



INDIA BUDGET 2024

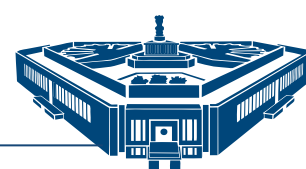
Vatsaraj & Co. | CHARTERED ACCOUNTANTS

For private circulation & internal use only

This booklet summarizes the important proposals included in the budget speech made by the Honourable Finance Minister on 23rd July, 2024. Whilst every care has been taken in the preparation of this document it may contain inadvertent errors for which we shall not be held responsible. It must be stressed that the Finance Bill may contain proposals which have not been referred to in the budget speech and additionally, the detailed proposals are liable to amendment during the passage of the Finance Bill through Parliament. The information given in this document provides a bird's-eye view on the changes proposed and should not be relied for the purpose of economic or financial decision. Each such decision would call for specific reference of the relevant statutes and consultation of an expert

CONTENTS

Foreword.....	02
Economic Survey – Key Highlights.....	05
Key Policy Announcements	07
Rates of Tax.....	08
Personal Tax.....	12
Business Income.....	14
Capital Gains	19
Trusts	26
Tax Incentives for Units in IFSC.....	29
Tax Administration and Litigation.....	31
Widening and Deepening of Tax Base/ Anti-Avoidance.....	39
Penalty and Prosecution.....	41
Tax Deducted at Source/Tax Collected at Source	43
Overview of TDS Rates for the Assessment Year 2025-26	53
Overview of TCS Rates for the Assessment Year 2025-26	69
Vivad Se Vishwas Scheme, 2024	72
Black Money Act, 2015	75
Prohibition of Benami Property Transactions Act, 1988	76
Goods and Service Tax	78
Customs	92
Excise	123



FOREWORD.....

The first budget of the newly elected NDA led coalition government, was presented by the Finance Minister, Mrs. Nirmala Sitharaman on 23rd July, 2024. As indicated in the Interim Budget announced earlier this year, the Union budget continued to focus on four major castes i.e., Poor, Youth, Women and the Farmer. The budget provided a detailed roadmap for the pursuit of achieving 'Viksit Bharat', by envisaging sustained efforts on the following 9 priorities for generating ample opportunities for all:

1. Productivity and resilience in Agriculture
2. Employment & Skilling
3. Inclusive Human Resource Development and Social Justice
4. Manufacturing & Services
5. Urban Development
6. Energy Security
7. Infrastructure
8. Innovation, Research & Development and
9. Next Generation Reforms

The fiscal deficit is targeted at 4.9% of the GDP for the Fiscal Year 2024-25, which is lower than the actual fiscal deficit of 5.6% of the GDP for the Fiscal year 2023-24. Further the Government aims to keep the fiscal deficit below 4.5% of the GDP in the next year, which reflects a prudent approach to fiscal management.

The Union Budget proposed to simplify rules and regulations pertaining to Foreign Direct Investment and Overseas Direct Investment regulations, to attract significant foreign investment and to promote using Indian currency for overseas investment.

On the direct tax front, The Hon'ble Finance Minister announced a comprehensive review of the Income-tax Act to make it more concise, lucid and easy to understand. The same is proposed to be achieved in the next 6 months. Further, for personal income taxes, the budget has created 3 additional slab rates under the new regime for income above INR 10,00,000. The Union budget has also made policy announcements with respect to capital gains tax with an aim to simplify the capital gains tax regime. To extend support to the start-up ecosystem, 'angel tax' has been abolished. Further, the Government has introduced 'Direct Tax Vivad se Vishwas Scheme, 2024', a new scheme for settlement of pending appeals.

Another major announcement on the Direct tax front, was abolishment of the 'Equalisation Levy' on e-commerce supply of goods and services, from 1st August, 2024. This also indicates the Government's resolve to support the Two Pillar Solution.

Several measures have also been proposed to reduce the pendency of direct tax litigation.



The major policy announcements in the Union budget involved- schemes to promote education; scheme to upskill youth by providing industrial training; assistance to select states to enhance human resources, infrastructure and economic opportunities; credit guarantee scheme for MSME in the manufacturing sector; investments towards emerging technologies; agricultural research and Urban and Rural development plans.

On the Indirect tax front, the Government proposed to continue further simplifying tax structures and to expand the same to the remaining sectors. Another key proposal was to comprehensively revamp the customs duty rate structure over the next six months, to rationalize and revise them for ease of trade and reduction of disputes.

Key policy announcements for fiscal measures are summarized below:

- **Digital Public Infrastructure for Agriculture:** Government, in partnership with the states, will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in the next 3 years. The details of 6 crore farmers and their lands will be brought into the farmer and land registries. Further, the issuance of Jan Samarth based Kisan Credit Cards will be enabled in 5 states.
- **Employment Linked Incentive:** Government proposed to implement three schemes for 'Employment Linked Incentive', viz., Scheme A: Single Timers, Scheme B: Job creation in Manufacturing and Scheme C: Support to employers. These will be based on enrolment in the EPFO, and focus on recognition of first-time employees, and support to employees and employers.
- **Purvodaya:** A plan 'Purvodaya' will be formulated for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. This will facilitate human resource development, infrastructure and generation of economic activities in the region.
- **PM Awas Yojna:** Additional three crore houses have been announced under the PM Awas Yojna in rural and urban areas.
- **Pradhan Mantri Janjatiya Unnat Gram Abhiyan:** Pradhan Mantri Janjatiya Unnat Gram Abhiyan is proposed to be launched for improving the socio-economic condition of the tribal community in tribal-majority villages and aspirational districts.
- **Street Markets:** With an aim to transform the lives of street vendors, the Government has envisioned a scheme, to support the development of 100 weekly 'haats' or street food hubs in select cities.
- **PM Surya Ghar Muft Bijli Yojana:** In line with the announcement in the interim budget, 'PM Surya Ghar Muft Bijli Yojana' has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month.
- **Advanced Ultra Super Critical Thermal Power Plants:** The development of indigenous technology for Advanced Ultra Super Critical (AUSC) thermal power plants with much higher efficiency has been completed. A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant using AUSC technology. The government will provide the required fiscal support in this regard.



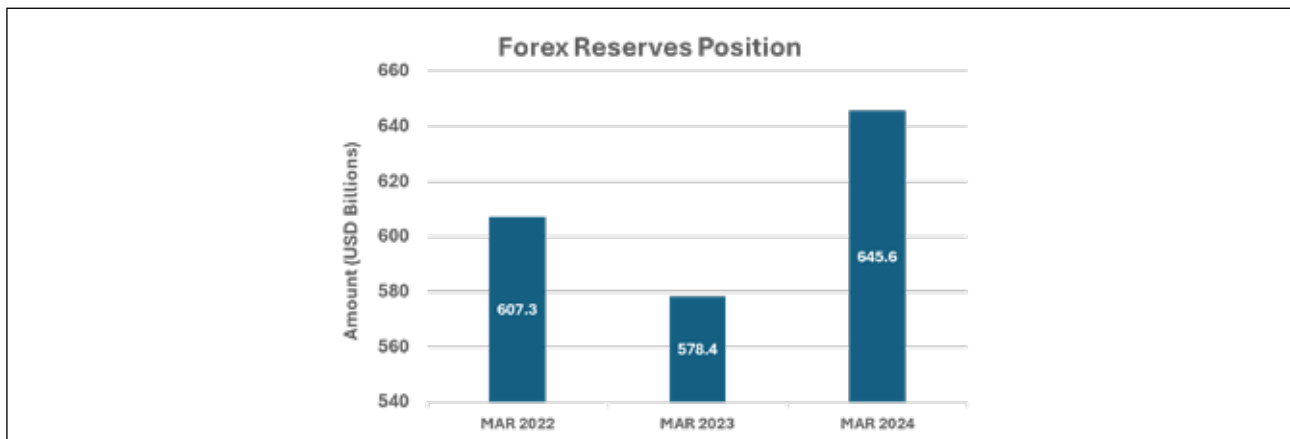
- **Pradhan Mantri Gram Sadak Yojna (PMGSY):** Phase IV of PMGSY is to be launched to provide all-weather connectivity to 25,000 rural habitations.
- **Anusandhan National Research Fund:** 'Anusandhan National Research Fund' will be operationalised for basic research and prototype development. Further, a mechanism for spurring private sector-driven research and innovation at commercial scale with a financing pool of ₹ 1 lakh crore is proposed to be set up, in line with the announcement in the interim budget.
- **Jan Vishwas Bill 2.0:** For enhancing, 'easy of doing business', Jan Vishwas Bill 2.0, is to be introduced. Further, states will be incentivized for implementation of their Business Reforms Action Plans and digitalization.

In conclusion, the Budget seems to be a balance budget with a focus on infrastructure development, innovation, research and next-generation reforms.



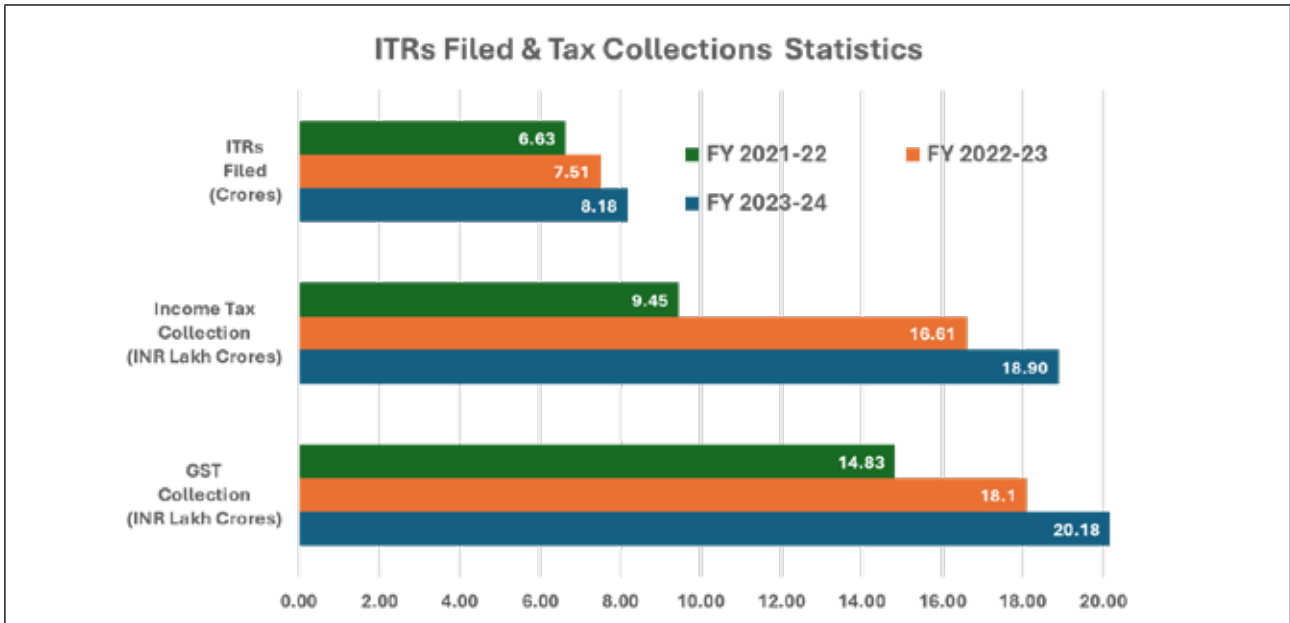
ECONOMIC SURVEY – KEY HIGHLIGHTS

1. The Annual GDP Growth Rate increased from 6.10% in FY 2022-23 to 7.8% in FY 2023-24
2. The Reverse Repo Rate unchanged at 3.35% for the 25th time.
3. The Repo rate continues to be at 6.5% for the 8th consecutive year.
4. The Forex Reserves as at 31st March, 2024, at an all-time high, stood at USD 645.6 Billion.



5. Fiscal deficit for FY24 is estimated slightly better at 5.8% as against the actual of 6.4% of FY23.
6. The annual inflation rate based on all India Consumer Price Index (CPI) number is 4.83% (Provisional) for the month of April, 2024 (over April, 2023). Corresponding inflation rate for the month of April, 2023 was 4.70%.
7. The per capita income stood at INR 1,85,854 for FY 24 as against INR 1,72,276 for FY 23.
8. FY 2023-24 marked a milestone with total gross GST collection of ₹ 20.18 lakh, a 11.7% increase compared to the previous year. Further, the average monthly collection for this fiscal year stood at ₹ 1.68 lakh crore, surpassing the previous year's average of ₹ 1.5 lakh crore
9. The net Direct tax collection stood at INR 18.90 lakh crores as at March 2024.
10. A record of over 8.18 crore Income tax returns were filed for A.Y. 2023-24 filed upto 31st December, 2023, as against 7.51 crore income tax returns filed for A.Y. 2022-23, thereby indicating a Y-o-Y increase of 9%.





11. Trade Data:

- Exports: Despite persistent global challenges, overall exports estimated to surpass last year's highest record. It is estimated to reach USD 776.68 Billion in FY 2023-24 as compared to USD 776.40 Billion in FY 2022-23.
- Imports: Overall imports in FY 2023-24 are estimated to be USD 854.80 Billion, exhibiting a negative growth of 4.81 per cent over FY 2022-23 (USD 898.01 Billion)
- Overall Trade: Overall trade deficit for FY 2023-24 is estimated at USD 78.12 Billion as compared to deficit of USD 121.62 Billion during FY 2022-23.



KEY POLICY ANNOUNCEMENTS

- Foreign Direct Investments and Overseas Investment:
Rules and regulation for Foreign Direct Investment and Overseas Investments are proposed to be simplified to facilitate foreign direct investment in India and to promote opportunities for using Indian Rupee as a currency for Overseas Investments.
- Stamp Duty:
Encouragement to States for revision of Stamp Duty rates and further to lower stamp duty rates for property purchased by women.
- Debt Recovery Tribunals:
Steps for reforming and strengthening debt recovery tribunals will be taken. Additional tribunals will be established to speed up recovery.
- Voluntary closure of LLP:
The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for voluntary closure of LLPs to reduce the closure time.
- Insolvency and Bankruptcy Code and National Company Law Tribunal:
An Integrated Technology Platform will be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.
Appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution. Additional tribunals will be established. Out of those, some will be notified to decide cases exclusively under the Companies Act.
- Variable Capital Company structure:
Appropriate legislative approval will be sought for providing an efficient and flexible mode for financing leasing of aircrafts and ships, and pooled funds of private equity through a 'variable company structure'
- NPS Vatsalya:
NPS-Vatsalya, a plan for contribution by parents and guardians for minors will be started. On attaining the age of majority, the plan can be converted seamlessly into a normal NPS account



RATES OF TAX

1. Personal Tax (Default Regime 115BAC – Amended Rates)

a) For Individuals, HUFs, AOPs/BOIs

Existing Slab Rates (Applicable for AY 2024-25)		Revised Slab Rates (Applicable for AY 2025-26)	
Total Income	Rate	Total Income	Rate
Up to ₹ 3,00,000	0.00%	Up to ₹ 3,00,000	0.00%
₹ 3,00,001 to ₹ 6,00,000	5.00%	₹ 3,00,001 to ₹ 7,00,000	5.00%
₹ 6,00,001 to ₹ 9,00,000	10.00%	₹ 7,00,001 to ₹ 10,00,000	10.00%
₹ 9,00,001 to ₹ 12,00,000	15.00%	₹ 10,00,001 to ₹ 12,00,000	15.00%
₹ 12,00,001 to ₹ 15,00,000	20.00%	₹ 12,00,001 to ₹ 15,00,000	20.00%
Above ₹ 15,00,000	30.00%	Above ₹ 15,00,000	30.00%

b) Surcharge for Individuals, HUFs, AOPs, / BOIs (Applicable for AY 2025-26)

Total Income	Surcharge Rates (%)
Up to ₹ 50,00,000	0.00%
₹ 50,00,000 – ₹ 1,00,00,000*	10.00%*
₹ 1,00,00,000 – ₹ 2,00,00,000*	15.00%*
Above ₹ 2,00,00,000	25.00% ^

[*Note: However, assessee would be entitled to Marginal Relief]

[^ Note: The surcharge shall not exceed 15% in case for:

- Dividend Income,
- Capital Gains taxed u/s 111A, u/s 112 & u/s 112A,
- Foreign Institutional Investor - for income in the form of Dividends & Capital Gains (as referred to in S. 115AD (1)(b)); and
- An Association of Persons consisting of only companies as its members.

c) Surcharge in case of Non-Resident Individuals (Applicable for AY 2025-26)

The benefit of capping the surcharge at 15 % for Dividend or Capitals Income is not available to non-residents where the said income is taxable under the provisions of section 115A,



115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s, 115AD.

d) Rebate for Resident Individuals

From FY 2023-24 due to a change in the slab rates under the default tax regime i.e., under section 115BAC, the rebate threshold had undergone changes. Under the default tax regime, a resident individual with taxable income up to ₹ 7,00,000 would be eligible for a tax rebate. The amount of rebate shall be the lower of the following:

- Actual tax payable,
- ₹ 25,000/-

The rebate u/s 87A has remained unchanged for the default tax regime i.e., under section 115BAC for F.Y. 2024-25 (A.Y. 2025-26).

2. Personal Tax (Old Tax Regime)

The tax rates have remained the same as on the earlier year.

a) For Individuals, HUFs, AOPs/BOIs:

Total Income	Tax Rates (%)		
	Tax Rate (%)	Cess @ 4%	Effective Rate (%)
Up to ₹ 2,50,000	0.00%	0.00 %	0.00%
₹ 2,50,001 to ₹ 5,00,000	5.00%	0.20 %	5.20%
₹ 5,00,001 to ₹ 10,00,000	20.00%	0.80 %	20.80 %
Above ₹ 10,00,000	30.00%	1.20 %	31.20%

b) Resident Senior Individuals (Age 60 years or more)

Total Income	Tax Rates (%)		
	Tax Rate (%)	Cess @ 4%	Effective Rate (%)
Up to ₹ 3,00,000	0.00%	0.00 %	0.00%
₹ 3,00,001 to ₹ 5,00,000	5.00%	0.20 %	5.20%
₹ 5,00,001 to ₹ 10,00,000	20.00%	0.80 %	20.80 %
Above ₹ 10,00,000	30.00%	1.20 %	31.20%



c) Resident Super Senior Individuals (Age 80 years or more)

Total Income	Tax Rates (%)		
	Tax Rate (%)	Cess @ 4%	Effective Rate (%)
Up to ₹ 5,00,000	0.00%	0.00 %	0.00%
₹5,00,001 to ₹ 10,00,000	20.00%	0.80 %	20.80 %
Above ₹10,00,000	30.00%	1.20 %	31.20%

d) Surcharge for Individuals, HUFs, AOPs, / BOIs (Applicable for AY 2025-26)

Total Income*	Surcharge Rates (%)
Up to ₹ 50,00,000	0.00%
₹ 50,00,000 – ₹ 1,00,00,000	10.00%
₹ 1,00,00,000 – ₹ 2,00,00,000	15.00%
₹ 2,00,00,000 – ₹ 5,00,00,000	25.00% ^
Above ₹ 5,00,00,000	37.00% ^

[*Note: However, assessee would be entitled to Marginal Relief]

[^ Note: The surcharge shall not exceed 15% in case for:

- i) Dividend Income,
- ii) Capital Gains taxed u/s 111A, u/s 112 & u/s 112A,
- iii) Foreign Institutional Investor - for income in the form of Dividends & Capital Gains (as referred to in S. 115AD (1)(b)); and
- iv) An Association of Persons consisting of only companies as its members.

e) Surcharge in case of Non-Resident Individuals (Applicable for AY 2025-26)

The benefit of capping the surcharge at 15 % for Dividend or Capitals Income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s, 115AD.

f) Rebate for Resident individuals

The rebate u/s 87A will remain unchanged at ₹ 12,500/- for resident individuals whose total income is not exceeding ₹ 5,00,000/-. The amount of rebate will be lower of the following:

- Actual tax payable
- ₹ 12,500/-



3. Corporate Tax for Foreign Companies:

The rate of tax is reduced from 40% to 35% on income other than income chargeable at special rates from the FY 2024-25 for Foreign Companies. Education cess and surcharge as applicable shall continue to apply.

4. Proposed introduction of proviso in the First Schedule to the Income Tax Act, in Rule 2:

Clause 87 of the Bill proposes to introduce a new proviso in rule 2 of the First Schedule to the Income-tax Act on how profits in the life insurance business are to be computed for tax purposes.

- Existing Rule: Rule 2 of the said Schedule, states that the profits and gains of life insurance business shall be taken to be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938, in respect of the last inter-valuation period ending before the commencement of the assessment year and excluding from it such surplus or deficit included therein which was made in any earlier inter-valuation period.
- Proposed Change: The proposed new proviso will require any expenditure which is not admissible under section 37 (expenses that cannot be deducted when calculating business profits) to be added back to the profits and gains of the life insurance business.
- Effective Date: This amendment will take effect from 1st April 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.



PERSONAL TAX

1. Amendment of section 2 – Taxation of ESOPs:

The existing provisions of section 2(22) of the Income-tax act has been amended to include the payment made by a company on purchase of its own shares from a shareholder as 'deemed dividend' in the hands of shareholder.

These amendments will take effect from 1st October 2024 and will accordingly apply to the assessment year 2024-2025 and subsequent assessment years. Consequential amendment has been made in section 194 in respect on TDS on dividend.

2. Amendment of section 16 – Standard Deduction:

Currently, clause (ia) of section 16 of the Act allows a deduction of ₹ 50,000 or the amount of salary, whichever is less, before computing income under the head "Salaries." To encourage and incentivize taxpayers, especially salaried individuals, to switch to the new tax regime, it is proposed to insert a proviso after clause (ia) of section 16. This proviso will stipulate that if income tax is computed under clause (ii) of sub-section (1A) of section 115BAC, the deduction amount will be ₹75,000 instead of ₹50,000.

This amendment will take effect from 1st April 2025.

3. Amendment of section 57 – Family Pension:

Section 57(iia) of the Act provides for deduction of income in nature of family pension for computing the income under the head "Income from other sources". The deduction of a sum equal to 33.33% of such income or ₹ 15,000, whichever is less, is allowed as deduction under the said section.

It is proposed to increase the deduction from ₹ 15,000 to ₹ 25,000 for the purpose of calculation of deduction under the new tax regime.

This amendment will take effect from 1st April 2025.

4. Amendment of section 80CCD – Contribution to Pension Scheme:

Section 80CCD of the Act, inter alia, provides a deduction to assessee employees for the sums paid by non-Government employer by way of contribution towards a Central Government notified pension scheme, on account of an employee, to the extent it does not exceed 10% of the salary of the employee in the previous year.

It is proposed to increase the amount of employer contribution allowed as deduction to the employee, from the extent of 10% to the extent of 14% of the salary of the employee in the previous year.

The amendments will take from the 1st day of April 2025.



5. Amendment of section 192(2A) – Pertaining to Tax Deducted at Source/Tax Collected at Source:

It is proposed to expand the scope of the section 192(2A) so as to include any tax deducted or tax collected at source under the provisions of Part B or Part BB of Chapter XVII, as the case may be, to be taken into account for the purposes of computing relief under section 89(1) while making the deduction under sub-section (1) of Section 192.

These amendments will be effective from 1st October 2024



BUSINESS INCOME

1. Section 28 – Profits and Gains of business or profession:

Section 28 of the Act specifies kinds of income that shall be chargeable to income-tax under the head ‘Profits and gains of business or profession’.

Vide Finance Bill 2024, it is proposed to insert Explanation 3 with effect from the 1st day of April, 2025 (AY 2025-26), which clarifies that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property”

The proposed amendment could potentially impact real estate companies and individuals who derive income from letting out properties as classification of such income to ‘Income from house property’ result in a higher tax liability for these taxpayers, as the company will not be able to claim deduction of expenditure incurred.

This amendment will be effective from 1st April, 2025.

2. Amendment of Rule 2 of the First Schedule:

Rule 2 of the First Schedule has been amended that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business shall be included to (i.e., added back to) the profits and gains of the life Insurance business.

This amendment will be effective from 1st April, 2025.

3. Section 36 and section 80CCD – Increase in extent of amount allowed as employer’s contribution to National Pension Scheme for availing deduction by non -government employee:

In order to rationalize the deduction of employer’s contribution to the National Pension Scheme for non-government employees, the deduction under subsection 2 of section 80CCD was previously allowed only if the deposit did not exceed 10% of the previous year’s salary. In contrast, employees of Central and State governments enjoyed a higher deduction limit of 14%.

With the Finance Bill 2024, the benefit of a 14% deduction has been extended to non-government employees as well, but this applies only if their salary is chargeable to tax under subsection (1A) of section 115BAC of the Act.

Furthermore, a corresponding amendment to section 36(1)(iva) has been introduced to increase the amount of employer contribution allowed as a deduction from 10% to 14% of the employee’s salary in the previous year.



These amendments will be applicable from 1st April 2025, affecting the Assessment Year 2025-26 onwards. The objective is to bring consistency in the deduction limits across sectors and ensure fair tax treatment for National Pension Scheme contributions by employers

4. Insertion and Amendment of provisions in relation to cruise shipping in case of non-residents [Section 44BBC, Section 44B and Section 10(15B)]:

Section 44BBC has been introduced to provide for a presumptive taxation regime for non-resident engaged in the business of operation of cruise ship. Subject to the conditions as may be prescribed, a presumptive tax rate of 20%, in aggregate, for carriage of passengers, of the following:

- (i) amount paid or payable to non-resident cruise ship operator or any person on his behalf; and
- (ii) amount received or deemed to be received by non-resident cruise ship operator or any person on his behalf

shall be deemed to be profits and gains of such business.

Further, section 44B which provided for a presumptive taxation regime in case of non-residents engaged in the shipping business. Now, with the proposal to introduce a specific section 44BBC in the Act for operations of cruise shipping, the Finance Bill 2024 proposes to exclude the non-residents engaged in business of cruise ships from applicability of provisions of section 44B of the Act.

This amendment will be effective from 1st April 2025.

Further, section 10(15B) is introduced, with the intention to simplify the structure of multi-layered entities engaged in cruise shipping. An exemption for the income of foreign company from lease rentals of cruise ships received from a specified company which operates such ships in India. It is proposed to exempt such income in the hands of the foreign company if such foreign company and the specified company are subsidiaries of the same holding company and the income from lease rentals is received or accrues or arises in India for a relevant assessment year. A specified company is a company which opts for presumptive taxation regime under section 44BBC of the Act.

This insertion of section 10(15B) will be effective from 1st April 2025 and will accordingly apply up to AY 2030-31.

5. Amendment of section 43D:

Section 43D provides that the income by way of interest credited in relation to certain categories of bad or doubtful debts shall be chargeable to tax in the previous year in which it is credited to the Profit and Loss Account or, as the case may be, in which it is actually received, whichever is earlier.



It is proposed to omit from the purview of this section “public companies”. Hence, public companies will not be liable to pay tax on such bad and doubtful debts as per the guidelines issued by National Housing Board.

This amendment will take effect from 1st April 2025.

6. Section 37 – Special provision in case of income of public financial institutions, public companies, etc.:

Section 37 of the Act provides for allowability of expenditure laid out or expended wholly and exclusively for the purpose of business or profession.

Explanation 3 of sub-section (1) of section 37 clarifies that any expenditure incurred for a purpose that is an offence or prohibited by law cannot be considered as incurred for the purpose of business or profession. Therefore, no deduction or allowance can be claimed for such expenditure.

Vide Finance Bill 2024, it is proposed to amend Explanation 3 to include expenditure incurred by an assessee to settle proceedings initiated in relation to a contravention under any law, as notified by the Central Government.

This means that any expenditure incurred to settle legal proceedings related to a contravention of law, as notified by the Central Government will not be disallowed in terms of provisions of S. 37.

This amendment will be effective from 1st April 2025.

7. Section 285 - Submission of statement by a Non-resident having Liaison office:

Section 285 provides that every non-resident having a liaison office in India, is required to prepare and deliver a statement containing particulars as may be prescribed in respect of its activities in a financial year to the Assessing Officer within sixty days from the end of such financial year. It is proposed to amend the period of 60 days within which such statement is to be filed to such period as may be prescribed under the Income-tax Rules, 1962.

This amendment will be effective from 1st April 2025.

8. Section 40 – Amounts not deductible:

Section 40 of the Income-tax Act, 1961 provides disallowance of certain amounts, sub-clause (v) of clause (b) inter-alia provides disallowance of payment of remuneration paid to a working partner in excess of the specified limits.

The Finance Bill, 2024, proposes to revise these limits to enhance the deductibility of remuneration.



The current threshold limit is as follows:

(a)	On the first ₹ 3,00,000 of the book profit or in case of loss	₹ 1,50,000 or at the rate of 90 percent of the book-profit, whichever is more.
(b)	On the balance of the book-profit	at the rate of 60 percent

Thus, if the remuneration paid to the working partner above the said limit the firm shall not be allowed to claim the deduction in computing the income chargeable under the head “Profit and gains of business or profession”.

It is now proposed to amend item (a) of sub-clause (v) of clause (b) of the said section 40 so as to increase the limit of remuneration to working partners, which is allowable as deduction.

The proposed/increased threshold limit is as follows:

(a)	On the first ₹ 6,00,000 of the book profit or in case of loss	₹ 3,00,000 or at the rate of 90 percent of the book- profit, whichever is more.
(b)	On the balance of the book-profit	at the rate of 60 percent

This amendment will be effective from 1st April, 2025.

9. Section 56(2)(viib) – Sunset clause of provisions relating to ‘Angel Taxation’:

Section 56(2)(viib) provided taxability of sums received by the company exceeding the fair market value at the time of issuance of shares.

It has been decided by the Government to sun-set the provisions of clause (viib) of sub-section (2) of section 56 of the Act for all class of investors. Consequent to said decision, amendment to clause (viib) of sub-section (2) of section 56 of the Act is being carried out to provide that the provisions of this clause shall not apply from the assessment year 2025-26.

This amendment is proposed to be made effective from the 1st day of April, 2025, and shall accordingly apply from assessment year 2025-26.

10. Amendment of provisions related to Equalisation Levy [Section 165A of Finance Act, 2016 and Section 10(50)]:

The existing provisions of Section 165A under Chapter VIII of the Finance Act, 2016 provide for imposition of equalization levy (EL) of two per cent on the amount of consideration received / receivable by an e-commerce operator from e-commerce supply or services. Further, any service which is liable to equalisation levy is exempt under Section 10(50), subject to certain conditions.



It is now proposed that equalisation levy at the rate of 2% shall be abolished in respect of consideration received / receivable for e-commerce supply or services on or after 1st August 2024. Consequently, it is also proposed to restrict the exemption under section 10(50) of the Act only to income arising from any e-commerce supply or services made or provided or facilitated on or after the 1st April 2020 till the 1st August 2024.

This amendment will take effect from 1st August 2024.

11. Section 92CA – Determination of Arm’s Length Price in respect of Specified Domestic Transaction in proceeding before Transfer Pricing Officer:

With effect from 1-6-2011, with a view to provide jurisdiction to the transfer pricing officer in-respect of other international transactions noticed by him in the course of proceedings before him, though referred by the Assessing Officer.

While vide Finance Act, 2012, amendments were made to the Finance Act, 2012 made to extend the applicability of transfer pricing provisions to specified domestic transactions (SDT) with effect from assessment year 2013-14. However, till no corresponding amendments were made in S. 92CA to provide similar powers to the Transfer Pricing Officer for Specified Domestic Transaction.

With a view to rationalise the provisions, amendment is proposed by Finance Bill 2024 to extend the powers of Transfer Pricing Officer in-respect of specified domestic transactions corresponding amendments are made in subsection 2A & 2B of S. 92 CA with effect from 1st April 2025 (AY 2025-26).

To summarise, with effect from 1st April 2025, TPO has powers for both international transaction & Specified Domestic Transaction noticed by him in the course of proceedings before him.



CAPITAL GAINS

1. Section 2 – Definition of Capital Asset under clause 42A:

The Finance bill 2024, has been amended to change the holding period for the purpose of computing short term capital gain for various assets.

The current provision states 3 different holding period:

A.	For a capital asset being share of listed company or unit of an equity-oriented mutual fund or zero-coupon bond	12 months
B.	Unlisted shares or an immovable property (being land or building or both)	24 months
C.	Any other capital asset	36 months

In order to rationalise the taxation of capital gains, it is proposed that there will be only 2 holding periods. The details of the proposed holding periods are as under:

A.	All listed securities (including listed business trust units)	12 months
B.	All other assets (unlisted securities, bonds, debentures, gold, immovable property)	24 months

The said amendment shall take effect from 23rd July, 2024 (A.Y 2025-26).

2. Section 47 – Transaction not regarded as ‘Transfer’:

Clause (iii) of Section 47 currently stipulates that section 45 does not apply to the transfer of a capital asset through a gift, will, or irrevocable trust, with the exception of specified ESOPs outlined in the first proviso.

Section 50D mandates that fair market value is to be considered as the full value of consideration when the amount received or accruing from the transfer of a capital asset is unascertainable or indeterminable.

Similarly, Section 50CA requires the fair market value to be used as the full value of consideration for unquoted shares when the consideration received is less than the fair market value. These provisions aim to curb capital gains tax avoidance.

Despite these measures, taxpayers have argued that the transfer of shares by way of gift remains exempt from capital gains tax under section 47(iii), which has led to tax avoidance and erosion of the tax base.

To address this, the Finance Bill, 2024 proposes to amend clause (iii) of section 47 and its proviso to ensure that the provisions of section 45 apply to the transfer of a capital



asset under a gift, will, or irrevocable trust by an individual or a Hindu Undivided Family (HUF).

This amendment will be effective from the assessment year 2025-26.

3. **Section 48 – Mode of Computation:**

The existing provisions of section 48 of the Income tax act for computing long term capital gains gives indexation benefit. The indexation benefit is proposed to be withdrawn with effect from 23rd July 2024.

The tax payable on such long-term capital gain is proposed to be reduced to 12.5% from 20%.

The said amendment shall take effect retrospectively from 23rd July 2024 and will accordingly apply to the transactions from 23rd July 2024 onwards.

4. **Section 50AA – Special Provision for computation of capital gain in Market Linked Debentures:**

Capital gain on transfer of unlisted bond or an unlisted debenture which is transferred or redeemed or matured on after 23rd July 2024 and of said capital assets shall be computed by taking:

the full value of consideration received or accruing as a result of transfer or redemption or maturity of such debenture or unit or bond as reduced by-

- i) the cost of acquisition of debenture or unit or bond; and
- ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset.

The definition of “Specified Mutual Fund” has also been updated as under:

Sr. No.	Existing Provisions - Specified Mutual Fund	New Provisions - Specified Mutual Fund
1.	where not more than 35% cent of its total proceeds is invested in the equity shares of domestic companies, provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.	The Mutual Fund invests more than 65% of its total proceeds in debt and money market instruments. or A fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a)- Specified Mutual Fund acquired on or after 01st April 2023 or Market Linked debenture.



Sr. No.	Existing Provisions - Specified Mutual Fund	New Provisions - Specified Mutual Fund
		<ul style="list-style-type: none"> • Percentage in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures. • Debt and money market instruments” shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

This amendment will be effective from 23rd July, 2024.

5. Section 55 – Meaning of ‘adjusted’, ‘Cost of Improvement’ and ‘Cost of Acquisition’:

Equity share in a company which is not listed on a recognized stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, as the case may be, but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer, “fair market value” would mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-2018 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

This amendment will be effective retrospectively from 1st April 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

6. Section 111A – Tax on short-term capital gains in certain cases:

The tax rates levied on short term capital gain on certain assets are proposed to be revised:



Sr. No.	Particulars	Existing tax rate	Proposed tax rate
1.	Capital Gain on Short-term capital Asset: - Equity Share in a company; or - Unit of Equity oriented Fund; or - Unit of business trust; and (a) The transaction of such equity shares or unit is entered into on or after the date on which chapter VII of Finance Act,2004 comes into force. (b) Such transaction is chargeable to Securities transaction tax.	15% (for any transfer which takes place before 23rd July 2024)	20% (for any transfer which takes place on or after 23rd July 2024)
2.	Balance Short-term capital gain	Normal Slab Rate	Normal Slab Rate

These amendments will be effective retrospectively from 23rd July, 2024.

7. Section 112A – Tax on Long term capital gains in certain cases:

Section 112A provides that Long-Term Capital Gains on transfer of STT paid equity shares of a company, units of equity oriented mutual funds and units of business trust are chargeable to tax at 10% in excess of Rs 1 lakh.

It is proposed that the exemption of Long-Term Capital Gains be increased from Rs 1 lakh to Rs 1.25 lakhs. Further the rate of capital gains increased from 10% to 12.5%.

Thus, the new tax position on Long Term Capital Gains referred to in section 112A shall be as under:

Sr. No.	Long Term Capital Gains Above Rs 1,25,000	Tax Rate
1.	If Transfer took place before 23rd July 2024	10%
2.	If Transfer took place on or after 23rd July 2024	12.5%

Provided that the exemption limit of Rs 1,25,000 shall apply to the aggregate of long-term capital gains under clauses (a) and (b) referred above.

This amendment will be effective retrospectively from 23rd July 2024.



8. Section 115AB – Tax on Long term capital gains on transfer of units purchased in Foreign Currency by Overseas Financial Organisations (Offshore Fund):

Section 115AB provides that Long-Term Capital Gains on transfer of units purchased in foreign currency by the Offshore Fund shall be taxable at 10%. The proposed tax rate on such gains is 12.5%.

Thus, the new tax position on Long Term Capital Gains referred to in section 115AB shall be as under:

Sr. No.	Long Term Capital Gains	Tax Rate
1.	If Transfer took place before 23rd July 2024	10%
2.	If Transfer took place on or after 23rd July 2024	12.5%

This amendment will be effective retrospectively from 23rd July, 2024.

9. Section 115AC - Tax on Long Term Capital Gains on transfer of Bonds or Global Depository Receipts purchased in Foreign Currency by Non-Residents:

Section 115AC provides for tax rates on income from Bonds or Global Depository Receipts purchased in Foreign Currency by Non-Residents or capital gains arising on their transfer. Any Long-Term Capital Gains on transfer of such Bonds or Global Depository Receipts shall be taxable at 10%. The proposed tax rate on such gains is 12.5%.

Thus, the new tax position on Long Term Capital Gains referred to in section 115AC shall be as under:

Sr. No.	Long Term Capital Gains	Tax Rate
1.	If Transfer took place before 23rd July 2024	10%
2.	If Transfer took place on or after 23rd July 2024	12.5%

This amendment will be effective retrospectively from 23rd July, 2024.

10. Section 115ACA - Tax on Long Term Capital Gains on transfer of Global Depository Receipts purchased in Foreign Currency:

Section 115ACA provides for tax on Long Term Capital Gains on transfer of Global Depository Receipts purchased in foreign currency by resident who is an employee of an Indian Company engaged specified knowledge-based industry or service or a subsidiary of such company (resident employee) As per the said section, any Long-Term Capital Gains on transfer of Global Depository Receipts by Resident - Employee shall be taxable at 10%. The proposed tax rate on such gains is 12.5%.



Thus, the new tax position on Long Term Capital Gains referred to in section 115AC shall be as under:

Sr. No.	Long Term Capital Gains	Tax Rate
1.	If Transfer took place before 23rd July 2024	10%
2.	If Transfer took place on or after 23rd July 2024	12.5%

This amendment will be effective retrospectively from 23rd July, 2024.

11. Section 115AD - Tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer:

Section 115AD provides tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer. As per the existing provisions, tax rates applicable on capital gains arising to Foreign Institutional Investors from transfer of securities is specified in the table below:

Sr. No.	Particulars	Tax Rate
1.	Short Term Capital Gains	
	a. As referred to in section 111A	15%
	b. Other than the above	30%
2.	Long Term Capital Gains	
	a. As referred to in section 112A (in excess of Rs 1,00,000)	10%
	b. Other than the above	10%

Amendment is proposed in section 115AD to increase the rate of tax for both short-term capital gains and long-term capital gains referred therein.

Thus, the new tax position in case of Foreign Institutional Investors from transfer of securities referred to in section 115AD shall be as under:

Sr. No.	Particulars	Tax Rates
1.	Short Term Capital Gains referred in section 111A	
	a. If Transfer took place before 23rd July 2024	15%
	b. If Transfer took place on or after 23rd July 2024	20%
2.	Long Term Capital Gains as referred to in section 112A (in excess of Rs 1,25,000)	
	c. If Transfer took place before 23rd July 2024	10%
	d. If Transfer took place on or after 23rd July 2024	12.5%



Provided that the exemption limit of Rs 1,25,000 shall apply to the aggregate of long-term capital gains under clauses (a) and (b) referred above.

This amendment will take effect retrospectively from 23rd July 2024.

12. Section 115E - Tax on Long Term Capital Gains on Investment Income:

Where the total income of an assessee, being a non-resident Indian, includes—

- (a) any income from investment or income from long-term capital gains of an asset other than a specified asset.
- (b) income by way of long-term capital gains

the tax payable by him shall be the aggregate of—

- (i) the amount of income-tax calculated on the income in respect of investment income referred to in clause (a), if any, included in the total income, at the rate of twenty percent.

Sr. No	Particulars	Current rate	Proposed rate
(ii)	Long Term Capital Gains	Deduct income tax thereon at the rate of 10% which takes place before the 23rd day of July 2024	Deduct income tax thereon at the rate of 12.5% which takes place on or after the 23rd day of July,2024

- (ii) the amount of income tax with which he would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).

This amendment will be effective retrospectively from 23rd July 2024.

13. Section 98 of the Finance Act, 2004 – Relating to charge of Securities Transaction Tax:

Securities Transactions Tax (STT)

Sr. No.	Particulars	Current rate	Proposed rate
1.	Sale of an options in securities	STT is 0.0625%	STT 0.1%
2.	Sale of a futures in securities	STT is 0.0125%	STT 0.02%

This amendment will be effective from 01st October 2024.



TRUSTS

1. **Amendment of section 10(23C), and sections 11 to 13 – Merger of Trusts under first regime with second regime:**

The Act puts in place two main regimes for trusts or funds or institutions to claim exemption:

- First regime – Section 10(23C) (iv), (v), (vi), (via)
- Second regime - Sections 11 to 13 of the Act

In order to take forward the process of simplification of procedures and to reduce administrative burden, it is proposed that the first regime be sunset, and trusts, funds or institutions be transited to the second regime in a gradual manner.

It is, therefore, proposed that:

- Applications seeking approval or provisional approval under Section 10(23C)(iv), (v), (vi) or (via) and filed on or after 1st October 2024, shall not be considered.
- Applications filed under these sub-clauses before 1st October 2024, and which are pending would be processed and considered under the extant provisions of the first regime itself.
- Approved trusts, funds or institutions would continue to get the benefit of exemption, as per the provisions of section 10(23C)(iv), (v), (vi) or (via) till the validity of the said approval.
- They would be eligible to apply for registration, subsequently, under the second regime. Amendments have accordingly been proposed in section 12A.
- Certain eligible modes of investment, under the first regime (viz. those specified in clause (b) of third proviso to clause (23C) of section 10) shall be protected in the second regime, by way of amendment in section 13.

These amendments will take effect from the 1st day of October 2024.

2. **Section 12AB - Condonation of delay in filing application for registration by trusts or institutions:**

A trust or institution desirous of seeking registration under section 12AB is inter alia required to apply within timelines specified in clause (ac) of sub-section (1) of section 12A.

It has been noted that at times trusts or institutions are unable to file application within specified timelines. In case a trust or institution is unable to apply within time specified,



it may become liable to tax on accreted income as per provisions of Chapter XII-EB of the Act. A situation of permanent exit of trust or institution from the exemption regime may also arise.

To avoid unintended consequences of tax on accreted income or permanent exit from exemption regime the Principal Commissioner/ Commissioner may be enabled to condone the delay in filing application and treat such application as filed within time if he considers that there is a reasonable cause for the same.

These amendments will take effect from the 1st day of October 2024.

3. Section 80G – Rationalisation of timelines for funds or institutions to file applications seeking approval under section 80G:

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

The first proviso to sub-section (5) of section 80G provides timelines for filing application for approval, for funds or institutions referred to in section 80G(2)(a)(iv). The second proviso lays down the procedure for processing the same.

To avoid unintended consequences of permanent exit of fund or institution from section 80G approval, it is proposed to amend the first and second provisos to rationalise the timelines for filing applications for approval.

These amendments will take effect from the 1st day of October 2024.

4. Section 80G(2)(a)(iiihg) – Deduction of sums paid to the National Sports Development Fund set up by the Central Government:

Section 80G(1) provides that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of the section, the sums as specified in Section 80G(2).

Section 80G(2)(a)(iiihg) 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.

The Government had set up the aforesaid fund by the name National Sports Development Fund w.e.f. 12.11.1998. Therefore, it has been proposed to amend Section 80G(2)(a)(iiihg) of the Act to delete the words “to be”.

This amendment will take effect from the 1st day of April 2025 and will accordingly apply to assessment year 2025-26 and subsequent assessment years.



5. Section 12AB to section 80G – Rationalisation of timelines for disposing applications made by trusts or funds or institutions, seeking registration for exemption under section 12AB or approval under section 80G

Applications seeking registration under section 12AB and those referred to in section 80G(2)(a) seeking approval, filed by trusts or funds or institutions, are required to be processed by the Principal Commissioner or Commissioner within a period of 6 months from the end of the month in which the application was received.

For better administration and monitoring, it is proposed to rationalise timelines for disposing applications made by trusts or funds or institutions to 6 months from the end of the quarter in which the application was received.

These amendments will take effect from the 1st day of October 2024.

6. Section 12AC – Merger of Trusts under the exemption regime with other Trusts:

When a trust or institution which is approved / registered under the first or second regime, as the case may be merges with another approved / registered entity under either regime, it may attract the provisions of Chapter XII-EB, relating to tax on accreted income in certain circumstances.

It is proposed that conditions under which the said merger shall not attract provisions of Chapter XII-EB, may be prescribed, to provide greater clarity and certainty to taxpayers. A new section 12AC is proposed to be inserted for this purpose which inter alia provide the following conditions:

- (a) the other trust or institution has same or similar objects.
- (b) the other trust or institution is registered under section 12AA or section 12AB or approved under section 10(23C)(iv)(v)(vi)(via); and
- (c) the said merger fulfils such conditions as may be prescribed.

These amendments will take effect from the 1st day of April 2025.

6. Section 11 – Inclusion of reference of clause (23EA), clause (23ED) and clause (46B) of section 10 in sub-section (7) of section 11:

Sub-section (7) of section 11 of the Act lays down that registration under section 12AB shall become inoperative, if the trust or institution is approved / notified under clause (23C), (23EC), (46) or (46A) of section 10. Such trust or institution has a one-time option to apply to make its registration under section 12AB operative. Thus, a trust or institution may choose the provisions under which it seeks to claim exemption.

It is proposed to amend sub-section (7) of section 11 of the Act to include reference of clause (23EA), clause (23ED) and clause (46B) of section 10 of the Act, to enable trusts under the second regime to claim exemption under the above-noted specific clauses of section 10.

These amendments will take effect from the 1st day of April 2025.



TAX INCENTIVES FOR UNITS IN IFSC

1. Amendment of section 10 clause 4D – For IFSC Retail Funds:

Item (I) of sub-clause (i) of clause (c) of Explanation to clause (4D) of section 10, is proposed to be amended to expand the ambit of ‘specified funds’ which can claim exemption under the said section, to include **retail funds and Exchange Traded Funds in IFSC**. Specified funds shall now include funds established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate, which have been granted a certificate as a retail scheme or an Exchange Traded Fund and are regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority (IFSCA) Act, 2019 and satisfy such conditions as may be prescribed.

This shall entail that the IFSC Retail Funds shall now be able to **avail exemption on income received by such Fund** from:

- (a) the transfer of certain securities listed on an IFSC exchange, including rupee denominated bonds of an Indian company, derivatives, foreign currency denominated bonds and equity shares of a company, etc. (“Specified Securities”).
- (b) the transfer of securities (other than shares in a company resident in India)
- (c) securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India; and
- (d) a securitisation trust which is chargeable under the head "Profits and gains of business or profession.

Further, any income received by a Non-Resident investor from its investment in IFSC Retail Fund or from the transfer of units of the IFSC Retail Fund will also be exempt in the hands of such investor.

This amendment shall take effect from the 1st day of April, 2025.

2. Rationalisation of section 10(23EE) – Amendment to definition of ‘Recognised Clearing Corporation’:

Section 10(23EE) provides for exemption to certain specified income of Core Settlement Guarantee Funds, only if such fund is set up by clearing corporations registered with SEBI. It has now been proposed to amend the definition of ‘Recognised Clearing Corporation’ to include Funds set up clearing corporations registered with the IFSCA.

This amendment shall take effect from the 1st day of April, 2025.



3. Rationalisation of section 68 – Pertaining to Cash credits:

Section 68 provides that where any sum is found to be credited in the books of a tax payer, and the tax payer offers no explanation about the nature and source thereof, or the explanation offered by him is not satisfactory, the sum so credited may be charged to income-tax. Further, the nature and source of any liability credited in the books of the taxpayer is treated as explained only if the source of funds is also explained in the hands of the creditor. However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, is not applicable if the creditor is a Venture Capital Fund (VCF) or Venture Capital Company (VCC) registered with SEBI. The Bill now proposes to extent this relaxation to VCFs registered with IFSCA.

This amendment shall take effect from the 1st day of April, 2025.

4. Section 94B – Limitation on interest deduction in certain cases:

Section 94B of the Act puts in place a restriction on deduction of interest expense in respect of any debt issued by a non-resident, being an associated enterprise of the borrower. It applies to an Indian company, or a permanent establishment of a foreign company in India, who is a borrower. If such person incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession", the interest deductible shall be restricted to the extent of thirty per cent. of its earnings before interest, taxes, depreciation and amortisation so as to avoid thin capitalisation of a corporate entity.

At present, the provisions of this section do not apply to Indian companies or permanent establishments of foreign companies which are engaged in the business of banking or insurance or such class of non-banking financial companies as may be notified by the Central Government.

It is now proposed that the provisions of this section shall not apply to finance companies, located in IFSC, as defined in clause (e) of sub-regulation (1) of regulation 2 of the IFSCA (Finance Company) Regulations, 2021 made under the IFSCA Act, 2019, which satisfy such conditions and carry on such activities as may be prescribed.

This amendment shall take effect from the 1st day of April, 2025.



TAX ADMINISTRATION AND LITIGATION

1. Insertion of Section 139(9A) – In respect of returns furnished in pursuant to CBDT order u/s 119(2)(b):

Vide Finance Bill 2024, an amendment is proposed in S. 139 to insert subsection 9(A) to cover returns pursuant to CBDT's Order u/s 119 (2)(b) and to apply the other provisions of S. 139 to the said return.

While subsection 9A is inserted in S. 139, corresponding amendments in other provisions of the Act is not been proposed, leading to huge ramifications on the taxpayers.

2. Section 139AA – Quoting of Aadhaar Number:

Section 139AA(1) of the Act provides that every person who is eligible to obtain Aadhaar number shall, on or after 1st July 2017, quote Aadhaar number-

- (i) In the application form for allotment of permanent account number.
- (ii) In the return of income.

The First proviso to the said sub-section provides that where the person does not possess the Aadhaar Number, the Enrolment ID of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number or in the return of income furnished by him.

The said provisions allowing the quoting of Aadhaar Enrolment ID in application form for allotment of PAN or in the return of income, was introduced in 2017. Since then, as per data available in public domain, coverage of Aadhaar number has been increasing, and has encompassed majority of the population in India. Hence, it is imperative to discontinue the option of quoting of the Enrolment ID of Aadhaar in application form, as any allotment of PAN against the Enrolment ID may lead to duplication and misuse of PAN.

Hence it is now proposed to amend the Section 139AA(1) by inserting a Second proviso providing that the First proviso shall not apply in respect of any application form for allotment of permanent account number or return of income furnished on or after the 1st day of October 2024.

Further, it has been proposed to insert a new sub-section (2A) specifying that every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed prior to the 1st day of October 2024, shall intimate his Aadhaar number on or before a notified date to the specified authority.

This amendment will take effect from 1st October 2024.



2. **Reassessment Proceedings:**

It is proposed to substitute the section 148 by new section 148 as under:

a. Approval of Specified Authority u/s 151

As per the existing provisions of section 148, where notice is not issued along with the order under section 148A(d) determining Assessee's case to be a fit case for issue of such notice, it shall be mandatory for the Assessing Officer to obtain a prior approval of the specified authorities u/s 151.

It is now proposed to mandatorily issue the notice u/s 148 along with the order under section 148A (3) determining Assessee's case to be a fit case for issue of such notice. The approval of the authorities as specified in section 151 shall not be required for issuing a notice u/s 148 except in cases where the Assessing Officer has received information under the scheme notified under section 135A.

It is now proposed to substitute the existing section 151 by new section 151 wherein the specified authority for section 148 and 148A shall be Additional Commissioner or Additional Director or Joint Commissioner or Joint Director.

These amendments will be effective from 1st September 2024.

b. Section 152 – Other Provisions:

It is proposed to include the following provisions in section 152-

- i. Where search u/s 132 is initiated or requisition u/s 132A is made or survey u/s 133A (other than sub-section 2A) on or after 01.04.2021 but before 01.09.2024 the provisions of section 147 to 151 before the proposed amendment shall apply.
- ii. In cases where notice u/s 148 is issued or order u/s 148A(d) is passed before 01.09.2024 the provisions of section 147 to 151 before the proposed amendment shall apply.

These amendments will be effective from 1st September 2024.

c. Section 148 – Time limit for filing return of income:

As per the existing provisions of section 148, the Assessee shall be required to file the return of income in response to the notice u/s 148 within three months from the end of the month in which notice is issued or such further period as allowed by the Assessing Officer on application made by the Assessee.

It is now proposed that the Assessee shall be required to file the return of income in response to the notice u/s 148 within such period not exceeding three months from the end of the month in which notice is issued. The option to seek further extension by filing an application before the Assessing Officer is no more available to the Assessee.

This amendment will be effective from 1st April 2025.



d. Information which suggests the income chargeable to tax has escaped assessment:

It is proposed to include within the definition of 'information which suggests the income chargeable to tax has escaped assessment' any information emanating from survey conducted u/s 133A other than 133A(2A).

These amendments will be effective from 1st September 2024 and will accordingly apply from AY 2025-26 and onwards.

3. Substitution of new section for 148A – Conducting inquiry, providing opportunity before issue of notice u/s 148:

It is proposed to substitute the existing section 148A by new section 148A as under:

(a) Procedure for issue of notice u/s 148A:

As per the existing provisions of Section 148A, the procedure to be followed prior to issue of notice u/s 148 is under:

- i. Conduct of an inquiry with prior approval of specified authority with respect to information which suggests that income chargeable to tax has escaped assessment.
- ii. Provide an opportunity of being heard to the Assessee of not less than 7 days but not exceeding 30 days or further extension on the basis of application.
- iii. Consider the reply of the Assessee if any and the material available on record and pass an order with prior approval of specified authority within 1 month from end of month in which reply is furnished or the time limit to furnish the reply expires.

The procedure to issue notice u/s 148 under the new section 148A shall be as under:

- i. Where the Assessing Officer has information that income chargeable to tax has escaped assessment a show cause notice shall be served upon the Assessee to be mandatorily accompanied by such information.
- ii. The Assessee shall be required to comply with such show cause notice within time as specified by the Assessing Officer without any request for any further extension of time to comply with the notice.
- iii. Consider the reply of the Assessee if any and the material available on record and pass an order with prior approval of specified authority.

(b) Applicability of Section 148A in certain cases:

Further as per the existing provisions of Section 148A, the said provisions were not applicable in following cases:



Search u/s 132 or books of accounts or any asset or other documents requisitioned u/s 132A on or after 01.04.2021.

- i. Where the Assessing Officer is satisfied with prior approval of Principal Commissioner or Commissioner that any money, bullion, jewellery or other valuable article or thing, seized in a search under section 132 or requisitioned under section 132A, in the case of any other person on or after 01.04.2021 belongs to Assessee.
- ii. Where the Assessing Officer is satisfied with prior approval of Principal Commissioner or Commissioner any books of account or documents, seized in a search under section 132 or requisitioned under section 132A on or after 01.04.2021 pertains to Assessee or any information therein relates to Assessee
- iii. Any information received under scheme notified u/s 135A pertaining to any income chargeable to tax escaping assessment.

It is now proposed to amend the applicability of section 148A whereby the said provisions shall not apply only in case where any information received under scheme notified u/s 135A pertaining to any income chargeable to tax escaping assessment.

These amendments will be effective from 1st September 2024 and will accordingly apply from AY 2025-26 and onwards.

4. Section 149 – Time Limit for Notice:

It is proposed to substitute the existing section 149 by the new section 149 as under:

Time limit under existing provisions	Time limit under proposed provisions
Notice u/s 148	
3 years from end of the relevant assessment year	3 years 3 months from the end of the relevant assessment year
3 years but not more than 10 years from end of the relevant assessment year in case where income chargeable to tax represented in form of asset, expenditure in respect of transaction or event or entry or entries in books of account which has escaped assessment amounts to or is likely to amount to 50 lakhs rupees or more.	3 years 3 months but not more than 5 years 3 months from end of the relevant assessment year in case where income chargeable to tax represented in form of asset, expenditure in respect of transaction or event or entry or entries in books of account which has escaped assessment amounts to or is likely to amount to 50 lakhs rupees or more.



Time limit under existing provisions	Time limit under proposed provisions
Notice u/s 148A	
No time limit under existing provisions	3 years from the end of the relevant assessment year
	3 years 3 months but not more than 5 years 3 months from end of the relevant assessment year in case where income chargeable to tax which has escaped assessment amounts to or is likely to amount to 50 lakhs rupees or more.

These amendments will be effective from 1st September 2024 and will accordingly apply from AY 2025-26 and onwards.

5. Special Provisions for assessment of search cases:

It is proposed to amend the provisions of Chapter XIV-B of the Act, to provide the following for assessment of search cases:

- i. Where on or after the 1st day of September 2024, a search is initiated under section 132, or books of account, other documents or any assets are requisitioned under section 132A, in the case of any person, the Assessing Officer shall proceed to assess or reassess the total income of such person.
- ii. The 'block period' shall consist of previous years relevant to six assessment years preceding the previous year in which the search was initiated and shall include the period starting from the 1st of April of the previous year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or date of such requisition.
- iii. Regular assessments for such block period shall abate. There will be only one consolidated assessment for the block period. Till block assessment is complete, no further assessment/reassessment proceeding shall take place in respect of the period covered in the block.
- iv. The Assessing Officer shall assess the 'total income' of the assessee, including the undisclosed income which shall include any money, bullion, jewellery or other valuable article or thing or any expenditure or any income based on any entry in the books of account or other documents or transactions, where such money, bullion, jewellery, valuable article, thing, entry in the books of account or other document or transaction represents wholly or partly income or property which has not been or would not have been disclosed for the purposes of this Act, or any expense, deduction or allowance claimed under this Act which is found to be false.



- v. The undisclosed income falling within the block period, forming part of the total income, shall be computed in accordance with the provisions of this Act, on the basis of evidence found as a result of search or survey in consequence of such search or requisition of books of account or other documents and such other materials or information as are either available with the Assessing Officer or come to his notice by any means during the course of proceedings under the said Chapter.
- vi. The assessment in respect of any other person shall be governed by the provisions of section 158BD, which provides that where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom search was made or whose books of account or other documents or any assets were requisitioned, then, any money, bullion, jewellery or other valuable article or thing, or assets, or expenditure, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 158BC against such other person and the provisions of the said Chapter shall apply accordingly.
- vii. The tax shall be charged at sixty per cent for the block period, as per section 113 of the Act. The proviso to section 113 has been amended to provide that the tax chargeable under this section shall be increased by a surcharge, if any, which may be levied by any Central Act. However, presently, no surcharge is proposed for income chargeable to tax for the block period. 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.
- viii. Penalty on the undisclosed income of the block period as determined by the Assessing officer shall be levied at fifty per cent of the tax payable on such income. No such penalty shall be levied if the assessee offers undisclosed income in the return furnished in pursuance of search and pays the tax along with the return.
- ix. The time-limit for completion of block assessment of the searched assessee shall be twelve months from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made. The time-limit for completion of block assessment of any other person shall be twelve months from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person. However, an exclusion of nearly six months shall be available in respect of period from date of search to the date of handing over of seized material to the Assessing Officer.
- x. Where any evidence found as a result of search or requisition relates to any international transaction or specified domestic transaction referred to in section



92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.

- xi. The notice under clause (a) of sub-section (1) of section 158BC requiring the searched assessee to furnish his return of income for the block period, as well as the order of assessment for the block period shall be issued or passed, as the case may be, with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.
- xii. The Assessee aggrieved by the block assessment orders can take recourse to normal appellate proceedings under the Act.
- xiii. If assessee fails to furnish return of income post search, then penalty under section 276CCC of the Act is applicable.
- xiv. However, after 1st September 2024, no reference can be made to Dispute Resolution Panel even if there are Transfer Pricing adjustments.

The abovementioned amendment will take effect from the 1st day of September 2024.

6. Section 245Q – Advance Rulings:

The Finance Act, 2021, introduced changes to Chapter XIX-B of the Income-tax Act, which deals with Advance Rulings. The Act specified that the Authority for Advance Rulings (AAR) would cease to operate from a date announced by the Central Government. On September 1, 2021, the Central Government officially notified the end of AAR operations. Sections 245N to 245W outline the powers and procedures for the new Board for Advance Rulings (BAR).

According to section 245Q(3), applicants could withdraw their applications within 30 days of submission. After the AAR was discontinued, applications pending before AAR, for which no order under section 245R(2) had been issued, were transferred to the BAR. The original 30-day withdrawal period has already expired for these transferred applications.

In view of the numerous requests received by the BAR from applicants who initially filed their applications with the AAR and now wish to withdraw them due to delays, changes in the ruling forum, and other factors, an amendment is proposed in the Finance Bill. This amendment will allow applicants to withdraw their transferred applications by October 31, 2024, if no order under section 245R(2) has been issued.

The Finance Bill also proposes that the BAR will formally acknowledge these withdrawals by December 31, 2024. This adjustment aims to address the difficulties faced by applicants due to the transition from AAR to BAR.

This amendment will take effect from 1st October 2024.



7. Section 271FAA and 273B – Compliance with Automatic Exchange of Information (AEOI) framework:

Section 285BA of the Act requires specific reporting persons to furnish statement of specified financial transactions or any reportable account during the financial year which is captured in Form 61A in accordance with Rule 114E.

Currently section 271FAA(1) of the Act provides that a person defined under section 285BA(1) shall be liable to pay a penalty of ₹ 50,000 if they provide inaccurate information in a statement required by the Act. This penalty can be imposed due to failure to comply with due diligence requirements, deliberate actions, knowledge of the inaccuracy at the time of or after furnishing the statement.

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.

In view of the above, it is now proposed to substitute section 271FAA(1), to clarify that penalty of ₹ 50,000 under the said section shall be attracted in case of -

- i) furnishing inaccurate information in the statement;
- ii) failure to comply with due diligence requirement in the statement;

Further in section 273B, it is proposed to add the reference of section 271FAA in order to provide that no penalty shall be imposed for any failure referred to in the said section, if the assessee proves that there was reasonable cause for such failure.

The above amendments will take effect from 1st October 2024.



WIDENING AND DEEPENING OF TAX BASE/ ANTI-AVOIDANCE

❖ **Tax on distributed income of domestic company for buy-back of shares**

Under the existing provisions, a domestic company is liable to pay tax at the rate of 20% on the amount of distributed income upon buy-back of shares from a shareholder. Such distributed income is exempt in the hands of the shareholder.

Currently, section 2(22) specifically excludes from the definition of dividend any payment made by a company on purchase of its own shares from a shareholder, in accordance with the provisions of section 68 of the Companies Act, 2013.

In order to bring the pay-outs on buy-back of shares in line with regime for taxation of dividend, it has now been proposed that, the entire sum paid by a domestic company for purchase of its own shares shall be treated as dividend in the hands of shareholders, who received payment from such buy-back of shares and shall be charged to income-tax under the head “Income from other sources” at applicable rates. It is also proposed that no deduction for expenses shall be available against such dividend income under section 57(i).

As a consequence, to the above, the following amendments are also proposed to be made:

- a) Insertion of new sub-clause (f) to section 2(22), whereby the definition of dividend shall be amended to include any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013.
- b) Insertion of new proviso to section 10(34A), whereby the exemption provided earlier to shareholders on income arising from buy-back of shares by the company shall not apply on or after 1st October 2024.
- c) Insertion of new proviso to section 46A, whereby where the shareholder receives any consideration of the nature referred to in section 2(22)(f) on or after 1st October 2024 from any company in respect of any buy-back of shares, the value of consideration received by the shareholder shall be deemed to be nil.

In light of this, the cost of acquisition of the shares bought back would result in a capital loss for the shareholder. Consequently, when the shareholder has any other capital gain from the sale of shares or otherwise subsequently, he would be entitled to claim his original cost of acquisition for all the shares owned — including those bought back earlier and any subsequently sold shares. It shall be computed as follows:



- i. deeming value of consideration of shares under buy-back (for purposes of computing capital loss) as nil;
 - ii. allowing capital loss on buy-back, computed as value of consideration (nil) less cost of acquisition;
 - iii. allowing the carry forward of this as capital loss, which may subsequently be set-off against consideration received on sale and thereby reduce the capital gains to this extent.
- d) Insertion of new proviso to section 115QA (1), whereby the domestic company shall no longer be liable to pay tax at the rate of 20% on the distributed income by way of buy back of shares from a shareholder that takes place on or after 1st October 2024.
- e) Tax shall be deducted at source at 10% on payment of dividend under section 2(22)(f). [section 194]

These amendments will take effect from 1st October, 2024.



PENALTY AND PROSECUTION

1. Section 271H - Penalty for failure to furnish statements, etc.:

Section 271H of the Act provides for penalty of a sum which shall not be less than ₹ 10,000/- but which may extend to ₹ 1,00,000/- for failure to deliver or cause to be delivered statements referred to in Section 200(3) of the Act (relating to tax deducted at source) or proviso to Section 206C of the Act (relating to tax collected at source) or furnishing of incorrect information in the statement.

Section 271H(3) of the Act prescribes that no penalty shall be levied if the person proves that after paying TDS/ TCS along with fees and interest, if any, to the credit of the Central Government, he had delivered or caused to be delivered the TDS/TCS statement before the expiry of period of one year from the time prescribed for delivering or causing to be delivered such statement.

While earlier the due date to file a belated return by the assessee was 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.

To ensure better compliance, it is now proposed to amend section 271H(3), by reducing the time limit of one year to one month.

This amendment will take effect from 1st April 2025.

2. Section 275 – Bar on limitation for imposing penalties:

The said section, inter alia, provides that no penalty can be imposed in a case where appeal is preferred before the Commissioner of Income tax (Appeal) under section 246 or section 246A after the end of the financial year in which the proceedings, in the course of which action for imposition of penalty has been initiated are completed, or six months from the end of the month in which the order of the Commissioner of Income tax (Appeal) is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, whichever period expires later.

In order to address the ambiguity in calculation of number of days for imposition of penalty it is proposed to amend section 275 to omit the reference to the date of receipt of order by the Principal Chief Commissioner or Chief Commissioner.

These amendments will be effective from 1st October 2024 and will accordingly apply from AY 2025-26 and onwards.



3. Section 276B – Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B:

Section 276B clause (a), inter alia, provides that if a person fails to pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XVII-B, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

It is proposed to insert a proviso to the said section to provide that the provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under sub-section (3) of section 200.

This amendment will be effective from 1st October 2024.



TAX DEDUCTED AT SOURCE/ TAX COLLECTED AT SOURCE

1. Section 193 – Interest on Securities:

Section 193 of the Income Tax Act outlines the requirement for tax deduction at source (TDS) on interest payments made to residents from securities. Recently, the government introduced Floating Rate Savings Bonds (FRSB) 2020, which are taxable bonds. An upcoming amendment to Section 193 proposes that TDS be deducted at the time of payment on interest amounts exceeding ten thousand rupees. This amendment applies not only to interest earned on FRSB 2020 but also to any securities issued by the Central or State Government, as specified by the Central Government through notification in the Official Gazette. These changes are slated to take effect from October 1, 2024, aiming to streamline the TDS process for interest income on specified government securities and FRSB 2020 bonds, ensuring compliance with tax regulations.

This amendment will be effective from 1st October 2024.

2. Section 194C and 194J – Payments to contractors and Professional Fees:

Section 194C of the Income Tax Act mandates tax deduction at source (TDS) on payments made to contractors, with rates varying between 1% and 2% depending on the recipient. Section 194J pertains to TDS on fees for professional or technical services, with rates set at either 2% or 10%. Currently, Clause (iv) of the Explanation under section 194C defines “work” to specify activities subject to TDS, but does not explicitly exclude assesses who should be deducting tax under section 194J.

To address this ambiguity, an amendment is proposed to clarify that any payment covered under section 194J does not fall under the definition of “work” for the purpose of TDS under section 194C. This aims to prevent incorrect application of TDS provisions where deductors erroneously apply section 194C instead of section 194J. The amendment is scheduled to be effective from October 1, 2024, ensuring correct compliance and clarity in tax deductions related to professional or technical services under section 194J.

This amendment will take effect from 1st October 2024.

3. Section 194DA – Payment in respect of life insurance policy:

The said section provides that any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment deduct income-tax thereon **at the rate of five percent** on the amount of income comprised therein.



It is proposed to amend the said section to **reduce the said rate of tax deduction from five per cent to two per cent.**

This amendment will be effective from 1st October 2024.

4. Section 194F – Payments on account of repurchase of units by Mutual Fund or Unit Trust of India:

The said section provides that the person responsible for paying to any person any amount referred to in sub-section (2) of section 80CCB shall, at the time of payment thereof, deduct income tax thereon at the rate of twenty per cent.

Sub-section (2) of section 80CCB relates to investment made under the Equity Linked Savings Scheme (ELSS).

It is proposed to omit the said section 194F.

This amendment will be effective from 1st October 2024.

5. Section 194G – Commission etc. on the sale of lottery tickets:

The said section provides that any person who is or has been stocking, distributing, purchasing or selling lottery tickets and is responsible for paying, to any person any income by way of commission, remuneration or prize (by whatever name called) on or after the 1st day of October, 1991, the said person shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five percent on such tickets in an amount exceeding fifteen thousand rupees

It is proposed to amend the said section to reduce the said rate of tax deduction from five percent to two percent.

This amendment will be effective from 1st October 2024.

6. Section 194H – Commission or brokerage:

Section 194H, inter alia, provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five percent.

It is proposed to amend the said section to reduce the said rate of tax deduction from five percent to two percent.

This amendment will be effective from 1st October 2024.



7. Section 194-IA – Payment on transfer of certain immovable property other than agricultural land:

Section 194-IA of the Income Tax Act governs the deduction of tax on consideration paid for the transfer of certain immovable properties, excluding agricultural land. Sub-section (1) mandates that a person responsible for paying consideration to a resident for such a transfer must deduct 1% of the consideration amount or the stamp duty value of the property, whichever is higher, as income tax. Sub-section (2) specifies that no tax deduction is required if both the consideration and stamp duty value are less than fifty lakh rupees.

However, it has come to notice that some taxpayers interpret “consideration” to mean the individual payment made by each buyer rather than the aggregate payment for the entire property. Consequently, if any individual buyer’s payment is less than fifty lakh rupees, no tax deduction is made, even if the total consideration for the property exceeds fifty lakh rupees, which goes against legislative intent.

To address this interpretation issue, an amendment is proposed to sub-section (2) of section 194-IA. The amendment clarifies that where there are multiple transferees or transferors involved in the transfer of an immovable property, the consideration for tax deduction purposes shall be the aggregate of amounts paid or payable by all transferees to all transferors. This ensures that the tax deduction threshold is applied based on the total consideration involved in the property transaction, aligning with the legislative intent.

These amendments are slated to come into effect from October 1, 2024, aiming to prevent misinterpretation and ensure consistent application of tax deduction rules in property transactions covered under section 194-IA of the Income Tax Act

This amendment will be effective from 1st October 2024.

8. Section 194-IB – Payment of rent by certain individuals or Hindu undivided family:

Section 194-IB (1) provides that any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an amount equal to five percent of such income.

It is proposed to amend the said sub-section to reduce the said rate of tax deduction from five percent to two percent.

This amendment will be effective from 1st October 2024.



9. Section 194M – Payment of certain sums by certain individuals or Hindu undivided family:

Section 194M (1) provides that any person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) responsible for paying any sum to any resident for carrying out any work (including supply of lab our for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year, shall, at the time of credit of such sum or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to five percent.

It is proposed to amend the said sub-section to reduce the said rate of tax deduction from five percent to two percent.

This amendment will be effective from 1st October 2024.

10. Section 194O – Payment of certain sums by e-commerce operator to e-commerce participant:

Section 194-O of the Income Tax Act pertains to the deduction of income tax at source (TDS) by e-commerce operators on sales of goods or provision of services facilitated through their digital platforms. Currently, e-commerce operators are required to deduct TDS at 1% of the gross amount of such sales or services credited to or paid to e-commerce participants, whichever is earlier.

Concerns have been raised regarding the disparity in TDS rates for offline transactions, which attract a lower rate of 0.1% under section 194Q (related to TDS on certain payments for purchase of goods) or a Tax Collection at Source (TCS) rate of 0.1% under section 206C(1H) (related to TCS on receipts from sale of goods). To address this inconsistency and bring parity across these provisions, it is proposed to reduce the TDS rate under section 194-O from 1% to 0.1%.

This reduction aims to align the TDS rate for e-commerce transactions with the rates applicable to offline transactions, thereby ensuring fairness and uniformity in tax treatment across different modes of commerce. The proposed amendment is scheduled to take effect from October 1, 2024, intending to streamline tax compliance for e-commerce operators and facilitate smoother transaction processes within the digital economy landscape

This amendment will be effective from 1st October 2024.



11. Insertion of section 194T – Payments to partners of firms:

Currently, there is no provision for deducting tax at source (TDS) on payments such as salary, remuneration, interest, bonus, or commission made by a partnership firm to its partners. To address this, a new section, 194T, is proposed to be inserted into the Income Tax Act. This new section will require partnership firms to deduct TDS at a rate of 10% on payments made to partners for these specified purposes, provided the aggregate amount exceeds Rs 20,000 in a financial year.

The payments covered under section 194T include salary, remuneration, commission, bonus, and interest credited or paid to any account of the partner, including their capital account. This amendment aims to ensure that tax is deducted at source on these payments to partners, aligning with the principles of TDS applicable to other forms of income.

The provisions of section 194T are slated to come into effect from April 1, 2025. This implementation date allows partnership firms time to prepare for compliance with the new TDS requirements regarding payments to partners, enhancing tax administration and ensuring consistency in tax treatment across different categories of income.

This amendment will be effective from 1st April 2025.

12. Section 196B – Income from units:

Section 196B of the Income Tax Act Mandates Tax Deducted at Source (TDS) on income derived from units covered under section 115AB and on long-term capital gains arising from their transfer to Offshore Funds. Effective from July 23, 2024, amendments to this section introduce revised TDS rates:

Initially, income from units specified in clause (i) of sub-section (1) of section 115AB will continue to attract a TDS rate of ten percent.

Similarly, long-term capital gains derived from the transfer of these units, occurring before July 23, 2024, will also be subject to a ten percent TDS rate.

Conversely, for long-term capital gains arising from the transfer of such units on or after July 23, 2024, the TDS rate will increase to twelve and a half percent.

These adjustments aim to ensure that Offshore Funds are subject to appropriate TDS rates based on the timing and nature of their income and capital gains from units, thereby aligning with updated tax policies effective from the specified date.

This amendment will take effect retrospectively from 23rd July 2024.



13. Section 196C – Income from foreign currency bonds or shares of Indian Company:

Section 196C of the Income-tax Act mandates Tax Deducted at Source (TDS) on income in the form of interest, dividends, and long-term capital gains arising from bonds or Global Depository Receipts (GDRs) covered under section 115AC, when payable to non-residents. Effective from July 23, 2024, amendments to this section introduce revised TDS rates:

Income by way of interest or dividends from bonds or GDRs specified in section 115AC will continue to be subject to a TDS rate of ten percent.

Similarly, long-term capital gains from the transfer of these bonds or GDRs, occurring before July 23, 2024, will also attract a ten percent TDS rate.

Conversely, for long-term capital gains arising from the transfer of such bonds or GDRs on or after July 23, 2024, the TDS rate will increase to twelve and a half percent.

These adjustments ensure that non-residents receiving income from bonds or GDRs under section 115AC are subject to appropriate TDS rates based on the timing and nature of their income and capital gains.

This amendment will take effect retrospectively from 23rd July 2024.

14. Section 197 – Certificate for deduction at lower rate:

Section 197 of the Act provides that, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M, 194-O and 195, if the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, given to him such certificate as may be appropriate.

It is proposed to amend the said sub-section to include the provisions relating to deduction of tax at source on payment of certain sum for purchase of goods under section 194Q also within its scope.

This amendment will be effective from 1st October 2024.

15. Section 198 – Tax deducted is income received:

Section 198 of the Act provides that, tax deducted as per provisions of Chapter XVII-B shall, for the purpose of computing the income of an assessee, be deemed to be income received.



It is proposed to amend the said section so as to provide that all sums deducted in accordance with the foregoing provisions of the said Chapter and income tax paid outside India by way of deduction and in respect of which an assessee is allowed a credit against the tax payable under the said Act, shall for the purpose of computing the income of the assessee, be deemed to be income received.

This amendment will be effective from 1st April 2025.

16. Section 200 – Duty of person deducting tax:

Section 200 of the Act requires that a deductor, after paying the tax deducted to the credit of the Central Government within the prescribed time, prepare such statement and furnish it within such period, as may be provided by rules, to the prescribed authority. Further, a person may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered in such form and verified in such manner as may be specified by the authority.

It is proposed to amend the said section to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement is required to be delivered.

This amendment will be effective from 1st April 2025.

17. Section 200A – Processing of statements of tax deducted at source and other statements:

Section 200A provides the manner in which a statement of tax deduction at source or a correction statement made by a person deducting any sum (deductor) under section 200 shall be processed.

It is proposed to amend the marginal heading to insert the words “and other statements”.

It is proposed to insert a new sub-section (3) in the said section to provide that the Board may make a scheme for processing of statements which have been made by any other person, not being a deductor.

These amendments will be effective from 1st April 2025.

18. Section 201 – Consequences of failure to deduct or pay:

Sub-section (3) of said section provides time limits for when order under sub-section (1) of the said section deeming a person to be an assessee in default can be made in respect of failure to deduct the whole or any part of the tax from a person resident in India.



It is proposed to amend sub-section (3) of the said section so as to provide that no order shall be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from any person after the expiry of six years from the end of the financial year instead of seven years from the end of the financial year, in which payment is made or credit is given or two years from the end of the financial year in which the correction statement is delivered, whichever is later.

This amendment will be effective from 1st April 2025.

19. Section 206C – Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

Section 206C(1F) provides, every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of value exceeding ten lakh rupees shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one percent of the sale consideration as income-tax.

It is proposed to amend that not only sale of motor vehicle but sale of any goods of value exceeding ten lakh rupees shall attract the said provision and seller will be liable to collect tax at source from the buyer, a sum equal to one percent of the sale consideration as income-tax.

This amendment will be effective from 1st January 2025.

Section 206C(3B) requires that the person collecting tax may also deliver to the prescribed authority, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the proviso to sub-section (3) in such form and verified in such manner, as may be specified by the authority.

It is proposed to amend the said sub-section (3B) to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in the proviso to sub-section (3) is required to be delivered.

This amendment will be effective from 1st April 2025.

Section 206C (4) Any amount collected and paid to the credit of the Central Government shall be deemed to be a payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to such person for the amount so collected in a particular assessment year.

It is proposed to amend the said sub-section (4), to provide that credit for amount collected and paid to the Central Government shall also be given to any other person eligible for credit for the amount so collected in a particular assessment year in accordance with the rules as may be made under the said Act.

This amendment will be effective from 1st January 2025.



Section 206C(7) provides that if any person who is liable to collect tax at source does not collect it or after so collecting fails to pay the same to the credit of the Central Government, then he shall be liable to pay interest at the rate of one percent for every month or part of month on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid.

It is proposed to amend the said sub-section to increase the rate of simple interest from one percent to one and one-half percent.

It is proposed to insert a new sub-section (7A) to Section 206C so as to provide that no order shall be made under sub-section (6A) deeming a person to be an assessee in default for failure to collect the whole or any part of the tax from any person, at any time after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B), whichever is later.

These amendments will be effective from 1st April 2025.

Section 206C(9) of the said section provides that where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1) or sub-section (1C), the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (1) or sub-section (1C).

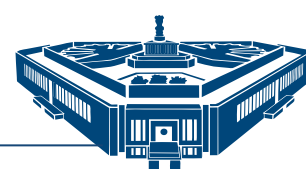
It is proposed to amend sub-section (9) of the said section to include sub-section (1H) of that section under its purview.

It is proposed to insert a new sub-section (12) in the section 206C so as to provide that no collection of tax shall be made or at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf.

These amendments will be effective from 1st October 2024.

Summary of the rates of tax deducted at source under Chapter XVII-B

Sr. No.	Section	Existing Rate	Proposed Rate
1.	194DA - Payment in respect of life insurance policy	5%	2%
2.	194G - Commission etc. on the sale of lottery tickets	5%	2%
3.	194H-Commission on brokerage	5%	2%



Sr. No.	Section	Existing Rate	Proposed Rate
4.	194IB- Payment of rent by certain individuals or HUF	5%	2%
5.	194M- Payment of certain sums by certain individuals or HUF	5%	2%
6.	194O- Payment of certain sums by e-commerce operator to e-commerce participants	1%	0.1%
7.	196B – Long term capital gains on Income from Units	10% if the transaction takes place before the 23rd July 2024	12.5% if the transaction takes place on or after the 23rd July 2024
8.	196C – Long term capital gains on income from foreign currency bonds or shares of Indian company	10% if the transaction takes place before the 23rd July 2024	12.5% if the transaction takes place on or after the 23rd July 2024



OVERVIEW OF TDS RATES FOR THE ASSESSMENT YEAR 2025-26

A. On payment to Residents (subject to notes below)

Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
				Rate (%)**		
1	192	Payment of salary	No Threshold Limit	-	-	At applicable rates
2	192A	Pre- mature withdrawal from Employee Provident Fund Scheme (Note 1)	Payment in excess of ₹ 50,000/-	-	-	10
3	193	Interest on securities including - (i) any debentures or securities issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act any debentures listed on recognised stock exchange in India. (ii) Any security of the Central or State Government (Note 3)	No Threshold Limit (Refer Note 2)	10	10	10
4	194	Dividends distributed by Domestic Company (Note 4)	Payment to a shareholder (being an individual) in excess of ₹ 5,000/- during the financial year.	10	10	10
5	194A	Interest on Bank Deposits, Co-operative society carrying on banking business and Deposits with Post Office for Senior Citizens (Note 5 & Note 6)	Payment in excess of ₹ 50,000/- per financial year (For Senior Citizens)	10	10	10



Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
6	194A	Interest on Bank Deposits, Co-operative society carrying on banking business and Deposits with Post Office (For Others)(Note 5 & Note 6)	Payment in excess of ₹ 40,000/- per financial year (For Others)	10	10	10
7	194A	Other Interest(Note 5 & Note 6)	Payment in excess of ₹ 5,000/- per financial year	10	10	10
8	194B	Winnings from Lotteries, crossword, puzzles, card games and other games of any sort (other than winnings from online games) (Note 7)	Payment (or aggregate payments) in excess of ₹ 10,000/-	30	30	30
9	194BA	Winnings from Online Games (Note 8)	No threshold limit.	30	30	30
10	194BB	Winnings from Horse Races	Payment (or aggregate payments) in excess of ₹ 10,000/-	30	30	30
11	194C	Payments to Contractors (Note 6 & Note 9)	Payment in excess of ₹ 30,000/- per transaction or ₹ 1,00,000/- per financial year	2	2	1
12	194D	Insurance Commission (Note 10)	Payment in excess of ₹ 15,000/- per financial year	5	5	5
13	194DA	Sum received for Life Insurance Policy including bonus [except exempt u/s 10(10D)]	Payment in excess of ₹ 1,00,000/- per financial year (till 30th Sept 2024)	5	5	5
			Payment in excess of ₹ 1,00,000/- per financial year (from 1st Oct 24 onwards) (Refer Note no. 11)	2	2	2
14	194EE	Payments in respect of deposits under National Savings Scheme, etc Central Government Schemes	Payment in excess of ₹ 2,500/- per financial year	10	10	10



Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
15	194F	Payment on account of repurchase of Mutual fund Units of UTI (Note12)	Zero	20	20	20
16	194G	Commission on Sale of Lottery Tickets	Payment in excess of ₹ 15,000/-(till 30th Sept 2024)	5	5	5
			Payment in excess of ₹ 15,000/-(from 1st Oct 2024 Onwards) (Refer Note no.11)	2	2	2
17	194H	Other Commission/ Brokerage	Payment in excess of ₹ 15,000/-(till 30th Sept 2024)	5	5	5
			Payment in excess of ₹ 15,000/-(from 1st Oct 2024 Onwards) (Refer Note no.11)	2	2	2
18	194-I (a)	Rent for Plant & Machinery, Equipment's (Note 13)	Payment in excess of ₹ 2,40,000/- per financial year	2	2	2
19	194-I (b)	Rent for Land or Building or Furniture or Fittings (Note 13)	Payment in excess of ₹ 2,40,000/- per financial year	10	10	10
20	194-I	Income by way of Rent from SPV distributed by REITs (Note 6 and Note 13)	No Threshold Limit	-	-	-
21	194-IA	Consideration for Transfer of Immovable Property (other than Agricultural Land) (Note 14)	Sale Consideration / Stamp Duty Value of such property exceeds ₹ 50,00,000/-	1	1	1
22	194-IB	Income by way of Rent (Note 15)	Rent exceeds ₹ 50,000 p.m. or part thereof (till 30th Sept 2024)	5	5	5
			Rent exceeds ₹ 50,000 p.m. or part thereof (from 1st Oct 2024 Onwards) (Refer Note no.11)	2	2	2



Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
23	194-IC	Monetary Payment in respect of Joint Development Agreement	No Threshold Limit	10	10	10
24	194J	Professional Fees / Royalties/ Fees for Technical Services (Note 6)	Payment in excess of ₹ 30,000/- p.a.	10	10	10
25	194J	Professional Fees (for certain payees) (Note 16)	Payment in excess of ₹ 30,000 p.a.	2	2	2
26	194K	Income of units issued by Mutual funds or Unit Trust of India (Note 17)	Payment in excess of ₹ 1,000 p.a.	10	10	10
27	194LA	Consideration for Compulsory Acquisition of Immovable Property (other than Agricultural Land)	Payment in excess of ₹ 2,50,000/-	10	10	10
28	194LBA	Dividend distributed from SPV distributed by Business Trusts i.e. REITs & INVITs	No Threshold Limit	10	10	10
29	194LBB	Income other than business income distributed by an Alternate Investment Fund (Category I and II)	No Threshold Limit	10	10	10
30	194LBC	Income in respect of investment in Securitization Trust	No Threshold Limit	30	30	25
31	194M	Payments to Contractors/ Professionals (Other than those covered in 194 C & 194J) (Note 18)	Payment in excess of ₹ 50,00,000/- or aggregate of such payment exceeding ₹ 50,00,000/-, during a financial year (till 30th Sept 2024)	5	5	5
			Payment in excess of ₹ 50,00,000/- or aggregate of such payment exceeding ₹ 50,00,000/-, during a financial year (from 1st Oct 2024 Onwards) (Refer Note no.11)	2	2	2



Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
				Rate (%)**		
32	194N	Payment by a 'banking company' /'banking institution'/ 'post office'. (Note 19)	who is responsible for paying any sum, or, as the case may be, aggregate of sums, in cash, in excess of one crore rupees during the previous year, to any person (herein referred to as the recipient) from an account maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount equal to two per cent. of sum exceeding one crore rupees, as income-tax	2	2	2
33	194N	Payment by co-operative society engaged in banking business. (Note 19)	Threshold Limit ₹ 3 crores wef 1st of April 2023 (prior to 1st of April 2023 threshold limit ₹ 1 crore)	2	2	2
34	194O	Credit of Amount by E-Commerce Operator to E-Commerce participant in respect of sale of goods/ provision of services facilitated through its platform (Note 20)	Payment in excess of ₹ 5,00,000/- or aggregate of such payment exceeding ₹ 5,00,000/-, during a financial year.	5	5	5
35	194P	Interest paid by Specified Bank (Note 21)	Towards sums maintained by a Senior Citizen (above 75 yrs. of age) earning only pension income			
36	194Q	Payment by Buyer of Goods (Note 22)	Towards purchase of goods having value (or aggregate value during the Financial Year) exceeding ₹ 50,00,000/-	0.1	0.1	0.1



Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
37	194R	Payment of benefit of perquisite in respect of business or profession (Note 23)	Value or aggregate of value of the benefit or perquisite exceeds ₹ 20,000/- during the Financial Year	10	10	10
38	194S	Payment/credit of consideration for transfer of virtual digital asset by specified person (Note 24)	Threshold limit ₹ 50,000	1	1	1
39	194T	Payments to partners of firms (Note 25)	Threshold limit ₹ 20,000	10	10	10

Notes

1	Erstwhile TDS was required to be deducted at maximum marginal rate in case PAN is not furnished by the deductee. However, said requirement has been omitted by the Finance Act 2023. Where the PAN is not furnished by the deductee TDS is now required to be deducted at 20% (i.e. u/s 206AA)
2	For payment of interest on:- (a) Listed debentures (paid through an account payee cheque) paid to Individual/HUF, TDS is not required to be deducted where interest paid is less than ₹ 5000/- (b) 7.75% Savings (Taxable) Bonds 2018, where payment of interest is below ₹ 10,000/- during Financial Year till 30th September 2024 (C) Finance Bill 2024 brought an amendment to this section that Interest on 8% Savings (Taxable) Bonds or Floating Rate Savings, 2020 (Taxable) below 10,000 will not attract TDS from 1st October 2024.
3	Earlier TDS was not required to be deducted on interest paid on listed demat securities. Effective 1st April 2023 the said exemption has been done away with and now TDS is required to be deducted on Interest paid on every listed security. Applicable on Interest paid on every listed security or any other dematerialised security.
4	(a) Dividends paid by certain insurance companies or insurers and certain business trusts (viz. INVITs & ReITs referred u/s/ 10(23FC)) are excluded from provisions of S. 194 (b) With effect from 1st October 2024, dividends u/s 2(22)(f) (that is sums received by shareholder pursuant to buyback of shares u/s 68 of Companies Act, 2013 are included



5	<p>For interest on Bank Deposits and Deposits with Post Office, the threshold limit is Rs 50,000/- for senior citizens and ₹ 40,000/- for others.</p> <p>- Also applicable on payment of Interest on time deposits by co-operative banks to its members and payment of interest on Recurring Deposit</p> <p>- Computation of interest income shall be made taking into account income credited or paid by the bank (including all branches) who has adopted core banking solutions.</p>
6	<p>For the purposes of Section 194 A/ 194C, 194 H, 194 I and 194 J previously, Individual / HUF are liable to deduct TDS where there turnover / gross receipts exceed the following limits:</p> <p>a) INR 1 crore in case of Business</p> <p>b) INR 50 Lakhs in case of Profession during the financial year immediately preceding the financial year in which payment is made under the respective sections.</p>
7	TDS on Winning from online games shall be deductible under 194B with effect from 1st July 2023
8	TDS on net winnings is required to be deducted at rates in force. The net winnings are to be computed in accordance with Rule 133 of the Income-tax Rules 1962.
9	<p>No TDS on payment made to contractor who owns ten or less goods carriage at any time during the year and furnishes PAN.</p> <p>With effect from 1st October 2024, S. 194 C shall not apply in respect of sums payable to a contractor for any work undertaken by him falling under the provisions of S.194J(1)</p>
10	With effect from 1st April 2025, TDS deductible on payments made to persons (other than company) is reduced to 2% from existing 5%
11	With effect from 1st October 2024, TDS on payments covered by S. 194DA, 194G, 194H, 194IB, 194M is reduced to 2% from existing 5%
12	With effect from 1st October 2024, provision of section 194F has been omitted.
13	No deduction shall be made under section 194-I of the Act where the income by way of rent is credited or paid to a Real Estate Investment Trust.
14	<p>a) The term “Consideration for immovable property” has been defined :”to include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property”. TDS is required to deducted on higher of Consideration paid / credited or stamp duty value of the property.</p> <p>(b) With effect from 1st October 2024 in case of one or more transferees/ transferors threshold shall be reckoned by aggregating amounts paid by (or paid to) all transferors/ transferees</p>
15	Provisions of Section 194-IB are applicable in cases where the Deductor is individuals or HUFs other than those covered by Tax Audit u/s 44AB in immediately preceding financial year, subjects to the threshold and other conditions.



16	<p>TDS is to be deducted u/s 194J @ 2% where the :-</p> <p>a) Payee is only engaged in the business of operation of call centre.</p> <p>b) Fees are for technical services (not being a professional service)</p> <p>Any payments to a director of a company other than those which are “salaries” are specifically covered u/s 194J.</p>
17	<p>The person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent. Further, credit to a suspense account shall also be deemed to be credit to the account of person.</p>
18	<p>The provisions of S. 194M shall be applicable only to person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C or section 194J).</p>
19	<p>The provisions of Section 194N has come into effect 01/09/2019. It is pertinent to note that tax is not deductible on any payments made to Government, Banking company, Co-operative society engaged in Banking business, Business correspondent/ White label automated teller machine operator of such Banking company or Co-operative society.</p>
20	<p>(a) Threshold shall only apply in case of the electronic participant is Individual/ HUF and where PAN has been furnished by such electronic participant</p> <p>(b) With effect from 1st October 2024, tax on payments made to e-commerce participants is reduced to 0.1% from 1%.</p>
21	<p>The interest paid to senior citizen (Aged 75 years or more), where the said individual is in receipt of only pension income & other income comprises of Interest received from amounts maintained by him in the same specified bank shall be covered by S. 194P.</p> <p>The TDS needs to be deducted after giving all deductions and rebates at rates in force.</p>
22	<p>The TDS is required to be deducted by the buyer towards purchase of any goods of the value (or aggregate value during the financial year) exceeding ₹ 50 lakh rupees at a rate of 0.1%</p> <p>Note: The provisions of this section shall not apply :</p> <p>i) When the total sales, gross receipts or turnover from the business carried on by buyer does not exceed ten crore in preceding Financial Year.</p> <p>ii) Where TDS/ TCS (except collectible u/s 206C(1H)) is deductible/ collectible under the provisions of Act.</p>



23	<p>TDS is required to deducted at 10% on the value of benefit or perquisite covered u/s 28(iv) paid or likely to be paid by any person to a resident in excess of ₹20,000/- during a financial year.</p> <p>In cases where the benefit or perquisite, as the case may be, is “wholly in kind” or “partly in cash and partly in kind but such part in cash is not sufficient to meet the TDS liability in respect of whole of such benefit or perquisite”, the ‘person responsible for providing’ such benefit of perquisite shall, before releasing it, ensure that tax has been paid in respect of the benefit or perquisite.</p>
24	<p>TDS is required to be deducted at a rate of 1% on the consideration of transfer of a virtual digital asset at the time of credit or payment whichever is earlier.</p> <p>In cases where the consideration is wholly in kind or in exchange of another virtual digital asset or “partly in cash and partly in kind but such part in cash is not sufficient to meet the TDS liability in respect of whole of such benefit or perquisite”, the ‘person responsible for paying such consideration shall, before releasing the consideration, ensure that tax has been paid in respect of such consideration for the transfer of virtual digital asset.</p> <p>“Specified person” is defined to mean :</p> <p>(a) being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case of business or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred;</p> <p>(b) being an individual or a Hindu undivided family, not having any income under the head “Profits and gains of business or profession”.</p> <p>Further, credit to a suspense account shall also be deemed to be credit to the account of person.</p>
25	<p>With effect from 1st April 2025, Firm shall responsible for deducting TDS on any sum paid to partner in the nature of salary, remuneration, commission ,bonus, interest to a partner at the time of credit (including credit to the capital account of the partner) or payment whichever is earlier.</p>



GENERAL CONSIDERATIONS	
a	TDS shall be deducted u/s 206AA @ 20%(5% in case where S. 194Q is applicable) or the higher rate as provided under the Act, if PAN is not furnished by the deductee.
b	<p>Tax shall be deducted at a higher of “5%” OR “Twice the rate specified in the act” OR “Twice the rates in force”, where a person has:</p> <p>i) Who has not filed the return of income for financial year immediately preceding the financial year in which tax is to be deducted AND</p> <p>ii) Aggregated of tax deducted at source and tax collected at source in his case exceeds ₹ 49,999/- for each of these years, TDS u/s 206AB shall be deducted at a higher of : 5% “or “Twice the Rates in Force “or” Twice the rate specified in the act “.</p> <p>Where S. 206AA is applicable TDS shall be deducted at higher of rates prescribed under S. 206AA or S. 206AB.</p> <p>The said section shall not apply to:</p> <p>Till 1st April 2023</p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>ii) Where TDS is deductible under 192, 192A, 194B, 194BB, 194 IA, 194-IB,194LBC, 194 M or 194N .</p> <p>Post 1st April 2023</p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>ii) Where TDS is deductible under 192, 192A, 194B, 194BB, 194 IA, 194-IB, 194LBC, 194 M or 194N . or</p> <p>iii) A person who is not required to file person who is not required to for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf</p>
c	No TDS is required to be deducted in case where the payee is an entity whose income is exempt u/s 10 and is not required to file returns as per Section 139. <i>(Circular No. 18/2017)</i>
d	Certificate for deduction at lower rate can be applied for Sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M.
e	Certificate for nil rate of tax deduction can be applied for Sections 194, 194EE, 192A, 193, 194A, 194DA, 194K, 194-I.
f	No TDS where the deductee furnishes a self- declaration in Form 15G/ 15H for deduction of tax under Sections 194, 194EE, 192A, 193, 194A, 194D, 194DA, 194-I and 194K.
g	As per Section 196, no deduction of tax shall be made by any person from any sums payable to Government, RBI, a Corporation established under Central Act, a Mutual Fund specified under section 10(23D).



B. On payment to non-Residents (subject to notes below)

Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)*	
				Till 22nd July 2024	On or After 23rd July 2024
1	Tax on Long Term Capital Gains	(a) For Long Term Gains referred to in S. 115E	115E	20	12.5
		(b) Tax on Long Term Capital Gains on Transfer of Equity Share in company or a unit of equity oriented mutual fund or a unit of Business Trust, where STT is paid, exceeding ₹ 100,000/- (₹ 125,000/- with effect from 23rd July 2024)	112A	10	12.5
		(c) On income by way of long-term capital gains from unlisted securities u/s 112(1) (c)(iii)	112	10	12.5
		(d) Any other long term capital gain (other than long term gains exempt us 10(33)& (36)), and except those included	112	20	12.5
2	Tax on Short Term Capital Gain	(a) On sale of shares or units of mutual funds where STT is paid	111A	15	20
		(b) On sale of shares or units of mutual funds where STT is not paid	45		
		(i) In case of companies		35	35
		(ii) In case of persons other than companies		30	30
3	Income by the way of Dividend	Referred to in the proviso to sub clause (A) of clause (a) of sub section (1) of Section 115A (That is from IFSC Unit)	115A	10	10
		Other Dividends	115A	20	20
4	Winning From Lotteries crossword puzzles, card games and other games of any sort	Payment in excess of ₹ 10,000/-	194B	30	30



Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)*		
				Till 22nd July 2024	On or After 23rd July 2024	
5	Winning From Horse Race	Payment in excess of ₹ 10,000/-	194BB	30	30	
6	Tax on royalty or copyrights or on fees for technical services matters included in industrial policy or under approved agreements by an Indian concern or by Government of India	Where the Agreements is made or entered after 29th February 1964 and before 31st March, 1976	115A	50	50	
		Where the Agreements is made or entered into after 31st March, 1976	115A	20	10	
7	Tax on Interest	On borrowings in foreign currency:-				
		(a) by an Indian concern or by Government of India other than interest referred in (b) or (c) below	115A(1) (a)	20	20	
		(b) On notified infrastructure debt fund	194LB	5	5	
		(c) By Specified Companies or Business Trusts (REITs & Invits) under a loan agreement or any long term bond :	194LC	4	4	
		i) On Long-term bond or rupee denominated bond listed only on a recognised stock exchange located in any International Financial Services Centre. (Issued on or after the 1st day of April, 2020 but before the 1st day of July, 2023)				
		ii) Other than above	194LC	5	5	
8	Income by way of interest from SPV distributed by Business Trusts (REITs & INVITs)	No Threshold Limit	194LBA	5	5	
9	Income by way of Rent from SPV distributed by REITs	No Threshold Limit	195	-	-	



Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)*	
				Till 22nd July 2024	On or After 23rd July 2024
10	Income other than business income distributed by an Alternate Investment Fund (Category I & II)	No Threshold Limit	194LBB	Rates in Force (Refer Note:4)	Rates in Force (Refer Note:4)
11	Income in respect of Investment in Securitization Trust	No Threshold Limit	194LBC	Rates in Force (Refer Note:4)	Rates in Force (Refer Note:4)
12	Income by way of interest to FII or QFI	a) On Rupee denominated Bonds of Indian Company and Government Securities. b) On Municipal debt securities (Income arising on or after 01st April, 2020 but before 1st day of July 2023) (Note 8)	194LD	5	5
13	Payments to Non-Resident Sportsmen/Entertainer/Sports Association	Other than to a non-resident being an Indian citizen	194E	20	20
16	Income in respect of units of non-residents(Note -12)	No Threshold Limit	196A	20% or rate as per treaty (if beneficial)	20% or rate as per treaty (if beneficial)
17	Income from units referred to in clause (i) of sub-section (1) of section 115AB;	long-term capital gains arising from transfer of units referred to in section 115AB	196B	12.5	10
18	Income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC	long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC	196C	12.5	10
19	Income of Foreign Institutional Investor (Note -13)	Income other than interest covered above in S. 194D & other than capital gains taxable u/s 115AD	196D	20% or rate as per treaty	20% or rate as per treaty



Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)*	
				Till 22nd July 2024	On or After 23rd July 2024
20	Interest from Securities from a Specified Fund	Payment/ credit of Interest from Securities to a Specified fund (referred to in section 10(4D).Expln (C))	196D (1A)	10	10
21	Any other Income	(a) In case of non-resident companies		35%	35%
		(b) In case of non-residents other than foreign companies		30%	30%
22	Other income	(a) In case of non-resident companies	-	35%	35%
		(b) In case of non-residents other than foreign companies	-	30%	30%
23	Equalisation Levy	(Refer Note No. 6 below)			

Notes:

1	Surcharge & Cess @ 4% shall be levied additionally. (See below for surcharge)
2	If is not quoted by the deductee TDS shall be deducted at a higher rate prescribed u.s 206AA (that is higher of rates in force or rate as per provision or 20%). However, deduction of higher rate is not warranted in following scenario: -in respect of Royalties, FTS, Dividend, Interest and Capital Gains on compliance of conditions in Rule 37BC. -in respect of Interest covered u/s 194LC
3	With effect from 23rd July 2024 the indexation benefit under 2nd proviso will no longer be available.
4	No tax at source is required to be deducted under section 195 by National Technical Research Organisation ('NTRO') on payments of royalty or fees for technical services paid to non resident or foreign company
5	TDS is to be deducted at "Rate in Force". The term "Rate in force" means rate as per Income Tax Act, 1961 or Relevant DTAA rate, whichever is more beneficial
6	The 2 % Equalisation levy has been withdrawn . With effect from 1st August 2024 the levy shall not be applicable.



GENERAL CONSIDERATIONS	
a	Certificate for deduction at lower rate can be applied for Section 195.
b	<p>With effect from 1st April 2022, TDS u/s 206AB shall be deducted at a higher of “5% “or “Twice the Rates in Force “or” Twice the rate specified in the act “, in case of a person :</p> <p>i) Who has not filed the return of income for financial year immediately preceding the financial year in which tax is to be deducted AND</p> <p>ii) Aggregated of tax deducted at source and tax collected at source in his case exceeds ₹ 49,999/- for each of these years,</p> <p>The said section shall not apply to:</p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>ii) Where TDS is deductible under 192, 192A, 194B, 194BB, 194LBC or 194N or</p> <p>iii) Where TDS deductible u/s 206AA is higher than S. 206AB</p>
c	Applicable Surcharge Rates

Surcharge			
Sr. No.	Total Income	Other Income (Other than those chargeable u/s. 111A,112,112A & Dividend)	Surcharge on tax on Income u/s.111A, 112, 112A & Dividend
(a)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person	-	-
(i)	- Total income (including dividend income under sections 111A, 112, 112A) does not exceed ₹ 50 lakh	0%	0%
(ii)	- Total income (including dividend income under sections 111A, 112, 112A) exceeds ₹ 50 lakh but does not exceed ₹ 1 crore	10%	10%
(iii)	- Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 1 crore but does not exceed ₹ 2 crore	15%	15%
(iv)	- Total income (excluding dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore	25%	15%
(v)	- Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore and not covered by above	15%	15%



Surcharge			
Sr. No.	Total Income	Other Income (Other than those chargeable u/s. 111A,112,112A & Dividend)	Surcharge on tax on Income u/s.111A, 112, 112A & Dividend
(b)	Co-Operative Society	Exceeding ₹ 1 crore	12%
(c)	Foreign Company	Exceeding ₹ 1 crore up to ₹ 10 crores	2%
(d)	Foreign Company	Exceeding ₹ 10 crores	5%

1. Surcharge for Dividend Income & Capital Gains is capped at a rate of 15%.
 2. It is pertinent to note that the benefit of capping the surcharge at 20 % for Dividend & Capital Gains income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u.s 115AD. -
- ##- Surcharge for Individuals, HUF, AOP (other than Co-op Society), BOI or Artificial Judicial Person is capped at 25% opting for New Regime u/s 115BAC



OVERVIEW OF TCS RATES FOR THE ASSESSMENT YEAR 2025-26

TCS RATES FOR ASSESSMENT YEAR 2025-26:

Sr No	Nature of Goods/Contract/Licence /Lease	Criteria for Collection	Rate (%) *
1	Alcoholic Liquor for Human Consumption	No Threshold Limit	1
2	Tendu Leaves	No Threshold Limit	5
3	Timber obtained under a Forest Lease	No Threshold Limit	2.5
4	Timber obtained by any mode other than under a Forest Lease	No Threshold Limit	2.5
5	Any other Forest produce	No Threshold Limit	2.5
6	Scrap	No Threshold Limit	1
7	Minerals, being Coal or Lignite or iron ore	No Threshold Limit	1
8	Motor Vehicle & any other goods (Note 1 & Note 2)	Payment in excess of ₹ 10,00,000/-	1
9	Cash Sale of Bullion	Payment in excess of ₹ 2,00,000/-	1
10	Cash Sale of any other goods (other than bullion and jewellery) or Providing any service for Cash	Payment in excess of ₹ 2,00,000/-	1
11	Transfer of right or interest in any Parking Lot or Toll Plaza or Mining and Quarrying (other than of mineral oil) under any contract, licence and lease	No Threshold Limit	2
12	Remittance of loan for Educational Purposes: Amount received by an Authorised Dealer from Buyer for Remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India (being loan for education purpose) (Note 3)	Threshold limit ₹ 7,00,000	0.5
	Remittance towards Education or Medical Treatment purposes Amount received by an Authorised Dealer from Buyer for Remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India for education purpose other than loan or for medical treatment. (Note 4)	Threshold limit ₹ 7,00,000	5



Sr No	Nature of Goods/Contract/Licence /Lease	Criteria for Collection	Rate (%) *
	Other remittances under Liberalised Remittance Scheme: Amount received by an Authorised Dealer from Buyer for Remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India other than :- a) For Education or Medical Treatment Process b) As a Loan for Education purpose.	No Threshold Limit	20
13	Amount received by Seller from Buyer in respect of overseas tour program package (Note 3)	No Threshold Limit	20
14	Amount received by Seller as consideration for sale of any goods other than the goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) (Note 3), (Note 4)	Value or aggregate of such value exceeding fifty lakh rupees in any previous year	0.1

Notes

1	No TCS shall be collected where the buyer is the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; local authority as defined in explanation to clause (20) of Section 10; a public sector company which is engaged in the business of carrying passengers.
2	With effect from 1st January 2025, it is proposed to amend sub-section (1F) of section 206C to also levy TCS on any other goods of value exceeding ten lakh rupees, as may be notified by the Central Government in this behalf. Such goods would be in the nature of luxury goods.
3	The provisions of subsection (1G) shall not apply in case where : (i) Where TDS has to be deducted under any provision and has been deducted (ii) the buyer is Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein
4	The tax shall be collected on Amount exceeding 50 Lakhs.
5	The provisions of subsection (1H) shall not apply in case where: (i) if the buyer is liable to deduct tax at source under any other provision of this Act and has deducted such amount. (ii) Where the purchaser is the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or a local authority as defined in the Explanation to clause (20) of section 10; or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;



***General Notes**

(i)	<p>TCS where PAN is not furnished by Buyer:</p> <p>TCS shall be deducted u/s 206CC @ twice the rate applicable or 5%, whichever is higher, if PAN is not furnished by the collected. For the purpose of Sec 206C(1H), the rate will be 1% instead of 5%</p>
(ii)	<p>Non-filers of Return</p> <p>TCS shall be collected at a higher of “5%” OR “Twice the rate specified in the act” , where a person has :</p> <p>i) Not filed the return of income for the preceding years immediately preceding the financial year in which tax is to be collected AND</p> <p>ii) Aggregated of tax deducted at source and tax collected at source in his case exceeds ₹ 49,999/- for each of these years.</p> <p>Where S. 206CAA is applicable TCS shall be collectible at higher of rates prescribed under S. 206CC or S. 206CCA.</p> <p>The said section shall not apply to:</p> <p>Till 1st April 2023</p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>Post 1st April 2023 (pursuant to amendment proposed by Finance Bill, 2023)</p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>ii) A person who is not required to file person who is not required to for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf</p>



VIVAD SE VISHWAS SCHEME, 2024

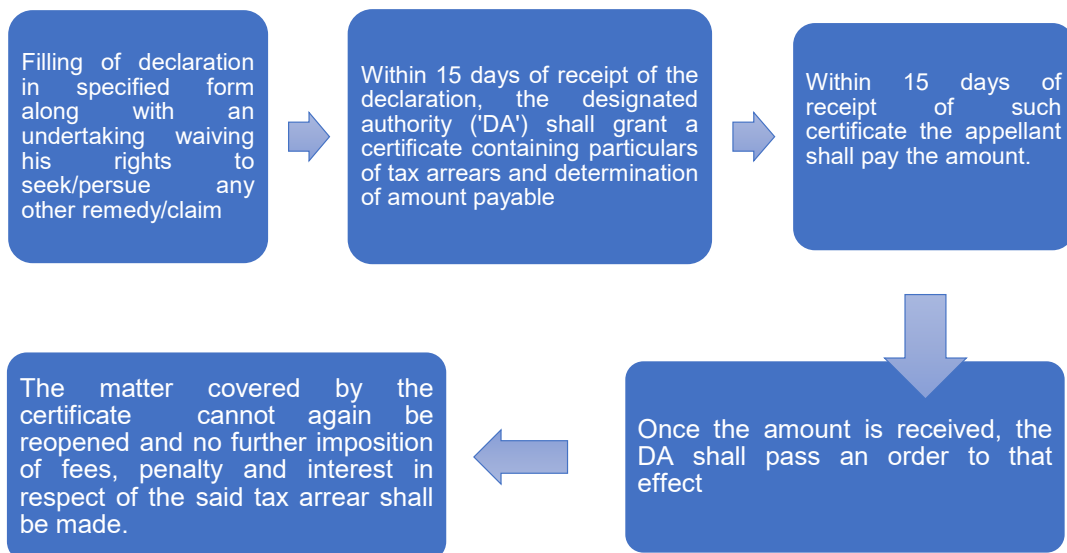
Giving details of accomplishment of prior Vivaad Se Vishwas Act, 2020 and addressing growing backlog of first appeals (i.e., CIT(A)), this Budget has re-introduced the Direct Tax Vivaad Se Vishwas Scheme 2024. This scheme is introduced to resolve disputed direct tax issues and eliminate litigation at a low cost to the government.

It is proposed that this Scheme shall come into force from the date to be notified by the Central Government.

The present scheme as against the earlier one aims to expand the scope of the term “Appellant” so as to encourage more Taxpayers to benefit from the said scheme. The current definition of the term “Appellant” includes in addition to “a person in whose case proceedings are initiated either by him or by the income-tax authority or by both, before an appellate forum and the same is pending as on the specified date¹; or” the following additional clauses:

- i. a person who has filed his objections before the Dispute Resolution Panel (DRP) and directions have not been issued on or before the specified date; or
- ii. a person in whose case the DRP has issued direction and the Assessing Officer has not completed the assessment on or before the specified date; or
- iii. a person who has filed an application for revision u/s 264 of the Act and such application is pending as on the specified date;

The following is a flowchart to understand the process of availing the benefits under this Scheme:



1. The specified date as mentioned in the Scheme is 22nd July, 2024



Given below is the tabulation of the amount payable under this Scheme based on the nature of the tax arrears:

Nature of Tax Arrears	Amount payable under this Scheme on or before 31st December, 2024	Amount payable under this Scheme on or after 1st January 2025 but on or before the last date
Where the appeal is filed by the Taxpayer and tax arrears is aggregate of Disputed tax + interest + penalty:		
A. Appeals filed after 31st January 2020 but on or before 22nd July, 2024	100% of Disputed Tax*	110% of Disputed Tax *
B. Appeals pending before same appellate authority on or before 31st January 2020 till 22nd July, 2024	110% of Disputed Tax *	120% of Disputed Tax *
* Interest and penalty waived		
Where the appeal is filed by the Taxpayer and related to only disputed interest, penalty, or fees:		
A. Appeals filed after 31st January 2020 but on or 22nd July 2024.	25% of Disputed Interest or Penalty or Fee	30% of Disputed Interest or Penalty or Fee
B. Appeals pending before same appellate authority on or before 31st January 2020 till 22nd July 2024	30% of Disputed Interest or Penalty or Fee	35% of Disputed Interest or Penalty or Fee

The amount payable shall be one-half (1/2) of the amount as calculated in the table above in the following instances:

1. The Income Tax Authority is the Appellant.
2. Where such appeal has been filed before:
 - Commissioner (Appeals) or
 - Joint Commissioner (Appeals) or
 - objections are filed before the Dispute Resolution Panel
 - Income Tax Appellate Tribunal ('ITAT')

on any issues which are covered by order of ITAT or the High Court (where the decision has not been reversed by higher authority).



This Scheme is not applicable to several case; some important ones being:

1. Proceedings initiated on the basis of search u/s 132 or 132A of the Act.
2. Where prosecution has been instituted on or before the date of filing the declaration.
3. Any undisclosed foreign income or undisclosed foreign asset
4. Where assessment or reassessment is initiated on the basis of information received u/s 90 or 90A of the Act
5. Where a person has received an order of detention under Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 on or before the date of filing of declaration.
6. Any prosecution or action initiated under other laws.

Further the Central Government holds power to make rules for carrying out the provisions of this Scheme.



BLACK MONEY ACT, 2015

b. Amendment to section 230 of the Income Tax Act, to include the reference of Black Money Act, 2015 for the purposes of obtaining a Tax Clearance Certificate:

The existing provision of section 230(1A) of the Act provides that no person who is domiciled in India, shall leave India, unless he obtains such certificate from the income-tax authorities stating that he has no liabilities under income-tax, wealth tax, gift tax or expenditure tax or he makes satisfactory arrangements for the payment of all or any of such taxes which are or may become payable by that person, if such certificate is required in the opinion of an income-tax authority.

It is now proposed to amend the said section to include the reference of liabilities under the Black Money Act, 2015 for the purposes of obtaining such tax clearance certificate.

This amendment will take effect from 1st October 2024.

c. Amendment to section 132B of the Income Tax Act, for adjusting liability under Black Money Act, 2015 against seized assets:

Most of the liabilities arising under the Acts administered by the Central Board of Direct Taxes (CBDT) have been covered in section 132B of the Act, for the purpose of extinguishment of liability by recovery out of the seized assets. In order to enable recovery of the liabilities arising under the Black Money Act, 2015 out of such seized assets, it is now proposed to insert the reference of the Black Money Act, 2015 in Section 132B of the Act.

This amendment will take effect from 1st October 2024.

d. Amendment in penalty for failure to disclose foreign income and asset in the return of income under section 42 and 43 of the Black Money Act, 2015:

Section 42 of the Black Money Act 2015 provides for penalty of ₹ 10 Lakhs for failure to furnish details of foreign income and assets in the return of income. Similarly, section 43 of the Black Money Act provides for penalty of ₹ 10 Lakhs for failure to furnish in return of income, an information or furnish inaccurate particulars about an asset (including financial interest in any entity) located outside India. The said sections are applicable only to a resident and ordinarily resident.

It is now proposed to substitute the existing provisos to sections 42 and 43 of the Black Money Act 2015 to provide that the provisions of the said sections shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed ₹ 20 Lakhs.

This amendment will take effect from the 1st October 2024.



PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988

1. Modification of timelines relating to notices and attachment of property:

Clause 154 of the Bill proposes to introduce a new sub section 2A also, proposes to amend certain sub sections to modify the timelines of Section 24 of the Prohibition of Benami Property Transactions Act, 1988 relating to notice and attachment of property involved in Benami transaction

a. Proposed Change:

Previously, Sub-section 1 & 2 of Section 24 did not provide for any time limit to file a reply (explanation and submission). It is proposed to insert sub-section (2A) to provide a maximum time limit of 3 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.

In Sub-section 3 & 4 it has been proposed to substitute the words “ninety days”, with “four months” from the end of the 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, as the case may be.

In sub-section 5 it has been proposed to substitute words “fifteen days from the date of the attachment”, with the words “one month from the end of the month in which the said order has been passed” for the Initiating Officer to draw up a statement of the case and refer it to the Adjudicating Authority.

b. Effective Date:

These amendments will take effect from 1st October 2024.

2. Power to tender immunity from prosecution:

Clause 154 of the Bill further proposes to introduce a new Section 55A in the Prohibition of Benami Property Transactions Act, 1988 providing power to the initiating officer to tender immunity from prosecution to certain persons.

a. Proposed Change:

Sub-section 1 in proposed Section 55A provide that the Initiating Officer can tender immunity from prosecution to the benamidar (person holding the



property) or any other involved person (except the beneficial owner). This offer requires prior approval from the competent authority and is conditional on the person providing full and true disclosure of the whole circumstances relating to the benami transaction.

Sub-section 2 in proposed Section 55A tenders' immunity to the person referred to in sub-section 1 above from prosecution or imposition of any penalty under section 53.

Sub-section 3 in proposed Section 55A empowers the Initiating Officer upon sanction from the competent authority to withdraw the immunity tendered under sub-section 1 and 2 above, if the conditions subject to which the tender was made has not been complied, or is wilfully concealing anything, or is giving false evidence.

Sub-section 4 in proposed Section 55A provides that any person against whom the immunity tendered in withdrawn in accordance with sub-section 3, can be tried for the offence in respect of which the tender of immunity was made or for any related offenses, and shall also be liable to face penalties under the Act.

b. Effective Date:

These amendments will take effect from 1st October 2024.



GOODS AND SERVICE TAX

I. Recent Amendments in the CGST Act, 2017:

Sr. No.	Ref. No.	AMENDMENT
1.	14/2024 Central Tax	By the first proviso to section 44 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby exempts the registered person whose aggregate turnover in the financial year 2023-24 is up to two crore rupees, from filing annual return for the said financial year.
2.	15/2024 Central Tax	Sub-section (1) of section 52 of the Central Goods and Services Tax Act, 2017 (12 of 2017) has been amended, the Central Government, on the recommendations of the Council, hereby notifies that every electronic commerce operator, not being an agent, shall collect an amount calculated at a rate of 0.25 per cent. Of the net value of intra-State taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the said operator. This notification shall come into force from the dated the 10th July, 2024.
3.	12/2024 Central Tax	Proviso of sub-rule (1) of Rule 62 of CGST Act, 2017, has been inserted, wherein the due date for submission of the return in FORM GSTR-4 (applicable for composition dealer) has been replaced from 30th day of April to 30th day of the June following the end of such financial year for the financial year 2024-25 onwards.
4.	12/2024 Central Tax	New sub-rule 4A of rule 59 has been inserted, with effect from 1st day of August, 2024, in Form GSTR-1, wherein B2C Interstate Invoice wise reporting will be required for Invoice value More than 1 lac (previously it was 2.5 lac per invoice).
5.	02/2024-Central Tax (Rate)	The following serial numbers are added in schedule II wherein rate of CGST is 6%: <ul style="list-style-type: none"> • 121A- Cartons, boxes and cases of, – <ul style="list-style-type: none"> (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board”; • 180A- Milk cans made of Iron, Steel, or Aluminium”; • 183A. Solar cookers”;



Sr. No.	Ref. No.	AMENDMENT
		<p>The following serial numbers are added in schedule III wherein rate of CGST is 9%:</p> <ul style="list-style-type: none"> • 235. The word solar cookers inserted; • 275A. “Milk cans made of Aluminium” inserted;
6.	04/2024 Central Tax (Rate)	<p>Insertion after Serial no. 9D, nil rate will apply on intra-State supply of following services:</p> <p>9E. Services provided by Ministry of Railways (Indian Railways) to individuals by way of -</p> <p>(a) sale of platform tickets;</p> <p>(b) facility of retiring rooms/waiting rooms;</p> <p>(c) cloak room services;</p> <p>(d) battery operated car services.</p> <p>9F. Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).</p> <p>9G. Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.</p> <p>Insertion after Serial no. 12 Nil rate will apply on intra-State supply:</p> <p>12A. Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.</p>
7.	Circular No. 207/1/2024 GST	<p>Reduction of Government Litigation by Fixing Monetary Limits for Filing Appeals by Department:</p> <p>GSTAT (GST Appellate Tribunal) – ₹ 20 lakhs</p> <p>High Court – ₹ 1 crore</p> <p>Supreme Court – ₹ 2 crores</p>



Sr. No.	Ref. No.	AMENDMENT
8.	Circular No. 211/5/2024 GST	<p>Clarification on ITC Time limit u/s 16(4) on RCM supplies received from unregistered persons:</p> <ul style="list-style-type: none"> • Time limit for availing ITC on RCM is computed u/s 16(4) from the date of self-invoice. • Despite delay in RCM payment, if self-invoice is raised only now, ITC can be availed now. • For delayed in payment of RCM, interest would be leviable. <p>However, ITC cannot be denied on the ground that RCM pertains to an earlier period, for which the time limit under Section 16 (4) is already over.</p>
9.	Circular No. 212/6/2024 GST	<p>Clarification on post supply discount – Issuance of Credit note by supplier and reversal of ITC by recipient:</p> <p>There is no mechanism in the GST portal for tracing the reversal of input tax credit till date, hence the suppliers can obtain self-certificates from the recipients to prove the ITC reversal compliance by recipient:</p> <ul style="list-style-type: none"> • Self-certification by recipient, If the reversal tax amount is less than ₹ 5 lakhs in a FY • Certification from recipient’s CAs / CMAs, if more than ₹ 5 lakhs
10.	Circular No. 214/8/2024 GST	<p>Clarification in Rule 32(4) as follows:</p> <ul style="list-style-type: none"> • The life insurance premium attributable to investment / savings is not exempt supply and hence not subject to ITC reversal. • Only the premium included in the taxable value requires ITC reversal.
11.	Circular No. 218/12/2024 GST	<p>Clarification on Taxability of Loan Transactions Between Related Persons:</p> <p>Loans provided by an overseas company to its Indian company are not considered a supply of service if the consideration is only interest or discount however any charges such as processing fee, administrative fee, etc are liable for GST.</p>



Sr. No.	Ref. No.	AMENDMENT
12.	Circular No. 214/8/2024 GST	<p>Mechanism for refund of additional Integrated Tax (IGST) paid on account of upward revision in price of the goods subsequent to exports</p> <p>Sub-section (14) of section 54 of the CGST Act provides that no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if amount is less than one thousand rupees.</p> <p>Time limit for filing refund:</p> <p>Sub-rule (1B) of rule 89 of CGST Rules, provides that the application for refund of additional IGST paid can be filed before the expiry of two years from the relevant date as per clause (a) of Explanation (2) of section 54 of the CGST Act. However, in cases, where the relevant date as per clause (a) of Explanation (2) of section 54 of the CGST Act was before the date on which sub-rule (1B) of rule 89 of CGST Rules has come into force, such refund application can be filed before the expiry of a period of two years from the date on which the said sub-rule has come into force.</p>

II. Recent Amendments in the IGST Act, 2017:

Sr. No.	Ref No.	AMENDMENT
1.	01/2024 Integrated Tax	<p>Central Government, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue) No. 02/2018-Integrated Tax, dated the 20th September, 2018</p> <p>In the said notification, for the words “one per cent.”, the words “half per cent.” shall be substituted.</p> <p>This notification shall come into force from the date of its publication in official gazette.</p>
2.	02/2024 Integrated Tax (Rate)	<p><u>In Schedule II – 12%</u></p> <p>121A. Cartons, boxes and cases of, –</p> <p>(a) corrugated paper or paper board; or</p> <p>(b) non-corrugated paper or paper board”;</p>



Sr. No.	Ref No.	AMENDMENT
		<p>180A. Milk cans made of Iron, Steel, or Aluminium”;</p> <p>183A. Solar cookers”;</p> <p>against serial number 199, in column (3), after the word “brooders”, the words and symbol “; parts thereof” shall be inserted;</p> <p><u>in Schedule III – 18%</u></p> <p>153A. All Goods (Other than Cartons, boxes and cases of, – (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board)”;</p> <p>224. after the word “equipment”, the words and symbols “; other than Milk cans made of Iron, or Steel” shall be inserted;</p> <p>235. at the end, for the words, “and wood burning stoves of iron or steel”, the words, “, wood burning stoves of iron or steel, and solar cookers” shall be substituted;</p> <p>273. after the words “boxes, etc.”, the words and symbols “; other than Milk cans made of Aluminium” shall be inserted;</p> <p>275A. after the words “Utensils”, the words and symbol “; Milk cans made of Aluminium” shall be inserted;</p> <p>378A. for the words and symbol “domestic purposes;”, the words, symbol and brackets “domestic purposes [other than solar cookers];” shall be substituted;</p>
3.	03/2024 Integrated Tax (Rate)	<p>“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litres shall not be considered as a supply made within the scope of expression ‘pre-packaged and labelled’.”.</p> <p>This notification shall come into force from the 15th day of July, 2024.</p>



Sr. No.	Ref No.	AMENDMENT
4.	04/2024 Integrated Tax (Rate)	<p><u>Insert after Serial no. 10H Nil rate will apply</u></p> <p>10I. Services provided by Ministry of Railways (Indian Railways) to individuals by way of -</p> <p>(a) sale of platform tickets;</p> <p>(b) facility of retiring rooms/waiting rooms;</p> <p>(c) cloak room services;</p> <p>(d) battery operated car services.</p> <p>10J. Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).</p> <p>10K. Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.</p> <p>In serial No.13</p> <p><u>Explanation Inserted</u></p> <p>Explanation 2.- Nothing contained in this entry shall apply to-</p> <p>(a) accommodation services for students in student residences;</p> <p>(b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.”;</p> <p><u>Insert after Serial no. 13 Nil rate will apply</u></p> <p>12A. Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.</p> <p>This notification shall come into force from the 15th day of July, 2024.</p>



III. Proposed Amendments in the Finance Bill, 2024:

Unless specified otherwise, amendments proposed in the Finance (No. 2) Bill, 2024, vide clause 110 to 153 will come into effect from a date when the same will be notified concurrently, as far as possible, with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

A. Proposed Amendments in the CGST Act, 2017:

S No.	Proposed Amendment
1.	Section 9 is being proposed to be amended as along with the alcoholic liquor for human consumption, now the Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption has also kept out of purview of central tax. Similar amendments are also proposed in IGST Act and UTGST Act.
2.	<p>Section 11A is being proposed to be inserted to empower the government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade. Similar power is being proposed in IGST Act, UTGST Act and GST (Compensation to States) Act.</p> <p>Section 11A is defined as under:</p> <p>Notwithstanding anything contained in this Act, if the Government is satisfied that:</p> <p>(a) a practice was, or is, generally prevalent regarding levy of central tax (including non-levy thereof) on any supply of goods or services or both; and</p> <p>(b) such supplies were, or are, liable to, –</p> <ul style="list-style-type: none"> • central tax, in cases where according to the said practice, central tax was not, or is not being, levied, or • a higher amount of central tax than what was, or is being, levied, in accordance with the said practice, <p>the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the central tax payable on such supplies, or, as the case may be, the central tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the central tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice.”.</p>
3.	Amendment is proposed in sub section (3) of Section 13 of CGST Act to provide for time of supply for services where the invoice is required to be issued by the recipient of services, is the date of issue of invoice by the recipient in cases of reverse charge supplies.



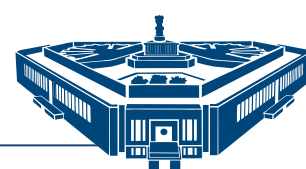
S No.	Proposed Amendment
4.	<p>Proposed to be inserted sub-section (5) in section 16 of the CGST Act, so as to carve out an exception to the existing sub-section (4) and to provide that in respect of an invoice or debit note under the said sub-section, for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed up to the 30th day of November, 2021.</p> <p>Further Sub-section (6) is being inserted in the said section so as to allow the availment of input tax credit in respect of an invoice or debit note in a return filed for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, filed within thirty days of the date of order of revocation of cancellation of registration, subject to the condition that the time-limit for availment of credit in respect of the said invoice or debit note should not have already expired under sub-section (4) of the said section on the date of order of cancellation of registration.</p> <p>Furthermore, where the tax has been paid or the input tax credit has been reversed, no refund of the same shall be admissible.</p>
5.	<p>Sub-section (5) of section 17 of the CGST Act is being proposed to be amended, so as to restrict the non-availability of input tax credit in respect of tax paid under section 74 of the said Act only for demands upto Financial Year 2023-24.</p> <p>It also removes reference to sections 129 and 130 in the said sub-section.</p>
6.	<p>A new proviso in sub-section (2) of section 30 of the CGST Act is being proposed to be inserted, so as to attain power to prescribe conditions and restrictions for revocation of cancellation of registration.</p>
7.	<p>Clause (f) of sub-section (3) of section 31 of the CGST Act is being proposed to be amended, so as to incorporate an enabling provision for prescribing the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies.</p> <p>Explanation in sub-section (3) of the said section is also inserted so as to specify that a supplier registered solely for the purposes of tax deduction at source under section 51 of the said Act shall not be considered as a registered person for the purpose of clause (f) of sub-section (3) of section 31 of the said Act.</p>
8.	<p>Sub-section (3) of section 39 of the CGST Act is being proposed to be substituted, so as to mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not.</p> <p>It also empowers the Government to prescribe by rules, the form, manner and the time within which such return shall be filed.</p>



S No.	Proposed Amendment
9.	A new sub-section (15) is being proposed to be inserted in section 54 of the CGST Act, so as to provide that no refund of unutilised input tax credit or integrated tax shall be allowed in cases of zero-rated supply of goods where such goods are subjected to export duty.
10.	Sub-section (1A) is being proposed to be inserted in section 70 of the CGST Act, to enable an authorised representative to appear on behalf of the summoned person on the directions of such officer, before the proper officer in compliance of summons issued by the said officer.
11.	Sub-section (12) is being proposed to be inserted in section 73 of the CGST Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24.
12.	Sub-section (12) is being proposed to be inserted in section 74 of the CGST Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24. Further Explanation 2 (Definition of suppression) given in the said section has been omitted.
13.	Proposed to be insertion of new section 74A. (1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised, he shall serve notice on such person chargeable with tax, provided such amount is more than one thousand rupees, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder. (2) The proper officer shall issue the notice under sub-section (1) within forty-two months from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within forty-two months from the date of erroneous refund. (3) the proper officer may serve a statement along with notice under sub-section (1), containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods. (4) The service of such statement shall be deemed to be service of notice on such person under sub-section (1), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.



S No.	Proposed Amendment
(5)	<p>The penalty in case where any tax which has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised, -</p> <ol style="list-style-type: none"> i. For any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, shall be equivalent to ten per cent. of tax due from such person or ten thousand rupees, whichever is higher; ii. For the reason of fraud or any wilful-misstatement or suppression of facts to evade tax shall be equivalent to the tax due from such person.
(6)	<p>The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.</p>
(7)	<p>The proper officer shall issue the order under sub-section (6) within twelve months from the date of issuance of notice specified in sub-section (2).</p> <p>Provided that where the proper officer is not able to issue the order within the specified period, the Commissioner, or an officer authorised by the Commissioner senior in rank to the proper officer but not below the rank of Joint Commissioner of Central Tax, with regard to the reasons for delay in issuance of the order under sub-section (6), in writing before the expiry of the specified period, extend the said period further by a maximum of six months.</p>
(8)	<p>The person chargeable with tax where any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, may, -</p> <ol style="list-style-type: none"> i. Before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information shall not serve any notice under sub-section (1) or the statement under sub-section (3), as the case may be, in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder. ii. pay the said tax along with interest payable under section 50 within sixty days of issue of show cause notice, then no penalty shall be payable and all proceedings in respect of the said notice shall be concluded.



S No.	Proposed Amendment
	<p>(9) The person chargeable with tax, where any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, may, –</p> <p>i. Before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, the proper officer, on receipt of such information, shall not serve any notice under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder;</p> <p>ii. Pay the said tax along with interest payable under section 50 and a penalty equivalent to twenty-five per cent. of such tax within sixty days of issue of the notice, and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded;</p> <p>iii. Pay the tax along with interest payable thereon under section 50 and a penalty equivalent to fifty per cent. of such tax within sixty days of communication of the order, and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded.</p> <p>(10) Where the proper officer is of the opinion that the amount paid under clause (i) of sub-section (8) or clause (i) of sub-section (9) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.</p> <p>(11) Notwithstanding anything contained in clause (i) or clause (ii) of sub-section (8), penalty under clause (i) of subsection (5) shall be payable where any amount of self-assessed tax or any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax.</p> <p>(12) The provisions of this section shall be applicable for determination of tax pertaining to the Financial Year 2024- 25 onwards.</p>
14.	<p>Sub-section (2A) is being proposed to be inserted in section 75 in the CGST Act, so as to provide for redetermination of penalty demanded in a notice invoking penal provisions under clause (ii) of sub-section (5) of the proposed section 74A of the said Act to re-determine the penalty as per clause (i) of the sub-section (5) of the said section, in cases where the charges of fraud, wilful misstatement, or suppression of facts are not established.</p>



S No.	Proposed Amendment
15.	Sub-section (6) of section 107 of the CGST Act is being proposed to be amended, so as to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from rupees twenty-five crores to rupees twenty crores in central tax.
16.	Section 109 of the CGST Act is being proposed to be amended, so as to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal.
17.	<p>Sub-sections (1) and (3) of section 112 of the CGST Act are being proposed to be amended, so as to empower the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal as follows:</p> <ul style="list-style-type: none"> ➤ from the date on which the order sought to be appealed against is communicated to the person preferring the appeal or the date, as may be notified by the Government, on the recommendations of the Council <p>The said amendment is made effective from the 1st day of August, 2024.</p> <p>Sub-section (6) of the said section is also being amended so as to enable the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months.</p> <p>Sub-section (8) of the said section is also being amended so as to reduce the maximum amount of pre-deposit for filing appeals before the Appellate Tribunal from the existing twenty percent to ten percent of the tax in dispute and also reduce the maximum amount payable as pre-deposit from rupees fifty crores to rupees twenty crores in central tax.</p>
18.	<p>Sub-section (1B) of section 122 of the CGST Act is being proposed to be amended, so as to restrict the applicability of the said sub-section to any electronic commerce operators, who are required to collect tax at source under section 52 of the said Act.</p> <p>The said amendment is made effective from the 1st day of October, 2023 when the said sub-section had come into force.</p>
19.	<p>Section 128A in the CGST Act is being proposed to be inserted, to provide for a conditional waiver of interest and penalty in respect of demand notices issued under section 73 of the said Act for the Financial Years 2017-18, 2018-19 and 2019-20, in cases where the tax liability has already been paid or to be paid within the due date as may be notified by the government, except for the demand's notices in respect of erroneous refund.</p> <p>In cases where interest and penalty have already been paid in respect of any demand for the said financial years, no refund shall be admissible for the same.</p>



S No.	Proposed Amendment
20.	<p>Sub-section (7) of section 140 of the CGST Act is being proposed to be amended, so as to enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor prior to, on or after, the appointed day, for which invoices were also received prior to the appointed date.</p> <p>The said amendment is made effective from 1st day of July, 2017.</p>
21.	<p>Proviso is being proposed to be inserted in sub- section (2) of section 171 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 examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.</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>
22.	<p>Paragraph 8 is being proposed to be inserted in Schedule III to the CGST Act, so as to provide that the activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements shall be treated as neither supply of goods nor supply of services, provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.</p> <p>Paragraph 9 is being proposed to be inserted in Schedule III to the CGST Act, so as to provide that the services by the insurer to the re-insurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.</p>
23.	<p>No refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed had under the section 16(5) and 16(6) in force at all material times.</p>
24.	<p>Following section are being proposed to be amended, so as to incorporate a reference to the proposed new section 74A in the said sub- section:</p> <p>Section 10(5), 21, 35(6), 49(8), 50(1), 51(7), 61(3), 62(1), 63, 64(2), 65(7), 66(6), 75, 104(1), 107(11) and 127.</p>



B. Proposed Amendments in the IGST Act, 2017:

S.No.	Amendment
1.	Sub-section (1) in Section 5 in the IGST Act is being proposed to be amended, so as to not levy integrated tax on Extra Neutral Alcohol used for manufacture of alcoholic liquor for human consumption.
2.	Section 6A is being proposed to be inserted in the IGST Act, so as to empower the Government to regularize non – levy or short levy of integrated tax where it is found that such non levy or short levy was a result of general practice.
3.	Sub-section (4) in Section 16 in the IGST Act is being proposed to be amended, so as to provide for notification of class of persons who may make zero rated supplies of goods or services or both or class of goods or services which may be supplied on zero rated basis, and refund of integrated tax in respect of which can be claimed, in accordance with the provisions of Section 54 of the Central Goods and Services Tax Act, subject to such conditions, safeguards and procedures as may be prescribed. Sub-section (5) is being inserted in the said Section to provide that no refund of unutilized input tax credit or of integrated tax paid on account of zero- rated supply of goods shall be allowed in cases where the zero-rated supply of goods is subjected to export duty.
4.	Section 20 in the IGST Act is being proposed to be amended, so as to reduce the maximum amount of pre-deposit payable for filing appeal before appellate authority from rupees fifty crores to rupees forty crores of integrated tax. Further, it proposes to reduce the maximum amount payable as pre-deposit for filing appeal before the Appellate Tribunal from rupees hundred crores to rupees forty crores of integrated tax.

C. Proposed Amendments in the UTGST Act, 2017:

S.No.	Amendment
1.	Sub-section (1) in Section 7 in the UTGST Act is being proposed to be amended, so as to not levy union territory tax on Extra Neutral Alcohol used for manufacture of alcoholic liquor for human consumption.
2.	Section 8A in the UTGST Act is being proposed to be inserted, so as to empower the Government to regularize non –levy or short levy of union territory tax where it is found that such non levy or short levy was a result of general practice.

D. Proposed Amendments in the GST (Compensation to States) Act, 2017:

S.No.	Amendment
1.	Section 8A is being proposed to be inserted in the GST (Compensation to States) Act, so as to empower the Government to regularize non –levy or short levy of cess where it is found that such non levy or short levy was a result of general practice.



CUSTOMS

I. Recent Amendments in Customs:

Sr. No.	Ref No.	AMENDMENT																								
1.	10/2024 Customs	<p>Insertion of the following S. No. and entries in Customs Tariff Act, 1975, namely:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No.</th> <th style="text-align: center;">Description of goods</th> <th style="text-align: center;">Standard rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3AA.</td> <td>Meat and edible offal, of turkeys, frozen</td> <td style="text-align: center;">5%</td> </tr> <tr> <td style="text-align: center;">32AA.</td> <td>Cranberries, fresh; Blueberries, fresh</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">32AB.</td> <td>Cranberries, frozen; Blueberries, frozen</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">32AC.</td> <td>Cranberries, dried; Blueberries, dried</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">90A.</td> <td>Cranberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included</td> <td style="text-align: center;">5%</td> </tr> <tr> <td style="text-align: center;">90B.</td> <td>Blueberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">304B.</td> <td>Other: of staple length exceeding 32.0 mm</td> <td style="text-align: center;">Nil</td> </tr> </tbody> </table> <p>This notification shall come into force on the 20th of February, 2024</p>	S. No.	Description of goods	Standard rate	3AA.	Meat and edible offal, of turkeys, frozen	5%	32AA.	Cranberries, fresh; Blueberries, fresh	10%	32AB.	Cranberries, frozen; Blueberries, frozen	10%	32AC.	Cranberries, dried; Blueberries, dried	10%	90A.	Cranberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	5%	90B.	Blueberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	10%	304B.	Other: of staple length exceeding 32.0 mm	Nil
S. No.	Description of goods	Standard rate																								
3AA.	Meat and edible offal, of turkeys, frozen	5%																								
32AA.	Cranberries, fresh; Blueberries, fresh	10%																								
32AB.	Cranberries, frozen; Blueberries, frozen	10%																								
32AC.	Cranberries, dried; Blueberries, dried	10%																								
90A.	Cranberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	5%																								
90B.	Blueberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	10%																								
304B.	Other: of staple length exceeding 32.0 mm	Nil																								
2.	12/2024 Customs	<p>In the said notification 64/2023-Customs, dated the 07th December, 2023,</p> <p>(i) in the opening paragraph, for the words and figures “leviable thereon under the said section of the Finance Act, 2021 (13 of 2021), namely: -”, the words and figures “leviable thereon under the said section of the Finance Act, 2021 (13 of 2021), subject to the condition as specified in column (4) of the said Table, namely: -” shall be substituted;</p> <p>(ii) for the Table and paragraph 2, the following Table shall be substituted, namely: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Tariff Item</th> <th style="text-align: center;">Description of goods</th> <th style="text-align: center;">Condition</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td style="text-align: center;">0713 10 10</td> <td style="text-align: center;">Yellow Peas</td> <td>In respect of the said goods, the Bill of Lading is issued on or before 30th day of April, 2024.</td> </tr> </tbody> </table> <p>This notification shall come into force on the 22nd day of February, 2024.</p>	Sl. No.	Tariff Item	Description of goods	Condition	1.	0713 10 10	Yellow Peas	In respect of the said goods, the Bill of Lading is issued on or before 30th day of April, 2024.																
Sl. No.	Tariff Item	Description of goods	Condition																							
1.	0713 10 10	Yellow Peas	In respect of the said goods, the Bill of Lading is issued on or before 30th day of April, 2024.																							



Sr. No.	Ref No.	AMENDMENT														
3.	13/2024 Customs	<p>Insertion of the following S. No. and entries, namely:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sr. No</th> <th style="text-align: center;">Heading</th> <th style="text-align: center;">Description of goods</th> <th style="text-align: center;">Standard Rate</th> <th style="text-align: center;">IGST</th> <th style="text-align: center;">Condition</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3AB.</td> <td style="text-align: center;">0207 42 00; 0207 45 00</td> <td style="text-align: center;">Meat and edible offal, of ducks, frozen</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">-</td> <td style="text-align: center;">116</td> </tr> </tbody> </table> <p>In the Annexure, after condition number 115 and the entries relating thereto, the following condition number and entries shall be inserted, namely:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 10%; text-align: center; vertical-align: top;">116.</td> <td style="vertical-align: top;"> <p>If, at the time of import, -</p> <p>(a) the importer furnishes a certificate to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, from the designated officer in terms of O.M. No. L-110109(3)/1/2016-Trade (E-2625), dated 22nd February, 2024, issued by the Department of Animal Husbandry and Dairying, that the imported goods are meat and edible offal, of ducks, frozen (other than backs of ducks, frozen), satisfying the parameters specified in the Annex to the said O.M.; and</p> <p>(b) the importer furnishes to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, -</p> <p>(i) a certificate from an officer not below the rank of a Deputy Secretary to the Government of India in the Ministry of Tourism recommending that the importer is a 3-Star and above operational hotel as per notification issued by Ministry of Tourism, Government of India, as amended, or</p> <p>(ii) a valid restricted import authorisation issued under DGFT notification No. 66/2023, dated 06th March, 2024, as amended”;</p> </td> </tr> </tbody> </table> <p style="text-align: center;">This notification shall come into force on the 07th day of March, 2024.</p>	Sr. No	Heading	Description of goods	Standard Rate	IGST	Condition	3AB.	0207 42 00; 0207 45 00	Meat and edible offal, of ducks, frozen	5%	-	116	116.	<p>If, at the time of import, -</p> <p>(a) the importer furnishes a certificate to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, from the designated officer in terms of O.M. No. L-110109(3)/1/2016-Trade (E-2625), dated 22nd February, 2024, issued by the Department of Animal Husbandry and Dairying, that the imported goods are meat and edible offal, of ducks, frozen (other than backs of ducks, frozen), satisfying the parameters specified in the Annex to the said O.M.; and</p> <p>(b) the importer furnishes to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, -</p> <p>(i) a certificate from an officer not below the rank of a Deputy Secretary to the Government of India in the Ministry of Tourism recommending that the importer is a 3-Star and above operational hotel as per notification issued by Ministry of Tourism, Government of India, as amended, or</p> <p>(ii) a valid restricted import authorisation issued under DGFT notification No. 66/2023, dated 06th March, 2024, as amended”;</p>
Sr. No	Heading	Description of goods	Standard Rate	IGST	Condition											
3AB.	0207 42 00; 0207 45 00	Meat and edible offal, of ducks, frozen	5%	-	116											
116.	<p>If, at the time of import, -</p> <p>(a) the importer furnishes a certificate to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, from the designated officer in terms of O.M. No. L-110109(3)/1/2016-Trade (E-2625), dated 22nd February, 2024, issued by the Department of Animal Husbandry and Dairying, that the imported goods are meat and edible offal, of ducks, frozen (other than backs of ducks, frozen), satisfying the parameters specified in the Annex to the said O.M.; and</p> <p>(b) the importer furnishes to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, -</p> <p>(i) a certificate from an officer not below the rank of a Deputy Secretary to the Government of India in the Ministry of Tourism recommending that the importer is a 3-Star and above operational hotel as per notification issued by Ministry of Tourism, Government of India, as amended, or</p> <p>(ii) a valid restricted import authorisation issued under DGFT notification No. 66/2023, dated 06th March, 2024, as amended”;</p>															
4.	15/2024 Customs	<p>In the First Schedule to the said Customs Tariff Act, in Chapter 90, against tariff items 9022 30 00 for X-ray tubes and against the tariff items 9022 90 90 for Other, the alteration substitutes the previous entry with “15%”.</p> <p style="text-align: center;">This notification shall come into force on the 1st day of April, 2024.</p>														



Sr. No.	Ref No.	AMENDMENT					
5.	19/2024 Customs	(1) in the Table, for S. No. 526A and the entries relating thereto, the following S. No. and entries shall be substituted, namely: -					
		Sr. No	Heading	Description of goods	Std Rate	IGST	Cndtn
		526A.	8703	Electrically operated vehicles, if imported, - (1) incomplete or unfinished, as a knocked down kit containing necessary components, parts or sub-assemblies for assembling a complete vehicle, including battery pack, motor, motor controller, charger, power control unit, energy monitor, contactor, brake system, electric compressor, whether or not individually pre-assembled, with -		-	
				(a) none of the above components, parts or sub-assemblies interconnected with each other and not mounted on a chassis	15%		
				(b) any of the above components, parts or sub-assemblies interconnected with each other but not mounted on a chassis	35%		



Sr. No.	Ref No.	AMENDMENT					
Sr. No	Heading	Description of goods	Std Rate	IGST	Cndtn		
		(2) in a form other than (1) above, -	100%				
		(a) with a CIF value more than US \$40,000					
		(b) other than (a) above	70%				
		(c) with a minimum CIF value of US \$35,000 imported in terms of provisions of the 'Scheme to promote manufacturing of electric passenger cars in India' notified vide S.O. No. 1363 (E) dated 15th March, 2024, by the Ministry of Heavy Industries:	15%			117	
		Provided that nothing contained in item (2) (c) in this S. No. shall have effect after the 31st March, 2031.					
		Explanation. – For the removal of doubts, the exemption contained in items (1)(a) and (1) (b) of this entry shall be available, even if one or more of the components, parts or sub-assemblies required for assembling a complete vehicle are not imported in the kit,					



Sr. No.	Ref No.	AMENDMENT					
		Sr. No	Heading	Description of goods	Std Rate	IGST	Cndtn
				provided that the kit as presented, is classifiable under the heading 8703 of the Customs Tariff Act, 1975 as per the general rules of interpretation.			
		in the Annexure, after condition number 116 and the entry relating thereto, the following condition number and entry shall be inserted, namely: -					
		117		If the importer, at the time of import, furnishes a certificate from an officer not below the rank of a Joint Secretary to the Government of India in the Ministry of Heavy Industries (MHI) to the effect that, - (i) the importer holds a valid Approval Letter issued by the Ministry of Heavy Industries under the 'Scheme to promote manufacturing of electric passenger cars in India' notified vide S.O. No. 1363 (E) dated 15th March, 2024, by the Ministry of Heavy Industries; (ii) the importer satisfies the conditions of the aforesaid scheme and the quantity of the vehicles being imported is within the limits prescribed in Para. 1.3.5 and para. 1.3.6 of the aforesaid scheme; and (iii) the importer is eligible for grant of this exemption in respect of the goods being imported.			
6.	24/2024 Customs	In 27/2011-Customs, dated the 1st March, 2011, In the said notification the rate of duty for Coffee shall be substituted to 40%. In the said notification 48/2021-Customs, dated the 13th October, 2021, in the TABLE, after S. No. 6 and the entries relating thereto, the following S. No. and entries relating thereto shall be inserted, namely:					
		7.	0713 20 20	Bengal gram (desi chana)		Nil	



Sr. No.	Ref No.	AMENDMENT				
		<p>In the said notification 49/2021-Customs, dated the 13th October, 2021, in the Table, after S. No. 4 and the entries relating thereto, the following S. No. and entries relating thereto shall be inserted, namely:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">5.</td> <td style="width: 30%;">0713 20 20</td> <td style="width: 45%;">Bengal gram (desi chana)</td> <td style="width: 20%;">Nil</td> </tr> </table> <p>This notification shall come into force from the 4th day of May, 2024.</p>	5.	0713 20 20	Bengal gram (desi chana)	Nil
5.	0713 20 20	Bengal gram (desi chana)	Nil			
7.	27/2024 Customs	<p>Exempts all goods imported by a unit or a developer in the Special Economic Zone for authorised operations, from the whole of goods and service tax compensation cess leviable thereon under sub-section (9) of section 3, of Customs Tariff Act, 1975 (51 of 1975) read with sub-section (2) of section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017).</p> <p>This notification shall come into force from the 15th July, 2024.</p>				
8.	Circular No. 04- 2024- Customs	<p>Amendments to the All-Industry Rates of Duty Drawback effective from 3rd May, 2024. The changes made are briefly summed up as follows:</p> <ul style="list-style-type: none"> • All Industry Rates /caps of Duty Drawback have been enhanced for the following items: <ul style="list-style-type: none"> (i) certain marine products covered under Chapters 3 and 16; (ii) certain goods bags, hand bags, trunks, suit-cases and others, under Chapters 42; (iii) articles of bed linen. table linen, toilet linen and kitchen linen under Chapter 63. (iv) radar apparatus, radio navigational aid apparatus and radio remote control apparatus and others under Chapter 85 and (v) unmanned aircraft under Chapter 88. • Cap of Duty Drawback have been rationalized for “Golf Gloves made of leather in combination with textile materials” under TI 420304. • Certain new tariff items have been created to allow better differentiation of export product viz. “Breaded shrimp/prawn” (TI 16050101), “Breaded Squids” (TI 16050501), “Sports gloves, other than Golf gloves, made of leather” (TI 420311) and “Sports gloves, other than Golf gloves, made of leather in combination with textile materials” (TI 420312). 				



Sr. No.	Ref No.	AMENDMENT
		<ul style="list-style-type: none"> Descriptions of TIs 420303 and 420304 pertaining to Golf Gloves have been changed as “Golf Gloves made of leather” & “Golf Gloves made of leather in combination with textile materials” respectively. Unit for the both TIs have also been changed to “piece”. <p>To promote export of goods of defense sector, AIRs of duty drawback have been provided to the specified products of defense sector by creating new TIs in Chapter 72,75,81,87,88 and 93.</p>
9.	Circular No. 06-2024-Customs	<p>Clarification on Customs duty on Display Assembly of a cellular mobile phone-reg:</p> <p>The applicable BCD rate on “mechanics”, die-cut parts”, other parts of cellular mobile phone falling under tariff item 8517 79 90” for use in manufacture of cellular mobile phone was reduced to 10% vide notification Nos. 08/2024-Customs and 09/2024-Customs dated 30.01.2024.</p> <p>Further clarifications on Interpretation of the Display Assembly of Mobile Phones has been provided.</p>

II. Proposed Amendments in the Finance Bill, 2024:

A. Amendments to the Customs Act, 1962:

S. No.	Amendment
	These changes will come into effect from the date of enactment of the Finance (No. 2) Bill, 2024
1.	Section 28 DA is being proposed to be amended to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements, which provide for self-certification.
2.	A proviso to sub-section (1) of Section 65 is being proposed to be inserted to empower the Central Government to specify certain manufacturing and other operations in relation to a class of goods that shall not be permitted in a warehouse.
3.	Section 143AA of the Customs Act is being proposed to be amended by substituting the expression “a class of importers or exporters” with “a class of importers or exporters or any other persons” for the purpose of facilitating trade.
4.	Clause (m) of subsection (2) of section 157 of the Customs Act is being proposed to be amended by substituting the expression “a class of importers or exporters” with “a class of importers or exporters or any other persons”

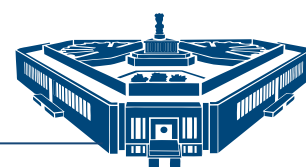


B. Amendments to the Customs Tariff Act, 1975:

Sr. No.	Amendment to section
1.	Section 6 of the Customs Tariff Act, 1975 which provided for levy of protective duties in certain cases by the Central Government on the recommendations of the Tariff Commission is being omitted, as the Tariff Commission has been wound up by resolution dated 1st June 2022 by the Government of India. This change will come into effect from the date of enactment of the Finance (No. 2) Bill, 2024

C. Amendments to the First Schedule to the Customs Tariff Act, 1975:

A.	Increase in Tariff rate (to be effective from 24.07.2024) * [Clause [107(a)] of the Finance (No. 2) Bill, 2024] read with Third Schedule.		Rate of Duty	
	<i>*Will come into effect immediately through a declaration under the Provisional Collection of Taxes Act, 2023</i>			
S. No.	Heading, sub- heading, tariff item	Commodity	From	To
		Plastics		
1.	3920, 3921	Poly vinyl chloride (PVC) flex films (also known as PVC flex banners or PVC flex sheets) {The currently applicable BCD on all other goods falling under heading 3920 and 3921 shall be maintained by suitable amendment in the relevant notification(s)}	10%	25%
		Consumer goods		
2.	6601 10 00	Garden umbrellas	20%	20% or ₹60 per piece, whichever is higher
		Chemicals		
3.	9802 00 00	Laboratory chemicals (Heading 9802 covers all chemicals, organic or inorganic, whether or not chemically defined, imported in packings not exceeding 500 gms or 500 millilitres and which can be identified with reference to the purity, markings or other features to show them to be meant for use solely as laboratory chemicals)	10%	150%



B.		Tariff rate changes (without change in effective rate of duty) to be effective from 01.10.2024 [Clause [107(b)] of the Finance (No. 2) Bill, 2024]	Rate of Duty	
<i>Note: The currently applicable rate of Basic Customs Duty on these commodities shall be maintained by suitable amendment in the relevant notification(s).</i>				
S. No.	Heading, sub-heading tariff item	Commodity	From	To
1.	2008 19 20	Other roasted nuts and seeds, including such arecanuts	30%	150%
2.	2008 19 30	Other nuts, otherwise prepared or preserved, including such arecanuts	30%	150%
C		Amendment in tariff entries	Clause of the Finance (No. 2) Bill, 2024	
1.	The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the tariff entries with effect from 1st October, 2024.		[107(b)] read with Fourth Schedule	

D. Other proposals involving changes in the Basic Custom Duty rates in Notifications:

A.		Changes in Basic Customs Duty (to be effective from 24.07.2024)	Rates of Duty	
S. No.	Chapter, Heading, sub-heading, tariff item	Commodity	From	To
I.		Agricultural Products		
1.	1207 99 90	Shea nuts	30%	15%
II.		Aquafarming & Marine Exports		
1.	0306 36	Live SPF Vannamei shrimp (Litopenaeus vannamei) broodstock	10%	5%
2.	0306 36	Live Black tiger shrimp (Penaeus monodon) broodstock	10%	5%
3.	0306 36 60	Artemia	5%	Nil
4.	0511 91 40	Artemia cysts	5%	Nil
5.	0308 90 00	SPF Polychaete worms	30%	5%



6.	1504 20	Fish lipid oil for use in manufacture of aquatic feed	15%	Nil
7.	1504 20	Crude fish oil for use in manufacture of aquatic feed	30%	Nil
8.	1518	Algal Oil for use in manufacture of aquatic feed	15%	Nil
9.	2102 20 00	Algal Prime (flour) for use in manufacture of aquatic feed	15%	Nil
10.	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	5%	Nil
11.	2301 10 90	Insect meal for use in Research & Development purposes in aquatic feed manufacturing	15%	5%
12.	2309 90 90	Single Cell Protein from Natural Gas for use in Research & Development purposes in aquatic feed manufacturing	15%	5%
13.	2301 20	Krill Meal for use in manufacture of aquatic feed	5%	Nil
14.	1901	Pre-dust breaded powder for use in processing of sea-food	30%	Nil
15.	2309 90 31	Prawn and shrimps feed	15%	5%
16.	2309 90 39	Fish feed	15%	5%
III.		Critical Minerals		
1.	2504	Natural Graphite	5%	2.5%
2.	2505	Natural sands of all kinds, whether or not colored, other than metal bearing sands of chapter 26 of The Customs tariff Act, 1975	5%	Nil
3.	2506	Quartz (other than natural sands); quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape	5%	2.5%
4.	2530 90 91	Strontium sulphate (natural ore)	5%	Nil
5.	2603 00 00	Copper ores and concentrates	2.5%	Nil
6.	2605 00 00	Cobalt ores and concentrates	2.5%	Nil
7.	2609 00 00	Tin ores and Concentrates	2.5%	Nil
8.	2611 00 00	Tungsten Ores and Concentrates	2.5%	Nil
9.	2613	Molybdenum ores and concentrates	2.5%	Nil
10.	2615 10 00	Zirconium ores and concentrates	2.5%	Nil
11.	2615 90	Hafnium Ores and concentrates	2.5%	Nil



12.	2615 90 10	Vanadium ores and concentrates	2.5%	Nil
13.	2615 90 20	Niobium or tantalum ores and Concentrates	2.5%	Nil
14.	2617	Antimony Ores and Concentrates	2.5%	Nil
15.	2804 50 20	Tellurium	5%	Nil
16.	2804 61 00	Silicon, containing by weight not less than 99.99% of silicon	5%	Nil
17.	2804 69 00	Other silicon	5%	Nil
18.	2804 90 00	Selenium	5%	Nil
19.	2805 30 00	Alkali or alkaline earth metals, Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed	5%	Nil
20.	2811 22 00	Silicon dioxide	7.5%	2.5%
21.	2815 20 00	Potassium hydroxide	7.5%	Nil
22.	2816 40 00	Oxides, hydroxides and peroxides, of strontium or barium	7.5%	Nil
23.	2822 00 10	Cobalt oxides	7.5%	Nil
24.	2822 00 20	Cobalt hydroxides	7.5%	Nil
25.	2822 00 30	Commercial cobalt oxides	7.5%	Nil
26.	2825 20 00	Lithium oxide and hydroxide	7.5%	Nil
27.	2825 30	Vanadium oxides and hydroxides	2.5%/ 7.5%	Nil
28.	2825 60 10	Germanium oxides	7.5%	Nil
29.	2825 70	Molybdenum oxides and hydroxides	7.5%	Nil
30.	2825 80 00	Antimony oxides	7.5%	Nil
31.	2825 90 20	Cadmium oxides	7.5%	Nil
32.	2827 35 00	Chlorides of Nickel	7.5%	Nil
33.	2827 39 30	Strontium chloride	7.5%	Nil
34.	2833 24 00	Sulphates of Nickel	7.5%	Nil
35.	2834 21 00	Nitrates of potassium	7.5%	Nil
36.	2836 91 00	Lithium carbonates	7.5%	Nil
37.	2836 92 00	Strontium carbonates	7.5%	Nil
38.	2841 90 00	Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium	7.5%	Nil
39.	2846	Compounds, inorganic or organic of rare earth metals	7.5%	Nil
40.	2918 15 30	Bismuth citrate	7.5%	Nil
41.	3801	Artificial Graphite, colloidal or semi-colloidal graphite, preparations based on graphite or other carbon in form of pastes, blocks, plates or other semi-manufactures	7.5%	2.5%



42.	8001	Unwrought Tin	5%	Nil
43.	8101 94 00	Unwrought tungsten, including bars and rods obtained simply by sintering	5%	Nil
44.	8102 94 00	Unwrought molybdenum, including bars and rods obtained simply by Sintering	5%	Nil
45.	8103 20	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	5%	Nil
46.	8105 20 20	Cobalt, unwrought	5%	Nil
47.	8106 10 10	Bismuth, unwrought	2.5%	Nil
48.	8109 21 00	Unwrought zirconium, powders, Containing less than 1 part hafnium to 500 parts zirconium by Weight	10%	Nil
49.	8110 10 00	Unwrought antimony, powders	2.5%	Nil
50.	8112 12 00	Beryllium unwrought, powders	5%	Nil
51.	8112 31	Hafnium unwrought, waste and scrap, powders	10%	Nil
52.	8112 41 10	Rhenium unwrought	10%	Nil
53.	8112 69 10	Cadmium unwrought, powders	5%	Nil
54.	8112 69 20	Cadmium, wrought	5%	Nil
55.	8112 92 00	Unwrought; waste and scrap; powder of, - (i) Gallium (ii) Germanium (iii) Indium (iv) Niobium (v) Vanadium	5%	Nil
IV.		Steel Sector		
1.	7202 60 00	Ferro Nickel	2.5%	Nil
2.	7204	Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.03.2026)
3.	7225	Certain specified raw materials for manufacture of CRGO steel	Nil (till 30.09.2024)	Nil (till 31.03.2026)
V.		Copper		
1.	7402 00 10	Blister Copper	5%	Nil
VI.		Chemicals and Plastics		
1.	3102 30 00	Ammonium Nitrate, whether or not in aqueous solution	7.5%	10%



2.	3920 (other Than 3920 99 99) or 3921	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25% (With effect from 24.07.2024)	10%
3.	3920 99 99	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25% (with effect from 24.07.2024)	15%
VII.		Textile and Leather Sector		
1.	2929 10 90	Methylene Diphenyl Di-isocyanate (MDI) for use in the manufacture of Spandex Yarn	7.5%	5% Subject to IGCR conditions
2.	41	Wet white, Crust and finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products, for export	10%	Nil Items under Sl. No. 257B and 257C of Notification 50/2017 - Customs, dated 30.06.2017
3.	38,48 or any other Chapter	Certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export	As applicable	Nil Items under Sl. No. 257B and 257C of Notification on 50/2017 - Customs, dated 30.06.2017
4.	0505 10	Real Down Filling Material from Duck or Goose for use in the manufacture of textile or leather garments for export	30%	10%
VIII.		Cancer Drugs		
1.	30	(i) Trastuzumab Deruxtecan, (ii) Osimertinib, (iii)Durvalumab	10%	Nil
IX.		Precious Metals		
1.	7108	Gold bar	15%	6%
2.	7108	Gold dore	14.35%	5.35%
3.	7106	Silver bar	15%	6%



4.	7106	Silver dore	14.35%	5.35%
5.	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4%	6.4%
6.	7118	Coins of precious metals	15%	6%
7.	7113	Gold/Silver findings	15%	6%
8.	71	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.5%	5%
9.	84	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5%	5%
X.		Medical Equipment		
1.	39	All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10	As applicable	Nil
2.	39, 72, 81	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and All types of polyethylene for use in manufacture of other artificial parts of the body falling under sub-heading 9021 31 or 9021 39	As applicable	Nil
3.	9022 30 00	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31st March 2025) 7.5% (w.e.f 1st April, 2025 to 31st March, 2026) 10% (w.e.f 1st April, 2026)
4.	9022 90 90	Flat panel detectors (including scintillators) for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31st March 2025) 7.5% (w.e.f 1st April, 2025 to 31st March, 2026) 10% (w.e.f 1st April, 2026)



XI.		IT and Electronics Sector		
1.	8517 13 00, 8517 14 00	Cellular mobile phone	20%	15%
2.	8504 40	Charger/Adapter of cellular mobile phone	20%	15%
3.	8517 79 10	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20%	15%
4.	28, 29, 38	Specified parts for use in manufacture of connectors	5%/7.5%	Nil
5.	74	Oxygen Free Copper for use in manufacture of Resistors	5%	Nil
6.	40	Specified die-cut parts for use in manufacture of cellular mobile phones	As applicable	Nil
7.	40, 70, 76	Specified mechanics for use in manufacture of cellular mobile phones	As applicable	Nil
8.	8517 79 10	Printed Circuit Board Assembly (PCBA) of specified telecom equipment	10%	15%
XII.		Renewable Energy Sector		
1.	84, 85, or any other chapter	Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.5%	Nil
2.	7007	Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 1.10.2024)
3.	74	Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5% (w.e.f. 1.10.2024)
XIII.		Shipping		
1.	Any Chapter	Components and consumables for use in manufacture of specified vessels	As applicable	Nil
2.	Any Chapter	Technical documentation and spare parts for construction of warships	As applicable	Nil
XIV.		Capital goods		
1.	Any Chapter	Goods under S. No. 404 of Notification No. 50/2017 Customs, used for petroleum exploration operations.	As applicable	Nil



B. Changes in Export Duty (To be effective from 24.7.2024)			Rate of Duty	
Effective export duty on raw skins, hides & leather is being simplified and rationalized. The changes are as follows -				
S. No.	Chapter or heading	Commodity	From	To
1.	4101 to 4103	Raw Hides & skins, all sorts (other than buffalo)	40%	40%
2.	4101	Raw Hides & skins of buffalo	30%	30%
3.	4104 to 4106	Tanned or crust hides of skins, whether or not split, but not further prepared	40	20%
4.	4104 to 4106	E.I. tanned leather	Nil	Nil
5.	41	Finished leather as defined by DGFT finished leather norms	Nil	Nil
6.	4301	Raw fur skins	60%/10%	40%
7.	4302	Tanned or dressed furskin	60%	20%

E. Other Miscellaneous Amendments:

i. Validation of Notifications:

These changes will come into effect from date of enactment of the Finance (No. 2) Bill, 2024.

S. No.	Amendment
1.	Notification No. 37/2023- Customs dated 10.5.23 is being validated for the period from 1st April, 2023 up to and inclusive of 10th May, 2023 to provide exemption from basic customs duty and AIDC on imports of crude soyabean oil and crude sunflower seed oil subject to availability of unutilized quota in TRQ authorization for FY 2022-23 allotted by DGFT and Bill of lading issued on or before 31st March, 2023.
2.	Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect from 1st July, 2017 on imports in SEZ-by-SEZ units or developers for authorized operations.

ii. Amendment of Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995:

The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 have been amended to insert a provision for New Shipper Review. This will be effective from 24.7.2024.



iii. Other notification changes:

These changes will be effective from 24.7.2024

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

F. Review of Custom Duty Exemptions:

i. Review of conditional exemption rates of BCD prescribed in Notification no. 50/2017-Customs dated 30.6.2017:

- a. The BCD exemption for the goods covered under following serial numbers of the notification are being extended upto 31st March, 2026 unless specified otherwise.

S. No.	S N of 50/17-Cus	Brief Description
1.	17	Specified Planting materials, namely, oilseeds, seeds of vegetables, tubers, etc.
2.	80A	Algal oil for manufacturing of aquatic feed
3.	90	Lactose for use in manufacture of homeopathic medicines
4.	104	Specified goods used in processing of sea-food
5.	133	Gold ores and concentrates
6.	139	Bunker Fuels namely: (i). IFO 180 CST; (ii). IFO 380 CST; (iii). VLSFO (CTH 27)
7.	150	Naphtha for manufacture of Fertilisers (scope of exemption is being reduced only to Naphtha)
8.	155	Liquefied petroleum gases (LPG) received from unit in SEZ and returned by the DTA unit to the SEZ unit
9.	164	Electrical energy supplied from SEZ unit to DTA



S. No.	S N of 50/17-Cus	Brief Description
10.	165	Electrical energy supplied from SEZ to DTA
11.	172	Specified goods used in manufacture of silicon wafers or solar wafers, for manufacture of solar cell or module
12.	183	Medical use fission Molybdenum-99 (Mo-99) for use in manufacture of radio pharmaceuticals
13.	184	Pharmaceutical Reference Standard
14.	188	Goods for manufacture of ELISA Kits
15.	191	Maltol for manufacture of deferiprone
16.	204	Anthraquinone or 2-Ethyl Anthraquinone for use in manufacture of Hydrogen peroxide
17.	237	Specified material for manufacture of EVA (Ethylene Vinyl Acetate) sheets or backsheets, which are used in the manufacture of solar photovoltaic cells or modules (Scope of materials which can be imported is being increased)
18.	253	Specified Goods for manufacture of Brushless Direct Current (BLDC) motors
19.	257	Tags, labels, stickers, belts, buttons, hangers or printed bags, imported by bonafide exporters
20.	257A	Specified goods used in manufacture of handicraft items for export when imported by bonafide exporter
21.	257B	Specified goods used in manufacture of textile or leather garments for export when imported by bonafide exporter
22.	257C	Specified goods used in manufacture of leather or synthetic footwear or other leather products for export when imported by bonafide exporter
23.	258	Security fibre, threads, Paper based Taggant, M-feature for use in manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore.
24.	259	Raw materials for manufacture of security fibre and security thread for supply to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt. Ltd, Mysore for use in manufacture of security paper
25.	260	Goods for the manufacture of specified orthopedic implants (902110)
26.	261	Raw material for manufacture of Copper-T Contraceptive Alatheon Copper Wire
27.	265	Capacitor grades polypropylene granules for manufacture of Capacitor grade plastic



S. No.	S N of 50/17-Cus	Brief Description
28.	269	Super absorbent polymer for manufacture of adult diapers and specified goods
29.	271	Polytetramethylene ether glycol, (PT MEG) for use in manufacture of spandex yarn
30.	276	Ethylene- propylene- non-conjugated diene rubber (EPDM) for manufacture of insulated wire and cables
31.	279	New or retreated Pneumatic tyres of rubber for use in servicing, repair of maintenance of aircrafts used for operating scheduled air transport service or scheduled air cargo service etc.
32.	280	New or retreated Pneumatic tyres of rubber for use in servicing, repair or maintenance of aircraft imported or procured by Aero Club of India/ for flying training purpose/ operating non-scheduled (passenger or charter) services/ AAI for flight calibration purpose
33.	290	Wood pulp for manufacture of newsprint, paper or paperboard
34.	292	Goods imported for manufacture of paper, paper boards, newsprint
35.	293A	Newsprint and uncoated paper imported for printing of newsprint
36.	296A	Lightweight coated paper imported by actual users for printing of magazines
37.	326	Hydrophilic /Hydrophobic Non- Woven, imported for use in the manufacture of Adult Diapers
38.	329	Pile fabrics for the manufacture of toys
39.	333	Moulds, tools and dies, for the manufacture of parts of electronic components or electronic equipment
40.	334	(i) Graphite Felt or Graphite pack for growing silicon ingots Thin Steel wire used in wire saw for slicing of silicon wafers
41.	345A	Simply Sawn Diamonds
42.	364A	Spent catalyst or ash containing precious metals
43.	368	Ferrous Scrap
44.	374	Magnesium Oxide (MgO) coated cold rolled steel coils for use in manufacture of cold rolled grain oriented (CRGO) steel
45.	375	Specified items for manufacture of cold rolled grain- oriented steel (CRGO) steel
46.	378	Metal parts for manufacture of electrical insulators falling under heading 8546
47.	379	Pipes and tubes for use in manufacture of boilers
48.	380	Forged steel rings for manufacture of special bearings for use in wind operated electricity generators



S. No.	S N of 50/17-Cus	Brief Description
49.	381	Flat copper wire for use in the manufacture of photo voltaic ribbon for manufacture of solar photovoltaic cell or modules
50.	392	Dies for drawing metal, where imported after repairs from abroad
51.	403	Parts and raw materials for offshore oil exploration
52.	404	Specified items including capital goods and raw materials for off shore oil exploration
53.	415	Parts for manufacture of catalytic converters
54.	415A	Platinum or Palladium for manufacture of Noble Metal Compounds & Noble Metal Solutions
55.	416	Ceria zirconia compounds for use in the manufacture of washcoat for catalytic converters
56.	417	Cerium compounds for use in the manufacture of washcoat for catalytic converters
57.	418	Zeolite for use in the manufacture of washcoat for catalytic converters
58.	422	Machinery, electrical equipment for use in semiconductor wafer and LCD
59.	423	Machinery, electrical equipment for use in marking and packaging of semiconductor chips
60.	426	Specified goods for the manufacture of semiconductor devices, memory card, IC, solar cell
61.	435	Capital goods for printing industry
62.	442	Bushings made of Platinum and Rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India
63.	446	Parts and components for manufacture of tunnel boring machines
64.	451	Evacuated tubes with three layers of solar selective coating for use in manufacture of solar water heater
65.	462	Ball screws for use in the manufacture of CNC Lathes
66.	463	Linear Motion Guides for use in the manufacture of CNC Lathes
67.	464	CNC Systems for use in the manufacture of CNC Lathes
68.	464A	Goods for manufacture of plastic processing machineries
69.	467	Parts and components of cash dispenser or automatic bank note dispenser
70.	468	Parts for manufacture of Micro ATM, Fingerprint reader/scanner, Iris scanner, Miniaturised POS (Scope of exemption is being limited to import of raw materials only)
71.	471	All parts for use in the manufacture of LED lights

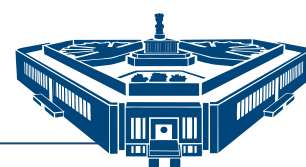


S. No.	S N of 50/17-Cus	Brief Description
72.	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights
73.	476	Television equipment, cameras etc. for taking films, imported by a foreign film unit or television team
74.	477	Filming equipment of foreign origin if imported into India after having been exported therefrom.
75.	480	Goods imported for being tested in specified test centers
76.	489B	Goods for manufacturing of Microphones
77.	504	Parts and Components of Digital Still Image Video Cameras
78.	509	Parts, components and accessories for manufacture of Digital Video Recorder
79.	510	Parts, components and accessories for use in manufacture of reception apparatus for television
80.	511	Parts, components and accessories for manufacture of CCTV Camera
81.	512	Specified Parts, components and for use in manufacture of Lithium-ion battery and battery pack
82.	512A	Inputs, parts or sub-parts for use in the manufacturing of Printed Circuit Board Assembly
83.	515A	Open Cell for manufacture of TV Panel
84.	516	The following goods for use in the manufacture of Liquid Crystal Display (LCD) /LED TV Panel
85.	517	Magnetrons for manufacture of domestic microwave ovens
86.	519	Raw materials or parts for use in manufacture of e-Readers
87.	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium-ion cells
88.	527	Lithium-ion cell use in manufacture of battery or battery pack
89.	527A	Lithium-Ion Cell for use in manufacture of battery or battery pack of cellular mobile
90.	527B	Lithium-Ion Cell manufacture of battery or battery pack of EV
91.	534	Parts of gliders or simulators of aircrafts (excluding rubber tyres and tubes of gliders)
92.	535	Raw materials for manufacture of aircraft and parts of aircraft
93.	535A	Parts of aircraft for manufacture of aircraft or for manufacture of parts of aircraft by PSU under Min of Defense
94.	536	Parts, testing equipment, tools and tool-kits for maintenance, repair, and overhauling of aircraft, components or parts of aircrafts



S. No.	S N of 50/17-Cus	Brief Description
95.	537	All goods of Heading 8802 (except 88026000-spacecraft)
96.	538	Components or parts, including engines, of aircraft of heading 8802
97.	539	(a) Satellites and payloads; (b) Ground equipment brought for testing of (a)
98.	539A	Scientific and technical instruments etc. for launch vehicles and satellites
99.	540	Specified goods imported by scheduled air transporter
100.	542	Specified goods imported by Aero Club, Flying Training Institutes
101.	543	Specified goods imported by non-scheduled air transporter
102.	544	Parts (other than rubber tubes), of aircraft of heading 8802
103.	546	Parts (other than rubber tubes), of aircraft of heading 8802
104.	548	Barges or pontoons imported along with ships
105.	551	Cruise ships, Excursion ships
106.	553	Fishing vessels, Tugs and Pusher crafts, light vessels excluding vessels and floating structure imported for break up
107.	555	Vessels like warships, lifeboats excluding vessels and floating structure imported for break up
108.	567	Stainless steel tube and wire, for manufacture of Coronary stents /artificial valve
109.	569	Parts required for manufacture of Ostomy products
110.	570	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
111.	575	Specified Hospital Equipment for use in specified hospitals
112.	578A	Raw materials, for the manufacture of Cochlear Implants
113.	580	X-Ray Baggage Inspection Systems and parts thereof
114.	581	Portable X-ray machine / system
115.	583	Parts and cases of braille watches, for the manufacture of Braille watches
116.	591	Parts of electronic toys
117.	593	Parts of video games for the manufacture of video games

Note: Description of entries is indicative. Notification may be referred to for complete description.



- b. The BCD exemption for the goods covered under following serial numbers of the notification no. 50/2017 – Customs is being extended upto 31st March, 2029:

S. No.	S. No. of 50/2017-Cus	Brief Description
1.	212A	Medicines/drugs/vaccines supplied free by United Nation International Children's Emergency Fund (UNICEF), Red Cross etc.
2.	213	Drugs and materials
3.	428	Specified goods imported by accredited press cameraman
4.	429	Specified goods, imported by accredited journalist
5.	549	Capital goods, raw materials and spares for repairs of ocean-going vessels
6.	550	Spare parts and consumables for repairs of ocean going vessels registered in India.
7.	577	Lifesaving medical equipment for personal use
8.	607	Life Saving drugs like Keytruda etc.
9.	607A	Lifesaving drugs/medicines for personal use
10.	611	Archaeological artefacts for exhibition in a museum
11.	612	Specified raw material for sports goods

Note: Description of entries is indicative. Notification may be referred to for complete description.

- ii. Review of exemptions provided by other notifications:

- a. The BCD exemption for the goods covered under the following notifications are being extended upto 31st March, 2026.

S. No.	Notification No.	Brief Description
1.	30/2017-Customs dated 30 June 2017	Exemption to motion picture, music, gaming software for use in gaming console printed or recorded on media
2.	05/2017-Customs dated 2 February 2017	Exemption to machinery, components for setting up fuel cell based on waste to energy
3.	113/2003-Customs dated 22 July 2003	Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by unit in SEZ and brought to DTA

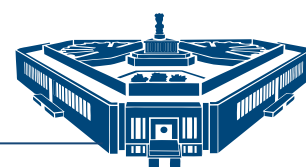


S. No.	Notification No.	Brief Description
4.	81/2005-Customs dated 8 September 2005	Exemption to machinery/components for initial setting up of non-conventional power generation plants
5.	26/2011-Customs dated 1 March 2011	Exemption to work of art, antiques in museum or art gallery
6.	248/1976-Customs dated 2 August 1976	Exemption to precious stones imported by posts on 'approval or return' basis
7.	24/2001-Customs dated 1st March 2001	Exemption to copper cathodes, wire bars and wire rods produced out of copper reverts
8.	25/2001-Customs dated 1st March 2001	Exemption on gold and silver produced out of copper anode slime which were exported out of India for toll smelting and processing
9.	32/1997-Customs dated 1st April 1997	Exemption to goods imported for execution of an export order for jobbing

Note: Description of entries is indicative. Notification may be referred to for complete description

- b. The BCD exemption for the goods covered under the following notifications are being extended upto 31st March, 2029.

S. No.	Notification No.	Brief Description
1.	16/1965-Customs dated 23 January 1965	Exemption to goods exported to foreign countries for display in show-rooms of Govt of India
2.	80/1970-Customs 29 August 1970	Goods supplied freely under warranty as replacement for defective ones in lieu of earlier imported goods.
3.	207/89-Customs dated 17 July 1989	Foodstuffs and provisions (excluding fruit products, tobacco, alcohol) by foreigners
4.	147/94-Customs dated 13 July 1994	Firearms and ammunition when imported for use by a renowned shooter
5.	148/94-Customs dated 13 July 1994	Specified gifts; goods gifted free under a bilateral agreement; goods imported by Indian Red cross Society, goods for the purposes of relief and rehabilitation
6.	152/94-Customs dated 13 July 1994	Appliance/aids for blind/handicapped imported by institution for blind & deaf; and other specified teaching aids imported by Govt Universities



S. No.	Notification No.	Brief Description
7.	153/94 - Customs dated 13 July 1994	Articles for foreign origin imported for repair and return, theatrical equipment and costumes, mountaineering expedition equipment, photographic, filming recording etc.
8.	134/94 - Customs dated 22 June 1994	Specified capital goods, and other ancillary items imported for repairs
9.	39/96-Customs dated 23 July 1996	Specified imports relating to Defense, internal security forces and Air Force.
10.	50/96-Customs dated 23 July 1996	Specified equipment, instruments, raw materials, components, pilot plant and computer software when imported for publicly funded R & D projects
11.	51/96-Customs dated 23 July 1996	Scientific and technical instruments, apparatus, equipment, accessories etc., when imported by publicly funded research institution
12.	25/1998-Customs dated 2 June 1998	Capital goods/machinery/ measuring instruments for manufacture of semiconductor wafers.
13.	23/2016-Customs dated 1 March 2016	Parts of aircraft when imported into India under the Standard Exchange Scheme
14.	32/2017-Customs dated 30 June 2017	Imports of artwork and antique books
15.	37/2017-Customs dated 30 June 2017	Imports in relation to defense and international security forces including medals, decorations, personal effects of Defense Personnel, bonafide gifts from foreign donors, stores and goods for trials, demonstration
16.	16/2017-Customs dated 20 April, 2017	Specified medicines from whole of the duty of customs, when imported for supply under Specified Patient Assistance Programme
17.	25/1999-Customs dated 28 February 1999	Capital goods/machinery used by the IT/Electronics industry, subject to actual user condition.
18.	25/2002-Customs dated 1 March 2002	Specified raw materials, inputs and parts for use in manufacture of specified electronic items
19.	35/2017-Customs dated 30th June 2017	Aviation Turbine Fuel in the tanks of the aircrafts of an Indian Airline or of the Indian Air Force

Note: Description of entries is indicative. Notification may be referred to for complete description.



c. The end dates prescribed are being removed for the following notifications:

S. No.	Notification No.	Brief Description
1.	49/2017-Customs dated 30 June 2017	Exemption to special Additional Duty on specified goods of fourth schedule to Central Excise Act
2.	52/2017-Customs dated 30 June 2017	Effective rate of Additional duty for goods under Chapter 27
3.	29/2017-Customs dated 30 June 2017	Exemption to specimen, models, wall pictures and diagrams for instructional purposes
4.	46/1974-Customs dated 25 May 1974	Pedagogic material for educational or vocational training courses

Note: Description of entries is indicative. Notification may be referred to for complete description.

G. Customs Duty Exemptions/Concessions being allowed to lapse:

Certain BCD exemptions entries under S No. 50/2017-Customs dated 30.6.2017 and other notifications are being allowed to lapse with effect from 30.9.2024.

i. The following entries of notification no.50/2017-Customs dated 30.6.2017 are being allowed to lapse with effect from 30.9.2024:

S. No.	S N of 50/ 2017- Customs	Description
1.	478	Wireless apparatus, accessories and parts as specified in List 29 imported by a licensed amateur radio operator
2.	353	Foreign currency coins when imported into India by a Scheduled Bank
3.	387	Zinc metal recovered by toll smelting or toll processing from zinc concentrates exported from India for such processes
4.	441	Spinnerettes made inter alia of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn-out or damaged spinnerettes exported out of India
5.	238	Organic/inorganic Coating material for manufacture of electrical steel
6.	254	Catalyst for manufacture of cast components of Wind Operated Electricity Generator
7.	255	Resin for manufacture of cast components of Wind Operated Electricity Generator
8.	277A	Calendared plastic sheet for manufacturing of Smart Card under chapter heading 8523



S. No.	S N of 50/ 2017- Customs	Description
9.	339	Concessional rate on import of Toughened glass with low iron content and transmissivity of minimum 91% and above, for use in manufacture of solar thermal collectors or heaters
10.	421	Specified goods required for basic telephone service, cellular mobile telephone service, internet service or closed users' group 64 KBPS domestic data network via INSAT satellite system service and parts, for manufacture of the goods
11.	479	Mono or Bi polar Membrane electrolyzers and parts thereof including secondary brine purification components, jumper switches, filtering elements for hydrogen filters for caustic soda or potash units; Membrane and parts thereof or other parts for caustic soda or potash units;
12.	475	Specified goods including scramblers, descramblers, encoders, decoders, jammers, network firewalls, network sniffers, scanners and monitoring systems, probes for data monitoring and SMS/MMS monitoring systems
13.	482	Newspaper page transmission and reception facsimile system or equipment; and Telephoto transmission and reception system or equipment
14.	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles.
15.	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
16.	579	Survey (DGPS) instruments, 3D modeling software for ore body simulation cum mine planning and exploration (geophysics and geochemistry) equipment required for surveying and prospecting of minerals
17.	419	Aluminium Oxide for manufacture of washcoat of catalytic converter
18.	420	Clay 2 powder for use in ceramic substrate for catalytic converter
19.	340	Solar tempered glass or solar tempered (anti-reflective coated) glass for use in manufacture of solar cells/panels/modules
20.	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope [heading 9018]
21.	566	Specific input goods for manufacture of syringes, needles, catheters and cannulae
22.	568	Parts and components for manufacture of blood pressure monitors and blood glucose monitoring system (Glucometers)

Note: Description of entries is indicative. Notification may be referred to for complete description.



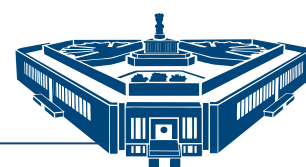
ii. The following notifications are being allowed to lapse with effect from 30.9.2024:

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

Note: Description of entries is indicative. Notification may be referred to for complete description.

H. Social Welfare Surcharge (SWS):

A.	AMENDMENT TO NOTIFICATION NO. 11/2018 – CUSTOMS, DATED 02.02.2018 (w.e.f. 24.07.2024)
S. No.	Description
	Following goods are being exempted from levy of Social Welfare Surcharge
1.	Natural Graphite
2.	Natural sands
3.	Quartz (other than natural sands); quartzite
4.	Strontium sulphate (natural ore)



A. AMENDMENT TO NOTIFICATION NO. 11/2018 – CUSTOMS, DATED 02.02.2018 (w.e.f. 24.07.2024)	
S. No.	Description
5.	Copper ores and concentrates
6.	Cobalt ores and concentrates
7.	Tin ores and Concentrates
8.	Tungsten Ores and Concentrates
9.	Molybdenum ores and concentrates
10.	Zirconium ores and concentrates
11.	Hafnium Ores and concentrates
12.	Vanadium ores and concentrates
13.	Niobium or tantalum ores and concentrates
14.	Antimony Ores and Concentrates
15.	Tellurium
16.	Silicon, containing by weight not less than 99.99% of silicon
17.	Other silicon
18.	Selenium
19.	Alkali or alkaline earth metals, Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed
20.	Silicon dioxide
21.	Potassium hydroxide
22.	Oxides, hydroxides and peroxides, of strontium or barium
23.	Cobalt oxides
24.	Cobalt hydroxides
25.	Commercial cobalt oxides
26.	Lithium oxide and hydroxide
27.	Vanadium oxides and hydroxides
28.	Germanium oxides
29.	Molybdenum oxides and hydroxides
30.	Antimony Oxides
31.	Cadmium oxide
32.	Chlorides of Nickel
33.	Strontium chloride
34.	Sulphates of Nickel
35.	Nitrates of potassium



A. AMENDMENT TO NOTIFICATION NO. 11/2018 – CUSTOMS, DATED 02.02.2018 (w.e.f. 24.07.2024)	
S. No.	Description
36.	Lithium carbonates
37.	Strontium carbonate
38.	Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium
39.	Compounds, inorganic or organic of rare earth metals
40.	Bismuth citrate
41.	Artificial Graphite, colloidal or semi-colloidal graphite, preparations based on graphite or other carbon in form of pastes, blocks, plates or other semi-manufactures
42.	Unwrought Tin
43.	Unwrought tungsten, including bars and rods obtained simply by sintering
44.	Unwrought molybdenum, including bars and rods obtained simply by sintering
45.	Unwrought tantalum, including bars and rods obtained simply by sintering, powders
46.	Cobalt, unwrought
47.	Bismuth, unwrought
48.	Unwrought zirconium, powders, Containing less than 1 part hafnium to 500 parts zirconium by weight
49.	Unwrought antimony, powders
50.	Beryllium unwrought, powders
51.	Hafnium unwrought, waste and scrap, powders
52.	Rhenium unwrought
53.	Cadmium unwrought, Powders
54.	Cadmium, wrought
55.	Unwrought; Waste and scrap; powders of: -
	(i) Gallium
	(ii) Germanium
	(iii) Indium
	(iv) Niobium
	(v) Vanadium



I. AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC):

Notification No. 11/2021 – Customs, dated 01.02.2021 is being amended to revise the AIDC rates on the following goods (w.e.f. 24.07.2024):

AIDC rate changes (with changes to the effective rate of Customs Duty)			Rate	
S. No.	Chapter, Heading, sub-heading, tariff item	Commodity	From	To
1.	7108	Gold bar	5%	1%
2.	7108	Gold dore	4.35%	0.35%
3.	7106	Silver bar	5%	1%
4.	7106	Silver dore	4.35%	0.35%
5.	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	5.4%	1.4%
6.	7118	Coins of precious metals	5%	1%
7.	7113	Gold/Silver findings	5%	1%

Note:

- “Basic Customs Duty (BCD)” means the customs duty levied under the Customs Act, 1962.
- “Agriculture Infrastructure and Development Cess (AIDC)” means a duty of customs that is levied under Section 124 of the Finance Act, 2021.
- “Road and Infrastructure Cess (RIC)” means an additional duty of customs that is levied under Section 111 of the Finance Act, 2018.
- “Health Cess” means a duty of customs that is levied under Section 141 of the Finance Act, 2020.
- “Social Welfare Surcharge (SWS)” means a duty of customs that is levied under Section 110 of the Finance Act, 2018.
- Clause Nos. in square brackets [] indicate the relevant clause of the Finance (No. 2) Bill, 2024.
- Amendments carried out through the Finance (No. 2) Bill, 2024, will come into effect on the date of its enactment, unless otherwise specified.

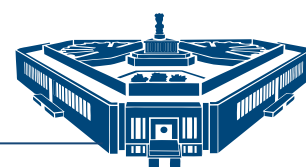


EXCISE

S. No.	Amendment
	<p>Amendment of Central Excise Notification</p> <p><i>[The changes will come into effect from date of enactment of the Finance (No. 2) Bill 2024]</i></p>
1.	Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months.
	<p>Exemption from Clean Environment Cess</p> <p><i>[The changes will come into effect from date of enactment of the Finance (No. 2) Bill 2024].</i></p>
2.	The Clean Environment Cess, levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30th June, 2017 subject to payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017.

Note:

- (a) “Basic Excise Duty” means the excise duty set forth in the Fourth Schedule to the Central Excise Act, 1944.
- (b) “NCCD” means National Calamity Contingent Duty levied under Finance Act, 2001, as a duty of excise on specified goods at rates specified in Seventh Schedule to Finance Act, 2001
- (c) Clause Nos. in square brackets [] indicate the relevant clause of the Finance (No. 2) Bill, 2024.
- (d) Amendments carried out through the Finance (No. 2) Bill, 2024 come into effect on the date of its enactment, unless otherwise specified.



Vatsaraj & Co

CHARTERED
ACCOUNTANTS

204-205, Inizio Business Centre,
Cardinal Gracious Road,
Chakala, Andheri East,
Mumbai – 400099.

Tel.: +91 2269783900
+91 9653144981

E-mail : admin@vatsarajco.com
Website : www.vatsarajco.com