

Budget 2024

An in-depth analysis of the provisions of the Union Budget
of India 2024

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Foreword

Every Budget is a balancing act and this year the balancing was both economic and political. Employment, skilling and small businesses have been the primary focus of the Budget, and the FM has bet on incentives for private sector employers to boost jobs in the formal sector.

The Budget has straddled political compulsion of a coalition by showering two states with massive funds; that should keep the coalition allies happy.... at least for now.

The FM had a huge benefit due to tax buoyancy on account of an 8.2% GDP growth. This has been used quite responsibly to bring down the fiscal deficit to 4.9% and revenue deficit to 0.6%. Capex and infra expenses have been boosted to 3.4% of the GDP and the hope is that it will create a virtuous cycle.

On the direct tax front there are some significant changes with regard to Capital Gains. But removal of the indexation is disappointing and simply unfair as it amounts to paying tax on gains which are illusory.

Buy-back of shares will now be treated as dividend without any deduction, not even of the cost incurred to acquire the shares. Instead, this cost will be allowed to be set off / carried forward to be adjusted against any other capital gains.

The removal of angel tax has come as a huge relief to startups who will find it easier to raise risk capital from investors willing to bet on an early-stage startup.

Reducing the rate of tax on foreign companies is welcome and so is the abolition of equalization levy of 2% on certain digital companies.

The voluntary sector has been subjected to some draconian provisions in recent years and though merging of two regimes for taxation was long overdue, the sector was hoping for much more relief than a few perfunctory ones meted out to them.

To reduce the mountain of pending litigation, the FM has once again resorted to Vivad se Vishwas scheme. Instead, the focus should be to reduce needless litigation at inception itself. The FM has also promised a new and simplified tax code in the next six months. The experience is that tax laws cannot beyond a point be simplified. Perhaps a better approach would be to allow the law to settle without subjecting it to incessant changes.

On the Indirect Tax front, the thrust of the Budget is to boost domestic manufacturing (through re-calibration of customs duty rates and correction of inverted duty structure), simplify compliances, facilitate trade and reduce litigation.

The other key announcement is prescription of a sunset date for anti-profiteering provisions and regularization of transitional credit related issues, providing a much-needed sigh of relief for the industry.

Simplification of FDI Regulations to facilitate inflows and use INR as a currency for overseas investments are also big positives.

At a macroeconomic level, the Budget is commendable. But in policy terms it is lackluster with no real innovation to fuel growth. For a country marching towards a 5 trillion-dollar economy, the expenditure on education at 0.4% and on health at 0.28% of GDP is woefully low.

To realise the dream of Viksit Bharat there is need to focus on raising the per capita income, reducing disparity and thereby lifting India to a middle-income country.

The budget as always has its intricacies and often the devil is in the details. Team CNK has analysed the intricacies of the Finance Bill and has tamed the devil by demystifying the complexities.

Happy Reading!!!

Glossary

Abbreviation	Description
%	Percentage
Act	Income tax Act, 1961
AIDC	Agriculture Infrastructure and Development Cess
AIF	Alternative Investment Funds
AJP	Artificial Juridical Person
AO	Assessing Officer
AOP	Association of Persons
AY	Assessment Year
BCD	Basic Customs Duty
BMA	The Black Money (Undisclosed Foreign Income and Assets) And Imposition of Tax Act, 2015
BOI	Body of Individuals
CBDT	Central Board of Direct Taxes
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CGST	Central Goods and Service Tax
CIT	Commissioner of Income-Tax
CIT(A)	Commissioner of Income-Tax (Appeals)

Abbreviation	Description
COA	Cost of Acquisition
COI	Cost of Improvement
CPC	Centralised Processing Centre
CRGO	Cold Rolled Grain Oriented
CSR	Corporate Social Responsibility
DESH	Development of Enterprise and Service Hubs
DRP	Dispute Resolution Panel
DTAA	Double Taxation Avoidance Agreement
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGR	Electronic Gold Receipt
EPFO	Employee Provident Fund Organisation
ETF	Exchange Traded Fund
ETR	Effective Tax Rate
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FM	Finance Minister
FMV	Fair Market Value

Abbreviation	Description
FTP	Foreign Trade Policy
FY	Financial Year
GDP	Gross Domestic Product
GIFT	Gujarat International Finance Tec-City
GST	Goods and Service Tax
GSTR	Goods and Service Tax Return
HC	High Court
HNI	High net-worth individual
HSN	Harmonized System of Nomenclature
HUF	Hindu Undivided Family
HEC	Health and Education Cess
IFSC	International Financial Services Centre
IFSCA	International Financial Services Centres Authority
IFOS	Income from Other Sources
IGST	Integrated Goods and Service Tax
INR	Indian Rupees/ Rs.
InVIT	Infrastructure Investment Trust
IPO	Initial Public Offering
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit

Abbreviation	Description
JCIT	Joint Commissioner of Income Tax
JCIT(A)	Joint Commissioner of Income Tax (Appeals)
LIP	Life Insurance Policy
LIC	Life Insurance Company
LLP	Limited Liability Partnership
LRS	Liberalised Remittance Scheme
MLD	Market Linked Debentures
MMR	Maximum Marginal Rate
NBFC	Non-banking Financial Company
NPS	National Pension Scheme
NR	Non-Resident
OBU	Offshore Banking Unit
ODI	Offshore Derivative Instruments
OFS	Offer for Sale
OIDAR	Online Information Database Access and Retrieval Services
PAN	Permanent Account Number
PBPT Act	Prohibition of Benami Property Transactions Act, 1988
PCIT	Principal Commissioner of Income-Tax

Abbreviation	Description
PF	Provident Fund
PY	Previous Year
RBI	Reserve Bank of India
RCM	Reverse Charge Mechanism
REIT	Real Estate Investment Trust
RSE	Recognised Stock Exchange
Rules	Income Tax Rules, 1962
SC	Supreme Court
SCN	Show cause notice
SCRA	Securities Contract Regulation Act, 1956
SDV	Stamp Duty Value
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SGST	State Goods and Service Tax
SLP	Special Leave Petitions
STT	Securities Transaction Tax
SWS	Social Welfare Surcharge
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
TRC	Tax Residency Certificate

Abbreviation	Description
VsV 2024	Vivad se Vishwas Scheme, 2024
VDA	Virtual Digital Asset
w.e.f.	with effect from
WP	Writ Petition

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Note:

Unless otherwise stated the amendments referred to in this e-publication are effective from AY 2025-26 onwards.

All non-tariff amendments (except retrospective amendments) relating to Indirect Tax shall become effective either from the date of enactment of the Finance Bill or from a notified date, post enactment of the Finance Bill. All tariff amendments shall be effective from 24 July 2024 or date set out in the respective notifications.



Income Tax Rates for AY 2025-26

The tax rates applicable to Individuals, HUF, AOP, BOI and AJP paying tax in accordance with the new tax regime under section 115BAC as well as Foreign Company have undergone a change.

For all other class of taxpayers, the tax rates remain unchanged including the rates applicable to certain class of taxpayers under different schemes of taxation under sections 115BAA, 115BAB and 115BAD. The rates of tax as applicable for AY 2025-26 are as under:

A. For Individuals, HUF, AOP, BOI and AJP

I. Tax rates under old tax regime (Normal Provisions)

Individuals below 60 years of age and all Non-Resident Individuals	Resident Individual aged 60 years or more but less than 80 years (Senior Citizen)	Resident Individual of age 80 years and above (Very Senior Citizen)	Rate
Up to INR 250,000	Up to INR 300,000	Up to INR 500,000	Nil
INR 250,001 to INR 500,000	INR 300,001 to INR 500,000	-	5%
INR 500,001 to INR 10,00,000	INR 500,001 to INR 10,00,000	INR 500,001 to INR 10,00,000	20%
Above INR 10,00,000	Above INR 10,00,000	Above INR 10,00,000	30%

Individuals having taxable income up to INR 5 lakh are eligible for tax rebate under section 87A up to INR 12,500

II. Tax Rates under Section 115BAC (New tax regime) – Default tax regime for Individuals, HUFs, AOP, BOI and AJP

The concessional tax rates, subject to fulfilment of conditions as provided under this section, have been changed as under:



Tax slabs for FY 2023-24	Tax slabs for FY 2024-25	Rate of Tax
Up to INR 3,00,000	Up to INR 3,00,000	NIL
INR 3,00,001 to INR 6,00,000	INR 3,00,001 to INR 7,00,000	5%
INR 600,001 to INR 9,00,000	INR 700,001 to INR 10,00,000	10%
INR 9,00,001 to INR 12,00,000	INR 10,00,001 to INR 12,00,000	15%
INR 12,00,001 to INR 15,00,000	INR 12,00,001 to INR 15,00,000	20%
Above INR 15,00,000	Above INR 15,00,000	30%

- Individuals having taxable income up to INR 7 lakh are eligible for tax rebate under section 87A up to INR 25,000.
- The revised slab rates will result in net savings of INR 13,000 in the highest tax slab of 39%.

III. Rate of surcharge for Individuals, HUF, AOPs (having any member which is not a company), BOIs and AJPs

The Rate(s) of surcharge are as under:

Nature of Income	Total Income				
	Up to INR 50 lakh	More than INR 50 lakh but up to INR 1 crore	More than INR 1 crore but up to INR 2 crore	More than INR 2 crore but up to INR 5 crore	More than INR 5 crore
Short-term capital gains on listed shares / specified units attracting STT under section 111A	NIL	10%	15%	15%	15%
Any Long-term capital gains (under section 112 or under section 112A)	NIL	10%	15%	15%	15%
Dividend Income	NIL	10%	15%	15%	15%



Nature of Income	Total Income				
	Up to INR 50 lakh	More than INR 50 lakh but up to INR 1 crore	More than INR 1 crore but up to INR 2 crore	More than INR 2 crore but up to INR 5 crore	More than INR 5 crore
Any other income*	NIL	10%	15%	25%	25% / 37%**

* The surcharge rate of 25% or 37% are applicable only if other incomes (i.e., total income excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A) exceeds the limit of INR 2 crore or INR 5 crore respectively.

** The Maximum Surcharge rate for the new tax regime has been capped at 25%. The Surcharge of 37% continues to be present for persons opting to pay tax in accordance with the old tax regime.

Health and Education Cess at the rate of 4% shall be applicable on the aggregate of tax and surcharge.

Rate of surcharge for AOPs (where all members are companies):

Nature of Income	Total Income				
	Up to INR 50 lakh	More than INR 50 lakh but up to INR 1 crore	More than INR 1 crore but up to INR 2 crore	More than INR 2 crore but up to INR 5 crore	More than INR 5 crore
On total income	NIL	10%	15%	15%	15%

B. For Firms (including LLP) / Local Authorities

Income	Rate	Surcharge	Health and Education Cess	ETR
Up to INR 1 crore	30%	-	4%	31.20%
Above INR 1 crore	30%	12%	4%	34.94%



C. Co-operative Societies:

I. Tax under Normal Provisions:

Income	Rate	Surcharge	Health and Education Cess	ETR
Up to INR 10,000	10%	-	4%	10.40%
INR 10,001 to INR 20,000	20%	-	4%	20.80%
INR 20,001 to INR 1 Crore	30%	-	4%	31.20%
INR 1,00,00,001 to 10 Crore	30%	7%	4%	33.38%
Above INR 10 Crore	30%	12%	4%	34.94%

II. Concessional tax rates under section 115BAD - for resident co-operative societies

Co-operative societies resident in India continues to have the option under section 115BAD to pay tax at a concessional rate of 22% along with surcharge of 10% and Health and Education Cess of 4% i.e., ETR of 25.17%, upon fulfilment of certain conditions.

Further, under section 115BAE of the Act, a new manufacturing co-operative society set up on or after 1 April 2023, which commences manufacturing or production on or before 31 March 2024 may opt to pay tax at a concessional rate of 15%.

Particulars	Resident co-operative society opting for section 115BAD	Resident co-operative society opting for section 115BAE
Basic Tax Rate	22%	15%*
Rate of Surcharge	10%	10%
Health and education cess	4%	4%
ETR	25.17%	17.16%

* Only income which is derived from or is incidental to the manufacturing activities will be taxed at 15%. Other income will be taxable at 22% / 30% plunder section the applicable surcharge and cess.



D. For Companies:

Particulars		Domestic company (Having turnover below INR 400 crore in FY 2022-23)	Domestic company (Having turnover above INR 400 crore in FY 2022-23)	Domestic company opting for section 115BAA	Domestic company opting for section 115BAB	Foreign Company*
Total Income up to INR 1 crore	Basic Tax Rate	25%	30%	22%	15%	35%
	Rate of Surcharge	Nil	Nil	10%	10%	Nil
	Health and education cess	4%	4%	4%	4%	4%
	ETR	26%	31.20%	25.17%	17.16%	36.40%
Total Income above INR 1 crore and up to INR 10 crore	Basic Tax Rate	25%	30%	22%	15%	35%
	Rate of Surcharge	7%	7%	10%	10%	2%
	Health and education cess	4%	4%	4%	4%	4%
	ETR	27.82%	33.38%	25.17%	17.16%	37.128%
Total Income Above INR 10 crore	Basic Tax Rate	25%	30%	22%	15%	35%
	Rate of surcharge	12%	12%	10%	10%	5%
	Health and education cess	4%	4%	4%	4%	4%
	ETR	29.12%	34.94%	25.17%	17.16%	38.22%

* Base rate of tax for foreign companies has been reduced from 40% to 35%



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E. **MAT** (not applicable if company is paying tax in accordance with section 115BAA or Section 115BAB)

Type of Companies	Domestic Company			Foreign Company		
	Below INR 1 crore	INR 1 crore to INR 10 crore	Above INR 10 crore	Below INR 1 crore	INR 1 crore to INR 10 crore	Above INR 10 crore
Rate of Tax	15%	15%	15%	15%	15%	15%
Surcharge	-	7%	12%	-	2%	5%
Health and Education Cess	4%	4%	4%	4%	4%	4%
ETR	15.60%	16.69%	17.47%	15.60%	15.91%	16.38%

F. **AMT** (not applicable if the person is paying tax in accordance with Section 115BAC, 115BAD or 115BAE)

Particulars	Co-operative Society	Others
Rate of Tax	15.00%	18.50%
Surcharge	At applicable rates	At applicable rates
Health and Education Cess	4%	4%

Personal and Non-Corporate Taxation

Increased limit of standard deduction

Presently, salaried individuals are eligible to claim standard deduction up to INR 50,000.

Now, salaried individuals opting for new tax regime shall be entitled to claim standard deduction up to INR 75,000. Further, salaried individuals opting for old tax regime shall continue to be eligible for standard deduction up to INR 50,000.

CNK Comments: This would lead to maximum tax saving of INR 9,750 in the highest tax slab of 39%.

Increased limit of deduction from family pension

Presently, in case of family pension, deduction of 33.33% of the pension received or INR 15,000 (whichever is lower) is available.

Now, the said limit of INR 15,000 has been increased to INR 25,000 in case of an individual opting for new tax regime.

Increase in deduction to non-government employees for contribution to pension scheme

Presently, non-government employees are entitled to deduction under section 80CCD up to 10% of the salary for employer's contribution to pension scheme of central government.

Now, non-government employees opting for new tax regime can claim up to 14% of the salary as a deduction under section 80CCD.

Employer is also entitled to deduction for such enhanced contribution up to 14% of the salary.

CNK Comments: Presently, the government employees can claim deduction up to 14% of the salary. With increase in the limit of contribution, the non-government employees opting for new tax regime are brought at par with the government employees. However, any contribution of the employer towards recognised PF / NPS / approved superannuation fund in excess of INR 7.5 lakh would be taxable and there is no change in the above limit.

Eligibility to claim TDS / TCS credit for salaried employees

Presently, while computing TDS liability on salary of employees, the employer is required to take into account loss from house property, income under any other head and corresponding tax deducted thereon, if such details are provided by the employee.

Now, in addition to the above details, all other TDS and TCS credit not related to income received, intimated to the employer will have to be taken into account while computing TDS liability on salary income. However, such credit of TDS and TCS intimated to the employer shall not have an effect



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of reducing the TDS liability on the salary income after considering the loss from house property.

This amendment is effective from 1 October 2024.

Claiming credit for TCS in the hands of other person

Presently, there is no provision which allows credit of TCS to any other person, other than the person from whom TCS is collected.

Now, the CBDT would be notifying the rules for cases where credit of TCS is given to person other than from whom TCS is collected.

This amendment is effective from 1 January 2025.

CNK Comments: The amendment shall benefit the parents who shall now be eligible to claim the credit of TCS being deducted under the PAN of minor for remittance of funds under LRS scheme in the name of minor whose income is being clubbed with the parent.

Amendments related to Business Income

Income from renting of residential house

Income from renting of a residential house or part of the house by the owner shall be taxed under the head 'Income from House Property' and not as income from business.

CNK Comments: This explanation provides for tax treatment of income arising from renting of residential property only and would not cover commercial property. This amendment will adversely affect taxpayers who are in the business of renting of residential property and offering income as business income. For example, taxpayers who let out residential properties through online portals as well as real estate developers who let out their unsold inventory would be impacted.

Amounts paid to settle contraventions of notified laws cannot be claimed as business deductions

Presently, any expenditure incurred for any purpose which is an offence, or which is prohibited by law is not allowable as deduction.

Now, any expenditure incurred to settle proceedings initiated in relation to a contravention under notified laws would also not be allowable as deduction.

CNK Comments: Whilst earlier the disallowance was in respect of an expenditure incurred towards any offence or which was prohibited by law, now the disallowance is extended to settlement of contraventions under notified laws as well. Further, it would also cover situations where any proceeding for contravention is merely initiated and settled before any adverse outcome by the authorities.



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Increase in limit of remuneration paid to working partners

Presently, remuneration paid to working partners is allowable as deduction subject to the following limits:

(a)	on the first INR 3,00,000 of the book-profit or in case of a loss	INR 1,50,000 or at the rate of 90% of the book-profit, whichever is more;
(b)	on the balance of the book-profit	at the rate of 60%

Now, allowable remuneration is increased as follows:

(a)	on the first INR 6,00,000 of the book-profit or in case of a loss	INR 3,00,000 or at the rate of 90% of the book-profit, whichever is more;
(b)	on the balance of the book-profit	at the rate of 60%



Amendments related to Investments

Holding Period to determine long-term / short-term capital asset and tax rate on long-term / short-term capital gains

The holding period to determine long-term / short-term capital asset and tax rate on long-term / short-term capital gains has been amended w.e.f. 23 July 2024.

Nature of asset	For transfers before 23 July 2024	For transfers on or after 23 July 2024	Short-Term Capital Gains tax		Long-Term Capital Gains tax	
			For transfers before 23 July 2024	For transfers on or after 23 July 2024	For transfers before 23 July 2024	For transfers on or after 23 July 2024 (without indexation)
Listed Equity Shares #	12 months	12 months	15%	20%	10% without indexation	12.5%
Listed Preference Shares	12 months	12 months	Applicable rate	Applicable rate	10% without indexation OR 20% with indexation	12.5%
Equity Oriented Mutual Funds #	12 months	12 months	15%	20%	10% without indexation	12.5%
Listed debentures and bonds	12 months	12 months	Applicable rate	Applicable rate	10% without indexation	12.5%
Zero Coupon Bonds #	12 months	12 months	Applicable rate	Applicable rate	10% without indexation	12.5%
Bonds and Debentures (Unlisted)	36 months	Not relevant	Applicable rate	Applicable rate	20% without indexation	Applicable rate (deemed to be



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Nature of asset	For transfers before 23 July 2024	For transfers on or after 23 July 2024	Short-Term Capital Gains tax		Long-Term Capital Gains tax	
			For transfers before 23 July 2024	For transfers on or after 23 July 2024	For transfers before 23 July 2024	For transfers on or after 23 July 2024 (without indexation)
						short-term capital gains)
REITs / InVITs	36 months	12 months	15%	20%	10% without indexation	12.5%
Gold ETF / Silver ETF / ETF investing in overseas equity (Listed) acquired after 31 March 2023	Not relevant	12 months (if sold after 31 March 2025)	Applicable rate	Applicable rate	Applicable rate	Applicable rate (if sold before 1 April 2025) 12.5% (if sold after 31 March 2025)
Gold ETF / Silver ETF / ETF investing in overseas equity (Listed) acquired before 31 March 2023	36 months	12 months	Applicable rate	Applicable rate	20% with indexation	12.5%
Immovable Property	24 months	24 months	Applicable rate	Applicable rate	20% with indexation	12.5%
Physical Gold	36 months	24 months	Applicable rate	Applicable rate	20% with indexation	12.5%



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Nature of asset	For transfers before 23 July 2024	For transfers on or after 23 July 2024	Short-Term Capital Gains tax		Long-Term Capital Gains tax	
			For transfers before 23 July 2024	For transfers on or after 23 July 2024	For transfers before 23 July 2024	For transfers on or after 23 July 2024 (without indexation)
Unlisted Shares in the hands of residents	24 months	24 months	Applicable rate	Applicable rate	20% with indexation	12.5%
Unlisted Shares in the hands of non-residents	24 months	24 months	Applicable rate	Applicable rate	10% without indexation	12.5%
Foreign securities	24 months	24 months	Applicable rate	Applicable rate	20% with indexation	12.5%
Market Linked debentures and specified mutual funds acquired after 31 March 2023	Not relevant	Not relevant	Applicable rate	Applicable rate	Not applicable as deemed to be short-term	Not applicable as deemed to be short-term
Debt mutual funds acquired before 31 March 2023	36 months	24 months	Applicable rate	Applicable rate	20% with indexation	12.5%
Business Undertaking	36 months	36 months	Applicable rate	Applicable rate	20% without indexation	12.5%
Any other asset	36 months	24 months	Applicable rate	Applicable rate	20% with indexation	12.5%

#Exemption on long-term capital gains under section 112A is increased from INR 1 lakh to INR 1.25 lakh.

CNK Comments:

1. The holding period has now been simplified in two categories – 12 months and 24 months to qualify as long-term capital assets.
2. While it has been announced that for all other assets, the period of holding would be 24 months to qualify as a long-term capital asset, no corresponding amendment has been made in section 50B which deals with taxation of slump sale. Accordingly, if the undertaking is owned and held for less than 36 months, the gains would be taxable as short-term capital gains.
3. The above tax rates on capital gains would also apply to non-residents.
4. The net tax outflow for investors of listed securities will be higher due to increase in tax rates from 15% to 20% and 10% to 12.5% for short-term and long-term gains respectively.
5. While the tax rate for long-term capital gains in case of other assets has reduced from 20% to 12.5%, the benefit of indexation will not be available now. The benefit of substitution of fair market value as on 1 April 2001 for cost of assets acquired prior to this date, will continue to be available.
6. In the case of sale of unlisted shares by non-residents after 23 July 2024, the benefit of computation of capital gains in foreign currency would be available.
7. Unlike specified mutual funds, which were considered as short-term capital asset if acquired after 1 April 2023, gains on sale of unlisted debentures and unlisted bonds will be taxed as short-term capital gains at applicable rates irrespective of their date of acquisition.



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Abolishment of angel tax provisions

Presently, consideration for unlisted shares issued at a premium, if exceeding the fair market value, is taxed in the hands of company issuing such shares. This angel tax provision was extended in April 2023 to shares issued to non-residents as well.

Now, issue of shares at a premium by a company, whether to a resident or a non-resident, would not result in any tax implications for the issuing company except insofar as the requirement of proof of source under section 68 of the Act.

CNK Comments: Angel tax provisions have resulted in unnecessary litigation, with the basis for valuation of companies issuing the shares, being questioned by the tax authorities. Abolishment of the angel tax provisions would provide much relief to start-ups and other unlisted companies. However, angel tax should have been abolished with retrospective effect from FY 2023-24 (when angel tax was extended to shares issued to non-residents) instead of FY 2024-25. This has resulted in angel tax provisions applying to shares issued to non-residents for 1 year only.

Amount received by shareholders from buy-back of shares taxable as deemed dividend

Presently, any amount distributed by the domestic companies on buy-back of shares to shareholders as reduced by the share issue price is subject to buy-back tax at an effective tax rate of 23.296%.

Now, entire consideration received by the shareholder on buy-back of shares by domestic company under section 68 of the Companies Act, 2013 shall be treated as dividend in the hands of shareholders. The shareholders would also not be able to claim deduction of any other expenditure incurred against the dividend income including the cost of shares.

The cost of acquisition of the shares bought back would be treated as a capital loss. Such capital loss would be eligible to be set-off and carried forward to be set off against any other capital gains.

The above regime of taxation will take effect from 1 October 2024 and will apply to any buy-back of shares that takes place on or after this date.

CNK Comments: Deemed dividend would be taxable at applicable rate of income tax and at 30% in case of taxpayer falling in higher tax bracket, whereas capital loss that is generated when adjusted against capital gain may not result in tax saving of 30%. The above amendment would therefore result in a tax disadvantage on the buy-back of shares. While the memorandum equates buyback to dividend, the amount taxable as dividend in the case of buyback would not be restricted to accumulated profits.



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Further, whether such deemed dividend would be considered as dividend under the DTAA needs to be examined on the basis of definition of dividend in the DTAA. Only buyback under section 68 of the Companies Act, 2013 would be taxed as dividend. Therefore, redemption of preference shares would now not be considered as a buyback for this purpose

Changes in criteria for qualification as Specified Mutual Fund

Presently, any gains on transfer / redemption of units of specified mutual funds acquired on or after 1 April 2023 are deemed as short-term capital gains irrespective of the period of holding. Specified Mutual Fund is defined to mean a mutual fund which invests less than or equal to 35% in equity shares of domestic companies.

Now, definition of specified mutual fund is amended to mean a mutual fund which invests more than 65% of its total proceeds in debt and money market instruments or a fund which invests 65% or more of its total proceeds in units of such mutual fund:

This amendment is effective from AY 2026-27 onwards.

CNK Comments: Now funds such as ETFs, Gold Mutual Funds, Gold ETFs and Funds of Funds which are not debt-oriented funds and funds investing in foreign equities will be considered as long-term or short-term depending on the period of holding.

Transfer of Capital Asset under Gift or will or irrevocable trust

Presently, any transfer of a capital asset under a gift or will or an irrevocable trust is not considered as transfer for purposes of capital gains tax.

Now, transfer of a capital asset, under a gift or an irrevocable trust, **by any person other than an individual or a HUF** will be subject to capital gains.

CNK Comments: The issue of whether corporate entity can gift has been a subject matter of litigation wherein the courts have allowed that gifts by corporates are not subject to capital gains tax. Now the exemption is restricted to gifts only by an individual and HUF.

Sale of shares under Offer-for-sale (OFS)

Presently, cost of acquisition for securities, subject to STT on transfer, acquired prior to 1 February 2018 is considered at higher of the actual cost or FMV of such securities. However, there is no mechanism to determine FMV in case of unlisted equity shares transferred under OFS as part of IPO, even though such sale was subject to STT. A view was therefore being taken that such gains are not liable to capital gains tax as the computation mechanism failed.

Now, the FMV in such cases will be determined based on the actual cost of acquisition as adjusted by the Cost Inflation Index for the FY 2017-18 and accordingly such gains will be liable to tax.

This amendment will be retrospectively effective from AY 2018-19 onwards.



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Revision of rates of securities transaction tax

Presently, the rate of STT on sale of an option in securities is 0.0625% of the option premium, while the rate of STT on sale of a future in securities is 0.0125% of the price at which such futures are traded.

Now, the said rates of securities transaction tax on sale of an option in securities is increased to 0.1% of the option premium, and on sale of a futures in securities increased to 0.02% of the price at which such futures are traded.

This amendment is effective from 1 October 2024.

Amendments related to Charitable Trusts

Phasing out of alternate scheme of exemption under section 10(23C) for Charitable trusts and Institutions

Presently, charitable trusts and Institutions can either apply for approval under clause (iv), (v), (vi) and (via) of section 10(23C) if conditions prescribed under the respective clauses are fulfilled or for registration under section 12A to claim exemption of income. The amendments in recent years under both the exemption regimes have broadly aligned the approval / registration procedures and conditions for claiming exemption.

As the exemption regime under sections 11 to 13 of the Act covers the entire range of charitable Institutions, it is proposed to gradually phase out

the exemption under section 10(23C) and merge it with the exemption under section 11 by making following changes -

- The existing approval granted under specified clauses of section 10(23C) would be valid till the period mentioned in the approval.
- Fresh as well as renewal application for approval under section 10(23C) can be made only till 30 September 2024. Post that, such trusts and institutions may file application for registration under section 12A of the Act.
- Such trusts can continue to hold the investments as permissible under section 10(23C) and any accretion thereto.
- The applications filed under section 10(23C) and pending as on 30 September 2024, would be processed as per the provisions of section 10(23C).

CNK Comments: Now, the charitable trusts and Institutions would not have to select between the two exemption regimes. This would reduce the litigation to some extent particularly in the context of education Institutions on interpretation of the term 'solely for education' as referred to in Supreme Court decision in the case of New Noble Educational Society.

Once the trusts and Institutions approved under section 10(23C) shift to the exemption regime under section 11, they may exercise the option to claim deemed application of income under clause (2) of explanation 1 to section 11(1) for spending in subsequent year and claim exemption for capital gains

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on re-investment in capital assets. The said options are currently not available under the provisions of section 10(23C).

Condonation of delay in filing application for registration by Trusts and Institutions

Charitable institutions registered under section 12AB or approved under clause (iv), (v), (vi) and (via) of section 10(23C) which were existing as on 1 April 2021 were required to file Form 10A by 30 June 2024 (as extended by CBDT Circular No. 07/2024 dated 25 April 2024) to continue their registration / approval. Further, the trusts are required to file application for renewal of its final registration or conversion of provisional registration to final registration in Form 10AB, within the timelines prescribed in the Act.

If a trust fails to apply for renewal of registration or for conversion of provisional registration to final registration, within the specified time, it is deemed to be converted into an entity not entitled for exemption of its income. Therefore, tax on accreted income at maximum marginal rate is liable to be paid in case the exemption is discontinued.

Considering the genuine hardship that may be caused to the charitable trusts due to such severe consequences, the PCIT / CIT have been granted the power to condone the delay if there is a reasonable cause for delay in filing the application.

CNK Comments: A large number of applications for registration / renewal were being rejected solely on account of delay in application. The

consequences for delay in filing the application for registration are completely disproportionate to the procedural lapse in timely filing of the application. The only remedies against rejection were application for condonation of delay to the CBDT or appeal to the ITAT. Therefore, it is a welcome amendment to ensure that trusts are not unduly penalised.

The amendment is effective from 1 October 2024. CBDT vide Circular No. 07/2024 dated 25 April 2024 had extended the due date for filing Form 10A / 10AB to 30 June 2024. Therefore, benefit of the proposed amendment will not be available to the belated applications filed between 1 July 2024 to 30 September 2024.

Merger of charitable trusts and Institution registered under section 12AB or approved under section 10(23C) with another trust

Presently, section 115TD provides for tax on accreted income if trusts and Institutions registered under section 12AB or approved under section 10(23C) has merged with any entity other than a trust or Institution, having objects similar to it and which is approved under section 12AA / 12AB or approved under section 10(23C).

Now, section 12AC relating to the merger of approved / registered charitable trusts with another approved / registered trust or institution has



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been introduced. Further conditions for tax neutrality of the merger will be prescribed.

Approval under section 80G, where activities are commenced

There are several existing trusts and institutions registered under section 12A or approved under section 10(23C) which are claiming exemption of income. If such trusts and Institutions have already commenced their activities and do not have approval under section 80G, then it is not possible for them to apply for fresh approval since they have claimed exemption under section 11 or section 10(23C).

Now, the condition of not claiming exemption under sections 11 or 10(23C) in previous years while making the application for fresh approval, is deleted.

CNK comments: The proposed amendment is beneficial for trusts and Institutions which have already commenced their activities and are claiming exemption under sections 11 or 10(23C) of the Act and wish to opt for approval under section 80G.

Change in the time limit for disposing the applications filed by charitable trusts and Institutions in Form 10AB

Charitable trusts approved / registered under section 10(23C) or 12A and 80G of the Act are required to file application for renewal of its final registration or conversion of provisional registration to final registration in Form 10AB at least 6 months prior to the expiry of the existing registration / approval. Such applications are required to be processed by the PCIT / CIT within 6 months from the end of the month in which application was made.

Now the period for disposing the applications has been extended to 6 months from the end of the quarter in which application is made by the trust.

Amendments related to IFSC

Exemption from explanation of source of funds of lender / investor

Presently, any credit to the books of accounts, wherein the nature and source is not explained to the satisfaction of the tax authority is taxed as income in the hands of the taxpayer. Further, in the case of loan or share capital received, one is also required to explain the source in the hands of



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the lender or the investor respectively, from which such borrowing or investment is undertaken.

Now, any loan or share capital received from a venture capital fund regulated by the IFSCA shall not require an explanation to be provided by the borrower or investor. However, the source of the credit in the books of accounts would still need to be explained. In other words, one is not required to explain the source of source of the funds.

CNK Comments: While the IFSC (Fund Management) Regulations, 2022 permit a company, LLP or trust to be registered as a venture capital fund, the exemption from explaining the source of the source of funds has only been provided to trust registered as a venture capital fund.

Exemption of income of retail scheme or ETF in IFSC

Income of an IFSC-located retail fund or ETF, regulated by the IFSCA, from transfer of certain capital assets on recognised stock exchanges in IFSC will now be exempt if all units (other than those held by sponsor or manager) are held by non-residents.

Applicability of thin-capitalisation rules to finance companies in IFSC

Presently, thin capitalisation rules, restricting interest to non-resident associated enterprises exceeding INR 1 crore and 30% of EBITDA, do not apply in the case of banking, insurance and certain specified NBFCs.

Now, the exemption from thin capitalisation rules have been extended to finance companies which are located in IFSC and regulated by the IFSC regulations.

CNK Comments: While the thin capitalisation rules do not apply, interest paid to a non-resident associated enterprise by a finance company located in IFSC would still need to satisfy transfer pricing regulations.

Amendments related to TDS/TCS

Rationalisation of rates of Tax Deducted at source

- A. TDS rates have been rationalised from 5% to 2% on the following payments w.e.f. 1 October 2024:
1. Life insurance policy by life insurance company to the policy holder
 2. Commission, remuneration or prize on sale of lottery tickets
 3. Commission or brokerage (other than insurance commission)



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4. Rent paid by individuals or HUF whose gross receipts / turnover does not exceed threshold limit
 5. Payment by Individual or HUF not required to deduct TDS under any other section and exceeding the threshold.
- B. TDS rate on payment of insurance commission by an Insurance Company to a person other than Company is reduced from 5% to 2% w.e.f. 1 April 2025.
- C. TDS rates for payment made by e-commerce operator to resident e-commerce participant has been reduced from 1% to 0.1% w.e.f. 1 October 2024.
- D. Presently there is no TDS on payment of salary, remuneration, interest, bonus, or commission to partners by the partnership firm.
- Now, such payments to a partner on or after 1 April 2025, if exceeding INR 20,000, will be subject to TDS at 10%.
- E. Presently, purchase of immovable property from a resident is subject to TDS at 1% if the sale consideration or stamp duty value exceeds INR 50 lakh. The ITAT had taken a view that the threshold was applicable qua each buyer / seller and not based on the total value of the property.

Now, w.e.f. 1 October 2024 TDS would be applicable if the aggregate consideration payable is INR 50 lakh or more, irrespective of the consideration payable / receivable by each buyer / seller.

- F. Presently, no TDS is required to be deducted on any interest payable on any security of the Central Government or a State Government, except for the interest in excess of INR 10,000 payable on:
- a. 8% Savings (Taxable) Bonds, 2003; or
 - b. 7.75% Savings (Taxable) Bonds, 2018 during the FY.

Now, TDS will also apply on interest payable on following securities:

- a. the Floating Rate Savings Bonds (FRSB) 2020 (Taxable); and
- b. any security of the Central Government or State Government, as the Central Government may notify.

- G. Presently, payment to contractors does not specifically exclude payment falling under the ambit of section 194J – Fees for professional or technical services.

However, it has been clarified that w.e.f. 1 October 2024, any sum referred to in Section 194J of the Act does not constitute “work” for the purpose of TDS under section 194C of the Act and therefore, section 194C would not apply on such payments.



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CNK Comments: While the memorandum explaining the provisions of finance bill covers amendment in section 194D on payment of insurance commission, there is no corresponding amendment in the rates in force provided in Schedule III to the Finance Bill. This seems to be an omission and it is expected that the same would be rectified in Finance Act.

While partner's remuneration is taxable in the hands of partners only to the extent allowed as a deduction to the partnership firm as per prescribed limits, TDS would apply on remuneration and interest paid to the partner, and would not apply to payment of share of profits and drawings of accumulated capital balance as at 31 March 2025. There could be practical challenges in situations where remuneration is linked to the quantum of profits and on taxability of remuneration where allowability is linked to the profits determined only at the end of the year.

Increase in the interest rates for delay in deposit of TCS

Presently, failure to collect TCS and / or delay deposit of TCS attracts simple interest at 1% p.m. or part thereof.

The rate of interest w.e.f. 1 April 2025 has now been aligned with the interest rates applicable for defaults in TDS as under:

Scenario	Rate of Interest	Period
Failure to collect TCS	1% pm or part thereof	Date from which TCS is required to be collected to the date on which TCS is collected
Failure to deposit TCS	1.5% pm or part thereof	Date from which TCS is collected to the date on which TCS is actually paid to the government

CNK Comments: The interest rate has been aligned with the corresponding provisions of TDS.

TCS on notified luxury goods

Presently, TCS at 1% of the sale consideration is collected by seller of a motor vehicle in case the value of motor vehicle exceeds INR 10 lakh.

Now, TCS at 1% shall also be collected on notified luxury goods of the value exceeding INR 10 lakh.

CNK Comments: The proposed amendment is intended for tracking of spend on luxury goods and widening and deepening the tax net.

Exemption from prosecution under section 276B of the Act

Presently, prosecution applies if deductor fails to pay tax, to the credit of Central Government, deducted at source by him.



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Now, prosecution would not apply so long as TDS is deposited on or before the due date of filing TDS return.

This amendment is effective from 1 October 2024.

CNK Comments: Earlier CBDT Circular No. 24/2019 dated 9 September 2019 provided for relaxation from prosecution if TDS is less than INR 25 lakh and the delay in deposit is less than 60 days from the due date. We hope this relaxation will continue after the amendment.

Extension of scope of section 197 of the Act

An application can now be made under section 197 for lower tax deduction / collection certificate in respect of TDS on purchase of goods [Section 194Q] and TCS on sale of goods [Section 206C(1H)].

This amendment is effective from 1 October 2024.

Time limit for filing correction statement in respect of TDS / TCS statements

Presently, there is no time limit for furnishing TDS / TCS correction statements.

Now w.e.f. 1 April 2025, no correction statement can be filed after the expiry of 6 years from the end of the FY in which the original statements are delivered.

Penalty for failure to furnish TDS / TCS returns

Presently, as per the provisions of section 271H of the Act, the AO has discretionary power to impose penalty for non-filing / furnishing incorrect information in TDS / TCS statement.

Now, no penalty is leviable if person deducting / collecting tax files TDS / TCS statement before the expiry of 1 month from the due date and all tax including interest and fees is paid.

Amendments related to Assessment Proceedings

Change of the procedure of reassessment proceedings and reducing the time limit for reassessment

Presently, the reassessment proceedings can be initiated upto 10 years from the end of the relevant AY, subject to certain conditions.

Now, reassessment proceedings cannot be initiated beyond a period of 5 years from the end of the AY. The provisions are substituted with following key distinctions:



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- The maximum time limit for reopening the assessment has been restricted to 5 years. The monetary limit of INR 50 lakh for income escapement remains the same. However, the definition of asset has been removed which is one of the conditions to reopen the assessment relating to income escapement beyond 3 years.
- An additional time limit of 3 months has been provided to issue notice for reopening the assessment, once the AO has framed an opinion that the matter should be reopened.
- Since the search cases are separately assessed under the scheme of block assessment, survey cases are continued to be subject to reassessment proceedings.
- Cases where search is conducted before 1 September 2024 will be continued to be governed by the existing provisions of reassessment.

This amendment is effective from 1 September 2024.

CNK Comments: From 1 September 2024, reopening of assessment prior to AY 2019-20 will not be permitted under the amended provisions.

Re-introduction of block assessment regime in search cases

Presently, in search cases, the assessments are undertaken through the reassessment procedures. Accordingly, the time limits and other

procedures prescribed for the reassessment proceedings were applicable even in search cases.

However, difficulties were faced under the reassessment proceedings, wherein each year is assessed separately. The assessment proceedings for each year, though arising from the same search, were staggered over the period based on the time barring requirements. This led to change of opinion for different years.

Now, the block assessment is reintroduced for search assessments to ensure all search assessments covered within the block are finalized together so as to avoid multiplicity of proceedings. Few of the pertinent provisions are as follows:

- Assessment will be conducted for the block period of 6 AYs preceding the previous year in which the search was conducted and from 1 April of the previous year in which search was conducted until the date of search.
- Block assessment will be applicable to searches conducted on or after 1 September 2024.
- Regular assessment for the block period shall abate, including any ongoing transfer pricing assessment proceedings.
- Undisclosed income should be based on the evidence found as a result of search.
- Brought forwards losses and unabsorbed depreciation shall not be set off against the undisclosed income.



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- Where any evidence obtained pertains to other person, then the assessment of such other person will also be made as block assessment under the impugned provisions.
- Order for block assessment is to be passed within 12 months from the end of the month in which the last authorisation of search was executed and to be extended by 12 months if there is a transfer pricing reference.
- The income of the block period, other than income already assessed or for which regular returns were already filed, will be subject to tax at the rate of 60%. No surcharge is yet proposed for tax on such undisclosed income.
- Penalty may be levied in relation to the undisclosed income at the rate of 50% of tax. The benefit of non-levy of penalty is granted where taxes are paid, and no appeal is filed by the assessee.

These provisions for block assessment are effective from 1 September 2024, i.e., where searches are conducted after the said date.

CNK Comments: This amendment would bring efficiency in search assessment proceedings and reduce the time and cost for the taxpayers where the assessments for 6 years could be completed at one go. However, income which is not undisclosed income but is an enhancement of returned or assessed income would also be subject to tax at such higher rate of 60%.

Extending the powers of the CIT(A)

Presently, the CIT(A) / JCIT(A) does not have powers to set aside any assessment order and restore it to the file of the AO. The orders have to be passed with a specific direction after seeking a remand report from the AO and thereafter dealing with the issue under consideration. However, it has been noticed that various assessment orders are passed based on best judgement assessment, where details are not filed by the assessee.

To reduce the litigation and accumulation of huge pending appeals at the CIT(A) / JCIT(A) level, they are now empowered to set aside the assessment where the orders are passed as best judgement assessment. Fresh assessment in such set aside orders will have to be completed within 12 months from the end of the FY in which the CIT receives the appellate order.

This amendment is effective from 1 October 2024.

CNK Comments: Though the reasoning of the legislature to introduce this amendment is to reduce the pendency of proceedings, the amendment to apply only in case of best judgment assessment indicates that the intention was to reduce the burden of the CIT(A) in conducting the assessment proceedings afresh. Further, the FM has also announced deployment of more CIT(A) to expedite the pending appeals.



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Rationalising the provisions relating to time limits for completion of assessment proceedings

The time limits for passing orders under different provisions have been rationalized to deal with the procedural difficulties. The amendments to the said provision are as follows:

- Where return is filed pursuant to the CBDT order condoning any delay or otherwise - Passing of assessment order within 12 months from the end of the FY in which the return is filed
- CIT(A) has passed an order setting aside the matter - Passing assessment order within 12 months from the end of the FY.
- Annulment of block assessment - Passing assessment order which have been revived within 1 year from the end of the year in which the block assessment is annulled.

This amendment is effective from 1 October 2024.

Introduction of Dispute Resolution Scheme

Direct Tax Vivad se Vishwas Scheme 2024

Akin to the Direct Tax Vivaad se Vishwas Act, 2020, it is proposed to introduce the VsV 2024 with a view to reduce the pending litigations and collection of taxes. The key elements of the scheme are as follows:

- Appellant for this scheme is a person in whose case following proceedings are pending as on 22 July 2024 –
 - An appeal / WP / SLP filed before the SC, HC, ITAT, CIT(A) or JCIT(A);
 - Objections filed to the DRP and no direction is issued;
 - Direction has been issued by the DRP, but the assessment order is not passed;
 - An application for revision before the PCIT has been filed.

- Amount Payable is as follows –

Sr. No.	Particulars	On or before 31 December 2024	On or After 1 January 2025
1.	Appeal filed after 31 January 2020 up to 22 July 2024 (Tax arrears *)	Amount of disputed tax	Amount of disputed tax plus 10%
2.	Appeal filed before 31 January 2020 pending at the same appellate forum (Tax arrears *)	Amount of disputed tax plus 10%	Amount of disputed tax plus 20%
3.	Appeal filed for Interest / penalty / fee after 31	25% of the disputed interest OR	30% of the disputed interest OR



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Sr. No.	Particulars	On or before 31 December 2024	On or After 1 January 2025
	January 2020 up to 22 July 2024 <i>(Tax arrears #)</i>	disputed penalty OR disputed fee	disputed penalty OR disputed fee
4.	Appeal filed for Interest / penalty / fee before 31 January 2020 pending at the same appellate forum <i>(Tax arrears #)</i>	30% of the disputed interest OR disputed penalty OR disputed fee	35% of the disputed interest OR disputed penalty OR disputed fee
<p><i>*Tax Arrear = disputed tax plus disputed interest plus disputed penalty</i> <i>#Tax Arrear = disputed interest OR disputed penalty OR disputed fee</i></p>			

Note:

The amount payable will be half of the above amounts in relation to the issues where:

- An appeal / WP / SLP is filed by the tax authorities.
- An appeal is filed before the CIT(A) / JCIT(A) / ITAT or objections are filed before the DRP for a matter in respect of which the

Appellant has received a favorable decision by the higher authorities and the said decision has not been over-ruled.

- If any excess tax is already paid as against what is determined pursuant to the application, the same shall be refunded.
- The amount determined by the designated authority (post application) to be paid within fifteen days of the receipt of certificate under the Scheme.
- No proceedings with respect to penalty or interest to be initiated under the Act with respect to the Tax Arrear under the Scheme.
- Few of the relevant exclusions to the scheme are highlighted below:
Any Tax Arrear –
 - In respect of which assessment / re-assessment has been initiated pursuant to search initiated under the Act;
 - In respect of which prosecution has been instituted prior to the filing of declaration under the scheme;
 - Relating to undisclosed foreign income / foreign asset located outside India;
 - Relating to assessment / re-assessment proceedings initiated on the basis exchange of information between countries.



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CNK Comments: The VsV 2024 is another attempt of the Government of India to reduce the litigations and provide an opportunity to the assesses to settle the dispute by paying the reduced liability with a waiver for interest, penalty and prosecution.

Amendments related to Foreign Assets

Penalty in case of non-disclosure of foreign asset

Failure to disclose foreign assets in the income-tax return results in a penalty of INR 10 lakh under BMA. Presently, penalty does not apply in case the undisclosed asset is a foreign bank account / accounts and the balance in all these accounts does not exceed INR 5 lakh.

Now, penalty shall not apply in case the undisclosed assets (other than immovable property) do not exceed INR 20 lakh in aggregate.

This amendment is effective from 1 October 2024.

CNK Comments: One of the key ask in the case of penalty is to make such penalty commensurate with the value of the foreign asset which has not been disclosed and this amendment is a step in the right direction. However, ambiguity still exists as to whether the penalty shall be levied for each year the taxpayer has not disclosed in his return of income or only for the year in which it comes to the notice of the tax authorities. Further, while the amendment is applicable from 1 October 2024, one may be able to contend

that the higher limit shall apply in the case of proceedings under the BMA. Also, whether the threshold of INR 20 lakh shall be arrived at considering the cost of these assets or its FMV is not clear.

Tax clearance certificate and recovery of amount through seized assets in the case of undisclosed foreign assets

A domiciled person leaving India will now be required to obtain a tax clearance certificate from the tax authorities under the BMA in addition to the existing requirements under the Act and other direct taxes.

Further, any dues under the BMA can now be recovered from the sale proceeds of assets seized by the tax authorities.

Other Miscellaneous Amendments and Announcements

Amendment of provisions relating to equalisation levy

Equalisation levy of 2% on e-commerce operator has been abolished w.e.f. 1 August 2024.

CNK Comments: Equalisation levy at 6% on online advertising services shall continue to apply.



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Setoff and withholding of Refunds

Presently, the AO is empowered to withhold the refund if there are any ongoing assessment / re-assessment proceedings. However, the AO is required to form an opinion that the issue of such refund is likely to adversely affect the Revenue and record the reasons in writing with the previous approval of PCIT.

Now, the requirement of the AO to form an opinion with respect to the issue of refund bearing an adverse effect on the Revenue is done away with.

Further, presently, the refund in case of ongoing assessment / re-assessment proceedings could have been withheld up to the date of such proceedings.

Now, the date is extended to 60 days from the date of such proceedings. Consequentially, even the interest on such refund will not be granted until such date.

This amendment is effective from 1 October 2024.

CNK Comments: This amendment would give unrestricted power to the AO as the AO would no more be required to demonstrate that the withholding of refund would adversely impact the tax authorities. Further, the power to withhold refund beyond the date of assessment order without any payment of interest is unfair and unwarranted.

Time limit for filing appeals to the ITAT

The interest or penalty order passed by CIT(A) with respect to the block assessment undertaken in case of search is now appealable before the ITAT.

Presently, an appeal to the ITAT is required to be filed within 60 days from the date on which the order sought to be appealed against is communicated to the assessee or PCIT.

Now, the due date is modified to 2 months from the end of the month in which the order sought to be appealed against is communicated to the assessee or PCIT.

This amendment is effective from 1 October 2024.

Time limits under various provisions of Prohibition of Benami Property Transactions Act, 1988

(i) Time limit to respond to notice

Presently, no time limit is provided to a benamidar or to a beneficial owner to furnish reply / submissions in response to the notice issued.

Now, it is provided that explanations or submissions in response to a notice shall be filed within maximum time limit of 3 months from the end of the month in which notice is issued.

(ii) Time limit to attach property / pass order, etc.



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Presently, the Initiating Officer has maximum time limit of 90 days from the last day of the month in which notice is issued to provisionally attach the property / pass an order for continuing the provisional attachment / revoke such attachment / decide not to attach the property.

Now, the said time limit is increased to 4 months from the end of the month in which notice is issued.

- (iii) Time limit to draw up a statement and refer to adjudicating authority
Presently, the Initiating Officer has time limit of 15 days from the date of the attachment order to draw up a statement of the case and refer it to the Adjudicating Authority.

Now, the time limit is increased to 1 month from the end of the month in which the order is passed.

These amendments are effective from 1 October 2024.

CNK Comments: The amendments will rationalize the time limits for attachment of property and reference to adjudicating authority.

Immunity to Benamidars under PBPT Act

Presently, the offence relating to a benami transaction is punishable with rigorous imprisonment with fine based on the fair market value of the benami property. This penalty is the same for a benamidar or a beneficial

owner or any person who abets or induces any person to enter into a benami transaction.

Now, it is provided that the Initiating Officer may tender immunity to benamidars from such penalty and prosecution with the previous sanction of the Competent Authority on condition of his making a full and true disclosure of the whole circumstances relating to the benami transaction. In case the benamidar does not fulfil the conditions or wilfully conceals or provides false evidence, the aforesaid immunity shall be withdrawn.

This amendment is effective from 1 October 2024.

CNK Comments: The intent of this amendment is to provide immunity and thereby encourage benamidars to step forward with full disclosure.

While presenting the Budget, the FM announced following measures:

- Expansion of the scope of Transfer pricing Safe Harbour Rules to reduce litigation.
- Increase in monetary limits of tax impact for filing of appeals by the tax authorities before the ITAT, HC and SC from INR 50 lakh to INR 60 lakh, from INR 1 crore to INR 2 crore and from INR 2 crore to INR 5 crore respectively.
- FEMA FDI and Overseas Investment rules to be simplified.



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- Regulations for variable capital companies for aircraft and ship leasing and private equity to be introduced.
- Fast-track exit mechanism for voluntary closure of LLPs to be introduced.



Indirect Taxation

Key Highlights

- Customs Duty rates recalibrated to give a fillip to the Government's vision of "Manufacture in India" and to boost domestic exports.
- A comprehensive review of the Customs Tariff Structure and the GST Duty structure is on the cards, with the primary intent of reducing classification disputes and rationalisation.
- Import duty on 25 critical minerals, inputs and capital goods required by the aquafarming and marine sector, textile and leather sector and precious metals has been reduced, with the twin objectives of correcting the inverted duty struct and to boost domestic manufacturing.
- Provisions for acceptance of different types of proof of origin (based on self-certification) in foreign trade transactions / agreements
- Trade facilitation measures to streamline GST processes, relax timelines for availing input tax credit, regularize issues relating to transitional credit and GST position emancipating from past established trade practices.

- Legal reforms to expedite tax dispute resolutions, with a significant reduction in pre-deposit amounts for appeals and rationalisation of time limits for issuing demand notices.
- Amendments to facilitate easier handling and prescribing a sunset clause for anti-profiteering cases.
- Much needed relief for the insurance industry by clarifying the re-insurance commission / co-insurance would neither constitute a supply of goods nor services.

Goods and Services Tax

Legislative Amendments

GST Levy

(Section 9 of the CGST Act, Section 5 of the IGST Act)

- The charging sections have been proposed to be amended to exclude un-denatured extra neutral alcohol (ENA) or rectified spirit used for manufacture of alcoholic liquor for human consumption from GST levy.



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CNK Comments: The effect of excluding ENA from GST for liquor production, coupled with past judicial rulings, clarifies the tax status prospectively. However, ongoing litigation over past GST payments for ENA underscores unresolved disputes in the industry.

Regularisation of GST Non-Compliance Due to Trade Practices

(Section 11A of the CGST Act, Section 6A of the IGST Act, Section 8A of the GST (Compensation to States) Act)

- The proposed new provisions empower the Government to rectify instances of non-levy or short levy of GST on goods or services due to prevalent trade practices. This will be facilitated through a notification issued upon GST Council recommendations, exempting such unpaid or underpaid taxes from further payment.

CNK Comments: The proposed amendment is in line with recommendations from the 53rd GST Council meeting and is similar to provisions under Central Excise and Customs laws, empowering the Government to waive unpaid or underpaid GST due to prevalent industry practices. Unlike those laws, it lacks provisions for refunds to taxpayers who overpaid.

Additionally, the GST Council has been addressing interpretational issues through circulars, allowing an "as-is, where-is" approach for tax liabilities

on supplies. However, the absence of a refund mechanism in the latest proposal could potentially spark litigations concerning refunds of taxes already paid, particularly in cases where payments were made under protest or during demand proceedings.

It would be intriguing to observe, if the Government will adopt this provision to resolve GST-related challenges and grant relief to sectors such as online gaming, foreign shipping / aviation.

Tax Invoice and Time of Supply – RCM Transactions

(Section 13 and Section 31 of the CGST Act)

- It has been proposed to specify the time limit for recipients to issue invoices for supplies under the reverse charge mechanism. Additionally, an explanation is proposed to be inserted to clarify that unregistered suppliers will include suppliers registered solely for TDS under Section 51 of the CGST Act.
- It has been proposed to amend the time of supply for RCM supplies to the earliest of the following events:
 - The earlier of the date of payment as recorded in the recipient's books of account or the date on which the payment is debited from the recipient's bank account.



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- The date immediately following 60 days from the date of issuance of invoice or any document by the supplier, if the supplier is responsible for issuing the invoice.
- The date of issuance of invoice by the recipient, if the recipient is required to issue the invoice.

CNK Comments: The proposed amendments aim to standardize the invoicing and time of supply provisions for RCM supplies availed from unregistered suppliers. It specifies that if the recipient issues a self-invoice, the time of supply shall be the earlier of the payment date or the self-invoice date. This aligns with the 53rd GST Council's recommendation that the time limit for availment of ITC on RCM supplies would be reckoned from the date of the self-invoice.

Extension of Input Tax Credit Window

(Section 16 of the CGST Act)

- Retrospective amendments, effective from 1 July 2017, proposed to introduce significant changes to the ITC regulatory framework.
- Firstly, the time limit for availing ITC under Section 16(4) has been proposed to be relaxed. This amendment allows ITC claimed on invoices or debit notes from FY 2017-18 to FY 2020-21 in GSTR-3B returns filed up to 30 November 2021, thereby extending the period for availing ITC beyond the hitherto prescribed limitation period.

- Secondly, an amendment has been proposed to allow ITC availment on invoices or debit notes in Form GSTR-3B during the interim period from the date of cancellation of registration or its effective date until the date of revocation of cancellation. The provision specifies that ITC for this interim period should be claimed either by the 30 November following the financial year to which such invoice or debit note pertains or within 30 days of the revocation of cancellation order, whichever is later.
- Finally, the ITC claimed should not have been barred by the limitation period specified in Section 16(4) at the time of the cancellation order.

CNK Comments: Whilst the proposed amendments intend to align the provisions with the return filing system, the requirement of mandatory payment by the recipient to the supplier could create unnecessary confusion and entail litigations with regards to allowability of ITC in situations where any part of the payment is made to other stakeholders such as tax authorities, third party, etc.

Input Tax Credit Restrictions

(Section 17 of the CGST Act)

- Section 17(5)(i) presently disallows ITC for taxes paid under Sections 74, 129, and 130. Under the proposed amendment, the restrictions on



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ITC pertaining to cases of tax payment due to fraud, will be applicable only until the FY 2023-24. However, the restrictions on ITC for taxes paid under Section 129 (after the detention and seizure of goods) and Section 130 (following the confiscation of goods or conveyances) has been proposed to be entirely removed.

CNK Comments: This amendment marks a positive change by narrowing down the restriction on ITC to tax payments under Section 74 only, and this applies solely to payments made for the period up to FY 2023-24. Going forward from FY 2024-25, Section 74 is set to be replaced by a new Section 74A. Notably, the proposed Section 17(5)(i) does not specifically cover Section 74A, indicating that the ITC restrictions may not apply to tax payments made under the newly inserted provision of Section 74A.

Revocation of Cancellation of Registration

(Section 30 of the CGST Act)

- An enabling clause has been proposed to prescribe conditions and restrictions for revocation of cancellation of registration.

CNK Comments: The proposed amendment enables specifying conditions for revoking cancelled registrations.

Mandatory Monthly Return Filing for Tax Deductors

(Section 39(3) of the CGST Act)

- Sub-section (3) of Section 39 of the CGST Act has been proposed to be amended to enforce mandatory electronic filing of monthly returns by registered persons who are required to deduct tax at source, regardless of whether any deductions were made in that particular month.

CNK Comments: The proposed amendment resolves previous ambiguity by mandating monthly filing for tax deductors, irrespective of whether any tax deductions were made during a particular month.

Refund Provisions

(Section 54 of the CGST Act and Section 16 of the IGST Act)

- The proposed changes prohibit refund of unutilized input tax credit or of IGST on zero-rated supply of goods which are subjected to export duty.
- Section 16(4) is proposed to be amended to provide for notification of class of persons who may make zero rated supplies of goods or services or both or class of goods or services which may be supplied on zero rated basis, and refund of IGST in respect of which can be claimed, in



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accordance with the provisions of Section 54 of the CGST Act, subject to such conditions.

CNK Comments: The proposed change limits refunds under Section 54 for unutilized ITC and IGST on zero-rated supplies subject to export duty, extending beyond the previous restriction that applied only to unutilized ITC.

Further, the proposed amendment aims to harmonize the procedure for claiming IGST refunds on exports under Section 16 of the IGST Act with Section 54 of the CGST Act and the corresponding rules. This change empowers the Government to regulate the IGST refund process through CGST Rules, ensuring consistency and clarity in implementation.

Authorised Representative for Summons

(Section 131 of the CGST Act)

- Section 70 of the CGST Act empowers a Proper Officer to summon individuals for testimony or document production in inquiries. The proposed amendment allows the summoned person to appear in compliance with the summons either in person or through an authorized representative as directed by the Proper Officer.

CNK Comments: The proposed amendment is advantageous for taxpayers facing inquiries, allowing them to be represented by an authorized representative. However, the inclusion of "as such officer may direct" in sub-section (1A) raises questions about whether this option will universally apply or be subject to the discretion of the Proper Officer.

Limiting Scope of Sections 73 and 74 of CGST Act upto FY 2023-24

(Sections 73 and 74 of the CGST Act)

- Sections 73 and 74 of the CGST Act address the determination of tax discrepancies and issuance of SCNs, with Section 73 covering non-fraudulent cases and Section 74 addressing cases involving fraud or willful misstatement.
- Proposed amendments to Sections 73 and 74 will introduce a new sub-section (12) to limit their application to tax determination and issuance of SCN, only for periods up to FY 2023-24.

CNK Comments: The proposed amendment is driven by the introduction of Section 74A in the CGST Act, which will govern the recovery of tax or ITC or erroneous refund starting from FY 2024-25.



Finance (No. 2) Bill 2024 New Unified GST Recovery Section

(Section 74A of the CGST Act)

A new section is proposed to be introduced in the CGST Act focusing on the determination of tax discrepancies and issuance of SCN, including cases of non-payment, underpayment, erroneous refunds, and incorrect ITC claims, whether due to fraud or other reasons from the FY 2024-25 onwards.

The comparison of present provisions under Sections 73 and 74 of the CGST Act and the proposed Section 74A has been tabulated herein below.

Particulars	Section 73	Section 74	Section 74A
Nature of Recovery Cases	Non-Fraudulent	Fraudulent	All
Applicability of Section for the period	Upto FY 2023-24	Upto FY 2023-24	From FY 2024-25 onwards
Time Limit to Issue Order	3 years from the due date of annual return.	5 years from the due date of annual return.	12 months from issuance of SCN subject to a 6 month extension by the

Particulars	Section 73	Section 74	Section 74A
			Commissioner or a senior officer
Time Limit to issue SCN	3 months prior to above time limit of order	6 months prior to above time limit of order	42 months from the due date of annual return.
Closure of Proceedings prior to issue of SCN	Full payment of tax and interest*	Full payment of tax and interest along with 15% penalty	Non-Fraudulent Cases - Full payment of tax and interest Fraudulent Cases - Full payment of tax and interest along with 15% penalty
Reduced Penalty - Tax and interest paid within the specified period	No penalty* if full tax and interest is paid within 30 days of SCN	25% Penalty if paid along with tax and interest within 30 days of SCN	The penalty provisions remain the same as per the current provisions of Sections 73 and



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Particulars	Section 73	Section 74	Section 74A
		50% penalty if paid along with tax and interest after 30 days of SCN but upto 30 days of the order	74, depending on whether the recovery pertains to a fraud case or a non-fraud case, except that the specified period for payment has been extended from 30 days to 60 days.
Penalty - Tax and interest paid after specified period	Higher of 10% of tax amount or INR 20,000	100% of tax amount	

* Penalty would be applicable in case of self-assessed tax or any amount collected as tax has not been paid within a period of 30 days from the due date of payment of such tax.

CNK Comments: The new provision aims to simplify GST assessments but lacks differentiation between demands due to unintentional errors and those stemming from fraud or suppression regarding time limits for recovery.

For non-fraudulent cases, the notice period increases by about 9 months, and the order period extends by 1.5 years. In contrast, the notice period for fraud-related demands decreases by approximately 1 year.

While the new Section maintains penalty quantification like Sections 73 and 74, it extends the period to benefit from reduced penalties from 30 days to 60 days. This longer timeframe allows taxpayers a larger window to take decisions, which could reduce challenges.

Reduced Pre-Deposit Amounts

(Sections 107 and 112 of the CGST Act and Section 20 of the IGST Act)

- Maximum pre-deposit for appeals to the Appellate Authority under reduced from INR 50 crore to INR 40 crore.
- Additional pre-deposit for appeals to the Appellate Tribunal decreased from 20% to 10%, with a maximum of INR 40 crore.

CNK Comments: The proposed amendment aims to alleviate cash flow and reduce working capital blockage for taxpayers.



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GST Appellate Tribunal

(Sections 109 and 112 CGST Act)

- Section 109(5) of the CGST Act currently mandates that appeals against orders of the Appellate or Revisional Authority shall be heard by the Principal Bench and State Bench of the Appellate Tribunal. However, cases concerning the place of supply must be exclusively heard by the Principal Bench. Section 109(6) empowers the President to allocate tribunal business among the benches and transfer cases as necessary.
- Proposed amendments to Section 109(5) aim to authorize the Government, on the Council's recommendations, to designate specific cases or categories exclusively for the Principal Bench. Section 109(6) is proposed to be amended to ensure that the President's distribution of cases among benches adheres to Section 109(5), particularly for cases involving place of supply issues.
- Additionally, the proposed changes to Section 112 intend to initiate the 3 month appeal filing period before the Appellate Tribunal from a date to be notified by the Government.

CNK Comments: The proposed amendments seek to provide clarity regarding the process of filing appeals before the Appellate Tribunal. An existing Removal of Difficulty Order No. 09/2019-Central Tax dated 3 December 2019 clarified that this period starts from the later of the order's communication date or the assumption of office by the Appellate Tribunal's

President or State President. As the President has assumed office on May 6, 2024, it is necessary to specify a start date for this 3 month filing period. Accordingly, Section 112 is proposed to be amended to address this timing issue by setting a defined commencement date, to be notified by the Government

Penal Provisions for Electronic Commerce Operators

(Section 122 (1B) of the CGST Act)

- Section 122(1B) of the CGST Act, introduced by the Finance Act of 2023, imposes penalties on electronic commerce operators (E-commerce operators) starting from October 1, 2023. Proposed amendments aim to limit these penalties to E-commerce operators obligated to collect tax at source under section 52 of the Act. This change will apply retroactively from October 1, 2023, when the subsection initially took effect.

CNK Comments: The proposed amendment excludes E-commerce operators who are not required to collect TCS from the scope of the penalty provisions.



Finance (No. 2) Bill 2024 GST Amnesty Provision

(Section 128A of the CGST Act)

- Section 128A of the CGST Act is proposed to waive interest or penalty or both on demands raised under Section 73 for the period July 2017 to March 2020.
- Beneficiaries include individuals who have received a notice under Section 73, an Order-in-Original under Section 73(9), an Order-in-Appeal under Section 107(11), a Revision Order under Section 108(1), or cases where fraud, suppression, or misstatement are deemed inapplicable by the Appellate Authority, Appellate Tribunal, or Court.
- However, the waiver does not apply in the following cases:
 - Amounts owed due to erroneous refunds,
 - Appeals pending before the Appellate Authority, Appellate Tribunal, or Court that have not been withdrawn by the notified date,
 - Writ petitions pending before the Court that have not been withdrawn by the notified date.
- If the Department has initiated appeals, revisional proceedings, or other proceedings resulting in an increased tax liability, any additional

amount must be paid within 3 months from the date of the relevant Order.

- Upon full payment of the tax by the date specified by the Government, interest and penalty associated with the demand would be waived, and the proceedings would be considered concluded, subject to specified conditions.
- Once tax payments are settled and proceedings concluded, no further appeals can be made before the First Appellate Authority or Appellate Tribunal.
- No refunds would be granted for interest and penalties that have already been paid.

CNK Comments: The proposed amendment seeks to tackle initial challenges in GST implementation, aiming to streamline business operations and minimize tax litigations. However, certain clarifications are necessary. For instance, it is unclear whether taxpayers can obtain partial relief under the new provision if they face multiple issues in a notice or order, and if they can choose to litigate only the unresolved matters. Additionally, while the 53rd GST Council meeting recommended waiving interest and penalty upon payment of disputed tax by March 31, 2025, the Finance Bill does not specify deposit deadlines or additional conditions. Hopefully, these issues may stand clarified through enabling amendments in the Rules / Notifications / Circulars.



Finance (No. 2) Bill 2024 Transitional Credit by ISD

(Section 140(7) of the CGST Act)

- Presently, Section 140(7) allows ITC for services received before 1 July 2017, by an ISD, even if the invoices are received on or after that date.
- Proposed amendment to Section 140(7) specifies that ITC for services received before 1 July 2017, by an ISD can be distributed as credit under GST regardless of whether the invoices for these services are received before, on, or after 1 July 2017.

CNK Comments: Taxpayers faced challenges in transitioning the closing balance of past ISD credits directly to GST / GST ISD registrations. Practically, it was difficult to distribute these ISD credits due to limitations in the ISD returns under GST. The Department contended that the ISD should have first distributed the credit to corresponding service tax and central excise registrations, which would then have transitioned to the GST regime. This issue led to multiple litigations before various High Courts

Taxpayers relied on Section 140(7) of the CGST Act to justify transitioning ISD credits to GST / GST ISD registrations, citing its allowance for distribution of ISD credit received prior to 1 July 2017, under GST. However, the Department interpreted Section 140(7) narrowly, contending that it only

applied to a situation where the services were received before July 1, 2017, and the invoices were received after that date.

This amendment would provide significant relief to affected taxpayers whose ISD credits for the past period have been blocked for really no fault of the taxpayers.

Anti-Profiteering Provisions

(Sections 171(2) and 109(1) of the CGST Act)

- Proposed amendments to the CGST Act include a sunset clause for anti-profiteering measures (Section 171) and reassignment of pending cases to the Principal Bench of the Appellate Tribunal (Section 109).
- Section 171(2) will be amended to allow the Government, to specify a cut-off date after which the Anti-Profiteering Authority will not accept new compliance examination applications.
- Section 109(1) will expand the functions of the Appellate Tribunal to include adjudication of anti-profiteering cases under Section 171(2), upon notification by the Government.
- Section 109(5) will be amended to designate only the Principal Bench of the Appellate Tribunal to handle anti-profiteering matters.



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- An Explanation to Section 171 is proposed to be inserted to include the Appellate Tribunal within the definition of the Anti-Profiteering Authority.

CNK Comments: The introduction of a sunset clause is seen positively by taxpayers as it offers certainty and imparts flexibility to businesses in pricing of goods and services.

Schedule III of the CGST Act

- Schedule III of the CGST Act is proposed to be amended with the addition of new paragraphs, specifically paragraphs 9 and 10, outlining activities not considered as supply of goods or services:
 - Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.
 - Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance

premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

CNK Comments: The proposed amendments are welcomed by the insurance industry as they aim to resolve longstanding disputes. While these amendments are expected to apply prospectively, the 53rd Council meeting has recommended regularizing past cases on an "as is where is" basis.

The regularisation of past cases is anticipated to be executed through a notification under Section 11A of the CGST Act, pending further developments.

It is noteworthy that this issue had already been addressed previously in the Services Tax regime with the judicial precedent set by the National Insurance Co. Ltd. [2016 (08) LCX 0201 (Tri. - Kolkata)], and further clarifications provided by the CBIC vide Circular No. 120(a)/2/2010-ST dated 16 April 2010.



Customs

Legislative Amendments

Preferential Duty

(Section 28DA of the Customs Act)

- Section 28DA currently outlines procedures for importers claiming preferential duty rates under trade agreements, requiring a declaration and submission of a certificate of origin to verify goods qualify under specified criteria. The budget amendment proposes broadening this scope to accept various forms of proof of origin, aligning with new trade agreements that permit self-certification.

Manufacturing in Warehouse

(Section 65(1) of the Customs Act)

Section 65 of the Customs Act currently allows owners of warehoused goods to conduct manufacturing processes or other operations with permission from Customs authorities, subject to prescribed conditions.

The budget amendment proposes to empower the Central Government to notify certain manufacturing processes and operations in relation to a class of goods that will not be permissible in a warehouse.

Trade Facilitation Measures

(Section 143AA of the Customs Act)

Section 143AA of the Customs Act currently allows the Board to simplify procedures and prescribe specific documentation for defined classes of importers and exporters to facilitate trade.

The proposed amendment seeks to expand this provision by substituting "a class of importers or exporters" with "a class of importers or exporters or any other persons," thereby broadening the scope of beneficiaries, who would be entitled to benefit from the streamlining of procedures and documentation under the Act.

CNK Comments: The amendments aim to streamline trade procedures by accepting diverse proofs of origin under Section 28DA and regulating manufacturing activities in warehouses under Section 65(1), fosters compliance and operational clarity in customs practices.

Validation of Notifications

- Notification No. 37/2023-Customs dated 10 May 2023 has been proposed to be validated for the period from 1 April 2023 to 10 May 2023, exempting basic customs duty and AIDC on crude soyabean oil and crude sunflower seed oil imports, contingent upon availability of



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unutilized Tariff Rate Quota authorisation for FY 2022-23 from DGFT and issuance of Bill of Lading by 31 March 2023.

- Retrospective GST Compensation Cess from 1 July 2017 has been proposed on imports in SEZ by SEZ units or developers for authorized operations.

Key Tariff Amendments

Key amendments in the customs tariffs are tabulated below:

Particulars	BCD Rate	
	Present Rate (%)	New Rate (%)
Steel Sector:		
Ferro Nickel	2.5	Nil
Ferrous Scrap and Certain specified raw materials for manufacture of CRGO steel	Nil (till 30 September 2024)	Nil (till 31 March 2026)
Cancer Drugs:		
Trastuzumab Deruxtecan, Osimertinib and Durvalumab	10	Nil
Gems and Jewellery:		
Gold Bar , Silver Bar	15	6
Gold Dore, Silver Dore	14.35	5.35

Particulars	BCD Rate	
	Present Rate (%)	New Rate (%)
Platinum, Palladium, Osmium, Ruthenium, Iridium	15.40	6.40
Coins of precious metals Gold / Silver Findings	15	6
Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.5	5
Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5	5
Medical Equipment:		
All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10 Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and All types of polyethylene for use in	As Applicable	Nil



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Particulars	BCD Rate	
	Present Rate (%)	New Rate (%)
manufacture of other artificial parts of the body falling under sub-heading 9021 31 or 9021 39		
X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use		5 (upto 31.03.2025)
Flat panel detectors (including scintillators) for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15	7.5 (w.e.f 01.04.2025 to 31.03.2026)
		10 (w.e.f 01.04.2026)
IT and Electronics Sector:		
Cellular mobile phone, Charger / Adapter of cellular mobile phone, Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20	15
Specified parts for use in manufacture of connectors	5 / 7.5	Nil
Printed Circuit Board Assembly (PCBA) of specified telecom Equipment	10	15
Renewable Energy Sector:		

Particulars	BCD Rate	
	Present Rate (%)	New Rate (%)
Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.5	Nil
Solar glass for manufacture of solar cells or solar modules	Nil	10 (w.e.f. 01.10.2024)
Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5 (w.e.f. 01.10.2024)
Shipping:		
Components and consumables for use in manufacture of specified vessels	As applicable	Nil
Technical documentation and spare parts for construction of warships	As applicable	Nil



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AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS

Key amendments in the AIDC are tabulated below:

Particulars	AIDC Rate	
	Present Rate (%)	New Rate (%)
Gold bar, Silver bar	5	1
Gold dore, Silver dore	4.35	0.35
Platinum, Palladium, Osmium, Ruthenium, Iridium	5.4	1.4
Coins of precious metals	5	1
Gold / Silver findings	5	1

Other Amendments

- The Finance Bill proposes to insert / substitute certain tariff entries in the First Schedule to the Customs Tariff Act from 1 October 2024.
- A comprehensive review has been undertaken by the Government in respect of 188 conditional exemptions / concessional rates (150 entries in Notification No. 50/2017-Customs dated 30 June 2017 and 38 exemptions / concessional rates are standalone Notifications).
- Effective export duty on raw skins, hides & leather is being simplified and rationalized.

- 55 minerals have been exempted from the levy of Social Welfare Surcharge

Excise

Retrospective Amendments

- Proposed amendment to erstwhile Notification No. 12/2012-Central Excise dated 17 March 2012, effective from 29 June 2017, to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months for goods used in such projects on which excise exemption was claimed.
- Notification No. 12/2017-Central Excise dated 30 June 2017 proposed to provide retrospective exemption from Clean Environment Cess on excisable goods in stock as of 30 June 2017, subject to payment of applicable GST compensation cess on supply of such goods on or after 1 July 2017.

CNK Comments: These amendments in the budget aim to provide regulatory relief and streamline compliance for industries.



Service Tax and Excise

Revision of Monetary Limits for Revenue Department Appeals

- Based on the Budget speech, the monetary limits for filing appeals by the Revenue Department in relation to Excise and Service tax laws are proposed to be revised as tabulated herein below.

Appeal Stage	Monetary Limits	
	Present	Proposed
CESTAT	INR 50 lakh	INR 60 lakh
High Court	INR 1 crore	INR 2 crore
Supreme Court	INR 2 crore	INR 5 crore

CNK Comments: The proposed amendment is welcomed and is expected to greatly reduce pending litigation. However, present criteria for exclusions, like matters concerning taxability, classification, valuation, etc., will need clarification when these monetary limits are notified.

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Apex Colony, Prabhat Road, Lane No.14,
Pune 411 004. India
Landline: 020-2998 0865

VADODARA

The Nirat, 3rd Floor, 18, Windward Business Park,
Behind Emerald One Complex,
In the lane of Dr. Prasant Buch’s Hospital, Jetalpur,
Vadodara-390 007.
Tel : 265-234 3483 and 265-235 4359

OVERSEAS OFFICE

DUBAI:

903, Nassima Tower, Trade Centre 1, Sheikh Zayed
Road
PO BOX 114459, Dubai, United Arab Emirates
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