

INTERIM BUDGET 2024

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Finance Minister Nirmala Sitharaman presented the Interim Budget for 2024-25 in the Parliament on February 01, 2024. The emphasis of the 2024 Interim Budget was on empowering youth and women, developing infrastructure, supporting agriculture, promoting green growth, and enhancing the railway sector.

No significant tax announcements were proposed, with only a few necessary proposals introduced concerning Income Tax and GST. The changes proposed in the Finance Bill 2024 have been discussed below:

Changes proposed in the Income-tax Act by the Finance Bill 2024

- TCS provisions proposed to be amended to align them with the Govt.'s Press Release
- Extension of sunset dates under various provisions
- Withdrawal of small outstanding direct tax demands

TCS provisions proposed to be amended to align them with the Govt.'s Press Release

Section 206C requires the collection of tax by the seller from certain transactions like the sale of alcohol, liquor, forest produce, scrap, and so forth. Sub-section (1G) of Section 206C requires tax collection on foreign remittances made under the Liberalized Remittance Scheme (LRS) and on the sale of Overseas Tour Program Packages (OTPP).

The TCS rates from the remittances made under the LRS, after incorporating the proposed amendments, shall be as follows:

Type of Remittance	On or after 01-10-2023	
	Threshold for no collection of tax	TCS from remittance in excess of the threshold
Remittance for the purpose of education out of a loan obtained from any financial institution	Rs. 7 lakhs	0.5%
Remittance for the purpose of education (other than referred to above)	Rs. 7 lakhs	5%
Remittance for the purpose of medical treatment	Rs. 7 lakhs	5%
Remittance under LRS for any other purpose	Rs. 7 lakhs	20%
Sale of overseas tour program package	Up to Rs. 7 lakhs	5%
	Exceeding Rs. 7 lakhs	20%
Note: The threshold benefit of Rs. 7 lakhs is not available in the case of the sale of overseas tour program packages.		

Extension of sunset dates under various provisions

The Finance Bill 2024 proposes to extend the sunset date for several provisions under the Income-tax Act. The date under the following provisions is proposed to be extended from 2024 to 2025:

Exemption to specified fund [Section 10(4D)]	Specified income of the Investment division of an offshore banking unit will remain exempt if it initiates operations on or before 31-03-2025.
Exemption to royalty or interest income received by a non-resident from lease of aircraft or a ship [Section 10(4F)]	Any income of a non-resident by way of royalty or interest on account of leasing of an aircraft or a ship in a previous year to a unit of an IFSC shall be exempt from tax provided such unit has commenced its operations on or before 31-03-2025.
Exemption to the wholly owned subsidiary of ADIA or Sovereign wealth fund or pension fund [Section 10(23FE)]	<p>Income in the nature of dividend, interest or long-term capital gains of a wholly owned subsidiary of the Abu Dhabi Investment Authority, a sovereign wealth fund, or a pension fund shall be exempt from tax.</p> <p>The exemption under this provision shall be available if the investment is made between 01-04-2020 and 31-03-2025.</p>

Extension of sunset dates under various provisions

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<p>Extension in the outer date for the incorporation of start-up [Section 80-IAC]</p>	<p>An eligible start-up (company or LLP) can claim a deduction under Section 80-IAC for the profit and gains arising from eligible business. The deduction can be claimed up to 100% of the profits and gains derived in 3 consecutive years out of the 10 assessment years beginning from the year of incorporation.</p> <p>Deduction under Section 80-IAC will remain available to a start-up if incorporated on or before 31-03-2025.</p>
<p>Deduction to Off-shore Banking Units and IFSC [Section 80LA]</p>	<p>A Schedule Bank, a foreign Bank or a unit of IFSC is eligible to claim a deduction under Section 80LA. In the case of a bank, 100% of the income is deductible for 10 consecutive assessment years. In the case of a unit of an IFSC, 100% of income is deductible for 10 consecutive assessment years out of 15 years.</p> <p>Deduction can be claimed even if the unit has commenced operations on or before 31-03-2025.</p>
<p>Extension in the time limit to issue directions by CBDT for implementing faceless regime [Section 92CA, Section 144C, Section 253 and Section 255]</p>	<p>The Finance Bill 2024 has proposed to amend the above provisions to extend the date for issuing directions for Sections 92CA, 144C, 253 and 255 from 31-03-2024 to 31-03-2025.</p>

Withdrawal of small outstanding direct tax demands

The finance minister, in her budget speech, has proposed the withdrawal or waiver of small, unresolved, unverified, or disputed direct tax demands related to financial years up to 2014-15.

In Interim Budget Speech, the finance minister highlighted the government's commitment to enhancing ease of living and doing business. She emphasized the need to improve taxpayer services by addressing numerous small, unresolved, unverified, or disputed direct tax demands, some dating back to 1962. This move is expected to benefit around one crore taxpayers.

The announcement significantly reduces taxpayer anxiety and the workload of the income-tax department's tax-collecting machinery and appellate forums. Importantly, this proposal covers income-tax demands and demands related to wealth tax, gift tax, estate duty, and banking cash transaction tax.

Financial Year	Exemption from Outstanding Demand
Up to 2009 – 10	Up to Rs. 25,000/-
2010 – 11 to 2014 – 15	Up to Rs. 10,000/-

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