

Final Budget 2024 Highlights

The Hon'ble FM **Smt. Nirmala Sitharaman** on Tuesday, **23rd July 2024** presented Final Budget in Lok Sabha, and the Parliament received the assent of the President on the **16th August, 2024** i.e. **THE FINANCE (No. 2) ACT, 2024**, the following brief compilation made by;

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This budget envisages sustained efforts on the following **9 priorities** for generating ample opportunities for all;

- 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.

Changes made in **Direct and Indirect Taxes**, along with changes in **New Tax Regime**.

1. Individual Slab Rate;

- **No change in Old** slab rate (i.e same as FA 2022),
- Changes made only in **New Tax Regime**,
- Default New Tax Regime if not selected Old regime,
- Option for Old regime need to be opted,

Total Income (Rs.in Lakh)		Old Rate (%)	Total Income (Rs.in Lakh)		New Regime FA 2023	Total Income (Rs.in Lakh)		New Regime FA 2024
0	2.50	NIL	0	3	NIL	0	3	NIL
2.50	5.00	5	3	6	5*	3	7	5*
5.00	10.00	20	6	9	10	7	10	10
			9	12	15	10	12	15
10.00	15.00	30	12	15	20	12	15	20
15.00	Above	30	15	Above	30	15	Above	30
Exemption [HRA, LTA etc]		YES			NO			NO
Standard Deduction-16(ia)		YES Rs.50k			YES Rs.50k			YES Rs.75k
Rebate u/s 87A (if income < 5L / 7L-new)		YES (Rs.12.5k)			YES (Rs.25k)			YES (Rs.25k)
Deduction (Chapter VIA) [80C,80D etc.		YES			NO			NO
Interest on Housing Loan		YES			NO			NO

Note; 1. Income below Rs.5 Lakh is tax free in Old regime and below Rs.7 Lakh in New Regime after availing rebate u/s 87A.

2. No deduction in New Regime except Standard Deduction u/s 16(ia), Family Pension u/s 57(ia), Deposited in the Agniveer Corpus Fund u/s 80CCH(2).
3. Standard Deduction Increased from 50k to **75k**.
4. Deduction on family pension for pensioners increased from 15k to **25k**.
5. Section 80CCD(2) provides for deduction for the employers contribution to the pensions scheme has increased to **14%** of employees salary + DA as against **10%** earlier limit.
6. A salaried employee in the new tax regime saves up to **Rs. 17.5k/-** in income tax.
7. Angel Tax **Abolished** for All Categories of Investors.
8. **Foreign company's corporate tax** has now been reduced to **35%** from 40%.
9. **Sec 2(42A) w.e.f. 23.07.2024;** For classifying assets into Long-term and Short-term, there will only be **two holding periods: 12 months** (all listed securities) and **24 months** (all other assets- Bonds, Debentures, gold, unlisted shares and immovable property). The 36 months holding period has been **removed**. Unlisted bonds and debentures are brought in line with the taxation on debt mutual funds and market-linked debentures. They will attract tax on capital gains at applicable **slab rates**. (i.e., they will be treated as short-term irrespective of the period of holding.)
10. **Change in tax rate u/s 112A, 112 & 111A [w.e.f 23.07.2024];**

STCG Sec-111A of the Act on STT paid equity shares, units of equity oriented mutual fund and unit of a business trust is to be **20%** from the present rate of **15%** (till 23.7.24 its 15%). Other financial and non-financial assets which are held for short term shall continue to attract the tax at **slab rates**.

LTCG various sections of the Act is to be **12.5%** in respect of the all category of the assets. This rate earlier was **10%** for STT paid listed equity shares, units of equity-oriented fund and business trust u/s 112A and for **other assets** it was **20%** (till 23.7.24) with indexation u/s 112. However, an exemption of LTCG is increased upto Rs. **1.25 lakh** (aggregate) from Rs **1 lakh** u/s 112A on STT paid equity shares, units of equity oriented units and business trust.

LTCG u/s **112** on sale of property, gold and unlisted shares, that **indexation** available under second proviso to sec 48 is **proposed to be removed** for calculation of any LTCG which is presently available for property, gold and other unlisted shares.

Provided further that in the case of **transfer of a LTCA**, being land or building or both, which is **acquired before the 23.07.2024**, allow the tax-payer the **option to calculate the LTCG at the rate of 12.5% without indexation or 20% with indexation** and such excess shall be ignored.

Govt. reduced the tax rate from 20% to 12.5% u/s 112 and on other side removed the benefit of indexation.

11. **Revision of rates of securities transactions tax (STT)**; increased the rates of STT on sale of an **option** in securities from 0.0625 % to **0.1 %** of the option premium, and on sale of a **futures** in securities from 0.0125 % to **0.02 %** of the price at which such “futures” are traded.
12. **Time Limit for Furnishing Correction Statement of TDS/TCS**; Earlier there was no time limit for furnishing correction statement of TDS/TCS statement but now **w.e.f. AY 2025-26** correction statement of TDS/TCS can be **filed within 6 years** from the end of F.Y. in which original return was filed
13. **Changes in TDS Rates**; To bring down TDS rates from 5 % to **2 %** in certain sections and **omit section 194F** where TDS rate is 20 %, as given below:

S.No.	Section	Present TDS Rate	Proposed TDS Rate	With effect from
1	194D - Payment of insurance commission (in case of person other than company)	5%	2%	1.4.2025
2	194DA - Payment in respect of life insurance policy	5%	2%	1.10.2024
3	194G – Commission etc on sale of lottery tickets	5%	2%	1.10.2024
4	194H - Payment of commission or brokerage	5%	2%	1.10.2024
5	194-IB - Payment of rent by individual or HUF	5%	2%	1.10.2024
6	194M - Payment of certain sums by certain individuals or Hindu undivided family*	5%	2%	1.10.2024
7	194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	1.10.2024
8	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
9	194T -Introduction of TDS on Payments made to Partners by Firms (Partnership firms /LLPs)- as Salary, Remuneration, Interest, Bonus or Commission. exceeding Rs. 20,000 shall be subjected to the TDS, at the time of credit of such sum to the account of the partner (including the capital account) or at the time of payment thereof, whichever is earlier shall, deduct income-tax thereon. Presently no provision for TDS on payment of salary, remuneration, interest, bonus, or commission to partners by the partnership firm, hence proposed.	10%		1.4.2025

*Sec 194M applies to payments exceeding **Rs 50 Lakh** to residents for **contractual work or professional services**. The TDS rate under Section 194M will be lowered to 2% from 5% starting October 2024. The section does not apply to non-residents.

14. **Increase in limit for Working Partner's Remuneration to allow the deduction;**

Book Profit	Limit
On the first Rs.6 Lakh of book profit or loss	Rs.3 Lakh or 90% of the book profit, whichever is higher
On the remaining balance of book-profit	60% of the book-profit

15. **Income from letting out of a residential house;** Explanation added in Sec 28, to clarify that any income from letting out of a residential house or a part of the house by the owner shall **not** be chargeable under the head “PGBP” and shall be **chargeable under the head “Income from house property”**.

16. **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.

17. **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 HUF only, shall be regarded as transfer for the purpose of calculation of capital gain.

18. **TCS on notified luxury goods-Sec 206C (1F);** To enable TCS on luxury goods, it is proposed to levy TCS of **1 %** on notified goods of value exceeding Rs.10 Lakh effect from **January 1, 2025**.

19. **Ease in claiming credit for TCS** collected/TDS deducted by **salaried employees** (w.e.f. **1.10.2024**).

20. **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 Govt.

21. It is proposed to **decriminalize late payment of TDS**, if the payment is made before the time prescribed for filing the TDS statement.

22. **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.

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