

# Mobility: Tax alert

February 2024

## India

### 2024/25 Interim Budget proposals impacting individual taxpayers

#### Executive summary

The Finance Minister of India presented the interim Finance Bill for the fiscal year 2024/25 ('the Bill') in the Indian Parliament on 1 February 2024, proposing minimum changes to tax laws, effective from 1 April 2024 (unless specifically mentioned otherwise).

There is a national election in India will be undergoing a nation-wide election in April/ May 2024 following which the newly formed union government will announce a final budget for the entire fiscal year.

The budget proposals continue to reflect the Government's 'citizen-first' and 'minimum government, maximum governance' aim. The proposed key amendments include:

- ▶ Waiver of outstanding direct tax demands
- ▶ Ratification of the notification related to Tax Collection at Source (TCS)

#### Waiver of outstanding direct tax demands

Currently, there are many insignificant, non-verified, non-reconciled or disputed direct tax demands against taxpayers. Few of such tax demands are for an extended period. To provide maximum governance and ease to taxpayers, it is proposed to withdraw such outstanding tax demands up to INR 25,000 (US\$ 304) pertaining to the period up to fiscal year 2009/10 and up to INR 10,000 (US\$ 121) for fiscal years 2010/11 to 2014/15.

#### Ratification of Tax Collection at Source circular (TCS)

On 30 June 2023, the Government had issued a circular clarifying the applicable tax rates for foreign remittances under the Liberalized Remittance Scheme (LRS). The proposed budget aims to consolidate the circular into law. Notify such clarification in the legislation.

Nature of payment	Rate of tax
LRS for education financed by loan from financial institution	Nil up to US\$ 8,536 0.5% above US\$ 8,536
LRS for medical treatment/ education (other than financed by loan)	Nil up to US\$ 8,536 5% above US\$ 8,536
LRS for other purposes	Nil up to US\$ 8,536 20% above US\$ 8,536
Overseas tour package program	5% up to US\$ 8,536 20% above US\$ 8,536

\*1 US\$ = INR 82

#### Tax rates applicable for fiscal year 2024/25

The Concessional tax regime (CTR) continues to apply unless an individual chooses otherwise.

#### CTR

Income (in US\$*) - Approximately	Tax rate
Up to 3,658	NIL
3,659 - 7,317	5%
7,318 - 10,975	10%
10,976 - 14,634	15%
14,635 - 18,292	20%
Above 18,292	30%

\*1 US\$ = INR 82



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### Old tax regime

Income (in US\$*) - Approximately	Tax rate (%)
Up to 3,048	NIL
3,049 - 6,097	5%
6,098 - 12,195	20%
Above 12,195	30%

\*1 US\$ = INR 82

### Next steps

The provisions of the Bill will not become law until approved by both houses of the Indian Parliament and receive assent from the President of India. Once approved, the provisions will apply for the 2024/25 Indian fiscal year (1 April 2024 to 31 March 2025).

As the changes proposed are nominal, employers and individuals should look out for the final budget to be announced after completion of the national election in April/May 2024.

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