

Budget 2024-2025

Speech of **Nirmala Sitharaman** *Minister of Finance*

July 23, 2024

Hon'ble Speaker,

I present the Budget for 2024-25.

Introduction

1. The people of India have reposed their faith in the government led by the Hon'ble Prime Minister Shri Narendra Modi and re-elected it for a historic third term under his leadership. We are grateful for their support, faith and trust in our policies. We are determined to ensure that all Indians, regardless of religion, caste, gender and age, make substantial progress in realising their life goals and aspirations.

Global Context

2. The global economy, while performing better than expected, is still in the grip of policy uncertainties. Elevated asset prices, political uncertainties and shipping disruptions continue to pose significant downside risks for growth and upside risks to inflation.

3. In this context, India's economic growth continues to be the shining exception and will remain so in the years ahead. India's inflation continues to be low, stable and moving towards the 4 per cent target. Core inflation (non-food, non-fuel) currently is 3.1 per cent. Steps are being taken to ensure supplies of perishable goods reach market adequately.

Interim Budget

4. As mentioned in the interim budget, we need to focus on 4 major castes, namely 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmer). For Annadata, we announced higher Minimum Support Prices a month ago for all major crops, delivering on the promise of at least a 50 per cent margin over costs. Pradhan Mantri Garib Kalyan Anna Yojana was extended for five years, benefitting more than 80 crore people.

5. Administrative actions for approval and implementation of various schemes announced in the interim budget are well underway. The required allocations have been made.

Budget Theme

6. Turning attention to the full year and beyond, in this budget, we particularly focus on employment, skilling, MSMEs, and the middle class. I am happy to announce the Prime Minister's package of 5 schemes and initiatives to facilitate employment, skilling and other opportunities for 4.1 crore youth over a 5-year period with a central outlay of ` 2 lakh crore. I will speak about them shortly, while more details may be seen in the annexure. This year, I have made a provision of ` 1.48 lakh crore for education, employment and skilling.

Budget Priorities

7. The people have given a unique opportunity to our government to take the country on the path of strong development and all-round prosperity. In the interim budget, we promised to present a detailed roadmap for our pursuit of '*Viksit Bharat*'. In line with the strategy set out in the interim budget, this budget envisages sustained efforts on the following 9 priorities for generating ample opportunities for all.

- 1) Productivity and resilience in Agriculture
- 2) Employment & Skilling
- 3) Inclusive Human Resource Development and Social Justice
- 4) Manufacturing & Services
- 5) Urban Development
- 6) Energy Security

- 7) Infrastructure
- 8) Innovation, Research & Development and
- 9) Next Generation Reforms

8. Subsequent budgets will build on these, and add more priorities and actions. A more detailed formulation will be carried out as part of the 'economic policy framework' about which I will speak later in this speech.

9. This budget details some of the specific actions to be initiated in the current year towards fulfilment of these priorities with potential for transformative changes. The budget also covers some of the previously made announcements with an intent to strengthen them and step up their implementation for expediting our journey towards the goal of Viksit Bharat.

Priority 1: Productivity and resilience in Agriculture

Transforming agriculture research

10. Our government will undertake a comprehensive review of the agriculture research setup to bring the focus on raising productivity and developing climate resilient varieties. Funding will be provided in challenge mode, including to the private sector. Domain experts both from the government and outside will oversee the conduct of such research.

Release of new varieties

11. New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.

Natural Farming

12. In the next two years, 1 crore farmers across the country will be initiated into natural farming supported by certification and branding. Implementation will be through scientific institutions and willing gram panchayats. 10,000 need-based bio-input resource centres will be established.

Missions for pulses and oilseeds

13. For achieving self-sufficiency in pulses and oilseeds, we will strengthen their production, storage and marketing. As announced in the

interim budget, a strategy is being put in place to achieve '*atmanirbharta*' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.

Vegetable production & Supply Chains

14. Large scale clusters for vegetable production will be developed closer to major consumption centres. We will promote Farmer-Producer Organizations, cooperatives and start-ups for vegetable supply chains including for collection, storage, and marketing.

Digital Public Infrastructure for Agriculture

15. Buoyed by the success of the pilot project, our government, in partnership with the states, will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years. During this year, digital crop survey for Kharif using the DPI will be taken up in 400 districts. The details of 6 crore farmers and their lands will be brought into the farmer and land registries. Further, the issuance of Jan Samarth based Kisan Credit Cards will be enabled in 5 states.

Shrimp Production & Export

16. Financial support for setting up a network of Nucleus Breeding Centres for Shrimp Broodstocks will be provided. Financing for shrimp farming, processing and export will be facilitated through NABARD.

National Cooperation Policy

17. Our government will bring out a National Cooperation Policy for systematic, orderly and all-round development of the cooperative sector. Fast-tracking growth of rural economy and generation of employment opportunities on a large scale will be the policy goal.

18. This year, I have made a provision of ` 1.52 lakh crore for agriculture and allied sector.

Priority 2: Employment & Skilling

Employment Linked Incentive

19. Our government will implement following 3 schemes for 'Employment Linked Incentive', as part of the Prime Minister's package. These will be

based on enrolment in the EPFO, and focus on recognition of first-time employees, and support to employees and employers.

Scheme A: First Timers

20. This scheme will provide one-month wage to all persons newly entering the workforce in all formal sectors. The direct benefit transfer of one-month salary in 3 instalments to first-time employees, as registered in the EPFO, will be up to ₹ 15,000. The eligibility limit will be a salary of ₹ 1 lakh per month. The scheme is expected to benefit 210 lakh youth.

Scheme B: Job Creation in manufacturing

21. This scheme will incentivize additional employment in the manufacturing sector, linked to the employment of first-time employees. An incentive will be provided at specified scale directly both to the employee and the employer with respect to their EPFO contribution in the first 4 years of employment. The scheme is expected to benefit 30 lakh youth entering employment, and their employers.

Scheme C: Support to employers

22. This employer-focussed scheme will cover additional employment in all sectors. All additional employment within a salary of ₹ 1 lakh per month will be counted. The government will reimburse to employers up to ₹ 3,000 per month for 2 years towards their EPFO contribution for each additional employee. The scheme is expected to incentivize additional employment of 50 lakh persons.

Participation of women in the workforce

23. We will facilitate higher participation of women in the workforce through setting up of working women hostels in collaboration with industry, and establishing creches. In addition, the partnership will seek to organize women-specific skilling programmes, and promotion of market access for women SHG enterprises.

Skilling programme

24. I am happy to announce a new centrally sponsored scheme, as the 4th scheme under the Prime Minister's package, for skilling in collaboration with state governments and Industry. 20 lakh youth will be skilled over a 5-year period. 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation. Course content and design will be aligned to the skill needs of industry, and new courses will be introduced for emerging needs.

Skilling Loans

25. The Model Skill Loan Scheme will be revised to facilitate loans up to ₹ 7.5 lakh with a guarantee from a government promoted Fund. This measure is expected to help 25,000 students every year.

Education Loans

26. For helping our youth who have not been eligible for any benefit under government schemes and policies, I am happy to announce a financial support for loans upto ₹ 10 lakh for higher education in domestic institutions. E-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3 per cent of the loan amount.

Priority 3: Inclusive Human Resource Development and Social Justice

Saturation approach

27. Our government is committed to all-round, all-pervasive and all-inclusive development of people, particularly, farmers, youth, women and poor. For achieving social justice comprehensively, the saturation approach of covering all eligible people through various programmes including those for education and health will be adopted to empower them by improving their capabilities.

28. Implementation of schemes meant for supporting economic activities by craftsmen, artisans, self-help groups, scheduled caste, schedule tribe and women entrepreneurs, and street vendors, such as PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India will be stepped up.

Purvodaya

29. The states in the Eastern part of the country are rich in endowments and have strong cultural traditions. We will formulate a plan, Purvodaya, for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. This will cover human resource development, infrastructure, and generation of economic opportunities to make the region an engine to attain Viksit Bharat.

30. On the Amritsar Kolkata Industrial Corridor, we will support development of an industrial node at Gaya. This corridor will catalyze industrial development of the eastern region. The industrial node at Gaya will also be a good model for developing our ancient centres of cultural importance into future centres of modern economy. This model shall showcase "*Vikas bhi Virasat bhi*" in our growth trajectory.

31. We will also support development of road connectivity projects, namely (1) Patna-Purnea Expressway, (2) Buxar-Bhagalpur Expressway, (3) Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and (4) additional 2-lane bridge over river Ganga at Buxar at a total cost of ` 26,000 crore. Power projects, including setting up of a new 2400 MW power plant at Pirpainti, will be taken up at a cost of ` 21,400 crore. New airports, medical colleges and sports infrastructure in Bihar will be constructed.

32. An additional allocation to support capital investments will be provided. The requests of Bihar Government for external assistance from multilateral development banks will be expedited.

Andhra Pradesh Reorganization Act

33. Our government has made concerted efforts to fulfil the commitments in the Andhra Pradesh Reorganization Act. Recognizing the state's need for a capital, we will facilitate special financial support through multilateral development agencies. In the current financial year ` 15,000 crore will be arranged, with additional amounts in future years.

34. Our government is fully committed to financing and early completion of the Polavaram Irrigation Project, which is the lifeline for Andhra Pradesh and its farmers. This will facilitate our country's food security as well.

35. Under the Act, for promoting industrial development, funds will be provided for essential infrastructure such as water, power, railways and roads in Koppaerthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor. An additional allocation will be provided this year towards capital investment for economic growth.

36. Grants for backward regions of Rayalaseema, Prakasam and North Coastal Andhra, as stated in the Act, will also be provided.

PM Awas Yojana

37. Three crore additional houses under the PM Awas Yojana in rural and urban areas in the country have been announced, for which the necessary allocations are being made.

Women-led development

38. For promoting women-led development, the budget carries an allocation of more than ` 3 lakh crore for schemes benefitting women and girls. This signals our government's commitment for enhancing women's role in economic development.

Pradhan Mantri Janjatiya Unnat Gram Abhiyan

39. For improving the socio-economic condition of tribal communities, we will launch the Pradhan Mantri Janjatiya Unnat Gram Abhiyan by adopting saturation coverage for tribal families in tribal-majority villages and aspirational districts. This will cover 63,000 villages benefitting 5 crore tribal people.

Bank branches in North-Eastern Region

40. More than 100 branches of India Post Payment Bank will be set up in the North East region to expand the banking services.

41. This year, I have made a provision of ` 2.66 lakh crore for rural development including rural infrastructure.

Priority 4: Manufacturing & Services

Support for promotion of MSMEs

42. This budget provides special attention to MSMEs and manufacturing, particularly labour-intensive manufacturing. We have formulated a package covering financing, regulatory changes and technology support for MSMEs to help them grow and also compete globally, as mentioned in the interim budget. I am happy to announce the following specific measures.

Credit Guarantee Scheme for MSMEs in the Manufacturing Sector

43. For facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced. The scheme will operate on pooling of credit risks of such MSMEs. A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to ₹ 100 crore, while the loan amount may be larger. The borrower will have to provide an upfront guarantee fee and an annual guarantee fee on the reducing loan balance.

New assessment model for MSME credit

44. Public sector banks will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment. They will also take a lead in developing or getting developed a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy. This is expected to be a significant improvement over the traditional assessment of credit eligibility based only on asset or turnover criteria. That will also cover MSMEs without a formal accounting system.

Credit Support to MSMEs during Stress Period

45. I am happy to announce a new mechanism for facilitating continuation of bank credit to MSMEs during their stress period. While being in the 'special mention account' (SMA) stage for reasons beyond their control, MSMEs need credit to continue their business and to avoid getting into the NPA stage. Credit availability will be supported through a guarantee from a government promoted fund.

Mudra Loans

46. The limit of Mudra loans will be enhanced to ₹ 20 lakh from the current ₹ 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.

Enhanced scope for mandatory onboarding in TReDS

47. For facilitating MSMEs to unlock their working capital by converting their trade receivables into cash, I propose to reduce the turnover threshold of buyers for mandatory onboarding on the TReDS platform from ₹ 500 crore to ₹ 250 crore. This measure will bring 22 more CPSEs and 7000 more companies onto the platform. Medium enterprises will also be included in the scope of the suppliers.

SIDBI branches in MSME clusters

48. SIDBI will open new branches to expand its reach to serve all major MSME clusters within 3 years, and provide direct credit to them. With the opening of 24 such branches this year, the service coverage will expand to 168 out of 242 major clusters.

MSME Units for Food Irradiation, Quality & Safety Testing

49. Financial support for setting up of 50 multi-product food irradiation units in the MSME sector will be provided. Setting up of 100 food quality and safety testing labs with NABL accreditation will be facilitated.

E-Commerce Export Hubs

50. To enable MSMEs and traditional artisans to sell their products in international markets, E-Commerce Export Hubs will be set up in public-private-partnership (PPP) mode. These hubs, under a seamless regulatory and logistic framework, will facilitate trade and export related services under one roof.

Measures for promotion of Manufacturing & Services

Internship in Top Companies

51. As the 5th scheme under the Prime Minister's package, our government will launch a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years. They will gain

exposure for 12 months to real-life business environment, varied professions and employment opportunities. An internship allowance of ` 5,000 per month along with a one-time assistance of ` 6,000 will be provided. Companies will be expected to bear the training cost and 10 per cent of the internship cost from their CSR funds.

Industrial Parks

52. Our government will facilitate development of investment-ready “plug and play” industrial parks with complete infrastructure in or near 100 cities, in partnership with the states and private sector, by better using town planning schemes.

53. Twelve industrial parks under the National Industrial Corridor Development Programme also will be sanctioned.

Rental Housing

54. Rental housing with dormitory type accommodation for industrial workers will be facilitated in PPP mode with VGF support and commitment from anchor industries.

Shipping industry

55. Ownership, leasing and flagging reforms will be implemented to improve the share of the Indian shipping industry and generate more employment.

Critical Mineral Mission

56. We will set up a Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets. Its mandate will include technology development, skilled workforce, extended producer responsibility framework, and a suitable financing mechanism.

Offshore mining of minerals

57. Our government will launch the auction of the first tranche of offshore blocks for mining, building on the exploration already carried out.

Digital Public Infrastructure Applications

58. Turning to the services sector, I propose development of DPI applications at population scale for productivity gains, business opportunities, and innovation by the private sector. These are planned in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.

Integrated Technology Platform for IBC eco-system

59. An Integrated Technology Platform will be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.

Voluntary closure of LLPs

60. The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for voluntary closure of LLPs to reduce the closure time.

National Company Law Tribunals

61. The IBC has resolved more than 1,000 companies, resulting in direct recovery of over ` 3.3 lakh crore to creditors. In addition, 28,000 cases involving over ` 10 lakh crore have been disposed of, even prior to admission.

62. Appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution. Additional tribunals will be established. Out of those, some will be notified to decide cases exclusively under the Companies Act.

Debt Recovery

63. Steps for reforming and strengthening debt recovery tribunals will be taken. Additional tribunals will be established to speed up recovery.

Priority 5: Urban Development

Cities as Growth Hubs

64. Working with states, our government will facilitate development of 'Cities as Growth Hubs'. This will be achieved through economic and transit

planning, and orderly development of peri-urban areas utilising town planning schemes.

Creative redevelopment of cities

65. For creative brownfield redevelopment of existing cities with a transformative impact, our government will formulate a framework for enabling policies, market-based mechanisms and regulation.

Transit Oriented Development

66. Transit Oriented Development plans for 14 large cities with a population above 30 lakh will be formulated, along with an implementation and financing strategy.

Urban Housing

67. Under the PM Awas Yojana Urban 2.0, housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹ 10 lakh crore. This will include the central assistance of ₹ 2.2 lakh crore in the next 5 years. A provision of interest subsidy to facilitate loans at affordable rates is also envisaged.

68. In addition, enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place.

Water Supply and Sanitation

69. In partnership with the State Governments and Multilateral Development Banks we will promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects. These projects will also envisage use of treated water for irrigation and filling up of tanks in nearby areas.

Street Markets

70. Building on the success of PM SVANidhi Scheme in transforming the lives of street vendors, our Government envisions a scheme to support each year, over the next five years, the development of 100 weekly 'haats' or street food hubs in select cities.

Stamp Duty

71. We will encourage states which continue to charge high stamp duty to moderate the rates for all, and also consider further lowering duties for properties purchased by women. This reform will be made an essential component of urban development schemes.

Priority 6: Energy Security

Energy Transition

72. In the interim budget, I had announced our strategy to sustain high and more resource-efficient economic growth, along with energy security in terms of availability, accessibility and affordability. We will bring out a policy document on appropriate energy transition pathways that balances the imperatives of employment, growth and environmental sustainability.

PM Surya Ghar Muft Bijli Yojana

73. In line with the announcement in the interim budget, PM Surya Ghar Muft Bijli Yojana has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month. The scheme has generated remarkable response with more than 1.28 crore registrations and 14 lakh applications, and we will further encourage it.

Pumped Storage Policy

74. A policy for promoting pumped storage projects will be brought out for electricity storage and facilitating smooth integration of the growing share of renewable energy with its variable & intermittent nature in the overall energy mix.

Research and development of small and modular nuclear reactors

75. Nuclear energy is expected to form a very significant part of the energy mix for Viksit Bharat. Towards that pursuit, our government will

partner with the private sector for (1) setting up Bharat Small Reactors, (2) research & development of Bharat Small Modular Reactor, and (3) research & development of newer technologies for nuclear energy. The R&D funding announced in the interim budget will be made available for this sector.

Advanced Ultra Super Critical Thermal Power Plants

76. The development of indigenous technology for Advanced Ultra Super Critical (AUSC) thermal power plants with much higher efficiency has been completed. A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant using AUSC technology. The government will provide the required fiscal support. Moving forward, development of indigenous capacity for the production of high-grade steel and other advanced metallurgy materials for these plants will result in strong spin-off benefits for the economy.

Roadmap for 'hard to abate' industries

77. A roadmap for moving the 'hard to abate' industries from 'energy efficiency' targets to 'emission targets' will be formulated. Appropriate regulations for transition of these industries from the current 'Perform, Achieve and Trade' mode to 'Indian Carbon Market' mode will be put in place.

Support to traditional micro and small industries

78. An investment-grade energy audit of traditional micro and small industries in 60 clusters, including brass and ceramic, will be facilitated. Financial support will be provided for shifting them to cleaner forms of energy and implementation of energy efficiency measures. The scheme will be replicated in another 100 clusters in the next phase.

Priority 7: Infrastructure

Infrastructure investment by Central Government

79. Significant investment the Central Government has made over the years in building and improving infrastructure has had a strong multiplier effect on the economy. We will endeavour to maintain strong fiscal support for infrastructure over the next 5 years, in conjunction with imperatives of other priorities and

fiscal consolidation. This year, I have provided ` 11,11,111 crore for capital expenditure. This would be 3.4 per cent of our GDP.

Infrastructure investment by state governments

80. We will encourage states to provide support of similar scale for infrastructure, subject to their development priorities. A provision of ` 1.5 lakh crore for long-term interest free loans has been made this year also to support the states in their resource allocation.

Private investment in infrastructure

81. Investment in infrastructure by private sector will be promoted through viability gap funding and enabling policies and regulations. A market-based financing framework will be brought out.

Pradhan Mantri Gram Sadak Yojana (PMGSY)

82. Phase IV of PMGSY will be launched to provide all-weather connectivity to 25,000 rural habitations which have become eligible in view of their population increase.

Irrigation and Flood Mitigation

83. Bihar has frequently suffered from floods, many of them originating outside the country. Plans to build flood control structures in Nepal are yet to progress. Our government, through the Accelerated Irrigation Benefit Programme and other sources, will provide financial support for projects with estimated cost of ` 11,500 crore such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes including barrages, river pollution abatement and irrigation projects. In addition, survey and investigation of Kosi related flood mitigation and irrigation projects will be undertaken.

84. Assam grapples with floods every year by the Brahmaputra River and its tributaries, originating outside India. We will provide assistance to Assam for flood management and related projects.

85. Himachal Pradesh suffered extensive losses due to floods last year. Our government will provide assistance to the state for reconstruction and rehabilitation through multilateral development assistance.

86. Uttarakhand too suffered losses due to cloud bursts and massive landslides. We will provide assistance to the state.

87. Recently Sikkim witnessed devastating flash floods and landslides that wreaked havoc across the state. Our Government will provide assistance to the state.

Tourism

88. Tourism has always been a part of our civilization. Our efforts in positioning India as a global tourist destination will also create jobs, stimulate investments and unlock economic opportunities for other sectors. In addition to the measures outlined in the interim budget, I propose the following measures.

89. Vishnupad Temple at Gaya and Mahabodhi Temple at Bodh Gaya in Bihar are of immense spiritual significance. Comprehensive development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor will be supported, modelled on the successful Kashi Vishwanath Temple Corridor, to transform them into world class pilgrim and tourist destinations.

90. Rajgir holds immense religious significance for Hindus, Buddhists and Jains. The 20th Tirthankara Munisuvrata temple in the Jain Temple complex is ancient. The Saptharishi or the 7 hotspots form a warm water Brahmakund that is sacred. A comprehensive development initiative for Rajgir will be undertaken.

91. Our government will support the development of Nalanda as a tourist centre besides reviving Nalanda University to its glorious stature.

92. Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches make it an ultimate tourism destination. Our government will provide assistance for their development.

Priority 8: Innovation, Research & Development

93. We will operationalize the Anusandhan National Research Fund for basic research and prototype development. Further, we will set up a mechanism for spurring private sector-driven research and innovation at commercial scale with a financing pool of ` 1 lakh crore in line with the announcement in the interim budget.

Space Economy

94. With our continued emphasis on expanding the space economy by 5 times in the next 10 years, a venture capital fund of ` 1,000 crore will be set up.

Priority 9: Next Generation Reforms

Economic Policy Framework

95. We will formulate an Economic Policy Framework to delineate the overarching approach to economic development and set the scope of the next generation of reforms for facilitating employment opportunities and sustaining high growth.

96. Our government will initiate and incentivize reforms for (1) improving productivity of factors of production, and (2) facilitating markets and sectors to become more efficient. These reforms will cover all factors of production, namely land, labour, capital and entrepreneurship, and technology as an enabler of improving total factor productivity and bridging inequality.

97. Effective implementation of several of these reforms requires collaboration between the Centre and the states and building consensus, as development of the country lies in development of the states. For promoting competitive federalism and incentivizing states for faster implementation of reforms, I propose to earmark a significant part of the 50-year interest-free loan. Working with the states, we will initiate the following reforms.

Land-related reforms by state governments

98. Land-related reforms and actions, both in rural and urban areas, will cover (1) land administration, planning and management, and (2) urban planning, usage and building bylaws. These will be incentivized for completion within the next 3 years through appropriate fiscal support.

Rural Land related actions

99. Rural land related actions will include (1) assignment of Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands, (2) digitization of cadastral maps, (3) survey of map sub-divisions as per current ownership, (4) establishment of land registry, and (5) linking to the farmers

registry. These actions will also facilitate credit flow and other agricultural services.

Urban Land related actions

100. Land records in urban areas will be digitized with GIS mapping. An IT based system for property record administration, updating, and tax administration will be established. These will also facilitate improving the financial position of urban local bodies.

Labour related reforms

Services to Labour

101. Our government will facilitate the provision of a wide array of services to labour, including those for employment and skilling. A comprehensive integration of e-shram portal with other portals will facilitate such one-stop solution. Open architecture databases for the rapidly changing labour market, skill requirements and available job roles, and a mechanism to connect job-aspirants with potential employers and skill providers will be covered in these services.

Shram Suvidha & Samadhan Portal

102. Shram Suvidha and Samadhan portals will be revamped to enhance ease of compliance for industry and trade.

Capital and entrepreneurship related reforms

Financial sector vision and strategy

103. For meeting financing needs of the economy, our government will bring out a financial sector vision and strategy document to prepare the sector in terms of size, capacity and skills. This will set the agenda for the next 5 years and guide the work of the government, regulators, financial institutions and market participants.

Taxonomy for climate finance

104. We will develop a taxonomy for climate finance for enhancing the availability of capital for climate adaptation and mitigation. This will support achievement of the country's climate commitments and green transition.

Variable Capital Company structure

105. We will seek the required legislative approval for providing an efficient and flexible mode for financing leasing of aircrafts and ships, and pooled funds of private equity through a 'variable company structure'.

Foreign Direct Investment and Overseas Investment

106. The rules and regulations for Foreign Direct Investment and Overseas Investments will be simplified to (1) facilitate foreign direct investments, (2) nudge prioritization, and (3) promote opportunities for using Indian Rupee as a currency for overseas investments.

NPS Vatsalya

107. NPS-Vatsalya, a plan for contribution by parents and guardians for minors will be started. On attaining the age of majority, the plan can be converted seamlessly into a normal NPS account.

Use of Technology

108. We have successfully used technology for improving productivity and bridging inequality in our economy during the past 10 years. Public investment in digital infrastructure and innovations by the private sector have helped in improving access of all citizens, particularly the common people, to market resources, education, health and services. We will step up adoption of technology towards digitalization of the economy.

Ease of Doing Business

109. For enhancing 'Ease of Doing Business', we are already working on the Jan Vishwas Bill 2.0. Further, states will be incentivized for implementation of their Business Reforms Action Plans and digitalization.

Data and Statistics

110. For improving data governance, collection, processing and management of data and statistics, different sectoral data bases, including those established under the Digital India mission, will be utilized with active use of technology tools.

New Pension Scheme (NPS)

111. The Committee to review the NPS has made considerable progress in its work. I am happy that the Staff Side of the National Council of the Joint Consultative Machinery for Central Government Employees have taken a constructive approach. A solution will be evolved which addresses the relevant issues while maintaining fiscal prudence to protect the common citizens.

Budget Estimates 2024-25

112. For the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at ` 32.07 lakh crore and ` 48.21 lakh crore respectively. The net tax receipts are estimated at ` 25.83 lakh crore. The fiscal deficit is estimated at 4.9 per cent of GDP.

113. The gross and net market borrowings through dated securities during 2024-25 are estimated at ` 14.01 lakh crore and ` 11.63 lakh crore respectively. Both will be less than that in 2023-24.

114. The fiscal consolidation path announced by me in 2021 has served our economy very well, and we aim to reach a deficit below 4.5 per cent next year. The Government is committed to staying the course. From 2026-27 onwards, our endeavour will be to keep the fiscal deficit each year such that the Central Government debt will be on a declining path as percentage of GDP.

I will, now, move to Part B.

PART B

Indirect Taxes

115. I start with GST. It has decreased tax incidence on the common man; reduced compliance burden and logistics cost for trade and industry; and enhanced revenues of the central and state governments. It is a success of vast proportions. To multiply the benefits of GST, we will strive to further simplify and rationalise the tax structure and endeavour to expand it to the remaining sectors.

116. My proposals for customs duties intend to support domestic manufacturing, deepen local value addition, promote export competitiveness, and simplify taxation, while keeping the interest of the general public and consumers surmount.

117. In Budget 2022-23, we reduced the number of customs duty rates. I propose to undertake a comprehensive review of the rate structure over the next six months to rationalise and simplify it for ease of trade, removal of duty inversion and reduction of disputes.

118. I shall now take up sector specific customs duty proposals.

Medicines and Medical Equipment

119. To provide relief to cancer patients, I propose to fully exempt three more medicines from customs duties.

120. I also propose changes in the BCD on x-ray tubes & flat panel detectors for use in medical x-ray machines under the Phased Manufacturing Programme, so as to synchronise them with domestic capacity addition.

Mobile Phone and Related Parts

121. With a three-fold increase in domestic production and almost 100-fold jump in exports of mobile phones over the last six years, the Indian mobile phone industry has matured. In the interest of consumers, I now propose to reduce the BCD on mobile phone, mobile PCBA and mobile charger to 15 per cent.

Critical Minerals

122. Minerals such as lithium, copper, cobalt and rare earth elements are critical for sectors like nuclear energy, renewable energy, space, defence, telecommunications, and high-tech electronics. I propose to fully exempt customs duties on 25 critical minerals and reduce BCD on two of them. This will provide a major fillip to the processing and refining of such minerals and help secure their availability for these strategic and important sectors.

Solar Energy

123. Energy transition is critical in the fight against climate change. To support energy transition, I propose to expand the list of exempted capital goods for use in the manufacture of solar cells and panels in the country. Further, in view of sufficient domestic manufacturing capacity of solar glass and tinned copper interconnect, I propose not to extend the exemption of customs duties provided to them.

Marine products

124. India's seafood exports in the last financial year touched an all-time high of more than ₹ 60,000 crore. Frozen shrimp accounted for about two-thirds of these exports. To enhance their competitiveness, I propose to reduce BCD on certain broodstock, polychaete worms, shrimp and fish feed to 5 per cent. I also propose to exempt customs duty on various inputs for manufacture of shrimp and fish feed.

Leather and Textile

125. Similarly, to enhance the competitiveness of exports in the leather and textile sectors, I propose to reduce BCD on real down filling material from duck or goose. I am also making additions to the list of exempted goods for manufacture of leather and textile garments, footwear and other leather articles for export.

126. To rectify inversion in duty, I propose to reduce BCD, subject to conditions, on methylene diphenyl diisocyanate (MDI) for manufacture of spandex yarn from 7.5 to 5 per cent.

127. Furthermore, the export duty structure on raw hides, skins and leather is proposed to be simplified and rationalized.

Precious Metals

128. To enhance domestic value addition in gold and precious metal jewellery in the country, I propose to reduce customs duties on gold and silver to 6 per cent and that on platinum to 6.4 per cent.

Other Metals

129. Steel and copper are important raw materials. To reduce their cost of production, I propose to remove the BCD on ferro nickel and blister copper. I am also continuing with nil BCD on ferrous scrap and nickel cathode and concessional BCD of 2.5 per cent on copper scrap.

Electronics

130. To increase value addition in the domestic electronics industry, I propose to remove the BCD, subject to conditions, on oxygen free copper for manufacture of resistors. I also propose to exempt certain parts for manufacture of connectors.

Chemicals and Petrochemicals

131. To support existing and new capacities in the pipeline, I propose to increase the BCD on ammonium nitrate from 7.5 to 10 per cent.

Plastics

132. PVC flex banners are non-biodegradable and hazardous for environment and health. To curb their imports, I propose to raise the BCD on them from 10 to 25 per cent.

Telecommunication Equipment

133. To incentivise domestic manufacturing, I propose to increase the BCD from 10 to 15 per cent on PCBA of specified telecom equipment.

Trade facilitation

134. To promote domestic aviation and boat & ship MRO, I propose to extend the period for export of goods imported for repairs from six months to one year. In the same vein, I propose to extend the time-limit for re-import of goods for repairs under warranty from three to five years.

Direct Taxes

135. We will continue our efforts to simplify taxes, improve tax payer services, provide tax certainty and reduce litigation while enhancing revenues for funding the development and welfare schemes of the government.

136. It has been our endeavour to simplify taxation. We have taken a number of measures in the last few years including introduction of simplified tax regimes without exemptions and deductions for corporate tax and personal income tax. This has been appreciated by tax payers. 58 per cent of corporate tax came from the simplified tax regime in financial year 2022-23. Similarly, as per data available till now for the last fiscal, more than two-thirds have availed the new personal income tax regime.

Comprehensive Review of the Income-tax Act, 1961

137. I am now announcing a comprehensive review of the Income-tax Act, 1961. The purpose is to make the Act concise, lucid, easy to read and understand. This will reduce disputes and litigation, thereby providing tax certainty to the tax payers. It will also bring down the demand embroiled in litigation. It is proposed to be completed in six months.

138. A beginning is being made in the Finance Bill by simplifying the tax regime for charities, TDS rate structure, provisions for reassessment and search provisions and capital gains taxation.

Simplification for Charities and of TDS

139. The two tax exemption regimes for charities are proposed to be merged into one. The 5 per cent TDS rate on many payments is being merged into the 2 per cent TDS rate and the 20 per cent TDS rate on repurchase of units by mutual funds or UTI is being withdrawn. TDS rate on e-commerce operators is proposed to be reduced from one to 0.1 per cent. Moreover, credit of TCS is proposed to be given in the TDS to be deducted on salary. Further, I propose to decriminalize delay for payment of TDS up to the due date of filing statement for the same. I also plan to provide a standard operating procedure for TDS defaults and simplify and rationalise the compounding guidelines for such defaults.

Simplification of Reassessment

140. I propose to thoroughly simplify the provisions for reopening and reassessment. An assessment hereinafter can be reopened beyond three years from the end of the assessment year only if the escaped income is ₹ 50 lakh or more, up to a maximum period of five years from the end of the assessment year. Even in search cases, a time limit of six years before the year of search, as against the existing time limit of ten years, is proposed. This will reduce tax-uncertainty and disputes.

Simplification and Rationalisation of Capital Gains

141. Capital gains taxation is also proposed to be hugely simplified.

142. Short term gains on certain financial assets shall henceforth attract a tax rate of 20 per cent, while that on all other financial assets and all non-financial assets shall continue to attract the applicable tax rate.

143. Long term gains on all financial and non-financial assets, on the other hand, will attract a tax rate of 12.5 per cent. For the benefit of the lower and middle-income classes, I propose to increase the limit of exemption of capital gains on certain financial assets to ₹ 1.25 lakh per year.

144. Listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non-financial assets will have to be held for at least two years to be classified as long-term.

145. Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, however, will attract tax on capital gains at applicable rates.

Tax Payer Services

146. All the major tax payer services under GST and most services under Customs and Income Tax have been digitalised. All remaining services of Customs and Income Tax including rectification and order giving effect to appellate orders shall be digitalized and made paper-less over the next two years.

Litigation and Appeals

147. While our concerted efforts to reduce pendency of appeals at various appellate fora are beginning to show good results, it will continue to engage our highest attention.

148. To dispose of the backlog of first appeals, I plan to deploy more officers to hear and decide such appeals, especially those with large tax effect.

149. For resolution of certain income tax disputes pending in appeal, I am also proposing Vivad Se Vishwas Scheme, 2024.

150. Further, I propose to increase monetary limits for filing appeals related to direct taxes, excise and service tax in the Tax Tribunals, High Courts and Supreme Court to ₹ 60 lakh, ₹ 2 crore and ₹ 5 crore respectively.

151. With a view to reduce litigation and provide certainty in international taxation, we will expand the scope of safe harbour rules and make them more attractive. We will also streamline the transfer pricing assessment procedure.

Employment and Investment

152. I have a few proposals to promote investment and foster employment.

153. First of all, to bolster the Indian start-up eco-system, boost the entrepreneurial spirit and support innovation, I propose to abolish the so-called angel tax for all classes of investors.

154. Second, there is tremendous potential for cruise tourism in India. To give a fillip to this employment generating industry, I am proposing a simpler tax regime for foreign shipping companies operating domestic cruises in the country.

155. Third, India is a world leader in the diamond cutting and polishing industry, which employs a large number of skilled workers. To further promote the development of this sector, we would provide for safe harbour rates for foreign mining companies selling raw diamonds in the country.

156. Fourth, to attract foreign capital for our development needs, I propose to reduce the corporate tax rate on foreign companies from 40 to 35 per cent.

Deepening the tax base

157. I have a couple of proposals for deepening the tax base. First, Security Transactions Tax on futures and options of securities is proposed to be increased to 0.02 per cent and 0.1 per cent respectively. Second, for reasons of equity, I propose to tax income received on buy back of shares in the hands of the recipient.

Others

158. To improve social security benefits, deduction of expenditure by employers towards NPS is proposed to be increased from 10 to 14 per cent of the employee's salary. Similarly, deduction of this expenditure up to 14 per cent of salary from the income of employees in private sector, public sector banks and undertakings, opting for the new tax regime, is proposed to be provided.

159. Indian professionals working in multinationals get ESOPs and invest in social security schemes and other movable assets abroad. Non-reporting of such small foreign assets has penal consequences under the Black Money Act. Such non-reporting of movable assets up to ₹ 20 lakh is proposed to be de-penalised.

160. Other major proposals in the Finance Bill relate to:

- Withdrawal of equalization levy of 2 per cent;
- Expansion of tax benefits to certain funds and entities in IFSCs; and
- immunity from penalty and prosecution to benamidar on full and true disclosure so as to improve conviction under the Benami Transactions (Prohibition) Act, 1988.

Personal Income Tax

161. Coming to Personal Income Tax Rates, I have two announcements to make for those opting for the new tax regime. First, the standard deduction for salaried employees is proposed to be increased from ₹50,000/- to ₹75,000/-. Similarly, deduction on family pension for pensioners is proposed to be enhanced from ₹ 15,000/- to ₹ 25,000/-. This will provide relief to about four crore salaried individuals and pensioners.

162. Second, in the new tax regime, the tax rate structure is proposed to be revised, as follows:

| | |
|----------------------|-------------|
| 0-3 lakh rupees | Nil |
| 3-7 lakh rupees | 5 per cent |
| 7-10 lakh rupees | 10 per cent |
| 10-12 lakh rupees | 15 per cent |
| 12-15 lakh rupees | 20 per cent |
| Above 15 lakh rupees | 30 per cent |

As a result of these changes, a salaried employee in the new tax regime stands to save up to ₹ 17,500/- in income tax.

163. Apart from these, I am also making some other changes as given in the annexure.

164. As a result of these proposals, revenue of about ₹ 37,000 crore – ₹ 29,000 crore in direct taxes and ₹ 8,000 crore in indirect taxes – will be forgone while revenue of about ₹ 30,000 crore rupees will be additionally mobilized. Thus, the total revenue forgone is about ₹ 7,000 crore annually.

165. Mr. Speaker Sir, with this, I commend the budget to this august House.

Jai Hind.

Annexure to Part – A

Prime Minister's Package for Employment and Skilling

Coverage and Estimated Central Outlay

| | Enrolment Duration | Expenditure Duration | Beneficiaries | Central Outlay |
|---|-----------------------|-------------------------|---------------|-------------------|
| | Years | | (lakhs) | (`Crore) |
| Employment Linked Incentive | | | | |
| Scheme A (first timers) | 2 | 3 | 210 | 23,000 |
| Scheme B (bulk hiring of first timers in manufacturing) | 2 | 6 | 30 | 52,000 |
| Scheme C (job creation) | 2 | 6 | 50 | 32,000 |
| Internship Programme (Phase-1) | 2 | 3 | 30 | 19,000 |
| Internship Programme (Phase-2) | 3* | 4* | 70 | 44,000 |
| Upgradation of ITIs | N/A | 5 | 20 | 30,000 |
| Total | | | 410 | 2,00,000 |

*Starting from third year

Outline of Schemes

1. Employment Linked Incentive Scheme A: First Timers (Para 20)

- One month's wage as subsidy (maximum `15,000)
- Applicable to all sectors

- First timers have a learning curve before they become fully productive; subsidy is to assist employees and employers in hiring of first timers.
- Applicable to all persons newly entering the workforce (EPFO) with wage/salary less than `1 lakh per month.
- Subsidy will be paid to the employee in three instalments
- Employee must undergo compulsory online Financial Literacy course before claiming the second instalment.
- Subsidy to be refunded by employer if the employment to the first timer ends within 12 months of recruitment.
- Expected to cover approximately one crore persons per annum.
- Scheme will be for 2 years

2. Employment linked Incentive Scheme B: Job creation in manufacturing (Para 21)

- Applicable for substantial hiring of first time employees in the manufacturing sector
- All employers which are corporate entities and those non-corporate entities with a three year track record of EPFO contribution will be eligible.
- Employer must hire at least the following number of previously non-EPFO enrolled workers:
 - 50 or
 - 25% of the baseline (previous year's number of EPFO employees) *[whichever is lower]*
- Incentive will be paid for four years partly to the employee and partly to the employer as follows:

| Year | Incentive (as % of wage / salary, shared equally between employer & employee) |
|------|---|
| 1 | 24 |
| 2 | 24 |
| 3 | 16 |

| | |
|---|---|
| 4 | 8 |
|---|---|

- Employer must maintain threshold level of enhanced employment throughout, failing which subsidy benefit will stop.
- Employee must be directly working in the entity paying salary/wage (i.e. in-sourced employee).
- Employees with a wage/ salary of up to `1 lakh per month will be eligible, subject to contribution to EPFO.
- For those with wages/salary greater than `25,000/month, incentive will be calculated at `25,000/month.
- Subsidy to be refunded by employer if the employment to first timer ends within 12 months of recruitment.
- This subsidy will be in addition to benefit under Part-A
- Scheme will be for 2 years

3. Employment Linked Incentive Scheme C: Support to employers (Para 22)

- Applicable to an employer who:
 - Increases employment above the baseline (previous year's number of EPFO employees) by at least two employees (for those with less than 50 employees) or 5 employees (for those with 50 or more employees) and sustains the higher level, and
 - For employees whose salary does not exceed `1,00,000/month
 - New employees under this Part need not be new entrants to EPFO
- For two years Government will reimburse EPFO employer contribution [up to] `3,000/month to the Employer for the additional Employees hired in the previous year.
- If the employer creates more than 1000 jobs:
 - Reimbursement will be done quarterly for the previous quarter
 - Subsidy will continue for the 3rd and 4th year on the same scale as Employer benefit in Part-B
- Not applicable for those Employees covered under Part-B.
- This subsidy will be in addition to benefit under Part-A.

- Scheme will be for 2 years

4. Skilling Programme and Upgradation of Industrial Training Institutes

(Para 24)

- 1000 Industrial Training Institutes (ITIs) to be upgraded in hub and spoke arrangements in five years
- New Centrally Sponsored Scheme in collaboration with states and industry
- Focus on outcome and quality of skilling
- Course content and design aligned to needs of industry
- Total outlay of ` 60,000 crore over five years
 - Government of India—` 30,000 crore
 - State Governments—` 20,000 crore
 - Industry—` 10,000 crore (including CSR funding)
- 200 hubs and 800 spoke ITIs –all with industry collaboration
 - Re-design and review of existing courses
 - New courses
 - 1 to 2 year courses in all 1000 ITIs
 - Short term specialised courses in Hub ITIs
- Capacity augmentation of 5 national institutes for training of trainers
- 20 lakh students expected to benefit

5. Internship in Top Companies (Para 51)

- One crore youth to be skilled by India's top companies in five years.
- Twelve months Prime Minister's Internship with monthly allowance of `5,000
- Applicable to those who are not employed and not engaged in full time education.
- Youth aged between 21 and 24 will be eligible to apply.

- Cost sharing (per annum):
 - Government – `54,000 towards monthly allowance (plus `6,000 grant for incidentals)
 - Company – Rs 6,000 from CSR funds towards monthly allowance
 - Training cost to be borne by the Company from CSR funds.
 - Administrative costs to be borne by respective parties (for the Company, reasonable administrative expenses can be counted as CSR expenditure)
- Participation of companies is voluntary
- Applications through an online portal
- Company to select from a short list; short listing based on objective criteria with emphasis on those with lower employability
- Ineligible candidates (indicative list)
 - Candidate has IIT, IIM, IISER, CA, CMA etc as qualification
 - Any member of the family is assessed to Income Tax
 - Any member of the family is a government employee, etc.
- Company is expected to provide the person an actual working experience on a skill in which the company is directly involved.
- At least half the time should be in actual working experience/job environment, not in classroom.
- In case the Company cannot directly do so, it must tie-up with:
 - Companies in its forward and backward supply chain (e.g. suppliers or customers) or
 - Other Companies/Institutions in its Group or otherwise
- Will be co-ordinated with State Government initiatives wherever applicable.
- Phase 1 of the scheme will be for 2 years followed by Phase 2 for 3 years

Note: Details of the schemes are subject to modification during the process of appraisal and approval.

Annexure to Part B

Amendments relating to Indirect Taxes

A. LEGISLATIVE CHANGES IN CUSTOMS LAWS

A.1 Amendments in the Customs Act, 1962

- (i) Section 28 DA is being amended to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements which provide for self-certification.
- (ii) A proviso to sub-section (1) of Section 65 is being inserted to empower the Central Government to specify certain manufacturing and other operations in relation to a class of goods that shall not be permitted in a warehouse.
- (iii) The expression “a class of importers or exporters” is being substituted with “a class of importers or exporters or any other persons” in Section 143AA of the Customs Act for purposes of facilitating trade. Consequential changes are being carried out in clause (m) of subsection (2) of Section 157 of the Customs Act.

These changes shall come into effect from date of assent to the Finance (No.2) Bill

A.2 Amendments in the Customs Tariff Act, 1975

- (i) Section 6 is being omitted on account of winding up of the Tariff Commission.
- (ii) The First Schedule to the Customs Tariff Act, 1975 is being amended to,-
 - a) increase the rates on certain tariff items with effect from 24.07.2024.
 - b) create new tariff lines in respect of defence products, technical textiles, sustainable blended aviation fuel, products used in Indian semiconductor machines, e-bicycles, natural menthol, printer cartridge etc. This is to align the tariff lines with WCO classification and better identification of goods. These changes shall come into effect from 01.10.2024.

A.3 Amendment of Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995

The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 have been amended to insert a provision for New Shipper Review. This will be effective from 24.07.2024.

B. LEGISLATIVE CHANGES IN GST LAWS

[Save as otherwise provided, these changes will be brought into effect from a date to be notified in coordination with States, as per recommendations of the GST council]

AMENDMENT FOR TRADE FACILITATION

B.1 Amendment to keep Extra Neutral Alcohol outside the purview of central tax:

Section 9 is being amended to take Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption out of the purview of central tax. Similar amendments are also proposed in IGST Act and UTGST Act.

B.2 Amendment to regularize non-levy and short-levy of central tax due to general practice

Section 11A is being inserted to empower the government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade. Similar power is being proposed in IGST Act, UTGST Act and GST (Compensation to States) Act.

B.3 Amendment to relax the time limits to avail input tax credit

New sub-sections (5) and (6) are being inserted in section 16 of CGST Act to relax the time limit to avail input tax credit as per **section 16(4) of the CGST Act with effect from 01.07.2017, as follows:**

a) In respect of initial years of implementation of GST, i.e., financial years 2017-18, 2018-19, 2019-20 and 2020-21:

In respect of an invoice or debit note for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39

which is filed upto the 30th day of November, 2021

b) with respect to cases where returns have been filed after revocation:

The time limit to avail input tax credit in respect of an invoice or debit note, in cases where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, will be extended till the date of filing the said GSTR-3B return, subject to certain conditions, if the said return is filed by the registered person within thirty days of the order of revocation of cancellation of registration.

B.4 Insertion of new section to provide a common time limit for issuance of demand notices and orders

Section 74A is being inserted in the CGST Act to provide a common time limit for issuance of demand notices and orders in respect of demands for FY 2024-25 onwards, for cases involving charges of fraud, suppression of facts or wilful misstatement and the cases not involving the charges of fraud, suppression of facts or wilful misstatement etc. Also, the time limit for the taxpayers to avail the benefit of reduced penalty, by paying the tax demanded along with interest, is being increased from 30 days to 60 days.

B.5 Amendment to reduce the maximum amount of pre-deposit for filing appeals

Sections 107 and 112 of CGST Act are being amended to reduce the maximum amount of pre-deposit for filing appeal with the Appellate Authority from Rs. 25 crore of central tax to Rs. 20 crore of central tax and to reduce the amount of pre-deposit for filing appeal with the Appellate Tribunal from 20% with a maximum amount of Rs. 50 crore of central tax to 10 % with a maximum of Rs. 20 crore of central tax. Besides, the time limit for filing appeals before the Appellate Tribunal is being modified w.e.f. 1st August, 2024 to avoid the appeals from getting time barred, on account of Appellate Tribunal not coming into operation.

B.6 Amendment to provide conditional waiver of interest or penalty or both relating to demands raised under section 73, for certain tax periods

Section 128A is being inserted in the CGST Act to provide for a conditional waiver of interest and penalty in respect of demands pertaining to financial

years 2017-18, 2018-19 and 2019-20, in cases where demand notices have been issued under section 73 and full tax liability is paid by the taxpayer before a date to be notified.

B.7 Amendment to enable availment of the transitional credit of eligible CENVAT credit by Input Services Distributor in respect of invoices received prior to the appointed date

Section 140(7) of CGST Act is being amended with effect from 01.07.2017, to enable availment of transitional credit in respect of input services received by an Input Services Distributor prior to the appointed day, where invoices were also received prior to the appointed day.

B.8 Amendment to empower Government to notify Appellate Tribunal to handle anti-profiteering cases and to provide for a sunset clause for accepting anti-profiteering cases

Section 171 of CGST Act is being amended to enable the Government to notify the GST Appellate Tribunal to handle anti-profiteering cases and to empower the Government to notify a date after which the Authority for anti-profiteering shall not accept applications for examination.

B.9 Amendment to clarify various activities in insurance sector as neither a supply of goods nor a supply of services

Paragraphs 8 and 9 are being inserted in Schedule III of CGST Act to provide that the activity of apportionment of co-insurance premiums by the lead insurer to the co-insurers in the co-insurance agreement and the services by insurers to reinsurers in respect of ceding/re-insurance commission will, subject to certain conditions, be treated neither as a supply of goods nor as a supply of services.

OTHER LAW AMENDMENTS IN CGST ACT

B10. Amendment to clarify time of supply of services in reverse charge supplies.

Amendment is proposed in Section 13 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 cases of reverse charge supplies.

B11. Amendment to restrict blockage of input tax credit for tax paid under section 74 to demands upto Financial Year 2023-24

Clause (i) of Section 17 of CGST Act is being amended to restrict blockage of input tax credit for tax paid under Section 74 for demands pertaining up to FY 2023-24.

B12. Amendment to provide for conditions and restrictions for revocation of cancellation of registration

Section 30 of the CGST Act is being amended to enable the government to prescribe conditions and restrictions for revocation of cancellation of registration.

B13. Amendment to prescribe the time period for issuance of invoice by recipient in Reverse Charge Mechanism supplies

Clause (f) of section 31 of CGST Act is being amended to provide for an enabling provision to prescribe the time period within which the invoice has to be issued by the recipient under reverse charge mechanism and to clarify that a person registered solely for purpose of deducting TDS under section 51 of CGST Act shall be treated as a person not registered for the purpose of clause (f) of section 31(3) of the said Act.

B14. Amendment to make filing of monthly returns by TDS deductors mandatory.

Section 39 is being amended to mandate filing of returns by TDS deductors for every month, even if no deductions are made during the said month, and also to provide for an enabling clause for prescribing the time limit for filing such returns.

B15. Amendment to prohibit refund in zero rated supply of goods where such goods are subjected to export duty.

Section 54 of CGST Act and section 16 of IGST Act are being amended to prohibit refund of unutilized input tax credit or integrated tax on zero-rated supply of goods, which are subjected to export duty.

B16. Amendment for allowing appearance by authorised representative on behalf of a summoned person

Sub-section 1A is being inserted in section 70 of the CGST Act to enable appearance by an authorized representative on behalf of a summoned person.

B17. Amendment to empower the government to notify cases which shall be heard only by the principal Bench of GST Appellate Tribunal

Section 109 of CGST Act is being amended to empower the government to specify cases to be heard only by the Principal Bench of the Appellate Tribunal.

B18. Amendment to restrict applicability of penal provisions under Section 122(1B) to Electronic Commerce Operators who deduct TCS

Section 122(1B) of CGST Act is being amended w.e.f. 01.10.2023 to restrict the applicability of penal provisions under this section to only those Electronic Commerce Operators who are required to collect tax at source under section 52.

B19. Consequential amendments due to insertion of new section 74A in the CGST Act

Sections 73 and 74 of CGST Act are being amended to limit the applicability of these sections to demands up to FY 2023-24, since from FY 2024-25 onwards demands are to be ascertained as per provisions of newly inserted section 74A. Also, Section 75 of CGST Act is being amended to allow for redetermination of penalties if the charges of fraud, suppression, or wilful misstatement are not established. Further, references to section 74A or the concerned sub-sections of section 74A are being inserted in section 10, section 21, section 35, section 49, section 50, section 51, section 62, section 63, section 64, section 65, section 66, section 104 and section 127.

C. OTHER PROVISIONS IN THE FINANCE (No. 2) BILL

C.1 Amendment of Customs duty notification dated 10.5.2023

Notification No. 37/2023- Customs dated 10.5.23 is being validated for the period from 1st April, 2023 up to and inclusive of 10th May, 2023 to provide exemption from basic customs duty and AIDC on imports of crude soyabean oil and crude sunflower seed oil subject to availability of unutilized quota in TRQ authorization for FY 2022-23 allotted by DGFT and Bill of lading issued on or before 31st March, 2023. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.2 Amendment of Central excise duty notification dated 17.3.2012

Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.3 Exemption from Clean Environment Cess

The Clean Environment Cess , levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30th June, 2017 , subject to payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.4 Exemption GST Compensation Cess ,2017

Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect from 1st July, 2017 on imports in SEZ by SEZ units or developers for authorized operations. The changes will come into effect from date of assent to the Finance(No.2) Bill 2024

D. CUSTOMS DUTY RATE CHANGES

D.1. Reduction in customs duty to reduce input costs, deepen value addition, promote export competitiveness, correct inverted duty structure, boost domestic manufacturing etc [with effect from 24.07.2024]

| S. No. | Commodity | From (per cent) | To (per cent) |
|------------|---|--------------------|------------------|
| I. | Agricultural Products | | |
| 1. | Shea nuts | 30 | 15 |
| II. | Aquafarming & Marine exports | | |
| 1 | Prawn and Shrimps feed | 15 | 5 |
| 2 | Fish feed | 15 | 5 |

| S. No. | Commodity | From (per cent) | To (per cent) |
|-------------|--|-----------------|---------------|
| 3. | Following inputs for manufacture of Prawn and Shrimps feed or fish feed: (i) Mineral & vitamin pre mixes (ii) Krill Meal (iii) Fish lipid oil (iv) Crude fish oil (v) Algal prime (flour) (vi) Algal oil | 30/15/5 | Nil |
| 4 | Artemia | 5 | Nil |
| 5 | Artemia cysts | 5 | Nil |
| 6 | SPF Polychaete worms | 30 | 5 |
| 7 | Live SPF Vannamei shrimp (Litopenaeus vannamei) broodstock & Live Black tiger shrimp (Penaeus monodon) broodstock | 10 | 5 |
| 8 | Insect Meal for use in R&D for aquatic feed manufacturing | 15 | 5 |
| 9 | Single Cell Protein from Natural Gas for use in R&D for aquatic feed manufacturing | 15 | 5 |
| 10 | Pre-dust breaded powder for use in processing of sea-food | 30 | Nil |
| III. | Critical Minerals | | |
| 1. | Antimony, Beryllium, Bismuth, Cobalt, Copper, Gallium, Germanium, Hafnium, Indium, Lithium, Molybdenum, Niobium, Nickel, Potash, REE, Rhenium, Strontium, Tantalum, Tellurium, Tin, Tungsten, | 10/7.5/5/2.5 | Nil |

| S. No. | Commodity | From (per cent) | To (per cent) |
|------------|--|--------------------|------------------|
| | Vanadium, Zirconium, Selenium , Cadmium, Silicon other than Quartz & Silicon Dioxide. | | |
| 2. | Graphite | 7.5/5 | 2.5 |
| 3 | (i) Silicon Quartz (ii) Silicon Dioxide | 7.5/5 | 2.5 |
| IV. | Cancer Drugs | | |
| 1. | (i) Trastuzumab Deruxtecan (ii) Osimertinib (iii) Durvalumab | 10 | Nil |
| V. | Precious Metals | | |
| 1. | Gold bar | 15 | 6 |
| 2. | Gold dore | 14.35 | 5.35 |
| 3. | Silver bar | 15 | 6 |
| 4. | Silver dore | 14.35 | 5.35 |
| 5. | Platinum, Palladium, Osmium, Ruthenium, Iridium | 15.4 | 6.4 |
| 6. | Coins of precious metals | 15 | 6 |
| 7. | Gold/Silver findings | 15 | 6 |
| 8. | Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors | 7.5 | 5 |
| 9. | Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India | 7.5 | 5 |

| S. No. | Commodity | From (per cent) | To (per cent) |
|--------------|--|-----------------------|-----------------------|
| VI. | Textile and Leather Sector | | |
| 1. | MDI for manufacture of spandex yarn | 7.5 | 5 |
| 2. | Wet white, Crust and finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products, for export | 10 | Nil |
| 3. | Certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export | As applicable | Nil |
| 4. | Real Down Filling material from duck or goose for use in manufacture of textile or leather garments for export | 30 | 10 |
| VII. | Steel Sector | | |
| 1. | Ferro-Nickel | 2.5 | Nil |
| 2. | Ferrous Scrap | Nil (till 30.09.2024) | Nil (till 31.03.2026) |
| 3. | Certain specified raw materials for manufacture of CRGO steel | Nil (till 30.09.2024) | Nil (till 31.03.2026) |
| VIII. | Copper Sector | | |
| 1. | Blister Copper | 5 | Nil |
| IX. | Capital Goods | | |
| 1. | Certain additional goods for use in petroleum exploration operations | As applicable | Nil |
| 2. | Certain additional capital goods for use in manufacture of solar cells and modules | 7.5 | Nil |

| S. No. | Commodity | From (per cent) | To (per cent) |
|-------------|--|--------------------|---|
| X. | Shipping Sector | | |
| 1. | Components and consumables for manufacture of vessels | As applicable | Nil |
| 2. | Technical documentation and spare parts for construction of warships | As applicable | Nil |
| XI. | IT and Electronics | | |
| 1. | Cellular Mobile Phone | 20 | 15 |
| 2. | Charger/Adapter of cellular mobile phone | 20 | 15 |
| 3. | Printed Circuit Board Assembly (PCBA) of cellular mobile phone | 20 | 15 |
| 4 | Specified goods for use in manufacture of connectors | 5/7.5 | Nil |
| 5. | Oxygen Free Copper for use in manufacture of Resistors | 5 | Nil |
| XII. | Medical Equipment | | |
| 1. | All types of polyethylene for use in manufacture of orthopedic implants | As applicable | Nil |
| 2. | Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and all types of polyethylene for use in manufacture of other artificial parts of the body | As applicable | Nil |
| 3. | X-ray tubes and Flat panel detectors (including scintillators) for use in manufacture of medical, surgical, dental or veterinary X-ray machines | 15 | 5 (till 31.03.2025) <hr/> 7.5 (1.4.2025) |

| S. No. | Commodity | From (per cent) | To (per cent) |
|--------|-----------|--------------------|-----------------------------|
| | | | to 31.3.2026) |
| | | | 10 (1.4.2026 onwards) |

D.2. Increase in Customs duty [with effect from 24.07.2024]

| S. No. | Commodity | Rate of duties | |
|-------------|--|--------------------|---|
| | | From (per cent) | To (per cent) |
| I. | Plastics and Chemicals | | |
| 1. | Ammonium Nitrate | 7.5 | 10 |
| 2. | PVC Flex Films/Flex Banners | 10 | 25 |
| II | Chemicals | | |
| 1 | Laboratory Chemicals under heading 9802 | 10 | 150 |
| III. | Renewable Sector | | |
| 1. | Solar Glass for manufacture of solar cells or modules | Nil | 10 (w.e.f 1.10.24) |
| 2. | Tinned Copper Interconnect for manufacture of solar cells or modules | Nil | 5 (w.e.f 1.10.24) |
| IV. | Miscellaneous Items | | |
| 1. | PCBA of specified telecom equipment | 10 | 15 |
| 1. | Garden Umbrella (tariff item 6601 10 00) | 20 | 20 or ₹60 per piece whichever is higher |

D.3. Increase in tariff rate with no change in effective duty rate [With effect from 01.10.2024]

| S. No. | Commodity | Rate of duties | |
|--------|--|--------------------|------------------|
| | | From (per cent) | To (per cent) |
| 1 | Other roasted nuts and seeds, including areca nuts | 30 | 150 |
| 2 | Other nuts, otherwise prepared or preserved , including areca nuts | 30 | 150 |

D.4 Rationalization of Export duty on Raw hides, skins and leather [with effect from 24.07.2024]

| S. No. | Commodity | Rate of duties | |
|--------|---|--------------------|------------------|
| | | From (per cent) | To (per cent) |
| 1 | Raw Hides & skins, all sorts (other than buffalo) | 40 | 40 |
| 2 | Raw Hides & skins of buffalo | 30 | 30 |
| 3 | Raw fur and skins including lamb fur skin | 60/10 | 40 |
| 4 | Wet Blue Chrome Leather | 40 | 20 |
| 5 | Crust Leather | 40 | 20 |
| 6 | Tanned fur skin | 60 | 20 |
| 7 | E.I. Tanned Leather | Nil | Nil |
| 8 | Finished leather (as defined by DGFT) | Nil | Nil |

E. Trade Facilitation Measures

E.1. Increase in duration for re-import of goods exported out of India

The time-period of duty free re-import of goods (other than those under export promotion schemes) exported out under warranty from India has been increased from 3 years to 5 years, further extendable by 2 years.

E.2. Increase in duration for export of articles of foreign origin imported into India for repairs

Currently, articles of foreign origin can be imported into India for repairs subject to their re-exportation within six months extendable upto 1 year. The duration for export in the case of aircraft and vessels imported for maintenance, repair and overhauling has been increased from 6 months to 1 year, further extendable by 1 year.

F. OTHERS

There are few other changes of minor nature. For details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.

Annexure to Part B
Amendments relating to Direct Taxes

(A) Providing tax relief

A.1 Substantial relief is proposed under the new tax regime with new slabs and tax rates as under:-

| Total income | Rate of tax |
|---------------------------------|-------------|
| Upto ` 3,00,000 | Nil |
| From ` 3,00,001 to ` 7,00,000 | 5 per cent |
| From ` 7,00,001 to ` 10,00,000 | 10 per cent |
| From ` 10,00,001 to ` 12,00,000 | 15 per cent |
| From ` 12,00,001 to ` 15,00,000 | 20 per cent |
| Above ` 15,00,000 | 30 per cent |

A.2 Standard deduction: Standard deduction to salaried individuals and pensioners is proposed to be increased from ` 50,000 to ` 75,000 under the new tax regime.

A.3 Family pension deduction: Deduction from family pension of ` 15,000 is proposed to be increased to ` 25,000 under the new tax regime.

A.4 Non-government employer contribution to New Pension scheme: It is proposed to increase the amount of deduction allowed to an employer in respect of his contribution to a pension scheme referred to in section 80CCD, from the extent of 10% to the extent of 14% of the salary of the employee. Further, a non-government employee in the new tax regime shall be allowed deduction of an amount not exceeding 14% of the employee's salary in place of 10%.

(B) Measures to promote investment and employment

B.1 Incentives to IFSC

- It is proposed that retail schemes and Exchange Traded Funds

| | |
|---|---|
| | <p>in IFSC, shall enjoy tax exemptions along similar lines as available to specified funds.</p> <ul style="list-style-type: none"> • It is further proposed to exempt certain income of Core Settlement Guarantee Fund set up in IFSC. • It is proposed to exclude the applicability of section 94B to certain finance companies located in IFSC. • It is proposed that where a venture capital fund (VCF) located in IFSC extends a loan / other amount to an assessee, it shall no longer be called upon to explain the source of funds. • Further, it is proposed that surcharge shall not apply on income-tax payable on income from securities by specified funds. |
| B.2 | Reduction of rate of foreign companies to 35 per cent: It is proposed to reduce the rate of income-tax chargeable on income of foreign company (other than that chargeable at special rates) from 40 per cent to 35 per cent. |
| B.3 | Tax on share premium: It is proposed that the provisions of clause (viib) of sub-section (2) of section 56 of the Act related to tax on share premium of private companies shall not apply from the financial year 2024-25. |
| B.4 | Scheme of presumptive taxation for cruise ship operations by non-residents: It is proposed to put in place a presumptive taxation regime for cruise ship operations of non-residents. Further, it is proposed to provide exemption for any income of a foreign company from lease rentals of cruise ships, received from a related company which operates such ship or ships in India. |
| (C) Simplification and Rationalisation | |
| C.1 | Introduction of block assessment scheme for search and seizure cases: It is proposed to introduce a new scheme of block assessment for search cases. The block period is proposed to be six previous years and the period up to the date of conclusion of search. Total income of the block period is proposed to be taxed |

at the rate of 60 per cent.

C.2 Reducing the time-limit for which reassessment can be done and rationalisation of the provisions: Time limit for reassessment is proposed to be reduced from ten years to five years. Further, there are proposals to rationalise the procedure for reassessment. Further, it is proposed to omit reference to Principal Chief Commissioner or Chief Commissioner in section 275 to provide clarity of time limitation for imposition of penalties. It is also proposed to withhold refund up to sixty days of assessment under section 245 and to rationalise time limit to file appeal to ITAT under section 253.

C.3 Charitable trusts/ Institutions

It is proposed to make amendments to merge the two schemes for exemption and also provide for rationalisation of filing of applications and the timelines for registration and approval of certain benefits to charitable trusts and institutions.

C.4 Simplification of taxation of Capital Gains: The taxation of capital gains is proposed to be rationalised and simplified.

Short term gains on specified financial assets shall henceforth attract a tax rate of 20 per cent instead of 15 per cent, while that on all other financial assets and non-financial assets shall continue to attract the applicable tax rate.

Long term gains on all financial and non-financial assets, on the other hand, will attract a tax rate of 12.5 per cent. For the benefit of the lower and middle-income classes, it is proposed to increase the limit of exemption of capital gains on certain listed financial assets from ₹ 1 lakh to ₹ 1.25 lakh per year.

Listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non-financial assets will have to be held for at least two years to be classified as long-term.

Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, however, will attract tax on capital gains at applicable rates.

These proposals are proposed to be given effect with immediate

force.

C.5 Rationalisation of tax deducted at source (TDS) rates: It is proposed to bring down TDS rates from 5 per cent to 2 per cent in certain sections and omit section 194F where TDS rate is 20 per cent, as given below:

| Section | Present TDS Rate | Proposed TDS Rate | With effect from |
|---|------------------------|-------------------|------------------|
| Section 194D - Payment of insurance commission (in case of person other than company) | 5% | 2% | 1.4.2025 |
| Section 194DA - Payment in respect of life insurance policy | 5% | 2% | 1.10.2024 |
| Section 194G – Commission etc on sale of lottery tickets | 5% | 2% | 1.10.2024 |
| Section 194H - Payment of commission or brokerage | 5% | 2% | 1.10.2024 |
| Section 194-IB - Payment of rent by individual or HUF | 5% | 2% | 1.10.2024 |
| Section 194M - Payment of certain sums by certain individuals or Hindu undivided family | 5% | 2% | 1.10.2024 |
| Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant | 1% | 0.1% | 1.10.2024 |
| Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India | Proposed to be omitted | | 1.10.2024 |

C.6 Credit of TDC and TCS: It is proposed to allow credit of all tax deducted or collected while computing the amount of tax to be deducted on salary income under section 192.

C.7 Claiming credit for TCS of minor in the hands of parent: It is proposed to empower the Board to make rules to provide credit

of tax collected to person other than collectee.

C.8 Alignment of interest rate on delayed payment on TCS with TDS:

It is proposed to increase the rate of simple interest from 1 per cent to 1.5 per cent on delayed payments of TCS after collection, as in the case of TDS.

C.9 Increase in limit of remuneration to working partners of a firm allowed as deduction: It is proposed to increase the limit of remuneration to working partners to ₹ 3,00,000 or 90 per cent of the book-profit, whichever is more, on the first ₹ 6,00,000 of the book-profit or in case of a loss.

(D) Widening and deepening of tax base and anti-avoidance

D.1 Buy-back of shares: It is proposed that the income from buy-back of shares by companies be chargeable in the hands of recipient investor as dividend, instead of the current regime of additional income-tax in the hands of the company. Further, the cost of such shares shall be treated as a capital loss to the investor.

D.2 Securities transaction tax (STT) rates: It is proposed to increase the rates of STT on sale of an option in securities from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such futures are traded.

D.3 Income from letting out of house property: It is proposed that income from letting out of a house or part of the house by the owner, shall not be charged under the head 'profits and gains of business or profession' and will be chargeable to tax under the head 'income from house property' only.

D.4 Transfer of capital asset: It is proposed to provide that the transfer of a capital asset, under a gift or will or an irrevocable trust, by an entity other than an individual or a Hindu undivided family (HUF) only, shall be regarded as transfer for the purpose of calculation of capital gain.

D.5 TDS on payment to a partner: It is proposed that payments made by firm to its partner in the nature of salary, remuneration,

commission, bonus and interest, etc shall be subject to TDS at the rate of 10 per cent for aggregate amounts more than ₹ 20,000 in a financial year.

- D.6 TCS on notified luxury goods:** To enable TCS on luxury goods, it is proposed to levy TCS of 1 per cent on notified goods of value exceeding ten lakh rupees.
- D.7 TDS on sale of immovable property:** It is proposed to clarify that where there is more than one transferor or transferee in respect of an immovable property, then such consideration for transfer of the immovable property shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.
- D.8 TDS on Floating Rate Savings (Taxable) Bonds (FRSB) 2020:** TDS is proposed on interest exceeding ten thousand rupees on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 or any other notified security of the Central or State Governments.
- D.9 Inadmissibility of non-business expenditure by life insurance companies:** It is proposed to provide that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business shall be included to the profits and gains of the life insurance business.
- D.10 Inclusion of taxes withheld outside India for purposes of calculating total income:** It is proposed to provide that income tax paid outside India by way of deduction is deemed to be income received for the purpose of computing the income of the assessee.
- D.11 Excluding income mentioned in section 194J from applicability of section 194C:** It is proposed to explicitly state that any sum referred to in sub-section (1) of section 194J (fees for professional or technical services) does not constitute “work” for the purposes of TDS under section 194C (payments to contractors).
- D.12 Claim of settlement amounts as business expenditure:** It is proposed to disallow expenses incurred as settlement fees for any contravention of law, as may be notified by the Central Government.

| |
|--|
| <p>D.13 Definition of Fair Market Value (FMV): It is proposed to provide for a method of calculation of fair market value on 31.01.18 under section 55(2) (ac) in the case of sale of unlisted equity shares in an offer for sale in an initial public offer.</p> |
| <p>(E) Tax Administration</p> |
| <p>E.1 Introduction of Vivad se Vishwas Scheme, 2024: It is proposed to introduce a new scheme for settlement of pending appeals. It is proposed to be made operational from a specified date. Last date for the scheme is also proposed to be notified.</p> <p>E.2 Equalisation Levy: It is proposed that Equalisation Levy at the rate of 2 per cent of consideration received for e-commerce supply of goods or services, shall no longer be applicable on or after 1st August, 2024.</p> <p>E.3 Non-reporting of small foreign assets has penal consequences under the Black Money Act. Such non-reporting of movable assets up to ₹ 20 lakh is proposed to be de-penalised.</p> <p>E.4 It is proposed to decriminalize late payment of tax deducted at source (TDS) , if the payment is made before the time prescribed for filing the TDS statement.</p> <p>E.5 It is proposed to provide that no order for failure to deduct/ collect tax from any person shall be passed after the expiry of six years from the end of the financial year in which payment is made.</p> <p>E.6 Enabling processing of statements other than those filed by deductors: It is proposed to provide that the Board may make a scheme for processing of such statements.</p> <p>E.7 Lower deduction / collection certificate of tax at source: It is proposed to allow for application for lower deduction / collection certificate of tax for section 194Q (TDS on payment for purchase of goods) and sub-section (1H) of section 206C (TCS on receipt of sale of goods).</p> <p>E.8 Notification of certain persons or class of persons as exempt from TCS: It is proposed to empower the government to notify persons or class of persons from whom no collection of tax shall be made or collection of tax shall be made at a lower rate in</p> |

respect of specified transactions.

- E.9 Time limit to file correction statement for TDS/TCS statements:** It is proposed to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the TDS/TCS statement are respectively required to be delivered.
- E.10 Penalty for failure to furnish statements:** It is proposed to provide for penalty on late furnishing of TDS or TCS statement beyond one month instead of the existing period of 12 months.
- E.11** It is proposed to prescribe the period within which annual statement of activities of a liaison office is required to be furnished. It is further proposed to provide for penalty on failure of submission of annual statement within the due period.
- E.12** It is proposed to enable the Transfer Pricing Officer to deal with specified domestic transactions which have not been referred to him by the Assessing Officer.
- E.13** It is proposed to discontinue the quoting of Aadhaar Enrolment ID in place of Aadhaar number.
- E.14** It is proposed to provide those applications before the Board for Advance Rulings transferred from Authority of Advance Rulings may be allowed to be withdrawn before 31.10.2024.
- E.15** It is proposed to empower Commissioner (Appeals) to set aside ex-parte assessment orders.
- E.16 Amendment in Section 271FAA:** It is proposed to amend section 271FAA to provide for a penalty on failure to comply with due diligence requirement relating to compliance with Automatic Exchange of Information (AEOI).
- E.17 Tax Clearance Certificate:** It is proposed to include reference of Black Money Act, 2015 for the purposes of obtaining a tax clearance certificate.
- E.18 Returns filed after condonation of delay:** It is proposed that in respect of returns filed after condonation of delay, the assessment can be made up to 12 months from the end of the financial year in which such return was furnished.
- E.19 Donations to National Sports Development Fund:** Any sums paid

as donations to the National Sports Fund set up by the Central Government are presently eligible for deduction under section 80G. The name of the fund is proposed to be corrected as National Sports Development Fund.

E.20 Removing reference to National Housing Board: As housing finance companies are now under the purview of the Reserve Bank of India as a category of Non-Banking Financial Companies (NBFCs), it is proposed to remove reference to National Housing Board in section 43D of the Act.

E.21 Adjusting liability under Black Money Act, 2015 against seized assets: It is proposed to insert reference of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the section 132B of the Income-tax Act, 1961 so as to enable recovery of liabilities under the Act out of seized assets.

E.22 Amendments to the Prohibition of Benami Property Transactions Act, 1988: It is proposed to provide immunity from penalty and prosecution to benamidar on full and true disclosure. It is also proposed to rationalize time limits for attachment of property and reference to adjudicating authority.