

HIGHLIGHTS OF INTERIM UNION BUDGET 2024-2025



AN INSIGHT INTO THE FINE PRINT

CA Vaibhav Jain



COVERAGE

01

Economic Highlights



02

Direct Tax



03

Indirect Tax



Economic Highlights

India Outlook 2023-24



INDIA'S GROWTH IN LAST 10 YEARS

- The Indian economy has witnessed great transformation under PM Modi with mantra "Sabka Saath, Sabka Vikas, Sabka Vishwas and Sabka Prayas".
- The government has helped alleviate 25 crore people from multi-dimensional poverty.
- Under PM Kisan Samman Yojana, direct financial assistance is provided to 11.8 crore farmers.
- Crop insurance is given to 4 crore farmers under PM Fasal Bima Yojana
- Women participation in higher education has risen to 28 per cent in the last 10 years
- Making Triple Talaq illegal, reservation of one-third seats in Parliament has enhanced the dignity of women in India
- Skill India mission has trained over 1.4 crore youth to make them job ready.
- Rs 30 crore MUDRA Yojna Loans given to Women entrepreneurs
- India Middle East Europe Economic Corridor will be a game changer for India. International Financial Services Centres Authority (IFSCA) has created a robust gateway for flow of overseas capital.
- India has received FDI inflow of \$596 billion.

VIKSIT BHARAT (DEVELOPED INDIA) BY 2047

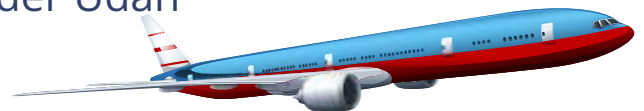
GREEN ENERGY SECTOR

- Achieving of “Net zero” by 2070 through viability gap funding for wind energy, increasing capacities of alternate fuels, blending of gases and financial assistance for procurement of Bio Mass Machinery
- Enabling 1 crore households to obtain 300 units of free electricity per month through Rooftop solarization
- Adoption of e-buses for public transport network
- Strengthening e-vehicle ecosystem



AIR CONNECTIVITY

- Development of new airports under Udan Scheme
- 517 new routes to be launched under Udan Scheme



INFRASTRUCTURE AND DEVELOPMENT

- A new scheme will be launched to strengthen deep tech for the defence sector.
- 1-lakh crore corpus will be made available with 50 year interest free (long-term financing or refinancing) to encourage the private sector to scale up R&D. Corpus of 1 Lakh Crore for Reduced Rate Loans to Private Sector for Research in Sunrise Domains.
- Besides delivering on high growth, the government is equally focussed on a more comprehensive GDP - I.e., Governance, Development and Performance.

PROMOTING INVESTMENT

Government will further promote private and public investment in post harvest activities including aggregation, modern storage, supply chains, primary and secondary processing, marketing and branding.

The move will encourage value addition while reducing post-harvest losses, besides enhancing farmers' income,



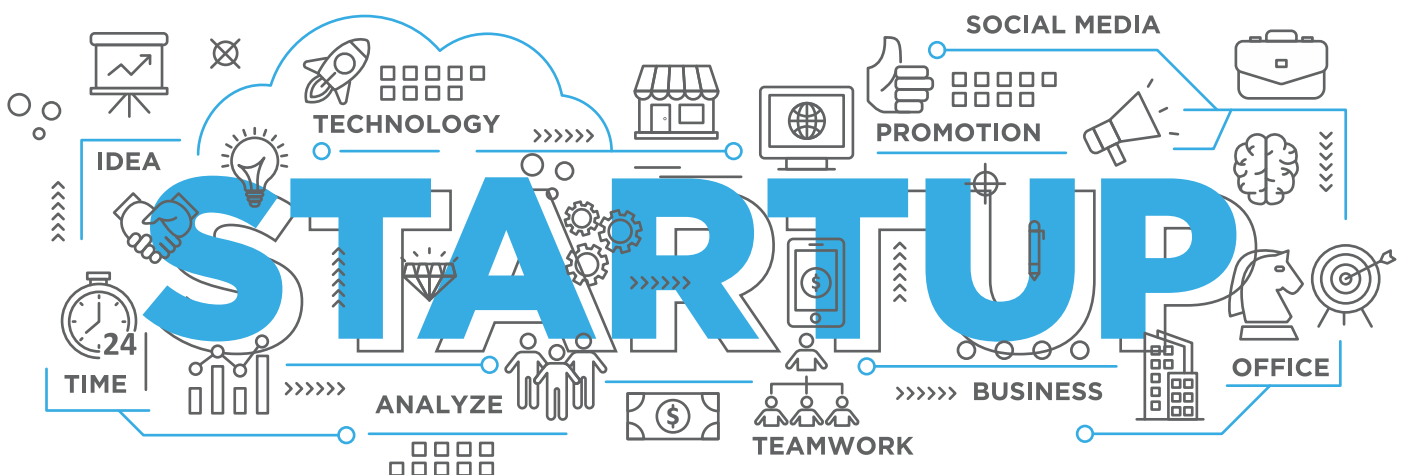
RAILWAYS INFRASTRUCTURE & INVESTMENT

- Implementation of 3 Railway Corridor programmes (Port connectivity corridor, the energy, mineral, and cement corridor, and the High traffic density corridor) under **PM GATI-SHAKTI** Program.
- To encourage sustained foreign investment, bilateral investment treaties with foreign countries.
- Promotion of urban transformation via Metro rail and Namoo Bharat
- 40,000 normal train bogies to be converted into high speed Vande Bharat ones



KEY ANNOUNCEMENT AND BENEFITS TO START-UPS

- Fund of Funds, Startup India and Startup Credit Guarantee Schemes are assisting youth.
- Sunset date for certain tax benefits to start-ups, investments made by sovereign wealth funds/pension funds, some International Financial Services Centre (IFSC) units is proposed to be extended from 31 March 2024 to 31 March 2025.
- However, sunset date of 31 March 2024 applicable for claim of concessional tax rate by a new domestic manufacturing company has not been extended. Accordingly, **Companies intending to avail this Special Concessional Rate of Corporate Income Tax (17.16%) need to commence manufacturing or production of an Article or thing on or before 31st March 2024.**
- Further, certain conditions for claiming exemption from establishing business connection in India/residency test were relaxed for fund managers in IFSC, who commence their operations on or before 31 March 2024. This deadline has not been extended.
- Some Exemption to Startups and Extend some concession - extension of tax sops for sovereign wealth funds and startups to March 2025.



HEALTHCARE

- Healthcare facilities under Ayushman Bharat will be extended to all Aasha workers, Aanganwadi workers and helpers
- Vaccination of 9-14 year old girls for cervical cancer
- Technology platform U-WIN will be rolled out for immunisation efforts under Mission Indradhanush.
- Saksham Anganwadi and Poshan 2.0 to be expedited for improved nutrition delivery, early childhood care and development.



HOUSING

- New housing plan for the middle class
- 2 crore houses to be built under PM Aavas Yojana



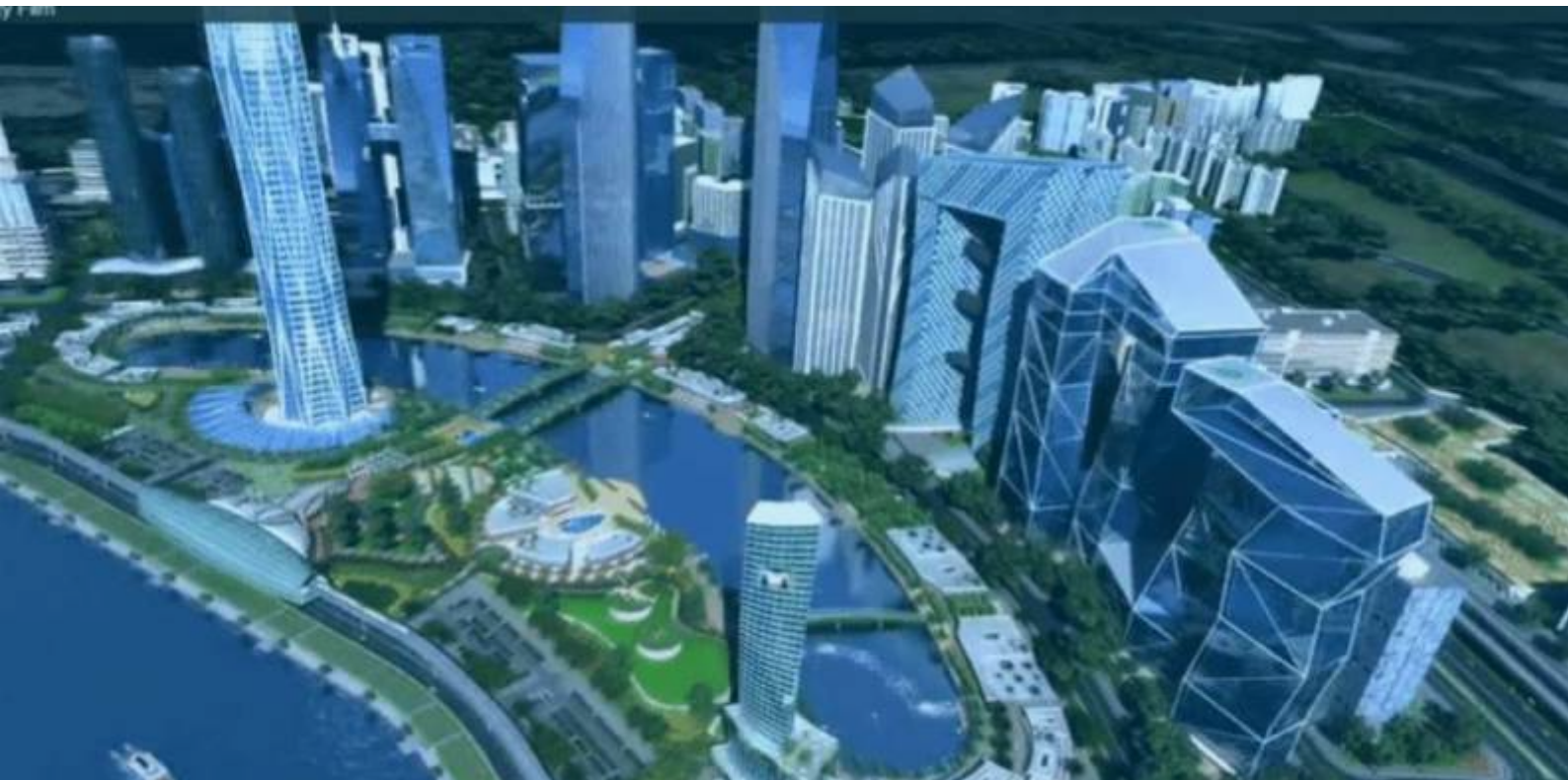
TOURISM

- Interest-free loans to states to promote tourism
- Rating system based on the quality of facilities and services will be established
- Projects for port connectivity, tourism infrastructure, and amenities will be taken up in islands, including Lakshadweep
- States will be encouraged to undertake development of iconic tourist centres to attract business and promote opportunities for local entrepreneurship



GIFT AND INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)

- The Finance Minister highlighted that GIFT IFSC and the IFSC Authority are creating a robust gateway for global capital and financial services for the economy.
- The sunset period is proposed to be extended from 31 March 2024 to 31 March 2025 for various businesses to commence their operations in GIFT IFSC:-
 - Investment division of an IFSC Banking Unit as a specified fund
 - Exemption for income on royalty or interest for a non resident paid by an aircraft or ship leasing unit in IFSC, if such unit commences operations by 31 March 2025.
 - Deduction for income from the transfer of aircraft or ship leased by an IFSC unit if such unit commences operations by 31 March 2025.
- Exemptions from certain safe harbour conditions applicable to eligible managers in GIFT IFSC where operations commenced prior to 31 March 2024 is not proposed to be extended.



AGRICULTURE

- Promote investment in post-harvest activity by both private and public sector support
- Comprehensive programme for dairy development to be formulated
- Application of Nano-DAP to be expanded in all agro-climatic zone
- Strategy to be formulated to achieve atmanirbharta for oilseeds
- Five integrated Aqua Park to be set up
- Govt to launch Blue Economy 2.0 to promote aquaculture
- The minimum support prices for 'Annadata' (farmers) increased periodically
- Crop insurance is given to 4 crore farmers under PM Fasal Bima Yojana
- Integration of 1,361 mandis under e-NAM, supporting trading volume of Rs.3 lakh crores.
- Direct financial assistance to 11.8 crores farmers under PM-KISAN



MSME

- The Skill India Mission's initiative to train 1.4 crore young individuals, along with the upskilling and re-skilling of 54 lakh youth
- Establishment of 3,000 new Industrial Training Institutes (ITIs)



ALLOCATION TO MAJOR SCHEMES

- Mahatma Gandhi National Rural Employment Guarantee Scheme gets Rs. 86,000 crore
- Ayushman Bharat-PMJA gets Rs. 7,500 crore
- Production Linked Incentive scheme gets Rs 6,200 crore
- Modified Programme for Development of Semi-conductors and display manufacturing ecosystem gets Rs. 6,903 crore
- Solar Power Grid Scheme gets Rs. 8,500 Crore
- National Green Hydrogen Mission gets Rs. 600 Crore
- "Lakhpati Didi" scheme to provide skill development training to 20 million women in villages across the country. Target enhanced from existing 2 crore to 3 Crore
- Fostering entrepreneurial aspirations of youth-43 crores loans sanctioned under PM Mudra Yojana.
- PM Vishakarma Yojana provides end to end support to artisans and crafts people.
- Scheme for empowerment of Divyang and transgender people reflects our resolve to leave no one behind
- Matsya Sampada Yojana to be expanded to generate more employment, increasing earnings



FISCAL ANNOUNCEMENTS

- Capex outlay of Rs 11.11 lakh crore
- Corpus of ₹1 Lakh crore will be established with 50-year interest-free loan provided for long-term financing or re-financing with low or nil interest rates.
- Capex outlay at 3.4 per cent of GDP
- FY24 Fiscal Deficit target revised to 5.8 per cent of GDP from 5.9 per cent.
- 5.1 % Fiscal Deficit target for FY 25
- Govt plans to reduce fiscal deficit to 4.5 per cent in 2025-26
- FY 25 Gross market borrowing target is Rs 14.13 lakh crore
- Net market borrowing seen at Rs 11.75 lakh crore
- Revised expenditure for FY 24 Rs 44.90 lakh crore
- Total revenue receipts in 2024-25 estimated at Rs 30 lakh crore vs revised estimate of Rs 26.99 lakh crore
- Nominal GDP growth seen at 10.5%
- Food Subsidy 2.12 lakh crore
- FY 24 Divestment Target Cut to Rs 30,000 crore
- FY 25 Divestment Target set at Rs 50,000 crore
- New definition of GDP as government is focussed in Governance, Development and Performance.



Direct Tax



TAX RATE

- No changes in slab rates.
- No tax liability for taxpayers with income up to ₹ 7 lakh under the new tax regime.

WITHDRAWAL OF OUTSTANDING TAX DEMAND

- Up to ₹ 25,000 pertaining to the period up to FY 2009-10
- Up to ₹ 10,000 pertaining to the period from FY 2010-11 to FY 2014-15



Tax rate for Individuals:

Income tax slab rates for FY 2023-24/ AY 2024-25			
Old Regime			
Slabs	Individuals (AGE < 60 years)	Resident Senior Citizens (>60 but <80 years)	Resident Super Senior Citizens (80 years and above)
Up to Rs 2,50,000	NIL	NIL	NIL
Up to Rs 2,50,001 - Rs 3,00,000	5%	NIL	NIL
Up to Rs 3,00,001 - Rs 5,00,000	5%	5%	NIL
Up to Rs 5,00,001 - Rs 10,00,000	20%	20%	20%
Above Rs 10,00,000	30%	30%	30%
New Regime			
Income Slabs	Income Tax Rates FY 2023-24 (AY 2024-25)		
Up to Rs 3,00,000	NIL		
Rs 3,00,001 to Rs 6,00,000	5% on income which exceeds Rs 3,00,000		
Rs 6,00,001 to Rs 9,00,000	10% (Tax rebate u/s 87A up to Rs 7 lakh)		
Rs 9,00,001 to Rs 12,00,000	15%		
Rs 12,00,001 to Rs 15,00,000	20%		
Above Rs 15,00,000	30%		

No tax liability for taxpayers with income up to ₹ 7 lakh under the new tax regime

Surcharge rate for Individuals remain unchanged for AY 2024-25

Particulars	Old Regime	New Regime
If Income exceeds INR 50,00,000/-	10%	10%
If Income exceeds INR 1,00,00,000/-	15%	15%
If Income exceeds INR 2,00,00,000/-	25%	25%
If Income exceeds INR 5,00,00,000/-	37%	25%

#maximum surcharge rate on dividend income, Long Term Capital Gains u/s 112 & 112A, and Short Term Capital Gain on sale of equity u/s 111A is capped at 15%.

Tax rate for domestic company unchanged for AY 2024-25:

Particulars	Effective tax rate (Basic+ surcharge+ cess)	
Opting for concessional tax Regime		
Domestic companies opting for concessional tax regime – Tax u/s 115BAA – irrespective of level of total Income	25.17%	
New domestic companies with manufacturing activities Opting for concessional tax regime - Tax u/s 115BAB* – irrespective of level of total Income	17.16%	
Not opting for concessional tax regime		
Having total turnover/gross receipt in FY 2021-22 upto INR 400 crores	Income Up to Rs 1 Crore	26%
	Income Up to Rs 10 Crore	27.82%
	Income above Rs 10 Crore	29.12%
Having total turnover/gross receipt in FY 2021-22 above INR 400 crores	Income Up to Rs 1 Crore	31.2%
	Income Up to Rs 10 Crore	33.384%
	Income above Rs 10 Crore	34.944%

*No extension for Domestic Manufacturing companies

Domestic companies must start manufacturing or production by March 31, 2024, at the latest, in order to qualify for the 15% tax rate u/s 115BAB.

EXTENTION OF SUNSET DATES UNDER VARIOUS PROVISIONS:

- **Eligible Start Up:** The period of incorporation of eligible start up under section 80-IAC is proposed to be extended by one year i.e. before 1st April, 2025
- **Sovereign Wealth Funds Infrastructure Investment:** Income from investment in India Infrastructure by sovereign wealth funds/pension funds remains tax exempt under section 10(23FE). The investment is required to be made on or after 1st April 2020 but on or before 31st March 2024. It is proposed that the limitation date of investment by the specified persons is to be extended to 31st March 2025.
- **Eligible IFSC Units:** Tax incentives available u/s 10(4D), 10(4F) and 80LA for units located in the IFSC proposed to be extended to 31st March 2025
-
- **Time Limit for issuing Directions in respect of Transfer Pricing Cases in Faceless Scheme:** Time limit for issuing direction by the Central government for the purpose of giving effect to the scheme made under sub section 8 of section 92CA has been extended from 31st March 2024 to 31st March, 2025.
- **Time Limit for issuing Directions in respect of Dispute Resolution Panel & Income Tax Appellate Tribunal Faceless Scheme:** Time limit for issuing direction by the Central government for the purpose of giving effect to the scheme made has been extended from 31st March 2024 to 31st March, 2025.

Indirect Tax



GOODS AND SERVICES TAX

INPUT SERVICE DISTRIBUTOR

Existing Section 2(61)	Proposed Section 2(61)
<p>“Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office.</p>	<p>“Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20.</p>

MANNER OF DISTRIBUTION OF CREDIT BY INPUT SERVICE DISTRIBUTOR (Sec. 20)

- Any office of the Supplier of Goods and Services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.
- The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a

distinct person registered in same State as said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.

- The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.

PENALTY FOR FAILURE TO REGISTER CERTAIN MACHINES USED IN MANUFACTURE OF GOODS AS PER SPECIAL PROCEDURE (section 122A)

New Section 122A	Interpretation
<ul style="list-style-type: none"> • Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered. • In addition to the penalty under sub- section (1), every machine not so registered shall be liable for seizure and confiscation: • Provided that such machine shall not be confiscated where-- <ul style="list-style-type: none"> • the penalty so imposed is paid, and • the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty. 	<p>As per Notification No. 30/2023-CT dated 31.07.2023 the person who are engaged in the manufacture of goods like Pan Masala & Tobacco products etc. were required to follow special procedure relating to registration of machine as notified under section 148.</p> <p>Now, new penalty provision is proposed vide Section 122A for such persons. It is proposed that such persons who are required to register the machines shall be liable to pay a penalty equal to Rs.1 lakh rupees for every machine, in case of failure to register such machine. Additionally, every machine not so registered shall be liable for seizure and confiscation. Such machine shall not be confiscated if penalty so imposed is paid, and registration of such machine is made in accordance with the special procedure within 3 days of the receipt of communication of the order of penalty.</p>

Our Offices

Head Office:

4696 Brij Bhawan
21A Ansari Road,
Darya Ganj,
New Delhi-110002.

New Delhi:

503, 505, 308-312A
Chiranjiv Tower,
43, Nehru Place
New Delhi 110019.

Gurugram:

101, Global Business Square
Building No. 32, Sector 44,
Institutional Area Gurgaon,
122003,

Chandigarh:

SCO-705, 1st Floor,
NAC Manimajra
Chandigarh-160101.

Mumbai:

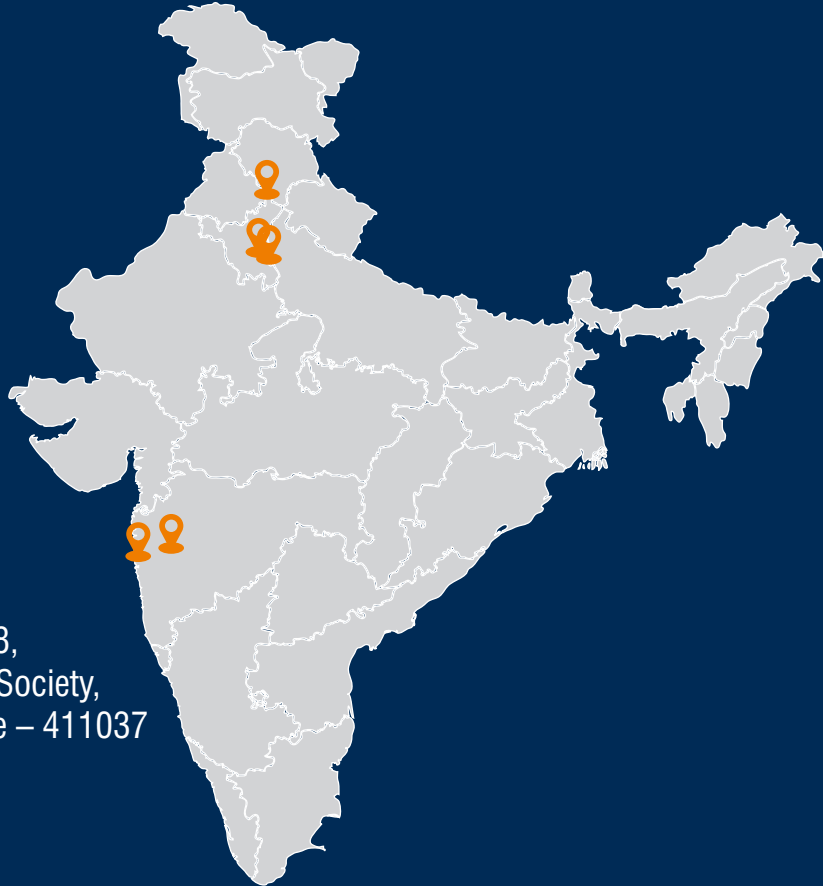
305-306
Garnet Palladium,
Goregaon (East), Mumbai,
Maharashtra-400063

Pune:

Flat No 03, Plot No 28,
Gowardhan Housing Society,
Maharshi Nagar, Pune – 411037

Dubai:

R-3035, Reef Tower,
Cluster-O,
Jumeriah Lake Tower,
(JLT) Dubai, UAE.



This document is the property of INMACS and contains confidential information that has been provided at your request. This information should not be disclosed in whole or in part without express written consent of the firm. This document should not be duplicated or used, in whole or in part, except for evaluating the proposal and should be returned upon request.

Our Team

75

Chartered
Accountants

07

Company
Secretaries

07

Advocates
& Solicitors

120

Trainee
& Others

14

Others

