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INDIA Budget Statement

2024

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Foreword

The Union Budget 2024-25 budget is undeniably progressive, especially with its focus on bolstering employment opportunities and supporting the growth of MSMEs (Micro, Small, and Medium Enterprises). The focus on MSMEs through measures like easier access to credit, streamlined regulations, and enhanced market linkages, promises to empower these enterprises to thrive and contribute more effectively to national development.

By lowering the threshold for mandatory TReds (Trade Receivables Discounting System) onboarding to Rs 250 crore, the government aims to streamline cash flows for MSMEs, enabling them to manage their finances more efficiently and sustainably. This measure enhances the liquidity which is crucial for the day-to-day operations and expansion of small enterprises.

The skilling initiatives announced in the budget are incredibly encouraging and will ensure that the country can fully leverage its demographic dividend through our commitment to enhancing vocational education and aligning it with industry needs. Such focused measures will ensure that the youth is ready to meet the demands of the modern workforce.

On the energy front, collaborating with the private sector for advanced research and development in innovative technologies and new energy segments will help ensure energy security for the country. Such partnerships could pave the way for safer, more efficient energy solutions tailored to Bharat's needs.

In addition, the substantial allocation for infrastructure development, including urban development and connectivity projects, is expected to help improve logistics and urban infrastructure, fostering economic growth.

The Budget also emphasised on strengthening the rural economy. The implementation of Digital Public Infrastructure (DPI) in agriculture would be noteworthy, as it can help enhance efficiency, transparency, and traceability in the agricultural supply chain, benefiting farmers, agribusinesses, and consumers.

Overall, the Union Budget 2024-25 emerges as a transformative blueprint for India’s economic resurgence. With strategic investments and forward-looking policies, India is poised to navigate global challenges while harnessing its immense potential for socio-economic development. The reiteration of the next-generation reforms, including those related to labour and land, stating collaboration between the centre and states will be critical to achieving the goal of Viksit Bharat by 2047. Optimism prevails that India’s journey towards becoming a global economic powerhouse is firmly on course.

Foreword

The Union Budget 2024-2025, announced by the Government of India, marks a significant step toward realizing the vision of "Viksit Bharat" or “Developed India.” This forward-looking budget is designed to foster inclusive growth, enhance productivity, and ensure sustainable development across various sectors.

A key highlight of the Budget is its emphasis on job creation and skill development to harness the potential of India's youth. The proposed employment and skilling measures, including incentives for EPFO contributions and the upgrading of 1,000 Industrial Training Institutes, are expected to create millions of jobs and enhance workforce participation, particularly among women. This focus on human capital development is crucial for sustaining economic growth and improving living standards.

The Budget introduces several measures to streamline the tax regime, reduce compliance burdens, and promote entrepreneurship. Notably, the reduction in the corporate tax rate for foreign companies from 40% to 35%, the proposal to withdraw the 2% equalization levy to provide relief to digital companies, and the abolition of the Angel Tax for all classes of investors are welcome steps. These reforms are expected to stimulate investment, particularly in startups and the digital economy, fostering innovation and competitiveness.

The Budget's proposals to tweak capital gains taxation are also noteworthy. While market reactions to these changes may be mixed initially, the strong fundamentals and foundation of India's capital markets should ensure that any negative sentiments are short-lived. The overall direction towards simplifying the tax regime and making it more business-friendly is commendable.

For the salaried class, the increase in the standard deduction and adjustments to the slab rates under the new tax regime are significant. These changes make the new tax regime more attractive, providing relief to taxpayers and potentially increasing disposable incomes. This move is likely to boost consumption and, in turn, spur economic growth.

Overall, the Union Budget 2024-2025 is a comprehensive document that lays the groundwork for a resilient and inclusive economy. By addressing immediate needs and setting the stage for long-term growth, the Budget reflects the government's commitment to making India a global economic powerhouse. The focus on job creation, tax simplification, and support for innovation and entrepreneurship will be key drivers in achieving this vision.

Union Budget 2024-2025 is forward-thinking and a balanced approach to economic policy. It provides a clear roadmap for sustainable development, emphasizing the importance of human capital, innovation, and a business-friendly environment. This Budget positions India well to navigate global economic challenges and capitalize on emerging opportunities.

Direct Tax Proposals

Individual Taxation

Tax Rates

- Under the new regime, tax slabs are proposed to be modified to make the personal tax structure more attractive and reduce overall tax liability. A comparison between the erstwhile slab rates vis-à-vis the proposed slab rates is tabulated below:

SI No	Erstwhile Tax rates		Proposed Tax rates	
	Total Income	Rate of Tax	Total Income	Rate of Tax
1	Upto INR 0.3 million	NIL	Upto INR 0.3 million	NIL
2	> INR 0.3 million and upto INR 0.6 million	5%	> INR 0.3 million and upto INR 0.7 million	5%
3	> INR 0.6 million and upto INR 0.9 million	10%	> INR 0.7 million and upto INR 1.0 million	10%
4	> INR 0.9 million and upto INR 1.2 million	15%	> INR 1.0 million and upto INR 1.2 million	15%
5	>INR 1.2 million and upto INR 1.5 million	20%	>INR 1.2 million and upto INR 1.5 million	20%
6	> INR 1.5 million	30%	> INR 1.5 million	30%

- The tax rates under the old regime continue to remain the same.

Applicable with effect from AY 2025-26

Benefits under new regime as per section 115BAC

- The standard deduction for salaried individuals is proposed to be increased from INR 50,000 to INR 75,000 under Section 16 (ia) of the Act, under the new regime.

- The monetary threshold for deduction related to family pension under Section 57(iia) of the Act is proposed to be increased from INR 15,000 to INR 25,000.

Applicable with effect from AY 2025-26

Ease in claiming credit of TCS collected by salaried employees

- Section 192(2B) provides for consideration of income under any other head and tax deducted thereon while deducting tax in terms of section 192, however, does not consider the credit of tax collected at source and paid by the employee currently. It has now been proposed to expand the scope of Section 192(2B) and include details of any tax deducted or collected TCS while considering the tax to be deducted by the employer in terms of Section 192.

- Accordingly, employees would be able to provide details of TCS paid, if any, in relation to foreign remittances, car purchases, foreign tours, etc. and any other TDS credit, to their employer. This would facilitate lower TDS from their salary, resulting in a higher in-hand salary.

The said amendment is with effect from October 1, 2024.

Corporate Taxation

Income on buy back of shares to be taxable in the hands of the recipient

- Presently, section 115QA of the Act provides for taxability on buy back of shares in the hands of the company at the rate of 20% on the net distributed income. Further, as per section 10(34A) of Act, income from buy back of shares (which otherwise would have been taxable as capital gain in view of section 46A of the Act) is exempt in the hands of shareholder.

- It is proposed to amend the definition of dividend by inserting sub-clause (f) to section 2(22) of the Act, by virtue of which, income from buy-back of shares would now be considered as dividend in the hands of shareholders.

- Consequently, it is proposed to abolish the buy-back tax currently levied on companies under section 115QA of the Act. Correspondingly, the exemption in respect of income from buy-back of shares which is currently available to the shareholders under section 10(34A) of the Act is also proposed to be withdrawn.

- As the income from buy-back of shares is proposed to be taxed as dividend in the hands of shareholders, section 46A of the Act is also proposed to be made applicable to consideration received by a shareholder pursuant to buy-back on or after October 1, 2024.

- Additionally, it is also proposed to amend section 57 of the Act to provide that no deduction of expenses would be allowed against income from buyback of shares, which is now proposed to be taxed as dividend in the hands of shareholders under the head "Income from Other sources".

Applicable from October 1, 2024

Abolition of angel tax

- To keep in check the introduction of unaccounted money in private companies which was being done by pumping in share capital at inflated valuations, the government had introduced the provisions of section 56(2)(viib) of the Act in 2012 (popularly known as Angel Tax). The provisions targeted the difference between the actual capital received and the FMV of the issued shares as income to be taxed in the hands of the private company.
- It is now proposed to sunset the provisions of this clause.

Applicable from AY 2025-26

Corporate gifts to be taxable

- As per the extant provisions of section 47 of the Act [clause (iii)], any transfer of a capital asset by way of gift among others, is not considered as transfer and consequently is not subject to capital gain tax. As the existing provisions do not discriminate among gifts from any persons (whether individuals or otherwise), the issue whether a gift by one company to another would be covered by section 47 of the Act has been a subject matter of protracted litigation.
- It is proposed to amend section 47(iii) of the Act to provide that transfer by way of gift, will or irrevocable trust only by an individual or a HUF would not be regarded as transfer. Thus, gifts among corporates may be subject to capital gain tax going forward.

Applicable from AY 2025-26

Increase in deduction for employer's contribution to NPS

- Section 36(1)(iva) of the Act currently allows a deduction to the employers for the employers' contribution towards NPS upto 10% of the salary of the respective employees.
- Employer's contribution to NPS becomes perquisite for the employees. However, section 80CCD(2) of the Act allows employees a deduction of the employers' contribution to the extent of 14% of salary for government employees and 10% of salary for other employees.
- For bringing parity between government and non-government employees, this upper cap on deduction under section 36(1)(iva) of the Act is proposed to be enhanced from 10% of salary to 14% of salary of the respective employees.
- Correspondingly, deduction under section 80CCD(2) of the Act is also proposed to be capped to 14 per cent of salary for non-government employees too. However, the enhancement of upper cap under section 80CCD(2) of the Act will be applicable only to the employees opting for the new regime.

Applicable from AY 2025-26

Disallowance of amounts paid to settle contraventions

- Section 37 of the Act is a residual section dealing with deduction of business expenditure (excluding capital expenditure and personal expenditure).

- It is proposed to amend Explanation 3 to section 37(1) of the Act to clarify that any expenditure incurred by a taxpayer to settle proceedings initiated in relation to contravention under a law (to be notified by the Central Government) shall be deemed to be an expenditure incurred by a taxpayer for an offence or an expenditure prohibited by law. Accordingly, such expenditure would not be an allowable deduction under section 37 of the Act.

Applicable from AY 2025-26

International Taxation

Reduction of tax rate for foreign companies

- It is proposed to reduce the residual tax rate applicable to foreign companies from the existing 40% to 35%.

Applicable from AY 2025-26

Doing away with equalisation levy 2.0

- As a part of BEPS Action Plan of the OECD to tackle the issues emerging from digital economy, the Government came up with Equalisation Levy on e-commerce supply or services (popularly known as Equalisation 2.0) at 2% on value of transaction with effect from 1st April 2020 by making necessary amendments to Chapter VIII of the Finance Act, 2016 (through which Equalisation Levy was originally levied on income of non-residents from digital advertising in India was introduced).

- As a step towards implementing the Pillar 2 of the Two Pillar Approach of the OECD's inclusive framework on BEPS, it is proposed to abolish Equalisation Levy 2.0 with effect from 1st August 2024. Necessary amendments are proposed to sections 163 and 165A of the Finance Act, 2016.

- Correspondingly, amendments are also proposed to section 10(50) of the Act to exclude the exemption in respect of income from e-commerce supply or services with effect from 1st August 2024.

Applicable with effect from August 1, 2024

Amendments relating to IFSC

- Section 10(4D) of the Act provides for exemption of any income accruing or arising to or received by a specified fund as a result of transfer of certain capital assets (bonds, GDR, rupee denominated bond of an Indian company, derivative etc.) on a recognized stock exchange located in any IFSC subject to certain conditions.
- It is proposed to expand the definition of specified fund to also mean a fund which has been granted a certificate as a retail scheme or an Exchange Traded Fund and is regulated under the IFSCA (Fund Management) Regulations, 2022, made under the IFSCA Act, 2019 and satisfies such conditions, as may be prescribed.
- Section 10(23EE) of the Act is proposed to be made applicable also to income of Core Settlement Guarantee Fund set up by a recognized clearing corporation in IFSC is proposed to be exempted.
- Section 10(23FB) of the Act exempts income earned by a venture capital fund or a venture capital company through investments in a venture capital undertaking.
- It is proposed to expand the definition of 'Venture Capital Fund' to include entities regulated under sub-regulation (2) of regulation 18 of the IFSCA (Fund Management) Regulations, 2022. This amendment aims at broadening the scope of entities eligible for tax exemption under section 10(23FB) of the Act.
- Applicability of section 68 of the Act (dealing with unexplained cash credits) is also proposed to be relaxed for the venture capital funds regulated by IFSCA.
- Section 94B of the Act provides for limitation on deduction of interest paid to an AE by an Indian company in certain cases, or a PE of a foreign company in India ('thin capitalization rule'). At present, the provisions of this section do not apply to Indian companies or PE of foreign companies which are engaged in the business of banking, insurance or such class of NBFC as may be notified by the Central Government. It is now proposed that the provisions of this section will also not be applicable to a Finance Company located in an IFSC.

Applicable from AY 2025-26

Special provision for computing profits and gains of business of operation of cruise ships in case of non- residents

- A new section 44BBC is proposed to be inserted in the Act to cover non-residents engaged in the business of operation of cruise ships under prescribed conditions. As per the proposed section, 20% of the aggregate amount payable to / received by / deemed to be received by the covered non-residents would be deemed to be taxable business income.
- Though under the current wording of proposed section 44BBC, receipts of a non-residents engaged in the business of operation of cruise ships may be subject to tax in India even without any territorial nexus with India. However, the proposed provision may be suitably amended before finally enacting it.
- As a corresponding amendment, a new clause (15B) is proposed to be inserted to section 10 of the Act to exempt income of a foreign company from lease rentals of cruise ships received from specified

cruise ships received from specified company operating in India. This would apply if both the companies are subsidiaries of same holding company and the income is received or accrues or arises in India for any relevant assessment year up to AY 2030-31.

- The specified company is proposed to be defined to mean any company, other than a domestic company, which operates cruise ships in India and opts to pay tax as per Section 44BBC of the Act.
- On the other hand, the holding company, in relation to foreign company or a specified company would mean any company of which such companies are subsidiary companies.
- A subsidiary company in relation to holding company would mean a company in which the holding company exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.

Applicable from AY 2025-26 (till AY 2030-31)

Capital Gains

Rationalisation of taxation of capital gains

- Till now, there were different holding periods for different classes of assets for determining whether the assets would qualify as long-term or short-term. It is proposed that there would only be 2 holding periods, 12 months and 24 months for determining whether the assets are short-term or long-term. For all listed securities, the period of holding is proposed to be revised to 12 months and for all other assets, it shall be 24 months.
- Further, the tax rate of long-term capital gains under section 112 of the Act is proposed to be reduced to 12.5% as against the existing 20%. The rate of tax for long-term capital gains from sale of listed shares and units of equity oriented mutual funds is proposed to be increased to 12.5% from the existing 10%.
- Indexation benefit available under section 48 of the Act is proposed to be discontinued for calculation of any long-term capital gains which is presently available for certain capital assets including immovable property, gold and unlisted shares.

- A comparative table capturing the erstwhile and proposed capital gains tax rates is provided below, for ease of reference:

Type of asset	Period of holding	Change in period of holding from erstwhile provisions	STCG		LTCG	
			Current	Proposed	Current	Proposed
STT paid equity shares, units of equity-oriented mutual fund	12 months	No	15%	20%	10% (without indexation) (Exemption on gains upto INR 1 Lakh)	12.5% (without indexation) (Exemption on gains upto INR 1.25 Lakh)
Units of a business trust	12 months	Yes*	15 %	20 %	10% (without indexation) (Exemption on gains upto INR 1 Lakh)	12.5% (without indexation) (Exemption on gains upto INR 1.25 Lakh)
Listed Bonds and debentures	12 months	No	Applicable slab rates	No change	20% (without indexation)	12.5% (without indexation)
Unlisted bonds and debentures	24 months	Yes*	Applicable slab rates	No change	20% (without indexation)	Applicable rates
Unlisted equity shares	24 months	No	Applicable slab rates	No change	20% (with indexation)	12.5% (without indexation)
Immovable Property	24 months	No	Applicable slab rates	No change	20% (with indexation)	12.5% (without indexation)
Other assets	24 months	Yes*	Applicable slab rates	No change	20% (with indexation)	12.5% (without indexation)

** Existing period of holding is 36 months*

Applicable with effect from July 23, 2024

- The STT on trading futures and options is proposed to be increased from 0.0625% to 0.1% for futures and from 0.0125% to 0.02% for options.

Applicable with effect from October 1, 2024

Uniformity in taxation of capital gains for residents and non-residents

- Sections 115AB, 115AC, 115ACA, 115AD, 115E of the Act provide for rate of taxation of incomes in dividend, capital gains etc., for specified taxpayers. As a part of rationalization and simplification of capital gains tax regime by the government, tax rates for LTCG (section 112A of the Act) and STCG (section 111A of the Act) have been brought to parity for resident and non-resident taxpayers. Corresponding amendments have also been made in the abovementioned sections. A brief summary of the amendments is as under:

Section	Taxpayer	Relevant income	Existing Rate applicable till 22nd July 2024	Proposed Rate applicable from 23rd July 2024
115AB	Overseas financial organization (offshore fund)	LTCG on transfer of units purchased in foreign currency	10%	12.5%
115AC	Non-resident	LTCG on transfer of bonds of an Indian company or GDR	10%	12.5%
115ACA	Individual (resident in India and an employee of a company engaged in specified knowledge based industry or service)	LTCG on transfer of GDR	10%	12.5%
115AD	FII or Specified fund	Short term or long-term capital gains on units other than the units purchased in foreign currency	STCG (section 111A) : 15% LTCG (section 112A) exceeding INR 1,00,000: 10%	STCG (section 111A) : 20% LTCG (section 112A) exceeding INR 1,25,000: 12.5%
115E	NRI	LTCG	10%	12.5%

Simplification and Rationalization of provisions

Reassessment proceedings

- The existing reassessment provisions stood amended vide the Finance Act, 2021. The amendment inter-alia modified section 148, section 149 and introduced a new section 148A of the Act. However, due to extensive litigation arising from multiple interpretations of the provisions, it is proposed to rationalize reassessment provisions to provide ease of doing business to taxpayers.

- The salient features of proposed amendments are as under:
  - Time period for furnishing of return of income cannot be extended by the Assessing Officer beyond a period of three months from the date of issuance of section 148 notice.
  - The definition of 'information' is proposed to also include information in case of Assessee emanating from survey conducted under section 133A.
  - It is proposed to categorically specify exclusive time limits for the issuance of notices under section 148A and section 148 respectively.
  - Time limit for issuance of section 148A notice is proposed as under:
    - 3 years from the end of relevant assessment year; and
    - After 3 years, but not more than 5 years from the end of relevant assessment year, unless the income chargeable to tax, which has escaped assessment as per the information with the Assessing Officer, amounts to or is likely to amount to fifty lakh rupees or more.
  - Time limit for issuance of section 148 notice is proposed to be amended as under:
    - For normal cases - 3 years and 3 months from the end of relevant assessment year; and
    - For specific cases - After 3 years and 3 months, but not more than 5 years and 3 months from the end of relevant assessment year, unless the Assessing Officer has in his possession books of accounts or other documents or evidence related to any asset or expenditure or transaction or entries which show that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.
  - It is proposed to substitute the specified authority for the purposes of sections 148 and 148A as the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.

Applicable with effect from September 1, 2024.

Charitable Trust and Institutions

I. Merger of two parallel exemption regimes into one:

- Income of trusts/institutions is presently exempt from tax under two regimes:
  a. Under clause 23C of section 10 of the Act (**first** regime), and
  b. Under sections 11 to 13 of the Act (**second** regime).
- As both regimes intend to grant similar benefit, the procedure and conditions across both regimes have been aligned, over the last few years vide successive Finance Acts.
- To further simplify administrative procedures, it is proposed that the first regime for trusts, funds or institutions to be merged and transited to the second regime in a gradual manner.
- It is, therefore, proposed that:
  - Applications seeking approval or provisional approval under section 10(23C) filed on or after 1st October, 2024, shall not be considered.
  - Applications filed before 1st October, 2024, and pending would be processed and considered under the provisions of the first regime itself.
  - Approved trusts, funds or institutions would continue to get the benefit of exemption under Section 10(23C), till the validity of the said approval.
  - Such trusts would be eligible to apply for subsequent registration, under the second regime. Corresponding amendments have been proposed in section 12A(1).
  - Certain eligible modes of investment, under the first regime (viz. such as corpus, accretion to shares forming part of corpus etc.,) as specified in clause (b) of third proviso to clause (23C) of section 10, shall be permitted in the second regime and not lead to denial of exemption of trust or institution.

Applicable with effect from October 1, 2024.

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

- Failure to apply for registration/approval by a trust or institution within time prescribed under Section 12A(1)(ac) is deemed as conversion into a form not eligible for registration/approval, which attracts additional tax liability on accreted income in terms of Section 115TD of the Act (Ch. XII-EB).
- To safeguard genuine cases, it is proposed that the Principal Commissioner/ Commissioner may be enabled to condone the delay in filing application where there is reasonable cause for such delay.

Applicable with effect from October 1, 2024.

III. Rationalization of timelines for disposing application for registration by trusts or institutions

- Presently, applications seeking re-registration/final registration under section 12AB or approval under section 80G, are processed by the Principal Commissioner or Commissioner within a period of six months from the end of the month in which the application was received.
- It is proposed to rationalise timelines to six months from the end of the quarter in which the application is received.

Applicable with effect from October 1, 2024.

IV. Merger of trusts under the exemption regime with other trusts

- When a trust or institution approved / registered under the first or second regime, merges with another approved / registered entity under either regime, it may attract provisions of tax on accreted income (Ch. XII-EB), in certain circumstances.

- A new section 12AC is proposed to be inserted, specifying the conditions under which a merger shall not attract such provisions, which are:
    - the other trust or institution has same or similar objects;
    - the other trust or institution is registered under section 12AA or section 12AB or approved under section 10(23C); and
    - the said merger fulfils such conditions as may be prescribed.

Applicable with effect from AY 2025-26

Set off and withholding of refund in certain cases

- Section 245 of the Act provides for set-off and withholding of refunds against any tax demand that is outstanding from the Taxpayer. Further, such refund shall be withheld up to the date on which such assessment or reassessment is made in case any proceedings for assessment or reassessment are pending. Additionally, in terms of Section 244A no additional interest on refund under section 244A of the Act is payable to the Taxpayer for the period beginning from the date on which such refund is withheld and ending with the date on which assessment / reassessment is made.
- Considering the period of withholding of refund being inadequate, it has now been proposed to extend such period up to sixty days from the date on which such assessment or reassessment is made.
- Further, consequential amendment has also been proposed in Section 244A of the Act to allow non-payment of additional interest up to the date till which such refund is withheld.

Applicable with effect from October 1, 2024.

Rationalisation of TDS prosecution provisions

- Section 276B of the Act provides for prosecution in case of failure to pay tax to the Government under Chapter XII-D and XVII-B. and states that if a person fails to pay the tax deducted at source by him to the credit of the Government, he shall be punishable with an imprisonment for a term which shall not be less than three months but which may extend to seven years along with the fine.
- It is proposed to amend Section 276B to provide for exemption from prosecution if the payment of tax deducted in respect of a quarter has been made to the credit of the Government on or before the due date of filing the TDS statement for the respective quarter.

Applicable with effect from October 1, 2024.

Power of commissioner (appeals)

- Section 251(1) of the Act deals with the powers of the Joint Commissioner (Appeals) or the Commissioner (Appeals) in disposing of the appeals.
- In the best judgement cases, Taxpayers directly prefer an appeal to Commissioner (Appeals) against the best judgement orders.
- Considering the huge pendency of appeals at the Commissioner (Appeals) stage, it is proposed that in best judgement cases, Commissioner (Appeals) shall be empowered to set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment.
- Further, consequential amendment in section 153(3) of the Act Tis also proposed to provide the time limit for disposal of cases which are set aside by the Commissioner (Appeals).

The said amendment will be applicable to the appellate orders passed by the Commissioner (Appeals) on or after October 1, 2024.

TDS / TCS provisions

Changes in TDS rates

To rationalize the TDS rates, following changes are proposed:

S. No.	Section	Present TDS Rate	Proposed TDS Rate	Effective from
1	194D - Payment of insurance commission (in case of person other than company)	5%	2%	April 1, 2025
2	194DA- Payment in respect of life insurance policy	5%	2%	October 1, 2024
3	194G- Commission, etc. on sale of lottery tickets	5%	2%	October 1, 2024
3	194H- Commission or brokerage	5%	2%	October 1, 2024
4	194IB- Payment of rent by certain individual or HUF	5%	2%	October 1, 2024
5	194M- Payment of certain sum by certain individual or HUF	5%	2%	October 1, 2024
6	194-O- Payment of certain sum by e-commerce operator to ecommerce participant	1%	0.1%	October 1, 2024

Tax deduction and collection

- TDS under Section 194-IB of the Act on payments of rent by individuals proposed to be reduced from 5% to 2% where payments exceed INR 50,000.
- An amendment has been proposed to clarify that the INR 50 Lakh threshold for TDS deduction under Section 194-IA of the Act on the purchase of immovable property applies to the aggregate consideration for all transferees when there is more than one transferee or transferor.
- Section 194 is proposed to be widened and include tax liable to be deducted on deemed dividend as per Section 2(22) (f) i.e. any payment received by a company on account of purchase of its own shares from a shareholder is to be treated as deemed dividend.
- In order to remove the ambiguity owing to absence of explicit exclusion and leading to incorrect tax deduction under Section 194C instead of 194J, it has been

proposed to explicitly state that transactions under Section 194J(1) do not constitute "work" for the purpose of TDS under Section 194C.

Applicable with effect from October 1, 2024.

- New TDS provision Section 194T of the Act proposed to be introduced for deduction of TDS at 10% towards payments by a firm in the nature of salary, remuneration, commission, bonus or interest to a partner exceeding INR 20,000, required to deduct TDS at 10% under the new Section 194T of the Act.

Applicable with effect from AY 2025-26

- TCS under Section 206C(1F) of the Act which hitherto provided for 1% TCS on consideration received for sale of motor vehicle of value exceeding INR 10 Lakh is proposed to be amended to be made applicable to other goods exceeding INR 10 Lakhs in order to track expenditure on luxury goods. The list of such goods would be notified by the Government.

Applicable with effect from January 1, 2025

Time limit to file correction statement in case TDS/TCS under section 200/206C

- While there is a time limit for furnishing statements detailing the TDS/TCS, however, there is no time limit for furnishing correction statements. Hence, in order to put certainty and finality on the filing process of TDS/TCS statements, it is proposed that the correction statement of TDS/TCS return can be delivered till expiry of six years from the end of the financial year in which the original statement is delivered.

This said amendment is with effect from April 1, 2025

Reduction in time limitation for order deeming any person as assessee-in-default

- Presently, Section 201 (1) provides for time limit of seven years for order deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax where the payee is a person resident in India. However, there is no time limit on failure to deduct the whole/part of the tax from a non-resident. In order to remove uncertainty, it has now been proposed to reduce and streamline the time limit from 7 years to 6 years to pass the order deeming a person as Assesses-in-default towards non deduction of tax from any person thereby also including non-residents.
- Furthermore, it is proposed to streamline the time limit to pass the order deeming a person as Assesses-in-default towards non-collection of tax to 6 years from end of FY in which tax is collectible or 2 years from end of FY, in which tax correction statement is furnished, whichever is later.

The said amendment is with effect from April 1, 2025

Transfer Pricing

Assessment of Specified Domestic Transactions

- At present, the provisions of sub-sections (2A) and (2B) of section 92CA only apply to International Transaction and do not apply to SDTs. This essentially means that International transactions which are not referred by the Assessing Officer to the TPO or a non-reported International transaction which is identified by the TPO in course of transfer pricing proceedings, can be assessed by the TPO, as if the transaction was referred by the Assessing Officer to the TPO.
- It is proposed to amend sub-sections (2A) and (2B) of section 92CA to enable the TPO to assess those Specified Domestic Transactions which have not been referred to him by the Assessing Officer and/or in whose respect audit report under section 92CE has not been furnished.

These amendments will take effect from April 1, 2025 and will apply to AY 2025-26 and subsequent assessment years.

Proposed measures (forming part of Budget Speech)

- It is proposed to expand the scope of safe harbour rules to make them more attractive, with the aim of reducing litigation and providing greater certainty in international taxation.
- Further, to promote the development of diamond cutting and polishing industry, it is proposed to provide for safe harbour rates for foreign mining companies selling raw diamonds in the country.

Tax Administration

Direct Tax Vivad Se Vishwas Scheme, 2024

Earlier, Vivad Se Vishwas Scheme was introduced in 2020 which got a very encouraging response from the Taxpayers and also resulted in garnering substantial revenue for the Government.

In the wake of mounting pendency of appeals before Appellate forums and success of the aforesaid scheme, it has been proposed to introduce similar scheme viz. Direct Tax Vivad Se Vishwas Scheme, 2024 to provide a mechanism of settlement of disputed issues and reduce litigation.

The proposed scheme can be availed to settle the following pending matters as on specified date i.e. July 22, 2024 relating to tax arrears (including interest and penalty levied in respect, thereof):

- Appeals before any appellate forum
- Writ petition/Special leave petition before High court or Supreme Court
- Objections filed before DRP on which directions have not been issued
- Final assessment order has not been issued pursuant to DRP directions
- Application for revision under Section 264

The said scheme shall grant complete immunity from prosecution and substantial relief from payment of interest and the penalty.

Payment to be made under VSVS, 2024

Types of matters	Amount payable under the Scheme on or before 31st December 2024	Amount payable under the scheme after 1st January 2025 till the last date*
Taxpayer's Appeal		
Tax arrear involving disputed tax, interest and penalty thereon		
- where appeal has been filed after 31st January 2020 but before 22nd July, 2024	100% of the disputed tax	110% of the disputed tax
- where appeal has been filed before 31st January 2020 and the same is pending at same appellate forum	110% of the disputed tax	120% of the disputed tax
Tax arrear involving disputed interest/ penalty/ fees		
- where appeal has been filed after 31st January 2020 but before 22nd July, 2024	25% of disputed penalty/ interest/ fee	30% of disputed penalty/ interest/ fee
- where appeal has been filed before 31st January 2020 and the same is pending at same appellate forum	30% of disputed penalty/ interest/ fee	35% of disputed penalty/ interest/ fee
Revenue's Appeal	50% of above amount	50% of above amount
Issue has been decided in favor of the Taxpayer by the ITAT/HC/SC in any year	50% of above amount	50% of above amount

*yet to be notified

Miscellaneous

Clarification on tax classification of rental income from residential property

- A new Explanation 3 is proposed to be inserted to section 28 of the Act clarifying that any income from renting out a residential house or a part of the house by the owner shall be chargeable under head "Income from house property" and not under "Profits and gains of business or profession".

Applicable from AY 2025-26

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

- As per Section 285 of the Act, a non-resident having a liaison office in India, is required to file a statement within sixty days from the end of such financial year.
- It has been proposed that to remove the period of sixty days for filing a statement and the same shall be prescribed in the Rules. Further, a new Section 271GC has been proposed to levy penalty on failure to furnish statement of one thousand rupees for every day for which the failure continues, if the period of failure does not exceed three months; and one lakh rupees in any other case.
- It is also proposed that penalty shall not be leviable if the Taxpayer proves that there is a reasonable cause for the said failure.

The said amendment will be applicable from April 1, 2025.

Application for withdrawal of the transferred cases to bar

- Taxpayers had filed applications before erstwhile AAR to get certainty on taxability of the transactions from a quasi-judicial forum in a time-bound manner. However, where no order under section 245R(2) had been passed, the said applications were transferred to the newly constituted BAR as per the provisions of Section 245Q(4).
- It is proposed to amend Section 245Q to allow application for withdrawal by October 31, 2024 that for the transferred applications before BAR. It is further proposed that BAR may reject the application as withdrawn on or before December 31, 2024.

The said amendment will be applicable from October 1, 2024.

Disclosure

- Requirement to disclose foreign assets (including investment in shares and securities) held outside India and income from such foreign assets in the ITR to apply only where the aggregate value of such asset(s) exceeds INR 20 Lakhs.

Applicable with effect from October 1, 2024

Indirect Tax
Proposals

Customs

Legislative Changes In The Customs Act

- Amendment in Procedure regarding claim of preferential rate of duty
    - Provision is being amended to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements, which provide for self-certification.
    - Proof of origin means a certificate or declaration issued in accordance with a trade agreement certifying or declaring, as the case may be, that the goods fulfil the country of origin criteria and other requirements specified in the said agreement

- Amendment in relation to Manufacture and other operations in relation to goods in a warehouse
    - The Central Government is being empowered to specify certain manufacturing and other operations in relation to a class of goods that shall not be permitted in a warehouse.

- Amendment for the purposes of facilitation of trade
    - Provisions of the Customs Act is being amended by substituting the expression "a class of importers or exporters" with "a class of importers or exporters or any other persons" for the purpose of facilitating trade.

Miscellaneous Legislative Changes

- Currently, articles of foreign origin can be imported into India for repairs subject to their re-exportation within six months extendable to 1 year. The duration for export in the case of aircraft and vessels imported for maintenance, repair and overhauling has been increased from 6 months to 1 year, further extendable by 1 year.
- The time-period of duty-free re-import of goods (other than those under export promotion schemes) exported out from India under warranty has been increased from 3 years to 5 years, further extendable by 2 years.
- Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect from July 01, 2017 on imports in SEZ by SEZ units or developers for authorized operations.

Changes In The Customs Tariff

- CTA amended to modify the tariff entries w.e.f July 24, 2024;
- The duty rates (BCD and AIDC) on precious metals have been reduced;
- Certain specified capital goods have been added to the list of exempted goods for use in manufacture of solar cells and modules;
- Certain specified goods added in the exemption entry (S. No 404 of Notification no 50/2017-customs) for use in petroleum exploration operations

- Comprehensive review undertaken in respect of conditional exemptions/concessional rates;
  - 30 exemptions/ concessional rates are being extended upto March 31, 2029;
  - 126 exemptions/ concessional rates are being continued upto March 31, 2026;
  - 28 exemptions/ concessional rates are being lapsed on their end dates of September 30, 2024;
- BCD on cellular mobile phones (including PCBA) reduced from 20 per cent to 15 per cent;
- BCD increased from 10% to 15% on PCBA of specified telecom equipment;
- GST compensation cess exempted w.e.f. July 1, 2017 on imports in SEZ by SEZ units or developers for authorized operations;
- Anomaly of applicability of health cess on import of specified inputs, capital goods, packaging materials and consumables etc. by EOU has been resolved, thereby extending the exemption of health cess on import of such goods.
- The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 have been amended to insert a provision for 'New Shipper Review'. This will be effective from 24 July 2024.

Key Changes In BCD Rate

- Tariff rate changes for BCD to be effective from July 24, 2024, unless otherwise specified:

S. No.	Tariff Item	Commodity	Rate of Duty	
			From	To
		Plastics		
1.	3920, 3921	Poly vinyl chloride (PVC) flex films (also known as PVC flex banners or PVC flex sheets) {The currently applicable BCD on all other goods falling under heading 3920 and 3921 shall be maintained by suitable amendment in the relevant notification(s)}	10%	25%
		Consumer goods		
1.	6601 10 00	Garden umbrellas	20%	20% or INR 60 per piece, whichever is higher
		Chemicals		
1.	9802 00 00	Laboratory chemicals	10%	150%
		Steel Sector		
1.	7202 60 00	Ferro Nickel	2.5%	Nil
2.	7204	Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.03.2026)
3.	7225	Certain specified raw materials for manufacture of CRGO steel	Nil (till 30.09.2024)	Nil (till 31.03.2026

S. No.	Tariff Item	Commodity	Rate of Duty	
			From	To
		Copper		
1.	7402 00 10	Blister Copper	5%	Nil
		Chemicals and Plastics		
1.	3102 30 00	Ammonium Nitrate, whether or not in aqueous solution	7.5%	10%
2.	3920 (other than 3920 99 99) or 3921	All goods other than Poly vinyl chloride (PVC) flex films/flex Banner	25% (with effect from 24.07.2024)	10%
3.	3920 99 99	All goods other than Poly vinyl chloride (PVC) flex films/flex Banner	25% (with effect from 24.07.2024)	15%
		Textile and Leather Sector		
1.	2929 10 90	Methylene Diphenyl Di-isocyanate (MDI) for use in the manufacture of Spandex Yarn	7.5%	5% *Subject to IGCR conditions*
2.	41	Wet white, Crust and Finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products, for export	10%	Nil
3.	38,48 or any Other Chapter	Certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export	As applicable	Nil *Items under Sl. No. 257B and 257C of Notification 50/2017-Customs, dated 30.06.2017*
		Cancer Drugs		
1.	30	(i) Trastuzumab Deruxtecan, (ii) Osimertinib, (iii) Durvalumab	10%	Nil
		Precious Metals		
1.	7108	Gold bar	15%	6%
2.	7108	Gold dore	14.35%	5.35%
3.	7106	Silver bar	15%	6%
4.	7106	Silver dore	14.35%	5.35%
5.	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4%	6.4%

S. No.	Tariff Item	Commodity	Rate of Duty	
			From	To
		Precious Metals		
6.	7118	Coins of precious metals	15%	6%
7.	7113	Gold/Silver findings	15%	6%
8.	71	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.5%	5%
9.	84	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5%	5%
		Medical Equipment		
1.	39	All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10	As applicable	Nil
2.	39, 72, 81	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and All types of polyethylene for use in manufacture of other artificial parts of the body falling under sub- heading 9021 31 or 9021 39	As applicable	Nil
3.	9022 30 00	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till31st March 2025) 7.5% (w.e.f 1st April, 2025 to 31st March, 2026) 10% (w.e.f 1st April, 2026)
4.	9022 90 90	Flat panel detectors (including scintillators) for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% till 31st March 2025) 7.5% (w.e.f 1st April, 2025 to 31st March, 2026) 10% (w.e.f 1st April, 2026)

S. No.	Tariff Item	Commodity	Rate of Duty	
			From	To
		IT and Electronics Sector		
1.	8517 13 00, 8517 14 00	Cellular mobile phone	20%	15%
2.	8504 40	Charger/Adapter of cellular mobile Phone	20%	15%
3.	8517 79 10	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20%	15%
4.	28, 29, 38	Specified parts for use in manufacture of connectors	5%/7.5%	Nil
5.	74	Oxygen Free Copper for use in manufacture of Resistors	5%	Nil
6.	40	Specified die-cutparts for use in manufacture ofcellular mobile phones	As applicable	Nil
7.	40, 70, 76	Specified mechanics for use in manufacture of cellular mobile phones	As applicable	Nil
8.	8517 79 10	Printed Circuit Board Assembly (PCBA) of specified telecom equipment	10%	15%
		Renewable Energy Sector		
1.	84, 85, or any other chapter	Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.5%	Nil
2.	7007	Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 1.10.2024)
3.	74	Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5% (w.e.f 1.10.2024)
		Shipping		
1.	Any Chapter	Components and consumables for use in manufacture of specified vessels	As applicable	Nil
2.	Any Chapter	Technical documentation and spare parts for construction of warships	As applicable	Nil
		Capital goods		
1.	Any Chapter	Goods under S. No. 404 of Notification No. 50/2017 Customs, used for petroleum exploration operations	As applicable	Nil

- Exemption of SWS on specified critical minerals from July 24, 2024;
- Details of exemption entries covered under Notification No 50/2017-cus dated June 30, 2017 being extended for a further period upto March 31, 2029/ March 31, 2026 and exemption entries being lapsed on September 30, 2024:

S. No	S.No (of Notification No 50/2017-cus)	Commodity
Extended for further period upto March 31, 2029		
1.	212A	Medicines/drugs/vaccines supplied free by United Nations International Children's Emergency Fund (UNICEF), Red Cross etc
2.	213	Drugs and materials
3.	428	Specified goods imported by accredited press cameraman
4.	429	Specified goods, imported by accredited journalist
5.	607	Life Saving drugs like Keytruda etc
6.	607A	Lifesaving drugs/medicines for personal use
7.	611	Archaeological artefacts for exhibition in a museum
8.	612	Specified raw material for sports goods
9.	577	Lifesaving medical equipment for personal use
10.	549	Capital goods, raw materials and spares for repairs of ocean-going vessels
11.	550	Spare parts and consumables for repairs of ocean going vessels registered in India.
Extended for further period upto March 31, 2026		
1.	17	Planting materials including seeds, plants, oil seeds etc.
2.	90	Lactose for manufacture of homeopathic medicines
3.	104	Specified goods used in processing of sea-food
4.	133	Gold ores and concentrates
5.	139	Bunker Fuels namely: (i). IFO 180 CST; (ii). IFO 380 CST; (iii).VLSFO (CTH27)
6.	155	Liquefied petroleum gases (LPG) received from unit in SEZ and returned by the DTA unit to the SEZ unit
7.	164	Electrical energy supplied from SEZ unit to DTA
8.	165	Electrical energy supplied from SEZ to DTA
9.	172	Specified goods used in manufacture of silicon wafers or solar wafers, or manufacture of solar cell or module
10.	183	Medical use fission Molybdenum-99 (Mo-99) for use in manufacture of radio pharmaceuticals
11.	184	Pharmaceutical Reference Standard
12.	188	Goods for manufacture of ELISA Kits
13.	191	Maltol for manufacture of deferiprone

S. No	S.No (of Notification No 50/2017-cus)	Commodity
Extended for further period upto March 31, 2026		
14.	204	Anthraquinone or 2-Ethyl Anthraquinone for use in manufacture of Hydrogen peroxide
15.	253	Specified Goods for manufacture of Brushless Direct Current (BLDC) motors
16.	257	Tags, labels, stickers, belts, buttons, hangers or printed bags, imported by bonafide exporters
17.	257A	Specified goods used in manufacture of handicraft items for export when imported by bonafide exporter
18.	258	Security fibre, threads, Paper based Taggant,M-feature for use in manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore.
19.	259	Raw materials for manufacture of security fibre and security thread for supply to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt. Ltd, Mysore for use in manufacture of security paper
20.	261	Raw material for manufacture of Copper-T Contraceptive (i) Alatheon (ii) Copper Wire
21.	265	Capacitor grades polypropylene granules for manufacture of Capacitor grade plastic
22.	269	Super absorbent polymer for manufacture of adult diapers and specified goods
23.	271	Polytetrametylene ether glycol, (PT MEG) for use in manufacture of spandex yarn
24.	276	Ethylene-propylene-non-conjugated diene rubber(EPDM) for manufacture of insulated wire and cables
25.	279	New or retreated Pneumatic tyres of rubber for use in servicing, repair of maintenance of aircrafts used for operating scheduled air transport service or scheduled air cargo service etc
26.	280	New or retreated Pneumatic tyres of rubber for use in servicing, repair or maintenance of aircraft imported or procured by Aero Club of India/ for flying training purpose/ operating non-scheduled (passenger or charter) services/ AAI for flight calibration purpose
27.	290	Wood pulp for manufacture of newsprint, paper or paperboard
28.	292	Goods imported for manufacture of paper, paper boars, newsprint
29.	293A	Newsprint and uncoated paper imported for printing of newsprint
30.	296A	Lightweight coated paper imported by actual users for printing of magazines
31.	326	Hydrophilic /Hydrophobic Non- Woven, imported for use in the manufacture of Adult Diapers
32.	329	Pile fabrics for the manufacture of toys
33.	333	Moulds, tools and dies, for the manufacture of parts of electronic components or electronic equipment
34.	334	(i) Graphite Felt or Graphite pack for growing silicon ingots
35.	345A	Simply Sawn Diamonds

S. No	S.No (of Notification No 50/2017-cus)	Commodity
36.	364A	Spent catalyst or ash containing precious metals
37.	368	Ferrous Scrap
38.	378	Metal parts for manufacture of electrical insulators falling under heading 8546
39.	379	Pipes and tubes for use in manufacture of boilers
40.	380	Forged steel rings for manufacture of special bearings for use in wind operated electricity generators
41.	381	Flat copper wire for use in the manufacture of photo voltaic ribbon for manufacture of solar photovoltaic cell or modules
42.	392	Dies for drawing metal, where imported after repairs from abroad
43.	403	Parts and raw materials for offshore oil exploration
44.	415	Parts for manufacture of catalytic convertors
45.	415A	Platinum or Palladium for manufacture of Noble Metal Compounds & Noble Metal Solutions
46.	416	Ceria zirconia compounds for use in the manufacture of washcoat for catalytic converters
47.	417	Cerium compounds for use in the manufacture of washcoat for catalytic converters
48.	418	Zeolite for for use in the manufacture of washcoat for catalytic converters
49.	422	Machinery, electrical equipment for use in semiconductor wafer and LCD
50.	423	Machinery, electrical equipment for use in marking and packaging of semiconductor chips
51.	426	Specified goods for the manufacture of semiconductor devices, memory card, IC, solar cell
52.	435	Capital goods for printing industry
53.	442	Bushings made of Platinum and Rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India
54.	446	Parts and components for manufacture of tunnel boring machines
55.	451	Evacuated tubes with three layers of solar selective coating for use in manufacture of solar water heater
56.	462	Ball screws for use in the manufacture of CNC Lathes
57.	463	Linear Motion Guides for use in the manufacture of CNC Lathes
58.	464	CNC Systems for use in the manufacture of CNC Lathes
59.	464A	Goods for manufacture of plastic processing machineries
60.	467	Parts and components of cash dispenser or automatic bank note dispenser
61.	471	All parts for use in the manufacture of LED lights
62.	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights
63.	476	Television equipment, cameras etc for taking films, imported by a foreign film unit or television team

S. No	S.No (of Notification No 50/2017-cus)	Commodity
64.	477	Filming equipment of foreign origin if imported into India after having been exported therefrom.
65.	480	Goods imported for being tested in specified test centers
66.	489B	Goods for manufacturing of Microphones
67.	504	Parts and Components of Digital Still Image Video Cameras
68.	509	Parts, components and accessories for manufacture of Digital Video Recorder
69.	510	Parts, components and accessories for use in manufacture of reception apparatus for television
70.	511	Parts, components and accessories for manufacture of CCTV Camera
71.	512	Specified Parts, components and for use in manufacture of Lithium-ion battery and battery pack
72.	512A	Inputs, parts or sub-parts for use in the manufacturing of Printed Circuit Board Assembly
73.	515A	Open Cell for manufacture of TV Panel
74.	516	The following goods for use in the manufacture of Liquid Crystal Display (LCD)/LED TV Panel
75.	517	Magnetrons for manufacture of domestic microwave ovens
76.	519	Raw materials or parts for use in manufacture of e-Readers
77.	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium ion cells
78.	527	Lithium ion cell use in manufacture of battery or battery pack
79.	527A	Lithium Ion Cell for use in manufacture of battery or battery pack of cellular mobile
80.	527B	Lithium Ion Cell manufacture of battery or battery pack of EV
81.	534	Parts of gliders or simulators of aircrafts (excluding rubber tyres and tubes of gliders)
82.	535	Raw materials for manufacture of aircraft and parts of aircraft
83.	535A	Parts of aircraft for manufacture of aircraft or for manufacture of parts of aircraft by PSU under Min of Defence
84.	536	Parts, testing equipment, tools and tool-kits for maintenance, repair, and overhauling of aircraft, components or parts of aircrafts
85.	537	All goods of Heading 8802 (except 88026000-spacecraft)
86.	538	Components or parts, including engines, of aircraft of heading 8802
87.	539	(a) Satellites and payloads; (b) Ground equipment brought for testing of (a)
88.	539A	Scientific and technical instruments etc for launch vehicles and satellites
89.	540	Specified goods imported by scheduled air transporter
90.	542	Specified goods imported by Aero Club, Flying Training Institutes
91.	543	Specified goods imported by non-scheduled air transporter
92.	544	Parts (other than rubber tubes), of aircraft of heading 8802
93.	546	Parts (other than rubber tubes), of aircraft of heading 8802
94.	548	Barges or pontoons imported along with ships

S. No	S.No (of Notification No 50/2017-cus)	Commodity
95.	551	Cruise ships, Excursion ships
96.	553	Fishing vessels, Tugs and Pusher crafts, light vessels excluding vessels and floating structure imported for break up
97.	555	Vessels like warships, lifeboats excluding vessels and floating structure imported for break up
98.	567	Stainless steel tube and wire, for manufacture of Coronary stents /artificial valve
99.	569	Parts required for manufacture of Ostomy products
100.	570	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
101.	575	Specified Hospital Equipment for use in specified hospitals
102.	578A	Raw materials, for the manufacture of Cochlear Implants
103.	580	X-Ray Baggage Inspection Systems and parts thereof
104.	581	Portable X-ray machine / system
105.	583	Parts and cases of braille watches, for the manufacture of Braille watches
106.	591	Parts of electronic toys
107.	593	Parts of video games for the manufacture of video games
108.	150	Naphtha for manufacture of Fertilisers (*scope of exemption is being reduced only to Naphtha*)
109.	468	Parts for manufacture of Micro ATM, Fingerprint reader/scanner, Iris scanner, Miniaturised POS (*Scope of exemption is being limited to import of raw materials only)*
110.	237	Specified material for manufacture of EVA (Ethylene Vinyl Acetate) sheets or backsheet, which are used in the manufacture of solar photovoltaic cells or modules *(Scope of materials which can be imported is being increased*)
111.	260	Goods for the manufacture of specified orthopedic implants (902110)
112.	374	Magnesium Oxide (MgO) coated cold rolled steel coils for use in manufacture of cold rolled grain oriented (CRGO) steel
113.	375	Specified items for manufacture of cold rolled grain oriented steel (CRGO) steel
114.	257B	Specified goods used in manufacture of textile or leather garments for export when imported by bonafide exporter
115.	257C	Specified goods used in manufacture of leather or synthetic footwear or other leather products for export when imported by bonafide exporter
116.	404	Specified items including capital goods and raw materials for off shore oil exploration
117.	80A	Algal oil for manufacture of aquatic food
Exemptions Lapsing on September 30, 2024		
1.	478	Wireless apparatus, accessories and parts as specified in List 29 imported by a licensed amateur radio operator
2.	353	Foreign currency coins when imported into India by a Scheduled Bank
3.	387	Zinc metal recovered by toll smelting or toll processing from zinc concentrates exported from India for such processes

S. No	S.No (of Notification No 50/2017-cus)	Commodity
Exemptions Lapsing on September 30, 2024		
4.	441	Spinnerettes made inter alia of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn-out or damaged spinnerettes exported out of India
5.	238	Organic/inorganic Coating material for manufacture of electrical steel
6.	254	Catalyst for manufacture of cast components of Wind Operated Electricity Generator
7.	255	Resin for manufacture of cast components of Wind Operated Electricity Generator
8.	277A	Calendared plastic sheet for manufacturing of Smart Card under chapter heading 8523
9.	339	Concessional rate on import of Toughened glass with low iron content and transmissivity of minimum 91% and above, for use in manufacture of solar thermal collectors or heaters
10.	421	Specified goods required for basic telephone service, cellular mobile telephone service, internet service or closed users' group 64 KBPS domestic data network via INSAT satellite system service and parts, for manufacture of the goods
11.	479	Mono or Bi polar Membrane electrolysers and parts thereof including secondary brine purification components, jumper switches, filtering elements for hydrogen filters for caustic soda or potash units; Membrane and parts thereof or other parts for caustic soda or potash units;
12.	475	Specified goods including scramblers, descramblers, encoders, decoders, jammers, network firewalls, network sniffers, scanners and monitoring systems, probes for data monitoring and SMS/MMS monitoring systems
13.	482	Newspaper page transmission and reception facsimile system or equipment; and Telephoto transmission and reception system or equipment
14.	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles.
15.	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
16.	579	Survey (DGPS) instruments, 3D modeling software for ore body simulation cum mine planning and exploration (geophysics and geochemistry) equipment required for surveying and prospecting of minerals
17.	419	Aluminium Oxide for manufacture of washcoat of catalytic converter
18.	420	Clay 2 powder for use in ceramic substrate for catalytic convertor
19.	340	Solar tempered glass or solar tempered (anti-reflective coated) glass for use in manufacture of solar cells/panels/modules
20.	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope[heading 9018]
21.	566	Specific input goods for manufacture of syringes, needles, catheters and cannulae
22.	568	Parts and components for manufacture of blood pressure monitors and blood glucose monitoring system (Glucometers)

- Details of exemption entries/ notifications (other than those under Notification No 50/2017-cus dated June 30, 2017) being extended for a further period upto March 31, 2029/ March 31, 2026 and exemption entries being lapsed on September 30, 2024:

S. No	S.No (of Notification No 50/2017-cus)	Commodity
Extended for further period upto March 31, 2029		
1.	16/1965-Customs Dated 23 January 1965	Exemption to goods exported to foreign countries for display in show-rooms of Govt of India
2.	80/1970-Customs 29 August 1970	Goods supplied freely under warranty as replacement for defective ones in lieu of earlier imported goods.
3.	207/89-Customs dated 17 July 1989	Foodstuffs and provisions (excluding fruit products, tobacco, alcohol) by foreigners
4.	147/94-Customs dated 13 July 1994	Firearms and ammunition when imported for use by a renowned shooter
5.	148/94-Customs dated 13 July 1994	Specified gifts; goods gifted free under a bilateral agreement; goods imported by Indian Red Cross Society, goods for the purposes of relief and rehabilitation
6.	152/94-Customs dated 13 July 1994	Appliance/aids for blind/handicapped imported by institution for blind & deaf; and other specified teaching aids imported by Govt Universities
7.	153/94-Customs dated 13 July 1994	Articles for foreign origin imported for repair and return, theatrical equipment and costumes, mountaineering expedition equipment, photographic, filming recording etc
8.	134/94-Customs dated 22 June 1994	Specified capital goods, and other ancillary items imported for repairs
9.	39/96-Customs dated 23 July 1996	Specified imports relating to Defence, internal security forces and Air Force.
10.	50/96-Customs dated 23 July 1996	Specified equipment, instruments, raw materials, components, pilot plant and computer software when imported for publicly funded R & D projects
11.	51/96-Customs dated 23 July 1996	Scientific and technical instruments, apparatus, equipment, accessories etc when imported by publicly funded research institution,
12.	25/1998-Customs dated 2 June 1998	Capital goods/machinery/measuring instruments for manufacture of semiconductor wafers.
13.	23/2016-Customs dated 1 March 2016	Parts of aircraft when imported into India under the Standard Exchange Scheme
14.	32/2017-Customs dated 30 June 2017	Imports of artwork and antique books
15.	37/2017-Customs dated 30 June 2017	Imports in relation to defense and international security forces including medals, decorations, personal effects of Defense Personnel, bonafide gifts from foreign donors, stores and goods for trials, demonstration
16.	16/2017-Customs dated 20 April, 2017	Specified medicines from whole of the duty of customs, when imported for supply under Specified Patient Assistance Programme
17.	25/1999-Customs dated 28 February 1999	Capital goods/machinery used by the IT/Electronics industry, subject to actual user condition
18.	25/2002-Customs dated 1 March 2002	Specified raw materials, inputs and parts for use in manufacture of specified electronic items
19.	35/2017-Customs dated 30th June 2017	Aviation Turbine Fuel in the tanks of the aircrafts of an Indian Airline or of the Indian Air Force

S. No	S.No (of Notification No 50/2017-cus)	Commodity
Extended for further period upto March 31, 2026		
1.	30/2017 Customs dated 30 June 2017	Exemption to motion picture, music, gaming software for use in gaming console printed or recorded on media
2.	05/2017-Customs dated 2 February 2017	Exemption to machinery, components for setting up fuel cell based on waste to energy
3.	113/2003-Customs dated 22 July 2003	Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by unit in SEZ and brought to DTA
4.	81/2005-Customs dated 8 September 2005	Exemption to machinery/components for initial setting up of non-conventional power generation plants
5.	26/2011-Customs dated 1 March 2011	Exemption to work of art, antiques in museum or art gallery
6.	248/1976-Customs dated 2 August 1976	Exemption to precious stones imported by posts on 'approval or return' basis
7.	24/2001-Customs dated 1st March 2001	Exemption to copper cathodes, wire bars and wire rods produced out of copper reverts
8.	25/2001-Customs dated 1st March 2001	Exemption on gold and silver produced out of copper anode slime which were exported out of India for toll smelting and processing
9.	32/1997-Customs dated 1st April 1997	Exemption to goods imported for execution of an export order for jobbing
Exemptions lapsing on September 30, 2024		
1.	97/99-Customs dated 21 July 1999	Exempts BCD and additional duty under Sections 3(1), 3(3) and 3(5) on standard gold bars imported by a RBI authorized bank
2.	30/2004-Customs dated 28 January 2004	Provides full exemption from BCD to second-hand computers/accessories and peripherals received as donation by schools, charitable institutions.
3.	102/2007-Customs dated 14 September 2017	Provides exemption from Special Additional Duty (SAD) levied vide section 3(5) of CTA on to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importer.
4.	45/2005-Customs dated 16 May 2005	Provides exemption from Special Additional Duty levied under Section 3(5) of CTA on goods cleared from SEZ to DTA.
5.	151/94-Customs dated 13 July 1994	Provides exemption to imports of duty-paid fuel and lubricating oil on aircrafts taken during the outward flight; goods imports by United Arab Airlines; aircraft engines, spares imported by Indian Airlines and Air India International. *Re-import entries will operate from re-import notification 45/2017-Cus*
6.	26-Customs dated 19 February 1962	Provides exemption from import duty under the Sea Customs Act on catering cabin equipment, food and drink on re-importation by aircrafts of the Indian Airlines Corporation from foreign flights

- Changes to aidc (with changes to the effective rate of custom duty) to be effective from july 24, 2024
  - Tariff rate changes for AIDC to be effective from July 24, 2024, unless otherwise specified:

AIDC rate changes (with changes to the effective rate of Customs Duty)			Rate	
S. No.	**Chapter, Heading, sub-heading, tariff item**	**Commodity**	**From**	**To**
1.	7108	Gold bar	5%	1%
2.	7108	Gold dore	4.35%	0.35%
3.	7106	Silver bar	5%	1%
4.	7106	Silver dore	4.35%	0.35%
5.	7110	Platinum, Palladium, Osmium, Rutheni, Iridium	5.4%	1.4%
6.	7118	Coins of precious metals	5%	1%
7.	7113	Gold/Silver findings	5%	1%

Excise Duty

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

Goods and Service Tax

Legislative Changes In Goods And Services Tax

- Provisions inserted to empower the Government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade. Similar power proposed in IGST Act, UTGST Act and GST (Compensation to States) Act;
- Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption is proposed to be excluded from purview of GST;
- An amendment has been made to provide that Time of Supply of services under Reverse Charge Mechanism is the date of issue of invoice by the recipient, in cases where the invoice is required to be issued by the recipient. Corresponding amendments made in invoicing provisions;
- ITC on invoices/ debit notes pertaining to FY 2017-18 to FY 2020-21 availed in periodic GST returns filed until 30 November 2021 proposed to be allowed;
- ITC can be claimed for invoices or debit notes in returns filed between the cancellation and revocation of registration, within thirty days of the revocation order, as long as the credit claim period had not expired. These changes are effective from July 1, 2017, and no refund will be given if tax has been paid or credit reversed;
- ITC allowed to be taken in cases of detention and confiscation of goods. However ITC continues to be blocked in respect of tax discharged on account of fraud or suppression of facts for demands up to FY 23-24;
- Every registered person required to deduct TDS is required to file TDS return even if no deductions are made in a calendar month;
- Refund of unutilised input tax credit or integrated tax shall not be allowed in cases of zero- rated supply of goods where such goods are subjected to export duty;
- Appearance by an authorised representative on behalf of the summoned person allowed before the proper officer in compliance of summons issued by the such officer;
- Section 73 pertaining to cases of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised for any reason other than fraud or any wilful misstatement or suppression of facts and Section 74 pertaining to cases of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts shall be applicable only fir determination of tax pertaining to the period upto FY 2023-24;
- Section 74A is being introduced to address cases of tax not paid, short paid, erroneously refunded, or wrongly availed or utilized input tax credit, regardless of whether fraud, wilful misstatement, or suppression of facts is involved starting from the Financial Year 2024-25. Key highlights of section are as follows:
  - Notices for unpaid or wrongly claimed tax or credit must be issued within 3.5 years or 42 months from the due date of filing annual return or erroneous refund. No Notice for amounts under INR 1,000 will be issued;
  - Tax, Interest & Penalty provisions in case of Non-fraud cases:
    - Pre-Notice Payment: Before receiving a notice, the taxpayer can pay the tax and interest, informing the proper officer, who would then not issue a notice or penalty;
    - Post-Notice Payment: If paid within 60 days of a show cause notice, the taxpayer will face no penalty and the case will be closed;
  - Tax, Interest & Penalty provisions in case of Fraud cases:
    - Pre-Notice Payment: For fraud or evasion, pay the tax, interest and a 15% penalty before receiving a notice to avoid further action;

- Post-Notice Payment: Pay the tax, interest and a 25% penalty within 60 days of the notice to close the case;
- Post-Order Payment: Pay the tax, interest and a 50% penalty within 60 days of the order to conclude the case;

  - Penalties will be as follows:
    - 10% of the tax due or INR 10,000, whichever is higher, for non-fraud cases;
    - Full tax due for fraud;
    - Order has to be issued by the proper officer within 12 months from the date of issue of notice;

- A penalty provision is being added to allow for the redetermination of penalties initially demanded for tax issues if fraud, willful misstatement, or suppression of facts are not proven. In such cases, penalty will be equivalent to 10 percent of tax due or INR 10,000 whichever is higher;
- Maximum amount pre-deposit for filing an appeal before the Appellate Tribunal is revised to INR 20 crores each under the head central tax/state tax and 40 crores under IGST. Amendment made to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal;
- Time period of 3 months for filing appeals to GSTAT to start from a date to be notified;
- General penal provisions regarding electronic commerce operators is being amended to apply only to those e-commerce operators who are required to collect tax at source. This amendment is effective retrospectively from October 1, 2023, when the provision initially came into effect;
- A new section is being added to the CGST Act to allow for a conditional waiver of interest and penalties on demand notices issued for cases other than fraud or any wilful-misstatement or suppression of facts for the financial years 2017-18, 2018-19, and 2019-20, excluding those related to erroneous refunds. If interest and penalties have already been paid for these years, no refund will be granted;
- Transitional credit of eligible CENVAT credit on account of input services received by an ISD prior to 1 July 2017 can be availed, for which invoices were also received prior to the appointed date. The above amendment is made effective from 1st day of July, 2017;
- Government to notify the date from which the Authority will not accept any application for anti-profiteering cases;
- Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements shall be treated as neither supply of goods nor supply of services in terms of Schedule III of the CGST Act, if lead insurer pays the tax liability on the entire amount of premium paid by the insured;
- Services by the insurer to the re-insurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, if tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer;
- No refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed, in case GSTAT had been in place;

Particulars	Date From Which Changes Will Be Effective
GST Legislative Changes	Amendments to come into effect from the date when the same will be notified, concurrently with the corresponding amendments to the similar Acts passed by the Centre, States and Union territories with Legislature, unless otherwise specified
Other Legislative Changes	Date of enactment of the Finance (No.2) Bill, 2024
New rates of Customs Duty	July 24, 2024 unless otherwise specified

Regulatory
Proposals

Regulatory Proposals

Budget Theme

Particular focus on following areas:

- Employment,
- Skilling,
- MSMEs, and
- Middle class

Budget Priorities

Detailed roadmap for pursuit of 'Viksit Bharat' which was initially laid down during the interim budget. This being the current Government's first full budget presentation, the following nine priority areas have been set-out which would provide a medium-term roadmap:

1. Productivity and resilience in Agriculture,
2. Employment and skilling,
3. Inclusive Human Resource Development and social justice,
4. Manufacturing & services,
5. Urban development,
6. Energy security,
7. Infrastructure,
8. Innovation, Research & Development,
9. Next generation reforms

Priority 1: Productivity And Resilience In Agriculture

Focus on improving productivity while fortifying resilience of Indian Agriculture sector is identifying a key structural impediment for the Indian economy. To truly unshackle India's growth potential, India's agriculture sector, which contributes around 15%[1] of total output while employing almost half of India's labour force, must increase its productivity. The following steps have been earmarked by the Hon'ble FM, in this regard:

- **Transforming agriculture research**

  A comprehensive review of the agriculture research setup will be undertaken by the government to bring the focus on raising productivity and developing climate resilient varieties. Funding will be provided in challenge mode, including to the private sector.

- **Release of new varieties**

  New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.

- **Natural farming**

  One crore farmers across the country will be initiated into natural farming supported by certification and branding in next 2 years. Implementation will be through scientific institutions and willing gram panchayats. Further, ten thousand need-based bio-input resource centres will be established.

- **Missions for pulses and oilseeds**

  Strategy will be put in place by the Government to achieve 'atmanirbharta' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower. For achieving self-sufficiency in pulses and oilseeds, the Government will strengthen their production, storage and marketing.

- **Vegetable production & Supply Chains**

  Large scale clusters for vegetable production to be developed closer to major consumption

1https://www.cia.gov/the-world-factbook/countries/india/#economy

centres. The Government will promote Farmer-Producer Organizations, cooperatives and start-ups for vegetable supply chains for collection, storage and marketing.

- **Digital Public Infrastructure for Agriculture**

  The Government will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years. Digital crop survey for Kharif using the DPI will be taken up in 400 districts. The details of 6 crore farmers and their lands will be brought into the farmer and land registries. In addition, the issuance of Jan Samarth based Kisan Credit Cards will be enabled in 5 states.

- **Shrimp Production & Export**

  Financial support will be provided by the Government for setting up a network of Nucleus Breeding Centres for Shrimp Broodstocks. Further, financing for shrimp farming, processing and export be facilitated through NABARD.

- **National Cooperation Policy**

  National Cooperation Policy will be brought out by the Government for systematic, orderly and all-round development of the cooperative sector. Fast-tracking growth of rural economy and generation of employment opportunities on a large scale will be its policy goal. Further, the Government has made a provision of INR 1.52 lakh crore for agriculture and allied sector.

Priority 2: Employment And Skilling

If India has to truly unlock her 'demographic dividend', then it is imperative that her youth is skilled and employable to contribute productively. In this regard, the following measures have been identified under the Union Budget 2024-25:

- **Employment Linked Incentive**

  The Government will engage in implementation of three schemes for 'Employment Linked Incentive' based on enrolment in the EPFO with focus on recognition of first-time employees and support to both employers and employees.

- **Participation of women in the workforce**

  The Government will be setting up working women hostels in collaboration with industry and also establish creches to facilitate higher participation of women in workforce. Also, women-specific skilling programmes will be organized along with promotion of market access for women SHG enterprises.

- **Skilling programme**

  The Government will introduce a new centrally sponsored scheme to skill around 20 lakh youth over a period of next 5 years. Further, 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements. The course content along with design will be aligned to the skill needs of industries and new courses will be introduced as per emerging needs.

- **Skilling Loans**

  The Model Skill Loan Scheme will be revised to facilitate loans up to INR 7.5 lakh with a guarantee from a government promoted fund.

- **Education Loans:**

  Financial support for loans up to Rs 10 lakh will be given to students for higher education in domestic institutions. In addition, e-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3% of the loan amount.

Priority 3: Inclusive Human Resource Development And Social Justice

Growth without equity and social justice would not help India achieve her ideal of being a welfare state. India's Gini Index (a measure of inequality) stood at 82.5 during 2022. In order to arrest this trend and to achieve equitable growth, the Hon'ble FM proposes the following:

- **Saturation approach**

  The saturation approach of covering all eligible people will be adopted through various programmes for achieving social justice comprehensively. Implementation of schemes meant for supporting economic activities by craftsmen, artisans, self-help groups, scheduled caste, schedule tribe and women entrepreneurs, and street vendors, such as PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India will be stepped up.

- **Purvodaya:**

  The Government will formulate a plan, Purvodaya, for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh.

- The Government will support development of road connectivity projects, namely (1) Patna-Purnea Expressway, (2) Buxar-Bhagalpur Expressway, (3) Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and (4) additional 2-lane bridge over river Ganga at Buxar at a total cost of INR 26,000 crore.

- Power projects, including setting up of a new 2400 MW power plant at Pirpainti, will be taken up at a cost of INR 21,400 crore. Also, new airports, medical colleges and sports infrastructure will be constructed in Bihar. The requests of Bihar Government for external assistance from multilateral development banks will be expedited.

- **Andhra Pradesh Reorganization Act:**

  he Government will facilitate special financial support through multilateral development agencies. In the current financial year, INR 15,000 crore will be arranged, with additional amounts in future years.

- **PM Awas Yojna:**

  The Government has announced three crore additional houses under the PM Awas Yojana in rural and urban areas in the country.

- **Women-led development:**

  An allocation of more than INR 3 lakh crore for schemes benefitting women and girls has been included in the budget for promoting women-led development.

- **Pradhan Mantri Janjatiya Unnat Gram Abhiyan:**

  This Abhiyan will be launched by the Government for improving the socio-economic condition of tribal communities. This will cover 63,000 villages benefitting 5 crore tribal people.

- **Bank branches in North-Eastern Region:**

  The Government plans to set up more than 100 branches of India Post Payment Bank to be set up in the North-East region for expanding the banking services. Provision of INR 2.66 lakh crore for rural development including rural infrastructure has been made by the Government.

Priority 4: Manufacturing & Services

These two sectors of the Economy have done the heavy lifting for the past 3 decades and would continue to spearhead India's growth going forward. While services sector will pull ahead with high productivity, the manufacturing sector has the capacity to absorb large swaths of farm labour moving to non-farm activities as farming productivity increases. In this regard, the Hon'ble FM has proposed the following measure:

- **Support for promotion of MSMEs:**

  Special attention is being given to MSMEs and manufacturing, particularly labor-intensive manufacturing. The Government has formulated a package covering financing, regulatory changes and technology support for MSMEs to help them grow and also compete globally.

- **Credit Guarantee Scheme for MSMEs in the Manufacturing Sector:**

  A credit guarantee scheme will be introduced by the Government for facilitating term loans

to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee. A separately constituted self-financing guarantee fund will provide guarantee cover up to INR 100 crore to each applicant, while the loan amount may be larger.

- **New assessment model for MSME credit**

  Public sector banks will be required to build their in-house capability to assess MSMEs for credit, instead of relying on external assessment. Lead should also be taken by these banks in developing or getting developed a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy.

- **Credit Support to MSMEs during Stress Period**

  The Government has announced a new mechanism for facilitating continuation of bank credit to MSMEs during their stress period. Credit availability during Stress period will be supported to MSMEs through a guarantee from a government promoted fund.

- **Mudra loans**

  The limit of Mudra loans will be enhanced from INR 10 lakh to INR 20 lakh for entrepreneurs who have successfully repaid their previous loans under the 'Tarun' category.

- **Enhanced scope for mandatory onboarding in TReDS**

  The turnover threshold of buyers for mandatory onboarding on the TReDS (Trade Receivables Discounting System) platform will be reduced from INR 500 crore to INR 250 crore to unlock their working capital by converting their trade receivables into cash.

- **SIDBI branches in MSME clusters**

  SIDBI will open new branches to expand its reach to serve all major MSME clusters within 3 years and provide direct credit to them. The service coverage will expand to 168 out of 242 major clusters with the opening of 24 such branches this year.

- **MSME Units for Food Irradiation, Quality & Safety Testing:**

  Financial support will be provided by the Government for setting up of 50 multi-product food irradiation units in the MSME. Further, setting up of 100 food quality and safety testing labs with NABL accreditation will be facilitated.

- **E-Commerce Export Hubs:**

  E-Commerce Export Hubs to be set up under seamless regulatory and logistic framework in public-private-partnership (PPP) mode to facilitate trade and export related services under one roof.

- **Measures for promotion of manufacturing & services:**

  - **Internship in Top Companies**: The Government will launch a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years at an allowance of INR 5000 per month along with a one-time assistance of INR 6,000. In this regard, the Companies will be expected to bear the training cost and 10% of the internship cost from their CSR funds.
  - **Industrial Parks:** The Government will facilitate development of investment-ready "plug and play" industrial parks with complete infrastructure in or near 100 cities. Twelve industrial parks under the National Industrial Corridor Development Programme will also be sanctioned
  - **Rental Housing:** The Government will facilitate rental housing with dormitory type accommodation for industrial workers in PPP mode with VGF support and commitment from anchor industries.
  - **Shipping industry:** The Government will implement ownership, leasing and flagging reforms to improve the share of the Indian shipping industry and generate more employment.
  - **Critical Mineral Mission:** The Government will set up a Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral

overseas acquisition of critical mineral assets. Its mandate will include technology development, skilled workforce, extended producer responsibility framework, and a suitable financing mechanism.

- **Offshore mining of minerals:** The Government will launch the auction of the first tranche of offshore blocks for mining, building on the exploration already carried out.
- **Digital Public Infrastructure Applications:** The Government proposes development of DPI applications at population scale for productivity gains, business opportunities, and innovation by the private sector. These are planned in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.
- **Integrated Technology Platform for IBC eco-system**: The Government will set up Integrated Technology Platform for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.
- **Voluntary closure of LLPs:** Corporate Exit (C-PACE) services will be extended for voluntary closure of LLPs to reduce the closure time.
- **National Company Law Tribunals:** Appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be taken up to speed up the process of insolvency resolution. Additional tribunals will be established wherein some of the tribunals will be notified to decide cases exclusively under the Companies Act.
- **Debt recovery:** The Government will take necessary steps for reforming and strengthening debt recovery tribunals. Additional tribunals will be established to speed up debt recovery.

Priority 5: Urban Development

India is poised to experience the largest migration from villages to cities; at the same time, Indian cities (be it Tier I, II or III) require major upgrade. In this regard, the Hon'ble FM has proposed the following:

- **Cities as Growth Hubs:**

  The Government will work with states to facilitate development of 'Cities as Growth Hubs'. This will be achieved through economic and transit planning, and orderly development of peri-urban areas utilising town planning schemes.

- **Creative redevelopment of cities:**

  The Government fill formulate a framework for enabling policies, market-based mechanisms and regulation for creative brownfield redevelopment of existing cities with a transformative impact.

- **Transit Oriented Development:**

  Transit Oriented Development plans for 14 large cities with a population above 30 lakh will be formulated by the Government, along with an implementation and financing strategy.

- **Urban Housing:**

  Housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹ 10 lakh crore, under the PM Awas Yojana Urban 2.0. This will include the central assistance of ₹ 2.2 lakh crore in the next 5 years. In addition, enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place.

- **Water Supply and Sanitation:**

  The Government will promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects, in partnership with the State Governments and Multilateral Development Banks. These projects will also envisage use of treated water for irrigation and filling up of tanks in nearby areas.

- **Street Markets:**

  Over the next five years, the Government envisions a scheme to support the development of 100 weekly 'haats' or street food hubs in select cities.

- **Stamp Duty:**

  The Government will encourage the states which continue to charge high stamp duty to moderate the rates for all, and also consider further lowering duties for properties purchased by women.

Priority 6: Energy Security

A strategically significant sector, especially given the very real challenge of Climate Change. To navigate through it while meeting India's growing demand for energy, the Union Budget proposes:

- **Energy Transition**

  The Government will bring out a policy document on appropriate energy transition pathways that balances the imperatives of employment, growth and environmental sustainability.

- **PM Surya Ghar Muft Bijli Yojana**

  PM Surya Ghar Muft Bijli Yojana has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month.

- **Pumped Storage Policy**

  The Government will issue a policy for promoting pumped storage projects for electricity storage and facilitating smooth integration of the growing share of renewable energy.

- **Research and development of small and modular nuclear reactors**

  The Government will partner with the private sector for setting up Bharat Small Reactors, research & development of Bharat Small Modular Reactor, and research & development of newer technologies for nuclear energy.

- **Advanced Ultra Super Critical (AUSC) Thermal Power Plants:**

  The Government will provide the required fiscal support for the proposed joint venture between NTPC and BHEL which will set up a full scale 800 MW commercial plant using AUSC technology.

- **Roadmap for 'hard to abate' industries**

  A roadmap will be formulated for moving the 'hard to abate' industries from 'energy efficiency' targets to 'emission targets'. Appropriate regulations for transition of these industries from the current 'Perform, Achieve and Trade' mode to 'Indian Carbon Market' mode will also be put in place.

- **Support to traditional micro and small industries:**

  An investment-grade energy audit of traditional micro and small industries in 60 clusters will be facilitated. Financial support will be provided for shifting them to cleaner forms of energy and implementation of energy efficiency measures.

Priority 7: Infrastructure

One of the biggest success stories of the Government over the past decade, infrastructure development has not only led to growth, but has also provided employment opportunities. The Hon'ble FM has laid down her vision for the next year by proposing the following:

- **Infrastructure investment by Central Government**

  INR 11,11,111 crore i.e., 3.4% of India's GDP, has been allocated for capital expenditure related to infrastructure investment.

- **Infrastructure investment by state governments**

  Provision of Rs 1.5 lakh crore created for long-term interest-free loans to support Infrastructure investment by state governments.

- **Private investment in infrastructure**

  Investment in infrastructure by private sector to be promoted through viability gap funding and enabling policies and regulations. A market-based financing framework to be brought out in this regard.

- **Pradhan Mantri Gram Sadak Yojana (PMGSY)**

  Phase IV of Pradhan Mantri Gram Sadak Yojana to be launched to provide all-weather connectivity to 25,000 rural habitations.

- **Irrigation and Flood Mitigation**

  Assistance through the Accelerated Irrigation Benefit Programme and other sources, to provide financial support for projects with estimated cost of ` 11,500 crore such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes including barrages, river pollution abatement and irrigation projects. States such as Bihar, Assam, Himachal Pradesh, Uttarakhand and Sikkim will get assistance for flood management and related projects

- **Tourism**

  Support to be extended to Vishnupad Temple at Gaya and Mahabodhi Temple at Bodh Gaya in Bihar to transform them into world class heritage sites on the lines of Varanasi's Kashi Vishwanath Corridor. Comprehensive development initiative will be undertaken for Rajgir which holds immense religious significance for Hindus, Buddhists and Jain. Initiatives will be taken for the development of Nalanda as a tourist centre along with revival of Nalanda University to its glorious stature. Also, the government will provide assistance for development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches.

Priority 8: Innovation, Research & Development

With dynamic challenges such as digitisation, AI and additive manufacturing, the Hon'ble FM has decided to allocate funds under the following Schemes:

- Anusandhan National Research Fund will be operationalised for basic research and prototype development. Further, a mechanism to spur private sector-driven research and innovation at a commercial scale will set up with a financing pool of ₹1 lakh crore as per the interim budget announcement.

- A venture capital fund of ₹1,000 crore will be established to support this expansion of space economy by 5 times in the next 10 years.

Priority 9: Next Generation Reforms

- **Economic Policy Framework**

  The Government to formulate an Economic Policy Framework to delineate the overarching approach to economic development and setting the scope of the next generation of reforms. This will include initiatives and incentivize reforms to improve productivity of factors of production and facilitating markets and sectors to become more efficient covering all factors such as land, labour, capital, technology etc. The Central Government will work in collaboration with the State Government to enhance implementation of the reforms and promoting competition. The initiatives include 50-year interest-free loan.

- **Land-related reforms by state governments**

  In both Rural and Urban areas, Land related reforms and actions will include land administration, planning & management, and urban planning, usage & building bylaws. These will be incentivized for completion within the next 3 years through appropriate fiscal support.

- **Rural Land related actions**

  Rural land related initiatives will include Assignment of Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands, digitization of cadastral maps, survey of map sub-divisions as per current ownership,

establishment of land registry and linking to the farmers registry. The aforesaid actions will also facilitate credit flow and other agricultural services.

- **Urban Land related actions**

  An IT based system for property record administration, updating, and tax administration to be established for urban areas. Digitization of land records with GIS mapping will also facilitate improving the financial position of urban local bodies.

- **Labour related reforms**

  Comprehensive integration of e-shram portal with other portals for wide array of service to labour including those for employment and skilling. This will facilitate in connecting the job-aspirants with potential employers and skill providers. Shram Suvidha and Samadhan portals to be revamped to enhance ease of compliance for industry and trade.

- **Capital and entrepreneurship related reforms:**
  - **Financial sector vision and strategy**: A Financial sector vision and strategy document is to be prepared to meet the financials needs of the economy. The document will outline the size, capacity and skills to set agenda for next 5 years and guide the work of the government, regulators, financial institutions, and market participants.
  - **Taxonomy for climate finance**: Taxonomy for climate Finance will be developed for enhancing the availability of capital for climate adaptation and mitigation and will support in the country's commitment to green transition.
  - **Variable Capital Company structure**: Legislative approvals will be sought for providing an efficient and flexible mode for financing leasing of aircrafts and ships, and pooled funds of private equity through a 'variable company structure.
  - **Foreign Direct Investment and Overseas Investments**: Rules and regulations for FDI/ ODI be simplified to facilitate foreign direct investments, nudge prioritization, and promote opportunities for using Indian Rupee as a currency for overseas investment.
  - **NPS-Vatsalya**: A plan for contribution by parents and guardians for minors to be started which can be converted into normal NPS on attaining the age of majority.
  - **Use of technology**: After the successful use of technology for past 10 years for improving productivity and bridging inequality, initiatives for adoption of technology towards digitalization of the economy will be taken up.
  - **Ease of doing business**: States to be incentivized for implementation of their Business Reforms Action Plans and digitalization. Jan Vishwas Bill 2.0. is already in process for further enhancing 'Ease of doing business".
  - **Data and statistics**: Different sectoral data bases, including those established under the Digital India mission, to be utilized with active use of technology tools for improving data governance, collection, processing and management of data and statistics.
  - **New Pension Scheme**: Solution to be evolved for addressing the relevant issues while maintaining fiscal prudence to protect the common citizens.

- **Budget Estimates 2024-25**

  The total receipts other than borrowings and the total expenditure are estimated at INR 32.07 lakh crore and INR 48.21 lakh crore respectively. The net tax receipts are estimated at INR 25.83 lakh crore. The fiscal deficit is estimated at 4.9% of GDP. The gross and net market borrowings through dated securities during 2024-25 are estimated at INR 14.01 lakh crore and INR 11.63 lakh crore respectively.

Glossary

Glossary

AAR	Authority for Advance Rulings
AE	Associated Enterprise
AIDC	Agriculture Infrastructure and Development Cess
ALP	Arm's Length Price
AO	Assessing Officer
AUSC	Advanced Ultra Super Critical
AY	Assessment Year
BAR	Board for Advance Rulings
BCD	Basic Customs Duty
BEPS	Base Erosion and Profit Shifting
BHEL	Bharat Heavy Electricals Limited
CENVAT	Central Value Added Tax
CGST	Central Goods and Services Tax Act, 2017
C-PACE	Centre for Processing Accelerated Corporate Exit
CTA	Customs Tariff Act
DPI	Digital Public Infrastructure
DRP	Dispute Resolution Panel
DTA	Domestic Tariff Area
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortization
EOU	Export Oriented Unit

EPFO	Employees' Provident Fund Organisation
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor
FM	Finance Minister
FMV	Fair Market Value
FY	Financial Year
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GIS	Geographic information system
GST	Goods & Services Tax
GSTAT	GST Appellate Tribunal
HC	High Court
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code
IFSC	International Finances Service Centre
IFSCA	International Financial Services Centres Authority
IGST	Integrated Goods and Services Tax Act, 2017
INR	Indian Rupees
ISD	Input Service Distributor
IT	Informaton Technology
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITR	Income Tax Return
LTCA	Long Term Capital Asset
LTCG	Long Term Capital Gain
MSME	Micro, Small & Medium Enterprises

MW	Megwatt
NABARD	National Bank For Agriculture And Rural Development
NABL	National Accreditation Board for Testing and Calibration Laboratories
NBFC	Non Banking Financial Company
NPS	National Pension Scheme
NRI	Non Resident Indian
NTPC	National Thermal Power Corporation
ODI	Overseas Direct Investment
OECD	Organisation for Economic Co-operation and Development
PCBA	Printed Circuit Board Assembly
PE	Permanent Establishment
PGBP	Profits and Gains from Business and Profession
PM	Prime Minister
PM SVANidhi	Prime Minister Street Vendor's AtmaNirbhar Nidhi
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPP	Public-Private-Partnership
PSU	Public Sector Undertaking
RCM	Reverse Charge Mechanism
RIC	Road and Infrastructure Cess
SC	Supreme Court
SDTs	Specified Domestic Transactions
SEZ	Special Economic Zone
SGST	State Goods and Services Tax Act, 2017
SHG	Self Help Groups
SIDBI	Small Industries Development Bank of India
STCA	Short Term Capital Asset

STCG	Short Term Capital Gain
STT	Securities Transaction Tax
SWS	Social Welfare Surcharge
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
The Act	The Income-tax Act, 1961
TPO	Transfer Pricing Officer
TReDs	Trade Receivables Discounting System
ULPIN	Unique Land Parcel Identification Number
UTGST	Union Territory Goods and Services Tax Act, 2017
VGF	Viability Gap Funding

About ASSOCHAM

The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country's oldest apex chamber. It brings in actionable insights to strengthen the Indian ecosystem, leveraging its network of more than 4,50,000 members, of which MSMEs represent a large segment. With a strong presence in states, and key cities globally, ASSOCHAM also has more than 400 associations, federations and regional chambers in its fold.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. The Chamber is an agile and forward looking institution, leading various initiatives to enhance the global competitiveness of the Indian industry, while strengthening the domestic ecosystem.

With more than 100 national and regional sector councils, ASSOCHAM is an impactful representative of the Indian industry. These Councils are led by well-known industry leaders, academicians, economists and independent professionals. The Chamber focuses on aligning critical needs and interests of the industry with the growth aspirations of the nation.

ASSOCHAM is driving four strategic priorities - Sustainability, Empowerment, Entrepreneurship and Digitisation. The Chamber believes that affirmative action in these areas would help drive an inclusive and sustainable socio-economic growth for the country.

ASSOCHAM is working hand in hand with the government, regulators and national and international think tanks to contribute to the policy making process and share vital feedback on implementation of decisions of far-reaching consequences. In line with its focus on being future-ready, the Chamber is building a strong network of knowledge architects. Thus, ASSOCHAM is all set to redefine the dynamics of growth and development in the technology-driven 'Knowledge-Based Economy. The Chamber aims to empower stakeholders in the Indian economy by inculcating knowledge that will be the catalyst of growth in the dynamic global environment.

The Chamber also supports civil society through citizenship programmes, to drive inclusive development. ASSOCHAM's member network leads initiatives in various segments such as empowerment, healthcare, education and skilling, hygiene, affirmative action, road safety, livelihood, life skills, sustainability, to name a few.

The Associated Chambers of Commerce and Industry of India

ASSOCHAM Corporate Office:

4th Floor, YMCA Cultural Centre and Library Building, 01 Jai Singh Road, New Delhi – 110 001

Ph: 011-46550555 • Fax: 91-11-23017008/9

Web: www.assocham.org

About Nangia Andersen LLP

For the last 4 decades, Nangia Group has been adding value to the business of its expansive clientele, which includes some of the largest Indian business houses and Fortune 500 multinational companies.

Nangia Andersen LLP is a premier business advisory firm offering a full suite of professional services across the realm of Growth strategy & Transaction advisory, Tax & Regulatory, ESG, Start-up support and Risk advisory.

Nangia Andersen is a member firm of Andersen Global in India.

Our Locations

NOIDA
(Delhi NCR - Corporate Office)
A-109, Sector - 136, Noida - 201304, India
T: +91 120 2598000

DELHI
(Registered Office) B-27, Soami Nagar, New Delhi - 110017, India
T: +91 120 2598000

GURUGRAM
001-005, Emaar Digital Greens Tower-A 10th Floor, Golf Course Extension Road, Sector 61, Gurgaon-122102
T: +91 0124 430 1551

MUMBAI
4th Floor, Iconic Tower, URMI Estate, Ganpat Rao Kadam Marg, Lower Parel, Mumbai - 400013, India
T : +91 22 4474 3400

CHENNAI
Prestige Palladium Bayan, Level 5, 129-140, Greams Road, Thousand Lights, Chennai - 600006
T: +91 44 46549201

BENGALURU
Prestige Obelisk, Level 4, No 3 Kasturba Road, Bengaluru - 560 001, Karnataka, India
T: +91 80 2248 4555

PUNE
3rd Floor, Park Plaza, CTS 1085, Ganeshkhind Road, Next to Pune Central Mall, Shivajinagar, Pune - 411005, India

DEHRADUN
1st Floor, "IDA" 46 E.C. Road, Dehradun - 248001, Uttarakhand, India
T: +91 135 271 6300

This document summarizes the important provisions of the Budget 2024 proposals as placed before Parliament. Topics presented are grouped into chapters and sections to facilitate an understanding of the proposals. These are, however, not mutually exclusive.

Unless otherwise stated, Direct Tax Proposals will be applicable with effect from A.Y. 2025-2026.

The proposals are subject to amendment as the Finance Bill passes through the Parliament.

All reasonable care has been taken in preparing this document. Nangia Andersen LLP & ASSOCHAM accept no responsibility for any errors, if it may contain, whether caused by negligence or otherwise, for any loss, howsoever caused or sustained by the person who relies on it.