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CA. Priti Paras Savla
Chairperson, WMEC, ICAI



CA. Kemisha Soni
Vice Chairperson, WMEC, ICAI

Budget 2024



BUDGET 2024- AT A GLANCE
ORGANISED BY-ICAI WMEC

CA Smita Patni

24 July 2024

Personal Taxation

<u>Sections</u>	<u>Existing Provisions</u>	<u>Amendments</u>		<u>Applicability</u>
Sec. 115BAC	Existing Provisions	Total Income (INR)	Revised Rate	From 1st April 2025
	No Change	Up to 3 Lakh	NIL	
	5% for 3-6 Lakh	From 3-7 Lakh	5%	
	10% for 6-9 Lakh	From 7-10 Lakh	10%	
	15% for 9-12 Lakh	From 10-12 Lakh	15%	
	No Change	From 12-15 Lakh	20%	
	No Change	Above 15 Lakh	30%	
Sec. 16(ia)	50000 or the amount of the salary, whichever is less, is allowed as deduction	Limit is increased to INR 75 k from present INR 50k for new regime Note:- Employees opting for old scheme will continue to get Standard deduction of 50k only.		From 1st April 2025
Sec 80CCD(2)	Contribution made by Non government employer in NPS allowed as deduction upto 10% of Salary	<ul style="list-style-type: none"> Limit Increased From 10% to 14 % of salary A consequential amendment has also been made under Section 36(1)(iva) to allow a deduction to employers. 		From 1st April 2025
Sec. 80G	<ul style="list-style-type: none"> Deduction of any sums paid as donations to the National Sports Development Fund set up by the CG. 			From 1st April 2025

Direct Tax proposals for IFOS and Business Income			
<u>Sections</u>	<u>Existing Provisions</u>	<u>Amendment</u>	<u>Applicability</u>
Sec.56(2)(viib)	If any consideration received (as share premium) for issue of shares exceeds the face value of such shares, excess of such FMV over shares is chargeable to income tax under the head "IFOS".	<ul style="list-style-type: none"> • Nil tax on shares issued at premium. • Abolition of angel tax for both R/NR 	From 1 st April 2025
Sec.57(ia)	Family pension-A sum equal to 33.33% of such income or 15000, whichever is less, is allowed as deduction under the head "IFOS".	Deduction increased to INR 25000	From 1 st April 2025
Sec.28	<ul style="list-style-type: none"> • Observe that income from LOP was reported either under the head "PGBP" or chargeable under the head "HP". - 	clarified that any income from LOP shall not be chargeable under the head "PGBP" and shall be chargeable under the head "HP".	From 1 st April 2025
Sec. 37	<ul style="list-style-type: none"> • Any expenditure incurred to settle proceedings related to legal contraventions, as notified by the Central Government, shall not be allowed under section 37(1). • Claim of deduction of expenditure by LIC- <ul style="list-style-type: none"> • Disallowance under section 37 such as capital expenditure, personal expenditure, CSR expenditure, etc. shall be applicable to life insurance business 		From 1 st April 2025
<u>Analysis :</u> It has been observed that some taxpayers are reporting their rental income generated by letting out of the house property, under the head 'PGBP' instead of 'HP' to reduce tax liability.			
Impact on Real Estate Developers developing residential township			

Proposed Provisions relating to Capital Gain

<u>S.No.</u>	<u>Income</u>	<u>For transfers taking place before 23rd day of July, 2024 / Rate of TDS</u>	<u>For transfers taking place on or after 23rd day of July, 2024 / Rate of TDS</u>	<u>Categories of capital assets</u>
1	long-term capital gains referred to in section 115AD,115AB,115AC,11A CA,&115E	10%	12.5%	Capital Assets in the Hands of NR
2	long-term capital gains referred to in sub-clause (iii) of clause (c) of subsection (1) of section 112	10%	The clause is not applicable for transfers on or after 23 rd July, 2024	No capital Assets
3	long-term capital gains referred to in section 112A exceeding 1.25 Lakhs	10%	12.5%	STT Paid Equity Shares, Units EOF & Business Trust (REIT/InvIT)
4	long-term capital gains [not being long term capital gains referred to in clauses (33) and (36) of section 10]	20%	12.5%	All capital assets (including IP) other than above mentioned in Point 3
5	short-term capital referred to in section 111A	15%	20%	STT paid equity shares (including OFS), equity-oriented MF, units of business trusts
6.	short-term capital other than section 111A	Applicable slab rates	Applicable slab rates	Unlisted Equity Shares
7.	STCG u/s 50AA	NA	Applicable slab rates	Unlisted debentures/ bond / Specified MF/ MLD

Proposed Provisions relating to Capital Gain

- **Period Of Holding (2 Categories Remain)**
- ❖ Listed Securities (including any Units) – above 12 months – LTCG
- ❖ All Unlisted securities any other non-financial assets (say real estate, gold etc.) – above 24 months – LTCG
 - Applicable retrospective from AY 2018-19.
 - Also covers acquisition of such equity shares (in lieu of holding any unlisted shares) vide transactions covered u/s 47 post January 31, 2018

MLD and STT

- ❖ **Market linked debentures**
 - Clarified to include funds which directly or indirectly (through another fund) invest more than 65% of its total proceeds in debt and money market instruments- effective for transfer from AY 226-27 onwards
- ❖ **Change in STT(w.e.f October 1, 2024)**

Particulars	Old Rates	Proposed Rates
Sale of an option in securities	0.0625% of option premium	0.1% of option premium
Sale of an Future in securities	0.0125% of price at which futures are traded	0.02% of price at which futures are traded

- **Impact on IP**
- ❖ FMV of Grandfathering of property bought prior to April 2001 as on 01.04.2001.
- ❖ Extra tax to bear exceeding limit u/s 54. Additional Block of funds to purchase a new asset
- **Impact on other assets**
- ❖ Exemption on transfer through gift, will or irrecoverable trust will now be available only to individuals and HUFs
- ❖ Clarity provided on cost of equity shares tendered under offer for sale (OFS) under an IPO-Indexation up to FY 2017-18 available on original cost of acquisition
- Indexation on LTCG for IP, Gold & other unlisted assets is removed. Flat rate of 12.5% on all long term assets
- To bring Parity in taxation between R/NR , corresponding amendments in others sections.
- Consequential amendments to align the W/holding tax provisions to give effect to the proposed changes in rates u/s 196B and 196C.

Rationalization of TDS/TCS rates is proposed as below .			
<u>Section</u>	<u>Present TDS/TC S Rate</u>	<u>Proposed TDS/TCS Rate</u>	<u>With effect from</u>
Section 194D-Payment of insurance commission (in case of person other than company)	5%	2%	From 1 st April 2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	From 1 st October 2022
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 or HUF	5%	2%	
Section 194M - Payment of certain sums by certain individuals or Hindu undivided Family	5%	2%	
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce Participant	1%	0.1%	
Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		
Sec 193 Interest from Floating Rate Saving (Taxable) Bonds (FRSB) 2020 exceeding INR 10,000	0	Rates in Force	From 1 st January 2022
Sec. 206C(1F)-TCS on Sale of Luxury goods (Value exceeding INR 10 Lakhs)	0	1%	

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

- Lower TDS and TCS certificates can be applied for Section 194Q and Section 206C(1H) u/s 197.
- Time limit to file correction statement in respect of TDS/ TCS statements u/s 206C read with 200(3B) Limited to 6 Years w.e.f 01.04.2025
- No order can be issued treating a person as **assessee-in-default** for failing to deduct or collect tax after six years from the end of the financial year of payment or credit, or two years from the end of the financial year when the correction statement is delivered, whichever is later.
- Interest for delay in deposits of TCS increased from 1% to 1.5% pm in line with TDS delay
- **Amendment of provisions of TDS on sale of immovable property**
- It is **proposed to amend sub-section (2) of section 194-IA** of the Act to clarify that where there is **more than one transferor or transferee in respect of an immovable property**, then such consideration shall be the **aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors exceeding 50 Lakhs** for transfer of such immovable property. w.e.f 01.10.2024
- **Excluding sums paid under section 194J from section 194C (Payments to Contractors)** w.e.f 01.10.2024. Any sum referred to in sub-section (1) of section 194J shall not be treated as “work” for the purposes of TDS under section 194C.
- No prosecution under section **276B** if the deductor has deposited TDS before the due date prescribed for filing the TDS statement of the quarter.
- TCS credit will be allowed for the calculation of tax to be deducted from salary.
- No penalty under section **271H** will be imposed if the person proves that, after paying TDS/TCS with fees and interest, the statement was filed within one month of the due date. **w.e.f. 01-04-2025.**

Increase in limit of remuneration to working partners of a firm allowed as deduction

<u>Sections</u>	<u>Existing Provisions</u>		<u>Amendments</u>		<u>Applicability</u>		
Sec. 40(v)(b) Remuneration to the working partner of a firm	(a)	on the first INR 3 Lakh of the book-profit or in case of a loss	INR 1.5 lakh or at the rate of 90 per cent of the book-profit, whichever is more	(a)	on the first INR 6 Lakh of the book-profit or in case of a loss	INR 3 Lakh or at the rate of 90 per cent of the book-profit, whichever is more	From 1 st April 2025
	(b)	on the balance of the book-profit	at the rate of 60 per cent	(b)	on the balance of the book-profit	at the rate of 60 per cent	

❖ **TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners** : it is proposed that a new TDS section 194T may be inserted to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS for aggregate amounts more than Rs 20,000 in the financial year. Applicable TDS rate will be 10%.

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

1. References have been received stating that pay-outs on buy-back of shares should be taxed in hands of recipients, in line with similar regime in place for taxation of dividend.
2. It is therefore, proposed that, the 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 at applicable rates.
 - Buy-Back tax applicability on companies and exemption in hands of shareholders removed
 - No deduction for expenses shall be available against such dividend income while determining the income from other sources.
 - Company to withhold tax @10% for the resident shareholders; Applicable TDS rate u/s 195 for NRs
 - The cost of acquisition of the shares which have been bought back would generate a capital loss in the hands of the shareholder as these assets have been extinguished. Therefore when the shareholder has any other capital gain from sale of shares or otherwise subsequently, he would be entitled to claim his original cost of acquisition of all the shares (i.e. the shares earlier bought back plus shares finally sold). 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.

Example :

100 shares bought in 2020	@ INR 40/- per share
Total cost of acquisition	INR 4000/-
20 shares bought back in 2024	@ INR 60/- per share
Income taxable as deemed dividend	INR 1200/-
Capital loss on such buyback (INR 40 *20)	INR 800/-
50 Shares sold in 2025	@ INR 70 per share
Capital Gain (3500 – 2000)	INR 1500
Chargeable capital gain after set off	INR 700

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

Budget 2024 Proposed Amendments relating to International Taxation:

- Decrease in Income Tax rates for foreign companies (other than domestic companies) to 35% from 40%
 - ❖ Surcharge will be same:
 - ❖ If Total Income > INR 1 crore <= 10 crores: 2%
 - ❖ If Total Income, > INR 10 crores: 5%
- **Sec 44BBC (Presumptive Taxation regimes for NR)**
 - ❖ 20% of amount received/ receivable by or paid/ payable in the business of operating in Cruise Shipping .
 - ❖ Lease rentals paid by such NR companies operating in cruise shipping to its sister concern- exempt from Tax
- **Section 198** - Income tax paid outside India by way of deduction, for which an assessee is allowed a credit against the tax payable under the Act, is deemed to be income received for the purpose of computing the income of the assessee.
- Penalty leviable vide section **271GC** on delayed filing of statement by non-resident having liaison office in India beyond 60 days from end of relevant financial year with the AO which is proposed to be INR 1,000/- per day for which failure continues, max upto 3 months and INR 1 lakh in any other case.
- **Transfer Pricing**
 - ❖ Proposed to expand the scope of **Safe Harbour Rules** under Transfer Pricing regime and also include safe harbour rates for foreign mining companies selling raw diamonds in the country. All these are yet to be rolled out and not in today's finance bill.
 - ❖ Empowering the TPO to identify the SDTs during the course of TP assessment, which have not been referred by the AO and/or reported by the assessee (vide Form 3CEB) and testing them whether they've been entered at arm's length price vide amendment to section 92CA of the Act. Earlier this power was given to TPO only in aspect of the international transactions vide 92CA(2A) and (2B) of the Act. **w.e.f. 01-04-2025**

Budget 2024 Proposed Amendments relating to International Taxation:

- **IFSC**
 - ❖ **Thin Capitalisation**
 - ✓ Relaxation to the finance companies located in IFSC from applicability of section 94B on Limitation on Interest Expenses.
 - ❖ The definition of 'specified funds' for exemption under section 10(4D) is amended to include retail funds and Exchange Traded Funds in IFSC
 - ❖ The specified income of Core Settlement Guarantee Funds set up by recognized clearing corporations in IFSC will be exempted under Section 10(23EE) by amending the definition of "recognized clearing corporation".
 - ❖ The requirement to explain the source of funds to avoid addition under Section 68 does not apply if the amount is credited to a Venture Capital Fund or Venture Capital Company registered with SEBI. It is now proposed to extend this relaxation to VCFs regulated by the IFSCA.
- **Amendment to obtain ITCC –**

It is proposed to insert the reference of liabilities under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the sub-section (1A) of the section 230 of the Act, for the purposes of obtaining a tax clearance certificate.

w.e.f. 01-10-2024.
- **Equalization Levy –**

Equalization levy at the rate of 2% shall not be applicable to consideration received or receivable for e-commerce supply or services, on or after 01-08-2024.

 - ❖ Evaluation for taxability under other provisions (eg FTS/Royalty) continues to operate
 - ❖ Equalization Levy on online advertisement services to continue

w.e.f. 01-08-2024.

Budget 2024 Proposed Amendments relating to International Taxation:

- **Penalty for non-reporting in SFT -**
Penalty under section 271FAA shall be attracted in case of furnishing of inaccurate information in the statement or failure to comply with due diligence requirement in the statement.
w.e.f. 1-10-2024.
- **Penalty for failure to disclose foreign income and asset in the ITR –**
 - ❖ It is proposed to provide that the threshold limit of the foreign assets (**other than immovable property**) has been increased from INR 5Lakhs to INR 20 lakhs as required to be reported.
 - ❖ This is applicable on individuals who are ROR in India under the Income Tax Act.**w.e.f. 1-10-2024.**

Assessment / Reassessment

- **Re-assessment**

- ❖ **Rationalisation of timelines (from end of AY) for issuance of re-assessment notice u/s 148.**

<u>S. No.</u>	<u>Threshold</u>	<u>Existing provisions</u>	<u>Proposed</u>
1.	Income escaping assessment < 50 Lakhs	Upto 3 Years	Upto 3 Years and 3 months
2.	Income escaping assessment > = 50 Lakhs and covered by specific cases	Upto 10 Years	Upto 5 Years and 3 months

- ‘Information’ based on which reassessment to be initiated expanded to include information arising out of survey conducted under section 133A
- A reference of section 250 inserted in section 153(3) in order to provide the time limit for disposal of cases which are proposed to be set aside by the Commissioner (Appeals) **w.e.f. 01-10-2024.**

Timelimit now prescribed for assessment of specific cases

- ❖ **Return furnished after CBDT condonation of delay** - 12 months from the end of the financial year in which the return is furnished;
- ❖ **Cases set-aside by CIT(A)** – 12 months from the end of the financial year in which the order under section 250 is passed;
- ❖ **Annulment of block assessment qua search proceedings** – 1 year from the end of the month of revival or within the period specified in section 153 or section 153B(1), Whichever is later.
- ❖ Provisions of the Dispute Resolution Panel (DRP) shall not apply to assessment proceedings in search cases.

Re-introduction of block assessment in search cases

- ❖ For search initiated post September 1, 2024, assessment to be carried out for the block period
 - Block period to include 6 preceding assessment years and the part of the year upto conclusion of search
 - All ongoing assessments/reassessments shall abate
- ❖ 60% tax rate prescribed for block assessments
- ❖ No additional surcharge or interest u/s 234A / 234B / 234C
- ❖ Penalty of 50% of tax on assessed undisclosed income.

Miscellaneous Provisions

- The provisions of **section 139** are made applicable to the returns of income furnished under section 119(2)(b).
- **Direct Tax Vivad Se Vishwas Scheme, 2024** –
To be introduced to offer a settlement mechanism for disputed issues, aiming to reduce litigation at a minimal cost.
- **Quoting Aadhaar number is mandatory** –
It is proposed that every person who has been allotted PAN on the basis of Enrolment ID of Aadhaar application form, shall intimate his Aadhaar number on or before a notified date. **w.e.f. 01-10-2024.**
- **Benami Law** –
Immunity from penalty & prosecution to benamidar or abettor (other than beneficial owner), if the benamidar or abettor makes a full & true disclosure of the whole circumstances relating to benami transaction.
- **Charitable Institutions** –
 - ❖ Approval based exemption for charitable trusts under Section 10(23C) is proposed to be sunset and merged into the exemption scheme under Sections 11 to 13.
 - ❖ Principal Commissioner/Commissioner is now empowered to condone delays in filing registration applications by trusts or institutions for reasonable causes.
 - ❖ Timelines for disposing of applications filed by charitable trusts for the renewal of regular registration or the conversion of provisional registration to regular registration have been extended to six months from the end of the quarter in which the application was received by the PCIT/CIT.
 - ❖ A new Section 12AC is inserted to facilitate the merger of approved/registered charitable trusts with other trusts or institutions with similar objectives without imposing exit tax.
 - ❖ References of clause (23EA), clause (23ED), and clause (46B) of Section 10 have been inserted in Section 11(7) to enable trusts registered under Section 12AB to claim exemptions under these specific clauses of Section 10.

Thank You

