



A2Z TAXCORP LLP

Tax and Law Practitioners

Key Highlights of Interim Budget 2024-25

Changes under the Income Tax Law



Direct Tax

Interim Budget for 2024-25 is presented by Hon'ble Finance Minister Smt. Nirmala Sitharaman today i.e. February 01, 2024 and highlighted that the Indian economy has witnessed profound positive transformation in the last ten years. The people of India are looking ahead to the future with hope and optimism.

With '*Sabka Saath, Sabka Vikas*' as its '*mantra*', the Government overcame those challenges in right earnest. Structural reforms were undertaken. Pro-people programmes were formulated and implemented promptly. Conditions were created for more opportunities for employment and entrepreneurship. The economy got a new vigour. The fruits of development started reaching the people at scale.

In line with the government's vision to improve the ease of living and doing business, has proposed to introduce certain changes in the Income Tax Act, 1961 ("**the IT Act**") by way of the introduction of the Finance Bill, 2024.

The following amendments proposed in the Finance Bill 2024, vide Clause 2 to 10, will come into effect from the 1st day of April, 2024. The said proposed amendments under Income Tax Law vide the Finance Bill, 2024, has been shown below for your easy digest.

Important Achievement cited during Interim Budget for 2024-25:

- ❖ Over the last ten years, the direct tax collections have more than trebled and the return filers swelled to 2.4 times.
- ❖ Under the new tax scheme, there is now no tax liability for taxpayers with income up to ₹ 7 lakh, up from ₹ 2.2 lakh in the financial year 2013-14.
- ❖ The threshold for presumptive taxation for retail businesses was increased from ₹ 2 crore to ₹ 3 crore. Similarly, the threshold for professionals eligible for presumptive taxation was increased from ₹ 50 lakh to ₹ 75 Lakh.

- ❖ Also, the corporate tax rate was decreased from 30 per cent to 22 per cent for existing domestic companies and to 15 per cent for certain new manufacturing companies.

Further, it is stated by the Hon'ble Finance Minister Smt. Nirmala Sitharaman that, in the last five years, the Government's focus was to improve tax-payer services whereby the age-old jurisdiction-based assessment system was transformed with the introduction of Faceless Assessment and Appeal, thereby imparting greater efficiency, transparency and accountability. Introduction of updated income tax returns, a new Form 26AS and prefilling of tax returns have made filing of tax returns simpler and easier. The average processing time of returns has been reduced from 93 days in the financial year 2013-14 to a mere 10 days this year, thereby making refunds faster.

Key Changes in Direct Tax vide the Finance Bill 2024:

- ❖ No change in Income Tax rates, Surcharge, threshold limits of Income Tax, Deduction/Exemptions prescribed under the old Income Tax Regime as well as the new Tax Regime;
- ❖ No change in Corporate Tax Rates, Firms/ LLP Tax Rates or Cooperative society tax rates;
- ❖ Extension of exemption to the wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA) or Sovereign wealth fund or pension fund: Income by way of dividends, interest, or long-term capital gains of a wholly owned subsidiary of the ADIA, a sovereign wealth fund, or a pension fund was tax-exempt. However, the said exemption was only available if the investment was made between April 01, 2020 and March 31, 2024. The Finance Bill 2024 proposes to extend the deadline for investment till March 31, 2025.
- ❖ Time limit for the incorporation of Faceless Scheme for Transfer Pricing Officer u/s 92CA & Faceless Scheme for Dispute Resolution Panel u/s 144C & Faceless Scheme for Income Tax Appellate Tribunal u/s 253 & Consequential Procedure of Appellate Tribunal u/s 255 is further extended from existing deadline of March 31, 2024 to March 31, 2025.

Amnesty for withdrawal of Outstanding Tax Demands:

- ❖ Tax demands outstanding up to Rs. 25,000 pertaining to the period up to FY 2009-10; and
- ❖ Tax demands outstanding up to Rs. 10,000 for FY 2010- 11 to 2014-15.

Time limit is extended from March 31, 2024 to March 31, 2025 for:

- ❖ Eligible startups for deduction u/s 80IAC;
- ❖ Specified fund under u/s 10(4D); and
- ❖ A Non Resident having income as royalty or interest on account of leasing of an aircraft or a ship in a previous year to a unit of an International Financial Services Centre as referred u/s 80LA.

Hope the information will assist you in your Professional endeavours. In case of any query/information, please do not hesitate to write back to us.

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Thank You

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About us:

A2Z Taxcorp LLP is a boutique Indirect Tax firm having its offices at New Delhi and Guwahati specializing in GST, Central Excise, Custom, Service Tax, VAT, DGFT, Foreign Trade Policy, SEZ, EOU, Export – Import Laws, Free Trade Policy, etc. It is a professionally managed firm having a team of experienced and distinguished Chartered Accountants, Company Secretary, Lawyers, Corporate Financial Advisors and Tax consultants to provide various services like litigation and representation, transaction advisory, diagnostic reviews/ health checks, audit defense & protection, retainership & compliance, configuration of tax efficient business model etc. Its clientele consists mainly of Foreign MNC, large/mid-sized Indian companies which includes exporters, FMCG, consumer durables, automobiles, aerated beverages, ceramic tiles, real-estate, hospitality, etc.

Thanks & Best Regards,

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