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Highlights Of Amendments In Direct And Indirect Taxes Proposed In

Union Budget 2024

PROPOSED AMENDMENTS IN DIRECT TAX

(I) PERSONAL TAXATION

A Relief is proposed under the new tax regime with new slabs and tax rates. Comparison between new rates and old rates is as under.

New Tax Regime		Proposed Tax Regime	
Slabs	**Income tax**	**Slabs**	**Income tax**
Upto 3,00,000	Nil	Upto 3,00,000	Nil
Rs. 3,00,000 to Rs. 6,00,000	5%	Rs. 3,00,000 to Rs. 7,00,000	5%
Rs. 6,00,001 to Rs. 9,00,000	10%	Rs. 7,00,001 to Rs. 10,00,000	10%
Rs. 9,00,000 to Rs. 12,00,000	15%	Rs. 10,00,000 to Rs. 12,00,000	15%
Rs. 12,00,000 to Rs. 15,00,000	20%	Rs. 12,00,000 to Rs. 15,00,000	20%
Above Rs. 15,00,000	30%	Above Rs. 15,00,000	30%

B **Standard deduction:** Standard deduction to salaried individuals and pensioners is proposed to be increased from ₹ 50,000 to ₹ 75,000 under the new tax regime.

C **Family pension deduction:** Deduction from family pension of ₹ 15,000 is proposed to be increased to ₹ 25,000 under the new tax regime.

D **Non-government employer contribution to New Pension scheme:** It is proposed to increase the amount of deduction allowed to an employer in respect of his contribution to a pension scheme from the extent of 10% to the extent of 14% of the salary of the employee.

(II) CORPORATE TAX

A. **Reduction of rate of foreign companies to 35%:** It is proposed to reduce the rate of income-tax chargeable on income of foreign company (other than that chargeable at special rates) from 40 % to 35 %.

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

C. **Buy-back of shares:** It is proposed that the income from buy-back of shares by companies be chargeable in the hands of recipient investor as dividend, instead of the current regime of additional income-tax in the hands of the company. Further, the cost of such shares shall be treated as a capital loss to the investor.

(III) SEARCH AND SEIZURE AND RE ASSESSMENT

A. In search cases, a time limit of six years before the year of search, as against the existing time limit of 10 years, is proposed.

B. 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 authorizations for search under section 132, or requisition under section 132A, was executed or made.

C. It is proposed that an assessment cannot be reopened beyond three years from the end of the assessment year except in cases where the escaped income is Rs 50 lakh or more.

D. If escaped income is Rs 50 lakh or more, in that cases the maximum period for re-opening would be five years from the end of the assessment year.

(IV) CHARITABLE TRUSTS/ INSTITUTIONS

It is proposed to make amendments to merge the two schemes for exemption and also provide for rationalization of filing of applications and the timelines for registration and approval of certain benefits to charitable trusts and institutions.

(V) CAPITAL GAINS

A. The taxation of capital gains is proposed to be rationalized and simplified. Short term gains on specified financial assets shall henceforth attract a tax rate of 20% instead of 15%, while that on all other financial assets and non-financial assets shall continue to attract the applicable tax rate.

B. Long term gains on all financial and non-financial assets, on the other hand, will attract a tax rate of 12.5%. It is proposed to increase the limit of exemption of capital gains on certain listed financial assets from ₹ 1 lakh to ₹ 1.25 lakh per year.

C. Unlisted financial assets and all non-financial assets will have to be held for at least two years to be classified as long-term. It is proposed to remove indexation benefit for all assets.

These proposals are proposed to be given effect with immediate force.

Above amendment is summarized as follows.

Sr. No.	Income	For transfers taking place before 23rd day of July, 2024 / Rate of TDS	For transfers taking place on or after 23rd day of July, 2024 / Rate of TDS
1	Long-Term Capital Gains Referred to in Section 115E	10%	12.5%
2	Long-Term Capital Gains Referred to in Sub-Clause (iii) of clause (c) of Sub-section (1) of section 112	10%	The clause is not applicable for transfers on or After 23rd July, 2024
3	Long-Term Capital Gains referred to in Section 112A exceeding One Lakh Twenty-Five Thousand Rupees	10%	12.5%
4	Long-Term Capital Gains [not being Long Term Capital Gains referred to in clauses (33) And (36) of Section 10	20%	12.5%
5	Short-Term Capital referred to in Section 111A	15%	20%

(VI) TAX DEDUCTED AT SOURCE (TDS)

It is proposed to bring down TDS rates from 5% to 2% in certain sections and omit section 194F where TDS rate is 20% as given below:

A Rationalization of TDS rates is proposed as below.

Section	Present TDS Rate	Proposed TDS Rate	With effect from
Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	1.4.2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	1.10.2024
Section 194G – Commission etc. on sale of lottery tickets	5%	2%	1.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	1.10.2024
Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	1.10.2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	1.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	1.10.2024
Section 194-F Payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		1.10.2024

B **Credit of TDC and TCS:** It is proposed to allow credit of all tax deducted or collected while computing the amount of tax to be deducted on salary income under section 192.

C

Alignment of interest rate on delayed payment on TCS with TDS: It is proposed to increase the rate of simple interest from 1% to 1.5% on delayed payments of TCS after collection, as in the case of TDS.

D

TDS on payment to a partner: It is proposed that payments made by firm to its partner in the nature of salary, remuneration, commission, bonus and interest, etc. shall be subject to TDS at the rate of 10% for aggregate amounts more than ₹ 20,000 in a financial year.

E

TCS on notified luxury goods: To enable TCS on luxury goods, it is proposed to levy TCS of 1% on notified goods of value exceeding ten lakh rupees.

F

TDS on sale of immovable property: It is proposed to clarify that where there is more than one transferor or transferee in respect of an immovable property, then such consideration for transfer of the immovable property shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.

G

TDS on Floating Rate Savings (Taxable) Bonds (FRSB) 2020: TDS is proposed on interest exceeding ten thousand rupees on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 or any other notified security of the Central or State Governments.

H

Excluding income mentioned in section 194J from applicability of section 194C: It is proposed to explicitly state that any sum referred to in sub-section (1) of section 194J (fees for professional or technical services) does not constitute "work" for the purposes of TDS under section 194C (payments to contractors).

I

Time limit to file correction statement for TDS/TCS statements: It is proposed 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 TDS/TCS statement are respectively required to be delivered.

J

Penalty for failure to furnish statements: It is proposed to provide for penalty on late furnishing of TDS or TCS statement beyond one month instead of the existing period of 12 months.

(VII) OTHERS

A. **Increase in limit of remuneration to working partners of a firm allowed as deduction:** It is proposed to increase the limit of remuneration to working partners to ₹ 3,00,000 or 90% of the book-profit, whichever is more, on the first ₹ 6,00,000 of the book-profit or in case of a loss and 60% of balance book profit.

B. **Securities transaction tax (STT) rates:** It is proposed to increase the rates of STT on sale of an option in securities from 0.0625% to 0.1% of the option premium, and on sale of a futures in securities from 0.0125% to 0.02% of the price at which such futures are traded.

C. **Income from letting out of house property:** It is proposed that income from letting out of a house or part of the house by the owner, shall not be charged under the head 'profits and gains of business or profession' and will be chargeable to tax under the head 'income from house property' only.

D. **Transfer of capital asset:** It is proposed to provide that the transfer of a capital asset, under a gift or will or an irrevocable trust, by an entity other than an individual or a Hindu undivided family (HUF) only, shall be regarded as transfer for the purpose of calculation of capital gain.

E. **Inadmissibility of non-business expenditure by life insurance companies:** It is proposed to provide 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 the profits and gains of the life insurance business.

F. **Claim of settlement amounts as business expenditure:** It is proposed to disallow expenses incurred as settlement fees for any contravention of law, as may be notified by the Central Government.

G. **Introduction of Vivad se Vishwas Scheme, 2024:** It is proposed to introduce a new scheme for settlement of pending appeals. It is proposed to be made operational from a specified date. Last date for the scheme is also proposed to be notified.

H. **Equalisation Levy:** It is proposed that Equalisation Levy at the rate of 2% of consideration received for e-commerce supply of goods or services, shall no longer be applicable on or after 1st August, 2024.

I. It is proposed to empower Commissioner (Appeals) to set aside ex-parte assessment orders.

J The Angle Tax has been abolished.

K It is also proposed to do comprehensive review of Income Tax Act, 1961.

(VIII) BLACK MONEY ACT AND BENAMI PROPERTY TRANSACTIONS ACT 1988

A **Adjusting liability under Black Money Act, 2015 against seized assets:** It is proposed to insert reference of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the section 132B of the Income-tax Act, 1961 to enable recovery of liabilities under the Act out of seized assets.

B **Amendments to the Prohibition of Benami Property Transactions Act, 1988:** It is proposed to provide immunity from penalty and prosecution to benamidar on full and true disclosure.

C It is also proposed to rationalize time limits for attachment of property and reference to adjudicating authority.

D Indian professionals working in multinationals get ESOPs and invest in social security schemes and other movable assets abroad. Non-reporting of such small foreign assets has penal consequences under the Black Money Act. Such non-reporting of movable assets up to ₹ 20 lakh is proposed to be de-penalised.

PROPOSED AMENDMENTS IN INDIRECT TAX

(A) CUSTOM DUTY

List of major commodities wherein rate of custom duty has changed:

Sr No	Commodity	Rate of Duty Old	Rate of Duty New
1	Mobile Phone and Related Parts	20%	15%
2	Medicines and Medical Equipment	15%	5% (till 31.3.2025) 7.5%(Apr-25-Mar-26) 10% from 01.04.2026
3	Gold & Silver Bar	15%	6%
4	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4%	6.4%
5	Critical Minerals	2.5%/5.0%/7.5%	Nil
6	Renewable Energy Sector	7.5%	Nil
7	Chemicals and Plastics	7.5%	10%
8	Textile and Leather Sector	7.5%	5%
9	Marine products – broodstock	10%	5%
10	Marine products - Polychaete worms	30%	5%
11	Marine products – shrimps & Fish feed	15%	5%
12	Metal - ferro nickel	2.5%	Nil
13	Metal - blister copper	5%	Nil
14	PVC Flex banner (Plastic)	10%	25%
15	PCBA of specified telecom equipment	10%	15%
16	Trade facilitation - export of goods imported for repairs	3 Yrs	5 Yrs

(B) GOODS AND SERVICE TAX

A. In respect of an invoice or debit note 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 upto the 30th day of November, 2021.

B. Section 128A is being inserted in the CGST Act to provide for a conditional waiver of interest and penalty in respect of demands pertaining to financial years 2017-18, 2018-19 and 2019-20, in cases where demand notices have been issued under section 73 and full tax liability is paid by the taxpayer before a date to be notified.

INSOLVENCY & BANKRUPTCY CODE

A. Integrated technology platform to be set up for improving the outcomes under Insolvency & Bankruptcy Code.

B. Services of center for processing accelerated corporate exit to be extended for voluntary closure of LLPs.

B. Debt recovery tribunals to be strengthened & additional tribunals to be established to speed up recovery.

Thank you

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Competence Credibility Commitment