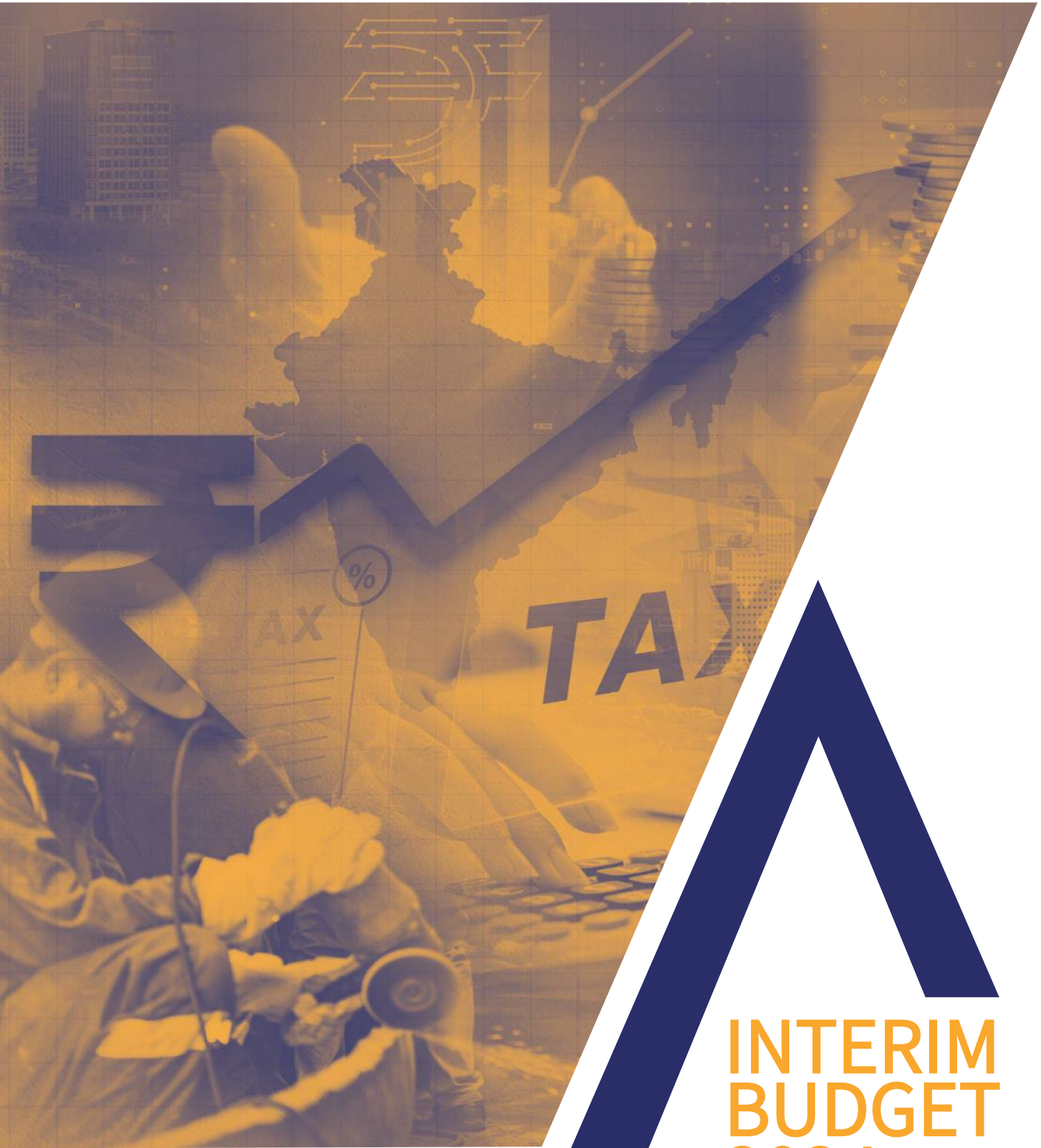
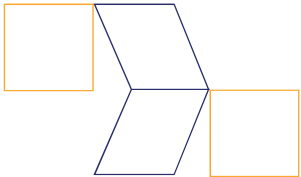


AURTUS

C O N S U L T I N G



INTERIM BUDGET 2024





Key Policy Proposals

Interim Union Budget 2024 was presented by Hon'ble Finance Minister (FM) and in view of this being a Vote-on-Account budget, there were no major announcements. The Interim Budget focused on apprising about the milestones achieved by the Government in the last ten years and outlining the vision of making India a developed country by 2047.

Some of the key policy proposals in the Interim Budget are outlined below:

Pradhan Mantri Suryoday Yojna:

- Aim to enable 1 crore households with rooftop solarization and beneficiaries to receive up to 300 units of free electricity per month

Housing:

- Launch of scheme to encourage the middle class to purchase or build their own houses
- **Pradhan Mantri Awas Yojana (Grameen):** Close to achieving the target of 3 crore houses. An additional 2 crore houses are targeted for the next 5 years

Private Research and Innovation:

- Corpus of INR 1 lakh crore to be earmarked to provide long term financing for private research and innovation

Infrastructure and Railways:

- With an 11.1% increase, the infrastructure outlay to be INR 11.11 lakh crore and this would constitute 3.4% of GDP
- **Railway Corridor Programmes under PM Gati Shakti:** Implementation of three major railway corridor programs, (i) Energy, mineral, and cement corridors (ii) Port connectivity corridors and (iii) High traffic density corridors aimed at improving logistics efficiency and reducing costs.

Development of Iconic Tourist Centers:

- States to be encouraged to undertake the development of iconic tourist centers to attract business and promote local entrepreneurship



Direct Tax Proposals

Key Aspects

- No change in the slabs or tax rates under the new tax regime and old tax regime
- No new deductions introduced for taxpayers under the default new tax regime u/s 115BAC
- No alteration in income / turnover / gross receipts threshold for presumptive taxation scheme for small businesses / professionals
- No changes in tax withholding provisions
- No changes in timelines for filing returns and completion of assessments / other proceedings etc.
- Time limit of 31 March 2024 to commence manufacturing operations for claim of concessional tax regime of 15% by new domestic manufacturing companies (section 115BAB) and by new manufacturing co-operative societies (section 115BAE) has not been extended
- Withdrawal of outstanding direct tax demands upto INR 25,000 for period upto FY 2009-10 and upto INR 10,000 for FY 2010-11 to FY 2014-15

Legislation of Changes in TCS Provisions

The Ministry of Finance, vide press release dated 28 June 2023, had proposed to restore the threshold of INR 7 lakh for TCS under section 206C(1G) on all categories of LRS payments (not being restricted to remittance for education or medical treatment). Further, it was provided that increase in certain TCS rates which were to come into effect from 1 July 2023 would become applicable from 1 October 2023. Legislative amendment in relation to the said press release was pending. The said amendments have been proposed in the Finance Bill, 2024 with retrospective effect. Pursuant to the same, the rates of TCS under section 206C(1G) shall be as under:

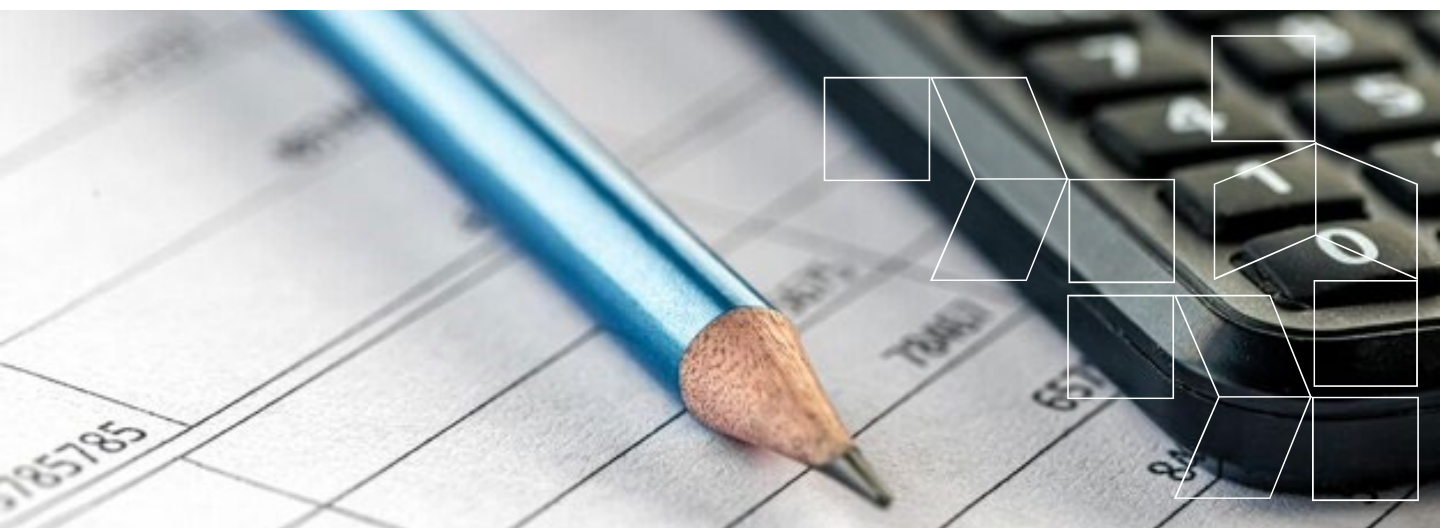
Nature of Payment	Rate of TCS up to 30 Sept 2023		Rate of TCS w.e.f 1 Oct 2023	
	Up to INR 7 lakhs	Above INR 7 lakhs	Up to INR 7 lakhs	Above INR 7 lakhs
LRS for education financed by loan	Nil	0.5%	Nil	0.5%
LRS for medical treatment and education (other than financed by loan)	Nil	5%	Nil	5%
LRS for other purposes	Nil	5%	Nil	20%
Purchase of overseas tour program package	5%	5%	5%	20%

Extension of Timelines



Under various provisions, taxpayers were eligible for tax holiday / tax exemptions if the unit were set-up or operations were commenced by 31 March 2024. To ensure continuity of such tax benefits, the Finance Bill, 2024 proposes to extend the date for set-up of unit or commencement of operations, as the case may be, to 31 March 2025. Further, extension in the timelines have been proposed for issuance of directions by Government for faceless proceedings. Summary of the said proposals are outlined below:

Sr. No.	Section	Particulars	Condition
1	Section 10(4D)	Exemption on specified incomes of investment division of offshore banking unit of non-resident located in IFSC	Investment division of offshore banking unit to commence operations on or before 31 March 2024, now extended to 31 March 2025
2	Section 10(4F)	Exemption of income earned by a non-resident by way of royalty / interest on account of lease of an aircraft / ship paid by IFSC unit	IFSC unit to commence operations on or before 31 March 2024, now extended to 31 March 2025
3	Section 80LA	Deduction of income arising on transfer of an asset, being an aircraft / ship leased by a unit in IFSC	
4	Section 10(23FE)	Exemption to sovereign wealth funds and pension funds on income like dividend, interest, long term capital gains etc. arising from investment in infrastructure sector	Investment to be made on or after 1 April 2020 but on or before 31 March 2024, now extended to 31 March 2025
5	Section 80-IAC	Tax holiday for eligible start-ups	Start-up to be incorporated on or after 1 April 2016 but before 1 April 2024, now extended to 1 April 2025
6	Section 92CA	Setting up of faceless assessment unit for transfer pricing assessments	Central government is empowered to issue directions for giving effect to said scheme and directing that any provisions of the IT Act shall not apply to such scheme or shall apply with certain exceptions, modifications and adaptations as specified. However, such directions cannot be issued after 31 March 2024, now extended to 31 March 2025
7	Section 144C	Setting up of faceless unit for Dispute Resolution Procedure	
8	Section 253	Setting up of faceless appeal scheme for appeal to Appellate Tribunal	
9	Section 255	Setting up of faceless appeal scheme for disposal of appeals by Appellate Tribunal	





Indirect Tax Proposals

Goods and Services Tax



- Amendments, pursuant to the 52nd GST Council meeting, are proposed in Section 2(61) and Section 20 of the Central Goods and Services Tax Act, 2017, to make the Input Service Distributor (ISD) procedure mandatory, for the distribution of Input Tax Credit in respect of input services procured from third parties but attributable to one or more Branch Offices
- Penal provisions are proposed to be inserted for the failure to register certain machines used in the manufacture of goods, following a special procedure (Currently, special provisions have been prescribed for registering packaging machines used for filling and packing pan masala and tobacco):
 - Penalty of Rs. 1 lakh for every unregistered machinery – This penalty is in addition to any other penalties
 - Unregistered machines shall be liable for seizure and confiscation unless the imposed penalty is paid, and the machine is registered within 3 days of the receipt of communication of the order of penalty
- Both the above proposals shall be effective from a notified date

CONTACT US

Mumbai

B-3502,
Kohinoor square,
NC Kelkar Marg,
Dadar (West), Mumbai
Maharashtra – 400028

Ahmedabad

South Tower – 606,
6th Floor, One42,
Bopal-Ambli Road,
Ahmedabad - 380054

Delhi NCR

Wework, 5th Floor
DLF Two Horizon Centre
DLF Phase 5
Gurugram
Haryana – 122002

GIFT IFSC

Cabin 2, 419-421,
4th Floor, Pragya,
GIFT SEZ / IFSC,
Gandhinagar – 382355

Singapore#

3 Shenton Way
#13-05, Shenton House,
Singapore 068805

Aurtus Singapore Pte Ltd.

connect@aurtus.com

Disclaimer

The information contained herein is in a summary form and is therefore intended for general guidance only. This publication is not intended to address the circumstances of any particular individual or entity. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. This publication is not a substitute for detailed research and opinion. Aurtus Consulting LLP disclaims any and all liability for any loss or damage caused to any person from acting or refraining from acting as a result of any material in this publication.

www.aurtusconsulting.com