

HIGHLIGHTS OF UNION BUDGET

2024-2025

AN INSIGHT INTO THE FINE PRINT



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Key Points

A

Economic Highlights

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B

Indirect Taxes

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C

Direct Taxes

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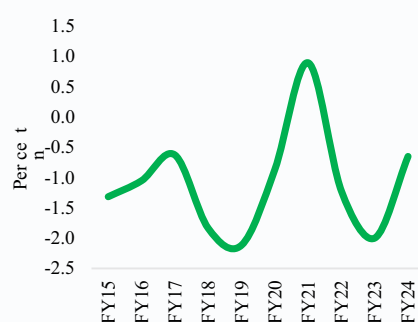
PART A - Economic Highlights



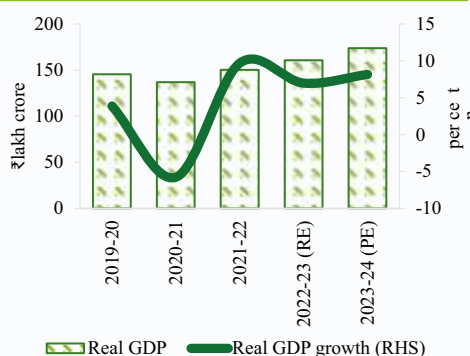
Budget Estimates 2024-25

- For the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at Rs. 32.07 lakh crore and Rs. 48.21 lakh crore respectively. The net tax receipts are estimated at Rs. 25.83 lakh crore. The fiscal deficit is estimated at 4.9 per cent of GDP.
- The gross and net market borrowings through dated securities during 2024-25 are estimated at Rs. 14.01 lakh crore and Rs. 11.63 lakh crore respectively. Both will be less than that in 2023-24.
- The fiscal consolidation path announced by me in 2021 has served our economy very well, and we aim to reach a deficit below 4.5 per cent next year. The Government is committed to staying the course. From 2026-27 onwards, our endeavour will be to keep the fiscal deficit each year such that the Central Government debt will be on a declining path as percentage of GDP.

Improvement in Current Account Deficit



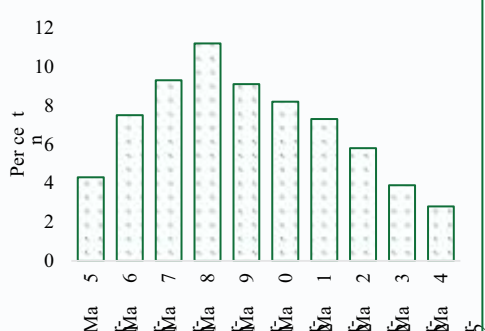
India grew at 8.2 per cent in FY 2024



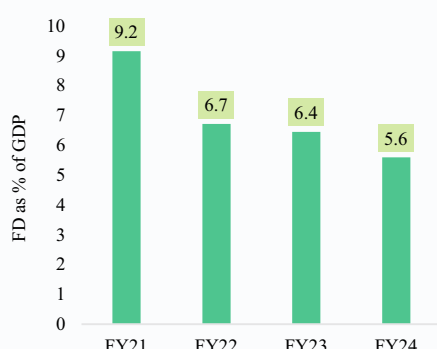
Expansionary PMI Index



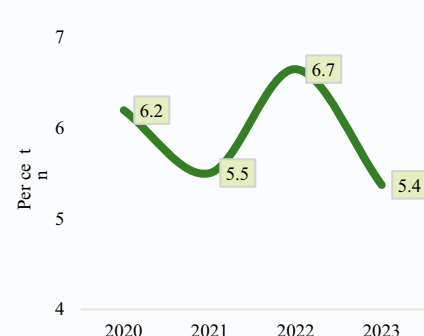
Decline in Gross NPAs of SCBs



Decreasing Fiscal Deficit as % of GDP



Taming Inflation



PART A - Economic Highlights

Introduction

The Government has reaffirmed its commitment to the four pillars of its development agenda:



'Garib' (Poor)



'Mahilayen' (Women)



'Yuva' (Youth)



'Annadata' (Farmer)

The Theme of this budget focuses on



Employment



Skilling

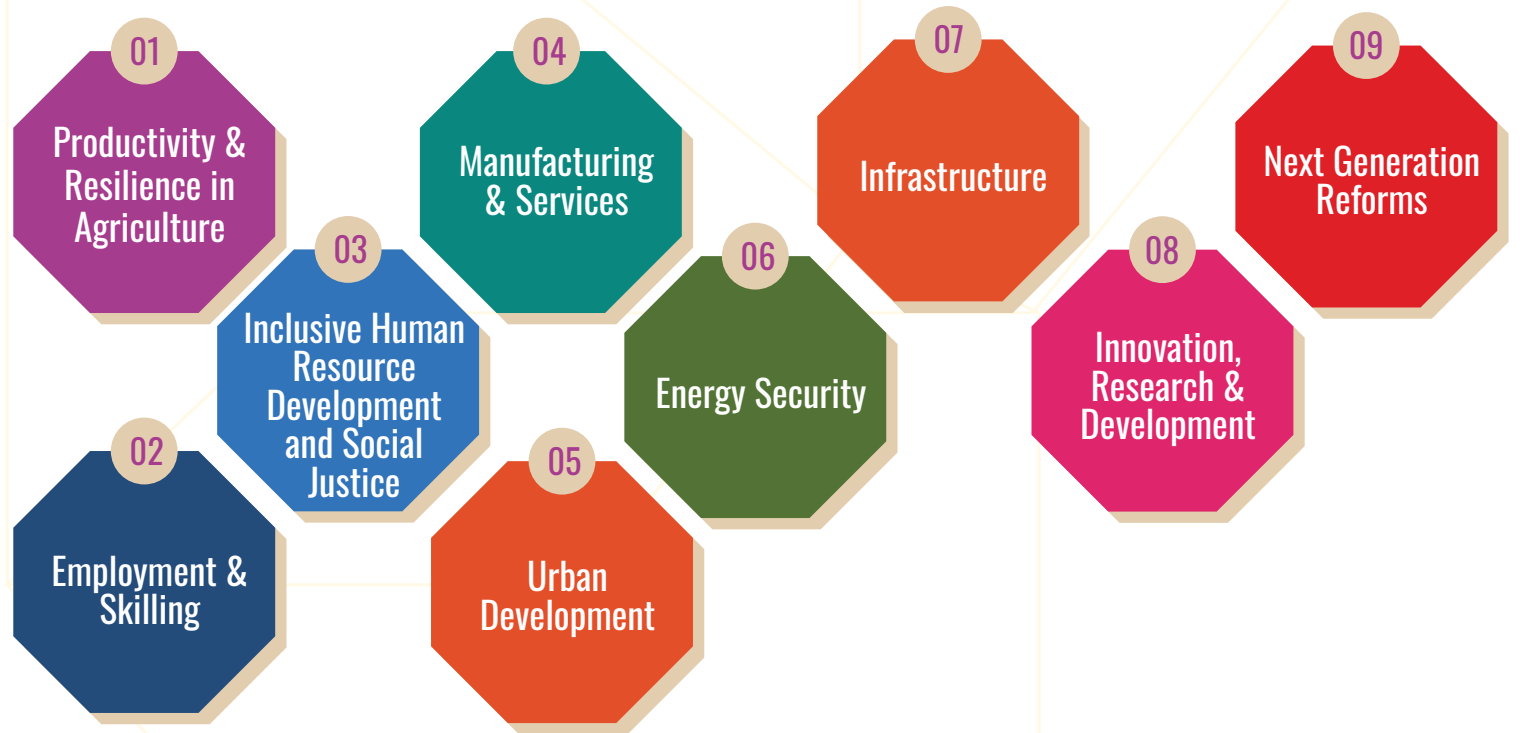


MSMEs



The Middle Class

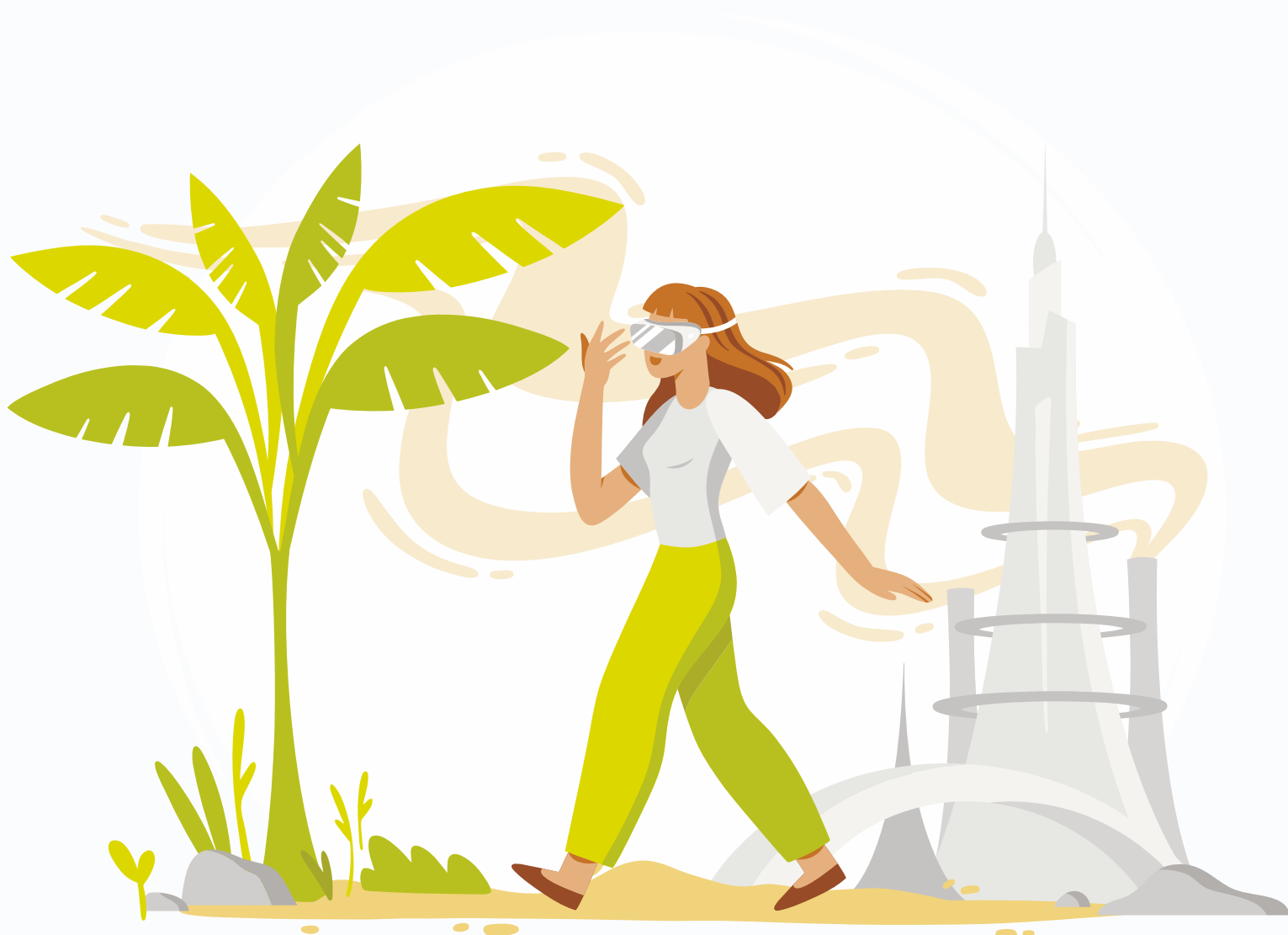
Roadmap of 'Viksit Bharat' - 9 priorities



PART A - Economic Highlights

Priority 1- Productivity And Resilience In Agriculture

- Comprehensive review of the agriculture research setup to bring the focus on raising productivity and developing climate resilient varieties.
- New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.
- Natural farming supported by certification and branding through scientific institutions and willing gram panchayats. Establish 10,000 need-based **bio-input resource centres**.
- Strengthen production, storage and marketing for oil seeds.
- Promotion of Farmer-Producer Organizations, cooperatives and start-ups for vegetable supply chains including for collection, storage, and marketing.
- Implementation of the **Digital Public Infrastructure** (DPI) in agriculture for coverage of farmers and their lands in 3 years.
- 6 crore farmers and their lands will be brought into the farmer and land registries. Issuance of Jan Samarth based Kisan Credit Cards will be enabled in 5 states.
- Setting up a network of **Nucleus Breeding Centres** for Shrimp Broodstocks.
- Establish National Cooperation Policy for systematic, orderly and all-round development of the cooperative sector



PART A - Economic Highlights

Priority 2- Employment & Skilling

- Implement 3 schemes for 'Employment Linked Incentive', based on enrolment in the EPFO, and focus on recognition of first-time employees, and support to employees and employers.

01



Scheme A: First Timers

One-month wage to all persons newly entering the workforce in all formal sectors. The direct benefit transfer of one-month salary in 3 instalments to first-time employees, as registered in the EPFO, will be up to Rs. 15,000. The eligibility limit will be a salary of Rs. 1 lakh per month.

02



Scheme B: Job Creation in Manufacturing

Incentivize additional employment in the manufacturing sector, linked to the employment of first-time employee.

03



Scheme C: Support to Employers

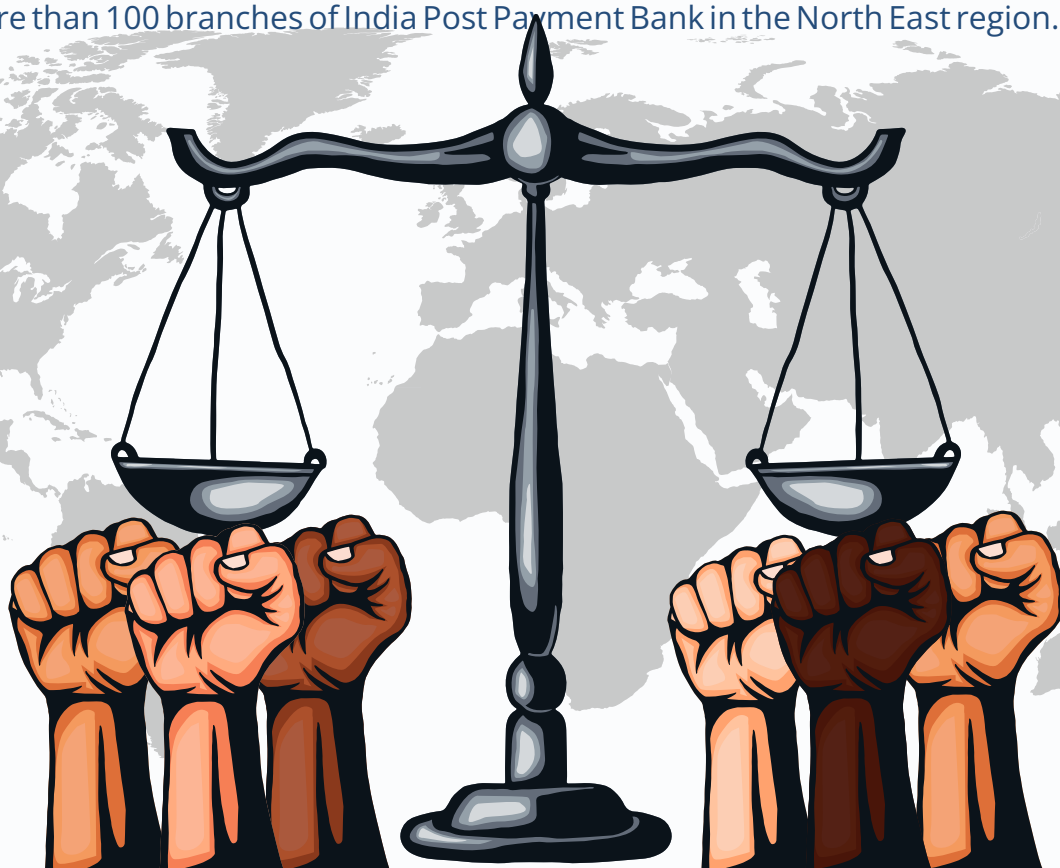
For all additional employment within a salary of Rs. 1 lakh per month, Government will **reimburse to employers up to 3,000 per month** for 2 years towards their EPFO contribution for each additional employee.

- To facilitate higher participation of women in the workforce, setting up of working women hostels, establishing creches, organize women-specific skilling programmes, and promotion of market access for women SHG enterprises.
- Upgrade 1,000 **Industrial Training Institutes** in hub.
- The **Model Skill Loan Scheme** will be revised to facilitate loans up to Rs. 7.5 lakh with a guarantee from a government promoted Fund.
- **Loans** upto Rs. 10 lakhs for **higher education** in domestic institutions. E-vouchers for this purpose will be given directly to 1 lakh students every year for **annual interest subvention** of 3 per cent of the loan amount.

PART A - Economic Highlights

Priority 3: Inclusive Human Resource Development And Social Justice

- Step up of PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India.
- **All-round development of the eastern region** of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. This will cover human resource development, infrastructure, and generation of economic opportunities.
- Development of an industrial node at Gaya.
- Development of **road connectivity projects**, namely Patna-Purnea Expressway, Buxar-Bhagalpur Expressway, Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and additional 2-lane bridge over river Ganga at Buxar.
- Setting up of **power plant** at Pirpainti.
- Construction of **New airports, medical colleges** and sports infrastructure in **Bihar**.
- To support capital investments in Bihar.
- **Andhra Pradesh Reorganization Act**
 - Special financial support through multilateral development agencies, arranging 15,000 crore in the current financial year, with additional amounts in future years. Funds will be provided for essential infrastructure such as water, power, railways and roads in Koppaerthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor.
- Grants for backward regions of Rayalaseema, Prakasam and North Coastal Andhra.
- Three crore additional houses under the **PM Awas Yojana** in rural and urban areas in the country.
- Rs. 3 lakh crores for schemes benefitting women and girls.
- Introduction of The **Pradhan Mantri Janjatiya Unnat Gram Abhiyan** by adopting saturation coverage for tribal families in tribal-majority villages and aspirational districts.
- Set up of more than 100 branches of India Post Payment Bank in the North East region.



PART A - Economic Highlights

Priority 4: Manufacturing & Services

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

- For facilitating term **loans to MSMEs** for purchase of machinery and equipment **without collateral or third-party guarantee**, a credit guarantee scheme will be introduced. A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to Rs. 100 crores, while the loan amount may be larger.



- The borrower will have to provide an upfront guarantee fee and an annual guarantee fee on the reducing loan balance.

- **New assessment model for MSME credit:** Public sector banks will build a **new credit assessment model** to assess MSMEs for credit, instead of relying on external assessment. This is expected to be a significant improvement over the traditional assessment of credit eligibility based only on asset or turnover criteria. That will also **cover MSMEs without a formal accounting system**.

- **Credit Support to MSMEs during Stress Period:** New mechanism for facilitating continuation of bank credit to MSMEs during their stress period. While being in the 'special mention account' (SMA) stage for reasons beyond their control, MSMEs need credit to continue their business and to avoid getting into the NPA stage. Credit availability will be supported through a **guarantee from a government promoted fund**.

- Limit of **Mudra loans** enhanced to Rs. 20 lakhs from Rs. 10 lakhs for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.

- Reduce the turnover threshold of buyers for **mandatory onboarding** on the **TReDS** platform from 500 crore to 250 crore.

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

- Financial support for setting up of 50 multi-product food irradiation units in the MSME sector.
- Facilitate in setting up of 100 food quality and safety testing labs with NABL accreditation.

- To enable MSMEs and traditional artisans to sell their products in international markets, E-Commerce Export Hubs will be set up.



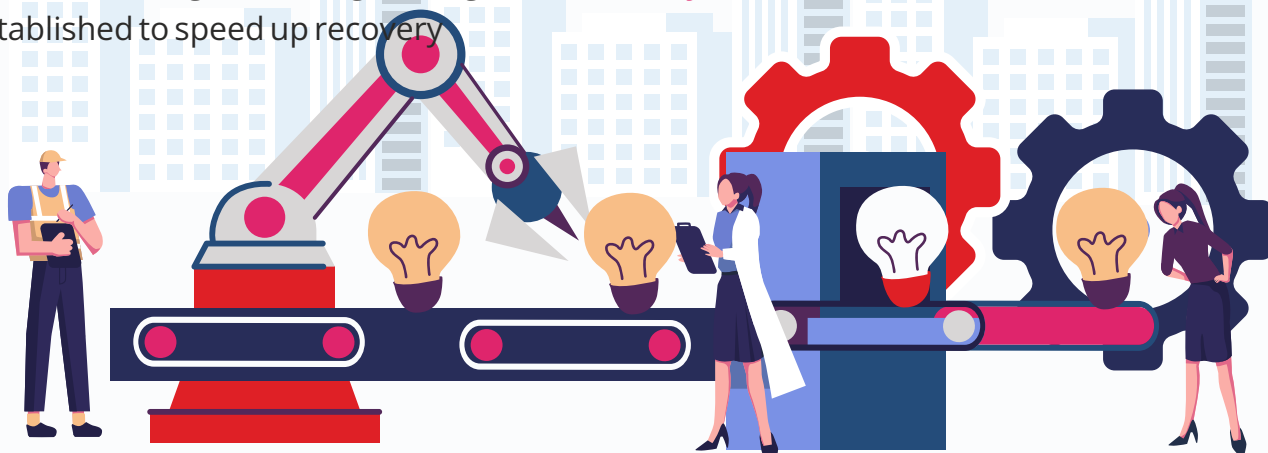
PART A - Economic Highlights

Priority 4: Manufacturing & Services

Measures for promotion of Manufacturing & Services

• **Internship in Top Companies**

- A comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years.
- To gain exposure for 12 months to real-life business environment, varied professions and employment opportunities.
- An internship allowance of `Rs 5,000 per month along with a one-time assistance of `Rs6,000 will be provided. Companies will be expected to bear the training cost and 10 per cent of the internship cost from their CSR funds.
- Development of investment-ready **“plug and play”** industrial parks with complete infrastructure in or near 100 cities. Twelve industrial parks under the National Industrial Corridor Development Programme
- Rental Housing with dormitory type **accommodation for industrial workers** in PPP mode with VGF support and commitment from anchor industries.
- Implement ownership, leasing and flagging reforms to improve the share of the Indian shipping industry and generate more employment.
- Set up a **Critical Mineral Mission** for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets.
- Development of **Digital Public Infrastructure Applications** at population scale for productivity gains, business opportunities, and innovation in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.
- Set up an Integrated Technology Platform for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.
- Extend services of the Centre for Processing Accelerated Corporate Exit (C-PACE) for voluntary closure of LLPs to reduce the closure time.
- **National Company Law Tribunals** : Initiation of appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals to speed up insolvency resolution. Additional tribunals will be established. Out of those, some will be notified to decide cases exclusively under the Companies Act.
- Steps for reforming and strengthening **debt recovery tribunals** will be taken. Additional tribunals will be established to speed up recovery



PART A - Economic Highlights

Priority 5: Urban Development

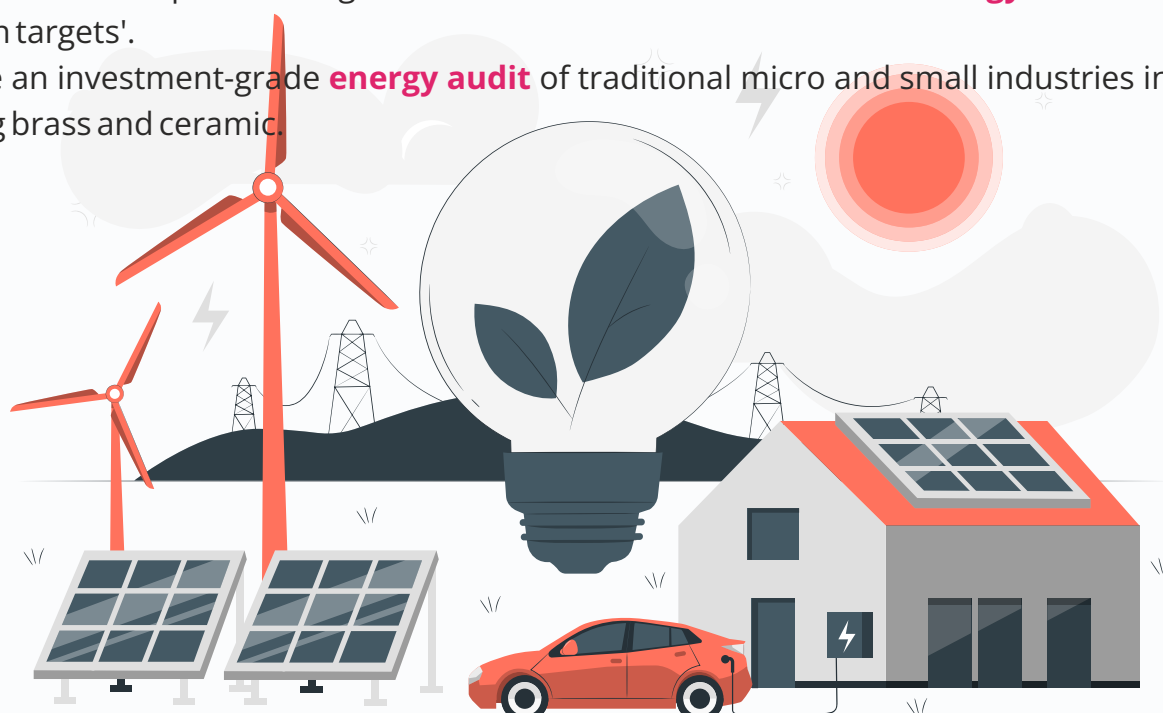
• Urban Housing

- Development of '**Cities as Growth Hubs**'. Formulate a framework for enabling policies, market-based mechanisms and regulation for creative brownfield redevelopment of existing cities.
- Transit Oriented Development plans for 14 large cities with a population above 30 lakh will be formulated.
- Investment of Rs.10 lakh crore in **PM Awas Yojana Urban 2.0**. This will include the central assistance of Rs. 2.2 lakh crore in the next 5 years. A provision of interest **subsidy to facilitate loans** at affordable rates is also envisaged.
- Promotion of water supply, sewage treatment and solid waste management projects and services for **100 large cities** through bankable projects.
- Government envisions a scheme to support each year, over the next five years, the development of **100 weekly 'haats' or street food hubs** in select cities.



Priority 6: Energy Security

- A policy for promoting pumped storage projects will be brought out for electricity storage and facilitating smooth integration of the growing share of renewable energy with its variable & intermittent nature in the overall energy mix.
- Government will partner with the private sector for (1) setting up Bharat Small Reactors, (2) research & development of Bharat Small Modular Reactor, and (3) research & development of newer technologies for nuclear energy.
- Fiscal support for development of **Advanced Ultra Super Critical Thermal Power Plants**.
- Formulate a roadmap for moving the '**hard to abate**' industries from '**energy efficiency**' targets to 'emission targets'.
- Facilitate an investment-grade **energy audit** of traditional micro and small industries in 60 clusters, including brass and ceramic.



PART A - Economic Highlights

Priority 7: Infrastructure

- **Strong fiscal support for infrastructure** over the next 5 years by Central Govt. A provision of ` 1.5 lakh crore for long-term interest free loans has been made this year also to support the states in their resource allocation.
- Launch of **Phase IV of Pradhan Mantri Gram Sadak Yojana (PMGSY)** to provide all-weather connectivity to 25,000 rural habitations that have become eligible due to population increase.
- **For irrigation and flood mitigation** in Bihar, the government will support projects with an estimated cost of ` 11,500 crore through the Accelerated Irrigation Benefit Programme and other sources, including the Kosi-Mechi intra-state link and 20 other ongoing and new schemes.
- The government will also provide **assistance to Assam, Himachal Pradesh, Uttarakhand, and Sikkim** for flood management, landslides, and related projects
- **Tourism**
 - Comprehensive development of 17 Vishnupad Temple Corridor and Mahabodhi Temple Corridor will be supported, modelled on the successful Kashi Vishwanath Temple Corridor, to transform them into world class pilgrim and tourist destinations.
 - Rajgir holds immense religious significance for Hindus, Buddhists and Jains. The 20th Tirthankara Munisuvrata temple in the Jain Temple complex, Saptharishi or the 7 hotsprings form a warm water Brahmakund that is sacred. A comprehensive development initiative for Rajgir will be undertaken.
 - Assistance for development of Nalanda and Odisha as a tourist centre.



Priority 8: Innovation, Research & Development

- Set up a mechanism for spurring **private sector-driven research and innovation** at commercial scale with a financing pool of Rs. 1 lakh crore.
- Expanding the **space economy by 5 times in the next 10 years**, a venture capital fund of Rs.1,000 crore will be set up.



PART A - Economic Highlights

Priority 9: Next Generation Reforms

- **Formulate an Economic Policy Framework** to delineate the overarching approach to economic development and set the scope of the next generation of reforms for facilitating employment opportunities and sustaining high growth.
- Initiate and incentivize reforms for (1) improving productivity of factors of production, and (2) facilitating markets and sectors to become more efficient.
- Earmark a significant part of **the 50-year interest-free loan** for promoting competitive federalism and incentivizing states for faster implementation of reforms.
- **Land-related reforms** by state governments will be incentivized for completion within the next 3 years through appropriate fiscal support.
- **Rural land related actions will include :-**
 - Assignment of Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands,
 - Digitization of cadastral maps,
 - Survey of map sub-divisions as per current ownership,
 - Establishment of land registry, and
 - linking to the farmers registry.
- **Land records in urban areas will be digitized** with GIS mapping. An IT based system for property record administration, updating, and tax administration will be established. These will also facilitate improving the financial position of urban local bodies.
- A comprehensive **integration of e-shram portal** with other portals will facilitate such one-stop solution for provision of wide array of services to labour. Shram Suvidha and Samadhan portals will be revamped to enhance ease of compliance for industry and trade.
- Documentation of financial section vision and strategy. Development of **taxonomy for climate finance** for enhancing the availability of capital for climate adaptation and mitigation
- The rules and regulations for **Foreign Direct Investment and Overseas Investments** will be simplified to (1) facilitate foreign direct investments, (2) nudge prioritization, and (3) promote opportunities for using Indian Rupee as a currency for overseas investments.
- **NPS-Vatsalya**, a plan for contribution by parents and guardians for minors will be started. On attaining the age of majority, the plan can be converted seamlessly into a normal NPS account.
- The Committee to review the **New Pension Scheme (NPS)** has made considerable progress in its work. A solution will be evolved which addresses the relevant issues while maintaining fiscal prudence to protect the common citizens.





Indirect Tax Amendments

Amendments in Goods & Service Tax (GST)

The Finance Bill 2024 introduces significant amendments. Following are the key takeaways from the Finance Bill 2024, in relation to Indirect Taxation.

➤ Insertion of Section 74A

One of the most significant changes is the **introduction of Section 74A**, which deals with the determination of tax not paid or short paid, erroneously refunded, or input tax credit (ITC) wrongly availed or utilized for any reason **from the Financial Year 2024-25 onwards**.

Particulars	Existing Time limit Cases of No Fraud	Existing Time limit Cases of Fraud	Proposed Time limit Cases of Fraud & No Fraud
Issue of Show Cause Notice	3 months before the expiry of 3 years from the due date of filing relevant Annual Return	6 months before the expiry of 5 years from the due date of filing relevant Annual Return	42 months from the due date of filing Annual Return
Issue of Demand Order	5 years from the due date of filing relevant Annual Return	5 years from the due date of filing relevant Annual Return	12 months from the date of notice

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**.

➤ Insertion of New Section 128 A

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**.

Amount of mandatory pre-deposit required for filing appeal reduced:

The Finance Bill, 2024 has proposed to amend Section 107(6)(b) and Section 112(8)(b) of CGST Act, 2017 in order to reduce the amount of **pre-deposit** for filing of appeals under GST before **the Appellate Authority and the Appellate Tribunal** to ease cash flow and working capital blockage for the taxpayers, as follows –

Quantum of Pre-Deposit	Pre-deposit requirement as per existing law	Pre-deposit requirement as per proposed amendment
1st Appeal	10% of the demand under dispute, subject to a maximum of Rs. 25 crores CGST & SGST each	10% of the demand under dispute, subject to a maximum of Rs. 20 crores CGST & SGST each
2nd Appeal	20% (over & above 10%) of the demand under dispute, subject to a maximum of Rs. 50 crores CGST & SGST each	10% (over & above 10%) of the demand under dispute, subject to a maximum of Rs. 20 crores CGST & SGST each

Time limit for filing appeal

As per Section 112(1) of CGST Act, 2017, as amended

- Time limit to file appeal before GST Appellate Tribunal (GSTAT) will be 3 months from the date to be notified or the date of order, whichever is later.
- 3 months condonation period will be granted where the Department fails to file appeal before GSTAT within timelines.



Changes proposed in relation to Input Tax Credit (ITC)

The Finance Bill, 2024 has proposed to **extend the deadline for claiming input tax credit (ITC)** for invoices or debit notes under Section 16(4) of the CGST Act to **November 30, 2021 for F.Y. 2017- 18 to 2020-21** by way of inserting a new sub-**section (5)** in Section 16 of CGST Act, 2017.

- Time limit to avail ITC where registration of the recipient is cancelled and subsequently restored will be extended to: -
 - 30 November of the subsequent financial year or
 - 30 days from the date of order of revocation, whichever is later.

Amendment to Refund Provision 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**.

Time of Supply in case of Reverse Charge Mechanism (RCM)

Section 13 of CGST Act to provide for the time of supply of services where the invoice is required to be issued by the recipient of services in cases of reverse charge supplies

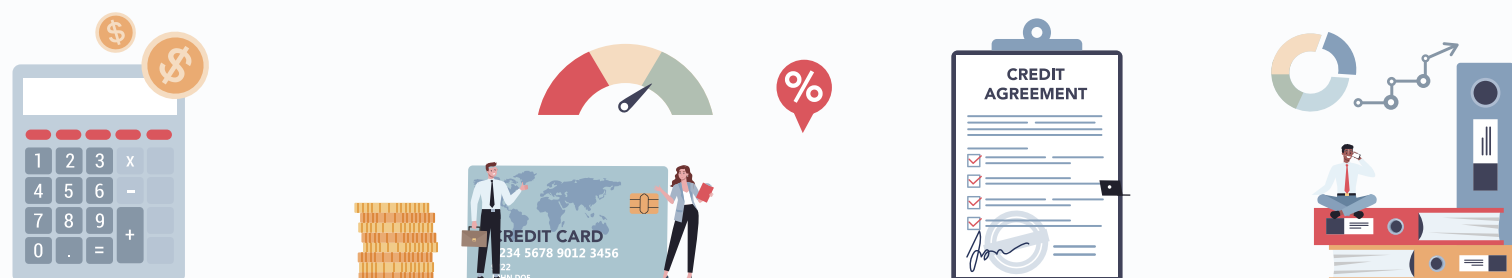
Time Period for Issuance of Invoice by Recipient in Reverse Charge Mechanism Supplies:

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 the 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.

Amendments in Schedule III:

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**.



Mandatory filing of form GSTR 7

Section 39 is being **amended to mandate filing** of returns by TDS deductors for every month.

- **Submit GSTR-7 on a monthly basis**, regardless of whether any tax has been deducted for that month.
- **Ensure invoice-wise details are provided.**
- **No late fee** will be imposed for delayed filing of a Nil GSTR-7 return

➤ Insertion of new form GSTR 1A

Taxpayers can amend the details in FORM GSTR-1 for a tax period and/or to declare additional details, if any, before filing of return in FORM GSTR-3B for the said tax period

Reporting Requirements for B2C Supplies

Particulars	Existing Limit	Proposed Limit
Invoice wise reporting of B2C Inter State supplies in Form GSTR-1	Rs.2.5 lacs	Rs.1 lac

Turnover limit for Annual Return

Filing of Annual Return in FORM GSTR-9/9A for the FY 2023-24 has been exempted for taxpayers having aggregate annual turnover up to Rs. 2 Crores.

Amendment to Regularize Non-Levy and Short-Levy of Central Tax Due to General Practice:

Section 11A is being inserted to empower the government

- To regularize non-levy or short levy of central tax due to any general practice prevalent in trade.
- Similar power is being proposed in IGST Act, UTGST Act, and GST (Compensation to States) Act.

Amendment to Keep Extra Neutral Alcohol Outside the Purview of Central Tax:

Section 9 is being amended to take Extra Neutral Alcohol used in the manufacture of alcoholic liquor for human consumption out of the purview of central tax.

Similar amendments are also proposed in IGST Act and UTGST Act.

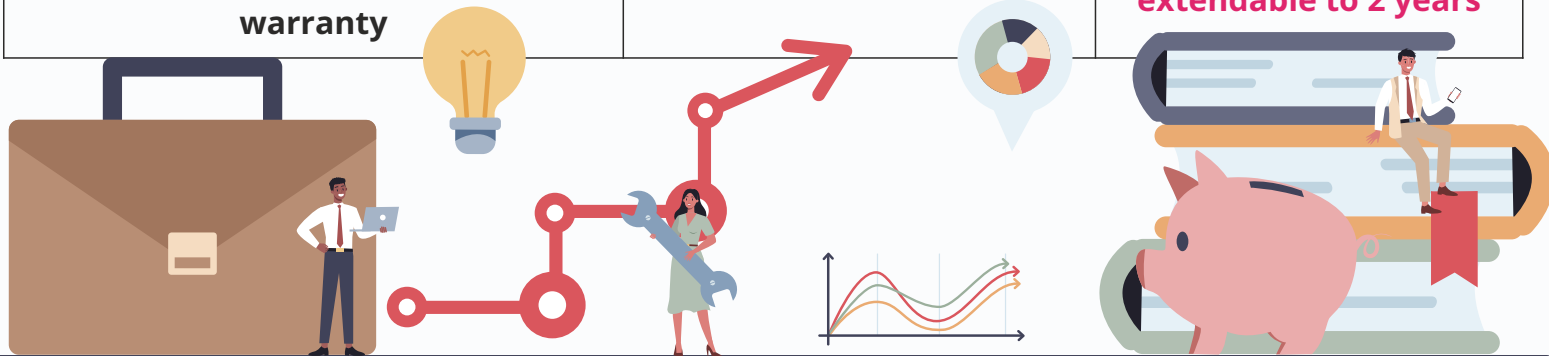
Amendment to Empower the Government to Notify Cases Which Shall be Heard Only by the Principal Bench of GST Appellate Tribunal:

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.

Amendments in Customs Act, 1962

- Section 28 DA: Amendment in Procedure regarding claim preferential rate of duty**
The provision is being amended to allow for various types of proof of origin in trade agreements, including certification, to align with new trade agreements.
- Key Changes:**
 - Proof of Origin: Now includes both certificates and declarations, certifying that goods meet country-of-origin criteria per trade agreements.
 - Ambit Expansion: The term "proof of origin" replaces "certificate of origin" to encompass both certificates and declarations.
 - Issuing Authority: The definition is broadened to include "persons" in addition to "authorities" designated under trade agreements
- Section 143AA Amendment to facilitate trade**
To facilitate trade, the Customs Act is being amended by replacing the expression "a class of importers or exporters" with "a class of importers or exporters or any other persons." So now CBIC has the authority to notify measures and prescribe procedures/documentation for persons other than importers and exporters as well.
- Section 65(1): insertion of new proviso -**
Regarding Manufacturing and Other Operations in Warehouses Section 65(1) currently allows importers to conduct manufacturing and other operations in their warehouses under the Manufacturing & Other Operations in Warehouse Regulations, 2019 (MOOWR). The amendment empowers the Central Government to specify certain manufacturing and other operations related to a class of goods (to be notified later) that will not be permitted in a warehouse.
- Extension of time limit for Re-export and Re- Import**

Particulars	Existing Time Limit	Proposed Time Limit
Articles of foreign origin, being aircraft and vessels imported into India for maintenance, repair and overhaul subject to their re-exportation	6 months further extendable to 1 year	1 year further extendable to 1 year
Duty-free re-import of goods exported out from India under warranty	3 years	5 years further extendable to 2 years



Amendments in Customs Act, 1962

• Revision in Agriculture Infrastructure & Development Cess (AIDC) from Jul.24,2024

S.No	Chapter, Heading, sub-heading, tariff item	Commodity	Existing Rate	Proposed Rate
1	7108	Gold bar	5%	1%
2	7108	Gold dore	4.35%	0.35%
3	7106	Silver bar	5%	1%
4	7106	Gold dore	4.35%	0.35%
5	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	5.4%	1.4%
6	7118	Coins of precious metals	5%	1%
7	7113	Gold/Silver findings	5%	1%

• Revision in Health Cess

Exemption from Health Cess granted to goods imported by EOU's, STP Units, EHTP under Notification 52/2003-customs [Notification 35/2024-Customs dated 23.07.2024]

• Reduction in duty on Gold & Silver

Reduction of rate of customs duty on gold and silver from 9.35% to 4.35% imported as replenishment under the Scheme for 'Export through Exhibitions/Export Promotion Tours/Export of Branded Jewellery' as referred to in Paragraph 4.45 of FTP. [Notification 33/2024-Customs dated 23.07.2024]

• Exemption on import of commercial samples

Value of exemption to Commercial samples imported in accordance with the International Convention drawn up at Geneva on 7.11.1952 and for export order raised from Rs. 1,00,000/- to Rs. 3,00,000/- [Notification 29/2024-Customs dated 23.07.2024]



Amendments in Customs Act, 1962

Revision in Custom Duties Levied

Category	Item	Existing Customs Duty	Proposed Custom Duty
Agriculture	Other Nuts and Seeds (otherwise prepared/preserved	30%	150%
	Prawn, Shrimp and Fish Feed	15%	5%
Plastic and chemicals	Poly vinyl chloride (PVC) flex films (also known as PVC flex banners or PVC flex sheets)	10%	25%
Solar Industry	Capital Goods for Solar Cells and Panels	7.5%	Fully exempt
Mobile Phones & Related Parts	Mobile Phone, PCBA, Charger	20%	15%
Critical minerals	Antimony, Beryllium, Bismuth, etc.	10%, 7.5%, 5%, 2.5%	Nil
	Graphite	7.5%, 5%	2.5%
	Silicon Quartz, Silicon Dioxide	7.5%, 5%	2.5%
Precious Metals	Gold & Silver Bar	15%	6%
	Gold & Silver Dore	14.35%	5.35%
	Platinum	15.4%	6%
Steel and Copper	Blister Copper	5%	Nil
Medical	X-ray tubes and Flat Panel	15%	Phased reduction:
Equipment	Detectors	As applicable	5% until Mar 31, 2025; 7.5% until Mar 31, 2026; 10% thereafter
Medicines	Cancer Medicines	10%	Fully exempt
	Polyethylene used for orthopaedic implant	As applicable	Fully exempt

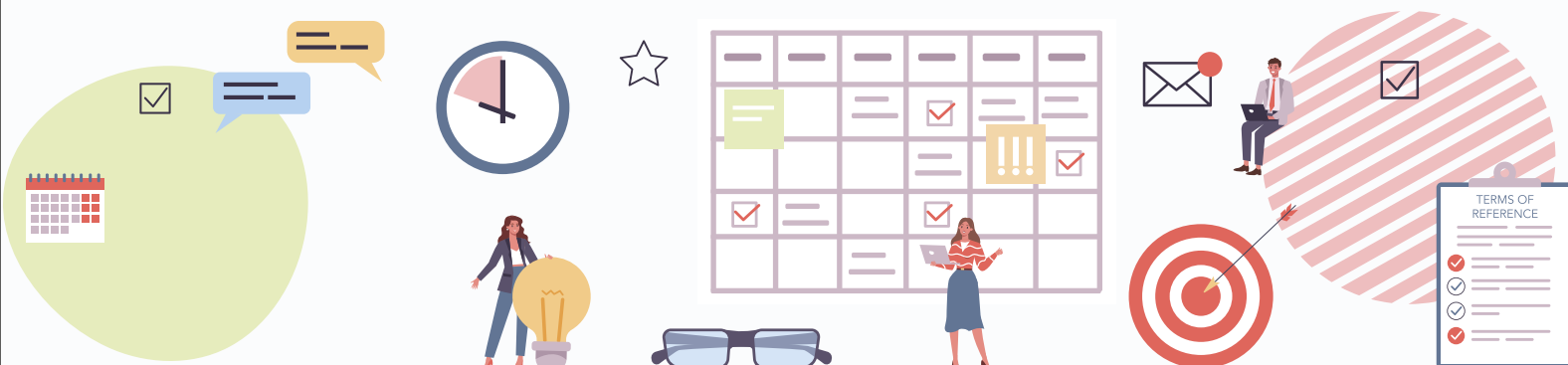
Revision in Custom Duties Levied

Category	Item	Existing Customs Duty	Proposed Custom Duty
Telecommunication Equipment	Specified telecom equipment	10%	15%
Leather and textile	Methylene Diphenyl Di-isocyanate (MDI) for Manufacturing Spandex Yarn	7.5%	5%
	Accessories used for manufacture of leather or textile garments and leather or synthetic footwear	As applicable	Fully exempt

➤ **Clause 108 read with Fifth Schedule: Retrospective amendment of Notification No 12/2012-Central Excise**

➤ **Clause 109: Retrospective amendment of Notification No 12/2017-Central Excise**

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.





Personal Tax

Personal Tax rates (Individuals & HUF): Old Tax Regime

Total Income	Existing			Proposed
	Individual & HUF (%)	Resident Individual of Age 60 –80 years (%)	Resident Individual of Age 80 years (%)	No Change
Up to ₹2,50,000	Nil	Nil	Nil	
₹2,50,001 to ₹3,00,000	5	Nil	Nil	
₹3,00,001 to ₹5,00,000	5	5	Nil	
₹5,00,001 to ₹10,00,000	20	20	20	
₹10,00,001 & Above	30	30	30	

Note: Rebate of ₹12500 u/s 87A available in old regime for total income upto ₹5,00,000.

Personal Tax rates (Individuals & HUF): New Tax Regime

Total Income		Individual aged		
Existing	Proposed	Below 60 years & HUF (%)	Between 60 –80 years (%)	80 years or more (%)
Upto ₹ 3,00,000	Upto ₹ 3,00,000	Nil	Nil	Nil
₹3,00,000 -₹6,00,000	₹3,00,000 -₹7,00,000	5	5	5
₹6,00,000-₹9,00,000	₹7,00,000-₹10,00,000	10	10	10
₹9,00,000 – ₹12,00,000	₹10,00,000 – ₹12,00,000	15	15	15
₹12,00,000 -₹15,00,000	₹12,00,000 -₹15,00,000	20	20	20
₹15,00,000 above	₹15,00,000 above	30	30	30

Personal Tax

Personal Tax rates (Individuals & HUF): New Tax Regime

- Note: Rebate of ₹25000 in case of New tax regime for total income upto ₹7,00,000.
No deduction available except mentioned below.
- Standard Deduction U/s 16(ia) Increased to **Rs.75,000/**
- Family Pension U/s 57(ia) Increased to **Rs.25,000.**
- Deposited in the Agniveer Corpus Fund u/s 80CCH(2)

Increase in amount allowed as deduction for National Pension Scheme (NPS) under Section 80CCD(2)

- Section 80CCD(2) allows employees to claim deductions for employer's contribution to the Central Government Pension Scheme, up to the limit of 10% of the employee's salary.
- The Budget 2024 proposes to **enhance the limit upto 14% of the employee's salary** for those opted for the new tax regime.
- This amendment will be effective from 1st April, 2025 applicable for AY 2025-26 and onwards.

Credit for tax collected at source (TCS) will be available against the tax withheld on Salary income by the employer

Section 192(2B) currently allows for the consideration of income from other sources and the tax deducted on that income when deducting tax under Section 192. It is now proposed to expand the scope of Section 192(2B) to include details of any tax deducted or TCS when calculating the tax to be deducted by the employer under Section 192.

As a result, employees will be able to provide their employers with details of TCS paid on foreign remittances, car purchases, foreign tours, and any other TDS credit. This will allow for a lower TDS deduction from their salary, resulting in a higher take-home pay for the employees.

Increase in STT for Futures & Options

Particulars	Existing Rate	New Rate w.e.f. 01/10/2024
Sale of an option in securities	0.0625%	0.1%
Sale of a futures	0.0125%	0.02%



Capital Gains

Tax rates on Capital Gains w.e.f. 23/07/2024

Sr. No	Capital Gains	Capital assets	Tax Rate till A.Y.24-25	Tax rate A.Y. 25-26 onwards
1	Long Term	i. Listed Equity shares ii. Units of equity oriented mutual fund *If STT has been paid on sale	10% over and above ₹1 lakh	12.5% over and above ₹1.25 lakh
2		Property, gold and other unlisted assets	20% with indexation	12.5% without indexation
3		Bonds and Debentures –Listed	20% without indexation	12.5%
4		Bonds and Debentures – Unlisted		Normal slab rates
5	Short term	When Securities Transaction Tax (STT) is not applicable	Normal slab rates	Normal slab rates
6		When Securities Transaction Tax (STT) is applicable	15%	20%

- Indexation available under 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 to ease computation of capital gains for the taxpayer and the tax administration.



Capital Gains

Tax rates on Capital Gains w.e.f. 23/07/2024

- There will only be **two holding periods, 12 months and 24 months**, for determining whether the capital gains is short-term capital gains or long term capital gains. Accordingly, amendment is proposed in clause (42A) of section 2 of the Act.

Period of Holding (POH) in Taxation of Capital Gains –w.e.f. 23/07/2024			
Sr. No.	Capital assets	POH Till A.Y.24-25	POH A.Y. 25-26 onwards
1	Listed securities (Bonds, Debentures, Gold, Government securities), zero coupon bonds, other bonds and securities	12 months	12 months
2	Unlisted Shares	24 months	24 months
3	Land, building and house property	24 months	24 months
4	Units of Business Trust –Listed	36 months	12 months
5	Units of Business Trust –Unlisted	36 months	24 months
6	Unlisted securities	36 months	24 months

Revised provisions of specified Mutual Funds

Sr. No.	Scheme Category	Tax Rate		Period of Holding
		STCG	LTCG	
1	Debt Funds	20%		No holding period
2	Conservative Hybrid Funds	20%	12.5%	LTCG applicable after 24 months
3	Fund of funds	20%	12.5%	
4	Multi asset allocation funds with high debt exposure	20%	12.5%	
5	International Mutual Funds	20%	12.5%	
6	Aggressive hybrid funds and BAFs	20%	12.5%	LTCG applicable after 24 months
7	Listed Stocks / REITs / INVITs	20%	12.5%	

Corporates

- No change in corporate tax rates for Domestic companies. Corporate tax rate on foreign companies reduced from 40 to **35 per cent**.
- **Abolition of Angel Tax**
As per provisions of section 56(2)(viib) of the IT Act, where a company, not being a company in which the public are substantially interested, receives, in any financial year, any consideration for issue of shares, if the consideration so received for issue of shares exceeded the face value of such shares, the aggregate consideration received for such shares exceeding its fair market value was chargeable to income tax under the head "Income from other sources". The said provision has been abolished from AY 2025-26 onwards.
- **Taxability of Corporate Gifts**
It is proposed to amend section 47(iii) of the Act to provide that transfer by way of gift, will or irrevocable trust only by an individual or a HUF would not be regarded as transfer and the benefit will not be available to any other assessee.
- **Income on buy back of shares to be taxable in the hands of the recipient**
It is proposed to abolish the Buy Back Tax under Section 115QA for domestic companies buying back shares on or after October 1, 2024. Instead, the payment made by companies for buybacks will be considered a deemed dividend and will be taxable as "income from other sources" for shareholders. A 10% tax will be deducted at source under Section 194 on this dividend. Additionally, the cost of shares bought back will be treated as a capital loss for shareholders, which can be set off against other capital gains.
Amounts paid to settle contraventions It is proposed to amend Section 37 of the Income Tax Act to clarify that "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" shall include any expenditure incurred by an assessee to settle proceedings initiated for a contravention under any law.

Firms

Increase in limit of deduction in respect of remuneration payable to working partners of a firm

The remuneration paid / payable to working partners of a firm shall be allowable business expenditure subject to the applicable revised limits as tabulated below:-

Sr. No.	Particulars	Allowable Limit
1	On the first ₹6,00,000 (earlier ₹ 3,00,000) of the book-profit or in case of a loss.	₹ 3,00,000 (earlier 1,50,000) or 90% of the book profit, whichever is higher
2	On the balance of the book profit	60%

Section 194T - Salary, remuneration, commission, bonus, and interest to any partner of the firm

It has been provided to deduct **TDS** on all such payments to partners **@10%** on credit or payment whichever is earlier **w.e.f. 1st April 2025** (except where such amounts are below Rs. 20,000 in an year)

TDS & TCS Related Proposals

Simplification of TDS Rates as given below:

Section	Present TDS Rate	Proposed TDS Rate	Effective from
Section 193 - Floating Rate Savings Bonds (FRSB) 2020 (Taxable) and Any security notifies by the CG or SG	-	10% if > 10,000	
Section 194 D – Payment of Insurance Commission (in case of person other than company)	5%	2%	01.04.2025
Section 194G – Commission, etc. on sale of lottery tickets	5%	2%	01.10.2024
Section 194 H – Payment of commission or brokerage	5%	2%	01.10.2024
Section 194 – IB – Payment of rent by certain individuals or HUF	5%	2%	01.10.2024
Section 194M – Payment of certain sums by certain individuals of Hindu undivided family	5%	2%	01.10.2024
Section 194O – Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01.10.2024
Section 194F – Payment on account of repurchase of units by Mutual Funds or Unit Trust of India	Proposed to be omitted		01.10.2024
Section 194T - Salary, remuneration, commission, bonus, and interest to any partner of the firm	-	10% if > 20,000	01.04.2025

Time limit for TDS/TCS Return

To provide certainty and finality to the filing process of TDS and TCS statements, it is proposed to introduce a time limit for filing correction statements. This time limit will be **up to six years** from the end of the financial year in which the original statement was required to be submitted.

TDS & TCS Related Proposals

TCS on Luxury Goods

The TCS under Section 206C(1F), which previously mandated a 1% TCS on the sale of motor vehicles exceeding INR 10 lakh, is proposed to be expanded to include other goods exceeding INR 10 lakh. This amendment aims to track expenditure on luxury goods, with the specific list of such goods to be notified by the Government.

Penalty for failure to furnish statements

No penalty if TDS/TCS, along with fees and interest, is paid and the statement is filed within one year from the end of the assessment years.

Clarity of “Work” under section 194 C

The explanation in section 194C defines what qualifies as 'work' for TDS purposes. Currently, there's no clear rule excluding taxpayers who should be deducting tax under section 194J from using section 194C instead. This confusion has led some deductors to use section 194C incorrectly when they should be using section 194J. To clarify this, it's proposed to explicitly state that any payment covered under section 194J does not count as 'work' for TDS under section 194C.

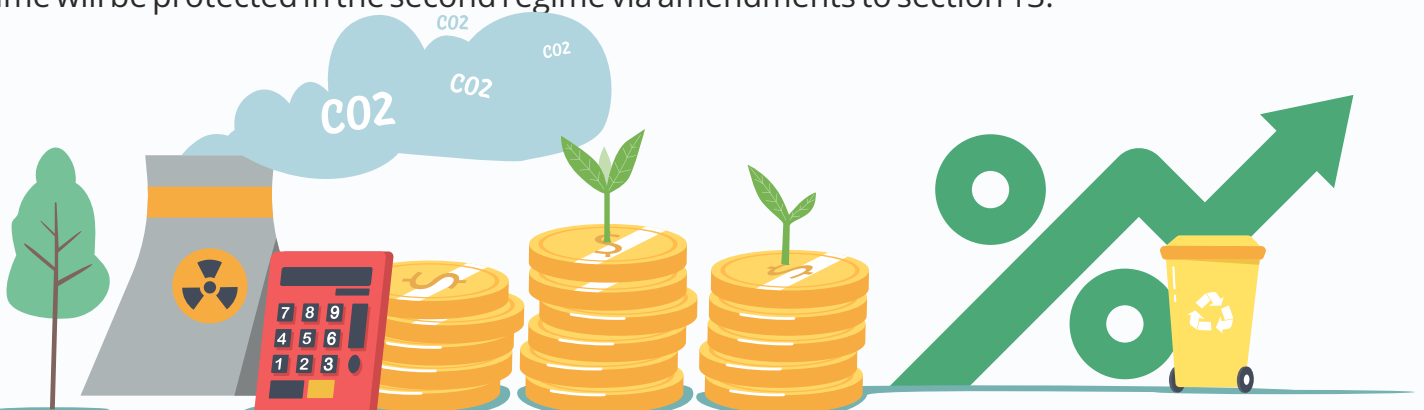
Other major proposals

Classification of Rental Income

A new Explanation 3 is proposed to be added to Section 28 of the Act, clarifying that any income earned from renting out a residential house or a part of it by the owner will be chargeable under the head "Income from House Property" rather than "Profits and Gains of Business or Profession."

Merger of Charitable Trusts under First Regime with Second Regime

There are two main regimes for trusts or institutions to claim tax exemption. First regime are as per Provisions in section 10(23C)(iv), (v), (vi), (via) and Second regime are as per Provisions in sections 11 to 13. To simplify procedures and reduce administrative burden, it is proposed to phase out the first regime and transition trusts to the second regime gradually. It is proposed that applications for approval under the first regime [section 10(23C)(iv), (v), (vi), (via)] filed on or after 1.10.2024, will not be considered. Applications filed before 1.10.2024, will be processed under the current first regime rules. Approved trusts will continue to enjoy exemptions under the first regime until their current approval expires. These trusts can later apply for registration under the second regime. Eligible investment modes under the first regime will be protected in the second regime via amendments to section 13.



International Taxation

- **Presumptive Income for Domestic Cruise**

A new section, 44BBC, is proposed to be inserted, which will deem 20% of the total amount earned from passenger carriage as profits and gains for cruise-ship operators. Additionally, lease rentals paid by such operators will be exempt for the recipients, provided certain conditions are met. This exemption will be available up to the Assessment Year 2030-31.

- **Abolition of equalisation levy on e-commerce supply or services by non-resident e-commerce operator -**

It is proposed that this equalisation levy at the rate of 2% shall not be applicable to consideration received or receivable for e-commerce supply or services on or after 1 August 2024.

- **Non-reporting of Foreign Assets in the ITR [w.e.f. 1.10.2024]**

Section 42 and 43 of the Black Money Act provides for penalty for non-disclosure or wrong disclosure of foreign income and assets in the ITR by a resident assessee other than not ordinarily resident in India. It is proposed to amend the provisos to sections 42 and 43 of the Black Money Act to provide that the provisions of the said sections shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed Rs. 20 lakhs. Hence, penalty cannot be levied for non-disclosure of all assets other than immovable property (but including ESOPs, Shares and bank accounts) having the value upto Rs. 20 lakhs.

- **Rationalization of TP Provision in case of Specified Domestic Transactions**

Now, TPO has power to determine the ALP of all SDT transaction which have not been referred to TPO by the AO and/or in whose respect audit report under section 92CE has not been filed.

- **Submission of statement by liaison office in India**

With effect from Apr.01, 2025, A non-resident having a liaison office in India, is required to prepare and deliver a statement in respect of its activities in a financial year to the Assessing Officer within 60 days from the end of such financial year under section 285 of the Act. It is proposed that failure to furnish statement may attract a penalty u/s 271GC of- Rs. 1,000 for every day for which the failure continues, if the period of failure does not exceed three months; and- Rs. 1,00,000 in any other case. However, as per Section 273B, this penalty shall not be leviable if the assessee proves that there was reasonable cause for the said failure.

- **Amendment to obtain tax clearance certificate [w.e.f. 1.10.2024]**

From Oct.01, 2024, a person who is domiciled in India and want to leave India have to obtain Tax Clearance Certificate. Income-tax authorities should also see the liability pending under Black Money Act also apart from the liabilities under Income-tax Act, 1961, or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act.

- **Expansion of safe harbour rules**

With a view to reduce litigation and provide certainty in international taxation, the scope of safe harbour rules will be expanded and make them more attractive. Safe harbour rules defines the parameters by which a fund that invests in and operates from India can be exempted from taxation.

International Taxation

- **Expansion of tax benefits to certain funds and entities in IFSCs**
 - Retail schemes and Exchange Traded Funds in IFSC, shall enjoy tax exemptions along similar lines as available to specified funds.
 - Exemption to certain income of Core Settlement Guarantee Fund set up in IFSC.
 - Certain finance companies located in IFSC will be excluded from the applicability of section 94B.
 - 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.
 - Surcharge shall not apply on income-tax payable on income from securities by specified funds.

Appeals & Assessment

Changes in Time Limit for issuing notice

Section 148: Allows the tax authorities to issue a notice for income escaping assessment, initiating the reassessment process without requiring prior inquiry or the taxpayer's input.

Section 148A: Introduces a mandatory inquiry and opportunity for the taxpayer to be heard before issuing a notice under Section 148, aimed at reducing unnecessary litigation and ensuring fair procedure.

Section Number	Unassessed Income	Time Limit Till A.Y. 24-25	Time Limit A.Y. 25-26 Onwards
148A	< 50 Lakhs	Not Specified	3 years
148A	> 50 Lakhs	Not Specified	5 years
148	< 50 Lakhs	4 years	3 years 3 months
148	> 50 Lakhs	6 years	5 years 3 months

In search cases under section 132, time limit reduced from **10 years to 6 years** before the year of search.

Introduced 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**.

Time limit for reassessment is proposed to be reduced from **ten years to five years**. Further, proposed to omit reference to Principal Chief Commissioner or Chief Commissioner in section 275 to provide clarity of time limitation for imposition of penalties. 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.

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