

Lunawat & Co.

Chartered Accountants



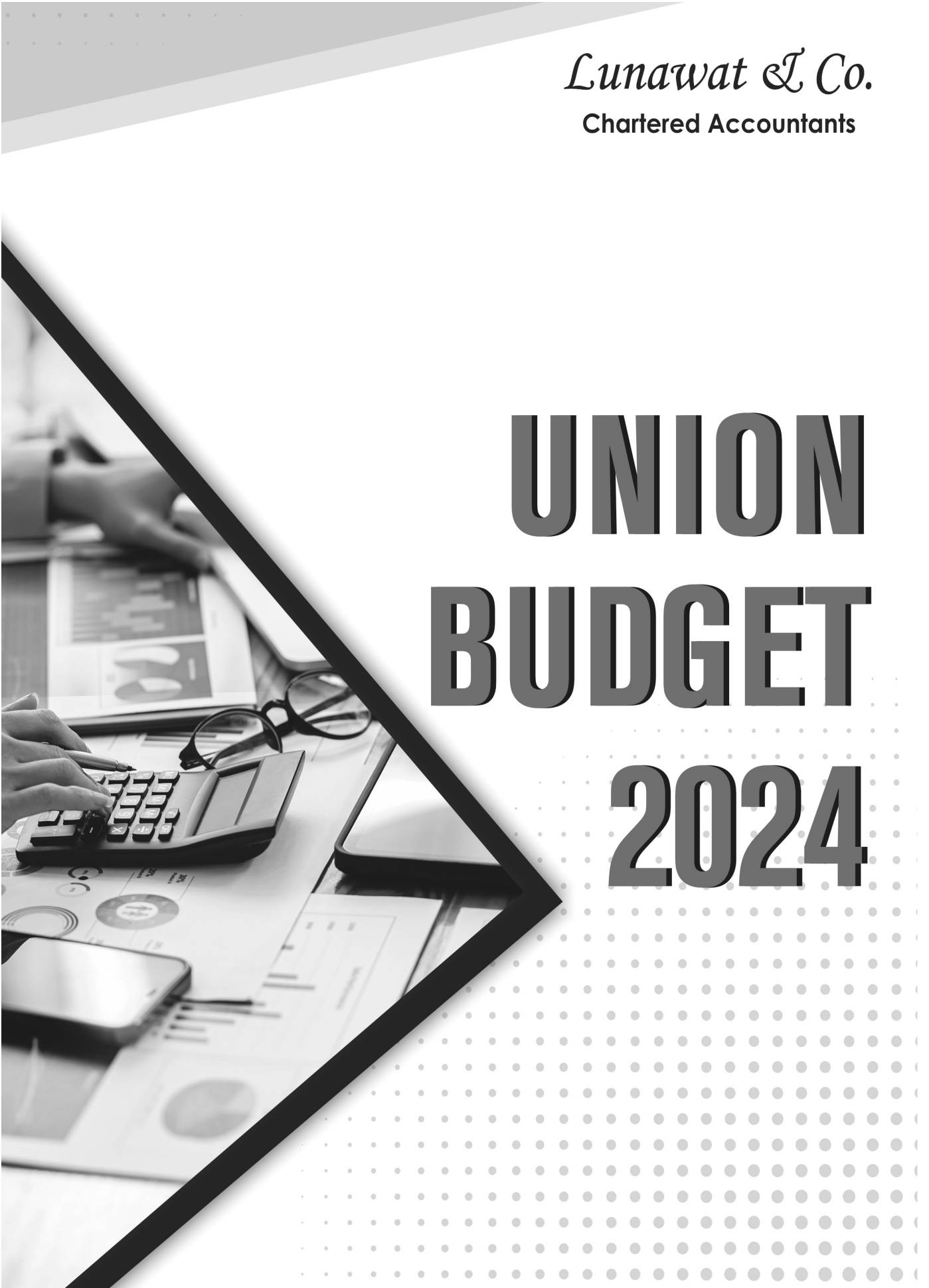
UNION BUDGET 2024

DECODED

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INCOME TAX PROPOSALS

I. CHANGES IN TAX RATES

- *Individual/HUF/AOP/BOI/Artificial Juridical Person* - Following are the slab rates proposed for computation of Income of Individuals / HUFs / AOPs / BOIs / Artificial Juridical Persons remaining in the default new tax regime only u/s 115BAC

FY 2024-25 / AY 2025-26	
Tax Rate %	Total Income
0	Up to 3,00,000
5	3,00,001 to 7,00,000
10	7,00,001 to 10,00,000
15	10,00,001 to 12,00,000
20	12,00,001 to 15,00,000
30	Above 15,00,000

- *Foreign Company* - Tax rate for Foreign Companies is proposed to be reduced from 40% to 35%
- *Short Term Capital Gain u/s 111A* - Tax rates for the Short-Term Capital Gains arising from transfer of capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of business trust are as follows: -

Period	Tax Rate
1st April 2024 to 22nd July 2024	15%
23rd July 2024 onwards	20%

- Income of Foreign Institutional Investors (FII) from securities or capital gains arising from their transfer u/s 115AD, being short term capital gain would be taxed @ 15% till 22nd July 2024 and @20% from 23rd July 2024 onwards
- *Long Term Capital Gain* - Tax on Long Term Capital gain amended from 10%/20% to 12.5% w.e.f. 23rd July 2024 that too without indexation benefit. Capital assets acquired before 1st April 2001 could be valued at fair value as on 1st April 2001. A chart on the same is as under:

Section	Nature (LTCG)	1st April 2024 to 22nd July 2024	23rd July 2024 onwards
112A	STT paid listed equity shares, units of equity-oriented fund and business trust	10%	12.5%

Section	Nature (LTCG)	1st April 2024 to 22nd July 2024	23rd July 2024 onwards
112	Other capital assets	20%	12.5%
115AB	Units purchased in foreign currency by Offshore Funds	10%	12.5%
115AC	Bonds or Global Depository Receipts purchased in foreign currency by non-residents	10%	12.5%
115ACA	Global Depository Receipts (GDRs) purchased in foreign currency by resident employees of Indian companies in specified industries	10%	12.5%
115E	LTCG where the assessee is a Non-Resident Indian (NRI)	10%	12.5%
115AD	Income of Foreign Institutional Investors (FI) from securities or capital gains being LTCG u/s 112A. Benefit of Rs. 1.25 Lakhs too provided.	10%	12.5%

- Exemption of gains of 1 lakh is increased to 1.25 lakh for LTCG under section 112A.
(Effect from 23rd July 2024)
- It is proposed u/s 113 to omit the word 'undisclosed' and thus total income of the block period determined u/s 158BC shall be chargeable to tax at the rate of 60%.
(Effect from 1st September 2024)
- Tax payable by companies on buy-back of shares u/s 115QA omitted from 1 October 2024, henceforth tax will be levied in the hands of shareholder instead of Company.
(Effect from 1st October 2024)

II. TAX DEDUCTED & COLLECTED AT SOURCE (TDS/TCS)

- *Changes in TDS Rates* – Rates of TDS has been reduced and simplified for the following:

Section	Nature of Payment	Rate upto 30.09.2024	Proposed Rate From 01.10.2024
194DA	Payment made under LIC premium	5%	2%
194F	Repurchase of Units by MF or Unit Trust of India	20%	Nil
194H	TDS on Commission & Brokerage	5%	2%

Section	Nature of Payment	Rate upto 30.09.2024	Proposed Rate From 01.10.2024
194G	TDS on income earned from lottery tickets	5%	2%
194-IB	Payment of rent by certain individuals or HUF	5%	2%
194M	Payment of certain sums by certain individuals or HUF	5%	2%
194-O	Sale of goods or providing services through an E-Commerce participant	1%	0.1%

➤ *TDS on Payment to Working Partners of Partnership Firms introduced*

- New Section 194T is being inserted to cover payments made by a partnership firm to its partners in the nature of salary, remuneration, commission, bonus, or interest.
- TDS would be deducted at the time of credit of such payment to the account of the partner (including the capital account) or at the time of payment, whichever is earlier.
- TDS will be deducted @ 10% of the aggregate amount of all such payments to a partner if the amount exceeds Rs 20,000 in a financial year.

(Effective from 1st April 2025)

➤ *Employer allowed to give credit of TCS to employees* - It mandates that every employer to calculate income tax on salary in case the salary of the employee exceeds the basic exemption limit and deduct TDS on salary payment. While computing the Tax, Credit of TCS paid, TDS paid or any other income (except losses) provided by the employee shall be considered. Earlier credit of TCS was not considered by the employer while calculation tax on salary for the purpose of TDS.

(Effective from 1st October 2024)

➤ *TDS on certain securities* – Clause (iv) in Proviso to section 193 to be amended to allow for deduction of tax at source on payment of income to residents at the time of payment of interest exceeding Rs 10,000 on:

- a) Floating Rate Savings Bonds (FRSB) 2020 (Taxable)
- b) Any security of the Central Government or State Government the Central government may notify.

(Effective from 1st October 2024)

➤ *Exclusion from works contract* - The new provision explicitly excludes two types of activities from the definition of "work" u/s 194C:

- Manufacturing or supplying a product as per customer's requirements using materials purchased from someone other than the customer or their associate.
- Any payment covered u/s 194J(1).

(Effective from 1st October 2024)

- *TDS on sale of immovable property* - Section 194-IA (2) is being amended to clarify that when there are multiple transferees (buyers) or transferors (sellers) involved in a property transaction, the consideration should be:

“the aggregate of all amounts paid or payable by all transferees to all transferors for the transfer of the immovable property”

(Effective from 1st October 2024)

- *Section 196B & 196C* - Tax rates on Capital gain arising on various type of assets have been changed being units referred to under section 115AB & bonds or Global Depository Receipts mentioned under section 115AC. To give effect to these tax rate changes, section 196B & section 196C are also being changed for amending the rate of TDS on such capital gains.

(Effective from 23rd July 2024)

- *Section 197: Lower Deduction of Tax* - Currently, Section 197(1) allows a person responsible for paying any income to apply to the assessing officer for a certificate authorizing him to deduct tax at a lower rate or no deduction of tax.

Now the section is being amended to include Section 194Q (which pertains to TDS on purchase of goods) which will now make them eligible to apply for a lower TDS certificate or no TDS certificate u/s 197(1).

(From 1st October 2024)

- *Section 198* - Section 198 (tax deducted is income received) to include income tax paid outside India, within the meaning of TDS where such foreign tax is allowed as a credit against the tax payable under the Indian Income Tax Act. Hence, foreign income would be taxed inclusive of tax deducted abroad.

(From 1st April 2025)

- *TDS/TCS Correction Statements* - Section 200 and Section 206C(3B) are being amended to introduce a time limit for delivering correction statements for TDS and TCS respectively. Now correction statements of TDS/TCS shall not be allowed to be filed after the expiry of 6 years from the end of FY in which such original statement was filed. Currently, there is no specific time limit for furnishing correction statements for TDS and TCS statements.

(From 1st April 2025)

- *Processing of Statements* - Section 200A of the Income Tax Act provides the manner in which statements of TDS or correction statements filed by deductors (persons deducting TDS) are processed. It is being amended to widen the scope of this section to include statements filed by persons other than deductors also. Such as statements like Form No. 26QF, which is filed by an Exchange (such as a stock exchange), where the deductee (the person receiving income subject to TDS) provides details related to tax deduction.

(From 1st April 2025)

- *Assessee in Default* - Section 201 (3) is being amended to introduce a time limit for deeming a person as an assessee in default. So now, any person (Resident or Non-Resident) cannot be deemed to be an assessee in default by any order made:

- after expiry of 6 years from the end of the financial year in which:

- a. payment is made, or
- b. credit is given, or
- or after expiry of two years from the end of the financial year in which:
 - a. the correction statement is delivered, whichever is later.

Earlier, the time limit was 7 years which was applicable to Residents only.

(From 1st April 2025)

- *TCS on Luxury Goods* - Central Government has been given power to notify any other goods on which TCS u/s 206C(1F) may be levied. Earlier TCS was required to be collected under this sub section on sale of Motor vehicles only.

(Effective from 1st January 2025)

- *Increased interest on late deposit of TCS* – Section 206C(7) amended to provide for interest to be calculated on TCS collected but not paid at 1.5% for every month or part thereof on the amount of such TCS from the date on which the tax was collected up to the date of actual payment of tax. Earlier this interest was being charged at the rate of 1%.

(Effective from 1st April 2025)

- *TCS on goods – can apply for lower TCS* - Section 206C(9) is being amended to provide that a buyer, which is covered u/s 206C(1H) (being a person on whom TCS at 0.1% is required to be collected if the sales to such person exceeds 50 lakhs in any financial year), shall be eligible to apply for a lower rate of collection of tax to the AO; earlier such lower rate of tax collection was not allowed for buyers under this sub section.

(Effective from 1st October 2024)

- *Empowerment to prescribe lower or Nil TCS* - A new sub section 12 in section 206C has been inserted to empower Central Government to completely exempt or to allow tax collection under this section on lower rates to any person or class of persons including any institutions, association or body or class of institutions, association or body.

(Effective from 1st October 2024)

- *No Prosecution if condition met* - The provisions of section 276B (for failure to pay TDS) won't apply if the payment has been made to the credit of the Central Government before the due date for filing the related statement u/s 200(3).

(Effective from 1st October 2024)

III. CAPITAL GAINS

- *Definition of Short-Term Capital Asset amended* – The definition of an asset to be short term or long term is amended by amending section 2(42A) w.e.f. 23rd July 2024. Following are the duration to identify Short Term assets: -

Type of Assets	Up to 22 July 2024 Not more than	From 23 July 2024 Not more than
All Listed Securities	12 months	12 months

Units of Listed Business Trust	36 months	12 months
Bonds, Debentures and Gold	36 months	24 months
Unlisted Shares	24 months	24 months
Immovable Property	24 months	24 months
Other Capital Asset	36 months	24 months

Holding asset beyond the period stated above would be long term capital gain.

- *Restriction on exemption for gift, etc to other than individual & HUF* – Section 47 provides for transactions not regarded as transfer. Clause (iii) included transfer of any capital asset under a gift or a will or an irrevocable trust. Transfer of shares, debentures, warrants, ESOPs or schemes offered by company employees were excluded.

It is proposed to restrict the exemption only any capital asset *by an Individual or an HUF* under a gift or a will or an irrevocable trust. Hence, gift, etc. of capital asset by any other person including companies, firms etc. would not be exempt and would be regarded as transfer.

(Effective from 1 April, 2025)

- *Indexation benefit withdrawn* – Section 48's 2nd proviso has been amended to restrict the benefit of "Indexed Cost of Acquisition" and "Indexed Cost of Improvement" till 23rd July 2024.

(Effective from 23rd July, 2024)

- *Unlisted Debentures and bonds brought at par with Market Linked Debentures* - Unlisted Debentures and bonds are proposed to be brought at par with Market Linked Debentures and Specified Mutual Funds under the provisions of Section 50AA of the Act and taxed as short term capital gain.

(Effective from 23rd July, 2024)

- *Specified Mutual Fund definition u/s 50AA* - Specified Mutual Fund definition u/s 50AA to be amended w.e.f. AY 2026-27 to mean a Mutual Funds wherein: -

- A Mutual Fund invests more than 65% of its Total Proceeds in Debt and Money Market Instruments or
- A Fund invests more than 65% of its Total Proceeds in the units of the funds mentioned in the abovementioned Clause

(Effective from 1 April, 2026)

- *Defining FMV for pre IPO shares* – It is proposed to amend S. 55(2)(ac) to insert sub-clause (a)(iii) by adding a new item after the Item A stating that equity asset being an unlisted equity share in a company or which was transferred to him by way of transaction u/s 47 as on 31 January 2018 but is listed on subsequently got listed on a stock exchange, provided that such transfer is made under Offer for Sale to the public in an IPO. The FMV of the same will be the amount having the Cost of Acquisition of same proportion as Cost of Inflation Index for the FY 2017-18 bears to the Cost Inflation Index for the first year in which assessee held the asset or for 01 April, 2001 whichever is later.

(Effective from 1 April, 2018)

IV. BUY-BACK OF SHARES

- Currently tax on buy-back of shares is borne by Companies u/s 115QA and is free in hands of the shareholders u/s 10(34A).
- Section 115QA and section 10(34A) would not apply from 1st October 2024.
- Any amount received on buy-back of shares will be treated as “Dividend Income” under newly inserted clause (f) to section 2(22) and will be taxed in the hands of recipients.
- Section 46A is proposed to be amended to state that the consideration received by the Shareholders as the proceeds of Buyback of Shares by a company, shall for the purpose of the section 46A be treated as NIL where such buyback takes place on or after 01st October 2024. Hence the cost incurred to acquire shares which were bought back would be treated as capital loss.

(Effect from 1st October 2024)

V. DEDUCTIONS & EXEMPTIONS

- *Retail Fund or ETF in IFSCA* – Definition of specified fund under Explanation (c) (b) u/s 10(4D) to include specific funds which is incorporated in India in the form of a trust or a company or a LLP or a body corporate will now include if they have been granted a certificate as a retail scheme or an Exchange Traded Fund and are regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority (IFSCA) Act, 2019 and satisfy such conditions as may be prescribed.

(Effective Date 1 April, 2025)

- *Cruise Ships* – Sub Section 15B to be inserted in section 10 to promote cruise-shipping industry, the lease rentals paid by a company shall be exempt in the hands of the recipient company, if such company is a foreign company and such recipient company and the first company are subsidiaries of the same holding company.

(Effective Date 1 April, 2025)

- *Market Infrastructure Institutions* - Sub Section 23EE to section 10 to be amended to Recognised clearing corporation shall now include corporation as defined in IFSCA (Market Infrastructure Institutions) Regulations, 2021 made under the IFSCA Act, 2019. Therefore, definition of “regulations” shall now include the IFSCA (Market Infrastructure Institutions) Regulations, 2021.

- *Venture Capital Funds* – Sub-Section 23FB of section 10 to be amended to include in definition of Venture Capital Funds, the funds which are regulated by IFSCA

- *E-commerce operators under Equalization Levy* - Sub Section 50 of section 10 would have a sunset clause till 1st August 2024. Income arising from e-commerce supply on or after 1 April 2020 but before the 1st day of August 2024 only, shall be exempted, consequent to omission of equalization levy on them @2%.

- *Amendments to section 80G* - Section 80G(2)(a)(ii)(hg) to be amended to replace the words “The National Sports Fund to be set up” to “The National Sports Development Fund

set up" mentioned in the related to Donations made to certain funds, charitable institutions etc., as the fund has already been set up by the Central Government.

(Effective from 1st April 2025).

VI. CHARITABLE TRUSTS

- *Sunset for Registrations u/s 10(23C)* - Section 10(23C) clauses (iv), (v), (vi) or (via) registrations for approved trusts, funds or institutions would continue to get the benefit of exemption, as per the provisions of sub-clauses of this clause, if the application is filed before 1st October 2024. Post 1st October 2024, there would be no registrations or renewals under these clauses.
- *Few more entities not allowed to avail exemption u/s 11* – Apart from entities approved under clause (1), (23C), (23EC), (46) or (46A) of section 10, entities covered under clauses (23EA), (23ED), & (46B) would not be allowed to avail exemption u/s 11 and such trust or institution has a one-time option to apply to make its registration under section 12AB operative. Thus, a trust or institution may choose the provisions under which it seeks to claim exemption.

(Effective 1 April, 2025)

- *Renewal of registration u/s 10(23C) to be u/s 12A* – From 1st October 2024, entities registered under clauses (iv), (v), (vi) or (via) of the section 10(23C) would be covered to get registration u/s 12A(1)(ac)(ii) Subsequent, amendments are made in Section 13.
- *Rationalization of time process for time in registration* - Registration application u/s 12AB and 80G are required to be processed by the commissioner within a period of six months from the end of the month in which the application was received. It is proposed that applications made above should be disposed within six months from the end of quarter in which application was received.

(Effective from 1 October 2024)

- *Provisions for merger of trusts* – Provision for merger of charitable trusts and institutions is proposed by inserting section 12AC. According to its when any trust or institution registered under:
 - i. section 12AB or
 - ii. approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10

is merged with another trust or institution then, the provision of Chapter XII-EB shall not apply if: -

- a) the other trust or institution has same or similar objects;
- b) the other trust or institution is registered under section 12AA or section 12AB or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be; and
- c) the said merger fulfils such conditions as may be prescribed.

(Effective from 1 April 2025)

VII. NEW TAX REGIME

- *Increased Standard deduction* – Apart from minor change in tax slab rates, individuals would get a higher standard deduction u/s 16 of Rs 75,000 from existing Rs 50,000.
(Effective from AY 2025-26)
- *Increased Family Pension deduction* – Individuals under new tax regime u/s 115BAC(1A) would get an increased deduction for Family pension for pensioners has of Rs. 25000/- from existing Rs. 15,000 subject to one-third of the family pension
(Effective from AY 2025-26)
- *Increased NPS Contribution* – Section 80CCD(2) has been amended for higher deduction limit for the amount contributed by the employer under the NPS from 10% to 14% where total income of the assessee is taxable under 115BAC(1A)
(Effective from AY 2025-26)

VIII. BUSINESS OR PROFESSION

- *Rent from house not to be treated as business income* – Explanation 3 has been inserted in section 28 to clarify that any Income from Letting Out of residential House property or part thereof will be taxed under head Income from House Property and not in Profit and Gain from Business and Profession head.
(Effective from 1 April, 2025)
- *Increased deduction for NPS* – Section 36 is being amended to allow the increased amount of employer contribution towards the pension scheme allowed as deduction from 10% to 14%.
(Effective from 1 April, 2025)
- *Settlement expenditure to be disallowed* – Explanation 3(iii) to section 37 to be amended the to disallow any expenditure incurred by an assessee to settle proceedings initiated in relation to a contravention under any law for the time being in force, as may be notified by the Central Government in the Official Gazette in this behalf. Hence any such settlement amounts shall also be disallowed under this section.
(Effective from 1 April, 2025)
- *Increase in partner's remuneration limits* - It is proposed u/s 40 to increase the limit of remuneration of working partners of a firm / LLP which is allowed as deduction:

S. No.	Book Profit	Limitation of Remuneration
1	On the first Rs. 6,00,000 of the book profit or in case of a loss	Rs. 3,00,000 or at the rate of 90 % of the book profit, whichever is more
2	On the balance of the book-profit	at the rate of 60 %

(Effective from 1 April, 2025)

- *NHB excluded from benefit of section 43D* – Section 43D which gives certain benefits to public financial institution and National Housing Bank (NHB) for treatment of income related to interest on receipt basis. The Finance (No. 2) Act, 2019 has amended the National

Housing Bank Act, 1987, conferring powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). Consequently, HFCs have come under the purview of the RBI as a category of Non-Banking Financial Companies (NBFCs), which are already covered u/s 43D. Hence specific reference to NHB and public companies is omitted.

(Effective from 1 April, 2025)

- *Business of Cruise Ships* - It is proposed to insert a new section 44BBC for computing profits and gains of business of operation of cruise ships in case of non-residents which shall be taxable at a presumptive rate of 20% of the aggregate amount received/receivable by, or paid/payable to, the non-resident cruise-ship operator, on account of the carriage of passengers, as profits and gains of such cruise-ship operator from this business.

The lease rentals paid by the company which opts for presumptive regime under section 44BBC shall be exempt in the hands of recipient company, if such company is a foreign company and such recipient company and the first company are subsidiaries of the same holding company. This exemption is available up to AY 2030-31. Consequent amendment is made in section 44B.

(Effective from 1 April, 2025)

IX. RETURNS, ASSESSMENT, APPEALS & SEARCH

- *Return u/s 119(2)(b)* - S.139(9A) inserted to provide that where the taxpayer is required to file the Return u/s 119(2)(b), in such a case taxpayer is required to follow the same rules for filing tax return as per the provisions of S. 139.

(Effect from 1st October 2024)

- *Aadhar quoting* - It is proposed to amend s. 139AA to provide for use of only Aadhaar number and not Aadhaar Enrolment ID for making PAN applications or filing of income tax return. Also, every person who has been allotted PAN on the basis of Enrolment ID shall be required to intimate his Aadhaar number to the specified authority.

(Effect from 1st October 2024)

- *Persons excluded from DRP* - It is proposed to exclude certain categories of persons from being considered as "eligible assessee" defined u/s 144C(15) for reference to Dispute Resolution panel (DRP). Specifically, persons u/s 158BA with search assessments where undisclosed income is found, and S. 158BD deals with persons other than the searched assessee but related to seized materials are excluded now. These individuals falling under these sections will not be eligible to approach the DRP for dispute resolution.

(Effective from 1st September 2024)

- *Re-assessment* – Sections 148 and 148A are proposed to be substituted w.e.f. 1st September 2024. Also, amendments are made in sections 149 & 151. Salient features of the proposed amendments are as follows:-

- It is proposed to substitute section 148 of the Act so as to provide that before making the assessment, reassessment or recomputation u/s 147 the AO shall issue a notice to the assessee, along with a copy of the order passed u/s 148A(3) determining it to be a fit case, requiring him to furnish within such period as may be specified, not exceeding a period of

3 months from the end of the month in which such notice is issued, a return of his income or the income of any other person in respect of whom he is assessable.

- Further, it is proposed to provide that no notice under this section shall be issued unless there is information with the AO Officer which suggests that the income chargeable to tax has escaped assessment.
- Any information in the case of the assessee emanating from survey conducted u/s 133A, other than s. 133A (2A), on or after the 1st day of September, 2024, is proposed to be added to the definition of 'information' with the AO which suggests that the income chargeable to tax has escaped assessment.
- It is further proposed to provide that where the AO has received information under the scheme notified u/s 135A, no notice u/s 148 shall be issued without prior approval of the specified authority.
- It is further proposed to substitute the s.148A so as to provide that where the AO has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant assessment year, he shall, before issuing any notice u/s 148, provide an opportunity of being heard to such assessee, by serving upon him a notice to show cause as to why a notice under section 148 should not be issued in his case, and such notice shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant assessment year. Thereafter, on receipt of notice under sub-section (1), the assessee may furnish his reply, within such time, as may be specified in such notice.
- The AO shall, on the basis of material available on record and taking into account the reply of the assessee, pass an order with the prior approval of the specified authority u/s 148A(3), determining whether or not it is a fit case to issue notice u/s 148.
- It is further proposed that the provisions of this section shall not apply in the case of an assessee where the AO has received information under the scheme notified u/s 135A pertaining to income chargeable to tax escaping assessment for any AY in his case.
- The time limitation for issuance of notice u/s 148A and s. 148 of the Act is proposed to be provided in s. 149 of the Act as follows:
 - in normal cases, no notice u/s 148A shall be issued if 3 years have elapsed from the end of the relevant AY. Notice beyond the period of 3 years from the end of the relevant assessment year can be taken only in a few specific cases;
 - in normal cases, no notice under section 148 shall be issued if 3 years and 3 months have elapsed from the end of the relevant AY. Notice beyond the period of 3 years and 3 months from the end of the relevant AY can be taken only in a few specific cases;
 - in specific cases, where as per the information with the AO, the income escaping assessment amounts to or is likely to amount to 50 lakh rupees or more, notice u/s 148A can be issued beyond the period of 3 years but not beyond the period of 5 years from the end of the relevant AY;
 - in specific cases, where the AO has in his possession books of account or other documents or evidence related to any asset or expenditure or transaction or entry

(or entries) which reveal that the income chargeable to tax, which has escaped assessment amounts to or is likely to amount to 50 lakh rupees or more, notice u/s 148 can be issued beyond the period of 3 years and 3 months but not beyond the period of 5 years and 3 months from the end of the relevant AY.

- It is proposed to substitute the section 151 so as to provide that specified authority for the purposes of sections 148 and 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.
- It is proposed to amend the section 152 of the Act so as to provide that where a search has been initiated u/s 132 or requisition is made u/s 132A or a survey is conducted u/s 133A [other than under sub-section (2A)] on or after the 1st day of April, 2021 but before the 1st day of September, 2024, the provisions of section 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.
- It is also proposed to amend the section 152 of the Act so as to provide that where a notice u/s 148 has been issued or an order under clause (d) of section 148A has been passed, prior to the 1st day of September, 2024, the assessment, reassessment or recomputation in such case shall be governed as per the provisions of sections 147 to 151, as they stood prior to their amendment by Finance (No. 2) Act, 2024.

(Effect from 1st September 2024)

- *Time limits for completing assessments, re-assessments and recomputation* - Currently, assessments under sections 143 or 144 must be completed within 12 months from the end of the assessment year in which the income was first assessable.

Now it is proposed by inserting a new provision, s. 153(1B), which states that assessments for cases where a tax return is filed due to an order under section 119(2)(b) should be completed within 12 months from the end of the financial year in which the return is filed.

Section 153(3) deals with the time limit for passing new assessment orders after certain decisions (like under sections 254, 263, or 264). These fresh assessments must be done within 12 months from the end of the financial year in which the relevant order (e.g., under section 250 or 263) is received or passed.

S. 153(8) currently deals with assessments revived under section 153A(2), stating they must be completed within a year from the month of revival or as specified in section 153B(1). This is being amended to clarify timelines for assessments revived after block assessments are annulled.

- *Exclusion of Time During Search* - Explanation 1(xii) currently excludes up to 180 days from the period of limitation from the date a search starts until the Assessing Officer receives books, documents, or seized materials. A new proviso is being added to ensure the end date for this period falls at the end of the month, considering the exclusion period.

(Effective from 1st October 2024)

- *Commissioner (Appeals) power to set aside* – Section 251 is proposed to be amended to provide that that Commissioner (Appeals) shall have the power to set aside the assessment order passed under best judgement case u/s 144 and refer the case back to the Assessing Officer for a fresh assessment.

(Effective from 1st October 2024)

- *Procedure in case of Search & Seizure* - Chapter XIV-B of the Income Tax Act, 1961 deals with the special procedure for assessment in cases where a search has been conducted. The whole Chapter has been substituted to revert to block assessment system w.e.f. 1st September 2024. A brief summary is as under:
- Where on or after the 1st day of September, 2024, a search is initiated u/s 132, or books of account, other documents or any assets are requisitioned u/s 132A, in the case of any person, the AO shall proceed to assess or reassess the total income of such person.
- The 'block period' shall consist 6 assessment years preceding the previous year in which the search was initiated u/s 132 or any requisition was made u/s 132A and shall include the period starting from the 1st of 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.
- 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 AO shall assess the 'total income' of the assessee, including the undisclosed income which shall include any money, bullion, jewellery or other valuable article or thing or any expenditure or any income based on any entry in the books of account or other documents or transactions, where such money, bullion, jewellery, valuable article, thing, entry in the books of account or other document or transaction represents wholly or partly income or property which has not been or would not have been disclosed for the purposes of this Act, or any expense, deduction or allowance claimed under this Act which is found to be incorrect.
- 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 or survey in consequence of such search or requisition of books of account or other documents and such other materials or information as are either available with the AO or come to his notice by any means during the course of proceedings under the said Chapter.
- The assessment in respect of any other person shall be governed by the provisions of section 158BD, which provides that where the AO is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom search was made or whose books of account or other documents or any assets were requisitioned, then, any money, bullion, jewellery or other valuable article or thing, or assets, or expenditure, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that AO shall proceed u/s 158BC against such other person and the provisions of the said Chapter shall apply accordingly.
- The tax shall be charged at 60% for the block period, as per section 113 of the Act. The proviso to section 113 has been amended to provide that the tax chargeable under this section shall be increased by a surcharge, if any, which may be levied by any Central Act.. No interest under the provisions of section 234A, 234B or 234C or penalty under the provisions of section 270A shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.

- Penalty on the undisclosed income of the block period as determined by the Assessing officer shall be levied at 50% of the tax payable on such income. No such penalty shall be levied if the assessee offers undisclosed income in the return furnished in pursuance of search and pays the tax along with the return.
- The time-limit for completion of block assessment of the searched assessee shall be twelve months from the end of the month in which the last of the authorisations for search u/s 132, or requisition u/s 132A, was executed or made. The time-limit for completion of block assessment of any other person shall be twelve months from the end of the month in which the notice u/s 158BC in pursuance of section 158BD, was issued to such other person. However, an exclusion of nearly 6 months shall be available in respect of period from date of search to the date of handing over of seized material to the AO.
- Where any evidence found as a result of search or requisition relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.
- The notice under clause (a) of sub-section (1) of section 158BC requiring the searched assessee to furnish his return of income for the block period, as well as the order of assessment for the block period shall be issued or passed, as the case may be, with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.
- The provisions of section 144C (DRP) of the Act shall not apply to any proceeding under the said Chapter.

(Effective from 1st September 2024)

- *Black Money Act and search* - According to the amendment proposed in section 132B, it is proposed to insert the recoverable liabilities from seized assets under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the section 132B of the Income-tax Act, 1961 with undisclosed foreign income and assets.

(Effective from 1st October 2024)

- *Withholding of refund* – Under section 245 AO may set off the refund against any tax demand outstanding or withhold the refund till the assessment or reassessment proceeding is pending. The period of withholding the refund has been proposed to be extended to 60 days from the date of assessment or reassessment is made. Now the condition of 'opinion that the grant of refund is likely to adversely affect the revenue' is removed only 'reasons to be recorded in writing' is retained. No additional interest would be there on withheld refund till 60 days from the date of assessment or reassessment is made u/s 244A.

(Effect from 1st October 2024)

X. PENALTIES

- *Substituting s. 271FAA (1)* - The existing sub-section (1) of section 271FAA is being substituted with new provision i.e. If a person who must submit a statement under section 285BA provides incorrect information in the statement or doesn't correct the information within the specified time fails to meet the due diligence requirements then, tax authority can impose a penalty of ₹50,000.

(Effective from 1st October, 2024)

- *Failure in furnishing Statements of TDS/TCS* - The time period mentioned in section 271H(3) stating the penalties for failure in furnishing of statements or furnishes any incorrect information in the statement for TDS / TCS is reduced from "one year" to "one month."

(Effective from 1st April 2025)

- *Failure to furnish SFT* – New section 271GC inserted to provide that if a person who is required to submit a statement u/s 285 fails to do so within the prescribed period, the Assessing Officer can impose a penalty ₹1,000 per day for up to three months or ₹1,00,000 if the failure exceeds three months.

(Effective from 1st April, 2025)

- *Penalty not to imposed for reasonable cause* – Penalty u/s 271FF (furnishing inaccurate SFT u/s 285 or without due diligence) and u/s 271GC (non-filing of SFT u/s 285) included u/s 273B where penalty may not be imposed is reasonable cause is proved.

(Effective from 1st April 2025)

- *Bar on imposition of Penalty* - Section 275 contains the provisions where penalties are barred. In sub-section (1), clause (a), and sub-section (1A), the references to "Principal Chief Commissioner or Chief Commissioner or" will be removed.

(Effective from 1st October 2024)

XI. INTERNATIONAL TAXATION

- *SDT to be referred to TPO* - Section 92CA(2A) and (2B) related to reference of Transfer Pricing Officer (TPO) are to be amended in order to include the reference of specified domestic transactions to the TPO.

(Effective from 01st April 2025)

- *Interest limitation to IFSC* - Provisions of Section 94(B)(1) shall not apply to the Finance Company located in any IFSC and the section shall also include the meaning of "Finance Company" and "IFSC".

(Effective from 01st April 2025)

XII. MISCELLANEOUS

- *Abolition of Angel Tax* - Section 56(2)(viib) which taxed the consideration for issue of shares exceeding its fair value shall not apply on or after 1st April 2025

- *Expense on Buy-back not allowed* - The dividend earned by the assessee as referred in Section 2(22)(f) shall be excluded while claiming any against it u/s 57(i).

(Effective from 1st October 2024)

- *Income Tax Clearance certificate* - The existing section 230(1A) mandates that individuals domiciled in India must obtain a tax clearance certificate covering liabilities under various tax acts administered by CBDT before leaving the country. Liabilities under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 are now proposed to be included.

(Effect from 1st October 2024)

- *Withdrawal of application for Advance Ruling* - It is proposed u/s 245Q to provide for the withdrawal of application made before Board for Advance Ruling (BAR) till 31st October 2024 in case no order has been passed u/s 245R of the Act. Also, BAR may by an order reject these withdrawal applications u/s 245R on or before 31st December 2024.

(Effect from 1st October 2024)

- *Computation of income of Life Insurance Business* – Schedule I provides for computation of income of life insurance business. Proviso has been inserted in Rule 2 to provide that any expenditure that isn't allowed u/s 37 while computing profits and gains of a Life Insurance business will be added back to the profits and gains of the life insurance business.

(From 1st April, 2025).

XIII. DIRECT TAX VIVAD SE VISHVAS SCHEME, 2024

A mechanism of dispute settlement and thereby reducing litigations, Government to introduce Vivad se Vishvas Scheme, 2024 which shall come into force from the date yet to be notified by the Central Government.

The provision of the Scheme Shall not apply:-

- In respect of the tax arrears:-
 - Relating to an assessment year in respect of which an assessment has been made u/s 143(3) / 144 / 147 / 153A / 153C on the basis of search initiated.
 - For the assessment year for which the prosecution has taken place on or before the date of declaration
 - Relating to any undisclosed income from any source or undisclosed asset located outside India
 - Tax assessment or reassessment is based on information from an agreement under section 90 or 90A of this Scheme, involving Tax arrears.
- To any person in respect of whom an order of detention has been made under the provisions of the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 on or before the date of filing of declaration.

If any declaration is filed under the scheme, then the amount payable would be as follows:-

S No.	Nature of Tax arrear	Amount payable under this Scheme on or before the 31st December, 2024	Amount payable under this Scheme on or after the 1st day of January, 2025 but on or before the last date(last date to be notified)
1.	For appeals filed after January 31, 2020, but on or before the specified date, the tax arrears include the total disputed tax, interest on the disputed tax, and any applicable penalties.	100% of the disputed tax amount	110% of the disputed tax amount
2.	If the appeal is filed on or before January 31, 2020, at the same appellate forum, the tax arrears include the total amount of disputed tax, interest charged or chargeable on it, and any penalty levied or leviable on it.	110% of the disputed tax amount	120% of the disputed tax amount
3.	For appeals filed after January 31, 2020, but on or before the specified date, the tax arrears include the disputed interest, penalty, or fee.	25% of disputed interest or penalty or fee.	30% of disputed interest or penalty or fee:
4.	For appeals filed on or before January 31, 2020, at the same appellate forum, the tax arrears include the disputed interest, penalty, or fee.	30% of disputed interest or disputed penalty or disputed fee.	35% of disputed interest or disputed penalty or disputed fee

The detailed scheme rules would be notified soon.

GOODS AND SERVICE TAX (GST) PROPOSALS

AMENDMENTS RELATED TO INPUT TAX CREDIT

- No refund of unutilised input tax credit or integrated tax shall be allowed in cases of zero-rated supply of goods where such goods are subjected to export duty as being amended by Sub-section (3) and a new subsection (15) under section 54 of the CGST Act.
- For the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the 30th day of November 2021.
- An exception is being inserted in Section 16(4) which provided that in respect of an invoice or debit note under the said subsection, for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the 30th day of November 2021.
- Another exception is being inserted in section 16(4), to allow the availment of input tax credit in respect of an invoice or debit note in a return filed for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, filed within thirty days of the date of order of revocation of cancellation of registration, subject to the condition that the time-limit for availment of credit in respect of the said invoice or debit note should not have already expired under sub-section (4) of the said section on the date of order of cancellation of registration.
- Enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor prior to the appointed day, for which invoices were also received prior to the appointed date as being amended by Sub-section (7) of section 140 of the CGST Act w.e.f 1st July 2017.

AMENDMENTS RELATED TO PENAL PROVISION

- To provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to the Financial Year 2024-25 onwards a new section 74 A is being inserted.

It also provides for the same limitation period for issuing demand notices and orders in respect of demands from the FY 2024-25 onwards, irrespective of whether the charges of fraud, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts.

- Applicability of Section 73 and 74 is being restricted upto FY 2023-24.
- Reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from rupees twenty-five crores to rupees twenty crores in central tax via amendment by Sub-section (6) of section 107 of the CGST Act.
- Provide for a conditional waiver of interest and penalty in respect of demand notices issued under section 73 of the said Act for the Financial Years 2017-18, 2018-19 and

2019-20, except the demands notices in respect of erroneous refund is being inserted by new Section 128A in the CGST Act.

In cases where interest and penalty have already been paid in respect of any demand for the said financial years, no refund shall be admissible for the same.

- The maximum pre-deposit amount required for filing an appeal before the Appellate Authority is reduced from ₹50 crores to ₹40 crores of integrated tax. For appeals before the Appellate Tribunal, the maximum pre-deposit is reduced from ₹100 crores to ₹40 crores of integrated tax

OTHER AMENDMENTS

- Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption is kept out of purview of central tax,
- Provide for time of supply of services and time period where the invoice is required to be issued by the recipient of services in cases of reverse charge supplies as is being amended by Sub section (3) of Section 13 and section (3) of Section 31 of CGST Act.
- Provide for an enabling clause to prescribe conditions and restrictions for revocation of cancellation of registration
- Mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not as being
- Enable an authorized representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer
- Restrict the applicability of the sub-section (1B) (penalty for certain offences) to electronic commerce operators, who are required to collect tax at source under section 52 of the said Act, as being amended by Sub-section (1B) of section 122 of the CGST Act.
- Paragraph 8 in Schedule III to the CGST Act is being inserted to provide the activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements shall be treated as neither supply of goods nor supply of services, provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured
- Paragraph 8 in Schedule III to the CGST Act is being inserted to provide the services by the insurer to the re-insurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.

COMPANY LAW AND LLP PROPOSALS

- Voluntary closure of Limited Liability Partnerships (LLPs) and the Corporate Pre-Application Compliance Extension (C-PACE) will be expanded to include LLPs and reduce closure times.
- Proposal an amendment to the Insolvency and Bankruptcy Code (IBC), 2016 for better outcomes of insolvency cases filed against Companies made. The NCLT was earlier tasked with hearing cases filed under both IBC and Companies Act,2013 which results in large pendency of cases. Thus, increasing the benches and having exclusive benches for company law cases are expected to reduce the pendency. The Govt. has also announced the introduction of an integrated technology platform for the IBC.
- It is proposed to have a major skill development program through onsite trainings to be enabled by top 500 companies in the country. The Companies would bear the expenses of the training cost and 10% of their internship cost from their CSR funds. Detailed scheme would come soon.

CUSTOM PROPOSALS

AMENDMENTS

- Section 28 DA is being amended to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements, which provide for self-certification.
- A proviso to sub-section (1) of Section 65 is being inserted to empower the Central Government to specify certain manufacturing and other operations not permitted in warehouse if not in public interest.
- Section 143AA and Section 157(2)(m) of the Customs Act is being amended by substituting the expression "a class of importers or exporters" with "a class of importers or exporters or any other persons" for the purpose of facilitating trade.

PROPOSALS INVOLVING CHANGES IN RATES OF DUTY

A. Tariff rate changes for Basic Customs Duty

APPLICABLE WITH EFFECT FROM 24.07.2024

Chemicals

Particulars/Items	Rate of Duty
Laboratory chemicals	From 10% to 150%

Consumer goods

Particulars/Items	Rate of Duty
Garden umbrellas	From 20% To 20% or Rs. 60 per Piece, whichever is higher

Plastics

Particulars/Items	Rate of Duty
Poly vinyl chloride (PVC	From 10% To 25%

B. Tariff rate changes (without any change to the effective rates of Basic Customs Duty To be effective from 01.10.2024

Commodity

Particulars/Items	Rate of Duty
Other roasted nuts and seeds, including such arecanuts	From 30% To 150%
Other nuts, otherwise prepared or preserved, including such arecanuts	From 30% To 150%

C. Tariff rate changes (with change to the effective rates of Basic Customs Duty)**Commodity**

Particulars/Items	Rate of Duty
Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	From 12.5% to 10%

E. Change in Basic Custom Duty

Commodity	From	To
Agricultural Products		
Shea nuts	30%	15%
Aquafarming & Marine Exports		
a) Live SPF Vannamei shrimp (<i>Litopenaeus vannamei</i>) broodstock b) Live Black tiger shrimp (<i>Penaeus monodon</i>) broodstock	10%	5%
a) Artemia, Artemia cysts b) Mineral and Vitamin Premixes for use in manufacture of aquatic feed c) Krill Meal for use in manufacture of aquatic feed d) Mineral and Vitamin Premixes for use in manufacture of aquatic feed	5%	Nil
SPF Polychaete worms	30%	5%
a) Fish lipid oil for use in manufacture of aquatic feed b) Algal Oil for use in manufacture of aquatic feed c) Algal Prime (flour) for use in manufacture of aquatic feed	15%	Nil
a) Crude fish oil for use in manufacture of aquatic feed b) Pre-dust breaded powder for use in processing of sea-food	30%	Nil
a) Insect meal for use in Research & Development purposes in aquatic feed manufacturing b) Single Cell Protein from Natural Gas for use in Research & Development purposes in aquatic feed manufacturing c) Prawn and shrimps feed and Fish feed	15%	5%

Commodity	From	To
Critical Minerals		
Natural Graphite, Quartz (other than natural sands); quartzite, whether or not roughly	5%	2.50%
a) Natural sands of all kinds, whether or not coloured, other than metal bearing sands of chapter 26 of The Customs tariff Act, 1975, b) Strontium sulphate (natural ore)	5%	Nil
a) Copper ores Cobalt ores, Tin ores, Tungsten Ores, Molybdenum ores, Zirconium ores, Hafnium Ores, Vanadium ores, Niobium or tantalum ores, Antimony Ores and their Concentrates b) Bismuth, unwrought, Unwrought antimony, powders	2.50%	Nil
a) Tellurium, Silicon, containing by weight not less than 99.99% of silicon, Tellurium, Other silicon and Selenium b) Alkali or alkaline earth metals, Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed c) Unwrought Tin, Unwrought tungsten, including bars and rods obtained simply by sintering, Unwrought molybdenum, including bars and rods obtained simply by sintering, Unwrought tantalum, including bars and rods obtained simply by sintering, powders and Cobalt, unwrought, Beryllium unwrought, powders d) Cadmium unwrought, powders, Cadmium, wrought, Unwrought; waste and scrap; powder of Gallium, Germanium, Indium, Niobium, Vanadium	5%	Nil
Silicon dioxide, Artificial Graphite, colloidal or semi-colloidal graphite, preparations based on graphite or other carbon in form of pastes, blocks, plates or other semimanufactures	7.50%	2.50%
Potassium hydroxide, Oxides, hydroxides and peroxides, of strontium or barium, Cobalt oxides, Cobalt hydroxides, Commercial cobalt oxides, Lithium oxide and hydroxide	7.50%	Nil
Germanium oxides, Molybdenum oxides, Antimony oxides, Cadmium oxides, Chlorides of Nickel, Strontium chloride, Sulphates of Nickel, Nitrates of potassium, Lithium carbonates, Strontium carbonates, Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium, Compounds, inorganic or organic of rare earth metals and Bismuth citrate		
Vanadium oxides and hydroxides	2.5%/7.5%	Nil

Commodity	From	To
Unwrought zirconium, powders, Containing less than 1 part, Hafnium unwrought, waste, scrap, powders and Rhenium unwrought	10%	Nil
Steel Sector		
Ferro Nickel	2.50%	Nil
Certain specified raw materials for manufacture of CRGO steel and Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.03.26)
Copper		
Blister Copper	5%	Nil
Chemicals and Plastics		
Ammonium Nitrate, whether or not in aqueous solution	7.50%	10%
All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25%(with effect from 24.07.2024)	10%
All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25%(with effect from 24.07.2024)	15%
Textile and Leather Sector		
Methylene Diphenyl Di-isocyanate (MDI) for use in the manufacture of Spandex Yarn	7.50%	5% Subject to IGCR conditions
Wet white, Crust and finished	10%	Nil
leather for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export	As applicable	Items under Sl. No. 257Band 257C of Notification 50/2017Custom s, dated 30.06.2017

Commodity	From	To
Certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export	As applicable	Nil Items under Sl. No. 257Band 257C of Notification 50/2017Custom s, dated 30.06.2017
Real Down Filling Material from Duck or Goose for use in the manufacture of textile or leather garments for export	30%	10%
Cancer Drugs		
(i) Trastuzumab Deruxtecan, Osimertinib, Durvalumab	10%	Nil
Precious Metals		
Gold bar, Silver bar, Coins of precious metals, Gold/Silver findings	15%	6%
Gold dore, Silver dore	14.35%	5.35%
Platinum, Palladium, Osmium, Ruthenium, Iridium	15.40%	6.40%
a) Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors b) Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged	7.50%	5%
Medical Equipment		
a) All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading b) 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	As applicable	Nil
a) X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use b) Flat panel detectors (including scintillators) for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31st March 2025) 7.5% (w.e.f 1st April, 2025 to 31st March, 2026) 10% (w.e.f 1st April, 2026)

Commodity	From	To
IT and Electronics Sector		
Cellular mobile phone, Charger/Adapter of cellular mobile phone and Printed Circuit Board Assembly	20%	15%
Specified parts for use in manufacture of connectors	5%/7.5%	Nil
Oxygen Free Copper for use in manufacture of Resistors	5%	Nil
Specified die-cut/mechanics parts for use in manufacture of cellular mobile phones	As applicable	Nil
Printed Circuit Board Assembly (PCBA) of specified telecom equipment	10%	15%
Renewable Energy Sector		
Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.50%	Nil
Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 1.10.2024)
Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5% (w.e.f. 1.10.2024)
Shipping		
a) Components and consumables for use in manufacture of specified vessels b) Technical documentation and spare parts for construction of warships	As applicable	Nil
Capital goods		
Goods under S. No. 404 of Notification No. 50/2017 Customs, used for petroleum exploration operations	As applicable	Nil

G. Changes in Export duty

Commodity	From	To
Raw Hides & skins, all sorts (other than buffalo)	40%	40%
Raw Hides & skins of buffalo	30%	30%

Commodity	From	To
Tanned or crust hides of skins, whether or not split, but not further prepared	40	20%
E.I. tanned leather	Nil	Nil
Finished leather as defined by DGFT finished leather norms	Nil	Nil
Raw fur skins	60%/10%	40%
Tanned or dressed furskin	60%	20%

H. Revision of Agriculture Infrastructure and Development Cess (AIDC)

AIDC rate changes (with changes to the effective rate of Customs Duty)

Commodity	Rate of Duty
Gold bar	From 5% To 1%
Gold Dore	From 4.35% To 0.35%
Silver bar	From 5% To 1%
Silver dore	From 4.35% To 0.35%
Platinum, Palladium, Osmium, Ruthenium, Iridium	From 5.4% To 1.4%
Coins of precious metals	From 5% To 1%
Gold/Silver findings	From 5% To 1%

I. Social Welfare Surcharge (SWS)- Some notified goods are being exempted from levy of Social Welfare Surcharge in order to maintain the total effective duty owing to rationalization of basic customs duty rate structure.

EXCISE PROPOSALS

Exemption from Clean Environment Cess

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

NOTIFICATION NO. 05/2023-Central Excise, DATED 17 March 2012 w.e.f. from 2024

Amendment

Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months.

PROPOSALS UNDER OTHER ACTS

PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988

- To specify a clear time limit for the benamidar or the beneficial owner to respond to the notice u/s 24(1) sub-section (2A) in section 24 is inserted aims to establish a clear time limit for responses to notices. Specifically, it provides a maximum period of 3 months from the last day of the month in which the notice is issued.
- Amendments to sub-sections (3) and (4) of section 24 proposed to extend the time limit from 90 days to 4 months for the Initiating Officer to take actions regarding the provisional attachment of the property or to pass an order for continuing the provisional attachment or revoking the provisional attachment or deciding not to attach the property, as the case may be.
- Amendment to Sub-section (5) to section 24, to increases in the time limit from 15 days to 1 month from the last day of the month in which the order under sub-section (4) of section 24 is passed for the Initiating Officer to draw up a statement of the case and refer it to the Adjudicating Authority.
- New Section 55A to be inserted relating to power to tender immunity from prosecution:
 - Allows the Initiating Officer, with the previous sanction of the competent authority, to tender immunity from prosecution to the benamidar or any other person (excluding the beneficial owner) for obtaining evidence, on the condition that a full and true disclosure of the benami transaction is made.
 - Ensures that the person who accepts the tender of immunity is immune from prosecution for the specified offence and from any penalty under section 53 to the extent of the immunity granted.
 - Permits the Initiating Officer to withdraw the immunity, with the previous sanction of the competent authority, if the person fails to comply with the conditions, wilfully conceals information, or gives false evidence.
 - States that any person whose immunity is withdrawn may be tried for the related offence or any other offence connected to the same transaction and will be liable for penalties under the Act.

CHAPTER VII OF THE FINANCE (NO.2) ACT, 2004 - SECURITIES TRANSACTION TAX (STT)

Amendment in Section 98, for change in rate of Securities Transaction Tax (STT)

- STT on Sale of Options from 0.0625% of the option premium to 0.1% of the option premium.
- STT on Sale of Futures from 0.0125% of the price at which futures are traded to 0.02% of the price at which such futures are traded

BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) AND IMPOSITION OF TAX ACT, 2015

Increase the exemption threshold for penalties from Rs. 5 Lacs to Rs. 20 Lacs for assets (other than immovable property) not disclosed in Income Tax return. This change affects both the penalty for

failure to furnish a return of income (Section 42) and the penalty for failure to furnish information or for furnishing inaccurate particulars about foreign assets (Section 43) by a resident and ordinarily resident, providing a higher exemption limit for specified foreign assets.

FINANCE ACT, 2016 – EQUALIZATION LEVY

Equalization Levy on e-commerce supply or services made, provided, or facilitated @ 2% would not be applicable from August 1, 2024.

Additionally, sub-section (4) in Section 165A is being inserted to exempt any consideration received or receivable by an e-commerce operator for services made, provided, or facilitated on or after August 1, 2024, from the equalisation levy.

OTHER GENERAL PROPOSALS

OVERVIEW OF INDIAN ECONOMY

- The fiscal deficit is estimated at 4.9% of GDP for 2024-25 and deficit below 4.5% for next year.

Priority 1: Productivity and resilience in Agriculture

- Pradhan Mantri Garib Kalyan Anna Yojana was extended for five years, benefitting more than 80 crore people.
- New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.
- In the next two years, 1 crore farmers across the country will be initiated into natural farming supported by certification and branding
- For systematic, orderly and all-round development of the cooperative sector a National cooperation policy will bring out.
- A provision of Rs.1.52 lakh crore has been made for agriculture and allied sector

Priority 2: Employment & Skilling

- First Timer scheme is being launched which will provide one-month wage to all persons newly entering the workforce in all formal sectors
- Scheme will be launched for first time employee to incentivise at specified scale directly both to the employee and the employer with respect to their EPFO contribution in the first 4 years of employment.
- To facilitate higher participation of women in the workforce through setting up of working women hostels in collaboration with industry, and establishing creches.
- To help students, the Model Skill Loan Scheme will be revised to facilitate loans up to Rs. 7.5 lakh with a guarantee from a government promoted Fund.
- For helping our youth, a financial support for loans upto Rs. 10 lakh for higher education in domestic institutions.

Priority 3: Inclusive Human Resource Development and Social Justice

- Saturation approach is being adopted to for achieving social justice comprehensively
- Purvodaya plan is being formulated for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh
- Amritsar Kolkata Industrial Corridor, will be supported to catalyze industrial development of the eastern region.
- Road connectivity projects, namely (1) Patna-Purnea Expressway, (2) Buxar-Bhagalpur Expressway, (3) Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and (4) additional 2-lane bridge over river Ganga at Buxar will be supported at a total cost of Rs. 26,000 crore.

- Power projects, including setting up of a new 2400 MW power plant at Pirpainti, will be taken up at a cost of Rs. 21,400 crore.
- Three crore additional houses under the PM Awas Yojana in rural and urban areas in the country have been announced
- For improving the socio-economic condition of tribal communities, the Pradhan Mantri Janjatiya Unnat Gram Abhiyan is being launched by adopting saturation coverage for tribal families in tribal-majority villages and aspirational districts
- More than 100 branches of India Post Payment Bank will be set up in the North East region to expand the banking services

Priority 4: Manufacturing & Services

- For facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced.
- Public sector banks will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment
- The limit of Mudra loans will be enhanced to Rs. 20 lakh from the current Rs. 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.
- The turnover threshold of buyers for mandatory onboarding on the TReDS platform is being reduced from Rs. 500 crore to Rs. 250 crore to facilitate MEMEs to unlock their working capital
- SIDBI branches will be expanded to serve all major MSME clusters within 3 years, and provide direct credit to them.
- Financial support will be provided for setting up of 50 multi-product food irradiation units in the MSME sector
- To enable MSMEs and traditional artisans to sell their products in international markets, E-Commerce Export Hubs will be set up in public private- partnership (PPP) mode.
- A comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years will be launched
- An Integrated Technology Platform will be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.
- The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for voluntary closure of LLPs to reduce the closure time.

Priority 5: Urban Development

- Under the PM Awas Yojana Urban 2.0, housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of Rs. 10 lakh crore.
- consider further lowering duties for properties purchased by women.

- Envisions a scheme to support each year, over the next five years, the development of 100 weekly 'haats' or street food hubs in select cities

Priority 6: Energy Security

- PM Surya Ghar Muft Bijli Yojana has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month (AUSC) thermal power plants with much higher efficiency has been completed.

Priority 7: Infrastructure

- The Central Government has significantly invested in infrastructure, allocating ₹11,11,111 crore for capital projects this year, which is 3.4% of the GDP. This investment aims to boost the economy, and the government plans to continue strong support for infrastructure over the next five years. State governments are also encouraged to invest similarly, with ₹1.5 lakh crore in long-term interest-free loans available to them. Private sector investment will be promoted through viability gap funding and supportive policies. Key projects include improving rural roads, flood mitigation efforts in flood-prone states, and developing tourism infrastructure in culturally significant areas like Gaya, Rajgir, Nalanda, and Odisha.

Priority 8: Innovation, Research & Development

- Anusandhan National Research Fund is activated to support basic research and prototype development. A financing pool of ₹1 lakh crore will be established to promote private sector-driven research and innovation at a commercial scale, as previously announced in the interim budget.
- Aiming to expand the space economy fivefold in the next decade, a venture capital fund of ₹1,000 crore will be established to support this growth.

Priority 9: Next Generation Reforms

- An Economic Policy Framework is being developed to drive employment and sustain high growth.
- Reforms will focus on improving productivity of land, labor, capital, entrepreneurship, and technology.
- Collaboration between the Centre and states is crucial, with significant funding for states to implement reforms. Land reforms will include digitizing land records and unique identification numbers for rural parcels. Labor reforms will enhance services and skill matching.
- Financial sector reforms will support climate finance, flexible financing structures, and streamlined foreign investment rules.
- Technology adoption and digitalization efforts will continue to boost productivity and reduce inequality.
- The Jan Vishwas Bill 2.0 will improve ease of doing business, and data governance will be enhanced. The NPS will be reviewed to address concerns while maintaining fiscal prudence.

WE MAY BE CONTACTED AT

PASCHIM VIHAR, NEW DELHI

313-315, 2nd Floor, Local Shopping Complex (LSC), A-6, Paschim Vihar, New Delhi - 110 063
Tel: +91-11-45733511/12 | + 91-11-45581263/4
E-mail : ca@lunawat.com pvoffice@lunawat.com

KESHOPUR, NEW DELHI

WZ-339, 2nd Floor, Street No. 19, Santgarh, Keshopur, Outer Ring Road, New Delhi - 110 018
Tel: +91-11-28333914 | Fax: + 91-11-28331602
Email: manojsarda@lunawat.com

KARAMPURA, NEW DELHI

109, Magnum House-1, Karampura Complex, New Delhi-110 015
Tel: + 91-11-41427356 | + 91-11-42068101
E-mail : karampura@lunawat.com

DARYAGANJ, NEW DELHI

54, Daryaganj, New Delhi - 110 002
Email: dgoffice@lunawat.com

MUMBAI

No. J/ 7, First Floor, Mangal Kunj, Opp. Jain Derasar, Jambali Gali, Borivali (W) Mumbai - 400 092
Tel: + 91-93205 71421 | + 91-98692 85628
Email: sethia@lunawat.com

JAMMU, J&K

26-A, North Block Bahu Plaza, Jammu, J&K- 180012
Tel: +91 7889753662
E-mail : jammu@lunawat.com

WE ALSO HAVE ASSOCIATES AT
MAJOR CITIES IN INDIA & OVERSEAS

UNION BUDGET 2024

Lunawat & Co.
Chartered Accountants