

## Indian Budget 2024

*Roadmap for  
pursuit of  
‘Viksit Bharat’*



# Budget 2024 – Focus & Theme

## Focus

- Poor
- Youth
- Farmers
- Women

## Theme

- Employment Generation
- MSME Strengthening
- Skill Development
- Middle Class Population

# Productivity and Resilience in Agriculture

- Comprehensive review of the agriculture research setup to bring focus on raising productivity and developing climate resilient varieties.
- National Cooperation Policy For systematic, orderly and all-round development of the cooperative sector
- Promotion of FPOs, cooperatives & start-ups for vegetable supply chains for collection, storage, and marketing.
- Release of new 109 new varieties high-yielding and climate resilient varieties of 32 field and horticulture crops will be release for cultivation by farmers crore farmers across the country will be initiated into natural farming, supported by certification and branding in next 2 years.
- 10,000 need-based bio-input resource centres to be established.
- Digital crop survey in 400 districts
- Issuance of *Jan Samarth* based Kisan Credit Cards





# Employment & Skilling

- Government will reimburse EPFO contributions of employers up to INR 3000 per month for 2 years for all new hires.
- 20 lakh youth will be skilled over a 5-year period and 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation
- Facilitate higher participation of women in the workforce through setting up of working women hostels in collaboration with industry and establishing creches.
- Loans up to INR 7.5 lakh with a guarantee from a government promoted Fund Expected to help 25,000 students every year.
- Financial support for loans up to INR 10 lakh for higher education in domestic institutions.
- Direct E-vouchers to 1 lakh students every year and Annual interest subvention of 3%
- Allocation of more than INR 3 lakh crore for schemes benefitting women and girls.
- More than 100 branches of India Post Payment Bank will be set up in the North East region.

# Manufacturing & Services

- Twelve industrial parks under the National Industrial Corridor Development Programme to be developed.
- Development of Rental housing with dormitory type accommodation for industrial workers in PPP mode with VGF support.
- Critical Minerals Mission for domestic production, recycling and overseas acquisition.
- Strengthening of the tribunal and appellate tribunals to speed up insolvency resolution and additional tribunals to be established
- Scheme for providing internship opportunities in 500 top companies to 10 million youth in 5 years.
- Allowance of INR 5,000 per month along with a one-time assistance of INR 6,000 through the CSR funds
- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector
- Credit Support to MSMEs during Stress Period
- Mudra Loans: The limit enhanced to INR 2 million from the current INR 1 million under the 'Tarun' category.

# Urban Development

- Encouraging states to lower stamp duties for properties purchased by women.
- Envisioning a scheme to develop 100 weekly '**haats**' or street food hubs in select cities
- Transit Oriented Development plans for 14 large cities with a population above 30 lakh
- Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects
- **Under PM Awas Yojana Urban 2.0** Needs of 1 crore urban poor and middle-class families will be addressed with an investment of INR 10 lakh crore
- Enabling policies and regulations for efficient and **transparent rental housing markets** with enhanced availability will also be put in place





# Energy Security

- **Initiatives with private sector in Nuclear Energy by** Setting up Bharat Small Reactors R&D of Bharat Small Modular Reactor and newer technologies for nuclear energy
- **Pumped Storage Policy** - For electricity storage and facilitation of smooth integration of the growing share of renewable energy
- **AUSC Thermal Power Plants** - A joint venture between NTPC and BHEL will set up a full scale 800MW commercial plant.
- Financial support for shifting of micro and small industries to cleaner forms of energy
- Facilitate investment grade energy audit in 60 clusters, next phase expands to 100 clusters.



# Infrastructure

- Provision of INR 11,11,111 crore for infrastructure (3.4% of GDP).
- INR 1.5 lakh crore to states as long-term interest free loans to support resource allocation.
- Phase IV of PMGSY will be launched to provide all weather connectivity to 25,000 rural habitations.
- Financial support for projects with estimated cost of INR 11,500 crore such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes.
- Assistance for flood management and related projects in Assam, Sikkim & Uttarakhand.
- Assistance for reconstruction and rehabilitation in Himachal Pradesh.
- Operationalization of the Anusandhan National Research Fund for basic research and prototype development.
- Private sector-driven research and innovation at commercial scale with a financing pool of ₹1 lakh crore.
- Space Economy: A venture capital fund of INR 1,000 crore is to be set up.

# Next Generation Reforms

- Unique Land Parcel Identification Number or Bhū-Aadhaar for all lands and Survey of map sub-divisions as per current ownership
- Digitization of cadastral maps and establishment of land registry. Land records in urban areas will be digitized with GIS mapping.
- Taxonomy for climate finance for enhancing the availability of capital for climate adaptation and mitigation related investments
- FDI and Overseas Investments to be simplified to facilitate FDIs and promote opportunities for using Indian Rupee as a currency for overseas investments.
- *NPS Vatsalya*: A plan for contribution by parents and guardians for minors.
- Improvement of data governance, collection, processing and management of data and statistics.
- New Pension Scheme (NPS): A solution that address the relevant issues, protects the common citizen and maintains fiscal prudence will be formed.



# Direct Tax Proposals

- The Government will **review of Income Tax Act 1961** for making it simpler and tax friendly.
- **Simpler tax regime** to operate domestic cruise under presumptive scheme of taxation under section 44BBC
- Provision for **safe harbour rates** for foreign mining companies (Selling raw diamonds)
- 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 for transfer of such immovable property. The monetary limit of INR 50 lakh for withholding of taxes on payment of consideration for transfer of immovable property is now to be seen in totality paid by all transferors to all transferees in respect of the immovable property on an aggregate basis w.e.f 1 October 2024



# Direct Tax – Personal

- No Changes in Old regime of Tax rates, surcharges and cess.
- Standard Deduction for salaried employees increased from INR 50,000 to INR 75,000
- Deduction on family pension for pensioners increased from INR 15,000 to INR 25,000
- Increase in amount allowed as deduction to non-government employers and their employees for employer contribution to a Pension Scheme referred in section 80CCD to 14%
- Revision of New tax regime as follows:

Total Income	Tax rates
Up to INR 3,00,000	NIL
From INR 3,00,001 to INR 7,00,000	5%
From INR 7,00,001 to INR 10,00,000	10%
From INR 10,00,001 to INR 12,00,000	15%
From INR 12,00,001 to INR 15,00,000	20%
Above INR 15,00,000	30%

# Direct Tax – TDS Rate

Section	Existing	Proposed
Commission on insurance business (Section 194D) w.e.f 1 April 2025	5%	2%
Commission of sale of lottery tickets (Section 194G)	5%	2%
Other commission or brokerage (Section 194H)	5%	2%
Rent paid by certain individuals or HUF (Section 194-IB)	5%	2%
Payments from e-commerce operators to participants (194-O)	1%	0.1%
Salary, remuneration, interest, bonus or commission exceeding INR20,000 in a financial year to partners by partnership firm w.e.f. 1 April 2025. (194-T)	NIL	10%



# Direct Tax – Capital Gains

- Rate for **short-term capital gain** under provisions of section 111A of the Act on STT paid equity shares, units of equity oriented mutual fund and unit of a business trust is proposed to be increased to 20% from the present rate of 15%
- **Long term gains** on all financial and non-financial assets to attract a tax rate of 12.5%
- Increase in limit of exemption of capital gains on financial assets to INR 1.25 lakh per year
- The **holding period** for all listed securities, including units of business trust, will now be a common period of 12 months to be classified as long-term capital assets. All other assets will qualify as long-term capital assets if held for 24 months or more.
- **Gains from unlisted bonds** and debentures transferred, redeemed or maturing on or after 23 July 2024 will be treated as Short-term Capital Gains (STCG) irrespective of the holding period.
- **Indexation** available under second proviso to section 48 is proposed to be removed for calculation of any long-term capital gains which is presently available for property, gold and other unlisted assets.

# Direct Tax – Trust & Charities

- Applications seeking approval or provisional approval under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10, 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 sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10, 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.
- It proposed that the Principal Commissioner/ Commissioner may be enabled to condone the delay in filing application for registration and treat such application as filed within time. The delay may be condoned if he considers that there is a reasonable cause for the same.
- These amendments will take effect from the 1st day of October, 2024.

# Direct Tax Proposals

- Introduction of Direct Tax **Vivad se Vishwas Scheme, 2024** for providing a mechanism of settlement of disputed issues. Date of applicability of the proposed scheme is yet to be notified.
- **Increase in limit of remuneration to working partners** of a firm allowed as deduction u/s 40(b) will take effect from the 1st day of April 2025 and will, accordingly, apply in relation to assessment year 2025-2026 and subsequent years.
- **Correction statement in respect of TDS/ TCS** statements cannot be filed after the expiry of six years from the end of the financial year in which the statement referred to in sub-section (3) of section 200 and statement referred to in the proviso to sub-section (3) of section 206C are respectively filed.



# Direct Tax Proposals

- 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.
- It is proposed to increase the rates of **securities transaction tax** on sale of an option in securities from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such “futures” are traded.
- 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”.
- 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.

# International Taxation

- **ANGEL tax** for all classes of investors has been abolished.
- Corporate **tax rate on foreign companies** reduced from 40% to 35%
- No specific proposal on Pillar Two/ Global Minimum Tax implementation in India
- Introduction of penalty provisions for non filing of certain financial information by non residents' liaison offices in India
- Proposal to withdraw the **equalization levy** of 2% applicable on the e-commerce supply or services w.e.f 1<sup>st</sup> August 2024
- it is proposed to amend section 198, to provide that all sums deducted in accordance with the provisions of Chapter XVII-B and income tax paid outside India by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under the Act, are for the purpose of computing the income of the assessee, deemed to be income received.





# Indirect Tax Proposals - GST

- **INSERTION OF SECTION 16(5)** - The proposed section lays down the permissible time limit, for claiming '**Input tax credit**' (ITC) in relation to any '**Invoice or Debit Note**' issued between (1/7/2017 to 31/3/2021). The claim shall be considered as '**valid**' if the same is included and declared in any **GSTR-3B** returns **filed by 30th Day of November 2021**.
- **INSERTION OF SECTION 16(6)** - Insertion of a new section to permit claim of '**Input tax credit**' by a registered person, whose registration undergoes the process of '**cancellation**' and subsequent '**revocation**'. This proposed provision envisages the remedy to ensure no loss of claim of '**eligible Input tax credit**' during the period when the cancellation persist.
- **Waiver of 'Interest' and 'Penalty'-Section 128A** - Insertion of Section 128A has been proposed to allow the waiver of 'interest' and 'penalty' impositions in case of outstanding demands owing to 'Show Cause Notices' issued under **Section 73 of the CGST Act**.
- If demand is outstanding by virtue of SCN issued u/s 73 (cases other than fraud, willful misstatement...) for any tax period between (1/7/2017 to 31/3/2020). Where the '**full tax demanded**' is agreed to be paid before a 'notified date', and where such tax duly paid by such date. Then in such case, the '**interest**' under Section 50 and '**Penalty**' imposed under the act, will be waived off

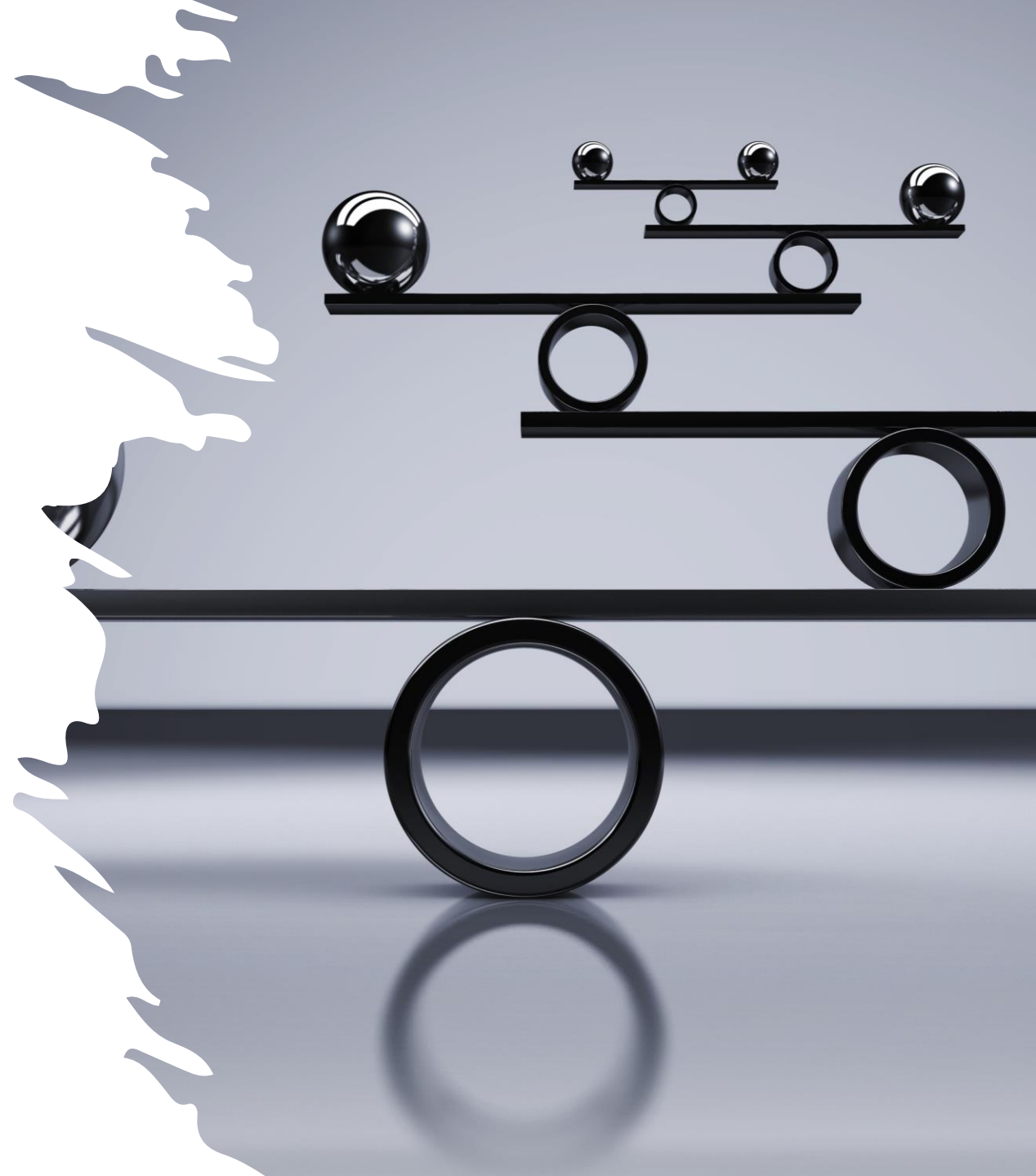
# Indirect Tax Proposals - GST

## **ADDITION TO SCHEDULE III: ACTIVITIES WHICH ARE NEITHER SUPPLY OF GOODS NOR SUPPLY OF SERVICES**

- In case of re-insurance contracts, there are intermediate contracts between the re-insurance ceder and re-insurance acceptor.
- In order to smoothen the transactional flow and also ensuring that there is no loss to the revenue, it has been proposed that the intermediate transactions between reinsuring parties (ceder and acceptor) shall be kept as a Schedule-III transaction, to the extent the services of reinsurances.

**INSERTION OF SECTION 11A** - For introducing full or partial exemptions under the GST Laws, specifically if such exemptions are based on the test of 'common parlance theory'

**IMPACT:** In the Pre-GST regime, the common parlance theory was resorted to as a residual mechanism for determining the 'classification' of goods. The idea was that where the technical evaluation failed to determine an outcome, the kind and manner of goods used to decide on the classification.



# Indirect Tax Proposals - GST

**TIME OF SUPPLY U/S 13 AND ISSUANCE OF INVOICE U/S 31(f)** - The time of supply in case of inward supply of services, liable to 'RCM'. The amendments are made in Section 13 as well as Section 31(f) of the CGST Act. *The recipient of Input services, which are liable to RCM, will be now strictly required to adhere to the time limit for issuing Invoices for inward supplies. Also, the time of supply will be strictly required to be with newly introduced criteria. This also indicates that if any tax under RCM is paid subsequently during audit etc, penal consequences related to Invoice may get attracted*

**AMENDMENTS TO SECTION 39(3)** - Every registered person required to deduct tax u/s 51 as a 'TDS DEDUCTOR' will be required to file a return for every calendar month, whether or not any deduction is made during the month.

**IMPACT:** This will lead to compulsive compliance to 'TDS DEDUCTORS' who are mainly GOVT notified entities. The issue is that there has been lack of compliance owing to which the DEDUCTEES were unable to have the amount reflected in GST portal leading to delayed and mismatched claim of TDS credits.



# Indirect Tax Proposals – Custom Duty

- Comprehensive review of the rate structure for ease of trade, removal of duty inversion and reduction of disputes
- Reduce BCD to 15% on Mobile phone, Mobile PCBA and charger
- Reduce custom duty on gold and silver to 6% and platinum to 6.4%
- Reduce BCD on shrimp and fish feed to 5%
- Exempted more capital goods for manufacturing of solar cells & panels
- Fully exempt custom duties on 25 critical minerals
- Fully exempt 3 more cancer medicines from custom duties

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### Let's talk

For a deeper discussion of how this budget might affect your business drop an email at [info@hcoca.com](mailto:info@hcoca.com)

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