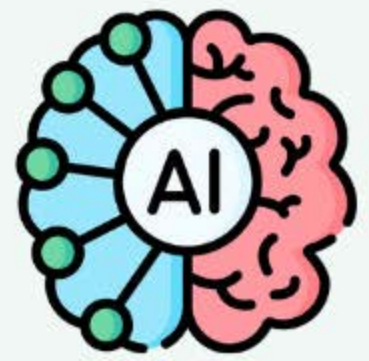
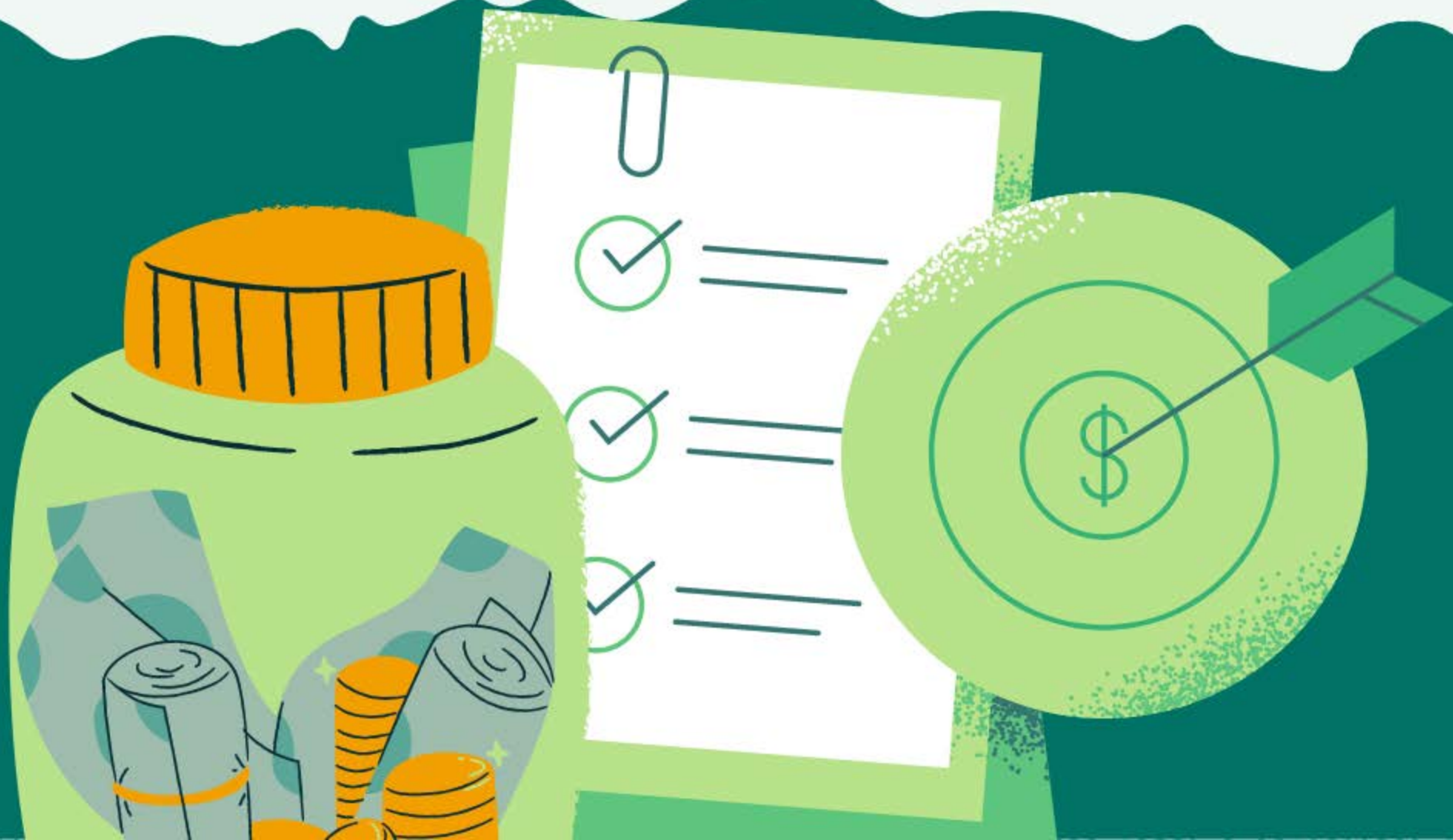




SANJAY C. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS



AN ANALYSIS OF UNION BUDGET 2024



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HIGHLIGHTS OF UNION BUDGET 2024

DIRECT TAX

- Tax rates changed for the assessee following the new tax regime;
- Standard deduction for salaried employees and pensioners is proposed to be increased from Rs. 50,000/- to Rs. 75,000/- in the tax regime u/s 115BAC;
- Deduction under section 80CCD (2) of the Act for employer contribution towards National Pension System under the NTR is increased from 10% to 14% of employee's salary for private sector employees;
- Deduction in respect of income from family pension increased from Rs. 15,000/- to Rs. 25,000/-;
- Clarification explaining that income from letting-out of a residential house property is chargeable under the head 'Income from House Property' and not under the head 'Profits and gains of business or profession';
- Gifting of capital asset not to be treated as transfer only if the gift is made by an individual or HUF under a gift or will or an irrevocable trust;
- Tax rate applicable to Foreign Companies is reduced from 40% to 35%;
- Buyback effected on or after 01st October, 2024 to be taxed in the hands of the Shareholder;
- Company to deduct withholding tax @ 10% u/s 194 on consideration paid by the company for Buyback;
- Section 112A introduced for allowing STT as a deduction under long-term capital gains on equity shares subject to certain exclusions;

- Disallowance of expenses incurred on settlement in relation to contravention under any law to be notified by the Central Government, for computing Business income;
- Presumptive tax regime introduced for non-resident engaged in the business of operation of cruise ship to deem 20% of the aggregate amount received/ receivable by the non-resident from such activity as profit/ gains from business of cruise ship operation;
- Limit for Working Partner's remuneration is increased to the higher of Rs. 300,000/- or 90% of book profits for firms with book profits up to Rs. 600,000/-. For firms earning profits exceeding the prescribed limit of Rs. 600,000/-, the deduction remains unchanged at 60% of book profits;
- Holding period for all listed securities, including units of business trust, will now be a common period of 12 months to be classified as long-term capital assets. All other assets will qualify as long-term capital assets if held for 24 months or more;
- Gains from unlisted bonds and debentures transferred, redeemed or maturing on or after 23rd July, 2024 will be treated as Short-term Capital Gains (STCG) irrespective of the holding period;
- No indexation benefit in case of any long-term capital assets transferred on or after 23rd July, 2024;
- Tax rate on long-term capital gains would be 12.5% and the tax rate on short-term capital gains would be 20% (on which STT is paid, applicable to both residents and non-residents);
- Exemption for long-term capital gains arising from the transfer of a listed equity share or unit of equity-oriented mutual fund or unit of a business trust on which STT has been paid increased from Rs. 100,000/- to Rs. 125,000/-;
- Amended provision provides that the FMV be calculated using the same CII proportion method for shares transferred via OFS, even though they are listed post-transfer;

- TDS @ 10% applicable on Salary, remuneration, interest, bonus or commission exceeding RS.20,000 in a financial year to Partners by Partnership Firm w.e.f. 01st April, 2025;
- TDS @ 10% applicable on Interest exceeding Rs. 10,000/- on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 w.e.f. 01st October, 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 Rs. 50 Lakhs. Consideration for the threshold is to be computed on an aggregate basis considering the individual receipt/ payment by transferor/transferee;
- Section 194T inserted to incorporate tax withholding on payment of salary, remuneration, commission, bonus or interest by firms to partner of such firm;
- 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;
- It is now proposed to make mandatory filing of TDS returns, whether any deductions have been made during the tax period or not;
- TCS provisions will now not apply or will apply at a lower rate in respect of specified transactions with certain categories of notified taxpayers;
- Employers may now consider TCS suffered by employees when calculating TDS on employee salary payments.
- TCS @ 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 01st January, 2025.
- Interest on TCS @ 1.5% per month (or part thereof) is proposed to apply from the collection date to the payment date (to align with TDS provisions).

- 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 will be reduced from one year to one month from the prescribed time limit.
- Specific capital gains tax exemption on transfer under a gift or will or an irrevocable trust shall now be restricted to transfer by an individual and Hindu Undivided Family (HUF) only.
- Time limit to file an appeal before the Tax Tribunal is proposed to be revised to 2 months from the end of the month in which the order sought to be appealed is communicated to the taxpayer and tax authority.
- Procedure and timelines for reassessment proceedings has been rationalized by substituting new sections 148,148A and 151 of the IT Act.
- Withholding tax rate on e-commerce operators to be reduced from 1% to 0.1%.
- Withholding tax rate on payment of insurance commission, life insurance policy, commission on sale of lottery tickets, rent payment by individual or HUF, commission or brokerage, contractual or commission or professional payment by individual or HUF under section 194M reduced from 5% to 2%.
- Procedure and timelines for reassessment proceedings has been rationalized by substituting new sections 148,148A and 151 of the IT Act
- Income of block period taxable at 60%.
- Interest for delay in filing / non-filing of Return of Income 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 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.

INDIRECT TAX

- 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;
- Maximum time limit to file the belated GST Returns/Statements under various sections of CGST Act are now specified;
- It is now proposed to amend section 56 of the Act to provide payment of interest on delayed refund to registered person in such manner which shall be prescribed;
- To extend time limit to avail eligible ITC on invoices or debit notes, by a taxpayer whose registration was cancelled;
- 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 the IGST Act;
- Monetary limit is prescribed for maximum amount of pre-deposit to be made for filing appeal;
- 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;
- New section 11A is proposed to be inserted in the Act empowering the Government to regularize non-levy or short levy of GST where it is satisfied that such non-levy or short levy is a result of general trade practice;
- It is now proposed to restrict blocked ITC provisions only in relation to demands for tax paid u/s 74 up to FY 2023-24. Further, blockage of ITC on tax paid u/s 129 and 130 is removed;

- In case of co-insurance agreements, where GST on entire premium amount is paid by the lead insurer, the apportionment of co-insurance premium by lead insurer to co-insurer for insurance services jointly supplied, shall be declared as no supply under Schedule III of the CGST Act;
- It is proposed to insert a new section 158A of the CGST Act to provide specified information's furnished by the registered person shall be shared by the GST portal;
- For claiming preferential rate of duty under Customs, acceptance of 'proof of origin' would be required instead of 'certificate of origin'. This amendment would align Customs provisions with new trade agreements to allow importers to claim preferential rate of duty on the basis of either certificate issued by authority or self-certification;
- New proviso to be inserted in Section 65(1) to empower Govt. to specify the manufacturing processes and other operations in relation to 'class of goods' that shall not be permitted in a warehouse;
- Clean Environment Cess, levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30-06-2017.

Rates of Income Tax: -
Option I – NORMAL TAX RATES: -
All Resident Assessee and All Non – Resident Assessee (Less than 60 years): -

Income	Existing Slab of Income Tax Rate (AY 2024-25)	Proposed Slab of Income Tax Rate (AY 2025-26)
Up to 2,50,000	NIL	NIL
2,50,001 - 5,00,000	5%	5%
5,00,001 - 10,00,000	20%	20%
Above 10,00,000	30%	30%

Resident Senior Citizen (60 years or more but less than 80 years): -

Income	Existing Slab of Income Tax Rate (AY 2024-25)	Proposed Slab of Income Tax Rate (AY 2025-26)
Up to 3,00,000	NIL	NIL
3,00,001 - 5,00,000	5%	5%
5,00,001 - 10,00,000	20%	20%
Above 10,00,000	30%	30%

Resident Very Senior Citizen (80 years or more): -

Income	Existing Slab of Income Tax Rate (AY 2024-25)	Proposed Slab of Income Tax Rate (AY 2025-26)
Up to 5,00,000	NIL	NIL
5,00,001 - 10,00,000	20%	20%
Above 10,00,000	30%	30%

Note: -

- **Filing of Return of Income is not mandatory for resident individual who is of the age of 75 years or more and earns no other income except pension or interest income from any account maintained with the specified bank (Details of the same are described in Section 194P).**
- **There is no change in above Tax Rates applicable to Resident and Non – Resident Assessee under Old Tax Regime.**

Option II – CONCESSIONAL TAX RATES FOR INDIVIDUAL AND HUF#
[Default Tax Option] : -

Income	Normal Tax Option* (AY 2024-25)	Concessional Tax Option* (AY 2024-25) [EXISTING]	Concessional Tax Option* (AY 2025-26) [PROPOSED]
Up to 2,50,000	NIL	NIL	NIL
2,50,001 - 3,00,000	5%	NIL	NIL
3,00,001 - 5,00,000	5%	5%	5%
5,00,001 - 6,00,000	20%	5%	5%
6,00,001 - 7,00,000	20%	10%	5%
7,00,001 - 9,00,000	20%	10%	10%
9,00,001 - 10,00,000	20%	15%	10%
10,00,001 - 12,00,000	30%	15%	15%
12,00,001 - 15,00,000	30%	20%	20%
Above 15,00,000	30%	30%	30%

***Concessional tax rates are subject to certain terms and conditions, which are briefly described in Section 115BAC of the Act.**

*** AMT shall not apply to Individual/HUF, having business Income Opting for concessional option.**

With effect from AY 2024-25, scheme of concessional rate as per Section 115 BAC of the Act of tax has become the default tax option. However, Assessee can continue with the option of normal rate of tax.

Surcharge: -

The table below shows the **Surcharge rate** proposed for Individual/ Hindu Undivided Family applicable for Assessment Year 2025-26: -

Option I – NORMAL TAX RATES: -

Income Limit	Existing Surcharge of Income (AY 2024-25)		Proposed Surcharge of Income (AY 2025-26)	
	other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A	other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A
Up to 50,00,000	NIL	NIL	NIL	NIL
50,00,001 - 1,00,00,000	10%	10%	10%	10%
1,00,00,001 - 2,00,00,000	15%	15%	15%	15%
2,00,00,001 - 5,00,00,000	25%	15%*	25%	15%*
5,00,00,001 and above	37%	15%*	37%	15%*

* In case the total income exceeds Rs. 2 Crores on account of Income from Dividend or Capital gain covered u/s 111A, 112 and 112A of the Act, then surcharge @ 15% is applicable on the total income irrespective of quantum of income other than Dividend and Capital gain.

Option II – CONCESSIONAL TAX RATES FOR INDIVIDUAL AND HUF [Default Tax Option]: -

Income Limit	Existing Surcharge of Income under 115BAC (AY 2024-25)		Proposed Surcharge of Income under 115BAC (AY 2025-26) [No Change]	
	other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A	other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A
Up to 50,00,000	NIL	NIL	NIL	NIL
50,00,001 - 1,00,00,000	10%	10%	10%	10%
1,00,00,001 - 2,00,00,000	15%	15%	15%	15%
2,00,00,001 - 5,00,00,000	25%	15%*	25%	15%*
5,00,00,001 and above	25%	15%*	25%	15%*

*In case the total income exceeds Rs. 2 Crores on account of Income from Dividend or Capital gain covered u/s 111A, 112 and 112A of the Act, then surcharge @ 15% is applicable on the total income irrespective of quantum of income other than Dividend and Capital gain.

Health & Education Cess for all types of assesses: -

Types of Cess	For AY 2024-25	For AY 2025-26
Health & Education Cess	4%	4%

Rebate of income-tax in case of certain individuals [Amendment in Section 87A of the Act]:-

Section 87A of the Act provides deduction to residential individuals in India on total income chargeable to tax in relevant Assessment Year.

Particulars	Existing Provision (upto A.Y 2024-25)		Proposed Amendment (A.Y 2025-26 onwards)	
	Normal Tax Option	Concessional Tax option U/s 115BAC (1A)	Normal Tax Option	Concessional Tax option U/s 115BAC (1A)
Total Income	Upto Rs. 5,00,000	Upto Rs. 7,00,000	Upto Rs. 5,00,000	Upto Rs. 7,00,000
Rebate u/s 87A	Upto Rs. 12,500	Upto Rs. 25,000	Upto Rs. 12,500	Upto Rs. 20,000*

***There is no change in limit of Income on which Rebate is available. However, due to proposed change in Slab rates under the New Tax Regime, Tax payable on Total Income of Rs 7,00,000/- shall be Rs 20,000/- as against Rs 25,000/- as per Existing Slab Rate under New Regime. Consequently, Rebate u/s 87A shall also be reduced to Rs 20,000/- from Rs 25,000/-**

For Domestic Company: -

I.The table below shows the comparison of Income Tax rates for Domestic Company

(Option I): -

Turnover Limit	Existing Slab of Income Tax Rate (%) (AY 2024-25)				Proposed Slab of Income Tax Rate (%) (AY 2025-26)			
	Tax	Sur.	H & E Cess	Eff. Rate	Tax	Sur.	H & E Cess	Eff. Rate
A.	INCOME UP TO Rs. 1 CR.							
Up to 400 cr.*	25.00	NIL	4.00	26.00	25.00	NIL	4.00	26.00
Above 400 cr.*	30.00	NIL	4.00	31.20	30.00	NIL	4.00	31.20
B.	INCOME ABOVE Rs. 1 CR. BUT LESS THAN Rs. 10 CR.							
Up to 400 cr.*	25.00	7.00	4.00	27.82	25.00	7.00	4.00	27.82
Above 400 cr.*	30.00	7.00	4.00	33.38	30.00	7.00	4.00	33.38
C.	INCOME ABOVE Rs. 10 CR.							
Up to 400 cr.*	25.00	12.00	4.00	29.12	25.00	12.00	4.00	29.12
Above 400 cr.*	30.00	12.00	4.00	34.94	30.00	12.00	4.00	34.94

*Turnover to be checked that of Financial Year 2021-22 for Assessment Year 2024-25 and of Financial Year 2022-23 for Assessment Year 2025-26.

➤ How to Calculate Turnover?

Calculation of Turnover is not defined in the Statute and hence in our opinion, for the purpose of calculation of turnover of 400 crores in Financial Year 2022-23, it will be calculated in the same manner as specified in Guidance note on Tax Audit under Section 44AB of the Income Tax Act, 1961.

The table below shows comparison of **MAT** Income Tax Rates (Other than those covered in Option I): -

Type of Assessee	Existing Slab of Income Tax Rate (%) (AY 2024-25)				Proposed Slab of Income Tax Rate (%) (AY 2025-26)			
	Tax	Sur.	H & E Cess	Eff. Rate	Tax	Sur.	H & E Cess	Eff. Rate
A.	INCOME UP TO Rs. 1 CR.							
MAT for Company[#]	15.00	NIL	4.00	15.60	15.00	NIL	4.00	15.60
MAT for Company^{\$}	9.00	NIL	4.00	9.36	9.00	NIL	4.00	9.36
B.	INCOME ABOVE Rs. 1 CR. BUT LESS THAN Rs. 10 CR.							
MAT for Company[#]	15.00	7.00	4.00	16.69	15.00	7.00	4.00	16.69
MAT for Company^{\$}	9.00	7.00	4.00	10.02	9.00	7.00	4.00	10.02
C.	INCOME ABOVE Rs. 10 CR.							
MAT for Company[#]	15.00	12.00	4.00	17.47	15.00	12.00	4.00	17.47
MAT for Company^{\$}	9.00	12.00	4.00	10.48	9.00	12.00	4.00	10.48

Domestic Company other than Company being a Unit located in IFSC deriving its income wholly in convertible forex;

\$ Domestic Company being a Unit located in IFSC deriving its income wholly in convertible forex.

Option – II: - CONCESSIONAL TAX RATES: -

Concessional rate for Domestic Companies as per section 115BAA & 115BAB on fulfillment of certain condition specified in the said section.

Particulars	Basic Tax Rate		Surcharge	H & E Cess
	Companies carrying out non-mfg. activities	New Companies*		
Concessional Tax Rate	22%	15%	10%	4%
MAT	Not Applicable			

*New Manufacturing Companies and Companies engaged in business of generating electricity, set-up and registered on or after 1st October, 2019 and has commenced manufacturing or production of an article or thing on or before the 31st March 2024.

There is no change in above Tax Rates applicable to corporate entities.

For Co-operative Society: -

Option – I: - Normal Tax Rates: -

Total Income	Tax Rates
Up to Rs. 10,000/-	10%
Between Rs. 10,000/- to 20,000/-	20%
Excess of Rs. 20,000/-	30%

There is no change in the existing income tax rates as specified above.

Option II: - CONCESSIONAL TAX RATES: -

Co-Operative Societies (Section 115BAD & Section 115BAE) is given below: -

Particulars	Existing Provision A.Y 2024-25	Proposed Amendment Provision A.Y 2025-26
Entity carrying out Non- Manufacturing Activities	22%	22%
Entity carrying out Manufacturing Activities	15%	15%

* Surcharge @ 10% and cess @ 4% to be applied over above Basic Tax Rate.

There is no change in the Concessional Income tax rates as specified above.

For Other Assessee (other than Domestic Company, Individuals, HUF, Co-op society etc.)

The table below shows the Income Tax rates for Assessment Year 2025-26 for Other Assessee (other than Domestic Company, Individuals, HUF, Co-op society etc.): -

Type of Assessee	Existing Slab of Income Tax Rate (%) (AY 2024-25)				Proposed Slab of Income Tax Rate (%) (AY 2025-26)			
	Tax	Sur.	H & E Cess	Eff. Rate	Tax	Sur.	H & E Cess	Eff. Rate
A.	INCOME UP TO Rs. 1 CR.							
a) Firm/LLP								
-Regular Tax	30.00	NIL	4.00	31.20	30.00	NIL	4.00	31.20
-AMT	18.50	NIL	4.00	19.24	18.50	NIL	4.00	19.24
b) Foreign Co.								
-Regular Tax	40.00	NIL	4.00	41.60	35.00	NIL	4.00	36.40
B.	INCOME ABOVE Rs. 1 CR. BUT LESS THAN Rs. 10 CR.							
a) Firm/LLP								
-Regular Tax	30.00	12	4.00	34.94	30.00	12.00	4.00	34.94
-AMT	18.50	12	4.00	21.55	18.50	12.00	4.00	21.55
b) Foreign Co.								
-Regular Tax	40.00	2	4.00	42.43	35.00	2.00	4.00	37.13
C.	INCOME ABOVE Rs. 10 CR.							
a) Firm/LLP								
-Regular Tax	30.00	12	4.00	34.94	30.00	12.00	4.00	34.94
-AMT	18.50	12	4.00	21.55	18.50	12.00	4.00	21.55
b) Foreign Co.								
-Regular Tax	40.00	5.00	4.00	43.68	35.00	5.00	4.00	38.22

Increase in Standard Deduction in new tax regime [Amendment in section 16 of the Act]: -

At present, salaried individuals are granted a standard deduction while computing income under the head "Salaries" for an amount equal to Rs. 50,000 or amount of salary, whichever is less.

With a view to encourage and incentivize taxpayers to shift to the new tax regime, it is ***proposed to enhance the limit of standard deduction to Rs. 75,000 for taxpayers who are opting for the new tax regime.***

The limit of standard deduction would remain Rs. 50,000 for taxpayers who are opting to pay tax under old tax regime.

Above proposed amendment shall come into force A.Y 2025-26 onwards.

Increase in amount allowed as deduction to Non-Government Employers and their Employees for Employer Contribution to a Pension Scheme [Amendment in Section 36 and consequential amendment to section 80CCD of the Act] :-

At present, individuals are eligible to claim deduction for certain contributions made by them towards pension scheme notified by Central Government under section 80CCD of the Act.

Further, salaried employees are also allowed deduction of an amount contributed by their employers subject to the following limits: -

- a. 14% of salary in case employer is Central Government or any State Government;
- b. 10% of salary in case of other employers.

This deduction is allowable under both the tax regimes.

It is now proposed to enhance the ***limit for other employers also to 14% of salary,*** as against the present limit of 10% of salary, who are opting for new tax regime.

Above proposed amendment shall come into force A.Y. 2025-26 onwards.

Increase in Threshold Limit of Remuneration to Working Partners [Amendment in Section 40(b)(v) of the Act and Insertion of new Section 194T]:-

At present, any payment of **remuneration** to any partner who is a working partner, which is authorized by, and is in accordance with, the terms of the partnership deed and relates to any period falling after the date of such partnership deed in so far as the amount of such payment to all the partners during the previous year, disallowed if it exceeds aggregate of the following.

Particulars	Method of Computing Remuneration
On the first Rs. 3 lakhs of book profit or in case of loss	Rs. 1.5 lakhs or 90 percent of book profit, whichever is more
On balance of book profit	60 percent of book profit

It is now proposed to increase the above limit as under

Particulars	Method of Computing Remuneration
On the first Rs. 6 lakhs of book profit or in case of loss	Rs. 3 lakhs or 90 percent of book profit, whichever is more
On balance of book profit	60 percent of book profit

Consequently, all the partnership deeds or LLP agreements are to be amended accordingly.

On remuneration and interest paid to partners in a Firm or LLP, TDS needs to be deducted u/s 194T @ 10% where the payment exceeds Rs,20000/- in a previous year, pay TDS, file TDS returns and issue TDS certificates accordingly.

Such TDS deduction shall create litigation under the GST Regime, as such TDS will be reported in Form 26AS/AIS/TIS but corresponding Gross receipt not available in GST Turnover.

Above proposed amendment shall come into force from A.Y. 2025-26 onwards.

Deduction from Family Pension [Amendment to section 57 of the Act]:-

At present, amount equal to one third of family pension received or Rs. 15,000 whichever is lower is allowed as deduction from family pension.

It is now proposed to increase limit of Rs. 15,000 to Rs. 25,000 for new tax regime.

Above proposed amendment shall come into force A.Y 2025-26 onwards.

Rationalisation and Simplification of taxation of Capital Gains [Amendment in section 2(42A), 48, 50AA,112, 112A,115AB,115AC,115ACA,115AD,115E, 196B and 196C of the Act]:-

At present, different tax rates and holding period are prescribed for different class of assets and taxpayers, which is now proposed to be rationalized and simplified.

Proposed simplified **holding period for long-term capital assets** is as under:

Nature of asset	Period of holding
Listed securities	> 12 months
Equity oriented mutual fund	> 12 months
Listed units of Business Trust (units of REIT and InVIT)	> 12 months
Unlisted shares and immovable property	> 24 months
Other capital assets	> 24 months

The existing and proposed tax rates on capital gains as amended are as under:

Nature of asset	Existing Tax Rates (up to 22-07-2024)	Proposed Tax Rates (Without Indexation) (On or after 23-07-2024)
Listed Equity shares, Equity Oriented Mutual Fund and Units of Business trust on which STT is paid	STCG- 15%	STCG- 20%
	LTCG- 10% on gain exceeding Rs. 100,000	LTCG- 12.5% on gain exceeding Rs. 125,000
Listed bonds and debentures (other than MLD)	STCG- as per applicable rate	STCG- as per applicable rate
	LTCG- 10% without indexation	LTCG-12.5%
Debt Oriented Mutual Funds acquired before 01.04.2023	STCG- as per applicable rate	STCG- as per applicable rate
	LTCG- 20% with indexation	LTCG- 12.5%
Immovable Property/ Unlisted Shares and Other capital assets (except unlisted bonds and debentures)	STCG - as per applicable rate	STCG- as per applicable rate
	LTCG - 20% with indexation	LTCG- 12.5%
	LTCG on sale of unlisted shares and securities by Non-resident- 10% (without indexation and foreign exchange fluctuation benefits)	LTCG- 12.5%
Unlisted bonds and debentures.	STCG - as per applicable rate	Deemed STCG (irrespective of holding period)- as per applicable rate
	LTCG - 20% without indexation	

Above proposed amendments shall come into force from 23rd July, 2024 onwards

Revision of rates of Securities Transaction Tax by amendment to the Finance (No. 2) Act, 2004

Particulars	Existing Rates	Proposed 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

Above proposed amendments shall come into force from 1st October, 2024 onwards.

Transaction Not Regarded As Transfer [Amendment in section 47 of the Act]:-

At present, any transfer of a capital asset ***by way of gift or through will or an irrevocable trust is not regarded as a transfer,***

Since the Act does not provide category of the Donor, hence, various Courts have held that such transfer of assets even by corporate taxpayers is not liable to capital gains tax.

It is now proposed to clarify that the transfer of a capital asset by way of gift or through will or an irrevocable ***trust by an Individual and HUF only*** shall be outside the purview of capital gains tax. Consequently, all such transfers would now attract capital gain tax .

Above proposed amendment shall come into force A.Y 2025-26 onwards.

Clarification on Cost of Acquisition for Transfer of Shares under "Offer For Sale"

[Amendment in section 55 of the Act]:-

Finance Act 2018 had introduced long-term capital gains tax on transfer of equity shares on which STT is paid at the time of acquisition (subject to certain exceptions) and transfer

Additionally, clause (ac) to Section 55(2) of the IT Act was introduced to compute the cost of acquisition for such assets acquired before 1st February 2018

The cost of acquisition is to be taken as per the following formula:

Higher of (a) and (b):

(a) Actual cost of acquisition

(b) Lower of:

(i) FMV of shares as of 31st January, 2018; and

(ii) Full value of Consideration received upon sale.

As per the explanation, ***indexed cost of acquisition for FY 2017-18 is considered as FMV as on 31st January, 2018 in case of unlisted equity shares which are listed on the date of transfer.***

In case of Offer for Sale (OFS), shares are not listed on the date of transfer but listed subsequently. Since STT is paid on transfer, capital gain tax is payable under section 112A which requires cost to be computed as per above explanation. Some taxpayers were taking the position that in case of OFS, the computation of FMV fails as shares are not listed on the date of transfer and hence capital gains is not chargeable to tax.

It is now proposed to amend the explanation defining FMV to include ***sale of unlisted equity shares under OFS to mean indexed cost of such shares for FY 2017-18 .***

Above proposed amendment shall come into force retrospectively from AY 2018-19 onwards.

Abolition of Angel Tax/ Tax on Share Premium received by Closely Held Company [Amendment in sec.56(2)(viib) of the Act]:-

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.

At present, ***consideration received by a closely held company for issue of shares*** (other than amount received by venture capital undertaking from venture capital fund/company or specified fund or category I and II AIF and start-ups registered with DPIIT) ***in excess of fair market value is taxable as 'income from other sources'***

It is now proposed that the provisions of clause (viib) of sub-section (2) of section 56 of the Act, ***related to tax on share premium of private companies shall not apply from the financial year 2024-25.***

Above proposed amendment shall come into force from A.Y. 2025-26 onwards.

Taxation on Buyback of Shares [Amendment in section 10(34A), 46A,57, 115QA and 194 of the Act]:-

At present, the Domestic Companies are required to pay buy back tax @ 20% on the distributed income on buyback of shares. Further, capital gain in the hands of shareholders is exempt from tax.

It is now proposed with effect from 1st October, 2024 , ***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.***

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%.

No buyback tax applicable in the hands of the domestic company.

Above proposed amendments shall come into force from 1st October, 2024 onwards.

Special provision for Computation of Capital Gains in case of Market Linked Debenture [Amendment in Section 50AA of the Act]:-

At present, The Finance Act, 2023 had introduced a special taxation regime of Deemed Short term capital gains taxation for **Market Linked Debentures and Specified Mutual Funds by way of introduction of Section 50AA of the Act. *The gains in such cases were to be taxed as Short-Term Capital Gain irrespective of period of holding.***

It is now proposed to include **unlisted debentures and unlisted bonds within the ambit of Section 50AA and the gain of transfer on such securities shall be treated as short-term gain irrespective of the period of holding.**

Also, it is proposed to bring more clarity around the definition of Specified Mutual Fund. Thus, Specifies Mutual Fund, shall now be a mutual Fund :

- a) The mutual funds by whatever name called, which invests more than sixty-five per cent of its total proceeds in debt and money market instruments, or
- b) A Fund which invests sixty-five per cent or more of its total proceeds in units of a fund referred to in sub clause (a).

The percentage of investments in debt and money market instruments or in units of a fund in respect of the specified mutual fund, shall be computed with reference to the annual average of the clarity closing figures.

Above proposed amendments shall come into force from 23rd July, 2024 onwards.

Abolition of Equalisation Levy in Relation to E-Commerce Operators :

The Finance Act, 2020 provided for the imposition of Equalisation Levy (EL) of 2% on the amount of consideration received/ receivable ***by an e-commerce operator for the online sale of goods or online provision of services or both to certain specified persons.***

It is now proposed that the EL at the rate of 2% shall not be applicable to the consideration received/ receivable by an e-commerce operator after 1 August 2024.

Consequently, such service was exempt u/s 10(50), and now it is proposed that such exemption is available only for such services provided after 01.04.2020 but before 01.08.2024. Thus, it is just a consequential amendment.

6% Equalisation Levy on payment for online advertisement, provision for digital advertising space continues to be applicable.

Above proposed amendments shall come into force from 1st August, 2024 onwards.

Inclusion of Specified Domestic Transaction (SDT) in course of assessment proceedings [Amendment in Section 92CA(2A) and (2B) of the Act]:-

Presently, sub-sections (2A) and (2B) of the section 92CA the section, provides that if, during the course of proceeding before TPO, an international transaction comes to his notice, which has not been referred to him by the AO, the TPO can proceed to determine the ALP in its respect as well. It also provides for computation of ALP by the TPO, of those international transactions, details of which have not been furnished in the audit report referred to above.

It is proposed to amend sub-sections (2A) and (2B) of section 92CA to enable the TPO to deal with Specified Domestic Transactions (SDT), apart from current coverage which was restricted only to international transactions.

Wider coverage to include SDT within coverage to enable the TPO to deal with SDTs which have not been referred to him by the AQ and/or in whose respect audit report under section 92CE has not been filed.

Above proposed amendment shall come into force A.Y 2025-26 onwards.

TAX DEDUCTED AT SOURCE / TAX COLLECTED AT SOURCE:

RATIONALIZATION OF RATES FOR TAX DEDUCTED AT SOURCE:

In order to promote the ease of doing business and for better compliance it has been proposed to reduce the TDS rates for the following:

Section & Nature of Payments	Present TDS Rate	Proposed TDS Rate	Effective From
TO RESIDENTS:-			
194 – Payment of Buyback Proceeds to Shareholders	NIL	10%	01 st October, 2024
194D – Insurance Commission (in case of person other than Company)	5%	2%	01 st October, 2024
194DA – In respect to maturity of Life Insurance Policy	5%	2%	01 st October, 2024
1940 Repurchase of Units by Mutual Fund or Unit Trust of India	Proposed to be omitted		01 st October, 2024
194G – Commission etc on sale of Lottery Tickets	5%	2%	01 st October, 2024
194H – Commission or Brokerage	5%	2%	01 st October, 2024
194IB – Rent by Certain individuals or HUF (for Residential purposes)	5%	2%	01 st October, 2024
194M – To contractors or professionals by Individuals/ HUF	5%	2%	01 st October, 2024

Section & Nature of Payments	Present TDS Rate	Proposed TDS Rate	Effective From
1940 – To E-Commerce participant by E-Commerce Operator	1%	0.1%	01 st October, 2024
194T – To partners in respect of salary, remuneration, commission, bonus or interest exceeding Rs. 20,000 by firm.	NIL	10%	(A.Y. 2025-26)
TO NON RESIDENTS:-			
Payment in respect of Long-Term Capital Gains to Offshore fund	10%	12.5%	23 rd July, 2024
Payment in respect of Long-Term Capital Gains from transfer of Bonds or GDR purchased in Foreign Currency			

OTHER TDS/TCS PROPOSALS:-

➤ **Time Limit for filing Correction statement:**

Currently, there is no time limit prescribed to file a correction statement in respect of TDS/ TCS statements. It is **proposed that the time limit for filing the correction statement would be six years from the end of the financial year** in which the TDS/TCS statement is required to be filed.

Above proposed amendment shall come into force A.Y 2025-26 onwards.

➤ **Time limit for a passing order for deeming a taxpayer in default:**

a) **For non-deduction of TDS** is reduced to six years as against present seven years from the end of the financial year in which payment / credit is made. The said limit is applicable to any taxpayer (including non-residents).

b) **For non-collection of TCS** shall be later of:

- Six years from the end of the financial year in which tax was collectible or
- Two years from the end of financial year in which correction statement is filed.

Above proposed amendment shall come into force A.Y. 2025-26 onwards.

➤ **Ease in claiming credit for TCS collected/TDS deducted by salaried employees:**

With effect from 1st October, 2024, it is proposed that while computing TDS on salary, credit should be provided for tax deducted or collected at source under any provisions of the IT Act by the employer.

➤ **Excluding sums paid under section 194J from section 194C (Payments to Contractors):**

With effect from 1st October, 2024, it is now proposed that fees for professional or technical services covered under Section 194J shall be specifically excluded from the definition of 'work' under Section 194C.

➤ **Amendment of provisions of TDS on sale of immovable property:**

With effect from 1st October, 2024, it is now proposed to clarify that while determining threshold limit of Rs. 50 Lakhs in respect of TDS on purchase of immovable property, aggregate amounts paid by all the transferees to all transferors would be considered.

➤ **Extending the scope for lower deduction / collection certificate of tax at source:**

With effect from 1st October, 2024, the scope of a lower or nil TDS certificate is extended to include the provisions of section 194Q of the Act related to the purchase of goods.

➤ **TCS under sub-section (1F) of section 206C on notified goods:**

With effect from 1st January, 2025, it is proposed to extend the applicability of TCS on certain luxury goods as may be specified in addition to purchase of motor car exceeding Rs. 10 Lakh under ambit of TCS.

➤ **Alignment of interest rates for late payment to Government account of TCS:**

Interest rate on delay in payment of TCS collected to the credit of government increased from 1% to 1.5%

➤ **Inclusion of taxes withheld outside India for purposes of calculating total Income:**

With effect from A.Y. 2025-26, income on which tax is paid outside India, by way of withholding, in respect of which credit is allowed against the tax payable in India, is now proposed to be considered as "income received"

➤ **Claiming credit for TCS of minor in the hands of parent:**

Section 206C of the Act provides for the collection of tax at source (TCS) on business of trading in alcoholic liquor, forest produce, scrap etc. However, there is no provision in the Act for allowing credit of TCS to any other person other than the collectee.

With effect from 1st January, 2025, it is proposed to introduce a provision in section 206C, where credit of tax collected will be allowed to be claimed by person other than collectee. However, credit of TCS of the minor shall only be allowed where the income of the minor is being clubbed with the parent.

Widening ambit of section 200A of the Act for processing of statements other than those filed by deductor [Amendment to Section 200A of the Act]: -

At present, Section 200A of the Act provides for the manner in which statement of tax deduction at source or a correction statement made by a person deducting any sum under section 200 shall be processed.

There are statements, such as Form No. 26QF, which is filed by an Exchange wherein the deductee is filing details of the tax. It is now proposed that in respect of statements which have been made by any other person, not being a deductor, the Board may make a scheme for processing of such statements. Rationale for such proposed amendment is to widen the ambit of section 200A of the Act.

Above proposed amendment shall come into force A.Y. 2025-26 onwards.

Discontinuation of the provisions allowing quoting of Aadhaar Enrolment ID in place of Aadhaar number [Amendment to Section 139AA of the Act] : -

Section 139AA of the Act mandates quoting either the Aadhaar number or Enrolment ID of Aadhaar application, in the PAN allotment application and Return of Income.

Since the coverage of Aadhaar number has been increasing and now encompasses majority of the population in India, it is proposed to discontinue the option of quoting the Enrolment ID of Aadhaar application form, to obviate duplication and misuse of PAN.

Thus, quoting of Aadhaar number is made mandatory at the time of making PAN allotment application or filing Return of Income. Further, every person who has been allotted PAN on the basis of Enrolment ID of Aadhaar application shall intimate the Aadhaar number, on or before a notified date.

Above proposed amendment shall come into force w.e.f. 1st October, 2024.

Rationalization of name of Certain Fund u/s 80G (the National Sports Development Fund) [Amendment to Section 80G(2)(a) of the Act]: -

At present, Section 80G of the Act provides for the grant of approval to certain funds or institutions for receiving donations. Deduction is available for donations to approved funds or institutions, in the hands of the assessee making such donations.

The existing provision of Section 80G(2)(a)(iii) of the Act provides that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, any sums paid by the assessee in the previous year as donations to the **National Sports Fund to be set up by the Central Government**.

It is now proposed to amend in above stated section 80G(2)(a)(iii) for the words "the National Sports Fund to be set up", with new words deleting "to be" the words "**the National Sports Development Fund set up**".

Since the Central Government had already set up the said fund by the name National Sports Development Fund with effect from 12th November 1998, it is proposed to amend the expression.

Above proposed amendment shall come into force A.Y. 2025-26 onwards.

Rationalization of time limits for Funds/Institutions to file Application seeking approval u/s 80G [Amendment to Section 80G of the Act] : -

At present, first proviso to section 80G (5) provides that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval.

Further, the first proviso provides for timelines for filling application for such approval. Second proviso lays down the procedure for processing the same. Similarly, such applications for approval are required to be processed by the Pr. Commissioner or Commissioner in such form and manner as may be provided by rules, before expiry of the period of 6 months, calculated from end of month in which the application was received.

Following amendments are proposed :-

First Proviso: It is proposed to amend clause of first proviso thereof to provide that application for approval can be made by the Funds or institutions

- (i) where activities of the institution or fund have not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; or
- (ii) where activities are commenced, at any time after the commencement of such activities shall make an application for grant of approval.

Second Proviso: It is also proposed to amend clause (ii)(b) of second proviso to the said section 80G (5) to provide that if the Pr. Commissioner or Commissioner is not so satisfied, shall pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard.

It is also proposed to provide that order by Pr. Commissioner or Commissioner against application for approval of shall be passed, before expiry of the period of six months from the end of the quarter in which the application was received.

It is also proposed that the Principal Commissioner/ Commissioner be enabled to condone the delay in filing application and treat such application as filed within time.

Above proposed amendment shall come into force w.e.f. 01st October, 2024.

Amendment in provisions relating to set off and withholding of refunds

[Amendment to Section 245 of the Act] :-

Sub-section (2) of section 245 of the Act provides that where a part of the refund is set off under the provisions of sub-section (1) or where no such amount is set off and refund becomes due to a person and the Assessing Officer having regard to the fact that proceedings for assessment or re- assessment are pending in the case of such person **is of the opinion that the grant of refund is likely to adversely affect the revenue, he may**, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income Tax or Commissioner of Income Tax, **withhold the refund up to the date on which such assessment or reassessment is made.**

From the bare reading of the provision, it is seen that there are two requirements which the Assessing Officer is supposed to fulfil. One is that he should form an opinion that the grant of refund is likely to adversely affect the revenue and the second is that he has to record the reasons in writing for withholding refund. The second condition of recording of reasons takes care of the first condition as even if an opinion is formed, it has been expressed in terms of reasons recorded in writing. For this reason, Section 245 of the Act is proposed to be amended to exclude the requirement of the tax officer to form an opinion that the grant of refund is likely to adversely affect the Revenue and the phrase "is of the opinion that the grant of refund is likely to adversely affect the revenue" is omitted.

Further, the period of withholding the refund up to the date of assessment is inadequate as the demand itself becomes due after thirty days of the date of assessment. Hence, **the period of withholding of the refund is proposed to be extended up to 60 days from the date on which such assessment or reassessment is made.**

Consequential amendment made to section 244A of the Act to exclude the above extended period from payment of interest against the refund due

Above proposed amendment shall come into force w.e.f. 1st October, 2024.

Amendments to the Prohibition of Benami Property Transactions Act, 1988

[hereinafter referred to as "the PBPT Act, 1988"] : -

➤ **Section 24: Notice and attachment of property involved in benami transactions:**

At present, Section 24 of the PBPT Act, 1988 relates to notice and attachment of property involved in Benami transactions. The said provisions of the section do not provide for maximum time within which the notice issued under sub-section (1) is to be replied to by the benamidar or the beneficial owner.

Section 24(3) & 24(4) provide for time limit of 90 days from last day of the month in which notice under sub-section (1) is issued for the Initiating Officer to provisionally attach the property or to pass an order for continuing the provisional attachment or revoking the provisional attachment or deciding not to attach the property, as the case may be.

Section 24(5) provides for time period of 15 days from date of attachment order to Initiating Officer to draw up a statement of case and refer it to the Adjudicating Authority.

Proposed Amendment

It is now proposed to amend Section 24 as follows-

1. Insert sub-section (2A) to provide a time limit of maximum three months from the end of the month in which notice is issued under sub-section (1) for the benamidar or the beneficial owner to file their explanations or submissions.
2. Amend sub-section (3) and sub-section (4) to increase the time limit of 90 days to 4 months from end of month in which notice under sub-section (1) of the said section is issued for the Initiating Officer to provisionally attach the property or to pass an order for continuing the provisional attachment or revoking the provisional attachment or deciding not to attach the property.
3. Amend sub-section (5) to increase the time period of fifteen days to one month from the date of attachment order for the Initiating Officer to draw up a statement of the case and refer it to the Adjudicating Authority.

Rationale for proposed amendment is to provide a time limit for the benamidar or the beneficial owner to file their explanations or submissions, increase the time limit for the initiating officer to provisionally attach the property and provide more time to the initiating officer to draw up statement for reference to the Adjudicating Authority.

Above proposed amendment shall come into force w.e.f. 01st October, 2024.

➤ **Insertion of Section 55A in the Prohibition of Benami Property Transactions Act, 1988 : -**

Proposed Amendment

It is proposed to insert a new section 55A in the PBPT Act, 1988, to provide that the Initiating Officer may, with a view to obtaining the evidence of the benamidar or any other person as referred to in section 53, other than the beneficial owner, tender to such person immunity from penalty for any offense under section 53, with the previous sanction of the competent authority as referred to in section 55, on condition of his making a full and true disclosure of the whole circumstances relating to the benami transaction. A tender of immunity made to, and accepted by, the person concerned, shall, to the extent to which the immunity extends, render him immune from prosecution for any offense in respect of which the tender was made and from the imposition of any penalty under section 53 of the Act.

Further, it is also proposed to provide that if it appears to the Initiating Officer that any person to whom immunity has been tendered under this section has not complied with the condition on which the tender was made or is willfully concealing anything or is giving false evidence, the Initiating Officer may record a finding to that effect, and thereupon, with the previous sanction of the competent authority as referred to in section 55, the immunity shall be deemed to have been withdrawn, and any such person may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have been guilty in connection with the same matter and shall also become liable to the imposition of any penalty under this Act to which he would have otherwise been liable.

Rationale

As per section 53(2) of the Prohibition of Benami Property Transactions Act (PBPT) Act, 1988, the offense of benami transaction is punishable with a penalty of rigorous imprisonment for minimum one year to maximum seven years along with fine extending to 25% of the fair market value of the benami property. This penalty is the same for a benamidar or a beneficial owner or any person who abets or induces any person to enter into a benami transaction.

Due to the same quantum of penalty & prosecution as is imposable in the case of beneficial owner and abettor, benamidars do not come forward to give evidence against the beneficial owner.

Further, many benamidars being of poor means and illiterate, imposing on them the same penalty as the beneficial owner of such a benami transaction could be disproportionate in nature. Alternatively, if such benamidars were to become approvers, it would help in gathering clinching evidence and details about benami properties and result in convictions of the beneficial owners, thus strengthening the regime.

Furthermore, various other laws of the land provided for a tender of pardon/immunity from prosecution/ reduced penalty in cases where the witness assists in the due process of law.

Above proposed amendment shall come into force w.e.f. 1st October, 2024.

Introduction of The Direct Tax Vivad Se Vishwas Scheme, 2024

In 2020 government had brought "Direct Tax Vivad Se Vishwas Act, 2020" to reduce litigation in direct taxes and the scheme got encouraging response from the taxpayers.

It is now proposed to bring a similar scheme, namely 'Direct Tax Vivad Se Vishwas Scheme, 2024' for reducing the pending litigations at various appellate forums i.e. CIT(A), DRP, ITAT, High Court and Supreme Court as on the specified date.

➤ Relief provided under the scheme-

Sr.No	Nature of Tax Arrear	The amount payable on or before 31 st December 2024	The amount payable on or after 1 st January 2025 but on or before the last date*
a)	Aggregate amount of disputed tax, interest & penalty levied or leviable on such disputed tax:		
	• Appeal <i>filed after</i> 31 st January 2020 but on or before the specified date.	100% of disputed tax	110% of disputed tax
	• Appeal <i>pending on or before</i> 31 st January 2020.	110% of disputed tax	120% of disputed tax
b)	Disputed interest/ penalty/ fee:		
	• Appeal <i>filed after</i> 31 st January 2020 but on or before the specified date.	25% of the disputed interest/penalty/fee	30% of disputed interest/penalty/fee
	• Appeal <i>pending on or before</i> 31 st January 2020.	30% of disputed interest/ penalty/fee	35% of disputed interest/ penalty/fee

The amount payable shall be **half** of the amount mentioned in the table above, where: -

- a. Appeal or writ petition or special leave petition is filed by tax department.
- b. Appeal is filed by the taxpayer before Commissioner (Appeals) Joint Commissioner (Appeals) or objection is filed before DRP, **on any issue on which he has already got a decision in his favour from Tribunal (where the decision on such issue is not reversed by the High Court) or High Court (where the decision on such issue is not reversed by the Supreme Court).**
- c. Appeal is filed by the taxpayer before Tribunal, on **any issue on which he has already got a decision in his favour from High Court** (where the decision on such issue is not reversed by the Supreme Court).

The method of computation of the disputed amount to be prescribed.

➤ **Procedure: -**

Step 1	Taxpayer to file declaration in specified form before the Tax authority
Step 2	<u>Within 15 days</u> of the declaration, the tax authority to determine the amount payable by the taxpayer and grant a certificate containing particulars of tax arrears and amount payable
Step 3	Taxpayer to pay the amount determined <u>within 15 days</u> from the date of receipt of certificate and intimate the tax authority along with the proof of withdrawal of appeal
Step 4	Tax authority to pass an order stating that the tax is paid

- a. Declaration under the Vivad Se Vishwas Scheme shall be **deemed not to be made** where any **false information** is furnished or conditions are violated and all proceedings under the IT Act shall be continued;

- b. Making a declaration under the Vivad Se Vishwas Scheme shall ***not*** amount to conceding of the tax position;
- c. Amount paid under the Vivad Se Vishwas scheme shall ***not be refundable*** under any circumstances;
- d. CBDT shall issue necessary directions/ orders as required during the implementation of the Vivad Se Vishwas Scheme;
- e. The Central Government will notify the date when the Vivad Se Vishwas will come into effect and the last date for the Vivad Se Vishwas Scheme.

➤ **The above scheme is not applicable where:**

- a. Assessment is completed on the basis of ***search-initiated*** u/s 132 or 132A of the Act;
- b. ***Prosecution*** has already been initiated on or before the date of filling the declaration;
- c. Assessment relates to ***undisclosed*** Foreign income / Foreign Assets;
- d. Assessment was made on the basis of ***information received*** under Exchange of Information from another country;
- e. A person in respect to whom an ***order of detention*** has been made under provision of Conservation of Foreign Exchange and Prevention of Smuggling Act, 1974.

Rationalisation of provisions relating to assessment and reassessment under the Act [Amendment to section 148, 148A, 149 and 153 of the Act]

Finance Act, 2021 had significantly amended the procedure followed for assessing income to tax which has escaped assessment[reassessment]. It is now proposed to substitute the provisions from 1st September, 2024. Key changes are:

1. **No prior approval of higher authority is required to issue notice under section 148 except** for acting on information received through faceless collection of information scheme.
2. Special provisions for assessment of search cases are proposed to be introduced. Hence, reference of information relating to search for reassessment is proposed to be removed.
3. The new time limits for issuing the notices are as under: -

Particulars	Notice u/s 148- Initiating Assessment	Notice u/s 148A- Show Cause Notice
Normal Cases	<i>Within 3 years & 3 months</i> from the end of the assessment year	<i>Within 3</i> years from the end of the assessment year
Specific Cases (income escaping assessment is <u>Rs.50,00,000/- or more</u>)	<i>Within 5 years & 3 months</i> from the end of the assessment year	<i>Within 5 years</i> from the end of the assessment year

4. 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

5. For according the requisite approvals for issuance of notice or passing of order, the powers are given to Additional Commissioner/ Director or Joint Commissioner/ Director ***which were earlier vested with higher authorities;***
6. Existing provisions would continue to apply to search / survey cases commenced before 1st September, 2024; and where a notice is issued under section 148 or order is passed under section 148A(d) prior to 1st September, 2024.

Above proposed amendments will come in to force from 1st September, 2024 onwards.

Introduction of Block Assessment provisions in cases of search under Section 132 of the Act [Amendment to Section 113,144C,246A 276CCC and Chapter XIV-B of the Act]: -

The block assessment was abolished in case of search conducted after 31st May 2003 and such assessment were subsumed into the reassessment provisions.

In order to make the procedure of search cases more cost effective and efficient it is now proposed to introduce scheme of block assessment in case of search cases.

Features of the scheme: –

- a. "Block Period" will comprise of **six assessment year**, preceding the previous year in which the search was conducted.
- b. All other regular assessments for the block period **shall abate**. There will be **consolidated order** for the entire block period.
- c. Till block assessment is complete, **no further assessment/reassessment** proceeding shall take place in respect of the period covered in the block.
- d. Total Income of taxpayer would be **undisclosed income** which shall include any money, bullion, jewellery, valuable articles, any expenditure, any income based on entry in book etc.
- e. Such total income would be chargeable to **tax @ 60% u/s 113** of the Act. **No interest** under the provisions of **section 234A, 234B or 234C** or **penalty** under the provisions of **section 270A** shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.
- f. **Penalty would be levied @ 50%** of the tax computed on the undisclosed income. However, no penalty shall be levied if taxpayer offers such undisclosed income in return of income and pays the tax along with return of income.
- g. **Time limit** for completing of block assessment is **12 months** from the end of the month in which last authorisation of search was made.

Above proposed amendment is applicable to those cases where search is conducted **after 1st September, 2024**.

APPEAL AGAINST BLOCK ASSESSMENT

It is proposed that appeal can be filed before CIT(A) against block assessment order passed by AO in respect of search initiated on or after 01st September, 2024

Above proposed amendments will come in to force from 01st September, 2024.

RATIONALISATIONS OF POWER OF CIT(A)

Presently CIT(A) does not have power to set-aside the assessment to the assessing officer

It is now proposed that CIT(A) may set aside the assessment where an appeal has been filed against best judgement order passed

Above proposed amendments will come in to force from 1st October, 2024.

Rationalization of provisions of Black Money Act relating to penalty for non-disclosure of foreign assets: - [Amendment to Section 42 and 43 of the Black Money Act, 2015]

At present, a taxpayer, being a resident and ordinarily resident, ***is liable for a penalty of Rs.10 lakhs*** for failure to furnish a return or failure to disclose in the return furnished, details of foreign assets held by him. An exception is however provided for failure to report bank accounts having an aggregate balance not exceeding Rs.5 lakhs.

In a relief to taxpayers who failed to report details of low value foreign assets, it is proposed to carve out an exception from the levy of such penalty for failure to report foreign assets ***(other than immovable property)*** where aggregate value of such assets does not ***exceed Rs.20 lakhs.***

Above proposed amendments will come in to force from 1st October, 2024

Proposal to include the reference of Black Money Act, 2015 for the purposes of obtaining a tax clearance certificate:- [Amendment to Section 230 (1A) of the Act]

At present, a person domiciled in India cannot leave India unless he ***obtains Tax Clearance Certificate*** for liabilities under Income Tax Act or Wealth Tax Act or Gift Tax Act or Expenditure Tax Act.

It is proposed to expand the scope of Tax Clearance Certificate to cover liabilities under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

Above proposed amendments will come in to force from 1st October, 2024.

Adjusting liability under Black Money Act, 2015 against seized assets:- [Amendment to Section 132B of the Act]

At present, any assets seized during the course of search or otherwise requisitioned by the Assessing Officer have to be utilized against the existing liability under the Income Tax Act or any of the following laws:

- Wealth Tax Act, 1957
- Expenditure Tax Act, 1987
- Gift Tax Act, 1958 and
- Interest Tax Act, 1974

It is proposed to extend the scope of such seized and requisitioned assets to utilize it against any existing liability under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015

Above proposed amendments will come in to force from 1st October, 2024.

Penalty for furnishing inaccurate Statement of Financial Transaction or Reportable Account [Amendment in Section 271FAA of the Act and Consequential Amendment in Section 273B of the Act]:-

At present, Section 271FAA of the Act contains provisions for penalty of Rs.50,000/- in case of furnishing ***inaccurate information*** in the statement of financial transaction (“SFT”) reporting, where such inaccuracy is on account of the following:-

- a) Failure to comply with due diligence requirements; or
- b) The reporting entity knows of the inaccuracy at the time of SFT filing but does not inform the prescribed income-tax authority; or
- c) The reporting entity discovers the inaccuracy after filing the SFT but does not furnish a correction statement within the prescribed time.

While reviewing India’s CRS legislative framework under the Automatic Exchange of Information (AEOI) framework, the Global Forum on Transparency and Exchange of Information for Tax purposes has formed a view that the penal sanction available under the said section for ***inaccuracies would not automatically extend to all cases where due diligence was not correctly done***, if the information did not lead to incorrect reporting.

So, it is accordingly proposed to widen the scope of penal provision of section 271FAA to clarify that penalty under the said section would be levied even ***in cases of failure to comply with due diligence requirements*** .

Consequential Amendment in Section 273B of the Act, which provides that no penalty shall be levied if the assessee proves that there was reasonable cause for such failure.

The proposed amendment shall come into force from the 1st October, 2024 onwards.

Penalty for failure to submit statement by a Non-Resident having liaison office [Insertion in Section 271GC of the Act and Consequential Amendment in Section 273B and 285 of the Act]:-

A non-resident having a liaison office in India, is required to prepare and deliver a statement in Form 49C in respect of its activities in a financial year to the Assessing Officer within sixty days from the end of such financial year under section 285 of the Act.

It is proposed that period within which such statement is to be filed, be henceforth prescribed under the Rules.

At present, no penalty is prescribed for failure to furnish an annual statement in Form 49C for Non-Resident having a liaison office in India.

Now , it is proposed to impose a penalty for failure to the furnish an annual statement from the period within which such statement is to be filed as per Income Tax Rules. The same is tabulated as under:-

Delay in period	Penalty (Rs.)
Up to 3 months	Rs.1,000/- per day
More than 3 months	Rs.1,00,000/-

Consequential Amendment in Section 273B of the Act, provides that no penalty shall be levied if the assessee proves that there was reasonable cause for such failure.

Above proposed amendment shall come into force from A.Y. 2025-26 onwards.

Penalty for failure to furnish statements of tax deductions/collections

[Amendment to 271H of the Act]:-

At present, Assessing Officer is to levy penalty on tax deductors or collectors for failure to furnish statements of tax deductions/ collections within the prescribed time.

However, ***such penalty is not leviable*** if the person proves that after paying the tax deducted or collected, the person had ***filed the statement within a period of one year from the due date of filing such statement.***

At present, due date to file a belated return by the assessee is one year from the end of the assessment year, the time limit presently is 31st December of the same assessment year. ***Deductees/ collectees face great inconvenience if the TDS/TCS statements by deductors/ collectors are not furnished in time,*** leading to mismatch in TDS/TCS during processing of income tax returns and raising of infructuous demands.

Considering the inconvenience faced by the deductee/ collectee due to belated filing of such statements ***by deductors/ collectors*** and further in line with due date for filing belated/ revised return, ***it has been proposed to reduce the time limit for immunity from imposition of penalty from one year to one month from the due date of filing such statement .***

Comparison of existing provisions with proposed amendment is tabulated as under: -

Particulars	Existing Provision	Proposed Provision
Time limit for immunity from imposition of penalty	1 Year from the due date of filing of TDS/TCS Statements	1 Month from the due date of filing of TDS/TCS Statements

Above proposed amendment shall come into force from A.Y. 2025-26 onwards.

Rationalization of provisions relating to period of limitation for imposing penalties [Amendment to 275 of the Act]:-

At present, where an appeal against the quantum addition is preferred, the penalty order is required to be passed by an AO by latest of the following dates:

- a) End of the financial year in which the quantum proceedings are completed;
- b) Six months from the end of the month in which the appellate order is received by the office of ***Pr. CCIT/ CCIT/ Pr. CIT/ CIT***

It is now proposed to ***remove the reference of Pr. CCIT/ CCIT in the above provisions.***

Comparison of existing provisions with proposed amendment is tabulated as under: -

Particulars	Existing Provision	Proposed Provision
Time Limit for penalty order is required to be passed by an AO by latest of the following dates:-	<ol style="list-style-type: none"> a) End of the financial year in which the quantum proceedings are completed. b) Six months from the end of the month in which the appellate order is received by the office of <i>Principal Chief Commissioner of Income Tax (Pr. CCIT)/</i> Chief <i>Commissioner of Income Tax (CCIT)/</i> Principal Commissioner of Income Tax (Pr. CIT)/ Commissioner of Income Tax (CIT) 	<ol style="list-style-type: none"> a) End of the financial year in which the quantum proceedings are completed. b) Six months from the end of the month in which the appellate order is received by the office of <i>Principal Commissioner of Income Tax (Pr. CIT)/</i> <i>Commissioner of Income Tax (CIT).</i>

The proposed amendment shall come into force from the 1st day of October, 2024 onwards.

Rationalization of provisions relating to period of limitation for imposing penalties [Amendment to 276B of the Act]:-

At present, where a deductor fails to deposit tax deducted at source by him to the credit of Central Government within the prescribed due date, he is liable for rigorous imprisonment for a term not less than three months but which may extend to seven years, along with fine.

It is now proposed to ***exempt such prosecution***, if such tax deducted at source, is deposited by the deductor ***before the due date for furnishing the quarterly statement of tax deduction for such payment***.

The proposed amendment shall come into force from the 1st October, 2024 onwards.

GOODS AND SERVICE TAX

Power to Regularize Non-Levy or Short Levy Of GST:-

It is proposed to insert new section 11A in the CGST Act empowering the Government to regularize non-levy or short levy of GST where it is satisfied that such non-levy or short levy was / is a result of general trade practice.

Identical provisions were also provided under the earlier laws in Central Excise and Service Tax. Recently, the CBIC had issued various circulars to regularize the payment of non-payment of tax for specified goods / services.

Thus, the above provisions will provide legal backing for such Circulars and the act of non-payment can be regularized based on the Notifications to be issued as per the above proposed amended Sections.

The above provisions do not specifically provide for disallowance of claiming refund of the tax paid on supplies notified under the above provisions. Therefore, if any assessee has paid tax on such supplies, then the possibility of claiming refund can be explored.

Similarly, Section 6A is inserted to IGST Act and Section 8A is inserted to UTGST Act so as to bring it at par with CGST Act.

Above Proposed amendment shall be effective from a date to be notified.

Time of Supply of Services under RCM [Amendment of Section 13(3)]:-

Existing Provision	<p>At present, provision of Section 13(3), time of supply in case of services on which tax is payable on RCM is the earliest of: -</p> <p>a. date of payment as entered in Books of accounts of the recipient or date of payment on which payment is debited from recipient's bank account or</p> <p>b. date immediately following 60 days from the date of issue of invoice or document by the supplier.</p> <p>Presently, <i>there was no distinction between Supply received from Registered Supplier and Supply received from Unregistered Supplier. Time of supply was same.</i></p>
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<p>Proposed Amendment</p>	<p>It is proposed to <i>insert sub clause c. to Section 13(3)</i> to provide Time of Supply in case of services received from Unregistered Supplier on which tax is payable on RCM.</p> <p><i>Sub clause C inserted is as under: -</i></p> <p><i>Date of Issue of invoice by the recipient in cases where invoice is to be issued by the recipient.</i></p> <p>This amendment clarifies that the Time of Supply in case of services liable to be taxed under RCM would be separate in case Service received from Registered Supplier and Unregistered Supplier. In case of RCM supply of services received from Registered Person, the time limit shall be 60 days from the date of invoice and in case of RCM supply of services received from unregistered person (<i>example – Import of services</i>), the Time of Supply shall be the date of Self-Invoice.</p> <p>Section 31(3)(f) providing for issuance of Self-Invoice is also proposed to be amended and the time limit for raising Self-Invoice shall be prescribed. Further, an explanation has been added to provide that a person who is registered solely for the purpose of deduction of TDS u/s 51 shall be treated as unregistered person.</p> <p>The given amendment read with amended Section 31(3)(f) of the Act will have an impact in respect of ITC to be claimed of such tax paid under RCM. At present, there was no time limit to issue invoice, but after the proposed Amendment provisions of Section 16(4) of the Act would debar claim of ITC on delayed payment and delayed issuance of invoice under RCM by the recipient.</p>
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Above Proposed amendment shall be effective from a date to be notified.

Time limit for claiming ITC extended [Amendment in Section 16(4) & Insertion of Section 16(5) of the Act]:-

<p>Existing Provision</p>	<p>At present, Section 16(4) of CGST Act provides the time limit for claiming ITC. As per the current provisions, the time limit for claiming ITC for the period 2017-18 to 2021-22 was 30th September of next financial year. Further, for the year 2022-23 onwards the time limit was extended to 30th November of the next financial year.</p>
<p>Proposed Amendment</p>	<p>It is now proposed to amend provision of Section 16(4) retrospectively from 01-07-2017 (by way of inserting new section 16(5) to provide that time limit for claiming ITC for invoices/debit notes for the period 2017-18 to 2020-21 shall be 30-11-2021.</p> <p>Thus, any ITC with respect to these years shall be eligible if it has been claimed in GSTR 3B filed up to 30-11-2021.</p> <p>It may be noted that the said amendment does not allow any availment of fresh credit for invoices on which ITC was not availed earlier.</p> <p>There are many Show - Cause notices issued for denial credit on the ground that credit has not been claimed within prescribed time limit. Further, there are notices where demand has been raised by comparing GSTR 2A with GSTR 3B. In such notices GSTR 2A is considered only till 30th September of next financial year. Further, there are notices issued denying ITC on the grounds that supplier has not filed GSTR-1 within prescribed time limit given in Section 16(4). All such demand notices can be contested on the basis of this revised time limit under Section 16(4).</p>

It must be noted that the specific provision is being introduced to provide that no refund shall be claimed of any tax paid, or input tax credit reversed on account of erstwhile time limit of Section 16(4). However, if any interest/penalty has already been paid on account of erstwhile time limit of Section 16(4), option to claim refund of the same is available subject to applicable time limits.

Above proposed Amendment shall be effective retrospectively from 1st July, 2017.

Allowance of benefit of ITC for the period between Cancellation and Revocation of GST Registration [Insertion of new Section 16(6) of the Act]:-

A new section 16(6) is proposed to be inserted to extend the time limit for allowing the assessee to avail the ITC for the period during the effective date of cancellation till the date of revocation. The ITC in such cases can be availed in GSTR 3B –

- Filed up to 30th November of Next Financial year or filing of annual return whichever is earlier, or
- For the period during which the registration remained cancelled, where such return is filed within 30 days from the date of revocation of cancellation of registration

whichever is later.

Above proposed Amendment shall be effective retrospectively from 1st July, 2017.

Revocation of Cancellation of Registration will not be subject to conditions

[Amendment to Section 30 (2) of the Act]:-

Existing Provision	<p>At present, <i>the proper officer may, in such manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:</i></p> <p><i>Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.</i></p>
Proposed Amendment	<p>It is now proposed to insert a <i>New Proviso to sub-section (2) of section 30 of the CGST Act</i> to provide for an enabling clause <i>to prescribe Conditions and Restrictions for Revocation & Cancellation of Registration.</i></p>

Above Proposed amendment shall be effective from a date to be notified.

Amendments in refund provisions [Amendment to Section 54 (3) of the Act]:-

Existing Provision	<p>At present, As per Second proviso to section 54(3) of the CGST Act, no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty.</p>
Proposed Amendment	<p>It is now proposed to amend the section to also restrict Refund of Tax paid on account of Zero-Rated Supplies which is subject to Export Duty. Similar amendment is proposed in section 16 of IGST Act, 2017 to restrict refund of tax paid on export of goods which are subject to Export Duty.</p>

The provisions of Section 16(4) of the IGST Act, 2017 are proposed to be amended to provide that the refund granted on zero rated supplies shall be subject to the provisions of Section 54.

The above amendments align the provisions of Section 16 with Section 54. Therefore, the provisions of Section 54 will prevail over provision of Section 16. Therefore, all the conditions and restrictions prescribed in pursuance of Section 54 will be applicable to the refund claimed on zero-rated supplies.

Above Proposed amendment shall be effective from a date to be notified.

Amendment in the Demand and Adjudication [Insertion of a new Section 74A of the Act]:-

Presently, the notices for determination of tax not paid, short paid, ITC wrongly availed or utilized (Tax Demand) and Tax erroneously refunded (Refund Demand) are governed under separate provisions either as:

- Other than fraud, willful misstatement or suppression of facts **under section 73** of the Act (**Non-Fraud cases**), or
- Fraud, willful misstatement or suppression of facts **under Section 74** of the Act (**Fraud cases**).

It is now proposed to insert a **new section 74A** to the CGST Act for **Determination of Demands for both cases** mentioned above.

It is brought to provide for common time limit for issuance of demand notices and orders from FY 2024-25 onwards irrespective of Fraud cases or Non-Fraud Cases.

Old provisions will be applicable for demands pertaining for the period up to FY 2023-24 and the proposed new provision will be applicable for demands from FY 2024-25 onwards

A comparison of the current and the proposed provisions is tabulated below:

Particulars	Existing		Proposed
	Section 73	Section 74	Section 74A
Period covered	Period up to FY 2023-24	Period up to FY 2023-24	FY 2024-25 onwards.
Cases covered	Cases other than fraud, wilful misstatement, or suppression of facts	Cases of fraud, wilful misstatement, or suppression of facts	Any Case (where tax involved is 1000 INR or more)
Time limit to issue SCN	3 months prior to the due date of issuance of Order (as given below)	6 months prior to the due date of issuance of Order (as given below)	3.5 years from the due date of annual return. (42 months)
Time limit to issue order	3 years from Annual Return due date	5 years from annual return due date	1 year from the date of SCN. This can be further extended by maximum 6 months

The quantum of penalty payable is tabulated below:

Quantum of Penalty	Section 73	Section 74	Section 74A (Proposed)	
			Non-Fraud cases	Fraud cases
General Penalty	Higher of – 10% of tax or INR 10,000	100% of tax	Higher of – 10% of tax or INR 10,000	100% of tax
Penalty if tax & interest is paid before issuance of SCN	No penalty	15% of tax	No penalty	15% of tax
Penalty After issuance of SCN	No penalty if tax & interest is paid within 30 days of issuance of SCN	25% of tax if tax & interest is paid within 30 days of issuance of SCN	No penalty if tax & interest is paid within 60 days of issuance of SCN	25% of tax if tax & interest is paid within 60 days of issuance of SCN
Penalty After issuance of Order	Full penalty (higher of 10% of tax or INR 10,000) payable	50% of tax if tax & interest is paid within 30 days of issuance of Order	Full penalty (Higher of 10% of tax or INR 10,000) payable	50% of tax if tax & interest is paid within 60 days of issuance of Order

Availability of ITC on payment of tax u/s 74A of the Act [Amendment to 17(5) of the Act]:-

The current provisions of Section 17(5)(i) disallow ITC of tax paid in pursuance of any proceedings under Section 74, 129 & Sec. 130 of the Act.

The provisions of Section 74 provided for recovery of tax not paid on account of mala fide intention. Thus, if tax is paid by the supplier consequent to proceedings under section 74 and subsequently is recovered from the recipient, then ITC of the same is not available to the recipient. Similarly, if tax under RCM is paid by the assessee in pursuance of proceedings under section 74 then ITC of the same is not allowed.

The said provision is proposed to be amended wherein the said restrictions will only apply for payment of tax made under section 74 in respect of any period up to the F.Y. 2023-24.

In other words, as per proposed amendment, payments of tax made in pursuance of provisions under section 74A will be permitted as ITC from 2024-25 onwards.

Further, wherever there is a reference to Section 73 and 74 in the CGST Act, it is proposed to provide a reference to Section 74A.

Reduction in Maximum Pre-Deposit Limit for Filing GST Appeal [Amendment to Section 107 of the Act]:-

Provisions of section 107 of CGST Act, 2017 & section 20 of IGST Act, 2017, provides the amount of pre-deposit payable before filing appeal is proposed to be amended as under:

Sr. No.	Forum	Scenario	Existing Amount payable	Proposed Amount payable
1	Appellate Authority	10% of disputed amount which is subject to maximum amount (CGST/SGST each)	Rs. 25 Crores	Rs. 20 Crores (Total CGST and SGST – Rs. 40 crores)
2	Appellate Authority	10% of disputed amount which is subject to maximum amount (IGST)	Rs. 50 Crores	Rs. 40 Crores
3	GST Tribunal	CGST/SGST each	20% of disputed amount subject to maximum amount of Rs. 50 Crores.	10% of disputed amount subject to maximum amount of Rs. 20 Crores. (Total CGST and SGST – Rs. 40 crores)
4	GST Tribunal	IGST	20% of disputed amount subject to maximum amount of Rs. 100 Crores.	10% of disputed amount subject to maximum amount of Rs. 40 Crores.

Reduced pre-deposit requirement for filing appeals is a positive development, alleviating financial burdens on genuine taxpayers seeking legal remedies.

Introduction of Amnesty Scheme under GST

A new Section 128A has been inserted in CGST Act, 2017, to provide for Amnesty Scheme. The features for the scheme are as follows:

- (i) The Scheme provides waiver of interest and penalty on full payment of tax against demands raised for the period **July 2017 to March 2020** or part thereof under section 73 of the CGST Act.
- (ii) The tax amount as appearing in Show Cause Notice or Order is to be paid in full. There is no option of going for Amnesty Scheme for certain issues in the Show Cause Notice or order. Hence, full tax amount given in the notice or order is required to be paid, otherwise benefit of the scheme cannot be claimed.

Further, there is no clarity for cases where show cause notice / order covers period which is eligible for amnesty and period beyond that which is ineligible. For example, a notice covering demand for the period 2019-20 and 2020-21.

(iii) The Scheme covers demand covered in the following notices / orders:

- Show Cause Notice u/s 73 of CGST Act,
- Order u/s 73(9) of CGST Act – Order by Adjudicating Authority
- Order u/s 107(11) of CGST Act – Order by Appellate Authority
- Order u/s 108(1) of CGST Act – Order by Revisional Authority
- Appeal pending before Appellate Authority or Tribunal or Court – only if withdrawn before the notified date.
- Writ Petitions filed before Court – only if withdrawn before the notified date.

- In cases where the Appellate Authority or Tribunal or Court determined that fraud, suppression and misstatement are not applicable in terms of Section 75(2) of CGST Act.

- (iv) The due date before which the tax amount has to be paid will be separately notified. The same is likely to be 31st March 2025 (as per press release for 53rd council meeting).

- (v) In case where any department appeal is pending and assessee wishes to claim benefit under scheme, assessee must pay the tax as confirmed in the impugned order and shall further, pay the amount as confirmed by the appellate order (passed after department appeals is disposed), within 3 months of the date of order for claiming benefits under the scheme.

- (vi) In case when the assessee has already paid interest and penalty, no refund of the same can be claimed.

- (vii) The benefit of Amnesty Scheme is not applicable in respect of any amount payable on account of erroneous refund.

- (viii) Once the benefit of the Amnesty Scheme is availed and the proceedings are deemed to be concluded then no appeal shall lie against the said orders. Hence, in our opinion, if there are multiple co-notices in one show cause notice or order, then proceedings of penalty against the multiple co-noticees will be concluded.

- (ix) Benefit of the scheme will be subject to conditions prescribed. Further conditions with respect to mode of payment (e.g. through ITC or cash), etc is likely to be notified once the said section is enacted.

Above Proposed amendment shall be effective from a date to be notified.

Antiprofitteering Measures [Insertion of Proviso and Explanation to Section 171]:-

<p>Existing Provision</p>	<p>At present, provision of Section 171 of the CGST Act, 2017, a supplier is expected to pass on the benefit of tax to the receiver by way of reduction in prices of the supply under two circumstances:</p> <ul style="list-style-type: none"> ➤ If there is a reduction in the rate of tax on the said supply; ➤ If the input tax credit is made available in connection with a supply on which input credit was not available previously. <p>Further Sub-Section 2, 3 and 3A of Section 171 deal with the constitution of National Profiteering Authority and their powers.</p>
<p>Proposed Amendment</p>	<p>Proviso and Explanation is being inserted in section 171 (2) of the CGST Act, so as to empower the Government to notify the date from which the Authority under the said section will not accept any application for anti-profitteering cases. The GST Council in its 53rd meeting recommended the sunset date of April 01, 2025 for receipt of any new application regarding anti-profitteering.</p> <p>The Anti-profitteering provision was introduced for initial period of 3 years but was extended.</p> <p>Explanation in the sub-section (3A) of the said section is being inserted, so as to include the reference of Appellate Tribunal in the Authority under the said section so that the Appellate Tribunal may be notified by the Government to act as an Authority under the said section.</p> <p>Further, amendment is proposed in Section 109 to provide that Principal Bench of GSTAT shall conduct the examination or adjudicating of the matters pending before anti-profitteering authority.</p>

Schedule III of CGST Act, 2017 [Insertion of Service in the List]:-

Existing Provision:

Schedule III of the CGST Act, 2017 specifies Activities or transactions which shall be treated neither as a supply of goods nor a supply of services. Till date 8 services are listed in this schedule :-

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;

(b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

(c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
6. Actionable claims, other than 4[specified actionable claims.

7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.

8. (a) Supply of warehoused goods to any person before clearance for home consumption;

(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Proposed Amendment: -

Following services have also been inserted in **Schedule III list** which should neither treated as supply of goods or Supply of service. Same are as follows:

- ***Apportionment of Co-Insurance premium by the lead insurer to the co-insurer.***
- ***Ceding commission or re-insurance commission deducted from the reinsurance premium paid by the insurer to the re-insurer.***

Both activities are now proposed to be included in Schedule III and consequently such activity will not amount to supply of goods or services or both subject to the condition that the lead insurer has paid the tax on the entire amount of premium and reinsurer has paid tax on gross reinsurance premium which shall be inclusive of ceding commission or re-insurance commission.

The inclusion of the said activity as no supply will not attract reversal of ITC as no corresponding amendment is made under section 17(3).

The above amendment has not been given retrospective effect. However, in line with the GST council recommendation to regularize past cases, it appears that for prior periods, a notification may be issued under the newly proposed section 11A.

Changes in penalty provision applicable to E Commerce Operator

Existing:

Section 122 (1B) provides penalty for e-commerce operator in case it allows supply of goods or services by persons which are restricted.

Amendment:

It is proposed to amend this sub-section to only impose penalty on ***only those Electronic Commerce Operators who are liable to collect Tax at Source*** under section 52.

The said amendment is proposed to be made effective from the 1st day of October, 2023 when the said sub-section had come into force.

Mandatory filing of TDS Return

Existing:

Every registered person required to deduct tax at source (TDS) under the provisions of GST has to file a return for the month in which such deductions have been made.

Amendment:

The provision has been substituted to mandate the electronic furnishing of TDS return for each month by the registered person required to deduct tax at source i.e. TDS Deductor registrations, irrespective of whether any deduction has been made in the said month or not.

CUSTOMS

1. Rate changes for major items effective immediately:

Sr. No.	Description of goods	Earlier Rate	Proposed Rate
A	Increased		
	Ammonium Nitrate	7.5%	10%
	PVC Flex Films	10%	25%
B	Decreased		
	Cellular Mobile Phone / charger of mobile phone.	20%	15%
	Ferro – Nickel	2.5%	Nil
	Gold bars / Gold Dore / Platinum / Silver Bar/ Silver Dore (AIDC and SWS surcharge rates also decreased)	10%	5%
C	Exemptions granted		
	Cancer drugs viz Trastuzumab Deruxtecan, Osimertinib and Durvalumab.		
	Wet white leather, Crust and finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products for export.		

2. Export duty changes

The export duty rates for certain items are rationalized as follows:

Sr. No.	Commodity	Rate of duties	
		From	To
1	Raw fur and skins including lamb fur skin.	60/10%	40%
2	Wet Blue Chrome Leather.	40%	20%
3	Crust Leather.	40%	20%
4	Tanned fur skin.	60%	20%

3. Other changes effective from 24th July 2024.

- a. Time limit increased for duty free re-import of goods (other than those under export promotion schemes) exported under warranty from 3 years to 5 years. The said time limit is further extendable by 2 years.
- b. Time limit increased for export of aircraft and vessels which are imported for maintenance, repair and overhauling from 6 months to 1 year, (further extendable by 1 year).
- c. The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 have been amended to provide for the power to undertake review of the 'New Shipper'.

4. Changes made with respect to existing exemptions:-

- a. 30 exemptions/ concessional rates have been extended up to 31.3.2029. The list of items is specified in Annexure -I of Tru Letter dt 23rd July 2024.
- b. 126 exemptions/ concessional rates will be continued up to 31.3.2026. The list of items is specified in Annexure -II of Tru Letter dt 23rd July 2024.
- c. The time period of 28 exemptions/ concessional rates will not be extended are being lapsed on their end dates of 30.9.2024. The list of items is specified in Annexure -III of Tru Letter dt 23rd July 2024.

5. Retrospective changes:-

- a. Exemption from Compensation cess to all goods imported by a unit or a developer in the Special Economic Zone for authorized operations, is being given retrospective effect from 01-07-2024.
- b. Notification no 37/2023 -Cus dt 10-05-2023 granted exemption w.e.f 10th May 2023 from basic customs duty and AIDC on imports of crude soyabean oil and crude sunflower seed oil based on unutilized quota in TRQ authorization for FY 2022-23. The said exemption is being given retrospective effect for the period from 1st April 2023 to 10th May 2023. Refund can be filed till 31st March 2025 for duty paid during such period.

6. Changes effective from date of enactment of Finance Act 2024:-

- a. Section 28 DA will be amended to allow the importer to submit the proof of origin certificate / declaration issued in terms of the trade agreements. The said certificate / declaration, issued by the issuing authority in terms of the trade agreement, should state that the said goods fulfill the country of origin criteria and the other requirements of the trade agreement.
- b. Section 65 is being amended to give power to the Government to prescribe certain manufacturing and other operations of goods that, that will not be permitted in a warehouse.

- c. Power to prescribe procedures / regulations for facilitating trade and other procedures for persons other than importers or exporters is being incorporated in the Customs Act.
- d. **Amendments in Customs Tariff Act, 1975** – Provisions relating to levy of protective duty on recommendation of tariff commission are being deleted.

7. Changes effective from 1st October 2024:-

Tariff entries are proposed to be amended in respect of specified defence products, technical textiles, sustainable blended aviation fuel, products used in Indian semiconductor machines, e-bicycles, natural menthol, printer cartridge etc. will be created. Hence the applicable Chapter Heading for many of such products will have to be changed from 1st October 2024.

CENTRAL EXCISE

Changes from the date of enactment of the Finance Bill.

- a. Exemption from Clean Environment Cess is granted on excisable goods lying in stock as on 30th June, 2017, on the condition that appropriate GST Compensation Cess is paid on supply of such goods w.e.f. 1st July, 2017.
- b. Extension of time period is granted for submission the final Mega Power Project certificate from 120 months to 156 months in terms of Notification No 12/2012-CE dated 17.3.2012.

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