

C.R. SHAREDALAL & Co.

Chartered Accountants

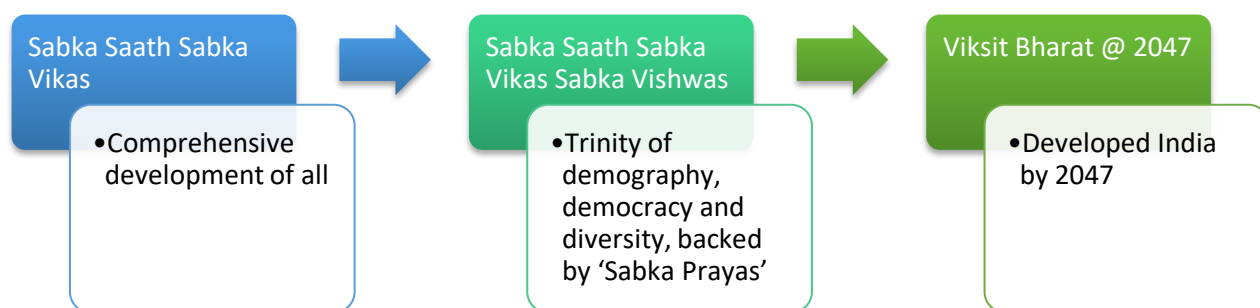


Highlights of the Indian Union Budget 2024

Introduction

The Indian Central Government unveiled the Interim Budget 2024 on 1st February 2024 with a focus on ‘Viksit Bharat by 2047’ i.e. a fully developed India by 2047:

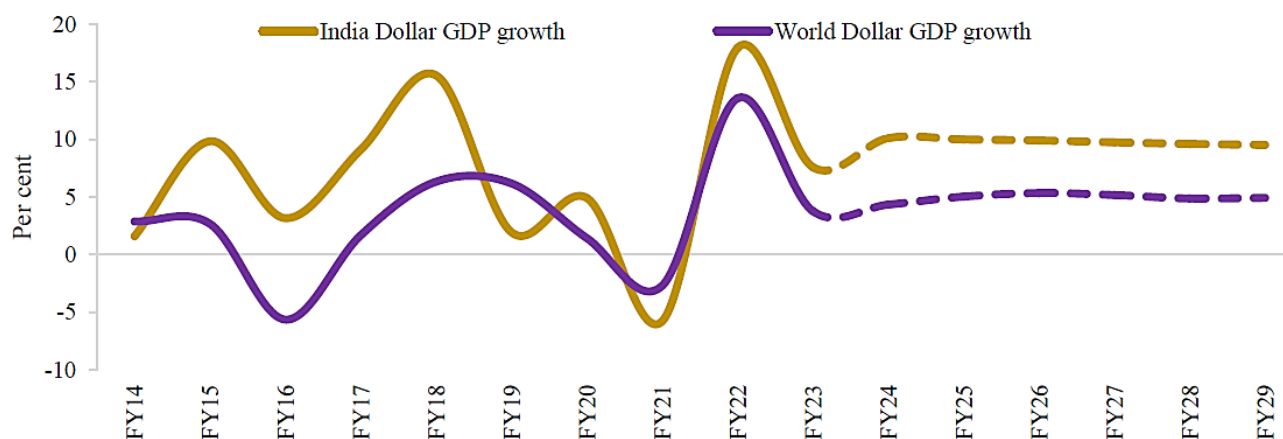
The development mantra is:



The Finance Bill, 2024 has proposed just 11 amendments to various direct and indirect tax laws, considering that the Lok Sabha elections are just a few months away i.e. in May 2024. The full budget will be presented in July 2024 after the formation of a new government.

Economic highlights:

- Indian economy will grow in the coming years at a rate above 7% - Finance Ministry’s latest monthly economic review.
- Fiscal deficit for 2024-25 is set at 5.1% of GDP – Finance Ministry.
- According to S&P Global, India is on track to become the world’s third-largest economy by 2030, overtaking Japan and Germany.
- The below chart captures the Indian and World GDP dollar growth over the years:



We have summarized key changes proposed by the Union Budget 2024 in the document below:

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Income Tax

Tax Rates

1. No change has been proposed in the tax rates, be it direct or indirect taxes or customs duties.
2. Revised rates of Tax Collected at Source for certain remittances under Liberalized Remittance Scheme (LRS) and on sale of overseas tour packages as per the Government's press release dated 30th June 2023. This amendment shall be deemed to be inserted w.e.f. 1st October 2023:

Nature of Payment	Rate from 1 st April to 30 th September 2023	New Rate w.e.f. 1 st October 2023
LRS for education financed by a loan	0.5% (in excess of Rs. 7 lakh in a FY)	No change
LRS for education (other than education financed by a loan) or medical treatment	5% (in excess of Rs. 7 lakh in a FY)	No change
LRS for other purposes	Nil upto Rs. 7 lakhs in a FY and 5% for excess	Nil upto Rs. 7 lakh in a FY and 20% for excess
Purchase of overseas tour package	5% without any Threshold Limit	5% upto Rs. 7 lakh in a FY and 20% for excess

Deductions and Exemptions

1. The time limit of availing benefits under various exemption and deduction sections has been extended to further promote investments into the country as below:

Section	Particulars	Existing	Proposed
10(4D)(aa) 10(4D)(c) (ii)	Investment Division of Offshore Banking Unit (IFSC)	31st March, 2024	31st March, 2025
10(4F)	Lease of Aircraft or Ship - IFSC	31st March, 2024	31st March, 2025
10(23FE)	Income in case investment made in business trust, infra. facility etc. as specified	31st March, 2024	31st March, 2025
80IAC Expl.	Eligible Start up	31st March, 2024	31st March, 2025

Section	Particulars	Existing	Proposed
(a)(ii)			
80LA(2)(d)	Offshore banking unit and IFSC – aircraft/ship leasing	31st March, 2024	31st March, 2025

Extensions for issuance of directions by Central Government in certain schemes

1. The date for issuing directions under the below sections has been extended:

Section	Particulars	Existing	Proposed
92CA(9)	Reference to Transfer Pricing Officer – arms length price determination	31st March, 2024	31st March, 2025
144C(14C)	Reference to dispute resolution panel – power to give direction	31st March, 2024	31st March, 2025
253(9)	Appeals to the Appellate Tribunal – power to give direction	31st March, 2024	31st March, 2025
255(8)	Procedure of Appellate Tribunal – power to give direction	31st March, 2024	31st March, 2025

Withdrawal of outstanding tax demands

1. In order to save administrative costs and the cost at the assessee's end, the Government has proposed to withdraw old outstanding demands upto a certain quantum for various periods as given below:

Financial Year	Outstanding Tax Demand upto Rs.
Upto FY 2009-10	25,000
From FY 2010-11 to FY 2014-15	10,000

Goods and Service Tax (GST)

There are only two amendments proposed to the GST laws:

Distribution of credit through Input Service Distribution (ISD) mode only

1. As suggested by the GST council earlier, it is proposed accordingly that the distribution of Input Tax Credit (ITC) shall be done mandatorily through the ISD mode only for entities having multiple registrations and receiving common ITC at the head office.
2. The relevant notifications describing the procedures shall be introduced in due course of time.

Penalty, seizure and confiscation of machines of non-compliant Tobacco products and Pan Masala manufacturers

1. It is proposed to levy a penalty of Rs. 1 Lakh in addition to seizure and confiscation of machines of Tobacco products and Pan Masala manufacturers who contravene the provisions related to the registration of their machines as per the special procedure laid down under Section 148.

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Disclaimer:

The information contained herein is in a summary form and is therefore intended for general guidance only.

This publication is not intended to address the circumstances of any particular individual or entity.

Questions?

For more information on India's Union Budget 2024 as well as other investment incentives and opportunities for doing business in India, please contact MGI Worldwide's Tax Experts at **C.R. Sharedalal & Co.** in Gujarat, India:

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