

Union Budget 2024-25

Executive Summary

The Union Budget 2024-25 focuses on the following 9 key priorities as a roadmap in accomplishing 'Viksit Bharat'.

1. Productivity and resilience in Agriculture
2. Employment & Skilling
3. Inclusive Human Resource Development and Social Justice
4. Manufacturing & Services
5. Urban Development
6. Energy Security
7. Infrastructure
8. Innovation, Research & Development and
9. Next Generation Reforms

TAX PROPOSALS

Direct Taxes - Corporate

1. Equalisation levy at the rate of 2% for e-commerce supply or services shall not be applicable on or after the 1st day of August, 2024.
2. Notice for reassessment and reopening can be issued beyond the period of three years but not beyond the period of five years from the end of the relevant assessment year where income escaping assessment is INR 50 lakhs or more.
3. The corporate tax rate for foreign companies, reduced from 40% to 35%.
4. Abolishment of Angel tax (section 56(2)(viib)). This abolition is for all investor classes.
5. Monetary limits for filing appeals by the department related to direct taxes, excise and service tax in the Tax Tribunals, High Courts and Supreme Court have been increased to Rs 60 lakh, INR 2 crore and INR 5 crore respectively.
6. The merger of two approved trust u/s 11 or 10(23C) as the case may be will not attract provisions of tax on accreted income.

Direct Taxes - Personal

1. No change in the tax rates under the old tax regime.
2. Under the New Tax Regime u/s 115BAC, the rate of taxation remains unchanged. However, the size of each slabs under the said regime has changed
3. Standard deduction to be increased to INR 75,000/- from INR 50,000/- for Salaried employees and pensioners under the new tax regime.
4. Benefit of TCS paid to be allowed while computing the amount of tax to be deducted on salary income.
5. The NPS Vatsalya programme will be made available for parents to invest in on behalf of their children. The account may be passed to the child after they reach adulthood.
6. The deduction of expenditure by employers towards NPS is proposed to be increased from 10 to 14% of the employee's salary.

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Direct Taxes - General

Rationalisation of Capital Gain Tax Structure

- Long-term classification for listed financial assets is over one year; for unlisted and non-financial assets, it's over two years.
- Unlisted bonds, debentures, debt mutual funds, and market-linked debentures will attract applicable capital gains tax rates, regardless of holding period.
- Short-term gains tax on specified financial assets increased from 15% to 20%; rates on other financial and non-financial assets remain unchanged
- long-term capital gains in respect of all category of assets will attract a tax rate of 12.5% without indexation advantage (previous rate of 20% with indexation benefit).
- The exemption limit on long term capital gains for certain listed financial assets increased from Rs 1 lakh to INR 1.25 lakh annually.
- An increase in the Securities Transaction Tax (STT) on Futures will rise from 0.0125% to 0.02%, while the STT on options will increase from 0.0625% to 0.10%.
- TDS on repurchase by MF or UTI under section 194T @20% was proposed to be withdrawn.

Rationalisation of TDS rates

- TDS on payment to a partner: Payments made by a firm to its partner shall be subject to TDS at 10% for aggregate amounts more than INR 20,000 in a financial year.
- TCS on notified luxury goods: Levy TCS of 1% on notified goods of value exceeding INR 10 lakh.

Others

- State government induced to reduce stamp duty on purchase of property by women
- Any amount received from buy back of shares will be taxable in the hands of the Shareholders as dividend and cost of acquisition of shares will be treated as capital loss.
- Indexation benefit available on transfer of long term capital asset (including Land & Building) is proposed to be removed
- Disclosure of all foreign assets (including investment in shares and securities) and income from such foreign assets in the Income Tax Return made mandatory for every resident and ordinarily resident subject to certain exemption limits.



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OTHER PROPOSALS (NON-TAX)

- **Industrial parks:** Development of investment-ready 'plug and play' industrial parks with complete infrastructure in partnership with States and the private sector. 12 industrial parks under the National Industrial Corridor Development Programme to be sanctioned
- **Shipping:** Setting up of Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets
- **Digital Public Infrastructure ('DPI'):** Development of DPI applications in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance
- **Skill programme:** 1,000 Industrial Training Institutes (ITIs) to be upgraded in hub and spoke arrangements in five years with a focus on outcome and quality of skilling with industry collaboration
- **MSME Sector Support**
 - Introducing a Credit Guarantee Scheme,
 - Credit support during the stress period,
 - Increase in the mudra loans limit from INR 10 lakhs to INR 20 lakhs
 - Financial support for setting up of 50 multi-product food irradiation units in the MSME sector
- **Agriculture sector support**
 - New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers
 - Initiation of 'natural farming' supported by certification and branding
 - Strengthening the production, storage and marketing of oil seeds and pulses
 - Promotion of vegetable production and supply chains
 - Bringing the farmers and their lands in the registries by implementing digital public infrastructure.
- **Tourism:** Development of certain temples of spiritual significance, and tourist destinations of scenic beauty, wildlife, monuments, beaches etc will be undertaken leading to the creation of jobs, stimulating investments and unlocking economic opportunities for other sectors.

