



SNAPSHOT



DIRECT TAX AT A GLANCE



Non-Corporate Assessee

Regular Tax Regime:

- No changes have been proposed in basic exemption limit, slab rates and surcharge applicable to individual or HUF under the regular tax regime.

New Tax Regime:

- Tax Slab Rates:** Tax slab rates under new tax regime u/s 115BAC w.e.f. AY 2025-26 proposed to be revised as follows:-

Sl. No.	Total Income	Rate of Tax
1	Upto ₹3,00,000	Nil
2	From ₹3,00,001 to ₹7,00,000	5%
3	From ₹7,00,001 to ₹10,00,000	10%
4	From ₹10,00,001 to ₹12,00,000	15%
5	From ₹12,00,001 to ₹15,00,000	20%
6	Above ₹15,00,000	30%

- Standard deduction:** Standard deduction available to salaried tax payers proposed to be increased from ₹ 50,000 to ₹75,000 for assessee paying tax under new tax regime u/s 115BAC(1A).
- Increase in deduction u/s 80CCD for non-government employees:** Deduction in respect of contribution to pension scheme u/s 80CCD proposed to be increased from 10% to 14% of the salary even for contributions made by non-government employers assessee paying tax under new tax regime u/s 115BAC(1A). The proposal brings government & non-government employees at par in respect of quantum of deduction towards employers contribution.
- Increase in upper cap of deduction from family pension:** The upper cap of deduction towards family pension u/s 57(iia) is proposed to be increased from ₹15,000 to ₹25,000 for assessee paying tax under new tax regime u/s 115BAC(1A).
- Co-operative Society:** Tax rates for co-operative society both under regular tax regime as well as u/s 115BAD and 115BAE remains unchanged.

Firms & Local Authorities:

- Tax rates for firms & local authorities remains unchanged at 30% with surcharge @ 12% in case total income exceeds ₹1 Cr.

- Increase in limit of remuneration to working partners of a firm for computing disallowance u/s 40(b)(v):
- The threshold limit of disallowance u/s 40(b)(v) of remuneration payable to working partners, proposed to be modified as under :

Sl. No.	Existing Threshold	
(a)	on the first ₹3,00,000 of the book profit or in case of a loss	₹1,50,000 or 90% of the book profit, whichever is more;
(b)	on the balance of the book-profit	60 %

Sl. No.	Proposed Threshold	
(a)	on the first ₹6,00,000 of the book profit or in case of a loss	₹3,00,000 or 90% of the book profit, whichever is more;
(b)	on the balance of the book-profit	60 %

Corporate Assessee

Corporate Tax Rates:

- Corporate Tax Rates for domestic companies both under old and new tax regime proposed to remain unchanged. Corporate Tax Rate for foreign companies to be reduced from 40% to 35%. Accordingly, TDS rate is also proposed to be changed from 40% to 35% in case of foreign companies.

Proceeds received from buy back of shares taxable as dividend in the hands of shareholders:

- It is proposed to abolish Buy Back Tax levied u/s 115QA on domestic companies for buy back of shares on or after 01-10-2024. Consideration paid by domestic companies on buy back of shares proposed to be treated as deemed dividend and shall be taxable in the hands of shareholders under the head "income from other sources". Tax shall be deducted u/s 194 @ 10% on such dividend. Cost of Acquisition of shares that have been bought back would be treated as capital loss in the hands of shareholders, which would be available for set off with other capital gains.

Gift by companies not to be exempted from Capital Gains Tax:

- Hitherto, gift by companies is treated by some assessees as exempt from capital gains tax by taking recourse to Sec. 47(iii) and such stand has also been taken in litigations. It is proposed that w.e.f. AY 2025-26, transfer of capital asset under gift or will or an irrevocable trust shall be exempt from capital gains u/s 47(iii) only for individuals & HUF and the benefit will not be available to any other assessee.

Claim of non-business expenses by Life Insurance Companies:

- To prevent Life Insurance Companies from claiming non-business expenses, it is proposed to amend Rule 2 of First Schedule of the Act to provide that any expenditure not admissible u/s 37 of the Act shall be added back in computing profits and gains of life insurance business.
- No surcharge shall apply on tax computed on income of specified fund [referred to in clause (c) of Explanation to Section 10(4D)] that is chargeable u/s 115AD(1)(a) of the Act.

Other Relevant Proposals

Rationalisation of Capital Gain provisions:

- In order to rationalise Capital Gain provisions, following changes are proposed w.e.f. 23-07-2024:-
 - For computing Long Term Capital Gains, holding period of the capital asset being listed securities, unit of an equity oriented fund and zero coupon bond shall be 12 months. For all other Capital assets (i.e. property, unlisted securities, gold etc.) the holding period shall be 24 months.
 - Short Term Capital Gain arising from transfer of assets on which STT is paid u/s 111A is proposed to be taxed at increased rate of 20% instead of 15%. Other Short Term Capital Gain shall be continued to be taxed at the applicable rates.
 - While computing tax on Long Term Capital Gain arising from STT paid equity shares or unit of equity oriented fund or business trust, exemption limit is proposed to be enhanced to ₹1.25 Lakh from the existing amount of ₹1 Lakh

- Long Term Capital Gain arising from assets is proposed to be taxed @ 12.5% instead of tax rate of 10% & 20%.
- Indexation benefit available in case of transfer of certain Long Term Capital Asset (i.e. property, gold, unlisted securities etc.) is proposed to be withdrawn.
- Capital Gains arising on transfer of unlisted debentures and unlisted bonds is proposed to be deemed to be short term capital gains u/s 50AA irrespective of the period of holding.
- The above amendments is also proposed to be brought in for transfer of capital assets by non-resident assessee.

Rationalisation of provisions for Re-assessment:

- The procedure of reassessment prescribed vide Finance Act, 2021 is proposed to be rationalised by substituting the present Sec. 148, 148A, 149, 151 with new provisions w.e.f. 01-09-2024. The major amendments proposed, amongst others, include the following:
 - Presently, Return u/s 148 is required to be furnished within 3 months from the end of the month in which such notice has been issued or such extended time as allowed by AO. It is proposed to substitute Sec. 148 to provide that Return u/s 148 shall be required to be furnished within such period as may be specified in the notice which shall not exceed 3 months from the end of the month in which the notice has been issued.
 - Notice u/s 148 is issued only on the basis of the 'information' with the AO which suggests that the income chargeable to tax has escaped assessment. It is proposed to widen the scope 'information' by including information emanating from survey conducted u/s 133A on or after 01-09-2024 [except for the survey u/s 133(2A) for verification of deduction of TDS or collection of TCS].
- It is proposed to substitute Sec. 149 to provide that
 - Show Cause Notice u/s 148A alongwith the information which suggests that income chargeable to tax has escaped assessment shall be issued within 3 years from the end

of the relevant AY or within 5 years from the end of the relevant AY where the AO has information that the income chargeable to tax has escaped assessment amounts to or likely to amount ₹50 lacs or more.

- Notice u/s 148 shall have to be issued within a period of 3 years and 3 months from the end of the relevant AY in general cases. For specific cases, where the income escaping assessment represented in the form of assets or expenditure or transaction or entries amounts to or likely to amount ₹50 lacs or more, Notice u/s 148 has to be issued within 5 years and 3 months from the end of relevant AY.
- Specified Authority u/s 151 for the purpose of sanction and taking approval u/s 148 & 148A has been proposed to be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director in place of existing Pr. CIT/Pr. DIT/CIT/DIT/Pr. CCIT/Pr. DGIT/CCIT/DGIT.
- Where a notice u/s 148 has been issued or order u/s 148A(d) has been passed, prior to 01-09-2024, the assessment, reassessment or recomputation shall be done as per the provisions of Sec. 147 to Sec. 151, as they stood prior to amendment by Finance (No. 2) Act, 2024.

The Direct Tax Vivad Se Vishwas Scheme, 2024:

- A new dispute resolution scheme 'The Direct Tax Vivad se Vishwas Scheme, 2024' (VSV) is proposed and will be notified in due course. Key features of the scheme are as under:
 - VSV can be opted by Appellant where appeal filed before 1st appellate authority/ITAT/ HC/SC, objection before DRP, completion of assessment pursuant to directions of DRP u/s 144C(13) and application for revision u/s 264 are pending as on 22-07-2024
 - For pending cases arising after 31-01-2020, VSV can be opted on payment of disputed tax on or before 31-12-2024 and entire interest and penalty shall be waived. Payment can be made after 31-12-2024 but before last date @ 110% of disputed tax. The last date is yet to be notified.
 - For cases pending on or before 31-01-2020 at the same appellate forum, VSV can be

opted on payment of 110% disputed tax on or before 31-12-2024 and entire interest and penalty shall be waived. For such cases also, payment can be made after 31-12-2024 but before last date @ 120% of disputed tax.

- VSV can also be opted for cases involving interest, penalty and fees levied under the Act by paying prescribed percentage of disputed amount.
- VSV not to apply for tax arrears in respect to AY where assessment has been made pursuant to Search u/s 132 or 132A or prosecution has been initiated or in relation to undisclosed income or asset outside India or assessment is made based on information received under DTAA.
- Various other procedural provisions specified are similar to Direct Tax Vivad Se Vishwas Act, 2020.

Rental Income to be taxed only under the head "Income from House Property":

- Hitherto, income from letting out of residential house is offered to tax by some assessees under the head 'Profits & Gains of business & profession'. It is proposed that w.e.f. AY 2025-26, any income from residential house let out by the owner shall now only be taxed under the head 'Income from house property [Explanation 3 to Sec. 28]

Disallowance of amounts paid towards settlement of proceedings for contravention of any law:

- Explanation 3 to Sec. 37(1) which defines the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" is proposed to be amended to include any expenditure incurred to settle proceedings initiated in relation to a contravention under any law for the time being in force, as may be notified by the Central Government in the Official Gazette in this behalf.

Amendment in provisions for set off and withholding of refunds:

- Presently, Sec. 245(2) provides two conditions for the AO to withhold the refund which become due to an assessee and the proceedings for assessment or reassessment are pending i.e. (i) AO should be of the opinion that the grant of refund is likely to adversely affect the revenue and, (ii) AO should record its reasons in writing with the prior approval of the Pr.CIT/ CIT. Further,

such refund may be withheld up to the date on which such assessment or reassessment is made. It is proposed to amend Sec. 245(2) to omit the first condition as the second condition of recording of reasons itself takes care of the first condition to form an opinion. Also, the period of withholding of refund is proposed to be extended upto 60 days from the date on which such assessment or reassessment is made.

- Consequential amendment is also proposed to be made in proviso to Sec. 244A(1A) to deny additional interest upto the date till which such refund is withheld.

Abolishment of Angel Tax u/s 56(2)(viib):

- Provisions of Sec. 56(2)(viib) for taxation of excess of consideration received for issue of shares over their FMV, is proposed to be discontinued w.e.f. AY 2025-26. This will provide major boost to start ups and other companies seeking funds.

Increase in amount allowed as deduction u/s 36(1)(iva):

- It is proposed to increase the amount of deduction u/s 36(1)(iva) in respect of contribution by employer to pension scheme referred to in Sec. 80CCD from 10% to 14% of the salary of the employee.

Determination of FMV of unlisted shares in IPO:

- Equity shares at the time of Offer For Sale in IPO are unlisted on the date of transfer, since the listing happens a few days after the transfer. In such cases, litigation is arising that the computation of FMV on acquiring the shares is not covered by Explanation to Sec. 55(2)(ac) and hence is indeterminable and not chargeable to Capital Gains Tax.
- Accordingly, new clause (AA) is proposed to be inserted to clause (a)(iii) under Explanation to Sec. 55(2)(ac) to provide for computation of fair market value of unlisted equity shares which are listed subsequent to the date of transfer after 31-01-2018 and where such shares are transferred under an offer for sale to the public as a part of an IPO.

Rationalisation of provisions relating to Charitable Trusts & Institutions:

- In order to merge the exemption provisions of trusts or institutions approved u/s 10(23C)(iv)/(v)/(vi)/(via) (here-in-after referred to as trust

under "first regime") in exemption provisions u/s 11 to 13 (here-in-after referred to as trust under "second regime") following changes are proposed w.e.f. 01-10-2024:-

- Amendment of Sec. 10(23C) to specify 30-09-2024 as the cut-off date for making application for approval under first regime.
- Simultaneous amendment of Sec. 12A(1)(ac) to allow trust under first regime to apply for re-registration or final registration u/s 12AB.
- Amendment of first proviso to Sec. 13(1)(d) to include reference of certain eligible investments specified under clause (b) of third proviso to Sec. 10(23C) for trusts under first regime, so as to avoid denial of their exemption due to investment in non-specified modes.
- It is proposed to insert a new proviso after sub-clause (vi) to Sec. 12A(1)(ac) w.e.f. 01-10-2024, so as to empower Pr. CIT or CIT to condone delay in filing of applications for registration u/s 12AB if there is reasonable cause, so as to avoid applicability of exit tax provisions under Chapter XII-EB.
- Sec. 12AB(3) is proposed to be amended w.e.f. 01-10-2024 to extend the time limit for processing of applications for registration to 6 months from end of the quarter in which application is received by Pr. CIT/CIT, in certain cases so as to ensure better monitoring and administration.
- First proviso to Sec. 80G(5) is proposed to be amended w.e.f. 01-10-2024 to relax the time limit for making of application for approval u/s 80G by institution or fund which can now be done any-time after the commencement of activity, so as to avoid their unintended exit. Consequential amendment has also been made in second proviso to Sec. 80G(5) which deals with processing of such applications by Pr. CIT/ CIT.
- Third proviso to Sec. 80G(5) is proposed to be amended and simultaneously fourth proviso is proposed to be inserted w.e.f. 01-10-2024 to extend the time limit of processing of applications for approval to 6 months from end of the quarter in which application is received by Pr. CIT/CIT, in certain cases so as to ensure better monitoring and administration.

- Sec. 11(7) is proposed to be amended w.e.f. 01-04-2025 to include reference of clause (23EA) [Investor Protection Fund set up by recognised stock exchange], clause (23ED) [Investor Protection Fund set up by depository] and clause (46B) [Credit guarantee fund or trust etc.] of Sec. 10, so as to enable these trust or institution which are already registered u/s 12AB to claim exemption under specified clauses of Sec. 10. Consequential amendment has also been made under first and second proviso to Sec. 11(7) which deals with inactivation or activation of registration u/s 12AB.
- Sec.12AC is proposed to be inserted w.e.f 01-04-2025 to lay down conditions for non-applicability of exit tax under Chapter XII-EB (i.e. Sec. 115TD) when a trust or institution approved/registered under the first regime [Sec. 10(23C)] or second regime [Sec. 12AB] merges with another trust or institution approved/registered under either regimes, having same or similar objects, so as to provide greater clarity or certainty.
- Sub-clause (iiihg) of Sec. 80G(2)(a) is proposed to be amended w.e.f. AY 2025-26 to substitute "National Sports Development Fund" in place of "National Sports Fund" as the former has already been set up in 1998, thereby allowing 100% deduction of donation made to it.

International Tax and Transfer Pricing

Tax Incentive to IFSC [Sec. 10(4D), Sec. 10(23EE), Sec. 10(23FB), Sec. 68 & Sec. 94B(3)]

- Sec. 10(4D) is proposed to be amended w.e.f. AY 2025-26 to expand the ambit of Specified Funds for claiming exemption u/s 10(4D), to include retail funds and Exchange Traded Funds in IFSC.
- Specified income of Core Settlement Guarantee Funds set up by recognised clearing corporations in IFSC is proposed to be exempted by amending the definition of "recognised clearing corporation" and "regulations" in the Explanation to Sec. 10(23EE) w.e.f. AY 2025-26.
- Sec. 10(23FB) is proposed to be amended w.e.f. AY 2025-26 to extend the exemption of income of VCFs which are regulated by IFSCA Act, 2019.
- Sec.68 is proposed to be amended w.e.f. AY 2025-26 to extend the relaxation for not providing the onus of explaining the source in the hands of the creditor to VCFs which are regulated by IFSCA Act, 2019.

- Sec. 94B(3) is proposed to be amended w.e.f. AY 2025-26 whereby provisions of Sec. 94B(1) shall also not apply to specified finance companies, located in IFSC, on fulfilment of prescribed conditions & activities.

Promotion of domestic cruise ships operations by NRs [Sec. 10(15B) & Sec.44BBC]

- Sec.44BBC is proposed to be inserted w.e.f. AY 2025-26 to extend presumptive tax scheme by considering 20% of the amount received/receivable or paid/payable as income under PGBP for NRs operating domestic cruise ship. Further, Sec.44B, relating to presumptive taxation for shipping business of non-residents, is proposed to be no longer applicable to such cruise ship business.
- Lease rental received by a Foreign Co. from Sec.44BBC Co. is proposed to be exempt u/s 10(15B), provided recipient and Sec.44BBC Co. are subsidiary of same Holding Co. [upto AY 2030-31]

TPO empowered to assess SDTs not reported in Form 3CEB or not referred by AO [Sec. 92CA(2A) & 92CA(2B)]

- Sec. 92CA(2A) & 92CA(2B) is proposed to be amended w.e.f. AY 2025-26 to empower the TPO to deal with the SDTs which have not been referred to him by the AO and/or in whose respect Form 3CEB has not been filed.

Inclusion of taxes withheld outside India [Sec. 198]

- Sec. 198 is proposed to be amended w.e.f. 01-04-2025 to include income tax paid outside India by way of deduction as deemed income of the assessee while computing the income to nullify the effect of double deduction claimed earlier (taxes paid outside India not included in total income & credit for such tax being taken).

Submission of Statement by liaison office of NRs [Sec. 285, Sec.271GC & Sec.273B]

- Sec. 285 is proposed to be amended to prescribe period under the IT Rules within which activity statement needs to be furnished (presently 60 days from end of FY) by NRs relating to its liaison office in India. Penal provisions is proposed to be inserted vide Sec. 271GC for failure to furnish such statement. Consequential amendment is proposed in Sec. 273B [w.e.f. 01-04-2025].

Abolition of Equalisation Levy on e-commerce supply & services [Sec. 163(3) & Sec.165A(4) of Finance Act, 2016 and Sec. 10(50) of IT Act]

- Sec. 163(3) of Finance Act, 2016 is proposed to be amended to provide that the Chapter VIII of the said Act shall not apply to consideration received or receivable for e-commerce supply or services made or provided or facilitated on or after the 1st day of August, 2024.
- Sec 165A(4) of Finance Act, 2016 is proposed to be inserted to provide that the provisions of the said section shall not apply to any consideration received or receivable for e-commerce supply or services made or provided or facilitated on or after the 1st day of August, 2024.
- Consequently, exemption u/s 10(50) is proposed to be not available w.e.f. 1st August, 2024.

General and Administrative

Rationalisation of provisions of Sec. 153:

- In order to rationalise the provisions of Sec. 153 relating to completion of assessment, reassessment and recomputation, following major changes have been proposed:-
 - Where return is furnished in consequence of an order u/s 119(2)(b), scrutiny assessment u/s 143(3) or best judgement assessment u/s 144 shall be completed within 12 months from the end of the FY in which such return is furnished.
 - The power of CIT(Appeals) has been proposed to be widened to set aside the assessment and refer the case back to the AO for making a fresh assessment where such appeal is against an order u/s 144. Accordingly, fresh assessment order, pursuant to order of CIT(Appeals) shall be passed within 12 months from the end of the FY in which such order is received by PCCIT/ CCIT/ PCIT/ CIT.
 - Presently, the period (not exceeding 180 days) commencing from date of initiation of search and ending on the date on which the books of account/documents/seized materials are handed over to the AO is excluded while computing the period of limitation. It is proposed to insert 6th proviso in Explanation 1 to Sec. 153 to provide that if the date of limitation in such cases for making the order ends before the end of the month, the period

shall be extended to the end of such month.

Rationalisation of provisions relating to period of limitation for imposing penalties

- Presently, while calculating the number of days for passing the penalty order pursuant to order of appellate authorities, the time limit for passing the penalty order u/s 275 has to be counted by giving reference also to the date of receipt of such appellate order by Pr. CCIT/CCIT/Pr. CIT/CIT. In order to avoid ambiguity, it is proposed to amend Sec. 275 to omit reference to the date of receipt of order by Pr. CCIT/CCIT.

Credit for all TDS/TCS to be considered for TDS paid by salaried employees:

- In order to give credit of all TDS/TCS paid by salaried employees, it is proposed to amend Sec. 192(2B) w.e.f. 01-10-2024 to ensure that any tax deducted or collected under the provisions of Chapter XVII-B or Chapter XVII-BB will be taken into account while computing the amount of tax to be deducted on salary income of the employees

Rationalising definition of work u/s 194C:

- In order to streamline TDS provisions of Sec. 194C vis-à-vis 194J, definition of 'work' under clause (iv) of Explanation in Sec. 194C is proposed to be amended to exclude any sum covered u/s 194J(1).

Tax deduction at source on remuneration to partners of a firm:

- New Sec. 194T is proposed to be inserted w.e.f. 01-04-2025 to provide for TDS @ 10% on payments in the nature of salary, remuneration, commission, bonus and interest made to the partners by the partnership firm where the aggregate amount exceeds ₹20,000 in the financial year.

TDS u/s 193 on Floating Rate Savings Bonds:

- Sec. 193 proposed to be amended to provide for TDS on interest payments exceeding ₹10,000/- on Floating Rate Savings Bonds, 2020 (Taxable) and specified securities of the Central or State Government.

TDS u/s 194-IA on immovable property:

- To eliminate uncertainties and promote transparency in the taxation of immovable property transactions, Sec. 194-IA(2) has been proposed to be amended w.e.f. 01-10-2024 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(s) for transfer of such immovable property.

Rationalization of TDS rates:

- Rationalization of TDS rates is proposed as below:

Sl. No.	Section	TDS Rate		W.E.F
		Present	Proposed	
1.	Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	01-04-2025
2.	Section 194DA - Payment in respect of life insurance policy	5%	2%	01-10-2024
3.	Section 194G - Commission etc. on sale of lottery tickets	5%	2%	01-10-2024
4.	Section 194H - Payment of commission or brokerage	5%	2%	01-10-2024
5.	Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	01-10-2024
6.	Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	01-10-2024
7.	Section 194O - Payment of certain sums by e-commerce operator to e-commerce Participant	1%	0.1%	01-10-2024
8.	Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		01-10-2024

Time limit for TDS/TCS returns:

- In order to provide certainty and finality on the filing process of TDS and TCS statements, it is proposed to introduce the time limit of filing of correction statement for a period upto six years from the end of the financial year in which the original statement is required to be furnished.

Lower Deduction of tax or collection of tax at source:

- It is proposed to extend the scope of deduction of tax at lower or nil rate of tax to TDS u/s 194Q. It is also proposed to extend the scope of collection of tax at lower rate to TDS u/s 206C(1H).

Levy of TCS on Luxury Goods:

- It is proposed to collect TCS u/s 206C(1F) @ 1% on sale of notified goods having value more than ₹10 lacs. Earlier TCS u/s 206C(1F) was only levied on motor vehicle of value exceeding ₹10 lacs.

Credit for TCS of minor in the hands of parent :

- Sec. 206C(4) is proposed to be amended to allow

credit for TCS in the hands of a person other than the collectee in certain cases to be notified (like funds remitted under LRS). The proposed amendment may facilitate claim of credit for TCS in the hands of a parent where income of a minor is being clubbed with the parent u/s 64(1A) among others.

Interest on late deposit of TCS:

- To align the rate of interest applicable on late deposit of TDS u/s 201(1A), it is proposed to amend Sec. 206C(7) to increase the rate of interest applicable on late deposit of tax collected at source from the existing one percent to one and half percent for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid.

Notification of certain persons or class of persons as exempt from TCS:

- In order to provide relief to entities whose income is exempt from taxation and are not required to furnish returns of income, a non-

obstante provision is proposed to be inserted in Sec. 206C to provide that no collection of tax or collection at such lower rate of tax shall be made in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as may be notified.

Widening the ambit of Sec. 200A for processing of statements other than those filed by the deductor:

- Hitherto as per Sec. 200A, statement of tax deducted at source furnished by the deductor is only required to be processed. Henceforth, it is proposed to widen the ambit of Sec. 200A to include processing of statement of tax deducted at source furnished by any other person, not being a deductor.

Reducing time limit for orders deeming any person to be an assessee in default:

- It is proposed to amend Sec. 201(1), to provide that the time limit for passing order for failure to deduct or pay withholding tax to apply both to resident & non-resident assessee instead of resident assessee only
- It is proposed to reduce the time limit for passing of an order u/s 201(1) deeming any person to be an assessee in default for failure to deduct the whole or part of the tax from 7 years to 6 years from the end of the financial year in which the payment is made or credit is given;
- In line with the time limit prescribed for passing an order u/s 201(1) deeming any person to be an assessee in default for failure to deduct the whole or part of the tax, it is proposed to introduce identical time limit for passing an order u/s 206C(6A) deeming any person to be an assessee in default for failure to collect the whole or any part of the tax

Amendments proposed in Sec. 276B of the Act for rationalisation of the provisions:

- It is proposed to amend Sec. 276B [Prosecution for failure to pay tax deducted to the credit of the Central Government] to provide that if tax deducted at source in a quarter is deposited within the time limit prescribed for filing TDS statement of that quarter, then in such case, prosecution proceedings shall not be initiated;

Introduction of special provisions for assessment in Search cases:

- Special procedure for assessment in search

cases proposed to be introduced. The Special procedure provides for block assessment where search is initiated or books of accounts, etc. is requisitioned u/s 132A on or after 01-09-2024. The undisclosed income shall be chargeable to tax @ 60% plus surcharge if any levied under any Central Act;

Revision in STT Rates on futures & options:

- It is proposed to increase the rates of Securities Transaction Tax (STT) w.e.f. 01-10-2024 on sale of options in securities from 0.0625% to 0.1% of the option premium, and on sale of futures in securities from 0.0125% to 0.02% of the price at which such "futures" are traded. However, there is no change in STT rate on equity shares.

Amendments in Advance Ruling Provisions:

- Applications filed before erstwhile Authority for Advance Rulings (AAR) and transferred to newly constituted Board for Advance Rulings (BAR), can now be withdrawn by applicants by 31-10-2024, if the admission order u/s 245R(2) has not been passed on the date of making withdrawal application. An order for rejection of application and treating the same to be as withdrawn has to be passed by BAR by 31-12-2024.

Discontinuation of quoting of Aadhaar Enrolment ID:

- To avoid duplicacy and misuse of PAN, the proviso to Sec. 139AA(1) allowing the quoting of Aadhaar Enrolment ID in application form for allotment of PAN or in the Return of Income shall not apply from 01-10-2024. Further, every person who has been allotted PAN on the basis of Enrolment ID of Aadhaar application form, shall intimate his Aadhaar number to such authority in a prescribed form and manner to be notified.

Penalty for failure to furnish TDS/TCS returns:

- Presently, penalty u/s 271H for failure to furnish TDS/TCS returns, is not imposable if the person proves that after payment of TDS/TCS along with fees and interest, such TDS/TCS returns/statements has been filed within 1 year from the prescribed time to file such statements. It is proposed to reduce such time frame of 1 year to 1 month.

Penalty for furnishing inaccurate SFT optimised:

- Circumstances on which penalty u/s 271FAA of ₹50,000/- is levied on persons liable to furnish Statement of Financial Transaction (SFT) in

terms of Sec. 285BA is proposed to be modified to include only two situations – (i) furnishing of inaccurate information or fails to furnish correct information within prescribed time limit and (ii) failure to comply with prescribed due diligence requirement. Further, provisions of Sec. 273B which provides that no penalty shall be imposed if the assessee proves that there was a reasonable cause, proposed to be extended to penalty u/s 271FAA as well.

Comprehensive review of Income Tax Act, 1961 proposed:

- A comprehensive review of Income tax Act, 1961 is proposed to be completed in six months to make the Act concise, lucid, easy to read and understand and reduce disputes and litigations.

Amendments in relation to Black Money Act:

- Sec 132B provides for recovery of liabilities from assessee in default which are determined under various Acts i.e Income Tax Act, Wealth Tax Act, Expenditure Act, Gift Tax Act & Interest-tax Act, out of assets seized u/s 132 or requisitioned u/s 132A of the Act. It is proposed to amend Sec. 132B w.e.f 01-10-2024 to include within its ambit, recovery of the existing liabilities under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, as well.
- As per Sec 230(1A), an Income tax authority may deem it necessary for any person who is domiciled in India to obtain clearance certificate before leaving India, that there exists no liability under various Acts i.e Income Tax Act or Wealth Tax Act or Expenditure Act or Gift Tax Act. Scope of Sec. 230(1A) is being proposed to be extended w.e.f 01-10-2024 to include within its ambit, liability covered under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 as well.
- Hitherto, no penalty is leviable u/s 42 & u/s 43 of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, on account of non-disclosure or inaccurate disclosure of foreign assets or foreign income, if aggregate value of such assets being one or more bank account does not exceed ₹5 lacs. Such limit is proposed to be amended w.e.f 01-10-2024 to provide that penalty on such failure shall not apply if aggregate value of any such foreign assets (other than immovable property) does not exceed ₹20 lacs.

Reference to National Housing board removed for Sec. 43D:

- Housing Finance Companies earlier resigtered under National Housing Bank Act, 1987 have come under the purview of RBI as a category of 'NBFC' pursuant to amendment vide Finance (No. 2) Act, 2019 in the National Housing Bank Act, 1987. Presently, provisions already exist in Sec. 43D for NBFCs whereby interest on specified debts are recognised on receipt or credit in the Profit & Loss Account, whichever is earlier. Hence, separate provisions existing in Sec. 43D for National Housing Banks is proposed to be deleted

Amendments in relation to Benami Properties Act:

- Sec. 24(2A) of the Prohibition of Benami Property Transactions Act is proposed to be amended to provide the following time limits:-
 - Where the Initiating Officer issues notice to Benamidar or the beneficial owner, the explanation or submission is to be furnished not later than 3 months from the end of the month in which the notice is issued.
 - The Initiating Officer may provisionally attach the property or pass an order for continuing the provisional attachment or revoke the attachment or not to attach the property within 4 months from the end of the month in which the notice is issued instead of 90 days.
 - Time period of 15 days available to the Initiating Officer to draw up a statement of the case and refer to Adjudicating Authority is proposed to be extended to 1 month.
- New Sec. 55A to the Prohibition of Benami Property Transactions Act proposed to be inserted to provide that Initiating Officer may, with a view to obtain evidence of benamidar or any other person, tender to such person immunity from penalty for any offence u/s 53 with prior approval of competent authority as mentioned in Sec. 55 on condition of his making a full and true disclosure of circumstances relating to benami transactions. The initiating officer may also withdraw such immunity if such person does not comply with the conditions or is wilfully concealing anything or giving a false evidence.



INDIRECT TAX AT A GLANCE



Indirect Tax Proposals

Amendments proposed in the Central Goods & Services Tax Act, 2017 (CGST Act) and Integrated Goods & Services Tax Act, 2017 (IGST Act)

(Effective date to be notified coinciding with amendments in SGST Acts.)

- Sec. 9 of the CGST Act, 2017 has been amended to take un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption out of the purview of central tax.
- Sec. 11A is being inserted to empower the government to regularize non levy or short levy of Central Tax due to any general trade practice prevalent in trade.
- Amendment is proposed in Sec. 13(3) of CGST Act to provide for time of supply of services where the invoice is required to be issued by the recipient of services in case of reverse charge supplies.
- Insertion of Sec. 16(5) of the CGST Act, 2017 to enable the registered tax payer to claim ITC for FY 2017-18, 2018-19, 2019-20 and 2020-21, if declared in return filed u/s 39 up to 30th November 2021.
- Insertion of Sec. 16(6) which allows the person to claim ITC in respect of invoice or debit note issued in a return filed for the period from the date of cancellation or effective date of cancellation of registration till the date of order of revocation of cancellation of registration, filed within 30 days of revocation of order of cancellation provided the time limit for claiming ITC has not expired.
- Sec. 17(5) is proposed to be amended so as to restrict the non-availability of ITC in respect of tax paid u/s 74 only for demands upto FY 2023-24. Reference to Sec.s 129 and 130 are proposed to be removed.
- Sub-section (3) is sought to be included in Sec. 39 mandating filing of monthly returns by TDS deductors irrespective of whether any deduction has been made in the said month or not.
- Amendment in Sec. 54 of CGST Act, 2017 to provide no refund of unutilised input tax credit or Integrated Tax shall be allowed in case of zero rated supply of goods where such goods are subjected to export duty.

- Insertion of Sec. 70(1A) of the CGST Act, 2017 to enable an authorised representative to appear on behalf of summoned person.
- Operation of Sec. 73 pertaining to determination of tax for any reason other than fraud or wilful misstatement or suppression of facts and Sec. 74 pertaining to determination of tax in case of fraud or wilful misstatement or suppression of facts discontinued from FY 2024-25 onwards:
- Insertion of a new Sec. 74A in place of Sec. 73 and 74 for determination of tax and issuance of Demand Notice/Orders from FY 2024-25 onwards providing a common limitation period for issuing demand notices and orders irrespective of whether the charges of fraud, wilful mis-statement or suppression of facts are involved or not. In case of charges of fraud, wilful mis-statement or suppression of facts a higher penalty is proposed
- Amendment to Sec.112(1) and 112(3) so as to empower the Government to notify the date of filing appeal before Appellate Tribunal.
- Amendment to Sec. 112(8) pertaining to pre-deposit requirement for appeals before Appellate Tribunal from 20% of disputed tax (subject to a maximum amount of ₹50 crores) to 10% of disputed tax (subject to a maximum amount of ₹20 crores).
- Insertion of Sec. 128A providing conditional waiver of interest and penalty in respect of demand notices issued u/s 73 for FY 2017-18, 2018-19 & 2019-20 except for demand notices in case of erroneous refunds.

Goods and Services Tax

Amendments in the Integrated Goods & Services Tax Act, 2017 (IGST Act)

- Sec. 5(1) of the IGST Act has been amended, to not levy integrated tax on 'Extra Neutral Alcohol' or 'Rectified Spirit' used for manufacture of alcoholic liquor for human consumption.
- Sec. 6A is inserted in the IGST Act, empowering the Government to regularize cases of non-levy or short levy of integrated tax, provided these were due to general trade practices.
- Sec. 16(4) of the IGST Act has been amended to notify the classes of persons who may be eligible to make zero-rated supplies of goods or services and are also eligible for refund of

integrated tax u/s 54 of the CGST Act, subject to specified conditions and procedures.

- Sec. 16(5) of the IGST Act has been introduced, to stipulate that no refund of unutilized ITC or integrated tax paid on account of zero-rated supply of goods will be permitted if such supplies are subject to export duty.
- Sec. 20 of the IGST Act has been amended to reduce the maximum amount of pre-deposit required for filing an appeal before the Appellate Authority from ₹50 crores to ₹40 crores of integrated tax. Similarly, the amount of maximum pre-deposit required for filing an appeal before the Appellate Tribunal has also been reduced from ₹100 crores to ₹40 crores of integrated tax.

Amendments in the Union Territory Goods and Services Tax Act, 2017

- Sec. 7(1) of the UTGST Act has been amended, to not levy Union Territory tax on 'Extra Neutral Alcohol' or 'Rectified Spirit' used for manufacture of alcoholic liquor for human consumption.
- Sec. 8A is inserted in the UTGST Act, empowering the Government to regularize cases of non-levy or short levy of Union Territory tax, provided these were due to general trade practices.

Amendments to the Goods and Services Tax (Compensation to States) Act, 2017

- Sec. 8A is inserted in the GST (Compensation to States) Act, empowering the Government to regularize cases of non-levy or short levy of compensation cess, provided these were due to general trade practices.

Amendments in the Central Excise Act 1944

- Increase in the time frame to provide certificate of final mega power project certificates from 120 months to 156 months, retrospectively with effect from 29th June 2017.
- Provides retrospective exemption from Clean Environment Cess on excisable goods lying in stock as on 30th June, 2017, on which Goods and Service Tax compensation cess is payable at the time of supply of such excisable goods on or after 1st July, 2017.

The Customs Act, 1962

- Amendment of Sec. 28DA, so as to enable the acceptance of different types of proof of origin

provided in trade agreements to align the said provision with new trade agreements which provide for self-certification.

- Empowers the Central Government to specify certain manufacturing processes and other operations in relation to a class of goods that shall not be permitted in a warehouse.
- Amendment of Sec. 143AA to include the words "any other person" after "a class of importers or exporters". This is aimed at enhancing trade facilitation.
- Insertion of the words 'or any other persons' in clause (m) of Sec. 157(2) enabling the Board to make regulation on the measures and separate procedure or documentation for such persons, apart from the existing class or category specified therein.
- Exemption from compensation cess leviable on imports in SEZ by SEZ unit or developer for authorised operations retrospectively with effect from the 1st day of July, 2017.

The Customs Tariff Act, 1975

- Sec. 6 of the Customs Tariff Act, 1975 which provided for levy of protective duties in certain cases by the Central Government is being omitted, as the Tariff Commission has been wound up by resolution dated 1st June 2022 by the Government of India. [to be effective from date of enactment of the Finance (No. 2) Bill, 2024]

Change in Tariff Rates

[to be effective from 24-07-2024]

- Medicines and Medical Equipment
 - Three cancer drugs namely Trastuzumab Deruxtecan, Osimertinib and Durvalumab fully exempted from custom duty.
 - Changes in Basic Customs Duty (in short 'BCD') on X-ray tubes & flat panel detectors for use in medical X-ray machines under the Phased Manufacturing Programme.
- Mobile Phone and Related Parts
 - BCD on mobile phone, mobile Printed Circuit Board Assembly (PCBA) and mobile charger reduced to 15 per cent from 20 per cent.
- Precious Metals
 - Customs duties on gold and silver reduced

to 6 per cent from 15% and that on platinum from 15.4% to 6.4 per cent.

- Other Metals
 - BCD removed on ferro nickel and blister copper.
 - BCD removed on ferrous scrap and nickel cathode.
 - Concessional BCD of 2.5 per cent on copper scrap.
- Electronics
 - BCD removed, subject to conditions, on oxygen free copper for manufacture of resistors.
- Chemicals and Petrochemicals
 - BCD on ammonium nitrate increased from 7.5 to 10 per cent.
- Plastics
 - BCD on PVC flex banners increased from 10 to 25 per cent.
- Telecommunication Equipment
 - BCD increased from 10 to 15 per cent on PCBA of specified telecom equipment.
- Trade facilitation
 - For promotion of domestic aviation and boat & ship MRO, time period for export of goods imported for repairs extended from six months to one year.
 - Time-limit for re-import of goods for repairs under warranty extended from three to five years.
- Critical Minerals
 - 25 critical minerals fully exempted from customs duties.
 - BCD on two critical minerals reduced.
- Solar Energy
 - Capital goods for use in manufacture of solar cells and panels exempted from customs duty.
- Marine products
 - BCD on certain broodstock, polychaete worms, shrimp and fish feed reduced to 5 per cent.
 - Various inputs for manufacture of shrimp and fish feed exempted from customs duty.
- Leather and Textile
 - BCD reduced on real down filling material from duck or goose from 30% to 10%
 - BCD reduced, subject to conditions, on methylene diphenyl diisocyanate (MDI) for manufacture of spandex yarn from 7.5 to 5 per cent.
- Other Sectors
 - Certain goods such as Natural Graphite, Natural Sands, Copper ores and concentrates, Unwrought Tin, etc. are exempted from levy of Social Welfare Surcharge (SWS).
- Conditional Exceptions and Concessional Rates:
 - Exemptions are extended on various products from 2024 to 2026 and 2029. Some products include Ferrous Scrap, Pipes and Tubes for Boilers, multiple products in Semi-Conductor and EV Industry, Capital Goods used by IT Industry, etc.
- Agriculture Infrastructure and Development Cess (AIDC)
 - Reduction of AIDC rates on Gold Bar, Gold Dore, Silver Bar, Silver Dore, Platinum, Palladium, etc.

CONTACT US

Corporate Offices

Mumbai

701, Leela Business Park, Andheri Kurla Road, Andheri (E), Mumbai 400059
Tel: +91 (22) 6672 9999

Kolkata

Constantia, "B" Wing, 7th floor, 11, Dr. U.N. Brahmachari Street, Kolkata - 700 017
Tel: +91 (33) 4002 1485

Branch Offices

Ahmedabad

Building no RE11
Awfis Space Solutions Ltd
2nd Floor, Ahmedabad,
Near Vikramnagar, Iskcon, Ambli,
Ahmedabad - 380058
Tel: +91 99792 01702

Bengaluru

No. 45, 1st Floor, 2nd Main,
Sankey Road, (Above Indian Bank)
Lower Palace Orchards,
Bengaluru - 560 003
Tel: +91 80 4372 7175/76

Bharuch

307, Orion Arcade, Near Inox,
Zadeshwar Road,
Bharuch - 392 011
Tel: +91 90 9903 5457

Chennai

5B, A Block, 5th Floor,
Mena Kampala Arcade,
New No. 18 & 20, Thiagaraya Road,
T. Nagar,
Chennai - 600 017
Tel: +91 44 2815 4192

Hyderabad

H. No-8-3-230/4/1, Flat No. 306,
Sai Spurthy Enclave, Venkatagiri,
Yousufguda, Hyderabad - 500 045
Tel: +91 73 3707 3746

Jaipur

706, 7th Floor, Diamond Tower,
Neelkanth Colony, Ajmer Road,
Jaipur - 302 021
Tel: +91 14 1676 2726

Kolkata

Bagrodia Niket, 1st Floor,
19C, Sarat Bose Road,
Kolkata - 700 020
Tel: +91 98318 93398
Devarati, 1st Floor,
8. Dr. Rajendra Road,
Kolkata - 700 020
Tel: +91 33 4037 2700

Mumbai

42, Free Press House,
Nariman Point,
Mumbai - 400 021
Tel: +91 22 2287 1806/1808
409, 4th Floor, Goyal Trade Centre,
Shantivan, Borivali (East),
Mumbai - 400 066
Tel: +91 22 4016 9305

New Delhi

3rd Floor, 52-B,
Okhla Industrial Estate
New Delhi - 110 020
Tel: +91 11 4711 9999

Pune

Off. No. 7 & 12, 2nd Floor,
Shivdarshan Chambers,
Opposite Hotel Jayashree,
457, Market Yard Road,
Pune - 411 037
Tel: +91 98 2249 3924

Rajkot

Second floor, Rupareliya House,
Astron Chowk, Near Railway
crossing
Rajkot - 360001
Tel: +91 94295 75167

Vadodara

204-207 Parshwa Complex,
Near Cash n Carry Ellora Park,
Vadodara - 390 023
Tel: +91 26 5239 2631

LinkedIn: /dhc-desai-haribhakti **Twitter:** @lifeatDHC **YouTube:** @lifeatDHC



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