

BUDGET 2024, HIGHLIGHTS & ANALYSIS

On 1st February, 2024, the Union Minister for Finance & Corporate Affairs (FM), Smt. Nirmala Sitharaman, has presented the Union Interim Budget 2024 before the Parliament.

While the 2024 interim budget might not be a game-changer, it provides valuable insights into the country's financial health and future priorities. For businesses and individuals, understanding the budget's focus and direction can help in strategic planning and decision-making.

Remember, the interim budget is not the final Act. The full-fledged budget for FY 2024-25 will be presented after the elections, reflecting the new government's vision and plans. So, stay tuned for the next chapter in India's economic saga!

As said by our FM, ***"Sabka Saath, Sabka Vikas, Sabka Vishwaas, Sabka Prayaas"***. "Our government is working towards development which is all-round, all-inclusive and all-pervasive. It covers all castes and people at all levels. We are working towards making India a **VIKSIT BHARAT** by 2047", while presenting the Interim Budget.

KEY HIGHLIGHTS OF THE INTERIM BUDGET 2024 ARE SUMMARISED BELOW:

DIRECT TAXATION: There is retention of same tax rates and reforms as proposed in Finance Act 2023 relating to the Direct Tax.

- It has been proposed to extend the date of availing income tax benefits to units in IFSC, certain Sovereign Welfare and Pension Funds and Start-ups from 31st March 2024 to 31st March 2025.
- **Withdrawal of Direct Tax demands**

Sr. No	Particulars	Period	Amount (in Rs.)
1.	The government has proposed to withdraw old, petty, disputed direct tax demands for providing benefit to onus taxpayers.	Upto Financial Year-2009-10 relevant to Assessment Year-2010-11	Up to Rs.25,000/-
2.		From Financial Year -2010-11 to Financial Year -2014-15 relevant to Assessment Year from 2011-12 to 2015-16	Up to Rs.10,000/-

INDIRECT TAXATION:

The indirect tax proposals promote exports, encourage domestic manufacturing, enhance domestic value addition, and boost green energy and mobility:-

- By unifying the highly fragmented indirect tax regime in India, GST has reduced compliance burden on trade and industry. The industry has acknowledged the benefits of GST.
- According to a recent survey conducted by a leading consulting firm, 94 per cent of industry leaders view the transition to GST as largely positive. According to 80 per cent of the respondents, it has led to supply chain optimization, as elimination of tax arbitrage and octroi has resulted in disbanding of check posts at state and city boundaries.
- At the same time, tax base of GST more than doubled and the average monthly gross GST collection has almost doubled to ₹ 1.66 lakh crore, this year. States too have benefited. State's SGST revenue, including compensation released to states, in the post-GST period of 2017-18 to 2022-23, has achieved a buoyancy of 1.22. In contrast, the tax buoyancy of State revenues from subsumed taxes in the pre-GST four-year period of 2012-13 to 2015-16 was a mere 0.72.
- The biggest beneficiaries are the consumers, as reduction in logistics costs and taxes have brought down prices of most goods and services.
- We have taken a number of steps in Customs to facilitate international trade. As a result, the import release time declined by 47 per cent to 71 hours at Inland Container Depots, by 28 per cent to 44 hours at air cargo complexes and by 27 per cent to 85 hours at sea ports, over the last four years since 2019, when the National Time Release Studies were first started.

❖ **Proposed amendments related to GST:**

- To make registration as Input Service Distributor (ISD) mandatory in case of procurement of common input services and distribution of ITC thereof to distinct persons. Clause (61) of section 2 relating to the definition of ISD and section 20 dealing with the manner of distribution of credit by ISD are proposed to be substituted for this purpose.

‘(61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;’.

“(20). (1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of

distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.

(2) The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.

(3) The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed."

- A new section 122A is proposed to be inserted to provide for penalty for failure to register certain machines used in manufacture of goods as per special procedure notified u/s 148 of CGST Act. The amount of penalty shall be Rs.1 lakh per unregistered machine and the same shall be in addition to the other penalties specified in the CGST Act. There is also a provision for confiscation of unregistered machines.

After section 122 of the Central Goods and Services Tax Act, the following section shall be inserted, namely:-Insertion of new section 122A.

"122A. (1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered.

(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation:

Provided that such machine shall not be confiscated where-

(a) the penalty so imposed is paid, and

(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty."

Miscellaneous

- 1) New solar power schemes launched by PM Modi recently would lead to saving of Rs.15,000-18,000 per households annually who install roof top solar panels. 1 crore households will be enabled to get 300 units per month fully free.
- 2) Government to launch a scheme to help deserving sections of the middle class “living in rented houses or slums or chawls and unauthorized colonies” to buy or build their own houses.
- 3) The government is set to convert 40,000 normal rail bogies into state of Vande Bharat Standards, elevating safety, convenience, and comfort for passengers across the nation.
- 4) The capex target of Financial Year 2025 has been set at Rs.11.1 lakh crore, up by 11.1%. Also, the capex outlay for Financial Year 2025 is at 3.4% of GDP.
- 5) Tourist centre development - States to be encouraged to take up development of tourist centres for which long term interest free loans are to be provided to states.
- 6) Direct financial assistance was extended to 11.8 crore farmers.
- 7) PM Mudra Yojana has sanctioned 43 crore loans amounting to Rs.22.5 lakh crore for entrepreneurial aspirations of your youth.
- 8) Skill India Mission has trained 1.4 crore youth, upskilled and re-skilled 54 lakh youth and established 3,000 new ITIs.
- 9) GIFT IFSC and Unified Regulatory Authority IFSCA are creating a robust gateway for global capital and financial resources.
- 10) Proactive inflation management has helped keep inflation within the policy band.
- 11) Matsya Sampada Yojana to be expanded to generate 55 lakhs more employment in near future.
- 12) India U.S. Europe sponsored Middle East- Europe corridor: potential gateway for world trade for 100s of years.
- 13) India assumed G20 Presidency during very difficult times for the world. The global economy was going through high inflation, low growth, high interest rates, very high public debt, low trade growth and climate changes.
- 14) Foreign Direct Investment inflows stand at \$596 billion, twice more than 2014-15.

The object of the Bill is to continue the existing rates of income-tax for the financial year 2024-2025 and to give effect to certain financial proposals of the Central Government for the financial year 2024-2025.

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