

NYCA & Co.

**INDIA**

# **BUDGET**

**2024-25**

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# Direct Tax Proposals

## Increased Standard and Family Pension Deductions

In the new tax regime, the standard deduction for salaried individuals has been raised from Rs. 50,000 to Rs. 75,000. Additionally, the deduction for family pension income has been increased from Rs. 15,000 to Rs. 25,000 for taxpayers filing under the new regime.



# Revised Tax Structure

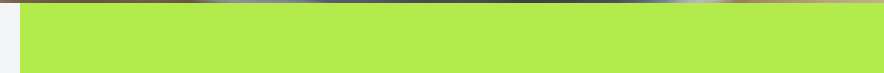
Income Tax Slabs	Tax Rate
₹0-3 lakh	NIL
₹3-7 lakh	5%
₹7-10 lakh	10%
₹10-12 lakh	15%
₹12-15 lakh	20%
Above ₹15 lakh	30%

A salaried employee in the new tax regime can save up to Rs. 17,500 in taxes due to these changes.



# Simplification of Taxation of Capital Gains

- The holding periods for classifying assets as long-term or short-term are now 12 months and 24 months, removing the 36-month period.
- Listed securities held for over 12 months are classified as long-term.
- Other assets are classified as long-term if held for over 24 months.
- Unlisted bonds and debentures are taxed like debt mutual funds and market-linked debentures, treated as short-term regardless of holding period.
- Short-term capital gains tax has increased to 20% for listed equity shares, equity-oriented funds, and business trust units.



- The exemption limit for long-term capital gains on equity shares, equity-oriented units, and business trust units has increased to Rs. 1.25 lakh, with the tax rate rising to 12.5%.
- The long-term capital gains tax on other assets has been reduced to 12.5%, with indexation benefits removed for sales after July 23, 2024.
- The option to use the FMV as of April 1, 2001, as the cost basis for calculating capital gains remains available.



# Revised TDS Rates



<b>TDS Section</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Effective Date</b>
Section 194D - Insurance Commission	5%	2%	April 1, 2025
Section 194DA - Life Insurance Policy	5%	2%	October 1, 2024
Section 194G - Lottery Ticket Commission	5%	2%	October 1, 2024
Section 194H - Commission/Brokerage	5%	2%	October 1, 2024
Section 194-IB - Rent Payments	5%	2%	October 1, 2024
Section 194M - Payments by Individuals/HUF	5%	2%	October 1, 2024
Section 194-O - E-commerce Payments	1%	0.1%	October 1, 2024
Section 194F - Repurchase of Mutual Fund Units	Omitted		October 1, 2024

# New TDS Provision for Payments to Partners (Section 194T)

A new TDS provision has been introduced for payments by firms (including partnership firms and LLPs) to partners as salary, remuneration, interest, bonus, or commission. Payments exceeding Rs. 20,000 will be subject to a 10% TDS.

# Abolishment of Angel Tax

The Angel Tax provision under Section 56(2)(viib), which taxed the premium received by companies on share issuance above the FMV, has been proposed for removal. This change is expected to benefit the startup ecosystem by reducing compliance costs and facilitating fundraising.



# Reduction in Corporate Tax for Foreign Companies

Corporate tax rates for foreign companies have been reduced from 40% to 35%.

# Increased Deduction for Employer's Contribution to Pension Scheme

The deduction limit for the employer's contribution to the Pension Scheme under Section 80CCD has been increased from 10% to 14% of the employee's salary.





# Changes in Securities Transaction Tax (STT)

The STT on futures has been increased from 0.0125% to 0.02%, and on options from 0.0625% to 0.1%.

# Reopening of ITR

Only if the escaped income exceeds Rs. 50 lakh can an assessment be reopened beyond three years, up to a maximum of five years. In search cases, the time limit is reduced from 10 years to six years.





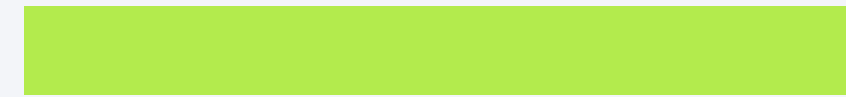
# Comparison Chart: Taxation of Listed vs. Unlisted Assets



## Listed Assets:

Asset Type	Taxation Before July 23, 2024	Taxation After July 23, 2024	Holding Period	Holding Period Change
Equity FOFs	STCG & LTCG: Slab rate	STCG: Slab rate LTCG: 12.50%	N/A	Yes
REITs/InvITs	STCG: 15% LTCG: 10%	STCG: 20% LTCG: 12.50%	N/A	Yes
Stocks	STCG: 15% LTCG: 10%	STCG: 20% LTCG: 12.50%	12 Months	No
Gold/Silver EFTs	STCG: Slab rate LTCG: Slab rate*	STCG: 20% LTCG: 12.50%	12 Months	Yes

**\*Other than those investing 90% equity in EFTs**



<b>Asset Type</b>	<b>Taxation Before July 23, 2024</b>	<b>Taxation After July 23, 2024</b>	<b>Holding Period</b>	<b>Holding Period Change</b>
Bond (Listed)	STCG: Slab rate LTCG: 10%	STCG: 20% LTCG: 12.50%	12 Months	No
Gold Funds	STCG & LTCG: Slab rate	STCG: Slab rate LTCG: 12.50%	12 Months	Yes
Equity Mutual Funds	STCG: 15% LTCG: 10%	STCG: 20% LTCG: 12.50%	12 Months	No
Overseas FOFs	STCG: Slab rate LTCG: Slab rate	STCG: Slab rate LTCG: 12.50%	24 Months	Yes
Debt & Non-Equity MFs	STCG & LTCG: Slab rate	STCG & LTCG: Slab rate	N/A	Yes

## Unlisted Assets:

Asset Type	Taxation Before July 23, 2024	Taxation After July 23, 2024	Holding Period	Holding Period Change	Notes
Physical Gold	STCG: Slab rate LTCG: 20%	STCG: Slab rate LTCG: 12.50%	24 Months	Yes	With Indexation
Bond (Unlisted)	STCG & LTCG: Slab rate	STCG & LTCG: Slab rate	24 Months	Yes	
Stocks (Unlisted)	STCG: Slab rate LTCG: 20%	STCG: Slab rate LTCG: 12.50%	24 Months	No	With Indexation
Real Estate (Physical)	STCG: Slab rate LTCG: 20%	STCG: Slab rate LTCG: 12.50%	24 Months	No	With Indexation
Foreign Equity/Debt	STCG: Slab rate LTCG: 20%	STCG: Slab rate LTCG: 12.50%	24 Months	No	With Indexation


### Notes:

- Annual LTCG exemption limit increased from ₹1 lakh to ₹1.25 lakhs for stocks and equity mutual funds.
- Changes are effective for assets sold after July 23, 2024.

# Indirect Tax Proposals

## Customs Duties Reductions and Exemptions

Item	Previous Rate	New Rate
Mobile Phones, Mobile PCBA, and Chargers	20%	Reduced to 15%
Gold and Silver	15%	Reduced to 6%
Platinum	15.4%	Customs duty reduced to 6.4%
Broodstock, Polychaete Worms, Shrimp, and Fish Feed	10%, 30%, and 15% respectively	Basic customs duty reduced to 5%
Alkali or Alkaline Earth Metals, 25 Rare Earth Minerals (e.g., Lithium)	5%	Exempted from customs duty



<b>Item</b>	<b>Previous Rate</b>	<b>New Rate</b>
Capital Goods for Solar Panel Manufacturing	7.5%	Exempted from customs duty
Capital Goods for Solar Panel Manufacturing	10%	Exempted from customs duty
Ferro Nickel and Blister Copper	2.5%	NIL BCD
Ammonium Nitrate	7.5%	10%
PVC Flex Banners	10%	25%
PCBA of Specific Telecom Equipment	10%	15%

# Key GST Reforms and Amendments

## LEVY & EXEMPTION

### Amendment to CGST and IGST Acts:

- Sections Affected: Section 9 of the CGST Act, 2017, and Section 5 of the IGST Act, 2017.
- Amendment: Exclusion of un-denatured extra neutral alcohol or rectified spirit used for manufacturing alcoholic liquor for human consumption from GST.
- Reason: Prevents double taxation, as alcoholic liquor for human consumption is exempt from GST.

### New Exemption Powers:

- Sections Introduced: Section 11A of the CGST Act, 2017, and Section 6A of the IGST Act, 2017.
- Provision: Government can exempt taxes that were payable or payable at a higher rate but not paid due to prevailing industry practices.
- Purpose: Allows relief where tax was payable but not collected due to common practices in the industry, based on GST Council's recommendation.



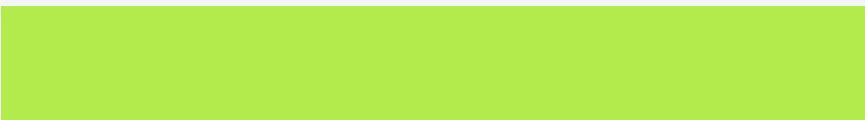


## INPUT TAX CREDIT

### Extension of Time Limit for ITC:

- Reference: Section 16(4) of the CGST Act.
- Proposal: One-time extension until November 30, 2021, for ITC claims pertaining to the period 2017-18 to 2020-21.
- Purpose: To address cases where ITC claims are disallowed due to delayed return filings.

### Refund and Reversal:

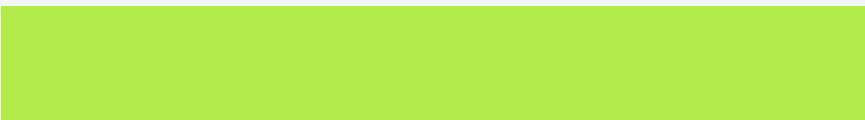
- Refund: No refund available for tax already paid or ITC already reversed.
  - New Provision: Proposed Section 16(5) outlines these conditions.
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### ITC Post-Revocation of Registration Cancellation:

- Reference: Proposed Section 16(6).
- Condition: If registration cancellation is revoked after the ITC claim deadline (November 30 of the following year), the time limit will not apply for ITC claims related to the period between the cancellation date and the revocation order.
- Requirement: GSTR-3B must be filed within 30 days from the date of the revocation order.

### ITC Disallowance for Suppression Cases:

- Reference: Section 17(5)(i).
  - Current Rule: ITC is not available if tax is paid under Section 74 for suppression cases.
  - Proposed Change: This disallowance will be limited to the financial year 2023-24 only. No disallowance of ITC for financial year 2024-25 onwards, even for cases involving suppression.
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## REVISED PROCEDURES FOR SHOW CAUSE NOTICES

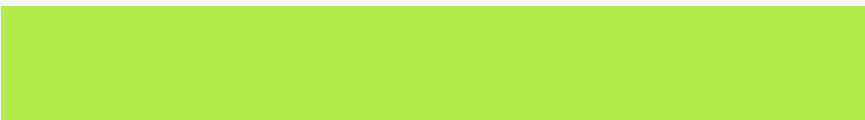
### Introduction of Section 74A:

- Purpose: Establish a common time limit for issuing notices and orders.
- Previous Provisions: Different mechanisms for suppression cases (Section 74) and non-suppression cases (Section 73).

### Transition Period:

- For Period Up to Financial Year 2023-24: Existing mechanisms under Sections 73 and 74 will remain in effect.
- For Financial Year 2024-25 Onwards: New mechanism under Section 74A will apply.

### Common Time Limits:

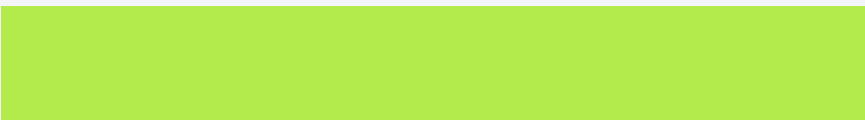
- Time Limit for Issuing Notices: 42 months from the due date for furnishing the annual return.
  - Order Issuance: Orders to be passed within 12 months from the issuance of the Show Cause Notice. This period may be extended by up to 6 months by a Joint Commissioner or higher, with a written reason for the delay.
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## Penalties:

- For Suppression Cases:
  - Reduced Penalty: 25% if tax, interest, and penalty are paid within 30 days of the notice; 50% if paid within 30 days of the order communication.
  - Proposed Change: Both limits increased to 60 days.
- For Non-Suppression Cases:
  - Current Rule: No penalty if tax and interest are paid within 30 days of the notice.
  - Proposed Change: Payment period increased to 60 days

## Notice Issuance Threshold:

- No Notice: If the tax demand is less than Rs. 1,000, no notice will be issued.
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# APPEALS

## Pre-Deposit Amounts:

- Appellate Authority (Commissioner- Appeals): Reduced from Rs. 25 crore to Rs. 20 crore.
- Appellate Tribunal (GSTAT): Reduced from Rs. 50 crore to Rs. 20 crore.
- Additional Pre-Deposit for GSTAT Appeals: Proposed reduction from 20% to 10%. [Sections 107 & 112]

## Appeals Against National Anti-profiteering Authority Orders:

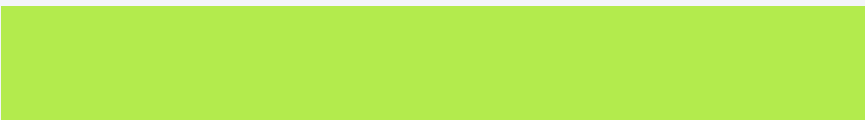
- Current Status: No existing mechanism for appeals.
- Proposed Change: Orders will be appealable before the Principal Bench of the GSTAT in New Delhi. [Section 109]



### Special Cases:

- Proposed Change: Government may, based on GST Council recommendations, notify specific cases or classes of cases to be heard only by the Principal Bench of GSTAT in New Delhi. [Section 109]

### Pending Appeals:

- Current Issue: Appeals are yet to be filed due to the absence of GSTAT, and the original time limit of three months has expired.
  - Proposed Change: Pending appeals can be filed within three months from the date of the order or from a new date to be notified by the Government, whichever is later. [Section 112]
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## Amnesty Scheme for Waiver of Interest and Penalty

### Eligibility Criteria:

- Show Cause Notice Issued: Under Section 73, but no order has been issued yet.
- Order Issued Under Section 73(11): But the appeal order under Section 107(11) by the Appellate Authority (Commissioner- Appeals) is still pending.
- Order Under Section 107(11): Issued by the Appellate Authority (Commissioner- Appeals), but GSTAT has not yet issued an order.

### Scope of the Scheme:

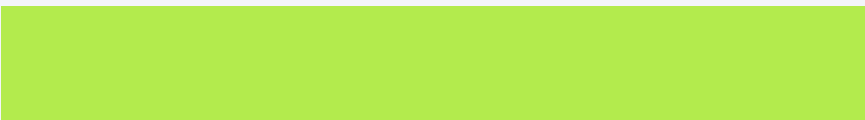
- Applicable Period: For amounts pertaining to the period from July 1, 2017, to March 31, 2020, or any part thereof.
- Payment Requirement: Full tax amount payable as per the notice must be paid.
- Deadline: Tax must be paid on or before a date to be notified.



### Benefits:

- Waiver: No interest under Section 50 and no penalty will be payable if the tax is paid as specified.
- Conclusion of Proceedings: All related proceedings will be deemed concluded upon payment.

### Additional Conditions:

- Supplementary Cases: If the charge of suppression under Section 74 does not stand, demand may be concluded under Section 73 as per Section 75(2). The scheme is available for such cases as well.
  - Pending Appeals: If an appeal is pending before the Appellate Authority (Commissioner-Appeals), it must be withdrawn by the date notified for payment under the scheme.
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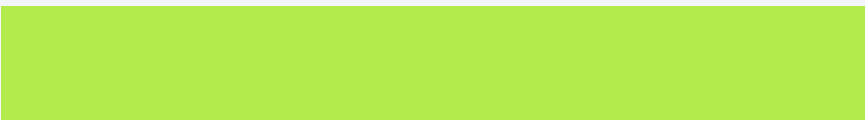




### Additional Conditions:

- Future Liabilities: If the department has filed an appeal and the taxpayer benefits from the scheme, additional tax may be due within three months of the appellate authority/GSTAT order, potentially increasing future liability.
- No Refunds: No refund will be granted for interest or penalty already paid.
- Erroneous Refunds: No benefit will apply to amounts payable due to erroneous refunds.

### Appeals:

- Post-Scheme Appeals: Once the scheme benefit is availed, no further appeal can be preferred.
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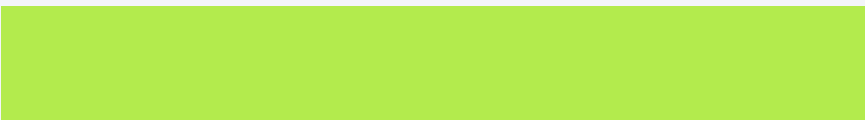


## Changes to Summon Procedures

### Current Requirement:

- Personal Attendance: Under Section 70(1), a person summoned must attend personally.

### Proposed Change:

- Introduction of Section 70(1A):
    - Authorized Representatives: Attendance may be allowed through an authorized representative if permitted by the officer.
    - Truthful Statement: The person appearing must provide truthful statements during the examination. [Section 70]
- 

## Changes to ITC Refund on Export Goods

### Current Rule:

- Zero-Rated Supply: Accumulated ITC on zero-rated supply of goods is not refundable if the export goods are subject to export duty.

### Proposed Changes:

- Section 54 of the CGST Act, 2017:
  - New Sub-section (15): Introduces similar restrictions for refunds of IGST paid on the export of goods subject to export duty.
- Section 16 of the IGST Act, 2017:
  - Proposed New Sub-section (5): Applies similar restrictions to refunds related to IGST paid on such export goods.

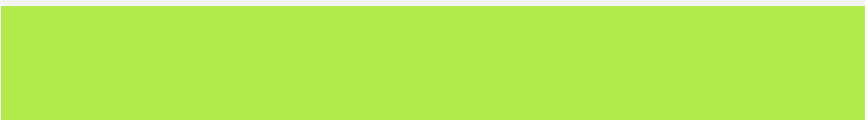


## ANTI-PROFITEERING SUNSET CLAUSE AND APPEAL

### Application Deadline:

- New Provision: The government will be authorized to notify the last date for submitting anti-profiteering applications. [Section 171]

### Appeal Mechanism:

- Current Status: No existing mechanism to appeal orders passed by the National Anti-profiteering Authority.
  - Proposed Change: Orders from the National Anti-profiteering Authority will be appealable before the Principal Bench of the GSTAT in New Delhi. [Section 109]
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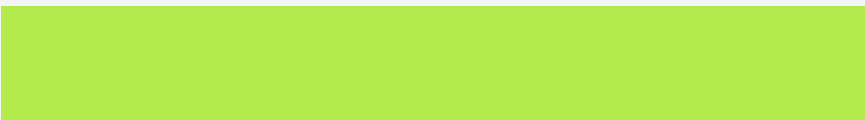


## TDS

### Current Rule:

- TDS Return Filing: Required only if tax is deducted during the respective month.

### Proposed Change:

- Mandatory Filing: TDS returns under Section 39(3) will be required to be filed compulsorily, regardless of whether there was any deduction during the month. [Section 39(3)]
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# Sector Wise Data

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Click on the Sector name to know more



# AGRICULTURE

- Funding Allocation: The government has allocated Rs. 1.52 lakh crore to advance agriculture and allied sectors.
- New Crop Varieties: Introduction of 109 high-yielding and climate-resilient varieties across 32 field and horticulture crops to enhance productivity.
- Natural Farming Expansion: In the next two years, one crore farmers will transition to natural farming, supported by certification and branding. The government will set up 10,000 bio-input resource centers to aid this initiative.
- Vegetable Supply Chains: Support for Farmer-Producer Organisations, startups, and cooperatives to improve vegetable supply chains, including storage, collection, and marketing.



- Oilseed Self-Reliance Strategy: Development of a strategy to achieve self-sufficiency in oilseeds like groundnut, mustard, soybean, sesame, and sunflower.
- Digital Public Infrastructure (DPI): Implementation of DPI in agriculture to digitally record data for 6 crore farmers and their lands within three years. Jan Samarth-based Kisan Credit Cards will be issued in five states.
- Support for Shrimp Breeding: Financial backing to establish a network of Nucleus Breeding Centres for improving shrimp broodstock quality.



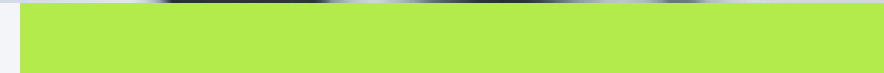


# Workforce Updates

- Employment Linked Incentive Schemes: The government is launching three new schemes linked to EPFO enrollment:
  - Scheme A: First-Time Employees: Provides a direct benefit transfer of up to Rs. 15,000 in three installments to first-time employees in the formal sector registered with EPFO.
  - Scheme B: Job Creation in Manufacturing: Offers incentives based on EPFO contributions for employees and employers during the first four years of employment.
  - Scheme C: Employer Support: Reimburses employers up to Rs. 3,000 per month for two years for each additional employee with an EPFO contribution, covering salaries up to Rs. 1 lakh per month.



- **Skilling Scheme:** A new centrally sponsored scheme will skill 20 lakh youth over five years in collaboration with industry and state governments. This initiative includes upgrading 1,000 Industrial Training Institutes (ITIs) with a focus on outcome orientation.
- **Revised Skill Loan Scheme:** The Model Skill Loan Scheme will be updated to offer loans up to Rs. 7.5 lakh for students, backed by a government-promoted guarantee fund.
- **Higher Education Support:** Financial aid will be provided for loans up to Rs. 10 lakh for domestic higher education. E-vouchers will be distributed to 1 lakh students annually, offering a 3% interest subvention on the loan amount.



# RURAL & SOCIAL BOOST

- Rural Development Investment: The government allocates Rs.2.66 lakh crore to enhance rural development and infrastructure.
- Eastern India Growth Plan: Introduction of "Purvodaya" for comprehensive development in Jharkhand, Bihar, Odisha, West Bengal, and Andhra Pradesh.
- Industrial Corridor Support: Investment in the Amritsar-Kolkata Industrial Corridor to boost industrial growth in the eastern region.
- Road Connectivity Projects: Rs.26,000 crore allocated for major road projects including Patna-Purnea Expressway and a new bridge over the Ganga at Buxar.
- Power Projects Expansion: Launch of a 2400 MW power plant in Pirpainti with a budget of Rs.21,400 crore.



- Andhra Pradesh Support: Rs.15,000 crore for the Andhra Pradesh Reorganization Act, with further funding planned through multilateral agencies.
- Irrigation and Infrastructure: Funding for the Polavaram Irrigation Project and essential infrastructure improvements in key industrial corridors.
- Housing Expansion: Three crore additional homes to be constructed under the PM Awas Yojana.
- Women's Empowerment: Over Rs.3 lakh crore allocated for initiatives promoting women-led development and benefiting women and girls.
- Tribal Development Scheme: Launch of Pradhan Mantri Janjatiya Unnat Gram Abhiyan to uplift 63,000 villages and support 5 crore tribal people.
- Banking Services Expansion: Establishment of over 100 India Post Payment Bank branches in the North East region to improve banking accessibility.



# MANUFACTURING & MSMEs

## Manufacturing & MSME Promotion

- The government will launch a credit guarantee scheme for MSMEs to obtain collateral-free term loans up to Rs.100 crore for machinery and equipment.
- Public sector banks will develop in-house credit assessment capabilities for MSMEs, including models based on digital footprints.
- A new mechanism will ensure continued bank credit for MSMEs during financial stress.
- The Mudra loan limit is increased to Rs.20 lakh for successful borrowers under the 'Tarun' category.
- The TReDS platform's buyer turnover threshold is reduced from Rs.500 crore to Rs.250 crore.
- SIDBI will expand with new branches to serve major MSME clusters and provide direct credit.
- Financial support will fund 50 multi-product food irradiation units and 100 NABL-accredited food quality testing labs.
- E-Commerce Export Hubs will be established through PPPs to help MSMEs and artisans reach international markets.



# Manufacturing & Services Expansion

- A scheme will provide internship opportunities for 1 crore youth in top 500 companies, with allowances of Rs.5,000 per month and Rs.6,000 one-time assistance.
- Investment-ready "plug and play" industrial parks will be developed with states and private sector partners.
- The government will approve 12 new industrial parks under the National Industrial Corridor Development Programme.
- A Critical Mineral Mission will focus on recycling and domestic production of critical minerals, and offshore mining auctions will commence.
- An Integrated Technology Platform will enhance Insolvency and Bankruptcy Code outcomes.
- The C-PACE services will be extended for voluntary LLP closures.
- Additional National Company Law Tribunals and Debt Recovery Tribunals will be established to expedite insolvency and recovery processes.

# Urban Development

- Introducing a Transit Oriented Development plan for 14 large cities with populations exceeding 30 lakh.
- PM Awas Yojana Urban 2.0 will invest Rs.10 lakh crore to meet housing needs of 1 crore urban families, with Rs.2.2 lakh crore in central assistance over 5 years.
- State Governments and Multilateral Development Banks to back sewage treatment, water supply, and waste management projects in 100 major cities.
- Launching a scheme to develop 100 weekly 'haats' or street food hubs in selected cities over the next 5 years.
- Encouraging states to reduce stamp duty rates, particularly for properties bought by women.



# Energy Security

- Launch of PM Surya Ghar Muft Bijli Yojana to provide 300 units of free electricity per month to 1 crore households through rooftop solar panels.
- Introduction of a policy to promote pumped storage projects for efficient electricity storage and integration of renewable energy.
- Partnership with the private sector to develop Bharat Small Reactors and advance research in small modular reactors and nuclear technologies.
- NTPC and BHEL to establish an 800 MW commercial plant using Advanced Ultra Super Critical (AUSC) technology.
- Investment-grade energy audits and financial support for micro and small industries in 60 clusters to transition to cleaner energy and enhance energy efficiency.





# INFRASTRUCTURE

- Allocation of Rs.11,11,111 crore for capital expenditure to enhance infrastructure.
- Provision of Rs.1.5 lakh crore in long-term interest-free loans to support state resource allocation.
- Launch of Phase IV of Pradhan Mantri Gram Sadak Yojana (PMGSY) to provide all-weather connectivity to 25,000 rural areas.
- Financial support of Rs.11,500 crore for key projects including Kosi-Mechi intra-state link and river pollution abatement.
- Comprehensive development planned for Vishnupad Temple Corridor and Mahabodhi Temple Corridor in Rajgir, Nalanda, and Odisha.



# Innovation & R&D

- The government is establishing a mechanism to promote private sector-driven research and innovation at a commercial scale with a finance pool of Rs.1 lakh crore.
- The Anusandhan National Research Fund will be operationalised to support basic research and prototype development.
- A venture capital fund of Rs.1,000 crore will be created to expand the space economy by five times in the next 10 years.



# Next-Gen Reforms

- Land Reforms: Collaborate with states to advance land-related reforms for rural and urban areas.
- Integrated Portals: Merge e-Shram with other platforms for streamlined labor services.
- Portal Upgrades: Revamp Shram Suvidha and Samadhan for improved compliance.
- Climate Finance: Develop a taxonomy to boost capital for climate adaptation and mitigation.
- Investment Rules: Simplify FDI and overseas investment regulations to promote investments and use of Indian Rupee.
- NPS Vatsalya: Launch a plan for minor contributions by parents and guardians.
- Ease of Doing Business: Work on Jan Vishwas Bill 2.0 to further ease business operations.



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**Thank You  
For Your Attention**

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