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INTERIM BUDGET 2024

HELPING YOU THRIVE IN A CHANGING WORLD

PREFACE

Marching ahead towards a "Vikasit Bharat"

As we delve into the fiscal landscape of 2024, we are met with a strategic blueprint meticulously crafted to steer our nation towards holistic development and economic prosperity. The interim budget's discernible focus on vital sectors such as infrastructure, power, railways, healthcare, and education reflect the government's steadfast commitment to fortifying the pillars of our nation's progress. Aligned with the latest GDP mantra of Governance, Development, and Performance, this budget shows how India is actively working to adapt to changes in the Global economy.

A pivotal aspect of this budgetary framework lies in the consolidation of regulatory powers and the streamlining of the regulatory environment, aimed at positioning the International Financial Services Centre Authority (IFSCA) as an enticing destination for international investors. Noteworthy is the allocation of a substantial 1 lakh crore corpus, with 50-year interest-free long-term financing or refinancing, poised to incentivize private sector participation in research and development endeavors, thereby fostering innovation and technological advancement.

In parallel, initiatives such as Fund of Funds, Startup India, and startup credit guarantee schemes underscore the government's commitment to nurturing entrepreneurship and empowering our youth for a prosperous future. The proliferation of educational institutions such as IIs, IIMs, and AIIMS, complemented by the transformative reforms ushered in by the National Education Policy 2020, further accentuates our nation's dedication to fostering excellence in education and knowledge dissemination. Key fiscal announcements within the budget delineate a comprehensive strategy for economic revitalization and sustainable growth. Notable indicators include a capex outlay of Rs 11.11 lakh crore, constituting 3.4 per cent of GDP, alongside revised fiscal deficit targets aimed at fiscal prudence and sustainability.

As we conclude our exploration of the 2024 Budget, let us embrace its transformative potential as a catalyst for socio-economic progress and national resurgence. Through enhanced tax administration, transparency, and accountability across government operations, let us collectively strive towards realizing our nation's vision of a Vikasit Bharat by 2047, wherein every citizen thrives and flourishes.

Anurag Singhi,
Managing Partner

GREEN ENERGY / SOLAR ROOF TOPS / E-VEHECLES

Measures to meet the commitment for “Net zero” by 2070

a. Viability gap funding for harnessing offshore wind energy potential for initial capacity of one giga-watt
b. Coal gasification and liquefaction capacity of 100 MT to be set up by 2030 that helps in reducing imports of natural gas, methanol, and ammonia
c. Phased mandatory blending of compressed biogas (CBG) in compressed natural gas (CNG) for transport and piped natural gas (PNG) for domestic purposes
d. Financial assistance for procurement of biomass aggregation machinery

One crore households to be enabled with solar Rooftops

a. providing huge Entrepreneurship opportunities for a large number of vendors for supply and installation
b. Savings up to 15k to 18k annually for households from free solar electricity and selling the surplus to the distribution companies with employment opportunities
c. Charging of electric vehicles

Strengthening the Electric Vehicle Ecosystem

a. Expanding and strengthening the e-vehicle ecosystem by supporting manufacturing and charging infrastructure.
b. Greater adoption of e-buses for public transport networks

RAILWAYS & AVIATION

Boost to Railways

a. 3 major economic railway corridor programmes to be implemented namely energy, mineral and cement corridors; Port Connectivity corridors; and high traffic connectivity corridors.

b. The projects have been identified under the PM Gati Shakti for enabling multi-modal connectivity improving the logistics, efficiency and reduced cost. Together with dedicated freight corridors, these 3 economic corridor programmes to help in accelerating the GDP growth and reducing the logistic costs.

c. 40,000 normal rail bogies to be converted to the Vande Bharat standards to enhance safety, convenience, and comfort of passengers.

Growth in Aviation

a. The aviation sector has been galvanized in the past 10 years; Number of airports have doubled to 149.
b. Roll out of air connectivity to tier-two and tier-three cities under UDAN scheme has been widespread.
c. 517 new routes are carrying 1.3 crore passengers.
d. Indian carriers have pro-actively placed orders for over 1000 new aircrafts.
e. Expansion of existing airports and development of new airports to continue expeditiously.

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TOURISM

Investments in Tourism

a. States are encouraged to undertake development of iconic tourist centers to attract business and promote opportunities for local entrepreneurship
b. Long-term interest free loans are provided to States for financing such development on a matching basis
c. Projects for port connectivity, tourism infrastructure, and amenities will be taken up on our islands, including Lakshadweep

AGRICULTURE AND FOOD PROCESSING

Expansion in Agriculture and Food processing sectors

a. Promote private and public investment in post-harvest activities
b. Application of Nano-DAP to be expanded in all agro-climatic zones
c. Atmanirbhar Oilseeds Abhiyaan-Strategy to be formulated to achieve atmanirbharta for oilseeds
d. Comprehensive program for dairy development being formulated
e. Implementation of Pradhan Mantri Matsaya Sampada Yojana and establishment of Integrated Aquaparks to boost fisheries

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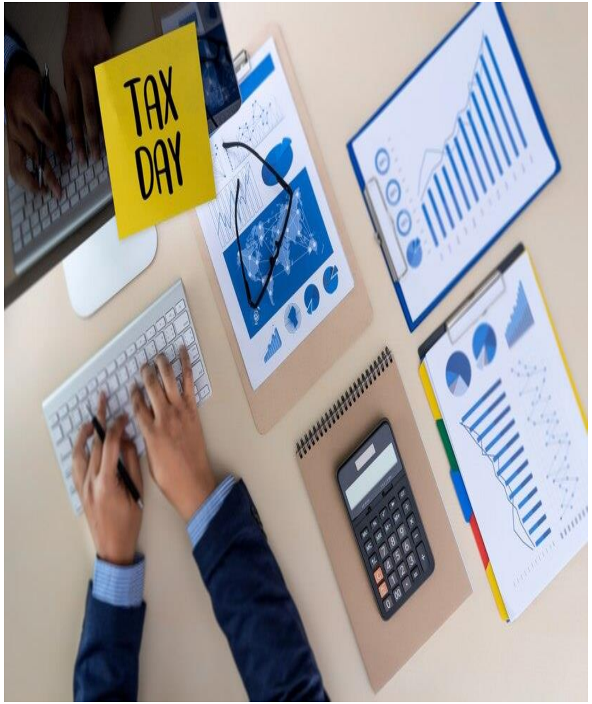
EXTENSION OF TAX INCENTIVE/EXEMPTION



As expected Finance Bill 2024 being an Interim budget has not brought in any changes in rate of taxation. Income Tax Act provides for certain exemptions and deductions. The last date to claim such exemptions and deductions were 31st March 2024. The Finance Bill 2024, provides for extension of sunset date to 31st March 2025. The applicable sections are hereunder:

- **Section 10(4D)-** This section provides an exemption for specified incomes of specified funds and investment division of offshore banking unit only if the investment division commences its operations on or before 31st March 2025.
- **Section 10(4F)-** The income of a non-resident by way of royalty or interest, on account of the lease of an aircraft/ship by a unit in IFSC shall be exempt if the unit has commenced its operations on or before 31st March 2025.
- **Section 10(23FE)-** The income of a specified person in nature of dividend, interest, LTCG from an Investment made by such specified person shall be exempt if the investment is made on or before 31st March 2025 in specified entities.
- **Section 80IAC-** For specified eligible startups, this section provides a deduction of 100% of the profits and gains derived from such business for three consecutive assessment years out of 10 years from its incorporation. To become an eligible startup, the company or LLP shall be incorporated on or after 1st April 2024 but before 31st March 2025.
- **Section 80LA-** This section provides a deduction of 100% of specified incomes for the first 5 years and 50% for the next 5 years for Offshore banking units in IFSC or a unit in IFSC. One of the specified income exempt is income by way of leasing aircraft or ships if the unit commences its operation on or before 31st March 2025.
- Notably no extension has been provided for New Manufacturing Domestic Companies u/s 115BAB which means the subsidized rate of taxation of 15% may not be available for new manufacturing companies commencing manufacturing or production after 31-03-2024

AGRICULTURAL INCOME- CLARIFICATION FOR SENIOR/SUPER SENIOR CITIZEN

In case of individuals having total income, comprising both agricultural income and other taxable income, more than the basic exemption limit, the tax liability is computed as follow:

- Step -1 Computing tax (excluding surcharge & cess) on the total income.
- Step-2 Computing tax on the agricultural income as increased by INR 2,50,000.
- Difference between tax determined in Step-1 & 2 above, shall be the tax liability

Now in order to provide relief to Senior and Super Senior Citizens, the Finance Bill 2024 proposes that, for the purpose of computing tax in step (2) for the resident individuals, of age 60 years or more but less than 80 years, agricultural income has to be increased by INR 3,00,000 and for resident individuals of age 80 years or more, the increased amount will be INR 5,00,000.

Nature of payment	TCS Rate upto 30-09-2023	TCS Rate w.e.f. 01-10-2023
LRS for education financed by loan	Nil upto Rs. 7 lakh 0.5% above Rs. 7 Lakh	Nil upto Rs. 7 lakh 0.5% above Rs. 7 Lakh
LRS for Medical treatment/ education (other than financed by loan)	Nil upto Rs. 7 lakh 5% above Rs. 7 Lakh	Nil upto Rs. 7 lakh 5% above Rs. 7 Lakh
Purchase of Overseas tour program package	5% (without threshold)	5% till Rs. 7 Lakh, 20% thereafter
LRS for other purposes	Nil upto Rs. 7 lakh 5% above Rs. 7 Lakh	Nil upto Rs. 7 lakh 20% above Rs. 7 Lakh

LRS- CLARIFICATORY MEASURES

- **Sec 206C (1G)** was inserted by **Finance Act, 2020 w.e.f. 01-10-2020** to enable Tax Collection at Source (TCS) by an Authorised Dealer (Banks, Forex dealer, Money changer etc.) on foreign remittance made under the **Liberalised Remittance Scheme (LRS).** In addition, the seller of overseas tour program was also required to collect tax at source @5% from the buyer of such package. The remittances made under LRS exceeding INR 7 lakh in a financial year were subject to TCS where the purpose was other than a purchase of overseas tour program.

- **Finance Act 2023 (FA 2023)**, brought in various amendments to this situation with respect to remittances made outside India inter alia, increased the rate of TCS from 5% to 20% for remittance above 7 lakhs under LRS as well as removed the threshold of Rs 7 lakh for triggering TCS on LRS. for purchase of overseas tour program package and the exception carved out was in respect of remittance made for education or medical purpose.

- There were multiple clarifications/circulars/FAQ issued to explain this. However to clarify this amendments have been introduced to section 206C(IG).
- It has been clarified that the provisions of section 206C(1G) upto 30-09-23 will be applied as they stood on 01-04-23.
- The increase in TCS rate of 20% for remittances above 7 lakh will apply w.e.f. 01-10-2023

DIRECT TAX- FACELESS SCHEME

As part of making the tax administration transparent and efficient, provisions for notifying faceless schemes under sections 92CA, 144C, 253 and 264A were introduced through Finance Act, 2021. The schemes were to be introduced by 31st March 2024.

- **Section 92CA** deals with procedure of reference of the case by Assessing Officer to Transfer Pricing Officer for determination of Arm's Length Price (ALP). The direction on such scheme is now proposed **to be introduced by 31st March 2025.**

- **Section 144C** deals the procedure for preparing a draft assessment order and the involvement of the Dispute Resolution Panel (DRP) in the assessment procedure. The direction on such scheme is now proposed **to be introduced by 31st March 2025.**

- **Section 253 and Section 255** deals with disposal of of appeal by the **Appellate Tribunal.** Faceless Assessment scheme was proposed by Finance Act, 2021 and direction on such scheme is now proposed **to be introduced by 31st March 2025.**

INDIRECT TAX AMENDMENTS

Tax base of GST more than doubled and the average monthly gross GST collection also almost doubled to INR 1.66 lakh crore, this year. States' SGST revenue, including compensation released to states, in the post-GST period of 2017-18 to 2022-23, has achieved a buoyancy of 1.22. In contrast, the tax buoyancy of State revenues from subsumed taxes in the pre-GST four-year period of 2012-13 to 2015-16 was a mere 0.72.

No Changes in GST Tax Rate:
The Interim budget has not introduced any changes in tax rates.

No Changes in Customs Tariff:
The Interim budget has not introduced any changes in customs tariff.

ISD made Mandatory:
The amendment has been made in GST law to make the ISD mechanism mandatory for the distribution of input tax credit of common input services procured from third parties. The above changes shall come into force on such date as the Central Government may, by notification in the Official Gazette appoint.

Additional Penalty Introduced On Tobacco and Related Manufacturers For Non-compliance :
The amendment introduces an additional penalty for failure to register certain machines used in the manufacture of goods. This impacts the manufacturers of tobacco, pan masala & and other similar items who are required to register the machines and file special monthly returns.

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