

UNION BUDGET

20
24

VIKSIT BHARAT

Productivity and resilience in
Agriculture

Employment & Skilling

Inclusive Human Resource
Development & Social Justice

Manufacturing & Services

Urban Development

Energy Security

Infrastructure

Innovation, Research &
Development

Next Generation Reforms

An Analysis of Key Announcements By:

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Contents

1. Budget: At a Glance	2
2. Income Tax Rates	5
3. Changes for Salaried Persons.....	10
4. Changes for Business & Profession	11
5. Changes for Capital Gains	13
6. Changes for Other Source Income.....	15
7. Changes for Chapter VI-A Deductions	16
8. Changes in TDS/TCS Provisions	17
9. Changes related to Charitable trust/ Institutions	19
10.Changes related to Returns & Assessment.....	20
11.Other Changes.....	22
12.Direct Tax Vivad se Vishvas scheme 2024	23

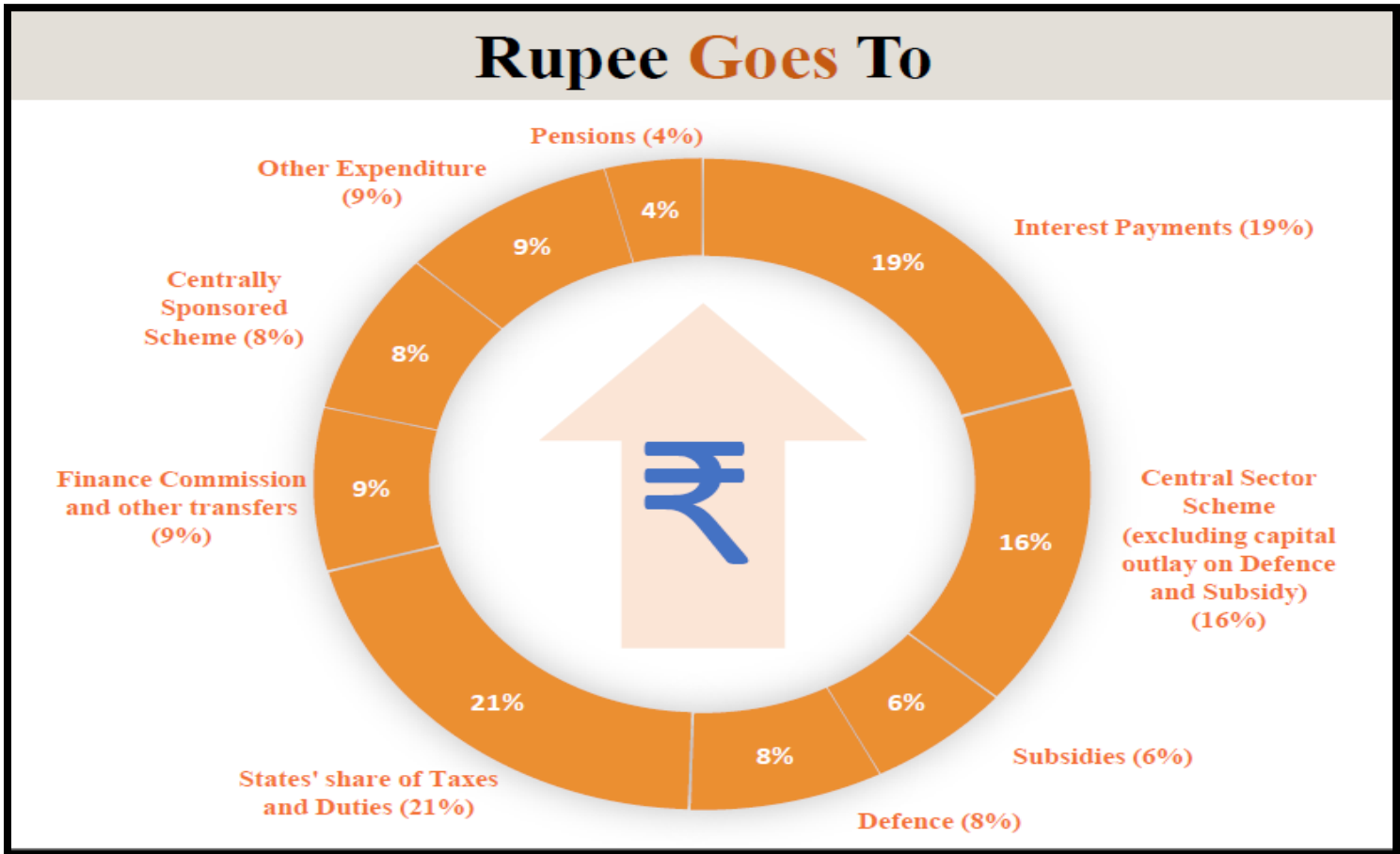
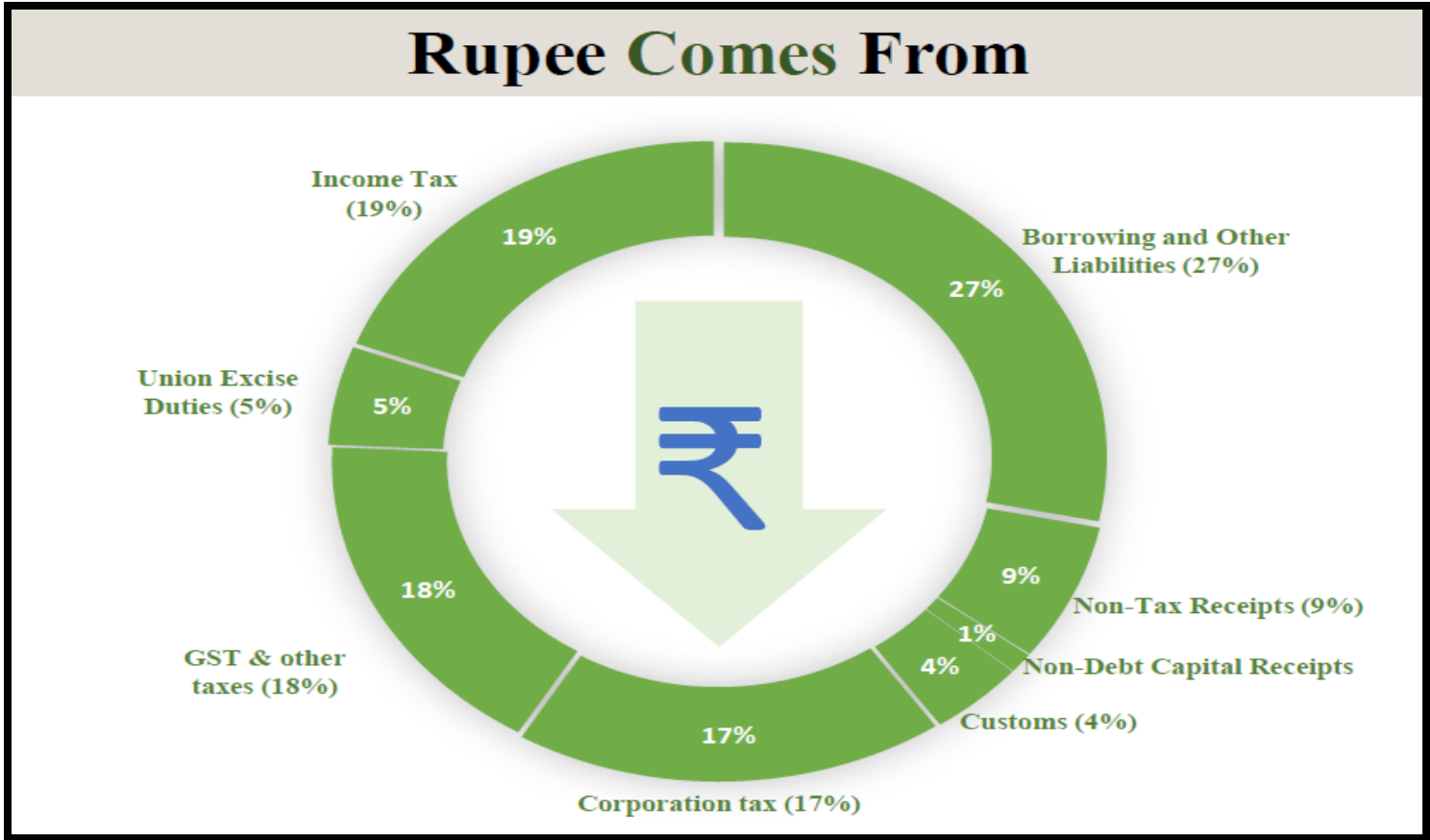
1. Budget: At a Glance

1. Priorities of Budget

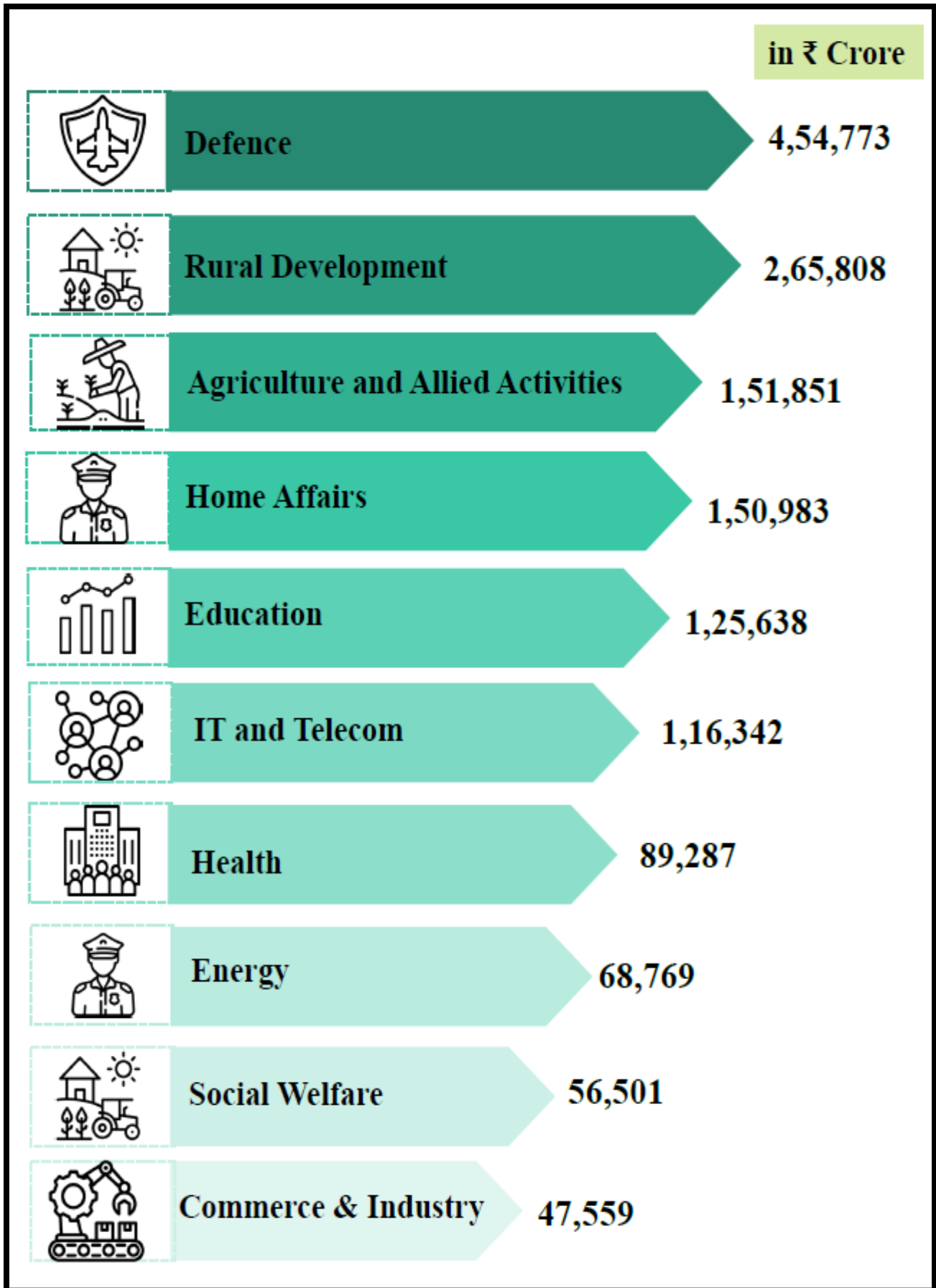
Budget envisages sustained efforts on the following 9 priorities for generating ample opportunities for all along with detailing for roadmap for the pursuit of 'Viksit Bharat':



2. Source & utilization of Fund



3. Allocation of fund for specific Ministries



2. Income Tax Rates

We have summarized the tax rates in tables as under:

A. Income Tax rates for Individual/HUF for FY 2024-25:

Individuals/HUF/AOP/BOI/AJP are having an option to choose for tax slabs and rates as under: -

Tax Rates:

Type of Assessee	<u>Option –I Old Scheme</u>		<u>Option –II New Scheme</u>	
	Income Slab	Tax Rate	Income Slab	Tax Rate
Individual below 60 years of age/HUF	Up to Rs.2,50,000	Nil	Up to Rs.3,00,000	Nil
	Rs.2,50,000–Rs.5,00,000	5%	Rs.3,00,001–Rs.7,00,000	5%
	Rs.5,00,000–Rs.10,00,000	20%	Rs.7,00,001–Rs.10,00,000	10%
			Rs.10,00,001–Rs.12,00,000	15%
	Above Rs.10,00,000	30%	Rs.12,00,001–Rs.15,00,000	20%
		Above Rs.15,00,000	30%	
Senior Citizen (60 – 80 yrs)	Up to Rs.3,00,000	Nil	Same as Above	
	Rs.3,00,000–Rs.5,00,000	5%		
	Rs.5,00,000–Rs.10,00,000	20%		
	Above Rs.10,00,000	30%		
Super Senior Citizen	Up to Rs.5,00,000	Nil	Same as Above	
	Rs.5,00,000–Rs.10,00,000	20%		
	Above Rs.10,00,000	30%		
Rebate u/s 87A	Rebate u/s 87A of Rs.12,500/- is available to only Resident individual having income below Rs.5,00,000/-(after deduction under Ch-VIA).		Rebate u/s 87A of Rs.25,000/- is available to only Resident individual having income below Rs.7,00,000/- (after deduction under Ch-VIA) who <u>opts for this option.</u> Rebate will not be available against the tax payable on special rate income like STCG, LTCG.	

Conditions:

However, from FY 23-24, Rates of tax as per Option-II are **default/compulsory rate** and those who want to opt for **Option-I**, will have

to exercise option as below:

i) Timeline for exercising options.

Particulars	In case of Individual/HUF having	
	No Business income	Business income
Time to exercise option	Along with return of income	Any time before due of return filing
Options to exercise	Every year	Only once (opt-out only once)
Again, Opt-in possibility	No restriction can opt-in and opt-out any time	Once opt-out of the scheme, then cannot opt-in again

ii) Conditions for availing scheme

Following **deduction or exemption will be** available under **Option II (new tax Regime)**:

- a. Standard Deduction u/s 16 of Rs.75,000/-
- b. Deduction for family pension of Rs.25000/- u/s 57
- c. Contribution made by Central government to Agniveer Corpus Fund u/s 80CCH(2)
- d. Deduction of New employment u/s 80JJAA
- e. Deduction of employer contribution to NPS u/s 80CCD(2)

Following **deduction or exemption will not be** available under **Option II**:

- f. Leave Travel Concession
- g. House-rent allowance
- h. Special allowance
- i. Allowances to MP or MLA
- j. Deduction of Rs.1500/- in case of minor income
- k. SEZ – established units
- l. Deduction of any capital nature u/s 35AD
- m. Professional tax
- n. Housing Loan interest (Self-occupied)
- o. Additional depreciation
- p. Chapter – VIA deduction other than Contribution made by employer in NPS and in respect of additional employees

q. Set – off of losses brought forward in case of business income

Further, **Alternative Minimum Tax (AMT) shall not be applicable to Individual/HUF exercising option-II.**

In Nutshell:

Individual/HUF /AOP/BOI/AJP has options to be governed by anyone scheme. A detailed analysis is required to choose the most beneficial scheme for each case.

Surcharge – Individual, HUF, AOP, BOI, AJP

Taxable Income range	Current		Proposed	
	Option I	Option II	Option I	Option II
Up to 50 lakhs	Nil	Nil	No Change	No Change
50 lakhs – 1 crore	10%	10%		
1 crore – 2 crores	15%	15%		
2 crores – 5 crores	25%	25% (Reduced rate for this option only)		
Above 5 crores	37%			

Note-1: The surcharge is applicable as per taxable income range. This surcharge is applicable on taxes calculated.

Note-2: Surcharge for short/Long Term capital Gain/Dividend (FY 2022-23 onwards)

Surcharge on above income will be maximum 15 %.

Note-3: Cap on surcharge for AOP (JV)

In case of AOP(JV), where members are only companies then maximum surcharge shall be 15%.

B. Income Tax rates for Companies:

Tax Rates (No change):

Assessee	FY 2023-24	FY 2024-25	Turnover Criteria
Domestic Company	25%	25%	Turnover Below 400 crores in Prev. year i.e. in 2021-22 & 2022-23 respectively
Domestic Company	30%	30%	Other Than above
Domestic Company	22%	22%	Subject to certain conditions. No turnover criteria. (Section 115BAA)
Domestic Company	15%	15%	Manufacturing Company incorporated after 01.10.2019 and commenced manufacturing before 31.03.2024 . (Section 115BAB)
Domestic Company	15%	15%	Power Generation Company incorporated after 01.10.2019 and commenced generation before 31.03.2024 . (Section 115BAB)
Foreign Company	40%	35%	Reduced to 35%

Note: Alternative Tax (MAT) @15% **shall not be applicable** to Companies exercising the option of Section 115BAA/115BAB.

Surcharge (No change)

(i). Surcharge for company paying 25% or 30% tax

Taxable Income range	Domestic Company	Foreign Company
Up to 1 Crore	Nil	Nil
1 to 10 crores	7%	2%
Above 10 crores	12%	5%

(ii). Surcharge for Domestic company paying 22% or 15% tax (Sec 115BAA,115BAB)

There is **flat rate of 10% surcharge** without any slab of taxable income. **(No change)**

C. Income Tax rates for Partnership Firms/LLP: (No change)

Currently Partnership Firms are taxed @ 30% + 12% surcharge (on taxable income above 1 crore). There is **no change in rate of tax or surcharge.**

D. Income Tax rates for Resident Co-Operative Soc./Banks:

Assessee	Tax Rate	Conditions
Manufacturing Co-operative Soc.	15%	a) Should be incorporated after 01.04.2023 and started manufacturing before 31.03.2024. (Section 115BAE) b) Such other conditions are applicable
Co-operative Soc./ Bank	22%	Subject to certain conditions. No turnover criteria. (Section 115BAD)
Co-operative Soc./ Bank	30%	Other Than above

Note: Alternative Minimum Tax (AMT) shall be applicable at 15% instead of 18.5% w.e.f FY 2022-23 as proposed in budget to bring parity with rates paid by Indian Companies.

Alternative Minimum Tax (AMT) shall not be applicable to Co-operative Society exercising the option of Section 115BAD/115BAE.

Surcharge

Surcharge for Co-operative Soc./ Bank paying 30% tax.

Taxable Income range	115BAD/ 115BAE	Others
Up to 1 Crore	10%	Nil
1 to 10 crores		7%
Above 10 crores		12%

E. Health & Education Cess: (No change)

Health & Education cess @ 4% on TAX + SURCHARGE will be applicable.

3. Changes for Salaried Persons

Section 16(ia): Standard Deduction (FY 2024-25)

It is proposed that for the assessee who is **opting for new tax regime**, a standard deduction of Rs.75,000/- or amount of salary, whichever is lower, will be allowed as deduction. Till FY 2023-24, Rs.50,000/- was allowed as deduction.

It is important to note that for the assessee who are opting for old tax regime, the standard deduction will be Rs.50,000/-.

4. Changes for Business & Profession

A. Section 28: In relation to renting of residential house

By way of explanation, it is proposed that the **income from renting of residential house** will now to be taxed under House property income and **cannot be treated as business income.**

This amendment is effective from 01.04.2024.

Impact

This change will affect the PG facilities running in residential flats/premises.

B. Section 36: Higher deduction for employer contribution to a Pension Fund referred in section 80CCD (w.e.f. FY 2024-25)

Currently Employer Contribution towards Pension scheme is allowed maximum up to 10 % of the salary of the employee.

It is proposed that from FY 2024-25, a higher deduction of 14% of salary will be allowed as a deduction irrespective of whether the employee opt for old scheme or new scheme.

C. Section 37: Disallowance of settlement amounts being paid to settle contraventions

It is proposed that any expenditure incurred like compounding fees, professional charges etc by an assessee to settle proceedings initiated in relation to a contravention under any law for the time being in force in India or outside will not be allowed as deduction in business and profession.

This amendment will be applicable for FY 24-25 (AY 25-26).

D. Increase in limit of remuneration to working partners of a firm

Existing (Upto FY 23-24)		Proposed (from FY 24-25 onwards)	
(a) on the first Rs. 3,00,000 of the book profit or in case of a loss	Rs. 1,50,000 or at the rate of 90 per cent of the book profit, whichever is more;	(a) on the first Rs. 6,00,000 of the book profit or in case of a loss	Rs. 3,00,000 or at the rate of 90 per cent of the book profit, whichever is more;
(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:

E. Section 46A: Change in taxability of Buy back of shares:

Currently the company was paying tax on buy back of shares, and it was exempt in the hands of shareholders.

It is proposed that in the event of the buyback of shares by the company, the amount paid to shareholders will be treated as dividends in the hands of shareholder and will be taxable at normal rate. And purchase cost will be allowed as capital loss and will be allowed to be set off against the capital gain.

Further TDS u/s 194 will be required to be deducted @10% on such deemed dividend u/s 2(22)(f).

5. Changes for Capital Gains

A. Change in Period of Holding and Tax Rates (w.e.f. 23.07.2024)

Type of Asset	Sold till 22.07.2024			Sold on or after 23.07.2024		
	Holding for Long Term	Tax Rate for Short Term	Tax Rate for Long Term	Holding for Long Term	Tax Rate for Short Term	Tax Rate for Long Term
Listed Assets						
Shares & Equity MFs	More than 12 Months	15%	10% Without Indexation	More than 12 Months	20%	12.5% Without Indexation
Debt MFs purchased before 01.04.2023	More than 36 Months	Slab Rate	10% Without Indexation/ 20% with Indexation	More than 24 Months	Slab Rate	12.5% Without Indexation
Debt MFs purchased After 01.04.2023	Always Short Term	Slab Rate	Slab Rate	Always Short Term	Slab Rate	Slab Rate
Bonds	More than 36 Months	Slab Rate	10% Without Indexation	More than 12 Months	Slab Rate	12.5% Without Indexation
Unlisted Assets						
Unlisted Shares	More than 24 Months	Slab Rate	20% with Indexation	More than 24 Months	Slab Rate	12.5% Without Indexation
Real Estate	More than 24 Months	Slab Rate	20% with Indexation	More than 24 Months	Slab Rate	12.5% Without Indexation or 20% With Indexation w.e. is Lower

In summary-

if anything is listed then if held for less than 12 months it is short term otherwise it will be long term.

In the case of other than listed items if held for less than 24 months it is short term otherwise it will be long term.

So only two period criteria are proposed as above.

Important Note:

In the case of transaction of real estate for **resident tax payer**, Capital gain will be calculated without giving effect of indexation. Only tax amount will be determined as mentioned above. It will result in a requirement for a higher amount of investment for the purpose of claiming capital gain exemptions.

6. Changes for Other Source Income

A. Section 56: No questions will be asked on the Shares issued at premium by unlisted company (W.e.f. FY 2024-25)

Currently if any shares are issued by unlisted companies including startup companies, if shares are issued above the fair value at abnormal premiums, the company is required to pay tax on such premiums under the head other source.

Now, it is proposed that there will not be any taxability of such abnormal premiums.

It is important to note that the question of genuineness of the source of such receipts may arise.

B. Section 57 (ia): Deduction from Family Pension

Currently from the income of the Family pension, deduction of amount equivalent to lower of 33.33% of the family pension or Rs.15,000/- is allowed.

It is proposed that for FY 2024-25, the same deduction will be available as under:

For the assessee opting OLD Tax Regime	For the assessee opting NEW Tax Regime
Lower of – 33.33% of Family Pension Received OR Rs.15,000/-	Lower of – 33.33% of Family Pension Received OR Rs.25,000/-

7. Changes for Chapter VI-A Deductions

A. Section 80CCD: Contribution to Pension Scheme (w.e.f. FY 2024-25)

Employer	Current Provision (Old/New Scheme)	Proposed Provision	
		Old Scheme	New Scheme
Central/State Government	Up to 14% of salary	Up to 14% of salary	Up to 14% of salary
Any other	Up to 10% of salary	Up to 10% of salary	

Note: Person opting for New Regime only can take deduction of 14% of salary otherwise only 10% of salary will be allowed as deduction.

8. Changes in TDS/TCS Provisions

A. Changes in Rates of TDS

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%	01.04.2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	01.10.2024
Section 194G - Commission etc on sale of lottery tickets	5%	2%	01.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	01.10.2024
Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	01.10.2024
Section 194M - Payment of certain sums by certain individuals or HUF	5%	2%	01.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01.10.2024
Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted w.e.f 01.10.2024		

B. Section 194-IA Clarification on applicability of Threshold limit

Currently, there is ambiguity about applicability of threshold limit of Rs.50 Lacs as whether limit is applicable purchaser wise or to be seen as total purchase value.

Now, it is clarified that the limit of Rs. 50 lacs are to be seen **property value wise**. Hence, if total value of property is Rs.50 lacs or more then TDS @ 1% is required to be deducted irrespective that individual share of purchaser is less than Rs.50 lacs.

C. New Section 194T (FY 2025-26)

TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners

Currently, there is no provision for deduction of tax at source (TDS) on payment of salary, remuneration, interest, bonus, or commission to partners by the partnership firm.

It is proposed that TDS will be deducted @ 10% payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm if total payment exceeds Rs.20,000/-.

D. Section 206C(1F) TCS on Luxury Goods (w.e.f. 01.01.2025)

Currently, on purchase of motor vehicles having value exceeding Rs.10,00,000/-, TCS @ 1% is collected.

It is proposed that, in addition to motor vehicles, TCS will also be levied on purchase of **notified goods** of value exceeding Rs.10,00,000/-.

E. Interest on Late payment of TCS (W.e.f. 01.04.2025)

Currently, Interest @ 1% p.m. is levied on late payment of TCS collected. It is proposed that, interest will be levied @ 1.5% p.m. will be levied.

F. 197-Lower rate certificate

Now lower TDS rate deduction certificate can be applied for 194Q -TDS on purchase of goods and for 206C(1H)-TCS on sale of goods can be applied.

9. Changes related to Charitable trust/ Institutions

A. Merger of Various provisions of Trust with single provision (w.e.f. 01.10.2024)

Currently, various trusts and institutions are governed by two different provisions, viz (i) section 10(23C) and (ii) section 11 to 13 of the act.

It is proposed that trusts or institutions governed by section 10(23C) will now be governed by section 11 to section 13.

All future applications and approvals are required to be taken under section 11 to 13 of the act.

B. Merger of one trust with other trust (FY 2025-26)

Currently, if any trust or institution merges with another trust or institution then the trust is required to pay exit tax.

It is proposed that if one registered trust or institution merges with another registered trust or institution having the same or similar objects, then the trust will not be required to pay exist tax.

10. Changes related to Returns & Assessment

A. Section 158B to 158BI:

Re-introduction of Block assessment in case of search:

Particulars	Existing	Proposed (For the search initiated on or after 01.09.2024)
Where Search has been conducted or Books of Account are requisitioned and having		
Escaped Income below 50 Lac	Assessment can be done for 3 AY immediately the AY in which search conducted	Assessment Should be done for 6 AY immediately the AY in which search conducted
Escaped Income More than 50 Lac	Assessment can be done for 10 AY immediately the AY in which search conducted	

Important Points for the Proposed Search assessment Scheme:

- The period of 6 AY will be called "**Block Period**".
- Any ongoing assessment pending as on the date of initiation of search or requisition shall abate in respect of the years covered in block period.
- While calculating the total income of Block period, if there is loss in any year out of that block period, then such loss will not be considered. It will be ignored.
- No set-off of loss or unabsorbed depreciation will be allowed against the income of Block period.
- Total income of the block period shall be chargeable @ 60% Plus surcharge (however, no surcharge is proposed as of now).
- Penalties on undisclosed income will be levied at 50% of tax payable. However, a penalty can be waived if return of income for

Union Budget 2024

the search assessment is filed and tax on undisclosed income is paid while filing the return in response to notice received for block assessment.

- g) Block assessment shall be completed within 12 months from the end of the month in which last search authorization issued or requisition made.
- h) Assessment of Block period will not be done under faceless scheme.

B. Section 148 & 148A

Particulars	Existing	Proposed
Re-Opening of Assessment		
Where the escaped income is below 50 Lakh	Within 3 Years from the end of relevant AY	Within 3 Years from the end of relevant AY (No Change)
Where the escaped income is likely Rs. 50 Lakh or more.	Within 10 Years from the end of relevant AY	Within 5 Years from the end of relevant AY (Period Reduced)

C. Section 253: Time limit for filing appeal to ITAT

Currently, an appeal before ITAT is required to be filed within 60 days from the date of the order appeal against.

It is proposed that an appeal before the ITAT may be filed within 2 months from the end of the month in which the order appeal against is communicated.

11. Other Changes

A. Non-Reporting of certain foreign assets de-penalized (01.10.2024)

As per the current provision, every resident person, while filing the return of income, shall disclose all foreign assets including investment in shares and securities and income from such foreign assets in the Income Tax Return. Failure to furnish the ITR in relation to foreign income and asset or to report such foreign income and assets located outside India in the ITR may attract a penalty of Rs.10,00,000/-.

It is proposed that, penalty shall not apply in respect of an asset or assets (other than immovable property) where the total value of such assets does not exceed Rs.20,00,000/-.

B. Equalisation Levy (01.08.2024)

Currently equalization levy of 2% is applicable to the Ecommerce Operators for online sale of goods or services, who do not have Permanent establishment in India.

It is proposed to remove this levy with effect from 01.08.2024.

12. Direct Tax Vivad se Vishwas scheme 2024

The **Direct Tax Vivad Se Vishwas Scheme, 2024** tabled in the Lok Sabha seeks to cut down tax disputes by giving the taxpayers the facility to escape interest and other penalty proceedings. Here is an **FAQ** to understand the same easily:

Sr. No.	Question	Answers
1	Who can apply in scheme?	<p>1) Any person who has filed appeal / against whom appeal has been filed by department before any of the following:</p> <p>CIT(Appeals)</p> <p>ITAT</p> <p>High Court</p> <p>Supreme Court</p> <p>and the appeal is pending as on 22.07.2024.</p> <p>2) A person who has filed an application for revision under section 264 of the Act and such application is pending.</p>
2	Appeal relates to:	The appeal can relate to ANY dispute where there is tax, interest, penalty or fees disputed of any amount for any period.

Sr.No.	Question	Answers
3	What is the immunity given?	<p>No interest or penalty shall be payable on the amount of tax, interest, penalty or fees disputed.</p> <p>No further proceedings under Income tax act or any other law for time being in force.</p>
4	In which cases the scheme cannot be availed?	<p>In following cases the scheme cannot be availed:</p> <ol style="list-style-type: none"> 1) An assessment year in respect of which an assessment has been made on the basis of search initiated under section 132 or section 132A of the Act in case where prosecution has been initiated. 2) An assessment year in respect of which prosecution has been instituted on or before the date of filing of declaration. 3) Any undisclosed income from a source located outside India or an undisclosed asset located outside India 4) Matters involving exchange of information with foreign countries 5) Any taxpayer who has violated provisions of other specified laws 6) In case where detention is ordered under Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 7) In case of prosecution is instituted under Bharatiya Nyaya Sanhita, PMLA, Corruption, Benami and Narcotics.

Union Budget 2024

Sr.No.	Question	Answers		
5	What amount is to be paid and by what date?	The amounts to be paid is as under:		
		Particular	If amount paid before 31.12.2024	If amount paid on or after 01.01.2025
		Cases where appeal is in relation to disputed tax+ interest thereon + penalty and appeal are filed		
		on or before 31.01.2020	110% of amount of disputed tax	120% of amount of disputed tax
		after 31.01.2020 but before 22.07.2024	Amount of disputed tax	110% of amount of disputed tax
		Cases where appeal is in relation to disputed interest or penalty or disputed fee and the appeal is filed		
		on or before 31.01.2020	30% of disputed interest/ penalty/ fee	35% of disputed interest/ penalty/ fee
		after 31.01.2020 but before 22.07.2024	25% of disputed interest/ penalty/ fee	30% of disputed interest/ penalty/ fee
		If the appeal is filed by the Department, then the amount payable is 50% of above amounts.		
6	Procedure	Following is the procedure for filing application:		
		<ol style="list-style-type: none"> 1) A declaration is to be filed before the notified commissioner. 2) The commissioner will pass an order determining the amount payable within 15 days of filing declaration. 3) The assessee has to pay the amount determined within 15 days of receipt of this order and shall intimate the same to commissioner along with proof of withdrawal of appeal/writ. 4) CIT or Pr.CIT will pass order in this regard and the same shall be final. 		

Note: last date to opt for the above scheme is not yet notified.

Thank You

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