

# Budget 2024

## Key Highlights



# Dhiren H Pandya & Associates LLP

**Chartered Accountants**

Ahmedabad - Mumbai

23<sup>rd</sup> July, 2024

**Dhiren H Pandya & Associates LLP**

Head Office: 204, Mahalaya Complex, Off C.G.Road, Swastik cross roads, Navrangpura, Ahmedabad – 380009 URL: [www.dhpa.in](http://www.dhpa.in)

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Prepared by Dhiren H Pandya & Associates LLP, for client service and internal use only.

This document summarizes the key indicator of Budget Performance and key proposals of the Finance Bill, 2024

However, this publication is not intended to give legal, tax, accounting or other professional advice

Expert guidance may be sought before acting upon the proposals.

# Economic Performance & Budget Financials

**Dhiren H Pandya & Associates LLP**

Head Office: 204, Mahalaya Complex, Off C.G.Road, Swastik cross roads, Navrangpura, Ahmedabad – 380009 URL: [www.dhpa.in](http://www.dhpa.in)

# Economic Performance

## Key Indicators:

Particulars	2020-21	2021-22	2022-23	2023-24
Growth in %				
-GDP (factor cost, constant prices)	- 5.78	9.69	6.99	8.15 <sup>a</sup>
-Currency in Circulation(CIC)	16.6	9.8	7.8	4.1 <sup>c</sup>
-Schedule Commercial Bank Credit (Growth Rate)	5.58	8.59	15	20.16 <sup>a</sup>
Imports (at c.i.f , in USD billion)	398.45	618.62	721.364	683.549 <sup>b</sup>
Export (at f.o.b, in USD billion)	296.30	429.164	456.073	441.484 <sup>b</sup>
Inflation in % (Annual CPI)	5.5	6.0	6.1	4.3
Forex reserves (in USD billion)	576.98	607.31	578.45	646.42
Net Foreign Investment (FDI/ FII/ FPI, in USD billion)	80.09	21.81	22.83	53.87 <sup>b</sup>
Exchange Rate(INR/USD) (annual average)	74.22	74.50	80.36	82.79

a: Provisional, b: Preliminary, c: as on 29<sup>th</sup> March, 2024,

# Budget Financials

## Key Budget Financials:

(Rs. in Crores)

Particulars	2022-23 Actual	2023-24 (B.E.)	2023-24 (P.A.) <sup>1</sup>	2024-25 (B.E.)
1. Revenue Receipt	2383206	2632281	2728412	3129200
2.Capital Receipts <sup>1</sup>	1809951	1870816	1714130	1691312
3.Total Receipt (1+2)	4193157	4503097	4442542	4820512
4. Total Expenditure(5+6)	4193157	4503097	4442542	4820512
5. Revenue Expenditure	3453132	3502136	3494036	3709401
6. Capital Expenditure	740025	1000961	948506	1111111
7. Revenue Deficit(5-1)	1069926	869855	765624	580201
As a percentage of GDP	-4.0	-2.9	-2.6	-1.8
8.Effective Revenue Deficit(7-Grants in Aid for Creation of capital Assets)	763662	499867	461837	189423
As a percentage of GDP	-2.8	-1.7	-1.6	-0.6
9.Fiscal Deficit{4-(1+Recoveries of Loan + Other receipts)}	1737755	1786816	1653670	1613312
As a percentage of GDP	-6.4	-5.9	-5.6	-4.9
10. Primary Deficit (9-Interest Payments)	809238	706845	589799	450372
As a Percentage of GDP	-3.0	-2.3	-2.0	-1.4

B.E. Budget Estimate, P.A. Provisional Actuals 1. Provisional Actuals for FY 2023-24 are unaudited and subject to change.

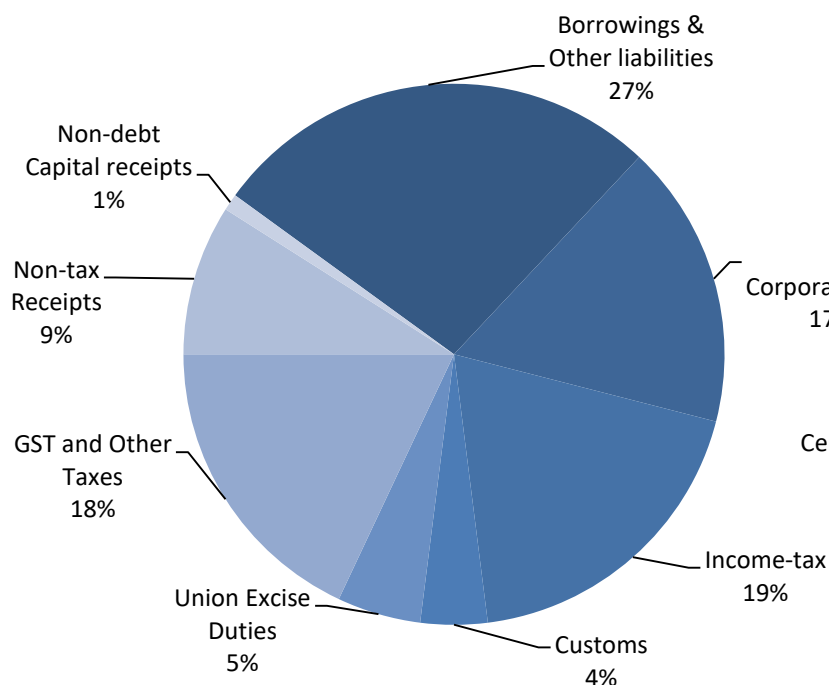
\*\* i)The GDP for Budget FY 2024-25 (Regular) is estimated at Rs.3,26,36,912 crore which is 10.5% over the provisional estimates of FY 2023-24 at Rs.2,95,35,667 crore. ii)Individual items in this document may not sum up to the totals due to rounding off. iii) Figures in parenthesis are as a percentages of GDP. iv) includes drawdown of cash balance.



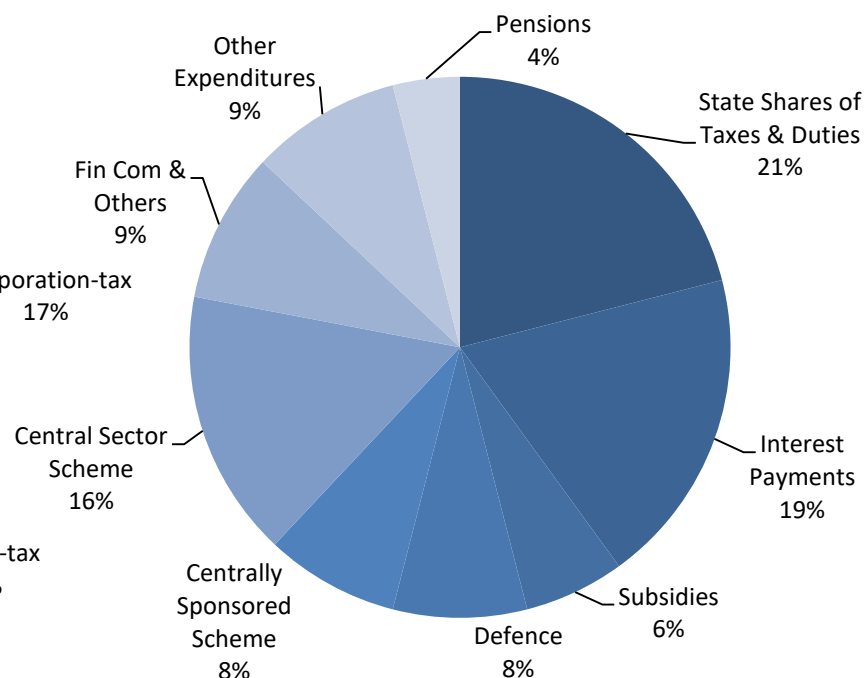
# Budget Financials

## Where the Rupee comes from & Where the rupee goes to

### Where the Rupee comes



### Where the Rupee Goes



# Key Policy Announcements

## Real Estate:

- ❖ Land records to be digitized with GIS mapping
- ❖ “Bhu - Aadhaar” for all lands as unique land parcel identification
- ❖ Government to encourage states to lower stamp duty for properties purchased by women

## Employment & Internship:

- ❖ One month wage to new entrants in all formal sectors in 3 installments upto Rs. 15,000
- ❖ Scheme to provide internship in 500 top companies to 1 crore youths
- ❖ Internship opportunities at Rs.5000 per month along with a one time assistance of Rs.6000 through the **CSR funds** by company

# Key Policy Announcements

## MSME:

- ❖ Collateral free credit guarantee scheme to be introduced to purchase machinery and equipment
- ❖ New mechanism for continuation of credit from banks to MSME during stress period under “Special Mention Account” (SMA).
- ❖ Mudra Loans: The limit enhanced to Rs.20 lakh from Rs.10 lakh

## Space Economy:

- ❖ A Venture fund of Rs 1000/- crore to be set up.

## Infrastructure:

- ❖ Increased capital investment outlay by 11.1 % to Rs. 11.1 lakh crore (3.4% of GDP)



# Direct Taxes

# Rates Of Taxes

## ❖ Tax rates for individuals, HUF, etc u/s 115BAC

- Changes in tax rates based on income bracket as follows:

New Regime (Existing) Income Range	New Regime (Proposed) Income Range	Tax Rate
Upto 3,00,000	Upto 3,00,000	Nil
3,00,001 to 6,00,000	3,00,001 to 7,00,000	5%
6,00,001 to 9,00,000	7,00,001 to 10,00,000	10%
9,00,001 to 12,00,000	10,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	12,00,001 to 15,00,000	20%
>15,00,000	>15,00,000	30%

\* No Changes in old regime taxation

# Personal Taxation/Deduction:

## ❖ Standard Deduction:

- Standard Deduction for Salary U/S 16 has been increased from 50000 to 75000 under New Regime .

## ❖ Deduction:

- Deductions U/S 80CCD to employee for NPS Contribution will be now 14% instead of 10%.
- Deduction under Family Pension limit has been increased to 25000.

# Capital Gain

## ❖ Tax Rates of STCG & LTCG:

Particulars	Existing Rate Till 22nd July, 2024	Proposed Rate From 23rd July, 2024 onwards
Short Term Capital Gain (u/s 111A) ) (Listed Equity Shares, units of equity-oriented mutual funds or units of business trusts)	15%	20%
Long Term Capital Gain (u/s 112A) (Listed Equity Shares, units of equity-oriented mutual funds or units of business trusts)	10%	12.5%
Long Term Capital Gain (u/s 112) (Other than 112A)	20%	12.5%

## ❖ Long Term Capital Gain – Equity:

- Exemption Limit u/s 112A has been increased to Rs.1.25 lakhs from the current limit of Rs.1.00 lakhs.

# Capital Gain

## ❖ Indexation:

- Indexation benefit proposed to be discontinued w.e.f 23rd July, 2024.

## ❖ Transfer:

- Transfer made by assessee other than individual or HUF under Gift or will or irrevocable trust now taxable.

## ❖ Holding Period:

Type of Asset	Existing	Proposed
Listed Equity Share/ units/equity-oriented mutual funds/REITS etc.	12 months	12 months
Other Asset	36 months	24 months

# Corporate Taxation

## ❖ Buy Back:

- Proposed to be taxed in hands of Shareholder
- Domestic companies will not be liable to pay additional income tax on the distribution of income by way of the buy-back of shares [w.e.f. 1<sup>st</sup> October, 2024]

## ❖ Tax on Foreign company:

Existing Rate	Proposed Rate
40%	35%



# Business & Profession / Transfer Pricing

## ❖ Cruise Ship:

- Lease rents earned by foreign company for cruise ships operating in India from fellow subsidiary proposed to be exempted till 1<sup>st</sup> April 2030.(10 )
- Income from carriage of passenger by Non resident proposed to be taxed at 20%.

## ❖ NPS:

- Deduction for Employer contribution to NPS has been increased from 10% to 14%.

## ❖ Transfer Pricing:

- Transfer Pricing Officer is now empowered to deal with the specified domestic transactions(SDT), even if, such transaction is not referred to him by the Assessing Officer.

# Partnership

## ❖ New Limits of Remuneration to Partner:

Book Profit	Quantum of Deduction (Existing)	Quantum of Deduction (Proposed)
On the first Rs.3 lakh of book profit or in case of loss	Rs.150000 or 90% of book profit, whichever is higher	-
On the balance of book profit	60% of book profit	-
On the first Rs. 6 lakh of book profit or in case of loss	-	Rs.300000 or 90% of book profit, whichever is higher
On the balance of book profit	-	60% of book profit

# Re-opening of Assessment

## ❖ Time limit for re-opening Assessment u/s 148 revised:

Particulars	Time Limit [Proposed]	Time Limit [Existing]
Income Chargeable to Tax is Less than Rs 50,00,000/-	Upto 3 years and 3 months	3 years
Income Chargeable to Tax is than Rs 50,00,000/- or more	Beyond 3 years and 3 months but Upto 5 years and 3 months	10 years

## ❖ Time limit for re-opening Assessment u/s 148A revised:

Particulars	Time Limit [Proposed]	Time Limit [Existing]
Income Chargeable to Tax is Less than Rs 50,00,000/-	Upto 3 years	3 years
Income Chargeable to Tax is than Rs 50,00,000/- or more	Beyond 3 years but Upto 5 years	10 years

# Tax Deducted at Source

## ❖ TDS on payment to Partner of Firm – Section 194T

Particulars	Provision
Nature of Payment	Salary, Remuneration, Commission, bonus or Interest payable to partner
Deductor	Firm
Deductee	Partner of Firm
TDS Rate	10%
Threshold Limit	Rs. 20,000/- of salary, Remuneration, Interest, etc.
Time of Deduction	Entry in books of account or Payment whichever is earlier

## ❖ TDS Rectification

- Time Limit for rectification of any mistake to make amendments in 24Q, 26Q and 27Q fixed upto **6 years** from the end of the relevant Financial year

# Tax Deducted at Source – Rate Changes

Particulars	Existing TDS Rate	Proposed TDS Rate [w.e.f. 01-10-2024]
Section 194DA – Payment of Life Insurance Policy	5%	2%
Section 194G – Payment of Commission on sale of lottery tickets	5%	2%
Section 194H – Payment of Commission or brokerage	5%	2%
Section 194IB – Payment of Rent by Individuals or HUF	5%	2%
Section 194M – Payment of Commission or brokerage by Individuals or HUF pursuant to contract or fees etc	5%	2%
Section 194O – Payment by E-Commerce Operator to E-Commerce Participant	1%	0.1%

# Tax Deducted at Source – Rate Changes

## ❖ TDS on Offshore Fund / Non-Resident - Capital Gain

Particulars	Existing TDS Rate	Proposed TDS Rate [Transfer on or after 23 <sup>rd</sup> July, 2024]
Section 196B – Long Term Capital Gain from transfer of Units u/s 115AB of the Act	10%	12.5%
Section 196C – Long Term Capital Gain from transfer of bonds or Global Depository Receipts u/s 115AC of the Act	10%	12.5%



# Securities Transaction Tax / Equalisation levy

## ❖ Rates of STT U\S 98 of Finance Act 2004 :

Particulars	Till 1 <sup>st</sup> October, 2024	From 1 <sup>st</sup> October, 2024 onwards
Sale of Options securities	0.0625%	0.1%
Sale of Futures securities	0.0125%	0.02%

## ❖ Non applicability of Sec 165A – Equalisation levy :

Particulars	Till 1 <sup>st</sup> August, 2024	From 1 <sup>st</sup> August, 2024 onwards
Supplies by E Commerce operator	2%	Not Applicable – no tax



# Goods and Service Tax

# Goods and Service Tax

## ❖ Input Tax Credit:

- ITC of invoice or debit note now can be claimed for the period between “Date of cancellation/ Effective date of cancellation” and “Order of revocation of cancellation”, subject to conditions.

## ❖ Exclusions:

- Un-denatured extra neutral alcohol/ rectified spirit used for manufacture of alcoholic liquor for human consumption is excluded from purview of GST.

## ❖ Reverse Charge:

- Time of supply to be date of Invoice where Invoice is to be issued by recipient.

# Goods and Service Tax

## ❖ Appeal to the Appellate Tribunal:

- Minimum amount of tax payment condition is reduced to 10% of remaining amount of tax in dispute from 20%.
- Maximum amount of tax in dispute is reduced to Rs.20 crores from Rs.50 crores in case of CGST.
- Maximum amount of tax in dispute is reduced to Rs.40 crores from Rs.100 crores in case of IGST.

## ❖ Penalty:

- Penalty under section 122 for certain offences restricted to only those E-commerce Operator who are liable to collect TCS.

## ❖ Tax Deducted at Source:

- TDS return (GSTR 7) to be filed by Local Authority, Government Agencies and department or establishments of the Central/ State government, even if no deduction is made in a particular month.

# Customs

# Customs

## ❖ GST Compensation Cess:

- GST Compensation Cess is being exempted retrospectively with effect from 1<sup>st</sup> day of July, 2017 on imports in SEZ by SEZ Units or developers for authorized operations.

## ❖ Changes In Custom Tariff:

Plastics	Existing	Proposed	Movement
Poly vinyl chloride (PVC) flex films	10%	25%	↑

Chemicals	Existing	Proposed	Movement
Laboratory Chemicals	10%	150%	↑



# Customs – Major Rate Changes

Chemicals & Plastics	Existing (BCD)	Proposed (BCD)	Movement
Ammonium Nitrate	7.5%	10%	↑
All goods other than Poly Vinyl Chloride (PVC) flex films/flex banner	25%	10%	↓

Cancer Drugs	Existing (BCD)	Proposed (BCD)	Movement
Trastuzumab Deruxtecan, Osimertinib, Durvalumab	10%	Nil	↓

**\* Effective from 24-07-2024**

# Customs – Major Rate Changes

IT & Electronic Sector	Existing (BCD)	Proposed (BCD)	Movement
Cellular mobile phone	20%	15%	↓
Charge/Adapter of cellular mobile phone	20%	15%	↓
Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20%	15%	↓
Oxygen Free Copper for use in manufacture of Resistors	5%	Nil	↓
Printed Circuit Board Assembly (PCBA) of specified telecom equipment	10%	15%	↑

**\* Effective from 24-07-2024**

# Customs – Major Rate Changes

Renewable Energy Sector	Existing (BCD)	Proposed (BCD)	Movement
Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.5%	Nil (w.e.f 24.07.2024)	↓
Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f 1.10.2024)	↑
Tinned Copper interconnect for manufacture of solar cells or solar modules	Nil	5% (w.e.f 1.10.2024)	↑

# Customs – Major Rate Changes

Medical Equipment	Existing (BCD)	Proposed (BCD)	Movement
X- ray tubes for use in manufacture of X- ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31 <sup>st</sup> March 2025) 7.5% (w.e.f 1 <sup>st</sup> April 2025 to 31 <sup>st</sup> March 2026) 10% (w.e.f 1 <sup>st</sup> April, 2026)	↓
Flat panel detectors (including scintillators) for use in manufacture of X- ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31 <sup>st</sup> March 2025) 7.5% (w.e.f 1 <sup>st</sup> April 2025 to to 31 <sup>st</sup> March 2026) 10% (w.e.f 1 <sup>st</sup> April, 2026)	↓

# Customs – Major Rate Changes

Precious Metal	Existing (BCD)	Proposed (BCD)	Movement
Gold Bar	15%	6%	↓
Gold Dore	14.35%	5.35%	↓
Silver Bar	15%	6%	↓
Silver Dore	14.35%	5.35%	↓
Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4%	6.4%	↓

**\* Effective from 24-07-2024**

# Budget Team

**CA Dhiren H Pandya**, Partner

*Email: dhiren@dhpa.in*

**CA Varun Pandya**, Partner

*Email: varun@dhpa.in*

**CA Vandana Kewalramani**

**Khushi Patel**

**Keyur Mulrajani**

**Tanay Pandya**

**CA Sanjay Joshi**

**Shubham Manghani**

**Parth Trivedi**

**Nandini Gupta**

**Riya Jain**

**CA Vaibhav Vora**

**Neha Thawani**

**Kamesh Parekh**

**Bishnu Shrestha**



# Dhiren H Pandya & Associates LLP

## Ahmedabad Office:

204, Mahalaya Complex,  
Near Hotel President,  
Off. C.G.Road, Navrangpura,  
Ahmedabad 380009

Phone: +91 79 26426729

## Mumbai Office:

205, BLDG-42, B Wing,  
Azad Nagar Sangam CHS,  
Azad Nagar, Andheri West,  
Mumbai - 400053.

Email : info@dhpa.in  
URL : <http://www.dhpa.in>  
 : <http://www.facebook.com/1dhpa>