

C.2 Amendment of Central excise duty notification dated 17.3.2012

Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.3 Exemption from Clean Environment Cess

The Clean Environment Cess , levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30th June, 2017 , subject to payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017. The changes will come into effect from date of assent to the Finance (No.2) Bill 2024

C.4 Exemption GST Compensation Cess ,2017

Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect from 1st July, 2017 on imports in SEZ by SEZ units or developers for authorized operations. The changes will come into effect from date of assent to the Finance(No.2) Bill 2024

D. CUSTOMS DUTY RATE CHANGES

D.1. Reduction in customs duty to reduce input costs, deepen value addition, promote export competitiveness, correct inverted duty structure, boost domestic manufacturing etc [with effect from 24.07.2024]

S. No.	Commodity	From (per cent)	To (per cent)
I.	Agricultural Products		
1.	Shea nuts	30	15
II.	Aquafarming & Marine exports		
1	Prawn and Shrimps feed	15	5
2	Fish feed	15	5

S. No.	Commodity	From (per cent)	To (per cent)
3.	Following inputs for manufacture of Prawn and Shrimps feed or fish feed: (i) Mineral & vitamin pre mixes (ii) Krill Meal (iii) Fish lipid oil (iv) Crude fish oil (v) Algal prime (flour) (vi) Algal oil	30/15/5	Nil
4	Artemia	5	Nil
5	Artemia cysts	5	Nil
6	SPF Polychaete worms	30	5
7	Live SPF Vannamei shrimp (Litopenaeus vannamei) broodstock & Live Black tiger shrimp (Penaeus monodon) broodstock	10	5
8	Insect Meal for use in R&D for aquatic feed manufacturing	15	5
9	Single Cell Protein from Natural Gas for use in R&D for aquatic feed manufacturing	15	5
10	Pre-dust breaded powder for use in processing of sea-food	30	Nil
III.	Critical Minerals		
1.	Antimony, Beryllium, Bismuth, Cobalt, Copper, Gallium, Germanium, Hafnium, Indium, Lithium, Molybdenum, Niobium, Nickel, Potash, REE, Rhenium, Strontium, Tantalum, Tellurium, Tin, Tungsten,	10/7.5/5/2.5	Nil

S. No.	Commodity	From (per cent)	To (per cent)
	Vanadium, Zirconium, Selenium , Cadmium, Silicon other than Quartz & Silicon Dioxide.		
2.	Graphite	7.5/5	2.5
3	(i) Silicon Quartz (ii) Silicon Dioxide	7.5/5	2.5
IV.	Cancer Drugs		
1.	(i) Trastuzumab Deruxtecan (ii) Osimertinib (iii) Durvalumab	10	Nil
V.	Precious Metals		
1.	Gold bar	15	6
2.	Gold dore	14.35	5.35
3.	Silver bar	15	6
4.	Silver dore	14.35	5.35
5.	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4	6.4
6.	Coins of precious metals	15	6
7.	Gold/Silver findings	15	6
8.	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.5	5
9.	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5	5

S. No.	Commodity	From (per cent)	To (per cent)
VI.	Textile and Leather Sector		
1.	MDI for manufacture of spandex yarn	7.5	5
2.	Wet white, Crust and finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products, for export	10	Nil
3.	Certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export	As applicable	Nil
4.	Real Down Filling material from duck or goose for use in manufacture of textile or leather garments for export	30	10
VII.	Steel Sector		
1.	Ferro-Nickel	2.5	Nil
2.	Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.03.2026)
3.	Certain specified raw materials for manufacture of CRGO steel	Nil (till 30.09.2024)	Nil (till 31.03.2026)
VIII.	Copper Sector		
1.	Blister Copper	5	Nil
IX.	Capital Goods		
1.	Certain additional goods for use in petroleum exploration operations	As applicable	Nil
2.	Certain additional capital goods for use in manufacture of solar cells and modules	7.5	Nil

S. No.	Commodity	From (per cent)	To (per cent)
X.	Shipping Sector		
1.	Components and consumables for manufacture of vessels	As applicable	Nil
2.	Technical documentation and spare parts for construction of warships	As applicable	Nil
XI.	IT and Electronics		
1.	Cellular Mobile Phone	20	15
2.	Charger/Adapter of cellular mobile phone	20	15
3.	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20	15
4	Specified goods for use in manufacture of connectors	5/7.5	Nil
5.	Oxygen Free Copper for use in manufacture of Resistors	5	Nil
XII.	Medical Equipment		
1.	All types of polyethylene for use in manufacture of orthopedic implants	As applicable	Nil
2.	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and all types of polyethylene for use in manufacture of other artificial parts of the body	As applicable	Nil
3.	X-ray tubes and Flat panel detectors (including scintillators) for use in manufacture of medical, surgical, dental or veterinary X-ray machines	15	5 (till 31.03.2025) <hr/> 7.5 (1.4.2025)

S. No.	Commodity	From (per cent)	To (per cent)
			to 31.3.2026)
			10 (1.4.2026 onwards)

D.2. Increase in Customs duty [with effect from 24.07.2024]

S. No.	Commodity	Rate of duties	
		From (per cent)	To (per cent)
I.	Plastics and Chemicals		
1.	Ammonium Nitrate	7.5	10
2.	PVC Flex Films/Flex Banners	10	25
II	Chemicals		
1	Laboratory Chemicals under heading 9802	10	150
III.	Renewable Sector		
1.	Solar Glass for manufacture of solar cells or modules	Nil	10 (w.e.f 1.10.24)
2.	Tinned Copper Interconnect for manufacture of solar cells or modules	Nil	5 (w.e.f 1.10.24)
IV.	Miscellaneous Items		
1.	PCBA of specified telecom equipment	10	15
1.	Garden Umbrella (tariff item 6601 10 00)	20	20 or ₹60 per piece whichever is higher

D.3. Increase in tariff rate with no change in effective duty rate [With effect from 01.10.2024]

S. No.	Commodity	Rate of duties	
		From (per cent)	To (per cent)
1	Other roasted nuts and seeds, including areca nuts	30	150
2	Other nuts, otherwise prepared or preserved , including areca nuts	30	150

D.4 Rationalization of Export duty on Raw hides, skins and leather [with effect from 24.07.2024]

S. No.	Commodity	Rate of duties	
		From (per cent)	To (per cent)
1	Raw Hides & skins, all sorts (other than buffalo)	40	40
2	Raw Hides & skins of buffalo	30	30
3	Raw fur and skins including lamb fur skin	60/10	40
4	Wet Blue Chrome Leather	40	20
5	Crust Leather	40	20
6	Tanned fur skin	60	20
7	E.I. Tanned Leather	Nil	Nil
8	Finished leather (as defined by DGFT)	Nil	Nil

E. Trade Facilitation Measures

E.1. Increase in duration for re-import of goods exported out of India

The time-period of duty free re-import of goods (other than those under export promotion schemes) exported out under warranty from India has been increased from 3 years to 5 years, further extendable by 2 years.

E.2. Increase in duration for export of articles of foreign origin imported into India for repairs

Currently, articles of foreign origin can be imported into India for repairs subject to their re-exportation within six months extendable upto 1 year. The duration for export in the case of aircraft and vessels imported for maintenance, repair and overhauling has been increased from 6 months to 1 year, further extendable by 1 year.

F. OTHERS

There are few other changes of minor nature. For details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.

Annexure to Part B

Amendments relating to Direct Taxes

(A) Providing tax relief

- A.1** Substantial relief is proposed under the new tax regime with new slabs and tax rates as under:-

Total income	Rate of tax
Upto ₹ 3,00,000	Nil
From ₹ 3,00,001 to ₹ 7,00,000	5 per cent
From ₹ 7,00,001 to ₹ 10,00,000	10 per cent
From ₹ 10,00,001 to ₹ 12,00,000	15 per cent
From ₹ 12,00,001 to ₹ 15,00,000	20 per cent
Above ₹ 15,00,000	30 per cent

- A.2 Standard deduction:** Standard deduction to salaried individuals and pensioners is proposed to be increased from ₹ 50,000 to ₹ 75,000 under the new tax regime.
- A.3 Family pension deduction:** Deduction from family pension of ₹ 15,000 is proposed to be increased to ₹ 25,000 under the new tax regime.
- A.4 Non-government employer contribution to New Pension scheme:** It is proposed to increase the amount of deduction allowed to an employer in respect of his contribution to a pension scheme referred to in section 80CCD, from the extent of 10% to the extent of 14% of the salary of the employee. Further, a non-government employee in the new tax regime shall be allowed deduction of an amount not exceeding 14% of the employee's salary in place of 10%.

(B) Measures to promote investment and employment

B.1 Incentives to IFSC

- It is proposed that retail schemes and Exchange Traded Funds in IFSC, shall enjoy tax exemptions along similar lines as available to specified funds.

- It is further proposed to exempt certain income of Core Settlement Guarantee Fund set up in IFSC.
- It is proposed to exclude the applicability of section 94B to certain finance companies located in IFSC.
- It is proposed that where a venture capital fund (VCF) located in IFSC extends a loan / other amount to an assessee, it shall no longer be called upon to explain the source of funds.
- Further, it is proposed that surcharge shall not apply on income-tax payable on income from securities by specified funds.

B.2 Reduction of rate of foreign companies to 35 per cent: It is proposed to reduce the rate of income-tax chargeable on income of foreign company (other than that chargeable at special rates) from 40 per cent to 35 per cent.

B.3 Tax on share premium: It is proposed that the provisions of clause (viib) of sub-section (2) of section 56 of the Act related to tax on share premium of private companies shall not apply from the financial year 2024-25.

B.4 Scheme of presumptive taxation for cruise ship operations by non-residents: It is proposed to put in place a presumptive taxation regime for cruise ship operations of non-residents. Further, it is proposed to provide exemption for any income of a foreign company from lease rentals of cruise ships, received from a related company which operates such ship or ships in India.

(C) Simplification and Rationalisation

C.1 Introduction of block assessment scheme for search and seizure cases: It is proposed to introduce a new scheme of block assessment for search cases. The block period is proposed to be six previous years and the period up to the date of conclusion of search. Total income of the block period is proposed to be taxed at the rate of 60 per cent.

- C.2 Reducing the time-limit for which reassessment can be done and rationalisation of the provisions:** Time limit for reassessment is proposed to be reduced from ten years to five years. Further, there are proposals to rationalise the procedure for reassessment. Further, it is proposed to omit reference to Principal Chief Commissioner or Chief Commissioner in section 275 to provide clarity of time limitation for imposition of penalties. It is also proposed to withhold refund up to sixty days of assessment under section 245 and to rationalise time limit to file appeal to ITAT under section 253.
- C.3 Charitable trusts/ Institutions**
It is proposed to make amendments to merge the two schemes for exemption and also provide for rationalisation of filing of applications and the timelines for registration and approval of certain benefits to charitable trusts and institutions.
- C.4 Simplification of taxation of Capital Gains:** The taxation of capital gains is proposed to be rationalised and simplified.
Short term gains on specified financial assets shall henceforth attract a tax rate of 20 per cent instead of 15 per cent, while that on all other financial assets and non-financial assets shall continue to attract the applicable tax rate.
Long term gains on all financial and non-financial assets, on the other hand, will attract a tax rate of 12.5 per cent. For the benefit of the lower and middle-income classes, it is proposed to increase the limit of exemption of capital gains on certain listed financial assets from ₹ 1 lakh to ₹ 1.25 lakh per year.
Listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non-financial assets will have to be held for at least two years to be classified as long-term.
Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, however, will attract tax on capital gains at applicable rates.
These proposals are proposed to be given effect with immediate force.

C.5 Rationalisation of tax deducted at source (TDS) rates: It is proposed to bring down TDS rates from 5 per cent to 2 per cent in certain sections and omit section 194F where TDS rate is 20 per cent, as given below:

Section	Present TDS Rate	Proposed TDS Rate	With effect from
Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	1.4.2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	1.10.2024
Section 194G – Commission etc on sale of lottery tickets	5%	2%	1.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	1.10.2024
Section 194-IB - Payment of rent by individual or HUF	5%	2%	1.10.2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	1.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	1.10.2024
Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		1.10.2024

C.6 Credit of TDC and TCS: It is proposed to allow credit of all tax deducted or collected while computing the amount of tax to be deducted on salary income under section 192.

C.7 Claiming credit for TCS of minor in the hands of parent: It is proposed to empower the Board to make rules to provide credit of tax collected to person other than collectee.

C.8 Alignment of interest rate on delayed payment on TCS with TDS:

It is proposed to increase the rate of simple interest from 1 per cent to 1.5 per cent on delayed payments of TCS after collection, as in the case of TDS.

C.9 Increase in limit of remuneration to working partners of a firm allowed as deduction:

It is proposed to increase the limit of remuneration to working partners to ₹ 3,00,000 or 90 per cent of the book-profit, whichever is more, on the first ₹ 6,00,000 of the book-profit or in case of a loss.

(D) Widening and deepening of tax base and anti-avoidance

D.1 Buy-back of shares: It is proposed that the income from buy-back of shares by companies be chargeable in the hands of recipient investor as dividend, instead of the current regime of additional income-tax in the hands of the company. Further, the cost of such shares shall be treated as a capital loss to the investor.

D.2 Securities transaction tax (STT) rates: It is proposed to increase the rates of STT on sale of an option in securities from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such futures are traded.

D.3 Income from letting out of house property: It is proposed that income from letting out of a house or part of the house by the owner, shall not be charged under the head 'profits and gains of business or profession' and will be chargeable to tax under the head 'income from house property' only.

D.4 Transfer of capital asset: It is proposed to provide that the transfer of a capital asset, under a gift or will or an irrevocable trust, by an entity other than an individual or a Hindu undivided family (HUF) only, shall be regarded as transfer for the purpose of calculation of capital gain.

D.5 TDS on payment to a partner: It is proposed that payments made by firm to its partner in the nature of salary, remuneration, commission, bonus and interest, etc shall be subject to TDS at the rate of 10 per cent for aggregate amounts more than ₹ 20,000 in a financial year.

- D.6 TCS on notified luxury goods:** To enable TCS on luxury goods, it is proposed to levy TCS of 1 per cent on notified goods of value exceeding ten lakh rupees.
- D.7 TDS on sale of immovable property:** It is proposed to clarify that where there is more than one transferor or transferee in respect of an immovable property, then such consideration for transfer of the immovable property shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.
- D.8 TDS on Floating Rate Savings (Taxable) Bonds (FRSB) 2020:** TDS is proposed on interest exceeding ten thousand rupees on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 or any other notified security of the Central or State Governments.
- D.9 Inadmissibility of non-business expenditure by life insurance companies:** It is proposed to provide that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business shall be included to the profits and gains of the life insurance business.
- D.10 Inclusion of taxes withheld outside India for purposes of calculating total income:** It is proposed to provide that income tax paid outside India by way of deduction is deemed to be income received for the purpose of computing the income of the assessee.
- D.11 Excluding income mentioned in section 194J from applicability of section 194C:** It is proposed to explicitly state that any sum referred to in sub-section (1) of section 194J (fees for professional or technical services) does not constitute “work” for the purposes of TDS under section 194C (payments to contractors).
- D.12 Claim of settlement amounts as business expenditure:** It is proposed to disallow expenses incurred as settlement fees for any contravention of law, as may be notified by the Central Government.
- D.13 Definition of Fair Market Value (FMV):** It is proposed to provide for a method of calculation of fair market value on 31.01.18 under section 55(2) (ac) in the case of sale of unlisted equity shares in an offer for sale in an initial public offer.

(E) Tax Administration
<p>E.1 Introduction of Vivad se Vishwas Scheme, 2024: It is proposed to introduce a new scheme for settlement of pending appeals. It is proposed to be made operational from a specified date. Last date for the scheme is also proposed to be notified.</p> <p>E.2 Equalisation Levy: It is proposed that Equalisation Levy at the rate of 2 per cent of consideration received for e-commerce supply of goods or services, shall no longer be applicable on or after 1st August, 2024.</p> <p>E.3 Non-reporting of small foreign assets has penal consequences under the Black Money Act. Such non-reporting of movable assets up to ₹ 20 lakh is proposed to be de-penalised.</p> <p>E.4 It is proposed to decriminalize late payment of tax deducted at source (TDS) , if the payment is made before the time prescribed for filing the TDS statement.</p> <p>E.5 It is proposed to provide that no order for failure to deduct/ collect tax from any person shall be passed after the expiry of six years from the end of the financial year in which payment is made.</p> <p>E.6 Enabling processing of statements other than those filed by deductors: It is proposed to provide that the Board may make a scheme for processing of such statements.</p> <p>E.7 Lower deduction / collection certificate of tax at source: It is proposed to allow for application for lower deduction / collection certificate of tax for section 194Q (TDS on payment for purchase of goods) and sub-section (1H) of section 206C (TCS on receipt of sale of goods).</p> <p>E.8 Notification of certain persons or class of persons as exempt from TCS: It is proposed to empower the government to notify persons or class of persons from whom no collection of tax shall be made or collection of tax shall be made at a lower rate in respect of specified transactions.</p> <p>E.9 Time limit to file correction statement for TDS/TCS statements: It is proposed to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial</p>

year in which the TDS/TCS statement are respectively required to be delivered.

- E.10 Penalty for failure to furnish statements:** It is proposed to provide for penalty on late furnishing of TDS or TCS statement beyond one month instead of the existing period of 12 months.
- E.11** It is proposed to prescribe the period within which annual statement of activities of a liaison office is required to be furnished. It is further proposed to provide for penalty on failure of submission of annual statement within the due period.
- E.12** It is proposed to enable the Transfer Pricing Officer to deal with specified domestic transactions which have not been referred to him by the Assessing Officer.
- E.13** It is proposed to discontinue the quoting of Aadhaar Enrolment ID in place of Aadhaar number.
- E.14** It is proposed to provide those applications before the Board for Advance Rulings transferred from Authority of Advance Rulings may be allowed to be withdrawn before 31.10.2024.
- E.15** It is proposed to empower Commissioner (Appeals) to set aside ex-parte assessment orders.
- E.16 Amendment in Section 271FAA:** It is proposed to amend section 271FAA to provide for a penalty on failure to comply with due diligence requirement relating to compliance with Automatic Exchange of Information (AEOI).
- E.17 Tax Clearance Certificate:** It is proposed to include reference of Black Money Act, 2015 for the purposes of obtaining a tax clearance certificate.
- E.18 Returns filed after condonation of delay:** It is proposed that in respect of returns filed after condonation of delay, the assessment can be made up to 12 months from the end of the financial year in which such return was furnished.
- E.19 Donations to National Sports Development Fund:** Any sums paid as donations to the National Sports Fund set up by the Central Government are presently eligible for deduction under section 80G. The name of the fund is proposed to be corrected as National Sports Development Fund.

- E.20 Removing reference to National Housing Board:** As housing finance companies are now under the purview of the Reserve Bank of India as a category of Non-Banking Financial Companies (NBFCs), it is proposed to remove reference to National Housing Board in section 43D of the Act.
- E.21 Adjusting liability under Black Money Act, 2015 against seized assets:** It is proposed to insert reference of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the section 132B of the Income-tax Act, 1961 so as to enable recovery of liabilities under the Act out of seized assets.
- E.22 Amendments to the Prohibition of Benami Property Transactions Act, 1988:** It is proposed to provide immunity from penalty and prosecution to benamidar on full and true disclosure. It is also proposed to rationalize time limits for attachment of property and reference to adjudicating authority.