



EY

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Union
Budget

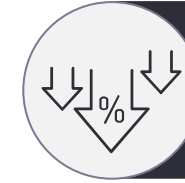


2024

#EYonBudget2024

Macro Fiscal | Key Highlights

- ▶ Growth: Government of India's (GoI's) Financial Year (FY) 2025 final budget did not change its nominal Gross Domestic Product (GDP) growth assumption as compared to that in the interim budget. The Economic Survey (FY24) projected a real GDP growth in the range of 6.5% to 7% for FY25. Taking its mid-point at 6.75% and combining with an implicit price deflator (IPD)-based inflation of 3.5% would give a nominal GDP growth of 10.5%.
- ▶ Tax revenues highlights:
 - ▶ Gross Tax Revenue (GTR) growth is budgeted to be lower at 10.8% in FY25 (BE) as compared to 13.4% in FY24
 - ▶ Growth in GoI's GTR is primarily driven by higher buoyancy of direct taxes at 1.86 in FY24 and 1.22 in FY25 (BE)
 - ▶ Direct tax growth is budgeted at 12.9% in FY25 (BE) as compared to 17.9% in FY24
 - ▶ Indirect tax growth is budgeted to be unchanged at 8.2% in FY25 (BE)
 - ▶ Indirect tax buoyancy is estimated to be lower than 1 at 0.85 in FY24, falling further to 0.78 in FY25 (BE) owing to subdued performance of union excise duties (UED) as well as customs duty revenues
- ▶ Transfer to states: Compared to the interim budget, higher transfers to the states in terms of tax devolution to the tune of INR27,428 crore have been provided
- ▶ Expenditure priorities:
 - ▶ Infrastructure investment: GoI's capital expenditure retained at INR11.1 lakh crore or 3.4% of GDP in FY25 and allocation of INR1.5 lakh crore for long-term interest free loans for states
 - ▶ The increase in revenue expenditure has mainly been allocated to labour and employment, housing, urban development, agriculture and renewable energy
- ▶ Highest priority to fiscal consolidation: The fiscal deficit to GDP ratio is budgeted to fall to 4.9% of GDP in FY25 (BE) from 5.1% in the interim budget. Going forward, considering annual reduction of about 0.6% points, the GoI may reach the FRBM target of 3% by FY28
- ▶ A new employment linked incentive scheme: As a counterpart to production linked incentives (PLI), the budget has introduced a new incentive window through an employment-linked incentive (ELI) scheme



Sharp reduction in fiscal deficit to GDP ratio
from 9.2% in FY21 to 4.9% in FY25



Continued Subsidy Reforms
Major subsidies to GDP ratio fell from 1.4% in FY24 to 1.2% in FY25



Co-opting states in capital expenditure:
increased devolution, interest free loans, Purvodaya scheme

Policy | Key Highlights (1/2)

- ▶ Agriculture allocation stands as INR1.52 lakh crore. Highlights include the mission for pulses and oilseeds to strengthen their production, storage and marketing and encouraging shrimp farming, processing and export
- ▶ Thrust on employment: three major schemes to boost employment - scheme for first timers in formal economy; scheme to incentivize additional employment in the manufacturing sector and employer incentive scheme for additional employment. New scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years. 20 lakh youth to be skilled and 1,000 Industrial Training Institutes to be upgraded
- ▶ Support for MSMEs in the manufacturing sector: these include credit guarantee cover up to INR100 crore, limit of Mudra loans to be enhanced to INR20 lakh, new SIDBI branches in MSME clusters and e-commerce Export Hubs to be set up in public-private-partnership (PPP) mode to connect MSMEs to international markets
- ▶ Digitization of land records: rural land reforms include assignment of Unique Land Parcel

Identification Number (ULPIN) or Bhu-Aadhaar for all rural lands, digitization of cadastral maps and establishment of land registry. Urban Land records to be digitized with GIS mapping

- ▶ Minerals for manufacturing: Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets. Launch of auction of first tranche of offshore blocks for mining
- ▶ Sustained energy transition efforts
 - ▶ Pumped storage policy to be brought out to enhance electricity storage to support renewable energy-based power generation
 - ▶ Partnering with private sector on nuclear energy - Setting up Bharat Small Reactors, R&D of Bharat Small Modular Reactor, and R&D of newer technologies for nuclear energy
 - ▶ Policy document on energy transition pathways to be introduced that balances employment, growth and environmental sustainability. Energy audit of traditional MSMEs in 60 clusters. Financial support to be provided to shifting them to cleaner energy



New policies for pumped storage, nuclear energy and energy transition pathways



Promoting digitization of land records, introduction of Bhu-Aadhaar for rural land



Three new employment schemes; internship to 1 crore youth



Critical minerals mission to support Defence, Telecom, Nuclear energy and Space sectors

Policy | Key Highlights (2/2)

- ▶ Taxonomy for climate finance to be developed for enhancing the availability of capital for climate adaptation and mitigation
- ▶ Focus on urban development: PM Awas Yojana Urban 2.0 to cater to housing needs of 1 crore urban poor and middle-class families with an investment of INR10 lakh crore
- ▶ FDI rules to be simplified to facilitate investments, nudge prioritization, and encourage use of Indian Rupee as a currency for overseas investments
- ▶ Space economy aims to be increased by five times in the next 10 years and a venture capital fund of INR1,000 crore to be set up

Corporate Tax | Key Highlights (1/5)

Business income computation is as follows:

- ▶ Disallowance of expenses incurred on settlement in relation to contravention under any law to be notified by the Central Government, w.e.f. financial year 2024-25.
- ▶ Presumptive tax regime introduced for non-resident engaged in the business of operation of cruise ship to deem 20% of the aggregate amount received/receivable by the non-resident from such activity as profit/ gains from business of cruise ship operation.
- ▶ Income from lease rentals of cruise ship of a foreign company received from another foreign company opting for presumptive tax regime applicable for operator of cruise ships shall be exempt from tax in the hands of a foreign entity provided that both the companies are held by same parent up to financial year 2029-30.

Changes in relation capital gains computation:

- ▶ The holding period for all listed securities, including units of business trust, will now be a common period of 12 months to be classified as long-term capital assets. All other assets will qualify as long-term capital assets if held for 24 months or more.
- ▶ Gains from unlisted bonds and debentures transferred, redeemed or maturing on or after 23 July 2024 will be treated as Short-term Capital Gains (STCG) irrespective of the holding period.
- ▶ No indexation benefit in case of any long-term capital assets.

Corporate Tax | Key Highlights (2/5)

- ▶ Capital Gains Tax rates applicable in respect of various assets is as tabulated below:

Description	Existing rate * (%)	Proposed rate * (%) w.e.f. 23 July 2024
STCG under section 111A (STT paid equity shares, units of equity oriented mutual fund and unit of a business trust)	15	20
STCG of specified Funds or Foreign institutional investors under section 115AD	30	30
Other STCG	Applicable slab rates	Applicable slab rates
LTCG under 112A (STT paid equity shares, units of equity oriented mutual fund and unit of a business trust)	10 above LTCG of INR1 lakh	12.5 above LTCG of INR1.25 lakhs
Listed bonds and debentures	20	12.5
Other LTCG	20	12.5

- ▶ Charity related changes:

- ▶ Presently, charitable institutions can claim income exemption either under S. 10(23C) regime or S. 11 regime. Exemption under both these regimes is conditions-ridden and subject to various procedural compliances.
- ▶ In order to merge the two regimes and to phase out section 10(23C) regime, Finance Bill (FB) 2024 now provides that :
 - ▶ No fresh application can be made for seeking approval under S. 10(23C) regime from 1 October 2024.
 - ▶ Existing approved charitable institutions under s .10(23C) regime shall continue to claim exemption under that regime until expiry of their existing approval. Thereafter, such institutions shall be required to migrate under S. 11 regime for claiming charity exemption.

Corporate Tax | Key Highlights (3/5)

The Finance Bill 2024 provides that merger of one registered charitable institution into another trust will now not be exposed to exit tax levy subject to satisfaction of certain condition.

Obtaining charity registration / re-registration within a specified time is condition precedent for claiming charity exemption. Failure to seek charity registration or delay thereof may also expose trust to exit tax levy. FB 2024 now allows Tax Authority to condone the delay in filing registration or re-registration application if there exist reasonable cause for such delay.

Section 80G of the Income-tax Act, 1961, provides for the grant of approval to certain funds or institution of receiving donations. Time limit for disposing of application for such approval has been revised to six months from the end of the quarter in which application is received.

TDS/TCS related changes:

- ▶ Change in TDS rates w.e.f 1 October 2024.

Nature of payment	Existing	Proposed
Commission for soliciting or procuring insurance business received by a person other than companies (Section 194D) w.e.f 1 April 2025	5%	2%
Payment in respect of taxable insurance policies (Section 194DA)		
Commission of sale of lottery tickets (Section 194G)		
Other commission or brokerage (Section 194H)		
Rent paid by certain individuals or HUF (Section 194-IB)		
Payment of certain sums by certain individuals or HUF (Section 194-M)		
Payments from e-commerce operators to participants (194-O)	1%	0.10%
Repurchase of units by MF or UTI eligible for deduction under section 80CCB (Section 194-F)	20%	Omitted

Corporate Tax | Key Highlights (4/5)

TDS @10% to now apply on payment of:

- ▶ Salary, remuneration, interest, bonus or commission exceeding INR20,000 in a financial year to partners by partnership firm w.e.f. 1 April 2025.
- ▶ Interest exceeding INR10,000 on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 w.e.f. 1 October 2024.

Specific exclusion of income covered under section 194J from section 194C w.e.f. 1 October 2024.

The monetary limit of INR50 lakh for withholding of taxes on payment of consideration for transfer of certain immovable property is now to be seen qua the amount of consideration paid by all transferors to all transferees in respect of the immovable property on an aggregate basis w.e.f 1 October 2024.

Scope of TCS provision expanded on purchase of high value (> INR10 lakhs) other luxury goods (in addition to motor vehicles) as may be notified by the Central Government w.e.f 1 January 2025.

TCS provisions will now not apply or will apply at a lower rate in respect of specified transactions with certain categories of notified taxpayers w.e.f 1 October 2024.

Employers may now consider TCS suffered by employees when calculating TDS on employee salary payments w.e.f 1 October 2024.

TCS credit of minor allowed to be claimed in hands of parent when income is clubbed w.e.f 1 January 2025.

Higher interest rate of 1.5% is now applicable on delayed payment to the government of TCS already collected w.e.f. 1 April 2025.

Corporate Tax | Key Highlights (5/5)

Procedural aspects:

- ▶ Block assessment procedure for search proceedings reintroduced for searches conducted on or after 1 September 2024. Block assessment will now cover a period of 6 years preceding the year of search. Total income so assessed (undisclosed or disclosed) under block assessment will be taxed at a flat rate of 60% (plus applicable cess at 4%).
- ▶ Reduction in limitation period for reopening of high value cases involving undisclosed income over INR50 lakhs represented in the form of an asset, expenditure or book entry reduced from 11 years from the end of the relevant financial year sought to be reopened up to six years and three months from the end of the relevant financial year sought to be reopened.
- ▶ Taxpayer will now be able to appeal before the Income tax appellate tribunal (ITAT) against the penalty orders issued in case of search proceedings.
- ▶ With effect from 1 October 2024, the time limit for appeal before ITAT is revised to two months from the end of the month in which order sought to be appealed is communicated to the taxpayer or Principal Commissioner or Commissioner of income tax as the case may be.

Others:

- ▶ Introduction of Direct Tax Vivad se Vishwas Scheme, 2024 for providing a mechanism of settlement of disputed issues. Date of applicability of the proposed scheme is yet to be notified.
- ▶ Relaxation of penal consequences under the Black Money Act on non-furnishing details of movable property or assets outside India in the return of income, where the aggregate value of such assets does not exceed INR20 lakhs, w.e.f. 1 October 2024.

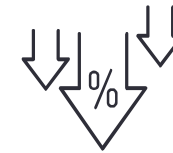
International Tax | Key Highlights

- ▶ E-commerce equalisation levy (e-com EL) on non-residents withdrawn
 - ▶ Proposal to withdraw the equalisation levy of 2% applicable on the e-commerce supply or services
 - ▶ This amendment will be effective from 1 August 2024
 - ▶ Corresponding income exemption for the Indian corporate tax purposes for the non-resident taxpayers will be available up to 31 July 2024
 - ▶ Advertisement EL continues to apply to all advertising revenues earned by the non-residents
 - ▶ No changes proposed to the SEP rules
- ▶ No specific proposal on Pillar Two/ Global Minimum Tax implementation in India
- ▶ Reduction in corporate tax rate for foreign companies
 - ▶ The corporate tax rate in the case of foreign companies has been reduced from 40% to 35%
 - ▶ This amendment will be effective from 1 April 2024
- ▶ Interest limitation rules not to apply to financial companies operating in IFSC
 - ▶ Interest limitation rules essentially restrict the interest deductibility in the hands of Indian taxpayers to a defined threshold, i.e., 30% of EBITDA. The excess can be carried for future eight years
 - ▶ Proposal to exempt finance companies located in the IFSC from interest limitation rules
 - ▶ This amendment will be effective from 1 April 2024
- ▶ Introduction of penalty provisions for non-filing of certain financial information by non-residents' liaison offices in India
 - ▶ Proposal to introduce a penalty for liaison offices for non-compliance in filing Statement of Financial Transactions
 - ▶ The penalty will amount from daily fines of INR1,000 up to three months and a fixed penalty of INR1 lakh thereafter



Withdrawal of e-com EL

40%



35%

Reduction in tax rates boosts globalization



IFSCs not subject to interest limitation



Penalty introduced for liaison offices in India

Transaction Tax | Key Highlights

- ▶ Premium/ Angel Tax abolished from 01 April 2024
- ▶ Cost of acquisition (COA) for equity shares (acquired prior to 01 February 2018) sold under 'Offer for sale' to be computed based on indexed cost of acquisition for the financial year 2017-18. This amendment will apply from the assessment year 2018-19
- ▶ Sum paid by a company for the purchase of its own shares shall be treated as a dividend in the hands of shareholders and charged to income-tax at applicable rates
 - ▶ No deduction for expenses shall be available against such dividend income while determining income from other sources
 - ▶ The entire COA of the shares which have been bought back would generate a capital loss in the hands of the shareholder and will be available for set-off against other capital gains
- ▶ Specific capital gains tax exemption on transfer under a gift or will or an irrevocable trust has been restricted to transfer by an individual and Hindu Undivided Family (HUF) only



Angel Tax

Abolished from FY25



Buyback

Taxable as dividend

Transfer Pricing Amendments | Key Highlights

- ▶ Scope of Transfer Pricing (TP) assessment of Specified Domestic Transactions (SDTs) expanded
 - ▶ Scope of Transfer Pricing assessment expanded to enable the Transfer Pricing Officer (TPO) to audit SDTs which
 - ▶ have not been referred by the Assessing Officer (AO) and/ or
 - ▶ have been identified by the TPO during the course of the assessment proceeding
 - ▶ Current assessment scope for SDTs was limited to SDTs referred by the AO
- ▶ Objections to Dispute Resolution Panel (DRP)
 - ▶ Taxpayers who have undisclosed income pursuant to a search not eligible to file objections before DRP against variations proposed to the income by the Assessing officer
 - ▶ Taxpayers in this category are only permitted to file an appeal with the Commissioner of Income Tax (Appeals)
- ▶ Dispute resolution
 - ▶ Vivad se Vishwas Scheme, 2024 (Tax Amnesty Scheme, 2024) introduced to enable expeditious disposal of pending disputes/litigations by way of a settlement mechanism
 - ▶ Mechanism will apply to TP adjustments and TP disputes as well
 - ▶ Stated intent in the Budget Speech of the Finance Minister to reduce litigation and provide certainty in international taxation
 - ▶ Intention to expand coverage of safe harbour rules and streamline transfer pricing assessment procedure
 - ▶ Detailed amendments/rules likely to be issued later

Goods and Services Tax | Key Highlights (1/2)

- ▶ Waiver of interest and penalty will be granted in non-fraud cases for Financial Year (FY) 2017-18 to 2019-20, if entire tax demand as per notice or order, as the case may be, is paid up to the date to be notified. The following scenarios will be covered:
 - ▶ notice issued but order has not been passed, or
 - ▶ order passed by proper officer, but Appellate Authority or Revisional Authority has not passed the order, or
 - ▶ order passed by Appellate Authority or Revisional Authority, but Tribunal has not passed the order
- ▶ Waiver will not be available in case of erroneous refunds
- ▶ Time limit to file appeal before GST Appellate Tribunal (GSTAT) will be three months from the date to be notified or the date of order, whichever is later
- ▶ Three-month condonation period will be granted where the Department fails to file appeal before GSTAT within timelines
- ▶ The amount of pre-deposit will be reduced in the following manner:
 - ▶ Before the Appellate Authority, the maximum amount of pre-deposit is reduced from INR25 crores to INR20 crores (CGST and SGST each)
 - ▶ Before the GSTAT, the pre-deposit amount is reduced from 25% to 10% of the tax in dispute, with maximum amount reduced from INR50 crores to INR20 crores (CGST and SGST each)
- ▶ Time of supply in respect of services received from unregistered person and attracting reverse charge will be earlier of:
 - ▶ Date of payment
 - ▶ Date of issuance of self-invoice
- ▶ Government to prescribe the time-limit to issue self-invoice in case of reverse charge supplies received from unregistered persons. Further, self-invoice will also be required where the supplier is registered solely for the purpose of deducting tax at source



Amnesty scheme for interest and penalty waiver



Reduction in pre-deposit amount

Goods and Services Tax | Key Highlights (2/2)

- ▶ Power to be granted to the Government regarding non-recovery of duties not levied or short-levied as a result of general practice
- ▶ From FY 2024-25 onwards, a common time limit will apply for issuance of demand notices (42 months from the due date of filing relevant annual return) and demand orders (12 months from the date of notice), irrespective of cases involving fraud or wilful misstatement or not
- ▶ Time limit to avail Input tax credit (ITC) for FY 2017-18 to 2020-21 will be extended till 30 November 2021 where the relevant GSTR-3B is filed up to such date
- ▶ Time limit to avail ITC where registration of the recipient is cancelled and subsequently restored will be extended to:
 - ▶ 30 November of the subsequent financial year or
 - ▶ 30 days from the date of order of revocation, whichever is later
- ▶ ITC on account of any services received prior to 1 July 2017 by an Input Service Distributor shall be eligible for distribution as GST credit, even if the invoices relating to such services are received prior to the appointed day
- ▶ The Government will specify the sunset date for receipt of any new application w.r.t. anti-profiteering
- ▶ Principal bench of GSTAT will handle anti-profiteering cases.
- ▶ Refund of integrated tax as well as of unutilized ITC on export of goods shall not be available where the subject goods attract export duty. Similar restriction will be placed on refund when taxpayer supplies such goods to Special Economic Zone (SEZ) developer or unit
- ▶ A person being summoned by proper officer is bound to appear, either in person or through an authorized representative
- ▶ Due date to file monthly TDS return will be prescribed by the Government. Such returns are mandatorily to be filed even if there are no deductions made in the month



Time limit for availing ITC extended



GST refund restricted where goods exported attract export duty

Customs | Key Highlights

- ▶ Custom duty rates are rationalized to further support the “Make In India” initiative
- ▶ For claiming preferential duty benefit, importer can also submit a declaration for the purpose of proof of origin
- ▶ Government can notify class of goods which shall not be permitted for manufacturing processes and other operations in a warehouse
- ▶ Central Board of Indirect Taxes and Customs can prescribe separate procedure or documentation for categories of goods or modes of transportation of goods for any other person also, in addition to importers or exporters
- ▶ The power of Central Government to levy protective duties on certain imported goods shall be omitted
- ▶ GST Compensation Cess on imports by SEZ units/ developers for authorized operation will be exempt retrospectively from 1 July 2017

Personal Tax | Key Highlights (1/2)

- ▶ Amendment to New Tax regime (NTR)
 - ▶ Enhancement of standard deduction to INR75,000
 - ▶ NTR now provides a change in the tax structure with reduced slabs as under:
 - ▶ Up to INR3 lakh - Nil
 - ▶ Above INR3 lakh to INR7 lakh - 5%
 - ▶ Above INR7 lakh to INR10 lakh - 10%
 - ▶ Above INR10 lakh to INR12 lakh - 15%
 - ▶ Above INR12 lakh to INR15 lakh - 20%
 - ▶ Above INR15 lakh - 30%
 - ▶ Under the NTR, individuals would now save as much as INR17,500 in taxes
- ▶ Deduction available to the employer for contribution to New Pension Scheme (NPS) enhanced from 10% to 14% of the employee's salary
- ▶ Deduction available for family pension to pensioners is enhanced from INR15,000 to INR25,000
- ▶ Rationalization of capital gains: uniformity in the holding period of capital assets with a proposal to classify all listed financial assets as long-term if held for more than one year and all unlisted financial assets and non-financial assets will be considered long term if held for more than two years
- ▶ Short-term capital gains rates on sale of equity oriented mutual funds and equity shares have been increased to 20% from the existing rate of 15%. Short-term capital gains on the sale of other financial assets will be taxed at the applicable rates
- ▶ Long-term capital gains on sale of all financial and non-financial assets will attract a tax rate of 12.5% as against the existing rate of 10%/20%
- ▶ The limit of exemption for long-term capital gains will be enhanced to INR1.25 lakh per year from the existing threshold of INR1 lakh per year for STT-paid equity shares and units of equity-oriented funds
- ▶ Unlisted bonds and debentures will attract tax on capital gains at applicable rates, irrespective of the period of holding



INR17,500

Additional Tax savings under NTR



Simplification of capital gains taxation



Credit allowed for TCS and TDS on all incomes/payments

Highlights

Personal Tax | Key Highlights (2/2)

- ▶ Indexation benefit available for long-term capital assets is now removed for the calculation of long-term capital gains.
- ▶ Exemption available to shareholders for the buy-back of shares is now withdrawn and will be treated as a deemed dividend.
- ▶ Credit for tax collected at source (TCS) will be available against the tax withheld on salary income by the employer, which will ease the cash flow issue for the employee and avoid potential refund claims at the time of filing the return of income.
- ▶ Re-assessments can be initiated beyond three years from the end of the assessment year only if the escaped income is INR50 lakh or more, and up to a maximum period of five years from the end of the assessment year. Similarly, in search cases, the time limit is now reduced to six years before the year of search, from the existing limit of 10 years.
- ▶ Penal provisions under the Black Money Act shall not apply for individual taxpayers (Indian professionals having foreign ESOPs, investments in movable assets abroad, etc.) in respect of assets (other than immovable property) where the aggregate value of such asset or assets does not exceed INR20 lakh
- ▶ Increase in rates of securities transaction tax on sale of an option in securities from 0.0625% to 0.1% of the option premium and on sale of a futures in securities from 0.0125% to 0.02% of the price at which such “futures” are traded

Budget 2024 | Sectors wise data



Click on each tab to know more



Agriculture (1/4)

The Union Budget 2024 has put forth nine areas as key priorities and a number of them focus on agriculture, discussed below:

Priority 1: Productivity and resilience in agriculture

Transforming agriculture research

- ▶ Comprehensive review of the agriculture research setup to focus on increasing productivity and developing climate-resilient crop varieties
- ▶ National Cooperation Policy to be developed for systematic, orderly and all-round development of the co-operative sector
- ▶ 109 new high-yielding and climate-resilient varieties of 32 field and horticulture crops to be released for cultivation by farmers

Natural farming

- ▶ One crore farmers to be initiated into natural farming, supported by certification and branding in the next two years
- ▶ 10,000 need-based bio-input resource centers to be established

Digital Public Infrastructure (DPI)

- ▶ DPI to be implemented for coverage of farmers and their lands in three years
- ▶ Digital crop survey to be undertaken in 400 districts
- ▶ Jan Samarth based Kisan Credit Cards to be issued
- ▶ Details of 6 crore farmers and their lands to be brought into the farmer and land registries

Shrimp production and export

- ▶ Financing for shrimp farming, processing and export to be facilitated through the National Bank for Agriculture and Rural Development (NABARD)



INR1.52 lakh crore
allotment for agriculture
and allied sectors



10,000

bio-input resource centers



6 crore
farmers and their lands to
be added in farmer and land
registries

Highlights



Agriculture (2/4)

Mission for pulses and oilseeds

- ▶ Strategy to be developed to achieve Atmanirbharta and strengthen production, storage and marketing of oilseeds, such as mustard, groundnut, sesame, soybean, and sunflower and pulses

Vegetable production and supply chains

- ▶ Promotion of farmer-producer organizations, cooperatives and start-ups for vegetable supply chains, including collection, storage, and marketing

Priority 3 - Inclusive Human Resource (HR) development and social justice

- ▶ Various programs to be implemented for all-pervasive and all-inclusive development of people with a special focus on farmers, youth, women and poor
- ▶ Allocation of more than INR3 lakh crore towards schemes benefitting women and girls with an aim of enhancing women's role in economic development
- ▶ Financing and early completion of the Polavaram Irrigation Project to ensure food security

Priority 4 - Manufacturing and services

- ▶ Financial support for setting up of 50 multi-product food irradiation units in the MSME sector to be provided
- ▶ Credit guarantee scheme to be introduced for facilitating MSMEs to purchase machinery and equipment without collateral or third-party guarantee
- ▶ New assessment model to be developed for MSME credit by public sector banks
- ▶ Credit support to be provided to MSMEs during the stress period
- ▶ 100 food quality and safety testing labs with NABL accreditation to be set up
- ▶ The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) to be extended for voluntary closure of LLPs to reduce the closure time



Financial support for irrigation projects and other ongoing schemes



50

Food irradiation units



100

Food quality and safety testing labs

Highlights



Agriculture (3/4)

Priority 5 - Urban development

- ▶ Water supply and sanitation projects announced which shall also consider utilization of treated wastewater for agricultural irrigation

Priority 7 - Infrastructure

- ▶ Financial support for Accelerated Irrigation Benefit Programme and 20 other ongoing and new schemes, including barrages, river pollution abatement, flood mitigation and irrigation projects

Priority 8: Innovation, research and development

- ▶ Anusandhan National Research Fund for basic research and prototype development to be operationalized
- ▶ A mechanism to be set up for spurring private sector-driven research and innovation at a commercial scale with a financing pool of INR1 lakh crore

Priority 9 - Next generation reforms

- ▶ Rural land related actions to inter alia, focus on - assignment of Unique Land Parcel Identification Number or Bhu-Aadhaar for all lands, establishment of land registry, linking to the farmers' registry



INR1 lakh crore

Estimated Healthcare expenditure

Agriculture (4/4)

Key tax-related proposals

Direct Tax

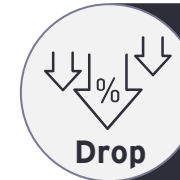
- ▶ No change in the Corporate Tax rates for domestic companies. Corporate Tax rate for foreign companies reduced to 35% (plus applicable surcharge and cess)

Indirect tax

- ▶ Basic Customs Duty rate on shea nuts reduced from 30% to 15%
- ▶ Basic Customs Duty rate reduced for products such as live SPF shrimp, live black tiger shrimp, SPF polychaete worms, oil use in manufacture of aquatic feed (fish lipid, crude fish and algal), prawn and shrimps feed, fish feed



15%
Reduction in BCD
on shea nuts



BCD rate reduced for
shrimp and other
shrimp feeds

Highlights

Automotive

- ▶ To support domestic manufacturing, deepen local value addition and promote export competitiveness in the automotive/auto sector, the following changes have been proposed:
 - ▶ Exemption from Customs Duty (Basic Customs Duty (BCD) and Social Welfare Surcharge (SWS)) introduced on critical minerals and further reduction of BCD on few minerals essential for manufacture of battery in India
 - ▶ Extension of exemption till 31 March 2026 for:
 - ▶ Specified parts, components for use in manufacture of lithium-ion cells, and lithium-ion battery and battery pack
 - ▶ Specified goods for the manufacture of Brushless Direct Current (BLDC) motors
 - ▶ Inputs, parts or sub-parts for use in the manufacturing of Printed Circuit Board Assembly
 - ▶ To promote manufacture of batteries in India and encourage ACC (advanced chemistry cell) PLI, BCD exemption has been withdrawn on batteries for electrically operated vehicles, including two- and three-wheeled electric motor vehicles and such goods would now be subject to BCD at the rate of 15%
- ▶ Auto manufacturers are likely to benefit from the exemptions on certain parts, such as ferro nickel, blister copper and nickel cathode, for manufacture of connectors and resistors
- ▶ To reduce blockage of working capital, the scope of obtaining lower deduction/collection certificates is widened to cover tax deduction/ collection at the source (TDS/TCS) on purchase/sale of goods



Rationalization
of tax structure
and provision



Total budget outlay for the Central
Sector Schemes allocation

INR6,921 Cr



Value addition in telecom
industry promoted

Highlights



Chemicals (1/3)

Growth Drivers

- ▶ Capital investment outlay is being increased by 11% to INR11.1 lakh crore which is 3.4% of GDP. Further, states to support infrastructure development through INR1.5 lakh crore long-term interest free loan. This will induce further demand for construction chemicals and other allied chemicals
- ▶ With the aim to support industrial development in the pursuit of Viksit Bharat, following announcements made to boost the manufacturing sector which in-turn will provide an impetus to basic chemicals and speciality chemicals, including construction chemicals, paint and adhesives:
 - ▶ 12 industrial parks to be sanctioned under the National Industrial Corridor Development Programme and facilitate investment-ready “plug and play” industrial parks
 - ▶ Focus on infrastructure development in various states including Bihar and Andhra Pradesh
 - ▶ Three crore additional houses will be developed, with focus on the needs of 1 crore urban poor and middle-class families, with an investment of INR10 lakh crore
- ▶ Further encouragement for PM Surya Ghar Muft Bijli Yojana to install solar rooftop panels which is likely to boost the demand of chemicals such as silicon used in manufacturing solar panels

Research and Development

- ▶ Operationalize the Anusandhan National Research Fund for basic research and prototype development, and set-up of mechanism for spurring private sector-driven research and innovation with a financing pool of INR1 lakh crore, which will boost innovation and research and development in chemical industry



Capital investment increased by 11% to INR11.1 lakh crore



12 industrial parks sanctioned



Financing pool of INR1 lakh crore towards research and development



Chemicals (2/3)

Employment and Skilling

- ▶ Three schemes have been announced for employment linked incentives which will include:
 - ▶ One-month wage up to INR15,000 to new entrants with salary up to INR1 lakh in all formal sectors
 - ▶ Incentive to be provided at specified scale to first time employees and employer towards Employees' Provident Fund Organisation contribution in first four years in the manufacturing sector
 - ▶ Employer focus scheme reimbursing INR3,000 per month for two years towards Employees' Provident Fund Organisation contribution for each employee within a salary of INR1 lakh per month
- ▶ Comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in five years. Companies to bear the training cost and 10% of the internship cost from their Corporate Social Responsibility funds

Micro, Small and Medium Enterprises ('MSME')

- ▶ To support MSMEs, several financial policies announced:
 - ▶ Credit Guarantee Scheme for MSMEs in the Manufacturing Sector
 - ▶ New credit assessment model for MSME credit
 - ▶ Credit support to MSMEs during stress period
 - ▶ Limit for Mudra loans enhanced to INR20 lakhs from INR10 lakhs
 - ▶ Enhanced scope for mandatory onboarding in TReDS
 - ▶ SIDBI branches in MSME clusters
 - ▶ E-Commerce Export Hubs



Three schemes developed under 'Employment Linked Incentive'



Comprehensive internship scheme



Focus on financial support to MSME



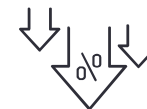
Chemicals (3/3)

Key tax related proposals

- ▶ Direct tax
 - ▶ No change in the corporate tax rates for domestic companies. Corporate tax rate for foreign companies reduced to 35% (plus applicable surcharge and cess)
 - ▶ No specific announcement for chemical sector
- ▶ Indirect tax
- ▶ Chemicals and Plastics
 - ▶ Basic Customs Duty rate for Ammonium Nitrate increased to 5% from 2.5%
 - ▶ Basic Customs Duty rate for Poly Vinyl Chloride (PVC) Flex films increased to 25% from 10%
- ▶ Laboratory Chemicals
 - ▶ Basic Customs Duty rate increased to 150% from 10% falling under Chapter 98020000
- ▶ Critical Minerals
 - ▶ 25 Critical Minerals has been exempted from Basic Customs Duty to boost sector
- ▶ Others
 - ▶ Effective Basic Customs Duty on Methylene Diphenyl Di-isocyanate (MDI) for use in the manufacture of Spandex Yarn is reduced to 5% from 7.5% subject to ICGR
 - ▶ Effective Basic Customs Duty on specified parts falling under Chapter 28, 29 or 38 for use in manufacture of connectors is reduced to NIL from 5%/7.5%



BCD rate increased for chemical and plastics and laboratory chemicals



BCD rate reduced on MDI to promote export competitiveness and reduce input costs

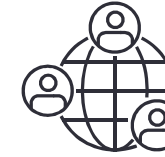
Highlights



EY

Consumer product and retail (1/2)

- ▶ Five schemes and initiatives to facilitate employment (including participation of women in workforce), skilling and other opportunities. The schemes will target 4.1 crore youth over the next five years, with a budgetary allocation of INR2 lakh crore
- ▶ Government of India will launch three schemes for employment-linked incentives i.e., one month wage to first-time enrollers to Employees' Provident Fund Organisation, incentive to employer linked with employment of first-time employees, and support to employers providing additional employment
- ▶ As part of skilling, 20 lakh youth would be skilled over a five-year period and 1,000 industrial training institutes would be upgraded in hub and spoke arrangements. Skilling and educational loans would be provided with guarantee/ financial support/ subsidy from government
- ▶ Financial support for setting up of 50 multi-product food irradiation units in the Micro Small and Medium Enterprises (MSME) sector will be provided. Setting up of 100 food quality and safety testing labs with National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation will be facilitated
- ▶ E-commerce export hubs will be set up in public-private-partnership (PPP) mode to enable MSMEs and traditional artisans to sell their products in international markets
- ▶ Further, credit guarantee schemes for MSMEs will be introduced. A guarantee cover of INR100 crore will be provided for the higher amount of loan
- ▶ Taxes Collected at Source ('TCS') at 1% on luxury goods (goods of value over INR10 lakh) introduced effective 1 January 2025
- ▶ Tax Deducted at Source ('TDS') by e-commerce operators on payments to e-commerce participants will be reduced to 0.1% from 1% effective 1 October 2024



INR2 lakh crore

Employment, skilling and other opportunities



TCS introduced on luxury goods, and TDS on payments made by e-commerce operators reduced



MSME

Raised loan limits and credit guarantees to be provided

Highlights

Consumer product and retail (2/2)

- ▶ Foreign mining companies selling raw diamonds in the country can now benefit from safe harbour rates – guidelines to be notified
- ▶ Total Customs Duty rate for gold and silver bars reduced from 15% to 6%, gold and silver does reduced from 14.35% to 5.35%, and platinum reduced from 15.4% to 6.4%.
- ▶ Basic Customs Duty ('BCD') on cellular mobile phone and its charger/ adapted reduced from 20% to 15%
- ▶ BCD reduced from 7.5% to 5% on MDI for manufacture of spandex yarn to rectify duty inversion, subject to conditions
- ▶ BCD reduced from 30% to 10% on Real Down Filling material from duck or goose for use in the manufacture of textile or leather garments for export
- ▶ Exemption extended to wet white leather, crust and finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products for export
- ▶ Exemption also extended to certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products for export



Safe Harbour Rules

Employment, skilling and other opportunities



Customs Duty rates reduced for various products

Highlights

Defense

- ▶ Budget allocation for the Ministry of Defence is INR6,21,941 crore, reflecting a 0.06% increase over allocation in the Interim Budget. This increase is primarily directed towards investment in public enterprises
- ▶ Allocation of INR1,72,000 crore for capital outlay and INR2,82,773 crore for revenue expenditure remains the same as in the Interim Budget
- ▶ 5.78% increase in the budgetary allocation for capital outlay and a 4.68% increase for revenue expenditure in INR terms over the Financial Year (FY) 2023-24 Budget Estimates
- ▶ Basic Customs Duty (BCD) exemptions have been extended up to 31 March 2026 and 31 March 2029 for certain specified goods pertaining to aerospace and defense sector
- ▶ Duration for the export of aircraft and vessels imported for maintenance, repair and overhauling has been increased from six months to one year, with the possibility of an additional one-year extension



~13%

of the total Budget



Allocation kept at the same level as in the Interim Budget

Highlights



Financial services

Policy Proposals

- ▶ Proposed to introduce a financial sector vision and strategy document to set out the agenda for the sector for the next five years and guide the workings of government, regulators, financial institutions and market participants (including simplification of FDI and OI)
- ▶ Introduction of a 'variable capital company structure' under the regulations, inter alia, for pooling funds for private equity players

Tax Proposals

- ▶ Proposal to tax LTCG at 12.5% from existing tax rate of 10%/ 20% and removal of indexation benefit going forward to all taxpayers including offshore fund, foreign portfolio investors, etc.
- ▶ Proposal to tax short-term capital gains on STT paid equity shares, units of equity oriented mutual fund and unit of a business trust to be increased to 20% from 15%
- ▶ STT rate on sale of options/ futures increased to 0.1%/ 0.02% from 0.0625%/ 0.0125%
- ▶ Proposal to abolish buy-back tax levied on companies and to tax income from buy-back as 'deemed dividend' in hands of shareholder
- ▶ Angel tax applicable on issuance of shares of closely held companies proposed to be abolished
- ▶ Proposal to amend the manner of computation of income of life insurance companies by disallowing certain expenses from 1 April 2025 onwards
- ▶ Tax exemptions framework prescribed for Retail schemes and ETFs set up in IFSC
- ▶ Thin capitalization exemption to IFSC Finance Companies

From		To
STCG	15%	20%
LTCG	10% / 20%	12.5%

Applicable for assets transferred on or after 23 July 2024



Introduction of variable capital company structure



No Equalisation Levy on e-commerce supply and services

Highlights

Infrastructure (1/2)

- ▶ Government is committed to investing in the sector, promoting viability gap funding, and enabling policies and regulations to encourage private participation
- ▶ Industrial parks:
 - ▶ Development of 'plug and play' industrial parks in 100 cities
 - ▶ 12 new parks proposed to be sanctioned under the National Industrial Corridor Development Programme
- ▶ Reforms relating to ownership, lease and flag of ships to be proposed with an objective to provide an impetus to the Indian shipping industry and generating employment
- ▶ Government to formulate an all-round development (including infrastructure) plan for Purvodaya (i.e., eastern states of India) covering Bihar, Jharkhand, West Bengal, Odisha, and other states
- ▶ Announcements to facilitate infrastructure developments in Bihar:
 - ▶ Industrial node at Gaya on the Amritsar-Kolkata Industrial Corridor
 - ▶ Road connectivity projects worth INR26,000 crore
 - ▶ New airports, medical colleges and sports infrastructure in Bihar
- ▶ Government to fund development of essential infrastructure for specific projects in Andhra Pradesh to fulfill commitments under the Andhra Pradesh Reorganization Act
- ▶ Proposal to seek legislative approval to bring in efficiency and flexibility in funding the lease of aircraft and ships, and pooled funds of private equity through a 'variable company structure'

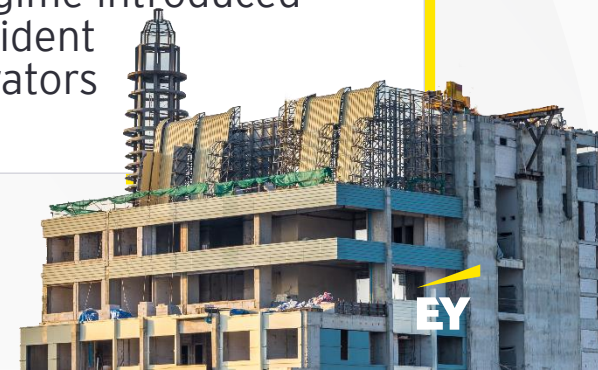


Balancing public investment with private sector participation

Total Capital Expenditure outlay of INR11.11 lakh crore; major outlay for roads INR2.72lakh crore (24.50%) and railways INR2.52 lakh crore (22.68%)



New tax regime introduced for non-resident cruise operators



Infrastructure (2/2)

- ▶ Direct tax proposals for cruise shipping (effective from 1 April 2024):
 - ▶ New presumptive tax regime introduced for non-residents engaged in the business of operating cruise ships
 - ▶ Tax exemption, subject to conditions, granted to foreign companies in respect of lease rentals from specified companies engaged in operating domestic cruise ships in India.
- ▶ Indirect tax proposals:
 - ▶ Basic Customs Duty (BCD) exemption is extended to the import of:
 - ▶ Components and consumables for manufacture of specified vessels
 - ▶ Technical documentation and spare parts for construction of warships
 - ▶ BCD exemption for the import of the following items has been extended up to 31 March 2029:
 - ▶ Spare parts and consumables for repairs of ocean-going vessels registered in India
 - ▶ Capital goods, raw materials and spares for repairs of ocean-going vessel



Pharma and Life Sciences

- ▶ Government to operationalize the Anusandhan National Research fund for basic research and prototype development
- ▶ Government to set-up a mechanism for private sector driven research and innovation at commercial scale with a financing pool of INR1 lakh crore
- ▶ Focus on skill improvement by aligning course content and design to the skills of the industry and introduction of new courses to align with emerging needs
- ▶ Package formulated for MSMEs covering financing, regulatory changes and technology support to help them grow and compete globally
- ▶ No deduction of settlement expenses incurred for infraction/ contravention of law (to be notified)
- ▶ Estimated PLI allocation for pharmaceutical industry for financial year (FY) 2024-25 shall be INR2,143 crores
- ▶ Abolishment of angel tax - a welcome move to the pharma ecosystem
- ▶ Simplification of foreign direct investment and overseas investment
- ▶ New medical colleges to be constructed in the state of Bihar
- ▶ Proposal to exempt customs duty on three more medicines for cancer treatment and reduction of BCD on x-ray tubes and flat panel detectors under the Phased Manufacturing Programme
- ▶ Sunset clause extended from 30 September 2024 to 31 March 2029 for goods falling under chapter 30 of first schedule of Customs tariff Act 1975, for supply under Patient Assistance Programme run by specified pharmaceutical companies



Estimated Healthcare
expenditure

**INR89,287
crores**

Highlights



EY

Power and utility

- ▶ Pumped storage policy: To promote pumped storage projects for electricity storage and smooth integration of the growing share of renewable energy in the overall energy mix
- ▶ Nuclear energy: Partnerships with the private sector to (1) set up Bharat Small Reactors, (2) R&D of Bharat Small Modular Reactor, and (3) R&D of newer technologies for nuclear energy
- ▶ Transition to Indian Carbon Market mode for 'hard-to-abate' industries: Formulation of a roadmap for transitioning these industries from 'energy efficiency' targets to 'emission targets'
- ▶ JV between NTPC and BHEL to set up an 800 MW commercial plant using indigenously developed Advanced Ultra Super Critical (AUSC) technology
- ▶ Support for traditional micro and small industries: Financial support for transitioning to cleaner energy forms and implementation of energy efficiency measures
- ▶ PM Surya Ghar Muft Bijli Yojana (announced during the interim budget): Further impetus to installation of rooftop solar plants (enable 1 crore households obtain free electricity up to 300 units/ month)
- ▶ Power projects, including the new 2400 MW power plant at Pirpainti, Bihar, at a cost of INR21,400 crore
- ▶ A policy document on appropriate energy transition pathways that balances the imperatives of employment, growth and environmental sustainability to be released
- ▶ Reduction in Customs Duty for certain additional capital goods for use in manufacturing of solar cells and modules from 7.5% to NIL
- ▶ Exemption in Customs Duty on solar glass and tinned copper interconnects (used in manufacturing of solar cells) not extended, resulting in applicability of Customs Duty at 10% and 5% respectively, with effect from October 2024



Customs Duty on solar glass and tinned copper interconnects

800 MW plant

JV of NTPC and BHEL

2400 MW plant

in Pirpainti, Bihar

7.5%



0%

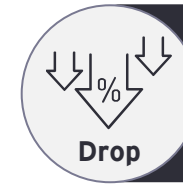
Reduction in Customs Duty on certain capital goods used in manufacturing of solar cells and modules

Highlights



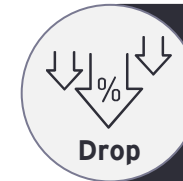
Media and entertainment

- ▶ Government continues to focus on digital infrastructure and technology, one of the nine priorities being Innovation, Research and Development
- ▶ Withdrawal of 2% Equalisation Levy ('EL') on e-commerce supply of services provided or facilitated by non-residents on or after 1 August 2024
 - ▶ 6% EL on payment for online advertisement, provision for digital advertising space continues to be applicable
- ▶ With a view to bringing parity with offline transactions, tax deducted at source on e-commerce transactions reduced from 1% to 0.1% with effect from 1 October 2024
- ▶ Corporate tax rate for a foreign company reduced from 40% to 35% with effect from 1 April 2024
- ▶ Basic custom duty exemption to motion picture, music and gaming software for use in gaming console printed or recorded on media extended till March 2026
- ▶ Rationalization of tax deducted at source rates



0.1% from 1%

TDS rate for e-commerce operator payments



35% from 40%

Corporate tax rate for foreign company



Withdrawal of 2% Equalisation levy

Highlights

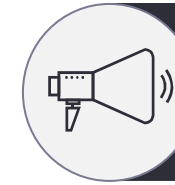


Oil and gas

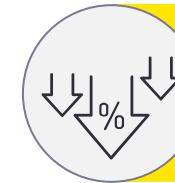
- ▶ A policy paper will be released, outlining suitable energy transition strategies that harmonize the needs of employment, economic development, and environmental sustainability
- ▶ Corporate Tax rate for foreign companies reduced from 40% to 35%. This will result in a reduction of effective tax rate for non-residents operating in the Oil and Gas sector. Same has been tabulated as under:

	Existing maximum effective tax rate	Proposed maximum effective tax rate
Non-resident engaged in providing services for prospecting, extraction, or production of mineral oils, opting to be taxed on gross basis under Section 44BB of the Income-tax Act, 1961	4.368% of gross receipts	3.822% of gross receipts
Non-resident offering income on net basis	43.68% on income computed on net basis	38.22% on income computed on net basis

- ▶ Additional goods have been included in Customs exemption entry for petroleum exploration operations (S No 404 of Notification no 50/2017-customs)
- ▶ The customs exemption under S No 403/ 404 (for petroleum exploration operations) is proposed to be extended till 31 March 2026 only



Policy paper to be released outlining energy transition strategies



Corporate Tax rate for foreign companies reduced to **35% from 40%**



Additional goods included in Customs exemption entry



Real estate

- ▶ Housing need of 1 crore urban poor and middle-class families to be addressed with an investment of INR10 lakh crore
- ▶ Establishment of “plug and play” industrial parks across 100 cities
- ▶ Rental housing with dormitory type accommodation for industrial workers to be created through PPP mode
- ▶ Transit oriented development plans for 14 cities with a population in excess of 30 lakh
- ▶ State governments encouraged to reduce stamp duty, especially on women-owned property
- ▶ Land reforms to be accelerated through digitization of land records and unique land identification numbers
- ▶ Tax reforms:
 - ▶ Period of holding for listed units of REITs for Long-term Capital Gains (LTCG) treatment reduced to 12 months (effective from 23 July 2024)
 - ▶ Capital Gains Tax rates on listed units of REITs increased – STCG @20% and LTCG @12.5% (effective from 23 July 2024)
 - ▶ LTCG on immovable property reduced to 12.5% without indexation benefit (effective from 23 July 2024)
 - ▶ TDS on rent paid by individual/Hindu Undivided Family (HUF) to a resident reduced to 2% under section 194-IB from 5% (effective from 1 October 2024)
 - ▶ Rental income from residential houses to be taxed as ‘Income from House Property’ (effective from 1 April 2025)
 - ▶ In the case of co-owned property, TDS on transfer of immovable property @1% where aggregate consideration of all co-owners exceeds INR50 lakh (effective from 1 October 2024)

Listed units of REITs

Holding period 36 months		12 months
STCG 15%		20%
LTCG 10%		12.5%

Immovable property

LTCG 20%		12.5%
No indexation benefit		



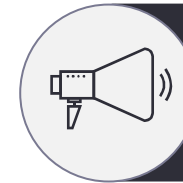
- ▶ Industrial parks across 100 cities
- ▶ Investment of INR10 lakh crore
- ▶ Land reforms

Startup

- ▶ Angel Tax to be abolished with effect from assessment year 2025-26
- ▶ Sum paid by a company for the purchase of its own shares shall be treated as a dividend in the hands of shareholders and charged to income tax at applicable rates
 - ▶ No deduction for expenses shall be available against such dividend income while determining income from other sources
 - ▶ Entire cost of acquisition of the shares which have been bought back would generate a capital loss in the hands of the shareholder and available for set-off against other capital gains
- ▶ TDS rate on payments by e-commerce operators reduced from 1% to 0.1%
- ▶ Withdrawal of 2% Equalisation Levy (EL) on e-commerce supply of services provided or facilitated by the non-residents on or after 1 August 2024. 6% EL on payment for online advertisement, provision for digital advertising space continues to be applicable
- ▶ Capital gains tax regime simplified as under:
 - ▶ Only two holding periods - 12 months (for listed securities) and 24 months (for others)
 - ▶ Tax rate for Long-term Capital Gains (LTCG) proposed at 12.5% on all categories of assets
 - ▶ Tax rate for Short-term Capital Gains (STCG) on sale of listed shares (with payment of STT) proposed at 20%
 - ▶ Indexation not available on cost of acquisition
- ▶ Capital gains on all unlisted debentures and unlisted bonds proposed to be taxed at the applicable rate, whether short-term or long-term
- ▶ Specific Capital Gains Tax exemption on transfer under a gift or will or an irrevocable trust has been restricted to transfer by an individual and Hindu Undivided Family (HUF) only



Angel Tax to be abolished



Buy-back taxable as dividend in the hands of shareholders



Capital Gains Tax provisions simplified

Highlights



Technology

- ▶ Union Budget 2024 showcases continued focus on use of technology and commitment to step-up adoption towards digitalization of the economy
- ▶ Technology as an enabler for key reforms covering:
 - ▶ Allocation of INR551 crores towards “India AI” mission
 - ▶ Data governance and management by utilization of sectoral databases and technology tools under the Digital India mission
 - ▶ Digitalization of taxpayer services to make all Customs and Income Tax services paperless within the next two years
 - ▶ Establishment of integrated technology platform for IBC ecosystem to improve consistency, transparency and better oversight
- ▶ Customs exemption/ reduction on critical minerals for high-tech electronics sector, exempting BCD on oxygen-free copper for manufacture of resistors/ connectors
- ▶ Digital tax/ equalisation levy on online sale of goods/ services by foreign companies abolished with effect from 1 August 2024
- ▶ With intention to promote foreign investment and ease of doing business, angel tax provisions abolished
- ▶ Buy back tax regime to be transitioned into dividend taxation and tax rate for foreign companies reduced from 40% to 35%
- ▶ Comprehensive review of Income-tax Act, 1961 to be undertaken within 6 months
- ▶ Litigation provisions being rationalized with revamped re-assessment/ search regime and, Vivad Se Vishwas Scheme, 2024 to be introduced



Digitalization

of the economy to continue



Abolished

Digital tax and angel tax

Highlights



Telecom

- ▶ Enhanced budget allocation towards BharatNet, incentive schemes and capital infusion in BSNL to provide impetus on domestic value addition in view of preference to Make-in-India policy
- ▶ FDI and ODI regulations to be simplified to facilitate inflow and promote the use of INR for overseas investment
- ▶ Corporate Tax rate on business income of foreign companies to be reduced from 40% to 35%
- ▶ To incentivize domestic manufacturing, Basic Customs Duty (BCD) on Printed Circuit Board Assembly (PCBA) of a specified telecom equipment increased from 10% to 15%
- ▶ Basic Customs Duty (BCD) reduced to 15% on mobile phones, chargers, adaptors and Printed Circuit Board Assembly (PCBA) of cellular phones
- ▶ Exemption from Customs Duty on import of rare earth minerals, including lithium, copper, cobalt, etc., to be used in strategic sectors, such as telecommunication, space, high-tech electronics, among others
- ▶ Venture capital fund of INR1,000 crore to be set up for Space Economy



BCD increased on PCBA and budget allocation to bolster domestic value addition

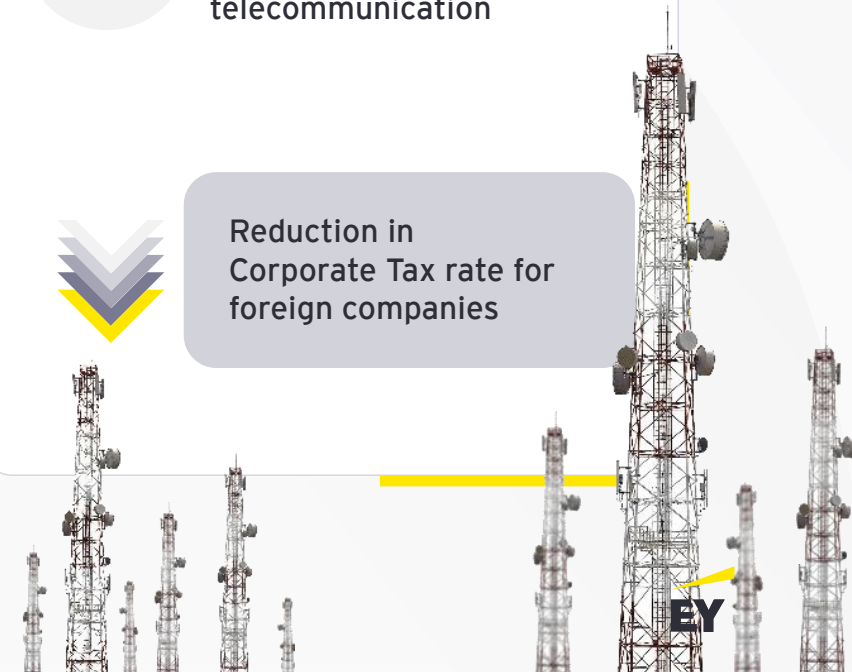


Exemption from Customs Duty for rare earth minerals to be used in telecommunication



Reduction in Corporate Tax rate for foreign companies

Highlights



Glossary

EBITDA - Earnings before interest, tax, depreciation and amortization

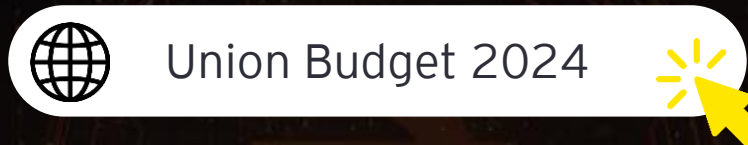
E-com - e-commerce

EL - equalisation levy

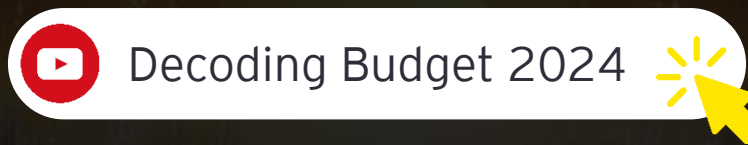
IFSC - International Financial Services Centre

SEP - Significant Economic Presence

For details on other sectors and solutions visit our website



Also watch our Budget 2024 webcast on our YouTube channel



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