

VIEWS OF

**AGARWAL &  
DHANDHANIA**

CHARTERED ACCOUNTANTS

**BUDGET  
2024-25**



# THE MAKING OF THIS BOOK

## Contributors from our Office



CA Sanjay  
Agarwal



CA Alok  
Dhandhania



CA Tushar  
Vegad



CA Parameshwaran  
Iyer



ADV Harvi  
Dalal



CA Arvind  
Jain



CPA (Aust.)  
Chirag Majmudar



CA Vandana  
Arora



CA Sanchika  
Agarwal



CA Meet  
Maheta



CA Nurislam  
Shaikh



CA Anshu  
Murarka



ACCA Rutvik  
Chokhawala



CA Sachin  
Agarwal

# Contents

---

1. Foreword .....	04
2. Union Budget 2024	
a) Budget Profile .....	06
b) Rupee Comes from & Goes to .....	07
c) Budget at a Glance.....	08
d) Expenditure on Various Key Areas .....	09
e) State Assistance.....	10
f) Allocation to Major Schemes .....	11
g) Sector Wise Proposals.....	13
h) Taxation Majors.....	21
i) Key Features of Budget.....	25
3. Tax Proposals .....	27

## **Only for Private Circulation & Disclaimer**

*This material is intended only for the use of the clients and for the firm's personnel only and the entity/person to whom it is addressed, and the others authorized to receive it on their behalf. The recipient is strictly prohibited from further circulation of this material. If you have received this communication in error, please notify us immediately and then delete it from your system.*

*This booklet is not an offer, invitation, advertisement or solicitation of any kind. It is purely intended for our clients and for private circulation only.*

*While due care has been taken to ensure the accuracy of the information contained herein, no warranty, expressed or implied, is being made, by Agarwal &Dhandhania as regards the accuracy and adequacy of the information contained herein. The information in this material is not intended to constitute accounting, tax, legal, investment, consulting or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser. None of Agarwal &Dhandhania, its partners, analysts or staff shall be responsible for any loss whatsoever sustained by any person who relies on this material.*

# Foreword

Dear Reader,

Finance Minister Nirmala Sitharaman presented her 7th Budget in total & first in Modi 3.0 government on 23rd July 2024. India is a country of farmers and Youth and good to see that FM focused on both. She outlined nine priorities for 'Viksit Bharat' in this budget ranging from Productivity in Agriculture, Employment, HR Development, Social Justice, Manufacturing and Services, Urban Development, Energy Security, Infra, Innovation, R&D to Next Generation Reforms. The primary focus of the Budget 2024 is on job creation for youth by 5 new schemes, Women specific schemes, MSMEs, Rural Development, infrastructure growth and farmer welfare. Tax structure under the new income tax regime has been revised, aimed at boosting middle-class consumption.

Good to see that the FM estimated fiscal deficit for year 2024-25 to be 4.90% & for FY 2025-26 to be 4.50 % as against 9.20% in the year FY 2020-21. This is due to high collection of taxes and dividend from RBI.

Another noticeable approach seen is to pass on the baton of Capex to the private sector partly which will have very big change in country's development ecosystem. However, the proposals on Employment-linked Incentive (ELI) scheme, apprenticeship scheme with an allowance to the apprentice and abolition of Angel

## Union Budget 2024-25

Tax are not new ideas but coming from Congress era. Capital market did not welcome the proposals like increased tax rates of STCG, LTCG and STT.

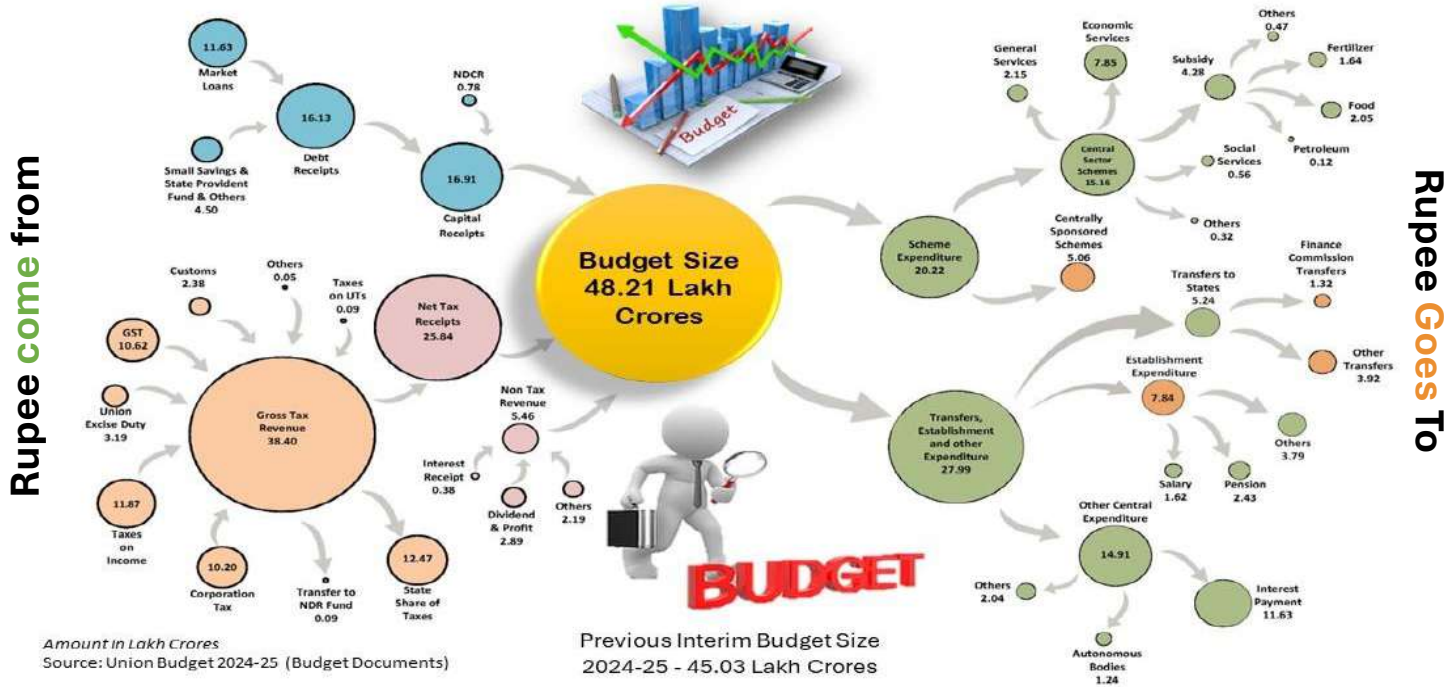
As expected, as rewards for allies, there were announcements of many packages to states like Andhra Pradesh, Bihar and few eastern states. Overall, one common feel is that government is successful in leaving impression of progress and development in the country towards a well-defined goal.

This publication has majorly covered all direct and indirect tax proposals in detail. We hope that this should be a useful reading to decode budget proposals.

Knowledge Management Team

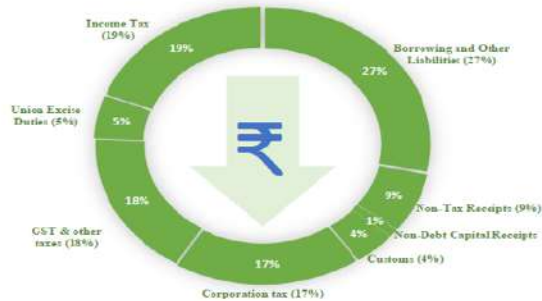
23.07.2024

## Budget Profile – INR 48.21 Lakh Crores

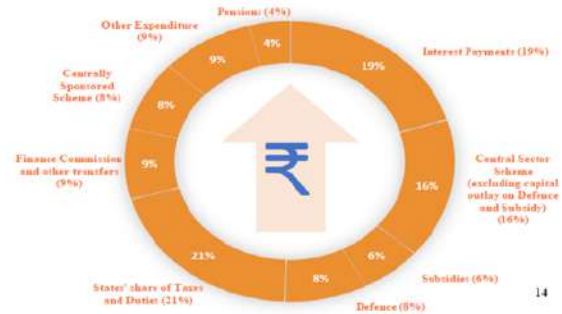


## BUDGET AT A GLANCE – RUPEE COME FROM & GOES TO

### Rupee come from



### Rupee Goes To



RUPEE COMES FROM	2023-24	2024-25
Borrowings and Other Liabilities	34%	27%
GST	17%	18%
Corporation Tax	15%	17%
Income Tax	15%	19%
Non-Tax Revenue	6%	9%
Union Excise Duties	7%	5%
Non-Debt Capital Receipts	2%	1%
Customs	4%	4%

RUPEE GOES TO	2023-24	2024-25
Pensions	4%	4%
Subsidies	7%	6%
Defence	8%	8%
Centrally Sponsored Schemes	9%	8%
Finance Commission and Transfers	9%	9%
Other Expenditure	8%	9%
Central Sector Schemes	17%	16%
Interest Payments	20%	19%
States' Share of Taxes and Duties	18%	21%

Downgrade in % in compared to PY

Upgrade in % in compared to PY

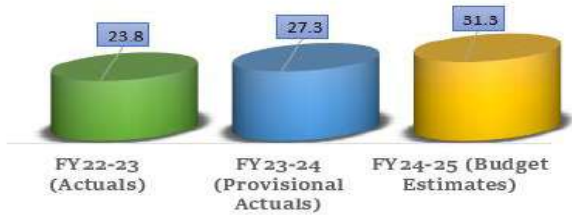
No Change

Source: Union Budget 2024-25 (Budget Documents)

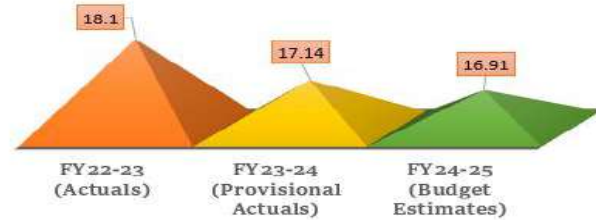
**BUDGET AT A GLANCE** (All Figure in Lakh Crore)

Source – Budget Document

Revenue Receipts



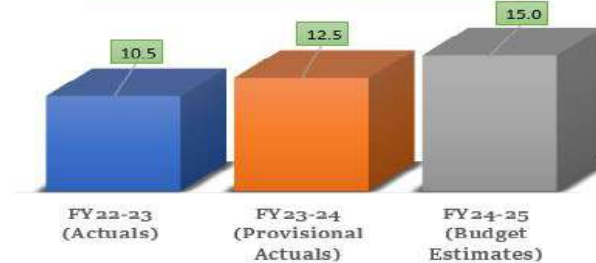
Capital Receipts



Revenue Expenditure



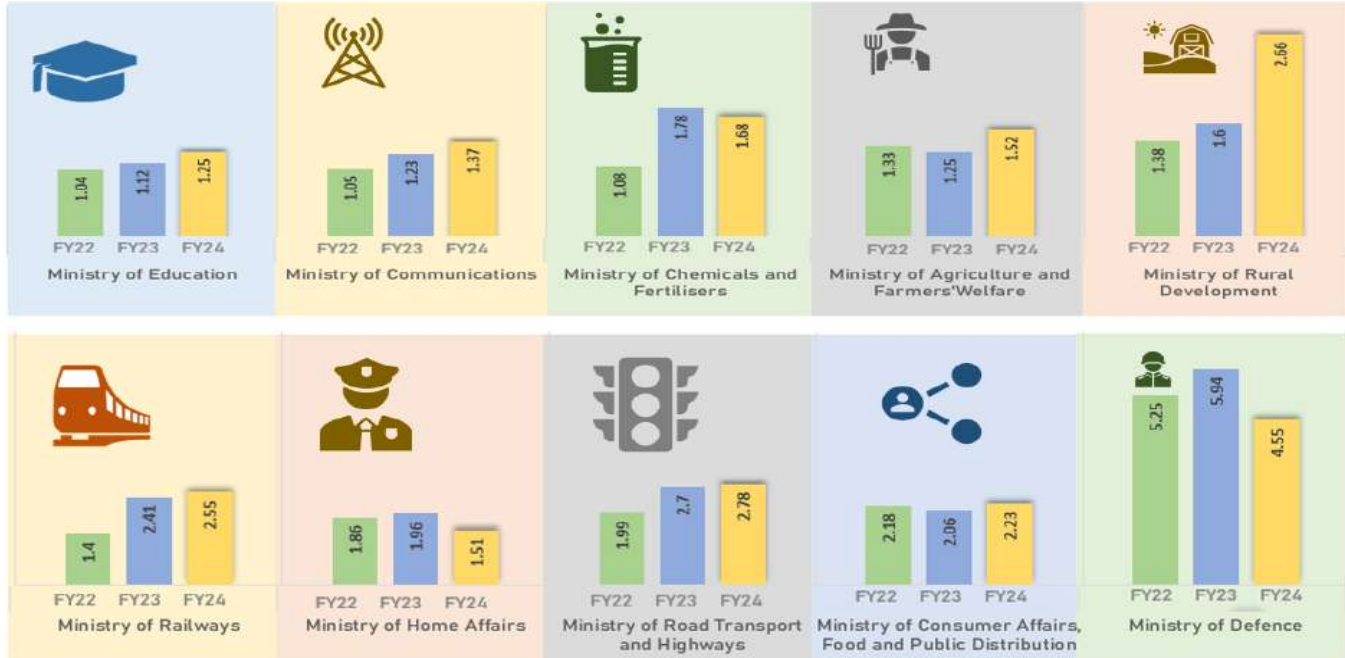
Effective Capital Expenditure





## EXPENDITURE ON VARIOUS KEY AREAS (At a Glance)

[Amt in Lakh Crore]



FY22 → FY 22-23

FY23 → FY 23-24

FY24 → FY 24-25

## State Assistance (Major)

### Bihar



- New Airports, Medical colleges & Sports Infrastructure amount to Rs. 26,000 Cr.
- Financial support for projects with estimated cost of ₹11,500 Cr such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes
- A new 2400 MW power plant in Pirpainti,
- Support the development of an industrial nod at Gaya.

### ANDHRA PRADESH



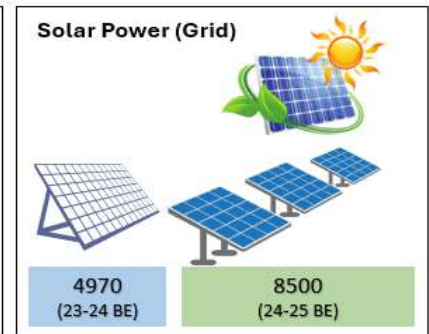
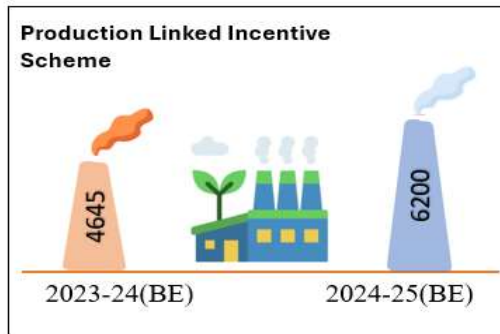
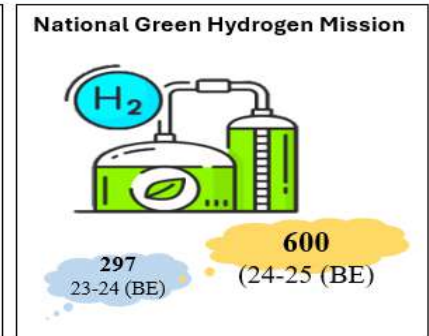
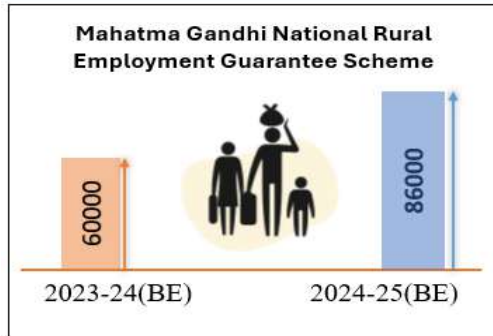
- Andhra Pradesh Reorganization Act-
- Financial support of ₹15,000 crores will be arranged in FY 24-25.
- Completion of Polavaram Irrigation Project ensuring food security of the nation.
- Essential infrastructure such as water, power, railways and roads in Kopparthy node on the Vishakhapatnam -Chennai and Orvakal node on Hyderabad-Bengaluru Industrial Corridor.

### Eastern and North & East Region

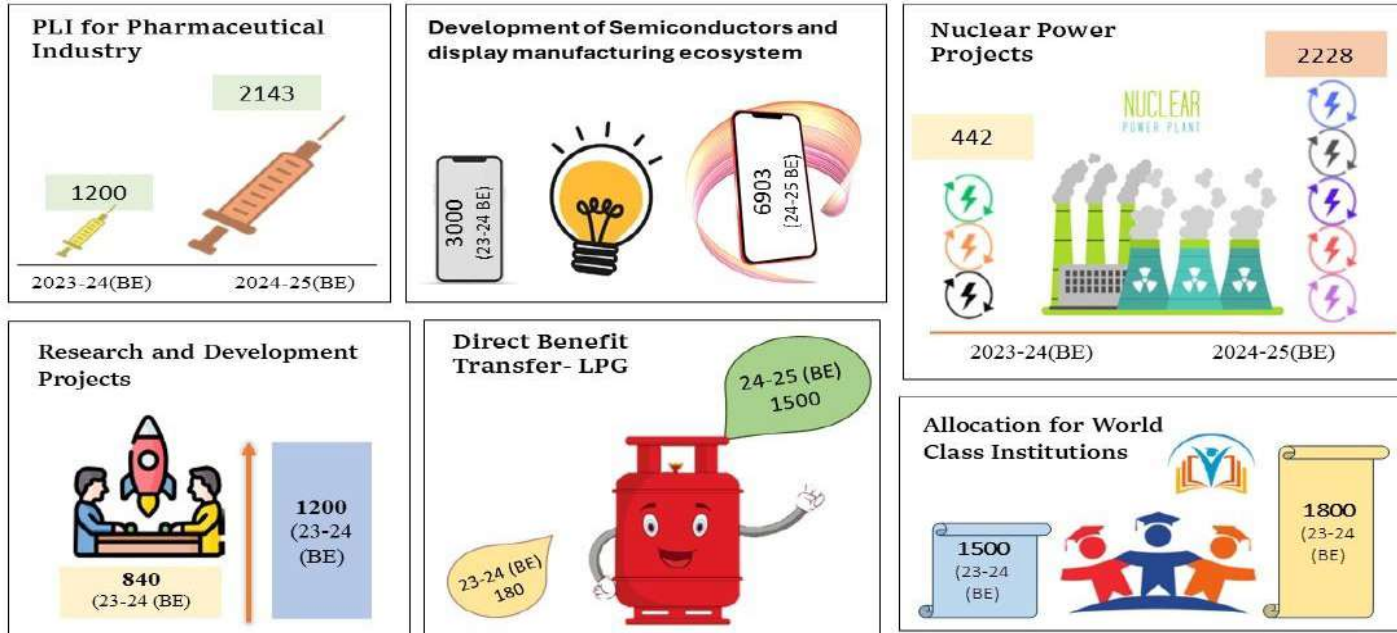
- Assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches.
- Plan for endowment rich states in the Eastern parts covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh.
- More than 100 branches of India Post Payment Bank will be set up in the North-East region.
- Assistance for flood management, rehabilitation, reconstruction and related projects to Assam, Himachal Pradesh, Uttarakhand & Sikkim



**Allocation to Major Schemes (All Figure in Crore)**



## Allocation to Major Schemes (All Figure in Crore)



## Agriculture Sector

### Natural Farming

- ❖ 1 crore farmers across the country will be initiated into natural farming, supported by certification and branding in next 2 years.
- ❖ 10,000 need-based bio-input resource centers to be established.

### Shrimp Production & Export

- ❖ Financing for Shrimp farming, processing and export will be facilitated through NABARD.

### Release of New Varieties

- ❖ Release 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops for farmers.

### Digital Public Infrastructure (DPI)

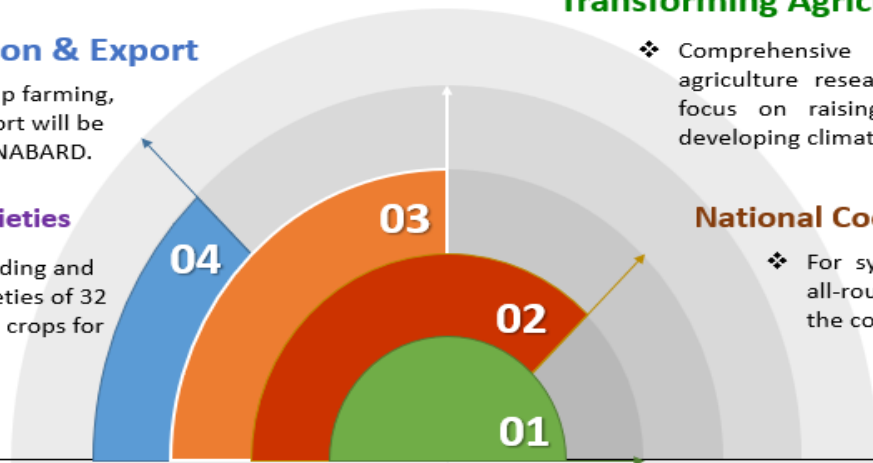
- ❖ DPI for coverage of farmers and their lands in 3 years.
- ❖ Digital crop survey in 400 districts
- ❖ Issuance of Jan Samarth based Kisan Credit Cards

### Transforming Agriculture Research

- ❖ Comprehensive review of the agriculture research setup to bring focus on raising productivity and developing climate resilient varieties.

### National Cooperation Policy

- ❖ For systematic, orderly and all-round development of the cooperative sector



## Employment & Skilling



### Schemes for Employment Linked Incentive, Skilling & Internship



### Centrally Sponsored Skilling Scheme

- 20 lakh youth will be skilled over a 5-year period.
- 1,000 Industrial Training Institutes will be upgraded in hub & spoke arrangements with outcome orientation.
- Course content & design aligned as per skill needs of industry

### Internship Scheme in Top Companies

- Place 1 Crore interns across the top 500 companies with a stipend subsidy of Rs. 5,000 p/m & one-time assistance of Rs. 6,000
- Eligible Youth aged between 21 to 24
- Rest of the training cost is expected to be borne from the company's CSR funds



### Model Skill Loan Scheme & Assistance for higher education

- Model Skill Loan Scheme will be revised to facilitate loans up to ₹7.5 lakh with a guarantee from a government promoted Fund
- financial support for loans upto ₹10 lakh for higher education in domestic institutions. E-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3 per cent of the loan amount.

## Inclusive Human Resource Development and Social Justice

Pradhan Mantri Jhanjhariya Unnat Gram Abhiyan: Improving the socio-economic condition of tribal communities covering 63,000 villages benefitting 5 crore tribal people.



05

More than 100 branches of India Post Payment Bank will be set up in the Northeast region.



04

Completion of Polavaram Irrigation Project ensuring food security of the nation. Essential infrastructure such as water, power, railways and roads in Kopparthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor.



03

Allocation of more than ₹3 lakh crore for schemes benefitting women and girls.



02

PURVODAYA: Plan for endowment rich states in the Eastern parts covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. • Amritsar Kolkata Industrial Corridor with development of an industrial node at Gaya.



01

## MSMEs

### Credit Support During Stress Periods

New mechanism for facilitating continuation of bank credit to MSMEs during their stress period. Helping them avoid falling into non-performing asset (NPA) status.

### Enhanced Limit for Mudra Loans

Mudra Loans: The limit enhanced to ₹ 20 lakh from the current ₹ 10 lakh under the 'Tarun' category.



### E-Commerce Export Hubs

E-Commerce Export Hubs will be set up in public-private-partnership (PPP) mode to sell their products in international markets,

### Support for Food Irradiation and Testing Units

Financial support for setting up of 50 multi-product food irradiation units & setup of 100 NABL accredited food quality and safety testing labs

### New Assessment Model for MSME Credit

PSU enhance their in-house capabilities to assess the creditworthiness of MSMEs using new credit assessment models based on digital footprints

### Mandatory Onboarding for Working Capital

Turnover threshold for mandatory onboarding on the TReDS platform will be reduced from ₹500 crore to ₹250 crore bring 22 more central public sector enterprises (CPSEs) and 7,000 additional companies onto the platform





## Urban Development



### PM Awas Yojana Urban 2.0

Needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹10 lakh crore



### Incentivization of land reforms in urban and rural areas

- An IT-based system for property records and tax administration will be established, improving urban local bodies' financial position.
- In rural areas, the land reform scheme will include issuing Unique Land Parcel Identification Numbers (ULPIN) or Bhu-Aadhaar, digitizing cadastral maps, and conducting surveys.

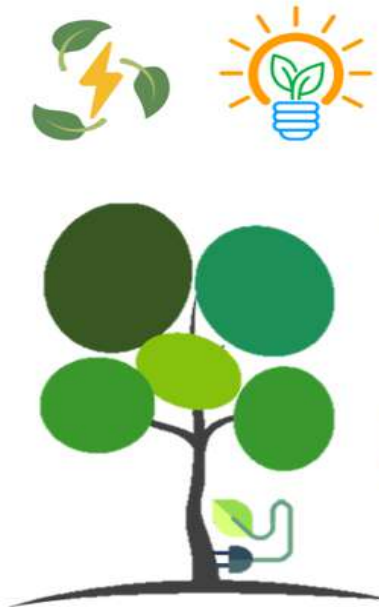
## Energy Security

### PM Surya Ghar Muft Bijli Yojana

- Allocation of INR, 6250 Crores.
- More than 1.28 crore registrations and 14 lakh applications received ,
- Obtained 1 Crore Households
- Free electricity up to 300 units every month.

### Incentives with private sector in Nuclear Energy -

R&D of small and modular nuclear reactors and newer technologies for nuclear energy



### Pumped Storage Policy

Pumped Storage Policy to be brought out for electricity storage and integration of renewable energy in the overall energy mix

### AUSC Thermal Power Plants

Joint venture between NTPC and BHEL to set up a full scale 800 MW commercial thermal plant using AUSC technology

### Energy audit

Energy audit of traditional micro and small industries in 60 clusters with financial support for shifting them to cleaner forms

## Infrastructure & Investment

### Provision of 11 Lakh Crs.

Provision of ₹11,11,111 crore for infrastructure (3.4% of GDP).

### Long term Int. Free Loan

₹1.5 lakh crore to states as long- term interest free loans to support resource allocation.



### Vibrant Villages Programme

Phase IV of PMGSY will be launched to provide all weather connectivity to 25,000 rural habitations.



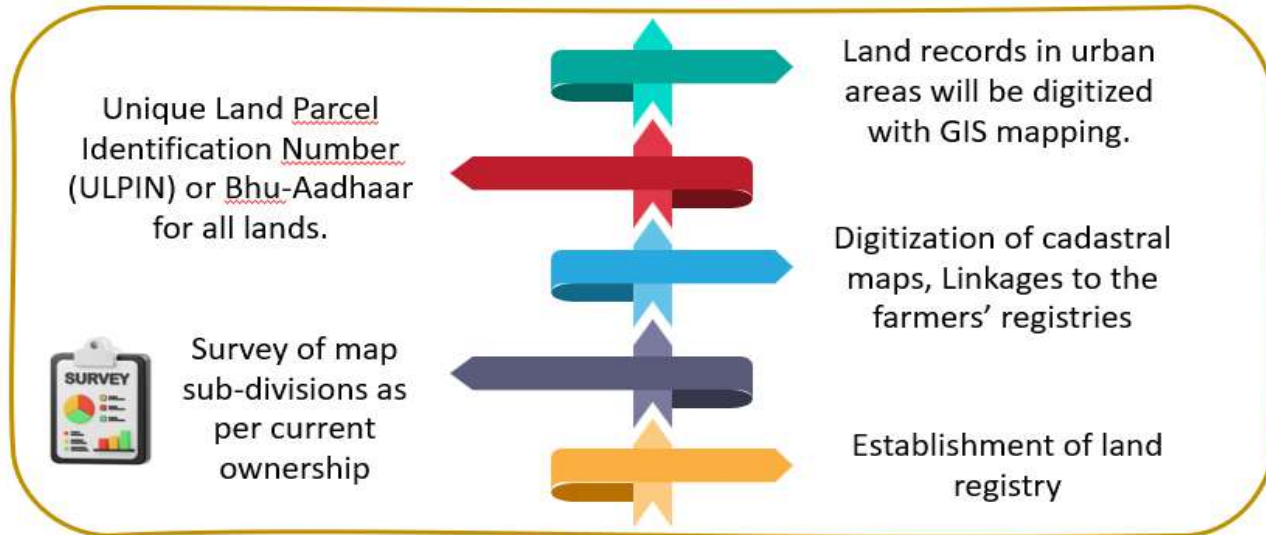
### Tourism

- Development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on Kashi Vishwanath Temple Corridor
- Comprehensive development initiative for Rajgir will be undertaken which holds religious significance for Hindus, Buddhists and Jains.
- The development of Nalanda as a tourist centre besides reviving Nalanda University to its glorious stature.
- Assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches making it an ultimate tourism destination.



## Next Generation Reforms

Comprehensive land reforms announced for both rural and urban areas. It will be implemented in partnership with state governments.



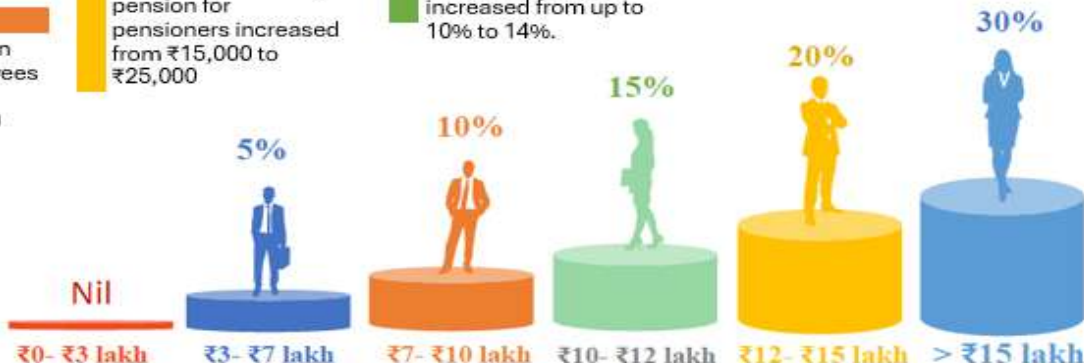
**Benefit to Salaried Employee up to INR. 17,500/-**

**Simplifying New Tax Regime**  
Savings up to ₹17,500

Standard Deduction for salaried employees increased from ₹50,000 to ₹75,000

Deduction on family pension for pensioners increased from ₹15,000 to ₹25,000

Deduction for the employer's contribution to the Pension scheme increased from up to 10% to 14%.



## Union Budget 2024-25

### Comparison of change in Tax Rate & Calculation of saving amount up to Rs. 17,500/-

Particulars	New Regime AY 24-25				Revised New Regime AY 25-26			
	Total Income	10,00,000	15,00,000	20,00,000	Total Income	10,00,000	15,00,000	20,00,000
Deduc. 80C	-	-	-	-	-	-	-	-
Home Loan Int.	-	-	-	-	-	-	-	-
Standard Deduction	50,000	50,000	50,000	50,000	75,000	75,000	75,000	75,000
Taxable Income (Lakhs)	%	7,50,000	14,50,000	19,50,000	%	9,25,000	14,25,000	19,25,000
	Tax Rate	Sample1	Sample2	Sample3	Tax Rate	Sample1	Sample2	Sample3
0-2.5	0	-	-	-	0	-	-	-
2.5-3	0	-	-	-	0	-	-	-
3-5	5	10,000	10,000	10,000	5	10,000	10,000	10,000
5-6	5	5,000	5,000	5,000	5	5,000	5,000	5,000
6-7	10	10,000	10,000	10,000	5	5,000	5,000	5,000
7-9	10	20,000	20,000	20,000	10	20,000	20,000	20,000
9-10	15	7,500	15,000	15,000	10	2,500	10,000	10,000
10-12	15	-	30,000	30,000	15	-	30,000	30,000
12-15	20	-	50,000	60,000	20	-	45,000	60,000
15+	30	-	-	1,35,000	30	-	-	1,27,500
<b>Saving with new regime</b>		<b>52,500</b>	<b>1,40,000</b>	<b>2,85,000</b>		<b>10,000</b>	<b>15,000</b>	<b>17,500</b>

## Taxation Reforms & Tax Proposals

### Change in Short Term & Long-Term Capital gain

W.e.f. 23<sup>rd</sup> July 2024,

- Now, Assets to be classified as long-term with 24 months and short-term with 12 months holding period. 36-months criteria removed.
- Short term capital gains of financial assets to attract 20% tax rate in place of existing 15%
- Long term Capital gains – No indexation now. All financial and non-financial assets to attract a tax rate of 12.5% for all category of assets from existing 10%/20%.
- Increase in limit of exemption of capital gains on financial assets to ₹1.25 lakh per year from existing ₹1 lakh

### Amnesty Scheme in GST

- Now, No need to pay interest & penalty for GST Liabilities related to years 2017-18, 2018-19 & 2019-20, if any notice or order has been issued under section 73 or Appeal is pending at any level. For this You have to pay due GST up to 31.3.2025.

### Major Changes in Direct Taxation

- Abolish ANGEL tax for all classes of investors leads to benefit to startup ecosystem
- Corporate tax rate on foreign companies reduced from 40% to 35%
- Comprehensive review of the Act has been proposed.
- NPS change in Budget increase the deduction towards employer's contribution to National Pension Scheme (NPS) from 10% to 14% of basic salary and dearness allowance.
- TDS rate is reduced from 1% to 0.1% for certain sum by e-commerce operator to e-commerce participants
- Introduction of TDS on Payments Made to Partners by Firms (Section 194T) at 10%
- The Securities Transaction Tax on futures has been increased from 0.0125% to 0.02% and STT on options has been increased from 0.0625% to 0.1%.
- Vivaad se Vishwas Scheme—This scheme has been reintroduced to facilitate the settlement of income tax disputes and eliminate litigation.

## Reduction in Custom Duty



**Affordable Medicines Fully**  
exempt 3 more cancer medicines  
from 10%



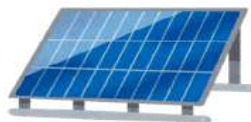
**Boost to Mobile industry**  
Reduce BCD to 15% on Mobile phone,  
Mobile PCBA and charger from 20%



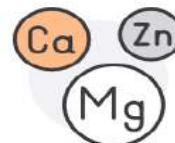
**Boost to the Gold Sector**  
On gold and silver from 15% to  
6% and platinum 15.4% to 6.4%



**Enhance competitiveness in marine**  
**exports** - Reduce BCD on  
Broodstock, polychaete worms,  
shrimp and fish feed to 5% from  
10%, 30% & 15% respectively.



**Support energy transition**  
Exempted more capital goods for  
manufacturing of solar cells &  
panels from 7.5%



**Boost to strategic sectors**  
Fully exempt duties on 25 critical  
minerals from 5%



## Union Budget 2024-25

### Key Features of Budget

#### CAPEX:

- Govt undertakes fine balancing act of higher capex, lower fiscal deficit.
- FY 24-25 capital expenditure set at ₹11.1 lakh crore, up 11.1 percent.
- Capex outlay at 4.9 per cent of GD
- The government's plan capex for FY24 marking a 16.9 percent increase over the revised estimates for 2023-24 – this number is unchanged from the interim budget from February 2024.

#### Fiscal deficit:

- Revenue deficit in 2024-25 is targeted at 1.8% of GDP. This is lower than actual revenue deficit of 2.6% of GDP in 2023-24.
- Fiscal deficit in 2024-25 is targeted at 4.9% of GDP, which is lower than the actual fiscal deficit of 5.6% of GDP in 2023-24.

#### GDP:

- The government has estimated a nominal GDP growth rate of 10.5% in 2024-25 (i.e., real growth plus inflation).

#### Borrowing:

- Cut down gross market borrowing target by about ₹12,000 crore to meet the fiscal deficit, the gap between revenue receipt and expenditure.
- The gross market borrowings has now revised downward to Rs 14.01 lakh crore from Rs 14.13 lakh crore estimated in Interim Budget.

### Receipt estimates

- The receipts (other than borrowings) in 2024-25 are estimated to be Rs 32,07,200 crore, 15% higher than the actual expenditure in 2023-24.
- Tax revenue, which forms major part of the receipts, is also expected to increase by 11% over the actual expenditure 2023-24.

### Expenditure estimates

- The government is estimated to spend Rs 48,20,512 crore in 2024-25, 8.5% higher than the actual expenditure in 2023-24
- Interest payments account for 24% of the total expenditure, and 37% of revenue receipts.

### PLI (Production Linked Incentive) Scheme

- Increase the allocation to Rs 12,500 crore in FY25 from just under Rs 7,000 crore spent in the previous fiscal, according to Budget 2024. The increase is led by the auto scheme, where the allocation jumped seven times to Rs 3,500 crore.

## Announcement in Direct taxes

### Direct Tax Rates

**W.E.F:** - 1<sup>st</sup> day of April,2024



### **Section 115BAC(1A) [Optional Tax Regime (Assessee may continue to pay tax in the old tax regime)]:**

(A) Individual/ HUF:

(B) The Slab for Individual/HUF/AOP (Other than Co-operative Society)/BOI, whether Incorporated or not, or an artificial Juridical person (other than a person who has exercised an option under sub-section (6)):

<b>Total Income</b>	<b>Tax rate</b>
Up to Rs.3,00,000	Nil
From Rs.3,00,001 To Rs. 7,00,000	5%
From Rs.7,00,001 To Rs. 10,00,000	10%
From Rs.10,00,001 To Rs. 12,00,000	15%
From Rs.12,00,001 To Rs. 15,00,000	20%
Above Rs.15,00,001	30%

## Union Budget 2024-25

### Important Points to note:

• “Health and Education Cess” shall continue to be levied at the rate of 4% of income tax including surcharge wherever applicable, in the cases of persons not resident in India including company other than a domestic company.

**(A) Co-operative Societies:** In case of Co-operative Societies, the rates of income-tax are as given below. The rates will be continued to be same as those specified for Assessment Year 2022-23.

Slab Rate	
Total Income	Tax rate
Up to Rs.10,000	10%
From Rs.10,001 To Rs. 20,000	20%
Above Rs. 20,001	30%

**(B) Firms:** In the case of firms, the rate will continue to be the same as that specified for Assessment Year 2022-23. The rate of income-tax in case of firm is @ 30% which will further be increased by surcharge and Health and Education Cess on Income Tax.

**(C) Local Authorities:** In the case of Local Authorities, the rate will continue to be the same as that specified for Assessment Year 2022-23. The rate of income- tax in case of local authority is @ 30% which will further be increased by surcharge and Health and Education Cess on Income Tax.

## Union Budget 2024-25

### (D) Companies:

Income Tax Slab Rate		Surcharge Rate	
Assessee	Tax Rate	Total Income	Rate
In Case of Domestic Company (where its total turnover or the gross receipt in the previous year 2021-22 does not exceed 400 crore rupees)	25%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%
In Case of Domestic Company (where its total turnover or the gross receipt in the previous year 2021-22 exceed 400 crore rupees)	30%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%
In case of Company other than a domestic company- i) On the total income as consists of, — (a) royalties received from the Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976 or (b) Fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government.	50%	Above 1 Crore but not exceed 10 Crore	2%
		Above 10 Crore	5%
In case of Company other than a domestic company- Other Than Above mentioned in ( i )	40%	Above 1 Crore but not exceed 10 Crore	2%
		Above 10 Crore	5%

## Union Budget 2024-25

- In other cases, (including sections 92CE, 115QA, or 115TD) the surcharge shall be levied at the rate of 12%.

### Surcharge on income-tax for the assessment year 2024-25:

- Individual/ HUF/AOP, except in a case of an AOP consisting of only companies as its members, or BOI, whether incorporated or not, or every artificial juridical person, including an individual or HUF exercising option under section 115BAC, having any income under section 115AD of the Act:

	<b>Total Income</b>	<b>Surcharge</b>
i)	Rs.50,00,000 to Rs.1,00,00,000	10%
ii)	Rs.1,00,00,001 to Rs.2,00,00,000	15%
iii)	Rs.2,00,00,001 to Rs.5,00,00,000(excluding the income by way of dividend or income under section 115AD(1)(b) of the Act)	25%
iv)	Above Rs.5,00,00,000(excluding the income by way of dividend or income under section 115AD(1)(b) of the Act)	<b>37%</b>
v)	Above Rs.2,00,00,000 (including the income by way of dividend or income under section 115AD(1)(b) of the Act), but is not covered under clauses (iii) and (iv)	15%

- In the case of every co-operative society (except resident co-operative society opting under section 115BAD or 115BAE):

## Union Budget 2024-25

	<b>Total Income</b>	<b>Surcharge</b>
i)	Rs.1,00,00,000 to Rs.10,00,00,000	7%
ii)	Above Rs.10,00,00,000	12%

- In the case of every firm or local authority, @12% of such income tax, where the total income exceeds 1,00,00,000.
- In case of resident co-operative society opting under section 115BAD or 115BAE, @10% of such income tax.

**Point to Note:** Marginal relief is provided in surcharge in all cases where surcharge is proposed to be imposed.

## Union Budget 2024-25

### Changes in TDS Provisions –

Particulars	Current TDS Rate	Proposed TDS Rate	Effective from
Section 194D - Payment of insurance commission in case of other than company	5%	2%	1st April 2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	1st Oct 2024
Section 194G - Commission on sale of lottery tickets	5%	2%	1st Oct 2024
Section 194H - Payment of commission or brokerage	5%	2%	1st Oct 2024
Section 194-IB - Payment of Rent by certain individuals or HUF	5%	2%	1st Oct 2024
Section 194M - Payment of certain sums by certain individuals or HUFs	5%	2%	1st Oct 2024
Section 194-O - Payment of certain sum by e-commerce operator to e-commerce participants	1%	0.10%	1st Oct 2024
Section 194F - Payment on account of repurchase of units by mutual funds or UTI	Proposed to be Omitted		1st Oct 2024
Section 194T - Introduction of TDS on Payments Made to Partners by Firms (Exceeding 20,000)	0	10%	1st April, 2025





## Union Budget 2024-25

### CHANGES IN DEFINITION

#### SECTION 2

##### PROPOSED

It is proposed to amend the said clause so as to insert sub-clause (f) therein and omit item (iv) to provide that dividend, inter alia, include any payment by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013.

**IMPACT:** Purchase Of Own Share from a Shareholder Will be Called Dividend.

**W.E.F.:** 1st October, 2024.

### Income from property held for charitable or religious purposes

#### Section 11

**Existing Provision:** Sub-section (7) of the said section provides that where a trust or an institution has been granted registration under section 12AA or section 12AB or has obtained registration at any time under section 12A and the said registration is in force for any previous year, then, nothing contained in section 10 [other than clause (1), clause (23C), clause (23EC), clause(46) and clause (46A) thereof] shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year.

## Union Budget 2024-25

**Proposed Provision:** It is proposed to amend the sub-section of the said section so as to provide the reference of clause (23EA), clause (23ED) and clause (46B) of section 10 therein.

**Implication:** This change may encourage charitable trusts to utilize their income more effectively for their intended purposes, rather than accumulating it.

**W.E.F.:**01.04.2025

## Condonation of delay in filing application for registration by trusts or institutions

### SECTION 12A

**EXISTING:** A trust or institution desirous of seeking registration under section 12AB is inter alia required to apply within timelines specified in clause (ac) of sub-section (1) of section 12A. Notwithstanding anything contained in clauses (a) to (ab), the person in receipt of the income has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution,— sub-clauses (i) to (vi)

**PROPOSED:** Provided that where the application is filed beyond the time allowed in sub-clauses (i) to (vi), the Principal Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, condone such delay and such application shall be deemed to have been filed within time

**IMPACT:** The amendment will benefit the assessee in getting registration beyond due date if the delay due to reasonable cause.

## Union Budget 2024-25

W.E.F 1st day of October, 2024

### Increase in Standard Deduction

#### Section - 16

**Existing provision:** Clause (ia) of section 16 of the Act provides that a deduction of **50000/-** or the amount of the salary, whichever is less, shall be made before computing the income under the head "Salaries".

**Proposed Provision:** Clause (ia) of section 16 of the Act provides that a deduction of **75000/-** or the amount of the salary, whichever is less, shall be made before computing the income under the head "Salaries".

**Implication:** The increased standard deduction will provide relief to eligible taxpayers, especially those with moderate incomes, and simplify tax filing. However, its impact will vary depending on individual circumstances.

W.E.F.: 1<sup>st</sup>April,2025

### Reporting of income from letting out of house property under 'Income from House Property' only and not in 'PGBP'

#### Section 28

**Existing Provision:** As of now no such clarification is there to show income.

## Union Budget 2024-25

**Proposed Provision: Clarification added** that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property” only.

**Implication:** The proposed provision enhances the scope of the definition of benefit.

**W.E.F:** 1st day of April, 2024

### **Increase in the amount allowed as a deduction to employers towards pension scheme**

**Existing Provision:** Deduction allowed to the employer (Other than Government) by way of contribution towards pension scheme shall be restricted to **10%** of the salary of the employee in the previous year.

**Proposed Provision:** Deduction allowed to the employer (Other than Government) by way of contribution towards pension scheme shall be restricted to **14%** of the salary of the employee in the previous year.



**Implication:** The proposed provision enhances the contribution by employer to benefit as deduction in business.

**W.E.F:** 1st day of April, 2024

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

## Union Budget 2024-25

### Section 40(b)(v)

**Existing Provision:** The amounts shall not be deducted in computing the income chargeable under the head "Profits and gains of business or profession", in case of firm for any payment of remuneration to any partner who is a working partner during the previous year exceeds the aggregate amount computed as hereunder :—

(a) on the first **Rs. 3,00,000** of the book-profit or in case of a loss - **Rs. 1,50,000** or at the rate of 90 per cent of the book-profit, whichever is more;

(b) on the balance of the book-profit at the rate of 60 per cent :

### Proposed Provision:

(a) 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 per cent of the book-profit, WEH;

(b) on the balance of the book-profit at the rate of 60 per cent :

**Implication:** The proposed provision will increase deduction to firm.

**W.E.F:** 1st day of April, 2024

## Insertion of new section 44BBC for Promotion of domestic cruise ship operations by non-residents

### Section: 44BBC (Presumptive regime)

**Existing Provision:** New provision is inserted.



## Union Budget 2024-25

**Proposed Provision:** Twenty per cent 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. Applicability of this section, will be subject to prescribed conditions.

**Lease rentals** paid by a company which opts for section 44BBC, shall be exempt in the hands of the recipient company, if such company is a foreign company and such recipient company are subsidiaries of the same holding company. This is proposed to be done by insertion of a new clause **(15B)** in section **10**. Subsidiary company and holding company have been defined in the Explanation to this new clause. This exemption shall be available up to 5 years.

**Implication:** This will give special treatment to cruise ships business under section 44BBC

**W.E.F:** 1st day of April, 2024

### ***Taxation on dividends in respect of buyback of shares***

#### ***Section 46A:***

## Union Budget 2024-25

**Existing provision:** Where a shareholder or a holder of other specified securities receives any consideration from any company for purchase of its own shares or other specified securities held by such shareholder or holder of other specified securities, then, subject to the provisions of section 48, the difference between the cost of acquisition and the value of consideration received by the shareholder or the holder of other specified securities, as the case may be, shall be deemed to be the capital gains arising to such shareholder or the holder of other specified securities, as the case may be, in the year in which such shares or other specified securities were purchased by the company.



**Proposed insertion before explanation:** Provided that where the shareholder receives any consideration of the nature referred to in sub-clause (f) of clause (22) of section 2 from any company, in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil.

**Impact:** In case the shareholder receives any dividend on the shares in respect of any buy-back of shares, the consideration of such dividend shall be considered as nil.

**W.e.f.** Transaction in respect of buyback of shares that takes place on or after the 1<sup>st</sup> day of October, 2024.

**Capital Gains will not be attracted on transfer of capital asset as gift or will or irrevocable trust**

### Section 47

## Union Budget 2024-25

**Existing provision:** Any transfer of a capital asset under a gift or will or an irrevocable trust shall not be considered as transfer for computing capital gains.

**Proposed provision:** Any transfer of a capital asset **by an individual or a Hindu undivided family**, under a gift or will or an irrevocable trust shall not be considered as transfer for computing capital gains.

**Impact:** The benefit of exemption on transfer of capital asset under a gift or will or irrevocable trust shall only be given to Individual and HUF.

**W.e.f.:** 1<sup>st</sup> day of April, 2024

## Mode of computation of Capital Gain

### Section 48

**Existing provision:** Provided further that where long-term capital gain arises from the transfer of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso, the provisions of clause (ii) shall have effect as if for the words “cost of acquisition” and “cost of any improvement”, the words “indexed cost of acquisition” and “indexed cost of any improvement” had respectively been substituted.

**Proposed Provision:** Provided further that where long-term capital gain arises from the transfer which takes place before the 23rd day of July, 2024 of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of,



## Union Budget 2024-25

an Indian company referred to in the first proviso, the provisions of clause (ii) shall have effect as if for the words “cost of acquisition” and “cost of any improvement”, the words “indexed cost of acquisition” and “indexed cost of any improvement” had respectively been substituted.

**W.e.f:** 23<sup>rd</sup> day of July, 2024

**Impact:** No indexation benefit to Indian Company on transfer of Long term Capital asset on or after 23<sup>rd</sup> Day of July, 2024.

## **Inclusion of capital gain arising due to the transfer, maturity, or redemption of unlisted bonds and unlisted debentures in short-term capital gain**

**Section:** Section 50AA

**Existing Provision:** Notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture, the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture or unit as reduced by—

- i. the cost of acquisition of the debenture or unit; and
- ii. the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset

Explanation — For the purposes of this section—

## Union Budget 2024-25

- i. "Market Linked Debenture" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a market linked debenture by the Securities and Exchange Board of India;
- ii. "Specified Mutual Fund" means a Mutual Fund by whatever name called, where not more than thirty five per cent of its total proceeds is invested in the equity shares of domestic companies: Provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

**Proposed Provision:** Notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset –

- a) is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture; or
- b) is an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after the 23rd day of July, 2024,

the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture or unit or bond as reduced by-

- i. the cost of acquisition of the debenture or unit or bond; and
- ii. the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset:

Explanation — For the purposes of this section—

- i. "Market Linked Debenture" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a market linked debenture by the Securities and Exchange Board of India;
- ii. "Specified Mutual Fund" means –

## Union Budget 2024-25

- a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments; or
- b) a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (a):

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures:

Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.'

**Implication:** The change in Section 50AA in Budget 2024 introduces a uniform long-term capital gains tax rate of 12.5%, removes indexation benefits, and increases tax liabilities for certain investments, effective from July 23, 2024, impacting investor decisions and compliance requirements.

**W.E.F:** From 23rd July, 2024.

## Deduction in respect of employer's contribution to pension scheme notified by the Central Government

### Section 80CCD sub section 2:

**Existing Section:** Any contribution by an employer (not being Central Government or State Government) to the account of an employee, the salaried employee shall be allowed as a deduction an amount not exceeding 10% of the employee's salary (basic + DA).

## Union Budget 2024-25

**Proposed:** It is proposed that any such contribution by an employer (not being Central Government or State Government) to the account of an employee, the employee shall be allowed as a deduction an amount not exceeding 14% of the employee's salary (basic + DA).

**Implication:** Employee will be able to claim more deductions for any contribution made by an employer to pension scheme of account of an employee.

**W.E.F:** 01st April 2024

## Deduction in respect of donations to National Sports Fund to be set up by the Central Government



### Section 80G sub-section (2) clause (a) sub-clause (iihg)

**Existing:** Any sums paid by the assessee in the previous year as donations to the National Sports Fund to be set up by the Central Government shall be deducted in computing the total income of an assessee.

**Proposed:** "the National Sports Fund to be set up by the Central Government" is replaced by "the National Sports **Development** Fund set up by the Central Government".

**Implication:** Assessee can take deduction for any sums paid to "the National Sports **Development** Fund set up by the Central Government" instead of "the National Sports Fund to be set up by the Central Government".

**W.E.F:** 01st April 2025

### **Extension of powers of Transfer Pricing Officer (TPO) to determine ALP of specified domestic transactions:**

#### **Section 92CA sub-section (2A) and (2B):**

**Existing Section:** During the course of proceeding, the TPO can proceed to determine the Arm's Length Price (ALP) and/or computation of ALP, details of which have not been furnished in the audit report, **limited to only** international transactions, **even though it** has not been referred to him by the Assessing Officer (AO).

**Proposed:** It is proposed to amend in section to enable the TPO to deal with **specified domestic transaction (SDT)** in same manner as of international transaction which are not been referred to him by the Assessing Officer (AO).

**Implication:** TPO can determine ALP and computation of ALP of Specified Domestic Transaction which are not been referred to him by the Assessing Officer (AO).

**W.E.F:** 01st April 2025

### **Removal of restriction on deduction of interest expense**

#### **Section 94B:**

## Union Budget 2024-25

**Existing Section:** If Finance company borrows debt issued by a non-resident being an associated enterprise of the company and company incurs interest expenditure exceeding one crore rupees, which is deductible in computing income chargeable under the head "PGBP", the interest deductible shall be restricted to the extent of thirty per cent.

**Proposed:** It is proposed that the restriction to deduct interest expense under head PGBP to the extent of thirty per cent of interest expense exceeding one crore rupees, shall not apply to Finance company, which satisfy such conditions and carry on such activities as may be prescribed.

Finance company - As defined in clause (e) of sub-regulation (1) of regulation 2 of the IFSCA (Finance Company) Regulations, 2021 made under the IFSCA Act, 2019).

**Implication:** Finance company may be able to deduct full interest expenditure on debt borrowed a non-resident being an associated enterprise of the company if satisfy such conditions and carry on such activities as may be prescribed.



**W.E.F:** 01st April 2025

## Short Term Capital Gain rate change from 15% to 20%

### Section: 111A

**Existing Provision:** Section 111A of the Income Tax Act refers to the tax on short-term capital gains in India. It states that any gains from the sale of equity shares in a company or units of an equity-oriented fund, held for less than 12 months, will be taxed at a rate of 15%.

## Union Budget 2024-25

**Proposed Provision:** The tax rate for short-term capital gains under Section 111A of the Income Tax Act has been increased from 15% to 20% in Budget 2024. This increased tax rate applies to short-term capital gains from the sale of equity shares, units of equity-oriented mutual funds, and units of business trusts.

**W.E.F:** The changes are effective from the date of announcement, but the exact date of implementation is not specified.

**Impact:** The increased tax rate may have a negative impact on the market, particularly in the short term.

### Long Term Capital Gain rate change from 20% to 12.5%

#### Section: 112

**Existing Provision:** Section 112 of Income Tax Act **refers to the tax** on long term capital gain in India states that any gain arising from Listed securities (other than a unit) or zero coupon bond will be taxed at a rate of 20%.

**Proposed Provision:** The tax payable in respect of any income arising from the transfer of a long-term capital asset which takes place before the 23rd day of July, 2024, being listed securities (other than a unit) or zero coupon bond, exceeds 12.5% of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.

**W.E.F:** This amendment is proposed to be effective on or after 23rd July, 2024.

## Union Budget 2024-25

**Impact:** The capital gain tax rate is reduced from 20% to 12.5%

### Long Term Capital Gain rate change from 10% to 12.5%

#### Section: 112A

**Existing Provision:** Section 112(1)(c)(iii) of the Income Tax Act relates to the taxation of long-term capital gains (LTCGs) arising from the transfer of listed equity shares, units of equity-oriented funds, and units of business trusts

As per this section, LTCGs exceeding ₹1 lakhs will be taxed at a rate of 10%. This means that:

- LTCGs up to ₹1 lakhs will continue to be exempt from tax.
- LTCGs above ₹1 lakhs will be taxed at 10% on the amount exceeding ₹1 lakhs.

**Proposed Provision:** Section 112(1)(c)(iii) of the Income Tax Act, as amended in Budget 2024, relates to the taxation of long-term capital gains (LTCGs) arising from the transfer of listed equity shares, units of equity-oriented funds, and units of business trusts.

As per this section, LTCGs exceeding ₹1 lakhs will be taxed at a rate of 12.5%. This means that:

- LTCGs up to ₹1.25 lakhs will continue to be exempt from tax.
- LTCGs above ₹1.25 lakhs will be taxed at 12.5% on the amount exceeding ₹1.25 lakhs.

**Impact:** This amendment aims to introduce a progressive tax regime for LTCGs, where higher gains are taxed at a higher rate.

**W.E.F:** 23-07-2024.



## Union Budget 2024-25

### Tax and surcharge to be levied on Undisclosed income

#### Section: 113

**Existing Provision:** The total undisclosed income of the block period, determined under section 158BC, shall be chargeable to tax at the rate of sixty per cent. Provided that the tax chargeable under this section shall be increased by a surcharge, if any, levied by any Central Act and applicable in the assessment year relevant to the previous year in which the search is initiated under section 132 or the requisition is made under section 132A

**Proposed Provision:** The total income of the block period, determined under section 158BC, shall be chargeable to tax at the rate of sixty per cent. Provided that the tax chargeable under this section shall be increased by a surcharge, if any, levied by any Central Act

**Impact:** The complications regarding the sections of interest & penalty have been removed.

**W.E.F:** This amendment will take effect from 1st September, 2024.

### Change in tax rate from 10% to 12.5% regarding units purchased in foreign currency or capital gains arising from their transfer

#### Section: 115AB

## Union Budget 2024-25

**Existing Provision:** Section 115AB of the Income-tax Act relating to tax on income from units purchased in foreign currency or capital gains arising from their transfer.

Clause (b)(ii) The amount of income-tax calculated on the income by way of long-term capital gains referred to in clause

**Proposed Provision:** It is proposed to substitute clause (ii) of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, shall be at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024, and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

**W.E.F:** This amendment is proposed to be effective on or after 23rd July, 2024.

**Impact:** The capital gain tax rate is increased from 10% to 12.5%

### **Change in tax rate from 10% to 12.5% on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer**

#### **Section: 115AC**

**Existing Provision:** Section 115AC of the Income-tax Act relating to tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

(C)(ii) The amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, at the rate of ten per cent.

## Union Budget 2024-25

**Proposed Provision:** It is proposed to substitute clause (ii) of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, included in the total income, shall be at the rate of ten per cent for any transfer which takes place before the 23rd day of July, 2024 and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

**W.E.F:** This amendment is proposed to be effective on or after 23rd July, 2024.

**Impact:** The capital gain tax rate is increased from 10% to 12.5%

### Section: 15ACA

**Existing Provision:** section 115ACA of the Income-tax Act relating to tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

Sub section (b) clause (ii) The amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, at the rate of ten per cent.

**Proposed Provision:** It is proposed to substitute clause (ii) of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, shall be at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024, and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

**Impact:** The capital gain tax rate is increased from 10% to 12.5%

## Union Budget 2024-25

**W.E.F:** This amendment is proposed to be effective on or after 23rd July, 2024.

### Section: Section 115AD

**Existing Provision:** Tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.

- (a) the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of 15%.
- (b) in case of income arising from the transfer of a long-term capital asset referred to in section 112A which exceeds one lakh ,income-tax shall be calculated at the rate of 10%

**Proposed Provision:** Tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.

- (a) the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of 20%.
- (b) in case of income arising from the transfer of a long-term capital asset referred to in section 112A which exceeds one lakh and twenty-five thousand rupees, income-tax shall be calculated at the rate of 12.5%.

**Impact:** The rate of tax increased from 15% to 20% in case of short term capital gain and From 10% to 12.5% in case of Lonf term capital gain.

**W.E.F:** This amendment is proposed to be effective on or after 23rd July, 2024.

## Union Budget 2024-25

### Tax on investment income and long-term capital gains to be increased from 10% to 12.5%

#### Section: 115E

**Existing Provision:** Section 115E of the Income-tax Act relating to tax on investment income and long-term capital gains. The said section provides that where the total income of an assessee, being a non-resident Indian, includes-  
Subsection (b) clause (ii) The amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent.

**Proposed Provision:** It is proposed to substitute clause (ii) of longline of said section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024 and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

**Impact:** Tax on investment income increased from 10% to 12.5%

**W.E.F:** This amendment is proposed to be effective on or after 23rd July, 2024.

### Tax to be levied from shareholder instead of company. ( Clause 39)

#### Section 115QA.

## Union Budget 2024-25

**Existing Provision :** Sub-section (1) of the said section provides that notwithstanding anything contained in any other provision of this Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment year, any amount of distributed income by the company on buy-back of shares from a shareholder shall be charged to tax and such company shall be liable to pay additional income-tax at the rate of twenty per cent on the distributed income.

**Proposed Provision :** It is proposed to insert a new proviso to the said sub-section so as to provide that the provisions of the said sub-section shall not apply in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024

**WEF:** The amendments will take effect from 1st October, 2024.

## TDS deducted by Salaried employees – Expanded the scope to include TDS & TCS



### Section - 192 Salary

**Existing Provision:-** Section 192 of the Act provides for deduction of tax at source on salary income and states that the employee shall provide the details of House property, other income details to the employer and the same shall not have the effect of reducing the tax deductible except where the loss under the head "Income from house property" has been taken into account, from income under the head "Salaries" below the amount that would be so deductible if the other income and the tax deducted thereon had not been taken into account.

## Union Budget 2024-25

**Proposed Provision:-** The government has proposed to amend sub-section (2B) of section 192 to expand the scope of the said sub-section to include any tax deducted or collected under the provisions of Chapter XVII-B (deals with the collection and deduction of tax at source). or Chapter XVII-BB (requires sellers to collect tax from buyers at the time of sale of specified goods or services), as the case may be, to be taken into account for the purposes of making the deduction under sub-section (1) of section 192.

**Implication:** - The amendment allows for easier claiming of credit for TCS collected/TDS deducted, reducing the compliance burden on salaried employees.

**WEF:** October 1, 2024

## TDS Interest on securities

### SECTION 193

**Existing Provision:** Any interest payable on any security of the Central Government or a State Government , interest exceeding rupees ten thousand payable on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 during the financial year.

**Proposed Provision:** Now the scope of these provision has expanded and will included following two securities:

- the Floating Rate Savings Bonds (FRSB) 2020 (Taxable) and

## Union Budget 2024-25

- any security of the Central Government or State Government, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

**Implication:** Increase of the ambit of TDS collection to more securities will increase the tax burden on the assesses.

**WEF:** 1st day of October, 2024.

## Excluding sums paid under section 194J from section 194C

### Section- 194C

**Existing Provision:-** TDS shall be deduction on contracts including advertising; broadcasting and telecasting including production of programs for such broadcasting or telecasting; carriage of goods or passengers by any mode of transport other than by railways; catering; manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer,

**Proposed Provision:-** TDS shall not be deducted on contracts of manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer.

**Implication:-** Exclusion of the ambit of TDS will reduce the tax payable by the assesses and reduce the burden.

**WEF:** 1st day of October 2024.



## Union Budget 2024-25

### TDS under Section 194DA has been reduced from 5% to 2%

#### Section 194DA

**Existing Provision:-** Section 194DA mandates the deduction of TDS at the rate of 5% on any sum paid under a life insurance policy, including bonus, if the amount exceeds Rs.1 lakh shall deduct income-tax thereon at the rate 5%.

**Proposed Provision:-** The TDS rate has been reduced from 5% to 2%.

**Implication:-** Reduction of the TDS rate under Section 194DA, benefiting policyholders and the insurance industry as a whole.

**WEF:** from 1st day of October 2024.

#### Omission of Section 194F

#### Section 194F

**Existing Provision:-** Section 194F covers payments made on repurchase of units by mutual funds or UTI, including systematic withdrawal plans. The person responsible for paying to any person any amount referred to in sub-section (2) of section-80CCB (Section 80CCB of the Income Tax Act provides a tax deduction for investments made in eligible equity-oriented funds) shall, at the time of payment thereof, deduct income-tax thereon at the rate of 20%.

## Union Budget 2024-25

**Proposed Provision:-** In the proposed budget 2024, Section 194F of the Income-tax Act shall be omitted.

**Implication:-** Removal of tax from the repurchase of units by mutual funds and UTI will reduce the tax burden on the assesses.

**WEF:** 1st day of October 2024.

## Reduction of rates from 5% to 2% on sale of lottery tickets

### Section 194G

**Existing Provision:** TDS on payment of commissions or other amounts to agents or distributors for the sale of lottery tickets, etc. for stocking, distributing, purchasing or selling lottery tickets and on any income by way of commission, remuneration or prize (by whatever name called) on lottery tickets in an amount exceeding 15,000 shall deduct income-tax thereon at the rate of 5%.

**Proposed Provision :-** the TDS rate under Section 194G has been reduced from 5% to 2%.

**Implication :-** Reduction of the TDS rate under Section 194G is a welcome move as Lower TDS rate means more money in the hands of agents and distributors, improving their liquidity and working capital.

**WEF:** 1st day of October 2024.

## TDS on Commission or brokerage will be reduced from 5% to 2%

## Union Budget 2024-25

### Section 194H

**Existing Provisions:** Any person other than an individual or HUF, who is responsible for paying any income by way of commission (other than insurance commission) or brokerage to a resident shall deduct income tax at the rate of 5%.

**Proposed Provision:** It is proposed that TDS under section 194H of the Act be reduced from 5% to 2%.

**Implication:** With a lower TDS rate, recipients can retain more of their commission and brokerage income, leading to increased liquidity and potentially increased investment in various sectors.

**WEF:** 1st day of October, 2024

## Tax on transfer of certain immovable property other than agricultural land

### Section 194-IA

**Existing Provisions:** Sub-section (1) of the said section provides that any person, being a transferee, responsible for paying to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall deduct TDS at the rate 1% of such sum or the stamp duty value of such property, whichever is higher, as income-tax thereon. It shall be noted that if the consideration for the transfer of an immovable property and the stamp duty value of such property, are both less than fifty lakh rupees then no tax shall be deducted.

## Union Budget 2024-25

**Proposed Provision:** it is proposed to amend sub-section (2) of section 194-IA of the Act to clarify that where there is more than one transferor or transferee in respect of an immovable property, then such consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property

**Implication:** These changes aim to clarify and simplify the applicability of TDS on immovable property transactions, ensuring that all parties involved are aware of their tax obligations.

**WEF:** 1st day of October, 2024

## TDS on Payment of rent by certain individuals or HUF to be reduced from 5% to 2%

### Section 194-IB

**Existing Provisions:** Section 194-IB requires any person, HUF and others whose total sales, gross receipts or turnover from the business or profession exceeds ` 1 crore in case of business and ` 50 lakhs in case of profession in the financial year immediately preceding the financial year in which such rent was credited or paid, responsible for paying to a resident any income by way of rent, to deduct income tax at the rate of 5%

**Proposed Provision:** It is proposed that TDS under section 194-IB of the Act be reduced from 5% to 2%.

## Union Budget 2024-25

**Implication:** The reduction of TDS rates under Section 194-IB from 5% to 2% simplifies compliance for individuals and HUFs who are required to deduct tax at source on rent payments.

With a lower TDS rate, tenants can retain more of their rental payments, leading to increased liquidity and potentially increased investment in various sectors.

**WEF:** 1st day of October, 2024

### **TDS on Payment for contract work, Commission or brokerage for professional services reduced from 5% to 2%**

#### **Section 194 M**

**Existing Provisions:** Section 194M provides for deduction of tax at source @5% by an individual or a HUF responsible for paying any sum during the financial year to any resident –

- (i) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract; or
- (ii) (ii) by way of commission (not being insurance commission referred to in section 194D) or brokerage; or
- (iii) (iii) by way of fees for professional services.

It may be noted that only individuals and HUFs (other than those who are required to deduct income-tax as per the provisions of section 194C or 194H or 194J) are required to deduct tax in respect of the above sums payable during the financial year to a resident.

## Union Budget 2024-25

**Proposed Provision:** It is proposed that TDS under section 194M of the Act be reduced from 5% to 2%.

**Implication:** The reduction of TDS rates under Section 194M from 5% to 2% simplifies compliance for individuals and Hindu Undivided Families (HUFs) who are required to deduct tax at source.

The reduced TDS rate results in a lower tax liability for individuals and HUFs, which can lead to increased cash flows and reduced financial burdens

**WEF:** 1st day of October, 2024

### Section- 194O Payments to Contractor and Sub-contractors

**Existing provision:** As per section 194O of the Income Tax Act, all registered e-commerce operators in India are required to deduct a TDS of 1% from the gross amount received for the sale of products or services from the e-commerce operator through its digital or electronic facility or platform.

**Proposed provision:** As per section 194-O of the Income-tax Act, 1961 0.1 percent shall be deducted for the sale of products or services from the e-commerce operator through its digital or electronic facility or platform.

**Implication:** Lesser rate of tax deducted at source will reduce the burden on tax-payer and promote the cash flow in e-commerce business.

## Union Budget 2024-25

**WEF:** 1st of October, 2024.

### Insertion of new section 194T for RSA on Partner's income

**Existing provision:** No existing section is there as the new provision is being inserted

**Proposed Provision:** Any firm responsible for paying salary, remuneration, commission, bonus or interest to a partner of the firm, shall, deduct TDS at the rate of 10% under section 194T for a sum exceeding Rs.20,000 during the financial Year.

**Implication:** Deduction of tax on the sum paid to partner at source will reduce the complications at the time of tax filing.

**WEF:** 1<sup>st</sup> April, 2025.

### Increase in the scope of TDS

#### Section 196B

**Existing provision:** On payment for income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund, TDS shall be deducted at a rate of 10%.

## Union Budget 2024-25

**Proposed Provision** On payment for income in respect of units referred to in section 115AB or by way of long-term capital gains The rates of TDS has been changed as follows:

Particulars	Rate of Tax (%)
Income from Units	10
Long- Term Capital Gains (before the 23rd day of July, 2024)	10
Long- Term Capital Gains (after the 23rd day of July, 2024)	12.5

**Implication:** The rate of tax has been increased from 23<sup>rd</sup> July,2024 to 12.5% which will increase the tax burden on the assesses.

**WEF:** 23<sup>rd</sup> July,2024

## Addition in ambit of TDS lower deduction certificate

### Section 197

**Existing provision:** TDS Lower deduction certificates can be issued for taxes deducted under Section 194-O ( tax deduction at source by ecommerce operator) at the rate 1%

**Proposed Provision:** TDS Lower deduction certificates can be issued for taxes deducted under Section 194-O ( tax deduction at source by ecommerce operator) and TDS-Q (tax deduction at source by buyer of goods from the payments made to sellers) at the rate 0.1%

**Implication:** Increase in the ambit of lower deduction certificates to tax payees will reduce their tax burden.



# Union Budget 2024-25

**WEF:** 1<sup>st</sup>, October 2024

## Increase in ambit of TDS to income tax paid outside India

### Section 198

**Existing Provision:** Tax Deducted at Source shall be deemed to be income received only for the deductions deducted under this Chapter.

**Proposed Provision:** Tax Deducted at Source shall be deemed to be income received only for the deductions deducted under this Chapter and income tax paid outside India, by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under this Act.

**Implication:** Increase in ambit of TDS will increase the burden to tax payers.

**WEF:** 01-04-2025

## Proposal of time limit for delivery of correction statement

### Section 200

## Union Budget 2024-25

**Existing Provision:** The person may deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be specified by the authority

**Proposed Provision:** No correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in subsection (3) is required to be delivered

**Implication:** Fixation of time limit for the correction statement submitted will reduce the tax complications by reducing the re-opening of old tax matters.

**WEF:** 01-04-2025

## Processing of statements of tax deducted at source

### Section 200A

**Existing Provision:** As per section 200A (2) for the purposes of processing of statements under sub-section (1) shall be done by only the statements of Source information.

**New Provision:** The Income Tax Board may make a scheme for processing of statements made by any other person, not being a deductor in addition to the statements of Source information.

## Union Budget 2024-25

**Implications:** Introduction of a new scheme will increase the efficiency of the tax processing.

**WEF:** 01-04-2025

### Reduction of year for Tax Deductor's Compliances

#### Section 201

**Existing Provision:** No order shall be made against an employer liable to deduct tax in case of failure to deduct the whole or any part of the tax from a person resident in India, at any time after the expiry of seven years from the end of the financial year in which payment is made or credit is given.

**New Provision:** No order shall be made against an employer liable to deduct tax in case of failure to deduct the whole or any part of the tax from a person resident in India, at any time after the expiry of six years from the end of the financial year in which payment is made or credit is given.

**Implications:** Reduction of the ambit of the proceeding will reduce the complications of tax deducted at source.

**WEF:** 01-04-2025

## Union Budget 2024-25

### Increase of Scope of Tax Collection at Source

#### Section 206C

**Existing Provision:** Tax shall be collected at Source at the rate of 1% for value of sale consideration exceeding Rs.10 lakhs on sale of motor vehicles

**New Provision:** Tax shall be collected at Source at the rate of 1% for value of sale consideration exceeding Rs.10 lakhs on sale of motor vehicles and any other goods, as may be specified by the Central Government by notification in the Official Gazette.

**Implications:** Increase of ambit of the Tax collected at Source will increase the burden on the tax payers.

**WEF:** 01-04-2025

### Tax clearance certificate

#### Section-230 (Sub-Section 1A)

**Existing provision:** No individual domiciled in India may depart from the country without first obtaining a certificate from the income-tax authorities. This certificate must affirm that the individual has no outstanding liabilities under the Income-tax Act, 1961, the Wealth-tax Act, 1957 (27 of 1957), the Gift-tax Act, 1958 (18 of 1958), or the Expenditure-tax Act, 1987 (35 of 1987), or that satisfactory arrangements have been made for the settlement of any such taxes currently due or potentially payable by that individual.

## Union Budget 2024-25

**Proposed Provision:** No individual domiciled in India may depart from the country without first obtaining a certificate from the income-tax authorities. This certificate must affirm that the individual has no outstanding liabilities under the Income-tax Act, 1961, the Wealth-tax Act, 1957 (27 of 1957), the Gift-tax Act, 1958 (18 of 1958), or the Expenditure-tax Act, 1987 (35 of 1987), **or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015,**” or that satisfactory arrangements have been made for the settlement of any such taxes currently due or potentially payable by that individual.

**Implication:** Obtaining a tax clearance certificate would require compliance with the provisions of the Black Money Act and Imposition of Tax Act as well.

**W.E.F** from 1<sup>st</sup> October, 2024

**Interest on the withheld refund is not payable to the assessee for the duration it is withheld.**

### Section-244A (Sub-Section 1A)

**Existing Provision:** No additional interest on refund under section 244A of the Act is payable to the assessee for the period beginning from the date on which such refund is withheld and ending “with the date **on which assessment/reassessment is made.**”

**Proposed Provision:** No additional interest on refund under section 244A of the Act is payable to the assessee for the period beginning from the date on which such refund is withheld and ending “with the date **up to which such refund is withheld**”.

**Implication:** Interest on the withheld refund is not payable to the assessee for the duration it is withheld.

## Union Budget 2024-25

W.E.F from 1<sup>st</sup> October, 2024

**Assessing Officer can withhold the refund for up to sixty days after the assessment or reassessment is finalized.**

### Section-245

**Existing Provision:** Refund becomes due to a person and the Assessing Officer having regard to the fact that proceedings for assessment or re-assessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax, withhold the refund up to the date on which such assessment or reassessment is made.

**Proposed Provision:** Refund becomes due to a person and the Assessing Officer having regard to the fact that proceedings for assessment or re-assessment are pending in the case of such person, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax, withhold the refund **up to the sixty days** from on which such assessment or reassessment is made.

**Implication:** Assessing Officer can withhold the refund for up to sixty days after the assessment or reassessment is finalized.

W.E.F from 1<sup>st</sup> October, 2024

## INDIRECT TAX

### IGST

**Taxability of extra natural alcohol or ratified spirit used for manufacture of alcoholic liquor for human consumption.**

**Section: 5(1) of the Integrated Goods and Services Tax and 7(1) of the Union Territory Goods and Services Tax**

**Existing Provision:** Subject to the provisions of sub-section (2), there shall be levied a tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 of the Central Goods and Services Tax Act and at such rates, not exceeding twenty per cent.

**Proposed Provision:** Subject to the provisions of sub-section (2), there shall be levied a tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption **and un-denatured extra neutral alcohol or rectified spirit which is used for manufacture of alcoholic liquor, for human consumption**, on the value determined under section 15 of the Central Goods and Services Tax Act and at such rates, not exceeding twenty per cent.

**Implication: No GST is charged** on extra natural alcohol or ratified spirit used for manufacture of alcoholic liquor for human consumption.

**W.E.F:** 1st April, 2025

**To empower to government to regularize non-charge or short charge of tax when satisfied that it is as a result of general practice.**

**Insertion of new Section:** 6A of Integrated Goods and Services Tax Act, 8A of Union Territory Goods and Services Tax and 8A of Goods and Services Tax (Compensation to States), 11A of Central Goods and Services Tax Act.

**Newly inserted section:** To empower the government to regularise non-charge or short charge of GST/Cess when it is satisfied that such non-charge or short charge is as a result of general practice.

**Implication:** The above provision allow the government **to give regularized non-charge or short charge of GST when satisfied to be the result of general practice.**

**WEF:** 1st April, 2025

**Non-Refund of unutilized input tax credit on zero rated supply of goods which is subject to Export Duty:**

**Insertion of new Section: 16(5) of the Integrated Goods and Services Tax Act**

**Inserted new section:** No refund of unutilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods are subjected to export duty.

**Implication:** No refund of unutilized ITC on zero rated supply of goods subject to export duty.



**WEF:** 1st April, 2025

## **Financial Limit reduced for filing an appeal before Appellate Authority or the Appellate Tribunal**

**Section 20:** Fifth proviso to section 20 of the Integrated Goods and Services Tax Act

**Existing Provision:** Provided also that where the appeal is to be filed before the Appellate Authority or the Appellate Tribunal, the maximum amount payable shall be fifty crore rupees and one hundred crore rupees respectively.

**Proposed Provision:** Provided also that a maximum amount of forty crore rupees shall be payable for each appeal to be filed before the Appellate Authority or the Appellate Tribunal.

**Implication:** Limit decreased from 50 crore to 40 crore for Appellate Authority and from 100 crore to 40 crore for Appellate Tribunal.

**With effect from:** 1st April, 2025

## CGST

### **Taxability of extra natural alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.**

**Section: Section 9, CGST Act, 2017.**

**Existing Provision:** Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of **alcoholic liquor for human consumption**, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

**Proposed Provision:** Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of **alcoholic liquor for human consumption and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption**, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

**Implication:** Relaxation on taxability of supply of un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption.

## Union Budget 2024-25

**W.E.F:** 01st April, 2025

### Incorporate a reference to the proposed new section 74A

**Section: Section 10(5), CGST Act, 2017.**

**Existing Provision:** If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) 22[or sub-section (2A), as the case may be,] despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of **section 73 or section 74** shall, *mutatis mutandis*, apply for determination of tax and penalty.

**Proposed Provision:** If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) 22[or sub-section (2A), as the case may be,] despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of **section 73 or section 74 or section 74A**, shall, *mutatis mutandis*, apply for determination of tax and penalty.

**Implication:** A common time limit for issuing demand notices and orders, regardless of the intent or severity of the infraction.

**W.E.F:** 01st April, 2025

**Power not to recover Goods and Services Tax not levied or short-levied as a result of general practice.**

## Union Budget 2024-25

### Section: Section 11, CGST Act, 2017.

**Existing Provision:** Newly inserted.

**Proposed Provision:** As per newly inserted section 11(A). Notwithstanding anything contained in this Act, if the Government is satisfied that —

1. A practice was, or is, generally prevalent regarding levy of central tax (including non-levy thereof) on any supply of goods or services or both; and
2. Such supplies were, or are, liable to, –
  - central tax, in cases where according to the said practice, central tax was not, or is not being, levied, or
  - a higher amount of central tax than what was, or is being, levied, in accordance with the said practice,

the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the central tax payable on such supplies, or, as the case may be, the central tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the central tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice.

**Implication:** Section 11A is being inserted to empower the government to regularize non-levy or short levy of central tax due to **any general practice prevalent in trade.**

**W.E.F:** 01st April, 2025

## Union Budget 2024-25

### Eligibility and conditions for taking input tax credit.

**Section: Section 16, CGST Act, 2017.**

**Existing Provision:** Newly inserted.

**Proposed Provision:** As per newly inserted subsection 5 & 6 under section 16

- a) (5) Notwithstanding anything contained in sub-section (4), in respect of an invoice or debit note for supply of goods or services or both pertaining to 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 up to the thirtieth day of November, 2021.
- b) (6) Where registration of a registered person is cancelled under section 29 and subsequently the cancellation of registration is revoked by any order, either under section 30 or pursuant to any order made by the Appellate Authority or the Appellate Tribunal or court and where availment of input tax credit in respect of an invoice or debit note was not restricted under sub-section (4) on the date of order of cancellation of registration, the said person shall be entitled to take the input tax credit in respect of such invoice or debit note for supply of goods or services or both, in a return under section 39,-
  - i. filed upto thirtieth day of November following the financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier; or
  - ii. 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, where such return is filed within thirty days from the date of order of revocation of cancellation of registration whichever is later.

## Union Budget 2024-25

**Implication:** This section has retrospective all the years mentioned and the tax payer will now be benefited with availment of input tax credit of invoice and debit note.

**W.E.F:** 01st April, 2025

### Restrict the non-availability of Input Tax Credit

**Section:** Section 17(i), CGST Act, 2017.

**Existing Provision:** any tax paid in accordance with the provisions of **sections 74, 129 and 130**.

**Proposed Provision:** any tax paid in accordance with the provisions of **section 74 in respect of any period up to Financial Year 2023-24**.

**Implication:** Amendment to restrict the non-availability of input tax credit in respect of tax paid under section 74 of the said Act only for demands upto Financial Year 2023-24. It also removes reference to sections 129 and 130 in the said sub-section.

**W.E.F:** 01st April, 2025

### Incorporate a reference to the proposed new section 74A

**Section:** Section 17(i), CGST Act, 2017.

## Union Budget 2024-25

**Existing Provision:** Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of **section 73 or section 74**, as the case may be, shall, mutatis mutandis, apply for determination of amount to be recovered.

**Proposed Provision:** Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of **section 73 or section 74 or section 74A**, as the case may be, shall, mutatis mutandis, apply for determination of amount to be recovered.

**Implication:** Incorporate a reference to the proposed new section 74A in the said section.

**W.E.F:** 01st April, 2025

## Incorporate a reference to the proposed new section 74A

**Section: Section 35(6), CGST Act, 2017.**

**Existing Provision:** Subject to the provisions of clause (h) of sub-section (5) of section 17, where the registered person fails to account for the goods or services or both in accordance with the provisions of sub-section (1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of **section 73 or section 74**, as the case may be, shall, mutatis mutandis, apply for determination of such tax

## Union Budget 2024-25

**Proposed Provision:** Subject to the provisions of clause (h) of sub-section (5) of section 17, where the registered person fails to account for the goods or services or both in accordance with the provisions of sub-section (1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of **section 73 or section 74 or section 74A**, as the case may be, shall, mutatis mutandis, apply for determination of such tax

**Implication:** incorporate a reference to the proposed new section 74A in the said section

**W.E.F:** 01st April, 2025

### **New Section 74A is inserted in Section 66(6)**

#### **Special Audit**

##### **Section 66**

**Existing provision:** As per Sub- section (6), Where the special audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilized, the proper officer may initiate action under section 73 or section 74.



## Union Budget 2024-25

**Proposed Provision:** As per Sub-section (6), Where the special audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilized, the proper officer may initiate action under section 73 or section 74 or **74A section.**

**Implication:** - The new section 74A empowers to determine tax payable where cases involving unpaid or underpaid taxes or penalty due to special audit under section 66(6)..

**W.E.F:** 01st April, 2025

## Inserted of New sub-section (1A) in section-70

**Section 70- Power to summon persons to give evidence and produce documents.**

**Proposed Provision:** As per Sub-section (1A), All persons summoned under sub-section (1) shall be bound to attend, either in person or by **an authorized representative**, as such officer may direct, and the person so appearing shall state the truth during examination or make statements or produce such documents and other things as may be required."

**Implication:** - By introducing Sub-section (1A) of Section 70, a person summoned under Sub-section (1) entitled to send a representative as well.

**W.E.F:** 01st April, 2025

## Union Budget 2024-25

### Inserted of new Sub-section (12) in Section-73

**Section 73-** Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason other than fraud or any wilful-misstatement or suppression of facts.

**Proposed Provision:** As per sub-section (12), The provisions of this section shall be applicable for determination of tax pertaining to the **period upto Financial Year 2023-24.**

**Implication:** - Provisions of section 73 is applicable upto F.Y. 2023-24.

**W.E.F:** 01st April, 2025

### Changes and Inserted of new Sub-section (12) in Section-74

**Section 74-** Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized by reason of fraud or any wilful misstatement or suppression of facts.

**Proposed Provision:** 1)As per sub-section (12), The provisions of this section shall be applicable for determination of tax pertaining to the period upto Financial Year 2023-24.

**Changes :-**

## Union Budget 2024-25

- 1) in the marginal heading, after the words "Determination of tax", the words and figures ", **pertaining to the period upto Financial Year 2023-24,**" shall be inserted;
- 2) **The *Explanation 2* shall be omitted.**

**Implication:** - Provisions of **section 74 is applicable upto F.Y. 2023-24.**

**W.E.F:** 01st April, 2025

## **New Section 74A, to streamline the time limits for issuing demand notices and orders.**

### **Proposed Provision:**

The GST Council recommended the following key changes:

- 1) **Common Time Limit for Issuance of Demand Notices and Orders:** A unified time limit will be established for issuing demand notices and orders, irrespective of whether the case involves charges of fraud, suppression, willful misstatement, etc., or not. This common time limit will apply to demands related to the financial year 2024-25 onwards.
- 2) **Extension of Time Limit for Availing Reduced Penalty:** The period within which taxpayers can avail of the benefit of a reduced penalty by paying the tax demanded along with interest is proposed to be increased from 30 days to 60 days.

**Implication:** - This move aims to simplify the existing provisions which currently have different time limits based on the nature of the charges involved.

### **Inserted of Sub-section (2) and (7) of Section-74A in the Explanation of Sub-section (1) of Section 104.**

#### **Section 104- Advance ruling to be void in certain circumstances.**

**Existing Explanation:-** The period beginning with the date of such advance ruling and ending with the date of order under this sub-section shall be excluded while computing the period specified in sub-sections (2) and (10) of section 73 or sub-sections (2) and (10) of section 74.

**Proposed Explanation :-** The period beginning with the date of such advance ruling and ending with the date of order under this sub-section shall be excluded while computing the period specified in sub-sections (2) and (10) of section 73 or sub-sections (2) and (10) of section 74 **or Sub-section (2) and (7) of Section-74A.**

**Implication:** - Section 74A is introduces for common time limit for issuing of demand notices and orders.

**W.E.F:** 01st April, 2025

### Change Of Threshold Limit for and inserted of Section-74A In Section-107.

#### Section 107- Appeals to Appellate Authority

##### Existing Provision:

- 1) As per Sub-section(6), No appeal shall be filed under sub-section (1), unless the appellant has paid—
  - (a) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and
  - (b) a sum equal to ten per cent. of the remaining amount of tax in dispute arising from the said order 1 “subject to a maximum of **twenty-five crore rupees**”, in relation to which the appeal has been filed.
- 2) As per Sub-section(11), ..... 74.

##### Proposed Provision; -

- 1) As per Sub-section(6), No appeal shall be filed under sub-section (1), unless the appellant has paid—
  - (a) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and

## Union Budget 2024-25

(b) a sum equal to ten per cent. of the remaining amount of tax in dispute arising from the said order 1 “subject to a maximum of **twenty crore rupees**”, in relation to which the appeal has been filed.

2) As per Sub-section(11), The Appellate Authority shall, after making such further inquiry as may be necessary, pass such order, as it thinks just and proper, confirming, modifying or annulling the decision or order appealed against but shall not refer the case back to the adjudicating authority that passed the said decision or order:

Provided further that where the Appellate Authority is of the opinion that any tax has not been paid or short-paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised, no order requiring the appellant to pay such tax or input tax credit shall be passed unless the appellant is given notice to show cause against the proposed order and the order is passed within the time limit specified under section 73 or section 74 **or Section 74A.**

**Implication:** An appeal must be filed under section 107(1) once the applicant has paid 10% of the remaining amount of tax in dispute arising from the order, subject to a maximum **of 20 crore rupees.** This replaces the previous threshold of 25 crore rupees for filing such appeals.

**W.E.F:** 01st April, 2025

## Issues related to tax determination and refunds for the Financial Year 2024-25 onwards

### Section 49 (8):

**Exiting provision:-** Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order,

- self-assessed tax, and other dues related to returns of previous tax periods

## Union Budget 2024-25

- self-assessed tax, and other dues related to the return of the current tax period;
- Any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74.

**Proposed Amendment:** Clause 121 of the Bill seeks to make consequential amendments in sub-section (8) of section 49 of the Central Goods and Services Tax Act, so as to incorporate a reference to the **proposed new section 74A**.

**Impact:** This amendment aims to provide a clear framework for determining cases of unpaid or underpaid tax, erroneously refunded amounts, or wrongly availed input tax credit from the Financial Year 2024-25 onwards and streamlines the administrative process and ensures timely resolution of tax-related issues.

**W.E.F. 01.09.2024**

## Interest on delayed payment of tax for the Financial Year 2024-25 onwards

### Section 50:

**Existing Provision:** Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.

## Union Budget 2024-25

**Proposed Amendment:** Clause 122 of the Bill seeks to make consequential amendments in sub-section (1) of section 50 in the Central Goods and Services Tax Act, so as to incorporate a reference to the **proposed new section 74A**.

**Impact:** This amendment aims to provide clarity and coherence in the application of interest on delayed tax payments. It may lead to increased compliance requirements and prompt payment of taxes to avoid accruing higher interest charges, particularly in cases involving determinations **under section 74A**.

**W.E.F. 01.09.2024**

### Tax deduction at source

#### Section 51:

**Exiting Provision:** The government may mandate to

- departments or establishments of the Central Government, State Government,
- local authorities, or
- government agencies or
- such persons or category of persons as may be notified by the Government on the recommendations of the Council

(Collectively referred to as "deductors") to deduct tax at a rate of one percent from payments made or credited to suppliers (referred to as "deductees") of taxable goods or services. This requirement applies when the total value of such supplies under a contract exceeds two



## Union Budget 2024-25

lakh and fifty thousand rupees. The mandate is implemented based on recommendations from the Council and is intended to ensure compliance with tax obligations on significant transactions.

**Proposed Provision:** Clause 123 of the Bill seeks to make consequential amendments in sub-section (7) of section 51 of the Central Goods and Services Tax Act, so as to incorporate a reference to the **proposed new section 74A**.

**Impact:** Section 74A is being introduced into the CGST Act to address critical aspects of tax determination and refunds concerning the Financial Year 2024-25 onwards. This provision specifically targets instances involving unpaid or underpaid tax, erroneously refunded amounts, or incorrectly availed input tax credit, particularly under Section 51. It aims to streamline and strengthen the process of identifying and rectifying such discrepancies, thereby enhancing compliance and accountability within the GST framework.

**W.E.F. 01.09.2024**

### **New Section 74A is inserted to simplify the time limits for issuance of notices.**

#### **Section: 127 – Power to impose penalty in certain cases.**

**Existing Provision:** Where the proper officer is of the view that a person is liable to a penalty and the same is not covered under any proceedings under section 62 or section 63 or section 64 or section 73 or section 74 or section 129 or section 130, he may issue an order levying such penalty after giving a reasonable opportunity of being heard to such person.

## Union Budget 2024-25

**Proposed Provision:** A new Section 74A, to streamline the time limits for issuing demand notices and orders. The period within which taxpayers can avail of the benefit of a reduced penalty by paying the tax demanded along with interest is **proposed to be increased from 30 days to 60 days.**

### **Implication:**

The move aims to simplify existing provisions by standardizing time limits, regardless of the nature of charges like fraud or wilful misstatement.

**W.E.F.:** 01<sup>st</sup> April, 2025

## **Insertion of Section 128A Conditional waiver of interest and penalty**

The insertion of Section 128A in the Central Goods and Services Tax (CGST) Act aims to address the difficulties faced by taxpayers during the initial years of GST implementation. The primary issue of interest and penalties on tax payers arising from demand notices issued under Section 73 of the CGST Act for the fiscal years 2017-18, 2018-19, and 2019-20.

Section 73 deals with the determination of tax not paid or short paid, erroneously refunded, or input tax credit wrongly availed or utilized for any reason other than fraud or wilful misstatement or suppression of facts.

### **Proposed Provision:**

## Union Budget 2024-25

The GST Council, recognizing these challenges, has recommended the insertion of Section 128A in the CGST Act, which provides **for a conditional waiver of interest and penalties associated with demands raised under Section 73**. The key points of this proposed amendment are:

*Waiver of Interest and Penalties:* Interest and penalties for the fiscal years 2017-18, 2018-19, and 2019-20 can be waived if the taxpayer pays the full amount of tax demanded in the notice by March 31, 2025.

*Exclusion of Erroneous Refunds:* The waiver does not apply to demands related to erroneous refunds.

### **Implication:**

The objective is to provide relief to taxpayers who faced difficulties during the early implementation of GST, ensuring that they are not penalized for non-fraudulent errors.

It is beneficial to taxpayers as it resolves the financial burden placed on taxpayers due to interest and penalties.

**W.E.F.:** 01<sup>st</sup> April, 2025

### **Section 140 Transitional arrangements for input tax credit, changes in Section 140(7)**

**Existing Provision:** Despite any contrary provisions in this Act, input tax credit for services received before the appointed day by an Input Service Distributor can be distributed under this Act, even if the invoices for these services are received on or after the appointed day, following prescribed time and manner.

## Union Budget 2024-25

**Proposed Provision:** The Council recommended amending section 140(7) of the CGST Act retrospectively from 01.07.2017 to allow transitional credit for invoices related to services provided before the appointed date, provided they were received by the Input Service Distributor (ISD) before that date.

**Implication:**

Beneficial to taxpayer as the amendments allows retrospective effects .

**W.E.F.:** 01<sup>st</sup> July, 2017

### **Proviso and Explanation to Section 171 (2) has been included in Section 171(3a)**

**Existing Provision:** Proviso and Explanation is being inserted in sub- section (2) of section 171 of the CGST Act, so as to empower the Government to notify the date from which the Authority under the said section will not accept any application for anti-profiteering cases.

**Proposed Provision:** Explanation in the sub-section (3A) of the said section is being inserted, so as to include the reference of Appellate Tribunal in the Authority under the said section so that the Appellate Tribunal may be notified by the Government to act as an Authority under the said section.

Union Budget 2024-25

# Live Screaming





## Budget Publication Team



SURAT • MUMBAI • NEW DELHI • JAIPUR • HYDERABAD  
AHMEDABAD • KOLKATA • VAPI • PATNA

## COVERAGE OF VARIOUS INDUSTRIES



## PAN INDIA PRESENCE



[www.adcaindia.com](http://www.adcaindia.com)

### Head Office

**SURAT** - 204-205, C wing, 4th Floor, SNS Interio, Nr. CNG Pump, Bhatar Althan Road, Bhatar Char Rasta, Surat-395017 (Gujarat).  
Mobile : +91 98250 45937, +91 98797 45937, +91 90164 71674  
Tel. : 0261-2269131 | E-mail : surat@adcaindia.com  
Website : www.adcaindia.com

### Branch Offices

**MUMBAI** -1st Floor, D-3, Plot 15, Deep Sahakari, Near Hanuman Temple, Opp. Mangalmurti Hospital, Gorai-1, Borivali (West), Mumbai - 400 091.

**AHMEDABAD** - A-63, Rajshree Towers, Nr. Prerna Tirth Derasar, Jodhpur Gam Road, Sattellite, Ahmedabad - 380 015.

**HYDERABAD** - 8-4-548/1, 2nd Left, After Gokul Theatre, Erragadda, Hyderabad - 500 016 (Andhra Pradesh).

**KOLKATA** - Shantiniketan Bldg, 9th Floor, Room No. 913, Carnac Street, Kolkata - 700017.

**JAIPUR** - F-113, Road No. 4, Kartarpura Industrial Area, Jaipur - 06 (Rajasthan).

**VAPI** - 201, Skylon Building Silvassa Road, Char Rasta, Near D.C.B. Bank, Imran Nagar, Vapi, Gujarat - 396191

**NEW DELHI** - Shop No. 246, Vardhman Crown Mall, Polt No.2 Sector-19, Dwarka, New Delhi-110075

**PATNA** - Flat No. 305, Sai Enclave, Road No-15, Indrapuri, Patna - 800024, Bihar

### Camp Office

Presence in 112 Locations covering 19 States in India