

INDIA INTERIM BUDGET

2024

A SYNOPSIS

TaxCon™

(An ISO 27001:2013 certified company)

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BUDGET HIGHLIGHTS- DIRECT TAX

1. No change has been proposed relating to direct tax rates in the Interim Budget 2024.
2. Certain benefits to startups and investment made by sovereign wealth funds/pension funds, tax exemption of some IFSC units earlier expiring on March 31, 2024 is extended up to March 31, 2025.
3. Withdrawal of old outstanding direct tax demands
 - a. Up to INR 25,000 pertaining up to FY 2009-10
 - b. Up to INR 10,000 from FY 2010-11 to FY 2014-15

This was proposed as a relief to the large number of petty, non-verified, non-reconciled or disputed direct tax demands, many of them dating as far back as the year 1962, which continue to remain on the books, causing anxiety to honest taxpayers and hindering refunds of subsequent years.

4. TP, DRP and Appellate Tribunal faceless assessment scheme implementation is extended up to March 31, 2025.
5. **Amendment to section 206C(1G) relating to TCS on LRS and purchase of overseas tour program.**

Background

Finance Act, 2023 had amended section 206C(1G) of the Income-tax Act, 1961, to:

- i. increase the rate of Tax Collection at Source (TCS) from 5% to 20% for remittance under Liberalised Remittance Scheme (LRS) as well as for purchase of overseas tour program package; and
- ii. remove the threshold of INR 700,000 for triggering TCS.

However, the above two changes did not apply where the remittance is for education and medical purpose.

Later on the central government received comments about the practical difficulties that may arise from the removal of the threshold for LRS payments other than for education and medical treatment. In order to address these issues, a Press Release dated June 28, 2023 was issued by Ministry of Finance.

Amendment to section 206C(1G) has been made in accordance with the above Press release dated June 28, 2023. Earlier and new TCS rates are summarized as under:

Nature of Payment	April 01, 2023 to September 30, 2023	October 01, 2023 onwards
LRS for education financed by loan	Up to 7 Lacs- TCS Nil In Excess of 7 Lacs- TCS 0.5%	Up to 7 Lacs- TCS Nil In Excess of 7 Lacs- TCS 0.5%
LRS for Medical treatment/ education (other than financed by loan)	Up to 7 Lacs- TCS Nil In Excess of 7 Lacs- TCS 5%	Up to 7 Lacs-TCS Nil In Excess of 7 Lacs- TCS 5%
Purchase of Overseas tour program package	Without Threshold TCS 5%	Up to 7 Lacs-TCS 5% In Excess of 7 Lacs- TCS 20%
LRS for other purposes	Up to 7 Lacs-TCS Nil In Excess of 7 Lacs- TCS 5%	Up to 7 Lacs-TCS Nil In Excess of 7 Lacs- TCS 20%

BUDGET HIGHLIGHTS- INDIRECT TAX

Amendments effective from the date to be notified

1. **Emphasizing the mandatory nature of Input Service Distributor (ISD)**

Definition of ISD- The changes in Section 2(61) redefine “Input Service Distributor,” emphasizing its role as an office of the supplier responsible for receiving tax invoices related to input services for an on behalf of distinct person, including the invoices of services regarding Reverse Charge Mechanism (RCM)


Manner of distribution of credit by ISD - The revised Section 20 mandates that any office of the supplier, receiving tax invoices for distinct persons under Section 25, must register as an ISD. The ISD is then obligated to distribute the input tax credit for such invoices, including ITC on RCM.

2. New insert section 122A after section 122- Penalty for failure to register certain machines (Notified under section 148) used for manufacture of goods as per the special procedure and if such machines not so registered than it will also be liable to seizure and confiscation if we don't comply the proviso.

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TDS RATE CHART FOR FINANCIAL YEAR 2024-25			Payment made to	
			Resident Individual/HUF	Resident other than Individual/HUF
			Rate	Rate
Section	Nature	Threshold Limits		
193	Interest on Securities	Payment exceeds Rs. 10,000/- & in case of debentures Rs. 5,000/- during the financial year	10	10
194	Dividend	Payment exceeds Rs. 5,000/- during the financial year	10	10
194A	Interest from a Banking Company	Payment exceeds Rs. 40,000/- during the financial year except for senior citizens. For Senior Citizens, threshold limit is Rs. 50,000/-	10	10
194A	Other Interest	Payment exceeds Rs. 5,000/- during the financial year	10	10
194B	Winning from Lotteries	Aggregate of payments exceeds Rs. 10,000/- during the financial year	30	30
194BA	Winning from online Gamings (Applicable with effect from 1st July, 2023)	Amount of net winnings comprised in withdrawal	30	30
194BB	Winning from horse race	Aggregate Payment exceeds Rs. 10,000/- during the financial year	30	30
194C	Payment to Contractors/Sub- contractors or Advertisement	Payment exceeds Rs. 30,000/- per contract or aggregate of payments exceeds Rs. 100,000/- during the financial year	1	2
194C	Contractors/ Sub- contractors in transport business	A person who is not owning more than 10 goods carriage at any time during the previous year and furnished a declaration to this effect along with his PAN then No TDS otherwise TDS applicable as per prescribed rates	1	2
194D	Insurance Commission*	Payment exceeds Rs. 15,000/- during the financial year	5	10
194H	Commission/ Brokerage	Payment exceeds Rs. 15,000/- during the financial year	5	5
194I	Rent of land, building or furniture	Rent exceeds Rs. 2,40,000/- per land lord during the financial year	10	10
194I	Rent of plant, machinery or equipment	Rent exceeds Rs. 2,40,000/- during the financial year	2	2
194IB	Rent paid by Individual or HUF (other than covered under tax audit)	Rent exceeds Rs. 50,000/- p.m. during the financial year (TDS can be deducted one time at the year end)	5	N/A
194J	Fees for Professional Services including director fees**/Royalty	Total fees exceed Rs. 30,000/- during the financial year	10	10
194J	Fees for Technical Services	Total fees exceed Rs. 30,000/- during the financial year	2	2

194IA	Transfer of certain immovable properties (other than agricultural land)	Actual Sale consideration or Stamp Duty Value whichever is higher if total payment exceed Rs. 50 Lacs	1	1
194M	Payment to Contractors/Sub-contractors or for Fees for Professional Services by Individual & HUF.	Total payment exceed Rs. 50 Lacs	5	5
194O	Payment of certain sums by e-commerce operator to e-commerce participant	On gross amount of sale of goods or provision of services or both (in case of individual/ HUF total sale/ consideration exceeds Rs. 5 Lacs)	1	1
194Q	Payment for purchases by any person to seller	On Purchases of goods of more than 50 Lakh rupees by person having more than 10 crore turnover/gross receipts/total sales from the business carried on by him during the financial year immediately preceding the financial year in which the purchase of goods is carried out	0.1	0.1
194R	Payment to Resident for any amount of benefit or perquisites arising from business or profession by Responsible person***	On the value or aggregate of value of such benefit or perquisite if the value or aggregate of value of such benefit or perquisite exceeds 20,000 rupees.	10	10
194S	Payment to Resident on transfer of virtual digital assets	On transfer of virtual digital asset to Specified Person exceeding 50,000 rupees/ other than specified person exceeding 10,000 rupees	1	1
206C(1G) (TCS on purchase of foreign remittance)	For the purpose of any education, if the amount being remitted out is a loan obtained from any financial institution.	7 lacs	0.5	0.5
206C(1G) (TCS on purchase of foreign remittance)	For the purpose of education, other than above or for the purpose of medical treatment.	7 lacs	5	5
206C(1G) (TCS on purchase of foreign remittance)	For the purpose of overseas tour package	No Threshold	5 percent till Rs 7 lakh, 20 percent thereafter	5 percent till Rs 7 lakh, 20 percent thereafter
206C(1G) (TCS on purchase of foreign remittance)	Any other case	7 lacs	20	20
206C(1H) (TCS on sale of goods)	Sale by seller to any person	On Sale of goods of more than 50 Lakh rupees by person having more than 10 crore turnover/gross receipts/total sales from the business carried on by him during the financial year immediately preceding the financial year in which the sales of goods is carried out	0.1	0.1

General	Non-filing of ITR	Person who has not filed the return of income for past one year and aggregate of TDS/TCS for the aforesaid person is Rs 50,000 or more.	Twice the Rate of TDS/TCS or 5% whichever is higher	Twice the Rate of TDS/TCS or 5% whichever is higher
* No TDS on insurance agent if the Form 15G/15H filed.				
** 2% TDS will be applicable instead of 10% on payment to Call Centres				
*** "Person responsible for providing" means the person providing such benefit or perquisite, or in case of a company, the company itself including the principal officer thereof.				
<p>**** Specified person includes:</p> <p>(i) An Individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business does not exceed one crore rupees or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such virtual digital asset is transferred.</p> <p>(ii) An individual or a Hindu undivided family, not having any income under the head "Profit and gains of business or profession."</p>				
Further in case of a transaction where tax is deductible under section 194-O along with the proposed section 194S, then the tax shall be deducted under section 194S.				
Note 1	The rate of TDS will be applicable @ 20% or the rates specified in the relevant provision of the Act, whichever is higher where the PAN/Aadhar is not quoted by the deductee except for Section 194O wherein TDS will be deducted@5% .			
Note 2	The rate of TDS will be applicable @ 20% or the rates specified in the relevant provision of the Act, whichever is higher where the PAN is not quoted by the deductee except for Section 194Q wherein TDS will be deducted@5% .			
Note 3	In case of non-furnishing of PAN/Aadhar by collectee, TCS will be charged at twice of the normal rate applicable or 1% , whichever is higher			
<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="201 856 574 940">  <p>(An ISO 27001:2013 certified company)</p> </div> <div data-bbox="618 831 1365 940"> <p>837 & 838, LGF, Sector 38, Opp. HUDA Market, Gurugram (Haryana) 122 001</p> <p>Phone: +91 124 4342 200 (Board)</p> <p>Website : www.taxconindia.com</p> </div> </div>				