

# Key Features of Budget 2024-2025

Key Takeaways for Direct Tax and Indirect Tax  
from Budget July 2024

Knowledge Series  
August 2024 – Vol 6 (Series - 5)

## ❖ Introduction

In this knowledge series, we will explore some of the important *"Key Takeaways from Budget for Direct Tax and Indirect Tax from Budget July 2024"*.

## ❖ Key Takeaways from Budget

### ➤ Direct Taxes

- A Comprehensive review of the Income Tax Act, 1961 will be undertaken by the Government in order to make the Act more concise, lucid, easy to read and understand.

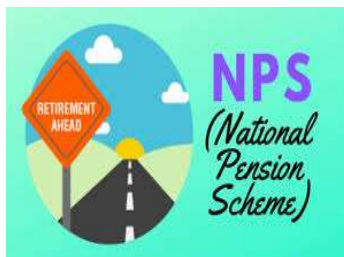
## ❖ Personal Income Tax

- There have been no changes in Slab rates or deductions and exemptions in the Old Regime.
- Changes in New Tax Regime are as follows:
  - ✓ Change in slab rates (section 115BAC).

NEW INCOME TAX SLABS	
Rs 0-3 lakh	NII
Rs 3-6 lakh	5%
Rs 6-9 lakh	10%
Rs 9-12	15%
Rs 12-15 lakh	20%
Above Rs 15 lakh	30%

- ✓ Standard Deduction under Salary increased to 75,000.
- ✓ Increase in Deduction for Family Pension from Rs. 15,000 to Rs. 25,000.
- ✓ Increase in amount allowed as deduction to non-government employers and their employees for employer's contribution

to pension scheme under section 80CCD. The deduction under Section 80CCD (2) shall be allowed for an amount not exceeding 14% of the employee's salary. The amendments will take effect from the 1st day of April 2025.



## ❖ Charitable Trusts

- The two tax regimes for charitable trust are merged into one. The registration of charitable trust under section 10(23C) has been withdrawn. No new registration under the said section will be allowed after 1st October 2024. Existing registration will continue to exist. The tax regime contained in provisions of Section 11 to 13 of the Act will continue.

## ❖ Capital Gains

- Short-term gains on certain financial assets shall attract a tax rate of 20 per cent.
- Long-term gains on all financial and non-financial assets, will attract a tax rate of 12.5 per cent. Exemption Limit is increased to Rs. 1.25 Lakhs)
- Long term capital gain on sale of immovable properties at the rate of 12.5%. No indexation benefit will be allowed which was earlier available under second proviso to section 48 for property, gold and other unlisted shares. The Government has introduced

an amendment in the Finance Bill allowing long-term capital gain on transfer of Immovable Property purchased before 23 July 2024, to be calculated under the the new 12.5 percent rate without indexation and the old 20 percent rate with indexation and allowing taxpayers to choose the more favourable option.

- It is proposed that there will be only two holding periods-
  - ✓ For all listed Securities- 12 months
  - ✓ For all other assets-24 months.
- Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period will attract tax on capital gains at applicable rates.
- Security Transactions Tax on futures and options of securities is proposed to be increased to 0.02 per cent and 0.1 per cent respectively

## ❖ Assessments and Appeals:

- An assessment hereinafter can be reopened beyond three years from the end of the assessment year only if the escaped income is ₹ 50 lakh or more, up to a maximum period of five years from the end of the assessment year.
- Block assessment to be introduced for search cases where cases will be re-opened for 6 years for assessment.
- Increase in monetary limits for filing appeals related to direct taxes, excise and service tax in the Tax Tribunals, High Courts and Supreme Court to ₹ 60 lakh, ₹

2 crore and ₹ 5 crore respectively.

- The Government plans to deploy more officers to hear and decide appeals before CIT(A).

#### ❖ TDS and TCS

- TDS rate on payment by e-commerce operator to e-commerce participant under section 194-O is proposed to be reduced from 1% to 0.1% w.e.f 1<sup>st</sup> October 2024.
- TDS rate on payment in respect of life insurance policy under section 194 DA is proposed to be reduced from 5% to 2% w.e.f 1<sup>st</sup> October 2024.
- TDS rate on payment of commission or brokerage under section 194H is proposed to be reduced from 5% to 2% w.e.f 1<sup>st</sup> October 2024.
- TDS rate on payment of rent by Individual or HUF under section 194-IB is proposed to be reduced from 5% to 2% w.e.f 1<sup>st</sup> October 2024.
- Credit of TCS is proposed to be given in the TDS to be deducted on salary w.e.f 1<sup>st</sup> October 2024.
- Delay for payment of TDS up to the due date of filing TDS returns has been decriminalized.
- A Standard Operating procedure for TDS defaults and simplification and rationalization of the compounding guidelines for such defaults will be issued.
- Salary/ bonus/ interest payment to partners by a firm will be subject to TDS under

Section 194-T at the rate of 10 per cent for aggregate amounts more than Rs.20,000 in a financial year.

- Interest for non-payment of TCS under section 206C(7) is proposed to be increased from 1% to 1.5%.

#### ❖ Other Amendments and Announcements

- Safe harbour rates proposed to be provided for foreign mining companies selling raw diamonds in the country.
- Equalization levy of 2% on foreign ecommerce operators has been withdrawn from 1 August 2024.
- Amendment in Section 28 of the Act is proposed to clarify that income from letting out residential house property by the owner shall be chargeable under the head "Income from House property" w.e.f 1<sup>st</sup> April 2025.
- Buyback tax has been abolished and the same is now taxable in the hands of the shareholders under Income from Other Sources w.e.f 1<sup>st</sup> October 2024.



- **Amendment in Black Money Act, 2015-** No penalty under the Black Money Act, 2015 will be levied for non-reporting of movable foreign assets up to ₹ 20 lakh.

- Angel tax i.e., provisions of section 56(2)(viib) shall stand withdrawn.
- Announcement of Vivad Se Vishwas Scheme, 2024 to reduce income tax litigations.

#### **Vivad se Vishwas scheme**



- Tax rate applicable to foreign companies has been reduced from 40% (excluding surcharge and cess) to 35%.

#### ➤ Indirect Taxes

- The Finance Bill 2024 outlines proposed amendments and updates to various tax laws, including the Central Goods and Services Tax (CGST). The amendments aim to refine and enhance tax regulations, address issues related to compliance and enforcement, and introduce new provisions or adjustments to improve the overall efficiency of the tax system. These changes are part of the government's broader financial strategy to ensure effective tax administration and support economic growth.

#### ❖ Amendments in CGST Act

- **Amendment of section 9:** Extra Neutral Alcohol used in the manufacture of alcoholic liquor for human consumption out of the purview of GST.

- **Insertion of new section 11A**

- ✓ **Section 11A:** Provision in the Act allowing the Government to address certain taxation practices.

- ✓ **Conditions for Application:**

- **Prevalence of Practice:** A certain practice regarding the levy (or non-levy) of central tax on the supply of goods/services is generally prevalent.

- **Liability:** The supplies are liable to:

- **Case 1:** Central tax should have been levied but was not, or is not being levied according to the prevalent practice.

- **Case 2:** A higher amount of central tax should have been levied than what was or is being levied according to the prevalent practice.

- These conditions allow the Government to take action if they identify such practices that do not align with the intended tax regulations.

- **Amendment of section 39:** FORM GSTR-7 is to be filed by the taxpayer required to deduct tax u/s 51. The council has clarified that the same must be filed every month even if the same is Nil.

- **Amendment of section 73 and 74:** The provisions of these sections shall apply for determination of tax pertaining to the period up to Financial Year 2023-24.

- **Insertion of section 74A:**

- ✓ If the proper officer believes that any tax has not been paid, has been short paid, or has been erroneously refunded, or if input tax credit has been wrongly used, they will send a notice to the person responsible for the unpaid tax, the short-paid tax, the erroneous refund, or the wrongly used input tax credit u/s 74A

- ✓ If the unpaid tax, short paid tax, erroneous refund, or wrongly used input tax credit in a financial year is less than Rs 1,000, no notice will be issued.

- ✓ Time limit to issue the notice under Sec 74A is 42 months from due date for furnishing of annual return

- ✓ Penalty under this section for reason other than fraud is 10% of Tax due or Rs. 10,000 whichever is higher.

- ✓ Penalty under this section for fraud, willful misstatement or suppression of facts to evade tax is 100% of tax due.

- **Amendment of section 54:** In section 54 (Refund of tax) of the Central Goods and Services Tax Act, no refund shall be available in case of export of goods subject to **export duty**. Such restriction shall be applicable even if the goods are supplied to **SEZ**



- **Amendment of section 13(3):** The relevant financial year for Section 16(4) in case of RCM on supplies made by an unregistered business (URD) shall be the financial year in which the invoice (self-invoice) has been issued by the recipient.

- **Insertion of Section 16(5):** The deadline to claim Input Tax Credit (ITC) for invoices or debit notes for FY 2017-18, 2018-19, 2019-20, and 2020-21 is extended to GSTR 3B returns filed up to 30.11.2021. The amendment is made effective from 1<sup>st</sup> July 2017.

- **Insertion of Section 16(6):** ITC can be claimed if returns for the cancellation period are filed within 30 days of the date of order of revocation of cancellation of registration, subject to the condition that the time-limit for availment of credit in respect of the said invoice or debit note should not have already expired under sub-section (4) of the said section on the date of order of cancellation of registration. The amendment is made effective from 1<sup>st</sup> July 2017.

- **Insertion of new Section 128A:** To provide conditional waiver of interest or penalty or both for demand notices



issued u/s 73 for FY 2017-18, 2018-19 & 2019-20 upon full payment of demanded tax up-to 31st March 2025. The waiver does not cover the demand of erroneous refunds. Provided also that where interest and penalty has already been paid, no refund of the same shall be available.

- **Amendment in Section 129 and Section 130:**

No detention, seizure and confiscation of goods or conveyance in case of Transportation of Goods without E-way Bill. The new amendments only require payment of penalty in such cases. References to Sections 129 and 130 in Section 17(5)(i) are redundant and proposed to be omitted.



- **Amendment in Section 17(5) Blocked Credit:**

- ✓ Restriction on ITC by Section 17(5) when tax is paid under Sections 74, 129, and 130 will be applicable only until the financial year 2023-24.
- ✓ No proposal to disallow ITC for the financial year 2024-25 onwards, even in cases involving suppression. Amended Section 17(5)(i) does not mention Section 74A, implying no ITC restriction for tax paid

under Section 74A, even in cases of fraud, misstatement, or suppression.

- ✓ Availment of ITC will still be subject to the time limit under Section 16(4).

- **Time Limit for filing Appeal:**

Effective 1 August 2024, the time limit for filing an appeal/application (by taxpayer/tax authorities) shall be three months starting from:

- Date of communication of order or
- Such date as may be notified,

whichever is later.

GST Appellate Tribunal may excuse a delay of up to 3 months in filling an appeal by tax authorities, in line with the power to excuse delays by taxpayers.

- ❖ **Amendments in BCD Rates**

- The Union Budget 2024 had fully exempted the Basic Customs Duty (BCD) on the Cancer Medicines namely Trastuzumab, Deruxtecan, Osimertinib, Durvalumab
- Reduction of custom duty on gold and silver to 6% and platinum to 6.4%
- Reduction of BCD on shrimp and fish feed to 5%
- Exemption provided to more capital goods for manufacturing of solar cells & panels in order to support transition to renewable energy.
- Custom duties on 25 Critical minerals fully exempted to boost Strategic Sectors.

- Amendment in procedure regarding claim of preferential rate of duty for Proof of Origin (Section 28 DA) to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements, which provide for self-certification.

- 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.

- ❖ **Conclusion**

It is important to keep abreast with the new amendments and changes as per the Union Budget 2024.

## ❖ Compliance Calendar

Sr. No.	Date	Compliance
1	07-Aug-24	ECB-2 Return (Monthly)
2	07-Aug-24	Payment of TDS of July 2024
3	11-Aug-24	GSTR-1 (Monthly)
4	07-Aug-24	Payment of Equalisation Levy of July 2024
5	13-Aug-24	GSTR-1 (QRMP Scheme)
6	15-Aug-24	ESIC Payment and Return (Monthly)
7	15-Aug-24	Provident Fund Payment and Return (Monthly)
8	20-Aug-24	GSTR-3B (Monthly)
9	25-Aug-24	Due date to deposit tax amount for July 24 in Form GST PMT-06
10	20-Aug-24	Monthly Payment of Profession Tax (Karnataka)
11	31-Aug-24	Maharashtra PT monthly Return and Payment

## ❖ GC Corner:

Team celebrated the success of our Articles in CA Final Examinations held in May 24.



## ❖ Giant Connection LLP:

Management Consultants: Pune | Mumbai | Hyderabad | Thane  
501-504, Akshay Landmark, Opp. Pu La Deshpande Garden,  
Sinhgad Road, Pune – 411030.

For more information, please contact:  
Phone: +91-20-24254388/24254288  
Email: [info@giantconnection.in](mailto:info@giantconnection.in)

## ❖ Special Mention

Thank You, Riya Jajoo, for the compilation of the Knowledge series.