

UNION BUDGET 2024



I. FOREWARD

As the Mantra of Government under the leadership of Hon'ble Prime Minister Shri Narendra Modi was Sabka Sath Sabka Vikas and Sabka Vishwas the people of India has reelected it for the Third term under his leadership. The focus of the Interim Budget presented was on the upliftment of four castes ' Garib' (Poor), ' Mahilayen' (Women), 'Yuva' (Youth) and ' Annadata' (Farmer). The expectations of people are very high from this Budget. The Budget will also be presented by the Honorable Finance Minister using the Tablet Mode, as was being presented for three years. By Presented this Budget she will surpass the former Prime Minister Shri Morarji Desai, who presented five full Budgets and one interim Budget during his tenure. This budget also covers some of the previously made announcements with an intent to strengthen them and step up their implementation for expediting Governments journey towards the goal of Viksit Bharat particular focus of this Budget is on employment, skilling, MSMEs, and the middle class.

This Budget will be the first of this new Modi Government 3.0. Fiscal deficit for 2024-25 was projected to 4.9 per cent, which is lower as compared to 6.71 per cent of the FY 2022-23. The Government is aiming to reach this deficit below 4.5 per cent next year and to keep the fiscal deficit low each year such that the Central Government debt will be on a declining path as percentage of GDP.

The global economy, while performing better than expected, is still in the grip of policy uncertainties. Elevated asset prices, political uncertainties and shipping disruptions continue to pose significant downside risks for growth and upside risks to inflation.

In this context, India's economic growth continues to be the shining exception and will remain so in the years ahead. India's inflation continues to be low, stable and moving towards the 4 per cent target. Core inflation (non- food, non-fuel) currently is 3.1 per cent.

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III. ECONOMIC OVERVIEW AND PROSPECTS



Macro-Economic Overview

Overview of the Economy and GDP growth

Strong economic growth in the first quarter of FY23 helped India overcome the UK to become the fifth-largest economy after it recovered from the COVID-19 pandemic shock. Nominal GDP or GDP at Current Prices in the year 2023-24 was estimated at Rs. 295.36 lakh crores (US\$ 3.54 trillion), against the First Revised Estimates (FRE) of GDP for the year 2022-23 of Rs. 269.50 lakh crores (US\$ 3.23 trillion). During the period April-June 2025, India's exports stood at US\$ 109.11 billion, with Engineering Goods (25.35%), Petroleum Products (18.33%) and electronic goods (7.73%) being the top three exported commodity. Rising employment and increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers. The contact-based services sector has demonstrated promise to boost growth by unleashing the pent-up demand. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

India's appeal as a destination for investments has grown stronger and more sustainable because of the current period of global unpredictability and volatility, and the record amounts of money raised by India-focused funds in 2022 are evidence of investor faith in the "Invest in India" narrative.

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India's Engineering Export performance

- India's Engineering Export accounting for 3% of the total GDP, the Indian engineering sector forms a crucial backbone of the Indian Economy.
- The Engineering sector is the largest contributor to India's overall exports with share a share of 24% and also contributes approximately 40% of the total manufacturing export.
- Engineering exports in fiscal 2023-24 grew by 2.13% and reached at US\$ 109.32 Billion, which is contrary to the merchandise export trend which decline by 3.11%.
- It performed well given the weak global trade trends, dwindling demand, forex crises and geopolitical conflicts.

Petroleum product Export

- The country exported 1.24 Million barrels per day of petroleum products in May 2024, registering an increase of 3.3% against 1.20 Million barrels per day in April 2024.

Export of Electronic Goods

- In April 2024, Electronics goods export increased by 25.8 per cent, from USD 2.11 Billion in April 2023 to USD 2.65 Billion.
- The country's electronic manufacturing is likely to reach around USD 250 billion in the next five years. At present, the electronics exports of the country stand at around USD 125 to 130 Billion.

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IV. BUDGET HIGHLIGHTS



DIRECT TAX

- 58 per cent of corporate tax from simplified tax regime in FY23, more than two-thirds taxpayers availed simplified tax regime for personal income tax in FY 24.
- Delay for payment of TDS up to due date of filing statement decriminalized.
- Assessment can be reopened beyond three years upto five years from the end of Assessment Year only if the escaped income is ₹ 50 lakh or more.
- Monetary limits for filing direct taxes, related appeals in Tax Tribunals, High Courts and Supreme Court increased to ₹60 lakh, ₹2 crore and ₹5 crore respectively.
- Safe harbour rules expanded to reduce litigation and provide certainty in international taxation.
- Non-reporting of small movable foreign assets up to ₹20 lakh de-penalised.
- It is proposed to provide that no order for failure to deduct/ collect tax from any person shall be passed after the expiry of six years from the end of the financial year in which payment is made.
- It is proposed to prescribe the period within which annual statement of activities of a liaison office is required to be furnished. It is further proposed to provide for penalty on failure of submission of annual statement within the due period.
- It is proposed to enable the Transfer Pricing Officer to deal with specified domestic transactions which have not been referred to him by the Assessing Officer.
- It is proposed to discontinue the quoting of Aadhaar Enrolment ID in place of Aadhaar number.
- It is proposed to provide those applications before the Board for Advance Rulings transferred from Authority of Advance Rulings may be allowed to be withdrawn before 31.10.2024.
- It is proposed to empower Commissioner (Appeals) to set aside ex-parte assessment orders.

INDIRECT TAX

- **Medicines and Medical Equipment**

- Three cancer drugs namely TrastuzumabDeruxtecan, Osimertinib and Durvalumab fully exempted from custom duty.
- Changes in Basic Customs Duty (BCD) on x-ray tubes & flat panel detectors for use in medical x-ray machines under the Phased Manufacturing Programme.

- **Mobile Phone and Related Parts**

- BCD on mobile phone, mobile Printed Circuit Board Assembly (PCBA) and mobile charger reduced to 15 per cent.

- **Precious Metals**

- Customs duties on gold and silver reduced to 6 per cent and that on platinum to 6.4 per cent.

- **Other Metals**

- BCD removed on ferro nickel and blister copper.
- BCD removed on ferrous scrap and nickel cathode
- Concessional BCD of 2.5 per cent on copper scrap

- **Electronics**

- BCD removed, subject to conditions, on oxygen free copper for manufacture of resistors.

- **Chemicals and Petrochemicals**

- BCD on ammonium nitrate increased from 7.5 to 10 per cent.

- **Plastics**

- BCD on PVC flex banners increased from 10 to 25 per cent.

- **Telecommunication Equipment**

- BCD increased from 10 to 15 per cent on PCBA of specified telecom equipment.

- **Trade facilitation**

- For promotion of domestic aviation and boat & ship MRO, time period for export of goods

imported for repairs extended from six months to one year.

- Time-limit for re-import of goods for repairs under warranty extended from three to five years

- **Critical Minerals**

- 25 critical minerals fully exempted from customs duties.
- BCD on two critical minerals reduced

- **Solar Energy**

- Capital goods for use in manufacture of solar cells and panels exempted from customs duty.

- **Marine products**

- BCD on certain broodstock, polychaete worms, shrimp and fish feed reduced to 5 per cent.
- Various inputs for manufacture of shrimp and fish feed exempted from customs duty.

- **Leather and Textile**

- BCD reduced on real down filling material from duck or goose.
- BCD reduced, subject to conditions, on methylene diphenyl diisocyanate (MDI) for manufacture of spandex yarn from 7.5 to 5 per cent.

V. BUDGET PROPOSALS



DIRECT TAX (INCOME TAX ACT, 1961)

Details on some major changes is indicated below:

S.No	Proposal	Proposed Amendment
Tax relief		
1.	Standard deduction	Standard deduction to salaried individuals and pensioners is proposed to be increased from ` 50,000 to ` 75,000 under the new tax regime.
2.	Family pension deduction	Deduction from family pension of ` 15,000 is proposed to be increased to ` 25,000 under the new tax regime.
3.	Non-government employer contribution to New Pension scheme	It is proposed to increase the amount of deduction allowed to an employer in respect of his contribution to a pension scheme referred to in section 80CCD, from the extent of 10% to the extent of 14% of the salary of the employee. Further, a non government employee in the new tax regime shall be allowed deduction of an amount not exceeding 14% of the employee's salary in place of 10%.
Measures to promote investment and employment		
4.	Incentives to IFSC	<ul style="list-style-type: none"> ➤ It is proposed that retail schemes and Exchange Traded Funds in IFSC, shall enjoy tax exemptions along similar lines as available to specified funds. ➤ It is further proposed to exempt certain income of Core Settlement Guarantee Fund set up in IFSC. ➤ It is proposed to exclude the applicability of section 94B to certain finance companies located in IFSC. ➤ It is proposed that where a venture capital fund (VCF) located in IFSC extends a loan / other amount to an assessee, it shall no longer be called upon to explain the source of funds. ➤ Further, it is proposed that surcharge shall not apply on income-tax payable on income from securities by specified funds.
5.	Reduction of rate of foreign companies to 35 per cent	It is proposed to reduce the rate of income-tax chargeable on income of foreign company (other than that chargeable at special rates) from 40 per cent to 35 per cent.
6.	Tax on share premium	It is proposed that the provisions of clause (viib) of sub-section (2) of section 56 of the Act related to tax on share premium of private

		companies shall not apply from the financial year 2024-25.												
7.	Scheme of presumptive taxation for cruise ship operations by non-residents:	It is proposed to put in place a presumptive taxation regime for cruise ship operations of non-residents. Further, it is proposed to provide exemption for any income of a foreign company from lease rentals of cruise ships, received from a related company which operates such ship or ships in India.												
8.	Personal Income Tax	<p>In the year 2020, the new personal income tax regime with six income slabs starting from Rs 2.5 lakh was proposed. A change in the tax structure in this regime was proposed earlier to reduce the number of slabs to five and increasing the tax exemption limit to Rs 3 lakh. Now a further change in the tax structure in this regime is proposed. The proposed new tax rates are:</p> <table border="1"> <tr> <td>Rs 0-3 lakh</td> <td>Nil</td> </tr> <tr> <td>Rs 3-7 lakh</td> <td>5 per cent</td> </tr> <tr> <td>Rs 7-10 lakh</td> <td>10 per cent</td> </tr> <tr> <td>Rs 10-12 lakh</td> <td>15 per cent</td> </tr> <tr> <td>Rs 12-15 lakh</td> <td>20 per cent</td> </tr> <tr> <td>Above Rs 15 lakh</td> <td>30 per cent</td> </tr> </table>	Rs 0-3 lakh	Nil	Rs 3-7 lakh	5 per cent	Rs 7-10 lakh	10 per cent	Rs 10-12 lakh	15 per cent	Rs 12-15 lakh	20 per cent	Above Rs 15 lakh	30 per cent
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Simplification and Rationalisation														
9.	Introduction of block assessment scheme for search and seizure cases:	It is proposed to introduce a new scheme of block assessment for search cases. The block period is proposed to be six previous years and the period up to the date of conclusion of search. Total income of the block period is proposed to be taxed at the rate of 60 per cent.												
10.	Reducing the time-limit for which reassessment can be done and rationalisation of the provisions:	Time limit for reassessment is proposed to be reduced from ten years to five years. Further, there are proposals to rationalise the procedure for reassessment. Further, it is proposed to omit reference to Principal Chief Commissioner or Chief Commissioner in section 275 to provide clarity of time limitation for imposition of penalties. It is also proposed to withhold refund up to sixty days of assessment under section 245 and to rationalise time limit to file appeal to ITAT under section 253.												
11.	Charitable trusts/ Institutions	It is proposed to make amendments to merge the two schemes for exemption and also provide for rationalisation of filing of applications and the timelines for registration and approval of certain benefits to charitable trusts and institutions.												
12.	Simplification of taxation of Capital Gains	<p>The taxation of capital gains is proposed to be rationalised and simplified.</p> <p>Short term gains on specified financial assets shall henceforth attract a tax rate of 20 per cent instead of 15 per cent, while that on all other financial assets and non-financial assets shall continue to attract the applicable tax rate.</p> <p>Long term gains on all financial and non-financial assets, on the other hand, will attract a tax rate of 12.5 per cent. Indexation available under</p>												

		<p>second proviso to section 48 is proposed to be removed for calculation of any long-term capital gains which is presently available for property, gold and other unlisted assets. This will ease computation of capital gains for the taxpayer and the tax administration. For the benefit of the lower and middle-income classes, it is proposed to increase the limit of exemption of capital gains on certain listed financial assets from ₹ 1 lakh to ₹ 1.25 lakh per year.</p> <p>Listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non-financial assets will have to be held for at least two years to be classified as long-term.</p> <p>Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, however, will attract tax on capital gains at applicable rates.</p> <p>These proposals are proposed to be given effect with immediate force.</p>																												
13.	<p>Rationalisation of tax deducted at source (TDS) rates</p>	<p>It is proposed to bring down TDS rates from 5 per cent to 2 per cent in certain sections and omit section 194F where TDS rate is 20 per cent, as given below:</p> <table border="1" data-bbox="630 974 1444 2098"> <thead> <tr> <th>Section</th> <th>Present TDS Rate</th> <th>Proposed TDS Rate</th> <th>With effect from</th> </tr> </thead> <tbody> <tr> <td>Section 194D - Payment of insurance commission (in case of person other than company)</td> <td>5%</td> <td>2%</td> <td>1.4.2025</td> </tr> <tr> <td>Section 194DA - Payment in respect of life insurance policy</td> <td>5%</td> <td>2%</td> <td>1.10.2024</td> </tr> <tr> <td>Section 194G – Commission etc on sale of lottery tickets</td> <td>5%</td> <td>2%</td> <td>1.10.2024</td> </tr> <tr> <td>Section 194H - Payment of commission or brokerage</td> <td>5%</td> <td>2%</td> <td>1.10.2024</td> </tr> <tr> <td>Section 194-IB - Payment of rent by individual or HUF</td> <td>5%</td> <td>2%</td> <td>1.10.2024</td> </tr> <tr> <td>Section 194M - Payment of certain sums</td> <td>5%</td> <td>2%</td> <td>1.10.2024</td> </tr> </tbody> </table>	Section	Present TDS Rate	Proposed TDS Rate	With effect from	Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	1.4.2025	Section 194DA - Payment in respect of life insurance policy	5%	2%	1.10.2024	Section 194G – Commission etc on sale of lottery tickets	5%	2%	1.10.2024	Section 194H - Payment of commission or brokerage	5%	2%	1.10.2024	Section 194-IB - Payment of rent by individual or HUF	5%	2%	1.10.2024	Section 194M - Payment of certain sums	5%	2%	1.10.2024
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		by certain individuals or Hindu undivided family			
		Section 194-O - Payment of certain sums by e-commerce operator to e-commerce Participant	1%	0.1%	1.10.2024
		Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be Omitted		1.10.2024
14.	Credit of TDC and TCS	It is proposed to allow credit of all tax deducted or collected while computing the amount of tax to be deducted on salary income under section 192.			
15.	Claiming credit for TCS of minor in the hands of parent	It is proposed to empower the Board to make rules to provide credit of tax collected to person other than collectee.			
16.	Alignment of interest rate on delayed payment on TCS with TDS	It is proposed to increase the rate of simple interest from 1 per cent to 1.5 per cent on delayed payments of TCS after collection, as in the case of TDS.			
17.	Increase in limit of remuneration to working partners of a firm allowed as deduction	It is proposed to increase the limit of remuneration to working partners to ` 3,00,000 or 90 per cent of the book-profit, whichever is more, on the first ` 6,00,000 of the book-profit or in case of a loss.			
Widening and deepening of tax base and anti-avoidance					
18.	Buy-back of shares	It is proposed that the income from buy-back of shares by companies be chargeable in the hands of recipient investor as dividend, instead of the current regime of additional income-tax in the hands of the company. Further, the cost of such shares shall be treated as a capital loss to the investor.			
19.	Securities transaction tax (STT) rates	It is proposed to increase the rates of STT on sale of an option in securities from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such futures are traded.			
20.	Income from letting out of house property	It is proposed that income from letting out of a house or part of the house by the owner, shall not be charged under the head 'profits and gains of business or profession' and will be chargeable to tax under the head 'income from house property' only.			

21.	Transfer of capital asset	It is proposed to provide that the transfer of a capital asset, under a gift or will or an irrevocable trust, by an entity other than an individual or a Hindu undivided family (HUF) only, shall be regarded as transfer for the purpose of calculation of capital gain.
22.	TDS on payment to a partner	It is proposed that payments made by firm to its partner in the nature of salary, remuneration, commission, bonus and interest, etc shall be subject to TDS at the rate of 10 per cent for aggregate amounts more than ` 20,000 in a financial year.
23.	TCS on notified luxury goods	To enable TCS on luxury goods, it is proposed to levy TCS of 1 per cent on notified goods of value exceeding ten lakh rupees.
24.	TDS on sale of immovable property	It is proposed to clarify that where there is more than one transferor or transferee in respect of an immovable property, then such consideration for transfer of the immovable property shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.
25.	TDS on Floating Rate Savings (Taxable) Bonds (FRSB) 2020	TDS is proposed on interest exceeding ten thousand rupees on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 or any other notified security of the Central or State Governments.
26.	Inadmissibility of non-business expenditure by life insurance companies	It is proposed to provide that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business shall be included to the profits and gains of the life insurance business.
27.	Inclusion of taxes withheld outside India for purposes of calculating total income	It is proposed to provide that income tax paid outside India by way of deduction is deemed to be income received for the purpose of computing the income of the assessee.
28.	Excluding income mentioned in section 194J from applicability of section 194C	It is proposed to explicitly state that any sum referred to in sub-section (1) of section 194J (fees for professional or technical services) does not constitute "work" for the purposes of TDS under section 194C (payments to contractors).
29.	Claim of settlement amounts as business expenditure	It is proposed to disallow expenses incurred as settlement fees for any contravention of law, as may be notified by the Central Government.
30.	Definition of Fair Market Value (FMV)	It is proposed to provide for a method of calculation of fair market value on 31.01.18 under section 55(2) (ac) in the case of sale of unlisted equity shares in an offer for sale in an initial public offer.
Tax Administration		
31.	Introduction of Vivad se Vishwas Scheme, 2024	It is proposed to introduce a new scheme for settlement of pending appeals. It is proposed to be made operational from a specified date. Last date for the scheme is also proposed to be notified.
32.	Equalisation Levy	It is proposed that Equalisation Levy at the rate of 2 per cent of consideration received for e-commerce supply of goods or services, shall no longer be applicable on or after 1st August, 2024.
33.	Enabling processing of statements other than those filed by deductors	It is proposed to provide that the Board may make a scheme for processing of such statements.

34.	Lower deduction / collection certificate of tax at source	It is proposed to allow for application for lower deduction / collection certificate of tax for section 194Q (TDS on payment for purchase of goods) and sub-section (1H) of section 206C (TCS on receipt of sale of goods).
35.	Notification of certain persons or class of persons as exempt from TCS	It is proposed to empower the government to notify persons or class of persons from whom no collection of tax shall be made or collection of tax shall be made at a lower rate in respect of specified transactions.
36.	Time limit to file correction statement for TDS/TCS statements	It is proposed to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the TDS/TCS statement are respectively required to be delivered.
37.	Penalty for failure to furnish statements	It is proposed to provide for penalty on late furnishing of TDS or TCS statement beyond one month instead of the existing period of 12 months.
38.	Amendment in Section 271FAA	It is proposed to amend section 271FAA to provide for a penalty on failure to comply with due diligence requirement relating to compliance with Automatic Exchange of Information (AEOI).
39.	Returns filed after condonation of delay	It is proposed that in respect of returns filed after condonation of delay, the assessment can be made up to 12 months from the end of the financial year in which such return was furnished
40.	Donations to National Sports Development Fund	Any sums paid as donations to the National Sports Fund set up by the Central Government are presently eligible for deduction under section 80G. The name of the fund is proposed to be corrected as National Sports Development Fund
41.	Adjusting liability under Black Money Act, 2015 against seized assets	It is proposed to insert reference of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the section 132B of the Income-tax Act, 1961 so as to enable recovery of liabilities under the Act out of seized assets.

OTHER PROPOSALS

I. LEGISLATIVE CHANGES IN CUSTOMS LAWS:

Amendments in the Customs Act, 1962

S. No.	Amendment
(i)	Section 28 DA is being amended to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements which provide for self-Certification.
(ii).	A proviso to sub-section (1) of Section 65 is being 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.
(iii)	The expression "a class of importers or exporters" is being substituted with "a class of importers or exporters or any other persons" in Section 143AA of the Customs Act for purposes of facilitating trade. Consequential changes are being carried out in clause (m) of subsection (2) of Section 157 of the Customs Act.
	These changes shall come into effect from date of assent to the Finance (No.2) Bill

Amendments in the Customs Tariff Act, 1975

(i)	Section 6 is being omitted on account of winding up of the Tariff Commission
(ii)	The First Schedule to the Customs Tariff Act, 1975 is being amended to,- <ol style="list-style-type: none"> a) increase the rates on certain tariff items with effect from 24.07.2024. b) create new tariff lines in respect of defence products, technical textiles, sustainable blended aviation fuel, products used in Indian semiconductor machines, e-bicycles, natural menthol, printer cartridge etc. This is to align the tariff lines with WCO classification and better identification of goods. These changes shall come into effect from 01.10.2024.

II. Amendment of Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995

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 24.07.2024.

III. LEGISLATIVE CHANGES IN GST LAWS

[Save as otherwise provided, these changes will be brought into effect from a date to be notified in coordination with States, as per recommendations of the GST council].

S. No.	Proposal	Proposed amendment
1.	Amendment to keep Extra Neutral Alcohol outside the purview of central tax	Section 9 is being amended to take Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption out of the purview of central tax. Similar amendments are also proposed in IGST Act a UTGST Act.
2.	Amendment to regularize non-levy and short-levy of central tax due to general practice	New sub-sections (5) and (6) are being inserted in section 16 of CGST Act to non-levy or short levy of central tax due to any general practice prevalent in trade. Similar power is being proposed in IGST Act, UTGST Act and GST (Compensation to States) Act.
3.	Amendment to relax the time limits to avail input tax credit	<p>New sub-sections (5) and (6) are being inserted in section 16 of CGST Act to relax the time limit to avail input tax credit as per section 16(4) of the CGST Act with effect from 01.07.2017, as follows:</p> <p>a) In respect of initial years of implementation of GST, i.e., financial years 2017-18, 2018-19, 2019-20 and 2020-21:</p> <p>In respect of an invoice or debit note for the Financial Years 2017- 18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the 30th day of November, 2021</p> <p>b) with respect to cases where returns have been filed after revocation: The time limit to avail input tax credit in respect of an invoice or debit note, in cases where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, will be extended till the date of filing the said GSTR-3B return, subject to certain conditions, if the said return is filed by the registered person within thirty days of the order of revocation of cancellation of registration.</p>
4.	Insertion of new section to provide a common time limit for issuance of demand notices and orders	Section 74A is being inserted in the CGST Act to provide a common time limit for issuance of demand notices and orders in respect of demands for FY 2024-25 onwards, for cases involving charges of fraud, suppression of facts or wilful misstatement and the cases not involving the charges of fraud, suppression of facts or wilful misstatement etc. Also, the time limit for the taxpayers to avail the

		benefit of reduced penalty, by paying the tax demanded along with interest, is being increased from 30 days to 60 days.
5.	Amendment to reduce the maximum amount of pre-deposit for filing appeals	Sections 107 and 112 of CGST Act are being amended to reduce the maximum amount of pre-deposit for filing appeal with the Appellate Authority from Rs. 25 crore of central tax to Rs. 20 crore of central tax and to reduce the amount of pre-deposit for filing appeal with the Appellate Tribunal from 20% with a maximum amount of Rs. 50 crore of central tax to 10 % with a maximum of Rs. 20 crore of central tax. Besides, the time limit for filing appeals before the Appellate Tribunal is being modified w.e.f. 1st August, 2024 to avoid the appeals from getting time barred, on account of Appellate Tribunal not coming into operation.
6.	Amendment to provide conditional waiver of interest or penalty or both relating to demands raised under section 73, for certain tax periods	Section 128A is being inserted in the CGST Act to provide for a conditional waiver of interest and penalty in respect of demands pertaining to financial years 2017-18, 2018-19 and 2019-20, in cases where demand notices have been issued under section 73 and full tax liability is paid by the taxpayer before a date to be notified.
7.	Amendment to enable availment of the transitional credit of eligible CENVAT credit by Input Services Distributor in respect of invoices received prior to the appointed date	Section 140(7) of CGST Act is being amended with effect from 01.07.2017, to enable availment of transitional credit in respect of input services received by an Input Services Distributor prior to the appointed day, where invoices were also received prior to the appointed day.
8.	Amendment to empower Government to notify Appellate Tribunal to handle anti-profiteering cases and to provide for a sunset clause for accepting anti-profiteering cases	Section 171 of CGST Act is being amended to enable the Government to notify the GST Appellate Tribunal to handle anti-profiteering cases and to empower the Government to notify a date after which the Authority for anti-profiteering shall not accept applications for examination.
9.	Amendment to clarify various activities in insurance sector as neither a supply of goods nor a supply of services	Paragraphs 8 and 9 are being inserted in Schedule III of CGST Act to provide that the activity of apportionment of co-insurance premiums by the lead insurer to the co-insurers in the co-insurance agreement and the services by insurers to reinsurers in respect of ceding/re-insurance commission will, subject to certain conditions, be treated neither as a supply of goods nor as a supply of services.
10	Amendment to clarify time of supply of services in reverse charge supplies.	Amendment is proposed in Section 13 of CGST Act to provide for time of supply of services where the invoice is required to be issued by the recipient of services in cases of reverse charge supplies.
11	Amendment to restrict blockage of input tax credit for tax paid under section 74 to demands upto Financial Year 2023-24	Clause (i) of Section 17 of CGST Act is being amended to restrict blockage of input tax credit for tax paid under Section 74 for demands pertaining up to FY 2023-24.
12	Amendment to provide for conditions and restrictions for revocation of cancellation of registration	Section 30 of the CGST Act is being amended to enable the government to prescribe conditions and restrictions for revocation of cancellation of registration.
13	Amendment to prescribe the time period for issuance of invoice by recipient in Reverse Charge Mechanism supplies	Clause (f) of section 31 of CGST Act is being amended to provide for an enabling provision to prescribe the time period within which the invoice has to be issued by the recipient under reverse charge mechanism and to clarify that a person registered solely for purpose of deducting TDS under section 51 of CGST Act shall be treated as a person not registered for the purpose of clause (f) of section 31(3) of the said Act.
14	Amendment to make filing of monthly returns by TDS deductors mandatory.	Section 39 is being amended to mandate filing of returns by TDS deductors for every month, even if no deductions are made during

		the said month, and also to provide for an enabling clause for prescribing the time limit for filing such returns.
15	Amendment to prohibit refund in zero rated supply of goods where such goods are subjected to export duty.	Section 54 of CGST Act and section 16 of IGST Act are being amended to prohibit refund of unutilized input tax credit or integrated tax on zero-rated supply of goods, which are subjected to export duty.
16	Amendment for allowing appearance by authorised representative on behalf of a summoned person	Sub-section 1A is being inserted in section 70 of the CGST Act to enable appearance by an authorized representative on behalf of a summoned person.
17	Amendment to empower the government to notify cases which shall be heard only by the principal Bench of GST Appellate Tribunal	Section 109 of CGST Act is being amended to empower the government to specify cases to be heard only by the Principal Bench of the Appellate Tribunal.
18	Amendment to restrict applicability of penal provisions under Section 122(1B) to Electronic Commerce Operators who deduct TCS	Section 122(1B) of CGST Act is being amended w.e.f. 01.10.2023 to restrict the applicability of penal provisions under this section to only those Electronic Commerce Operators who are required to collect tax at source under section 52.
19	Consequential amendments due to insertion of new section 74A in the CGST Act	Sections 73 and 74 of CGST Act are being amended to limit the applicability of these sections to demands up to FY 2023-24, since from FY 2024-25 onwards demands are to be ascertained as per provisions of newly inserted section 74A. Also, Section 75 of CGST Act is being amended to allow for redetermination of penalties if the charges of fraud, suppression, or willful misstatement are not established. Further, references to section 74A or the concerned sub-sections of section 74A are being inserted in section 10 section 21, section 35, section 49, section 50, section 51, section 62, section 63, section 64, section 65, section 66, section 104 and section 127.

IV. OTHER PROVISIONS IN THE FINANCE (No. 2) BILL

S. No.	Proposal	Proposed amendment
1	Amendment of Customs duty notification dated 10.5.2023	Notification No. 37/2023- Customs dated 10.5.23 is being validated for the period from 1st April, 2023 up to and inclusive of 10th May,2023 to provide exemption from basic customs duty and AIDC on imports of crude soyabean oil and crude sunflower seed oil subject to availability of unutilized quota in TRQ authorization for FY 2022-23 allotted by DGFT and Bill of lading issued on or before 31st March,2023. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024
2	Amendment of Central excise duty notification dated 17.3.2012	Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months. The changes will come Into effect from date of assent to the Finance (No.2) Bill 2024
3	Exemption from Clean Environment Cess	The Clean Environment Cess , levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30th June, 2017, subject to payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024
4	Exemption GST Compensation Cess ,2017	Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect

from 1st July, 2017 on imports in SEZ by SEZ units or developers for authorized operations. The changes will come into effect from date of assent to the Finance(No.2) Bill 2024.

V. CUSTOMS DUTY RATE CHANGES

i. Reduction in customs duty to reduce input costs, deepen value addition, promote export competitiveness, correct inverted duty structure, boost domestic manufacturing etc [with effect from 24.07.2024]			
S.No.	Commodity	From (per cent)	To (per cent)
I	Agricultural Products		
1	Shea nuts	30	15
II	Aquafarming & Marine exports		
1	Prawn and Shrimps feed	15	5
2	Fish feed	15	5
3	Following inputs for manufacture of Prawn and Shrimps feed or fish feed: (i) Mineral & vitamin pre mixes. (ii) Krill Meal (iii) Fish lipid oil (iv) Crude fish oil (v) Algal prime (flour) (vi) Algal oil	30/15/5	Nil
4	Artemia	5	Nil
5	Artemia cysts	5	Nil
6	SPF Polychaete worms	30	5
7	Live SPF Vannamei shrimp (<i>Litopenaeus vannamei</i>) broodstock & Live Black tiger shrimp (<i>Penaeus monodon</i>) broodstock	10	5
8	Insect Meal for use in R&D for aquatic feed manufacturing	15	5
9	Single Cell Protein from Natural Gas for use in R&D for aquatic feed manufacturing	15	5
10	Pre-dust breaded powder for use in processing of sea-food	30	Nil
III	Critical Minerals		
1	Antimony, Beryllium, Bismuth, Cobalt, Copper, Gallium, Germanium, Hafnium, Indium, Lithium, Molybdenum, Niobium, Nickel, Potash, REE, Rhenium, Strontium, Tantalum, Tellurium, Tin, Tungsten, Vanadium, Zirconium, Selenium, Cadmium, Silicon other than Quartz & Silicon Dioxide.	10/7.5/5/2.5	Nil
2	Graphite	7.5/5	2.5
3	i) Silicon Quartz ii) Silicon Dioxide	7.5/5	2.5

IV	Cancer Drugs		
1	i) Trastuzumab Deruxtecan ii) Osimertinib iii) Durvalumab	10	Nil
V	Precious Metals		
1	Gold bar	15	6
2	Gold dore	14.35	5.35
3	Silver bar	15	6
4	Silver dore	14.35	5.35
5	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4	6.4
6	Coins of precious metals	15	6
7	Gold/Silver findings	15	6
8	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.5	5
9	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5	5
VI.	Textile and Leather Sector		
1.	MDI for manufacture of spandex yarn	7.5	5
2.	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.	Certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export	As applicable	Nil
4.	Real Down Filling material from duck or goose for use in manufacture of textile or leather garments for export	30	10
VII.	Steel Sector		
1.	Ferro-Nickel	2.5	Nil
2.	Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.3.2026)
3.	Certain specified raw materials for manufacture of CRGO steel	Nil (till 30.09.2024)	Nil (till 31.03.2026)
VIII.	Copper Sector		
1.	Blister Copper	5	Nil
IX.	Capital Goods		
1.	Certain additional goods for use in petroleum exploration operations	As applicable	Nil
2.	Certain additional capital goods for use in manufacture of solar cells and modules	7.5	Nil

X.	Shipping Sector		
1.	Components and consumables for manufacture of vessels	As applicable	Nil
2.	Technical documentation and spare parts for construction of warships	As applicable	Nil
XI.	IT and Electronics		
1.	Cellular Mobile Phone	20	15
2.	Charger/Adapter of cellular mobile Phone	20	15
3.	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20	15
4.	Specified goods for use in manufacture of connectors	5/7.5	Nil
5.	Oxygen Free Copper for use in manufacture of Resistors	5	Nil
XII.	Medical Equipment		
1.	All types of polyethylene for use in manufacture of orthopedic implants	As applicable	Nil
2.	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and all types of polyethylene for use in manufacture of other artificial parts of the body	As applicable	Nil
3.	X-ray tubes and Flat panel detectors (including scintillators) for use in manufacture of medical, surgical, dental or veterinary X-ray machines	15	5 (till 31.03.2025) <hr/> 7.5 (1.4.2025 to 31.3.2026) <hr/> 10 (1.4.2026 onwards)

ii. Increase in Customs duty [with effect from 24.07.2024]

S. No.	Commodity	Rate of duties	
		From (per cent)	To (per cent)
I.	Plastics and Chemicals		
1.	Ammonium Nitrate	7.5	10
2.	PVC Flex Films/Flex Banners	10	25
II	Chemicals		

1	Laboratory Chemicals under heading 9802	10	150
III. Renewable Sector			
1.	Solar Glass for manufacture of solar cells or modules	Nil	10 (w.e.f 1.10.24)
2.	Tinned Copper Interconnect for manufacture of solar cells or modules	Nil	5 (w.e.f 1.10.24)
IV. Miscellaneous Items			
1.	PCBA of specified telecom equipment	10	15
1.	Garden Umbrella (tariff item 6601 10 00)	20	20 or ₹60 per piece whichever is higher

iii. Increase in tariff rate with no change in effective duty rate [With effect from 01.10.2024]

S. No.	Commodity	Rate of duties	
		From (per cent)	To (per cent)
1	Other roasted nuts and seeds, including areca nuts	30	150
2	Other nuts, otherwise prepared or preserved, including areca nuts	30	150

iv. Rationalization of Export duty on Raw hides, skins and leather [with effect from 24.07.2024]

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

Trade Facilitation Measures

S. No.	Proposal	Proposed amendment
1	Increase in duration for re-import of goods exported out of India	The time-period of duty free re-import of goods (other than those under export promotion schemes) exported out under warranty from India has been increased from 3 years to 5 years, further extendable by 2 years
2	Increase in duration for export of articles of foreign origin imported into India for repairs	Currently, articles of foreign origin can be imported into India for repairs subject to their re-exportation within six months extendable upto 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

VI. INCOME TAX RATES



INCOME TAX RATES

The new tax regime is now the default regime, though the old tax regime can be opted by the interested parties. The rates are indicated below:

-For Individuals, HUF, AOP and BOI (Option-1 Old Rates)

Total Income	Tax Rates (e)
Up to Rs. 250,000 (Subject to rebate specified below)	NIL**
Rs. 250,001 to Rs. 500,000 (Subject to rebate specified below)	5%**
Rs. 500,001 to Rs. 1,000,000	20%
Rs. 1,000,001 and above	30%

***Rebate from tax of upto Rs. 12,500 or 100 per cent of the tax whichever is less available for a resident individual whose total income upto Rs. 500,000*

-For Individuals, HUF, AOP and BOI (Option-2 New Rates)

Total Income	Tax Rates (e)
Up to Rs. 3,00,000 (Subject to rebate specified below)	NIL**
Rs. 3,00,001 to Rs. 7,00,000 (Subject to rebate specified below)	5%**
Rs. 7,00,001 to Rs. 10,00,000 (Subject to rebate specified below)	10%
Rs. 10,00,001 to Rs. 12,00,000	15%
Rs. 12,00,001 to Rs 15,00,000	20%
Rs. 15,00,001 and above	30%

***Rebate from tax of upto Rs. 25,000 or 100 per cent of the tax whichever is less available for a resident individual whose total income upto Rs. 7,00,000*

Note: The benefits and deductions as available under the old regime shall not be available in case a tax payer opts for the new system.

Except the standard deduction of Rs 75,000 earlier Rs 50,000 to salaried individual, and deduction from family pension up to Rs 25,000 earlier Rs. 15,000, are now allowed under new scheme.

Note:

- For a resident individual aged between sixty and eighty, the basic exemption limit is Rs. 300,000
- For a resident individual aged eighty or above, the basic exemption limit is Rs. 500,000
- Surcharge is as per the below:

Total Income	Rates of Surcharge
Rs. 50 Lakhs to Rs. 1 Crores	10%
Rs. 1 Crores to Rs. 2 Crores	15%
Rs. 2 Crores to Rs. 5 Crores	25%
Rs. 5 Crores and above	37%**

**Marginal relief available as per applicability*

***Under the new regime, the rate 37% is reduced to 25%.*

- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

-For Local Authorities

- Local Authorities are taxable at 30 per cent.
- 12 per cent surcharge is applicable if the total income exceeds Rs. 10,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

Note: - Any income arising to a body or authority or board or trust or commission, (not being a company) which has been established or constituted by or under a Central or State Act with the purposes of satisfying the need for housing or for planning, development or improvement of cities, towns and villages or for regulating any activity or matter, irrespective of whether it is carrying out commercial activity.

-For Firms (Including LLPs)

- Firms are taxable at 30 per cent.
- 12 per cent surcharge is applicable if the total income exceeds Rs.10,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess applicable on income-tax (inclusive of surcharge, if any).

-For Domestic Companies

- Domestic companies are taxable at 30 per cent.
- 7 per cent surcharge is applicable if the total income exceeds Rs.10,000,000 but does not exceed Rs.100,000,000. Marginal relief is available.
- 12 per cent surcharge is applicable if the total income exceeds Rs. 100,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).
- New Domestic companies engaged in manufacturing activities are eligible for 15% income tax
- Further, Domestic companies shall also have the option of using 22% income tax subject to certain conditions wherein certain benefits such as MAT Credit etc are not allowed.

-For Foreign Companies

- Foreign companies are taxable at 35 per cent earlier 40 per cent.
- 2 per cent surcharge is applicable if the total income exceeds Rs. 10,000,000 but does not exceed Rs. 100,000,000. Marginal relief is available
- 5 per cent surcharge is applicable if the total income exceeds Rs.100,000,000. Marginal relief is available
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

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-For Cooperative Societies

Total Income	Tax Rates (e)
Up to Rs. 10,000	10%
Rs. 10,000 to Rs. 20,000	Rs. 1,000 plus 20% of the amount in excess of 10,000
More than Rs. 20,000	Rs. 3,000 plus 30% of the amount in excess of 20,000

- 7 per cent surcharge is applicable if the total income exceeds Rs. 10,000,000 but does not exceed Rs. 100,000,000. Marginal relief is available.
- 12 per cent surcharge is applicable if the total income exceeds Rs. 100,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).
- a new co-operative society which do not avail of any specified incentive or deduction, is allowed an option to pay tax at a concessional rate of 15 per cent similar to what is available to new manufacturing companies.



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