

HIGHLIGHTS OF INDIA'S UNION BUDGET 2024-25





Foreword

I am pleased to present our analysis of the Union Budget 2024, delivered by the Hon'ble Finance Minister in her seventh consecutive budget presentation. This budget, the first of the newly elected NDA government, underscores a commitment to policy continuity, economic reform, and addressing pressing socio-economic issues such as employment generation, rural and farm distress, and overall economic growth.

The budget places a significant focus on employment, skilling, and support for MSMEs. This is a critical step towards addressing unemployment and underemployment, ensuring that the workforce is equipped with the necessary skills for the future.

The targeted measures for farmers, women, youth, and the economically disadvantaged aim to foster inclusive growth. The success of these initiatives will depend on their effective implementation and impact on these key demographics.

The commitment to reducing the fiscal deficit to 4.9% from 5.1% in the interim budget, with a further target of 4.5% for the next year, reflects a prudent approach to fiscal management. Balancing fiscal discipline with growth initiatives will be crucial.

The proposed reforms to Foreign Direct Investment and Overseas Direct Investment regulations are expected to attract significant foreign investment. The rationalization of stamp duty rates on real estate transactions is a positive step towards streamlining the investment process.

Simplifying personal taxes and increasing standard deductions will enhance disposable income and boost consumer demand. Rationalizing capital gains tax and the abolition of the angel tax are noteworthy steps to simplify the tax regime and support the start-up ecosystem.

The increase in Securities Transaction Tax on derivatives and the new approach to taxing share buybacks as dividends need careful consideration for their potential impact on market dynamics.

Ensuring seamless credit availability and viability gap funding for private investment in infrastructure are pivotal for driving sectoral growth. Continued improvements in ease of doing business will support these efforts.

The introduction of 'Vivad se Vishwas Scheme, 2024' underscores the government's commitment to resolve tax disputes swiftly, reduce litigation, and provide a more predictable tax environment. The Hon'ble Finance Minister in her speech mentioned that the Income-tax Act will be significantly simplified over the next 6 months.

The changes proposed from an Indirect tax perspective focus mainly on promoting domestic value addition, reducing trade bottlenecks, curbing litigation, and improving the ease of doing business.

A key proposal is to comprehensively revamp the customs duty rate structure over the next six months. The proposed amendments to the GST laws are largely based on recommendations from the recent GST Council meeting.

The Union Budget 2024 reflects a balanced approach towards fostering economic growth, simplifying the tax structure, and addressing key socio-economic challenges. The measures outlined in the budget aim to spur the growth of the Indian economy while ensuring inclusivity and simplification of tax procedures. Effective implementation and regular monitoring will be key to achieving these objectives.

We hope this detailed analysis provides valuable insights and guidance. We look forward to your feedback and comments.

Dinesh Kanabar
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Key Policy Announcements

Foreign Direct Investment and Overseas Investments

- Rules and regulations for FDI and OI will be simplified to (a) facilitate foreign direct investments, (b) nudge prioritization, and (c) promote opportunities for using Indian Rupee as a currency for overseas investments.

Insolvency and Bankruptcy Code and National Company Law Tribunal

- An Integrated Technology Platform to be set up for improving the outcomes under the IBC for achieving consistency, transparency, timely processing and better oversight for all stakeholders.
- Strengthening of the tribunal and appellate tribunals will be initiated 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.

Debt Recovery

- Steps for reforming and strengthening debt recovery tribunals will be taken. Additional tribunals to be established for speedy recovery.

Stamp Duty

- Encourage states to revise the rates for property transactions and further lower the stamp duty for properties purchased by women.

Other announcements

- Seeking required legislative approval for providing an efficient and flexible mode of financing leasing of aircrafts and ships and pooled funds of private equity funds through 'variable capital structure'.
- Services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for the voluntary closure of LLPs to reduce the closure time.

Direct Tax Proposals¹

Tax Rates

Foreign company

- The corporate tax rate applicable to foreign companies reduced from 40% to 35%

Individuals

- The tax rates and slabs under the old regime remain unchanged. Likewise, there have been no proposed amendments to rebates, surcharges, and the health and education cess.
- Further, the following changes are proposed under New Regime:

Tax Slab for FY 2023-24	Tax Rate	Tax Slab for FY 2024-25	Tax Rate
Upto ₹ 3 lakh	Nil	Upto ₹ 3 lakh	Nil
₹ 3 lakh - ₹ 6 lakh	5%	₹ 3 lakh - ₹ 7 lakh	5%
₹ 6 lakh - ₹ 9 lakh	10%	₹ 7 lakh - ₹ 10 lakh	10%
₹ 9 lakh - ₹ 12 lakh	15%	₹ 10 lakh - ₹ 12 lakh	15%
₹ 12 lakh - ₹ 15 lakh	20%	₹ 12 lakh - ₹ 15 lakh	20%
More than 15 lakh	30%	More than 15 lakh	30%

- Enhancement of standard deduction from INR 50,000 to INR 75,000 for the salaried group of individuals.
- Deduction in respect of income from family pension increased from INR 15,000 to INR 25,000
- The tax exemption in respect of employer contribution to the NPS has been increasing from 10% to 14% of salary.

Business profits

Business deductions / disallowance

- Deduction limit related to contribution by an employer towards NPS increased from its current level of 10% to 14% of the salary of the employee.
- Expenditure incurred to settle proceedings initiated related to contravention (under such law as may be notified by the central government) not to be allowed as business deduction.

Increase in deduction limit of working partner's remuneration

- The limit for working partner's remuneration is increased to the higher of INR 300,000 or 90% of book profits for firms with book profits up to INR 600,000. For firms earning profits exceeding the prescribed limit of INR 600,000, the deduction remains unchanged at 60% of book profits.

¹ unless stated otherwise, effective from AY 2025-26

Taxation of cruise shipping business

- Presumptive taxation regime put in place for a non-resident, engaged in the business of operation of cruise ships. 20% of the aggregate amount received/ receivable by, or paid/ payable to, the non-resident cruise-ship operator, on account of the carriage of passengers, shall be deemed as profits and gains of such cruise-ship operator from this business
- Lease rentals paid by the aforesaid company opting for presumptive taxation to a fellow subsidiary company, being a foreign company shall be exempt in the hands of such fellow subsidiary foreign company. This exemption is available upto AY 2030-31

Rental income from Residential Property

- Rental income in respect of a residential house should be mandatorily offered to tax under Income from House Property and not as Business Income.

Abolishment of Angel Tax

- The requirement for companies issuing shares at a premium to pay tax on the excess consideration received above the fair value of the shares, known as 'Angel Tax', has been abolished.

Capital gains

Rationalisation and simplification of capital gains taxes²

- Tax rates for capital gains have been changed as under, effective from July 23, 2024:
 - LTCG arising on transfer of all assets will be taxed at 12.50% (applicable to both residents and non-residents). No indexation benefit shall be available on transfer of a long-term capital asset.
 - The exemption threshold in respect of LTCG arising on transfer of listed securities (equity shares, equity oriented mutual funds, units of business trust) with payment of STT has been increased from INR 1,00,000 to INR 1,25,000.
 - STCG on transfer of listed equity shares, equity oriented mutual funds and units of business trust (with payment of STT) will be taxed at 20% instead of the existing tax rate of 15% (applicable to both residents and non-residents).
- Transfer, redemption or maturity of unlisted bonds or unlisted debentures on or after July 23, 2024, will be taxed as STCG at applicable rates.
- Capital gain arising from transfer of units of funds (acquired on or after April 1, 2023) having 65% or more investment, directly or indirectly, in debt or money market instruments shall be taxed as STCG at applicable rates.
- The period of holding for capital assets to qualify as a long-term capital asset has been rationalized and will be as follows, effective from July 23, 2024:

² All tax rates have been provided excluding applicable surcharge and cess

Asset class	Period of holding
Listed securities (shares, bonds/debentures)	>12 months
Equity oriented mutual funds	>12 months
Listed units (units of REIT and InvIT)	>12 months
Unlisted shares and immovable property	>24 months
Other capital assets (gold, paintings etc.)	>24 months

- A transaction involving of transfer of a capital asset pursuant to gift, will or an irrevocable trust, by a person other than individual or HUF, will be regarded as transfer for capital gains purpose.

Cost of acquisition in the case of shares transferred under IPO

- The cost of acquisition of a long-term capital asset being listed shares shall be determined applying indexation benefit upto FY 2017-18, if such shares -
 - are transferred to the public under ‘offer for sale’ included in an IPO; and
 - were unlisted as on January 31, 2018, or received in consideration of shares unlisted as on January 31, 2018, pursuant to transaction not regarded as transfer under section 47.
- This amendment is proposed to apply retrospectively from AY 2018-19 onwards.

Tax on buy-back of shares

- Amounts paid by a domestic company on buy-back of shares shall be treated as ‘dividend’ and shall be chargeable in the hands of shareholders at applicable tax rates. No buyback tax applicable in the hands of the domestic company.
- No expense is allowed as a deduction in the hands of shareholders.
- The entire cost of acquisition on shares bought back shall be allowed as ‘capital loss’ in the hands of the shareholder as the consideration shall be considered as nil.
- The buy-back consideration paid to an Indian resident would be subject to TDS at 10%.
- Above provisions are applicable from October 1, 2024.

Equalisation Levy

- Equalization Levy at 2% not to apply on ‘e-commerce supply or services’ related transactions after August 1, 2024
- Evaluation for taxability under other provisions (FTS / Royalty) continue to operate
- Equalization Levy at 6% on online advertisement services to continue

IFSC related amendments

- Definition of specified fund (which has been granted certain exemptions on gains derived from transfer of certain capital assets) has been expanded to include funds which have been

granted a certificate as a Retail Scheme or an Exchange Traded Fund regulated under the IFSC (Fund Management) Regulations, 2022

- Interest and dividend income received by Specified Funds shall be exempt from levy of surcharge
- No restriction on deductibility of interest expenses paid by Finance companies in IFSC to its associated enterprise
- Specified income of Core Settlement Guarantee Funds set up by recognized clearing corporations in IFSC to be exempted
- The source of cash credits received from Venture Capital Funds in IFSC are not required to be explained
- The 'thin-capitalization' provisions with respect to restriction on deductibility of interest expense are relaxed for a Finance Company located in IFSC which meets the prescribed conditions.

Reference of National Housing Bank omitted from special provisions for income of public financial institutions, etc. of interest in relation to bad and doubtful debts

- Given that Housing Finance Companies, which were earlier regulated by National Housing Bank have now come under the purview of RBI as a category of NBFC and separate provisions with respect to NBFC already exists in the aforesaid special provisions, reference to National Housing Bank has now been omitted

Corresponding changes on account of change in capital gains tax rate

- With effect from July 23, 2024, long-term capital gains derived by the following persons shall be taxable at 12.5% instead of 10%:
 - Overseas financial organisation which has entered into an arrangement with any public sector bank or public financial institution or a mutual fund and such arrangement is approved by SEBI from mutual fund units;
 - A non-resident from specified bonds or Global Depository Receipts;
 - A resident individual, being an employee of an Indian company or its subsidiary engaged in specified knowledge based industry or service from Global Depository Receipts;
 - FPIs and specified fund from transfer of listed shares, units of equity oriented fund and unit of business trust on which STT has been paid
- Further, STCG on transfer of listed shares, units of equity oriented fund and unit of business trust on which STT has been paid, derived by FPIs and specified fund shall be taxable at 20% instead of 15% with effect from July 23, 2024

Litigation

Reassessment (to be effective from September 01, 2024)

Salient features of the new reassessment procedure are as follows:

- Requirement of conducting an inquiry before issue of notice for reopening to be deleted.
- Time limit to furnish return of income is now capped to three months from the end of the month in which the notice is issued.

- Scope of 'information' escaping assessment expanded to include any information emanating out of survey (other than survey in relation to TDS/TCS obligation)
- Requirement to obtain approval for issue of various notices simplified.
- Cases involving search initiated on or after September 1, 2024, shall be excluded from the scope of reassessment provisions.

Time limit for issuance of notice under section 148

Sr. No.	Threshold	Notice under section 148A	Notice under section 148
1.	Income escaping assessment < 50 lakhs	3 years	3 years and 3 months
2.	Income escaping assessment >= 50 lakhs	5 years	5 years and 3 months, provided: <ul style="list-style-type: none"> • AO has possession of books of accounts, documents, evidence • Related to any asset, expenditure, transaction, entry • Which shows income chargeable to tax has escaped assessment

Time limit for completion of assessments

Sr. No.	Particulars	Timeline
1.	Return furnished pursuant to CBDT order admitting after application or claim after specified date	12 months from the end of the financial year in which the return was furnished
2.	Cases set-aside by CIT(A)	12 months from the end of the financial year in which the order is passed by CIT(A)
3.	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
4.	Search or requisition where money, bullion, jewellery, or other valuable articles or books of accounts are handed over to AO having jurisdiction	If after the exclusion of specified period, period of limitation ends before the end of the month, such period to be extended to the end of such month

Reintroduction of block assessment in search cases

- New scheme proposed for completion of assessment for block period in cases where search is initiated on or after September 1, 2024.
- Salient features of the new scheme are as follows:
 - 'Block period' means a period of six assessment years preceding the previous year of search or requisition and includes the part of the year upto conclusion of search or such requisition.
 - Regular assessment or re-assessment proceedings for the block period to abate

- Similar proceedings to be initiated for any other person found to have undisclosed income during the search
- Income of block period taxable at 60%.
- AO to complete assessment within 12 months from the end of the month in which last search authorization was made. In case of reference to TPO, time limit to extend by 12 months
- Interest for delay in filing / non-filing of ROI at 1.5% per month on tax on 'undisclosed income'
- Interest under section 234A, 234B and 234C or penalty under section 270A is not applicable on undisclosed income assessed / reassessed for the block period. Penalty at 50% of tax on undisclosed income.
- No objection can be filed before DRP on or after September 1, 2024, in respect of an assessment involving search proceedings conducted in his own case or in case of any other person.

Enhancement in powers of CIT(A)

- It is proposed to empower the CIT(A) to set aside an assessment order passed as best judgement case by the AO and direct a fresh assessment
- This amendment is slated to be applicable to appellate orders passed by CIT(A) on or after October 1, 2024

Direct Tax Vivad se Vishwas Scheme, 2024

- To reduce tax litigation, voluntary dispute resolution scheme, 'Vivad se Vishwas Scheme, 2024 is introduced, similar to the 'Direct Tax Vivad Se Vishwas Act, 2020'.
- The Scheme is proposed to come into force from the date to be notified by the Central Government.
- The following cases are eligible under the Scheme –
 - Where an appeal, writ petition or SLP has been filed before JC(A)/CIT(A)/ITAT/HC/SC either by the taxpayer or the Revenue and is pending as on July 22, 2024
 - Where objection before DRP is filed under section 144C and directions against such objection has not been issued as on July 22, 2024
 - Where DRP has issued directions, but the AO has not passed any order under section 144C as on July 22, 2024
 - Cases where application for revision under section 264 has been filed and is pending as on July 22, 2024
- The Scheme explicitly excludes following cases -
 - Where assessment has been made on the basis of search initiated under section 132 or 132A
 - Where prosecution has been instituted on or before filing declaration
 - Disputes involving undisclosed foreign income & foreign assets
 - Where assessment / reassessment has been made on the basis of information received from foreign jurisdiction

- Cases where person is convicted under any of the specified statutes (like Prevention of Smuggling Activities Act, 1974, Prohibition of Benami Property Transaction Act, 1988, Prevention of Corruption Act, 1988, Prevention of Money Laundering Act, 2002, etc.) on or before the date of declaration
- The Scheme provides option to the taxpayer to discharge disputed tax/ interest / penalty at below prescribed rates –

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

- The amount payable will be 50% of the amount specified above in following cases:
 - Appeals filed by the Revenue
 - For cases where an appeal is pending before the CIT(A) / JC(A) / DRP / ITAT on which favorable decision in its own case from the higher appellate forum is received
- The procedure for filling declaration under the Scheme and the last date for filling such declaration to be notified.
- Upon filing of declaration any appeal pending before the appellate forums shall be deemed to have been withdrawn.
- The appellant shall also provide an undertaking waiving his right to pursue any remedy or any claim which may otherwise be available to him.
- Taxpayer is required to pay such amount as determined under the Scheme within 15 days from receipt of certificate by the designated authority.

Charitable Institutions

Single regime governing taxation of charitable institutions

- With a view to simplify the taxation of charitable institutions, it is proposed to merge two regimes dealing with taxation of charitable institutions.
- The aforesaid transition would be done in a gradual manner as follows:
 - Existing charitable institutions approved under section 10(23C) regime, shall be governed by existing provisions of section 10(23C) until the validity of such approval.

- Charitable Institutions are permitted to file application for approval under section 10(23C) until September 30, 2024.
- October 1, 2024, onwards fresh registration / renewal to be granted only under section 11 regime.
- List of permissible investments under section 11(5) expanded to align with the investments permissible under section 10(23C) [such as investments in equity shares / debentures, forming part of corpus etc.]

Merger amongst approved charitable institutions

- No exit tax under section 115TD shall be applicable on merger of approved charitable institutions [approved either under section 12AB or under section 10(23C)], having similar objects.

Condonation of delay in filing application for registration

- The PCIT/CIT can condone delay in filing application for registration under section 12AB.

Rationalisation of time limit for approval

- Time-limit for passing an order for approval under section 12AB and 80G is proposed to be revised to six months from the end of the quarter as against six months from the end of the month.

Withholding Tax

Modification in withholding tax provisions

- The provisions dealing with deduction of TDS on salary income, are now amended to factor in any TDS or TCS credit available to employee while computing the amount of tax to be deducted on salary income of employees. This amendment will be effective from October 1, 2024.
- In order to remove overlap, with effect from October 1, 2024, section 194C is proposed to be amended to explicitly exclude payments for services from the definition of 'work' which fall within the ambit of section 194J.
- TDS shall be applicable when the total consideration for the immovable property exceeds INR 5 million. The consideration for the threshold is to be computed on an aggregate basis in such cases rather than considering the individual receipt/ payment by transferor/transferee.
- A new section 194T inserted to incorporate tax withholding on payment of salary, remuneration, commission, bonus or interest by firms to partner of such firm. Effective April 1, 2025, 10% TDS applicable subject to a threshold of INR 20,000

Obtaining lower or Nil tax deduction / collection certificate

- The scope of lower tax deduction expanded to cover payments for purchase of goods under section 194Q. Similar provisions have been made in respect of TCS on sale of goods. Applicable from October 1, 2024.

Overseas TDS is deemed to be income

- The TDS deducted outside India, in respect of which the taxpayer is allowed a credit against tax payable, shall be included in the total income of the taxpayers with effect from April 1, 2025.

Timelines for provisions of TDS / TCS statements / orders

- The time limit for delivering TDS / TCS corrective statement shall be upto 6 years from the end of the relevant financial year.
- Uniform time limit (later of below) prescribed for passing TDS order (in respect of TDS default) for both resident as well as non-resident payees.
 - 6 years from the end of the financial year to which TDS/TCS pertains.
 - 2 years from the end of financial year in which correction statement is furnished.

Similar timelines prescribed for TCS provisions.

TDS / TCS related amendments

- TCS at 1% proposed to be collected on sale of luxury goods to be specified by the Central Government in addition to 'motor vehicle' with effect from January 1, 2025.
- Interest on TCS at 1.5% per month (or part thereof) is proposed to apply from the collection date to the payment date (to align with TDS provisions).

Revised TDS / TCS rates

Section	Nature of payments	Present rate	Proposed rate	Effective from
194DA	Payments in respect of life insurance policy	5%	2%	October 1, 2024
194G	Commission etc on sale of lottery tickets	5%	2%	
194H	Payment of commission or brokerage	5%	2%	
194-IB	Payment of rent by certain individuals or HUF	5%	2%	
194M	Payment of certain sums by certain individuals or HUF	5%	2%	
194-O	Payments by e-commerce operators to e-commerce participant	1%	0.1%	
194F	Repurchase of units by Mutual Fund / Unit Trust of India	20%	Nil	April 1, 2025
194T	Remuneration / interest payable by partnership firm to partners	Nil	10%	
206C(1F)	Sale of luxury goods (value exceeding INR 10 lakhs)	0	1%	

Penalties and Prosecution

Penalty in relation to Specified Financial Transaction

- It is proposed that penalty of INR 50,000 shall be levied where there is a failure to comply with due diligence requirements or furnishing inaccurate information in the statement.
- This amendment is slated to be applicable from October 1, 2024.

Penalty for delay in filing TDS / TCS return

- Presently, no penalty for delay in filing TDS / TCS return shall be levied where TDS/TCS is paid along with fees and interest and the return is filed within one year from the prescribed time limit
- It is now proposed that the said period will be reduced to one month.
- This amendment is slated to be applicable from April 1, 2025.

Period of limitation for passing penalty order

- In order to remove ambiguity in computing period of limitation for imposition of penalty as a consequence of an order, it is proposed to amend section 275 to omit reference to date of receipt of the order by Principal Chief Commissioner or Chief Commissioner.
- This amendment is slated to be applicable from October 1, 2024.

Prosecution for failure to deposit TDS

- It is proposed to provide exemption from prosecution for failure to deposit TDS where such TDS is deposited within due date of filing quarterly TDS returns
- This amendment is slated to be applicable from October 1, 2024.

Other amendments

Transfer Pricing

- The TPO's power extended to cover determination of ALP of Specified Domestic Transaction (currently covers only international transaction) not reported in Form 3CEB or not referred by AO.

Refund

- Tax authorities can now withhold refunds for up to 60 days following the completion of assessment or reassessment proceedings (as against withholding refunds only until the date of assessment earlier).

Submission of statement by liaison office of non-resident in India

- The period for filing statements by non-residents with liaison offices in India will now be prescribed under the Rules. The previous requirement to file within 60 days from the end of the financial year has been removed.
- A newly inserted section namely 271GC provides for the penal consequences for non-filing of statement by LO:
 - If period of failure is less than 3 months - penalty of INR 1000/- for every day

- Other cases – INR 1,00,000

Withdrawal of applications from Board for Advance Rulings

- The applicants will be able to withdraw the applications filed before the erstwhile AAR and pending before BAR as on October 31, 2024.
- On receipt of such request, the BAR shall reject the applications as ‘withdrawn’ on or before December 31, 2024.
- This amendment is effective from October 1, 2024.

Quoting of Aadhar number

- With effect from October 1, 2024, requirement to quote enrollment ID of Aadhar application in PAN applications as well as return of income, is proposed to be deleted.

Return of income pursuant to CBDT order

- Provisions of section 139 to be applied to a return of income filed on or after October 1, 2024, pursuant to CBDT order to admit an application or claim for exemption, deduction, refund or any other relief.

Changes in STT w.e.f. October 1, 2024

Particulars	Old rates	New rates
Sale of an option in securities	0.0625% of option premium	0.1% of option premium
Sale of a future in securities	0.0125% of price at which futures are traded	0.02% of price at which futures are traded

Immunity from penalty for failure to disclose foreign asset in the ITR under the Black Money Act, 2015

- It is proposed to provide immunity from penalty for failure to disclose foreign assets in the ITR, if the aggregate value of foreign assets (other than immovable property) is Rs. 20 lakhs or less. This amendment is proposed to be effective from October 1, 2024.

Amendments in the Prohibition of Benami Property Transactions Act, 1988

- It is proposed to provide immunity from penalty and prosecution to a benamidar or abettor (other than beneficial owner), if the benamidar/abettor make a full & true disclosure of the whole circumstances relating to benami transaction.
- It is also proposed that the immunity shall be deemed to have been withdrawn if the benamidar/abettor is found to be wilfully concealing anything or giving false evidence. These amendments are proposed to be effective from October 1, 2024.

Indirect Tax Proposals

Customs - Key Legislative Changes

Customs Act, 1962 *(To be effective from the date of enactment of the Finance Bill)*

- Provisions under Section 28DA to be amended to enable the acceptance of a certificate or a declaration (issued as per the trade agreement) as a valid document towards establishing 'proof of origin' for claim of Customs duty benefit under the Preferential Trade Agreements
- Proviso to be inserted in Section 65(1) 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 MOOWR warehouse

Key changes in Customs duty rates

- Comprehensive review of 188 conditional exemptions/concessional rates was undertaken. Summary of the review is as under:
 - 30 exemptions/concessional rates to be extended up to March 31, 2029
 - 126 exemptions/concessional rates to be continued up to March 31, 2026
 - 28 exemptions/concessional rates will lapse on their original expiry date i.e. September 30, 2024 (including in the case of batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles)
- Changes in Customs duty rates to be effective from July 24, 2024, unless otherwise specified

Select rate changes are provided in table below:

Chapter / Tariff Heading / Tariff Item	Particulars	Old rate	New rate
-	GST Compensation Cess on imports by SEZ units or developers for authorized operations (effective from July 1, 2017)	As applicable	NIL
3920, 3921	PVC flex films banners or sheets	10%	25%
8517 7910	PCBA of specified telecom equipment	10%	15%
7202 6000	Ferro Nickel	2.5%	NIL
7204 0010	Blister Copper	5%	NIL
30	Cancer Drugs (i) Trastuzumab Deruxtecan, (ii) Osimertinib, (iii) Durvalumab	10%	NIL
7108	Gold Bar	15%	6%
7108	Gold Dore	14.35%	5.35%
7106	Silver Bar	15%	6%

Chapter / Tariff Heading / Tariff Item	Particulars	Old rate	New rate
7106	Silver Dore	14.35%	5.35%
7118	Coins of precious metals	15%	6%
8517 1300, 8517 1400	Cellular Mobile Phone	20%	15%
8504 40	Charger/adapter of Cellular Mobile Phone	20%	15%
8517 7910	PCBA of Cellular Mobile Phone	20%	15%
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 goods	7.5%	NIL
7007	Solar glass for manufacture of solar cells or solar modules	NIL	10%
Any Chapter	Specified goods for petroleum exploration operations	As applicable	NIL

- Extension in the date of exemptions/concessional rate³ till March 31, 2026 with no change in effective rate of Customs duty:

Entry No.	Description
164	Electrical energy supplied from SEZ unit to DTA
165	Electrical energy supplied from SEZ to DTA
290	Wood pulp for manufacture of newsprint, paper or paperboard
292	Goods imported for manufacture of paper, paper boards, newsprint
293A	Newsprint and uncoated paper imported for printing of newsprint
333	Moulds, tools and dies, for the manufacture of parts of electronic components or electronic equipment
368	Ferrous Scrap
374/ 375	Certain specified raw materials for manufacture of CRGO steel
471	All parts for use in the manufacture of LED lights
512A	Inputs, parts or sub-parts for use in the manufacturing of PCBA
527B	Lithium-Ion cell for manufacture of battery or battery pack of EV

³ Notification No. 50/2017 - Customs (Rate), dated June 30, 2017

GST– KEY LEGISLATIVE CHANGES

(To be effective from the date to be notified)

Taxability

- Un-denatured Extra Neutral Alcohol or Rectified Spirit used for manufacture of alcoholic liquor, for human consumption excluded from the levy of GST
- Activity of apportionment of co-insurance premium by lead insurer to co-insurer(s), where lead insurer has paid GST on the entire premium amount, shall not qualify as supply of goods/services; included in Schedule III to the CGST Act
- Ceding commission or reinsurance commission shall not qualify as supply of goods/ services; included in Schedule III to the CGST Act
- Section 11A inserted in the CGST Act to empower the Government, on the GST Council's recommendation, to waive off differential tax liability where a prevalent industry practice led to non-levy or short levy of tax. Similar provisions inserted in the IGST Act, the UTGST Act and the Cess Act
- The time of supply of services taxable under reverse charge, received from unregistered suppliers, shall be earlier of the date of payment or date of issuance of self-invoice by the recipient taxpayer

ITC

- Sub-section (5) inserted in Section 16 of the CGST Act to regularize ITC availed on invoices or debit notes pertaining to FY 2017-18 to FY 2020-21 in Form GSTR-3B filed till November 30, 2021
- Sub-section (6) inserted in Section 16 of the CGST Act to extend the time limit to avail eligible ITC on invoices or debit notes, by a taxpayer whose registration was cancelled, and later revoked. Such ITC can be availed in Form GSTR-3B latest by:
 - a) earlier of 30th November of next FY or date of filing of annual return; or
 - b) within 30 days of the order of revocation of cancellation, if revocation is beyond the timeline under a)
- Restriction on availment of ITC of tax paid under Section 74 (in the cases of fraud, suppression etc.) to be applicable till FY 2023-24

Refund

- Section 54 of the CGST Act to be amended to disallow refund of ITC or IGST paid on export of goods that are subjected to export duty. Such restriction existed for refund of unutilized ITC on account of export of such goods. Consequential amendments to be made to Section 16 of the IGST Act

Demand and recovery

- Section 73 (for cases other than fraud, suppression etc.) and Section 74 (for cases involving fraud, suppression etc.) of the CGST Act to apply for determination of tax demands till FY 2023-24
- For FY 2024-25 onwards, the newly inserted Section 74A to determine tax demands of all kinds (involving fraud, suppression etc. or otherwise). In terms of Section 74A:

- SCN to be issued within 42 months from the due date of furnishing annual return of the relevant FY
- Adjudication order to be issued within 12 months from the date of issuance of SCN, and further extension of 6 months could be availed
- Quantum of penalty remains the same as was prescribed under Sections 73 and 74
- Time period for availing concessional penalty from the date of SCN / Order increased to 60 days from existing time period of 30 days

Appeals

- Pre-deposit for filing appeal before the GSTAT reduced from 20% to 10% of the tax demand
- Maximum amount of pre-deposit to be made for filing appeal:
 - Before the Appellate Authority reduced to INR 20 crores from INR 25 crores
 - Before the GSTAT reduced to INR 20 crores from INR 50 crores
- Time period of 3 months for filing appeal before the GSTAT to commence from the date of communication of order or the date to be notified, whichever is later

Amnesty

- Section 128A to be inserted in the CGST Act to waive off interest and penalty on tax demand in the following situations:
 - a) Tax demand determined/confirmed under Section 73
 - b) Tax demand confirmed by the Appellate Authority
 - c) Tax demand determined/confirmed under Section 74 for which an order is passed or required to be passed under Section 73 on directions of the Appellate Authority/GSTAT/Court
- The waiver is subject to following conditions:
 - Tax demand must pertain to the period July 2017 to March 2020
 - Full amount of tax demand must be paid before the notified date
 - Taxpayer to withdraw appeal pending before the Appellate Authority/GSTAT or writ petition pending before the Court on or before the notified date
 - Waiver not allowed on tax demands related to claim of erroneous refund
- Refund of interest and/or penalty paid in the past not available

Anti-profiteering

- Government to notify a date from when no examination of reduction of price to commence on account of change in rate or availability of ITC
- Principal Bench of GSTAT empowered to examine and adjudicate anti-profiteering cases

Other legislative changes

- Section 31(3)(f) of the CGST Act to be amended to empower the Government to prescribe the time limit for issuance of self-invoice by the recipient taxpayer
- A person required to deduct tax will be liable to file Form GSTR-7 even for the months wherein no tax is deducted

- Section 70 of the CGST Act to be amended to insert sub-Section 1A, to enable an authorized representative, as the proper officer may direct, to appear on behalf of the summoned person, give statements, produce documents etc.

Glossary of terms

Abbreviation	Meaning
AAR	Authority for Advance Rulings
ALP	Arm's Length Price
AO	Assessing Officer
AY	Assessment Year
BAR	Board of Advance Rulings
BBT	Buy-back Tax
BCD	Basic Customs Duty
CBDT	Central Board of Direct Taxes
Cess Act	Goods and Services tax (Compensation to States) Act, 2017
CESTAT	Customs Excise and Service Tax Appellate Tribunal
CGST Act	Central Goods and Services Tax Act, 2017
CGST Rules	Central Goods and Services Tax Rules, 2017
CIT	Commissioner of Income Tax
CIT(A)	Commissioner of Income Tax (Appeals)
CRGO	Cold Rolled Grain Oriented
CSR	Corporate Social Responsibility
CTA	Customs Tariff Act, 1975
Customs Act	Customs Act, 1962
DRP	Dispute Resolution Panel
EV	Electric Vehicle
FDI	Foreign Direct Investment
FPI	Foreign Portfolio Investment
FTS	Fees for Technical Services
FY	Financial Year
GST	Goods and Services Tax
GSTAT	GST Appellate Tribunal
HC	High Court
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
IFSC	International Financial Service Centre
IGST Act	Integrated Goods and Services Tax Act, 2017
INR	Indian National Rupee
InvIT	Infrastructure Investment Trust
IPO	Initial Public Offer
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITR	Income Tax Return
JC(A)	Joint Commissioner of Income Tax (Appeals)
LED	Light-emitting diode
LLP	Limited Liability Partnership

Abbreviation	Meaning
LO	Liaison office
LTCG	Long term Capital Gains
MOOWR	Manufacturing and Other Operations in Warehouse Regulations
MSMEs	Micro, Small and Medium Enterprises
NBFC	Non- Banking Financial Company
NCLT	National Company Law Tribunal
NPS	National Pension Scheme
OFS	Offer for Sale
OI	Overseas Investments
PAN	Permanent Account Number
PCBA	Printed Circuit Board Assembly
PCIT	Principal Commissioner of Income Tax
PVC	Poly Vinyl Chloride
RBI	Reserve bank of India
REIT	Real Estate Investment Trust
ROI	Return of Income
SC	Supreme Court
Scheme	Vivad se Vishwas Scheme, 2024
SCN	Show Cause Notice
SDT	Specified Domestic Transaction
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SLP	Special Leave Petition
STCG	Short term Capital Gains
STT	Securities Transaction Tax
TCS	Tax Collected at Source
TDS	Taxes Deducted at Source
TPO	Transfer Pricing Officer
UTGST Act	Union Territory Goods and Services Tax Act, 2017
w.e.f.	with effect from

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