

Union Budget 2024

July 23, 2024

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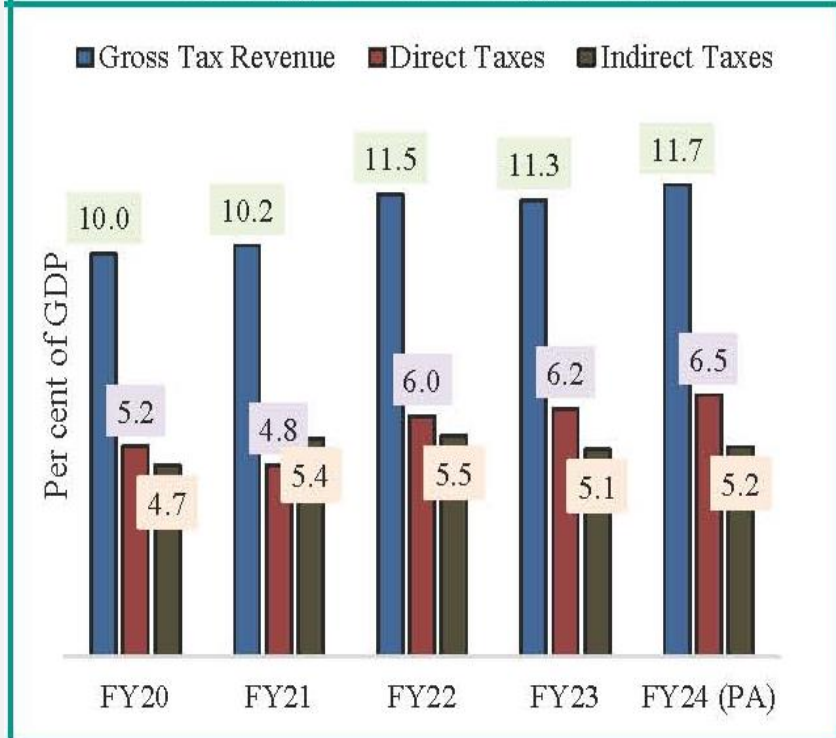
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INTRODUCTION

Economic Survey 2023-24 - a snapshot of tax revenue

Chart I.36: Increase in gross tax revenue to GDP ratio driven by strong direct tax growth



- | Economic Survey 2023-24 was tabled on July 22, 2024
- | Growth in Gross Tax Revenue (GTR) was estimated to be 13.4% - with 15.8% growth in direct tax and 10.6% growth in indirect tax
- | 55% of aggregate GTR accrued from direct taxes and the remaining 45% from the indirect taxes
- | Increased contribution of direct tax to GTR has been in line with governments effort to enhance progressivity in taxation
- | Efficiency of cost collection also increased - cost of collection of direct taxes declined from 0.66% of gross collections in financial year 2020-21 to 0.51% in financial year 2023-24

Introduction

Finance Minister Nirmala Sitharaman presented Union Budget on July 23, 2024, the first Budget of Modi Government 3.O.

Some of the key highlights are as follows:

- | Comprehensive review of Income Tax Act, 1961 to make it concise, lucid, easy to read and understand.
- | Direct Tax: Simplified capital gains tax regime, abolished angel tax, withholding rates rationalized, abolished equalization levy, and consolidated tax regime for charitable institutions.
- | Indirect Tax: Changes in custom duty rate structure to support domestic manufacturing and simplify taxation.

Major tax amendments are summarized in this slide deck for information of the readers.



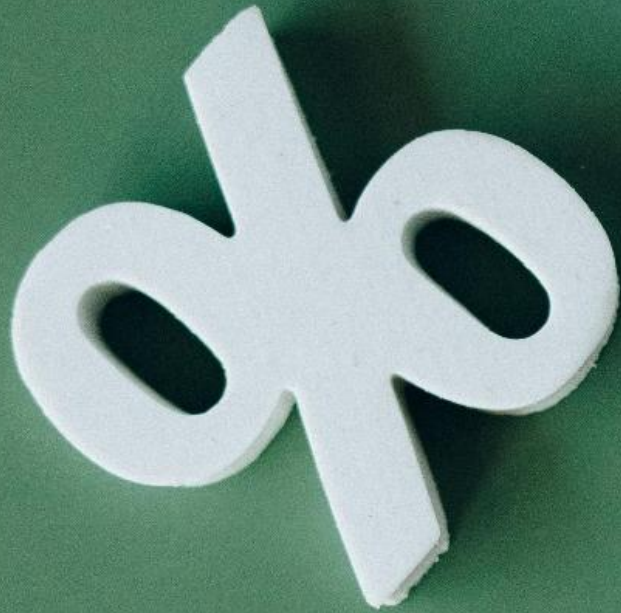
DIRECT TAX



ANGEL TAX

Angel Tax

- | Infusion of share capital in an Indian unlisted company by resident as well as non-resident was required to be undertaken at a prescribed value
- | Subscription price in excess of prescribed value was taxable – commonly referred to as “Angel Tax”
- | Indian company issuing shares was liable to tax - deterring their fund-raising capability
- | Budget 2024 seeks to abolish Angel Tax from financial year 2024-25 onwards



BUY-BACK

Buy-back treated as dividend

- | Special provisions were introduced in 2013, to tax buy back of shares in the hands of company
- | Budget 2024 proposes to treat buy back as “dividend” income:
 - | Taxable under the head “income from other sources” in the hands of the shareholders – taxed at the applicable rate
 - | No deduction of expenses against such dividend income
- | Cost of acquisition paid by shareholders shall be treated as ‘*capital loss*’
 - | Capital loss can be carried forward and set-off against (relevant) capital gains income
- | Company undertaking buy back shall apply a withholding at the rate of 10% (applicable rate / treaty benefits for non-residents)
- | These proposals shall apply to any buy-back undertaken on or after October 1, 2024
 - | Short window available to distribute excess cash, if any

Example* – Consequences of buy-back treated as dividend income

Sr. No.	Particulars	Amounts (INR)
1.	100 shares bought in 2020 at the rate of INR 40 per share	4,000
2.	20 shares bought-back in 2024 at the rate of INR 60 per share – Income taxable as dividend income as per applicable tax rates	1,200
3.	Capital loss on such buy-back (20 shares * INR 40 per share)	800
4.	50 shares sold in the year 2025 at the rate of INR 70 per share	3,500
5.	Capital gains before set-off (INR 3,500 minus INR 2000)	1500
6.	Set-off of capital loss	(800)
7.	Chargeable capital gains	700

**Example taken from Memorandum to the Finance Bill*



CAPITAL GAINS

Capital gains – rationalisation

- | Four step process aimed at rationalizing and simplifying capital gains tax regime:
- | **First - Holding period:** Only two holding periods to determine long term or short-term capital gains: 12 months and 24 months
- | **Second – rationalized/increased tax rates:** Short term capital gains rate increased from 15% to 20% in certain categories and long-term capital gains rate rationalized (from 20% and 10% to 12.5%)
- | **Third - Indexation benefits:** Indexation benefits available for sale of property, gold and other unlisted assets removed
- | **Fourth – parity in tax rates:** Capital gains tax rate between residents and non-residents now at par

Capital gains – period of holding

| Two holding periods - 12 months and 24 months for all assets. Proposed change tabulated below:

Sr. No.	Nature of Capital Asset	Transfer before 23 rd July 2024	Transfer on or after 23 rd July 2024
1.	Listed securities (including shares, units of mutual funds but other than units of listed business trust)	12 months	12 months
2.	Units of listed business trust	36 Months	12 months
3.	Unlisted shares or immovable property	24 months	24 months
4.	Unlisted securities (such as debentures, bonds, etc., other than shares)	36 months	24 months
5.	Any other capital asset (including gold)	36 months	24 months

| Indexation benefit removed for long-term capital gains

| Gains arising from transfer of unlisted debentures or bonds treated as “*short term capital gains*” even if the period of holding is more than 24 months

Capital gains – new tax rates

Sr. No.	Nature of Gains	Transfer before July 23, 2024	Transfer on or after July 23, 2024
1.	Long-term capital gains under applicable to NRIs (on certain specified assets)	10%	12.5%
2.	Long-term capital gains for non-residents on transfer on unlisted shares or securities	10%	12.5%
3.	Long-term capital gains on transfer on listed equity share or unit of an equity-oriented fund or unit of business trust (subject to securities transaction tax)	10% (in excess of INR 1 lakhs)	12.5% (in excess of INR 1.25 lakhs)
4.	Long-term capital gains on transfer of any other long-term capital asset (other than unlisted debentures or bonds)	20%	12.5%
5.	Long-term capital gains on transfer of unlisted debentures or bonds (<i>now deemed short-term capital gains</i>)	20%	Applicable tax rates
6.	Short-term capital gains on transfer on listed equity share or unit of an equity-oriented fund or a unit of business trust (subject to securities transaction tax)	15%	20%
7.	Other short term capital gains	Applicable tax rates	Applicable tax rates

*Above rates to be increased by applicable surcharge and cess



**PROPOSAL
FOR
FOREIGN
COMPANIES**

Foreign companies – tax rate and withdrawal of Equalization Levy

Tax rate

- | Corporate tax rate for foreign companies reduced from 40% to 35%

Abolition of Equalization Levy

- | Under the existing law, a non-resident e-commerce operator is liable to pay equalization levy (EL) at the rate of 2% from e-commerce supply or services
- | To avoid ambiguity and reduce the compliance burden, Budget 2024 proposes to abolish the EL of 2% with effect from August 1, 2024
- | EL of 6% on online or digital advertising will continue

Transfer pricing

- | Scope of Safe Harbor Rules to be expanded
 - | Will make it more attractive to reduce litigation and provide certainty in international taxation
- | Transfer pricing officer will have similar power to deal with Specified Domestic Transaction (subject to transfer pricing), as was available for international transactions



**DISPUTE
RESOLUTION**

Dispute Resolution – Vivad se Vishwas Scheme, 2024

- | It is proposed to introduce a Direct Tax Vivad se Vishwas Scheme, 2024 to provide a mechanism for settlement of disputed issues and reduce litigation
- | Applicable to all tax litigation pending as on July 22, 2024

Sr. No.	Particulars	Amount payable on or before December 31, 2024	Amount payable on or after January 1, 2025
Quantum Appeal			
1.	Appeal filed after January 31, 2020	100% of the disputed tax	110% of the disputed tax
2.	Appeal filed on or before January 31, 2020	110% of the disputed tax	120% of the disputed tax
Disputed Interest, Penalty or fee			
1.	Appeal filed after January 31, 2020	25% of the disputed interest, penalty or fee	30% of the disputed interest, penalty or fee
2.	Appeal filed on or before January 31, 2020	30% of the disputed interest, penalty or fee	35% of the disputed interest, penalty or fee

- | In cases of appeal filed by revenue, the amount payable shall be 50% of the above tabulated amount

Reassessment timelines rationalised

- | Timelines for tax authorities to issue notice for re-assessment rationalized – relevant to consider while taking indemnity in M&A transactions:

Sr. No.	Income Threshold	Current provisions	Proposed provisions
1.	Income escaping assessment is less than INR 50 lakhs	3 years from the end of the relevant assessment year	3 years and 3 months from the end of the relevant assessment year
2.	Income escaping assessment is INR 50 lakhs or more	10 years from the end of the relevant assessment year	5 years and 3 months from the end of the relevant assessment year



T A X



Form 1040-SR (2020)

Standard Deduction 12
See Standard Deduction Chart on the last page of this form.

13 **Standard deduction or itemized deductions** (from schedule)

14 **Qualified business income deduction** (from schedule)

15 **Add lines 12 and 14**

16 **Taxable income** Subtract line 14 from line 15. If zero or less, enter -0-

17 **Tax** (see instructions). Check if any from:
 Form(s) 8814
 Form 4971
 Form 4972

18 **Amount from Schedule 3**, if any

19 **Add lines 16 and 18**

20 **Child tax credit or credit for other dependents**

21 **Amount from Schedule 3**, if any

22 **Subtract line 21 from line 19. If zero or less, enter -0-**

23 **Other taxes, including**

24 **Add lines 22 and 23**

25 **Subtract line 24 from line 19. If zero or less, enter -0-**

26 **Amount after credits**

27 **Refundable credits**

28 **Add lines 25 and 27**

29 **Subtract line 28 from line 26. If zero or less, enter -0-**

30 **Amount of tax to be refunded**

31 **Amount of tax to be paid**

32 **Amount of tax to be paid after refund**

33 **Amount of tax to be paid after refund and credits**

34 **Amount of tax to be paid after refund and credits, including**

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100 **Amount of tax to be paid after refund and credits, including**

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D E D U C T I O N S

WITHOLDING RATES RATIONALISED

TDS and TCS rates rationalised

S. No.	Nature of Payment	Existing Rate	Amended Rate	Date of enforcement
1.	Payment in respect of life insurance policy	5%	2%	01.10.2024
2.	Commission etc on sale of lottery tickets	5%	2%	01.10.2024
3.	Payment of commission or brokerage	5%	2%	01.10.2024
4.	Payment of rent by certain individuals or HUF	5%	2%	01.10.2024
5.	Payment for work, by way of commission (not being insurance commission), brokerage, fee for professional services, by certain individuals or Hindu undivided family	5%	2%	01.10.2024
6.	Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01.10.2024
7.	Salary, remuneration, interest, bonus, or commission to partners by the partnership firm	Nil	10%	01.04.2025
8.	Sale of luxury goods (value exceeding INR 10 lakhs)	Nil	1%	01.01.2025
9.	Payments made for repurchase of units by Mutual Fund or UTI	20%	Nil	01.10.2024

TDS/TCS - Other aspects

- | Tax paid outside India, by way of deduction, in respect of which credit is allowed in India shall be deemed to be income received for purpose of computing income of a person
- | Uniform time limit in case of default for both resident and non-resident payees:
 - | Six years from the end of the financial year in which tax was collectible; or
 - | Two years from the end of the financial year in which the correction statement is delivered, **whichever is later**
- | With respect to TDS on sale of immovable property (other than agricultural land), it has been clarified that in case of more than one transferor or transferee, the consideration shall be the aggregate of amount paid or payable
- | No prosecution will be initiated if the TDS /TCS deposited within the due date of filing quarterly returns



OTHER PROPOSALS

Corporate gifting

- | Gift of capital assets is not treated as “transfer” for the purpose of computing capital gains
- | Judicial precedents in the past upheld corporate gifting as exempt from capital gains
- | Budget 2024 amends the specific provision to provide gifts by individuals and HUFs as exempt from capital gains

Securities Transaction Tax

- | Hon'ble FM noted that there is exponential growth in derivatives market (futures and options) in recent times with significant trading volumes
- | STT rates on derivative transaction revised (almost doubled) with effect from October 1, 2024:

Sr. No.	Particulars	Prior to October 1, 2024	With effect from October 1, 2024
1.	Sale of an option in securities	0.0625% of option premium	0.1% of option premium
2.	Sale of a futures in securities	0.0125% of price at which futures are traded	0.02% of price at which futures are traded

Charitable institutions

- | Charitable institutions currently claim exemption under two main regimes
- | In order to simplify the procedures and reduce administrative burden, both the regimes will be merged
- | Cut-off date of September 30, 2024, prescribed – post which all applications must be filed under one regime only
- | No exit tax will apply upon merger of charitable trust or institutions in certain cases

GIFT IFSC

- | With the objective to promote development of world-class financial infrastructure in India, several tax concessions have been provided to units located in IFSC
- | Scope of specified funds which can claim exemption has been extended to include *retail funds* and *Exchange Traded Funds* in IFSC
- | Thin capitalization rules relaxed
 - | Restriction on deduction of interest expense in respect of any debt issued by a non-resident, being an associated enterprise of the borrower shall not apply to finance companies, located in IFSC
- | Proving source of funds, while taxing unexplained credit, relaxed in respect of funds received from venture capital fund regulated by IFSCA



Investment Value at Year end

339 970	373 967
56 969	804 029
817	1 296 731
58	1 859 317
	2 499 808
	3 227 076
	4 050 935
	R 28 331

Investment Value at Year end

424 963	467 459
446 211	1 005 037
468 522	1 620 915
491 948	2 324 149
516 545	3 124 764
542 372	4 035 850
569 191	5 055 621
600 000	6 180 000

Can we do this?

PERSONAL TAX

New Tax Regime

S. No	Total Income (INR)	Rate of Tax
1.	Up to 3,00,000	Nil
2.	3,00,001 - 7,00,000	5%
3.	7,00,001 - 10,00,000	10%
4.	10,00,001 - 12,00,000	15%
5.	12,00,001 - 15,00,000	20%
6.	Above 15,00,000	30%

- | The new rates are applicable with effect from Financial Year 2024-25.
- | Standard deduction is available for all salaried individuals under both the old and new tax regime. The limit of standard deduction, available under the new tax regime has been increased from INR 50,000 to INR 75,000.
- | Deduction limit for New Pension Scheme (NPS) contribution by employer increased from 10% to 14%

**Above rates to be increased by applicable surcharge and cess*



INDIRECT TAX

Substantive amendments under Customs laws

| Relaxation in 'origin' criteria under Trade Agreements:

- | Historically, preferential tariff rates under trade agreements is subject to fulfilment of criteria relating to certification, from prescribed authority, as regards country of origin of the imported goods.
- | In the recent past, trade agreements have a provision for self-certification as regards the 'origin' of the goods.
- | Suitable amendments have been made under the Customs laws to recognize the recent trend of self-declaration, which will be considered as a valid proof of origin. A certification in this respect will not be a mandatory criteria anymore.

| Restriction in scope of MOOWR scheme:

- | Under the customs laws, MOOWR scheme provides for duty deferment in respect of manufacturing activities carried out within a warehouse.
- | Amendment has now been proposed in the substantive provision pertaining to MOOWR scheme to empower the government to provide for exclusion in respect of notified class of goods.

Countervailing duty on new exporters or producers

- | Customs Tariff Rules relating to identification, assessment and collection of countervailing duty (CVD) on subsidized articles have been amended to insert a new rule. In terms of the new rule:
 - | Designated Authority is required to undertake periodical review of the levy to assess independent subsidy margins in respect of exporters and producers from exporting country, who were not exporting the concerned product during the period of investigation
 - | Condition for exporters and producers: They should not be related to any exporter or producer who are subject to levy of CVD
 - | During the period of review, no CVD to be levied on such new exporters and producers
 - | Importer may be asked to provide a guarantee on a provisional basis, during the period of review

Customs exemptions in renewable energy sector & EVs

- | Import of specified items and parts including flat copper wire, specified material for manufacture of EVA sheets or back sheet, for manufacture of PV cells and PV modules have been fully exempted from levy of BCD
- | Exemptions applicable in respect of import of lithium-ion cells, their specified parts, raw materials and components for manufacture of battery and battery pack
- | Exemption from health cess has been extended to EOUs, who imports medical devices from public / private warehouses or international exhibitions held in India, for usage in production, packaging, job-work, and ultimate export of goods and services
- | Certain exemptions, effective up to 30th September 2024, have not been extended further, including those applicable on import of
 - | specified toughened glass and solar tempered glass for use in manufacture of solar thermal collectors / heaters / solar cells / panels / modules
 - | catalyst and resin for manufacture of Wind Operated Electricity Generator
 - | batteries for EV vehicles

Customs exemptions in healthcare sector

- | Specified cancer curing drugs have been fully exempted
- | Exemption from health cess has been extended to EOUs, who imports medical devices from public / private warehouses or international exhibitions held in India, for usage in production, packaging, job-work, and ultimate export of goods and services
- | Reduction in applicable BCD on import of X-ray tubes and flat panel detectors, for use in manufacture of X-ray machines.

Reduction in effective duty levy on precious metals

- | Effective rate of BCD on Gold Bars, Gold Dore, Platinum, Silver Bar and Silver Dore have been reduced to 5%
- | Effective rate of Agriculture Infrastructure and Development Cess (AIDC) reduced to an extent of 4% on import of precious metals, including silver, gold and coins of precious metals
- | On import of gold in power / unwrought form / semi-manufactured form, from UAE, under the Comprehensive Economic Cooperation and Partnership Agreement (CEPA), the effective rate of BCD and AIDC has been reduced to 4% and 1%, respectively. Such exemption shall be applicable only to the extent of imports covered by tariff rate quota (TRQ) quantity, as prescribed under the applicable notification.
- | Effective duty rate on import of gold, as replenishment, under the scheme pertaining to 'Export through Exhibitions/Export Promotion Tours/ Export of Branded Jewellery' has been reduced to 4.35%.

Reduction / exemption in effective rate of BCD

Items	Effective rate of BCD
Critical minerals (55 nos.) including Lithium, Graphite, Copper,	In respect of most items, NIL In respect of few items. 2.5%
Aqua farming & marine sector, including prawn & shrimp feed and fish feed	In respect of most items, NIL In respect of few items. 5%
Textile & leather sector, including MDI for manufacture of spandex yarn, wet white leather, accessories and embellishments for manufacture of textile and leather garments	Case to case basis
Mobile phones, PCBA of mobile phones and charter / adapter	15%

Enhancement in effective rate of BCD

Items	Effective rate of BCD
PVC Flex Films and Flex Banners	25%
Garden umbrellas	20% or INR 60 per piece
Laboratory Chemicals	150%
PCBA of specified telecom equipment	15%
Ammonium nitrate	10%

Key Changes to the Central Goods and Services Tax Act, 2017 (CGST Act)

1. Subsection (1) of section 9 has been amended to include “*un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption*”. Therefore, extra neutral alcohol used in manufacture of alcoholic liquor for human consumption is out of the purview of GST. Similar amendments are proposed in Integrated Goods and Services Tax Act (IGST Act) and Union Territory Goods and Services Tax Act (UTGST Act) as well.
2. Section 11A is inserted *vide* Finance Bill to empower the Government to regularize non-levy, short levy of GST, where tax was being short paid or not paid due to common trade practices. Similar amendments are proposed in IGST Act and UTGST Act as well.
3. Clause (b) subsection (3) of section 13 has been amended to include the words “*by the supplier, in cases where invoice is required to be issued by the supplier or*”. Further new clause (c) shall be inserted for the time of supply under reverse charge mechanism: clause (c) *the date of issue of invoice by the recipient, in cases where the invoice is to be issued by the recipient*. This amendment is in line with the clarification provided by the Government *vide* circular no 211/5/2024-GST dated June 26, 2024, with regard to the time of supply of self-invoice issued by the recipient as per Section 31 (3) (f).
4. Section 16 has been amended to insert subsection (5) which prescribes the time limit to avail the input tax credit in respect of any invoice or debit note for supply of goods or services or both pertaining to financial year (“FY”) 2017-2018 to FY 2020-2021, in any return filed upto November 30, 2021. Additionally, subsection (6) of section 16 is introduced, which allows the availment of credit in respect of an invoice or debit note in a return filed for the period from the date of cancellation of registration or effective date of cancellation of registration, till the date of order of revocation of cancellation of registration, filed within 30 days of the date of the order of revocation of cancellation of registration, subject to the condition that the time limit for availment of credit should not have already expired under subsection (4) of section 16.

Key Changes to the Central Goods and Services Tax Act, 2017 (CGST Act)

5. Clause (i) subsection (5) of section 17 is amended to include “section 74 in respect of any period upto FY 2023-2024”. That is to say that input tax credit is restricted in respect of *(i) any tax paid in accordance with the provisions of section 74 in respect of any period upto FY 2023-2024*.
6. Clause (f) of subsection (3) of section 31 is amended to include the words “within the period as may be prescribed” after the words “of section 9 shall. An explanation is also inserted to this subsection which provides as follows: *the expression “supplier who is not registered” shall include the supplier who is registered solely for the purposes of deduction of tax under section 51.*
7. Subsection (3) of section 39 is substituted *vide* the below mentioned provision.

(3) Every registered person required to deduct tax at source under section 51 shall electronically furnish a return for every calendar month of the deduction made during the month, in such form and manner and within such time as may be prescribed. Provided that the said registered person shall furnish a return for every calendar month whether or not any deductions have been made during the said month.
8. Section 54 of the CGST Act is amended to restrict the refund on goods that are subject to export duty, regardless of whether these goods are exported with or without tax payments. Amendments are also provided in the relevant subsection (4) of section 16 of the IGST Act relating to the same.
9. Subsection (1A) is being inserted in section 70 of the CGST Act allowing an authorized representative or the person who has been summoned to appear before the proper officer to make statements, produce documents and furnish the truth during examination

Key Changes to the Central Goods and Services Tax Act, 2017 (CGST Act)

10. The applicability of the provisions of section 73 and 74 of the CGST Act has been restricted for determination of tax pertaining to the period up to FY 2023-24 by virtue of subsection (12) which is inserted *vide* the Finance Bill and marginal heading in both the provisions has been accordingly amended. Further, explanation 2 to section 74 relating to meaning of “suppression” has been omitted.
11. Section 74A is the new provision applicable from Financial Year 2024-25 onwards. This addresses issues where tax is not paid or short paid or erroneously refunded or input tax credit is wrongly availed or utilized. This combines the provisions of both section 73 and 74 of the CGST Act. The key features of this provision is as follows:
 - No notice will be issued under this provision if the tax liability is less than one thousand rupees in a FY.
 - The proper officer shall issue the notice within *forty-two months* from the due date of annual return for the FY to which the tax liability relates to or within *forty-two months* from the date of erroneous refund.
 - Proper officer to issue an order within twelve months from the date of issue of notice after considering the representation made, if any. This time period of twelve months may be extended further by a maximum of six months by an officer not below the rank of Joint Commissioner.
 - The proper officer may also serve a statement containing details of tax which is to be deemed as a service of notice

Key Changes to the Central Goods and Services Tax Act, 2017 (CGST Act)

- In cases other than fraud or wilful-misstatement or suppression of facts to evade tax, the penalty is ten percent of the tax due from such person or ten thousand rupees, whichever is higher. However, in case of fraud or wilful-misstatement or suppression of facts the penalty shall be equivalent to the tax due. In cases of fraud, wilful misstatement or suppression of facts to evade tax, a person who pays tax along with interest basis his own ascertainment/proper officer's ascertainment shall pay a penalty of fifteen percent on such tax. If the tax is paid after issue of notice within sixty days, the penalty shall be twenty five percent of such tax. Furthermore, if the tax is paid along with interest in these cases within sixty days from date of order, the penalty shall be fifty percent of such tax.
- No penalty is to be paid by any person in cases other than fraud, wilful misstatement or suppression of facts if the tax is paid along with interest before issuance of notice on the person's own ascertainment/proper officers' ascertainment or if the tax is paid along with interest within sixty days of issue of show cause notice. However, penalty is payable in cases where amount of self-assessed tax or amount collected as tax is not paid within a period of 30 days from the due date of payment of such tax (Sub-Section 11).
- In cases where tax has been paid along with interest or penalty as applicable on their own ascertainment or proper officer's ascertainment and the person falls short of the tax amount than which is actually payable, then in such a case the proper officer can issue a notice.
- Explanation with respect to meaning of suppression has been inserted to include non-declaration of information that a taxable person is required to make in return, statement, report or any other document that is to be furnished under this Act/Rules. An explanation is also provided that the proceedings under this notice is to not include proceedings under Section 132. Further, the proceedings are concluded with respect to main person and some other persons when main person pays tax on same proceedings.

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12. The reference to Section 74A has been incorporated into various provisions of the CGST Act. These provisions include Section 10(5), 21, 35(6), 49(8), 50(1), 51(7), 61(3), 62(1), 63, 64(2), 65(7), 66(6), 75(1), 75(2), 75(7), 104(1), 107(11) and 127.
13. Subsection (2A) is inserted to section 75 *vide* Finance Bill so as to provide for redetermination of penalty demanded under the new clause (ii) of subsection (5) of section 74A. The extract of the new sub-section is provided below:

“Where any Appellate Authority or Appellate Tribunal or Court concludes that the penalty under clause (ii) of subsection (5) of section 74A is not sustainable for the reasons that charges of fraud or any wilful mist statement or suppression of facts to evade tax has not been established against a person to whom the notice was issued, the penalty shall be payable by such person under clause (i) of subsection (5) of section 74A”

It is also amended so as to incorporate a reference to sub-section (2) and (7) of section 74A or the subsection thereof, in relevant subsection of this section.

14. Subsection (6) of section 107 is being amended, so as to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from rupees twenty-five crores to twenty crores in central taxes. It also amends subsection (11) of the said section, so as to incorporate a reference to the proposed new section 74A in the said section.
15. Section 109 of the CGST Act is being amended, so as to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal.

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16. Subsection (1) and (3) of section 112 of the CGST Act are being amended, so as to empower the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before Appellate Tribunal. The said amendment is made effective from August 1, 2024. Subsection (6) of the said section is also being amended so as to enable the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months. Subsection (8) of the said section is also being amended so as to reduce the maximum amount of pre-deposit for filing appeals before Appellate Tribunal from existing twenty percent to ten percent of the tax in dispute and also reduce the maximum amount payable as pre-deposit from INR fifty Crores to INR twenty Crores. Similar amendment is also undertaken in IGST Act.
17. Sub-section (1B) of Section 122 of the CGST Act is amended to restrict the applicability of the said provision with respect to electronic commerce operators who are required to collect tax at source under Section 52 of the CGST Act. This amendment is applicable wef October 1, 2023.
18. Section 128A is inserted under the CGST Act to provide a conditional waiver of interest and penalty in respect of notices issued under Section 73 of the Act for the Financial Years 2017-18, 2018-19 and 2019-20, except in cases of erroneous refunds. However, it is pertinent to note that in cases where interest and penalty has already been paid, no refund shall be available.
19. Section 140 of the CGST Act is amended to allow availing transitional credit of the eligible CENVAT credit on account of input services received by an Input Services Distributor prior to the appointed day for which invoices were received prior to the appointed date. This is applicable wef July 1, 2017.

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20. The government has been empowered to notify the date from which the Authority shall not be accepting any applications for anti-profiteering cases *vide* amendment to subsection (2) of section 171 of the CGST Act. Explanation in sub-section (3A) of the said section is being inserted, so as to include the reference of Appellate Tribunal in the Authority under the said section so that the Appellate Tribunal may be notified by the Government to act as an Authority under the said section.
21. Following supplies are categorized under schedule III of the CGST Act:
 - Co-insurance premium apportioned by the lead insurer to the co-insurer for the supply of insurance service by the lead and co-insurer to the insured in coinsurance agreements.
 - Transactions of ceding commission or re-insurance commission between the insurer and re-insurer.

Contact Us



Lokesh Shah

Partner

lokesh.shah@induslaw.com



Shashi Mathews

Partner

shashi.mathews@induslaw.com

OUR OFFICES

BENGALURU

101, 1st Floor,
“Embassy Classic” # 11
Vittal Mallya Road
Bengaluru 560 001
T: +91 80 4072 6600
F: +91 80 4072 6666
E: bangalore@induslaw.com

CHENNAI

#11,
Venkatraman Street,
T Nagar,
Chennai 600 017
T: +91 44 4354 6600
F: +91 44 4354 6600
E: chennai@induslaw.com

DELHI

2nd Floor, Block D
The MIRA, Mathura Road,
Ishwar Nagar
New Delhi 110 065
T: +91 11 4782 1000
F: +91 11 4782 1097
E: delhi@induslaw.com

HYDERABAD

204, Ashoka Capitol,
Road No. 2
Banjara Hills
Hyderabad 500 034
T: +91 40 4026 4624
F: +91 40 4004 0979
E: hyderabad@induslaw.com

MUMBAI

1502B, 15th Floor
Tower - 1C, One Indiabulls Centre
Senapati Bapat Marg, Lower Parel
Mumbai - 400013
T: +91 22 4920 7200
F: +91 22 4920 7299
E: mumbai@induslaw.com

GURUGRAM

9th Floor, Block-B
DLF Cyber Park,
Udyog Vihar Phase-3, Sector-20,
Gurugram - 122 008
T: +91 12 4673 1000