

23 JULY 2024

# BUDGET 2024-25



**AQUILAW**

# REAL ESTATE





## 1. Rationalisation of Stamp Duty:

- **Encouraging Moderate Rates:** States with high stamp duty rates are encouraged to adopt moderate rates.
- **Lower Stamp Duties for Women:** States are encouraged to provide further reductions in stamp duties for properties purchased by women.

## 2. PM Awas Yojana and Urban Housing:

- **Additional Housing:** Announcement of 3 crore additional houses under PM Awas Yojana for rural and urban areas in the country.
- **PM Awas Yojana Urban 2.0:** Addressing housing needs of 1 crore urban poor and middle-class families with an investment of INR 10 lakh crores, including central assistance of INR 2.2 lakh crore over the next 5 years. Further, provision of interest subsidy to facilitate loans at affordable rates is envisaged.
- **Rental Housing:** Enabling policies and regulations for efficient and transparent rental housing markets.



### 3. Land-related Reforms by State Governments:

- **Reforms and Actions:** Reforms and actions, both in rural and urban areas, to cover (a) land administration, planning and management, and (b) urban planning, usage and building bye-laws, to be completed within 3 years through appropriate fiscal support.

### 4. Rural Land-related Actions:

- **ULPIN or Bhu-Aadhaar:** Assignment of Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands.
- **Digitization:** Digitization of cadastral maps.
- **Survey:** Survey of map sub-divisions according to current ownership.
- **Land Registry and linking with farmer's registry:** Establishment of a land registry and linking it to the farmers' registry. As an initiative for creating digital public infrastructure for agriculture, the details of 6 crore farmers and their lands will be brought into the farmer and land registries.

The aforesaid action points are aimed towards facilitating credit flow and other agricultural services.

### 5. Urban Land-related Actions:

- **Digitization of Land Records:** GIS mapping of land records in urban areas.
- **IT-based System:** Establishment of an IT-based system for property record administration, updation and tax administration.

The aforesaid action points will also facilitate the improvement of financial position of the urban local bodies.

### 6. Rental Housing:

- **Dormitory-type Accommodation:** Facilitation of dormitory-type accommodation for industrial workers in Public-Private Partnership (PPP) mode with Viability Gap Funding (VGF) support from anchor industries.

## 7. Industrial Parks:

- **Investment-ready Industrial Parks:** Development of “plug and play” industrial parks with complete infrastructure in or near 100 cities, in partnership with States and the private sector, by better utilizing town planning schemes.
- **National Industrial Corridor Development Programme:** 12 industrial parks under the said programme will be sanctioned.

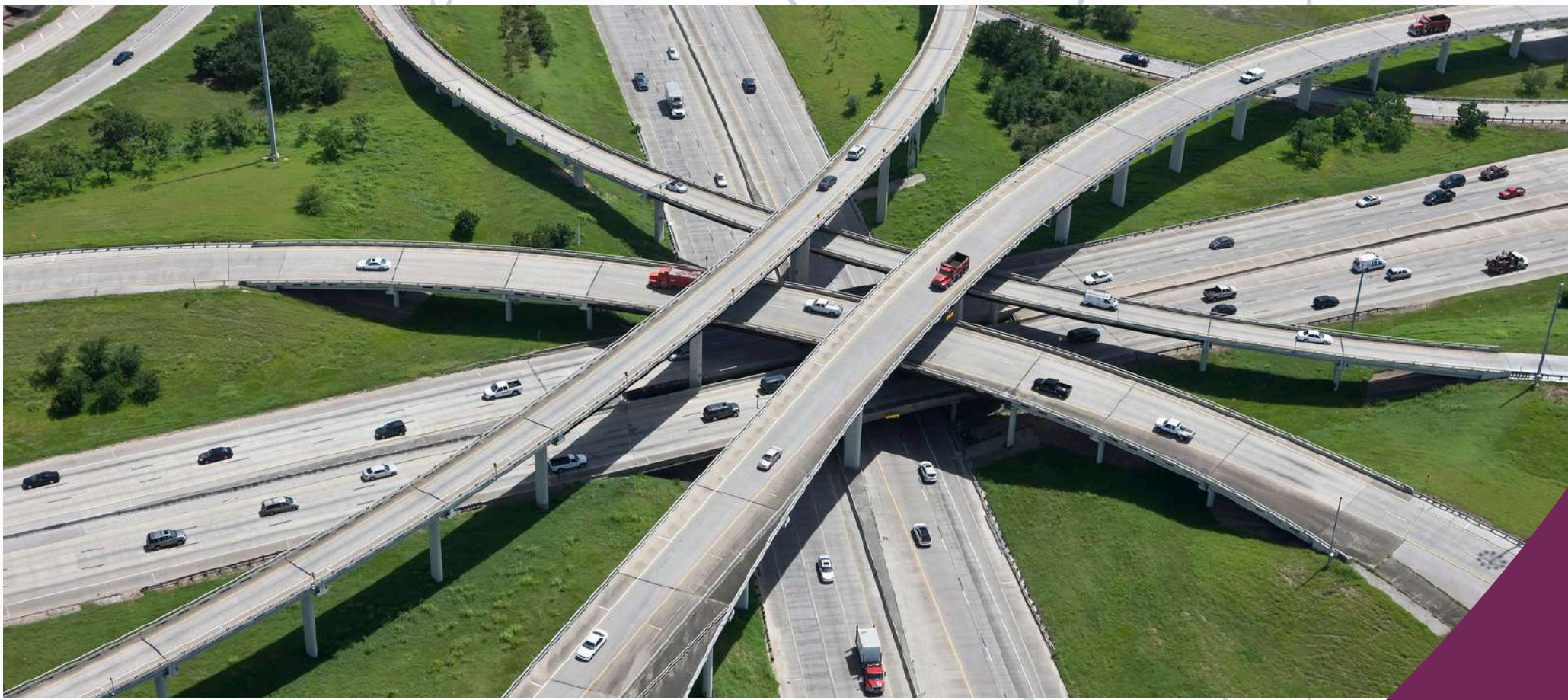
## IMPACT

The Union Budget's emphasis on housing, infrastructure development, and urban planning is poised to drive growth in the real estate sector. By addressing the needs of diverse segments, including affordable housing, industrial workers, and urban infrastructure, the Budget aims to foster a more balanced and inclusive growth environment. Real estate developers, investors, and stakeholders can anticipate increased opportunities and a supportive policy framework in the coming years.



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# INFRASTRUCTURE





1. Development of Amritsar Kolkata Industrial Corridor with an industrial node at Gaya for development of ancient centres of cultural importance into future centres of modern economy.
2. Development of road connectivity projects, namely (1) Patna-Purnea Expressway, (2) Buxar-Bhagalpur Expressway, (3) Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and (4) additional 2-lane bridge over river Ganga at Buxar at a total cost of Rs. 26,000 Crore.
3. Setting up of new power projects, including setting up of a 2400 MW power plant at Pirpainti at a cost of Rs. 21,400 Crore.
4. Construction of new airports, medical colleges and sports infrastructure in Bihar.
5. Development of essential infrastructure such as water, power, railways and roads in Kopparthi node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor. (Under the Andhra Pradesh Reorganization Act).
6. Development of investment-ready “plug and play” industrial parks with complete infrastructure in or near 100 cities, in partnership with the States and private sector, through the town planning schemes.
7. Development and setting up of 12 industrial parks under the National Industrial Corridor Development Programme.
8. Formulation of Oriented Development plans for 14 large cities with a population above Rs. 30 Lakh, along with an implementation and financing strategy.
9. Promoting betterment in water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects in partnership with the State Governments and Multilateral Development Banks.





10. Launching of Phase IV of Pradhan Mantri Gram Sadak Yojana (PMGSY) will be launched to provide all-weather connectivity to 25,000 rural habitations.
11. Large scale clusters for vegetable production will be developed closer to major consumption centres in order to promote Farmer-Producer organizations, cooperatives etc.
12. Start-ups for vegetable supply chains including for collection, storage, and marketing.

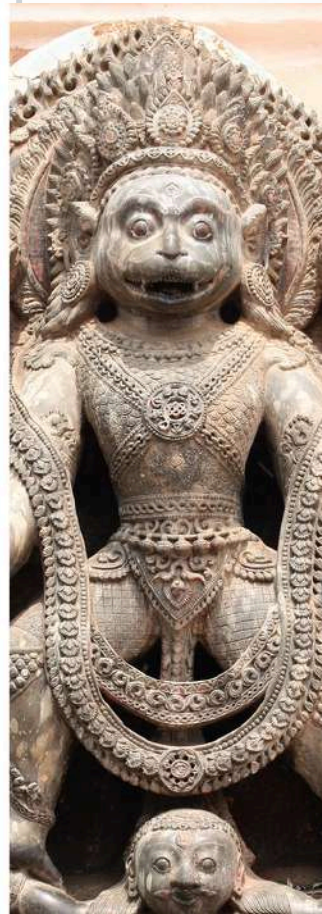
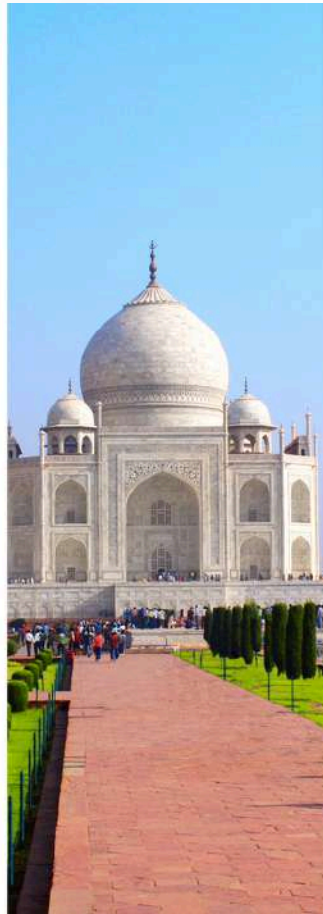
## IMPACT

The Government has doubled spending on infrastructure over the past 3 years as a way to boost the economy. As a percentage of GDP, long-term capital expenditure has risen to 3.4% in the current year from 1.7% in 2019-20. Spending on infrastructure boosts demand for goods and services, like steel and cement, and creates jobs. This has a significant multiplier effect on the economy. Resultingly, India's Nifty property index continued to rise following the Government's budgetary commitment to encourage urban housing. The index was up 1% as of last trading.



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# TOURISM



Kolkata

Delhi

Mumbai

Bhubaneswar

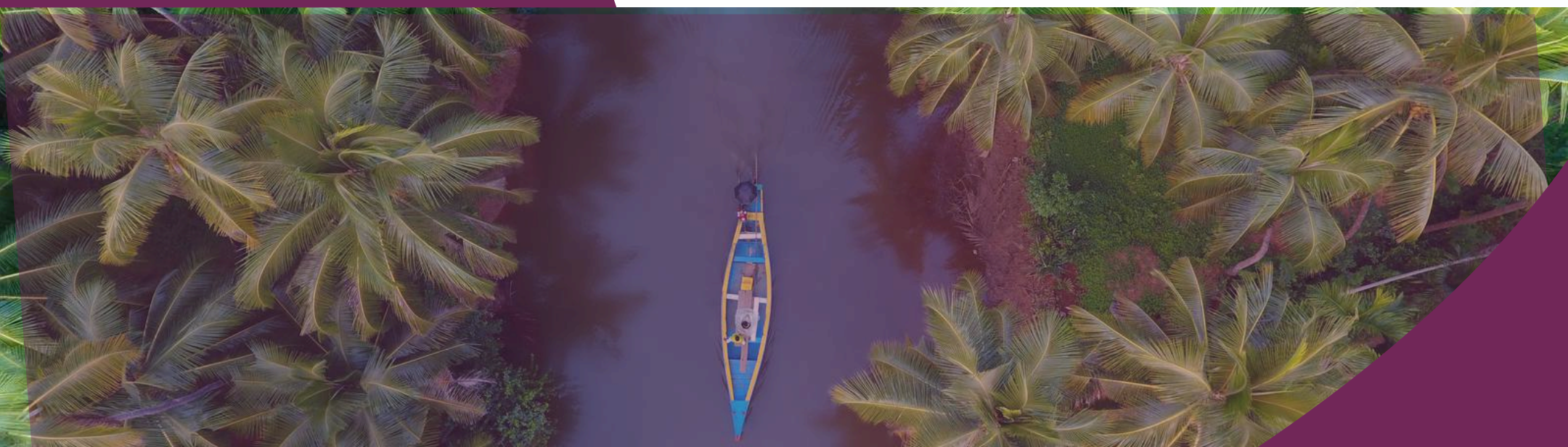
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1. Comprehensive development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on the successful Kashi Vishwanath Temple Corridor as well as development of the city in Rajgir which holds immense religious significance for Hindus, Buddhists and Jains.
2. Development of Nalanda as a tourist centre and reviving Nalanda University to its glorious stature.
3. Development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches.

## IMPACT

The Union Budget 2024-25 focuses primarily on Bihar and Orissa, whereas, the hospitality industry's long pending expectations of granting an infrastructure status, publicity budget for inbound tourism and a reduction in GST rates were not met. However, the budget allocates adequate funding to improve access routes to Bihar's Vishnupad Temple in Gaya and the Mahabodhi Temple in Bodh Gaya, aiming to elevate them into premier pilgrimage and tourist destinations globally.





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# EDUCATION AND RESEARCH



## 1. Agriculture:

- New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.
- Undertaking a comprehensive review, of the agriculture research setup by domain experts both from Government and non-government, to bring the focus on raising productivity and developing climate resilient varieties including providing funding to both public and private sectors.
- Implementation of natural farming through scientific institution and gram panchayats which shall be extended to Rs. 1 Crore farmers in the next 2 years.
- Setting up of 10,000 need-based bio-input resource centres.

2. Emphasis on expanding the space economy with a venture capital fund of Rs. 1,000 Crore.

3. Establishment of the Anusandhan National Research Fund for basic research and prototype development.

## IMPACT

The Hon'ble Finance Minister has allocated Rs. 1.48 Lakh Crores for the education sector through proposals such as strengthening investment in the country's talent pool, guaranteeing fair access to high-quality education, enhancing digital infrastructure. It appears to be a step towards advancing India to the status of a developed country by 2047. Further, the UGC budget has increased from Rs. 17,473 Crore to Rs. 19,024 Crore, a noteworthy rise of 9%, when compared to the previous fiscal year and therefore UGC shall be in a position to continue to work in synergy with all stakeholders to ensure the efficient use of allocated funds, furthering the education standards nationwide. Furthermore, over the next 10 years, the Government intends to boost the space economy 5 times.



# **DIGITISATION AND ARTIFICIAL INTELLIGENCE**





## 1. Agriculture:

- Implementation of the Digital Public Infrastructure (DPI) in agriculture for covering farmers and their lands in 3 years.
- Digital crop survey for Kharif using the DPI will be taken up in 400 districts.

2. Development of DPI applications in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.

3. A new allocation of Rs. 551.75 Crore has been made for the India AI Mission.

## IMPACT

The Union Budget's emphasis on technological innovation and digitisation sets India on the fast track to becoming an AI focused nation opening new opportunities for collective and inclusive progress from commerce to communities. The funding allocated to cyber security initiatives has increased from Rs. 400 Crore to Rs. 759 Crore in recognition of the growing threat posed by cyberattacks. The purpose of this expansion is to protect digital transactions and strengthen the country's cyber defense capabilities. With a budget of Rs. 4,216.51 crore, the Digital India initiative remains a pillar of the Government's digital strategy. The objectives of this program are to increase e-governance, encourage digital inclusion, and advance digital literacy nationwide. The India AI Mission reflects the Government's focus on advancing artificial intelligence research and applications, positioning India as a leader in the global AI landscape.





## MSME





1. Facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme upto Rs. 100 Crore.
2. Development of a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy which will also cover MSMEs without a formal accounting system.
3. Credit availability through continuation of bank credit to MSMEs during their stress period, so that the 'special mention account' does not get converted into a Non Performing Asset (NPA) for reasons beyond their control.
4. The limit of Mudra loans will be doubled to Rs. 20 Lakh from the current Rs. 10 Lakh for entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.
5. Turnover threshold of buyers for mandatory onboarding on the TReDS platform has been reduced from Rs. 500 Crore to Rs. 250 Crore, thus, bringing into its net 22 additional Central Public Sector Enterprises (CPSEs) and 7,000 more organizations.
6. Small Industries Development Bank of India (SIDBI) will open new branches to expand its reach to serve all major MSME clusters within 3 years and provide direct credit to them.
7. Financial support for setting up of 50 multi-product food irradiation units in the MSME sector and setting up of 100 food quality and safety testing labs with NABL accreditation.
8. Setting up of E-Commerce Export Hubs in public-private-partnership (PPP) mode, to facilitate trade and export related services under one roof.

## IMPACT

With the opening of 24 SIDBI branches this year, the service coverage will expand to 168 out of 242 major clusters. The setting up of E-Commerce Export Hubs shall enable MSMEs and traditional artisans to sell their products in international markets, holistically, aiming to boost India's 6.33 Crore MSMEs.



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# WOMEN





1. Setting up of working women hostels in collaboration with industry and establishing creches to organize women-specific skilling programmes and promotion of market access for women Self Help Groups (SHGs) enterprises.
2. Allocation of more than Rs. 3 Lakh Crore for schemes benefitting women and girls indicating Government's commitment for enhancing women's role in economic development.
3. As already discussed in previous sections, the Government is considering proposals in consultation with the States for lowering of stamp duty, in case of properties being purchased by women.

## IMPACT

This Union Budget has meticulously inculcated the principles of Gender Budgeting, a strategy that includes gender consideration in the budgeting process. The Government's focus on establishing women's skill development programs is specifically designed to enhance women's engagement in the workforce. The establishment of women hostels and creches shows the Government's unyielding endeavour towards women empowerment, safety and welfare measures.



# RENEWABLE RESOURCES AND SUSTAINABILITY

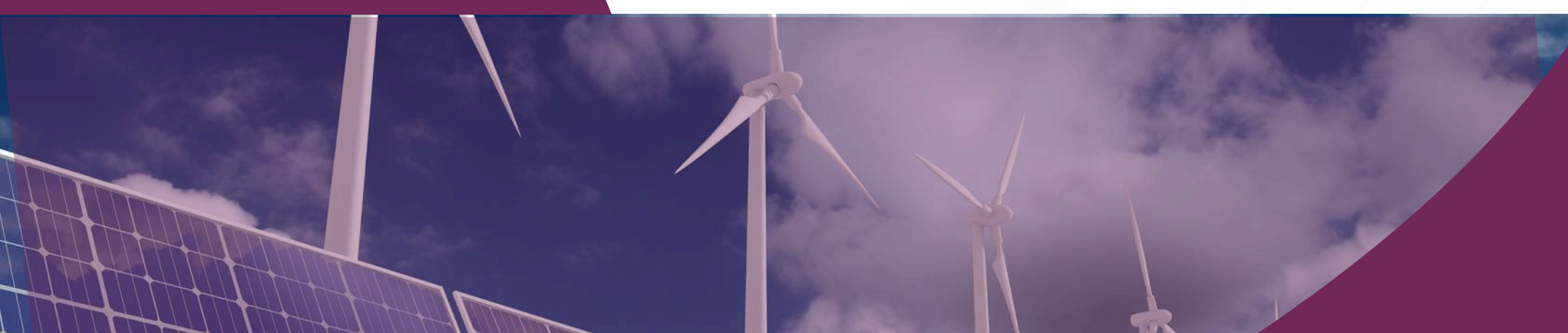




1. Launching of PM Surya Ghar Muft Bijli Yojana (PMSGMBY) to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month.
2. Formulation of policy for promoting pumped storage projects will be brought out for electricity storage and facilitating smooth integration of the growing share of renewable energy with its variable & intermittent nature in the overall energy mix.
3. Partnering with the private sector for:
  - setting up Bharat Small Reactors
  - research & development of Bharat Small Modular Reactor
  - research & development of newer technologies for nuclear energy.
4. Fiscal support for development of indigenous technology for Advanced Ultra Super Critical (AUSC) thermal power plants for utilization at 800 MW commercial plant in joint venture between NTPC and BHEL.
5. An investment-grade energy audit of traditional micro and small industries in 60 clusters, including brass and ceramic, will be facilitated and shall be replicated in another 100 clusters in the next phase.
6. Develop a taxonomy for climate finance for enhancing the availability of capital for climate adaptation and mitigation.

## IMPACT

With the introduction of PMSGMBY, more than 1.28 crore registrations and 14 lakh applications has been received so far. This Budget's policy measures will expedite energy transition away from fossil fuels, and help companies access cheap credit for green projects that are key to curbing carbon emissions.



# EASE OF DOING BUSINESS





## 1. Agriculture:

- Issuance of Jan Samarth based Kisan Credit Cards will be enabled.
  - Provision of financial support for setting up a network of Nucleus Breeding Centres for Shrimp Broodstocks, shrimp farming, processing and export through NABARD.
  - Implementation of National Cooperation Policy for systematic, orderly and all-round development of the cooperative sector.
2. Setting up of more than 100 branches of India Post Payment Bank in the Northeast region to expand the banking services.
  3. Setting up of an Integrated Technology Platform for improving the outcomes under the Insolvency and Bankruptcy Code (IBC).
  4. Extension of the services of the Centre for Processing Accelerated Corporate Exit (C-PACE) for voluntary closure of LLPs to reduce the closure time.
  5. Reforming and strengthening Debt Recovery Tribunals (DRT) and establishing additional tribunals to speed up recovery.
  6. Integration of e-shram portal with other portals to provide one-stop solution. Further, revamping of Shram Suvidha and Samadhan portals to enhance ease of compliance for industry and trade.
  7. Considering flexible mode for financing leasing of aircrafts and ships, and private equity through a 'variable company structure' by seeking the required legislative approval.
  8. Simplification of the rules and regulations under Foreign Direct Investment and Overseas Investments to facilitate foreign direct investments, prioritization and promotion of opportunities for using Indian Rupee as a currency for overseas investments.
  9. Enhancing ease of doing business through formulation of Jan Vishwas Bill 2.0.

## IMPACT

Policy measures under the Union Budget aims to achieve consistency, transparency, timely processing and better oversight for all stakeholders. The aim of the Government is not only to foster domestic production and exports, but to also attract foreign investments. The vision of creating an '*Atmanirbhar Bharat*' has been backed by Government's contribution towards research and development in sunrise opportunities and fiscal incentives such as Production Linked Incentive (PLI) schemes.

# OTHER KEY HIGHLIGHTS





## 1. Employment Linked Incentives:

- Scheme A: First Timers: One-month salary in 3 instalments to first-time employees, as registered in the EPFO upto Rs. 15,000, benefiting upto 210 Lakh youth. Persons with the salary upto Rs. 1 Lakh per month shall be eligible for this scheme.
- Scheme B: Job Creation in manufacturing: Providing incentive at specified scale directly both to the employee and the employer with respect to their EPFO contribution in the first 4 years of employment, benefitting upto 30 Lakh youth.
- Scheme C: Support to employers: Providing reimbursement to employers up to 3,000 per month for 2 years towards their EPFO contribution for each additional employee, benefitting upto 50 Lakh persons. All additional employment within a salary of ` Rs. 1 lakh per month will be counted.

2. Stepping up of schemes such as PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India for supporting economic activities of craftsmen, artisans, self-help groups, scheduled caste, schedule tribe and women entrepreneurs, and street vendors.

3. Launching of a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years. For them to gain exposure for 12 months to real-life business environment, varied professions and employment opportunities.

## 4. Skilling Programme:

- 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation benefitting 20 Lakh youth over a period of 5 years.
- Course content and design will be aligned to the skill needs of industry, and new courses will be introduced for emerging needs.
- 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, thereby benefitting upto 25,000 students per year.
- Youth ineligible for any benefit under any Government schemes and policies shall be supported with loans upto Rs. 10 Lakh for higher education in domestic institutions, by way of vouchers given directly to 1 Lakh students every year for annual interest subvention of 3 % of the loan amount.

5. Formulation of the Purvodaya plan, for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh, in sectors such as human resource development, infrastructure etc.
6. Launching of Pradhan Mantri Janjatiya Unnat Gram Abhiyan for tribal families in tribal-majority villages and aspirational districts, thereby covering 63,000 villages and benefitting 5 Crore tribal people.
7. Setting up a Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets. Its mandate will include technology development, skilled workforce, an extended producer responsibility framework, and a suitable financing mechanism.
8. Transforming the lives of street vendors, the 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.
9. NPS-Vatsalya, shall also be extended to minors.





# CUSTOMS



1. Section 28 DA of the Customs Act, 1962 is being amended to incorporate provisions for accepting various types of proof of origin specified in trade agreements. Previously a certificate was mandatory to claim the benefit of preferential duty. Henceforth, declaration by issuing authority certifying the criteria will be sufficient. This amendment is designed to align the section with new trade agreements that facilitate self-certification of origin. This change aims to streamline the customs process, making it more efficient and compliant with international trade practices.
2. Section 65 amended 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. Likely to impact MOOWR scheme.
3. Section 143AA and Section 157 of the Customs Act is being amended by substituting the expression “a class of importers or exporters” with “a class of importers or exporters or any other persons” for the purpose of facilitating trade.
4. Applicability of GST compensation cess on import of goods by SEZ unit was put to an end vide Notification no. 27/2024-Custom dated 12.07.2024. However, the above change was made prospective. Based on the recommendations 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. This change has provided great relief to the SEZ unit.
5. Section 6 of the Customs Tariff Act, 1975 which provided for levy of protective duties in certain cases by the Central Government on the recommendations of the Tariff Commission is being omitted, as the Tariff Commission has been wound up by resolution dated 1st June 2022 by the Government of India.
  - [These changes shall come into effect from date of assent to the Finance (No.2) Bill]
6. 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.



**EXEMPTION NOTIFICATIONS LAPSING FROM 30TH SEPTEMBER 2024**

Sl. No.	Notification No.	Description
1.	97/99-Customs dated 21 July 1999	Exempts BCD and additional duty under Sections 3(1), 3(3) and 3(5) on standard gold bars imported by a RBI authorised bank
2.	30/2004-Customs dated 28 January 2004	Provides full exemption from BCD to second-hand computers/accessories and peripherals received as donation by schools, charitable institutions.
3.	102/2007-Customs dated 14 September 2017	Provides exemption from Special Additional Duty (SAD) levied vide section 3(5) of CTA on to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importer.
4.	45/2005-Customs dated 16 May 2005	Provides exemption from Special Additional Duty levied under Section 3(5) of CTA on goods cleared from SEZ to DTA.
5.	151/94-Customs dated 13 July 1994	Provides exemption to imports of duty-paid fuel and lubricating oil on aircrafts taken during the outward flight; goods imports by United Arab Airlines; aircraft engines, spares imported by Indian Airlines and Air India International. Re-import entries will operate from re-import notification 45/2017-Cus
6.	26-Customs dated 19th February 1962	Provides exemption from import duty under the Sea Customs Act on catering cabin equipment, food and drink on re-importation by aircrafts of the Indian Airlines Corporation from foreign flights

## CHANGES IN EXEMPTION NOTIFICATIONS (EFFECTIVE FROM 24TH JULY, 2024)

Sl. No.	Notification No.	Description
1.	38/2024- Customs dated 23.07.2024	Currently, articles of foreign origin can be imported into India for repairs subject to their re-exportation within six months extendable to 1 year. The duration for export in the case of aircraft and vessels imported for maintenance, repair and overhauling has been increased from 6 months to 1 year, further extendable by 1 year.
2.	39/2024- Customs dated 23.07.2024	The time-period of duty-free re-import of goods (other than those under export promotion schemes) exported out from India under warranty has been increased from 3 years to 5 years, further extendable by 2 years.
3.	31/2024- Customs dated 23.07.2024	The India-UAE CEPA Tariff notification is being amended as consequential changes in duty rates on precious metals.



**CHANGES IN RATES OF AIDC (EFFECTIVE FROM 24 JULY 2024)**

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

The duty reduction is part of the government's broader strategy to enhance domestic value addition by making raw materials more affordable, thus encouraging local production.

**OTHER AMENDMENTS TO CUSTOM TARIFF W.E.F. 24.07.2024**

Sl. No.	Heading, sub- heading, tariff item	Commodity	From	To
1	3920, 3921	Poly vinyl chloride (PVC) flex films (also known as PVC flex banners or PVC flex sheets)	10%	25%
2	6601 10 00	Garden umbrellas	20%	20% or Rs. 60 per piece, whichever is higher
3	9802 00 00	Laboratory chemicals	10%	150%
4	2008 19 20	Other roasted nuts and seeds, including such arecanuts	30%	150%
5	2008 19 30	Other nuts, otherwise prepared or preserved, including such arecanuts	30%	150%
6	1207 99 90	Shea nuts	30%	15%
7	0306 36	Live SPF Vannamei shrimp(Litopenaeus vannamei) broodstock	10%	5%
8	0306 36	Live Black tiger shrimp (Penaeusmonodon) broodstock	10%	5%
9	0306 36 60	Artemia	5%	Nil
10	0511 91 40	Artemia cysts	5%	Nil
11	0308 90 00	SPF Polychaete worms	30%	5%
12	1504 20	Fish lipid oil for use in manufacture of aquatic feed	15%	Nil
13	1504 20	Crude fish oil for use in manufacture of aquatic feed	30%	Nil
14	1518	Algal Oil for use in manufacture of aquatic feed	15%	Nil
15	2102 20 00	Algal Prime (flour) for use in manufacture of aquatic feed	15%	Nil



16	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	5%	Nil
17	2301 10 90	Insect meal for use in Research & Development purposes in aquatic feed manufacturing	15%	5%
18	2309 90 90	Single Cell Protein from Natural Gas for use in Research & Development purposes in aquatic feed manufacturing	15%	5%
19	2301 20	Krill Meal for use in manufacture of aquatic feed	5%	Nil
20	1901	Pre-dust breaded powder for use in processing of sea-food	30%	Nil
21	2309 90 31	Prawn and shrimps feed	15%	5%
22	2309 90 39	Fish feed	15%	5%
23	2504	Natural Graphite	5%	2.50%
24	2505	Natural sands of all kinds, whether or not coloured, other than metal bearing sands of chapter 26 of The Customs tariff Act, 1975	5%	Nil
25	2506	Quartz (other than natural sands); quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape	5%	2.50%
26	2530 90 91	Strontium sulphate (natural ore)	5%	Nil
27	2603 00 00	Copper ores and concentrates	2.50%	Nil
28	2605 00 00	Cobalt ores and concentrates	2.50%	Nil
29	2609 00 00	Tin ores and Concentrates	2.50%	Nil
30	2611 00 00	Tungsten Ores and Concentrates	2.50%	Nil
31	2613	Molybdenum ores and concentrates	2.50%	Nil
32	2615 10 00	Zirconium ores and concentrates	2.50%	Nil
33	2615 90	Hafnium Ores and concentrates	2.50%	Nil

34	2615 90 10	Vanadium ores and concentrates	2.50%	Nil
35	2615 90 20	Niobium or tantalum ores and concentrates	2.50%	Nil
36	2617	Antimony Ores and Concentrates	2.50%	Nil
37	2804 50 20	Tellurium	5%	Nil
38	2804 61 00	Silicon, containing by weight not less than 99.99% of silicon	5%	Nil
39	2804 69 00	Other silicon	5%	Nil
40	2804 90 00	Selenium	5%	Nil
41	2805 30 00	Alkali or alkaline earth metals, Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed	5%	Nil
42	2811 22 00	Silicon dioxide	7.50%	2.50%
43	2815 20 00	Potassium hydroxide	7.50%	Nil
44	2816 40 00	Oxides, hydroxides and peroxides, of strontium or barium	7.50%	Nil
45	2822 00 10	Cobalt oxides	7.50%	Nil
46	2822 00 20	Cobalt hydroxides	7.50%	Nil
47	2822 00 30	Commercial cobalt oxides	7.50%	Nil
48	2825 20 00	Lithium oxide and hydroxide	7.50%	Nil
49	2825 30	Vanadium oxides and hydroxides	2.5%/7.5%	Nil
50	2825 60 10	Germanium oxides	7.50%	Nil
51	2825 70	Molybdenum oxides and hydroxides	7.50%	Nil



57	2834 21 00	Nitrates of potassium	7.50%	Nil
58	2836 91 00	Lithium carbonates	7.50%	Nil
59	2836 92 00	Strontium carbonates	7.50%	Nil
60	2841 90 00	Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium	7.50%	Nil
61	2846	Compounds, inorganic or organic of rare earth metals	7.50%	Nil
62	2918 15 30	Bismuth citrate	7.50%	Nil
63	3801	Artificial Graphite, colloidal or semi-colloidal graphite, preparations based on graphite or other carbon in form of pastes, blocks, plates or other semi-manufactures	7.50%	2.50%
64	8001	Unwrought Tin	5%	Nil
65	8101 94 00	Unwrought tungsten, including bars and rods obtained simply by sintering	5%	Nil
66	8102 94 00	Unwrought molybdenum, including bars and rods obtained simply by sintering	5%	Nil
67	8103 20	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	5%	Nil
68	8105 20 20	Cobalt, unwrought	5%	Nil
69	8106 10 10	Bismuth, unwrought	2.50%	Nil
70	8109 21 00	Unwrought zirconium, powders, Containing less than 1 part hafnium to 500 parts zirconium by weight	10%	Nil
71	8110 10 00	Unwrought antimony, powders	2.50%	Nil
72	8112 12 00	Beryllium unwrought, powders	5%	Nil
73	8112 31	Hafnium unwrought, waste and scrap, powders	10%	Nil

74	8112 41 10	Rhenium unwrought	10%	Nil
75	8112 69 10	Cadmium unwrought, powders	5%	Nil
76	8112 69 20	Cadmium, wrought	5%	Nil
77	8112 92 00	Unwrought; waste and scrap;	5%	Nil
		powder of, -		
		(i) allium		
		(ii) Germanium		
		(iii) ium		
		(iv) iobium		
(v) Vanadium				
78	7202 60 00	Ferro Nickel	2.50%	Nil
79	7204	Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.03.2026)
80	7225	Certain specified raw materials for manufacture of CRGO steel	Nil (till 30.09.2024)	Nil (till 31.03.2026)
81	7402 00 10	Blister Copper	5%	Nil
82	3102 30 00	Ammonium Nitrate, whether or not in aqueous solution	7.50%	10%
83	3920 (other than 3920 99 99) or 3921	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25% (with effect from 24.07.2024)	10%
84	3920 99 99	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25%(with effect from 24.07.2024)	15%



85	2929 10 90	Methylene Diphenyl Di-isocyanate (MDI) for use in the manufacture of Spandex Yarn	7.50%	5% (Subject to IGCR conditions)
86	41	Wet white, Crust and finished	10%	Nil
87	7108	Gold bar	15%	6%
88	7108	Gold dore	14.35%	5.35%
89	7106	Silver bar	15%	6%
90	7106	Silver dore	14.35%	5.35%
91	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.40%	6.40%
92	7118	Coins of precious metals	15%	6%
93	7113	Gold/Silver findings	15%	6%
94	71	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.50%	5%
95	84	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.50%	5%
96	39	All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10	As applicable	Nil
97	39, 72, 81	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and All types of polyethylene for use in manufacture of other artificial parts of the body falling under sub-heading 9021 31 or 9021 39	As applicable	Nil

98	9022 30 00	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5%(till 31st March 2025)7.5% (w.e.f. 1st April 2025 to 31st March, 2026)
99	9022 90 90	Flat panel detectors (including scintillators) for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31st March 2025)7.5% (w.e.f. 1st April 2025 to 31st March, 2026)10% (w.e.f 1st April, 2026)
100	8517 13 00, 8517 14 00	Cellular mobile phone manufacture of cellular mobile phones	20%	15%
101	8504 40	Charger/Adapter of cellular mobile phone	20%	15%
102	8517 79 10	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20%	15%
103	28, 29, 38	Specified parts for use in manufacture of connectors	5%/7.5%	Nil
104	74	Oxygen Free Copper for use in manufacture of Resistors	5%	Nil
105	40	Specified die-cut parts for use in manufacture of cellular mobile phones	As applicable	Nil
106	40, 70, 76	Specified mechanics for use in	As applicable	Nil
107	8517 79 10	Printed Circuit Board Assembly	10%	15%
108		(PCBA) of specified telecom equipment		



109	84, 85, or any other chapter	Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.50%	Nil
110	7007	Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 1.10.2024)
111	74	Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5%(w.e.f 1.10.2024)
112	Any Chapter	Components and consumables for use in manufacture of specified vessels	As applicable	Nil
113	Any Chapter	Technical documentation and spare parts for construction of warships	As applicable	Nil
114	Any Chapter	Goods under S. No. 404 of Notification No. 50/2017 Customs, used for petroleum exploration operations	As applicable	Nil
115	4101 to 4103	Raw Hides & skins, all sorts (other than buffalo)	40%	40%
116	4101	Raw Hides & skins of buffalo	30%	30%
117	4104 to 4106	Tanned or crust hides of skins, whether or not split, but not further prepared	40	20%
118	4104 to 4106	E.I. tanned leather	Nil	Nil
119	41	Finished leather as defined by DGFT finished leather norms	Nil	Nil
120	4301	Raw fur skins	60%/10%	40%
121	4302	Tanned or dressed furskin	60%	20%

**AQUILAW**

# GOODS AND SERVICES TAX





## 1. New provision for determination from FY 2024-25 onwards

- A common time limit of 42 months for issuance of demand notices in respect of demands for FY 2024-25 onwards for both fraud and non-fraud cases. The order shall be required to be issued within 12 months of issuance of such notice with an extension of maximum 6 months.
- The penalty for cases not involving charges of fraud, suppression of facts or willful misstatement etc. shall be 10% of the tax or INR 10,000/- each under CGST and SGST, whichever is higher.
- No penalty shall be applicable if the tax and interest is paid before the issuance of notice or within 60 days (previously 30 days) of issuance notice.
- The penalty for cases involving the charges of fraud, suppression of facts or willful misstatement etc. shall be 100% of the tax. A reduced penalty of
  - 15% shall be payable where the tax and interest are paid before the issuance of notice;
  - 25% where such tax and interest are paid within 60 days of issuance of notice;
  - 50% where such tax and interest are paid within 60 days of issuance of order.
- The above penalty shall not apply in cases involving imprisonment and fine.
- The existing provision under S 73 and S 74 of the Central Goods and Services Tax Act, 2017 shall apply up to FY 2023-24.
- The said sections will be effective from the date of the publication of the Notification/Enactment

## IMPACT

Section	SCN (from the date of furnishing of annual return for the relevant tax period or erroneous refund)	Order (from the date of furnishing of annual return for the relevant tax period or erroneous refund)
Section 73 applicable till FY 2023-24	33 months	36 months
Section 74 applicable till FY 2023-24	54 months	60 months
Section 74A on and from FY 2024-25	42 months	54 months (further extendable by 6 months)





2. Insertion of S 128A in Central Goods and Services Tax Act, 2017 (CGST Act) for Waiver of Interest/ penalty for non-fraud cases pertaining to FY 2017-18, 2018-19, and 2019-20

Conditional waiver of interest and penalties for demand notices for the fiscal years 2017- 18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice before a date to be notified. The above is applicable only for cases where proceedings have been initiated under S 73 of the CGST Act i.e., cases where fraud, suppression etc. is not involved. Further, the waiver does not cover the demand of erroneous refunds and no refund shall be granted where such interest and penalty has already been paid.

## IMPACT

1. Where mens-rea is involved, there is no relaxation.
2. In the event the Taxpayer makes full payment of GST/tax on or before the date to be notified by the Government, interest and penalty arising out of such demand shall stand waived off and the proceedings shall be deemed concluded subject to fulfilment of prescribed conditions. However, proviso to the said section states that interest and penalty so paid shall not be available as refund to the Taxpayer. Also, once the amount of Tax has been paid and the proceedings are deemed to be concluded no appeal can lie before the First Appellate Authority or the Goods and Service Tax Appellate Tribunal (GSTAT).
3. Further, in cases where a Taxpayer is in receipt of a notice/order involving multiple years, whether he can litigate the demand raised against one particular year and claim waiver for the issues under balance years.
4. The said sections will be effective from the date of the publication of the Notification/Enactment

3. Relaxation under S 16(4) w.r.t. availment of Input Tax Credit (ITC) for the FY 2017-18, 2018-19, 2019-20, 2020-21

Extension of time-limit for availment of ITC for the period July 2017 to March 2021 to 30th November 2021, retrospectively w.e.f. 01-07-2017. It means, the ITC availed in any GSTR-3B filed up-to 30th November 2021, for the above financial years would not be barred by the limitation of time u/s 16(4) of the CGST Act.

For 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 are filed within thirty days of the order of revocation of cancellation of registration.

## IMPACT

1. This would not only resolve pending disputes of the past but would also allow refund of those ITC where ITC was reversed under protest by the taxpayers.
2. However, in the event the taxpayer voluntarily reverses the ITC during the said period, appropriate rules should be framed for passing over of such benefit to the taxpayer.
3. This is effective from 1st July, 2017.





4. Insertion of a new section under CGST Act, 2017, IGST Act, 2017, UTGST Act, 2017 and GST (Compensation to States) Act, 2017 empowering Government for waiver of additional taxes in matters of general practice of trade and industry.

## IMPACT

1. An overriding provision has been inserted for the general practices currently prevailing.
2. The general practice may be causing any of the following: -
  - Payment of taxes where no taxes is being levied as per general practise
  - Higher payment of taxes where lower tax is being levied as per general practise
3. In such cases, no further taxes would be required to be paid upon Notification by Government
4. The said sections will be effective from the date of the publication of the Notification/Enactment

5. Amendment in S 107 and S 112 of CGST Act for reducing the amount of pre-deposit required to be paid for filing of appeals under GST.

To limit the impact on working capital in appeals the pre-deposit has been reduced as per table below:

Authority	Percentage and cap
Appellate authority	10 % (unchanged) subject to a maximum of INR 20 Cr. under SGST/CGST each [reduced from 25 crores]
GSTAT	An additional 10% (reduced from 20%) with a cap of INR 20 Cr. under SGST/CGST each.

**Total pre-deposit is reduced from 30% to 20%.**

Effective from 1st August, 2024.

## 6. Time for filing appeals in GST Appellate Tribunal

- Amendment of S112 of the CGST Act with to allow the three-month period for filing appeals before the Appellate Tribunal to start from a date to be notified by the Government in respect of appeal/ revision orders passed before the date of said notification. This will give sufficient time to the taxpayers to file an appeal before the Appellate Tribunal in the pending cases.
- This empowers the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal. The said amendment is made effective from the 1st August, 2024.
- This also enables the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months.

### IMPACT

Specific provisions should be inserted so that GST Authorities should not initiate recovery proceedings once the time limit of filing appeal lapses.

## 7. Restriction on refunds if goods are subjected to export duty

- The refund of goods subjected to export duty have been restricted. Such a restriction would apply irrespective of whether the goods are exported with or without payment of taxes. This would also apply where the goods are supplied to a SEZ developer or a SEZ unit for authorized operations.
- In cases where zero-rated supplies like export and supply to SEZ are subjected to export duty, refund of unutilized ITC would not be allowed.
- The said sections will be effective from the date of the publication of the Notification/Enactment
- Similar amendments have also been made in the IGST Act as well.

### IMPACT

All past exports should be evaluated if refund claims should be filed unless already filed subject to limitation of time once new provisions are implemented.



## 8. Time of Supply modified under RCM for registered as well as unregistered suppliers amending S 13(3) of the CGST Act, 2017

- In respect of Reverse charge, separate time of supply have been provided for supplies received from Registered suppliers and Unregistered suppliers
- For supplies received from registered suppliers, the time of supply would be earlier of:
  - o date of payment as per books of recipient or debit in bank whichever is earlier
  - o Date immediately following 60 days of the date of issue of invoice by the supplier in all cases where supplier is required to issue invoices
- For supplies received from unregistered suppliers, the time of supply would be earlier of:
  - o Date of payment as per books of recipient or debit in bank whichever is earlier
  - o Date of issue of invoice where invoice is to be issued by recipient
- The said sections will be effective from the date of the publication of the Notification/Enactment

## 9. Suset clause for anti-profiteering cases

The Government shall notify a date from which anti-profiteering cases would not be accepted by the Authorities and to provide for handling of anti-profiteering cases by Principal bench of GST Appellate Tribunal (GSTAT). The said sections will be effective from the date of the publication of the Notification/Enactment

## 10. Appellate Tribunal Empowered to deal with Anti Profiteering Cases:

Apart from the Competition Commission of India, the Appellate Tribunal have also been included as an authority for dealing in Anti-Profiteering cases. The said sections will be effective from the date of the publication of the Notification/Enactment

## 11. Amendment to S 140(7) of CGST Act, retrospectively w.e.f. 01.07.2017:

- Retrospective amendment in S 140(7) of CGST Act w.e.f. 01.07.2017 has been made to provide for transitional credit in respect of invoices pertaining to services provided before appointed date, and where invoices were received by Input Service Distributor (ISD) before the appointed date.

### IMPACT

A long-standing dispute is proposed to be resolved where the service tax invoices were received by ISD prior to the appointed date, however, were not distributed pre-introduction of GST, as was required by the transition provisions

## 12. ITC not blocked for recipient if payment made by supplier in evasion cases amending S 17(5) of the CGST Act, 2017 and it will effective from the date of the publication of the notification/Enactment.

- There is no requirement of payment of taxes under S 129 and S 130. Therefore, consequently the blockage of ITC u/s 17(5) for payment under these sections have been removed.
- Sub-section (5) of S 17 of the CGST Act is being amended, so as to restrict the non-availability of input tax credit in respect of tax paid under S 74 of the said Act only for demands upto Financial Year 2023-24
- From 2024-25, there would be no blockage of ITC for taxes paid by the supplier through demand and recovery provisions. However, this would continue to be subject to the time limit for ITC availment u/s 16(4).

## 13. Conditions for revocation of cancellation amending S 30(2) of the CGST Act, 2017 and it will be effective from the date of the publication of the notification/Enactment and the conditions and restrictions for revocation of cancellation of registration would be prescribed through the rules.

## 14. Monthly filing of FORM GSTR-7 regardless of tax deduction made mandatory and there will not be any late fee for delayed filing of NIL GSTR-7 and the same will be effective from the date of the publication of the notification/Enactment.



15. In case of summons issued under S 70 of the CGST Act, the person being summoned is bound to appear in person or through authorised representative, state truth during examination or make statement or produce all information or documents as requested by the officer. The said provision will be effective from the date of the publication of the notification/Enactment.

16. Amendment in clause (f) of S 31 of CGST Act 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 S 51 of CGST Act shall be treated as a person not registered. The said provision will be effective from the date of the publication of the notification/Enactment.

17. 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. Insertion of new paragraph prospectively from the date of the publication of the notification/Enactment.

18. Amendment in S 9 of the CGST Act to bring Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption out of purview of GST. Similar amendments are proposed in the IGST Act and UTGST Act as well. The said provision will be effective from the date of the publication of the notification/Enactment.

## CENTRAL EXCISE

1. Retrospective amendment has been sought from Clean Environment Cess, on excisable goods lying in stock as on 30th June, 2017 on which GST Compensation Cess is payable at the time of supply of such excisable goods on and after 1st July, 2017.
2. Amendment in Notification No 12/2012-Central Excise dated 17-3-2012 to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months.

## KEY DIRECT TAX PROPOSALS

- Comprehensive review of the Income-tax Act to be done in six months with the objective to simply, reduce litigation, and provide certainty to the taxpayers.
- Scope of safe harbor rules to be expanded.
- 2% equalization levy on e-commerce operators to be discontinued from 1 August 2024 – providing much needed respite from compliances to non-residents.
- Corporate tax rate for foreign companies reduced from 40% to 35% - to bring closer to domestic company rates.
- Disallowance under section 37 introduced for Life Insurance Companies.
- Units of Specified Mutual Fund (SMF) are treated as short-term capital asset – definition of SMF proposed to be amended from FY 2025-26 to mean MF scheme investing more than 65% in debt and money market instruments; and FOF investing 65% or more in MF scheme mentioned in (a) above.
- Unlisted bonds or unlisted debenture transferred/redeemed/matured on or after 23 July 2024 to qualify as short-term capital asset irrespective of period of holding (like SMF).
- Proposed amendment in STT on sale of options and futures in securities from 1 October 2024:

<b>Taxable Securities Transaction</b>	<b>Proposed rates</b>	<b>Existing rates</b>
Sale of an option in securities	0.1 percent	0.0625 percent
Sale of a futures in securities	0.02 percent	0.0125 percent



## PERSONAL TAX

- No change in slab rates under the old tax regime
- Slab rates revised under the new tax regime

Income (INR)	Old 115BAC Regime		Income (INR)	New 115BAC Regime
Up to 3 lacs	Nil		Up to 3 lacs	Nil
3 lacs – 6 lacs	5%		Up to 3 lacs – 7 lacs	5%
6 lacs – 9 lacs	10%		7 lacs – 10 lacs	10%
9 lacs – 12 lacs	15%		10 lacs – 12 lacs	15%
12 lacs – 15 lacs	20%		12 lacs – 15 lacs	20%
Above 15 lacs	30%		Above 15 lacs	30%

- Standard deduction under new tax regime increased to Rs.75,000
- Deduction towards NPS contribution increased from 10% to 14% of salary for employees (other than government employees) opting for taxation under new regime
- TCS credit to be taken into consideration for withholding tax

### IMPACT

1. No income tax up to income of 7.75 Lakhs
2. Aggregate benefit without cess for all salaried individual having income above 10 lakhs will be to the extent of Rs. 17500.

## CAPITAL GAINS TAX

The Finance Bill 2024 has proposed simplifications on Capital gains taxation. The changes proposed to the capital gains tax regime will have several significant impacts on all category of investors, affecting their returns, investment strategies and market behaviour. A snapshot of new capital gains tax regime as compared to the old regime is given below:

Sl. No	Category of Investment	Period of holding for qualifying as long-term capital assets		Tax rate on short-term capital gains		Tax rate on long-term capital gains	
		Old Provision	New Provision	Old Provision	New Provision	Old Provision	New Provision
1	Listed security being shares and equity oriented mutual funds	1 years	1 year	If Securities Transaction Tax (STT) paid – 15% IF STT not paid - At normal tax rate	If STT paid – 20% IF STT not paid - At normal tax rate	If STT paid – 10% (without indexation) IF STT not paid – 20% (with indexation) or 10% (without indexation)	12.5% (with indexation)
2	Listed security unit of business trust (REIT and Invit)	3 years	2 year	If STT paid – 15% IF STT not paid - At normal tax rate	If STT paid – 20% IF STT not paid - At normal tax rate	If STT paid – 10% (without indexation) IF STT not paid – 20% (with indexation) or 10% (without indexation)	12.5% (with indexation)



3	Listed debentures and bonds (other than zero coupon bonds)	3 years	1 year	At normal tax rate	At normal tax rate	10% (without indexation)	12.5% (without indexation)
4	Market linked debentures and Specified mutual funds <sup>2</sup>	Deemed to be short term	Deemed to be short term	At normal tax rate	At normal tax rate	NA	NA
5	Other listed security	3 years	1 year	At normal tax rate	At normal tax rate	20% (with indexation benefit) or 10% (without indexation)	12.5% (without indexation)
6	Zero coupon bonds	1 year	1 year	At normal tax rate	At normal tax rate	10% (without indexation)	12.5% (without indexation)
7	Unlisted bond or debentures	3 years	Deemed to be short term	At normal tax rate	At normal tax rate	20% (without indexation)	N.A.
8	Unlisted shares	2 years	2 years	At normal tax rate	At normal tax rate	Resident - 20% (with indexation) Non-resident - 10% (without indexation)	12.5% (without indexation)
9	Land and building	2 years	2 years	At normal tax rate	At normal tax rate	20% (with indexation)	12.5% (without indexation)
10	Other assets	3 years	2 years	At normal tax rate	At normal tax rate	20% (with indexation)	12.5% (without indexation)

1. The exemption on long term capital gains on listed shares on which STT is paid is increased from INR 1,00,000 to INR 1,25,000
2. Specified mutual funds include a mutual fund which invests 65% or more of the proceeds in debt and money market instruments. Further, the funds which invests 65% or more of the proceeds in above funds will also be classified as specified mutual funds.

## IMPACT

- 1. Higher Tax Outflow on Listed Shares and Securities** - The increase in tax rate for long-term capital gains on listed shares and securities from 10% to 12.5% and for short-term gains from 15% to 20% will result in higher tax liabilities for investors and directly reduces the net returns from these investments. For example, if an investor had taxable long-term capital gains of INR 100,000 from listed shares, the tax liability would increase from INR 10,000 to INR 12,500. For short-term gains of INR 100,000 from listed shares, the tax would rise from INR 15,000 to INR 20,000.
- 2. Reduced Tax Rate on Long-Term Other Assets but Removal of Indexation Benefit** - The tax rate on other long-term assets has been reduced from 20% to 12.5%. While this seems to be beneficial at first glance, the removal of the indexation benefit can significantly impact the taxpayers. Indexation adjusts the purchase price of an asset to account for inflation, thereby reducing the taxable capital gain. Without indexation, the entire gain becomes taxable, which can be a substantial burden, especially in a case where the return on investment is less than 2.6 times the inflation rate.
- 3. Increased Tax on Long-Term Unlisted Shares for Non-Residents** - The tax rate on long-term unlisted shares for non-residents has increased from 10% to 12.5% which raises the tax burden on non-resident investors. This change could impact return on investment made in Indian unlisted shares by foreign investors.

## TAXATION OF BUYBACK BROUGHT ON EQUAL FOOTING WITH DIVIDEND

- Proposal to tax buyback in the hands of shareholders as dividend as per the applicable rates.
- No deduction for expenses shall be available against such dividend income.
- Cost of acquisition of the shares bought back would be available as a capital loss.
- Withholding tax on buyback of shares (in the nature of dividend) introduced.
- Applicable on buy back undertaken w.e.f. 1 October 2024.



## CHANGES IN TDS AND TCS

Sl. No.	Section	Particulars	Present Rate	Proposed Rate
With effect from 1 October 2024				
1	194DA	Payment in respect of life insurance policy	5	2
2	194G	Commission etc. on sale of lottery tickets	5	2
3	194H	Payment of commission or brokerage	5	2
4	194-IB	Payment of rent by certain individuals or HUF	5	2
5	194M	Payment of certain sums by certain individuals or HUF	5	2
6	194-O	Payments by e-commerce operators to e-commerce participant	5	2
7	194F	Repurchase of units by Mutual Fund or UTI	20	NIL
8	197	Application for lower TDS/TCS certificate allowed for payments pertaining to sale/ purchase of goods exceeding Rs.50 Lakhs.		
With effect from 1 January 2025				
1	206C(1F)	TCS on Sale of Luxury Goods (value exceeding Rs. 10 Lakhs)		1
With effect from 1 April 2025				
1	194D	Payment of insurance commission (in case of person other than company)	5	2
2	194T	Payments of salary, remuneration, interest, bonus, or commission by a partnership firm to its partners more than Rs.20000 in a FY	NIL	10
3	206C	Interest for delay in deposit of TCS increased every month	1	1.5
4	200/ 206C	Time limit of 6 years now provided for filing TDS/TCS correction statements		

- No prosecution for failure of deposit of TDS or TCS within due date of filing quarterly returns
- Uniform time limit (later of below) prescribed for passing order u/s 201 (for TDS default) for both resident/ non-resident payees
  - 6 years from the end of the Financial Year to which TDS/TCS pertains
  - 2 years from the end of the Financial Year in which the correction statement is furnished.
- No penalty for failure to furnish TDS / TCS returns within one month of prescribed due dates.

## IMPACT

1. There are various provisions of Tax Deduction at Source (TDS) with different thresholds and multiple rates between 0.1%, 1%, 2%, 5%, 10%, 20%, 30% and above. To improve ease of doing business and better compliance by taxpayers, the TDS rates are proposed to be reduced.
2. However, no change is envisaged with respect to sections such as TDS on salary, TDS on virtual digital assets, TDS on winnings from lottery etc./ race horses, payment on transfer of immovable property and TDS rates on contracts etc.

## CORPORATE GIFT

- Only gifts from individual and HUF considered as a non-taxable transaction, corporate gift no longer exempt.
- Applicable from 1 April 2024.

## CHARITABLE INSTITUTIONS

- One single regime to govern taxation of approved charitable institutions/tax exempt entities.
- Existing approved institutions governed under the first regime [section 10(23C)] – governed by existing provisions until validity of approval.
- Application under the first regime may be filed until 30 September 2024.
- Fresh registration/renewal to be granted only under the second regime [section 11], after 1 October 2024.
- Merger amongst approved charitable institutions/tax exempt entities not liable for exit tax upon fulfilment of conditions – to be prescribed.

## BUSINESS INCOME/DEDUCTIONS

- Rental income from 'residential' property cannot be offered to tax as 'business income' – mandatory to offer 'under head 'income from house property'.
- Settlement amount paid to settle proceedings for violation under any specified laws (to be notified) not allowed as deduction.
- Claim of deduction of expenditure by life insurance companies now subject to allowability u/s. 37.
- Increase in deductible limit of remuneration to working partner.

Existing	Proposed
<ul style="list-style-type: none"> <li>Book profit upto Rs. 3,00,000 or in case of a loss – Higher of Rs. 1,50,000 or 90% of book profit.</li> <li>Balance – 60% of Book profit.</li> </ul>	<ul style="list-style-type: none"> <li>Book profit upto Rs. 6,00,000 or in case of a loss – Higher of Rs. 3,00,000 or 90% of book profit.</li> <li>Balance – 60% of Book profit.</li> </ul>

## ABOLITION OF ANGEL TAX

- Angel tax on primary investment of shares in the company has been abolished from 1 April 2024.

## VIVAD SE VISHWAS SCHEME, 2024

- Scheme introduced to reduce pending litigation
- All pending litigation as on 22 July 2024 eligible to opt
- 31 December 2024 is the first due date for payment of disputed amount at concession
- Provides option to the assessee to discharge disputed tax / interest / penalty at below prescribed rates

Situation	Amount payable on or before 31 December 2024	Amount payable on or after 1 January 2025, but before last date (to be notified)
Where the tax arrears are in respect of quantum appeal by assessee		
Appeal proceedings post 31 January 2020	100% of the disputed tax	110% of the disputed tax
Appeal proceedings upto 31 January 2020	110% of the disputed tax	120% of the disputed tax
Where the tax arrears are in respect of other than quantum appeal by assessee		
Appeal proceedings post 31 January 2020	25% of the disputed interest / penalty / fee	30% of the disputed interest / disputed penalty / disputed fee
Appeal proceedings upto 31 January 2020	30% of the disputed interest / penalty / fee	35% of the disputed interest / penalty / fee



- For department appeals, the amount payable will be 50%
- Cases transferred from AAR to BAR (not already admitted by AAR), allowed to be withdrawn by 31 October 2024. BAR to dispose off the application by 31 December 2024.

## IMPACT

The proposed 2024 scheme has been codified in line with the 2020 scheme with the following exceptions:

1. The 2024 scheme seeks to give relief even in cases where the declarant is an appellant on or before the 31 January 2020 at the same appellate forum in respect of such tax arrears. In other words, there is no exclusion of the cases which were earlier eligible for the 2020 scheme.
2. Search cases have been wholly kept out of the scope of 2024 scheme unlike the 2020 scheme making exception in cases with disputed tax of over INR 5 crores in a year.
3. The 2020 scheme explicitly covered the cases where an order has been passed by an appellate authority or court and the time for filing any appeal has not expired as on the date of making declaration. The 2024 scheme is silent on this.

## TRANSFER PRICING

- Finance companies (including NBFCs) in IFSC excluded from limitation on interest deduction provisions (i.e. thin capitalization provisions).
- Transfer Pricing Officer can now examine specified domestic transactions (SDT) not referred to him by the Assessing Officer or where the Form 3CEB is not filed.
- Safe harbour rules to be amended to expand the scope and make it more attractive.
- Transfer Pricing assessment procedure to be streamlined.

## ASSESSMENT/REASSESSMENT RE-ASSESSMENT

- Rationalization of timelines (from end of AY) for issuance of re-assessment notice u/s. 148:

S.No.	Threshold	Existing provisions	Proposed
1.	Income escaping assessment < 50 lakhs	Upto 3 years	Upto 3 years and 3 months
2.	Income escaping assessment $\geq$ 50 lakhs and covered by specific cases	Upto 10 years	Upto 5 years and 3 months

- 'Information' based on which reassessment to be initiated expanded to include information arising out of survey conducted under section 133A.

## TIME LIMIT NOW PRESCRIBED FOR ASSESSMENT OF SPECIFIC CASES

- **Return furnished after CBDT condonation of delay** – 12 months from the end of the financial year in which the return is furnished;
- **Cases set-aside by CIT(A)** – 12 months from the end of the financial year in which the order under Section 250 is passed;
- **Annulment of block assessments qua search proceedings** – 1 year from the end of the month of revival or within the period specified in Section 153 or Section 153B(1), whichever is later.

## REINTRODUCTION OF BLOCK ASSESSMENT IN SEARCH CASES

- For search-initiated post 1 September 2024, assessments to be carried out for the block period
- Block period to include 6 preceding assessment years and the part of the year up to conclusion of search.
- All ongoing assessments/reassessments shall abate.
- 60% tax rate prescribed for block assessments.
- No additional surcharge or interest u/s 234A / 234B / 234C
- Penalty of 50% of tax on assessed undisclosed income.

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