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UNION BUDGET 2024

- AN EXCLUSIVE ANALYSIS

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FOREWORD

The Government's vision for 'Sabka Saath, Sabka Vikas, Sabka Vishwas' has continued throughout its reign in the past 10 years. Now, with an aim to make India 'Viksit Bharat' by 2047, the Government is working with an approach of development that is all-round, all-pervasive and all-inclusive. This was resonated with the people-centric Union Budget speech by the Hon'ble FM, which lasted just a little shy of an hour.

Updating the famous slogans of former PM Shastri and Vajpayee "Jai Jawan Jai Kisan Jai Vigyan", the current PM has furthered the same to "Jai Jawan Jai Kisan Jai Vigyan and Jai Anusandhan" focusing on innovation. The FM has hailed this to be a 'golden era' for the tech savvy youth and announced corpus of rupees one lakh crore to be established with fifty-year interest free loan. The corpus will provide long-term financing with long tenors and low or nil interest rates, in order to encourage the private sector to scale up research and innovation significantly in sunrise domains.

The budget continued its streak of pumping capital investment in infrastructure. The outlay is aimed at developing specified economic railway corridor programs, continued development of new airports, expansion of existing airports, and public transport to boost urban development.

With the Lok Sabha Elections approaching, the Budget was expected to have something in it for the middle class. It emphasized on 'Nari Shakti' program that has bolstered women's increased enrolment in higher education, success of Lakhpati Didi initiative and success of 83 Lakh SHGs with 9 Cr women. Further, in lines with the manifesto of the Government, a scheme has been proposed to be launched to help deserving sections of the middle class "living in rented houses, or slums, or chawls and unauthorized colonies" to buy or build their own houses. With 'rooftop solarization', the Government aims for one crore households to be enabled to obtain up to 300 units free electricity every month. This coupled with strengthening E-vehicle ecosystem, blue economy, and active steps towards 'net zero' target are evident of its commitment towards sustainable development.

In a fresh initiative of 'Tourism', the FM has announced that States will be offered interest-free loans to boost tourism within their borders, said Finance Minister Nirmala Sitharaman. It holds substantial potential for generating tourism revenue in India and creating numerous job opportunities. The FM highlighted that India's robust economic standing has positioned the country as an appealing hub for both business and conference tourism. Emphasizing the evolving aspirations of the middle class towards travel and exploration, the minister underscored the success of hosting G20 meetings, showcasing India's diversity and expanding its global audience.

Apart from policy initiatives and praises of the past achievements, the legal and tax front of the Union Budget were expected to be short. However, in lines with the 50th GST Council Meeting, the FM has proposed an amendment under the CGST Act mandating the registration of ISD. This comes pursuant to multiple rounds of litigation and deliberations. Given the amendment, the taxpayers may have to tweak their internal systems of GST compliances, which may result in additional burden. In terms of customs law, taking cues from government initiatives in the past, it was about time that a dispute resolution/amnesty scheme be announced for customs law a well, however it remains absent.

On the Direct Tax front, Increasing the limit of Sec 80D from INR 25,000 to INR 50,000 for normal persons and INR 50,000 to INR 75,000 for senior citizens as the premium amount, will be beneficial. Further, as medical insurance is the need of the hour, allowing medical insurance premiums paid as a deduction under the new tax regime shall increase the coverage of the regime. A few announcements, which were although not expected, but hoped for, were Customs Amnesty Scheme and DESH Bill.

All in all, a well-rounded, expected Budget. We at **TIOL** in association with **Taxcraft Advisors LLP**, **GLS Corporate Advisors LLP** and **VMGG & Associates**, have ventured to summarize the same for our esteemed readers. We do hope that the booklet helps you to navigate through this budget. As always, we look forward to receiving your inputs, thoughts and feedback.

Happy Reading!

Best Regards,

Team Vision 360

KEY POLICY INITIATIVES

INFRASTRUCTURE DEVELOPMENT

Infrastructure development continues to be propelled with a massive capital boost. An outlay, with an increase by 11.1%, is pegged at whopping INR 11.11 Lakh Crore, which is equal to 3.4% of the GDP! The policy initiative for infrastructure mainly focuses on Railway, Aviation and Metro.

The initiatives include three major economic railway corridor programmes viz. (i) energy, mineral and cement corridors; (ii) port connectivity corridors; and (iii) high traffic density corridors. These will not only add up to the GDP but also improve logistical efficiency, reduce transport cost and congestion. The initiative also spreads to conversion of 40,000 normal bogies to the flagship 'Vande Bharat' standards enhancing passenger safety, convenience, and comfort.

Aviation sector in India witnessed increase in number of airports to double in last 10 years. It will continue to rollout a widespread connectivity in tier-two and tier-three cities with expeditious expansion of existing airports. Public transport system such as Metro rail, has also garnered recognition as a key catalyst in rapid urban development as well as fast expanding middle class community in India. These systems are slated to be supported in large cities focusing on transit-oriented development.

SUSTAINABLE DEVELOPMENT

In line with the commitment to achieve 'net zero' (carbon emission) by 2070 the budget initiates (i) a viability gap funding for harnessing offshore wind energy; (ii) coal gasification and liquefaction capacity of 100 MT to be set up by 2030 (which will also reduce imports of natural gas, methanol, and ammonia); and (iii) mandatory blending of compressed biogas (CBG) in compressed natural gas for transport and piped natural gas (PNG) for domestic purposes, in a phased manner.

The Budget also furthers its intent to strengthen e-vehicle ecosystem by supporting manufacturing and charging infrastructure as well as adoption of e-buses for public transport networks through payment security mechanism.

In order to shift from 'consumptive manufacturing' to 'regenerative', a new scheme of bio-manufacturing and bio-foundry is announced. It will provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs. The budget also proposes a scheme for restoration and adaptation of coastal aquaculture and mariculture with the purpose of promoting climate resilient activities for blue economy.

KEY POLICY INITIATIVES

TOURISM

Vibrant traditions, culture and rich history are the hallmarks of tourism in 'Bharat' both domestic and international. While spiritual tourism is already on rise, success of the G20 meetings have also made the country an appealing destination for business-based tourism.

In order to capitalise on these opportunities, Hon'ble FM has announced long-term interest free loans to states for financing development of iconic tourist centres, branding, and marketing on a global level. The initiative also focuses on pro-active efforts to develop port connectivity, tourism infrastructure, and amenities on island destinations (including Lakshadweep), developing framework for rating of the centres based on quality of facilities and services.

AGRICULTURE

In a move to ensure faster growth of the agriculture sector, the Budget 2024 has proposed private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding. These schemes will complement the existing Pradhan Mantri Kisan Sampada Yojana and Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana.

The budget further announces formulation of strategies to achieve independence in 'oil seeds'. This will cover research for high-yielding varieties, widespread adoption of modern farming techniques, market linkages, procurement, value addition, and crop insurance. Formulation of a new scheme to 'support dairy farmers' is also proposed with an aim to support dairy processing and animal husbandry.

The budget also highlights, setting up of an independent department for Fisheries, the benefits garnered out of it and its intent to step up the Pradhan Mantri Matsya Sampada Yojana to (i) enhance aquaculture productivity; (ii) double the exports; and (iii) generate 55 lakh employment opportunities.

RESEARCH AND DEVELOPMENT

With a specific recognition to the positive impact of technology to the lives of people and business, including those at the bottom of the pyramid, the budget fuels the Research and Development in sunrise domains. The budget has announced setting up of a corpus of rupees one lakh crore to be advanced as fifty-year interest free loan. The corpus is intended to provide long-term financing or refinancing with long tenors at low or nil interest rates, encouraging the private sector remain steadfast in research endeavours and scale innovation significantly.

These budgetary proposals pertain to strengthening defence related deep-tech technologies, in line with the policy of making ‘Atmanirbhar Bharat’.

FARMERS’ WELFARE

Hailing the farmers as our ‘Annadata’, the FM highlighted the achievements of schemes implemented by the Government during its reign. Notably, the PM Kisan SAMPADA Yojana has benefited 38 Lakh farmers and assisted 2.4 Lakh SHGs. The scheme uses modern infrastructure and supply chain management to ease the transfer of farm goods from farmers to retail outlets and direct financial assistance is provided to 11.8 Cr farmers, including marginal and small farmers. Also, crop insurance is given to 4 crore farmers under PM Fasal Bima Yojana.

The Electronic National Agriculture Market has integrated 1361 mandis and is providing services to 1.8 Cr farmers with a trading volume of 3 Lakh Cr. The sector is positioned for comprehensive, equitable growth, and enhanced productivity. This progress is enabled by farmer-centric policies, income support, risk coverage via price and insurance support, and the encouragement of technologies and innovations through startup initiatives.

For the dairy industry, the FM has assured to formulate a comprehensive development program. Further, India being the world’s largest milk producer but with low productivity of milch-animals, the proposed programme will be built on the success of existing schemes such Rashtriya Gokul Mission, National Livestock Mission, and Infrastructure Development Funds for dairy processing and animal husbandry. Commending the establishment of a separate fisheries Department, the FM informed that the PM Matsya Sampada yojana has helped double the seafood exports from 2013-14. The scheme will be boosted to generate 55 Lakh jobs and boost exports to INR 1 Lakh Cr.

NARI SHAKTI

With the vision of making India 'Viksit Bharat' by 2047, the FM asserted that the Government was working towards all-round, all-inclusive, and all-pervasive development covering all castes and people at all levels. The FM further lauded the parliamentary developments, making 'Triple Talaq' illegal, reservation of one-third seats for women in the Lok Sabha and State legislative assemblies, and giving over 70% houses under PM Awas Yojana in rural areas to women as sole or joint owners, which has enhanced their dignity. Additionally, 30 Cr MUDRA Yojana loans have been given to women entrepreneurs.

Notably, coining the term 'Lakhpati Didi', the FM asserted that the success of 83 Lakh SHGs with 9 Cr women are transforming rural Socio-economic landscape with empowerment and self-reliance. Buoyed by the success, it has been decided to enhance the target for Lakhpati Didi from 2 Cr to 3 Cr. As far as the education of women goes, female enrolment in higher education has gone up by 28% in 10 years. In STEM courses, girls and women constitute 43% of enrolment, one of these highest in the world, which reflects the increasing participation of women in the workforce.

With cervical cancer being the third most common cancer in India, at an incidence rate of 18.3%, the FM has announced the Government's intent to promote vaccination. The government will encourage vaccination for girls in the age group 9-14 years to prevent cervical cancer.

HEALTH AND WELFARE

In lines with the 'Nari Shakti' aim, the Government has proposed to vaccinate girls in age group of 9 to 14 years for prevention of cervical cancer. Further, a number of schemes for maternal and child care will be brought under one comprehensive programme for synergy in implementation. In furtherance of the 'Saksham Anganwadi and Posham 2.0' programme, which aims at combating malnutrition among children, adolescent girls, pregnant women, and lactating mothers, the Government has encouraged upgradation of anganwadi centres, which will expedited for improved nutrition delivery, early childhood care and development.

Additionally, the newly designed U-WIN platform for managing immunization and intensified efforts of Mission Indradhanush is to be rolled out expeditiously throughout the country. Notably, the Healthcare cover under Ayushman Bharat scheme is to be extended to all ASHA workers, Anganwadi Workers and Helpers.

WELFARE FOR MIDDLE CLASS

PM AWAS Yojana: Launched in 2015, the PM AWAS Yojana (Grameen) intends to provide housing for all in urban areas. Hailing the success of the said yojana, despite the hurdles faced during COVID-19, the FM asserted that we are close to achieving the target of three crore houses. Two crore more houses are to be taken up in the next five years to meet the requirement arising from increase in the number of families.

Rooftop Solarization and Muft Bijli: With rooftop solarization, the Government aims for one crore households to be enabled to obtain up to 300 units free electricity every month. The Government aims to save up to fifteen to eighteen thousand rupees annually for households from free solar electricity and selling the surplus to the distribution companies. The schemes are further aimed to generate employment opportunities for the youth and technical skills.

Housing for Middle Class: The Government has proposed to launch a scheme to help deserving sections of the middle class “living in rented houses, or slums, or chawls and unauthorized colonies” to buy or build their own houses. This scheme may be most beneficial to clustered areas in the metro cities.

The Union Budget 2024 has been delivered with an intent of fiscal deficit consolidation and smooth functioning until the new Government is elected. The Hon'ble Finance Minister has allocated major portion of its budget on sectors such as defense, infrastructure, railways, chemical, agriculture and communication sector. In addition, budget also focuses on promoting tourism in India, transitioning towards green energy and development of e-vehicle ecosystem, housing for middle class and upliftment of poor. The initiatives appear to be in line with the idea of Amrit Kaal and the seven initiatives proposed thereunder in the previous budget. While the Interim Budget did not announce any major tax changes, it provides a snapshot of the government's priorities on emphasizing stability and continuation in its economic policies to move towards Viksit Bharat by 2047.

Mr. Deepak Goel
Chief Financial Officer
BSE Limited

The Budget aims at improving the quality of life by implementing the schemes for benefit of Women, Youth, Farmers and Poor. Policy proposals from today's budget reinforces the Government's commitment to its ambitious target to make India a 'Viksit Bharat' by 2047. The Budget focuses on reduction of fiscal deficit, green energy transition, mandatory phased blending of compressed biogas, roof-top solarization, women healthcare, early childhood care and development, etc. On the tax front, various tax benefits given to start-ups, sovereign wealth and pension funds and IFSC units having sunset clause of March 31, 2024 have been extended by a year. By investing in universal coverage fuelled by medical education and jobs, a future-ready healthcare sector shall actualise the vision of an equitable India leading global welfare.

As far as GST is concerned, now that the Government has mandated the registration of ISD which was also expected after the 50th Council Meeting, the compliance burden on ISD registrants will substantially increase as there will be duplication of efforts in terms of reconciliation of ITC with the invoices filed in vendor returns. Consequently, all taxpayers will have to build in suitable controls and tweak their processes to comply with the amended provisions rationalising the overall process.

Mr. Mahesh Barge
Director – Indirect Tax
Cipla Limited

INDUSTRY SPEAKS

The Interim Budget has been true to its nature and does not announce any major tax amendments except extension of the sunset clause from March 31, 2024 by one year with respect to certain tax benefits given to the start-ups, IFSC units and sovereign wealth and pension. The past budgets continue to reduce the fiscal deficit which is very well supported by the Government's intent and its tax collection. The budget has announced pro-citizen and pro-women schemes such as housing for middle class, increasing medical colleges, cervical cancer vaccination, maternal and child health care, healthcare cover under Ayushman Bharat scheme. Enhanced healthcare spend of 2.5% of GDP is expected to expand access and infrastructure. Backed by technology and innovation, schemes promoting medical tourism and digitization can position India as a healthcare hub for the world, creating jobs for our youth.

Mr. Ketul Shah
Executive Director
Sundyota Numandis

The interim budget focuses on areas such as infrastructure, defense, rail and aviation, clean energy, agriculture, backward groups and health. The budget presents no surprise element that sets a positive tone and lays the framework for sustainable growth. The Budget lays down a tangible vision themed around identified priority areas that seek to drive inclusive growth by promoting youth initiatives, focusing on infrastructure development, promoting green initiatives, promoting digitization and ease of doing business, to take India 'Viksit Bharat' by 2047.

Mr. Sunil Bommisetty
Financial Controller,
Sensient India Private Limited

Interim Budget 2024 reiterates the Government's commitment to meet its 'Net Zero' target by 2070 and clean energy is pivotal to it. The steps taken to provide viability gap funding for wind energy projects, the rooftop solarization, extended support for adoption of e-busses, strengthening e-vehicle ecosystem are all seem to be a great indicator of Government's intent. What more is, that these initiatives will also generate employment. Indeed, a sustainable development in the making. Speaking of tax reforms, the mandatory ISD registration has dampened the ease of compliance sentiment as sought to be echoed by the Hon'ble FM in her speech. The ISD system may take its own course and time to settle.

Mr. Ramil Gupta
Tax Head
Indigrid Group

The interim budget lays down the blueprint for 'Viksit Bharat' and announces umpteen policies centered around Women, Youth, Farmers and Poor. Primarily, there has not been any change in tax rates under Income Tax, GST or Customs Act. However, Income Tax demands lesser than INR 25,000 till FY 2009-10 and lesser than INR 10,000 from FY 2010-11 have been withdrawn. Further, various tax benefits given to start-ups, sovereign wealth and pension funds and IFSC units having sunset clause of March 31, 2024 have been extended by a year – this clearly is a welcome move. The Government also aims to promote Gift City and extension of related tax holiday is a welcome move.

Mr. Manoj Agrawal
Chief Financial Officer
Gujarat Fluorochemicals Limited

INDUSTRY SPEAKS

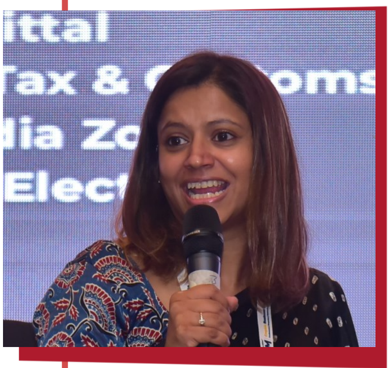
The Budget 2024 has announced a fiscal deficit target of 5.1% for FY 2024-25 and 4.5% for FY 2025-26 with an increase of 11.1% in capital expenditure. The Budget has made various announcements towards railway and aviation expansion, green push in mobility and energy, tourism development, agricultural initiatives and employment development. The Government has proposed rooftop solarization framework which shall enable one crore households to obtain upto 300 units free electricity every month. This shall give a major push towards adoption of clean energy in domestic households. While, major amendments have not been announced under GST, ISD registration has been mandated for entities operating in multiple states – this may increase the compliances for taxpayers. Overall, no major change in tax is good sign. The tax policies seem stable and predictable and thus would augment confidence of investor community.

Mr. Devesh Singhania
Chief Financial Officer
Socomec India

The budget proposes to extend of the time-limits from March 31, 2024 to March 31, 2025 for the date of incorporation for eligible start-ups, sovereign wealth and pension funds and IFSC units to claim a profit linked tax holiday. This shall provide ease of doing business and promote entrepreneurship by offering positive tax measures for start-ups. The concessional tax regime of 15% for manufacturing facilities beyond March 31, 2024 has not been extended. The proposed measures ranging from the promotion of tourism to the incentivization of rooftop solar and housing initiatives, are designed to provide a sustained impetus to overall consumption.

Mr. Dattartraya Desai
Chief Financial Officer
Cotecna Inspection

INDUSTRY SPEAKS



The Union Budget 2024 being a vote on account budget, has not announced any major tax amendments as expected. The Government has announced implementation of the economic railway corridor program for 'energy, mineral and cement' – it is likely to ease the logistic challenges. The Budget focuses on improving the quality of infrastructure, increasing the capital expenditure and thereby, promoting the theme of 'Viksit Bharat'. The increased capital outlay of INR 11,11,111 Crore will certainly go a long way in creating a multiplier impact on economic growth and employment creation. These infrastructural reforms, coupled with social reforms like 'Nari Shakti' initiative that has now witnessed increased enrollment in higher education, disbursal of about thirty crore mudra Yojna loan is slating an example for times to come.

The budgetary proposal to circumvent any alterations in the existing tax rates for direct and indirect taxes including import duties has kept the changes to taxation regime to a minimal. Certain tax benefits given to Start-ups, Sovereign Wealth and Pension funds and IFSC units, earlier expiring on 31 March 2024 have been extended by a year. The changes proposed in TCS provisions are giving legislative backing to the changes already notified earlier by the CBDT.

The Aluminium industry had been requesting the Government of India to impose higher rates of import duties (either by way of augmenting the BCD or bringing in anti-dumping duties) on primary aluminium products and aluminium scrap – no measures on this front is indeed a dampener for the industry especially given that similar measures have been taken by the US and other western sovereigns to safeguard their domestic players' concerns. Scrap imports in India have grown at a CAGR of 11% (FY11-FY23). Share of Scrap in total Aluminium imports increased from 52% to 66% in last 6 years impacting share of domestic primary producers.

Ms. Kritashna More
Tax Head
Aluminium Business, Vedanta Limited

INDUSTRY SPEAKS

Standing in the newly inaugurated Parliament building and presenting her sixth consecutive Union Budget, Hon'ble FM, Smt. Nirmala Sitharaman, echoed the development mantra of "Sabka Saath, Sabka Vikas, Sabka Vishwas," emphasizing her government's unwavering commitment to inclusive growth. The Government's emphasis on infrastructure development, sustaining infrastructure, and promoting Gift City with extended tax holidays reflects confidence in future reforms post-2024 elections, ensuring continued growth in India. The sunset clause for tax holidays for startups, sovereign funds, and IFSC has been extended by one more year (till March 31, 2025). However, there is a notable absence of the concessional rate of 15% for new manufacturing facilities.

On the indirect tax front, one critical proposed change is in the definition of Input Service Distributor (ISD), thereby giving effect to the GST Council's recommendation to make ISD mechanism mandatory and providing clarity qua routing of input service invoices to various locations of same legal entity. Taxpayers need to carefully examine their current processes and make suitable changes in order to comply with the proposed change.

Mr. Anuj Bansal
Tax Head
Devyani International Limited

Disclaimer : The views/opinions expressed in this section are personal views of the Interviewee and do not necessarily reflect the views/opinions of the Organisation and/or the publisher.

1. Rates of Income-Tax for AY 2025-26

- Income-tax rates (including surcharge, health and education cess) for companies (domestic and foreign), firms, limited liability partnerships and individuals to remain unchanged. This includes rates for minimum alternate tax and alternative minimum tax.
- NPTR seeks to cover AOPs (other than a co-operative society), Body of individuals and artificial judicial persons – tax slabs are as follows:

New Tax Regime		Old Tax Regime	
Slab (INR)	**Rates**	**Slab (INR)**	**Rates**
Up to 3,00,000	Nil	Up to 2,50,000	Nil
From 3,00,001 to 6,00,000	5%	From 2,50,001 to 5,00,000	5%
From 6,00,001 to 9,00,000	10%	From 5,00,001 to 10,00,000	20%
From 9,00,001 to 12,00,000	15%	Above 10,00,000	30%
From 12,00,001 to 15,00,000	20%	-	-
Above 15,00,000	30%	-	-

- NPTR is the default option from AY 2025-26 onwards. In case the assessee opts to choose OTR, suitable filing needs to be done.
- The maximum surcharge under NPTR is 25%.
- Other benefits provided to taxpayers under NPTR are as follows:
    - ◊ Rebate upto INR 25,000; and
    - ◊ Standard deduction, family pension and deduction in respect of the amount paid or deposited in Agniveer Corpus Fund allowable as deduction.
- Persons having income from business and profession can opt out from NPTR only once.
- Concessional tax regime of 15% (plus 10% surcharge) is applicable for newly set-up cooperative societies (set-up on or after April 1, 2023) that are engaged in manufacturing, which commence operations on or before March 31, 2024.
- In case of AOPs that consist of only companies as their members, the maximum surcharge is restricted to 15%.
- The Bill proposes to insert surcharge on income tax in case of AOP, being non-residents and consisting only of companies as its members – said surcharge is to be computed as follows:

Surcharge Rate	Base for computation of Surcharge
10%	Of such tax, where the income or the aggregate of such income paid/ likely to be paid subject to deduction exceeds INR 50 Lakh not exceeding INR 1 Cr
15%	Of such tax, where the income or the aggregate of such income paid/ likely to be paid, subject to deduction exceeding INR 1 Cr

2. Extension of sunset clauses for Startups' Deduction, IFSC units

The Bill proposes to extend the sunset clause from March 31, 2024 to March 31, 2025 for the following:

- Commencement of operations by 'investment division of offshore banking unit' located in IFSC as per Section 10(4D) of the IT Act;
- Commencement of operations by Category-I FPI as per Section 10(4D) of the IT Act;
- Commencement of operations by IFSC unit paying income to non-resident i.e. royalty or interest earning on account of lease of aircraft or ship, as per Section 10(4F) of the IT Act;
- Investment by specified persons such as Abu Dhabi Investment Authority, sovereign wealth funds or foreign pension funds as per Section 10(23FE) of the IT Act;
- Commencement of operations by the IFSC unit earning income from transfer of aircraft or ship as per Section 80LA of the IT Act; and
- It is also proposed to extend Section 80-IAC deduction to startups incorporated up to March 31, 2025.

3. Extension of deadline for formation of scheme in respect of determination of Arm's Length Price

The Bill proposes to extend the deadlines for formation of scheme for determination of Arm's Length Price from March 31, 2024 to March 31, 2025 as per Section 92CA of the IT Act.

4. Extension of deadline for formation of scheme for the purpose of issuance of directions by the Dispute Resolution Panel

The Bill proposes to extend the deadlines for formation of scheme for the purpose of issuance of directions by the Dispute Resolution Panel from March 31, 2024 to March 31, 2025 as per Section 144C of the IT Act.

5. Extension of deadline for formation of scheme for the purpose of Appeal to the Appellate Tribunal

The Bill proposes to extend the deadlines for formation of scheme for the purpose of Appeal to the Appellate Tribunal from March 31, 2024 to March 31, 2025 as per Section 253 of the IT Act.

6. Extension of deadline for Formation of Scheme for the purpose of Appeal & Disposal of Appeal to the Appellate Tribunal

The Bill proposes to extend the deadlines for formation of Scheme for purpose of Appeal & Disposal of Appeal to the Appellate Tribunal from March 31, 2024 to March 31, 2025 as per Section 253 & 255 of the IT Act.

7. Amendment in the provisions for Tax Collection at Source on foreign Remittance

The Bill proposes to amend Section 206C as follows:

- No need to collect TCS by authorized dealer from a buyer, being a person remitting amount less than INR 7 Lakh outside India;
- TCS is collected at the rate of 5% by authorized dealer from a buyer, being a person remitting amount less than INR 7 Lakh outside India for the purpose of Overseas Tour Program Package; and
- TCS is collected at the rate of 20% by authorized dealer from a buyer, being a person remitting amount more than INR 7 Lakh outside India for the purpose other than education or medical treatment.

The proposed amendment would be effective from October 01, 2023.

8. Amendment in respect of Tax on dividends, royalty and technical service fees in the case of Non-residents

- The Bill seeks to amend Section 115A, applicable to non-resident individuals (excluding companies) and foreign companies. The said amendment pertains to income derived from fees, excluding income under Section 44DA (1), received from the government as per agreements made after March 31, 1976.
- In cases where the agreement involves an Indian concern, it must be approved by the Central Government or align with the current industrial policy of the Government of India. Subject to the conditions specified in sub-sections (1A) and (2) of Section 115A, the aggregate income tax payable shall comprise of:

- ◊ Tax calculated at a rate of 20% (hitherto the rate was 10%) on income from royalty, if any, included in the total income;
- ◊ Income tax calculated at a rate of 20% (hitherto the rate was 10%) on income from fees for technical services, if any, included in the total income; and
- ◊ The income tax amount that would have been applicable if the total income were reduced by the combined amount of income from royalty and fees for technical services.

- It is proposed to insert a new proviso under Section 115A(1)(a) wherein the total income of a non-resident (excluding companies) or a foreign company, which comprises of dividend income received from a Unit in an International Financial Services Centre as specified in sub-section (1A) of section 80LA, would be subject to a 10% tax rate.

9. Withdrawal of outstanding Direct Tax demands

The Hon'ble FM has proposed that outstanding direct tax demands up to INR 25,000 pertaining to FYs up to FY 2009-10 and up to INR 10,000 for FY 2010-11 to FY 2014-15 are to be withdrawn.

This comes as a huge relief and is expected to benefit about 1 Cr taxpayers.

1. ISD registration made mandatory for distribution of ITC pertaining to other registrations within same PAN

The definition of ISD u/s 2(61) of the CGST Act has been amended along with Section 20 of the CGST Act, to make ISD registration mandatory for those taxpayers having multiple registrations and receiving services at their HO but are common to multiple locations / branch offices. The key amendments are as follows:

- The definition is amended to include tax invoices received for services liable to tax under RCM as per sub-section (3) or (4) of Section 9 of the CGST
- Conditions and manner of distribution shall be notified separately to provide more clarity over the procedure for distribution of such ITC.

AUTHOR'S COMMENT

Recently, Hon'ble Maharashtra AAAR had ruled in the case of ***Cummins India Limited [2022-TIOL-02-AAAR-GST]*** *that ISD registration is mandatory for distribution of credit pertaining to other locations. This resulted in confusion as the existing Section 20 of the CGST Act seemed to suggest that ISD registration is optional.*

Subsequently, clarification was issued vide Circular No. 199/07/2023-GST dated July 17, 2023 to imply that HO has an option to distribute ITC in respect of such common input services by following ISD mechanism laid down in Section 20 of the CGST Act. As a result, many taxpayers opted for cross-charge route to distribute such ITC to their branch offices.

Further, this amendment, which in line with the recommendations of the 50th GST Council Meeting, will require the taxpayers having multiple offices to compulsorily obtain ISD registration for their HO for distribution of ITC to their branch offices. This will result in additional compliances in the form of registration, timely return filing and co-ordination with their vendors to report correct GSTIN in their GSTR-1 returns etc., requiring additional time and efforts qua distribution of ITC.

2. Specific penalty introduced for failure to comply with special procedure for registration of specified machinery

Section 148 of the CGST Act requires manufacturer of notified products such as tobacco, pan masala, branded hookah etc., to register their machinery used for filing and packing of packages. Now, a specific provision has been introduced to levy penalty of INR 1 Lakh per machinery along with the provisions for its seizure and confiscation in case of contravention of the relevant provisions specified in Notification No. 04/2024 - Central Tax dated January 05, 2024.

CUSTOMS ACT/TARIFF

Notably, in keeping with the tradition and convention of an Interim Budget, no changes have been proposed qua customs laws/tariffs. However, a few changes have recently been effected through certain Notifications and Press Release, a gist of which is tabulated here-in-below for easy reference:

Sr. No.	Circular / Notification / Press Release No.	Summary
1	Notification No. 08/2024-Customs dated 30 January, 2024 **(Tariff)**	**CBIC amends Customs Notification to Specify Metal Components for Cellular Phones** The CBIC *vide* Notification No. 08/2024-Customs dated January 30, 2024, amends its earlier Notification No. 50/2017-Customs dated June 30, 2017, of the Customs Act, and Customs Tariff Act. The amendment replaces the description of items related to cellular mobile phones in Sr. No. 377, specifically mentioning **metal components like screws, SIM sockets, or other mechanical items.** Additionally, Sr. No. 377B and its entries are removed.
2	Notification No. 09/2024-Customs dated 30 January, 2024 **(Tariff)**	**CBIC Notifies Revised BCD Rates on Specified Parts/Sub-Parts of Cellular Mobile Phones** The CBIC issued Notification No. 09/2024-Customs dated January 30, 2024 amending its earlier Notification No. 57/2017-Customs dated June 30, 2017, pertaining to customs tariff for cellular mobile phones. The amendment modifies the applicable BCD rates on specific parts/sub-parts of mobile phones. Notable changes include reducing the BCD rate for certain inputs or parts used in manufacturing mobile phones to Nil and adjusting the rate for various goods, such as battery covers, antennas, and mechanical items.
3	Notification No. 09/2024-Customs (N.T.) dated 31 January, 2024	**Fixation of Tariff Value** This notification is issued for fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver etc.
4	Press Release dated 01 February, 2024	**Extension of RoSCTL scheme by 2 years** RoSCTL scheme for export of Apparel/Garments and Made ups has been approved to be continued uptil 31 March 2026. The scheme is being continued for another 2 years with the intention to provide a stable policy regime which is essential for long term trade planning, especially in the textiles sector wherein orders are placed in advance for long term delivery.

GLOSSARY

Abbreviation	Meaning
AA	Adjudicating Authority
AAR	Authority for Advance Ruling
AAAR	Appellate Authority for Advance Ruling
AO	Assessing Officer
AOP	Association of Persons
AY	Assessment Year
BCD	Basic Customs Duty
Bill	Finance Bill, 2024
CAGR	Compounded Annual Growth Rate
CBDT	Central Board of Direct Taxes
CBIC	Central Board of Indirect Tax & Customs
CBG	Compressed Biogas
CG	Central Government
CGST	Central Goods and Services Tax
CGST Act	Central Goods and Services Act, 2017
Customs Act	Customs Act, 1962
Customs Tariff Act	Customs Tariff Act, 1975
FM	Finance Minister
FPI	Foreign Portfolio Investors
FTP	Foreign Trade Policy
FY	Financial Year
GDP	Gross Domestic Product
GST	Goods and Services Tax
GSTIN	Goods and Service Tax Identification Number

Abbreviation	Meaning
IGST Act	Integrated Goods and Services Tax Act, 2017
HC	High Court
HO	Head Office
IFSC	Indian Financial System Code
INR	Indian Rupees
IT Act/Act	Income-tax Act, 1961
ISD	Input Service Distributor
ITC	Input Tax Credit
MoF	Ministry of Finance
NPTR	New Personal Tax Regime
NRI	Non-Resident Indian
OTR	Old Tax Regime
PAN	Permanent Account Number
PNG	Piped Natural Gas
PY	Previous Year
RBI	Reserve Bank of India
RCM	Reverse Charge Mechanism
SGST Act	State Goods and Services Tax Act, 2017
SHGs	Self Help Groups
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
u/s	Under Section
UTGST Act	Union Territory Goods and Services Tax Act, 2017

FIRM INTRODUCTION

TCA TAXCRAFT ADVISORS & VMGG & ASSOCIATES

GLS

Taxcraft Advisors LLP ('TCA') is a multidisciplinary advisory, tax and litigation firm having multi-jurisdictional presence. TCA team comprises of professionals with diverse expertise, including chartered accountants, lawyers and company secretaries. TCA offers wide-ranging services across the entire spectrum of transaction and business advisory, litigation, compliance and regulatory requirements in the domain of taxation, corporate & allied laws and financial reporting.

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TCA & **VMGG & Associates ('VMGG')** are group firms providing consulting and audit services. While TCA is a multidisciplinary advisory, tax and litigation firm, VMGG is a firm registered with the Institute of Chartered Accountants of India. VMGG is therefore primarily into audit and attestation services (including risk advisory and financial reporting).

With a team of experienced and seasoned professionals and multiple offices across India, TCA & VMGG as a combination offer a committed, trusted and long cherished professional relationship through cutting-edge ideas and solutions to its clients, across sectors.

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GLS Corporate Advisors LLP ('GLS') is a consortium of professionals offering services with seamless cross practice areas and top of the line expertise to its clients/business partners. Instituted in 2014 by eminent professionals from diverse fields, GLS has constantly evolved and adapted itself to the changing dynamics of business and clients requirements to offer comprehensive services across the entire spectrum of advisory, litigation, compliance and government advocacy (representation) requirements in the field of Goods and Service Tax, Customs Act, Foreign Trade, Income Tax, Transfer Pricing and Assurance Services.

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With a team of dedicated professionals and multiple offices across India, it aspires to develop and nurture long term professional relationship with its clients/business partners by providing the most optimal solutions in practical, qualitative and cost-efficient manner. With extensive client base of national and multinational corporates in diverse sectors, GLS has fortified its place as unique tax and regulatory advisory firm with in-depth domain expertise, immediate availability, transparent approach and geographical reach across India.

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