>	<b>2,09,250</b>	<b>1,50,000</b>	<b>1,35,000</b>
Cess	2,300	3,900	3,015	2,465	5,970	8,370	6,000	5,400
<b>Total Tax Liability (Including Cess)</b>	<b>59,800</b>	<b>1,01,400</b>	<b>78,390</b>	<b>64,090</b>	<b>1,55,220</b>	<b>2,17,620</b>	<b>1,56,000</b>	<b>1,40,400</b>



## Tax Rate for Firms (including LLPs)

Particulars	Basic Tax	Surcharge	Cess	Total	Notes
Income upto INR 1 Crore	30%	-	4%	31.20%	Health and Education Cess @ 4% of Tax + Surcharge
Income exceeding INR 1 Crore	30%	12%	4%	34.94%	

## Tax Rates for Domestic Companies

Particulars	Company opting for Sec 115BAA	Company opting for Sec 115BAB	Other Company
Business of the Company	Any Business	Manufacturing/Production	Any Business
Eligibility Criteria	No specific requirement	Set up and registered on or after 01.10.2019 (manufacturing / production to commence by 31.03.2024)	No specific requirement
Basic Tax Rate	22%	15%	25%/30% (Refer note 1)
Surcharge	10%	10%	0%/7%/12% (Refer note 2)
Cess	4%	4%	4%
Effective Tax Rate	25.17%	17.16%	26% to 34.94%
Minimum Alternate Tax	Not applicable	Not applicable	Basic Rate =15% of Book profits plus applicable surcharge and cess
Other Conditions	Prescribed exemptions /deductions are not allowed (Refer Note 7)		N.A.



### Notes:

1. Basic rate of Tax is 25% if turnover in FY 2022-2023 is not more than INR 400 Crores.
2. Surcharge Rates for Other Company.

Total Income	Applicable Surcharge
Upto INR 1 Crore	0%
INR 1 Crore < To ≤ INR 10 Crores	7%
More than INR 10 Crores	12%

3. The option of Section 115BAA can be exercised in any year before the due date specified u/s 139(1) for filing return of income for that year. This option once exercised cannot be withdrawn subsequently.
4. The option of section 115BAB needs to be exercised before the due date specified u/s 139(1) for filing 1st Return of Income of the Company.
5. The option u/s 115BAB, once exercised, cannot be withdrawn subsequently. However, if the company fails to satisfy the conditions of Section 115BAB it can opt for Section 115BAA. However, if the violation is discovered subsequently after the due date u/s 139(1), it may be doubtful to opt for such an option for that years.

6. Companies formed by restructuring or splitting up of existing business or using old plant & machinery more than 20% of total plant and machinery or using building used previously as hotel or convention centre are not eligible for opting for u/s 115BAB.
7. Prescribed exemptions/deductions:
  - Section 10AA : Units in Special Economic Zone
  - Section 32(1)(ii) : Additional depreciation allowance
  - Section 32AD : Deduction for investment in new plant and machinery in notified backward States.
  - Section 33AB : Tea/ coffee/ rubber development allowance
  - Section 33ABA : Site restoration fund.
  - Section 35(1)(ii), (iia), (iii) and 35(2AA), (2AB) : certain scientific research expenditure.
  - Section 35AD : Deduction in respect of expenditure on specified business (e.g Cold Storage, cross country gas line, etc.)
  - Section 35CCC : Expenditure on agricultural extension project.
  - Section 35CCD : Expenditure on skill development project.
  - All the deductions under Chapter VIA except section 80JJAA (deduction in respect of new employees), 80LA and section 80M (receipt of dividend).



8. Set-off of any loss carried forward from earlier years to the extent that such loss is attributable to any of the deduction mentioned above. Though set off of loss on account of unabsorbed depreciation is not allowed, corresponding adjustment in WDV of such block of assets shall be allowed.







## Tax Rates for Foreign Companies

Particulars	Tax	Surcharge	Cess	Total	Notes:
Income upto INR 1 Crore	35%	-	4%	36.40%	Health and Education Cess @ 4% of Tax + Surcharge
Income exceeding INR 1 Crore but not exceeding than INR 10 Crores	35%	2%	4%	37.13%	
Income exceeding INR 10 Crores	35%	5%	4%	38.22%	





## Tax Rates for Cooperative Societies

Particulars	Resident Co-operatives opting for Sec 115BAD	Resident Co-operatives opting for Sec 115BAE	Other Cooperatives
Business of Cooperative Society	Any Business	Manufacturing / Production	Any Business
Eligibility Criteria	No specific requirement	Set up and registered on or after 01.04.2023, and has commenced manufacturing or production of an article or thing on or before the 31.03.2024	No specific requirement
Basic Tax Rate	22%	15%	10%/ 20%/ 30% (Note – 1)
Surcharge	10%	10%	0%/ 7%/ 12% (Note - 2)
Cess	4%	4%	4%
Effective Tax Rate	25.17%	17.16%	10.4% to 34.94%
Alternate Minimum Tax	Not applicable	Not applicable	Basic Rate =15% of Book profits plus applicable surcharge and cess
Other Conditions	Note - 3	Note – 4	N.A.

### Note 1 – Basic Rate

Total Income	Applicable Tax Rates
Upto INR 10,000	10%
INR 10,000 < To ≤ INR 20,000	20%
Exceeding INR 20,000	30%

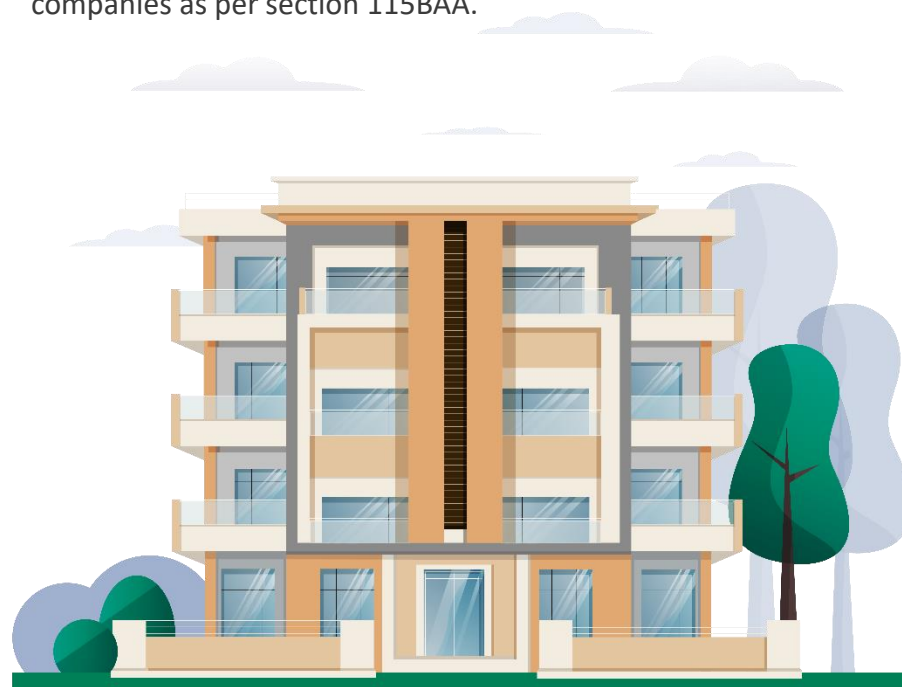
### Note 2 – Surcharge Rates

Total Income	Applicable Surcharge Rates
Upto INR 1 Crore	0%
INR 1 Crore < To ≤ INR 10 Crores	7%
More than INR 10 Crores	12%



### Note 3 - Concessional rate of tax for Co-operative society u/s 115BAD

- In line with provisions related to domestic companies, co-operative society, resident in India, shall have the option to pay tax at effective rate of @ 25.17% (inclusive of surcharge and cess), subject to fulfilment of following conditions:
  - No deduction to be claimed in respect of:
    - Section 10AA : Units in Special Economic Zone
    - Section 32(1)(iia) : Additional depreciation allowance
    - Section 32AD : Deduction for investment in new plant and machinery in notified backward States.
    - Section 33AB : Tea/ coffee/ rubber development allowance
    - Section 33ABA : Site restoration fund.
    - Section 35(1)(ii), (iia), (iii) and 35(2AA): certain scientific research expenditure.
    - Section 35AD: Deduction in respect of expenditure on specified business (e.g. Cold Storage, cross country gas line etc)
    - Section 35CCC: Expenditure on agricultural extension project.
    - All the deductions under Chapter VIA except section 80JJAA (deduction in respect of new employees) and section 80LA (income from IFSC Unit).
- Set-off of any loss carried forward from an earlier year to the extent that such loss is attributable to any of the deduction mentioned above shall not be allowed. Though set off of loss on account of unabsorbed depreciation is not allowed, corresponding adjustment in WDV of such block of assets shall be allowed.
- AMT will not be applicable if one opts for Section 115BAD.
- Rest of the provisions are in line with the condition applicable to companies as per section 115BAA.





### Note 4 - 15% concessional tax to promote new manufacturing co-operative society

- Newly set-up domestic manufacturing companies can opt for concessional tax rate of 15% without availing specified incentives/ deductions.
- In line with provisions related to domestic companies, co-operative societies which are resident in India, shall have the option to pay tax at the rate of 15% applicable for any previous year relevant to the assessment year beginning on or after the 01<sup>st</sup> April, 2024 without availing certain deductions.
- Conditions for claiming the benefit:
  - the cooperative society has been set-up & registered on or after the 01<sup>st</sup> April, 2023, & has commenced manufacturing or production of an article or thing on or before the 31<sup>st</sup> March, 2024 and the business is not formed by splitting up, or the reconstruction, of a business already in existence;
  - The co-operative society shall not be engaged in any business other than the business of manufacture or production which shall include the business of generation of electricity, but not include certain specified businesses.
  - Remaining all the conditions are similar to the conditions provided u/s. 115BAB of the Act.





## RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

GBCA & Associates LLP, Chartered Accountants

### Rates of Tax Deduction at Source

Section	Nature of Payments made to Resident	Threshold Limits	Payee		With Effect from	Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI		
			(INR)	Rates		
192	Salary	N.A.	N.A.	Refer Note 16		N.A.
192A	Payment of accumulated balance due to an employee by RPF	50,000	N.A.	10%		1
193	Interest on Securities	2,500	10%	10%		2
194	Dividends	5,000 (only for Individuals)	10%	10%		N.A.
194-A	Other Interest	5,000	10%	10%		3 & 4
194-B	Winning from Lotteries or crossword puzzle, etc.	Aggregate >10,000	30%	30%		N.A.
194-BA	Winnings from online games	N.A.	30%	30%		N.A.
194-BB	Winnings from Horse races	Aggregate >10,000	30%	30%		N.A.
194-C	Payment to Contractors / Sub-Contractors	Single Transaction > 30,000 Aggregate > 1,00,000	2%	1% / 2%		3 & 5
194-D	Insurance Commission	15,000	5% (company) 2%(other than company)	2%	01.04.2025 (Earlier 5% for all)	12



## Rates of Tax Deduction at Source

Section	Nature of Payments made to Resident	Threshold Limits	Payee		With Effect from	Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI		
			(INR)	Rates		
194-DA	Payment in respect of Life Insurance Policy (other than amount in section 10(10D))	1,00,000	2%	2%	01.10.2024 (Earlier 5%)	6 & 12
194-E	Income arising to a Non-Citizen, Non-Resident Entertainer or Sportsmen	NIL	N.A	20%		N.A.
194-EE	Payment in respect of deposits under NSS	2,500	10%	10%		N.A
194-G	Commission etc. on the sale of lottery tickets	15,000	2%	2%	01.10.2024 (Earlier 5%)	12
194-H	Commission/Brokerage	15,000	2%	2%	01.10.2024 (Earlier 5%)	3 & 12
194-I	Rent of machinery, plant or equipment	2,40,000	2%	2%		3
194-I	Rent of land, building, or Furniture	2,40,000	10%	10%		3
194-IA	Payment on transfer of certain immovable property other than agricultural land	50,00,000	1%	1%		22
194-IB	Payment of Rent by Individuals/HUF (other than covered by Section 44AB)	50,000 p.m.	2%	2%	01.10.2024 (Earlier 5%)	12



## RATE CHARTS – TAX DEDUCTED AT SOURCE (TDS)

GBCA & Associates LLP, Chartered Accountants

### Rates of Tax Deduction at Source

Section	Nature of Payments made to Resident	Threshold Limits	Payee		With Effect from	Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI		
			(INR)	Rates		
194- IC	Payment under Specified Agreement for Joint Development	NIL	10%	10%		N.A.
194-J	Professional Fees	30,000	10% / 2%	10% / 2%		3,7 & 8
194-K	Payment to resident for income in respect of units of Mutual fund or Administrator of Specified Undertaking or Specified Company	5,000	10%	10%		9
194-LA	Compensation or Consideration for Compulsory Acquisition of Immovable Property (other than agricultural land)	2,50,000	1%	1%		10
194-LBA	Incomes from units of Business Trust.	NIL	5% / 10%	5% / 10%		11
194-LC	Interest Income paid to Non-Residents by Specified Companies or Business Trust	NIL	9% / 5% / 4%	9% / 5% / 4%		13
194-LD	Interest income paid to Non-Residents on certain Bonds and Government Securities.	NIL	5%	5%		14
194-M	Payment for contract /professional services by individual/ HUF. (other than those covered under 194C and 194J).	50,00,000	2%	2%	01.10.2024 (Earlier 5%)	12





## Rates of Tax Deduction at Source

Section	Nature of Payments made to Resident	Threshold Limits	Payee		With Effect from	Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI		
			(INR)	Rates		
194-N	Cash Withdrawn from bank, co-operative bank and post office.	1,00,00,000/ 3,00,00,000	2%	2%		15
194-O	Payment made by E-commerce operator to E-commerce Participant	NIL (Refer Note 18)	0.10%	0.10%	01.10.2024 (Earlier 1%)	19 & 12
194P	TDS by specified bank to specified senior citizen	N.A.	N.A.	Refer Note 15		N.A.
194Q	Purchase of goods	50,00,000	0.10%	0.10%		21
194R	TDS on benefit of perquisite in respect of Business or Profession	20,000	10%	10%		3
194S	Payment on transfer of Virtual Digital Asset	Specified persons = 50,000 Others = 10,000	1%	1%		No TAN reqd.
194T	Payment of salary, remuneration, interest, bonus or commission by firm to partners	20,000	10%	10%	01.04.2025 (Earlier NIL)	12





### Notes:

1. TDS provisions u/s 192A applies when withdrawal of accumulated balance in RPF is to be included in the total income. In case PAN is not available, TDS shall be at 20% instead of MMR.
2. Threshold limit for interest paid on debentures is INR 5,000. Threshold limit for interest on 7.75% GOI Savings (Taxable) Bonds, 2018 is INR 10,000. Threshold Limit for interest paid on Floating Rate Savings Bonds (FRSB) 2020 (Taxable) is INR 10,000 w.e.f. 01<sup>st</sup> October, 2024. Tax will be deducted on interest on securities which is listed on recognised stock exchange.
3. The provisions of following TDS / TCS Sections shall apply if the Gross Receipts / Turnover is INR 1 Crore or more for Business and INR 50 Lakhs or more for Profession of deductor being Individual or HUF in relation to deduction under following sections:
  - Section 194A, 194C, 194H, 194I, 194J, 194R and
  - Section 206C
4. The threshold limit for TDS on interest income from Bank and Post office deposits for Senior Citizens is INR 50,000 and in any other cases INR 40,000.
5. TDS is to be deducted @ 2% if the payee is an AOP or BOI. No TDS is applicable on payment to Contractor during the course of plying, hiring or leasing of goods carriages, where such contractor owns 10 or less goods carriages during the FY and furnishes declaration along with PAN.
6. Applicable only where amount is not exempt u/s 10(10D).
7. a. Rate of TDS is 2% instead of 10% if the payee is engaged only in the business of operation of call centre. b. TDS on Remuneration to Director which is not in the nature of Salary to be deducted @ 10%.
8. TDS under section 194J for payment of fees for technical services (except professional services) is to be deducted @ 2% & for professional services is to be deducted @ 10%.
9. Units of Mutual Fund have been specified under section 10(23D) of the Act. “Administrator”, “specified company” and “specified undertaking” are specified u/s 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.
10. No tax will be deducted if payment is made in respect of any award or agreement which has been exempted from levy of income-tax u/s 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.
11. Interest payment from a SPV and Distribution of dividend by a Business Trust, to Resident unit holders shall be liable for TDS @ 10%. Whereas, in case of Non-Resident payee, TDS on dividend shall be @ 10% & that on interest payment shall be @ 5%.
12. The new rates proposed under the bill shall be applied to transaction entered after the effective date of applicability. Thus transaction entered between 01<sup>st</sup> April, 2024 to the effective date of new rates, old rates shall only apply.



### Notes:

13. The concessional TDS rate of 5% applies to specified borrowings taken within the prescribed dates. This rate is reduced to 4% for interest payable to a non-resident on foreign currency borrowings from outside India via long-term bonds or Rupee Denominated Bonds issued between 01<sup>st</sup> April, 2020, and 30<sup>th</sup> June, 2023, and listed on a recognized stock exchange in any IFSC. From 01<sup>st</sup> July, 2023, the TDS rate is 9% for such borrowings listed only on a recognized stock exchange in an IFSC.
  14. In case of FPI and QFI is for specified borrowing taken from the respective dates prescribed, the lower TDS rate of 5% has been extended to 01<sup>st</sup> July, 2023. The said concessional TDS rate shall also be applied to FII and QFI in respect of investment made in Municipal Bonds.
  15. The threshold limit of INR 1 Crore is for aggregate cash withdrawn from an account during the FY. However, if recipient is cooperative society, then threshold limit will be INR 3 Crores.
  16. At the rates applicable to particular slab of income including applicable Surcharge and Health & Education Cess.
  17. In case payee does not furnish PAN then TDS shall be deducted at higher of the following rates
    - Rates specified in relevant provisions of the Act or
    - Rates in force or
    - 20%
  - In case of payment by E-Commerce Operator to E-Commerce Participant, 5% TDS shall apply instead of 20%.
  18. In case of non-filers having aggregate TDS / TCS of INR 50,000 or more and who have not filed their ITR in the immediately preceding the financial year (and time limit for filing the original return has expired), then the rate of TDS shall be higher of the following
    - Twice the rates specified or
    - Rates in force or
    - 5%
- In case the payee does not furnish PAN and TDS rate for not furnishing PAN are higher than the above mentioned rates, then such higher rate shall be applicable.

These provisions will not be applicable for the following payments:

- Salary
- Accumulated Balance due to employee
- Winnings from lottery, crossword puzzle or horse race
- Income paid in respect of investment in securitization trust
- TDS by banks on cash withdrawals
- Payment on transfer of certain immovable property other than agriculture land



### Notes:

- Payment of rent exceeding INR 50,000 per month by certain individuals or Hindu undivided family
- 19. TDS @ 0.10% to be deducted by e-commerce operator on the gross amount of sales or services or both made by the e-commerce participant and facilitated through its digital or electronic platform.
  - E-commerce operator is required to deduct tax at the time of credit of amount of sale or service or both to the account of e-commerce participant or at the time of payment thereof to such participant by any mode, whichever is earlier.
  - Tax also to be deducted by e-commerce operator where payment is made by purchaser of goods or recipient of services directly to e-commerce participant.
  - If the gross amount of sales or services or both of e-commerce participant, being an individual or HUF, through e-commerce operator during the previous year does not exceed INR 5 Lakhs and such e-commerce participant has furnished his PAN or Aadhaar number to the e-commerce operator then TDS will not be required to be deducted on the same.
  - In case the PAN of the e-commerce participant is not available then the rate of TDS shall be 5%.
- Transaction covered under this section shall not be liable for TDS under any other provisions.
- 20. At the time of computing TDS deduction under the head salary income, the claim of TDS and TCS credit of other income shall also be provided.





## Notes:

21. TDS on goods purchased from any resident, being seller, in following case

Nature of payment made to resident	Person Responsible to deduct tax	Rate of TDS (PAN is Provided)	Rate of TDS (PAN is Not Provided)	Exceptions
Purchase of goods (value or aggregate of value of goods purchased > INR 50 Lakhs during the FY)	Person being buyer whose total sales, gross receipts or turnover from the business carried on by him > INR 10 Crores during the FY immediately preceding the FY in which goods were purchased	0.10%	5%	<ul style="list-style-type: none"> <li>Tax is deductible under any other provision of the Act</li> <li>Transaction on which tax is collectible under the provisions of the Act other than sale of goods u/s 206C(1H).</li> </ul>

- Notified category of persons will be exempt from deducting tax on above mentioned transaction.
- If on a transaction, TCS is required u/s 206C(1H) as well as TDS under this section, then only TDS under this section will apply.

22. TDS on transfer on immovable property is to be deducted on sale consideration or stamp duty value of such property, whichever is higher provided either of the two exceeds INR 50 lakhs. It is clarified that, if total sale consideration exceeds INR 50 Lakhs, TDS must be deducted, regardless of individual transferor or transferee payments being less than INR 50 Lakhs. INR 50 Lakhs limit is qua-property (not buyer or seller).

23. Form 15G/15H can be given wherever applicable.

24. Application for lower deduction of TDS can be made to deduct TDS at lower rates.



### Rates of Tax Collection at Source

Section	Nature of Receipt by seller	Threshold Limits	Rates
		(INR)	
206C(1)	Alcoholic Liquor for human consumption	N.A.	1%
206C(1)	Timber obtained under a forest lease	N.A.	2.5%
206C(1)	Timber obtained by any other mode	N.A.	2.5%
206C(1)	Any other forest produce not being a timber or tendu leave	N.A.	2.5%
206C(1)	Scrap	N.A.	1%
206C(1C)	Grant of license, lease, etc. of parking lot	N.A.	2%
206C(1C)	Grant of license, lease, etc. of toll plaza	N.A.	2%
206C(1C)	Grant of Mining and quarrying	N.A.	2%
206C(1)	Tendu leaves	N.A.	5%
206C(1)	Minerals being coal or lignite or iron one	N.A.	1%
206C(1F)	TCS on Purchase of Motor Vehicle and Luxury Goods – w.e.f. 01.01.2025	10,00,000	1%
206C(1G)	TCS on remittance under LRS for purchase of overseas tour program package	Upto 7,00,000	5%
		In excess of 7,00,000	20%
206C(1G)	TCS on remittance under LRS for purpose other than educational loan or medical treatment	In excess of 7,00,000	20%



### Rates of Tax Collection at Source

Section	Nature of Receipt by seller	Threshold Limits	Rates
		(INR)	
206C(1G)	TCS on remittance under LRS for educational loan taken from financial institutions	In excess of 7,00,000	0.50%
	TCS on remittance under LRS for the purpose of education (other than financed by loan) or for the purpose of medical treatment	In excess of 7,00,000	5%
206C(1H)	TCS on sale of goods	In excess of 50,00,000	0.10%

#### Notes:

1. Seller means any company or firm or co-operative society, central Government, State Government or any local authority and includes an individual and HUF whose total sales or gross receipt/turnover exceeds INR 1 crore in case of business or INR 50 Lakhs in case of profession during the FY immediately preceding the FY in which the goods are sold.
2. In case buyer does not furnish PAN then TCS shall be collected at higher of the following rates
  - Twice the rate specified in relevant provisions of the Act or
  - 5%
3. In case of non-filers having aggregate TDS / TCS of INR 50,000 or more and who have not filed their ITR in the immediately preceding the financial year (and time limit for filing the original return has expired), then the rate of TCS shall be higher of the following
  - Twice the rates specified or
  - 5%

In case the payee does not furnish PAN and TDS rate for not furnishing PAN are higher than the above mentioned rates, then such higher rate shall be applicable.

The above provision are not applicable for non-resident who does have permanent establishment in India.



### TDS on payments made by firm to its partners

- Currently, there is no provision for TDS on salary, remuneration, commission, bonus or interest (including interest on capital account) paid to a partner by a firm as these receipts were taxable in the hands of partners under the head Income From Business & Profession.
- It is now proposed that TDS @ 10% on such payments, made by firm to its partners, shall be deductible at the time of payment or credit in books, whichever is earlier, if such sum or aggregate of such sums exceeds INR 20,000
- The amendment will take effect from 01<sup>st</sup> April, 2025

### Amendment of provisions of TDS on sale of immovable property

- As per the existing provisions, TDS is deductible @1% of SDV or Consideration (whichever is higher) for transfer of an immovable property in case the consideration is more than INR 50 Lakhs.
- There are differences in interpretations as to whether INR 50 Lakhs amount, is to be reckoned qua payee or qua payer or qua the total sale consideration of the property.
- The section is proposed to be amended to clarify that if there are multiple transferors or transferee then, the sale consideration of the property will be aggregate of amounts paid by all the transferees or received by all the transferors & if it exceeds INR 50 Lakhs TDS will

have to be deducted even if the payment qua each transferee or receipt qua each transferor is less than INR 50 Lakhs.

- The amendment will take effect from 01<sup>st</sup> October, 2024.

### Explanation regarding the term “work” provided by Section 194C

- Section 194C of the Act provides that TDS should be deducted on payments to contractors at the rate of 1% when payment is made to an individual or HUF and 2% in other cases.
- Section 194J of the Act provides for TDS at the rate of 2% or 10% for payment of fees for professional or technical services, royalty, remuneration/fees/commission to a director of a company (not being salary).
- TDS was being deducted u/s 194C even for the payments which were of the nature mentioned in section 194J. Hence, section 194C is proposed to be amended to explicitly exclude from section 194C the payments for which TDS is deductible u/s 194J.



### Extending the scope for lower deduction / collection certificate of tax at source

- Presently, every person being a buyer of goods of the value or aggregate of value exceeding INR 50 lakhs is required to deduct TDS @ 0.10% of such sum exceeding INR 50 lakhs in a FY and every person being seller of goods of the value or aggregate of value exceeding INR 50 lakhs is required to collect TCS @ 0.10% of such sum exceeding INR 50 lakhs in a FY. Such assesseees are presently not eligible for application of lower deduction certificate under respective provisions of ITA.
- It is now proposed to expand scope of application for obtaining lower deduction certificate for such assesseees.
- This proposed provision is applicable with effect from 01<sup>st</sup> October, 2024.

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

- As per the existing provisions, every seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding INR 10 lakhs, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax.

- It is proposed to increase the scope of TCS @1% under this section to sale of other luxury goods of value exceeding INR 10 Lakhs. The goods to be covered will be notified by the CG in the Official Gazette
- The amendment will take effect from 01<sup>st</sup> January, 2025.







## Hike in Interest rate for Late payment of TCS

- The provisions of Section 206C of the Act imposes an interest at the rate of 1% per month on persons who collect tax but fail to deposit it to the credit of CG. This interest is levied for every month or part thereof on the amount of tax default from the due date to the date of deposit.
- However, a higher interest rate of 1.50% is applicable where tax is deducted by the payer but paid late to the CG.
- Therefore, to bring parity, amendment is proposed wherein interest shall be chargeable at 1.50% p.m. if tax is collected but not paid to CG.

Particulars	Currently	Proposed
Delay in Collection*	1% p.m.	1% p.m.
Collected but delay in Deposit**	1% p.m.	1.50% p.m.

### Period for computing interest:

\*Date on which such tax was collectible to date on which tax is collected.

\*\*Date on which such tax is collected to date on which such tax is actually paid to CG.

## Time Limit to file Correction Statements with respect to TDS/TCS statements

- The existing provisions of the Act do not provide a time limit for furnishing the Correction statements with respect to TDS/TCS details.
- The proposed amendment provides that no Correction shall be made after the expiry of 6 years from the end of the financial year in which the original statement was filed.





## Enhancement in deduction available for income from salary and family pension

1. Currently, while computing income from salary, a standard deduction of INR 50,000 or amount of salary, whichever is less, is available. It is now proposed to increase the limit of standard deduction to INR 75,000 in case of an assessee paying tax under new tax regime. However, the limit of INR 50,000 shall continue for computing salary income and paying tax under old regime.
2. For income being in nature of family pension, a deduction of 33.33% of such income or INR 15,000, whichever is less, is currently available. It is now proposed to enhance the limit of such deduction from INR 15,000 to INR 25,000 for the person opting to pay tax under new regime



## Increase in deduction for employer's contribution to pension scheme

Amendment is proposed for enhancing the deduction in respect of employer's contribution to pension scheme.

Contribution by Non- government employers	Existing	Proposed
<b>Deduction to Employer</b>	10% of employee's salary	14% of employee's salary
<b>Deduction to Employee</b>	10% of employee's salary	14% of employee's salary in case of new regime  10% of employee's salary as per old regime

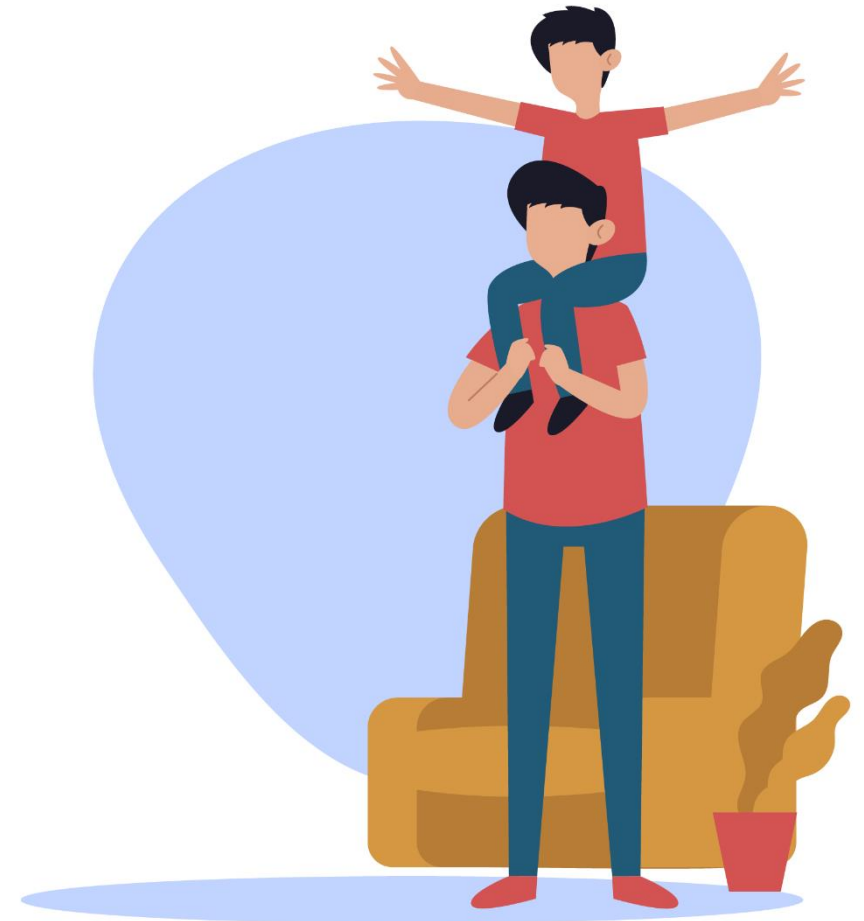


### TCS to be considered while deducting TDS from salary

- Currently, for the purpose of calculation of TDS on salary, income from all other heads and TDS thereon is considered. However, TCS is not considered for such calculation which necessitates salaried person to claim refunds.
- Hence to ease the procedure for claiming credit for TCS collected, it is proposed that all taxes paid by individual including TCS shall be considered for computing TDS on salary.
- This amendment will take effect from 01<sup>st</sup> October 2024.

### Claiming TCS Credit of Minors in the Parent's Account

- Section 206C mandates TCS on certain transactions but does not allow parents to claim TCS credit collected in their minor children's names. This is problematic for transactions like remittances under the Liberalized Remittance Scheme.
- The proposed amendment allows parents to claim TCS credit for their minor children if the minor's income is clubbed with the parent's income.
- The proposed amendment will be effective from 01<sup>st</sup> January, 2025.

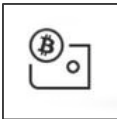




### Reporting of income from letting out of house property under 'Income from House Property'

- Based on judicial precedents, rent income earned by the taxpayer engaged in the business of letting out of house property was offered to tax under the head business and profession.
- The proposed amendment seeks to clarify that income from 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" and not under the head "Profits and gains from business or profession".





### Rationalisation and Simplification of taxation of Capital Gains

Capital Asset	(Before Amendment) STCG if held upto	(After Amendment) STCG if held upto	Taxation Before Amendment	Taxation after Amendment
Listed Shares	12 Months	12 Months	<ul style="list-style-type: none"> <li>STCG : 15%</li> <li>LTCG : 10% (in excess of INR 1 Lakh)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : 20%</li> <li>LTCG : 12.5% (in excess of INR 1.25 Lakhs)</li> </ul>
Unlisted Shares	24 Months	24 Months	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 20% (With Indexation) (Refer Note – 1)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 12.5% (Without Indexation)</li> </ul>
Listed Debentures and Bonds	12 Months	12 Months	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 10% (without Indexation)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 12.5% (Without Indexation)</li> </ul>
Unlisted Debentures and Bonds	36 Months	Not relevant	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 20% (with Indexation) (Refer Note – 1)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : Not relevant</li> </ul>

Note 1: LTCG is taxed at 10% without indexation and foreign fluctuation benefit for Non-resident, in case of unlisted securities and shares of company in which public is not substantially interested.



## Rationalisation and Simplification of taxation of Capital Gains

Capital Asset	(Before Amendment) STCG if held upto	(After Amendment) STCG if held upto	Taxation Before Amendment	Taxation after Amendment
Listed Units of Equity oriented Mutual Funds	12 Months	12 Months	<ul style="list-style-type: none"> <li>STCG : 15%</li> <li>LTCG : 10% (In excess of INR 1 Lakh)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : 20%</li> <li>LTCG : 12.5% (In excess of INR 1.25 Lakhs)</li> </ul>
Listed Units of Business Trusts	36 Months	12 Months	<ul style="list-style-type: none"> <li>STCG : 15%</li> <li>LTCG : 10% (In excess of INR 1 Lakh)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : 20%</li> <li>LTCG : 12.5% (In excess of INR 1.25 Lakhs)</li> </ul>
Immovable Properties	24 Months	24 Months	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 20% (With Indexation)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 12.5% (Without Indexation)</li> </ul>
Jewellery, gold and all other capital assets other than mentioned above	36 Months	24 Months	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 20% (With Indexation)</li> </ul>	<ul style="list-style-type: none"> <li>STCG : Tax rates as per Finance Act</li> <li>LTCG : 12.5% (Without Indexation)</li> </ul>

Note 1: LTCG is taxed at 10% without indexation and foreign fluctuation benefit for Non-resident, in case of unlisted securities and shares of company in which public is not substantially interested.



### Rationalisation and Simplification of taxation of Capital Gains

- With reduction in tax rate of LTCG to 12.50%, the indexation benefit available to the taxpayers for Immovable Properties, gold, unlisted securities and other capital assets is removed.
- To bring parity in the rates of taxation for Non-resident and Residents in case of capital gains, consequential amendment is also proposed in other sections wherein tax on capital gain is computed for Non-residents.
- The amendments are applicable with effect from 23<sup>rd</sup> July, 2024.

### Amendment to definition of Specified Mutual Fund under section 50AA

- As per the existing provisions, Capital Gains from transfer, redemption or maturity of following assets is deemed to be short-term capital gains if the asset is:
  - a unit of a Specified Mutual Fund acquired on or after the 01<sup>st</sup> April, 2023 or
  - a Market Linked Debenture;
- Now, the scope of deemed short-term capital gains has been widened to include all unlisted bonds and unlisted debentures which are transferred, redeemed or matured on or after the 23<sup>rd</sup> July, 2024.

- Further, the definition of Specified Mutual Fund is proposed to be amended to a mutual fund which invests more than 65% or more in Debt and Money Market Instruments OR indirectly invests 65% or more of its funds in such mutual funds.
- The amendment to definition is effective from A.Y. 2026-2027.

### Determination of FMV in case of Shares sold in IPO through OFS route

- Under the existing provision for computation of capital gains there is no mechanism to determine the cost of acquisition where the unlisted shares are sold but STT is also paid, such as shares offered for sale in an IPO.
- Hence, stakeholders were interpreting that because the mechanism for computing cost of acquisition of shares sold in Offer for Sale failed, the capital gains were not taxable.
- To plug this lacuna, amendment is proposed to prescribe that cost of acquisition in such a case shall be the Indexed cost of acquisition.
- This amendment shall apply retrospectively with effect from A.Y. 2018-2019

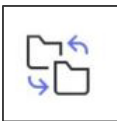


### Gift by person other than an individual / HUF shall be considered as Transfer

- Presently, any transfer of a capital asset under a gift, will or an irrevocable trust is not considered as transfer with the exception of specified ESOPs and hence not subjected to capital gains tax under the Act.
- It is now proposed that only transfers made by Individuals and HUFs shall not be regarded as transfer.
- For example, if a company transfers any capital asset to any person under gift or an irrevocable trust, it shall be considered as transfer and shall be taxed under capital gains for the company.







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

- Deduction in respect of remuneration payable to working partners is proposed to be increased as under:

Particulars	Book Profit	Allowed deduction
Existing	on the <b>first INR 3,00,000</b> of the book profit or in case of a loss	<b>INR 1,50,000</b> 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%
Proposed	on the <b>first INR 6,00,000</b> of the book profit or in case of a loss	<b>INR 3,00,000</b> 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%

### Disallowance of settlement amounts being paid to settle contraventions

- Deduction in case of any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law is disallowed for the purpose of computation of income under profits and gains for business profession.
- The scope of disallowance has been enhanced to include “any expenditure” incurred by an assessee to settle proceedings initiated in relation to a contravention under any law.
- Hence, settlement amount paid to settle any contravention of law cannot be treated as business expenses.



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

- Presently, any income received by the shareholders on account of buyback of shares by the company is not taxable in the hands of the shareholders. Tax on buyback amount is borne by the company.
- It is now proposed to treat buyback income as dividend in the hands of the shareholders and tax it at the applicable rates under the Act.
- Such dividend income shall be taxable under the head IFOS.
- No deduction of any expenses shall be allowed from such dividend income
- Cost of such shares shall be treated as capital loss and can be set off against capital gains as per the normal provisions of the Act.
- For listed shares acquired prior to 31<sup>st</sup> January, 2018, grandfathering cost will not be available as the sale consideration is considered as Nil. Hence, only original cost of acquisition will be allowed as deduction.
- Provision of Indexation on cost of acquisition of shares shall be discontinued and hence the benefit of Indexation will not be available.
- This amendment shall be effective from 01<sup>st</sup> October, 2024

### Tax on issue of shares of a company at a premium (Angel tax)

- Presently, if the shares of a company not being a company in which public are substantially interested, are issued at premium over face value, then the aggregate consideration received for such shares exceeding fair market value of shares is chargeable to tax u/s 56(2)(viib) under the head IFOS.
- However, exemption was available to entities where consideration was received by venture capital undertaking from venture capital fund or such specified funds or by a company from such class or persons as may be notified by Central Government.
- It is proposed that these provisions shall not be applicable from AY 2025-2026. Thus, tax on issue of shares at premium received by Company in excess of its FMV (Angel Tax) has been abolished for all investors.



## Abolishing Equalisation Levy 2.0

- Presently, Equalisation levy 2.0 is levied at 2% of the consideration received or receivable by an e-commerce operator from e-commerce supply of goods or services –
  - to a person resident in India; or
  - to a non-resident in the specified circumstances; or
  - to a person who buys such goods or services or both, using internet protocol address located in India.
- It is proposed that EL @ 2% will not be applicable with effect from 01<sup>st</sup> August, 2024 on consideration received from e-commerce supply of goods or services by non-resident e-commerce operator.
- Similarly, an exemption was provided to exclude such consideration as income of the e-commerce operator under current provisions. In absence of EL 2.0, such non-residents have to evaluate whether such receipts are otherwise chargeable to tax under the existing provisions of the Act.

## Inclusion of taxes withheld outside India for purposes of calculating total income

- Presently, tax withheld under domestic tax provisions is included while computing total income of the assessee. However, taxes withheld outside India were not included in total income but credit for such foreign tax was availed by certain taxpayers.
- It is now proposed to also include the tax withheld outside India while computing the total income in respect of which credit is allowed against tax payable in India.





### Tax incentives to International Financial Services Centre (IFSC)

- Exemption u/s 10(4D) on income arising on transfer of certain capital assets available to specified funds, is now extended to Retail Schemes and ETFs in IFSC, where all units other than sponsor or manager are held by non-residents, subject to other conditions.
- Specified income of Core Settlement Guarantee Funds set up by recognised clearing corporations in IFSC, is proposed to be exempted by amending the definition of “recognised clearing corporation” and “regulations”.
- Provisions relating to unexplained cash credits, provides requirement to obtain explanation for the source of funds of creditors. Exemption of providing this additional proof of explaining the source is proposed to be extended for creditors which are Venture Capital Funds regulated by IFSCA.
- Deduction of interest expenses exceeding INR 1 crore are restricted to 30% of EBITDA for any debt issued by non-resident associated enterprise to Indian company / PE. This disallowance shall not be made in case of finance companies located in IFSC which satisfy prescribed conditions under IFSCA (Finance Company) Regulations, 2021

### Expansion of TPO powers for determination of ALP of Specified Domestic Transaction

- Currently, TPO can proceed to determine ALP of any international transaction that comes to the attention of TPO during the course of the proceedings, apart from the transaction referred by AO or that which are not included in the transfer pricing audit report.
- It is now proposed that TPO can also proceed to determine the ALP in relation to specified domestic transactions which have not been referred to him by the AO or in whose respect transfer pricing audit report has not been filed.



### Submission of statement by liaison office (LO) of non-resident in India

- A non-resident having a liaison office in India, is required to file a statement of its activities to the AO within 60 days from the end of such FY.
- It is proposed to prescribe the period for filing such statement under the rules.
- Penalty of INR 1,000 per day shall be levied in case the failure to submit the statement does not exceed 3 months. In any other case, penalty shall be INR 1 lakh.
- This penalty shall not be levied if assessee proves reasonable cause for failure.

### New Presumptive taxation for cruise ship operations by Non-Residents

- Presently presumptive taxation for cruise-ship operation by non-residents was being covered under the same section as for shipping business of non residents.
- In order to promote cruise- shipping industry in India it is now proposed to insert new presumptive taxation provision of section 44BBC for such non-residents who are in business of operation of cruise ships, which provides tax rate of 20%.

- Section 44BBC deems 20% of the aggregate specified amount as income of such non-resident.
- Further, relaxation has been provided in respect of lease rentals paid by such a non-resident which opts for the above scheme of presumptive taxation by way of an exemption to the recipient of such rentals only if such company is a foreign company and both companies have the same parent company. This amendment shall be effective upto AY 2030-2031.





## Rationalization of provisions relating reassessment

- It is proposed to substitute the provisions of 148, 148A, 149 and 151 of the Act. The key differences in the existing and new provisions are as under.

Sr. No	Existing Provision	Proposed Provision
1	Enquiry u/s 148 is to be conducted with the prior approval of specified authority with regard to escapement of income.	No such requirement for conduct of enquiry with regard to escapement of income.
2	Show cause for issue of notice u/s 148 is liable to be issued and response to the show cause notice has to be filed u/s 148A by the assessee within seven days to thirty days of issue of notice or extended time granted by AO.	Show cause for issue of notice u/s 148 is liable to be issued u/s 148A. There is no time specified in the Act to respond. The same shall be prescribed at the discretion of AO.
3	There is no specific time limit provided for issuing the notice u/s 148A	The time proposed for issuing show cause notice for treating case as fit case for reassessment proceeding is as follows: <ul style="list-style-type: none"><li>Till 5 years from the end of relevant AY if income escaped is INR 50 Lakhs or more;</li><li>Till 3 years from the end of the relevant AY in other cases</li></ul>
4	Order for fit case to reassess shall be passed as specified in the Act within one month from the end of month in which response is filed with the prior approval of the specified authority.	Order for fit case shall be passed. No time limit as such is specified for passing the order by AO. However, there is time limit for issuing notice u/s. 148 before which order for fit case shall be passed with the prior approval of the specified authority.



- It is proposed to substitute the provisions of 148, 148A, 149 and 151 of the Act. The key differences in the existing and new provisions are as under.

Sr. No	Existing Provision	Proposed Provision
1	Search Proceedings were assessed u/s. 148	The assessment under search proceedings are excluded and assessed as a separate block assessment u/s 158BA
2	<p>Time limit for issuing of notice u/s 149 for re-assessment proceedings can be initiated by the AO as under:</p> <ul style="list-style-type: none"><li>Till 10 years from the end of relevant AY, if AO has in his possession information representing in form of<ul style="list-style-type: none"><li>a. Asset</li><li>b. Expenditure in respect of transaction or in relation to an event or occasion,</li><li>c. An entry or entries in books of accounts which reveals that the income escaping assessment for the concerned year, amounts to INR 50 Lakhs or more</li></ul></li><li>Till 3 years from the end of relevant AY, in any other case.</li></ul>	<p>Time limit for issuing of notice u/s 149 for re-assessment proceedings can be initiated by the AO as under:</p> <ul style="list-style-type: none"><li>Till 5 years and three months from the end of relevant AY, if AO has in his possession information <b>related to</b><ul style="list-style-type: none"><li>a. Any asset; or</li><li>b. Expenditure; or</li><li>c. Transaction; or</li><li>d. Entries,</li></ul>which shows that the income escaping assessment for the concerned year, amounts to INR 50 Lakhs or more</li><li>Till 3 years and three months from the end of relevant AY, in any other case.</li></ul>
3	The specified authority for purpose of sanction of notice u/s 151 were Principal Commissioner, Principal Director, Principal Chief Commissioner, Chief Commissioner, Director General.	The proposed specified authority for sanctioning the reassessment notice u/s 151 shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.



### Rationalization of provisions relating reassessment

- No change with respect to requirement for issuance of notice u/s. 148A if information is received under section 135A.
- Under current provision, assessee is required to furnish return in response to notice u/s 148 within 3 months from the end of the month in which the notice is issued and the AO has power to further extend this time. Now under the proposed bill the time limit for filing shall be as mentioned by the AO in the notice, which will not be more than 3 months. Also, AO has no power to extend the time.
- It is proposed that where a search, survey and requisition has been initiated on or after the 01<sup>st</sup> April, 2021 but before the 01<sup>st</sup> September, 2024, the existing provisions of reassessment shall apply.
- It is proposed that where a notice under section 148 or an order under clause (d) of section 148A has been passed, prior to the 01<sup>st</sup> September, 2024, the existing provisions of reassessment shall apply.

### Rationalisation of provisions related to time-limit for completion of assessment, reassessment and recomputation

- It is proposed that the time limit for completion of assessment in response to returns filed under Section 119(2)(b) shall be twelve months from the end of the relevant financial year in which return is filed under Section 119(2)(b).
- It is proposed that after the amendment made with regard to the block assessment, the time limit for passing the order in the case of revived assessment or reassessment proceedings resulting from annulled block assessments under Chapter XIV-B, Section 158BA shall be one year from the end of month of such revival.
- Further it is also proposed that after excluding the period from the initiation of a search to the handover of books, documents, or seized materials to the assessing officer, the deadline shall extend to the end of the month when the expiry period for the assessment ends mid month.





### Introduction of block assessment provisions in cases of search u/s (132) and requisition u/s (132A)

- In order to make the procedure of assessment of search cases cost effective, efficient and meaningful, it is proposed to introduce the scheme of block assessment for the cases in which search under section 132 or requisition under section 132A has been initiated or made. The main objectives for the introduction of this scheme are early finalization of search assessments, coordinated investigation during search assessments and reduction in multiplicity of proceedings
- This provision applies to search, seizure and requisition made after 01<sup>st</sup> September, 2024.
- Further the search proceedings shall be conducted for an entire block period. The '**block period**' shall consist of previous years relevant to six assessment years preceding the previous year in which the search was initiated under section 132 or any requisition was made under section 132A and shall include the period starting from the 01<sup>st</sup> April of the previous year in which search was initiated or requisition. was made and ending on the date of the execution of the last of the authorisations for such search or date of such requisition.
- Further tax shall be charged at 60% for the block period and shall be increased by surcharge. (currently no such surcharge is proposed)
- The Rate of tax is same for all class of assessee and all type of Income. No distinction is to be made between different heads of Income for the purpose of levy of tax.
- Further no Interest u/s 234A, 234B & 234C shall be levied on the assessee in respect of the undisclosed income assessed or reassessed for the block period.
- Penalty on the undisclosed income of the block period as determined by the AO shall be levied at 50% of the tax payable on such income. No such penalty shall be levied if the taxpayer offers undisclosed income in the return of income in pursuance of search and pays the tax along with the return.
- Regular assessments for the block period shall abate. There will be one consolidated assessment for the block period. Till block assessment is complete, no further assessment/reassessment proceeding shall take place in respect of the period covered in the block.
- The undisclosed income falling within the block period, forming part of the total income, shall be computed in accordance with the provisions of this Act, on the basis of evidence found as a result of search.
- In case the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any other person then the Assessing Officer shall proceed under section 158BC against such other person.

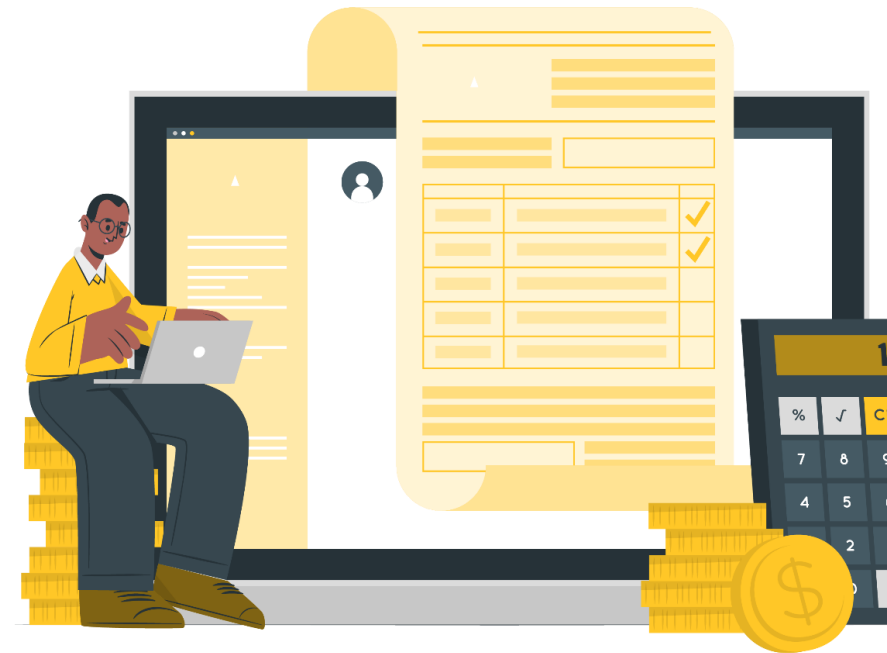


- The time-limit for completion of block assessment of the searched assessee shall be :

Particulars	Time Limit
search under section 132, or requisition under section 132A	12 months from the end of the month in which the last of the authorisations for search under section 132/132A, was executed or made
any other person	12 months from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person. (Further a period of 6 months shall be excluded in respect of period from date of search to the date of handing over of seized material to the Assessing Officer)

- If any evidence is found during search and seizure relating to international transactions or specified domestic transactions referred to in Section 92CA, pertaining to the period beginning from 01<sup>st</sup> April of the previous year in which the last of the authorization was executed and ending with the date on which last of authorisation was executed, such evidence shall not be considered for the purpose of determining the total income of the block period and such income shall be considered in the assessment made under other provisions of this Act.

- Section 144C provisions shall not apply to proceedings initiated for the block period;
- Also Order block assessment needs to be approved by the Additional Commissioner, the Additional Director, the Joint Commissioner, or the Joint Director





### Amendment in provisions relating to set off and withholding of refunds

- The power of Assessing officer to withhold/adjust refunds is proposed to be further extended by 60 days from completion of pending or reassessment proceedings.
- The amendment is applicable with effect from 01<sup>st</sup> October, 2024.

### Reducing time limitation for orders deeming any person to be assessee in default

- Presently, if payer has not deducted TDS or not paid the TDS to the Govt after deduction, then order treating the assessee in default shall be passed within 7 years from the end of FY in which payment/credit is made where the payee is resident in India. However, there is no clarity where the payee is a non-resident.
- Similarly for TCS, the assessee shall be deemed to be an assessee in default, if he does not collect the whole or part of the tax or after collecting fails to pay the tax to the Govt. In this case, the limitation period is not prescribed.
- It is now proposed to amend TDS and TCS provision that, the order treating the assessee in default shall be passed:
  - Within 6 years from the end of FY in which payment/credit is made or tax was collectible; or

- 2 years from the end of FY in which correction statement is delivered,
- Whichever is later.
- Under the proposed amendment, now the case where the payee is a non-resident will also be covered.

### Time Limit for filing appeals to the Income Tax Appellate Tribunals

- As per the existing provision, opportunity is provided to the assessee to prefer an appeal before ITAT within 60 days of the date of order sought to be appealed against.
- It is now proposed that the appeal before the ITAT may be filed within two months from the end of the month in which the order sought to be appealed against is communicated.
- However, for the block assessment period, the time limit shall continue to remain as 30 days.
- The proposed amendment will be effective from 01<sup>st</sup> October, 2024.



### Powers of the Commissioner (Appeals) to set-aside

- In case of non responsive taxpayer's best judgement order are passed and generally such taxpayers directly appeal to Commissioner (Appeals).
- This lead to a large number of appeals being pending before the Commissioner (Appeals), Considering the huge pendency of appeals and disputed tax demand, In case of those taxpayer's where assessment order was passed on best judgement basis it is proposed that the Commissioner (Appeals) be assigned the power to set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment.
- Further, consequential amendment is made in time limit for disposal of cases which are set aside by the Commissioner (Appeal) wherein the order shall be passed within the expiry of twelve months from the end of the financial year in which order of set-a-side is passed.
- This amendment will be take effect from 01<sup>st</sup> October, 2024 and would be applicable only to appellate orders passed by the Commissioner (Appeals) on or after 01<sup>st</sup> October, 2024.





## Introduction

- Earlier, the Vivad se Vishwas Scheme announced on 01<sup>st</sup> February, 2020 got very encouraging response from the taxpayers. Keeping in view the success of this scheme and the pendency of litigation at various levels, it is proposed to bring back Vivad se Vishwas scheme, 2024.
- The scheme aims to reduce the pending income tax litigation, benefit taxpayers by providing them peace of mind and settle the huge number of pending direct tax cases.

## Applicability of Scheme

- Assessee whose Income-tax cases are pending as on 22<sup>nd</sup> July, 2024 before the following forums can file a declaration under this scheme;
  - Commissioner of Income Tax (Appeals)
  - Income Tax Appellate Tribunal
  - High court
  - Supreme court
- Where objections has been filed against draft order pending with Dispute Resolution Panel (DRP) or where the Assessing Officer (AO) has not yet passed the final order on 22<sup>nd</sup> July, 2024.
- Where Revision application under section 264 of the Act is pending before the Principal Commissioner of Income tax or Commissioner of Income tax on 22<sup>nd</sup> July, 2024.

## Benefits of scheme not available as under:

- In respect of search cases
- Assessment year for which prosecution has been instituted on or before filing the declaration.
- Any undisclosed income or asset from a source located outside India
- Assessment on the basis of information received from foreign country.
- To any person, on whom an order of detention has been made under the provisions of the COFEPSA on or before the date of filing of declaration
- To any person for whom prosecution under Unlawful Activities (Prevention) Act, 1967, Narcotic Drugs & Psychotropic Substances Act, 1985, Prohibition of Benami Property Transactions Act, 1988, Prevention of Corruption Act, 1988, or PMLA, has been instituted on or before the filing of the declaration.
- To any person in respect of whom prosecution has been initiated by an ITA for any offence punishable under the provisions of the Bharatiya Nyaya Sanhita, 2023 or for the of enforcement of any civil liability under any law for the time being in force, on or before the filing of the declaration or such person has been convicted of any such offence consequent to the prosecution initiated by an ITA
- To any person notified under section 3 of the Special Court before filing of declaration.



## Amount payable by the assessee

Sr No.	Nature of tax arrear related to	Amount payable on or before the 31.12.2024	Amount payable on or after the 01.01.2025 but on or before the last date
1.	<ul style="list-style-type: none"><li>Disputed Tax</li><li>Interest charged or chargeable on disputed tax</li><li>Penalty leviable or levied on disputed tax where the declarant is an appellant after the 31.01.2020 but on or before 22.07.2024.</li></ul>	100% of the disputed Tax	110% of the disputed Tax
2.	<ul style="list-style-type: none"><li>Disputed Tax</li><li>Interest charged or chargeable on disputed tax</li><li>Penalty leviable or levied on disputed tax where the declarant is an appellant before the 31.01.2020 at the same appellate forum in respect of the such tax arrear.</li></ul>	110% of the disputed Tax	120% of the disputed Tax
3.	<ul style="list-style-type: none"><li>Disputed interest or</li><li>Disputed penalty or</li><li>Disputed fee where the declarant is an appellant after the 31.01.2020 but on or before 22.07.2024.</li></ul>	25% of disputed interest or penalty or fee	30% of disputed interest or penalty or fee
4.	<ul style="list-style-type: none"><li>Disputed interest or</li><li>Disputed penalty or</li><li>disputed fee where the declarant is an appellant on or before the 31.01.2020 at the same appellate forum in respect of the such tax arrear.</li></ul>	30% of disputed interest or penalty or fee	35% of disputed interest or penalty or fee



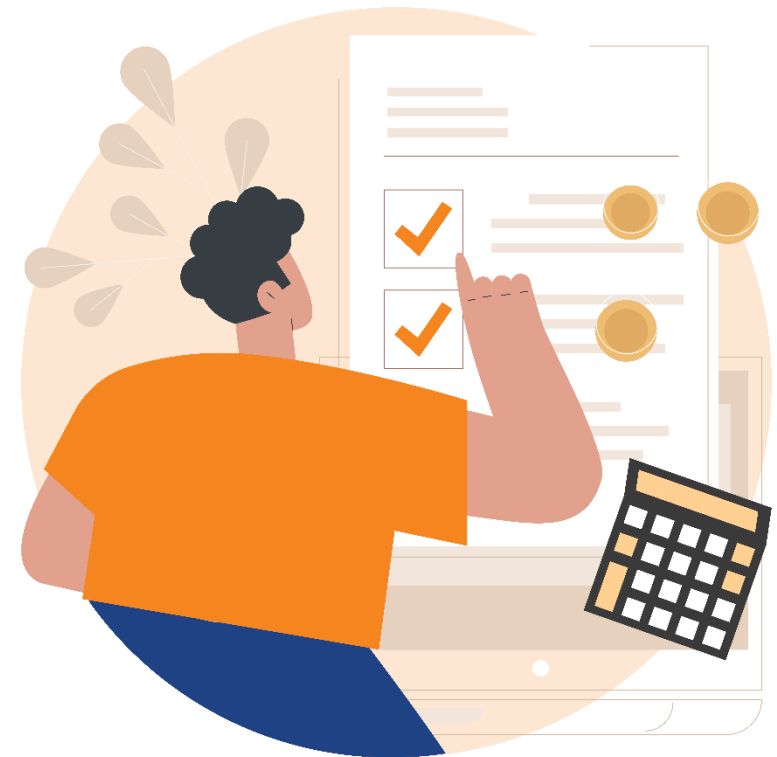
## Time and manner of payment:

- The concerned Officer shall within 15 days of receipt of the declaration, determine the amount of tax arrears and grant a certificate containing particulars of the amount of tax arrears to be paid by the assessee
- The assessee shall then pay the amount specified in the certificate within 15 days of receipt of the certificate and intimate the same to the designated authority about the payment
- On receiving the payment details, the designated authority shall pass an order stating that the declarant has paid the amount.

## Consequences

- Pursuant to the order passed under this scheme, no proceedings of prosecution, penalty or interest in respect of the tax arrears can be initiated against the assessee.
- Opting for the scheme shall not mean that the assessee has agreed to the decision in dispute and neither the Assessing officer can take a view that assessee has acquiesced in respect of similar issues.
- Order passed under this scheme is conclusive relating to the matter specified and no reopening can be made under Income Tax Act or any other act for the same matter.
- Any amount paid by the assessee under this scheme shall not be refundable in any circumstances.

- Pending appeals in which the appellant has paid the disputed demand and the tax amount payable under this scheme is less than amount paid, then the excess amount shall be refunded without interest u/s 244A.





## Penalty for failure to furnish TDS/TCS statement

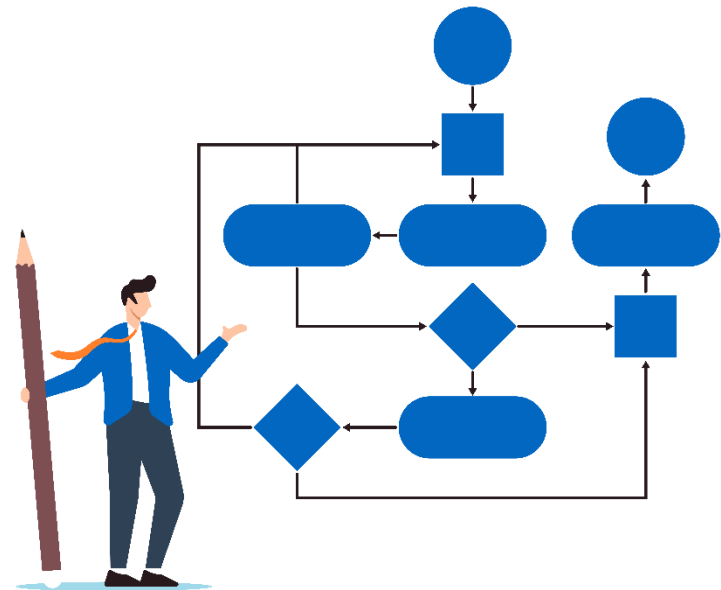
- The existing provision of the act stipulates that no penalty will be imposed if the individual demonstrates that, after remitting TDS/TCS along with the applicable fees and interest to the CG, they have submitted the TDS/TCS statement within one year from the time prescribed for filing such a statement.
- Under the proposed amendment, the time limit has been reduced from one year to one month from the time prescribed for filing such a statement.
- The delay beyond one month will attract penalty which may range from a sum of INR 10,000 to INR 1,00,000.

## Prosecution on failure to pay TDS

- As per the existing provisions of the Act, if a person fails to pay TDS to the credit of CG within the time limit prescribed, then he shall be punishable with imprisonment for a term which shall not be less than 3 months but may extend to seven years along with fine.
- It is now proposed to provide an exemption from prosecution, if the payment of TDS has been made to the credit of CG at any time before the time prescribed for filing the TDS statement of such quarter.
- For example:
  - For the payment of TDS for the month of March:

Whether Prosecution can be initiated?		
Date of Payment of TDS	Before Amendment	After Amendment
Before 30 <sup>th</sup> April	No	No
30 <sup>th</sup> April – 31 <sup>st</sup> May	Yes	No
After 31 <sup>st</sup> May	Yes	Yes

- The proposed amendment will be effective from 01<sup>st</sup> October, 2024.







### Rationalisation of the provisions of Charitable Trusts and Institutions

- Currently there are two regimes of exemption provisions for Charitable entities under the Income Tax Act which grant more or less similar benefits to the charitable entities. Hence to simplify the procedures and reduce the administrative burden of running both the regimes, it is proposed to phase out the exemption u/s 10(23C). Accordingly;
  - All applications for approval filed u/s 10(23C) on or after 01<sup>st</sup> October, 2024 will not be considered
  - Applications filed u/s 10(23C) before 01<sup>st</sup> October, 2024 and which are pending will be considered under the existing provisions
  - Institutions already approved u/s 10(23C) will continue to avail the exemption as per the provision of S.10(23C) till the date upto which approval is granted
  - Subsequent registration/renewal for all 10(23C) eligible entities will be under section 11 to 13
- Currently, delay in filing application for exemption u/s 12A by charitable entities may lead to taxation for the entity on its accreted income. To remove this difficulty, powers have been granted to the Commissioner to condone the delay in filing application if the delay is caused due to reasonable cause.
  - There is no condonation of delay proposed in Section 80G as in 12A. However, even if the charitable entity has missed to apply as per the prescribed period, the charitable entity can apply for Section 80G.
    - If activity has not commenced - one month prior to the commencement of financial year for which approval is sort
    - If activity is commenced – at any time after the commencement of activities
  - There were no explicit tax provisions regarding consequences in the event of merger of two charitable entities and there was a likelihood of tax trigger in the absence of any express provisions. Now it is clarified that there will not be any tax trigger when a charitable entity;
    - merges with another charitable entity having same or similar objects
    - the entity into which it is merging is registered under section 12AA/12AB or 10(23C)(iva); and
    - the merger fulfils the prescribed conditions
  - The proposed amendment will take effect from the 01<sup>st</sup> October, 2024.



### Penalty for non-disclosure of foreign income and assets in return of income

- As per the provisions of Black Money Act, 2015, an assessee being resident and ordinarily resident who holds any asset located outside India, or is a beneficiary of any asset located outside India or has any income from source outside India, or has any financial interest in entity located outside India has to file Return of Income and disclose such particulars of foreign income and assets.
- Currently, if the assessee fails to file Return of Income or fails to furnish information or furnishes inaccurate information or particulars relating to above mentioned income or asset, penalty for INR 10,00,000 may be levied on the assessee. However, the said penalty may not apply in case of foreign bank accounts having aggregate balance equivalent to INR 5,00,000.
- It is proposed that the penalty of INR 10,00,000 may not be levied if aggregate value of asset or assets (not being immovable property) does not exceed INR 20,00,000. The proposed amendment will be effective from 01<sup>st</sup> October, 2024.

### Inclusion of reference of BMA for obtaining tax Clearance certificate

- As per the existing provisions of Income Tax Act, no person who is domiciled in India shall be allowed to leave India unless he obtains Tax Clearance Certificate stating he has no liabilities under the Act,

or the Wealth-tax Act, 1957, or the Gift-tax Act, 1958, or the Expenditure-tax Act, 1987 or the assessee has made necessary arrangements for payment of any taxes that may become payable by him.

- It is now proposed to include reference to the liabilities under BMA for the purpose of obtaining Tax Clearance Certificate. The proposed amendment will be effective from 01<sup>st</sup> October, 2024.





### Application of seized or requisitioned assets

- As per the existing provisions, liabilities under the Act, the Wealth-tax Act, 1957, the Expenditure-tax Act, 1987, the Gift-tax Act, 1958 and the Interest-tax Act, 1974 or amount determined on assessment or amount of liability arising on an application made before the Settlement Commission may be recovered from the assets seized or requisitioned under the provisions of the Act. There is no inclusion for liabilities under BMA.
- It is now proposed to include reference of BMA so as to recover existing liabilities as well from the assets seized or requisitioned under the Act. The proposed amendment will be effective from 01<sup>st</sup> October, 2024.

### Time Limit under the proceedings of Prohibition of Benami Property Transactions Act, 1988

Sr No.	Particulars	Before Amendment	After Amendment
1.	Response to notice issued by Initiating Officer to benamidar to show cause why the property shall not be treated as a Benami Property	No Time Limit	3 months from the end of the month of issuance of notice
2.	Response to notice issued by Initiating Officer for: a) provisionally attach the property or to pass an order for continuing the provisional attachment b) to revoke the provisional attachment or deciding not to attach the property	90 days from the end of the month of issuance of notice	4 months from the end of the month of issuance of notice
3.	Time for Initiating Officer for drawing up of a statement of the case and refer it to the Adjudicating Authority by passing an order continuing the provisional attachment	15 days from the date of attachment order	1 month from the end of the month in which the order has been passed

- The proposed amendments will be effective from 01<sup>st</sup> October, 2024.



### Revision of rates of Securities Transaction Tax (STT) by amendment to The Finance (No.2) Act, 2004

- STT was introduced in the year 2004 and the rates of STT have been revised from time to time.
- Due to recent exponential growth in derivative markets (Futures and Options) it is proposed to increase the rates of STT on Futures and Options and trading in such derivatives for large proportion an amendment is proposed for change in the rates of STT
- As per the proposed amendment, STT on Futures and Options is to be changed as follows:

Particulars	Existing STT Rates	Amended STT Rates
Futures	0.0125% of price at which Future is traded	0.02% of price at which Future is traded
Options	0.0625% of the Option Premium	0.10% of the Option Premium

- The Amendment is applicable with effect from 01<sup>st</sup> October, 2024.

### CSR-Funded Internships for Youth

- A comprehensive scheme for internship is proposed to be launched for providing internship opportunities in 500 top companies to 1 crore youth in 5 years, offering a 12-month experience in real-life business environments, various professions, and employment opportunities.
- Each intern will receive a monthly allowance of INR 5,000 and a one-time assistance of INR 6,000.
- Companies participating in the program will cover the training costs and 10% of the internship expenses from their CSR funds.



# Indirect Tax Proposals

- GOODS AND SERVICES TAX ... 62
- CUSTOMS DUTY ..... 65
- EXPORT DUTY ..... 69



### Regularising Rates of Tax:

- Section 11A is proposed to be inserted to empower the Government to regularize non-levy or short-levy of tax due to any prevalent general trade practice.
- Similar power is being proposed in IGST Act, UTGST Act and GST (Compensation to States) Act

### Retrospective Relaxation in time-limit for availing Input Tax Credit:

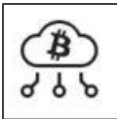
- Currently, input tax credit can be availed upto the 30<sup>th</sup> November of the year subsequent to the year to which and invoice or debit note pertains or the date of filing the annual return, whichever is earlier
- For Financial Years 2017-2018, 2018-2019, 2019-2020 and 2020-2021, the time limit for availing input tax credit is now proposed to be extended up to 30<sup>th</sup> November, 2021

### Relaxation in time-limit for availing Input Tax Credit in case of Revocation of Cancellation of Registration:

- Time limit for availing Input/ tax credit in respect of invoice or debit note issued during the period from cancellation of registration to revocation of such cancellation is proposed to be extended so as to enable for availment subject to certain condition and filing returns within 30 days from date of order of revocation of cancellation.

### New Provision for Determination of Tax Liability from F.Y. 2024-25 onwards:

- 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 from F.Y. 2024-2025 onwards.
- As per the proposed provision, 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, wilful misstatement and suppression
- For proceedings in case of fraud, wilful misstatement and suppression, reduced penalty is proposed as follows:
  - 15% - if tax and interest is paid before issuance of SCN
  - 25% - if tax and interest is paid within 60 days from the date of issuance of SCN
  - 50% - if tax and interest is paid within 60 days from the date of order



## Reduction in Maximum amount of pre-deposit for appeals:

Authority	From (Central tax)	To (Central tax)
Appellate Authority	INR 25 crores	INR 20 crores
Tribunal	20% with maximum of INR 50 crores	10% with maximum of INR 20 crores

## Time limit for filing appeals before Tribunal:

- The time limit for filing an appeal before the Appellate Tribunal is 3 months from the date of communication of the order against which an appeal is filed
- However, in the absence of the constitution of the Tribunals, amendment to empower the Government to notify the date for filing appeal before the Appellate Tribunal is proposed

## Conditional Waiver of Interest and Penalty:

- It is proposed to provide conditional waiver of interest and penalty in respect of demand notices issued under section 73 for F.Y. 2017-2018, 2018-2019 and 2019-2020 where full tax liability is paid by the taxpayer before a date to be notified except for demands in respect of erroneous refunds

## Schedule III – Additional Activities to be neither supply of goods nor services

- The activity of apportionment of co-insurance premiums by the lead insurer to the co-insurers in the co-insurance agreement and
- the services by insurers to reinsurers in respect of ceding/re-insurance commission
- subject to certain conditions, are proposed to be treated neither as a supply of goods nor as a supply of services.

## Ineligible Input Tax Credit

- Section 17(5) is proposed to be amended to restrict the non-availability of input tax credit of tax paid under section 74 only for demands upto F.Y. 2023-2024. For FY 2024-2025 onwards new recovery /demand provisions under section 74A inserted which does not appear in the said amended section 17(5)(i).
- Accordingly it appears that restriction on availment of ITC for tax paid under new section 74A is absent.



### Time-limit for issuing self-invoices

- Under section 31(3)(f), an invoice is required to be issued by the registered person liable to pay tax under reverse charge in respect of goods or service received from an unregistered supplier.
- Currently no time-limit is prescribed for the same
- Section 31(3)(f) is proposed to be amended to prescribe the time period within which an invoice is to be issued by the recipient under reverse charge mechanism where the supplier is unregistered
- It is also proposed to treat a person registered solely for the purpose of TDS as a person not registered for this purpose

### Filing of Returns by TDS Deductors:

- A registered person required to deduct tax at source under section 51 is required to furnish a return for the month in which deductions have been made.
- It is now proposed to mandate monthly filing of returns by TDS deductors even if no deductions are made during a month

### No refund for goods subjected to export duty:

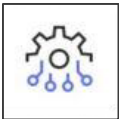
- It is proposed that no refund of unutilized Input Tax Credit or IGST paid on account of zero-rated supplies shall be allowed in cases where the zero-rated supply of goods is subjected to export duty.

### Appearance by an Authorised Representative for Summons:

- A new section is proposed to be inserted to provides that all persons summoned are bound to attend either in person or through an authorized representative on behalf of the summoned person as directed by the officer to give statement or produce documents.

The above amendments carried out in The Finance (No. 2) Bill, 2024 vis-à-vis Goods and Service Tax Act will come into effect from the date when the same will be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States and Union territories with legislature, until stated otherwise.

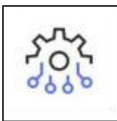




### Amendments in the Customs Act, 1962

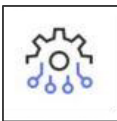
- Section 28DA of the Customs Act, 1962, is being amended to allow the acceptance of various types of proof of origin as stipulated in trade agreements, particularly to align with new agreements that permit self-certification. This change aims to simplify the process for importers claiming preferential tariff treatment under free trade agreements (FTAs).
- Section 143AA simplifies or provide different procedures to facilitate trade. This was only for a certain class of importers and exporters. However, the amendment to Section 143AA of the Customs Act involves changing the wording from “a class of importers or exporters” to “a class of importers or exporters or any other persons.” By expanding the definition to include "any other persons," the amendment allows customs authorities to implement simplified procedures not only for traditional importers and exporters but also for other stakeholders involved in trade.
- Further, a similar amendment is brought about in Section 157(2)(m) of the Customs Act, 1962, whereby the board is now empowered to provide separate procedures and measures not only in the case of a certain class of importers or exporters but also for any other persons as well.





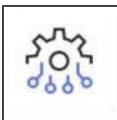
A summary of changes in the rates of Customs Duty for selected tariff items is provided hereunder:

Sr. No.	Particulars	From	To
	<b>Agricultural Goods</b>		
1	Shea nuts	30%	15%
	<b>Critical Minerals</b>		
1.	Natural Graphites	5%	2.5%
2	Quartz (other than natural sands); quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) Shape	5%	2.5%
3	Strontium sulphate (natural ore)	5%	Nil
4	Copper ores and concentrates	2.5%	Nil
5	Cobalt ores and concentrates	2.5%	Nil
6	Tin ores and Concentrates	2.5%	Nil
	<b>Chemicals and Plastics</b>		
1	Ammonium Nitrate, whether or not in aqueous solution	7.5%	Nil
2	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25%	10%
	<b>Cancer Drugs</b>		
	Trastuzumab Deruxtecan, Osimertinib and Durvalumab	10%	Nil
	<b>Textile and Leather Sector</b>		
1	Spandex Yarn	7.5%	5%



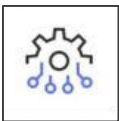
A summary of changes in the rates of Customs Duty for selected tariff items is provided hereunder:

Sr. No.	Particulars	From	To
2.	Real Down Filling material from duck or goose for use in manufacture of textile or leather garments for export	30%	10%
3.	Wet white leather, Crust and finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products for export.	10%	Nil
<b>Precious Metals</b>			
1.	Gold Bars	15%	6%
2	Gold dore	14.35%	5.35%
3	Silver bar	15%	6%
4	Silver dore	14.35%	5.35%
5	Platinum, Palladium, Osmium Ruthenium, Iridium	15.4%	6.4%
6	Coins of precious metals	15%	6%
7	Gold/Silver findings	15%	6%
8	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.5%	5%
9	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5%	5%
<b>Renewable Energy Sector</b>			
1	Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 01.10.2024)
2	Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5% (w.e.f. 01.10.2024)



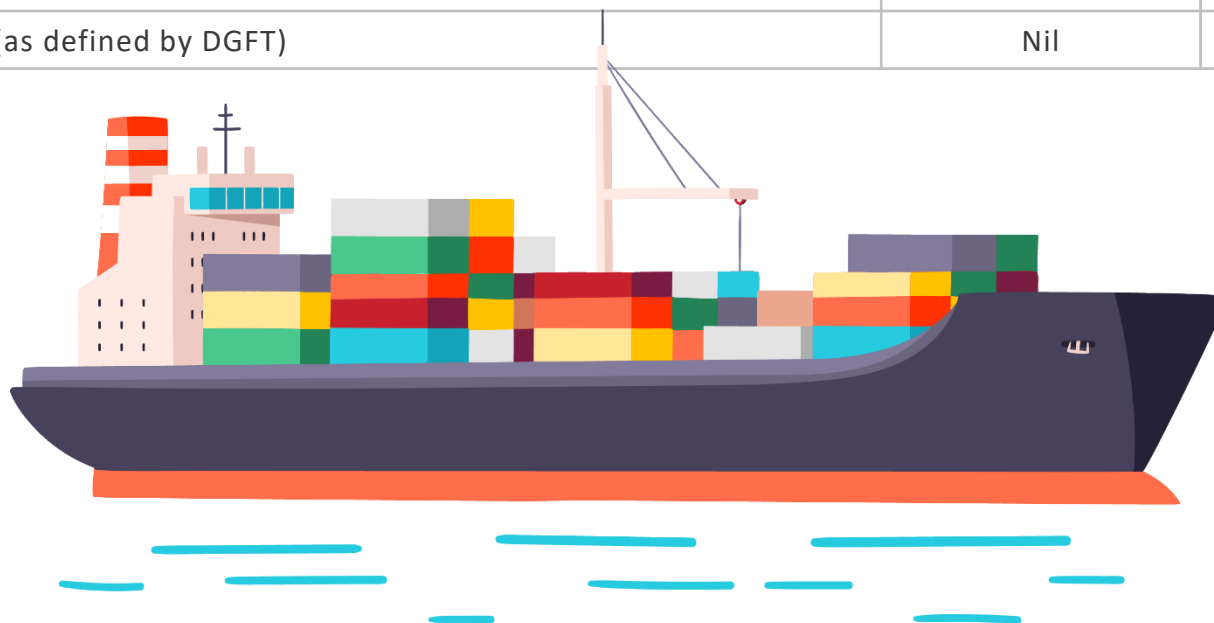
A summary of changes in the rates of Customs Duty for selected tariff items is provided hereunder:

Sr. No.	Particulars	From	To
<b>IT and Electronics Sector</b>			
1	Cellular Mobile Phone, Charger/Adapter and Printed Circuit Board Assembly (PCBA) of Cellular Mobile Phone	20%	15%
<b>Medical Equipment</b>			
1	All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10	As applicable	Nil
2	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and All types of polyethylene for use in manufacture of other artificial parts of the body falling under sub-heading 9021 31 or 9021 39	As applicable	Nil
	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31-03.2025) 7.5% (w.e.f 01.04.2025 to 31.03.2026) 10% (w.e.f 01.04.2026)



A summary of changes in the rates of Export Duty for selected tariff items is provided hereunder:

Sr. No.	Commodity	From	To
1	Raw Hides & skins, all sorts (other than buffalo)	40%	40%
2	Raw Hides & skins of buffalo	30%	30%
3	Raw fur and skins including lamb fur skin	60/10%	40%
4	Wet Blue Chrome Leather	40%	20%
5	Crust Leather	40%	20%
6	Tanned fur skin	60%	20%
7	E.I Tanned Leather	Nil	Nil
8	Finished leather (as defined by DGFT)	Nil	Nil





# Glossary

☐	GLOSSARY .....	71
---	----------------	----



Abbreviations	Full Forms
Act	Income Tax Act
AE	Associated Enterprises
AIF	Alternate Investment Funds
AJP	Artificial Juridical Person
ALP	Arm's Length Price
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Persons
AY	Assessment Year
BCD	Basic Customs Duty
b/f	Brought Forward
BOI	Body of Individuals
BMA	Black Money Act
c/f	Carried Forward
CBDT	Central Board of Direct Taxes
CCIT	Chief Commissioner of Income Tax
CG	Central Government
CGST	Central Goods and Services Tax
COFEPSA	Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
CVD	Countervailing duty

Abbreviations	Full Forms
DTAA	Double Tax Avoidance Agreement with foreign countries or specified territories / associations
EBITDA	Earnings before Interest, Taxation, Depreciation & Amortisation
EGR	Electronic Gold Receipt
EPF	Employee Provident Fund
FAR	Functions, Assets, Risk
FDI	Foreign Direct Investment
FEMA	Foreign Exchange and Management Act
FII	Foreign Institutional Investor
FMV	Fair Market Value
FPI	Foreign Portfolio Investors
FY	Financial Year
GDP	Gross Domestic Product
GOI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code
IBU	IFSC Banking Unit
ICDS	Income Computation and Disclosure Standards
IFOS	Income from Other Sources



Abbreviations	Full Forms
IFSC	International Financial Services Centre
INR	Indian National Rupee
InvIT	Infrastructure Investment Trust
ITA	Income-Tax Authority
ITAT	Income-Tax Appellate Tribunal
ITR	Income Tax Return
LTC	Leave Travel Concession
LTCG	Long-Term Capital Gains
MAT	Minimum Alternate Tax
MLD	Market Linked Debentures
MMR	Maximum Marginal Rate
MRP	Maximum Retail Price
NBFC	Non-Banking Financial Company
NCLT	National Company Law Tribunal
NPS	National Pension Scheme
OBU	Offshore Banking Unit
OIDAR	Online Information Database Access and Retrieval Services
PAN	Permanent Account Number
PCCIT	Principal Chief Commissioner of Income Tax
PF	Provident Fund

Abbreviations	Full Forms
PMLA	Prevention and Money Laundering Act, 2002
RBI	Reserve Bank of India
REIT	Real Estate Investment Trust
RNOR	Resident but not Ordinarily Resident
RPF	Recognised Provident Fund
SAD	Special Additional Duty
SDV	Stamp Duty Value
SEBI	Securities and Exchange Board of India
SHEC	Secondary & Higher Education Cess
SPV	Special Purpose Vehicle
STCA	Short-Term Capital Asset
STCG	Short-Term Capital Gains
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TCS	Tax Collection at Source
TDS	Tax Deducted at Source
TP	Transfer Pricing
TPO	Transfer Pricing Officer
UAD	Unabsorbed Depreciation



‘ 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](mailto:reachus@gbcaindia.com)  
🌐 : [www.gbcaindia.com](http://www.gbcaindia.com)  
in : [gbc-aassociates](http://gbc-aassociates)

**GBCA**  
& ASSOCIATES LLP  
Chartered Accountants