

## Katalyst Kaleidoscope

July 2024: The Union Budget 2024-25 (Post Elections)

### OUR ANALYSIS ON UNION BUDGET 2024 – 2025 (POST ELECTIONS)

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### A. Budget Overview

The Budget for 2024-2025 has focused on nine top priorities, which are summarized as follows:

- i. Agriculture Productivity & Resilience:** Comprehensive review of agricultural research will be focused upon by way of raising productivity and developing climate resilient crops through Promotion of FPOs, cooperatives & start-ups for vegetable supply chains, release of new varieties, establishment of need based bio-input resource centres to promote natural farming, financing for Shrimp farming through NABARD, building Digital Public Infrastructure for farmers, etc.
- ii. Employment & Skill Development:** Aimed at promoting employment and economic growth, the Employment linked incentive includes three schemes. Scheme A offers incentives for new entrants, Scheme B promotes job creation in the manufacturing sector, and Scheme C supports employers. Additionally, a 5 year Skill Development programme intends to skill over 20 lakh youth through upgrading Industrial Training Institutes.
- iii. Inclusive Human Resource Development & Social Justice:** To achieve the objective of 'Viksit Bharat' inclusively, the focus is primarily placed on Eastern states, women, and tribal communities by way of introduction of the 'Purvodaya' scheme for generation of economic opportunities in the states of, allocation of over ₹3 lakh crore to women-centric schemes, socio-economic improvements for tribal communities, and through amendments to the Andhra Pradesh Reorganisation Act.
- iv. Manufacturing & Services:** Various initiatives are proposed to boost the manufacturing and service sectors, including credit guarantee scheme for MSMEs, credit support during stress periods, enhanced Mudra Loan limits, new industrial parks under the National Industrial Corridor Development Programme, strengthening the NCLT and NCLAT to expedite insolvency resolutions, etc. are intended to be taken.
- v. Urban Development:** To foster urban development, measures include lower stamp duty for properties purchased by women, Transit-Oriented Development Plans for large cities with populations over 30 lakh, and promotion of water supply, sewage treatment, and solid waste management projects; additionally, PM Awas Yojana Urban 2.0 involves an investment of around ₹10 lakh crore to address the needs of poor and middle-class families.

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- vi. Energy Security:** In order to achieve a balanced approach of energy utilization, on one hand, the focus is on expanding energy sources through collaborations with the private sector on nuclear energy and establishing a joint venture between NTPC and BHEL for an 800 MW plant; and on the other hand, clean energy incentives are promoted through the development of pumped storage facilities to smoothly integrate renewable energy, facilitating investment grade energy audit in 60 clusters and providing financial support to industries to shift to cleaner form of energy.
- vii. Infrastructure:** To incentivize infrastructure investments, a provision of ₹11.11 Lakh crores, which amounts to approximately 3.4% of the GDP, is intended to be allocated for capital expenditure, specifically to promote connectivity for rural habitation, irrigation and flood mitigation in states like Assam, Sikkim and Uttarakhand, and for tourism.
- viii. Innovation, Research & Development:** To drive innovation and R&D, the Anusandhan National Research Fund is intended to be operationalized, while a ₹1 lakh crore financing pool will stimulate private sector-driven research and innovation at a commercial scale. Additionally, Venture capital fund of ₹1,000 crore to be set up for expanding the space economy by 5 times in the next 10 years.
- ix. Next Generation Reforms:** To sustain high growth through next-generation reforms, a comprehensive Economic framework is intended to be undertaken to address land, labor, and capital. Key initiatives also include implementing Unique Land Parcel Identification Numbers (ULPIN), digitizing cadastral maps, and linking a land registry to farmers. The e-shram portal will be integrated with other systems to enhance labor market efficiency, connecting job seekers with employers and skill providers, and open architecture databases will improve labor market data management and overall data governance.

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### Budget 2024 at a glance

INR, lakh crores

Particulars	2022-23	2023-24	2024-25
	Actual Estimates	Revised Estimates	Budget Estimates
Net Tax Revenues	20.98	23.24	25.83
Non Tax Revenues	2.85	3.75	5.46
<b>Total Revenues Receipt (A)</b>	<b>23.83</b>	<b>26.99</b>	<b>31.29</b>
Non Debt Capital Receipt (B)	0.72	0.56	0.78
<b>Total Revenues (C=A+B)</b>	<b>24.55</b>	<b>27.55</b>	<b>32.07</b>
Revenue Expenditure (D)	34.5	35.4	37.09
Capital Expenditure (E)	7.43	9.5	11.11
Gross Domestic Product	274.34	300.18	326.37
<b>Revenue Deficit (A-D)</b>	<b>(10.67)</b>	<b>(8.41)</b>	<b>(5.80)</b>
<b>% of GDP</b>	<b>(3.9)</b>	<b>(2.8)</b>	<b>(1.8)</b>
<b>Fiscal Deficit (C-D-E)</b>	<b>(17.38)</b>	<b>(17.35)</b>	<b>(16.13)</b>
<b>% of GDP</b>	<b>(6.3)</b>	<b>(5.8)</b>	<b>(4.9)</b>

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### **B. Key Mergers & Acquisitions/ Transaction related amendments**

#### **1. Abolition of Taxation of Share Premium on Infusion of Share Capital**

- **Proposed Amendment (with effect from FY 2024-25):** Section 56(2)(viib) of the Income-tax Act, (“ITA”) provides that any infusion of share capital by any investor (resident or non-resident) at a premium in an unlisted company which is higher than the valuation arrived at under various methods, Net Asset Value method, Discounted Cash Flow or certain additional methods (for non-residents) shall be taxable in the hands of the investee company. For example, if the DCF valuation is INR 100 per share, and the infusion is at INR 110 per share, then the excess premium (i.e., INR 10 per share) would be taxable in the hands of the investee company, as ‘income from other sources’; this provision is sought to be abolished entirely from financial year FY 2024-25.
- **Impact of the Proposed Amendment:** Incidentally, contrary to the widespread impression that the provisions of “angel tax” were only applicable to startups, these provisions were applicable to all unlisted companies, public or private. Therefore, this abolition was a much needed one, since this provision led to taxation on capital and deterred fund raising by unlisted companies.

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### 2. Revamping Capital Gains Taxation

- **Proposed Amendment (with effect from 23<sup>rd</sup> July 2024):** It has been proposed to revamp the capital gains tax regime as under:

**A. Classification of capital gains:** It is proposed that there will only be two holding periods, 12 months and 24 months, for determining whether the capital gains is short-term capital gains or long-term capital gains. For all listed securities, the holding period is proposed to be 12 months and for all other assets, it shall be 24 months.

Asset class	Proposed change in holding period
Listed equity shares and units equity oriented mutual fund	No change; Long-term if holding period > 12 months, else short-term
Units of listed business trust	Holding period reduced from 36 months to 12 months; Long-term if holding period > 12 months, else short-term
Unlisted shares and immovable property	No change; Long-term if holding period > 24 months, else short-term
Bonds, debentures and gold	Holding period reduced from 36 months to 24 months; Long-term if holding period > 24 months, else short-term

**B. Removal of indexation benefit while computing long-term capital gains:** Indexation available under second proviso to section 48 (for unlisted long term capital assets) is proposed to be removed for calculation of any long-term capital gains which is presently available for property, gold and other unlisted assets, if such transfer of capital asset is post 23 July 2024.

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- C. Long-term capital gains tax rate:** It is proposed to increase the long-term capital gains tax rate on all category of assets (including shares, securities, immovable properties, etc.) to 12.5%.

Asset class	Long Term Capital Gains Tax Rate
Listed equity shares and units equity oriented mutual fund	Increased from 10% (without indexation) to 12.5% (without indexation)
Units of listed business trust	Increased from 10% (without indexation) to 12.5% (without indexation)
Unlisted shares, immovable property and gold, including slump sale/ business transfer	<b>For residents:</b> Earlier tax rate of 20% (with indexation) changed to 12.5% (without indexation) <b>For non-residents:</b> Long term capital gains tax rate of 10% (without indexation and foreign exchange fluctuation benefit) upon sale of unlisted shares and securities has been increased to 12.5%
Listed Bonds and Debentures	Earlier tax rate of 20% (without indexation) changed to 12.5% (without indexation)

- D. Short-term capital gains tax rate:** It is proposed to increase the short-term capital gains tax rate on STT paid equity shares, units of equity oriented mutual fund and unit of a business trust to 20% from the present rate of 15%. Other short-term capital gains shall continue to be taxed at applicable rate.

Asset class	Short Term Capital Gains Tax Rate
Listed equity shares, and units of equity oriented mutual fund	Increased to 20% from the present rate of 15%
Units of business trust	Increased to 20% from the present rate of 15%
Unlisted shares, immovable property and gold	Continue to be taxed at applicable rate

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- E. Unlisted Bonds and Debentures to be treated as Debt instruments:** It is proposed that unlisted debentures and unlisted bonds are of the nature of debt instruments and therefore any capital gains on them should be taxed at applicable rate, whether short-term or long-term.

Asset class	Long-term	Short-term
Listed bonds and debentures	Earlier tax rate of 20% (without indexation) changed to 12.5% (without indexation)	No change - Taxable at applicable rates
Unlisted bonds and debentures	Earlier tax rate of 20% (without indexation) – now taxable at applicable rates	No change - Taxable at applicable rates

- F. Parity in taxation between resident and non-resident assesses:** To bring parity of taxation between residents and non-residents, corresponding amendments to section 115AD, 115AB, 115AC, 115ACA and 115E are being made to align the tax rates as discussed above.

- G. Cost Base for Shares sold in OFS:** It is proposed to amend Section 55(2)(ac) of the ITA to specify that (i) for equity shares sold in an IPO by way of offer for sale; or (ii) listed equity shares acquired in consideration of share which is not listed as on the January 31, 2018 through transactions not considered transfers under Section 47 (e.g., listed shares received upon the merger of a company unlisted as on 31<sup>st</sup> January 2018), 'fair market value' will mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later. This amendment is proposed to apply retrospectively from April 1, 2018, and will be effective from the assessment year 2018-19.

- **Impact of the Proposed Amendments:** The rationalization of capital gains tax is a welcome move; however, the increase in the listed long-term capital gains tax rate from 10% to 12.5% and the listed short-term capital gains tax rate from 15% to 20% will certainly be viewed negatively by the financial markets. Additionally, removing the indexation benefit for long-term capital gains on unlisted shares, immovable property, and gold is a significant drawback, especially since there is a concept of adoption of deemed fair market value as on 1 April 2001, which could have been indexed till the date of transfer.



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### 3. Taxation of Buybacks in the hands of the Shareholders

- **Proposed Amendment (with effect from 1 October 2024):** At present, companies are subject to 20% tax (plus surcharge/ cess) on the difference between the amount paid on buyback and the amount received by the company on primary issuance of shares. This section is sought to be amended to provide that:
  - Any payment on buyback of shares shall be treated as deemed dividend in the hands of shareholders under the proposed section 2(22)(f) – irrespective of the “accumulated profits”, the entire consideration would be deemed to be dividend
  - Since the said amount would be considered as deemed dividend, the same amount of consideration would not be subject to capital gains taxes under section 46A of the ITA
  - Given that there would be a cost of acquisition in the hands of the shareholders, the said cost of acquisition would be treated as capital loss in the hands of the shareholder, which would be permitted to be set off and carried forward against capital gains subsequently accrued to the shareholder
  - Withholding taxes on payment of buyback consideration shall be applicable under section 194 of the ITA
  - There shall not be any buyback tax on the companies undertaking such buyback under section 115QA of the ITA
  - No deduction of any nature shall be available against buyback amount deemed as dividend in the hands of shareholders
- **Impact of the Proposed Amendment:**
  - For resident individual investors, the dividend tax could be as high as 36% (25% for corporates and 35% for firms/ LLPs), even if the underlying transaction is that of extinguishment of shares. On the other hand while capital loss would be available to the extent of cost of acquisition, utilization of the same could be deferred leading to upfronting of taxation through deemed dividend.

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- For non-residents, while on the one hand taxation of buyback consideration in the hands of shareholders will lead to availability of tax credit in the hands of the shareholders under the relevant DTAA's while computing tax liability in the host jurisdiction, and even a benefit of lower dividend tax rate in certain cases, the consequential capital loss to the extent of cost of acquisition may not be available for further set off, if the non-resident does not have any capital gains (present or potential) in India.

#### 4. Abolition of Corporate Gifts

- **Proposed Amendment (with effect from FY 2024-25):** Section 47(iii) of the ITA provides that any gift of capital asset is not considered as a "transfer" for the purposes of computation of capital gains. Earlier, it was contended by the tax authorities that such "gifts" can only be by individuals who intend to gift a capital asset out of natural love or affection. However, various judicial precedents had held that the condition of gifting out of natural love or affection is not a pre-requisite for the purposes of section 47(iii) of the ITA, and therefore, gifts by corporates were also not considered as transfer for the purposes of computation of capital gains tax.

The said provision is sought to be amended to only exclude gifts by individuals or Hindu Undivided Family from the ambit of capital gains from financial year FY 2024-25.

- **Impact of the Proposed Amendment:** While the specific exemption under section 47(iii) of the ITA is sought to be withdrawn, the underlying principle in case of a gift, albeit by a corporate, is that there is no consideration which is received or accrued in the hands of the transferor. Therefore, in absence of consideration in the first place, deeming provisions like section 50CA or section 50D of the ITA should also not apply, and therefore, this amendment may have limited impact on corporates.

#### 5. Reduction in Corporate Tax Rate for Foreign Companies (with effect from FY 2024-25):

The corporate tax rate for foreign companies is sought to be reduced from 40% to 35%. This amendment would positively impact foreign companies which have branches or project offices in India (such as dredging or infrastructure development, which do not have a permanent corporate setup in India)

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### 6. Cap on the Reassessment Timelines (with effect from 1 September 2024):

It is proposed to amend section 149 of the ITA and cap the timeline for reassessment exceeding INR 50 Lacs of income escaping assessment to 5 years from the completion of assessment year; as one example, this cap will aid deal consummation with respect to indemnities by the seller in case of share sale, as one implication.

### 7. Facilitation of Lower Withholding Tax on Share Transfers

- **Proposed Amendment (with effect from 1 October 2024):** At present, 0.1% withholding tax/ tax collected at source is applicable on sale of, inter alia, shares of a company by a resident investor. However, the said 0.1% withholding tax is applicable on gross consideration and not on capital gains. There could be cases where the net capital gains liability on resident investors could be lesser than 0.1% of the gross consideration. Therefore, the provisions of section 197 and section 206C of the ITA are sought to be amended to facilitate application for lower withholding tax/ tax collected at source in such cases.

### 8. Disallowance of Amounts paid for Settling Contraventions

- **Proposed Amendment (with effect from FY 2024-25):** Section 37 of the ITA is sought to be amended to provide that any amounts paid for settling contraventions under notified laws shall not be allowable as business expenditure while computing profits or gains from business or profession.
- **Impact of the Proposed Amendment:** Settlement of contraventions are typically undertaken without admission of guilt. The said proceedings are not typically in the nature of expenditure incurred which is an offence or which is prohibited by law, but are undertaken so that a potentially long-drawn litigation could be settled quickly. Disallowance of such amounts paid as business expenditure would deter facilitation of regularization of certain procedural compliances especially when such contravention pertains to say, delays in reporting under FEMA or SEBI LODR Regulations, and where the amount of settlement could be substantially high due to pre-set matrix of fees prescribed under the respective laws.

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### C. Changes in Direct Taxes and Changes in Tax Rates

#### 1. Tax rates for New Tax Regime for individuals/ HUF/ AOP (with effect from FY 2024-25)

Existing Tax Slab	Tax Rate	Proposed Tax Slab	Tax Rate
Upto 3,00,000	Nil	Upto 3,00,000	Nil
3,00,001 – 6,00,000	5%	3,00,001 – 7,00,000	5%
6,00,001 – 9,00,000	10%	7,00,001 – 10,00,000	10%
9,00,001 – 12,00,000	15%	10,00,001 – 12,00,000	15%
12,00,001 – 15,00,000	20%	12,00,001 – 15,00,000	20%
More than 15,00,000	30%	More than 15,00,000	30%

**Note:** There is no change in the tax structure for the old tax regime.

#### 2. Rationalization of TDS Rates

Section		Existing TDS Rate	Proposed TDS Rate	With effect from
194DA	Payment in respect of life insurance policy	5%	2%	01.10.2024
194G	Commission etc on sale of lottery tickets	5%	2%	01.10.2024
194H	Payment of commission or brokerage	5%	2%	01.10.2024
194IB	Payment of rent by certain individuals or HUF	5%	2%	01.10.2024
194M	Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	01.10.2024
194O	Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01.10.2024
194F	Payments on account of repurchase of units by Mutual Fund or Unit Trust of India	20%	Proposed to be omitted	01.10.2024

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### 3. **Withholding Taxes on Sale of Immovable Property (with effect from 1 October 2024):**

Presently, withholding of taxes on sale of immovable property at 1% on sale consideration is applicable if the consideration paid by an individual buyer exceeds INR 50 Lacs. This is sought to be amended to provide that if the aggregate consideration exceeds INR 50 Lacs, then the said withholding tax provisions would apply even if the consideration for individual buyer does not exceed INR 50 Lacs.

### 4. **Abolition of Equalization Levy (with effect from 1 August 2024)**

Section 165A of Finance Act, 2016 as amended by Finance Act, 2020 imposes Equalization levy (EL) of 2% on the amount of consideration received/ receivable by an e-commerce operator from e-commerce supply or services made or provided or facilitated by it - i) to a person resident in India; ii) to a non-resident from sale of advertisement and sale of data; iii) to a person who buys goods or services, or both, using an IP address located in India.

In order to make ease of compliance burden for stakeholders, Equalisation levy of 2% has been proposed to be abolished.

### 5. **Tax incentives to International Financial Services Centre (“IFSC”) (with effect from FY 2024-25)**

- **Exemption from Thin Capitalisation norms to Finance Companies in IFSC:** Under Section 94B, deduction of interest expense (deductions exceeding INR 1 crore) on debt borrowed by an Indian company or a permanent establishment of a foreign company in India from a non-resident associated enterprise is restricted to 30% of earnings before taxes, depreciation, and amortization. Currently, this restriction does not apply to banks, insurance companies, and prescribed NBFCs. It is now proposed to extend this exemption to finance companies registered in an IFSC.
- **Unexplained Cash Credit where Creditor is a VCF in IFSC:** As per Section 68, where any sum is credited in the books of an assessee without any explanation as to the nature and source thereof, or if the explanation offered is not satisfactory to the Assessing Officer, such sum is charged to income of such assessee. Finance Act, 2023 amended the provisions of section 68 so as to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability credited in the books of an assessee shall be treated as explained only if the source of funds is also explained in the hands of the creditor or entry provider. However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, would not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund (VCF) or Venture Capital Company (VCC) registered with SEBI. It is now proposed to extend such relaxation to a creditor being a VCF regulated by IFSCA.

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- Tax exemptions expanded to retail schemes, ETFs in Gift-IFSC.
- Tax exemptions to specified income of core settlement guarantee funds of clearing corporations have been expanded to the clearing corporations set up in the IFSC.

### **6. Consolidation of Exemptions Available to Trusts to Charitable Trusts and Institutions (effective from effect from the October, 1 2024):**

Currently, the exemptions to charitable trusts and institutions are available under two 'regimes' - first regime under Section 10(23C) and second regime under Sections 11 to 13. Both regimes lay down the procedure for filing application for approval/ registration, the conditions subject to which such approval/ registration shall be granted or can be withdrawn etc.

In order to rationalise said provisions, it is proposed to sunset section 10(23C) regime and trusts, funds or institutions be transited to Sections 11 to 13 regime in a gradual manner. Existing approvals under the section 10(23C) will continue till its validity, subsequent to which registration would be made only under Sections 11 to 13. October 1, 2024 onwards, no new applications under section 10(23C) regime would be considered.

### **7. Classification of Rent as Income from House Property (with effect from FY 2024-25)**

Section 28 of the ITA is sought to be amended that any income on rental of residential property shall be chargeable as income from house property and not income from profits or gains from business. The said amendment will cap the maximum deduction to 30%, and any other deduction (such as depreciation, maintenance, etc.) will not be available.

### **8. Authority to Transfer Pricing Officer extended to Specified Domestic Transactions (SDTs)**

With effect from FY 2024-25, it is proposed to amend section 92CA to extend the authority to transfer pricing officer to SDTs not referred earlier by the Assessing Officer, or if an audit report under section 92E has not been filed by the taxpayer.

### **9. Increased Deductible Remuneration for Working Partners (with effect from FY 2024-25)**

Section 40(b)(v) of the ITA currently disallows any remuneration paid to a working partner beyond certain limits. The present limits are capped at INR 150,000 or 90% of book profits, whichever is more, in case of book profits upto INR 300,000 or a book loss; it is capped to 60% of the balance book profits. The said limit of INR 150,000 is sought to be increased to INR 300,000; the balance limits continue to remain the same. The same would be subject to withholding under proposed insertion of new section 194T at the rate of 10%

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### **D. Key Indirect Tax Proposals**

#### **A. Key GST Related Changes**

##### **a. Relaxation in ITC availment time limit (with retrospective effect from 1 April 2017):**

In line with the recommendation by 53<sup>rd</sup> GST council meeting, it is proposed to relax time limit of availment of ITC provided in section 16(4). The new clauses provide that

- the registered person is entitled for ITC of an invoice or debit note issued during F.Y.2017-18 to F.Y.2020-21 in any return u/s 39 filed upto November 30, 2021;
- the time limit to avail ITC in respect of an invoice or debit note, in cases where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, will be extended till the date of filing the said GSTR-3B return, if the said return is filed by the registered person within 30 days of the order of revocation of cancellation of registration

##### **b. Common time limit for demand notices from F.Y.2024-25 onwards:**

New section 74A is being inserted in the CGST Act, so as to provide a common time limit for issuance of demand notices and orders in respect of demands for FY 2024-25 onwards, for cases involving charges of fraud, suppression of facts or wilful misstatement and the cases not involving the charges of fraud, suppression of facts or wilful misstatement etc.

- The period for issuance of notice - 42 months from the date of filing of annual return for which tax not paid/short paid.
- Time limit to avail the benefit of reduced penalty - increased from 30 days to 60 days

##### **c. Reduction in pre-deposit amount for filing appeal with Appellate authority:**

Sections 107 and 112 of CGST Act are being amended to reduce the maximum amount of pre-deposit for filing appeal with the Appellate Authority from Rs. 25 crores of central tax to Rs. 20 crore of central tax and to reduce the amount of pre-deposit for filing appeal with the Appellate Tribunal from 20% with a maximum amount of Rs. 50 crores of central tax to 10 % with a maximum of Rs. 20 crores of central tax.

##### **d. Conditional waiver of interest and penalty for old demands:**

Section 128A is being inserted in the CGST Act to provide a conditional waiver of interest and penalty in respect of demands pertaining for F.Y. 2017-18 to 2019-20, in cases where demand notices have been issued under section 73 and full tax liability is paid by the taxpayer before a date to be notified.

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**e. Appellate Tribunal to handle anti-profiteering cases:**

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

**f. Restriction in blocked credit:**

Section 17(5) of the CGST Act providing blocked credit to be amended to restrict the non-availability of ITC in respect of tax paid under section 74 of the said Act only for demands upto Financial Year 2023-24.

**g. Expansion in scope of schedule III to include activity of apportionment of co-insurance premium:**

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

### **B. Key Customs Duty Proposals**

- a. **Increase in customs duty:** The rate of customs duty on gold and silver has been reduced to 6% and in case of platinum 6.5%.
- b. **Reduction in basic customs duty:** The rate of basic customs duty on cellular mobile phone, PCBA and charger/adapter of cellular mobile phone has been reduced from 20% to 15%.
- c. **Expansion in scope of exempt goods:** Certain specified capital goods have been added to the list of exempted goods for use in manufacture of solar cells and modules.
- d. **Time period for re-import increased** - The time-period of duty-free re-import of goods (other than those under export promotion schemes) exported under warranty has been increased from 3 years to 5 years.

**Note:** The changes in rates of customs duty are effective from July 24, 2024 unless otherwise specified.

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