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India Union Budget 2024-25

Tax Flash News

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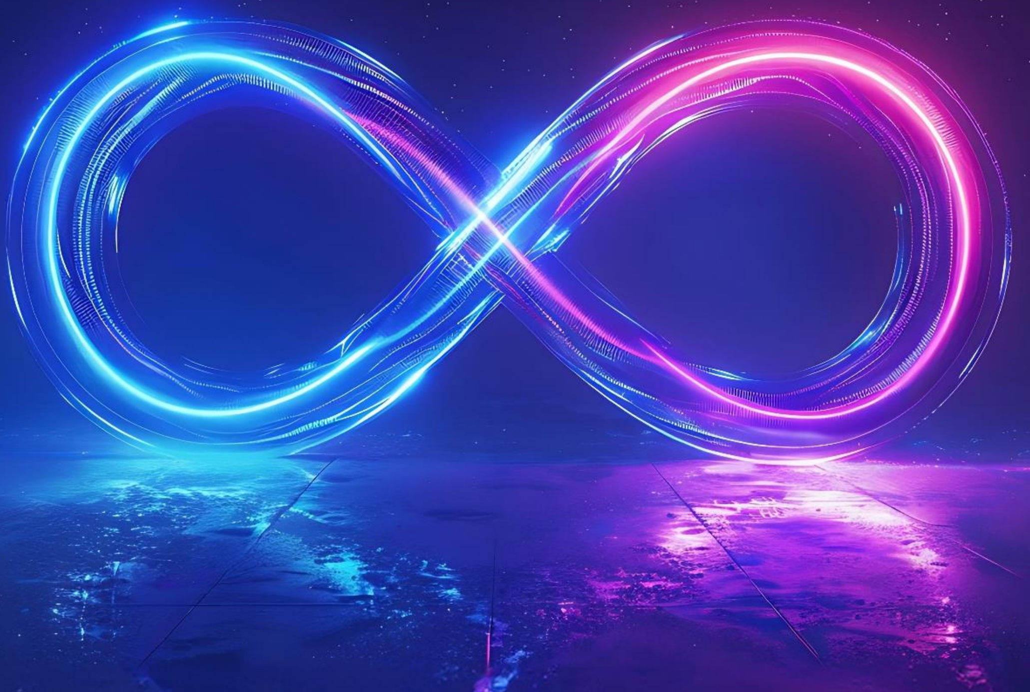

July 2024

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Foreword

The Hon'ble Finance Minister Nirmala Sitharaman presented her seventh consecutive Union Budget for the fiscal 2024-25 and the first of the Modi 3.0 Government signaling that the Indian economy is on a strong wicket and a stable footing as well as demonstrating resilience in the face of geopolitical challenges.

Maintaining a strong GDP growth rate of 8.2 per cent in FY24, India aspires for an ambitious 6.5–7 per cent real GDP growth in FY25. For pursuit of 'Viksit Bharat', this budget envisages sustained efforts on nine priorities for generating ample opportunities for all -Productivity and resilience in Agriculture, Employment & Skilling, Inclusive Human Resource Development and Social Justice, Manufacturing & Services, Urban Development, Energy Security and Infrastructure Innovation, Research & Development and Next Generation Reforms.

The budget announces simplification of Foreign Direct Investment and Overseas Investment framework and also promote opportunities for using Indian Rupee as a currency for overseas investments.

The direct tax proposals in Budget focus on simplification of provisions, reducing of the compliance burden, promoting entrepreneurial spirit, and providing tax relief to taxpayers. A comprehensive review of Income-tax Act,1961 is also targeted with these objectives and to provide certainty to the taxpayers.
The key changes include rationalisation of capital gains tax framework, reassessment provisions and timelines, rationalising of TDS/TCS framework, abolishment of Angel tax and Equalisation levy, etc. The corporate tax rate on foreign companies reduced to 35 per cent to attract foreign capital. On the individual tax side, there are changes in the tax slabs and an enhancement in the standard deduction from salary income.

A New Vivad se Vishwas Scheme, 2024 is proposed for settlement of pending direct tax disputes. Further, to reduce litigation and provide certainty in international taxation, scope of safe harbour rules is to be expanded, and transfer pricing assessment procedure are to be streamlined.

However, one area which did not find mention in the Budget is the roadmap for implementation of the Organisation for Economic Co-operation and development (OECD's) Global Minimum Tax (or GLoBE rules) in India. With many countries initiating public consultation processes, it was widely expected that this Budget would provide a timeline for its enactment in India.

The Indirect tax proposals of the Budget reinforce the focus of the government towards simplification of tax procedures and taking steps for promoting the notion of 'Make in India'.

The Customs proposals are focused towards rationalising the customs duty structure for promoting the initiative. It has been proposed that the duties shall be reviewed over a period of 6 months to ascertain rationalisation. Major sectors where the rates are proposed to be rationalised include Mobile phones and their parts, Marine products, Electronics, Telecom, Medical devices, Leather and textiles, Aviation etc.

Under Goods and Services Tax (GST), most changes have been proposed to give effect to the recommendations of GST council in their 53rd meeting. Such proposals include retrospective relaxation of timeline for availing ITC pertaining to FY 2017-18 to FY 2020-21, common time limits for issuing notices and orders for cases under Section 73 and 74, conditional waiver of interest and penalty in respect of demands up to FY 2019-20, clarity on co-insurance/ re-insurance to be a No supply transaction and other trade facilitation measures.

There have been no proposals with regards to introduction of new Production Linked Incentives (PLI) scheme. However, as a part of Prime Minster's package for employment and skilling, schemes have been announced which shall incentivise employment generation. The scheme will offer incentives like salary subsidy and provident fund reimbursement, by the government for companies that add new workers/ for creation of additional jobs

Macroeconomic indicators as well as the key direct and indirect tax proposals in the Budget are set out below.

Macro economic trends – Economic survey 2023-24

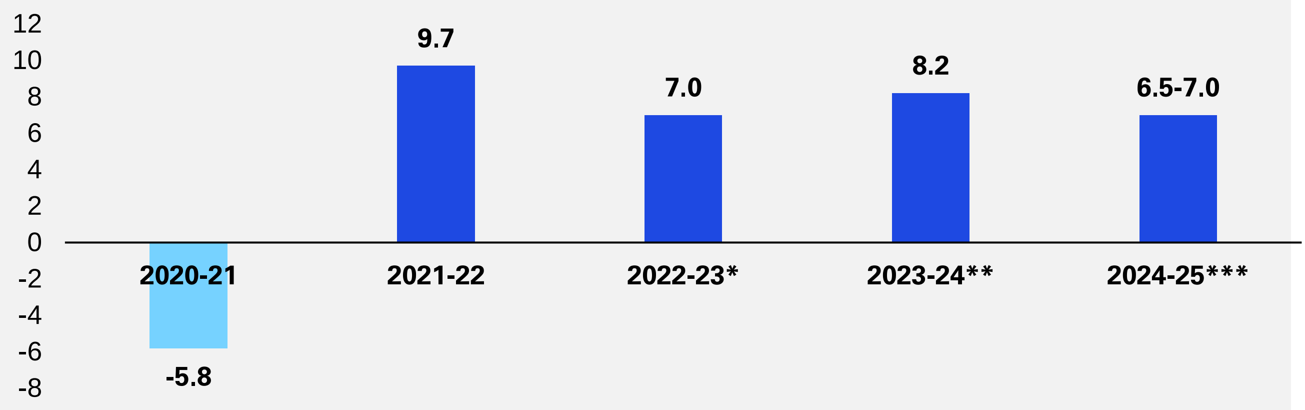
India's Economic Resilience and Growth: A Review of FY24 and Outlook for FY25

In the fiscal year 2023-24, India's economic strategy, which included significant public spending on infrastructure, digitalisation of service delivery, and targeted relief measures under the Atmanirbhar Bharat Abhiyan, led to a robust 8.2 per cent growth in real GDP. Despite global challenges such as supply chain disruptions and inflationary pressures, India effectively managed domestic inflation through strategic policies and administrative responses. This growth was driven by consistent consumption demand and a strengthening investment outlook.

Furthermore, the fiscal deficit has been reduced from 6.4 per cent of GDP in FY23 to 5.6 per cent of GDP in FY24, attributed to robust growth in both direct and indirect taxes and higher-than-expected non-tax revenue, surpassing initial budget projections.

Looking ahead to FY25, India's real GDP is projected to grow between 6.5–7 per cent, supported by strong private consumption, augmented government spending, and a vibrant export sector despite global headwinds.

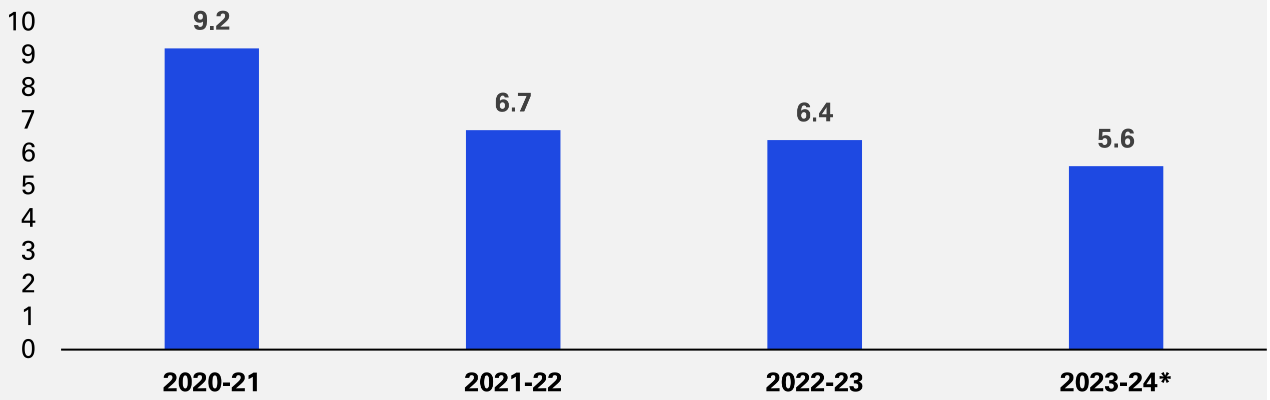
1.1 GDP Growth (at constant prices, %)



Notes: * 1st revised estimates; ** Provisional estimates; *** Forecast

Source: Economic survey 2023-24, Ministry of Finance, Accessed on 22 July 2024

1.2 Fiscal deficit (as % of GDP)



Note: * Provisional actuals

India's Financial Sector: Tech-Driven Growth on the Horizon

India's financial sector exhibited robust performance in FY24, marked by growth in banking, capital markets, insurance, and pensions. Notable improvements included increased domestic credit to the private sector, reduced NPAs in Scheduled Commercial Banks (SCBs), and enhanced bank asset quality.

The stable banking system was further evident with double-digit growth in bank credit and a thriving capital market, as reflected by the Nifty 50 index's 26.8 per cent rise. Regulatory measures and the vision for universal coverage by 2047 signal rapid growth prospects for the insurance sector. The pensions sector also saw considerable growth in subscribers and assets under management, emphasising a focus on retirement security. Additionally, regulatory reforms aimed at reducing financial intermediation costs and enhancing service quality have contributed to market stability and consumer protection.

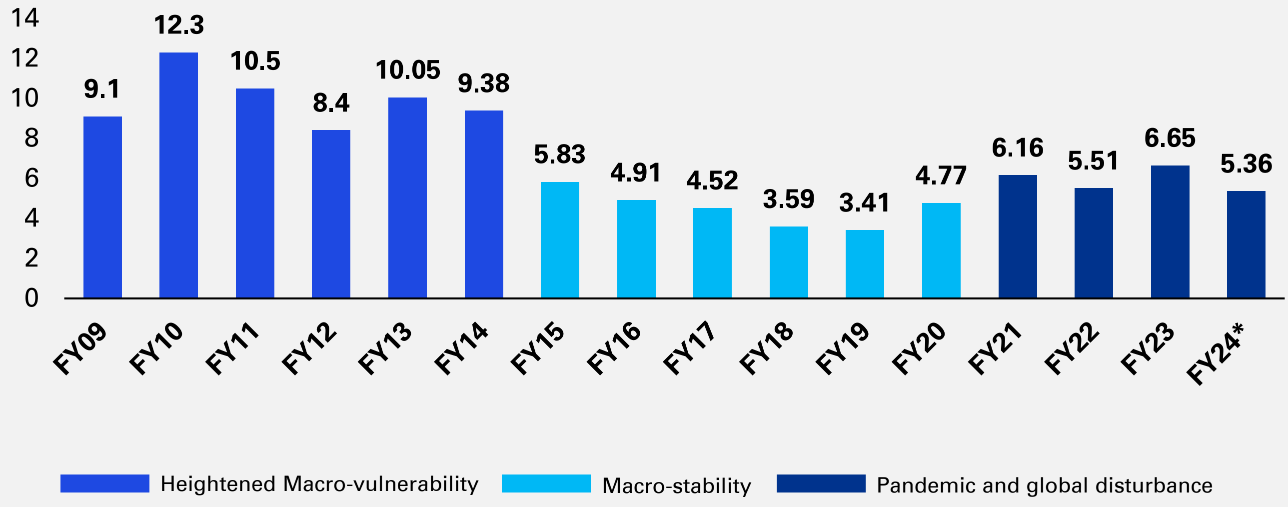
Low Inflation Amid Global Pressures

India managed to achieve a four-year low in inflation despite global supply disruptions and increased commodity prices during the pandemic and geopolitical tensions. Effective monetary and trade policies, as well as administrative actions such as dynamic stock management and subsidised essentials, played a crucial role in reducing core inflation.

The latter half of the year and FY24 saw a decline in global inflation due to the diminishing impact of price shocks, particularly in energy prices, as well as lower core inflation and monetary tightening.

It is worth mentioning that India's inflation rate remained below the global and emerging and developing economies (EMDE) averages due to effective policy measures, and with continued prudent policies and favorable global conditions, India is likely to maintain controlled inflation levels, contributing positively to economic stability and growth.

1.3 CPI Inflation (%)



Notes: * Budget Estimate

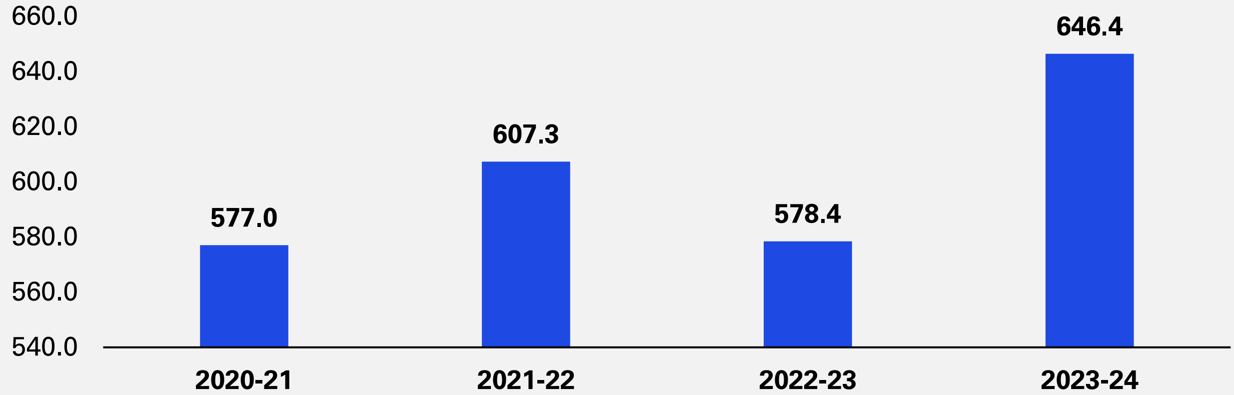
External Sector Strength: FPI Surge and Trade Deficit Slash

In FY24, India's external sector displayed resilience, marked by a notable decrease in the trade deficit to USD78.1 billion from USD121.6 billion in FY23.

India's enhanced participation in global value chains, as evidenced by GVC-associated trade reaching 40.3 per cent of total trade in 2022, contributed to this positive trend. The country also experienced a rise in net foreign portfolio investment (FPI) inflows to USD44.1 billion, buoyed by strong economic growth and investor confidence.

Additionally, the current account deficit (CAD) narrowed to USD23.2 billion (0.7 per cent of GDP) in FY24 from USD67 billion (2 per cent of GDP) during the previous year and the logistics performance index improved, reflecting progress in trade facilitation.

1.4 Forex Reserves (In USD billion, year end)



Six-Fold Strategy for Equitable and Sustainable Growth

India's mid-term economic projection underscores a growth-oriented vision of transitioning to a developed nation by 2047. This vision capitalises on the robust economic growth witnessed since 1993, with a predicted milestone of reaching USD3.6 trillion by 2024.

The government's post 2014 structural reforms have facilitated India's journey to becoming the world's third-largest economy. This journey, underscored by a resilient economy and an encouraging IMF forecast of 6.8 per cent growth for 2024-25, highlights its transition to a middle-income nation. A six-pronged strategy targets sustainable, balanced, and inclusive growth across sectors like agriculture, manufacturing, MSMEs, and climate change.

India's Path to Net Zero by 2070

India aims to achieve Net Zero carbon emissions by 2070, while also pursuing robust and inclusive economic growth. With a significantly lower per capita carbon emission compared to the global average, India faces the dual challenge of meeting its increasing energy needs, projected to grow 2 to 2.5 times by 2047, and transitioning to sustainable energy sources.

India has made significant progress in integrating renewable energy, with non-fossil power capacity reaching 45.4 per cent in the electricity sector by May 2024. The country has also set fuel consumption standards and established guidelines for Electric Vehicle (EV) charging infrastructure.

Transformative Governance Is Driving Inclusive Development

India has witnessed substantial economic and social progress through strategic government initiatives targeting health, education, sanitation, digital empowerment, and rural welfare. Broader investments in social sectors have uplifted living standards, exemplified by schemes like the Jal Jeevan Mission and PM Ujjwala Yojana, which have improved access to essential services.

Emphasising data-driven governance, the government has amplified transparency and accountability. Furthermore, policies supporting women-led development, such as the 'Beti Bachao, Beti Padhao' initiative, have resulted in significant improvements in the sex ratio at birth and maternal mortality rates.

India's Workforce: Skills and Tech for Job Boost

India's employment landscape has seen marked improvements, with declining unemployment rate and increased female and youth workforce participation. As per the Periodic Labour Force Survey (PLFS) data, the unemployment rate declined to 3.2 per cent in 2022-23, a declining trend post the pandemic.

With the requirement to generate approximately 78.51 lakh annual non-farm jobs, future skill development strategies align with industry requirements to ensure employability.

Revitalising India's Agriculture: Leveraging Aid, Digital Tools, and Sustainability

Over the preceding five years, the agricultural sector has experienced an annual average growth rate of 4.18 per cent. Within India 40 per cent of food-grains are freely distributed to two-thirds of its populace, while exporting more than 7 per cent of its food grain production. Although the sector contributes substantially to the economy, challenges such as low productivity, weather variability, fragmented land holdings, and inadequate marketing infrastructure require adequate government intervention.

Various initiatives to increase investment, productivity, and provide reasonable returns to farmers through initiatives like the minimum support price (MSP), digitalisation, and welfare schemes such as PM Gareeb Kalyan Yojana. Future prospects, look towards empowering farmers through improved decision-making tools and better market access.

Industrial Upsurge: Government, Innovation, and MSMEs at helm

India's industrial sector has witnessed significant growth and transformation in various segments. In FY24, the industrial sector saw a 9.5 per cent growth, with manufacturing and construction leading the expansion. Sectors such as chemicals, wood products, transport equipment, and pharmaceuticals have shown notable gains, while textiles and food products have seen declines. There have also been challenges such as global demand uncertainties and import dependencies on critical inputs like coal and petroleum.

Government initiatives aimed at boosting industrial growth include the Production Linked Incentive (PLI) schemes, which have attracted substantial investments and enhanced production, sales and exports. There is a need for deregulation to reduce operational costs and enhance business efficiency.

Digital Innovation Fuels India's Service Sector Growth

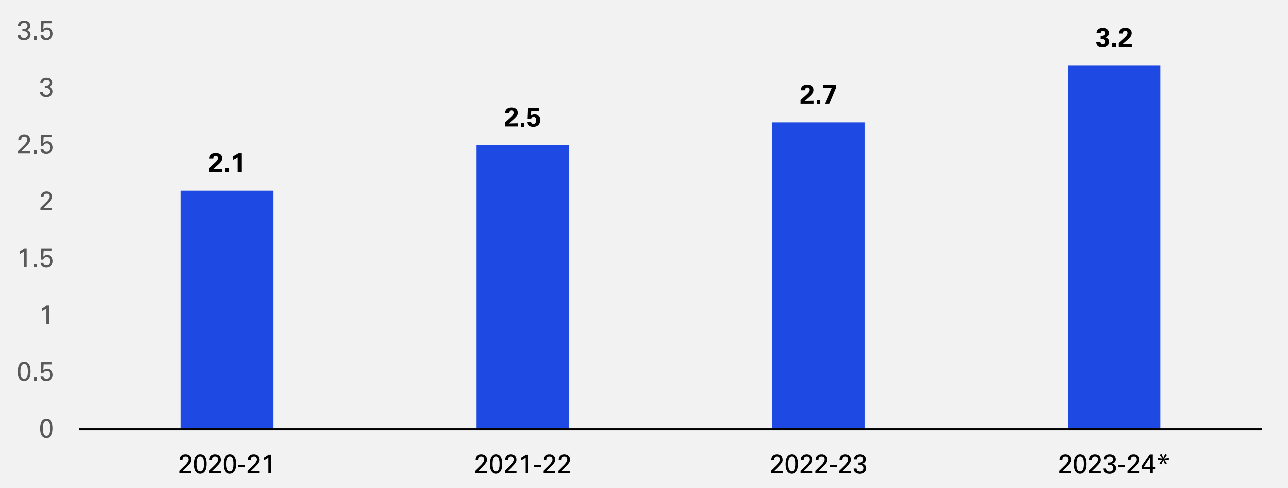
The services sector, which includes both contact-intensive and non-contact-intensive services, contributes about 55per cent to India's GDP as of FY24. The sector has shown resilience and adaptability by integrating digital advancements and enhancing infrastructure to support growth. There are, however, challenges such as the impact of AI on job creation and the need for skill development to keep pace with technological advancements. There exists the government's role in promoting growth through policy reforms and infrastructure development, ensuring a supportive environment for the services sector to thrive.

Public Investment and Innovation Fuel Indian Infrastructure

To achieve its Viksit Bharat @ 2047 vision, India is focusing on creating robust, multi-faceted infrastructure. Amid pandemic-induced economic slowdown, the nation's government has ramped up infrastructure growth, tripling capital expenditure on roads and railways since FY20.Capital investment by the Government and private sector rose from 0.4 per cent in FY15 to about 1 per cent of GDP (around INR3.01 lakh crore) in FY24.Capital expenditure on Railways has increased by 77 per cent over the past five years (INR2.62 lakh crore in FY24) with significant investments in the construction of new lines, gauge conversion, and doubling.

To fully develop a robust infrastructure network, India requires larger private sector financing and resource mobilisation. Thus, it has introduced innovative financing methods like REITs and InvITs and reformative steps to promote private sector involvement. On the other hand, India has made considerable progress in physical and digital connectivity for improved quality of life through better social infrastructure.

1.5 Capital Expenditure (as percentage of GDP)



Note: * Provisional Actuals

India's Mission LiFE: Merging Culture and Climate Strategies

India aims to draw a balance between climate change and economic development, advocating sustainability as an inherent part of its culture, thus contrasting with Western outlooks. While the global approach to climate change often overlooks the economic and cultural contexts of developing countries like India, significant efforts had been made in reducing carbon emissions, increasing non-fossil fuel energy sources, and supporting international climate initiatives. In this light, Mission LiFE was initiated by India's Prime Minister at the 2021 UN Climate Change Conference. It advocates for individual responsibility and sustainable choices that align with ancient Indian philosophy. The initiative, through its five fundamental principles, aims to reduce dependency on overconsumption by encouraging pro-planet choices and foster a harmonious relationship with nature.

Macro economic trends – Budget highlights

2024 Budget: Roadmap for Viksit Bharat

The government, currently in its third successive term under Prime Minister Narendra Modi, has outlined its budgetary priorities and fiscal strategies. The budget underscores India's strong economic growth amid global uncertainties and strives to drive substantial progress for all citizens, transcending demographic differentiations. It considers employment, skill building, provision of support for micro, small, and medium enterprises (MSMEs), in addition to the middle-class population. Moreover, the government has presented a comprehensive package that includes five schemes aimed to boost employment, facilitate skill improvement, as well as various other opportunities that cater to India's younger population in the subsequent five years.

Economic Performance and Policies

Despite the global economy being plagued by policy uncertainties, India's economic growth stands out as an exception and is poised to maintain its position in the coming years. Furthermore, India's inflation remains low, stable, and is progressing towards the 4 per cent target. The current core inflation rate, which excludes food and fuel prices, is at 3.1 per cent, and measures are being implemented to ensure an adequate supply of perishable goods reaches the market.

The interim budget, aligned with the 'Viksit Bharat' roadmap had prioritised support for four key population segments: the poor, women, youth, and farmers. Notable measures encompass the expansion of the Pradhan Mantri Garib Kalyan Anna Yojana, benefitting over 80 crore individuals, and the announcement of increased Minimum Support Prices (MSP) for major crops.

Budget Theme and Priorities

Reflecting on the budget's central theme, there is a notable emphasis on employment, skill development, support for MSMEs, and the middle class. The Prime Minister's package comprising five schemes and initiatives is aimed at facilitating employment, skill enhancement, and other opportunities for 4.1 crore youth over a five-year period, with a central outlay of INR2 lakh crore. This year, INR1.48 lakh crore has been earmarked for education, employment, and skill development. Furthermore, the budget outlines nine key priorities, including enhancing agriculture productivity, human resource development, boosting manufacturing, advancing urban development, ensuring energy security, and strengthening infrastructure.

Source: Union Budget, Ministry of Finance, Accessed on 23 July 2024

Specific Initiatives and Allocations

Agriculture

- INR1.52 lakh crore allotted for the agriculture and allied sectors to drive productivity and resilience in agriculture.
- Comprehensive review of the agriculture research infrastructure to prioritise productivity enhancement.
- Introduction of 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops.
- Support to one crore farmers to facilitate the adoption of natural farming, through the implementation of certification and branding programmes.
- The government, in collaboration with the states, will support the rollout of the Digital Public Infrastructure (DPI) aiming to cover farmers and their lands within a span of three years.
- 10,000 need-based bio-input resource centres will be established.

Employment and Skilling

- Introduction of three schemes — a) First Timers, b) Job creation in manufacturing, and c) Support to employers under the Prime Minister's package aimed at boosting employment through incentives for both employees and employers.
- Under a new skilling programme, 20 lakh youth will be skilled over a five-year period and 1,000 Industrial Training Institutes (ITIs) to be upgraded in five years. Additionally, one crore youth to be skilled by India's top companies in five years.
- Revising the Model Skill Loan Scheme to facilitate loans up to INR7.5 lakh.
- Financial support for loans upto INR10 lakh for higher education in domestic institutions for the youth who have not been eligible for any benefit under government schemes and policies.
- Facilitate higher participation of women in the workforce through setting up of working women hostels in collaboration with industry and establishing creches.

Human resource development and social justice

- Three crore additional houses under the PM Awas Yojana in rural and urban areas in the country have been announced.
- Enhancement of road and power projects, especially in eastern regions and states like Bihar and Andhra Pradesh.
- Formulated a plan 'Purvodaya' for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh.
- Launch of the Pradhan Mantri Janjatiya Unnat Gram Abhiyan by adopting saturation coverage for tribal families in tribal-majority villages and aspirational districts.
- INR2.66 lakh crore to be invested for rural upliftment including infrastructure.
- Support for the Polavaram Irrigation Project and other flood mitigation efforts.

Manufacturing and MSMEs

- Announcements of support measures for MSMEs including a credit guarantee scheme and new assessment models for credit eligibility.
- Establishment of E-Commerce Export Hubs in partnership with the private sector.
- Twelve industrial parks under the National Industrial Corridor Development Programme would be sanctioned.
- The Mudra loan limit increased to INR20 lakh from the existing INR10 lakh for entrepreneurs who have previously borrowed and successfully repaid loans under the 'Tarun' category.
- Appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution.
- The IBC has resolved more than 1,000 companies, resulting in direct recovery of over INR3.3 lakh crore to creditors. In addition, 28,000 cases involving over INR10 lakh crore have been disposed of, even prior to admission.
- The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for voluntary closure of LLPs to reduce the closure time.

Urban Development and Housing

- Under PM Awas Yojana Urban 2.0, urban housing initiatives will cater to the housing needs of one crore urban poor and middle-class families, involving an investment of INR10 lakh crore.
- Emphasis will be on the development of 'Cities as Growth Hubs', with a specific focus on transit-oriented advancement.

Energy Security and Sustainability

- Launch of PM Surya Ghar Muft Bijli Yojana for rooftop solar installations to provide 1 crore households obtain free electricity up to 300 units every month.
- Development of policies for pumped storage projects and nuclear energy expansions.
- Under the Viksit Bharat initiative, public-private partnerships will be fostered for the development of Bharat Small Reactors and new nuclear energy technologies.

Infrastructure

- 3.4 per cent of GDP, i.e., INR11 lakh crore (approx.) has been allocated for the capital expenditure.
- Investment in infrastructure by private sector will be promoted through viability gap funding and enabling policies and regulations.
- Phase IV of PMGSY will be launched to provide all-weather connectivity to 25,000 rural habitations.
- Through Accelerated Irrigation Benefit Programme and other sources, government will provide financial support for projects with estimated cost of INR11,500 crore such as the Kosi-Mechi intra-state link, along with 20 other ongoing and new schemes including barrages, river pollution abatement and irrigation projects.

Innovation, R&D

- Anusandhan National Research Fund will be operationalised to support basic research and prototype development. Additionally, a financing pool of INR1 lakh crore will be established to encourage research and innovation led by the private sector on a commercial scale.
- To multiply the space economy to five times its current size over the next decade, an INR1,000 crore venture capital fund will be instituted.

Next Generation reforms

- The government plans to stimulate reforms to enhance the efficiency of production factors, markets, and sectors through various incentives.
- Digitalisation of urban land records will be undertaken with GIS mapping.
- Enhancements will be made to the Shram Suvidha and Samadhan portals to facilitate compliance for industry and trade.
- Introduction of NPS-Vatsalya, a plan for contribution by parents and guardians for minors.
- To boost 'Ease of Doing Business', the government is formulating the Jan Vishwas Bill 2.0.

Fiscal Estimates and Tax consolidation Proposals

The Budget projected total receipts and expenditures in India for the coming fiscal year at INR32 lakh crore and INR48.2 lakh crore respectively, with a budgeted fiscal deficit of 4.9 per cent of GDP, showcasing India's robust response to global economic uncertainties. The government displays its commitment to fiscal consolidation by planning to simplify the tax regime, supporting domestic manufacturing and fostering compliance. Furthermore, the government's ambitious plans include lowering next year's fiscal deficit below 4.5 per cent of the GDP. This strategic financial planning is indicative of the government's resilience and forward-thinking in ensuring long-term fiscal stability. The budget embodies these aspirations, aiming to fortify economic resilience, promote inclusive growth, and implementing sustainable development across all sectors of the economy. By prioritising productivity in agriculture, employment and skilling, social justice, and next-generation reforms, the government has charted a clear path forward. The heightened focus on infrastructure, innovation, and energy security will likely drive economic resilience and competitiveness. The journey ahead holds promise, with the potential for transformative impacts on the nation’s economic landscape.

Personal taxes

- Income tax slabs, rates, surcharge, cess, rebate, standard deduction remain unchanged under the optional old tax regime.
- The tax rates and revised slabs under the new default tax regime are as under:

Existing Taxable Income (INR)	Proposed Taxable Income (INR)	Tax Rate
Upto 300,000	Upto 300,000	Nil
300,001 – 600,000	300,001 – 700,000	5 per cent
600,001 – 900,000	700,001 – 1,000,000	10 per cent
900,001 – 1,200,000	1,000,001 – 1,200,000	15 per cent
1,200,001 – 1,500,000	1,200,001 – 1,500,000	20 per cent
Above 1,500,000	Above 1,500,000	30 per cent

  – Standard deduction limit enhanced to INR75,000 from existing INR50,000
  – The deduction from family pension under the new tax regime enhanced to INR25,000 from existing INR15,000
  – The deduction for employer's (other than Central Government or State Government) contribution to NPS increased to 14 per cent from 10 per cent of specified salary.

- The employees can furnish details of taxes deducted and taxes collected at source to the employer for computation of withholding tax liability on their salary income (w.e.f. 1 October 2024).
- If a person domiciled in India is required to obtain an income tax clearance certificate at the time of his departure from India, then the certificate to include reference to liabilities under the Black Money Law (w.e.f. 1 October 2024).
- For ordinarily resident individuals, non-disclosure of foreign assets (other than immovable property) aggregating to value upto INR2,000,000, would not attract penalty under the Black Money Law (w.e.f. 1 October 2024).

Corporate Tax

Tax Rates

- No change in corporate tax rates for the Indian companies
- The basic corporate tax rate applicable to income taxable in India of foreign companies on net basis reduced from 40 per cent to 35 per cent (excluding surcharge and cess).

Taxation of non-residents

- A new presumptive tax regime to apply to non-resident cruise ship operators under which 20 per cent of total consideration from carriage of passengers would be deemed to be their taxable profits of business, subject to conditions.
- The lease rentals earned by a foreign company from a non-resident cruise operator who has opted for the presumptive tax regime would be exempt if the foreign company and the cruise ship operator are subsidiaries of the same holding company. This exemption is available upto Assessment Year 2030-31.
- The Equalisation Levy of 2 per cent applicable to non-resident e-commerce operators withdrawn (w.e.f. 1 August 2024).
- The time limit for submission of statement of the activities of liaison office of a non-resident in India to be prescribed under the rules and failure to file to attract penalty in absence of reasonable cause.

Capital gains tax regime w.e.f. from 23 July 2024

- There would be only two holding periods for determining the long-term and short-term nature of capital assets i.e., 12 months for listed securities and 24 months for all other assets. Accordingly, the change in period of holding for capital assets is as below:
  - Listed business trust units now align with listed equity shares at 12 months holding period (previously 36 months).
  - Gold, Bonds and debentures holding period reduced to 24 months (previously 36 months).
  - Unlisted shares and immovable property shall continue to be 24 months.
- The rate on short-term capital gains for STT paid equity shares, mutual fund units, business trust units increased to 20 per cent from 15 per cent. Other short term capital assets continue to be taxed at the existing applicable rates.
- The rate of tax of 12.5 per cent is made applicable on long-term capital gains on all assets (previously varied based on asset type).
- The tax rates for residents and non-residents on long-term and short-term capital gains also aligned.

- The exemption limit for long-term capital gains on specific assets such as STT paid equity shares, mutual fund units, business trust units of the Act raised to INR 1.25 lakh (previously INR 1 lakh).
- The Indexation benefit for calculating long-term capital gains (previously available for property, gold, and other unlisted assets) has been removed.
- Unlisted Debentures and Unlisted Bonds to be categorised as short-term capital assets (irrespective of holding period) and all gains therefrom taxed at applicable rates.
- The definition of Specified Mutual Funds (SMF) for deemed short term capital gains taxation has been amended to clarify that SMFs would also mean a MF which invests more than 65 per cent in debt & money market instruments or a fund which invests in such MFs.
- In case of transfer of shares acquired before 1 February 2018 and there is grandfathering of capital gains till that date on subsequent sale of shares post their listing, the cost of acquisition is the higher of the following:
  - the actual acquisition cost and
  - the lower of the
    - fair market value on 31 January 2018 or
    - the full sale consideration

  Effective retrospectively from AY 2018-19 for above such cases, when there is a transfer of shares under IPO-offer for sale of unlisted companies, the taxpayer made specifically liable to compute and pay capital gains by adopting the fair market value as the indexed acquisition cost from the year of acquisition or 1 April 2001, whichever is later, until FY 2017-18.
- The securities transaction tax rate to be increased w.e.f. 1 Oct 2024:

Transaction	Old Rate (%)	New Rate (%)
Sale of Option in Securities	0.0625	0.1
Sale of Futures in Securities	0.0125	0.02

Share transactions

- The shareholders will be taxable on the amount received on buyback of shares from a domestic company as dividends. Further, no expenses would be deductible against such dividend income and it would also be subject to applicable withholding tax. The shareholder whose shares have been extinquished under buy-back by the domestic company will generate a capital loss, which could be offset against capital gains or carried forward as stipulated (w.e.f. 1 October 2024).
- The capital gains tax exemption for transfer of capital assets under a gift or will or an irrevocable trust will apply only to such transfer by an individuals or Hindu undivided families and not by any other taxpayers (w.e.f. 1 April 2024).
- The Angel tax on primary investment of shares in a closely held company as stipulated to not to apply from financial year 2024-25.

International Financial Services Centre (IFSC)

- Tax exemption available to 'specified fund' to cover a retail scheme and Exchange Traded Fund regulated under IFSC as prescribed.
- The relaxation to an assessee from explaining source of funds received from SEBI registered VCF now extended to IFSCA regulated VCFs as well.
- The Exemption from thin capitalisation norms under transfer pricing provisions with respect to interest expense deduction extended to Finance Companies in IFSC, subject to prescribed conditions.
- Specified income of Core Settlement Guarantee Funds set up by recognised clearing corporations in IFSC now exempted at par with other clearing corporations.

Charitable trust and institutions

- All exempt organisations registered under section 10(23C) of the Act to transition to the single regime specified under sections 11 to 13 of the Act (w.e.f. 1 October 2024).
- Grandfathering of specified investments of organisations registered under section 10(23C) of the Act will continue on transition to the single exemption regime.
- The Principal Commissioner of Income-tax (PCIT) / the Commissioner of Income-tax (CIT) empowered to condone delay in filing application under section 12AB of the Act for exemption in cases of genuine hardship.
- Application for tax exemption filed under sections 12AB and 80G of the Act to be processed within six months from the end of the quarter in which application has been filed.
- The timelines to file application for approval under section 80G of the Act to claim tax exemptions has been rationalised.
- The charitable institutions with similar objects registered under either exemption regime [section 10(23C) / section 12A of the Act] permitted to be merged without attracting taxes on accreted income.
- The contributions to the National Sports Development Fund would be eligible for deduction under section 80G of the Act.

Tax deduction at source (TDS) and Tax collection at source (TCS)

- The TDS rate on payment for sale of goods or provision of services by e-commerce operator to e-commerce participant reduced from 1 per cent to 0.1 per cent (w.e.f. from 1 October 2024).
- The TDS rates under the following provisions rationalised from 5 per cent to 2 per cent:
  - Section 194D — Payment of insurance commission (in case of person other than company).
  - Section 194DA — Payment in respect of life insurance policy.
  - Section 194H — Payment of commission or brokerage.
  - Section 194-IB — Payment of rent by certain individuals or HUF.
  - Section 194M — Payment of certain sums by certain individuals or Hindu undivided family.

  (except for section 194D, the amendments are w.e.f. 1 October 2024).

- The monetary threshold of INR50 lakhs for TDS on payment of consideration for transfer of immovable property to be the aggregate amount paid or payable by all the transferees to the transferor or all the transferors (w.e.f. from 1 October 2024).
- In case of professional services, the TDS to apply at the rate of 10 per cent even if it constitutes 'work' (contract for services) (w.e.f. from 1 October 2024).
- Rate of interest for late deposit of TCS increased from 1 per cent to 1.5 per cent.
- Powers granted to CBDT to notify rules for allowing TCS credit to any person other than the collectee (e.g., in the case of minor) (w.e.f. 1 January 2025).
- TCS at 1 per cent currently applicable on sale of motor vehicle exceeding INR10 lakh extended to any other goods as may be notified by the Central Government (w.e.f. 1 January 2025).
- Time limit introduced for filing correction statements to TDS/TCS returns. Such correction statements to be made within six years from the end of the financial year in which the original TDS/TCS return was furnished.
- In respect of failure of deduct the whole or part of tax on payment to any person (scope expanded to include non-resident), the time limit for deeming a person to be assessee-in-default aligned with the payment to resident i.e., six years from the end of the financial year in which the payment or credit was given or two years from the end of the financial year in which the correction statement (as referred above) is filed, whichever is later.
- Application for lower rate of TDS on purchase of goods or TCS on sale of goods now permissible (w.e.f. from 1 October 2024).
- The prosecution shall not be initiated, if TDS has been deposited on or before the due date of filing of quarterly TDS statement for the relevant period (w.e.f. 1 October 2024).

Assessments and appeals

- The Commissioner (Appeals) empowered to set aside any assessment order issued under best judgement assessment and send the matter back to the Assessing Officer for fresh verification. These assessments would need to be completed before the expiry of 12 months from the end of the financial year in which the matter is set aside (w.e.f. 1 October 2024).
- The time limit for completion of assessment of returns filed pursuant to the condonation granted for delay in filing return (as prescribed) would be 12 months from the end of the financial year in which such return is filed.
- The taxpayers would be allowed to file application for withdrawal of Advance Rulings by 31 October 2024 for the cases transferred from AAR before BAR. The BAR to allow withdrawal of application pending by an order on or before 31 December 2024 (w.e.f. 1 October 2024).
- The time limit for filing of appeal to Income-tax Appellate Tribunal within sixty days from the date of order appealed against would be revised to two months from the end of the month in which such order is communicated (w.e.f. 1 October 2024).

- The set-off / withholding of refund in certain cases of outstanding tax demand is to be complied with merely on recording of reasons by Assessing Officer with previous approval of the PCIT/CIT. Further, the period of such withholding to be extended up to sixty days from the date on which assessment or reassessment is made and the additional interest not to be paid up to the date till which such refund is withheld.
- The powers of transfer pricing officer to determine arm's length price and consequent adjustment extended to Specified Domestic Transactions which have not been referred to him by the assessing officer or in whose respect the audit report under section 92CE has not been filed.
- For computation of limitation for imposition of penalty, the references to the receipt of order relate only to the receipt of order by PCIT and CIT (w.e.f. 1 October 2024).

Rationalisation of provisions for reassessment

- In the inquiry proceedings before the issue of notice for re-opening of assessments as well as with respect to the re-opening notice, the assessing officer to provide the information which suggests income chargeable to tax of the taxpayer has escaped assessment in his case for the relevant assessment year.
- No prior proceeding would be required if the assessing officer has received information under the faceless collection of information scheme. However, prior approval of specified authority required by assessing officer for issue of notice of where income has escaped assessment such cases. Prior approval of specified authority also required by assessing officer before passing any order whether or not the case is fit for issue of notice for re-opening of assessment / reassessment.
- The specified authority for re-opening of assessment/ reassessment would be Additional CIT / Director of Income-tax (DIT) and Joint CIT / DIT
- The provisions of assessment, reassessment and recomputation to also apply where a search has been conducted on or after 1 April 2021 but before 1 September 2024 or notice under section 148 has been issued before 1 September 2024. For search cases on or after 1 September 2024, a separate block assessment regime has been formulated.
- The time limitation for issuance of notice under section 148A and section 148 of the Act is revised as follows:

Section	Timelines	
148	Five years and three months from the end of the relevant assessment year, where income escaped assessment amounts to or likely to amount to INR Five Mn or more	Three years and Three months from the end of the relevant assessment year in other cases
148A	Five years from the end of the relevant assessment year, where income escaping assessment amounts to or likely to amount to INR Five Mn or more	Three years from the end of the relevant assessment year in other cases

The amendments are proposed to be effective from 1 September 2024.

Vivad se Vishwas Scheme, 2024

- 'The Direct Tax Vivad se Vishwas Scheme, 2024' to be introduced with the objective of settlement of tax disputes pending across various appellate levels.
- During the period of notification of above Scheme, the pending tax disputes either by the department / assessee shall be deemed to be withdrawn from the date on which Certificate is issued by tax authorities pursuant to payment of disputed tax arrears as under:

Sr. No.	Nature of Arrears	Coverage	Amount payable on or before the 31 December 2024	Amount payable on or after 1 January 2025 but on or before last date
1	Tax arrears (aggregate of disputed tax, interest chargeable or charged on such disputed tax and penalty leviable or levied on such disputed tax)	Appeal filed after 31 January 2020 which is pending as on 22 July 2024.	Amount of disputed tax	Aggregate of disputed tax and 10% of such disputed tax.
		Appeal filed on or before 31 January 2020 which is pending at the same appellate forum	Aggregate of disputed tax and 10% of such disputed tax	Aggregate of disputed tax and 20% of disputed tax
2	Tax arrears relates to disputed interest or disputed penalty or disputed fee	Appeal filed after 31 January 2020 which is pending as on 22 July 2024	25% of disputed interest or disputed penalty or disputed fee	30% of disputed interest or disputed penalty or disputed fee.
		Appeal filed on or before 31 January 2020 which is pending at the same appellate forum	30% of disputed interest or disputed penalty or disputed fee.	35% per cent of disputed interest or disputed penalty or disputed fee

- Notwithstanding above, only 50 per cent of the amount as calculated in the above table shall be payable, in such manner, as may be prescribed where: -
  - An appeal or writ petition or special leave petition is filed by the income-tax authority on any disputed issue before the appellate forum

– An appeal is filed before the Commissioner (Appeals) or Joint Commissioner (Appeals) or objections are filed before the Dispute Resolution Panel by the appellant on any issue on which he has already got a decision in his favour from the Income Tax Appellate Tribunal (where the decision on such issue is not reversed by the High Court or the Supreme Court) or the High Court (where the decision on such issue is not reversed by the Supreme Court)

– An appeal is filed on any issue before the Income Tax Appellate Tribunal on which the appellant has already got a decision in his favour from the High Court (where the decision on such issue is not reversed by the Supreme Court)

Others

- Income earned from letting out of residential property to be taxed only as 'Income from house property' and not as business income.
- Expenditure incurred to settle proceedings initiated in relation to a contravention under any law, as may be notified, would not be allowed as a deduction in computing business income.
- Total income of an assessee would also include foreign taxes withheld outside India in respect of which an assessee is allowed a credit against the taxes payable in India.
- The limit on remuneration paid to working partners by a firm (including an LLP), which is allowed as a deduction in calculation of business income, is proposed to be revised as under:

Particulars	Revised deduction limit
On the first INR 600,000 of the book-profit or in case of a loss	INR 300,000 or at the rate of 90 per cent of the book-profit, whichever is higher
On the balance of the book-profit	at the rate of 60 per cent of the book-profit

- TDS at the rate of 10 per cent is proposed on payments in nature of salary, remuneration, commission, bonus, or interest to a partner by the firm (including an LLP), if the amount credited or paid is more than INR 20,000 in a financial year (w.e.f. 1 April 2025).
- The thresholds for filing of appeals by Tax Department in the Tax Tribunals, High Courts and Supreme Court increased to INR 6 million, INR 20 million and INR 50 million, respectively.

Policy announcements

- Announcement of a comprehensive review and overhaul of the Income-tax Act within six months, with the objective to simplify, reduce litigation and provide certainty to taxpayers.
- To reduce litigation and provide certainty, the scope of safe harbour rules is to be expanded and made more attractive especially for foreign mining companies selling raw diamonds in India.
- Transfer pricing assessment procedures to be streamlined.

Indirect tax

Goods and services tax

Input tax credit (ITC)

- ITC restriction on tax paid due to allegations of fraud, suppression, etc. not applicable for period FY 2024-25 onwards.

Retrospective amendments from 1 July 2017

- Time period for availing ITC for FY 2017-18, 2018-19, 2019-20 and 2020-21 extended till 30 November 2021.
- Taxpayers whose registrations are cancelled and revoked subsequently are allowed to avail ITC (which was not time-barred on date of cancellation), in GST return filed within 30 days of revocation.

  (No refund available for tax paid or ITC reversals already made)
- Transitional ITC shall be available in respect of services received by input service distributor prior to 1 July 2017, even if corresponding invoices were received prior to appointed date.

Tax demand and appeal proceedings

- Common time limit for issuance of tax demand notices and orders from FY 2024-25 onwards (irrespective of whether involving fraud, suppression, etc.). Salient features include:
  - Notice to be issued within 42 months from due date of filing annual return
  - Order to be issued within 12 months of issuance of notice (extendible by further six months)
  - Adjudication proceedings shall be deemed to be concluded if order not issued within prescribed time
  - Time limit for making voluntary payment of tax to take benefit of reduced/nil penalty increased from 30 to 60 days
  - Higher penalty equivalent to tax amount retained for cases involving fraud, suppression, etc.
  - Where allegations of fraud, suppression, etc. later dropped by appellate authorities/ courts, penalty to be re-determined as applicable for bonafide cases.

(Insertion of a new Section 74A – made mutatis mutandis applicable on other relevant provisions)

All changes under GST to be effective from a date to be notified, except where effective dates are specifically provided

- Penalties applicable to E-commerce operators under Section 122 limited to E-commerce operators who were liable to collect tax at source (effective retrospectively from 1 October 2023).
- Powers conferred on Government to regularise cases of non-payment or short payment of GST on account of generally prevalent trade practices.
- Enabling provision inserted to allow authorised representative to appear on behalf of a summoned person in compliance of summons.
- Reduction in maximum pre-deposit:
  - Before first appellate authority to INR40 Cr from earlier INR50 Cr
  - Before GST Appellate Tribunal (GSTAT) to 10 per cent of disputed tax amount with a maximum cap of 40 Cr from earlier limit of 20 per cent with a cap of INR100 Cr
- Government empowered to notify types of cases that shall be heard only by Principal Bench of GSTAT.
- Insertion of provision effective 1 August 2024 empowering Government to notify applicable date for filing of appeal before GSTAT.
- GSTAT empowered to admit appeals filed by department within three months after expiry of specified time limit of six months.

Anti-profiteering proceedings

- It has been clarified vide an explanation that Anti-profiteering authority shall also include GSTAT.
- Anti-profiteering cases to be examined/adjudicated only by Principal Bench of GSTAT.
- Central Government empowered to notify the date from which Anti-profiteering authority (including GSTAT) shall not accept any further applications.

GST amnesty provisions

- Provisions incorporated for amnesty from payment of interest and penalty for period from FY 2017-18 to FY 2019-20. Key features are as under:
  - Waiver from interest and penalty subject to payment of disputed tax amount on or before date to be notified *(31 March 2025 as per GST Council press release)*
  - Covers notices issued under Section 73(1) which may be at adjudication or appellate level, where no order has been issued by GSTAT
  - Also extends benefits to notices issued under Section 74(1) where allegations of fraud, suppression, etc. have been dropped subsequently
  - Interest and penalty already paid cannot be refunded
  - Existing appeals/writ petitions must be withdrawn before opting for amnesty
  - Not applicable for cases of erroneous refunds.

Other provisions

- Un-denatured Extra Neutral Alcohol or rectified spirit used in manufacture of alcoholic liquor for human consumption excluded from GST.
- Reverse charge liability on services received from unregistered suppliers (including foreign suppliers) to trigger on earlier of, date of payment or issuance of self-invoice
- Insertion of enabling provision for prescribing time limit for issuance of self-invoice by recipient for reverse charge mechanism.
- Suppliers registered solely for TDS deduction under Section 51 to be considered as unregistered persons for issuance of self-invoice by recipient.
- No GST applicable on premium apportioned by lead insurer to co-insurer in coinsurance agreements, where lead insurer has paid GST on entire amount of premium.
- No GST on ceding or reinsurance commission deducted by insurer out of gross reinsurance premium paid to re-insurer, where re-insurer had paid GST on gross reinsurance premium. (inclusive of reinsurance commission)
- Taxpayers required to deduct TDS are mandated to file monthly returns (within time limit to be prescribed) irrespective of whether any deduction has been made in said month
- Refund provisions amended to clarify that no refund of unutilised ITC or IGST paid on output shall be available for zero rated supply of goods which are subject to export duty
- Insertion of enabling provision to prescribe conditions and restrictions for revocation of cancellation of registration.

Customs & Excise

Customs Act, 1962

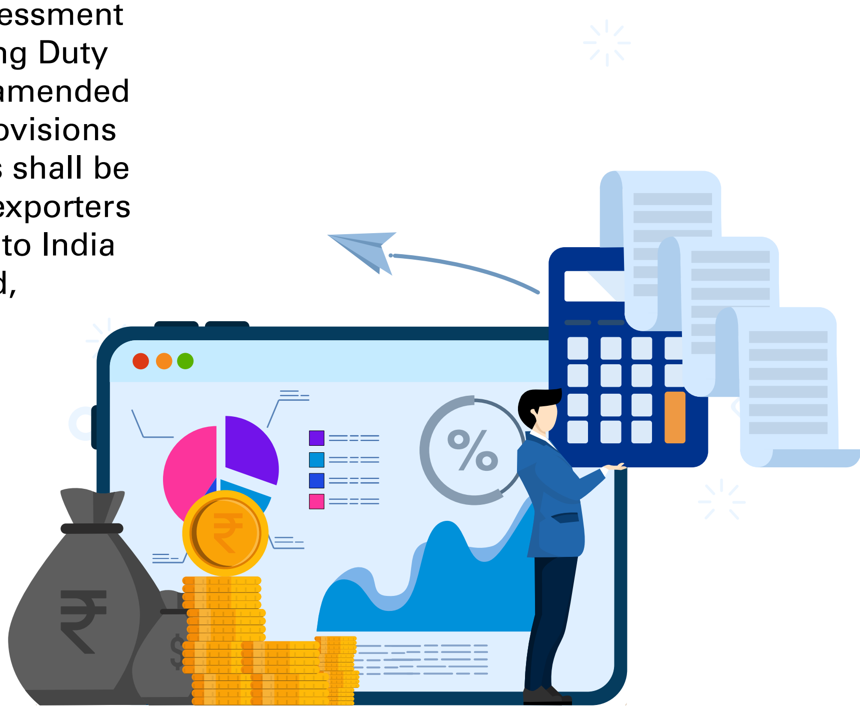
- Amendment introduced to enable the acceptance of different types of proof of origin (certificate/ declaration) provided in trade agreements in order to align the acceptance of self-certification as per new trade agreements
- Central Government is now empowered to specify certain activities which shall not be permitted in a warehouse with regards to Manufacturing and Other Operations in a Warehouse (MOOWR)
- Enabling provisions introduced for trade facilitation measures by Central Board of Indirect Taxes and Customs (CBIC).

Customs Tariff Act, 1975

- On account of winding up of Tariff Commission, the section levying protective duties has been omitted
- The rule for Identification, Assessment and Collection of Countervailing Duty for subsidised articles stands amended w.e.f. 24 July 2024 to insert provisions for 'New Shipper Review'. This shall be applicable to new producers/ exporters who have not exported goods to India during the investigation period, subject to certain conditions.

Central Excise Act, 1944

- The time period for submission of the final Mega Power Project certificate is extended from 120 months to 156 months with retrospective effect from 29 June 2017
- Retrospective exemption from Clean Environment Cess provided from 30 June 2017 on excisable goods [except petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel, tobacco and tobacco products] lying in stock as on 30 June 2017, provided that GST Compensation Cess is payable on its supply on or after 1 July 2017.



Customs Rate Changes

Customs Rates

- Support domestic manufacturing, deepen local value addition, promote export competitiveness
- Undertake comprehensive review of the BCD rates for rationalisation and removal of duty inversion.

Medical Equipment

- Graded duty structure for parts of medical x-ray machine under Phased Manufacturing Programme (PMP).

Mobile Phone, Electronics and Telecom Equipment

- BCD reduced on:
  - Mobile phones, PCBA and charger
  - Parts of resistors and connectors
- BCD increased on PCB assembly for few telecom equipment.

Critical Minerals

- BCD exemption on 25 critical minerals, and reduced on 2 critical minerals
- Beneficial for nuclear energy, renewable energy, space, defence, telecom, and high-tech electronics
- Aligned with proposed Critical Mineral Mission.

Solar Energy

- BCD exemption on Capital goods for manufacture of solar cells and panels
- Intention to support climate change and other Government initiatives.

Leather and Textile

- BCD exemption on certain inputs for used for manufacturing of footwear and garments for export
- BCD reduced on MDI used for manufacture of spandex
- Factory to comply with IGCR requirements.

Precious Metals and other Metals

- BCD reduced on gold, silver, platinum to promote local value addition.

Plastics, Chemicals and Petrochemicals

- BCD reduced on Ammonium Nitrate (10 per cent), PVC Flex Banners (25 per cent)
- BCD increased on Lab Chemicals under HS 9802 from 10 per cent to 150 per cent.

Trade Facilitation

- Continued focus on digitisation of Customs records over next 2 years
- Increase in duration for re-import of goods exported out of India under warranty – from 3 years to 5 years
- Increase in duration for export of articles of foreign origin imported for repairs from 6 months to 1 year
- Exemption from GST Compensation Cess on imports in SEZ made effective retrospectively from 1 July 2017.

Key changes in Tariff rates (increase in rates – effective from 24 July 2024)

S. No	Heading, sub-heading tariff item	Commodity	Duty rates (per cent)	
			From	To
Plastics				
1.	3920, 3921	Poly vinyl chloride (PVC) flex films	10	25
Chemicals				
2.	9802 0000	Laboratory chemicals	10	150

Key changes in Tariff rates (without any change in effective rates – effective from 1 October 2024)

S. No	Heading, sub-heading tariff item	Commodity	Duty rates (per cent)	
			From	To
Nuts				
1.	2008 1920	Other roasted nuts and seeds, including such arecanuts	30	150
2.	2008 1930	Other nuts, otherwise prepared or preserved, including such arecanuts	30	150

Key changes in notifications impacting duty rates (effective from 24 July 2024)

S. No	Heading, sub-heading tariff item	Commodity	Duty rates (per cent)	
			From	To
Critical Minerals				
1.	2603 0000	Copper ores and concentrates	2.5	Nil
2.	2615 1000	Zirconium ores and concentrates	2.5	Nil
3.	2804 6100	Silicon, containing by weight not less than 99.99% of silicon	5	Nil
4.	2816 4000	Oxides, hydroxides and peroxides, of strontium or barium	7.5	Nil
5.	2825 2000	Lithium oxide and hydroxide	7.5	Nil
6.	2836 9100	Lithium carbonates	7.5	Nil
7.	2846	Compounds, inorganic or organic of rare earth metals	7.5	Nil
Steel				
8.	7202 6000	Ferro Nickel	2.5	Nil
9.	7204	Ferrous Scrap	Nil (till 30.9.2024)	Nil (till 31.3.2026)
Chemicals and Plastics				
10.	3920 (other than 3920 99 99) or 3921	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25 (w.e.f. 24.7.2024)	10
11.	3920 9999	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25 (w.e.f. 24.7.2024)	15
12.	3102 3000	Ammonium Nitrate, whether or not in aqueous solution	7.5	10

Key changes in notifications impacting duty rates (effective from 24 July 2024) [Conti.]

S. No	Heading, sub-heading tariff item	Commodity	Duty rates (per cent)	
			From	To
Textile and Leather				
13.	41	Wet white, Crust and finished leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products, for export	10	Nil (Items under SI. No. 257B and 257C of Notifica- -tion 50/2017)
14.	38, 48 or any other Chapter	Certain additional accessories and embellishments for manufacture of textile or leather garments, leather /synthetic footwear or other leather products, for export	As applicable	Nil (Items under SI. No. 257B and 257C of Notifica- -tion 50/2017)
Cancer Drugs				
15.	30	(i) Trastuzumab Deruxtecan, (ii) Osimertinib, (iii) Durvalumab	10	Nil
Precious Metals				
16.	7108	Gold bar	15	6
17.	8703	Silver bar	15	6
18.	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4	6.4

Key changes in notifications impacting duty rates (effective from 24 July 2024) [Conti.]

S. No	Heading, sub-heading tariff item	Commodity	Duty rates (per cent)	
			From	To
Medical equipment				
19.	9022 3000	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15	• 5% (till 31.3.2025) • 7.5% (w.e.f. 1.4.2025 to 31.3.2026) • 10% (w.e.f. 1.4.2026)
20.	9022 9090	Flat panel detectors (including scintillators) for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15	• 5% (till 31.2.2025) • 7.5% (w.e.f 1.4.2025 to 31.3.2026) • 10% (w.e.f 1.4.2026)
IT and Electronics sector				
21.	8517 1300, 8517 1400	Cellular mobile phone	20	15
22.	8504 40	Charger/Adapter of cellular mobile phone	20	15
23.	8517 7910	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20	15
24.	40, 70, 76	Specified mechanics for use in manufacture of cellular mobile phones	As applicable	Nil
25.	8517 7910	Printed Circuit Board Assembly (PCBA) of specified telecom equipment	10	15

Key changes in notifications impacting duty rates (effective from 24 July 2024) [Conti.]

S. No	Heading, sub-heading tariff item	Commodity	Duty rates (per cent)	
			From	To
Renewable energy				
26.	84, 85, or any other chapter	Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.5	Nil
27.	7007	Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 1.10.2024)

Changes in export duty rates (effective from 24 July 2024)

S. No	Heading, sub-heading tariff item	Commodity	Duty rates (per cent)	
			From	To
Precious Metals				
1.	4104 to 4106	Tanned or crust hides of skins, whether or not split, but not further prepared	40	20
2.	4301	Raw fur skins	60 / 10	40

Illustrative changes in tariff entries in the first schedule - insertion of new entries

S. No	Heading, sub-heading tariff item	Commodity	Unit	Duty rates (per cent)
Motorcycles and cycles				
1.	8711 60 80	E-bicycle or battery-operated pedal assisted vehicle	u	100

Illustrative changes in tariff entries in the first schedule - substitution of existing entries

S. No	Heading, sub-heading tariff item	Commodity	Unit	Duty rates (per cent)
Machinery				
Old entry				
1.	8430 6900	-- Other	u	7.5
New entry				
1.	8430 69	-- Other:		
2.	8430 6910	--- Mine plough machinery	u	7.5
3.	8430 6990	--- Other	u	7.5
Parts of aeroplanes, helicopters or unmanned aircrafts				
Old entry				
1.	8807 3000	-Other parts of aeroplanes, helicopters or unmanned aircraft	Kg	2.5
New entry				
1.	8807 30	- Other parts of aeroplanes, helicopters or unmanned aircraft:		
2.	8807 3010	--- Of aeroplanes, helicopters	Kg	2.5
3.	8807 3020	--- Of unmanned aircraft	Kg	2.5

Illustrative exemption / concession duty rate entries subject to lapse from 30 September 2024

S. No	S. No. of Notification No. 50/2017 - Customs	Description
1.	441	Spinnerettes made inter alia of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn-out or damaged spinnerettes exported out of India
2.	420	Clay 2 powder for use in ceramic substrate for catalytic convertor
3.	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles.
4.	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope [heading 9018]
5.	566	Specific input goods for manufacture of syringes, needles, catheters and cannulae
6.	568	Parts and components for manufacture of blood pressure monitors and blood glucose monitoring system (Glucometers)

Incentives

Production Linked Incentives (PLI) scheme

No sector-specific incentive schemes proposed, however, target disbursements for FY 2024-25 of various previously announced PLI Schemes provided

Employment Linked Incentive

As a part of Prime Minster's package for employment and skilling, following schemes have been announced which have a validity for two years -

Scheme A: First Time Employees

- Sector: All formal sectors
- Eligibility: First time employee with maximum wages/salary of INR1 lakh per month
- Incentive: One-month wage/salary up to INR15,000 in three installments to first time employees registered in EPFO
- Expected Beneficiary: Nearly Two hundred and ten lakh youth

Scheme B: Job Creation in Manufacturing

- Sector: Manufacturing
- Eligibility: Employment provided to first-time employees
- Incentive: At specified scale to both employer and employee for EPFO contribution in first four years of employment
- Expected Beneficiary: Nearly thirty lakh youth

Scheme C: Support to employers

- Sector: All sectors
- Eligibility: For employers providing additional employment with salary of INR1 lakh per month
- Incentive: INR3,000 per month for two years towards EPFO contribution
- Expected Beneficiary: Nearly fifty lakh persons

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