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Union Budget 2024



Foreword :



Kamlesh Vikamsey

Senior Partner

Dear Esteemed Readers,

We (“Team KKC”) are pleased to place before you the analysis of Union Finance Bill (No 2) 2024, presented by the Finance Minister (‘the FM’), on 23rd July 2024 along with the first Union Budget of ‘Modi@3’ Government.

The Budget, in the backdrop of vision of “Viksit Bharat” aims to boost infra and other developmental initiatives, especially in eastern part of India, particularly focusing on states of Bihar and Andhra Pradesh.

Globally, amidst continuing elevated asset prices, political uncertainties and shipping disruptions, all of which lead to downsizing of growth and upside inflationary trends. As against this, India’s absolute economic growth, with well-controlled inflation, truly continues to be the shining exception.

These positive factors led the FM to envisage sustained efforts on 9 priorities for generating ample opportunities for all i.e. (1) productive & resilient agriculture (2) employment & skilling (3) inclusive human resources with social justice (4) manufacturing & services (5) urban development (6) energy security (7) infrastructure (8) Innovation – R&D (9) Nextgen reforms.

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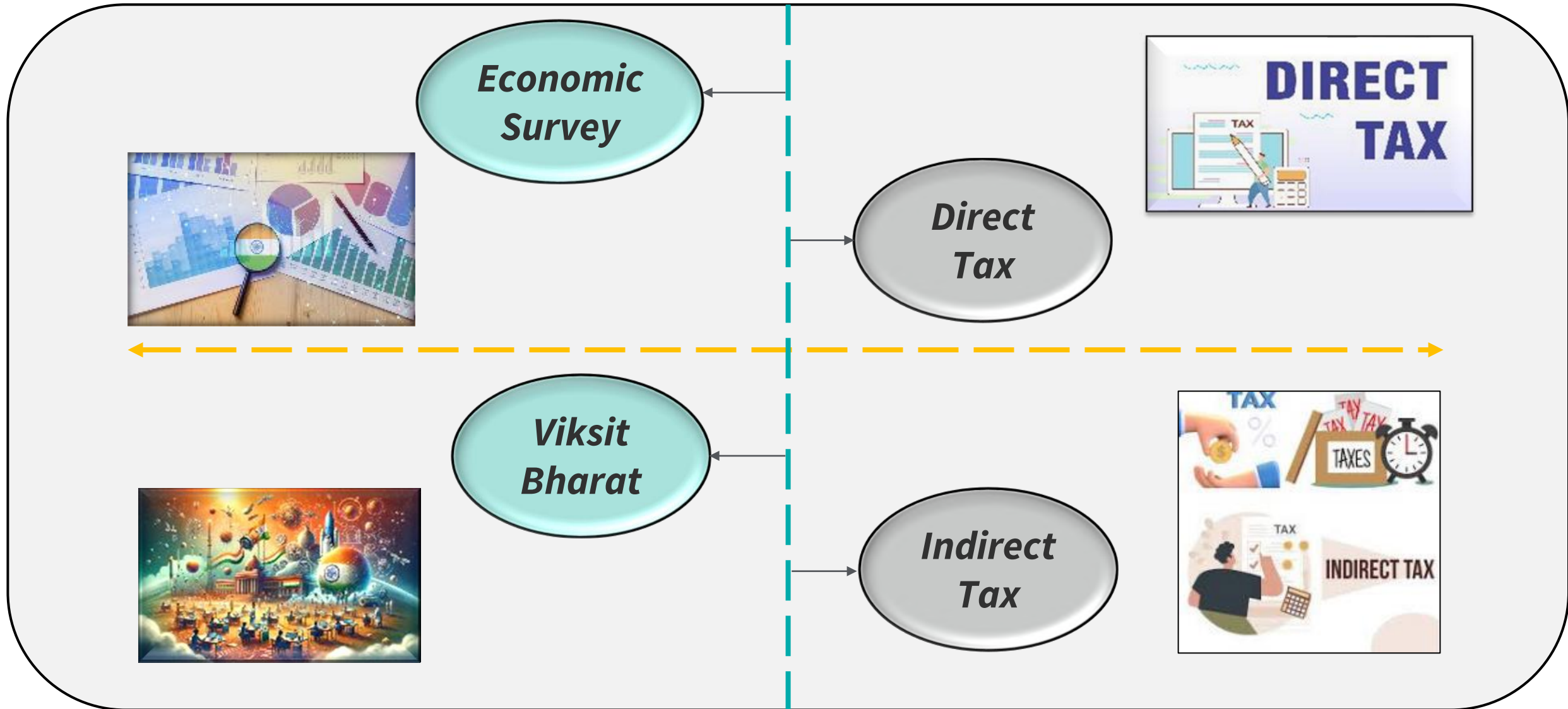
The FM has touched upon numerous aspects of all-round growth & development in her 80+ minute speech; the continued buoyancy in tax collections enables the FM much needed space for chalking out gutsy ambitions with huge capital outlays. The fiscal deficit for FY 2023-24 is estimated at 4.9 per cent of GDP. The aim to reach a deficit below 4.5 per cent next year appears achievable with avowed fiscal consolidation.

Amongst such largely positive factors, it will be interesting to see the sentiments of investors owing to enhanced short-term and long-term capital gains tax rates, removal of indexation, revamp of buy-back taxation and numerous other changes in direct tax laws.

It is hoped that the newly introduced “Vivad se Vishwas” scheme would help reduce tax litigations. It would be of interest to see the new avatar of Income Tax Act after the comprehensive review thereof gets completed as mentioned in the Budget Speech. It is likely that measures proposed to rationalize the tax rates coupled with simplified computational framework would promote better tax compliance, boost financial markets and support development of theme of IFSC.

Kudos to “Team KKC” for completing this useful summary and analysis of several changes proposed in the Bill, within the shortest possible time. Needless to add, if you have any questions and/or doubt about the changes/proposals, we shall be happy to discuss the same. Please do not hesitate to connect us at communication@kkc.llp.in

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ECONOMIC SURVEY



Highlights

Projected GDP growth at 6.5% to 7% vis-à-vis 8.2% in Previous Year.

Current Account Deficit at 0.7% of GDP vis-à-vis 2% of GDP in Previous Year.

Increase in Food Inflation to 7.5% vis-à-vis 6.6% in Previous Year.

Focus on skill improvement initiatives to align with job market demands

Continued Focus on climate - Solar capacity installed of 82.64 GW as of April 2024

Reduction in Fiscal Deficit to 5.6% vis-à-vis 6.4% in Previous Year.

External debt as a ratio to GDP at 18.7%. Foreign exchange reserves to Total Debt at 97.4%.

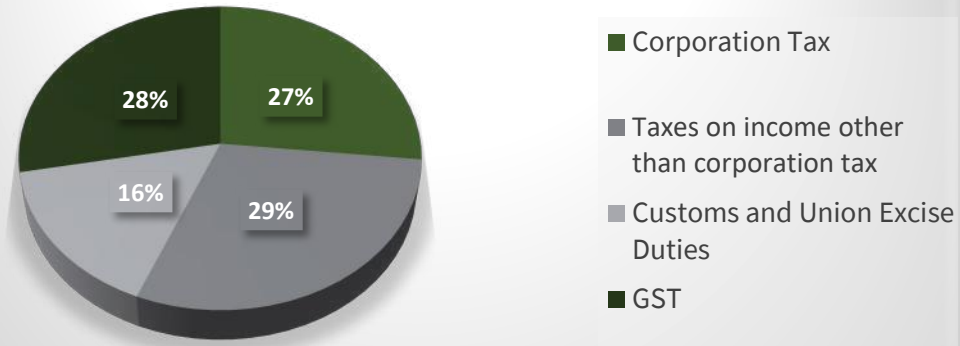
Unemployment declining to 3.2% in 2022-23 however continued focus on employment generation is required for rising workforce

Significant Reduction in Gross NPA to 2.8% compared to 11.2% in FY 2018.

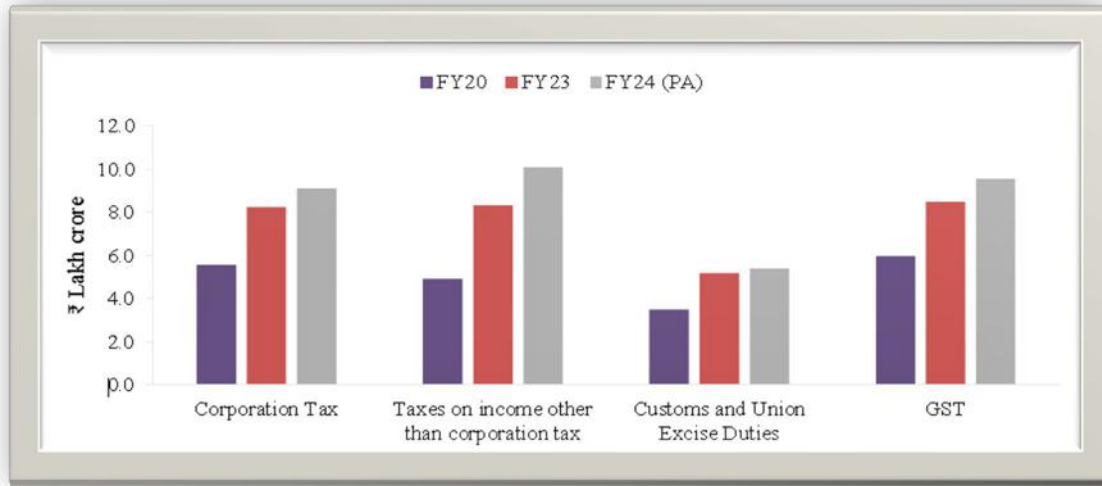
Increase in Patents granted to ~ 1,00,000 grants vis-à-vis < 25,000 grants in FY 2020 for R&D Projects.

Tax Profile of Union Government

Composition of Tax Profile



Tax revenues register steady increase

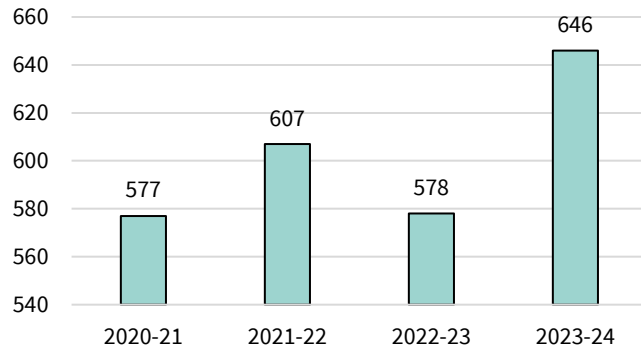


- Direct taxes (Corporate & Taxes on income other than Corporate Income Tax) propelling the growth in Gross Tax Revenue (GTR) : YOY Growth of 15.8%
- High imports led to increased Customs and Union Excise Duties : YOY Growth of 3.8%
- Growth in Indirect tax collection mainly driven by YOY 12.7 % growth in GST collection
- GST E-way bill generated registered an uptick post-pandemic both in intra state and interstate trade.
- The growth in GTR estimated to be 11.7% in FY25
- The cost of collection of direct taxes at 0.51 % in FY23 down from 0.66% of gross collections in FY20.

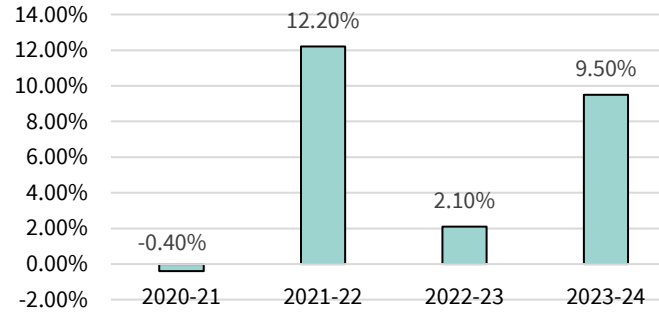
Source: Budget at a Glance, Union Budget, FY22, FY23, FY24 Interim Budget, Union Government Accounts at a Glance – O/o CGA

Indian Economy Snapshot

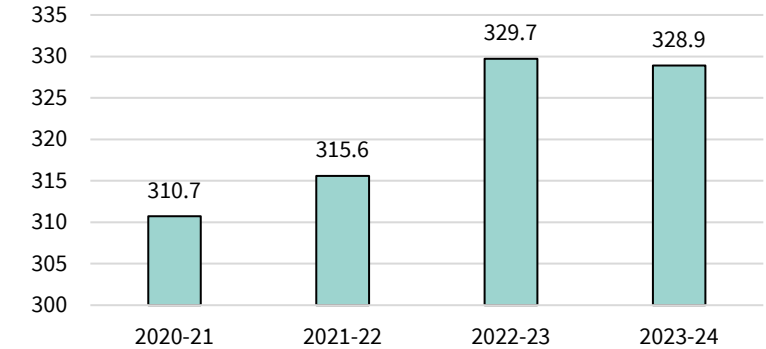
Foreign Exchange Reserves
(\$ Billion)



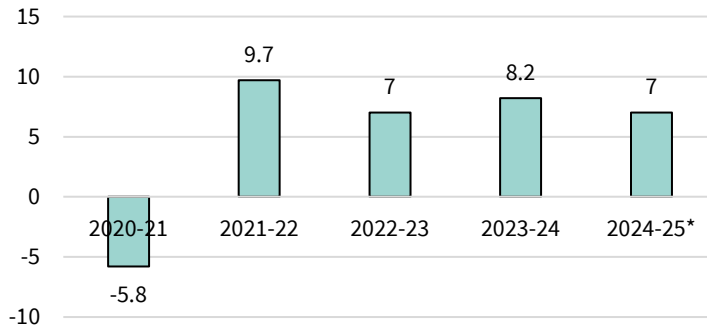
Industrial Growth (Growth rate at constant prices)



Foodgrains Production
(in million tonnes)

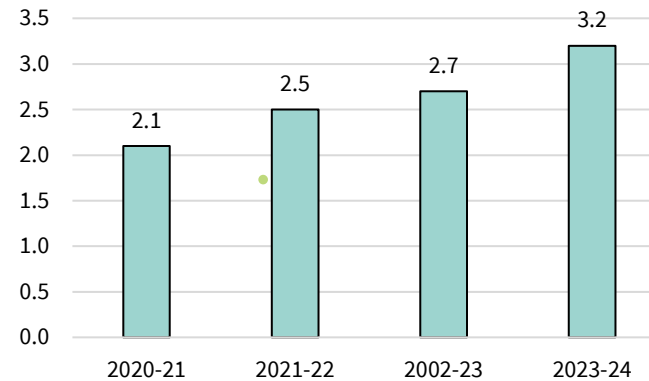


GDP Growth (in %)

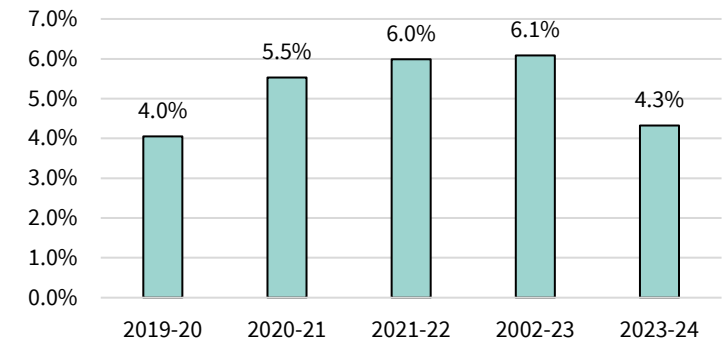


*projected 6.5%-7%

Capital Expenditure % of GDP

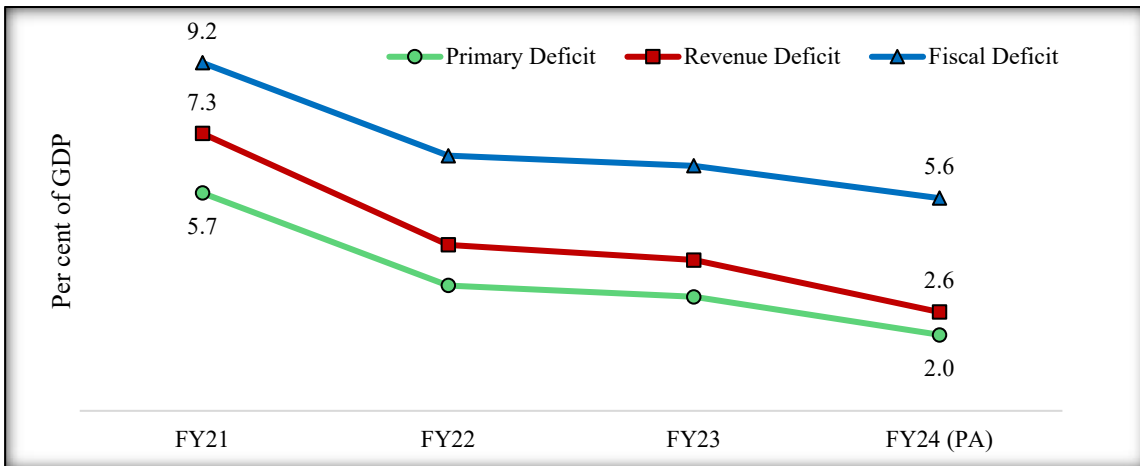


Core Inflation (%)



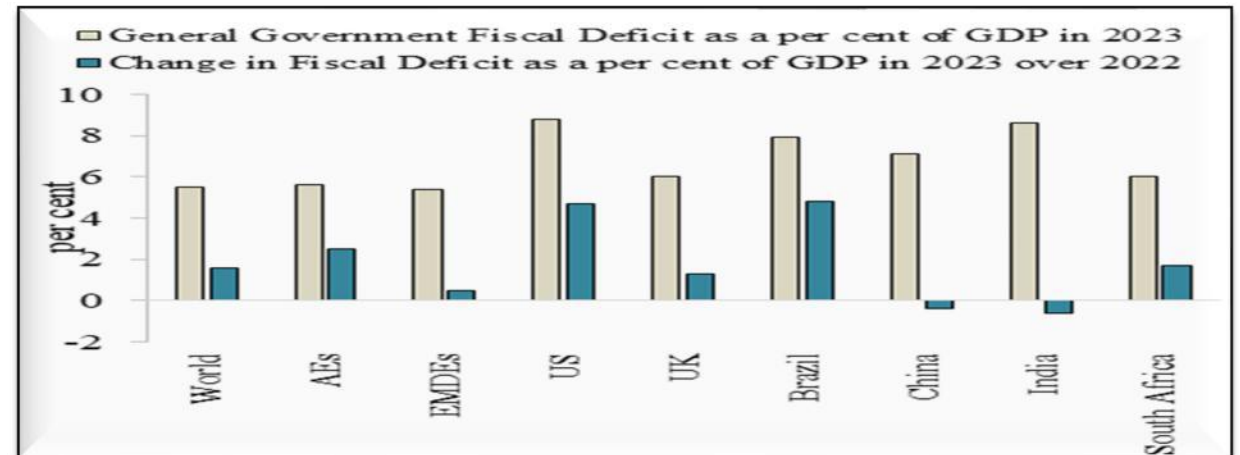
Fiscal Position

- Efficient fiscal management coupled with buoyant revenue collections, higher-than-budgeted non-tax revenue in the form of dividends from the RBI & restrained revenue expenditure has led to continued decline in Union Government fiscal deficit as a percent of GDP against the global trend of widening fiscal deficit and increasing debt burden.
- The fiscal deficit of Union Government at 5.6% of GDP in FY24 down from 6.4% of GDP in FY23 and is expected to drop to 4.5% of GDP or lower by FY26.
- Combined Gross Fiscal Deficit of the States at 2.8% of GDP down from 3.9% in pandemic affected years



Fiscal Deficit as a per cent of GDP - India

Source :Budget At A Glance , Union Budget FY24(Interim), Union Government Account At A Glance- O/o CGA.



Fiscal Deficit as a per cent of GDP - Global

Source: Fiscal Policy in the Great Election Year, Fiscal Monitor, IMF, April 2024

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VIKSIT BHARAT ROADMAP



Nine Priorities for “Viksit Bharat”



Productivity and resilience in Agriculture



Employment & Skilling



Human Resource Development and Social Justice



Manufacturing & Services



Urban Development



Energy Security



Innovation, Research & Development



Next Generation Reforms



Infrastructure

Roadmap for 'Viksit Bharat'

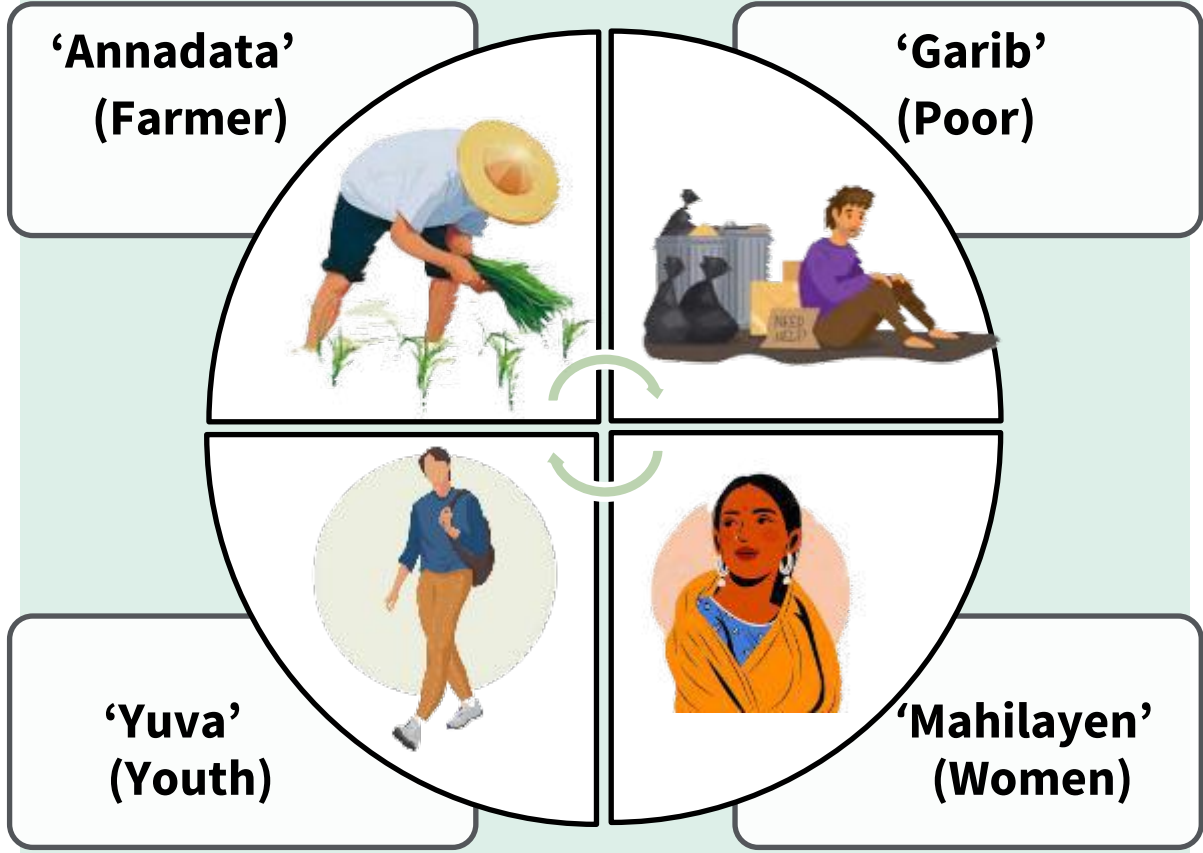
Employment

Skilling

MSME's

Middle Class

Focus areas



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DIRECT TAXES



PERSONAL INCOME TAX



Income Tax Slab Rates

Tax Rates for Individuals/ AOP/BOI/AJP for AY 2024-25 and AY 2025-26

Applicable Tax Rates under Default Tax Regime i.e., New Tax Regime

Income	Tax Rates u/s. 115BAC -Existing up to AY 24-25	Tax Rates u/s. 115BAC -Proposed from AY 25-26
Upto Rs. 3,00,000	Nil	Nil
3,00,001-6,00,000	5%	5%
6,00,001-7,00,000	10%	5%
7,00,001-9,00,000	10%	10%
9,00,001-10,00,000	15%	10%
10,00,001-12,00,000	15%	15%
12,00,001-15,00,000	20%	20%
Above 15,00,000	30%	30%

Applicable Optional Tax Rates in case person exercises the option to opt out of New Tax Regime

Income	Senior Citizen (Age more than 60 years, below 80 years)		
	Individual (Age less than 60 years)	Senior Citizen (Age more than 60 years, below 80 years)	Super Senior Citizen (Age above 80 years)
upto Rs. 2,50,000	Nil	Nil	Nil
Rs. 2,50,000 to Rs. 3,00,000	5%	Nil	Nil
Rs. 3,00,000 to Rs. 5,00,000	5%	5%	Nil
Rs. 5,00,000 to Rs. 10,00,000	20%	20%	20%
Above Rs. 10,00,000	30%	30%	30%

- The tax rates for Foreign Companies are proposed to be reduced from 40% to 35% (excluding surcharge & cess)
- Tax rates applicable to Domestic Companies, Firms and LLP's remains unchanged.
- Surcharge and Cess remains unchanged for all taxpayers.

[w.e.f. AY 2025-26]

Increase in standard deduction for taxpayers opting New tax regime[S. 16(ia)]

Existing	Proposed
A standard deduction is allowable to the employees of Rs. 50,000 or amount of salary, whichever is less.	It is proposed to increase the above deduction upto Rs. 75,000.

Increase in deduction of family pension for tax-payers opting New tax regime[S.57(ia)]

Existing	Proposed
S. 57(ia) Allows a deduction of Rs. 15,000 or 33.33% of the family pension income, whichever is less, while computing income under the head "Income from other sources."	It is proposed to increase the above limit to Rs. 25,000 in cases where taxpayer opts for the new tax regime.

Reporting of Income from letting out of Residential property under "Income from House Property" [S.28]

Existing	Proposed
There are no specific provisions providing the head of income under which income from letting out of Residential house property is taxable.	It is proposed to amend S. 28 to provide that any income generated from letting out a residential property or part of a property by the owner shall be chargeable under the head 'Income from house property' only.

Employer's contribution to Pension scheme [S. 36(1)(iva) and S.80CCD(2)]

In hands of Employer [S. 36(1)(iva)]

Existing	Proposed
Employers' contribution made to Pension Scheme is eligible for deduction upto 10% of the employee salary.	It is proposed to increase the deduction from 10% to 14% of salary of employee.

In hands of Employee [S. 80CCD(2)]

Existing	Proposed
Employers' contributions by other than Central or State Government employers is eligible for deduction upto 10% of the employee's salary.	For employees opting for new tax regime, it is proposed to increase the deduction from 10% to 14% of the employee salary.

CAPITAL GAINS



Revision in Holding period [S. 2(42A)]

Presently there are 3 holding periods under capital gains. It is proposed to revise the holding period as under:

Particulars	Existing (months)	Proposed (months)
Listed security (Other than units)	12	12
Unit of equity oriented mutual funds	12	12
Zero coupon bonds	12	12
Unlisted securities	24	24
Immovable property	24	24
Listed units including units of listed business trusts	36	12
Others	36	24

Revision in Tax rates

Particulars	Existing	Proposed
STCG on STT paid Equity Shares, units of Equity Oriented Mutual Funds and units of Listed Business Trusts [S. 111A]	15%	20%
STCG on other assets (Gold, Silver, Art, Real Estate)	Applicable rates	
LTCG on STT paid Equity Shares, units of Equity Oriented Mutual Funds and units of Listed Business Trusts [S. 112A]	10% (Exemption Rs. 1 lakh)	12.5% (Exemption Rs.1.25 lakh)
LTCG on Unlisted Bonds and Debentures	20% (with indexation)	Deemed to be STCG S.50AA - Applicable rates
LTCG on other assets (including Listed Bonds & Debentures, Gold, Silver, Art, Real Estate)	20% (with indexation – second proviso to S.48)	12.5% (without indexation – second proviso to S. 48 to be removed)

Amendments to Capital Gains Tax

New Definitions added/ revised and explained:

Capital Gains on Market Linked Debentures and Specified Mutual Fund [S.50AA]

Existing	Proposed
<p>Deemed to be STCG - Applicable rates</p> <ul style="list-style-type: none"> ▪ Definition of Specified MF – <ul style="list-style-type: none"> ✓ MF Investing \leq 35% in equity shares 	<p>Deemed to be STCG - Applicable rates</p> <ul style="list-style-type: none"> ▪ Definition of Specified MF amended – <ul style="list-style-type: none"> ✓ MF investing $>$ 65% in debt & money market instrument ✓ Fund investing $>$ 65% in above MF

Impact - Whether sale of following are Deemed STCG for [S. 50AA]?

Particulars	Existing	Proposed
<ul style="list-style-type: none"> ▪ ETFs ▪ Gold Mutual funds ▪ Gold ETFs ▪ Fund of Funds (FoF) investing in funds investing $>$ 65% in other than debt or money market instruments 	<ul style="list-style-type: none"> ▪ Yes (✓) ▪ Yes (✓) ▪ Yes (✓) ▪ Yes (✓) 	<ul style="list-style-type: none"> ▪ No (✗) ▪ No (✗) ▪ No (✗) ▪ No (✗)

Amendments to Capital Gains Tax – Rates Summary

Capital Assets	Existing - upto 22 July 2024			Proposed - On or after 23 July 2024		
	Holding Period (Months)	STCG*	LTCG*	Holding Period (Months)	STCG*	LTCG* @
Listed Equity Shares - STT paid	12	15%	10%	12	20%	12.5%
Equity Oriented MF		15%	10%		20%	
S.112A Equity oriented Fund-of-Fund (FoF) #		15%	10%		20%	
Zero coupon bonds		Normal Rate	20%		Normal Rate	
Listed Bonds & Debentures – (excl MLD)		Normal Rate	20%		Normal Rate	
Market Linked Debentures (MLD)	NA	Normal Rate		NA	Normal Rate	
S.50AA Specified MF	NA	Normal Rate		NA	Normal Rate	
Debt oriented MF -Investing 65% in debt						
FoF - underlying is Debt oriented MF						
FoF - underlying is Equity MF (other than S.112A FoF)				24	Normal Rate	12.50%
Gold MF				24	Normal Rate	12.50%
Gold/Silver ETF			12	Normal Rate	12.50%	
Unlisted Bonds/Debentures	36	Normal Rate	20%	NA	Normal Rate	
REIT / INVIT – Listed	36	15%	10%	12	20%	12.50%
REIT / INVIT – Unlisted		Normal Rate	20%	24	Normal Rate	
Unlisted Equity	24	Normal Rate	20%	24	Normal Rate	12.50%
Real Estate	24	Normal Rate	20%	24	Normal Rate	12.50%
Gold/Silver/Art & Others	36	Normal Rate	20%	24	Normal Rate	12.50%

(*) Excl Surcharge & Health Education cess

(@) Indexation on cost not available

(#) Fund investing 90% in listed fund investing 90% in listed equity

Amendments to Capital Gains Tax

Abolition of Angel Tax [S. 56(2)(viib)]

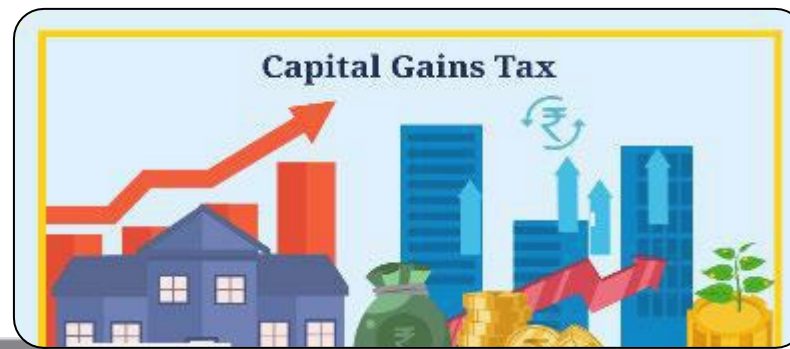
[w.e.f. AY 25-26]

- Currently, Private companies are required to pay tax on issue of shares on excess consideration received over fair value.
- This is proposed to be discontinued from AY 2025-26.

Gift by companies no longer excluded from capital gains tax [S. 47(iii)]

[w.e.f. 23 July 2024]

- Presently any transfer of a capital asset by way of gift or through will or irrevocable trust is not considered as “transfer” for purpose of capital gains.
- Disputes have arisen concerning gifts of shares by companies, asserting exemption u/s. 47.
- To address this issue, it is proposed to restrict the exclusion of gifts, wills, or irrevocable trusts from “transfer” to individuals and HUFs only.
 - ✓ Does this really address the issue?



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Amendments to Capital Gains Tax

Capital Gains Tax on Equity shares transferred under Offer-for-sale [S. 55(2)(a)]

- Equity shares transferred under an OFS as part of the IPO process are subject to STT at the time of transfer, even though the listing occurs a few days later. Consequently, such transfers are subject to capital gains tax u/s. 112A.
- In case such equity shares are acquired before January 31, 2018, grandfathering provisions apply wherein FMV on 31 January 2018 or the actual cost of acquisition, whichever is higher, is considered for determining cost of acquisition.
- The current definition of FMV does not explicitly cover a scenario where the listing occurs after the transfer.
- In order to address this issue, it is proposed that for unlisted equity shares transferred under OFS and subsequently listed, FMV will be determined based on the proportionate Cost Inflation Index adjustment from the FY 2017-18 to the acquisition year.

[w.r.e.f. AY 18-19]

Rates of Securities Transaction Tax (STT)

Existing	Proposed
<ul style="list-style-type: none">▪ Sale of an option in securities - 0.0625% of option premium▪ Sale of a future in securities - 0.0125% of price at which future traded	<ul style="list-style-type: none">▪ Sale of an option in securities - 0.1% of option premium▪ Sale of a future in securities - 0.02% of price at which future traded

[w.e.f. 01 October 2024]

TAXATION ON BUY-BACK



In the hands of the shareholders [S. 10(34A), S. 2(22)(f)]

Existing	Proposed
Buy back of shares by the company is exempt in hands of shareholders.	<ul style="list-style-type: none"> ▪ Sum received under buy-back by shareholders be treated as deemed dividend u/s. 2(22)(f) <ul style="list-style-type: none"> ✓ No deductions for expenses allowed ✓ Chargeable under the head “Income from Other Sources” ▪ Under the head “Capital Gains” - <ul style="list-style-type: none"> ✓ The value of consideration of shares under buy-back will be deemed to be 'Nil' ✓ Cost of acquisition of shares will generate capital loss. ✓ The resulting capital loss will be allowed to be set off and carried forward.

In the hands of the company [S. 115QA, S. 194]

Existing	Proposed
The company is liable to pay additional income-tax at the rate of 20% on the distributed income (“Buy-back Tax”).	<ul style="list-style-type: none"> ▪ Buy-back tax will not apply to any buy back of shares on or after 01 October 2024. ▪ The company will deduct TDS @10% u/s. 194.

CHARITABLE TRUSTS



Rationalization of Charitable Regimes [S.12A]

Existing	Proposed
<p>The Act currently provides two regimes for trusts & institutions to claim exemption. The first is contained in provisions of sub-clause (iv), (v), (vi) or (via) of clause (23C) of S.10. The second is contained in provisions of S. 11 to 13.</p>	<ul style="list-style-type: none">▪ It is proposed to bring all such trusts, funds and institutions covered in first regime to second regime in a gradual manner.▪ Approved trusts under the first regime shall continue to get the benefits till validity of approval.▪ The above trusts shall be eligible for subsequent registration under S. 12A.

Approval of applications [u/s. 12AB or 80G]

Existing	Proposed
<p>Applications for registration under S. 12AB or 80G, are required to be processed/ disposed off by Principal Commissioner or Commissioner within a period of six months from the end of the month in which such application is received.</p>	<ul style="list-style-type: none">▪ It is proposed that such applications be disposed by Principal Commissioner or Commissioner within a period of six months from the end of the quarter in which such application is received.

Condonation for delay in seeking approval u/s. 12AB

- For the benefit of Charitable Trusts who could not file application for approval within stipulated time. It is proposed to give power PCIT/CIT to condone the delay if there is reasonable cause for delay in filing the application.

Merger of Trusts

- Section 115TD provides for tax on accreted income if trusts and Institutions registered u/s. 12AB or approved u/s. 10(23C) is merged with any entity other than a trust or Institution and which is approved u/s. 12AA / 12AB or approved u/s. 10(23C). Now, section 12AC is proposed to be inserted relating to the merger of approved / registered charitable trusts with another approved / registered trust or institution.

TDS AND TCS



Tax deduction at source (TDS)

Changes in TDS Rates

Sections	Existing Rate	Proposed Rate	With effect from
S. 194D - Payment of insurance commission (in case of person other than company)	5%	2%	01 April 2025
S. 194DA - Payment in respect of life insurance policy	5%	2%	01 October 2024
S. 194G – Commission etc on sale of lottery tickets	5%	2%	01 October 2024
S. 194H - Payment of commission or brokerage	5%	2%	01 October 2024
S. 194-IB - Payment of rent by certain individuals or HUF	5%	2%	01 October 2024
S. 194M - Payment for carrying out work under a contract, commission, brokerage, professional fees exceeding Rs. 50 Lakh by certain individuals or HUFs	5%	2%	01 October 2024
S. 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01 October 2024
S. 194F- Payments on account of repurchase of units by Mutual Fund or Unit Trust of India	20%	Omitted	01 October 2024

Allowing Credit of TCS for computing TDS on Salary [S. 192(2B)]

- Presently, credit of TDS deducted from income under other head of income is allowed to be considered while computing the amount of TDS on salary of the employees.
- To ease the compliance, it is proposed to allow TCS credit also along with the TDS credit, while computing the amount of TDS on salary.

TDS on Floating Rate Savings (Taxable) Bonds 2020 [S. 193]

- It is proposed that TDS will be deductible at rates in force on interest exceeding Rs. 10,000 on -
 - ✓ the Floating Rate Savings Bonds (FRSB) 2020 (Taxable) and
 - ✓ any security of the Central Government or State Government, as the Central Government by notification in Official Gazette.

Excluding sums referred u/s 194J from S. 194C [S. 194C]

- It is proposed explicitly to state that any sum referred u/s. 194J (Fees for professional or technical services) does not constitute “work” for purpose of TDS u/s. 194C (Payment to Contractors).

Tax deduction at source (TDS)

TDS on sale of immovable property other than agricultural land [S. 194-IA]

- It has been clarified that where there is more than one transferor or transferee in respect of an immovable property, the consideration to be considered for the threshold limit of Rs. 50 lakh shall be the aggregate of the amounts paid by all the transferees to the transferor or all transferors for transfer of such immovable property.
- Hence, if payment from each transferor / transferee is less than Rs. 50 lakh but if the aggregate payment towards immovable property exceeds Rs. 50 lakh then TDS u/s. 194-IA will apply.

[w.e.f. 01 October 2024]

TDS on payment of salary, remuneration, etc by partnership firm to partners – [S. 194T]

(Newly inserted)

- Presently there was no provision for deduction of TDS on payment of salary, remuneration, interest, bonus or commission to partners by the partnership firm.
- It is proposed that on payment of salary, remuneration, interest, bonus or commission (including capital account) to partners by the partnership firm will be subject to TDS @ 10% at the time of credit or payment whichever is earlier.
- No TDS if such sum or aggregate of such sums does not exceed Rs. 20,000 during the year.

[w.e.f. 01 April 2025]

Tax deduction at source (TDS)

Processing of statements filed by other than the deductor [S. 200A]

- Currently, there are no provisions for processing of TDS or correction statements filed by persons other than deductors.
- It is proposed to provide for processing of statements that are filed by persons, not being deductors.
 - ✓ Eg: Form 26QF filed by Exchanges) allowing the CBDT to establish a processing scheme for such statements **[w.e.f. 01 April 2025]**

Foreign withholding tax (WHT) to be treated as Income [S. 198]

- Presently, TDS deducted is deemed to be income received for computation of income. However, there is no such provision for foreign WHT withheld outside India.
- It is proposed that foreign WHT withheld outside India in respect of which credit is allowed against tax paid in India to be treated as income received for computation of income. **[w.e.f. 01 April 2025]**

Prosecution for failure to remit TDS [S. 276B]

- Presently, failure to remit TDS to the Central Government attracts rigorous imprisonment from 3 months to 7 years, along with a fine.
- It is proposed to provide exemption from aforesaid prosecution if payment is made to the Central Government on or before the prescribed time-limit for filing TDS Return. **[w.e.f. 01 October 2024]**

Tax collection at source (TCS)

Notification of certain persons / class as exempt from TCS [S. 206C]

- Currently entities exempt from taxation and not required to furnish tax returns face difficulty as TCS is being collected on transactions carried out by them.
- Proposed that no TCS or low TCS be collected on specified transactions from such person or class of persons, as may be notified by the Central Government.

[w.e.f. 01 October 2024]

Claim of Credit for TCS of minor in hands of parent [S. 206C]

- Presently, there is no provision for allowing credit of TCS of minor to any other person (e.g. parent). For E.g. TCS is collected on remittance made under LRS is collected in the name of minor but there is no provision for parent to claim the same in their return.
- It is proposed to allow CBDT to notify the rules where credit of TCS is given to person other than collectee provided the income of the minor is being clubbed with the parent.

[w.e.f. 01 January 2025]

Tax collection at source (TCS)

Interest charged on failure to deposit TCS with Govt [S. 206C(7)]

- Presently, the rate of interest for late collection/ late deposit of TCS is 1% from the date tax was collectible to the date on which tax was actually paid.
- It is proposed to increase the interest rate from 1% to 1.5% for late/non- deposit of TCS with Govt. **[w.e.f. 01 April 2025]**

Levy of TCS @1% on luxury goods [S. 206(1F)]

- Presently, sale of motor vehicle of value exceeding Rs. 10 Lakh is subject to TCS @1%.
- In order to track expenses on luxury goods and widen tax net, it is proposed to extend levy of TCS @1% on any other goods of value exceeding Rs. 10 lakh as may be notified by the Central Government. Such goods would be in nature of luxury goods.

[w.e.f. 01 January 2025]

Tax deduction at source (TDS) / Tax collection at source (TCS)

Time limit to file correction statement in respect of TDS / TCS [S. 206C]

- Presently, there is no time limit to file correction statement in respect of TDS / TCS statement and such statements may be filed multiple times indefinitely.
- It is proposed that no correction statement can be filed after expiry of 6 years from the end of the year in which original statement is filed.

[w.e.f. 01 April 2025]

Reducing time limit for passing orders for default in TDS/ TCS [S. 201 & 206C]

- Presently, there is a time limit of 7 years (from the end of the financial year) or 2 years from the end of the year in which the correction statement is submitted, whichever is later, to pass order, deeming an assessee in default for failure to deduct TDS where the payee is a resident.
- It is proposed to reduce the above time limit from 7 years to 6 years.
- Further, this time limit is proposed to be made applicable even in cases where payee is non-resident.

[w.e.f. 01 April 2025]

Tax deduction at source (TDS) / Tax collection at source (TCS)

Expansion of scope for obtaining Lower Deduction certificate (LDC) [S. 197(1) and 206C(9)]

- Presently where TDS is deductible u/s. 194Q and TCS is collectible u/s. 206C (1H), no option is available for seeking LDC
- It is proposed to provide an option to seek a LDC for TDS deductible u/s. 194Q and TCS collectible u/s. 206C (1H).

[w.e.f. 01 October 2024]

Reduction in time limit for not levying penalty on failure to file TDS / TCS statement [S.271(H)]

- Presently, no penalty is levied if the individual proves that after paying TDS / TCS along with interest and fees, TDS / TCS statement has been filed before the expiry of 1 year from the due date for furnishing TDS/ TCS statement.
- It is proposed to reduce the time limit of 1 year to 1 month from the due date for furnishing TDS / TCS statement.

[w.e.f. 01 April 2025]

INTERNATIONAL TAX



Existing	Proposed
<p>Certain income received by “Specified Fund” on a recognized stock exchange located in IFSC is exempt. “Specified funds” includes only non-retail schemes set up in IFSC as CAT III AIF’s and have only non-resident investors.</p>	<p>Registered retail schemes and exchange traded funds (ETF) regulated by IFSCA and which satisfies prescribed conditions to be covered.</p>
<p>Specified income of Core Settlement Guarantee fund set up by a recognized clearing corporations is exempt from tax.</p>	<p>This exemption is extended to specified income of Core Settlement Guarantee fund set up by recognised clearing corporation in IFSC.</p>
<p>The onus of additionally explaining the source of the credits by the creditors in respect of any sum credited in the books of taxpayers is not applicable if the creditor is VCF or VCC registered with SEBI.</p>	<p>This exemption is extended to VCFs set up in IFSC.</p>
<p>Banking, insurance and notified NBFCs are exempt from the provisions of thin capitalisation.</p>	<p>This exemption is extended to finance companies set up in IFSC.</p>

Non-Resident related provisions

Submission of statement by liaison office of non-resident in India [S. 285]

Existing	Proposed
A non-resident having a liaison office in India is required to deliver a statement of activities within 60 days of the end of financial year.	<ul style="list-style-type: none"> ▪ The filing period to be set by Rules. ▪ A penalty to be imposed for failure to furnish the statement: <ul style="list-style-type: none"> ▪ Rs. 1000 per day for delay up to 3 months ▪ Rs.1,00,000 in other cases <p style="text-align: right;">[w.e.f. 01 April 2025]</p>

Presumptive Taxation for Cruise Shipping Business by non-residents [S. 44BBC]

Existing	Proposed
S. 44B provides for presumptive taxation for shipping business carried out by non-residents including Cruise Shipping Business where 7.5% of the receipts is deemed to be business income.	<p>New presumptive taxation regime introduced for non-residents engaged in cruise shipping business where 20% of the receipts for passenger carriage is deemed as their business income.</p> <p>Further, lease rentals paid by non-resident cruise shipping companies opting for the presumptive taxation to foreign companies to be exempt if both the companies are the subsidiary of the same holding company until AY 2030-31.</p> <p style="text-align: right;">[w.e.f. AY 2025-26]</p>

Transfer Pricing Assessment [S. 92CA]

Existing	Proposed
If an international transaction is not reported in the report u/s 92E, the AO may not be aware about such transaction and if such transaction comes to the notice of TPO then, the TPO can determine its ALP. However, this was not applicable to SDTs.	These provisions are extended to SDTs, allowing the TPO to handle unreported SDTs as well. [w.e.f. AY 2025-26]

Equalisation Levy (EL) Abolished

Existing	Proposed
EL of 2% is imposed on receipt by ecommerce operator for: <ul style="list-style-type: none">• Online sale of goods owned by the operator.• Online provision of services by the operator.• Online sale of goods/services facilitated by the operator.• Any combination of these activities.	EL will not apply to all receipts on or after 01 August 2024 [w.e.f. 01 August 2024]

APPEALS & ASSESSMENTS



Proposed Changes in Assessment & Appeal Proceedings

Revised Time limit for issuance of notice under S. 148 -

[w.e.f. 01 September 2024]

Sr. No	Monetary limit	Notice u/s. 148A	Notice u/s. 148
1	Income escaping assessment < 50 lakhs	3 years	3 years and 3 months
2	Income escaping assessment >= 50 lakhs	5 years	5 years and 3 months, provided: <ul style="list-style-type: none">✓ AO has possession of books of accounts, documents, evidence✓ Related to any asset, expenditure, transaction, entry✓ Which shows income chargeable to tax has escaped assessment

- It is proposed to amend S. 148 to allow time limit of three months for filing of return after receipt of notice u/s. 148 and to exclude search cases initiated on or after 01 September 2024, from the scope of reassessment provisions.
- It is proposed to amend S. 152 to cover search u/s. 132, requisition u/s. 132A and survey u/s. 133A during 01 April 2021 to 30 September 2024 and to cover the cases of 148 r.w.s 148A exercised till 31 August 2024 under the provisions of S. 147 to 151.

Proposed Changes in Assessment & Appeal Proceedings

Time limit for completion of assessments

Cases involved	Timeline for assessment
Return furnished pursuant to order u/s. 119(2)(b) – <i>(new by inserting subsection (1B) after S. 153(1))</i>	12 months from the end of the financial year in which the return is furnished.
Set-aside cases by CIT(A) – <i>(new by amending S. 153(3))</i>	12 months from the end of the financial year in which the order is passed by CIT(A)
Cases of revived assessment or reassessment proceedings because of annulment of block assessments under Chapter XIV-B of the Act.	1 year from the end of the month of revival or within the period specified in S.153 or S. 153B(1), whichever is later
Search or requisition where money, bullion, jewellery, or other valuable articles or books of accounts are handed over to AO having jurisdiction	If after the exclusion of specified period, period of limitation ends before the end of the month, such period to be extended to the end of such month

Proposed Changes in Assessment & Appeal Proceedings

Enhancement in powers of CIT(A) [S.250]

- It is proposed to amend S. 250 to empower the CIT(A) to set aside an assessment order passed u/s. 144 as best judgement case by the AO and direct a fresh assessment
- This amendment will be applicable to appellate orders passed by CIT(A) on or after 01 October 2024

Rationalisation of the time-limit for filing appeals to the Income Tax Appellate Tribunal [S. 253]

- At present the time limit for filing appeals before the ITAT is sixty days from the date of receipt of order sought to be appealed against.
- Considering the appeals process under faceless appeal dispensation, the orders are getting uploaded on daily basis as against the past practice of monthly / fortnightly bunching resulting that limitation of filing appeal before ITAT falls on daily basis.
- Now it is proposed that the appeal before ITAT may be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or PCIT or CIT.

[w.e.f. 01 October 2024]

DIRECT TAX- VIVAD SE VISHWAS SCHEME, 2024



Direct Tax - Vivad Se Vishwas Scheme, 2024

- An appeal mechanism is provided at under the Act before various appellate authorities for both taxpayers and the department. It is stated in the memorandum that it has been the endeavor of the CBDT to provide expeditious disposal of appeals by appellate authorities under its administrative control. It is further stated that the pendency of litigation at various levels has been on the rise due to large number of cases going for appeal than the number of disposal (special reference has been given to CIT(A)).
- It is now proposed to introduce Direct Tax Vivad se Vishwas Scheme, 2024 (the Scheme) with the objective of providing a mechanism of settlement of disputed issues.
- Date from which the Scheme will be effective shall be notified along with the last date of the Scheme.
- The relevant provisions have been embedded in clauses 88 to 99 of the Finance (No.2) Bill, 2024.

Direct Tax - Vivad Se Vishwas Scheme, 2024

Salient Features of the Scheme:

- The Scheme defines various terms viz., appellant, appellate forum, declarant, disputed income, disputed tax, last date, specified date, tax arrears etc.
- Specified date means 22 July 2024 indicating the pendency of dispute as on 22 July 2024.
- The declaration under the Scheme shall be filed with the designated authority namely Commissioner of income tax notified by the Principal Chief Commissioner for the purposes of this Scheme.
- Form for filing of declaration, time and manner of payment will be prescribed.
- Immunity from institution of any proceeding in respect of an offence; or impose or levy of penalty; or charge of interest under the Act in respect of tax arrears.
- No refund of any amount paid pursuant to declaration made nor any interest u/s. 244A shall be payable on the amount paid prior to declaration in respect of tax arrears exceeding amount payable under the Scheme.
- The CBDT has been given the power under the Scheme to issue any directions or orders to the income tax authorities, for removing difficulties, and for making rules.

Amount payable under Direct Tax - Vivad Se Vishwas Scheme, 2024

Nature of tax arrear	Amount payable under the Scheme on or before 31 December 2024	Amount payable under the Scheme on or after 01 January 2025 but on or before the last date (to be notified)
Tax arrears related to the aggregate amount of disputed tax, interest on disputed tax and penalty on disputed tax in a case where the declarant is an appellant after 31 January 2020 but on or before 22 July 2024.	100% of disputed tax (complete waiver of interest and penalty)	110% of disputed tax (complete waiver of interest and penalty)
Tax arrear related to the aggregate amount of disputed tax, interest on disputed tax and penalty on disputed tax in a case where the declarant is an appellant on or before 31 January 2020 at same appellant forum in respect of such tax arrears.	110% of disputed tax (complete waiver of interest and penalty)	120% of disputed tax (complete waiver of interest and penalty)
Tax arrear related to disputed interest or disputed penalty or disputed fees where the declarant is an appellant after 31 January 2020 but on or before 22 July 2024.	25% of disputed interest or disputed penalty or disputed fees	30% of disputed interest or disputed penalty or disputed fees
Tax arrears related to disputed interest or disputed penalty or disputed fees where the declarant is an appellant on or before 31 January 2020 at same appellant forum in respect of such tax arrears.	30% of disputed interest or disputed penalty or disputed fees	35% of disputed interest or disputed penalty or disputed fees

- In case where the disputed issue in an appeal or writ or special leave petition is raised by the income tax authority before the appellant forum, the amount payable shall be ½ of the amount payable in the table calculated on such issue in the manner to be prescribed.
- The Scheme also provide for payment of ½ of the amount payable where the appeal is filed before the various authorities or objection raised before the Dispute Resolution Panel and where the decision in favour of the appellant has been issued by higher authorities but the same is not reversed by other higher authorities. The manner of calculation will be prescribed.

Direct Tax - Vivad Se Vishwas Scheme, 2024

- The Scheme will not apply to the cases where:
 - ✓ The assessment is completed based on search-initiated u/s. 132 or 132A.
 - ✓ The prosecution has already been initiated on or before the date of filing of declaration.
 - ✓ Any person in respect of whom an order of detention has been made under the provisions of COFEPOSA Act, 1974 on or before the date of filing of declaration with some exceptions stated in the proviso in the relevant clause of the Scheme.
 - ✓ The assessment relates to undisclosed foreign assets/ foreign income or assessment made based on information received under exchange of information from other countries.

BLOCK ASSESSMENT



Block Assessment as per [S.132 & 132A]

Existing	Proposed
<p>Provisions of S. 153A & 153C applied to Search proceedings under S.132 or requisition under S.132A of the Act initiated on or before 31 March 2021.</p>	<ul style="list-style-type: none">▪ To make the procedure of assessment of search cases Cost-Effective, Efficient & Meaningful and for early finalization of search assessments and reduction in multiplicity of proceedings.▪ The block period shall consist of 6 Assessment Years relevant to the Previous Year in which the search has being initiated.▪ Any books of accounts/documents or assets have been acquired from a person then those books of accounts/documents or assets shall be treated as if they belong to the person who is under search.▪ Regular assessment for the block shall abate. Till block assessment is complete no further assessment/reassessment proceedings under any provisions of this Act shall take place.▪ The Assessing Officer shall assess the “total income” of the assessee including the undisclosed income.▪ The undisclosed income falling with the block period shall be computed in accordance with the provision of the Act.

Applicable for Search/seizure taking place on or after 01 September 2024.

Tax Rate in Search & Seizure [S.113]

- Tax Rate on the Total Income for the block period (S. 113) shall be charged at 60% and applicable surcharge
- With respect to the Undisclosed Income declared in the return and assessed or reassessed for the block period neither surcharge nor interest u/s 234A, 234B or 234C nor penalty u/s. 270A be levied
- If the Return Of Income (including the undisclosed income) is not furnished within the time provided in the notice, then the assessee shall be levied with Simple Interest of 1.5% of the tax on undisclosed income for every month or part thereof. The interest shall be levied from the expiry of the period mentioned in the notice till the completion of the assessment.

Undisclosed income of any other person [S. 158BD]

- Where the AO is satisfied that any undisclosed income belongs to any person, other than the person with respect to whom search was made u/s. 132 or whose books of account or other documents or any assets were requisitioned u/s.132A, then, the books of account, other documents or assets seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under S.158BC against such other person and the provisions of this Chapter shall apply accordingly.

Block Assessment

Procedure & Time Limit Search & Seizure u/s. 158BC & 158BE

- Books, documents or any assets seized or requisition on or after 01 September 2024 then the AO shall issue a notice.
- The assessee shall require to furnish the details within 60 days from the date of issue of the notice.
- The AO shall compute the income including the undisclosed income.
- The AO shall pass the order within 12 months from the end of the month in which search or seizure was conducted.
- The order shall be passed by the AO not below the rank of Deputy Commissioner, Assistant Commissioner or Deputy Director or Assistant Director.
- Further Previous approval of Additional Commissioner or Additional Director or Joint Commissioner or Joint Director shall be required in the cases of search u/s. 132 & 132A on or after 01 September 2024.
- Provisions of S.144C with reference to Dispute resolution Panel shall not apply.



OTHERS



Disallowance of settlement amounts being paid to settle contraventions: S. 37(1)

- Expenditure incurred for the purpose which is an offence or prohibited by law in India or outside India are not allowable as business expenditure.
- Settlement amounts are incurred due to an infraction of law and relate to contraventions etc. and, therefore, should not be allowed as business expenses. Various tribunal has taken the position to allow settlement claim as business expenditure based on the nature of such claim and held that Explanation 1 to S. 37(1) does not bars such claim from allowability as expenditure incurred wholly and exclusively in connection with the business.
- It is proposed to amend the Explanation 3 to S. 37(1) to clarify that "expenditure incurred by an assessee for any purpose which is an offence, or which is prohibited by law" under Explanation 1 shall include any expenditure incurred by an assessee to settle proceedings initiated in relation to a contravention under any law for the time being in force, as may be notified by the Central Government in the Official Gazette in this behalf. Central Government has taken power to notify the relevant law where such settlement claims are incurred.

[w.e.f. AY 2025-26]

Preventing misuse of deductions of expenses claimed by life insurance business [S.44]

Background:

- S.44 with the Computation of Profit & Gains for Insurance Business.
- Profit for Life Insurance Business are computed based on the 1st Schedule (Rule 2).

Current Computation Method:

- Rule 2 states that the profits of a life insurance business are determined by the annual average of the surplus from actuarial valuations, as per the Insurance Act, 1938.
- This surplus is adjusted by excluding amounts from any earlier valuation periods.

Proposed Amendment:

- Instances have been noticed by the Tax department of claiming non-business expenses by Life Insurance Companies and there is no provision to add back these expenses to income of such companies.
- The proposed amendment will ensure that expenditure not admissible under S. 37 will be added back to the computation of profits and gains of the life insurance business.

Implementation:

- The amendment will be applicable from the AY 2025-2026 onwards.

Increase in limit of remuneration to working partner of a firm [S. 40(b)(v)]

Existing		Proposed	
On first Rs. 3,00,000 of the book profit or in case of a loss	Higher of Rs. 1,50,000 or 90% of the book profit	On first Rs. 6,00,000 of the book profit or in case of a loss	Higher of Rs. 3,00,000 or 90% of the book profit
On balance of the book profit	60% thereof	On balance of the book profit	60% thereof

[w.e.f. AY 2025-26]

Set off and withholding of refunds[S. 245(2)]

Existing	Proposed
<p>In case of pending assessment/ reassessment proceedings, the AO is empowered to withhold the refund if he is of the opinion that the issue of refund is likely to adversely affect the revenue, up to the date on which such assessment or reassessment is made.</p> <p>Before withholding the refund, the AO is required to record the reasons in writing with the prior approval of PCIT or CIT.</p>	<p>It is proposed to remove the requirement relating to power of AO to form an opinion that issue of refund is likely to affect the revenue.</p> <p>Further, period of withholding the refund has been extended upto 60 days from the date on which such assessment or reassessment is made.</p>
	<p><u>Consequential Amendment in S. 244A of the Act</u></p> <p>It is proposed to amend to substitute the words “on which such assessment or reassessment is made” with the words “upto which such refund is withheld”.</p> <p style="text-align: right;">[w.e.f. 01 October 2024]</p>

Amendments in the Black Money Act, 2015

Penalty for failure to disclose foreign income and asset in the ITR [S. 42 & 43]

Existing	Proposed
<ul style="list-style-type: none">Penalty up to Rs. 10 lakhs is levied on a resident & ordinarily resident for failure to furnish details of foreign assets and income in Return.There is a relaxation from penalty for non-disclosure of Foreign bank accounts with total balance \leq Rs. 5 lakhs at any point during the year.	<p>The relaxation from penalty is extended to all foreign assets upto Rs. 20 lakhs.</p> <p>[w.e.f. 01 October 2024]</p>



Tax Clearance Certificate [S. 230(1A)]

<ul style="list-style-type: none">It is proposed to include the tax liabilities arising under Black Money Act, 2015 for obtaining tax clearance certificate. <p>[w.e.f. 01 October 2024]</p>
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INDIRECT TAX



Key GST Proposals in Finance Bill, 2024

Summary

New provisions proposed to be introduced	Provisions proposed to be amended
<ul style="list-style-type: none">✓ IGST Act – S.11A & S.6A✓ CGST Act - S. 16(5), S. 16(6), S. 70(1A), S. 74A and S. 128A	<p><u>Recommended by GST Council</u></p> <ul style="list-style-type: none">✓ S. 9, S. 5 of IGST Act, S. 30(2), S. 31(3)(f), S. 39(3), S. 51, S. 54, S. 16(4) of IGST Act, S. 73, S. 74, S. 107, S. 112 , S. 20 of IGST Act, S. 140(7), S. 122(1B), S. 171, S. 109✓ Schedule III <p><u>Consequential amendments</u></p> <ul style="list-style-type: none">✓ S. 13(3) of CGST Act✓ S. 10(5), S. 21, S. 35(6), S. 49(8)(c), S. 50(1), S. 51(7), S. 61(3), S. 62(1), S. 63, S. 64(2), S. 65(7), S. 66(6), S. 75(1), 75 (11), 75(12), and 75(13), S. 104(1), S. 107(11), S. 127

New provisions proposed to be introduced

S. 11A: Power not to recover GST not levied or short levied as a result of general practice

Belated claims of ITC and relaxation of restriction u/s. 16(4):

- A relaxation through insertion of new sub-sections u/s. 16 proposed to be made to avail the ITC in respect of any invoice or debit note through filing GSTR-3B:

Parameter	Belated Claims [S. 16(5)]	RC Cancelled Dealers [S. 16(6)]
Period Covered	F.Y. 2017-18 to F.Y. 2020-21	FY 2017-18 onwards
Time Limit	30 November 2021	i) 30 November following the end of the FY OR Date of furnishing of Annual Return, whichever is earlier, OR ii) If returns filed within 30 days from the date of order of revocation, whichever is later
Restrictions	-	Subject to eligibility to claim ITC under Section 16(4) on the date of order of cancellation of registration

Where the tax has been paid or the input tax credit has been reversed, no refund of the same is proposed to be admissible.

[w.r.e.f 01 July 2017]

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New provisions proposed to be introduced

S. 74A - Determination of tax not paid/ short paid/ erroneously refunded/ input tax credit wrongly availed or utilized for any reason from FY 2024-25:

- Due to challenges faced during the initial phase of GST implementation and force majeure events like Covid-19, the time limits for filing of returns, annual returns and consequently time limit u/s. 73 and u/s. 74 were extended from time to time.
- The GST council proposed to streamline the provisions and the timelines by introducing a common provision i.e. S. 74A.

Comparison of S. 73, S. 74 and S. 74A

Particulars	S. 73	S. 74	S. 74A
Cause of action	For cases other than fraud, willful misstatement, or suppression of facts	For cases involving fraud, willful misstatement, or suppression of facts	For cases involving fraud, willful misstatement, or suppression of facts and other cases
Applicability	Up to FY 2023-24	Up to FY 2023-24	FY 2024-25 onwards
Limitation for issue of notice	3 months prior to date of issue of order	6 months prior to date of issue of order	42 months from the due date of furnishing of Annual Return
Time limit for issuance of order	within 3 years from the due date for furnishing of annual return/ date of erroneous refund for the financial year	within 5 years from the due date for furnishing of annual return/ date of erroneous refund for the financial year	Within 12 months from the date of issuance of notice Further extension of six month may be granted by Joint Commissioner or above with reasons to be recorded in writing

New provisions proposed to be introduced

Comparison of S. 73, S. 74 and S. 74A (contd..)

Particulars	S. 73	S. 74	S. 74A
Waiver	Tax + Interest paid before issuance of SCN or within 30 days of SCN	Tax + Interest + 15% of tax as penalty paid before issuance of SCN Tax + Interest + 25% of tax as penalty paid within 30 days of issuance of SCN	Discussed below

Waiver u/s. 74A

Particulars	For reason other than fraud, willful misstatement, or suppression of facts	For reason of fraud, willful misstatement, or suppression of facts
General penalty where benefit of waiver is not availed	10% of tax due or Rs.10,000 (whichever is higher)	Equivalent to tax due
Before service of notice (DRC-01)	Tax + Interest and intimation to Proper Officer. Penalty waived, further proceedings abate	Tax + Interest + 15% of tax as Penalty and intimation to Proper Officer. Balance Penalty waived, further proceedings abate
After service of notice (DRC-01)	Tax + Interest paid within 60 days of notice. Penalty waived, further proceedings abate	Tax + Interest + 25% of tax as Penalty paid within 60 days of notice. Balance Penalty waived, further proceedings abate

New provisions proposed to be introduced

Waiver u/s. 74A (contd..)

Particulars	For reason other than fraud, willful misstatement, or suppression of facts	For reason of fraud, willful misstatement, or suppression of facts
After service of order (DRC-07)	Tax + Interest + general penalty paid within 60 days of order	Tax + Interest + 50% of tax as Penalty paid within 60 days of order
any amount of self assessed tax or any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax.	Tax + Interest + general penalty	Tax + Interest + general penalty

Unique points related to [S. 74A]

- No notice proposed to be issued if tax effect in a financial year is less than one thousand rupees
- Distinction between suppression and non-suppression cases is done away with and suppression definition inserted.
- All proceedings in respect of the said notice proposed to not include proceedings under S. 132
- If proceedings issued to the main person liable to pay tax is concluded, the proceedings against all the persons liable to pay penalty u/s. 122 and 125 are deemed to be concluded.
- All the adjudication proceedings proposed to be deemed to be concluded, if the order is not issued within the period specified in sub-section (10) of S. 73 or in sub-section (10) of S. 74 or in sub-section (7) of S. 74A as substituted in S. 75(10)

New provisions proposed to be introduced

Proposed to be inserted in the CGST Act [S. 128A]

- Waiver of interest and penalty for the notices issued under S. 73 for the period from 01 July 2017 to 31 March 2020 granted where proceedings are pending at either adjudication stage or first appellate stage or second appeal stage.
- The tax/ additional tax determined by revisional authority or Appellate authority, or Court must be paid before the date as may be notified
- Below mentioned cases are eligible for such waiver:
 - ✓ Notice issued u/s. 73 and no order has been passed
 - ✓ Order issued u/s. 73 and the appeal is pending before appellate or revisional authority
 - ✓ Appellate/ Revisional Order has been issued, and the appeal is pending before Tribunal
 - ✓ If SCN issued u/s. 74 but proved to be a non-fraud case by any of the appellate authority, tribunal, court and the matter is pending before the adjudicating or the first appellate authority
- Demands related to erroneous refunds not covered.
- No Refund available if interest and penalty is already discharged.
- No Appeals can be filed, where waiver has been availed and if appeals already filed, the same to be withdrawn to claim benefit.

S. 70 (1A) : to enable authorized representatives of the summoned persons to appear or produce any document as may be required

Consequential amendments – Recommendation of GST Council

Changes recommended are listed below:

- Un-denatured Extra Neutral Alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption has been excluded from the ambit of GST by amending S. 9(1) of CGST Act, 2017
- S. 39(3) proposed to be substituted to prescribe the form, manner and time within which return proposed to be filed by tax deductors (S. 51). Further, monthly returns to be filed mandatorily, even if no deduction is made during the month
- Second proviso to S. 54(3) proposed to be omitted and new sub-section (15) proposed to be inserted with a view to restrict refund of input tax credit in case of zero-rated supplies whether with or without payment of taxes where export duty is payable
- S. 112, proposed to be amended to empower the government to notify a new start date for calculating period of three months for the purpose of filing appeal before GSTAT
- Penal provision under S. 122(1B) of the CGST Act, 2017 proposed to be applicable only for those e-commerce operators who are required to collect tax under S. 52 of the CGST Act
- A sunset clause under GST for receipt of any new application for anti-profiteering by the authority(Appellate Tribunal) proposed to be the date as notified by the Government.
- Due to insertion of S. 74A, sub section 12 proposed to be inserted in S. 73 & S. 74 to provide for applicability of the said sections for determination of tax till the period pertaining to FY 2023-24

Consequential amendments – Recommendation of GST Council

Changes recommended are listed below:

- An amendment in S. 107 and S. 112 of the CGST Act is proposed to be made to reduce the amount of pre-deposit to be paid for filing appeals under GST as stated below:

Appeal to	% of Pre-deposit as on date	% of Pre-deposit post amendment
Appellate Authority	10% of disputed dues, subject to maximum of Rs. 25 Cr CGST and SGST each	10% of disputed dues, subject to maximum of Rs. 20 Cr CGST and SGST each
Appellate Tribunal	20% of disputed dues, in addition to the amount paid under S. 107(6), subject to maximum of Rs. 50 Cr CGST and SGST each	10% of disputed dues, in addition to the amount paid under S. 107(6), subject to maximum of Rs. 20 Cr CGST and SGST each

- Co-insurance premium apportioned by lead insurer to the co-insurer for insurance services proposed to be added as para 9 under Schedule III of CGST Act, 2017 provided that the lead insurer pays the tax on the entire amount of premium paid by the insured
- Services provided by Insurer to Re-insurer where the insurer pays premium net off ceding commission/ re-insurance commission proposed to be treated as no supply under Para 10 Schedule III of CGST Act, 2017 provided that the re-insurer pays taxes on the gross premium payable by insurer
- S. 17(5) proposed to be amended to restrict ITC in respect of taxes paid under S. 74 only for demands up to FY 2023-24

Consequential amendments – Recommendation of GST Council

Changes recommended are listed below:

- A retrospective amendment to S. 140(7) of the CGST Act, 2017 proposed to be aimed to provide transitional credit to the taxpayers in respect of invoices pertaining to services received before the GST rollout date, where the invoices were received by the Input Service Distributor (ISD) prior to, on or after the appointed date
- For those taxpayers who had conceded their claim of input tax credit due to S. 16(4) and had either reversed the claim or deposited tax, shall not be granted a refund
- Time of supply in case of reverse charge proposed to be amended as follows:
 - In case where invoice is to be issued by supplier of service – Date of Payment OR 60 days from Date of issue of invoice by supplier, whichever is earlier
 - In case where invoice is to be issued by recipient of service - Date of Payment OR Date of issue of invoice by recipient, whichever is earlier
- Provision for prescribing the time limit for issuance of invoice by the recipient in case of reverse charge mechanism supplies proposed to be amended in S. 31(3)(f). Further, an explanation proposed to be inserted to include the supplier who is registered solely for the purpose of deduction of tax under S. 51 as “supplier who is not registered”
- Proviso proposed to be inserted in S. 30(2) to prescribe conditions and restrictions for revocation of cancellation of registration



Thank You

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