



Path towards Certainty & Reformation

Detailed Budget Analysis

India Budget 2024-2025



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01

Industry Analysis

Industry Analysis



01. Manufacturing and Services

- A credit guarantee scheme will be announced to facilitate term loans without third-party collateral for MSMEs to purchase machinery and equipment. The scheme will operate by pooling the credit risks of such MSMEs.
- A new mechanism will be introduced to facilitate the continuation of credit support to MSMEs during the stress period.
- Mudra Loans will be enhanced from the current INR 10 lakh to INR 20 lakh for entrepreneurs who have availed and successfully paid loans under the Tarun category.
- The turnover threshold for buyers to be mandatory onboarded on the TReDS platform will be reduced from INR 500 crore to INR 250 crore.
- Financial support will be provided for 50 multi-product food irradiation units in the MSME sector.
- Customs duty cuts have been proposed in various sectors, such as mobile phones, parts, precious metals, electronics, chemicals, and petrochemicals, to boost domestic manufacturing and exports.

02. Employment and Skilling

- The budget allocated INR 1.48 lakh crore specifically for education, employment, and skilling, a 30% increase from the previous allocation. This funding aims to enhance the overall skill development landscape in the country.
- A new scheme will be implemented to skill 20 lakh youth over the next five years. This initiative will collaborate with states and industries to provide targeted training and skill development programs.
- The existing skilling loan scheme will be revised to facilitate loans of up to INR 7.5 lakh to support youth in acquiring skills and education.
- The government plans to upgrade 1,000 Industrial Training Institutes (ITIs) using a hub-and-spoke model, which aims to improve the quality of vocational training and enhance employability.



03. Urban Development

- A new plan will be formulated for 14 large cities with populations exceeding 30 lakh. This initiative aims to enhance urban infrastructure and promote sustainable urban growth through efficient land use and transportation systems.
- The government has allocated INR 2.2 lakh crore for urban housing over the next five years. This includes an interest subsidy scheme to facilitate affordable loans for urban housing projects, aiming to address the housing needs of the urban poor and middle-class families.

04. Next Gen Reforms

- The government will formulate a comprehensive economic policy framework aimed at sustaining high growth through next-generation reforms, which will encompass land, labour, and capital reforms. This requires collaboration between the central and state governments.
- A digital public infrastructure will be developed specifically for agriculture, building on successful pilot projects. This initiative aims to cover farmers and their lands across 400 districts, impacting approximately six crore farmers over three years.

05. Infrastructure

- The government will provide INR 1.5 lakh crore worth of interest-free loans long-term to help states develop their infrastructure. This move aims to boost infrastructure development across the country.
- The capital expenditure for the next fiscal year is set at INR 11,11,111 crore, which is 3.4% of the GDP. This represents an 11% increase from the current fiscal year, showcasing the government's commitment to infrastructure development.
- The budget allocated INR 26,000 crore for the development of road connectivity projects. This investment will enhance the country's road infrastructure and improve connectivity.
- The fourth phase of the PM Gram Sadak Yojana will be launched in 25 rural areas. This program focuses on improving rural road connectivity and accessibility.



06. Energy Security

- Pradhan Mantri Surya Ghar Muft Bijli Yojana's initiative aims to install rooftop solar plants to provide free electricity (up to 300 units) to 1 crore households. The scheme is expected to generate substantial savings for households and promote the use of renewable energy, contributing to energy security and sustainability.
- A policy will be introduced to promote pumped storage projects, which are essential for electricity storage and integrating renewable energy into the grid. This is crucial for managing the variability of renewable energy sources.
- The government plans to collaborate with the private sector to establish "Bharat Small Reactors" and conduct research on small modular reactors. This initiative aims to enhance the role of nuclear energy in India's energy mix, contributing to energy security and reducing reliance on fossil fuels.
- A joint venture between NTPC and BHEL will set up an 800 MW commercial plant using Advanced Ultra Super Critical (AUSC) technology. This technology aims to improve the efficiency of thermal power generation, thereby enhancing energy security.

07. Innovation, Research & Development

- The Union Budget 2024-25 introduced the Anusandhan National Research Fund, a key initiative aimed at boosting research and innovation in India. Hon'ble Finance Minister Nirmala Sitharaman announced the establishment of this INR 1 lakh crore fund, which will support basic research and prototype development, with a focus on driving private sector-driven research and innovation on a commercial scale.
- A mechanism will be established to encourage private sector-driven research and innovation, including a financing pool of INR 1 lakh crore to incentivize businesses to invest in R&D.
- The budget aims to increase the space economy by five times over the next decade, supported by a venture capital fund of INR 1,000 crore to promote investments in space-related innovations.



08. Inclusive Human Resource Development and Social Justice

- Finance Minister Nirmala Sitharaman introduced a "saturation approach" to ensure that all eligible individuals are covered by various government programs, particularly in education and health. This approach aims to empower individuals by enhancing their capabilities and ensuring comprehensive social justice.
- PM Vishwakarma Kaushal Samman (PM VIKAS) aims to recognize and support traditional artisans and craftspeople, enhancing their skills and market opportunities to improve their livelihoods.
- The mission will be strengthened to improve employment opportunities and economic conditions, especially in rural areas. It will include training and capacity-building programs to support self-employment and entrepreneurship.
- The budget continues to emphasize the Stand-Up India scheme, which promotes entrepreneurship among women and Scheduled Caste/Scheduled Tribe (SC/ST) communities, ensuring economic opportunities and financial inclusion.
- More than INR 3 lakh crore has been allocated to various women-centric initiatives, including the Pradhan Mantri Jan Jatiya Vikas Abhiyan. This initiative focuses on the socio-economic development of tribal women and aims to benefit around 5 crore women in tribal regions.
- This scheme targets women in self-help groups (SHGs) to enhance their earning potential to at least INR 1 lakh per annum per household, with plans to expand its reach to benefit an additional 2 crore women.

09. Productivity and Resilience in Agriculture

- The budget allocated INR 1.52 lakh crore for agriculture and allied sectors, aimed at enhancing productivity and supporting farmers.
- The government plans to release 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops. This initiative is designed to improve agricultural productivity and resilience against climate change.

Industry Analysis



- A commitment was made to initiate 1 crore farmers into natural farming practices over the next two years, promoting sustainable agricultural practices and reducing dependency on chemical fertilizers.
- The budget includes plans to implement Digital Public Infrastructure (DPI) in agriculture, aiming to cover farmers and their lands within three years. This initiative is expected to enhance data accessibility and support decision-making in farming.
- The budget outlines plans to strengthen the production, storage, and marketing of pulses and oilseeds, contributing to self-sufficiency in these critical food items.



02

Direct Tax

Personal Taxation Regime



Changes to tax rates

It is proposed to relax the new tax regime under section 115BAC of the IT Act with a view to reduce the tax burden on the middle-class taxpayer and promote the adoption of new tax regime.

The comparison chart of existing tax rates and proposed tax rates under the new regime is encapsulated below:

The above amendments are expected to result in tax savings up to INR 17,500 for such taxpayer.

Existing slabs under the New Regime		Proposed slabs under the New Regime	
Total Income	% Tax	Total Income	% Tax
Up to INR 3,00,000	NIL	Up to INR 3,00,000	NIL
INR 3,00,001 to INR 6,00,000	5%	INR 3,00,001 to INR 7,00,000	5%
INR 6,00,001 to INR 9,00,000	10%	INR 7,00,001 to INR 10,00,000	10%
INR 9,00,001 to INR 12,00,000	15%	INR 10,00,001 to INR 12,00,000	15%
INR 12,00,001 to INR 15,00,000	20%	INR 12,00,001 to INR 15,00,000	20%
Above INR 15,00,000	30%	Above INR 15,00,000	30%

It is proposed to insert a new proviso under Section 16(ia) of the IT Act to enhance the standard deduction of the salaried individuals opting to pay taxes under the new tax regime from INR 50,000 to INR 75,000, w.e.f. FY beginning April 01, 2024.

With the aim of encouraging and incentivizing taxpayers to shift to the new tax regime, it is proposed to add a proviso after clause(ia) of section 16 and section 57(iia) of the IT Act to enhance the deduction from family pension from INR 15,000 to INR 25,000 effective from April 01, 2024

Business Profits



House Property Vs Business Profits - Section 28

- Clarificatory amendment is proposed to modify Section 28 of the IT Act.
- Any income from letting out of a residential house or part of a residential house shall be chargeable only under the head “Income from house property” and not under the head “Profits and gains of business or profession” with effect from FY beginning April 01, 2024.
- The amendment is proposed to avoid any unwarranted tax planning by the owner of residential house to reduce overall tax liability

Pension Scheme contribution - Incentivised

- It is proposed to increase the amount allowed as a deduction of employer contribution to the extent of 14% from the erstwhile 10% of the employee’s salary under section 36(1)(iva) of the IT Act effective from FY beginning April 01, 2024.
- Consequential amendment has been proposed in section 80CCD (2) of the IT Act; however, this is being proposed to increase only in the case where the employee has opted for a concessional tax regime under section 115BAC of the IT Act.
- This proposition would remove disparity and benefit those employees whose contribution are made by an employer other than the Central Government or State Government.

No deduction for settlement fees

- Section 37 of the IT Act permits the deduction of expenses that are incurred wholly and exclusively for the purpose of business or profession. However, it explicitly excludes expenditures related to any offense or activities prohibited by law.
- Explanation 3 to section 37 elaborates on this exclusion, specifying that expenditures incurred for purposes that constitute an offense or are prohibited by law are not allowable as business expenses. Currently, there is no explicit mention that settlement amounts related to legal infractions cannot be claimed as deductible business expenses.
- To address this, it is proposed to amend Explanation 3 to explicitly state that the expenditure incurred for settling proceedings arising from legal infractions are non-deductible as business expenses. This proposed amendment is scheduled to come into effect for the FY beginning April 1, 2024



Limits for Partner's remuneration enhanced

Section 40(b) of the IT Act pertains to the disallowance of excessive remuneration paid to a working partner of a firm. The current remuneration limits were last revised for AY 2010-11. The existing and proposed amounts are as follows:

Existing limits		Proposed limits	
On the first INR 3,00,000 of the book profit or in case of a loss	INR 1,50,000 or at the rate of 90% of the book profit, whichever is more;	On the first INR 6,00,000 of the book profit or in case of a loss	INR 3,00,000 or at the rate of 90% of the book profit, whichever is more;
on the balance of the book profit	at the rate of 60% of the book profit	on the balance of the book profit	at the rate of 60% of the book profit

Updated thresholds for remuneration drawn by a working partner of the firm shall be effective from FY beginning April 01, 2024

Introduction of presumption tax regime for cruise shipping business

- To enhance India's appeal as a cruise tourism destination and to encourage global participation in cruise shipping, a new provision, section 44BBC of the IT Act is set to be introduced. This provision will treat 20% of the total amount received or receivable by a non-resident cruise ship operator for carrying passengers as the operator's profits from this business.
- Additionally, an exemption is proposed under Section 10(15B) of the IT Act. This exemption applies to lease rentals paid by a 'specified company' opting for the presumptive tax regime under this section, provided the recipient is a foreign **company** and both the recipient and the paying company are subsidiaries of the same holding company. This exemption will be applicable till Assessment Year 2030-31.
- Consequently, it is also proposed to clarify that Section 44B of the IT Act, which pertains to presumptive taxation for shipping business, will no longer apply to the cruise ship business.
- These amendments will come into effect from the financial year commencing on April 1, 2024, aiming to promote cruise tourism and align tax provisions with international standards and practices.

"specified company" means any company, other than a domestic company which operates cruise ships in India and opts to pay tax in accordance with the provisions of section 44BBC.



Rationalization of capital gain provisions

Transaction not regarded as transfer for the purpose of Capital Gains

- The present provision of Clause (iii) of Section 47 of the IT Act does not regard transfer of capital asset under gift or will or an irrevocable trust as transfer taxable under Section 45 of the IT Act.
- It is proposed to restrict existing clause (iii) of Section 47 of the IT Act to provide that transfer of capital asset only by an individual or a HUF, under a gift or will or irrevocable trust would not be regarded as a transfer. Effectively, companies can no longer claim exemption benefit under section 47(iii) of the IT Act and will be applicable from AY 2025-26

Determination of cost of acquisition in case of equity shares transfer under OFS as a part of the IPO process

- The existing provision of Section 112A provides that Long-Term Capital Gains tax is payable on equity shares only if both the purchase and sale transaction of the equity shares entails payment of STT.
- In case of unlisted equity shares, in view of an earlier notification, the condition of payment of STT on purchase of equity shares was relaxed and such unlisted shares were covered under the provision of Section 112A even when only sale transaction is subjected to STT.
- Section 112A of the IT Act provides that the cost of acquisition of the equity shares must be determined in accordance with the mechanism provided under Clause (ac) of sub section (2) of Section 55 of the IT Act.
- The mechanism envisages determination of cost of acquisition basis the Fair Market Value of shares as on January 31, 2018.



Determination of cost of acquisition in case of equity shares transfer under OFS as a part of IPO process

In the case of equity shares transferred under OFS, the equity shares are unlisted on the date of transfer, and hence, there is no Fair Market Value as on that day. However, since STT is paid at the time of transfer when shares are sold prior to listing, the provision of Section 112A of the IT Act will apply. In such cases, certain taxpayers were taking a view that since there is no Fair Market Value as on the date of transfer, it is impossible to determine the cost of acquisition as on the date of transfer and hence the charging mechanism of capital gain fails.

In order to plug this lacuna in law, the finance bill has proposed a retrospective amendment to introduce item (AA) after item (A) under Subclause (iii) of clause (a) of the Explanation to clause (ac) of sub section (2) of Section 55 to provide that in a case of equity shares which are not listed on a recognized stock exchange as on the 31st day of January, 2018 and are also not listed on the date of sale or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, but listed on such exchange subsequent to the date of transfer, "fair market value" would mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

The amendment is proposed to be deemed to be inserted w.e.f. April 01, 2018.

The period of holding for capital assets are proposed to be restricted to two holding periods, 12 months and 24 months.

The provisions of the Section 2(42A) of the IT Act are proposed to be amended to provide that holding period for certain categories of short-term capital assets will now be 24 months against the earlier period of 36 months.

The following table provides a brief snapshot of holding period for different classes of assets:

Sr. No.	Particulars	Period of holding	
	Nature of capital asset	Prior to July 23, 2024	W.e.f. July 23, 2024
1	Listed equity shares	12 months	12 months
2	Unlisted securities (including units) and Immovable Property	24 months	24 months
3	Equity oriented mutual fund	12 months	12 months
4	Other Assets		
i.	Listed units of AIFs, ReITs, InvITs, business trust	36 months	12 months
ii.	Debentures, bonds, gold	36 months	24 months

Provisions of IT Act dealing with tax on short-term capital asset amended to provide that gains derived on transfer of a short-term capital asset shall be taxed at the rate of 20%.



- Provisions of the IT Act dealing with tax on long-term capital assets are amended to provide that gains derived on transfer of all categories of long-term capital asset shall be taxed at the rate of 12.50%.
- Amendments proposed in Section 48 to provide that indexation benefit will not be available while calculating gains from all long-term capital assets.
- Further, amendments were proposed to provide that basic exemption limit for capital gains on STT paid equity shares, equity mutual funds, etc. increased from the existing limit of INR 1 lakh to INR 1.25 lakhs for AY 2025-26.
- To bring about parity in rates between residents and non-residents, corresponding amendments proposed in Sections 115AD, 115AB, 115AC, 115ACA and 115E to align with changed proposed under Section 112A and 112 for long term capital assets and under section 111A for short-term capital assets.
- The following table provides a snapshot view of the old and new capital gains tax rates for resident and non-resident taxpayers for different classes of assets:

Sr. No.	Particulars	Resident		Non-resident	
		Prior to July 23, 2024	W.e.f. July 23, 2024	Prior to July 23, 2024	W.e.f. July 23, 2024
A	Long term capital gains				
1	Listed equity shares, equity oriented mutual funds and business trust	10%	12.5%	10%	12.5%
2	Unlisted equity shares	20%*	12.5%	10%	12.5%
3	Listed bonds and debentures	10%	12.5%	10%	12.5%
4	Unlisted bonds and debentures	20%	Deemed as STCG	10%	Deemed as STCG
5	Immovable property	20%*	12.5%	20%	12.5%

* Benefit of indexation available prior to amendment.



Sr. No.	Particulars	Resident		Non-resident	
		Prior to July 23, 2024	W.e.f. July 23, 2024	Prior to July 23, 2024	W.e.f. July 23, 2024
B	Short term capital gains	Prior to July 23, 2024	W.e.f. July 23, 2024	Prior to July 23, 2024	W.e.f. July 23, 2024
1	Listed equity shares, Equity oriented mutual fund units and Units of business trust.	15%	20%	15%	20%
2	Other capital assets including Unlisted debentures, Market Linked debentures and specified mutual funds	Slab rates	Slab rates	Slab rates	Slab rates

Further, consequential amendments proposed in Section 196B and 196C to align withholding tax provisions with proposed rate changes of capital gains tax.

These proposals will come into effect immediately i.e. with effect from the July 23, 2024

Buyback



- The Finance Bill proposes that any buy-back initiated by a domestic company after October 01, 2024, will not be subject to buy-back tax in the hands of the company but will be taxed as dividend income of the shareholders at applicable slab rates.
- Parallel amendments proposed to provide that no deduction of expenses shall be allowed to the shareholders against such dividend income.
- Company will be required to deduct withholding tax @10% on payment made to shareholder.
- Also, the cost of acquisition of shares bought back will result in a capital loss for the shareholders which can be adjusted against other capital gains income or can be carried forward to be adjusted in subsequent years as per the existing provision of the IT Act.
- The said amendments will take effect from October 01, 2024, and shall impact all buybacks initiated under the provisions Section 68 of the Companies Act, 2013.



Transfer Pricing



Powers of the Transfer Pricing Officer (TPO)

- Currently, the TPO can proceed to determine ALP of international transactions not referred to him by AO or international transactions for which report is not furnished by the Assessee under section 92E of the IT Act. However, such authority of TPO was not extended to Specified Domestic Transactions (SDT).
- It is now proposed to bring changes to sub-sections (2A) and (2B) of section 92CA of the IT Act to empower the TPO to address SDT that have not been referred to him by the Assessing Officer (AO) and/or for which an audit report under section 92CE of the IT Act has not been filed.

Section 94B - Thin capitalization

It is proposed to exempt finance companies located in International Financial Services Centers (IFSCs), as defined under the IFSCA (Finance Company) Regulations, 2021, provided they meet prescribed conditions and engage in specified activities to bring them at par with other Indian companies or permanent establishments of foreign companies engaged in banking, insurance, or specified classes of non-banking financial companies

Safe Harbor Rules

With the aim to reduce litigation and make it more attractive, the scope of safe harbour rules will be expanded to include wide gamut of services / transactions

Proposed amendments in rates of TDS & TCS



Proposed amendments in TDS & TCS

Section	Particulars	Present TDS Rate	Proposed TDS Rate	With effect from
194D	Insurance Commission (in case of deductee other than company)	5%	2%	April 01, 2025
194DA	Payment in respect of life insurance policy	5%	2%	October 01, 2024
194F	Payments towards repurchase of units of Mutual Fund or Unit Trust of India	20%	Proposed to be omitted	October 01, 2024
194G	Commission on sale of lottery tickets	5%	2%	October 01, 2024
194H	Payment of commission or brokerage	5%	2%	October 01, 2024
194-IB	Payment of rent by individuals or HUF not covered under section 194-I of the IT Act	5%	2%	October 01, 2024
194M	Payment by individuals or Hindu undivided family not covered under section 194C, 194H and 194J of the IT Act	5%	2%	October 01, 2024
194-O	Payment by e-commerce operator to e-commerce participant	1%	0.1%	October 01, 2024
196B	LTCG earned by offshore fund on transfer of units purchased in foreign currency as referred to in Section 115AB(1)(ii) of the IT Act	10%	12.5%	July 23, 2024
196C	LTCG earned by NR on transfer of bonds or Global Depository Receipts referred to in section 115AC	10%	12.5%	July 23, 2024

Other amendments to TDS & TCS

- Proposed to amend Section 192(2B) of the IT Act w.e.f. October 01, 2024, wherein TCS collected from employee on any other income will also be taken into account / adjusted by employer for the purposes of deduction of tax under section 192 of the IT Act.
- Proposed to amend Section 194 of the IT Act w.e.f. October 01, 2024, for withholding tax (10%) on payment made by companies towards buy-back of shares.
- Proposed to amend Section 194C of the IT Act w.e.f. October 01, 2024, to specifically exclude payments referred to sub-section (1) of Section 194J of the IT Act from the purview of TDS deduction under Section 194C of the IT Act.
- Proposed to amend Section 194-IA of the IT Act w.e.f. October 01, 2024, to consider threshold of INR 5 Mn from the perspective of all transferors or transferees, if there are multiple transferors or transferees for transfer of any immovable property.
- Proposed to insert new section i.e., Section 194T on the IT Act, w.e.f. April 1, 2025, wherein a firm responsible for paying salary, remuneration, commission, bonus, or interest to a partner will be subject to TDS at a rate of 10% if the total sum exceeds INR 20,000 during the financial year.
- Proposed to amend Section 197 and 206C(9) of the IT Act w.e.f. October 01, 2024, to provide authority to AO for issuing lower tax deduction / collection certificate w.r.t income of seller of goods subject to TDS under section 194Q of the IT Act or subject to TCS under section 206C(1H) of the IT Act.
- Proposed to insert new proviso under section 200(3) and 206C(3B) of the IT Act w.e.f. April 01, 2025, for providing the time limit for correction of TDS / TCS Return, which will be 6 years from the end of financial year in which the TDS / TCS return is filed.
- Proposed to amend section 206C(7) of the IT Act w.e.f. April 01, 2025, for increasing the rate of interest from 1% per month to 1.5% per month on delay in payment of TCS.
- Proposed to amend section 206C of the IT Act to allow credit of tax collected at source to a person other than the collectee in cases where income of such collectee is clubbed with another person.

Procedural Amendments in Litigation



Introduction of block assessment for search

- As per the amendment proposed under Section 246A of the IT Act, w.e.f. September 01, 2024, an appeal can be filed before CIT(Appeals) against an assessment order passed under section 158BC(1)(c) of the IT Act in respect of search under Section 132 of the IT Act or requisition under Section 132A of the IT Act.
- As per the amendment proposed under Section 251 of the IT Act, against the appeal filed by the Appellant against best judgement order passed under section 144 of the IT Act, CIT(Appeals) may set aside the best judgement assessment and remand back the matter to AO for fresh assessment.
- As per the amendment proposed under Section 253 of the IT Act, w.e.f. October 01, 2024, appeal can be filed before ITAT against penalty order passed by CIT(Appeals) under section 158BFA of the IT Act w.r.t search under section 132 of the IT Act.
- Further, amendment is proposed to replace words '60 days' with '2 months from the end of the month in which such order is received' for filing the appeal before ITAT.
- As per the amendment proposed under section 144C of the IT Act, DRP proceedings will not be applicable in case of assessment of undisclosed income under section 158BA of the IT Act or 158BD of the IT Act w.r.t person with respect to whom search was made under section 132 of IT Act. Further, the DRP mechanism will not be applicable for assessment of search cases under Chapter XIVB of the IT Act. This amendment is proposed to be effective from September 01, 2024.

Rationalization of assessment and reassessment provisions

- Sections 148, 148A and 149 of the IT Act is proposed to be substituted by new sections 148, 148A and 149.
- As per the new proposed Section 149 of the IT Act, reassessment notice under sections 148A and 148 of the IT Act shall not be issued after 3 years (3 years and 3 months in case of section 148) from the end of the relevant AY.
- However, it may be issued thereafter but within 5 years (5 years and 3 months in case of section 148) if AO has the information that income amounting to INR 5 Mn has escaped assessment. Further, no reassessment notice can be issued by AO without prior approval if information is received under section 135A of the IT Act.
- Further, as per the new proposed section 148A of the IT Act, AO has to provide the opportunity of being heard before issuing notice under section 148 of the IT Act for reassessment proceedings. Further, the AO has to pass order before issuing the notice of reassessment and the notice under section 148 of the IT Act shall be accompanied by the order passed under section 148A(3) of the IT Act.
- Further, pursuant to notice received under new proposed section 148 of the IT Act, Assessee to file return of income within the period specified in the notice (not exceeding three months from end of month in which notice is issued).
- Further, 'information with the AO' means information of the Assessee as per risk management strategy formulated by the CBDT, audit objections raised, any information received as per section 90 / 90A of the IT Act, information received by AO under section 135A of the IT Act, information which requires action in consequence of order passed by Tribunal or Court and information received from survey under section 133A of the IT Act.

Tax incentives to International Financial Services Centre



The International Financial Services Centre (IFSC) provides financial services to residents and non-residents under regulatory frameworks that do not involve transactions in Indian Rupee. To strengthen India's financial infrastructure, significant tax incentives have been granted to IFSC-based entities in recent years. Proposed amendments aim to further enhance operations within the IFSC:

- An amendment is proposed to broaden eligibility for tax exemption under section 10 (4D)(c)(i), including retail funds and Exchange Traded Funds (ETFs) domiciled in IFSC governed by IFSCA regulations, 2022, subject to specified conditions.
- A proposal seeks to exempt specified income of Core Settlement Guarantee Funds established by recognized clearing corporations in IFSC. This involves updating definitions in section 10 (23EE) to align with IFSCA (Market Infrastructure Institutions) Regulations, 2021.
- Section 68 of the IT Act, addressing unexplained credits in an assessee's books, is also slated for amendment. Originally amended by the Finance Act, 2023, it now proposes extending exemptions to VCFs regulated by IFSCA. The definition of VCF in section 10 (23FB) will encompass VCFs operating within IFSC under IFSCA regulations.
- Additionally, Section 94B of the IT Act restricts the deduction of interest expenses on debts from non-resident associated enterprises, currently applicable to Indian companies or foreign company's permanent establishments in India, excluding those engaged in banking, insurance, or notified non-banking financial activities. Proposed amendments aim to extend this exemption to finance companies based in IFSC, defined under IFSCA (Finance Company) Regulations, 2021, meeting specified conditions and engaging in prescribed activities.
- These amendments aim to foster a conducive environment for financial activities within IFSC, aligning tax provisions with regulatory frameworks to promote operational efficiencies in line with global financial standards.

Charitable Organizations – Centralization of provisions



Extending exemptions under the second regime

- Section 11(7) of IT Act does not exclude any income derived from property held under trust, registered under sections **12A**, 12AA or 12AB from the total income of the person in receipt thereof, unless specified as an exemption under section 10 of IT Act. The proposed amendment aims to expand the scope of exemption available to trusts by including additional clauses (23EA), (23EC), (23ED), (46A), and (46B) from Section 10 of IT Act, with effect from FY beginning April 01, 2025.
- It is proposed to amend section 11(7) of the IT Act to include reference of clause (23EA), clause (23ED) and clause (46B) of section 10 of the IT Act, to enable trusts to claim exemption under the above-noted specific clauses of section 10.

Condonation for delay in filing registration applications

- Proposed amendments intend to empower the Principal Commissioner or Commissioner to condone delays in applications for registration under section 12AB of the IT Act, potentially allowing late applications if reasonable cause is shown, effective from October 01, 2024.
- Furthermore, the proposed amendment seeks to broaden the registration scope for trusts or institutions. It ensures that those approved under sub-clauses (iv), (v), (vi), or (via) of clause (23C) of section 10 can maintain their exemption benefits throughout the validity period of their approval



Rationalization of timelines

The amendment to section 12AB (3) of IT Act, effective from October 01, 2024, introduces specific timelines for the issuance of orders regarding the registration of trusts or institutions seeking tax exemption under the IT Act. According to the amended provision:

- Orders shall be passed within three months from the end of the month in which the application was received in case of clause (a).
- For applications received for provisionally registered / approved trusts or funds applying for registration, orders shall be passed within six months from the end of the quarter in which the application was received.
- Orders for applications under clause (c) shall be passed within one month from the end of the month in which the application was received.

Merger of trust under exemption regime

Introducing new section 12AC of the IT Act effective from April 01, 2024, to address mergers between a registered trust or institution with another trust or institution. Such mergers will not attract provisions for accreted income.

Eligibility for mode of investment

Certain eligible modes of investment, under the first regime specified in clause (b) of third proviso to clause (23C) of section 10) shall be protected in the second regime, by way of amendment in section 13 effective from October 01, 2024.

Re-launching Vivad Se Vishwas



Re-launching of Vivad Se Vishwas Scheme

After a notable initiative of the CBDT to expedite the disposal of appeals pending as of January 31, 2020, through the introduction of the Direct Tax Vivad Se Vishwas Act, 2020, the re-introduction of this Vivad Se Vishwas Scheme, 2024, is proposed through the Finance Bill 2024.

All pending litigation / cases of all assesseees as on July 23, 2024, is, proposed to be eligible to opt for the Vivad Se Vishwas Scheme, 2024.

It is proposed that December 31, 2024, will be the initial deadline for paying disputed tax amounts at a concession rate, as below:

Particulars	Proceedings status	Amount payable on or before December 31, 2024	Amount payable after December 31, 2024
Tax arrears are aggregate of disputed tax, interest and penalty thereon	Appeal proceeding up to January 31, 2020	110% of disputed tax	120% of disputed tax
	Appeal proceeding after January 31, 2020	100% of disputed tax	110% of disputed tax
Tax arrears relate to disputed interest, disputed penalty or disputed fees	Appeal proceeding up to January 31, 2020	30% of disputed interest, penalty, fees	35% of disputed interest, penalty, fees
	Appeal proceeding after January 31, 2020	25% of disputed interest, penalty, fees	30% of disputed interest, penalty, fees

Further, it is also pertinent to note that in case of departmental appeals, the above amounts shall be 50% of the amounts mentioned in the table above.

Other Key Developments



Equalisation Levy

Equalisation levy shall not apply to consideration received or receivable by an e-commerce operator from e-commerce supply or services undertaken on or after August 01, 2024.

Consequently, tax implications on such services shall be evaluated under other provisions of the IT Act. Further, equalisation levy shall continue to be levied on online advertisement services.

Abolishment of angel tax provisions

The angel tax provisions of 56(2)(viib) is proposed to be abolished for all classes of investors with effect from AY 2025-26

Increased thresholds for departmental appeals

With the aim to reduce tax disputes, it is proposed to increase the monetary threshold limits for filing of appeals by the Income Tax Department. Current thresholds and the proposed thresholds being as under:

Appellate forum	Current thresholds	Proposed thresholds
Income Tax Appellant Tribunal	INR 50 lacs	INR 60 lacs
High Court	INR 1 crore	INR 2 crore
Supreme Court	INR 5 crores	INR 5 crores



Proposed amendment to STT rates

Rate of STT on futures and options is proposed to be amended as under:

Particulars	Current STT rates	Proposed STT rates
Sale of options	0.0625% of option premium	0.1% of option premium
Sale of futures	0.0125% of traded price	0.02% of traded price

Set-off/ withholding of tax refunds



Extension of time limit to grant income tax refund

- Section 245(2) of the IT Act allows the AO to retain the income tax refund of the taxpayer if the AO is of the opinion that grant of refund is likely to have an adverse effect on the revenue pursuant to any pending assessment or reassessment proceedings.
- In such cases, the AO can retain the refund until the assessment or reassessment order is issued. Further, no interest eligible under section 244A during the intervening period.
- It is proposed to amend the provisions of Section 245(2) to extend the time limit to retain the income tax refund up to 60 days following the date of the assessment or reassessment order.
- The proposed amendment shall be effective from October 01, 2024.

Amendment in relation to set off and withholding of refunds

Under the proviso to Section 244(A) of the IT Act, an assessee does not qualify for extra interest of 3% per annum on income tax refunds if the delay is due to pending assessment or reassessment proceedings. The time during which the assessment or reassessment proceedings are ongoing is not counted towards calculating additional interest on income tax refunds until the assessment or reassessment is completed.

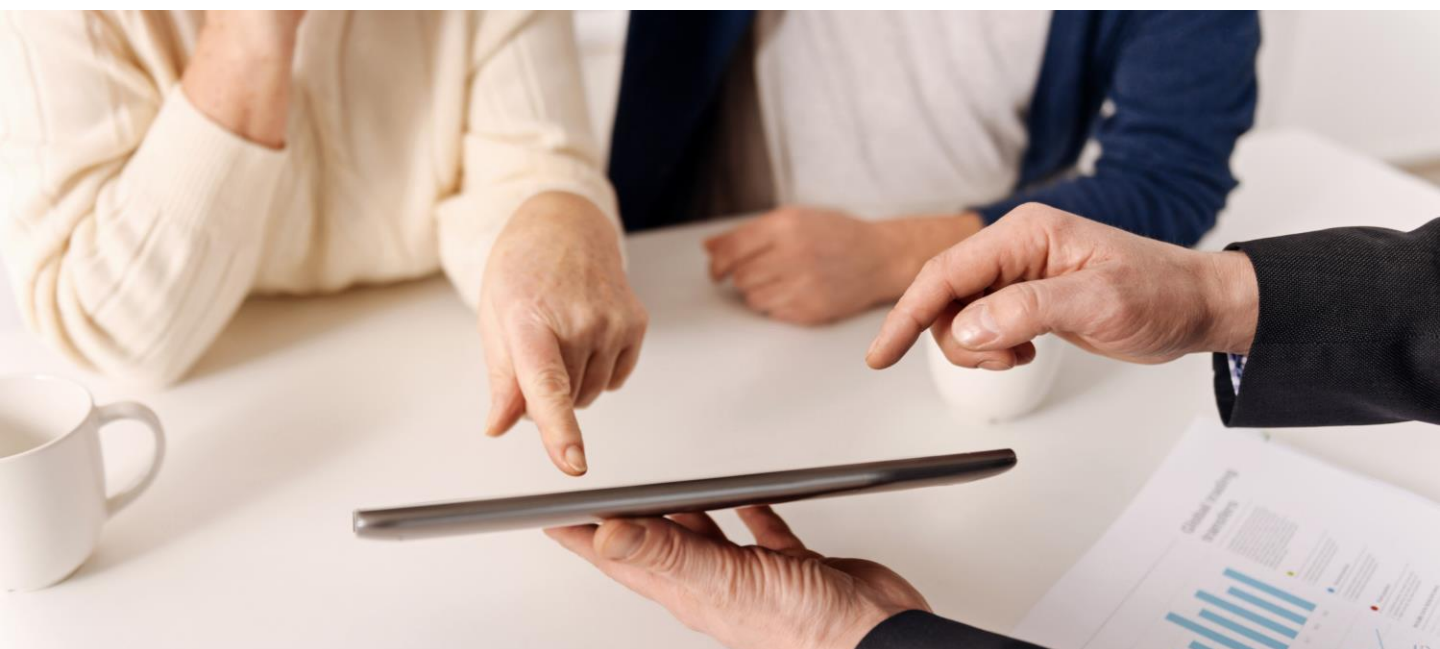
Due to the proposed amendment extending the time limit to withhold income tax refunds under Section 245(2) of the IT Act, a consequential change is being made to the proviso in Section 244(1A). This change excludes the period for computing additional interest until the income tax refund is withheld by the Assessing Officer, rather than until the completion of assessment or reassessment. The proposed amendment shall be effective from October 01, 2024.

Penalty provisions



Section	Proposed amendment
Section 271FAA - Penalty for furnishing inaccurate statement of financial transaction or reportable account	<ul style="list-style-type: none">• The existing provisions of Section 271FAA provide that when inaccurate statements of financial transactions are provided by a specified person as defined in Section 285BA(1) of the IT Act, there are penal implication.• With a view to align with India CRS legislative framework under the Automatic Exchange of Information, the bill proposes the penal provision under this section for inaccuracies would not automatically extend to all cases where due diligence was not correctly done if the information did not lead to incorrect reporting.• In view thereof, it is provided that penal provisions will apply only in the following situations-<ol style="list-style-type: none">I. furnishing inaccurate information in the statement;II. failure to comply with due diligence requirement in the statement.• Further, no penalty shall be imposable if the assessee proves reasonable cause for such failure <p>This amendment will take effect from the October 01, 2024.</p>
Section 271GC - Penalty for failure to submit statements under section 285	<ul style="list-style-type: none">• The Bill proposes a new section, Section 271GC for failure to file statements under section 285 of the IT Act. The penalty shall be a sum of –<ol style="list-style-type: none">I. INR 1,000 for every day for which the failure continues, if the period of failure does not exceed 3 months; orII. INR 1 lacs in any other cases.• However, this penalty shall not be leviable if the assessee proves that there was reasonable cause for the said failure.• This amendment will take effect from the April 01, 2025
Section 271H - Penalty for failure to furnish statements, etc.	<ul style="list-style-type: none">• The present provision of Section 271H provides that no penalty would be levied if the person has filed the TDS/TCS return, along with applicable interest and fees before the expiry of a period of one year from the time prescribed for furnishing such statement.• To ensure better compliance it is proposed that no penalty will be levied only if the TDS/TCS return along with applicable interest and fees before the expiry of period of one month from the time prescribed for furnishing such statement.• This amendment will take effect from the April 01, 2025

Section	Proposed amendment
Section 271FAA - Penalty not to be imposed in certain cases	<ul style="list-style-type: none"> It is proposed that the provisions of Section 273B be amended to include reference to Section 271FAA and Section 271GC so long as the taxpayer proves that there was reasonable cause for failure to comply with requirements of the section.
Section 276B - Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B	<ul style="list-style-type: none"> The present provision of Section 276B provide for prosecution in case of failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B. It is proposed that prosecution proceedings will not be initiated if payment of tax deducted for a quarter has been paid to the Central Government at any time on or before the time prescribed for filing the statement of such quarter under sub-section (3) of section 200 of the Act. <p>This amendment will take effect from October 01, 2024</p>
Section 285 - Amendment in the period of submission of statement by a non-resident having liaison office in India	<ul style="list-style-type: none"> Presently, the Act requires every non-resident operating a liaison office in India to file a statement with sixty days from the end of the financial year. It is proposed to replace the word “sixty days” with the word “such period” which will be prescribed later under the Rules by the CBDT. Failure to furnish statement may attract a penalty 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



Black Money Act: A reference



Immunity from imposition of penalty

It is proposed to grant immunity from imposition of penalty on account of failure to disclose foreign assets in the income tax return of the assessee, if the aggregate value of foreign asset (other than immovable property) does not exceed INR 20 lacs.

Alluding to Black Money Act

Currently, Section 132B of the IT Act does not include provisions for extinguishing liability through recovery from seized assets for obligations arising under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

To address this, it is proposed to amend Section 132B to explicitly allow for the recovery of liabilities under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, from assets that have been seized. This amendment is scheduled to take effect from October 1, 2024.



Other Amendments



Other procedural amendments

- As per section 119(2)(b) of the IT Act., the Board may allow an Assessee or class of Assessee to file application or file revised return of income after time limit for claiming exemption, deduction, refund or any other relief under the IT Act. As per the amendment proposed under section 139 of the IT Act, such return of income filed under section 119(2)(b) of the IT Act will also be subject to provisions of section 139 of the IT Act. Such amendment is proposed to overcome procedural difficulties.
- Further, as per the amendment proposed under section 139AA of the IT Act, the option of quoting enrollment ID in the PAN application or return of income (in absence of Aadhar Number) is proposed to be abolished and the Assessee who has obtained PAN basis the enrollment ID is required to intimate Aadhar Number before the notified date.

Rationalizing timelines for application u/s 80G

The Finance bill has proposed the following amendments in Section 80G of the IT Act:

- Sub-clause (iiihg) of clause (a) is proposed to be amended to substitute the expression “National Sports Fund” with the expression “National Sports Development Fund.”
- Further, there is rationalization in timelines for institutions seeking approval under Section 80G, the Bill proposes that additional timeline be provided to the Principal Commissioner for disposal of application from the existing period of 6 months from the end of the month to 6 months from the end of the quarter in which application is received.

Withdrawal and transfer of Advance Ruling Applications

- As per the Finance Act 2021, the Authority for Advance Rulings (AAR) ceased to operate, and the Board for Advance Ruling (BAR) had been constituted for advance rulings.
- The applications filed before the erstwhile AAR were transferred to BAR for disposal. As per the amendment proposed under Section 245Q of the IT Act, such transferred applications which are still pending for disposal by BAR, are allowed for withdrawal by the applicants on or before October 31, 2024.
- Further, as per the amendment proposed under Section 245R of the IT Act, BAR may accept such withdrawal of application by the applicant.



03

Indirect Tax

Goods & Services Tax



The proposed amendments to the GST law in Budget 2024 primarily aim to implement the recommendations made by the GST Council during its 53rd meeting include: exemption of GST on un-denatured alcohol used in alcoholic liquor production, the introduction of Section 11A to address non-levy or short levy due to trade practices, and reclassification of certain insurance-related transactions. Additionally, the time limit for claiming input tax credit through FORM GSTR 3B for specific financial years is extended to November 30, 2021, and restrictions on input tax credit under Sections 74, 129, and 130 have been revised.

- **Extra Neutral Alcohol** - In Section 9 of CGST Act, the words 'and un-denatured Extra Neutral Alcohol ("ENA") or rectified spirit used for manufacture of alcoholic liquor, for human consumption' are added after 'alcoholic liquor for human consumption', keeping un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption ('ENA') **out of the ambit of GST**. Similar amendments are made in IGST Act and UTGST Act.
- **Non levy/ short levy of GST** - Section 11A is newly inserted in CGST Act empower the Government to not recover GST not levied or short-levied as a result of general practice. Similar amendments are made in IGST Act, UTGST Act, Compensation Act.
- **Time of supply** - Section 13 of CGST Act has been amended to provide clarity on the time of supply of services where the invoice is required to be issued by the recipient in cases of reverse charge supplies.
- **ITC for prior years** - Sub-section (5) is inserted in Section 16 of CGST Act to carve out an exception in existing sub-section (4) whereby the ITC relating to invoice or debit note for the FY 2017-18, 2018-19, 2019-20 and 2020-21 can be availed in any return under Section 39 which is filed up to November 30, 2021 and Sub-section (6) is inserted in section 16 of CGST Act whereby ITC relating to invoice or debit note can be availed, subject to sub-section (4), in a return filed under section 39 –
 - I. Filed up to November 30 following the financial year to which such invoice or debit note pertains, or furnishing of the relevant annual return, whichever is earlier; or
 - II. For the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of the order of revocation of cancellation of registration, where such return is filed within thirty days from the date of the order of revocation of cancellation of registration, whichever is later

Goods & Services Tax



- **Revocation of cancellation of registration:** New proviso is added in sub-section (2) of section 30 of CGST Act to prescribe for conditions and restrictions on revocation of cancellation of registration.
- **Amendment to Clause (f) of Sub-section (3) of Section 31 of the CGST Act:** In clause (f) of Sub-section (3) of Section 31 of CGST Act after the words 'of Section 9 shall', the words ', within the period as may be prescribed,' are inserted and further explanation is provided for clause (f) clarifying that supplier who is not registered shall include supplier who is registered solely for the purpose of deduction of tax under Section 51.
- **Mandatory Monthly Returns by Tax Deductor:** Sub-section (3) of Section 39 of CGST Act is amended to mandate monthly returns by tax deductor, irrespective of whether any deduction has been made in the said month or not.
- **Refund Restrictions on Zero Rated Supply:** Sub-section (3) of section 54 of CGST Act is omitted and sub-section (15) is inserted providing that no refund of unutilized ITC or integrated tax paid on account of zero-rated supply of goods is allowed where such zero-rated supply of goods is subjected to export duty. Similar amendments are made in IGST Act.
- **New Sub-section (1A) in Section 70 of the CGST Act:** A new Sub-section (1A) has been added to Section 70 of the CGST Act, which mandates that individuals summoned under Sub-section (1) must attend and provide truthful statements or produce documents.

Additionally, it permits authorized representatives of these individuals to appear before the proper officer to give statements and produce documents in compliance with the summons issued by any officer.

- **Amendment to Sub-sections (12) of Sections 73 and 74 of the CGST Act: Restriction to FY 2023-24 and Omission of Explanation 2 :** In Sub-section (12) of section 73 of CGST Act and Sub-section (12) of Section 74 of CGST Act after the words 'Determination of tax', the words ', pertaining to the period up to FY 2023-24,' are inserted restricting the applicability of the said Section for determination of tax pertaining to the period up to FY 2023-24. Also, in Sub-section (12) of Section 74 of CGST Act explanation 2 is omitted.

Goods & Services Tax



- **Provisions for Determination of Tax Issues from FY 2024-25 Onwards:** Section 74A has been inserted in the CGST Act so as to provide for determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilized for any reason pertaining to the FY 2024-25 onwards. Further, notice shall be issued within 42 months from the due date of filing the annual return or from the date of erroneous refund, if tax not paid, short paid, erroneously refunded, or ITC wrongly availed/utilized provided that amount involved is more than Rs 1,000. Further, the order shall be issued within twelve months from the date of issuance of notice, the time limit for issuance of order can be extended by a maximum of 6 months.
- **Amendment to Section 75 of the CGST Act:** Section 75 has been amended in the CGST Act to provide reference to Sub-sections (2) and (7) of Section 74A. Further Sub-section (2A) has been inserted for handling penalties when charges of fraud or suppression are not established.
- **Reduction of Maximum Pre-Deposit Amount for Appeals:** In clause (b) of Sub-section (6) of section 107 of CGST Act, the word 'twenty-five' is substituted by the word 'twenty' so as to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority to 20 crores.
- **Empowerment to Notify Cases for Principal Bench of the Appellate Tribunal:** Section 109 of CGST Act, 2017 is amended to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal.
- **Changes to Appeal Filing Dates, Time Limits, and Pre-Deposit Requirements :** With effect from August 01, 2024, Sub-section (1) and (3) of Section 112 of CGST Act are amended to empower Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal.

Further Sub-section (6) is amended to permit the filing of an application within three months after the expiry of the specified time limit of six months. Additionally, clause (b) of Sub-section (8) has been amended and thereby the pre-deposit amount for filing appeals before the Appellate Tribunal has been reduced to ten percent and capped it at 20 crore rupees.

Goods & Services Tax



- **Amendment to Section 20 of the IGST Act :** Section 20 of IGST Act is amended and maximum amount payable for each appeal to be filed before Appellate Authority or Appellate Tribunal is capped at 40 crore rupees
- **Electronic commerce operators :** Sub-section (1B) of Section 122 of CGST Act has been amended and words ‘Any electronic commerce operator who’, have been substituted by “Any electronic commerce operator, who is liable to collect tax at source under section 52,” thereby restricting the applicability to only those electronic commerce operators liable to collect tax at source under section 52.
- **Insertion of Section 128A in the CGST Act:** Section 128A has been inserted in CGST Act providing for conditional waiver of interest and penalty for tax periods from 1st July 2017 to 31st March 2020 if the tax is paid by a specified date. For the said financial years, no refund shall be admissible in case interest or penalty have already been paid in respect of any demand.
- **Transitional ITC :** Sub-section (7) of Section 140 of CGST Act is amended and thereby transitional ITC received by an ISD is clarified to be eligible whether the invoices are received before, on, or after the appointed day.
- **GST Appellate Tribunal to Handle Anti-Profitteering Cases and Introduction of Sunset Clause:** An amendment to Section 171 of the CGST Act empowers the Government to notify the GST Appellate Tribunal to handle anti-profitteering cases. Additionally, it introduces a sunset clause, enabling the Government to specify a date after which the Authority for Anti-Profitteering will no longer accept applications for examination.
- **Amendments to Schedule III of the CGST Act**
 - Co-Insurance Premium Apportionment: The apportionment of co-insurance premium by the lead insurer to the co-insurer in co-insurance agreements. This applies to insurance services jointly supplied by the lead insurer and the co-insurer to the insured, provided the lead insurer pays the tax liability on the entire premium amount paid by the insured.
 - Insurer to Reinsurer Services: Services provided by the insurer to the reinsurer for which ceding commission is received, treating these activities neither as a supply of goods nor a supply of services.
- **Restriction on Refunds:** No refund of tax paid or ITC reversed is allowed, if such tax would not be paid or ITC would not be reversed had Section 114 been in force.



Amendments to the Customs Act, 1962

- **Acceptance of Proof of Origin and Self-Certification in Line with New Trade Agreements:** Sec 28DA (Procedure regarding claim of preferential rate of duty) is being amended to accept various forms of proof of origin as stipulated in new trade agreements, which include provisions for self-certification. This amendment aligns the section with the requirements of new trade agreements.
- **Empowerment of Central Government to Specify Prohibited Manufacturing Operations in Warehouses :** A proviso to Section 65(1) [owner of any warehoused goods may carry on any manufacturing process or other operations in the warehouse in relation to such goods subject to certain conditions] has been inserted to empower the Central Government to specify certain manufacturing and other operations in relation to a class of goods that shall not be permitted in a warehouse.
- **Expanded Scope for Prescribing Procedures and Documentation for Trade Facilitation:** Section 143AA is amended for the purpose of facilitating trade, the words 'or any other persons' have been added which now state that - the Board may, for the purposes of facilitation of trade prescribe separate procedure or documentation for a class of importers or exporters or any other persons for categories of goods or based on the modes of transport of goods. Similarly, change is made in the section 157(2)(m).

Amendments to the Customs Tariff Act, 1975

- Section 6 of the Customs Tariff Act, 1975, is being omitted which earlier authorized the levy of protective duties by the Central government based on Tariff Commission's recommendations. The Tariff Commission was dissolved by the Indian government on June 1, 2022, through a resolution. This change will take effect upon enactment of the Finance (No. 2) Bill, 2024.

Customs Duty



Change in Customs Tariff

- The tax structure has changed to support domestic manufacturing, deepen local value addition, promote export competitiveness and simplify taxation benefiting several industries such as precious metals, mobile phones and related parts, medical and medical equipment.

(Refer “Annexure A” for rate of changes)

Other miscellaneous amendments

- **Notification No. 37/2023**- Customs dated May 10, 2023, is validated for the period from April 1, 2023, to May 10, 2023. It exempts crude soyabean oil and crude sunflower seed oil imports from BCD and Agriculture Infrastructure and Development Cess, subject to availability of unutilized FY 2022-23 Tariff Rate Quota allotted by DGFT and bills of lading issued by March 31, 2023.
- GST Compensation Cess is being exempted with effect from July 01, 2017, based on the recommendation of the GST Council in its 53rd meeting on imports in SEZ, by SEZ units or developers for authorized operations.

Other changes through notification

- **Import for Repairs:** Articles of foreign origin can be imported into India for repairs, subject to re-exportation within six months, extended to one year, as per Notification No. 38/2024-Customs dated 23rd July 2024.
- **Duty-Free Re-import of Goods:** The time period for duty-free re-import of goods exported from India under warranty has been increased from three years to five years, further extendable by two years, as per Notification No. 39/2024-Customs dated July 23, 2024.
- **India-UAE Comprehensive Economic Partnership Agreement (CEPA) Tariff Notification:** Notification No. 31/2024-Customs dated July 23, 2024, amends the India-UAE CEPA Tariff, incorporating consequential changes in duty rates on precious metals.

Customs Duty



Review of Custom Duty Exemptions

- A review of conditional exemption rates of BCD prescribed in Notification No. 50/2017-Customs dated 30th June 2017 is being conducted.
- Exemptions prescribed by other notifications are also under review.
- Certain BCD exemption entries under the above-mentioned notification will lapse with effect from 30th September 2024.

Excise Duty

- The Clean Environment cess, imposed and collected as an excise duty, is waived for excisable goods in stock as of June 30, 2017, provided that the appropriate GST Compensation cess is paid upon the supply of such goods on or after July 1, 2017.
- Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time for submission of the final Mega Power Project certificate from 120 months to 156 months.

Customs Duty Tariff Rate



Annexure A

Change in rates as per the Union Budget 2024.

- Increase in Tariff rate

Commodity	Rate		Change effective from
	From	To	
Plastics (Poly vinyl chloride (PVC) flex films)	10%	25%	July 24, 2024
Consumer Goods (Garden umbrellas)	20%	20% or Rs. 60 per piece, whichever is higher	
Chemicals (Laboratory chemicals)	10%	150%	
Other roasted nuts and seeds	30%	150%	October 01, 2024
Ammonium Nitrate (Chemicals and Plastics)	7.5%	10%	July 24, 2024
Solar glass for manufacture of solar cells or solar modules	Nil	10%	October 01, 2024
Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5%	
PCBA of specified telecom equipment	10%	15%	July 24, 2024

Customs Duty Tariff Rate



Annexure A

- Decrease in Tariff rate

Commodity	Rate		Change effective from
	From	To	
Agricultural Product (Shea nuts)	30%	15%	July 24, 2024
Aquafarming & Marine Exports (live SPF Vannamei shrimp & Live Black tiger shrimp)	10%	5%	
Artemia and Artemia cysts, Mineral Vitamin Premixes, Krill meal, Natural sands of all kinds, natural ore, Tellurium, Silicon, Selenium, alkaline earth metals, Unwrought Tin, Unwrought tungsten, Unwrought molybdenum, Unwrought tantalum, Unwrought Cobalt, Beryllium unwrought, Cadmium unwrought, powders, Blister Copper, Unwrought; waste and scrap; powder of, - Gallium, Germanium, Indium, Niobium, Vanadium	5%	Nil	

Customs Duty Tariff Rate



Fish lipid oil, Fish lipid oil and Algal Prime (flour) for use in manufacture of aquatic feed	15%	Nil	July 24, 2024
SPF Polychaete worms	30%	5%	
Crude fish oil and Pre-dust breaded powder for use in processing of seafood	30%	Nil	
Insect meal and Single Cell Protein from Natural Gas for use in Research & Development purposes in aquatic feed manufacturing and fish feed and Prawn and shrimps feed	15%	5%	
Critical Minerals (Natural Graphite and Quartz)	5%	2.5%	
Copper ores, Cobalt ores, Tin ores, Tungsten Ores, Molybdenum ores, Zirconium ores, Hafnium Ores, Vanadium ores, Niobium or tantalum ores, Antimony Ores, and concentrates, Unwrought bismuth, Unwrought antimony, powders, Ferro Nickel	2.5%	Nil	
Silicon dioxide, Artificial Graphite, colloidal or semi-colloidal graphite,	7.5%	2.5%	July 24, 2024

Customs Duty Tariff Rate



<p>Potassium hydroxide, Oxides, hydroxides and peroxides, of strontium or barium, Cobalt oxides, Cobalt oxides, Commercial cobalt oxides, Lithium oxide and hydroxide, Germanium oxides, Molybdenum oxides and hydroxides, Antimony oxides, Cadmium oxides, Chlorides of Nickel, Strontium chloride, Sulphates of Nickel, Nitrates of potassium, Lithium carbonates, Strontium carbonates, Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium, Compounds, inorganic or organic of rare earth metals, Bismuth citrate</p>	<p>7.5%</p>	<p>Nil</p>
<p>Vanadium oxides and hydroxides</p>	<p>2.5%/7.5%</p>	<p>Nil</p>
<p>Hafnium unwrought, waste and scrap, powders, Rhenium unwrought, Wet white, Crust and finished leather, Cancer Drugs (Trastuzumab Deruxtecan, Osimertinib, Durvalumab), Unwrought Zirconium powders.</p>	<p>10%</p>	<p>Nil</p>
<p>Ferrous Scrap and Certain specified raw materials for manufacture of CRGO steel</p>	<p>Nil (till 30.09.2024)</p>	<p>Nil (till 31.03.2026)</p>

Customs Duty Tariff Rate



Methylene Diphenyl Di-isocyanate (MDI) for use in the manufacture of Spandex Yarn	7.5%	5% (Subject to Import of Goods at Concessional Rate conditions)	July 24, 2024
Real Down Filling Material from Duck or Goose for use in the manufacture of textile or leather garments for export	30%	10%	
<u>Precious Metals</u>			
Gold bar, Silver bar, Coins of precious metals, Gold/Silver findings	15%	6%	
Gold dore, Silver bar	14.35%	5.35%	
Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4%	6.4%	
Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors and Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5%	5%	

Customs Duty Tariff Rate



<p><u>Medical Equipment</u></p>			
<p>X-ray tubes and Flat panel detectors (including scintillators), for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use</p>	<p>15%</p>	<p>5% (till March 31, 2025)</p> <p>7.5% (w.e.f April 01, 2025, to March 31, 2026)</p> <p>10% (w.e.f April 01, 2026)</p>	<p>July 24, 2024</p>
<p>All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10</p>	<p>As applicable</p>	<p>Nil</p>	
<p>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</p>	<p>As applicable</p>	<p>Nil</p>	<p>July 24, 2024</p>

Customs Duty Tariff Rate



IT and Electronics Sector			July 24, 2024
Cellular mobile phone, Charger/Adapter of cellular mobile phone, Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20%	15%	
Specified parts for use in manufacture of connectors	5%/7.5%	Nil	
Oxygen Free Copper for use in manufacture of Resistors	5%	Nil	
Renewable Energy Sector			July 24, 2024
Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.5%	Nil	
Components and consumables for use in manufacture of specified vessels	As applicable	Nil	
Technical documentation and spare parts for construction of warships	As applicable	Nil	
Goods under S. No. 404 of Notification No. 50/2017 Customs, used for petroleum exploration operations	As applicable	Nil	

Customs Duty Tariff Rate



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
Specified mechanics for use in manufacture of cellular mobile phones	As applicable	Nil
Specified mechanics for use in manufacture of cellular mobile phones	As applicable	Nil

Changes in Export Duty

Effective export duty on raw skins, hides & leather is being simplified and rationalized

Commodity	Rate		Change effective from
	From	To	
Tanned or dressed furskin	60%	20%	July 24, 2024
Tanned or crust hides of skins, whether or not split, but not further prepared	40%	20%	
Raw fur skins	60%/10 %	40%	

Abbreviations



Particulars	Abbreviations
Assessing Officer	AO
BCD	Basic Customs Duty
Central Board Of Direct Taxes	CBDT
CGST Act	Central Goods and Services Tax Act, 2017
Compensation Act	GST (Compensation to States) Act, 2017
Dispute Resolution Panel	DRP
Financial Year 2023-24	FY 2023-24
Hindu Undivided Family	HUF
IGST Act	Integrated Goods and Services Tax, 2017
Income Tax Act, 1961	IT Act
Income Tax Rules, 1962	IT Rules
Initial Public Offering	IPO
International Financial Services Centre	IFSC
ISD	Input Service Distributor
ITC	Input Tax Credit
Offer-For -Sale	OFS
Securities Transaction Tax	STT
Tax collection at source	TCS
Tax deduction at source	TDS
UTGST Act	Union Territory Goods and Services Tax, 2017
Venture Capital Funds	VCF



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