



# INDIA BUDGET 2024

A Sprint or A Racewalk ?  
**SYNOPSIS**



# DIRECT TAXES



## I. Comprehensive review of Income-tax Act, 1961

The finance minister announced that a comprehensive review of the extant Income-tax Act, 1961 ("the Act") shall be carried out in the next six months. The intention of the review, and consequent changes, is to *make the Act more concise, lucid and easy to read & understand.*

The theme of the Budget this year appeared to be focussed on simplifying tax law and making tax services available in a digitised manner. It appears that the comprehensive review of the Act shall follow the same theme.

It remains to be seen whether this review will lead to another "Direct Tax Code" or simplification measures in the same Act, whether it would be implemented on a fast-track model or will take its own time to see the light of the day. 'Wait and Watch' appears to be the message!

## 2. Tax rates

### Corporates

There have been no changes proposed in the regular tax rates for corporate assessees including concessional rate of tax provided under section 115BAA and section 115BAB of the Act. Specifically, the sunset clause for opting concessional tax regime under section 115BAB, which is meant for new manufacturing companies, remains unextended beyond March 31, 2024.

Foreign companies proposed to be taxed at a reduced tax rate of 35% instead of 40%.

### Individuals or HUF or AOP or BOI or artificial juridical person

Minor amendment has been proposed in the tax rates prescribed under section 115BAC of the Act (new default tax regime), which is as under :

#	Total Income (in INR)	Tax Rate
1	Upto 3,00,000	Nil
2	From 3,00,001 to 7,00,000	5%
3	From 7,00,001 to 10,00,000	10%
4	From 10,00,001 to 12,00,000	15%
5	From 12,00,001 to 15,00,000	20%
6	Above 15,00,000	30%

There has been no change proposed in the rates under old tax regime for Individuals and HUF.

It is important to note that the above tax rates shall be applicable from AY 2025-26 and subsequent assessment years, and shall be treated as default rates. Old slab rates provided under section 115BAC of the Act shall continue to be applicable till AY 2024-25. Further, the above-mentioned tax rates shall be applicable, unless an option has been exercised under section 115BAC(6) of the Act.

Further, limits for certain deductions have been increased in case of assessees under the new tax regime of section 115BAC:

- Standard deduction of salary increased from INR 50,000 to INR 75,000 [section 16(ia)]
- Deduction from family pension increased from INR 15,000 to INR 25,000 [section 57(iiA)]

## National Pension Scheme (NPS)

### Deduction under section 80CCD(2)

It has been proposed to increase the eligibility of deduction in the hands of 'employees' for contribution made by employer to NPS from 10% to 14% of salary which are taxable as per the provisions of Section 115BAC. (for non-government employees)

## 3. Simplification of taxation of Capital Gains

The changes in the capital gains tax provisions aim to simplify the capital gains taxation framework and bring more consistency to the treatment of various asset classes. Important changes with respect to taxation of capital gains are as under :

- (a) All the assets to be categorized under two holding periods for determining whether the gain is long-term or short-term capital gain – 12 months holding period to be considered for listed securities and 24 months holding period for all other assets. Further, no change has been proposed in period of holding for slump sale transactions under section 50B.
- (b) All long-term capital gains would now be taxed at special rate of 12.5% (plus applicable surcharge and cess) irrespective of (i) class of capital asset (business asset or investment asset); or (ii) class or nature of security (listed or unlisted), whether subjected to STT or not; or (iii) residential status (resident or non-resident); or (iv) class of investor (General, NRI, FII, etc.).
- (c) Threshold for long-term capital gains not subject to tax under section 112A (listed equity shares, equity-oriented MF, etc.) has been proposed to be increased from INR 1,00,000 to INR 1,25,000
- (d) Benefit of inflation linked cost step-up (indexation) would not be available for computing long-term capital gains in any case.
- (e) In case of non-residents, who have made investments in shares or debentures of Indian company by utilizing foreign currency, foreign exchange fluctuation loss on the cost of acquisition would be continued to be available (except where tax rate under section 112A is adopted).
- (f) Gain on sale of unlisted bonds, unlisted debentures, market linked debentures and units of debt and money market MFs would always be taxed as short-term capital gain.
- (g) Short-term capital gains on STT paid equity shares, units of Equity oriented MF and units of business trust would now be subject to tax at 20% instead of 15% apart from applicable cess and surcharge.
- (h) All the above changes would be effective for any transfer of capital asset on or after July 23, 2024. For capital assets transferred during FY 2024-25 prior to July 23, 2024 would be taxed as per the earlier scheme of taxation.
- (i) Transfer of capital asset without consideration under a gift or will or irrevocable trust to another person would not be regarded as 'transfer' for capital gains purpose in case of Individual or HUF only. Effectively, gift of capital asset by other entities (companies, partnerships, LLP, etc.) would be chargeable to tax based on fair market value on the date of transfer.

(j) Benefit of exemption on gain up to fair market value as on January 31, 2018 extended to shares held on January 31, 2018 and sold under Offer for Sale. Fair market value in such cases would be computed based on cost of acquisition of those shares indexed for inflation. Typically, this would mean that inflation adjustment up to FY 2017-18 would not be taxed in such cases.

For simplicity purpose, changes in holding period and tax rate changes are tabulated hereunder –

Class of Asset	Proposed holding period (earlier)	Earlier LTCG Rate	Proposed LTCG Rate	Earlier STCG Rate	Proposed STCG Rate
Listed Shares	12 Months	10%	12.5%	15%	20%
Units of equity oriented MF	12 Months	10%	12.5%	15%	20%
Units of REITs / Inv ITs	12 Months (36 Months)	10%	12.5%	15%	20%
Units of Gold / Silver / ETFs#	12 Months (NA)	Normal rate	12.5%	Normal rate	Normal rate
Units of Debt & Money market MF	NA	Normal rate	Normal rate	Normal rate	Normal rate
Listed Bonds	12 Months	10%	12.5%	Normal rate	Normal rate
Market linked Debentures	NA	Normal rate	Normal rate	Normal rate	Normal rate
Specified securities under section 115AB / 115AC / 115ACA / 115E	–	10%	12.5%	–	–
Unlisted shares sold by resident	24 Months	20%*	12.5%	Normal rate	Normal rate
Unlisted shares sold by non-resident	24 Months	10%	12.5%	Normal rate	Normal rate
Unlisted bonds or debentures	NA (36 Months)	20%	Normal rate	Normal rate	Normal rate
Business undertaking (sold in slump sale)	36 Months	20%	12.5%	Normal rate	Normal rate
Depreciable Assets	NA	Normal rate	Normal rate	Normal rate	Normal rate
Immovable Property	24 Months	20%*	12.5%	Normal rate	Normal rate
Gold, Bullion, Jewellery & other capital assets	24 Months (36 Months)	20%*	12.5%	Normal rate	Normal rate



Notes:

1. All rates mentioned above are exclusive of applicable surcharge and cess.
2. Existing rates are applicable for transfer of capital assets up to July 22, 2024. Proposed rates would be applicable for transfers on or after July 23, 2024.
3. NA represents that period of holding was not relevant for tax determination purpose.
4. \* implies the taxable gains are after claiming indexation benefit
5. # Definition of specified mutual fund is proposed to be amended with effect from AY 2026-27

#### 4. Tax on buy-back of shares

The Bill proposes to include amounts paid on buyback of shares under section 68 of Companies Act 2013 in the definition of dividends, making it taxable as dividends in the hands of shareholders. A corresponding withdrawal of buyback tax levied on distributing companies under section 115QA and withdrawal of exemption in the hands of shareholders under section 10(34A) is proposed. Apart from shifting of burden of taxation from company to shareholders, and resultant change in tax rates, the Bill proposes that consideration received by shareholders on buyback of shares shall be subject to tax (and withholding tax) as dividends, and that such income would be taxable without any deduction under section 57 of the Act for costs or expenses incurred by the shareholder. Further, it has been proposed that the value of consideration for the shares transferred under buy-back shall be considered as 'nil' in the hands of the shareholders for the purpose of computing capital gains under section 46A of the Act.

On account of this amendment, it should be possible for non-resident shareholders to claim credit in respect of taxes paid in India in their home country.

#### 5. Revision of Securities Transaction Tax rates

The rates of securities transaction tax (STT) on derivatives (future and option) are proposed to be revised as follows with effect from October 1, 2024:

Particulars	Existing Rate	Proposed Rate
Sale of an option in securities	0.0625 %	0.10 %
Sale of futures in securities	0.0125 %	0.02 %

#### 6. Revocation of Angel Tax provisions

In a welcome move that is expected to bolster the Indian startup ecosystem, it is proposed to abolish the 'Angel Tax' i.e., tax on shares issued at a premium as exceeded the fair market value that were hitherto subject to tax under section 56(2)(vib) of the Act.

#### 7. Withdrawal of Equalisation Levy

As a part of the OECD/G20 Inclusive Framework, India had committed to address tax challenges from digitization of economies and reach a common agreement on Pillar One and Pillar Two implementation.

Further, as a separate agreement with US, India had agreed for a transitional approach to the existing unilateral digital services tax imposed by India, which had a material impact on companies which were residents of the United States.



It was agreed between India and US that India would phase out its 2% Equalisation Levy at the end of March 2024 (which was later extended to June 2024) or adoption and implementation of Pillar One, whichever is earlier.

As a result of its commitment to both OECD Inclusive Framework and a trade partner to United States, India proposes to withdraw the said Equalisation Levy on e-commerce operators with effect from August 1, 2024. Equalisation Levy on advertisement services continues to be charged at 6%, where Indian payers have withholding tax obligations when making payment for online advertisement services to non-residents.

## 8. Corporate Tax

### Disallowance of expenses

It has been proposed to clarify under section 37 that any expense incurred by an assessee for settlement of proceedings initiated for contravention of specified laws shall not be deductible as a business expense.

### Tax incentives to International Financial Services Centre

Income of a Venture Capital Fund (VCF) is exempt under section 10(23FB). The definition of Venture Capital Fund has been proposed to be extended to Venture Capital Scheme of Fund Management Entity registered under IFSCA (Fund Management) Regulations 2022.

The proposed amendment to section 10(4D) expands the definition of "specified funds" eligible for tax exemption to include retail funds and Exchange Traded Funds (ETFs) in IFSC, provided they are regulated under the IFSCA (Fund Management) Regulations, 2022, and meet prescribed conditions. Additionally, section 10(23EE) is proposed to be amended to exempt the specified income of Core Settlement Guarantee Funds in IFSC by including clearing corporations defined under the IFSCA (Market Infrastructure Institutions) Regulations, 2021 in definition of "recognised clearing corporation".

Presently, thin capitalisation provisions provided in section 94B do not apply to Indian companies or permanent establishments of foreign companies which are engaged in the business of banking or insurance or notified NBFCs. It is now proposed the provisions of section 94B shall not apply to finance companies located in IFSC under the IFSCA (Finance Company) Regulations, 2021. The above amendments are proposed to be effective from AY 2025-26.

## 9. Tax deducted at source

### Rationalisation of TDS rates

TDS rates under certain sections proposed to be rationalized for promoting ease of doing business -

Section	Current TDS Rate	Proposed TDS Rate
Section 194DA - Payment in respect of life insurance policy	5%	2%
Section 194G – Commission etc on sale of lottery tickets	5%	2%
Section 194H - Payment of commission or brokerage	5%	2%
Section 194-IB - Payment of rent by certain individuals/ HUF	5%	2%
Section 194M - Payment of contractual payments by certain individuals/HUF	5%	2%
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%
Section 194F – Repurchase of units by mutual fund or UTI	20%	Omitted

*The above amendments shall be effective from October 1, 2024*

### Foreign Tax Credit

To avoid practices where tax deducted from foreign income is not considered part of income as well as is claimed as a foreign tax credit, an amendment has been proposed to clarify that taxes deducted outside India on foreign income shall be deemed to be income received as per provisions of section 198.

This, however, does not conclusively resolve the question as to whether tax deducted outside India on which foreign tax credit is not available in India should be considered as part of income.

### TDS on Payments by Partnership Firms to Partners

A new section 194T has been proposed to bring payments (such as salary, remuneration, commission, bonus and interest to any account (including capital account)) from partnership firms to their partners under the purview of TDS at the rate of 10%.

No TDS will be required to be made if the aggregate amount does not exceed INR 20,000 in the financial year. Said provisions are proposed to apply from April 1, 2025.

### Other provision related to TDS

- Threshold consideration for TDS under section 194-IA (property sale above INR 50 lakhs) proposed to be considered qua property and not qua transferor/transferee.
- Specific exclusion is proposed for income covered within section 194J from section 194C (w.e.f. October 2024)
- Time-limit of 6 years proposed for revision of TDS/TCS returns from the financial year in which the returns were required to be furnished.
- Parity in provisions for interest levy on TDS and TCS - it has been proposed that interest @1.5% shall be levied on late payment of TCS to government.
- Benefit of application for lower withholding shall be extended to section 194Q dealing with purchase of goods.
- Relaxations has been proposed to TDS prosecution provisions wherein it has been provided that no prosecution shall be initiated in case TDS has been paid by the assessee on or before filing of TDS returns.

## 10. Introduction of block assessment provisions in cases of search and requisition

Provisions in relation to search, seizure or requisition proceedings that were initiated after March 31, 2021 were covered under reassessment provisions under sections 147 to 151 of the Act. To facilitate early finalization of search assessments without multiplicity of proceedings and co-ordinated investigation during search proceedings, the Bill proposes to reintroduce the concept of Block assessments in search and requisition cases. A new provision for block assessment under Chapter XIV-B is proposed to replace reassessment proceedings under sections 147 to 151 for situations

involving search under section 132 or requisitions under section 132A with effect from September 1, 2024.

The block period is proposed to consist of six assessment years preceding the previous year in which search is initiated under section 132 or requisition is made under section 132A of the Act and shall include the period starting from April 1 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. In the new provisions, the assessment for search and requisition cases are proposed to be made on 'total income' which includes 'undisclosed income' as against the provisions under erstwhile chapter XIV-B wherein assessment under the said chapter was on 'undisclosed income'. Tax is proposed to be charged at sixty per cent. While the finance bill uses the term 'total income' our interpretation is that tax should be charged on 'undisclosed income' and penalty is proposed to be levied at 50% of tax payable on undisclosed 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. No interest under section 234A / 234B / 234C shall be levied on undisclosed income assessed for the block period. However, if return under section 158BC furnished belatedly i.e. beyond time allowed by Assessing officer, simple interest at 1.5 percent of tax on undisclosed income for every month or part of month from expiry of period allowed by AO till month of completion of assessment by AO under section 158BC is proposed to be levied.

Pending block assessment, no further assessment / reassessment shall take place in respect of the block period. The order passed under section 158BC is proposed to be an appealable order under section 246A of the Act. It has been proposed that the provisions of section 144C (DRP proceedings) would not apply to procedures for assessment of search cases.

## 11. Rationalization of timelines for Reassessment

With effect from September 1, 2024, timelines for initiation of reassessment proceedings under section 148 of the Act are proposed to be rationalised as follows:

Scenario	Current Timeline	Proposed Timeline
Where AO has in his possession books of accounts, other documents or evidence which reveal that escaped amount of income is INR 50 lakhs or more	Within 10 years from end of relevant AY	Within 5 years and 3 months from end of relevant AY
In other cases	Within 3 years from end of relevant AY	Within 3 years and 3 months from end of relevant AY

The substituted provisions propose that any information emanating from a survey conducted under section 133A other than for TDS / TCS provisions would also constitute information for the purpose of section 148 and 148A. The new provisions are proposed to be effective from September 1, 2024.

## 12. Vivad se Vishwas Scheme Revived

- Direct Tax Vivad se Vishwas, Act 2020 was launched for appeals pending as on October 31, 2020 which got positive response from the taxpayers. In order to mitigate pendency of appeals at various appellate levels, the scheme has been revived as Direct Tax Vivad Se Vishwas Scheme, 2024.
- Application to be made within prescribed timelines by assessee in whose case appeals are pending
- Disputed Tax Rates vary depending on the pendency of matter and period of filing of applications
- Relaxations in applicable rates on interest and penalty on disputed taxes.

## 13. Transfer Pricing

### Rationalising the transfer pricing assessment process

Currently, the TPO has been given the power to evaluate, not just the international transactions which have been reported in Form 3CEB, but also the international transactions which are identified during the course of transfer pricing assessment. Such power did not extend to specified domestic transactions (SDT), which has now been provided.

### Exemption from thin capitalization to banks & NBFCs, now extended to financial institutions in IFSC

Deduction of interest paid to Associated Enterprises (AEs) in cases of highly leveraged Indian companies or PE of foreign companies in India is currently restricted by way of Thin Capitalisation rules as per section 94B. However, an exception has been carved out for payers being banking companies and notified NBFCs. This exemption is proposed to be provided to financial institutions established in IFSC to promote faster development of IFSC in India.

## 14. Amendments related to trusts

### Merger of one or more registered trusts

As per the provisions of section 115TD of the Act, taxation on accredited income of trusts may arise in case of mergers of one or more exempted trust / institution with other trusts / institutions. The Bill proposes to exempt merger of trusts approved under section 10(23C) with Trusts registered under section 12AA / 12AB, subject to conditions by introduction of section 12AC to the Act.

### Powers to Condone of Delay in Application u/s 12A

Section 12A(1)(ac) of the Act provides timelines for making application to PCIT or CIT for obtaining registration under section 12AB to avail exemption under section 11 to 13 of the Act. A delayed filing of application is not currently allowed and any such delay can cause cancellation or denial or registration as per current provisions of the Act. The Bill proposes to provide powers to PCIT / CIT to condone delay in filing of application under section 12A where he considers that there is reasonable cause for such delay.

### Exemption under section 10(23C) to be replaced with section 11-13

Currently, charitable trusts, religious trusts, educational institutions / universities and hospitals and such other trusts, funds or institutions being not-for-profit organisations are eligible to claim certain exemptions under section 10(23C) of the Act or under section 11 to section 13 of the Act. The Bill proposes to discontinue exemptions sub-clauses (iv), (v), (vi) or (via) of section 10(23C) of the Act and migrate all such approvals granted under section 10(23) to section 11 to 13 of the Act in a phased manner. It is proposed to also provide transitional processing of applications under section 10(23C) for smoother implementation.

It may be noted that exemption under section 10(23C) shall continue to apply to educational institutions, universities, hospitals and medical institutions which are either wholly or substantially financed by Government or having aggregate annual receipts of less than INR 5 crores.

Certain relaxations under section 10(23C) with respect to application of income have also been migrated to section 13 of the Act.



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# GST & CUSTOMS



## I. Goods and Services Tax

*[ All proposals shall be effective from a date to be notified post President's assent to the Finance Bill ]*

- Amendment to section 9 of the CGST Act aims to exclude Extra Neutral Alcohol (ENA) used in the manufacture of alcoholic liquor for human consumption from the purview of GST. Previously, only alcoholic liquor for human consumption was excluded from the GST.
- Power given to Government not to recover GST not levied or short levied due to generally prevalent trade practices as recommended in 53rd GST Council meeting.
- Section 13 amended to provide time of supply for services liable to be taxed under Reverse Charge Mechanism. Time of Supply shall be -
  - (a) The date of payment entered in books of accounts of the recipient or the date on which payment is debited in his bank account, whichever is earlier or
  - (b) The date immediately following sixty days from the date of invoice issued by the supplier, in cases where the supplier is required to issue the invoice, or
  - (c) The date of issuance of the invoice, in cases where the recipient is required to issue the invoice.
- Retrospective amendment to provisions of section 16(4) w.e.f. July 1, 2017 to provide for extension of time limit for claiming Input Tax Credit (ITC) for the financial years 2017-18, 2018-19, 2019-20, and 2020-21 in any return filed in FORM GSTR-3B up to November 30, 2021

- Relaxation for availing ITC in case where registration is cancelled and subsequently revoked. The time limit for availing ITC on the invoice or debit note in a return filed for the period from the date of cancellation of registration till the date of order of revocation of cancellation shall be the later of the following :
  - (1) 30th November of the following year or the furnishing of the relevant annual return, whichever is earlier; or
  - (2) Within 30 days from the date of the order of revocation of cancellation of registration, whichever is later.
  - (3) 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 section 16(4) on the date of order of cancellation of registration.
- section 17(5) (i) of the CGST Act provides for the restriction to claim ITC of tax paid in pursuance of section 74 (tax not paid, short paid, tax erroneously refunded, ITC wrongly availed or utilized for reason of fraud or misrepresentation of facts), section 129 (Detention, seizure and release of goods and conveyances in transit), and section 130 (Confiscation of goods or conveyances and levy of penalty) of the CGST Act, 2017. The proposed amendment to this section provides reference only to section 74 which applies for periods up to the financial year 2023-24. This amendment aims to align with the changes made to section 74 of the CGST Act, 2017, and also aligns sections 129 and 130 which provide for the levy of penalties for non-compliance as specified in these sections.



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- A new proviso is proposed to be inserted in section 30 (2) of the CGST Act, 2017, to provide rules for the conditions and restrictions for the revocation of registration.
- As per section 31(3) (f) of the CGST Act, 2017, a registered person is required to issue a self-invoice where the tax is payable under the reverse charge. The proposed amendment aims to prescribe time limit for issuing such invoices which shall be prescribed by rules.
- A new explanation is inserted into section 31 of the CGST Act, 2017, to clarify that a person who has obtained registration for the purposes of TDS provisions will be considered as an unregistered person for the purposes of issuing invoices in cases where the tax is payable under the reverse charge mechanism.
- section 39 (3) of the CGST Act, 2017, is amended to provide rules for prescribing the due date for filing returns by person liable to deduct tax at source under section 51. Presently returns are required to be filed within 10 days only for the month in which the deduction has been made. The amended provision would mandate filing of returns even if there are no deductions of tax in a particular month to mandate the filing of returns even if there are no transactions.
- The 2nd proviso to section 54 of the CGST Act, 2017, is proposed to be omitted. This proviso presently provides for a refund not to be granted where the goods are subjected to export duty.
- A new section 54 (15) is proposed to be inserted which states that no refund of unutilized input tax credit shall be granted on refund of goods which attracts export duty.
- section 70 (1A) is inserted to provide that every person to whom a summons is issued must appear personally or through an authorized representative.
- sections 73 and 74 of the CGST Act, 2017, are amended to specify that these sections will apply only up to the financial year 2023-24. Consequently, the issuance of notices by officers under assessment shall be governed by these sections only for the period up to the financial year 2023-24.
- A new section 74A has been inserted, effective from the financial year 2024-25. This section requires officers to issue notices within a uniform period of 42 months from due date of furnishing the annual return, in cases of unpaid or short-paid tax or incorrectly availed or utilized input tax credit, or from the date of erroneous refund. Additionally, it extends the payment period for taxes from 30 days to 60 days, allowing tax payers to benefit from no penalty or reduced penalty.
- The new section 74A is similar to section 73 and section 74, which were applicable for the period up to the fiscal year 2023-24, except it provides for a uniform time limit for issuance of demand notices for both non-fraud and fraud cases. Additionally, it extends the relaxation period for penalty payment from 30 days to 60 days. The amendment also provides 12 months for issuance of Order which can be further extended by 6 months.
- New section 75(2A) is being inserted for re-determining of penalty demanded in notice in case where charges of fraud, willful misstatement or suppression of facts are not established.



- Section 109 is proposed to be amended to provide that appeals related to the Anti-profiteering measure shall be heard by the Principal Bench. Additionally, the government may issue notifications for the matters which can be heard by the Principal Bench.
- Section 112 is proposed to be amended with effect from August 1, 2024, to provide that the date of filing an appeal to the Tribunal is the date of communication of the order for which the appeal sought to be filed or the date notified for filing an appeal, whichever is later.
- Section 112(6) is amended to provide the time limit for allowing time by the Tribunal to the department to file an appeal within 3 months after the expiration of the time period, in cases where the appeal is directed by the Commissioner to file an appeal against the order.
- Pre-deposit requirements for filing appeals have been changed in case of appeals to the appellate tribunal.

<b>Stage</b>	<b>At Present</b>	<b>Proposed</b>
Pre-deposit in case of appeal to First Appellate Authority.	10% with a maximum amount of 25 Crores CGST & 25 Crores SGST or 50 Crores in case of IGST	10% with a maximum amount of 20 Crores CGST & 20 Crores SGST or 40 Crores in case of IGST
Pre-deposit in case of appeal to Tribunal.	20% with a maximum amount of 50 Crores CGST & 50 Crores SGST or 100 Crores in case of IGST	10% with a maximum amount of 20 Crores CGST & 20 Crores SGST or 40 Crores in case of IGST

This helps in avoiding the blocking of working capital in cases of huge demands involving appeals to be filed with the Tribunal.



- A new Section 128A is proposed to be inserted to provide for the waiver of interest and penalty for the period from July 1, 2017, to March 31, 2021, if the person makes the full payment of taxes as per intimation, notice, or order, as the case may be, subject to conditions as may be prescribed for the same. Further, it provides that in cases where payment of interest and penalty is already made, no refund of interest and penalty will be granted. The said Section does not apply to cases of erroneous refund issued, appeals filed before the Appellate Authority or Appellate Tribunal or a court and not withdrawn. Once the order is concluded under this section, no appeal shall be filed against the said order.
- Section 140 is amended w.e.f. July 1, 2017 so as to enable availment of transitional credit of eligible CENVAT on account of Input Services received by Input Service Distributor prior to July 1, 2017 for which invoices were also received prior to 1st July 2017.



- A new entry in the schedule is proposed to be inserted in Schedule III related to insurance services, which shall be treated as neither supply of goods nor services.
  - (a) 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, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.
  - (b) Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

## 2. Customs law

*[All amendments (except changes in rates) to be made effective upon receipt of President's assent to the Finance Bill except where specifically mentioned]*

- Section 28DA is being 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.
- Insertion of proviso to section 65 (1) (MOOWR Scheme) to give power to the Central Government to specify certain manufacturing and other operations that shall not be permitted in a warehouse.

- Exemption from GST Compensation Cess w.e.f. July 1, 2017 on imports in SEZ by SEZ units or developers for authorized operations.
- Exemption from clean environment cess on excisable goods lying in stock as on June 30, 2017 on which GST Compensation Cess has been paid on supply on or after July 1, 2017.
- Notification No 12/2012-CE 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.
- Goods can be imported into India for repairs subject to their re-exportation within 6 months (further extendable to 1 year). The duration of export in case of aircraft and vessels imported for maintenance, repair or overhauling increased to 1 year (further extendable by 1 year) – w.e.f. July 24, 2024.
- 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, – w.e.f. July 24, 2024

Amendments in custom duty rates

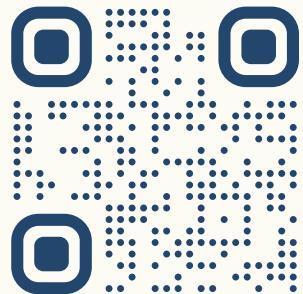
- Changes in rates of duty shall take effect from the midnight of July 23, 2024 / July 24, 2024.
- The changes in Customs Tariff Act proposed through Finance Bill shall have effect from w.e.f. October 1, 2024.



- Customs Duties have been rationalized to facilitate trade and lessen disputes.
- Omission of power to levy protective duties in certain cases by the Central Government.
- There are two types of changes in customs duty rates
  - (a) Where the effective rates prescribed by notifications are being moved to Tariff. These changes are being incorporated in the First Schedule of the Customs Tariff Act 1975. The changes in the tariff schedule shall commence from May 1, 2022. Therefore, during the period from February 2, 2022 till April 30, 2022, these rates shall continue to operate through existing notifications, which shall be omitted on May 1, 2022.
  - (b) Certain new concessional rates coming into effect from February 2, 2022 are being prescribed through the notifications. These changes are also being incorporated in the First Schedule of the Customs Tariff Act, 1975. The changes in the tariff schedule shall commence from May 1, 2022. Consequently, the relevant entries in the notification shall be omitted w.e.f. May 1, 2022.
- Changes
  - 30 exemptions/ concessional rates are being extended upto 31.3.2029
  - 126 exemptions/ concessional rates are being continued upto 31.3.2026.
  - 28 exemptions/ concessional rates are being lapsed on their end dates of 30.9.2024
  - end dates are being removed in 4 exemptions as they are covered by the exclusion clause.
- Sector specific Customs Duty proposals (to be effective from 24th July 2024)
  - Pharmaceuticals :
  - Three cancer drugs namely Trastuzumab Deruxtecan, Osimertinib and Durvalumab fully exempted from custom duty (Earlier 10% duty was applicable).
  - Changes in Basic Customs Duty (BCD) from 15% to 5% till 31st March 2025, 7.5% from April 1, 2025 to 31st March 2026 and 10% w.e.f. April 01, 2016 in case of import of x-ray tubes & flat panel detectors (incl. scintillators) for use in manufacture of medical x-ray machines under the Phased Manufacturing Programme.
  - Mobile Phones & accessories:
    - BCD on mobile phone, mobile Printed Circuit Board Assembly (PCBA) and mobile charger reduced to 15% from 20%.
  - Precious Metals :
    - Customs duties on gold and silver bars (incl. coins of precious metals) reduced to 6% from 15%
    - Customs duties on platinum Palladium etc. reduced to 6.4% from 15.4%

- Other Metals :
  - BCD removed on ferro nickel (from 2.5%) and blister copper (from 5%)
  - Exemption extended on ferro scrap till 31st March 2026.
- Electronics :
  - BCD removed, subject to conditions, on oxygen free copper for manufacture of resistors.
- Chemicals & Petrochemicals :
  - BCD on ammonium nitrate increased from 7.5 to 10 per cent.
- Plastics :
  - BCD on PVC flex banners increased from 10 to 25 per cent.
- Critical Minerals :
  - 25 critical minerals full exempted from BCD.
  - BCD on 2 minerals (Natural Graphite & Quartz) reduced
- Renewable (solar) energy :
  - Capital Goods for use in manufacture of solar cells and panels exempted from BCD (earlier rate was 7.5%).
- Leather & Textiles :
  - BCD reduced from 7.5% to 5% on MDI for manufacture of spandex yarn.

BCD on Real Down Filling material from duck or goose for use in manufacture of textile or leather garments reduced from 30% to 10%.



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