GOVERNMENT OF INDIA

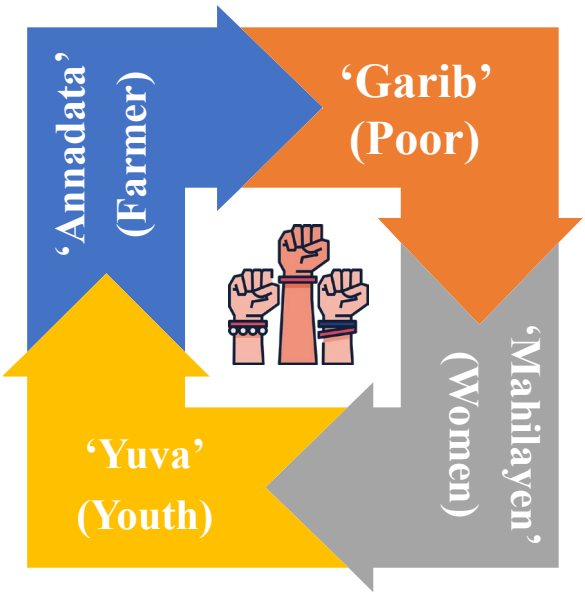
Key Features of Budget 2024-2025

July, 2024

MINISTRY OF FINANCE
BUDGET DIVISION

Roadmap for our pursuit of *'Viksit Bharat'*

Focus on 4 major castes



Budget Theme

01 Employment

02 Skilling

03 MSMEs

04 Middle Class

Priorities for Viksit Bharat

Productivity and resilience in Agriculture

01

Transforming Agriculture Research

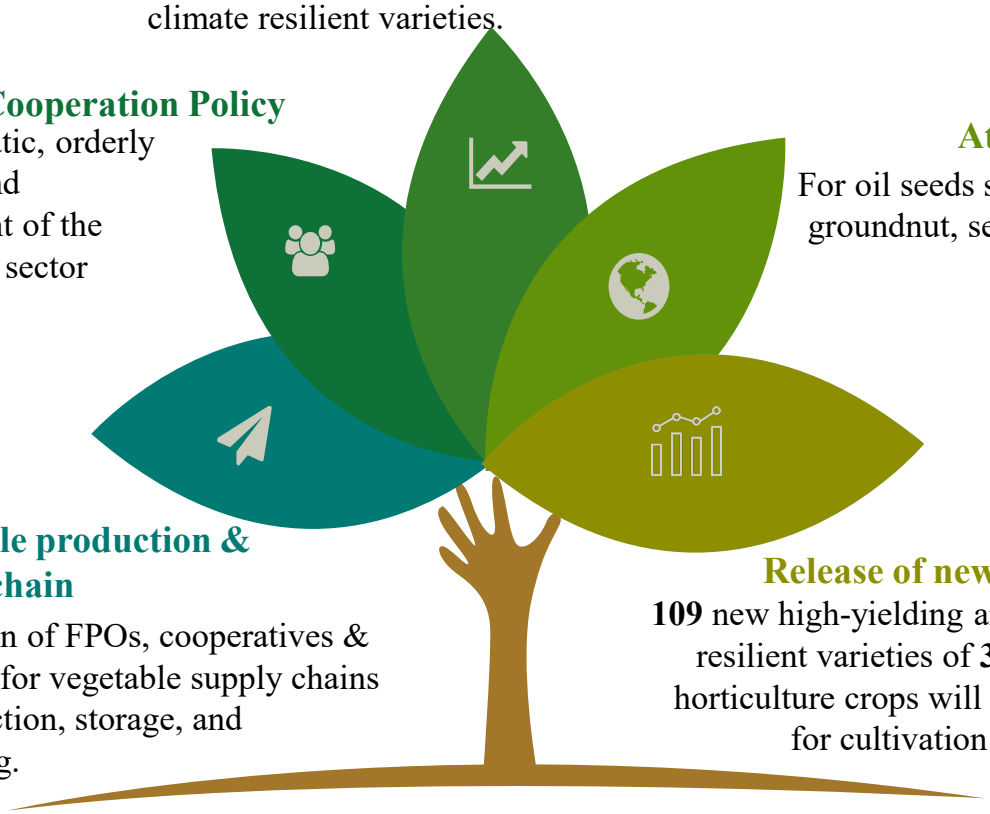
Comprehensive review of the agriculture research setup to bring focus on raising productivity and developing climate resilient varieties.

National Cooperation Policy

For systematic, orderly and all-round development of the cooperative sector

Atmanirbharta

For oil seeds such as mustard, groundnut, sesame, soyabean and sunflower



Vegetable production & supply chain

Promotion of FPOs, cooperatives & start-ups for vegetable supply chains for collection, storage, and marketing.

Release of new varieties

109 new high-yielding and climate-resilient varieties of **32** field and horticulture crops will be released for cultivation by farmers

Natural Farming

- **1 crore** farmers across the country will be initiated into natural farming, supported by certification and branding in next **2** years.
- 10,000 need-based bio-input resource centres to be established.

Shrimp Production & Export

- Financing for Shrimp farming, processing and export will be facilitated through NABARD.

Digital Public Infrastructure (DPI)

- DPI for coverage of farmers and their lands in 3 years.
- Digital crop survey in 400 districts
- Issuance of ***Jan Samarth*** based Kisan Credit Cards

Priorities for Viksit Bharat

Employment & Skilling

02

PM's Package (3 schemes for Employment Linked Incentive)

Scheme A
First Timers

- One-month wage to new entrants in all formal sectors in 3 instalments up to ₹15,000 .
- Expected to benefit 210 lakh youth

Scheme B
Job Creation in Manufacturing

- Linked to first time employees
- Incentive to both employee & employer for EPFO contributions in the specified scales for the first 4 years
- Expected to benefit 30 lakh youth

Scheme C
Support to Employers

- Government will reimburse EPFO contributions of employers up to ₹3000 per month for 2 years for all new hires.
- Expected to generate 50 lakh jobs

- Facilitate higher participation of **women** in the workforce through setting up of working women hostels in collaboration with industry, and establishing creches.

- Loans up to ₹**7.5 lakh** with a guarantee from a government promoted Fund.
- Expected to help **25,000** students every year.

- Financial support for loans upto ₹10 lakh for higher education in domestic institutions.
- Direct E-vouchers to 1 lakh students every year.
- Annual interest subvention of 3%

Skilling Programme

- 20 lakh youth will be skilled over a 5-year period.
- 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation.
- Course content & design aligned as per skill needs of industry.

PM's Package (4th scheme)

Priorities for Viksit Bharat

Inclusive Human Resource Development and Social Justice

03

Purvodaya: ***Vikas bhi Virasat bhi***

- Plan for endowment rich states in the Eastern parts covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh for generation of economic opportunities to attain Viksit Bharat.
- Amritsar Kolkata Industrial Corridor with development of an industrial node at Gaya.

Allocation of more than **₹3 lakh** crore for schemes benefitting women and girls.

Pradhan Mantri Janjatiya Unnat Gram Abhiyan: Improving the socio-economic condition of tribal communities covering **63,000** villages benefitting **5 crore** tribal people.

More than 100 branches of **India Post Payment Bank** will be set up in the North East region.

Andhra Pradesh Reorganization Act:

- Financial support of ₹15,000 crores will be arranged in FY 24-25.
- Completion of Polavaram Irrigation Project ensuring food security of the nation.
- Essential infrastructure such as water, power, railways and roads in Kopparthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor.

Priorities for Viksit Bharat

Manufacturing & Services

04

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector
- New assessment model for MSME credit
- Mudra Loans: The limit enhanced to ₹ 20 lakh from the current ₹ 10 lakh under the 'Tarun' category.
- Enhanced scope for mandatory onboarding in TReDS
- Credit Support to MSMEs during Stress Period
- MSME Units for Food Irradiation, Quality & Safety Testing
- Twelve industrial parks under the National Industrial Corridor Development Programme
- Rental housing with dormitory type accommodation for industrial workers in PPP mode with VGF support.
- Critical Minerals Mission for domestic production, recycling and overseas acquisition.
- Strengthening of the tribunal and appellate tribunals to speed up insolvency resolution and additional tribunals to be established

Internship Opportunities

PM's Package (5th scheme)

- Scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years.
- Allowance of ₹5,000 per month along with a one-time assistance of ₹6,000 through the CSR funds.

Urban Development

05

Stamp Duty

Encouraging states to lower stamp duties for properties purchased by women.

Street Markets

Envisioning a scheme to develop 100 weekly **'haats'** or street food hubs in select cities

Transit Oriented Development

Transit Oriented Development plans for 14 large cities with a population above 30 lakh

Water Management

Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects.

Housing Needs

PM Awas Yojana Urban 2.0

Needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹10 lakh crore

Enabling policies and regulations for efficient and **transparent rental housing markets** with enhanced availability will also be put in place.

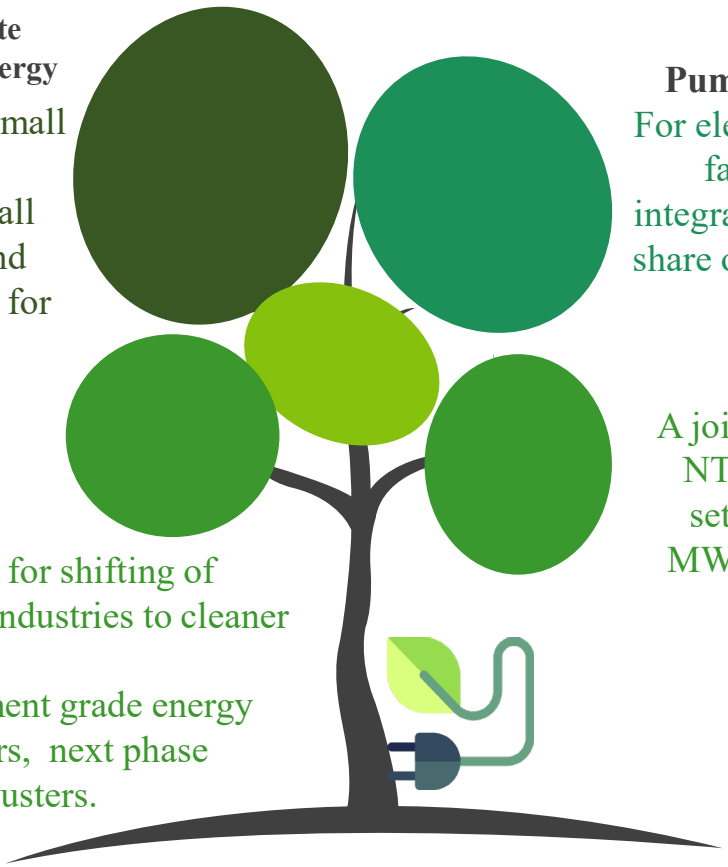
Priorities for Viksit Bharat

Energy Security

06

Initiatives with private sector in Nuclear Energy

- Setting up Bharat Small Reactors
- R&D of Bharat Small Modular Reactor and newer technologies for nuclear energy



Pumped Storage Policy

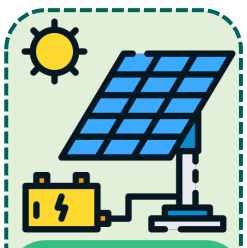
For electricity storage and facilitation of smooth integration of the growing share of renewable energy

AUSC Thermal Power Plants

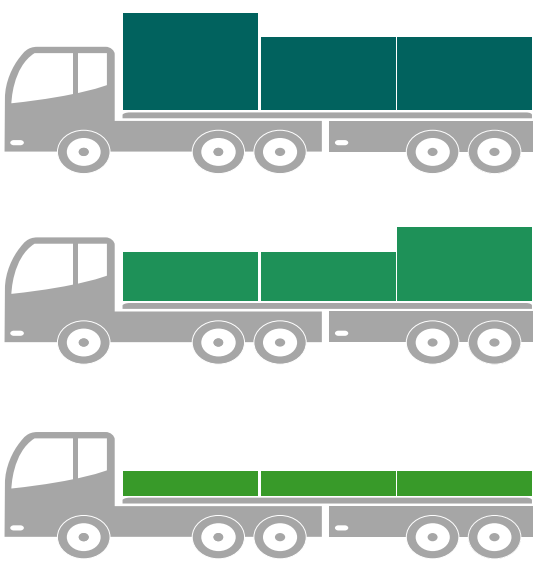
A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant.

Energy Audit

- Financial support for shifting of micro and small industries to cleaner forms of energy
- Facilitate investment grade energy audit in 60 clusters, next phase expands to 100 clusters.



PM Surya Ghar Muft Bijli Yojana



1 crore

Households obtain free electricity

Up to 300

Units every month

1.28 crore

Registrations and 14 lakh applications so far

Priorities for Viksit Bharat

Infrastructure

07

Provision of **₹11,11,111** crore for infrastructure (3.4% of GDP).

₹1.5 lakh crore to states as long-term interest free loans to support resource allocation.

Phase IV of PMGSY will be launched to provide all-weather connectivity to **25,000** rural habitations.

Irrigation and Flood Mitigation

Financial support for projects with estimated cost of ₹11,500 crore such as the **Kosi-Mechi** intra-state link and 20 other ongoing and new schemes

Assistance for flood management and related projects in Assam, Sikkim & Uttarakhand

Assistance for reconstruction and rehabilitation in Himachal Pradesh

Infrastructure

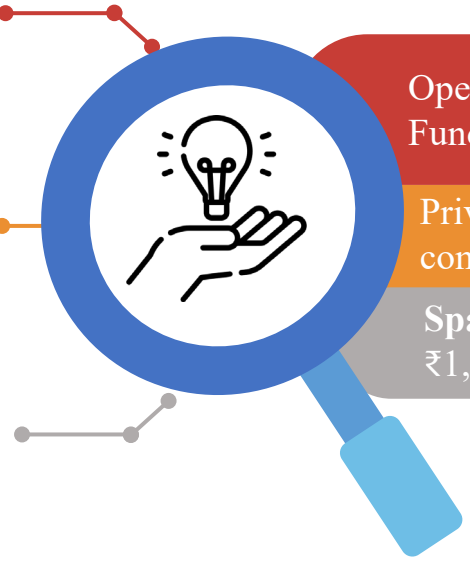
07

Tourism

- Development of **Vishnupad Temple Corridor** and **Mahabodhi Temple Corridor** modelled on Kashi Vishwanath Temple Corridor
- Comprehensive development initiative for **Rajgir** will be undertaken which holds religious significance for Hindus, Buddhists and Jains.
- The development of **Nalanda** as a tourist centre besides reviving Nalanda University to its glorious stature.
- Assistance to development of **Odisha's** scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches making it an ultimate tourism destination.

Innovation, Research & Development

08



Operationalization of the **Anusandhan National Research** Fund for basic research and prototype development.

Private sector-driven research and innovation at commercial scale with a financing pool of ₹1 lakh crore

Space Economy: A venture capital fund of ₹1,000 crore is to be set up

Next Generation Reforms

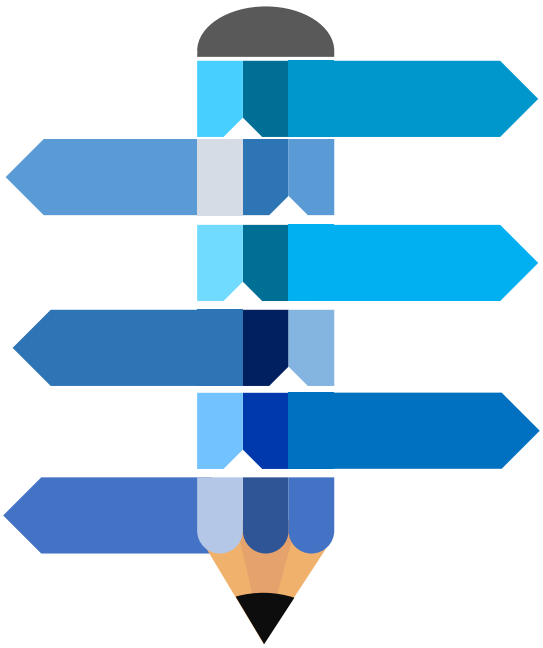
09

Rural & Urban land related actions

Unique Land Parcel Identification Number or Bhu-Aadhaar for all lands.

Survey of map sub-divisions as per current ownership

Linkages to the farmers' registries



Land records in urban areas will be digitized with GIS mapping

Digitization of cadastral maps

Establishment of land registry

Taxonomy for climate finance: Enhancing the availability of capital for climate adaptation and mitigation related investments

FDI and Overseas Investments: Simplified to facilitate FDIs and promote opportunities for using Indian Rupee as a currency for overseas investments.

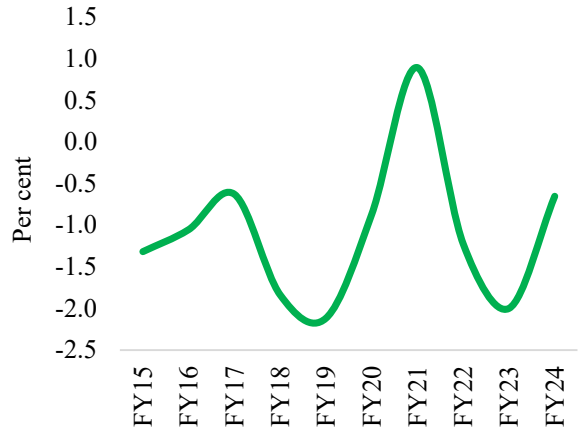
NPS Vatsalya: A plan for contribution by parents and guardians for minors.

Improvement of data governance, collection, processing and management of data and statistics.

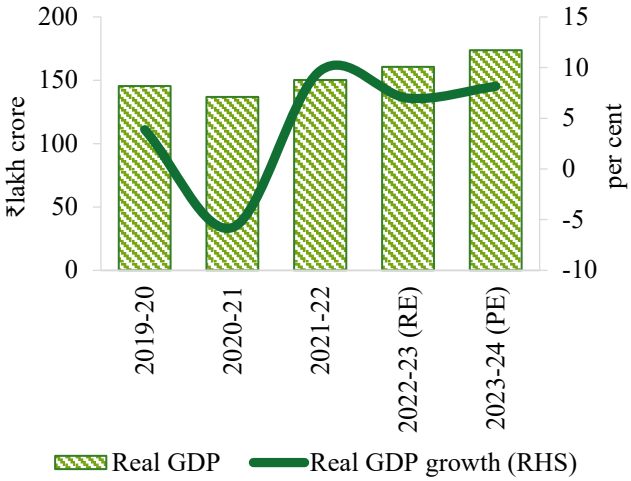
New Pension Scheme (NPS): A solution that address the relevant issues, protects the common citizen and maintains fiscal prudence will be formed.

Robust Economic Foundations

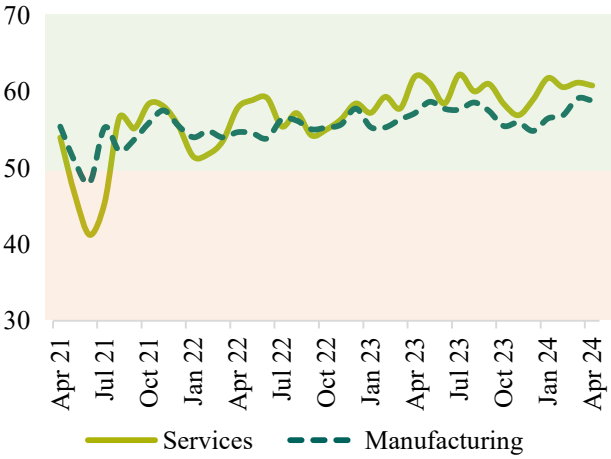
Improvement in Current Account Deficit



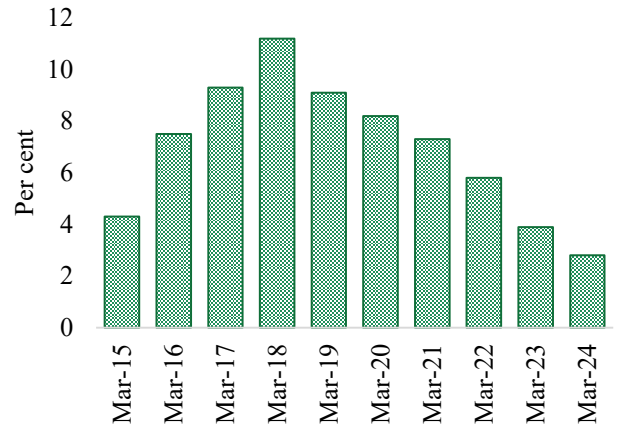
India grew at 8.2 per cent in FY 2024



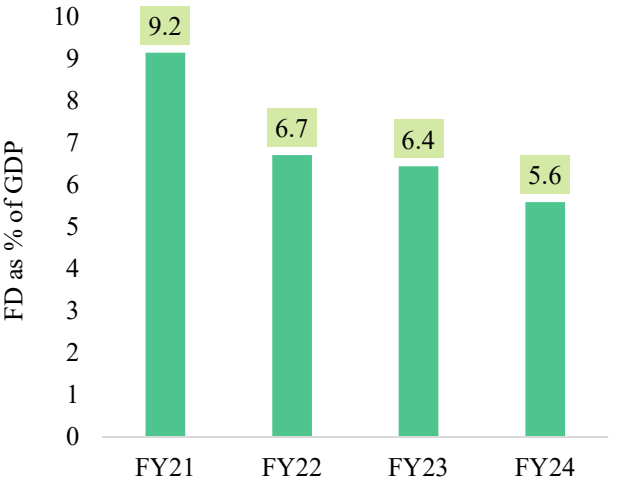
Expansionary PMI Index



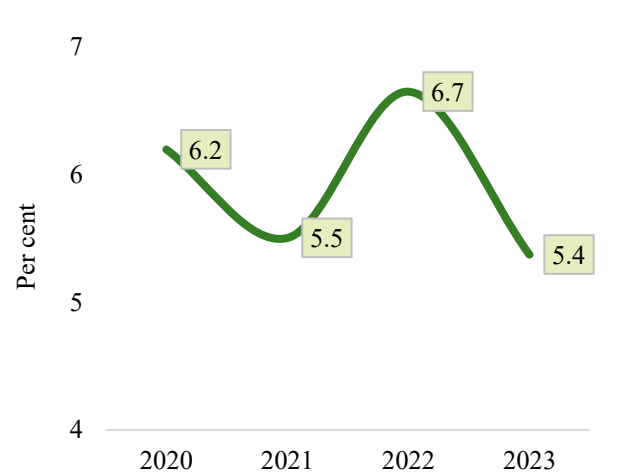
Decline in Gross NPAs of SCBs



Decreasing Fiscal Deficit as % of GDP

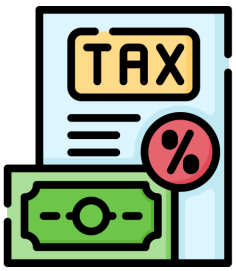


Taming Inflation



Tax Proposals

Simplification in Taxes



Review of Income Tax Act 1961

Simplification of charities and TDS

Litigation and Appeal

Deepening the tax base

Sector Specific Customs Duty Proposals

Comprehensive review of the rate structure for ease of trade, removal of duty inversion and reduction of disputes

Changes in Custom Duty	Beneficiaries
Fully exempt 3 more cancer medicines from custom duties	Affordable medicines
Reduce BCD to 15% on Mobile phone, Mobile PCBA and charger	Mobile industry
Reduce custom duty on gold and silver to 6% and platinum to 6.4%	Domestic value addition
Reduce BCD on shrimp and fish feed to 5%	Enhance competitiveness in marine exports
Exempted more capital goods for manufacturing of solar cells & panels	Support energy transition
Fully exempt custom duties on 25 critical minerals	Boost to strategic sectors

Direct Tax Proposals

To reduce the compliance burden, promote entrepreneurial spirit and provide tax relief to citizens

Rationalisation of capital gains

- Short term gains of financial assets to attract **20%** tax rate
- Long term gains on all financial an non-financial assets to attract a tax rate of **12.5%**
- Increase in limit of exemption of capital gains on financial assets to ₹1.25 lakh per year

Employment and Investment

- Abolish **ANGEL tax** for all classes of investors.
- Simpler tax regime to operate **domestic cruise**
- Provide for **safe harbour rates** for foreign mining companies (Selling raw diamonds)
- Corporate tax rate on foreign companies reduced from 40% to **35%**

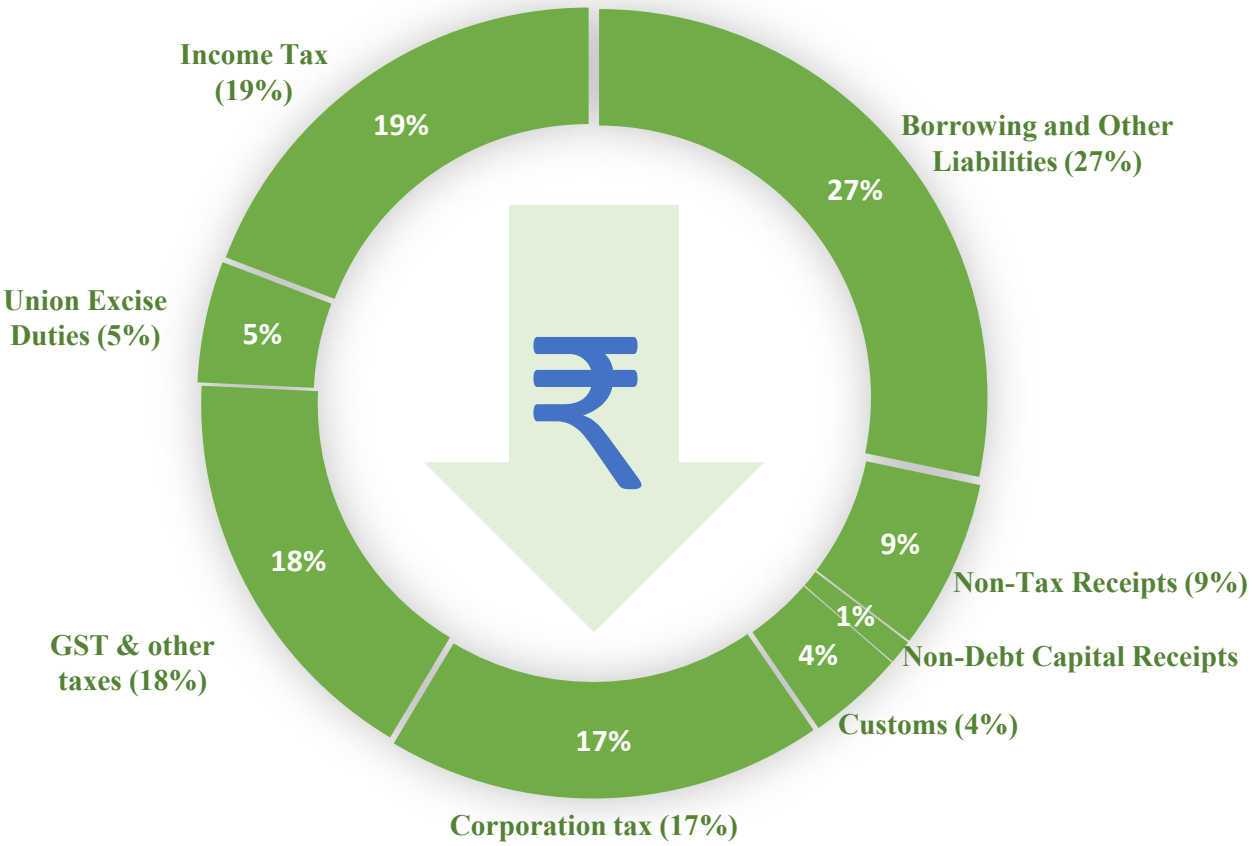
Simplifying New Tax Regime

Savings upto ₹17,500

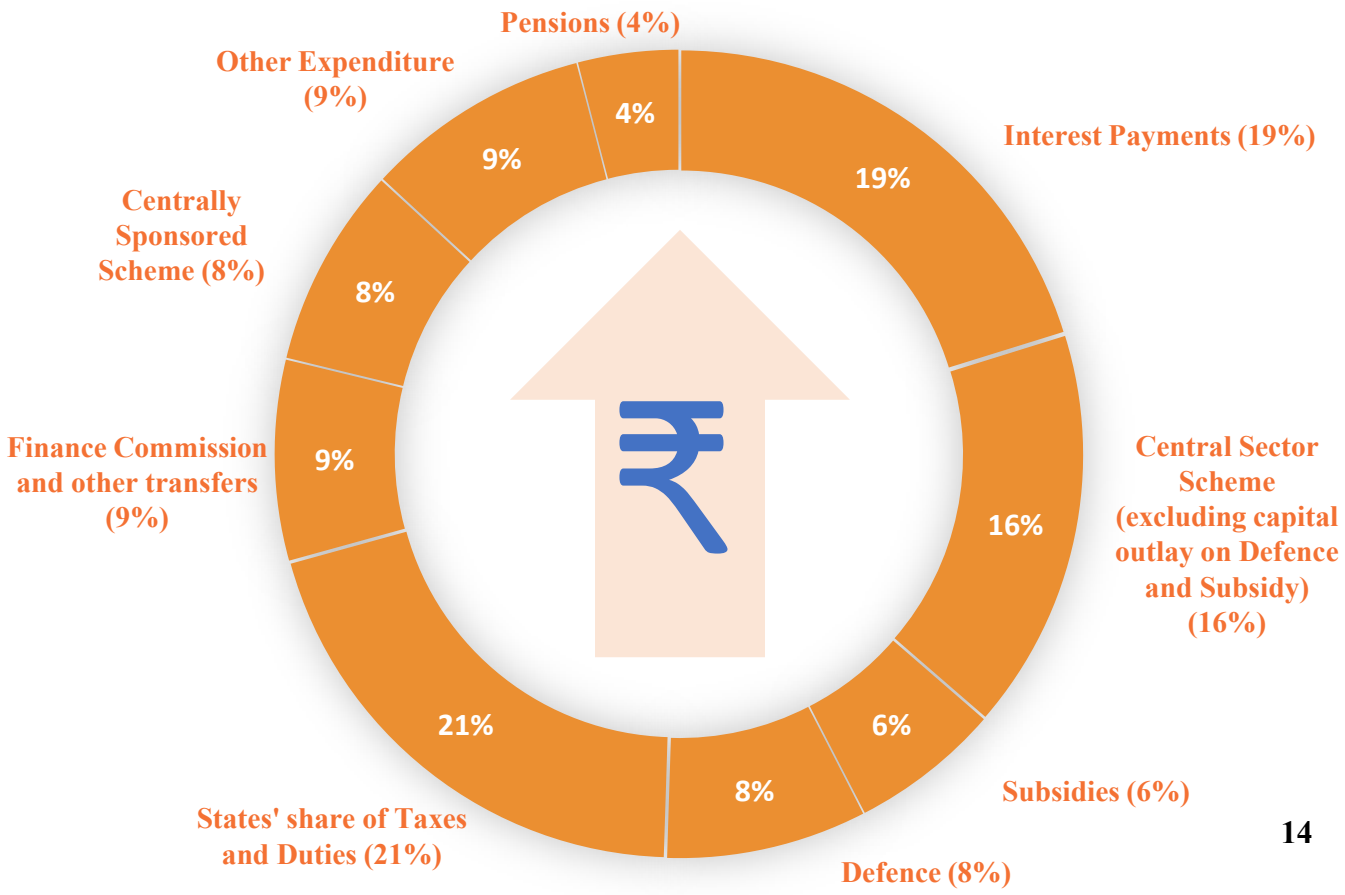
Standard Deduction for salaried employees increased from ₹50,000 to ₹75,000

Deduction on family pension for pensioners increased from ₹15,000 to ₹25,000

Rupee Comes From



Rupee Goes To



Expenditure of Major Items

in ₹ Crore

Defence	4,54,773
Rural Development	2,65,808
Agriculture and Allied Activities	1,51,851
Home Affairs	1,50,983
Education	1,25,638
IT and Telecom	1,16,342
Health	89,287
Energy	68,769
Social Welfare	56,501
Commerce & Industry	47,559

Allocation to Major Schemes (in ₹ crore)

MGNREGA

2023-24(BE)	2024-25(BE)
60,000	86,000

Research and Development Projects

2023-24(BE)	2024-25(BE)
840	1,200

Nuclear Power Projects

2023-24(BE)	2024-25(BE)
442	2,228

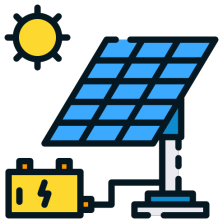
PLI for Pharmaceutical Industry

2023-24(BE)	2024-25(BE)
1,200	2,143

Development of Semiconductors and Display Manufacturing

2023-24(BE)	2024-25(BE)
3,000	6,903

Solar Power (Grid)



2023-24(BE)	2024-25(BE)
4,970	10,000

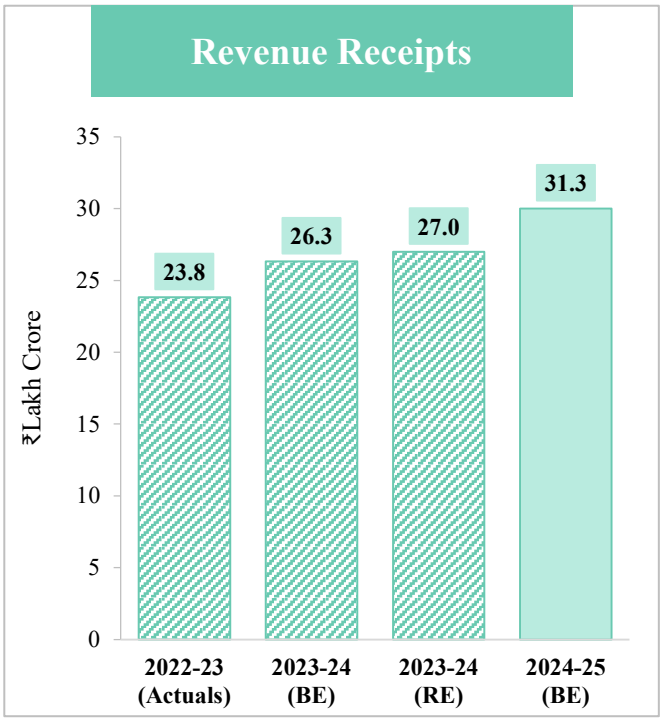
Direct Benefit Transfer- LPG

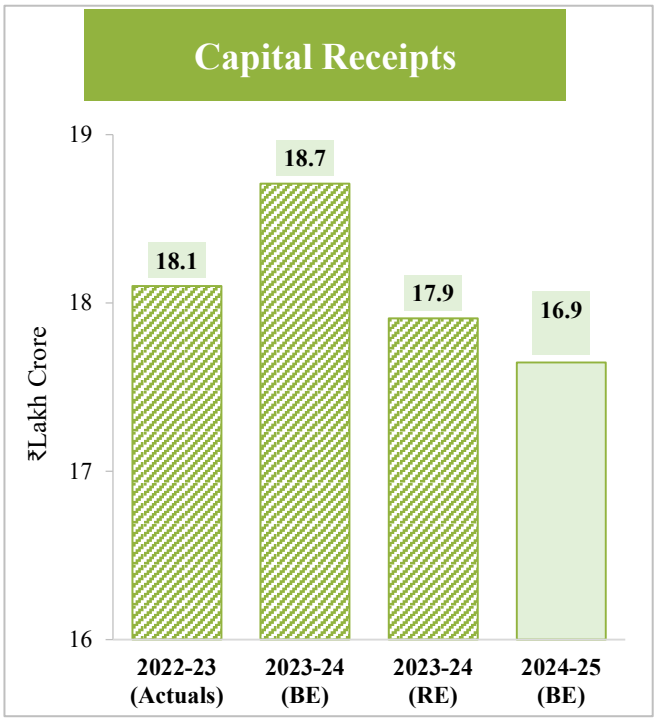
2023-24(BE)	2024-25(BE)
180	1,500

Lines of Credit under IDEA Scheme

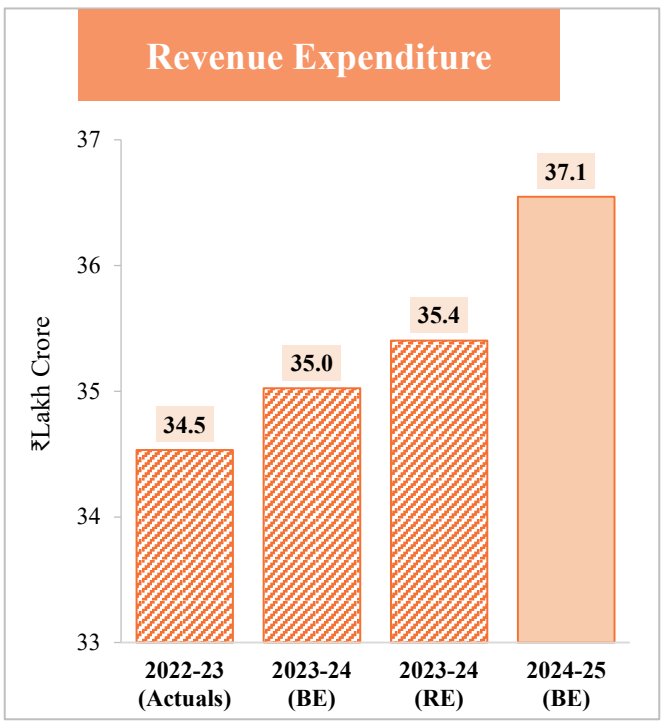
2023-24(BE)	2024-25(BE)
1,300	3,849

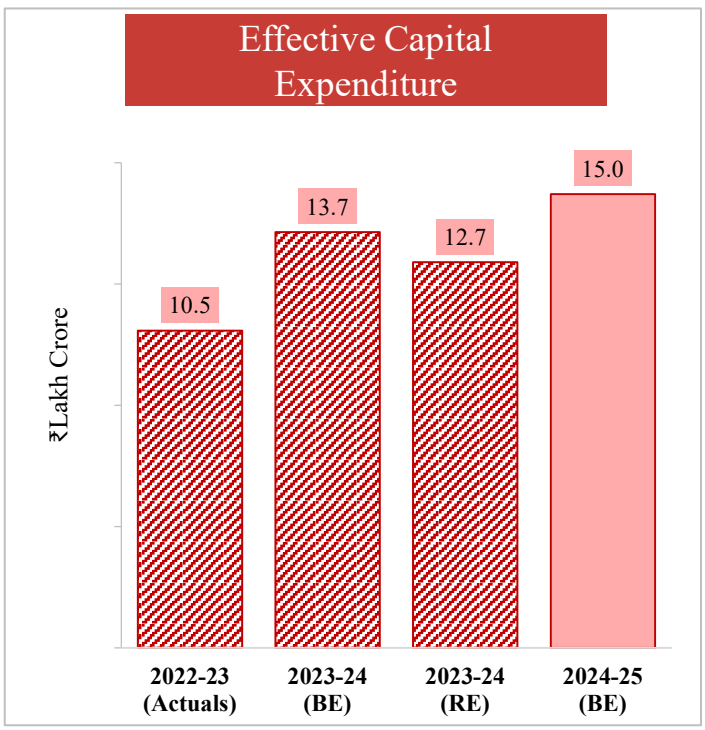
Receipts





Expenditure





भारत सरकार
GOVERNMENT OF INDIA

बजट पत्रों का संक्षिप्त परिचय

KEY TO THE BUDGET DOCUMENTS 2024-2025

जुलाई / July, 2024

वित्त मंत्रालय
MINISTRY OF FINANCE
बजट प्रभाग
BUDGET DIVISION

KEY TO BUDGET DOCUMENTS

BUDGET 2024-2025

1. The list of Budget documents presented to the Parliament, besides the Finance Minister's Budget Speech, is given below:

A. Annual Financial Statement (AFS)

B. Demands for Grants (DG)

C. Finance Bill

D. Fiscal Policy Statements mandated under Fiscal Responsibility and Budget Management (FRBM) Act, 2023:

i. Macro-Economic Framework Statement

ii. Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement

E. Expenditure Budget

F. Receipt Budget

G. Expenditure Profile

H. Budget at a Glance

I. Memorandum Explaining the Provisions in the Finance Bill

J. Output Outcome Monitoring Framework

K. Key Features of Budget 2024-25

The documents shown at Serial Nos. A, B, and C are mandated by Article 112,113 and 110 (a) of the Constitution of India respectively, while the documents at Serial No. D (i) and (ii) are presented as per the provisions of the Fiscal Responsibility and Budget Management Act, 2003. Other documents at Serial Nos. E, F, G, H, I, J and K are in the nature of explanatory statements supporting the mandated documents with narrative in a user-friendly format suited for quick or contextual references. Hindi version of all these documents is also presented to the Parliament. The Budget documents can be accessed at https://indiabudget.gov.in.

2.1 A brief description of the Budget documents listed above is as follows:

A. Annual Financial Statement (AFS)

The Annual Financial Statement (AFS), as provided under Article 112, shows the estimated receipts and expenditure of the Government of India for 2024-25 along with estimates for 2023-24 as also actuals for the year 2022-23. The receipts and disbursements are shown under three parts in which Government Accounts are kept viz., (i) The Consolidated Fund of India, (ii) The Contingency Fund of India and (iii) The Public Account of India. The Annual Financial Statement distinguishes the expenditure on revenue account from the expenditure on other accounts, as is mandated in the Constitution of India. The Revenue and the Capital sections together, make the Union Budget. The estimates of receipts and expenditure included in the Annual Financial Statement are net of refunds and recoveries respectively.

The significance of the Consolidated Fund, the Contingency Fund and the Public Account as well as the distinguishing features of the Revenue and the Capital portions are given below briefly:

(i) The Consolidated Fund of India (CFI) draws its existence from Article 266 of the Constitution. All revenues received by the Government, loans raised by it, and also receipts from recoveries of loans granted by it, together form the Consolidated Fund of India. All expenditure of the Government is incurred from the Consolidated Fund of India and no amount can be drawn from the Consolidated Fund without due authorization from the Parliament.

(ii) Article 267 of the Constitution authorizes the existence of a Contingency Fund of India which is an imprest placed at the disposal of the President of India to facilitate meeting of urgent unforeseen expenditure by the Government pending authorization from the Parliament. Parliamentary approval for such unforeseen expenditure is obtained, ex-post-facto, and an equivalent amount is drawn from the Consolidated Fund to recoup the Contingency Fund after such ex-post-facto approval. The corpus of the Contingency Fund as authorized by Parliament presently stands at 30,000 crore.

(iii) Moneys held by Government in trust are kept in the Public Account. The Public Account draws its existence from Article 266 of the Constitution of India. Provident Funds, Small Savings collections, receipts of Government set apart for expenditure on specific objects such as road development, primary education, other Reserve/Special Funds etc., are examples of moneys kept in the Public Account. Public Account funds that do not belong to the Government and have to be finally paid back to the persons and authorities, who deposited them, do not require Parliamentary authorization for withdrawals. The approval of the Parliament is obtained when amounts are withdrawn from the Consolidated Fund and kept in the Public Account for expenditure on specific objects (the actual expenditure on the specific object is again submitted for vote of the Parliament for withdrawal from the Public Account for incurring expenditure on the specific objects). The Union Budget can be demarcated into the part pertaining to revenue which is for ease of reference termed as Revenue Budget in (iv) below and the part pertaining to Capital which is for ease of reference termed as Capital Budget in (v) below.

(iv) The Revenue Budget consists of the revenue receipts of the Government (Tax revenues and Non-Tax revenues) and the revenue expenditure. Tax revenues comprise proceeds of taxes and other duties levied by the Union. The estimates of revenue receipts shown in the Annual Financial Statement take into account the effect of various taxation proposals made in the Finance Bill. Non-tax receipts of the Government mainly consist of interest and dividend on investments made by the Government, fees and other receipts for services rendered by the Government. Revenue expenditure is for the normal running of Government Departments and for rendering of various services, making interest payments on debt, meeting subsidies, grants in aid, etc. Broadly, the expenditure which does not result in creation of assets for the Government of India, is treated as revenue expenditure. All grants given to the State Governments/Union Territories and other parties are also treated as revenue expenditure in the books of Union Government even though some of the grants may be used for creation of capital assets by Grantee bodies / entities.

(v) Capital receipts and capital payments together constitute the Capital Budget. The capital receipts are loans raised by the Government (these are termed as market loans), borrowings by the Government through the sale of Treasury Bills, the loans received from foreign Governments and bodies, recoveries of loans from State and Union Territory Governments and other parties and miscellaneous capital Receipts etc. Capital payments consist of capital expenditure on acquisition of assets like land, buildings, machinery, equipment, as also investments in shares, etc., and loans and advances granted by the Central Government to the State and the Union Territory Governments, Government companies, Corporations and other parties.

(vi) Accounting Classification

- The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demands for Grants are shown according to the accounting classification referred to under Article 150 of the Constitution.
- The Annual Financial Statement shows, certain disbursements distinctly, which are charged on the Consolidated Fund of India. The Constitution of India mandates that items of expenditure such as emoluments of the President, salaries and allowances of the Chairman and the Deputy Chairman of the Rajya Sabha and the Speaker and the Deputy Speaker of the Lok Sabha, salaries, allowances and pensions of the Judges of the Supreme Court, the Comptroller and Auditor-General of India and the Central Vigilance Commission, interest on and repayment of loans raised by the Government and payments made to satisfy decrees of courts etc., may be charged on the Consolidated Fund of India and are not required to be voted by the Lok Sabha.

B. Demands for Grants (DG)

(i) Article 113 of the Constitution mandates that the estimates of expenditure from the Consolidated Fund of India included in the Annual Financial Statement and required to be voted by the Lok Sabha, be submitted in the form of Demands for Grants. The Demands for Grants are presented to the Lok Sabha along with the Annual Financial Statement. Generally, one Demand for Grant is presented in respect of each Ministry or Department. However, more than one Demand may be presented for a Ministry or Department depending on the nature of expenditure. With regard to Union Territories without Legislature, a separate Demand is presented for each of such Union Territories. In Budget 2024-25 there are 102 Demands for Grants. Each Demand initially gives separately the totals of (i) 'voted' and 'charged' expenditure; (ii) the 'revenue' and the 'capital' expenditure and (iii) the grand total on gross basis of the amount of expenditure for which the Demand is presented. This is followed by the estimates of expenditure under different major heads of account. The amounts of recoveries are also shown. The net amount of expenditure after reducing the recoveries from the gross amount is also shown. A summary of Demands for Grants is given at the beginning of this document, while details of 'New Service' or 'New Instrument of Service' such as, formation of a new company, undertaking or a new scheme, etc., if any, are indicated at the end of the document.

(ii) Each Demand normally includes the total provisions required for a service, that is, provisions on account of revenue expenditure, capital expenditure, grants to State and Union Territory Governments and also loans and advances relating to the service. Where the provision for a service is entirely for expenditure charged on the Consolidated Fund of India, for example, Interest Payments (Demand for Grant No. 39), a separate Appropriation, as distinct from a Demand, is presented for that expenditure and it is not required to be voted by the Lok Sabha. Where, however, expenditure on a service includes both 'voted' and 'charged' items of expenditure, the latter are also included in the Demand presented for that service but the 'voted' and 'charged' provisions are shown separately in that Demand.

C. Finance Bill

At the time of presentation of the Annual Financial Statement before the Parliament, a Finance Bill is also presented in fulfillment of the requirement of Article 110 (1)(a) of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. It also contains other provisions relating to Budget that could be classified as Money Bill. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution.

D. Fiscal Policy Statements mandated under FRBM Act, 2003

i. Macro-Economic Framework Statement

The Macro-Economic Framework Statement is presented to Parliament under Section 3 of the Fiscal Responsibility and Budget Management Act, 2003 and the rules made thereunder. It contains an assessment of the growth prospects of the economy along with the statement of underlying assumptions. It also contains an assessment regarding the GDP growth rate, the domestic economy and the stability of the external sector of the economy, fiscal balance of the Central Government and the external sector balance of the economy.

ii. Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement

The Medium-Term Fiscal Policy Statement cum Fiscal Policy Strategy Statement is presented to Parliament under Section 3 of the Fiscal Responsibility and Budget Management Act, 2003. It sets out the three-year rolling targets for specific fiscal indicators in relation to GDP at market prices, namely (i) Fiscal Deficit, (ii) Revenue Deficit, (iii) Primary Deficit (iv) Tax Revenue (v) Non-tax Revenue and (vi) Central Government Debt. The Statement includes the underlying assumptions, an assessment of the balance between revenue receipts and revenue expenditure and the use of capital receipts including market borrowings for the creation of productive assets. It also outlines for the existing financial year, the strategic priorities of the Government relating to taxation, expenditure, borrowings, guarantees etc. The Statement explains how the current fiscal policies are in conformity with sound fiscal management principles and gives the rationale for any major deviation in key fiscal measures.

2.2 Explanatory Documents:

To facilitate a more comprehensive understanding of the major features of the Budget, certain other explanatory documents are presented. These are briefly summarized below:

E. Expenditure Budget

The provisions made for a scheme or a programme may be spread over a number of Major Heads in the Revenue and Capital sections in a Demand for Grants. In the Expenditure Budget, the estimates made for a scheme/programme are brought together and shown on a net basis on Revenue and Capital basis at one place. Expenditure of individual Ministries/Departments are classified under 2 broad Umbrellas (i) Centres' Expenditures and (ii) Transfers to States/ Union Territories (UTs). Under the Umbrella of Centres' Expenditure there are 3 sub-classification (a) Establishment expenditure of the Centre (b) Central Sector Schemes and (iii) Other Central Expenditure including those on Central Public Sector Enterprises (CPSEs) and Autonomous Bodies.

The Umbrella of Transfers to States/UTs includes the following 3 sub- classifications:

(a) Centrally Sponsored Scheme

(b) Finance Commission Transfers

(c) Other Transfer to States

To understand the objectives underlying the expenditure proposed for various schemes and programmes in the Expenditure Budget, suitable explanatory notes are included in this volume.

F. Receipt Budget

Estimates of receipts included in the Annual Financial Statement are further analyzed in the document "Receipt Budget". The document provides details of tax and non-tax revenue receipts and capital receipts and explains the estimates. The document also provides a statement on the arrears of tax revenues and non-tax revenues, as mandated under the Fiscal Responsibility and Budget Management Rules, 2004. Trend of receipts and expenditure along with deficit indicators, statement pertaining to National Small Savings Fund (NSSF), Statement of Liabilities, Statement of Guarantees given by the government, statements of Assets and details of External Assistance are also included in Receipts Budget. This also includes the Statement of Revenue Impact of Tax Incentives under the Central Tax System which seeks to list the revenue impact of tax incentives that are proposed by the Central Government (This was earlier called 'Statement of Revenue Foregone' and brought out as a separate statement). The statement is given as an annexure to the Receipts Budget from Budget 2016-17 onwards. This document also shows liabilities of the Government on account of securities (bonds) issued in lieu of oil and fertilizer subsidies in the past.

G. Expenditure Profile

(i) This document was earlier titled Expenditure Budget - Vol-I. It has been recast in line with the decision on Plan-Non Plan merger. It gives an aggregation of various types of expenditure and certain other items across demands.

(ii) Under the present accounting and budgetary procedures, certain classes of receipts, such as payments made by one Department to another and receipts of capital projects or schemes, are taken in reduction of the expenditure of the receiving Department. While the estimates of expenditure included in the Demands for Grants are for the gross amounts, the estimates of expenditure included in the Annual Financial Statement

are net of recoveries. The document makes certain other refinements such as netting expenditure of related receipts so that overstatement of receipts and expenditure figures is avoided. The document contains statements indicating major variations between BE 2023-24 and RE 2023-24 as well as between RE 2023-24 and BE 2024-25 with brief reasons. Contributions to International bodies and estimated strength of establishment of various Government Departments and provision thereof are shown in separate Statements. A statement each, showing (i) Gender Budgeting (ii) Schemes for Development of Scheduled Castes and Scheduled Tribes including Scheduled Caste Sub Scheme (SCSS) and Tribal Sub Scheme (TSS) allocations and (iii) Schemes for the Welfare of Children are also included in this document. It also has statements on (i) the expenditure details and budget estimates regarding Autonomous Bodies and (ii) the details of certain important funds in the Public Account etc.

(iii) **Scheme Expenditure**

Scheme expenditure forms a sizeable proportion of the total expenditure of the Central Government. The Expenditure Profile gives the total provisions for each of the Ministries arranged under the various categories- Centrally Sponsored Schemes, Central Sector Schemes, Establishment, Other Central Expenditure, Transfer to States etc. and highlights the budget provisions for certain important programmes and schemes. Statements showing externally aided projects are also included in the document.

(iv) **Commercial Departments**

Railways is the principal departmentally-run commercial undertaking of Government. The Budget of the Ministry of Railways and the Demands for Grants relating to Railway expenditure are presented to the Parliament together with the Union Budget from the financial year 2017-18 onwards. The Expenditure Profile has a separate section on Railways to capture the salient aspects of the demand for grants of Railways and other details of interest regarding Railways. The total receipts and expenditure of the Railways are, incorporated in the Annual Financial Statement of the Government of India. Details of other commercially run departmental undertakings are also shown in a statement. Expenditure is depicted in the Expenditure Profile and Expenditure Budget, net of receipts of the Departmental Commercial Undertakings, in order to avoid overstatement of both receipts and expenditure.

(v) The receipts and expenditure of the Ministry of Defence Demands shown in the Annual Financial Statement, are explained in greater detail in the document Defence Services Estimates presented with the Detailed Demands for Grants of the Ministry of Defence.

(vi) The details of grants given to bodies other than State and Union Territory Governments are given in the statements of Grants-in-aid paid to non-Government bodies appended to Detailed Demands for Grants of the various Ministries.

(vii) Expenditure Profile also includes Statements No. 25 On 'Resources of Public Enterprises (PEs)'. It captures the Internal and Extra Budgetary Resources (IEBR) of the PEs that are generated internally and /or raised by the PE on the strength of its own balance sheet during the year.

(viii) Expenditure profile includes a Statement (No. 27) on Extra Budgetary Resources EBRs. It relates to resources raised through 'Government of India (GoI) fully serviced bonds', where the repayments/ service of both principal and interest, is met by Government of India from the Annual Financial Statement. A new Statement (No. 27A) has been inserted

from FY 2024-25 as part of proactive disclosure by the Government. It is a statement on Extra-Budgetary Resources (EBRs) of select commercially- run undertakings of Government of India which are not part of Central Government debt as per section 2(aa) (iii) of FRBM Act, 2003.

H. Budget at a Glance

(i) This document shows in brief, receipts and disbursements along with broad details of tax revenues and other receipts. This document provides details of resources transferred by the Central Government to State and Union Territory Governments. This document also shows the revenue deficit, the primary deficit and the fiscal deficit of the Central Government. The excess of Government's revenue expenditure over revenue receipts constitutes revenue deficit of Government. The difference between the total expenditure of Government by way of revenue, capital and loans net of repayments on the one hand and revenue receipts of Government and capital receipts which are not in the nature of borrowing but which accrue to Government on the other, constitutes gross fiscal deficit. Primary deficit is fiscal deficit reduced by the interest payments.

(ii) The document also includes a statement indicating the quantum and nature (share in Central Taxes, grants/loan) of the total Resources transferred to States and Union Territory Governments. Details of these transfers by way of share of taxes, grants-in-aid and loans are given in Expenditure Profile (Statement No.18). Bulk of grants and loans to States/UTs are disbursed by the Ministry of Finance and are included in the Demand 'Transfers to States' and in the Demand 'Transfer to Delhi', Transfer to Puducherry' and Transfer to Jammu & Kashmir. The grants and loans released to States and Union Territories by other Ministries/ Departments are reflected in their respective Demands.

I. Memorandum Explaining the Provisions in the Finance Bill

To facilitate understanding of the taxation proposals contained in the finance Bill, the provisions and their implications are explained in the document titled Memorandum Explaining the Provisions in the Finance Bill.

J. Output Outcome Monitoring Framework

The "Output Outcome Monitoring Framework" has clearly defined outputs and outcomes for various Central Sector Schemes and Centrally Sponsored Schemes with measurable indicators against them and specific targets for FY 2024-25. Output-Outcome Monitoring Framework (OOMF) for Central Sector Schemes (CSs) and Centrally Sponsored Schemes (CSSs) with financial outlay of 500 crore and more is laid in the House along with Budget 2024-25. With regard to CS and CSS schemes with outlay less than 500 crore the output-outcome monitoring framework with itemized expenditure of the schemes is prepared by the respective Ministry/Department and the same will be presented in the Parliament along with the Detailed Demand for Grants (DDG).

K. Key Features of Budget 2024-25

The Document is a snapshot summary of the economic vision of the Government and the major policy initiatives in the thrust areas of the economy for growth and welfare. Major milestones achieved in fiscal consolidation and management of the Government finances along with a bird's eye view of the key budget proposals for the fiscal year 2024-25 are also included in the document.

BILL No. 55 OF 2024

THE FINANCE (NO. 2) BILL, 2024

(AS INTRODUCED IN LOK SABHA)

THE FINANCE (No. 2) BILL, 2024

ARRANGEMENT OF CLAUSES

CLAUSES

CLAUSES

CLAUSES

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CLAUSES

AS INTRODUCED IN LOK SABHA
ON 23RD JULY, 2024

Bill No. 55 of 2024

THE FINANCE (NO. 2) BILL, 2024

A

BILL

to give effect to the financial proposals of the Central Government for the financial year 2024-2025.

BE it enacted by Parliament in the Seventy-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Finance (No. 2) Act, 2024.

(*2*) Save as otherwise provided in this Act,—

(*a*) sections 2 to 87 shall be deemed to have come into force on the 1st day of April, 2024;

(*b*) sections 110 to 153 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

CHAPTER II

RATES OF INCOME-TAX

Income-tax.

2. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*), for the assessment year commencing on the 1st day of April, 2024, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in each case in the manner provided therein.

(*2*) In the cases to which Paragraph A of Part I of the First Schedule applies, or in the cases where income is chargeable to tax under sub-section *(1A)* of section 115BAC of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) and, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds two lakh fifty thousand rupees, then,— 43 of 1961.

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) (that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income; and

(*b*) the income-tax chargeable shall be computed as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A or sub-section *(1A)* of section 115BAC, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A or sub-section *(1A)* of section 115BAC, as if the net agricultural income as so increased were the total income;

(*iii*) the amount of income-tax determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “three lakh rupees” had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "five lakh rupees" had been substituted:

Provided also that in the cases where income is chargeable to tax under sub-section *(1A)* of section 115BAC of the Income-tax Act, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "three lakh rupees" had been substituted.

(*3*) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (*1*) or the rates as specified in that Chapter or section, as the case may be:

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 or section 112A of the Income-tax Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule, except in case of a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act or in case of an individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act whose income is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, or in case of co-operative society resident in India, whose income is chargeable to tax under section 115BAD or under section 115BAE of the Income-tax Act:

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB or 115JC of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated,—

(*a*) in the case of every individual or Hindu undivided family or association of persons except in a case of an

association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not having any income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act,—

(i) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(ii) having a total income exceeding one crore rupees, but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(iii) having a total income exceeding two crore rupees, but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax; and

(iv) having a total income exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax;

(*b*) in the case of every individual or association of persons, except in a case of an association of persons consisting of only companies as its members or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, having income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act,—

(*i*) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(*ii*) having a total income exceeding one crore rupees, but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(*iii*) having a total income [excluding the income by way of dividend or income of the nature referred to in clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act] exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax;

(*iv*) having a total income [excluding the income by way of dividend or income of the nature referred to in clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act] exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax; and

(*v*) having a total income [including the income by way of dividend or income of the nature referred to in clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act] exceeding two crore rupees, but is not covered in sub-clauses (*iii*) and (*iv*), at the rate of fifteen per cent. of such income-tax:

Provided that in case where the total income includes any income by way of dividend or income chargeable under clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act, the rate of surcharge on the income-tax calculated on that part of income shall not exceed fifteen per cent.:

Provided further that where the total income of a person, being a specified fund referred to in clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Income-tax Act, includes any income under clause (*a*) of sub-section (*1*) of section 115AD of the Income-tax Act, the income-tax calculated on that part of income shall not be increased by any surcharge;

(*c*) in the case of an association of persons consisting of only companies as its members,—

(*i*) at the rate of ten per cent. of such income-tax, where the total income exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such income-tax, where the total income exceeds one crore rupees;

(*d*) in the case of every co-operative society except a co-operative society whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act,—

(*i*) at the rate of seven per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such income-tax, where the total income exceeds ten crore rupees;

(*e*) in the case of every firm or local authority, at the rate of twelve per cent. of such income-tax, where the total income exceeds one crore rupees;

(*f*) in the case of every domestic company except such domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act,—

(*i*) at the rate of seven per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such income-tax, where the total income exceeds ten crore rupees;

(*g*) in the case of every company, other than a domestic company,—

(*i*) at the rate of two per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such income-tax, where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (*a*) and (*b*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(*i*) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*ii*) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(*iii*) two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees;

(*iv*) five crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees:

Provided also that in the case of association of persons mentioned in (*c*) above, having total income chargeable to tax under section 115JC of the Income-tax Act exceeds,—

(*i*) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*ii*) one crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of a co-operative society mentioned in (*d*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(*i*) one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(*ii*) ten crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (*e*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-

tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees:

Provided also that in respect of any income chargeable to tax under clause (*i*) of sub-section (*1*) of section 115BBE of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twenty-five per cent. of such income-tax:

Provided also that in case of every domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such income-tax:

Provided also that in respect of income chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated, in the case of an individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income tax Act,—

(*i*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(*ii*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(*iii*) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees, at the rate of twenty-five per cent. of such income-tax; and

(*iv*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees, but is not covered under clause (*iii*) above, at the rate of fifteen per cent. of such income-tax:

Provided also that in case where the provisions of sub-section (*1A*) of section 115BAC are applicable and the total income includes any income by way of dividend or income chargeable under section 111A, section 112 and section 112A of the Income-tax Act, the rate of surcharge on the income-tax in respect of that part of income shall not exceed fifteen per cent.:

Provided also that in the case of a specified fund, referred to in clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Income-tax Act, whose income is chargeable to tax under sub-section (*1A*) of section 115BAC and where such income includes any income under clause (*a*) of sub-section (*1*) of section 115AD of the Income-tax Act, the income-tax computed on that part of income shall not be increased by any surcharge:

Provided also that in case of an association of persons consisting of only companies as its members, and having its income chargeable to tax under sub-section (*1A*) of section 115BAC, the rate of surcharge on the income-tax shall not exceed fifteen per cent.:

Provided also that in case of every individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, having total income chargeable to tax under sub-section *(1A)* of section 115BAC of the Income-tax Act, and such income exceeds,—

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(ii) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(iii) two crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees:

Provided also that in case of every co-operative society resident in India, whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such income-tax.

(*4*) In cases in which tax has to be charged and paid under sub-section (2A) of section 92CE or section 115QA or section 115TD of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twelve per cent. of such tax.

(*5*) In cases in which tax has to be deducted under sections 193, 194A, 194B, 194BA, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for the purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(*6*) In cases in which tax has to be deducted under sections 192A, 194, 194C, 194DA, 194E, 194EE, 194F, 194G, 194H, 194-I, 194-IA, 194-IB, 194-IC, 194J, 194LA, 194LB, 194LBA, 194LBB, 194LBC, 194LC, 194LD, 194K, 194M, 194N, 194-O, 194Q, 194R, 194S, 196A, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for the purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act,

being a non-resident except in case of deduction on income by way of dividend under section 196D of the Income-tax Act, calculated,—

(*i*) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed two crore rupees;

(*iii*) at the rate of twenty-five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds two crore rupees but does not exceed five crore rupees;

(*iv*) at the rate of thirty-seven per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds five crore rupees:

Provided that where the income of such person is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, the rate of surcharge shall not exceed twenty-five per cent.;

(*b*) in the case of every individual or Hindu undivided family or association of persons except in case of association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, being a non-resident, in case of deduction on income by way of dividend under section 196D of the Act, calculated,—

(*i*) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*c*) in the case of an association of persons being a non-resident, and consisting of only companies as its members, calculated,—

(*i*) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*d*) in the case of every co-operative society, being a non-resident, calculated,—

(*i*) at the rate of seven per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees;

(*e*) in the case of every firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*f*) in the case of every company, other than a domestic company, calculated,—

(*i*) at the rate of two per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

(*7*) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for the

purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

(*8*) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for the purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, being a non-resident, calculated,—

(*i*) at the rate of ten per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees but does not exceed two crore rupees;

(*iii*) at the rate of twenty-five per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds two crore rupees but does not exceed five crore rupees;

(*iv*) at the rate of thirty-seven per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds five crore rupees:

Provided that where the income of such person is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, the rate of surcharge shall not exceed twenty-five per cent.;

(*b*) in the case of an association of persons, being a non-resident, and consisting of only companies as its members, calculated,—

(*i*) at the rate of ten per cent. of such tax, where the amount or the aggregate of such amounts collected or

likely to be collected and subject to the collection exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees;

(*c*) in the case of every co-operative society, being a non-resident, calculated,—

(*i*) at the rate of seven per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ten crore rupees;

(*d*) in the case of every firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees;

(*e*) in the case of every company, other than a domestic company, calculated,—

(*i*) at the rate of two per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ten crore rupees.

(*9*) Subject to the provisions of sub-section (*10*), in cases in which income-tax has to be charged under sub-section (*4*) of section 172 or sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or deducted under section 194P of the said Act or in which the "advance

tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in such cases and in such manner as provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or sections 112 or 112A of the Income-tax Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule except in case of a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act or in case of an individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act whose income is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, or in case of a co-operative society resident in India whose income is chargeable to tax under section 115BAD or under section 115BAE of the Income-tax Act:

Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB or 115JC of the Income-tax Act, "advance tax" computed in accordance with the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated,—

(*a*) in the case of every individual or Hindu undivided family or association of persons, except in a case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not having any income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under

sub-section (*1A*) of section 115BAC of the Income-tax Act,—

(*i*) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed two crore rupees;

(*iii*) at the rate of twenty-five per cent. of such "advance tax", where the total income exceeds two crore rupees but does not exceed five crore rupees;

(*iv*) at the rate of thirty-seven per cent. of such "advance tax", where the total income exceeds five crore rupees;

(*b*) in the case of every individual or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, having income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act,—

(*i*) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees, but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed two crore rupees;

(*iii*) at the rate of twenty-five per cent. of such "advance tax", where the total income [excluding the income by way of dividend and income of the nature referred to in clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act] exceeds two crore rupees but does not exceed five crore rupees;

(*iv*) at the rate of thirty-seven per cent. of such "advance tax", where the total income [excluding the income by way of dividend or income of the nature referred to in clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act] exceeds five crore rupees;

(*v*) at the rate of fifteen per cent. of such "advance tax", where the total income [including the income by way of dividend or income of the nature referred to in clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act] exceeds two crore rupees but is not covered in sub-clauses (*iii*) and (*iv*):

Provided that in case where the total income includes any income by way of dividend or income chargeable under clause (*b*) of sub-section (*1*) of section 115AD of the Income-tax Act, the rate of surcharge on the advance tax computed on that part of income shall not exceed fifteen per cent.;

(*c*) in the case of an association of persons consisting of only companies as its members,—

(*i*) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees;

(*d*) in the case of every co-operative society except such co-operative society whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act,—

(*i*) at the rate of seven per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such "advance tax", where the total income exceeds ten crore rupees;

(*e*) in the case of every firm or local authority at the rate of twelve per cent. of such "advance tax", where the total income exceeds one crore rupees;

(*f*) in the case of every domestic company except such domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act,—

(*i*) at the rate of seven per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such "advance tax", where the total income exceeds ten crore rupees;

(*g*) in the case of every company, other than a domestic company,—

(*i*) at the rate of two per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such "advance tax", where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (*a*) and (*b*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(*i*) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*ii*) one crore rupees but does not exceed two crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(*iii*) two crore rupees but does not exceed five crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees;

(*iv*) five crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees:

Provided also that in the case of association of persons mentioned in (*c*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(*i*) fifty lakh rupees, but does not exceed one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*ii*) one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of a co-operative society mentioned in (*d*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(*i*) one crore rupees, but does not exceed ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(*ii*) ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (*e*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as

"advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees:

Provided also that in respect of any income chargeable to tax under clause (*i*) of sub-section (*1*) of section 115BBE of the Income-tax Act, the "advance tax" computed in accordance with the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twenty-five per cent. of such "advance tax":

Provided also that in case of every domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act, the "advance tax" computed in accordance with the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such "advance tax":

Provided also that in respect of income chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, the "advance tax" computed in accordance with the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated, in the case of an individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act,—

(*i*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such "advance-tax";

(*ii*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such "advance-tax";

(*iii*) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees, at the rate of twenty-five per cent. of such "advance-tax"; and

(*iv*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees, but is not covered under clause (*iii*) above, at the rate of fifteen per cent. of such "advance-tax":

Provided also that in case where the provisions of sub-section (*1A*) of section 115BAC are applicable and the total income includes any income by way of dividend or income chargeable under section 111A, section 112 and section 112A of the Income-tax Act, the rate of surcharge on the "advance-tax" in respect of that part of income shall not exceed fifteen per cent.:

Provided also that in case an association of persons consisting of only companies as its members, and having its income chargeable to tax under sub-section (1A) of section 115BAC, the rate of surcharge on the "advance tax" shall not exceed fifteen per cent.:

Provided also that in case of every individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, whose income is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act having total income exceeding,—

(*i*) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*ii*) one crore rupees but does not exceed two crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(*iii*) two crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees:

Provided also that in case of every co-operative society resident in India whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act, the "advance tax" computed in accordance with the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such "advance tax":

Provided also that in the case of a specified fund, referred to in clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Income-tax Act, whose income includes any income under clause (*a*) of sub-section (*1*) of section 115AD of the Income-tax Act, the advance tax computed on that part of income shall not be increased by any surcharge.

(*10*) In cases to which Paragraph A of Part III of the First Schedule applies, or in cases where income is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds two lakh fifty thousand rupees, then, in charging income-tax under sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax, only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(*b*) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax or

"advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, or sub-section (*1A*) of section 115BAC, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, or sub-section (*1A*) of section 115BAC, as if the net agricultural income were the total income;

(*iii*) the amount of income-tax or "advance tax" determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "three lakh rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "five lakh rupees" had been substituted:

Provided also that in the cases where income is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "three lakh rupees" had been substituted:

Provided also that the amount of income-tax or "advance tax" so arrived at, shall be increased by a surcharge for the purposes of the Union, calculated in each case, in the manner provided in this section.

(*11*) The amount of income-tax as specified in sub-sections (*1*) to (*3*) and as increased by the applicable surcharge, for the

purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the "Health and Education Cess on income-tax", calculated at the rate of four per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education.

(*12*) The amount of income-tax as specified in sub-sections (*4*) to (*10*) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the "Health and Education Cess on income-tax", calculated at the rate of four per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (*5*), (*6*), (*7*) and (*8*), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India:

Provided further that nothing contained in this sub-section shall apply in respect of income-tax as specified in sub-section (*9*), calculated on income, referred to in clause (*a*) of sub-section (*1*) of section 115AD of the Income-tax Act, of specified fund referred to in clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Income-tax Act.

(*13*) For the purposes of this section and the First Schedule,—

(*a*) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2024, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(*b*) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(*c*) "net agricultural income" in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(*d*) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3. In section 2 of the Income-tax Act,—

(*a*) in clause (*22*), with effect from the 1st day of October, 2024,—

(*I*) after sub-clause (*e*) and before the long line, the following sub-clause shall be inserted, namely:—

"(*f*) any payment by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013;"; 18 of 2013.

(*II*) in the long line, clause (*iv*) shall be omitted;

(*b*) in clause (*42A*), with effect from the 23rd day of July, 2024,—

(*i*) in the opening portion, for the words "thirty-six months", the words "twenty-four months" shall be substituted and shall be deemed to have been substituted;

(*ii*) in the first proviso,—

(*A*) the brackets and words "(other than a unit)" shall be omitted and shall be deemed to have been omitted;

(*B*) for the words "thirty-six months", the words "twenty-four months" shall be substituted and shall be deemed to have been substituted;

(*iii*) in the second proviso, after the words "had been substituted", the words, brackets, letters and figures "as it

stood immediately prior to the commencement of the Finance (No.2) Act, 2024" shall be inserted and shall be deemed to have been inserted;

(*iv*) the third proviso shall be omitted and shall be deemed to have been omitted.

Amendment of section 10.

4. In section 10 of the Income-tax Act,—

(*a*) with effect from the 1st day of April, 2025,—

(*i*) in clause (*4D*), in the *Explanation*, in clause (*c*), in sub-clause (*i*), item (*I*) shall be renumbered as item (*I*)(*a*) and after sub-item (*a*) as so renumbered, the following sub-item shall be inserted, namely:—

"(*b*) which has been granted a certificate as a retail scheme or an Exchange Traded Fund, and is regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019 and satisfies such conditions, as may be prescribed;";

50 of 2019.

(*ii*) after clause (*15A*), the following clause shall be inserted, namely:—

'(*15B*) any income of a foreign company from lease rentals, by whatever name called, of cruise ships, received from a specified company which operates such ship or ships in India, where such foreign company and the specified company are subsidiaries of the same holding company, and such income is received or accrues or arises in India for any relevant assessment year beginning on or before the 1st day of April, 2030.

Explanation.—For the purposes of this clause,—

(*a*) "specified company" means any company, other than a domestic company which operates cruise ships in India and opts to pay tax in accordance with the provisions of section 44BBC;

(*b*) "holding company", in relation to a foreign company or a specified company, means a company of which such companies are subsidiary companies;

(*c*) "subsidiary company" or "subsidiary", in relation to a holding company, means a company in which the holding company exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.';

(*b*) in clause (*23C*), with effect from the 1st day of October, 2024,—

(*i*) in the first proviso, after the words "makes an application", the words, figures and letters "before the 1st day of October, 2024," shall be inserted;

(*ii*) in the second proviso, after the words "first proviso", the words, figures and letters "before the 1st day of October, 2024," shall be inserted;

(*iii*) after the twenty-third proviso, the following proviso shall be inserted, namely:—

"Provided also that no approval under the second proviso shall be granted in relation to any application made on or after the 1st day of October, 2024.";

(*c*) with effect from the 1st day of April, 2025,—

(*i*) in clause (*23EE*), in the *Explanation*,—

(*A*) in clause (*i*), after the words, brackets and figures "the Securities Contracts (Regulation) Act, 1956", the following shall be inserted, namely:— 42 of 1956.

"or clause (n) of sub-regulation (*1*) of regulation 2 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019"; 50 of 2019.

(*B*) in clause (*ii*), after the words, brackets and figures "the Securities Contracts (Regulation) Act, 1956", the following shall be inserted, namely:— 42 of 1956.

"or the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019"; 50 of 2019.

(*ii*) in clause (*23FB*), in the *Explanation*, in clause (*b*), in sub-clause (*A*), in item (*II*),—

(*A*) in the opening portion, after the words "under the Alternative Investment Funds Regulations", the words, brackets and figures "or as referred to in sub-regulation (*2*) of regulation 18 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019," shall be inserted; 50 of 2019.

(*B*) in sub-item (*ii*), the word "and" shall be omitted;

(*C*) in sub-item (*iii*), for the word "or", the word "and" shall be substituted;

(*c*) after sub-item (*iii*), the following sub-item shall be inserted, namely:—

"(*iv*) any other condition as may be prescribed; or";

(*d*) in clause (*34A*), the following proviso shall be inserted with effect from the 1st day of October, 2024, namely:—

"Provided that this clause shall not apply with respect to any buy back of shares by a company on or after the 1st day of October, 2024.";

(*e*) in clause (*50*), for the portion beginning with the words "any income arising from" and ending with the words "under that Chapter", the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of August, 2024, namely:—

"any income arising from any—

(*i*) specified service provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016 comes into force; or 28 of 2016.

(*ii*) e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 but before the 1st day of August, 2024,

and chargeable to equalisation levy under that Chapter.".

Amendment of section 11.

5. In section 11 of the Income-tax Act, in sub-section (*7*), with effect from the 1st day of April, 2025,—

(*a*) for the words, brackets, figures and letters "other than clause (*1*), clause (*23C*), clause (*23EC*), clause (*46*) and clause (*46A*) thereof", the words, brackets, figures and letters "other than clause (*1*), clause (*23C*), clause (*23EA*), clause (*23EC*), clause (*23ED*), clause (*46*), clause (*46A*) and clause (*46B*) thereof" shall be substituted;

(*b*) in the first proviso,—

(*i*) for the portion beginning with the words "is notified under" and ending with the word, brackets and figures "clause (*46*)", the words, brackets, figures and letters "is notified under clause (*23EA*) or clause (*23EC*) or clause (*23ED*) or clause (*46*)" shall be substituted;

(*ii*) after the words "whichever is later", the words, figures, letters and brackets ", or, the 1st day of April of the previous year relevant to the assessment year for which the exemption is claimed under clause (*46B*) of the said section" shall be inserted;

(*c*) in the second proviso,—

(*i*) after the words "notification under", the words, brackets, figures and letters "clause (*23EA*) or" shall be inserted;

(*ii*) after the words, brackets, figures and letters "clause (*23EC*) or", the words, brackets, figures and letters "clause (*23ED*) or" shall be inserted.

Amendment of section 12A.

6. In section 12A of the Income-tax Act, in sub-section (*1*), in clause (*ac*) with effect from the 1st day of October, 2024,—

(*a*) in sub-clause (*ii*),—

(*i*) after the words, figures and letters "under section 12AB", the words, brackets, figures and letters "or approved under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10" shall be inserted;

(*ii*) after the words "the period of the said registration", the words "or approval as the case may be," shall be inserted;

(*b*) in sub-clause (*iii*),—

(*i*) after the words, figures and letters "under section 12AB", the words, brackets, figures and letters "or provisionally approved under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10" shall be inserted;

(*ii*) after the words "period of the provisional registration", the words "or provisional approval as the case may be," shall be inserted;

(*c*) after sub-clause (*vi*), the following proviso shall be inserted, namely:—

"Provided that where the application is filed beyond the time allowed in sub-clauses (*i*) to (*vi*), the Principal Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, condone such delay and such application shall be deemed to have been filed within time.".

Amendment of section 12AB.

7. In section 12AB of the Income-tax Act, for sub-section (*3*), the following sub-section shall be substituted with effect from the 1st day of October 2024, namely:—

"(*3*) The order under sub-section (*1*) shall be passed, in such form and manner as may be prescribed, within a period of,—

(*i*) three months calculated from the end of the month in which the application was received in case of clause (a);

(*ii*) six months calculated from the end of the quarter in which the application was received in case of sub-clause (*ii*) of clause (*b*); and

(*iii*) one month calculated from the end of the month in which the application was received in case of clause (*c*).".

Insertion of new section 12AC.

8. After section 12AB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April 2025, namely:—

Merger of charitable trusts or institutions in certain cases.

"12AC. Where any trust or institution registered under section 12AB or approved under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10, as the case may be, merges with another

trust or institution, the provisions of Chapter XII-EB shall not apply if—

(a) the other trust or institution has same or similar objects;

(*b*) the other trust or institution is registered under section 12AA or section 12AB or approved under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10, as the case may be; and

(*c*) the said merger fulfils such conditions as may be prescribed.".

Amendment of section 13.

9. In section 13 of the Income-tax Act, in sub-section (*1*), in clause (*d*), in the proviso, after clause (*iii*), the following clause shall be inserted with effect from the 1st day of October, 2024, namely:—

"(*iv*) any asset referred to in sub-clauses (*i*), (*ia*) and (*ii*) of clause (*b*) of the third proviso to clause (*23C*) of section 10 or any accretion to the shares, forming part of the corpus mentioned in the said sub-clause (*i*) and (*ia*) and voluntary contributions referred to in sub-clause (*iv*) of clause (*b*) of the said proviso.".

Amendment of section 16.

10. In section 16 of the Income-tax Act, in clause (*ia*), the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:—

'Provided that in a case where income-tax is computed under clause (*ii*) of sub-section (*1A*) of section 115BAC, the provisions of this clause shall have effect as if for the words "fifty thousand rupees", the words "seventy-five thousand rupees" had been substituted;'.

Amendment of section 28.

11. In section 28 of the Income-tax Act, after *Explanation* 2, the following *Explanation* shall be inserted with effect from the 1st day of April, 2025, namely:—

'Explanation 3.—It is hereby clarified 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 "Profits and gains of business or profession" and shall be chargeable under the head "Income from house property".'.

Amendment of section 36.

12. In section 36 of the Income-tax Act, in sub-section (*1*), in clause (*iva*), for the words "ten per cent.", the words

"fourteen per cent." shall be substituted with effect from the 1st day of April, 2025.

Amendment of section 37.

13. In section 37 of the Income-tax Act, in sub-section (*1*), in *Explanation 3,* in clause (*iii*), for the words "outside India", the following shall be substituted with effect from 1st day of April, 2025, namely:—

"outside India; or

(*iv*) to settle proceedings initiated in relation to contravention under such law as may be notified by the Central Government in the Official Gazette in this behalf.".

Amendment of section 40.

14. In section 40 of the Income-tax Act, in clause (*b*), in sub-clause (*v*), in item (*a*), with effect from the 1st day of April, 2025, —

(*a*) for the letters and figures "Rs. 3,00,000", the letters and figures "Rs. 6,00,000" shall be substituted;

(*b*) for the letters and figures "Rs. 1,50,000", the letters and figures "Rs. 3,00,000" shall be substituted.

Amendment of section 43D.

15. In section 43D of the Income-tax Act, with effect from the 1st day of April, 2025,—

(*i*) in the marginal heading, the words "public companies," shall be omitted;

(*ii*) clause (*b*) shall be omitted;

(*iii*) in the long line, the words "or the public company" shall be omitted;

(*iv*) in the *Explanation,* clauses (*a*) and (*b*) shall be omitted.

Amendment of section 44B.

16. In section 44B of the Income-tax Act, with effect from the 1st day of April, 2025,—

(*a*) for the marginal heading, the following marginal heading shall be substituted, namely:—

"Special provision for computing profits and gains of shipping business other than cruise shipping in case of non-residents";

(*b*) in sub-section (*1*), after the words "business of operation of ships,", the words, figures and letters "other

than cruise ships referred to in section 44BBC," shall be inserted.

Insertion of new section 44BBC.

17. After section 44BBB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2025, namely:—

Special provision for computing profits and gains of business of operation of cruise ships in case of non-residents.

'44BBC. (*1*) Notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of cruise ships subject to such conditions as may be prescribed, a sum equal to twenty per cent. of the aggregate of the amounts specified in sub-section (*2*) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".

(*2*) The amounts referred to in sub-section (*1*) shall be the following, namely:—

(*a*) the amount paid or payable to the assessee or to any person on his behalf on account of the carriage of passengers; and

(*b*) the amount received or deemed to be received by or on behalf of the assessee on account of the carriage of passengers.'.

Amendment of section 46A.

18. In section 46A of the Income-tax Act, the following proviso shall be inserted before the *Explanation*, with effect from the 1st day of October, 2024, namely:—

"Provided that where the shareholder receives any consideration of the nature referred to in sub-clause (*f*) of clause (*22*) of section 2 from any company, in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil.".

Amendment of section 47.

19. In section 47 of the Income-tax Act, for clause (*iii*), the following clause shall be substituted with effect from the 1st day of April, 2025, namely:—

"(*iii*) any transfer of a capital asset by an individual or a Hindu undivided family, under a gift or will or an irrevocable trust;".

Amendment of section 48.

20. In section 48 of the Income-tax Act, in the second proviso, after the words "where long-term capital gain arises from the transfer", the brackets, words, figures and letters

"(which takes place before the 23rd day of July, 2024)" shall be inserted and shall be deemed to have been inserted with effect from the 23rd day of July, 2024.

Amendment of section 50AA.

21. In section 50AA of the Income-tax Act,—

(*a*) for the portion beginning with the words "Notwithstanding anything contained in" and ending with the words "short-term capital asset:", the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"Notwithstanding anything contained in clause (*42A*) of section 2 or section 48, where the capital asset—

(*a*) is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture; or

(*b*) is an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after the 23rd day of July, 2024,

the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture or unit or bond as reduced by—

(*i*) the cost of acquisition of the debenture or unit or bond; and

(*ii*) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset:";

(*b*) in the *Explanation,* for clause (*ii*), the following clause shall be substituted with effect from the 1st day of April, 2026, namely:—

'(*ii*) "Specified Mutual Fund" means,—

(*a*) a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments; or

(*b*) a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (*a*):

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures:

Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.'.

Amendment of section 55.

22. In section 55 of the Income-tax Act, in sub-section (*2*), in clause (*ac*), in the *Explanation*, in clause (*a*), in sub-clause (*iii*), after item (*A*), the following item shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2018, namely:—

"(*AA*) not listed on a recognised stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, as the case may be, but listed on such exchange subsequent to the date of transfer (where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer);".

Amendment of section 56.

23. In section 56 of the Income-tax Act, in sub-section (*2*), in clause (*viib*), after the second proviso, the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:—

"Provided also that the provisions of this clause shall not apply on or after the 1st day of April, 2025.".

Amendment of section 57.

24. In section 57 of the Income-tax Act,—

(*i*) with effect from the 1st day of October, 2024, —

(*a*) in clause (*i*), after the words "in the case of dividends,", the words, brackets, letter and figures "other than that referred in sub-clause (*f*) of clause (*22*) of section 2" shall be inserted;

(*b*) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that no deduction shall be allowed in case of dividend income of the nature referred to in sub-clause (*f*) of clause (*22*) of section 2.";

(*ii*) in clause (*iia*), before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:—

'Provided that in a case where income-tax is computed under clause (*ii*) of sub-section (*1A*) of section 115BAC, the provisions of this clause shall have effect as if for the words "fifteen thousand rupees", the words "twenty-five thousand rupees" had been substituted;'.

Amendment of section 80CCD.

25. In section 80CCD of the Income-tax Act, in sub-section (*2*), the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:—

'Provided that where the total income of the assessee is chargeable to tax under sub-section (*1A*) of section 115BAC, the provisions of sub-section (*2*) shall have effect as if for the words "ten per cent." referred to in clause (*b*), the words "fourteen per cent." had been substituted.'.

Amendment of section 80G.

26. In section 80G of the Income-tax Act,—

(*a*) in sub-section (*2*), in clause (a), in sub-clause (iiihg), for the words "the National Sports Fund to be set up", the words "the National Sports Development Fund set up" shall be substituted with effect from the 1st day of April, 2025;

(b) in sub-section (5), with effect from the 1st day of October, 2024,—

(I) in the first proviso,—

(i) in clause (iii), for the words "whichever is earlier;", the words "whichever is earlier; or" shall be substituted;

(ii) in clause (iv),—

(a) the words "in any other case," shall be omitted;

(b) in sub-clause (B), the portion beginning with the words "and where no income or part"

and ending with the words "such application," shall be omitted;

(II) in the second proviso, in clause (ii), in sub-clause (b), for item (B), the following item shall be substituted, namely:—

"(B) if he is not so satisfied, pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard;";

(III) for the third proviso, the following proviso shall be substituted, namely:—

"Provided also that the order under clause (i) and clause (iii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months and one month, as the case may be, calculated from the end of the month in which the application was received:";

(IV) after the third proviso, the following proviso shall be inserted, namely:—

"Provided also that the order under sub-clause (b) of clause (ii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of six months from the end of the quarter in which the application was received:".

Amendment of section 92CA.

27. In section 92CA of the Income-tax Act, with effect from the 1st day of April, 2025,—

(a) in sub-section (2A),—

(i) for the words and bracket "any other international transaction [other than an international transaction", the words and bracket "any other international transaction or specified domestic transaction [other than an international transaction or a specified domestic transaction" shall be substituted;

(ii) for the words "if such other international transaction is an international transaction", the words "if such other international transaction or a specified domestic transaction is an international transaction or a specified domestic transaction" shall be substituted;

(b) in the sub-section (2B),—

(i) after the words "Where in respect of an international transaction", the words "or a specified domestic transaction" shall be inserted;

(ii) for the words "such transaction is an international transaction", the words "such transaction is an international transaction or a specified domestic transaction" shall be substituted.

Amendment of section 94B.

28. In section 94B of the Income-tax Act, with effect from the 1st day of April, 2025,—

(a) in sub-section (3), after the words "banking or insurance", the words "or a Finance Company located in any International Financial Services Centre," shall be inserted;

(b) in sub-section (5), after clause (iii), the following clauses shall be inserted, namely:—

'(iv) "Finance Company" means a finance company as defined in clause (e) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 and which satisfies such conditions and carries on such activities, as may be prescribed; 50 of 2019.

(v) "International Financial Services Centre" shall have the meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005.'. 28 of 2005.

Amendment of section 111A.

29. In section 111A of the Income-tax Act, in sub-section (1) with effect from the 23rd day of July, 2024,—

(a) for the long line occurring before the first proviso, the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"the tax payable by the assessee on the total income shall be the aggregate of—

(*i*) the amount of income-tax calculated on such short-term capital gains—

(a) at the rate of fifteen per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(b) at the rate of twenty per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

(*ii*) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee:";

(b) in the first proviso, for the words "rate of fifteen per cent.", the words, brackets and figure "rate as applicable in clause (*i*)" shall be substituted and shall be deemed to have been substituted.

Amendment of section 112.

30. In section 112 of the Income-tax Act, in sub-section (1), for the clauses (a), (b), (c), (d) and the first proviso, the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"(*a*) in the case of an individual or a Hindu undivided family, being a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause (ii);

(*b*) in the case of a domestic company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

(*c*) in the case of a non-resident (not being a company) or a foreign company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains, —

(A) at the rate of twenty per cent. for any transfer [other than a transfer referred to in sub-clause (iii)] which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

(*iii*) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset which takes place before the 23rd day of July, 2024, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;

(*d*) in any other case of a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of long-term capital

gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset which takes place before the 23rd day of July, 2024, being listed securities (other than a unit) or zero coupon bond, exceeds ten per cent. of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee :".

Amendment of section 112A.

31. In section 112A of the Income-tax Act, in sub-section (2), for clause (i) the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"(*i*) the amount of income-tax calculated on such long-term capital gains exceeding one lakh twenty-five thousand rupees—

(a) on long-term capital gains at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(b) on long-term capital gains, at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that the limit of one lakh twenty-five thousand rupees shall apply on aggregate of the long-term capital gains under sub-clauses (a) and (b);".

Amendment of section 113.

32. In section 113 of the Income-tax Act, with effect from the 1st day of September, 2024,—

(a) the word "undisclosed" shall be omitted;

(b) in the proviso, the words, figures and letters beginning with "and applicable" and ending with "under section 132A" shall be omitted.

Amendment of section 115AB.

33. In section 115AB of the Income-tax Act, in sub-section (1), in the longline, for clause (ii), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income,—

(A) at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024: and".

Amendment of section 115AC.

34. In section 115AC of the Income-tax Act, in sub-section (1), in the long line, for clause (ii), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*c*), if any, included in the total income, -

(A) at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024; and".

Amendment of section 115ACA.

35. In section 115ACA of the Income-tax Act, in sub-section (1), in the longline, for clause (ii), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income,—

(A) at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024; and".

Amendment of section 115AD.

36. In section 115AD of the Income-tax Act, in sub-section (1) with effect from the 23rd day of July, 2024,—

(a) in the longline, in clause (ii), for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted, namely:—

"Provided that the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of—

(A) fifteen per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) twenty per cent. for any transfer which takes place on or after the 23rd day of July, 2024;"

(b) in clause (iii), for the proviso, the following provisos shall be substituted and shall be deemed to have been substituted, namely:—

"Provided that in case of income arising from the transfer of a long-term capital asset referred to in section 112A which exceeds one lakh and twenty-five thousand rupees, income-tax shall be calculated at the rate of—

(A) ten per cent. where transfer of such asset takes place before the 23rd day of July, 2024; and

(B) twelve and one-half per cent. where transfer of such asset takes place on or after the 23rd day of July, 2024:

Provided further that the limit of one lakh twenty-five thousand rupees mentioned in the first proviso shall apply on aggregate of the long-term capital gains referred to in clauses (A) and (B); and".

Amendment of section 115BAC.

37. In section 115BAC of the Income-tax Act, for sub-section (1A), the following sub-section shall be substituted with effect from the 1st day of April, 2025, namely:—

"(1A) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of

persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, other than a person who has exercised an option under sub-section (6),—

(i) for any previous year relevant to the assessment year beginning on the 1st day of April, 2024, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 6,00,000	5 per cent.
3.	From Rs. 6,00,001 to Rs. 9,00,000	10 per cent.
4.	From Rs. 9,00,001 to Rs. 12,00,000	15 per cent.
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent.
6.	Above Rs. 15,00,000	30 per cent.;

(ii) for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2025, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 7,00,000	5 per cent.
3.	From Rs. 7,00,001 to Rs. 10,00,000	10 per cent.
4.	From Rs. 10,00,001 to Rs. 12,00,000	15 per cent.
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent.
6.	Above Rs. 15,00,000	30 per cent.”.

Amendment of section 115E.

38. In section 115E of the Income-tax Act, in the longline, for clause (ii), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income,—

(*A*) at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(*B*) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024; and".

Amendment of section 115QA.

39. In section 115QA of the Income-tax Act, in sub-section (*1*), after the proviso and before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of October, 2024, namely:—

"Provided further that the provisions of this sub-section shall not apply in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024.".

Amendment of section 132B.

40. In section 132B of the Income-tax Act, in sub-section (*1*), in clause (*i*), for the words and figures "and the Interest-tax Act, 1974", the words, brackets and figures "the Interest-tax Act, 1974 and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015" shall be substituted with effect from the 1st day of October, 2024.

45 of 1974.

22 of 2015.

Amendment of section 139.

41. In section 139 of the Income-tax Act, after sub-section (*9*) and the proviso to the *Explanation* thereof, the following sub-section shall be inserted with effect from the 1st day of October, 2024, namely:—

"(*9A*) Where any return of income is furnished in pursuance of an order under clause (*b*) of sub-section (*2*) of section 119, the provisions of this section shall apply.".

Amendment of section 139AA.

42. In section 139AA of the Income-tax Act, with effect from the 1st day of October, 2024,—

(*a*) in sub-section (*1*), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that nothing in the first proviso shall apply in respect of any application form for allotment of permanent account number or return of income furnished on or after the 1st day of October, 2024.";

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) Every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed prior to the 1st day of October, 2024, shall intimate his Aadhaar number to such authority in such form and manner, as may be prescribed, on or before a date to be notified by the Central Government in the Official Gazette.".

Amendment of section 144C.

43. In section 144C of the Income-tax Act, with effect from the 1st day of September, 2024,—

(i) in sub-section (15), in clause (*b*), the following proviso shall be inserted, namely:—

"Provided that such eligible assessee shall not include person referred to in sub-section (1) of section 158BA or other person referred to in section 158BD.";

(ii) after sub-section (15), the following sub-section shall be inserted, namely:—

"(16) The provisions of this section shall not apply to any proceedings under Chapter XIV-B.".

Substitution of new sections for sections 148 and 148A.

44. For sections 148 and 148A of the Income-tax Act, the following sections shall be substituted with effect from the 1st day of September, 2024, namely:—

Issue of notice where income has escaped assessment.

'148. (1) Before making the assessment, reassessment or recomputation under section 147, the Assessing Officer shall, subject to the provisions of section 148A, issue a notice to the assessee, along with a copy of the order passed under sub-section (3) of section 148A, requiring him to furnish, within such period as may be specified in the notice, not exceeding three months from the end of the month in which such notice is issued, a return of his income or income of any other person in respect of whom he is assessable under this Act during the previous year corresponding to the relevant assessment year:

Provided that no notice under this section shall be issued unless there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant assessment year:

Provided further that where the Assessing Officer has received information under section 135A, no notice under this section shall be issued without prior approval of the specified authority.

(2) The return of income required under sub-section (1) shall be furnished in such form and verified in such manner and setting forth such other particulars, as may be prescribed, and the provisions of this Act shall, apply accordingly as if such return were a return required to be furnished under section 139:

Provided that any return of income required under sub-section (1), furnished after the expiry of the period specified in the notice under the said sub-section, shall not be deemed to be a return under section 139.

(3) For the purposes of this section and section 148A, the information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment means,—

(*i*) any information in the case of the assessee for the relevant assessment year in accordance with the risk management strategy formulated by the Board from time to time; or

(*ii*) any audit objection to the effect that the assessment in the case of the assessee for the relevant assessment year has not been made in accordance with the provisions of this Act; or

(iii) any information received under an agreement referred to in section 90 or section 90A of the Act; or

(*iv*) any information made available to the Assessing Officer under the scheme notified under section 135A; or

(*v*) any information which requires action in consequence of the order of a Tribunal or a Court; or

(vi) any information in the case of the assessee emanating from survey conducted under section 133A, other than under sub-section (2A) of the said section, on or after the 1st day of September, 2024.

Procedure before issuance of notice under section 148.

148A. (1) Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant

assessment year, he shall, before issuing any notice under section 148 provide an opportunity of being heard to such assessee by serving upon him a notice to show cause as to why a notice under section 148 should not be issued in his case and such notice to show cause shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant assessment year.

(2) On receipt of the notice under sub-section (1), the assessee may furnish his reply within such period, as may be specified in the notice.

(3) The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 148.

(4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any assessment year in the case of an assessee where the Assessing Officer has received information under the scheme notified under section 135A.

Explanation.—For the purposes of this section and section 148, "specified authority" means the specified authority referred to in section 151.'.

Substitution of new section for section 149.

45. For section 149 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of September, 2024, namely:—

Time limit for notices under sections 148 and 148A.

"149. (1) No notice under section 148 shall be issued for the relevant assessment year,—

(*a*) if three years and three months have elapsed from the end of the relevant assessment year, unless the case falls under clause (*b*);

(b) if three years and three months, but not more than five years and three months, have elapsed from the end of the relevant assessment year unless the Assessing Officer has in his possession books of accounts or other documents or evidence related to any asset or expenditure or transaction or entries which show that the income chargeable to tax, which has escaped

assessment, amounts to or is likely to amount to fifty lakh rupees or more.

(2) No notice to show cause under section 148A shall be issued for the relevant assessment year,—

(*a*) if three years have elapsed from the end of the relevant assessment year, unless the case falls under clause (*b*);

(*b*) if three years, but not more than five years, have elapsed from the end of the relevant assessment year unless the income chargeable to tax which has escaped assessment, as per the information with the Assessing Officer, amounts to or is likely to amount to fifty lakh rupees or more.

Substitution of new section for section 151.

46. For section 151 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of September, 2024, namely:—

Sanction for issue of notice.

"151. Specified authority for the purposes of sections 148 and 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be.".

Amendment of section 152.

47. In section 152 of the Income-tax Act, after sub-section (2), the following sub-sections shall be inserted with effect from the 1st day of September, 2024, namely:—

"(3) Where a search has been initiated under section 132 or requisition is made under section 132A, or a survey is conducted under section 133A [other than under sub-section (2A) of the said section], on or after the 1st day of April, 2021 but before the 1st day of September, 2024, the provisions of sections 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.

(4) Where a notice under section 148 has been issued or an order under clause (d) of section 148A has been passed, prior to the 1st day of September, 2024, the assessment, reassessment or recomputation in such case shall be governed as per the provisions of sections 147 to 151, as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.".

Amendment of section 153.

48. In section 153 of the Income-tax Act, with effect from the 1st day of October, 2024,—

(I) after sub-section (1A), the following sub-section shall be inserted, namely:—

"(1B) Notwithstanding anything in sub-section (1), where a return is furnished in consequence of an order under clause (b) of sub-section (2) of section 119, an order of assessment under section 143 or section 144 may be made at any time before the expiry of twelve months from the end of the financial year in which such return was furnished.";

(II) in sub-section (3), for the words and figures "order under section 254" wherever they occur, the words and figures "order under section 250 or section 254" shall be substituted;

(III) in sub-section (8),—

(i) for the word, figures and letter "section 153B" at both the places where they occur, the words, figures and letters "section 153B or section 158BE" shall be substituted;

(ii) for the words, brackets, figures and letter "revived under sub-section (2) of section 153A", the words, brackets, figures and letters "revived under sub-section (2) of section 153A or sub-section (5) of section 158BA" shall be substituted;

(IV) in *Explanation* 1, after the fifth proviso, the following proviso shall be inserted, namely:—

"Provided also that where after exclusion of the period referred to in clause (xii), the period of limitation for making an order of assessment, reassessment or recomputation, as the case may be, ends before the end of the month, such period shall be extended to the end of such month.".

Substitution of new Chapter for Chapter XIV-B.

49. For Chapter XIV-B of the Income-tax Act, the following Chapter shall be substituted with effect from the 1st day of September, 2024, namely:—

'CHAPTER XIV-B

SPECIAL PROCEDURE FOR ASSESSMENT OF SEARCH CASES

Definitions.

158B. In this Chapter, unless the context otherwise requires,—

(*a*) "block period" means the period comprising previous years relevant to six assessment years preceding the previous year in which the search was initiated under section 132 or any requisition was made under section 132A and also includes the period starting from the 1st day of April of the previous year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or such requisition;

(*b*) "undisclosed income" includes any money, bullion, jewellery or other valuable article or thing or any expenditure or any income based on any entry in the books of account or other documents or transactions, where such money, bullion, jewellery, valuable article, thing, entry in the books of account or other document or transaction represents wholly or partly income or property which has not been or would not have been disclosed for the purposes of this Act, or any expense, deduction or allowance claimed under this Act which is found to be incorrect, in respect of the block period.

Explanation.—For the purposes of this Chapter, the last of the authorisations shall be deemed to have been executed,—

(*a*) in the case of search, on the conclusion of search as recorded in the last *panchnama* drawn in relation to any person in whose case the warrant of authorisation has been issued;

(*b*) in the case of requisition under section 132A, on the actual receipt of the books of account or other documents or assets by the Authorised Officer.

Assessment of total income as a result of search.

158BA. (1) Notwithstanding anything in any other provisions of this Act, where on or after the 1st day of September, 2024, a search is initiated under section 132, or books of account, other documents or any assets are requisitioned under section 132A, in the case of any person, then, the Assessing Officer shall proceed to assess or reassess the total income of the block period in accordance with the provisions of this Chapter.

(2) The assessment or reassessment or recomputation under the provisions of this Act (other than this Chapter), if any, pertaining to any assessment year falling in the block period, pending on the date of initiation of the search under section 132, or making of requisition under section

132A, as the case may be, shall abate and shall be deemed to have abated on the date of initiation of search or making of requisition.

(3) Where during the course of any pending proceeding for the assessment or reassessment or recomputation under the provisions of this Act (other than this Chapter), a reference under sub-section (1) of section 92CA has been made, or an order under sub-section (3) of section 92CA has been passed, such assessment or reassessment or recomputation, along with such reference made or order passed, as the case may be, shall also abate and shall be deemed to have abated on the date of initiation of search or making of requisition.

(4) Where any assessment under the provisions of this Chapter is pending in the case of an assessee in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search or requisition shall be made under the provisions of this Chapter:

Provided that in a case where the period of completing the assessment in respect of subsequent search is less than three months such period shall be extended to three months from the end of the month in which the assessment in respect of the earlier search was completed.

(5) If any proceeding initiated under this Chapter or any order of assessment or reassessment made under clause (*c*) of sub-section (1) of section 158BC has been annulled in appeal or any other legal proceeding, then, notwithstanding anything in this Chapter or section 153, the assessment or reassessment relating to any assessment year which has abated under sub-section (2) or sub-section (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner:

Provided that such revival shall cease to have effect, if such order of annulment is set aside.

(6) The total income (other than undisclosed income) of the assessment year relevant to the previous year in which the last of the authorisations for a search is executed or a requisition is made, shall be assessed separately in accordance with the other provisions of this Act.

(7) The total income relating to the block period shall be charged to tax, at the rate specified in section 113, as income of the block period irrespective of the previous year or years to which such income relates.

Computation of total income of block period.

158BB. (1) The total income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of the following, namely:—

(i) total income disclosed in the return furnished under section 158BC;

(ii) total income assessed under sub-section (3) of section 143 or section 144 or section 147 or section 153A or section 153C prior to the date of initiation of the search or the date of requisition, as the case may be;

(iii) total income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142 or section 148 and not covered under clause (i) or clause (ii);

(iv) total income determined where the previous year has not ended, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course on or before the date of last of the authorisations for the search or requisition relating to such previous year;

(v) undisclosed income determined by the Assessing Officer under sub-section (2).

(2) The undisclosed income falling within the block period, forming part of the total income referred to in sub-section (1) of section 158BA, shall be computed in accordance with the provisions of this Act, on the basis of evidence found as a result of search or survey or requisition of books of account or other documents and such other materials or informations as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter.

(3) Where any evidence found as a result of search or requisition of books of account or other documents and such other materials or informations as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter, or determined on the basis of entries relating to such income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the search or requisition, relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such

evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.

(4) For the purposes of determination of undisclosed income,—

(a) of a firm, such income assessed for each of the previous years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration by whatever name called to any partner not being a working partner;

(b) the provisions of sections 68, 69, 69A, 69B and 69C shall, so far as may be, apply and references to "financial year" in those sections shall be construed as references to the relevant previous year falling in the block period;

(c) the provisions of section 92CA shall, so far as may be, apply and references to "previous year" in that section shall be construed as reference to the relevant previous year falling in the block period excluding the period referred to in sub-section (3).

(5) The tax referred to in sub-section (7) of section 158BA shall be charged on the total income determined in the manner specified in sub-section (1) as reduced by the total income referred to in clause (ii), clause (iii) and clause (iv) of sub-section (1).

(6) For the purposes of sub-section (1) and sub-section (5), if the disclosed income under clause (i) of sub-section (1) or where the income disclosed in respect of any previous year comprising the block period, or the returned income or assessed income under clause (ii) or clause (iii) of sub-section (1) or where the income as determined under clause (iv), is a loss, it shall be ignored.

(7) For the purposes of assessment under this Chapter, losses brought forward from the previous year (prior to the first previous year comprising the block period) under Chapter VI or unabsorbed depreciation under sub-section (2) of section 32 shall not be set off against the undisclosed income determined in the block assessment under this Chapter but may be carried forward for being set off in the previous year subsequent to the assessment year in which the block period ends, for the remaining period, taking into account the block

period and such assessment year, and in accordance with the provisions of this Act.

Procedure for block assessment.

158BC. (1) Where any search has been initiated under section 132 or books of account, other documents or assets are requisitioned under section 132A, in the case of any person, then,—

(*a*) the Assessing Officer shall, in respect of search initiated, or books of account or other documents or any assets requisitioned, on or after the 1st day of September, 2024, issue a notice to such person, requiring him to furnish within such period, not exceeding a period of sixty days, as may be specified in the notice, a return in the form and verified in the manner, as may be prescribed, setting forth his total income, including the undisclosed income, for the block period:

Provided that such return shall be considered as if it was a return furnished under the provisions of section 139 and notice under sub-section (2) of section 143 shall thereafter be issued:

Provided further that any return of income, required to be furnished by an assessee under this section and furnished beyond the period allowed in the notice shall not be deemed to be a return under section 139:

Provided also that no notice under section 148 is required to be issued for the purpose of proceeding under this Chapter:

Provided also that a person who has furnished a return under this clause shall not be entitled to furnish a revised return;

(*b*) the Assessing Officer shall proceed to determine the total income including the undisclosed income of the block period in the manner laid down in section 158BB and the provisions of section 142, sub-sections (2) and (3) of section 143, section 144, section 145, section 145A and section 145B shall, so far as may be, apply;

(*c*) the Assessing Officer, on determination of the total income of the block period in accordance with this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment:

Provided that nothing in the provisions of section 144C shall apply in respect of such order:

Provided further that where the order of assessment or reassessment is made in pursuance of section 158BD, the block period for such assessment or reassessment shall be the same as that determined in respect of the person in whose case search was made under section 132, or whose books of account or other documents or any assets were requisitioned under section 132A, and proceedings under section 158BD were initiated due to such search or requisition, as the case may be;

(*d*) the assets seized under section 132 or requisitioned under section 132A shall be dealt with in accordance with the provisions of section 132B.

(2) The provisions of sub-section (1) of section 143 shall not apply to the return furnished under this section.

(3) The Assessing Officer, before issuance of notice under clause (a) of sub-section (1), shall take prior approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be.

Undisclosed income of any other person.

158BD. Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom search was made under section 132 or whose books of account or other documents or any assets were requisitioned under section 132A, then, any money, bullion, jewellery or other valuable article or thing, or assets, or expenditure, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 158BC against such other person and the provisions of this Chapter shall apply accordingly.

Time-limit for completion of block assessment.

158BE. (1) Notwithstanding the provisions of section 153, the order under section 158BC shall be passed within twelve months from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made, as the case may be:

Provided that in a case where search under section 132 was initiated, or requisition under section 132A was made, and during the course of the proceedings for the assessment or reassessment of the total income of the relevant block period, any reference under sub-section (1) of section 92CA is made,

the period available for making an order of assessment or reassessment in respect of the block period shall be extended by twelve months.

(2) In computing the period of limitation under sub-section (1), the period (not exceeding one hundred and eighty days) commencing from the date on which a search is initiated under section 132 or a requisition is made under section 132A and ending on the date on which the books of account, or other documents or money or bullion or jewellery or other valuable article or thing seized under section 132 or requisitioned under section 132A, as the case may be, are handed over to the Assessing Officer having jurisdiction over the assessee, in whose case such search is initiated under section 132 or such requisition is made under section 132A, as the case may be, shall be excluded:

Provided that where after exclusion of the period referred to in this sub-section, the period of limitation for making an order of assessment or reassessment, as the case may be, expires before the end of a month, such period shall be extended to the end of such month.

(3) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 158BD shall be twelve months from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person:

Provided that in case where during the course of the proceedings for the assessment of undisclosed income of the block period in case of other person referred to in section 158BD, a reference under sub-section (1) of section 92CA is made, the period available for making an order of assessment in respect of the block period in case of such other person shall be extended by twelve months.

(4) In computing the period of limitation under this section, the following period shall be excluded,—

(*i*) the period during which the assessment proceeding is stayed by an order or injunction of any court; or

(ii) the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information requested is last received by the Principal Commissioner or Commissioner or a period of one year, whichever is less; or

(iii) the time taken in reopening the whole or any part of the proceeding or giving an opportunity to the assessee to be re-heard under the proviso to section 129; or

(iv) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited or inventory valued under sub-section (2A) of section 142 and—

(a) ending with the last date on which the assessee is required to furnish a report of such audit or inventory valuation under that sub-section; or

(*b*) where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Principal Commissioner or Commissioner; or

(v) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under sub-section (1) of section 142A and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer; or

(vi) the period commencing from the date on which the Assessing Officer intimates the Central Government or the prescribed authority, the contravention of the provisions of clause (*21*) or clause (*22B*) or clause (*23A*) or clause (*23B*) of section 10, under sub-clause (*i*) of the first proviso to sub-section (3) of section 143 and ending with the date on which the copy of the order withdrawing the approval or rescinding the notification, as the case may be, under those clauses is received by the Assessing Officer; or

(vii) the period commencing from the date on which the Assessing Officer makes a reference to the Principal Commissioner or Commissioner under the second proviso to sub-section (3) of section 143 and ending with the date on which the copy of the order under clause (*ii*) or clause (*iii*) of the fifteenth proviso to clause (*23C*) of section 10 or clause (*ii*) or clause (*iii*) of sub-section (4) of section 12AB, as the case may be, is received by the Assessing Officer; or

(viii) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the Principal Commissioner or Commissioner under sub-section (1) of section 144BA and ending on the date on which a direction under sub-section (3) or sub-section (6) or an order

under sub-section (5) of the said section is received by the Assessing Officer; or

(ix) the period commencing from the date on which an application is made before the Authority for Advance Rulings or before the Board for Advance Rulings under sub-section (1) of section 245Q and ending with the date on which the order rejecting the application is received by the Principal Commissioner or Commissioner under sub-section (3) of section 245R; or

(x) the period commencing from the date on which an application is made before the Authority for Advance Rulings or before the Board for Advance Rulings under sub-section (1) of section 245Q and ending with the date on which the advance ruling pronounced by it is received by the Principal Commissioner or Commissioner under sub-section (7) of section 245R:

Provided that where immediately after the exclusion of the aforesaid period, the period of limitation referred to in sub-section (1) or sub-section (3) available to the Assessing Officer for making an order under clause (*c*) of sub-section (1) of section 158BC is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly:

Provided further that where after extension of the period referred to in the first proviso, the period of limitation for making an order of assessment or reassessment, as the case may be, expires before the end of a month, such period shall be extended to the end of such month.

Certain interests and penalties not to be levied or imposed.

158BF. No interest under section 234A, 234B or 234C or penalty under section 270A shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.

Levy of interest and penalty in certain cases.

158BFA. (1) Where the return of total income including undisclosed income for the block period, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024, as required by a notice under clause (*a*) of sub-section (1) of section 158BC, is not furnished within the time specified in such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one and one-half per cent. of the tax on undisclosed income determined under clause (*c*) of sub-section (1) of section 158BC, for every month or part of a month

comprised in the period commencing on the day immediately following the expiry of the time specified in the notice, and ending on the date of completion of assessment under clause (*c*) of sub-section (1) of section 158BC.

(2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to fifty per cent. of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under clause (*c*) of sub-section (1) of section 158BC:

Provided that no order imposing penalty under this section or sub-section (1) of section 271AAD or section 271D or section 271DA or section 271E shall be made for the block period in respect of a person if—

(*i*) such person has furnished a return under clause (*a*) of sub-section (1) of section 158BC;

(*ii*) the tax payable on the basis of such return has been paid or, if the assets seized consist of money, the assessee offers the money so seized to be adjusted against the tax payable;

(*iii*) evidence of tax paid is furnished along with the return; and

(*iv*) an appeal is not filed against the assessment of that part of income which is shown in the return:

Provided further that the provisions of the first proviso shall not apply where the undisclosed income determined by the Assessing Officer is in excess of the income shown in the return and in such cases the penalty shall be imposed on that portion of undisclosed income determined which is in excess of the amount of income shown in the return.

(3) No order imposing a penalty under sub-section (2) shall be made,—

(*a*) unless an assessee has been given a reasonable opportunity of being heard;

(*b*) by the Deputy Commissioner or Assistant Commissioner or the Deputy Director or Assistant Director, as the case may be, where the amount of penalty exceeds two lakh rupees except with the previous approval of the Additional Commissioner or the Additional Director or the

Joint Commissioner or the Joint Director, as the case may be;

(*c*) in a case where the assessment is the subject-matter of an appeal to the Commissioner (Appeals) under section 246A or an appeal to the Appellate Tribunal under section 253, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the financial year in which the order of the Commissioner (Appeals) or, as the case may be, the Appellate Tribunal is received by the Principal Commissioner or Commissioner, whichever period expires later;

(*d*) in a case where the assessment is the subject-matter of revision under section 263, after the expiry of six months from the end of the financial year in which such order of revision is passed;

(*e*) in any case other than those mentioned in clause (*c*) and clause (*d*), after the expiry of the financial year in which the proceedings, in the course of which notice for the imposition of penalty has been issued, are completed, or six months from the end of the financial year in which notice for imposition of penalty is issued, whichever period expires later.

(4) In computing the period of limitation under this section, the following period shall be excluded—

For the purposes of this section,—

(*i*) the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 129; or

(*ii*) the period during which the proceedings under sub-section (2) are stayed by an order or injunction of any court:

Provided that where immediately after the exclusion of the aforesaid period, the period of limitation referred to in sub-section (3) available to the Assessing Officer for making an order under sub-section (2) of this section is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly:

Provided further that where after exclusion of the period referred to in the first proviso, the period of limitation for making of an order for imposition of penalty expires before the

end of a month, such period shall be extended to the end of such month.

(5) An income-tax authority on making an order under sub-section (2) imposing a penalty, unless he is himself an Assessing Officer, shall forthwith send a copy of such order to the Assessing Officer.

Authority competent to make assessment of block period.

158BG. The order of assessment for the block period shall be passed by an Assessing Officer not below the rank of a Deputy Commissioner or an Assistant Commissioner or a Deputy Director or an Assistant Director, as the case may be:

Provided that no such order shall be passed without the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024 .

Application of other provisions of this Act.

158BH. Save as otherwise provided in this Chapter, all other provisions of this Act shall apply to assessment made under this Chapter.

Chapter not to apply in certain circumstances.

158BI. The provisions of this Chapter shall not apply where a search was initiated under section 132, or books of account, other documents or any assets were requisitioned under section 132A, before the 1st day of September, 2024, and proceedings in relation to such search or requisition, as the case may be, shall be governed by the other provisions of this Act.'.

Amendment of section 192.

50. In section 192 of the Income-tax Act, with effect from the 1st day of October, 2024,—

(*I*) in sub-section (*1C*), for the words, brackets and figures "clause (*vi*) of sub-section (*2*)", the words, brackets and figures "sub-clause (*vi*) of clause (*2*)" shall be substituted;

(*II*) in sub-section (*2A*), the words, brackets and figure "sub-section (1) of" shall be omitted;

(*III*) for sub-section (*2B*), the following sub-section shall be substituted, namely:—

'(*2B*) Where an assessee who receives any income chargeable under the head "Salaries" has, in addition, —

(i) any income chargeable under any other head of income (not being a loss under any such head other than the loss under the head "Income from house property"); or

(ii) any tax deducted or collected under the provisions of Part B or Part BB of this Chapter, as the case may be,

for the same financial year, he may send to the person responsible for making the payment referred to in sub-section (1), the particulars of—

(a) such other income;

(b) any tax deducted or collected under any other provision of Part B or Part BB of this Chapter, as the case may be; and

(c) the loss, if any, under the head "Income from house property",

in such form and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid shall take into account the particulars referred to in clauses (a), (b) and (c) for the purposes of making the deduction under sub- section (1):

Provided that this sub-section shall not in any case have the effect of reducing the tax deductible except where the loss under the head "Income from house property" has been taken into account, from income under the head "Salaries" below the amount that would be so deductible if the other income and the tax deducted in accordance with other provisions of Part B and collected in accordance with the provisions of Part BB, of this Chapter, had not been taken into account.'.

Amendment of section 193.

51. In section 193 of the Income-tax Act, in the proviso, in clause (iv), for the proviso, the following proviso shall be substituted with effect from the 1st day of October, 2024, namely:—

"Provided that nothing in this clause shall apply to the interest exceeding ten thousand rupees payable during the financial year on 8 per cent. Savings (Taxable) Bonds, 2003 or 7.75 per cent. Savings (Taxable) Bonds, 2018 or Floating Rate Savings Bonds, 2020 (Taxable) or any other security of the Central Government or State Government as the Central

Government may, by notification in the Official Gazette, specify in this behalf;".

Amendment of section 194.

52. In section 194 of the Income-tax Act, after the word, brackets and letter "sub-clause (e)", the words, brackets and letter "or sub-clause (f)" shall be inserted with effect from the 1st day of October, 2024.

Amendment of section 194C.

53. In section 194C of the Income-tax Act, in the *Explanation*, in clause (iv), for the long line, the following long line shall be substituted with effect from 1st day of October, 2024, namely:—

"but does not include—

(A) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer; or

(B) any sum referred to in sub-section (1) of section 194J.".

Amendment of section 194DA.

54. In section 194DA of the Income-tax Act, for the words "five per cent.", the words "two per cent." shall be substituted with effect from the 1st day of October, 2024.

Omission of section 194F.

55. Section 194F of the Income-tax Act shall be omitted with effect from the 1st day of October, 2024.

Amendment of section 194G.

56. In section 194G of the Income-tax Act, for the words "five per cent.", the words "two per cent." shall be substituted with effect from the 1st day of October, 2024.

Amendment of section 194H.

57. In section 194H of the Income-tax Act, for the words "five per cent.", the words "two per cent." shall be substituted with effect from the 1st day of October, 2024.

Amendment of section 194-IA.

58. In section 194-IA of the Income-tax Act, in sub-section (2), the following proviso shall be inserted with effect from the 1st day of October, 2024, namely:—

"Provided that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.".

Amendment of section 194-IB.

59. In section 194-IB of the Income-tax Act, in sub-section (1), for the words "five per cent.", the words "two per cent."

shall be substituted with effect from the 1st day of October, 2024.

Amendment of section 194M.

60. In section 194M of the Income-tax Act, in sub-section (1), for the words "five per cent.", the words "two per cent." shall be substituted with effect from the 1st day of October, 2024.

Amendment of section 194-O.

61. In section 194-O of the Income-tax Act, in sub-section (1), for the words "one per cent.", the figures and word "0.1 per cent." shall be substituted with effect from the 1st day of October, 2024.

Insertion of new section 194T.

62. After section 194S of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2025, namely:—

Payments to partners of firms.

"194T. (1) Any person, being a firm, responsible for paying any sum in the nature of salary, remuneration, commission, bonus or interest to a partner of the firm, shall, 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 at the rate of ten per cent.

(2) No deduction shall be made under sub-section (1) where such sum or the aggregate of such sums credited or paid or likely to be credited or paid to the partner of the firm does not exceed twenty thousand rupees during the financial year.".

Amendment of section 196B.

63. In section 196B the Income-tax Act, for the words "at the rate of ten per cent.", the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:–

"at the rate of—

(a) ten per cent.in respect of income from units referred to in clause (i) of sub-section (1) of section 115AB;

(b) ten per cent.in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place before the 23rd day of July, 2024;

(c) twelve and one-half per cent. in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place on or after the 23rd day of July, 2024.".

Amendment of section 196C.

64. In section 196C of the Income-tax Act, for the words "at the rate of ten per cent.", the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

"at the rate of—

(a) ten per cent. in respect of income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC;

(b) ten per cent. in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place before the 23rd day of July, 2024;

(c) twelve and one-half per cent. in respect of long-term capital gains arising from transfer of such bond or Global depository Receipts referred to in section 115AC which takes place on or after the 23rd day of July, 2024.".

Amendment of section 197.

65. In section 197 of the Income-tax Act, in sub-section (1), for the figures and letter "194-O", the figures and letters "194-O, 194Q" shall be substituted with effect from the 1st day of October, 2024.

Amendment of section 198.

66. In section 198 of the Income-tax Act, after the words "this Chapter", the words "and income tax paid outside India, by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under this Act," shall be inserted with effect from the 1st day of April, 2025.

Amendment of section 200.

67. In section 200 of the Income-tax Act, in sub-section (3), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:—

"Provided further that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in sub-section (3) is required to be delivered.".

Amendment of section 200A.

68. In section 200A of the Income-tax Act, with effect from the 1st day of April, 2025,—

(a) in the marginal heading, for the word "source", the words "source and other statements" shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) The Board may make a scheme for processing of statements made by any other person, not being a deductor.".

Amendment of section 201.

69. In section 201 of the Income-tax Act, in sub-section (3), with effect from the 1st day of April, 2025,—

(i) for the words "a person resident in India, at any time after the expiry of seven years", the words "any person, at any time after the expiry of six years" shall be substituted;

(ii) for the words "under the proviso", the words "under the first proviso" shall be substituted.

Amendment of section 206C.

70. In section 206C of the Income-tax Act, —

(a) for sub-section (1F), the following sub-section shall be substituted with effect from the 1st day of January, 2025, namely:—

"(1F) Every person, being a seller, who receives any amount as consideration for sale of–

(i) a motor vehicle; or

(ii) any other goods, as may be specified by the Central Government by notification in the Official Gazette,

of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent. of the sale consideration as income-tax.";

(b) in sub-section (3B), the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:—

"Provided that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in the proviso to sub-section (3) is required to be delivered.";

(c) in sub-section (4), after the words "such person", the words "or any other person eligible for credit" shall be inserted with effect from the 1st day of January, 2025;

(d) with effect from the 1st day of April, 2025,—

(i) in sub-section (7), for the words "interest at the rate of one per cent. per month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which the tax was actually paid and such interest shall be paid", the following shall be substituted, namely:—

"interest–

(a) at the rate of one per cent. for every month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which such tax is collected; and

(b) at the rate of one and one-half per cent. for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid,

and such interest shall be paid";

(ii) after sub-section (7), the following sub-section shall be inserted, namely: —

"(7A) No order shall be made under sub-section (6A) deeming a person to be an assessee in default for failure to collect the whole or any part of the tax from any person, at any time after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B), whichever is later.";

(e) with effect from the 1st day of October, 2024,—

(i) in sub-section (9), for the words, brackets, figures and letter "sub-section (1) or sub-section (1C)" at both the places where they occur, the words, brackets, figures and letters "sub-section (1), sub-section (1C) or sub-section (1H)" shall be substituted;

(ii) after sub-section (11), the following sub-section shall be inserted, namely:—

"(12) Notwithstanding anything contained in this section, no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or

body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf.".

Amendment of section 230.

71. In section 230 of the Income-tax Act, in sub-section (1A), in the proviso, in the long line, after the words and figures "the Expenditure-tax Act, 1987,", the words, brackets and figures "or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015," shall be inserted with effect from the 1st day of October, 2024. 35 of 1987. 22 of 2015.

Amendment of section 244A.

72. In section 244A of the Income-tax Act, in sub-section (1A), in the proviso, for the words "with the date on which such assessment or reassessment is made", the words "with the date up to which such refund is withheld" shall be substituted with effect from the 1st day of October, 2024.

Amendment of section 245.

73. In section 245 of the Income-tax Act, in sub-section (2), with effect from the 1st day of October, 2024,—

(a) the words "is of the opinion that the grant of refund is likely to adversely affect the revenue," shall be omitted;

(b) after the words "withhold the refund up to", the words "sixty days from" shall be inserted.

Amendment of section 245Q.

74. In section 245Q of the Income-tax Act, in sub-section (4), the following proviso shall be inserted with effect from the 1st day of October, 2024, namely:—

"Provided that the applicant may, on or before the 31st day of October, 2024, request the Board for Advance Rulings in writing that the application so transferred may not be proceeded with, if up to the date of such request, the Board for Advance Rulings has not passed an order under sub-section (2) of section 245R.".

Amendment of section 245R.

75. In section 245R of the Income-tax Act, in sub-section (2), after the third proviso, the following proviso shall be inserted with effect from the 1st day of October, 2024, namely:—

"Provided also that on receipt of an application under the proviso to sub-section (4) of section 245Q, the Board for Advance Rulings may, by an order, reject the application referred to in sub-section (1) thereof as withdrawn on or before the 31st day of December, 2024.".

Amendment of section 246A.

76. In section 246A of the Income-tax Act, in sub-section (1), after clause (*k*), the following clause shall be inserted, with effect from the 1st day of September, 2024, namely:—

"(*ka*) an order of assessment made by an Assessing Officer under clause (c) of sub-section (1) of section 158BC, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024;".

Amendment of section 251.

77. In section 251 of the Income-tax Act, in sub-section (1), in clause (a), the following proviso shall be inserted with effect from the 1st day of October, 2024, namely:—

"Provided that where such appeal is against an order of assessment made under section 144, he may set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment;".

Amendment of section 253.

78. In section 253 of the Income-tax Act, with effect from the 1st day of October, 2024,—

(a) in sub-section (1), in clause (a), after word and figures "section 154,", the word, figures and letters "section 158BFA," shall be inserted;

(b) in sub-section (3), for the words "sixty days of the date on", the words "two months from the end of the month in" shall be substituted.

Amendment of section 271FAA.

79. In section 271FAA of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of October, 2024, namely:—

"(1) If a person referred to in sub-section (1) of section 285BA, who is required to furnish a statement under that section,—

(a) provides inaccurate information in the statement or fails to furnish correct information within the period specified under sub-section (6) of the said section; or

(b) fails to comply with the due diligence requirement prescribed under sub-section (7) of the said section,

then, the prescribed income-tax authority referred to in sub-section (1) thereof may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.".

Insertion of new section 271GC.

80. After section 271GB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2025, namely:—

Penalty for failure to submit statement under section 285.

"271GC. If any person who is required to furnish statement under section 285, fails to do so within the period prescribed under that section, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of—

(a) one thousand rupees for every day for which the failure continues, if the period of failure does not exceed three months; or

(b) one lakh rupees in any other case.".

Amendment of section 271H.

81. In section 271H of the Income-tax Act, in sub-section (3), for the words "one year", the words "one month" shall be substituted with effect from the 1st day of April, 2025.

Amendment of section 273B.

82. In section 273B of the Income-tax Act,—

(a) after the word, figures and letters "section 271FA,", the word, figures and letters "section 271FAA," shall be inserted with effect from the 1st day of October, 2024;

(b) after the word, figures and letters "section 271GB,", the words, figures and letters "section 271GC," shall be inserted with effect from the 1st day of April, 2025.

Amendment of section 275.

83. In section 275 of the Income-tax Act, with effect from the 1st day of October, 2024,—

(a) in sub-section (1), in clause (a), the words "Principal Chief Commissioner or Chief Commissioner or" at both the places where they occur shall be omitted;

(b) in sub-section (1A), the words "Principal Chief Commissioner or Chief Commissioner or the" at both the places where they occur shall be omitted.

Amendment of section 276B.

84. In section 276B of the Income-tax Act, the following proviso shall be inserted with effect from the 1st day of October, 2024, namely:—

"Provided that the provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or

before the time prescribed for filing the statement for such payment under sub-section (3) of section 200.".

Amendment of section 276CCC.

85. In section 276CCC of the Income-tax Act, after the words, brackets and letter "clause (*a*) of", the words, brackets and figure "sub-section (1) of" shall be inserted with effect from the 1st day of September, 2024.

Amendment of section 285.

86. In section 285 of the Income-tax Act, for the words "sixty days from the end of such financial year, a statement", the words "such period, a statement" shall be substituted with effect from the 1st day of April, 2025.

Amendment of First Schedule.

87. In the First Schedule to the Income-tax Act, in rule 2, the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:—

"Provided that any expenditure which is not admissible under section 37 in computing the profits and gains of a business, shall be included to the profits and gains of life insurance business.".

CHAPTER IV

THE DIRECT TAX *VIVAD SE VISHWAS* SCHEME, 2024

Short title and commencement.

88. (1) This Scheme may be called the Direct Tax *Vivad Se Vishwas* Scheme, 2024.

(2) It shall come into force on such date as the Central Government may by notification in the Official Gazette, appoint.

Definitions.

89. (*1*) In this Scheme, unless the context otherwise requires,—

(a) "appellant" means—

(i) a person in whose case an appeal or a writ petition or special leave petition has been filed either by him or by the income-tax authority or by both,before an appellate forum and such appeal or petition is pending as on the specified date; or

(ii) a person who has filed his objections before the Dispute Resolution Panel under section 144C of the Income-tax Act and the Dispute Resolution Panel has not issued any direction on or before the specified date; or

(iii) a person in whose case the Dispute Resolution Panel has issued direction under sub-section (*5*) of section 144C of the Income-tax Act and the Assessing Officer has not completed the assessment under sub-section (*13*) of that section on or before the specified date; or

(iv) a person who has filed an application for revision under section 264 of the Income-tax Act and such application is pending as on the specified date;

(b) "appellate forum" means the Supreme Court or the High Court or the Income Tax Appellate Tribunal or the Commissioner (Appeals) or Joint Commissioner (Appeals), as the case may be;

(c) "declarant" means a person who files declaration under section 91;

(d) "declaration" means the declaration filed under section 91;

(e) "designated authority" means an officer not below the rank of a Commissioner of Income-tax notified by the Principal Chief Commissioner for the purposes of this Scheme;

(f) "disputed fee" means the fee determined under the provisions of the Income-tax Act in respect of which appeal has been filed by the appellant;

(g) "disputed income" in relation to an assessment year, means the whole or so much of the total income as is relatable to the disputed tax;

(h) "disputed interest" means the interest determined in any case under the provisions of the Income-tax Act, where—

(i) such interest is not charged or chargeable on disputed tax;

(ii) an appeal has been filed by the appellant in respect of such interest;

(i) "disputed penalty" means the penalty determined in any case under the provisions of the Income-tax Act, where—

(i) such penalty is not levied or leviable in respect of disputed income or disputed tax, as the case may be;

(ii) an appeal has been filed by the appellant in respect of such penalty;

(j) "disputed tax", in relation to an assessment year or financial year, as the case may be, means the income-tax including surcharge and cess (hereafter in this Chapter referred to as the amount of tax) payable by the appellant under the provisions of the Income-tax Act, as computed hereunder:—

(A) in a case where any appeal, writ petition or special leave petition is pending before the appellate forum as on the specified date, the amount of tax that is payable by the appellant if such appeal or writ petition or special leave petition was to be decided against him;

(B) in a case where objection filed by the appellant is pending before the Dispute Resolution Panel under section 144C of the Income-tax Act, as on the specified date, the amount of tax payable by the appellant if the Dispute Resolution Panel was to confirm the variation proposed in the draft order;

(C) in a case where Dispute Resolution Panel has issued any direction under sub-section (*5*) of section 144C of the Income-tax Act, and the AssessingOfficer has not completed the assessment under sub-section (*13*) of that section on or before the specified date, the amount of tax payable by the appellant as per the assessment order to be passed by the Assessing Officer in pursuance of the said assessment under sub-section (*13*)thereof;

(D) in a case where an application for revision under section 264 of the Income-tax Act, is pending as on the specified date, the amount of tax payable bythe appellant if such application for revision was not to be accepted:

Provided that in a case where the dispute in relation to an assessment year relates to reduction of tax credit under section 115JAA or section 115JD of the Income-tax Act, or any loss or depreciation computed thereunder, the appellant shall have an option either to include the amount of tax related to such tax credit or loss or depreciation in the amount of disputed tax, or to carry forward the reduced tax credit or loss or depreciation, in such manner as may be prescribed.

(k) "Income-tax Act" means the Income-tax Act, 1961; 43 of 1961.

(l) "last date" means such date as may be notified by the Central Government in the Official Gazette;

(m) "prescribed" means prescribed by rules made under this Act;

(n) "specified date" means the 22nd day of July, 2024;

(o) "tax arrear" means—

(i) the aggregate amount of disputed tax, interest chargeable or charged on such disputed tax, and penalty leviable or levied on such disputed tax; or

(ii) disputed interest; or

(iii) disputed penalty; or

(iv) disputed fee.

(2) The words and expressions used herein and not defined but defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

Amount payable by declarant.

90. Subject to the provisions of this Scheme, where a declarant files under the provisions of this Scheme on or before the last date, a declaration to the designated authority in accordance with the provisions of section 91 in respect of tax arrear, then, notwithstanding anything contained in the Income-tax Act or any other law for the time being in force, the amount payable by the declarant under this Scheme shall be as mentioned in the Table below, namely:—

TABLE

Sl. No.	Nature of tax arrear.	Amount payable under this Scheme on or before the 31st day of December, 2024.	Amount payable under this Scheme on or after the 1st day of January, 2025 but on or before the last date.
(1)	(2)	(3)	(4)

(a)	where the tax arrear is the aggregate amount of disputed tax, interest chargeable or charged on such disputed tax and penalty leviable or levied on such disputed tax in a case where the declarant is an appellant after the 31st day of January, 2020 but on or before the specified date.	Amount of the disputed tax	the aggregate of the amount of disputed tax and ten per cent. Of disputed tax.
(b)	where the tax arrear is the aggregate amount of disputed tax, interest chargeable or charged on such disputed tax and penalty leviable or levied on such disputed tax in a case where the declarant is an appellant on or before the 31st day	The aggregate of the amount of disputed tax and ten per cent. Of disputed tax	the aggregate of the amount of disputed tax and twenty per cent. Of disputed tax.

	of January, 2020 at the same appellate forum in respect of the such tax arrear.		
(c)	where the tax arrear relates to disputed interest or disputed penalty or disputed fee where the declarant is an appellant after the 31st day of January, 2020 but on or before the specified date.	Twenty-five per cent. Of disputed interest or disputed penalty or disputed fee.	Thirty per cent. Of disputed interest or disputed penalty or disputed fee.
(d)	where the tax arrear relates to disputed interest or disputed penalty or disputed fee where the declarant is an appellant on or before the 31st day of January, 2020 at the same appellate forum in respect of the such tax arrear.	Thirty per cent. Of disputed interest or disputed penalty or disputed fee.	Thirty-five per cent. Of disputed interest or disputed penalty or disputed fee:

Provided that in a case where an appeal or writ petition or special leave petition is filed by the income-tax authority on any disputed issue before the appellate forum, the amount payable shall be one-half of the amount in the Table above calculated on such issue, in such manner, as may be prescribed:

Provided further that in a case where an appeal is filed before the Commissioner (Appeals) or Joint Commissioner (Appeals) or objections is filed before the Dispute Resolution Panel by the appellant on any issue on which he has already got a decision in his favour from the Income Tax Appellate Tribunal (where the decision on such issue is not reversed by the High Court or the Supreme Court) or the High Court (where the decision on such issue is not reversed by the Supreme Court), the amount payable shall be one-half of the amount in the Table above calculated on such issue, in such manner, as may be prescribed:

Provided also that in a case where an appeal is filed by the appellant on any issue before the Income Tax Appellate Tribunal on which he has already got a decision in his favour from the High Court (where the decision on such issue is not reversed by the Supreme Court), the amount payable shall be one-half of the amount in the Table above calculated on such issue, in such manner as may be prescribed.

Filing of declaration and particulars to be furnished.

91. (1) The declaration referred to in section 90 shall be filed by the declarant before the designated authority in such form and verified in such manner, as may be prescribed.

(2) Upon filing the declaration, any appeal pending before the Income Tax Appellate Tribunal or Commissioner (Appeals) or Joint Commissioner (Appeals), in respect of the disputed income or disputed interest or disputed penalty or disputed fee and tax arrear, shall be deemed to have been withdrawn from the date on which certificate under sub-section (1) of section 92 is issued by the designated authority.

(3) Where the declarant has filed any appeal before the appellate forum or any writ petition before the High Court or the Supreme Court against any order in respect of tax arrear, he shall withdraw such appeal or writ petition with the leave of the Court wherever required after issuance of certificate under sub-section (1) of section 92 and furnish proof of such withdrawal along with the intimation of payment to the designated authority under sub- section (2) of that section.

(4) Without prejudice to the provisions of sub- section (2) and sub-section (3), the declarant shall furnish an undertaking waiving his right, whether direct or indirect, to seek or pursue any remedy or any claim in relation to the tax arrear which may

otherwise be available to him under any law for the time being in force and the undertaking shall be made in such form and manner, as may be prescribed.

(5) The declaration under sub-section (1) shall be deemed not to have been made if,—

(a) any material particular furnished in the declaration is found to be false at any stage; or

(b) the declarant violates any of the conditions referred to in this Scheme; or

(c) the declarant acts in any manner which is not in accordance with the undertaking given by him under sub-section (4),

and in such cases, all the proceedings and claims which were withdrawn under section 91 and all the consequences under the Income-tax Act against the declarant shall be deemed to have been revived.

(6) No appellate forum shall proceed to decide any issue relating to the tax arrear mentioned in the declaration in respect of which an order has been made under sub- section (1) of section 92 by the designated authority or in respect of payment of sum determined under that section.

Time and manner of payment.

92. (1) The designated authority shall, within a period of fifteen days from the date of receipt of the declaration, by order, determine the amount payable by the declarant in accordance with the provisions of this Scheme and grant a certificate to the declarant containing particulars of the tax arrear and the amount payable after such determination, in such form as may be prescribed.

(2) The declarant shall pay the amount determined under sub-section (1) within a period of fifteen days of the date of receipt of the certificate and intimate the details of such payment to the designated authority in the prescribed form and thereupon the designated authority shall pass an order stating that the declarant has paid the amount.

(3) Every order passed under sub-section (1), determining the amount payable under this Scheme, shall be conclusive as to the matters stated therein and no matter covered by such order shall be reopened in any other proceeding under the Income-tax Act or under any other law for the time being in force.

(4) Making a declaration under this Scheme shall not amount to conceding the tax position and it shall not be lawful for the income-tax authority or the declarant being a party in appeal or writ petition or special leave petition to contend that the declarant or the income-tax authority, as the case may be, has acquiesced in the decision on the disputed issue by settling the dispute.

Immunity from initiation of proceedings in respect of offence and imposition of penalty in certain cases.

93. Subject to the provisions of section 92, the designated authority shall not institute any proceeding in respect of an offence; or impose or levy any penalty; or charge any interest under the Income-tax Act in respect of tax arrear.

No refund of amount paid.

94. (1) Any amount paid in pursuance of a declaration made under section 91 shall not be refundable under any circumstances.

(2) Where the declarant had, before filing the declaration under sub-section (1) of section 91, paid any amount under the Income-tax Act in respect of his tax arrear which exceeds the amount payable under section 90, he shall be entitled to a refund of such excess amount, but shall not be entitled to interest on such excess amount under section 244A of the Income-tax Act.

No benefit, concession or immunity to declarant.

95. Save as otherwise expressly provided in sub-section (3) of section 92 or section 93, nothing contained in this Scheme shall be construed as conferring any benefit, concession or immunity on the declarant in any proceedings other than those in relation to which the declaration has been made.

Scheme not to apply in certain cases.

96. The provisions of this Scheme shall not apply—

(a) in respect of tax arrear,—

(i) relating to an assessment year in respect of which an assessment has been made under sub-section (3) of section 143 or section 144 or section 147 or section 153A or section 153C of the Income-tax Act on the basis of search initiated under section 132 or section 132A of the Income-tax Act;

(ii) relating to an assessment year in respect of which prosecution has been instituted on or before the date of filing of declaration;

(iii) relating to any undisclosed income from a

source located outside India or undisclosed asset located outside India;

(iv) relating to an assessment or reassessment made on the basis of information received under an agreement referred to in section 90 or section 90A of the Income-tax Act, if it relates to any tax arrear;

(b) to any person in respect of whom an order of detention has been made under the provisions of the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 on or before the date of filing of declaration: 52 of 1974.

Provided that—

(i) such order of detention, being an order to which the provisions of section 9 or section 12A of the said Act do not apply, has not been revoked on the report of the Advisory Board under section 8 of the said Act or before the receipt of the report of the Advisory Board; or

(ii) such order of detention, being an order to which the provisions of section 9 of the said Act apply, has not been revoked before the expiry of the time for, or on the basis of, the review under sub-section (3) of section 9, or on the report of the Advisory Board under section 8, read with sub-section (2) of section 9, of the said Act; or

(iii) such order of detention, being an order to which the provisions of section 12A of the said Act apply, has not been revoked before the expiry of the time for, or on the basis of, the first review under sub-section (3) of that section, or on the basis of the report of the Advisory Board under section 8 read with sub-section (6) of section 12A, of the said Act; or

(iv) such order of detention has not been set aside by a court of competent jurisdiction;

(c) to any person in respect of whom prosecution for any offence punishable under the provisions of the Unlawful Activities (Prevention) Act, 1967, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Prohibition of Benami Property Transactions Act, 1988, the Prevention of Corruption Act, 1988, the Prevention of Money-Laundering Act, 2002, has been instituted on or before the filing of the declaration or such person has been convicted 37 of 1967. 61 of 1985. 45 of 1988. 49 of 1988. 15 of 2003.

of any such offence punishable under any of those Acts;

(d) to any person in respect of whom prosecution has been initiated by an Income-tax authority for any offence punishable under the provisions of the Bharatiya Nyaya Sanhita, 2023 or for the purpose of enforcement of any civil liability under any law for the time being in force, on or before the filing of the declaration or such person has been convicted of any such offence consequent to the prosecution initiated by an Income- tax authority; 45 of 2023.

(e) to any person notified under section 3 of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992 on or before the date of filing of declaration. 27 of 1992.

Power of Board to issue directions, etc.

97. (1) The Central Board of Direct Taxes may, from time to time, issue such directions or orders to the income-tax authorities, as it may deem fit:

Provided that no direction or order shall be issued so as to require any designated authority to dispose of a particular case in a particular manner.

(2) Without prejudice to the generality of the foregoing power, the said Board may, if it considers necessary or expedient so to do, for the purpose of this Scheme, including collection of revenue, issue from time to time, general or special orders in respect of any class of cases, setting forth directions or instructions as to the guidelines, principles or procedures to be followed by the authorities in any work relating to this Act, including collection of revenue and issue such order, by way of relaxation of any provision of this Chapter or otherwise, if the Board is of the opinion that it is necessary in the public interest so to do.

Power to remove difficulties.

98. (1) If any difficulty arises in giving effect to the provisions of this Scheme, the Central Government may, by order, not inconsistent with the provisions of this Scheme, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Scheme come into force.

(2) Every order made under sub-section (1) shall, as soon as may be after it is made, be laid before each House of Parliament.

Power to make rules.

99. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Scheme.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) determination of disputed tax including the manner of set-off in respect of brought forward or carry forward of tax credit under section 115JAA or section 115JD of the Income-tax Act or set-off in respect of brought forward or carry forward of loss or allowance of depreciation under the provisions of the Income-tax Act;

(b) manner of calculating one half of the amount in the Table under the First, Second and Third provisos to section 90;

(c) the form in which a declaration may be made, and the manner of its verification under section 91;

(d) the form and manner in which declarant shall furnish undertaking under sub-section (4) of section 91;

(e) the form in which certificate shall be granted under sub- section (1) of section 92;

(f) the form in which payment shall be intimated under sub-section (2) of section 92;

(g) the manner of calculating the amount payable under this Scheme;

(h) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

(3) Every rule made by the Central Government under this Scheme shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

CHAPTER V

INDIRECT TAXES

Customs

Amendment of section 28DA.

100. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in section 28 DA,— 52 of 1962.

(a) in sub-section (2) and clauses (ii), (iii) and (iv) of sub-section (10), for the word "certificate", the word "proof" shall be substituted;

(b) in Chapter V-AA, in the *Explanation*,—

(i) for clause (a), the following clause shall be substituted, namely:—

'(a) "proof of origin" means a certificate or declaration issued in accordance with a trade agreement certifying or declaring, as the case may be, that the goods fulfil the country of origin criteria and other requirements specified in the said agreement;';

(ii) for clause (c), the following clause shall be substituted, namely:—

'(c) "Issuing Authority" means an authority or person designated for the purposes of issuing proof of origin under a trade agreement;'.

Amendment of section 65.

101. In section 65 of the Customs Act, in sub-section (1), the following proviso shall be inserted, namely:—

"Provided that the Central Government may, if satisfied that it is necessary in the public interest so to do, by notification in the Official Gazette, specify the manufacturing processes and other operations in relation to a class of goods that shall not be permitted in a warehouse.".

Amendment of section 143AA.

102. In the Customs Act, in section 143AA, after the words "importers or exporters", the words "or any other persons," shall be inserted.

Amendment of section 157.

103. In the Customs Act, in section 157, in sub-section (2), in clause (m), after the words "importers or exporters", the words "or any other persons," shall be inserted.

Retrospective effect to notification issued under sub-section (1) of section 25 of Customs Act, read with sub-section (12) of section 3 of Customs Tariff Act.

104. The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 394 (E), dated the 12th July, 2024 issued by the Central Government, in exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 read with sub-section (12) of section 3 of the Customs Tariff Act, 1975, shall be deemed to have, and always to have, for all purposes, come into force on and from the 1st day of July, 2017. 52 of 1962. 51 of 1975.

Retrospective amendment of notification issued under sub-section (1) of section 25 of Customs Act read with section 124 of Finance Act.

105. (1) Subject to the provisions of sub-section (2), the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R.356(E), dated the 10th May, 2023, issued by the Central Government, on being satisfied that it is necessary in the public interest so to do, under sub-section (1) of section 25 of the Customs Act read with section 124 of the Finance Act, 2021 (hereinafter referred to as the Finance Act), shall be deemed to have, and always to have, for all purposes, come into force with effect from the 1st day of April, 2023, and remain in force during the period from the 1st day of April, 2023 and ending with the 30th day of June, 2023 (both days inclusive).

(2) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 356(E), dated the 10th May, 2023, issued by the Central Government, on being satisfied that it is necessary in the public interest so to do, under sub-section (1) of section 25 of the Customs Act read with section 124 of the Finance Act shall stand amended in the manner specified in column (2) of the Second Schedule and shall be deemed to have been amended retrospectively on and from and upto the corresponding date specified in column (3) of that Schedule against the notification number to be amended as specified in column (1) of that Schedule.

(3) For the purposes of sub-section (2), the Central Government shall have and shall be deemed to have the power to amend the notification referred to in the said sub-section with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (1) of section 25 of the Customs Act read with section 124 of the Finance Act at all material times.

(4) Refund shall be made of the whole of duty and cess, which has been collected, but which would not have been so collected, had the notification referred to in sub-section (1) been in force in the manner and to the extent specified in sub-sections

(1) and (2), in accordance with the provisions of sub-section (2) of section 27 of the Customs Act:

Provided that the person claiming the refund of such duty and cess makes an application in this behalf to the jurisdictional Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, on or before the 31st day of March, 2025.

Customs Tariff

Omission of section 6.

106. In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), section 6 shall be omitted. 51 of 1975.

Amendment of First Schedule.

107. In the Customs Tariff Act, the First Schedule shall,—

(a) be amended in the manner specified in the Third Schedule;

(b) be also amended in the manner specified in the Fourth Schedule, with effect from the 1st day of October, 2024.

Excise

Amendment of notification issued under section 5A of Central Excise Act retrospectively.

108. (1) Notwithstanding the supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R 163 (E), dated the 17th March, 2012, issued under sub-section (1) of section 5A of the Central Excise Act, 1944, the said notification shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of the Fifth Schedule, on and from the corresponding date specified in column (3) of that Schedule, against the said notification specified in column (1) of that Schedule. 1 of 1944.

(2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the said notification with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (1) of section 5A of the Central Excise Act, 1944, retrospectively, at all material times. 1 of 1944.

Explanation.—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force.

Amendment of notification issued under section 5A of Central Excise Act, retrospectively.

109. (1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R.794(E), dated the 30th June, 2017 issued under sub-section (1) of section 5A of the Central Excise Act, 1944 shall stand amended in the manner specified in column (3) of the Sixth Schedule and shall be deemed to have been amended retrospectively on and from the corresponding date specified in column (4) of that Schedule against the notification number to be amended as specified in column (2) of that Schedule. 1 of 1944.

(2) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 1st day of July, 2017, relating to the provisions as amended by sub-section (1), shall be deemed to be, and deemed always to have been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times.

(3) Notwithstanding the repeal of the Chapter VII of the Finance Act, 2010 as amended by the Finance Act, 2016, for the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the notification referred to in sub-section (1) with retrospective effect as if the Central Government had the power to amend the said notification under section 5A of the Central Excise Act,1944, retrospectively, at all material times. 14 of 2010. 28 of 2016.

Explanation.—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force.

Central Goods and Services Tax

Amendment of section 9.

110. In the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the Central Goods and Services Tax Act), in section 9, in sub-section (1), after the words "alcoholic liquor for human consumption", the words "and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption" shall be inserted. 12 of 2017.

Amendment of section 10.

111. In section 10 of the Central Goods and Services Tax Act, in sub-section (5), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Insertion of new section 11A.

112. After section 11 of the Central Goods and Services Tax Act, the following section shall be inserted, namely:—

Power not to recover Goods and Services Tax not levied or short-levied as a result of general practice.

"11A. Notwithstanding anything contained in this Act, if the Government is satisfied that —

(a) a practice was, or is, generally prevalent regarding levy of central tax (including non-levy thereof) on any supply of goods or services or both; and

(b) such supplies were, or are, liable to, –

(i) central tax, in cases where according to the said practice, central tax was not, or is not being, levied, or

(ii) a higher amount of central tax than what was, or is being, levied, in accordance with the said practice,

the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the central tax payable on such supplies, or, as the case may be, the central tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the central tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice.".

Amendment of section 13.

113. In section 13 of the Central Goods and Services Tax Act, in sub-section (3),—

(i) in clause (b), for the words "by the supplier:", the words "by the supplier, in cases where invoice is required to be issued by the supplier; or" shall be substituted;

(ii) after clause (b), the following clause shall be inserted, namely:—

"(c) the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient:";

(iii) in the first proviso, after the words, brackets and letter "or clause (b)", the words, brackets and letter "or clause (c)" shall be inserted.

Amendment of section 16.

114. In section 16 of the Central Goods and Services Tax Act, with effect from the 1st day of July, 2017, after sub-section (4), the following sub-sections shall be inserted, namely:—

"(5) Notwithstanding anything contained in sub-section (4), in respect of an invoice or debit note for supply of goods or services or both pertaining to the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person

shall be entitled to take input tax credit in any return under section 39 which is filed upto the thirtieth day of November, 2021.

(6) Where registration of a registered person is cancelled under section 29 and subsequently the cancellation of registration is revoked by any order, either under section 30 or pursuant to any order made by the Appellate Authority or the Appellate Tribunal or court and where availment of input tax credit in respect of an invoice or debit note was not restricted under sub-section (4) on the date of order of cancellation of registration, the said person shall be entitled to take the input tax credit in respect of such invoice or debit note for supply of goods or services or both, in a return under section 39,—

(i) filed upto thirtieth day of November following the financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier; or

(ii) for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, where such return is filed within thirty days from the date of order of revocation of cancellation of registration,

whichever is later.".

Amendment of section 17.

115. In section 17 of the Central Goods and Services Tax Act, in sub-section (5), in clause (i), for the words and figures "sections 74, 129 and 130", the words and figures "section 74 in respect of any period upto Financial Year 2023-24" shall be substituted.

Amendment of section 21.

116. In section 21 of the Central Goods and Services Tax Act, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 30.

117. In section 30 of the Central Goods and Services Tax Act, in sub-section (2), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that such revocation of cancellation of registration shall be subject to such conditions and restrictions, as may be prescribed.".

Amendment of section 31.

118. In section 31 of the Central Goods and Services Tax Act,—

(a) in sub-section (3), in clause (f), after the words and figure "of section 9 shall", the words ", within the period as may be prescribed," shall be inserted;

(b) after clause (g), the following *Explanation* shall be inserted, namely:—

'*Explanation*.—For the purposes of clause (f), the expression "supplier who is not registered" shall include the supplier who is registered solely for the purpose of deduction of tax under section 51.'.

Amendment of section 35.

119. In section 35 of the Central Goods and Services Tax Act, in sub-section (6), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 39.

120. In section 39 of the Central Goods and Services Tax Act, for sub-section (3), the following sub-section shall be substituted, namely: —

"(3) Every registered person required to deduct tax at source under section 51 shall electronically furnish a return for every calendar month of the deductions made during the month in such form and manner and within such time as may be prescribed:

Provided that the said registered person shall furnish a return for every calendar month whether or not any deductions have been made during the said month.".

Amendment of section 49.

121. In section 49 of the Central Goods and Services Tax Act, in sub-section (8), in clause (c), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 50.

122. In section 50 of the Central Goods and Services Tax Act, in sub-section (1), in the proviso, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 51.

123. In section 51 of the Central Goods and Services Tax Act, in sub-section (7), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 54.

124. In section 54 of the Central Goods and Services Tax Act,—

(a) in sub-section (3), the second proviso shall be omitted;

(b) after sub-section (14) and before the *Explanation*, the following sub-section shall be inserted, namely: —

"(15) Notwithstanding anything contained in this section, no refund of unutilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods is subjected to export duty.".

Amendment of section 61.

125. In section 61 of the Central Goods and Services Tax Act, in sub-section (3), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 62.

126. In section 62 of the Central Goods and Services Tax Act, in sub-section (1), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 63.

127. In section 63 of the Central Goods and Services Tax Act, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 64.

128. In section 64 of the Central Goods and Services Tax Act, in sub-section (2), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 65.

129. In section 65 of the Central Goods and Services Tax Act, in sub-section (7), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 66.

130. In section 66 of the Central Goods and Services Tax Act, in sub-section (6), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Amendment of section 70.

131. In section 70 of the Central Goods and Services Tax Act, after sub-section (1), the following sub-section shall be inserted, namely: —

"(1A) All persons summoned under sub-section (1) shall be bound to attend, either in person or by an authorised representative, as such officer may direct, and the person so appearing shall state the truth during examination or make

statements or produce such documents and other things as may be required.".

Amendment of section 73.

132. In section 73 of the Central Goods and Services Tax Act,—

(i) in the marginal heading, after the words "Determination of tax", the words and figures ", pertaining to the period upto Financial Year 2023-24," shall be inserted;

(ii) after sub-section (11), the following sub-section shall be inserted, namely:—

"(12) The provisions of this section shall be applicable for determination of tax pertaining to the period upto Financial Year 2023-24.".

Amendment of section 74.

133. In section 74 of the Central Goods and Services Tax Act, –

(i) in the marginal heading, after the words "Determination of tax", the words and figures ", pertaining to the period upto Financial Year 2023-24," shall be inserted;

(ii) after sub-section (11) and before *Explanation* 1, the following sub-section shall be inserted, namely:—

"(12) The provisions of this section shall be applicable for determination of tax pertaining to the period upto Financial Year 2023-24.";

(iii) the *Explanation* 2 shall be omitted.

Insertion of new section 74A.

134. After section 74 of the Central Goods and Services Tax Act, the following section shall be inserted, namely: —

Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to Financial Year 2024-25 onwards.

"74A. (1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder:

Provided that no notice shall be issued, if the tax which has not been paid or short paid or erroneously refunded or

where input tax credit has been wrongly availed or utilised in a financial year is less than one thousand rupees.

(2) The proper officer shall issue the notice under sub-section (1) within forty-two months from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within forty-two months from the date of erroneous refund.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of such statement shall be deemed to be service of notice on such person under sub-section (1), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.

(5) The penalty in case where any tax which has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised,—

(i) for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, shall be equivalent to ten per cent. of tax due from such person or ten thousand rupees, whichever is higher;

(ii) for the reason of fraud or any wilful-misstatement or suppression of facts to evade tax shall be equivalent to the tax due from such person.

(6) The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.

(7) The proper officer shall issue the order under sub-section (6) within twelve months from the date of issuance of notice specified in sub-section (2):

Provided that where the proper officer is not able to issue the order within the specified period, the Commissioner, or an officer authorised by the Commissioner senior in rank to the proper officer but not below the rank of Joint Commissioner of Central Tax, may, having regard to the

reasons for delay in issuance of the order under sub-section (6), to be recorded in writing, before the expiry of the specified period, extend the said period further by a maximum of six months.

(8) The person chargeable with tax where any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, may, —

(i) before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information shall not serve any notice under sub-section (1) or the statement under sub-section (3), as the case may be, in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder;

(ii) pay the said tax along with interest payable under section 50 within sixty days of issue of show cause notice, and on doing so, no penalty shall be payable and all proceedings in respect of the said notice shall be deemed to be concluded.

(9) The person chargeable with tax, where any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, may,—

(i) before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent. of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information, shall not serve any notice under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder;

(ii) pay the said tax along with interest payable under section 50 and a penalty equivalent to twenty-five per cent. of such tax within sixty days of issue of the notice,

and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded;

(iii) pay the tax along with interest payable thereon under section 50 and a penalty equivalent to fifty per cent. of such tax within sixty days of communication of the order, and on doing so, all proceedings in respect of the said notice shall be deemed to be concluded.

(10) Where the proper officer is of the opinion that the amount paid under clause (i) of sub-section (8) or clause (i) of sub-section (9) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

(11) Notwithstanding anything contained in clause (i) or clause (ii) of sub-section (8), penalty under clause (i) of sub-section (5) shall be payable where any amount of self-assessed tax or any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax.

(12) The provisions of this section shall be applicable for determination of tax pertaining to the Financial Year 2024-25 onwards.

Explanation 1.—For the purposes of this section,—

(i) the expression "all proceedings in respect of the said notice" shall not include proceedings under section 132;

(ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under this section, the proceedings against all the persons liable to pay penalty under sections 122 and 125 are deemed to be concluded.

Explanation 2.—For the purposes of this Act, the expression "suppression" shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.

Amendment of section 75.

135. In section 75 of the Central Goods and Services Tax Act, —

(a) in sub-section (1), after the word and figures "section 74", the words, brackets, figures and letter "or sub-sections (2) and (7) of section 74A" shall be inserted;

(b) after sub-section (2), the following sub-section shall be inserted, namely: —

"(2A) Where any Appellate Authority or Appellate Tribunal or court concludes that the penalty under clause (ii) of sub-section (5) of section 74A is not sustainable for the reason that the charges of fraud or any wilful-misstatement or suppression of facts to evade tax has not been established against the person to whom the notice was issued, the penalty shall be payable by such person, under clause (i) of sub-section (5) of section 74A.";

(c) for sub-section (10), the following sub-section shall be substituted, namely:—

"(10) The adjudication proceedings shall be deemed to be concluded, if the order is not issued within the period specified in sub-section (10) of section 73 or in sub-section (10) of section 74 or in sub-section (7) of section 74A.";

(d) in sub-section (11), after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (7) of section 74A" shall be inserted;

(e) in sub-section (12), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74 A" shall be inserted;

(f) in sub-section (13), after the words and figures "section 73 or section 74", the words, figures and letter "or section 74 A" shall be inserted.

Amendment of section 104.

136. In section 104 of the Central Goods and Services Tax Act, in sub-section (1), in the *Explanation*, after the word and figures "section 74", the words, brackets, figures and letter "or sub-sections (2) and (7) of section 74A" shall be inserted.

Amendment of section 107.

137. In section 107 of the Central Goods and Services Tax Act, —

(a) in sub-section (6), in clause (b), for the word "twenty-five", the word "twenty" shall be substituted;

(b) in sub-section (11), in the second proviso, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74 A" shall be inserted.

Amendment of section 109.

138. In section 109 of the Central Goods and Services Tax Act, —

(a) in sub-section (1), after the words "Revisional Authority", the words ", or for conducting an examination or adjudicating the cases referred to in sub-section (2) of section 171, if so notified under the said section" shall be inserted;

(b) in sub-section (5), after the proviso, the following provisos shall be inserted, namely:—

"Provided further that the matters referred to in sub-section (2) of section 171 shall be examined or adjudicated only by the Principal Bench:

Provided also that the Government may, on the recommendations of the Council, notify other cases or class of cases which shall be heard only by the Principal Bench.";

(c) in sub-section (6), for the words "The President", the words, brackets and figure "Subject to the provisions of sub-section (5), the President" shall be substituted.

Amendment of section 112.

139. In section 112 of the Central Goods and Services Tax Act, —

(a) with effect from the 1st day of August, 2024, in sub-section (1), after the words "from the date on which the order sought to be appealed against is communicated to the person preferring the appeal", the words "; or the date, as may be notified by the Government, on the recommendations of the Council, for filing appeal before the Appellate Tribunal under this Act, whichever is later." shall be inserted;

(b) with effect from the 1st day of August, 2024, in sub-section (3), after the words "from the date on which the said order has been passed", the words "; or the date, as may be notified by the Government, on the recommendations of the Council, for the purpose of filing application before the Appellate Tribunal under this Act, whichever is later," shall be inserted;

(c) in sub-section (6), after the words, brackets and figure "after the expiry of the period referred to in sub-section (1)", the words, brackets and figure "or permit the filing of an

application within three months after the expiry of the period referred to in sub-section (3)" shall be inserted;

(d) in sub-section (8), in clause (b),—

(i) for the words "twenty per cent.", the words "ten per cent." shall be substituted;

(ii) for the words "fifty crore rupees", the words "twenty crore rupees" shall be substituted.

Amendment of section 122.

140. In section 122 of the Central Goods and Services Tax Act, with effect from the 1st day of October, 2023, in sub-section (1B), for the words "Any electronic commerce operator who", the words and figures "Any electronic commerce operator, who is liable to collect tax at source under section 52," shall be substituted.

Amendment of section 127.

141. In section 127 of the Central Goods and Services Tax Act, after the words and figures "section 73 or section 74", the words, figures and letter "or section 74A" shall be inserted.

Insertion of new section 128A.

142. After section 128 of the Central Goods and Services Tax Act, the following section shall be inserted, namely:—

Waiver of interest or penalty or both relating to demands raised under section 73, for certain tax periods.

"128A. (1) Notwithstanding anything to the contrary contained in this Act, where any amount of tax is payable by a person chargeable with tax in accordance with,—

(a) a notice issued under sub-section (1) of section 73 or a statement issued under sub-section (3) of section 73, and where no order under sub-section (9) of section 73 has been issued; or

(b) an order passed under sub-section (9) of section 73, and where no order under sub-section (11) of section 107 or sub-section (1) of section 108 has been passed; or

(c) an order passed under sub-section (11) of section 107 or sub-section (1) of section 108, and where no order under sub-section (1) of section 113 has been passed,

pertaining to the period from 1st July, 2017 to 31st March, 2020, or a part thereof, and the said person pays the full amount of tax payable as per the notice or statement or the order referred to in clause (a), clause (b) or clause (c), as the case may be, on or before the date, as may be notified by the Government on the recommendations of the Council, no interest under section 50 and penalty under this Act, shall be payable and all the proceedings in respect of the said notice

or order or statement, as the case may be, shall be deemed to be concluded, subject to such conditions as may be prescribed:

Provided that where a notice has been issued under sub-section (1) of section 74, and an order is passed or required to be passed by the proper officer in pursuance of the direction of the Appellate Authority or Appellate Tribunal or a court in accordance with the provisions of sub-section (2) of section 75, the said notice or order shall be considered to be a notice or order, as the case may be, referred to in clause (a) or clause (b) of this sub-section:

Provided further that the conclusion of the proceedings under this sub-section, in cases where an application is filed under sub-section (3) of section 107 or under sub-section (3) of section 112 or an appeal is filed by an officer of central tax under sub-section (1) of section 117 or under sub-section (1) of section 118 or where any proceedings are initiated under sub-section (1) of section 108, against an order referred to in clause (b) or clause (c) or against the directions of the Appellate Authority or the Appellate Tribunal or the court referred to in the first proviso, shall be subject to the condition that the said person pays the additional amount of tax payable, if any, in accordance with the order of the Appellate Authority or the Appellate Tribunal or the court or the Revisional Authority, as the case may be, within three months from the date of the said order:

Provided also that where such interest and penalty has already been paid, no refund of the same shall be available.

(2) Nothing contained in sub-section (1) shall be applicable in respect of any amount payable by the person on account of erroneous refund.

(3) Nothing contained in sub-section (1) shall be applicable in respect of cases where an appeal or writ petition filed by the said person is pending before Appellate Authority or Appellate Tribunal or a court, as the case may be, and has not been withdrawn by the said person on or before the date notified under sub-section (1).

(4) Notwithstanding anything contained in this Act, where any amount specified under sub-section (1) has been paid and the proceedings are deemed to be concluded under the said sub-section, no appeal under sub-section (1) of section 107 or sub-section (1) of section 112 shall lie against an order referred to in clause (b) or clause (c) of sub-section (1), as the case may be.”.

Amendment of section 140.

143. In section 140 of the Central Goods and Services Tax Act, with effect from the 1st day of July, 2017, in sub-section (7), for the words "even if the invoices relating to such services are received on or after the appointed day", the words "whether the invoices relating to such services are received prior to, on or after, the appointed day" shall be substituted.

Amendment of section 171.

144. In section 171 of the Central Goods and Services Tax Act,—

(a) in sub-section (2), the following proviso and *Explanation* shall be inserted, namely: —

'Provided that the Government may by notification, on the recommendations of the Council, specify the date from which the said Authority shall not accept any request for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

Explanation.—For the purposes of this sub-section, "request for examination" shall mean the written application filed by an applicant requesting for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.';

(b) the *Explanation* shall be renumbered as *Explanation* 1 thereof, and after *Explanation* 1 as so renumbered, the *Explanation* shall be inserted, namely: —

'*Explanation 2*.—For the purposes of this section, the expression "Authority" shall include the "Appellate Tribunal".'.

Amendment of Schedule III.

145. In Schedule III to the Central Goods and Services Tax Act, after paragraph 8 and before *Explanation* 1, the following paragraphs shall be inserted, namely: —

"9. Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.

10. Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.".

No refund of tax paid or input tax credit reversed.

146. No refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed, had section 114 been in force at all material times.

Integrated Goods and Services Tax

Amendment of section 5.

147. In the Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as the Integrated Goods and Services Tax Act), in section 5, in sub-section (1), after the words "alcoholic liquor for human consumption", the words "and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption" shall be inserted. 13 of 2017.

Insertion of new section 6A.

148. After section 6 of the Integrated Goods and Services Tax Act, the following section shall be inserted, namely:—

Power not to recover Goods and Services Tax not levied or short-levied as a result of general practice.

"6A. Notwithstanding anything contained in this Act, if the Government is satisfied that—

(a) a practice was, or is, generally prevalent regarding levy of integrated tax (including non-levy thereof) on any supply of goods or services or both; and

(b) such supplies were, or are, liable to —

(i) integrated tax, in cases where according to the said practice, integrated tax was not, or is not being, levied; or

(ii) a higher amount of integrated tax than what was, or is being, levied, in accordance with the said practice,

the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the integrated tax payable on such supplies, or, as the case may be, the integrated tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the integrated tax

was not, or is not being, levied, or was, or is being, short-levied, in accordance with the said practice.".

Amendment of section 16.

149. In section 16 of the Integrated Goods and Services Tax Act,—

(a) in sub-section (4), —

(i) in clause (i), after the words "claim refund of the tax so paid", the words and figures "in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder" shall be inserted;

(ii) in clause (ii), for the words "which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid", the words and figure "or both, on zero rated supply of which, the supplier may pay integrated tax and claim the refund of tax so paid, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder" shall be substituted;

(b) after sub-section (4), the following sub-section shall be inserted, namely:—

"(5) Notwithstanding anything contained in sub-sections (3) and (4), no refund of unutilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods are subjected to export duty.".

Amendment of section 20.

150. In section 20 of the Integrated Goods and Services Tax Act, for the fifth proviso, the following proviso shall be substituted, namely:—

"Provided also that a maximum amount of forty crore rupees shall be payable for each appeal to be filed before the Appellate Authority or the Appellate Tribunal.".

Union Territory Goods and Services Tax

Amendment of section 7.

151. In the Union Territory Goods and Services Tax Act, 2017 (hereinafter referred as the Union Territory Goods and Services Tax Act), in section 7, in sub-section (1), after the words "alcoholic liquor for human consumption", the words "and un-denatured extra neutral alcohol or rectified spirit which

14 of 2017.

is used for manufacture of alcoholic liquor, for human consumption" shall be inserted.

Insertion of new section 8A.

152. After section 8 of the Union Territory Goods and Services Tax Act, the following section shall be inserted, namely: —

Power not to recover Goods and Services Tax not levied or short-levied as a result of general practice.

"8A. Notwithstanding anything contained in this Act, if the Government is satisfied that—

(a) a practice was, or is, generally prevalent regarding levy of Union territory tax (including non-levy thereof) on any supply of goods or services or both; and

(b) such supplies were, or are, liable to—

(i) Union territory tax, in cases where according to the said practice, Union territory tax was not, or is not being, levied; or

(ii) a higher amount of Union territory tax than what was, or is being, levied, in accordance with the said practice,

the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the Union territory tax payable on such supplies, or, as the case may be, the Union territory tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the Union territory tax was not, or is not being, levied, or was, or is being, short-levied, in accordance with the said practice.".

Goods and Services Tax
(Compensation to States)

Insertion of new section 8A.

153. In the Goods and Services Tax (Compensation to States) Act, 2017, after section 8, the following section shall be inserted, namely: — 15 of 2017.

Power not to recover cess not levied or short-levied as a result of general practice.

"8A. Notwithstanding anything contained in this Act, if the Government is satisfied that—

(a) a practice was, or is, generally prevalent regarding levy of cess (including non-levy thereof) on any supply of goods or services or both; and

(b) such supplies were, or are, liable to, –

(i) cess, in cases where according to the said practice, cess was not, or is not being, levied; or

(ii) a higher amount of cess than what was, or is being, levied, in accordance with the said practice,

the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the cess payable on such supplies, or, as the case may be, the cess in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the cess was not, or is not being, levied, or was, or is being, short-levied, in accordance with the said practice.".

CHAPTER VI

MISCELLANEOUS

PART I

AMENDMENT TO THE PROHIBITION OF *BENAMI* PROPERTY TRANSACTIONS ACT, 1988

Amendment of Act 45 of 1988.

154. In the Prohibition of *Benami* Property Transactions Act, 1988, with effect from the 1st day of October, 2024,—

(a) in section 24,—

(i) after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) The *benamidar*, to whom a notice has been issued under sub-section (1), or the beneficial owner to whom a copy of such notice has been issued under sub-section (2), shall furnish the explanation or submissions, if any, within the period specified in the said notice or such period as may be extended by the Initiating Officer, not exceeding three months from the end of the month in which the said notice is issued.";

(ii) in sub-section (3), for the words "ninety days", the words "four months" shall be substituted;

(iii) in sub-section (4), for the words "ninety days", the words "four months" shall be substituted;

(iv) in sub-section (5), for the words "fifteen days from the date of the attachment", the words "one month

from the end of the month in which the said order has been passed" shall be substituted;

(b) after section 55, the following section shall be inserted, namely:—

Power to tender Immunity from prosecution.

"55A. (1) The Initiating Officer may, with a view to obtaining the evidence of the *benamidar* or any other person as referred to in section 53, other than the beneficial owner, tender immunity from prosecution for any offence under the said section to the *benamidar* or such other person, with the previous sanction of the competent authority as referred to in section 55, on the condition that the *benamidar* or such other person makes a full and true disclosure of the whole circumstances relating to the benami transaction.

(2) The tender of immunity made to, and accepted by, the *benamidar* or such other person, shall, to the extent to which the immunity extends, render him immune from prosecution for the offence in respect of which the tender was made and from the imposition of any penalty under section 53.

(3) If it appears to the Initiating Officer that any person to whom immunity has been tendered under this section has not complied with the conditions subject to which the tender was made, or is wilfully concealing anything, or is giving false evidence, the Initiating Officer may record a finding to that effect, and with the previous sanction of the competent authority as referred to in section 55, withdraw the immunity tendered.

(4) Any person against whom the immunity tendered is withdrawn in accordance with sub-section (3), may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have committed in connection with the same transaction and shall also be liable to any penalty under this Act to which he would otherwise have been liable.".

PART II

AMENDMENT TO THE FINANCE (NO. 2) ACT, 2004

Amendment of Act 23 of 2004.

155. In the Finance (No.2) Act, 2004, in Chapter VII, in section 98, in the Table, in serial number 4, in column (3), with effect from the 1st day of October, 2024,—

(i) against entry (a) relating to sale of an option in securities, for the figures and word "0.0625 per cent.", the figures and word "0.1 per cent." shall be substituted; and

(ii) against entry (c) relating to sale of a futures in securities, for the figures and word "0.0125 per cent.", the figures and word "0.02 per cent." shall be substituted.

PART III

AMENDMENT TO THE BLACK MONEY (UNDISCLOSED OF FOREIGN INCOME AND ASSETS) AND IMPOSITION OF TAX ACT, 2015

Amendment of Act 22 of 2015.

156. In the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, with effect from the 1st day of October, 2024,—

(a) in section 42, for the proviso, the following proviso shall be substituted, namely:—

"Provided that this section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees.".

(b) in section 43, for the proviso, the following proviso shall be substituted, namely:—

"Provided that this section shall not apply in respect of an asset or assets (other than immovable property), where the aggregate value of such asset or assets does not exceed twenty lakh rupees.".

PART IV

AMENDMENT TO THE FINANCE ACT, 2016

Amendment of Act 28 of 2016.

157. In the Finance Act, 2016,—

(a) in section 163, for sub-section (3), the following sub-section shall be substituted and shall be deemed to have been substituted with effect from the 1st day of August, 2024, namely:—

"(3) It shall apply to consideration received or receivable for—

(a) specified services provided on or after the commencement of this Chapter; and

(b) e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 but before the 1st day of August, 2024:";

(b) in section 165A, after sub-section (3), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from 1st day of August, 2024, namely:—

"(4) The provisions of this section shall not apply to any consideration received or receivable by an e-commerce operator from e-commerce supply or services made or provided or facilitated by it on or after the 1st day of August, 2024.".

Declaration under the Provisional Collection of Taxes Act, 2023

It is hereby declared that it is expedient in the public interest that the provisions of sub-clause (a) of clause 107 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 2023. 50 of 2023.

THE FIRST SCHEDULE
(*See* section 2)

PART I

INCOME-TAX

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (*II*) and (*III*) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 2,50,000	*Nil*;
(*2*) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	5 per cent. of the amount by which the total income exceeds Rs. 2,50,000;
(*3*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs.12,500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*4*) where the total income exceeds Rs. 10,00,000	Rs. 1,12,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs.10,00,000.

(*II*) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 3,00,000	*Nil*;

(*2*) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	5 per cent. of the amount by which the total income exceeds Rs. 3,00,000;
(*3*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs.10,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*4*) where the total income exceeds Rs. 10,00,000	Rs. 1,10,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs.10,00,000.

(*III*) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 5,00,000	*Nil*;
(*2*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*3*) where the total income exceeds Rs. 10,00,000	Rs. 1,00,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act,—

(*a*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(*b*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding one crore rupees, but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(*c*) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax;

(*d*) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax; and

(*e*) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees but is not covered under clauses (*c*) and (*d*), at the rate of fifteen per cent. of such income-tax:

Provided that in case where the total income includes any income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed fifteen per cent.:

Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of income-tax shall not exceed fifteen per cent.:

Provided also that in the case of persons mentioned above having total income exceeding,—

(*a*) fifty lakh rupees but not exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*b*) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(*c*) two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees;

(*d*) five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(*1*) where the total income does not exceed Rs.10,000	10 per cent. of the total income;
(*2*) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs.10,000;
(*3*) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union, calculated in the case of every co-operative society,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax;

(*b*) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax:

Provided that in the case of every co-operative society having total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every co-operative society having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—

(*i*) where its total turnover or the gross receipt in the previous year 2021-22 does not exceed four hundred crore rupees	25 per cent. of the total income;
(*ii*) other than that referred to in item (*i*)	30 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(*i*) on so much of the total income as consists of,—	50 per cent.;
(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or	
(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,	
and where such agreement has, in either case, been approved by the Central Government	
(*ii*) on the balance, if any, of the total income	40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union calculated,—

(*i*) in the case of every domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax;

(*ii*) in the case of every company other than a domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART II
RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194A, 194B, 194BA, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(*a*) where the person is resident in India—	
(*i*) on income by way of interest other than "Interest on securities"	10 per cent.;
(*ii*) on income by way of winnings from lotteries, puzzles, card games and	30 per cent.;

other games of any sort (other than winnings from online games)	
(*iii*) on income by way of winnings from horse races	30 per cent.;
(*iv*) on income by way of net winnings from online games	30 per cent.;
(*v*) on income by way of insurance commission	5 per cent.;
(*vi*) on income by way of interest payable on—	10 per cent.;
(*A*) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(*B*) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder;	
(*C*) any security of the Central or State Government;	
(*vii*) on any other income	10 per cent.;
(*b*) where the person is not resident in India—	
(*i*) in the case of a non-resident Indian—	
(*A*) on any investment income	20 per cent.;
(*B*) on income by way of long-term capital gains referred to in section 115E, for any transfer which takes place—	
(*I*) before the 23rd day of July, 2024	10 per cent.;

(*II*) on or after the 23rd day of July, 2024	12.5 per cent.;
(*BA*) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112, for any transfer which takes place before the 23rd day of July, 2024	10 per cent.;
(*C*) on income by way of long-term capital gains referred to in section 112A exceeding one lakh twenty-five thousand rupees, for any transfer which takes place—	
(*I*) before the 23rd day of July, 2024	10 per cent.;
(*II*) on or after the 23rd day of July, 2024	12.5 per cent.;
(*D*) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (*33*) and (*36*) of section 10], for any transfer which takes place—	
(*I*) before the 23rd day of July, 2024	20 per cent.;
(*II*) on or after the 23rd day of July, 2024	12.5 per cent.;
(*E*) on income by way of short-term capital gains referred to in section 111A, for any transfer which takes place—	
(*I*) before the 23rd day of July, 2024	15 per cent.;
(*II*) on or after the 23rd day of July, 2024	20 per cent.;
(*F*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the	20 per cent.;

Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	
(*G*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	20 per cent.;
(*H*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*i*)(*G*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	20 per cent.;
(*I*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it	20 per cent.;

relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy

(*J*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games) — 30 per cent.;

(*K*) on income by way of winnings from horse races — 30 per cent.;

(*L*) on income by way of net winnings from online games — 30 per cent.;

(*M*) on the income by way of dividend, referred to in the proviso to sub-clause (*A*) of clause (*a*) of sub-section (*1*) of section 115A — 10 per cent.;

(*N*) on income by way of dividend other than the income referred to in sub-item (*b*)(*i*)(*M*) — 20 per cent.;

(*O*) on the whole of the other income — 30 per cent.;

(*ii*) in the case of any other person—

(*A*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC) — 20 per cent.;

(*B*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting — 20 per cent.;

of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	
(*C*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*ii*)(*B*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	20 per cent.;
(*D*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	20 per cent.;
(*E*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent.;

(*F*) on income by way of winnings from horse races	30 per cent.;
(*G*) on income by way of net winnings from online games	30 per cent.;
(*H*) on income by way of short-term capital gains referred to in section 111A, for any transfer which takes place—	
(*I*) before the 23rd day of July, 2024	15 per cent.;
(*II*) on or after the 23rd day of July, 2024	20 per cent.;
(*I*) on income by way of long-term capital gains referred to in sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112, for any transfer which takes place before the 23rd day of July, 2024	10 per cent.;
(*J*) on income by way of long-term capital gains referred to in section 112A exceeding one lakh twenty-five thousand rupees, for any transfer which takes place—	
(*I*) before the 23rd day of July, 2024	10 per cent.;
(*II*) on or after the 23rd day of July, 2024	12.5 per cent.;
(*K*) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (*33*) and (*36*) of section 10], for any transfer which takes place–	
(*I*) before the 23rd day of July, 2024	20 per cent.;
(*II*) on or after the 23rd day of July, 2024	12.5 per cent.;
(*L*) on income by way of dividend, referred to in the proviso	10 per cent.;

to sub-clause (*A*) of clause (*a*) of sub-section (*1*) of section 115A	
(*M*) on income by way of dividend other than the income referred to in sub-item (*b*)(*ii*)(*L*)	20 per cent.;
(*N*) on the whole of the other income	30 per cent.

2. In the case of a company—

(*a*) where the company is a domestic company—

(*i*) on income by way of interest other than "Interest on securities"	10 per cent.;
(*ii*) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent.;
(*iii*) on income by way of winnings from horse races	30 per cent.;
(*iv*) on income by way of net winnings from online games	30 per cent.;
(*v*) on any other income	10 per cent.;

(*b*) where the company is not a domestic company—

(*i*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent.;
(*ii*) on income by way of winnings from horse races	30 per cent.;
(*iii*) on income by way of net winnings from online games	30 per cent.;
(*iv*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt	20 per cent.;

incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	
(*v*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	20 per cent.;
(*vi*) on income by way of royalty [not being royalty of the nature referred to in item (*b*)(*v*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*A*) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976	20 per cent.;

(*vii*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—

(*A*) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976 — 50 per cent.;

(*B*) where the agreement is made after the 31st day of March, 1976 — 20 per cent.;

(*viii*) on income by way of short-term capital gains referred to in section 111A, for any transfer which takes place—

(*I*) before the 23rd day of July, 2024 — 15 per cent.;

(*II*) on or after the 23rd day of July, 2024 — 20 per cent.;

(*ix*) on income by way of long-term capital gains referred to in sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112, for any transfer which takes place before the 23rd day of July, 2024 — 10 per cent.;

(*x*) on income by way of long-term capital gains referred to in section 112A exceeding one lakh twenty-five thousand rupees, for any transfer which takes place—

(*I*) before the 23rd day of July, 2024	10 per cent.;
(*II*) on or after the 23rd day of July, 2024	12.5 per cent.;
(*xi*) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (*33*) and (*36*) of section 10], for any transfer which takes place—	
(*I*) before the 23rd day of July, 2024	20 per cent.;
(*II*) on or after the 23rd day of July, 2024	12.5 per cent.;
(*xii*) on income by way of dividend, referred to in the proviso to sub-clause (*A*) of clause (*a*) of sub-section (*1*) of section 115A	10 per cent.;
(*xiii*) on income by way of dividend other than the income referred to in item (*b*)(*xii*)	20 per cent.;
(*xiv*) on any other income	35 per cent.

Explanation.—For the purposes of item 1(*b*)(*i*) of this Part, "investment income" and "non-resident Indian" shall have the meanings respectively assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(*i*) item 1 of this Part, shall be increased by a surcharge, for the purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of

clause (*31*) of section 2 of the Income-tax Act, being a non-resident, calculated,—

I. at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

II. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed two crore rupees;

III. at the rate of twenty-five per cent. of such tax, where the income or the aggregate of such incomes (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds two crore rupees but does not exceed five crore rupees;

IV. at the rate of thirty-seven per cent. of such tax, where the income or the aggregate of such incomes (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds five crore rupees; and

V. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds two crore rupees, but is not covered under sub-clauses III and IV:

Provided that in case where the total income includes any income by way of dividend or income under the provisions of sections 111A, 112 and 112A

of the Income-tax Act, the rate of surcharge on the amount of Income-tax deducted in respect of that part of income shall not exceed fifteen per cent.:

Provided further that where the income of such person is chargeable to tax under sub-section (*1A*) of section 115BAC of the Income-tax Act, the rate of surcharge shall not exceed twenty-five per cent.;

(*b*) in the case of every co-operative society, being a non-resident, calculated,—

I. at the rate of seven per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees;

II. at the rate of twelve per cent. where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees;

(*c*) in the case of an association of persons being a non-resident, and consisting of only companies as its members, calculated,—

I. at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

II. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*d*) in the case of every firm, being a non-resident, calculated at the rate of twelve per cent., where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*ii*) item 2 of this Part shall be increased by a surcharge, for the purposes of the Union, in the case of every company other than a domestic company, calculated,—

(*a*) at the rate of two per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees; and

(*b*) at the rate of five per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.';

PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head "Salaries" under section 192 of the said Act or deducted under section 194P of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or income chargeable to tax under section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the said Act at the rates as specified in that Chapter or section or surcharge, wherever applicable, on such "advance tax" in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BA or section 115BAA or section 115BAB or section 115BAC or section 115BAD or section 115BAE or section 115BB or section 115BBA or section 115BBC or section 115BBE or section 115BBF or section 115BBG or section 115BBH or section 115BBI or section 115BBJ or section 115E or section 115JB or section 115JC] shall be charged, deducted or computed at the following rate or rates:—

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (*II*) and (*III*) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 2,50,000	*Nil*;
(2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	5 per cent. of the amount by which the total income exceeds Rs. 2,50,000;
(3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 12,500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(4) where the total income exceeds Rs. 10,00,000	Rs. 1,12,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs.10,00,000.

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

(1) where the total income does not exceed Rs. 3,00,000	*Nil;*
(2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	5 per cent. of the amount by which the total income exceeds Rs.3,00,000;

(3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 10,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs.5,00,000;
(4) where the total income exceeds Rs. 10,00,000	Rs. 1,10,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs.10,00,000;

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

where the total income does not exceed Rs. 5,00,000	*Nil;*
where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
where the total income exceeds Rs.10,00,000	Rs. 1,00,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000;

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

(a) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax; and

(b) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(c) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax;

(d) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax; and

(e) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of fifteen per cent. of such income-tax:

Provided that in case where the total income includes any income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax computed in respect of that part of income shall not exceed fifteen per cent.:

Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed fifteen per cent.:

Provided also that in the case of persons mentioned above having total income exceeding,—

(a) fifty lakh rupees but not exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(b) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(c) two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees;

(d) five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees;

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs.10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purpose of the Union, calculated in the case of every co-operative society,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax;

(b) having a total income exceeding ten crore rupees, at the rate of twelve per cent.:

Provided that in the case of every co-operative society having total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every co-operative society having total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph E

In the case of a company,—

Rates of income-tax

(*I*) In the case of a domestic company,—

(i) where its total turnover or the gross receipt in the previous year 2022-2023 does not exceed four hundred crore rupees;	25 per cent. of the total income;
(ii) other than that referred to in item (i)	30 per cent. of the total income.

(*II*) In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of,—	50 per cent.,

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government;

(ii) on the balance, if any, of the total income 35 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union, calculated,—

(i) in the case of every domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax;

(ii) in the case of every company other than a domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART IV

[*See* section 2(*13*)(*c*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3), (3A) and (4) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3), (3A) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax

Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case—

(a) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee;

(b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee;

(c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 7.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 8.—(*1*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2024, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020 or the 1st day of April, 2021, or the 1st day of April, 2022, or the 1st day of April, 2023, is a loss, then, for the purposes of sub-section (*2*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2016, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022, or the 1st day of April, 2023,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2017, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022, or the 1st day of April, 2023,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2018, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2019 or the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022, or the 1st day of April, 2023,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2019, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022, or the 1st day of April, 2023,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2020, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 or the 1st day of April, 2022, or the 1st day of April, 2023,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2021, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2022, or the 1st day of April, 2023,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2022, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2023,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2023,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2024**.**

(*2*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2025, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022 or the 1st day of April, 2023, or the 1st day of April, 2024, is a loss, then, for the purposes of sub-section (*10*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2017, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022 or the 1st day of April, 2023, or the 1st day of April, 2024,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2018, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2019 or the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022 or the 1st day of April, 2023, or the 1st day of April, 2024,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2019, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2020 or the 1st day of April, 2021 or the 1st day of April, 2022 or the 1st day of April, 2023, or the 1st day of April, 2024,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2020, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 or the 1st day

of April, 2022 or the 1st day of April, 2023, or the 1st day of April, 2024,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2021, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2022 or the 1st day of April, 2023, or the 1st day of April, 2024,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2022, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2023, or the 1st day of April, 2024,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2023, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2024,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2024,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2025.

(*3*) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (*1*) or sub-rule (*2*) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

(*4*) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance Act, 2016 (28 of 2016) or the First Schedule to the Finance Act, 2017 (7 of 2017) or the First Schedule to the Finance Act, 2018 (13 of 2018) or the First Schedule to the Finance (No. 2) Act, 2019 (23 of 2019) or the First Schedule to the Finance Act, 2020 (12 of 2020) or the First Schedule to the Finance Act, 2021 (13 of

2021) or the First Schedule to the Finance Act, 2022 (6 of 2022) or the First Schedule to the Finance Act, 2023 (8 of 2023) shall be set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).".

Rule 9.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 10.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 11.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE
(See section 105)

Notification number to be amended	Amendment	Period of effect of amendment
(1)	(2)	(3)
G.S.R. number 356(E), dated 10th May, 2023 [37/2023-Customs, dated 10th May, 2023].	In the said notification, in the Annexure, for the conditions, the following conditions shall be substituted, namely:— Conditions "(a) Importer produces to the Deputy Commissioner or the Assistant Commissioner of Customs, as the case may be, a valid Tariff Rate Quota (TRQ) authorisation for the Financial Year 2022-23 allotted by Directorate General of Foreign Trade; (b) The duty and cess benefit under the afore-said valid TRQ authorisation shall be restricted only to the extent of unutilised quota which is not used to claim such benefit under notification No. 30/2022-Customs, dated the 24th May, 2022, or under this notification from 11th May, 2023 and up to 30th June, 2023 (both days inclusive); (c) Bill of lading for concerned import consignment is issued on or before 31st March, 2023; (d) The TRQ is allotted to the importer by the Directorate General of Foreign Trade, in accordance with the relevant procedure as specified in the Hand Book of Procedures, 2015-20 or 2023, as applicable; and (e) The TRQ authorisation shall contain the name and address of the importer, IEC code, Customs notification No., sub-heading or tariff item as applicable, quantity and validity period of certificate.".	1st day of April, 2023 to 10th day of May, 2023 (both days inclusive).

THE THIRD SCHEDULE

[See section 107(a)]

In the First Schedule to the Customs Tariff Act,—

(i) in Chapter 39, for the entry in column (4) occurring against all the tariff items of headings 3920 and 3921, the entry "25%" shall be substituted;

(ii) in Chapter 66, for the entry in column (4) occurring against the tariff item 6601 10 00, the entry "20% or Rs. 60 per piece, whichever is higher" shall be substituted;

(iii) in Chapter 98, for the entry in column (4) occurring against tariff item 9802 00 00, the entry "150%" shall be substituted.

THE FOURTH SCHEDULE
[See section 107(b)]

In the Customs Tariff Act, in the First Schedule,—

Tariff Item	Description of goods	Unit	Rate of duty	
			Standard	Preferential
(1)	*(2)*	*(3)*	*(4)*	*(5)*

(1) in Chapter 19, in heading 1905,

(i) for sub-heading 1905 32, tariff item 1905 32 11 and tariff item 1905 32 19 and the entries relating thereto, the following shall be substituted, namely:—

"1905 32	--	*Waffles and wafers :*			
1905 32 11	---	Coated with chocolate or containing chocolate	kg.	30%	-";

(ii) in sub-heading 1905 90, after tariff item 1905 90 40 and the entries relating thereto, the following shall be inserted, namely:—

	"---	*Communion wafers :*			
1905 90 51	----	Coated with chocolate or containing chocolate	kg.	30%	-
1905 90 59	----	Other	kg.	30%	-";

(2) in Chapter 20, for the entry in column (4) occurring against tariff items 2008 19 20 and 2008 19 30, the entry "150%" shall be substituted;

(3) in Chapter 27, —

(i) in Supplementary Note, after sub-note (k), the following sub-note shall be inserted, namely:—

'(*l*) for the purposes of tariff item 2710 19 33, the term "Blended Aviation turbine fuel" means any Aviation turbine fuel containing by weight 70% or more of Petroleum Oils or Oils obtained from Bituminous Minerals, blended with Synthesized Hydrocarbons conforming to Indian Standards Specification of Bureau of Indian Standards IS 17081:2019.';

(ii) after tariff item 2710 19 32 and the entries relating thereto, the following shall be inserted, namely:—

"2710 19 33	----	Blended Aviation turbine fuel	kg.	5%	-";

(4) in Chapter 29, —

(i) after sub-heading note 2, the following Supplementary Note shall be inserted, namely:—

'Supplementary Note :

For the purposes of tariff item 2906 11 10, the term "Natural Menthol" means an organic compound ($C_{10}H_{20}O$) which is obtained from the distillation of the Japanese type oil of mint or menthol mint known as Mentha arvensis but does not include those made synthetically through any chemical routes.';

(ii) for tariff item 2906 11 00 and the entries relating thereto, the following shall be substituted, namely:—

"2906 11	--	*Menthol :*			
2906 11 10	---	Natural Menthol	kg.	7.5%	-
2906 11 90	---	Other	kg.	7.5%	-";

(iii) tariff item 2922 29 33 and the entries relating thereto shall be omitted;

(iv) after tariff item 2924 29 70 and the entries relating thereto, the following shall be inserted, namely:—

"2924 29 80	---	Paracetamol	kg.	7.5%	-";

(5) in Chapter 38, —

(i) for the entry in column (2) occurring against tariff item 3818 00 10, the following shall be substituted, namely:—

"--- Undiffused silicon wafers";

(ii) after tariff item 3818 00 10 and the entries relating thereto, the following shall be inserted, namely:—

"3818 00 20	---	Silicon carbide epitaxial thin film on substrate	kg.	Free	-
3818 00 30	---	Gallium nitride epitaxial thin film on substrate	kg.	Free	-";

(6) in Chapter 39, —

(i) after tariff item 3920 10 92 and the entries relating thereto, the following shall be inserted, namely:—

"3920 10 93	----	Armour for ballistic protection	kg.	25%	-";

(ii) after tariff item 3921 90 26 and the entries relating thereto, the following shall be inserted, namely:—

"3921 90 27	----	Architectural membrane	kg.	25%	-";

(7) in Chapter 57, —

(i) after Note 2, the following Supplementary Note shall be inserted, namely:—

'Supplementary Note :

For the purposes of tariff items 5703 29 22, 5703 39 31, 5703 39 32, 5703 39 33 and 5703 39 39, the term "Special Finishes" means process of making the product with any one or more of the following properties such as fire resistant, fire retardant, chemical resistant,

anti-static, dust resistant, anti-stain, anti-microbial, anti-odor, UV stabilized, heat resistant, etc.';

(ii) in heading 5703, —

(a) for tariff item 5703 29 20 and the entries relating thereto, the following shall be substituted, namely: —

	"---	*100% polyamide tufted velour, cut pile or loop pile carpet mats :*			
5703 29 21	----	With jute, rubber latex or PU foam backing	m^2	20% or Rs.70 per sq. metre, whichever is higher	-
5703 29 22	----	With ethylene vinyl acetate or vinyl acetate ethylene or latex coating and/or extruded polyvinyl chloride or thermoplastic polyolefin, with special finishes	m^2	20% or Rs.70 per sq. metre, whichever is higher	-
5703 29 29	----	Other	m^2	20% or Rs.70 per sq. metre, whichever is higher	-";

(b) after tariff item 5703 39 20 and the entries relating thereto, the following shall be inserted, namely:—

	"---	*Tufted velour, cut pile or loop pile carpet mats with ethylene vinyl acetate or vinyl acetate ethylene or latex coating and/or extruded polyvinyl chloride or thermoplastic polyolefin, with special finishes:*			
5703 39 31	----	Of *100%* polypropylene	m^2	20% or Rs. 55 per sq. metre, whichever is higher	-
5703 39 32	----	Of 100% polyester	m^2	20% or Rs. 55 per sq. metre, whichever is higher	-
5703 39 33	----	Of 100% polyethylene	m^2	20% or Rs. 55 per sq. metre, whichever is higher	-
5703 39 39	----	Other	m^2	20% or Rs.55 per sq. metre, whichever is higher	-";

(8) in Chapter 63, after tariff item 6307 90 91 and the entries relating thereto, the following shall be inserted, namely:—

"6307 90 92	----	Armour for ballistic protection	u	10%	-";

(9) in Chapter 65, after tariff item 6506 10 10 and the entries relating thereto, the following shall be inserted, namely:—

"6506 10 20	---	Headgear for ballistic protection	u	10%	-";

(10) in Chapter 69, for tariff item 6914 90 00 and the entries relating thereto, the following shall be substituted, namely:—

"6914 90	-	*Other :*			
6914 90 10	---	Armour for ballistic protection	kg.	10%	-
6914 90 90	---	Other	kg.	10%	-";

(11) in Chapter 73, for tariff item 7308 10 00 and the entries relating thereto, the following shall be substituted, namely:—

"7308 10	-	*Bridges and bridge-sections :*			
7308 10 10	---	Portable bridge	u	15%	-
7308 10 90	---	Other	u	15%	-";

(12) in Chapter 76, for tariff item 7610 90 20 and the entries relating thereto, the following shall be substituted, namely: —

	"---	*Parts of structures, not elsewhere specified :*			
7610 90 21	----	Portable bridge	kg.	10%	-
7610 90 29	----	Other	kg.	10%	-";

(13) in Chapter 84, —

(i) after tariff item 8412 29 10 and the entries relating thereto, the following shall be inserted, namely: —

"8412 29 20	---	Hydraulic systems for use in goods of Chapter 89	u	7.5%	-";

(ii) for tariff item 8430 69 00 and the entries relating thereto, the following shall be substituted, namely:—

"8430 69	--	*Other :*			
8430 69 10	---	Mine plough machinery	u	7.5%	-
8430 69 90	---	Other	u	7.5%	-";

(iii) in sub-heading 8443 99, —

(a) for the entry in column (2) occurring against tariff item 8443 99 51, the entry "----Cartridges or toners, with print head assembly" shall be substituted;

(b) for the entry in column (2) occurring against tariff item 8443 99 52, the entry "---- Cartridges or toners, with print head assembly" shall be substituted;

(iv) after tariff item 8479 89 70 and the entries relating thereto, the following shall be inserted, namely: —

"8479 89 80	---	Machinery for use in goods of Chapter 88 or 89	u	7.5%	-";

(14) in Chapter 85, for tariff item 8537 10 00 and the entries relating thereto, the following shall be substituted, namely:—

"8537 10	-	*For a voltage not exceeding 1,000 V :*			
8537 10 10	---	For use in goods of Chapter 88 or 89 or 93	kg.	15%	-
8537 10 90	---	Other	kg.	15%	-";

(15) in Chapter 87, —

(i) after sub-heading note 1, the following Supplementary Note shall be inserted, namely:—

'Supplementary Note:

For the purposes of tariff item 8711 60 80, the term "E-bicycle or battery operated pedal assisted vehicle" means vehicle equipped with an auxiliary electric motor having a thirty-minute power less than 0.25 kW and maximum speed not exceeding 25 km/h and conforming to the provisions of the Motor Vehicles Act, 1988 (59 of 1988) and the rules made thereunder.';

(ii) for tariff item 8705 90 00 and the entries relating thereto, the following shall be substituted, namely:—

"8705 90	-	*Other :*			
8705 90 10	---	Lorries (Trucks) fitted with bridging systems	u	10%	-
8705 90 90	---	Other	u	10%	-";

(iii) after tariff item 8711 60 30 and the entries relating thereto, the following shall be inserted, namely:—

"8711 60 80	---	E-bicycle or battery-operated pedal assisted vehicle	u	100%	-";

(16) in Chapter 88, for tariff item 8807 30 00 and the entries relating thereto, the following shall be substituted, namely:—

"8807 30	-	*Other parts of aeroplanes, helicopters or unmanned aircraft :*			
8807 30 10	---	Of aeroplanes, helicopters	kg.	2.5%	-
8807 30 20	---	Of unmanned aircraft	kg.	2.5%	-";

(17) in Chapter 89, for tariff item 8906 90 00 and the entries relating thereto, the following shall be substituted, namely:—

"8906 90	-	*Other :*			
8906 90 10	---	Patrol or surveillance boat, air-cushion vehicle, remote-operated vehicle	u	10%	-
8906 90 90	---	Other	u	10%	-";

(18) in Chapter 93, for tariff item 9305 99 00 and the entries relating thereto, the following shall be substituted, namely:—

"9305 99	--	*Other :*			
9305 99 10	---	Of goods of heading 9304	kg.	10%	-
9305 99 90	---	Other	kg.	10%	-".

THE FIFTH SCHEDULE

(See section 108)

Notification number and date	Amendment	Date of effect of amendment
(1)	(2)	(3)
G.S.R. 163(E), dated the 17th March, 2012 [12/2012-Central Excise, dated 17th March, 2012]	In the said notification, in the ANNEXURE, in Condition No.43, under heading "Conditions", in clause (b),— (i) for the words "a term of one hundred and twenty-six months", the words "a term of one hundred and sixty-two months" shall be substituted; and (ii) for the words "with in a period of one hundred and twenty months", the words "within a period of one hundred and fifty-six months" shall be substituted.	29th day of June, 2017

THE SIXTH SCHEDULE
(See section 109)

Sl. No.	Notification number and date	Amendment	Date of effect of amendment
(1)	(2)	(3)	(4)
1.	G.S.R.794(E), dated the 30th June, 2017 [12/2017-Central Excise, dated the 30th June, 2017].	In the said Notification,— (i) in the preamble,— (a) after the words, figures and brackets "the Central Excise Act, 1944 (1 of 1944)", the words, figures and brackets "read with section 83 of the Finance Act, 2010 (14 of 2010)" shall be inserted; (b) after the words "Central Excise Act", the words "and Clean Environment Cess leviable thereon under the said Finance Act" shall be inserted; (ii) after clause (b), the following clause shall be inserted, namely:— "(c) the appropriate goods and services tax compensation cess, wherever applicable, shall be payable on such goods, if cleared on or after the 1st July, 2017 as leviable on such goods under the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017).".	30th day of June, 2017.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2024-2025. The notes on clauses explain the various provisions contained in the Bill.

NIRMALA SITHARAMAN.

NEW DELHI;
The 22nd July, 2024.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 2(6)-B(D)2024, dated the 22nd July, 2024 from Smt. Nirmala Sitharaman, Minister of Finance, to the Secretary-General, Lok Sabha].

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance (No.2) Bill, 2024 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 23rd July, 2024.

Notes on Clauses

Clause 2 read with the First Schedule to the Bill, seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2024-2025. Further, it lays down the rates at which tax is to be deducted at source during the financial year under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" or deducted under section 194P of the Income-tax Act and tax is to be calculated and charged in special cases for the financial year 2024-2025.

Clause 3 of the Bill seeks to amend section 2 of the Income-tax Act relating to definitions.

Clause (22) of the said section provides the definition of dividend which, *inter alia,* does not include any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 77A of the Companies Act, 1956.

It is proposed to amend the said clause so as to insert sub-clause (f) therein and omit item (iv) to provide that dividend, *inter alia,* include any payment by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013.

These amendments will take effect from 1st October, 2024.

Clause (42A) of the said section provides that "short-term capital asset" means a capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer, provided that in the case of a security (other than a unit) listed in a recognized stock exchange in India or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or a zero coupon bond or in case of a share of a company (not being a share listed in a recognised stock exchange) or a unit of a Mutual Fund specified under clause (*23D*) of section 10, which is transferred during the period beginning on the 1st day of April, 2014 and ending on the 10th day of July, 2014, the period of holding for the purposes of this clause would be twelve months. The clause also provides that in the case of a share of a company, not being a share listed in a recognised stock exchange in India, or an immovable property, being land or building or both, the period of holding for the purposes of the clause would be twenty-four months.

It is proposed to amend the said clause so as to provide that a "short-term capital asset" would mean a capital asset held by an assessee for not more than twenty-four months immediately preceding the date of its transfer.

It is further proposed to amend the first proviso so as to substitute the period of thirty-six months to twenty-four months in order to align the proviso with the amendment proposed above.

It is also proposed to amend the second proviso to insert the words, brackets, letters and figures "as it stood immediately prior to the commencement of the Finance (No.2) Act, 2024" after the words "had been substituted". It is also proposed to omit the third proviso thereof.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 4 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

Clause (4D) of the said section, *inter alia*, provides that any income accrued or arisen to, or received by a specified fund, shall not be included in computing the total income of a previous year subject to the conditions mentioned therein.

It is proposed to insert a new sub-item in item (I) of sub-clause (i) of clause (c) of the *Explanation* to said clause (4D) to expand the scope of specified fund so as to include a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate, which has been granted a certificate as a retail scheme or an Exchange Traded Fund and is regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019 and satisfies such conditions as may be provided by rules.

It is further proposed to insert a new clause (15B) in the said section to provide that any income of a foreign company from lease rentals by whatever name called, of cruise ships, received from a specified company which operates such ship or ships in India, where such foreign company and the specified company are the subsidiaries of the same holding company, and such income is received or accrues or arises in India for any assessment year beginning on the 1st day of April, 2030.

The *Explanation* proposed to the said clause provides the meaning of the expressions "specified company", "holding company" and "subsidiary company".

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause (23C) of said section provides exemption to the income of certain entities.

Sub-clauses (iv), (v), (vi) and (via) of clause (23C) of the said section provide exemption to the income received by any person on behalf of any fund or trust or institution or university or other educational institutions or hospital or other institutions which may be approved or provisionally approved by the Principal Commissioner or Commissioner.

First proviso to clause (23C), *inter alia*, provides that exemption to the fund or trust or institution or university or other educational institution or hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), under the respective sub-clauses, shall not be available to it unless such fund or trust or institution or university or other educational institution or hospital or other medical institution makes an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval within the time as provided under the said proviso and the said fund or trust or institution or university or other educational institution or hospital or other medical institution is approved under the second proviso.

Second proviso to clause (23C) of the said section, provides for the procedure for granting approval to by the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso.

It is also proposed to amend the first and second provisos to clause (23C) of the said section to restrict their applicability to the applications made before the 1st October, 2024.

It is also proposed to insert a new proviso to clause (23C) of the said section so as to provide that no approval under second proviso shall be granted in relation to any application made on or after the 1st October, 2024.

These amendments will take effect from 1st October, 2024.

Clause (*23EE*) of the said section provides exemption to the specified income of Core Settlement Guarantee Fund, set up by a recognised clearing corporation in accordance with the regulations.

Clause (i) of the *Explanation* to the said clause defines the expression "recognised clearing corporation" and clause (ii) thereof defines the expression "regulations".

It is also proposed to amend clause (*i*) of the said *Explanation* to expand the definition of the expression "recognised clearing corporation" by including the recognised clearing corporation as defined in clause (n) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 also within its scope.

It is also proposed to amend clause (*ii*) of the said *Explanation* to expand the definition of the term "regulations" by including the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 also within its scope.

Clause (23FB) of the said section, *inter alia,* provides that any income of a venture capital company or venture capital fund from investment in a venture capital undertaking, shall not be included in computing the total income of a previous year.

It is also proposed to amend item (II) of sub-clause (A) of clause (b) of the *Explanation* to the said clause (23FB) to expand the scope of venture capital fund to include the venture capital fund referred to in sub-regulation (2) of regulation 18 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019.

It is also proposed to insert sub-item (iv) in the said item (II) to provide for any other condition as may be provided by rules.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause (34) of the said section provides exemption to any income arising to an assessee, being a shareholder, on account of buy back of shares by the company as referred to in section 115QA.

It is also proposed to insert a new proviso to clause (34) of the said section so as to provide that this clause shall not apply with respect to any buy back of shares by a company on or after the 1st day of October, 2024.

This amendment will take effect from 1st October, 2024.

Clause (50) of the said section provides exemption to any income arising from any specified service provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016 comes into force, or arising from any e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 and chargeable to equalisation levy under that Chapter.

It is also proposed to amend the said clause so as to exempt the income arising from any e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 till the 1st day of August, 2024.

This amendment will take effect retrospectively from 1st August, 2024.

Clause 5 of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

Sub-section (7) of the said section provides that where a trust or an institution has been granted registration under section 12AA or section 12AB or has obtained registration at any time under section 12A and the said registration is in force for any previous year, then, nothing contained in section 10 [other than clause (1), clause (23C), clause (23EC), clause (46) and clause (46A) thereof] shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year.

It is proposed to amend the sub-section of the said section so as to provide the reference of clause (23EA), clause (23ED) and clause (46B) of section 10 therein.

First proviso to sub-section (7) of the said section provides that registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or is notified under clause (23EC) or clause (46) or clause (46A) of section 10, as the case may be, or the date on which this proviso has come into force, whichever is later.

It is further proposed to amend the first proviso to said sub-section of the said section so as to provide that such registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or is notified under clause (23EA), clause (23EC), clause (23ED), clause (46) or clause (46A) of the said section, as the case may be, or the date on which this proviso has come into force, whichever is later, or, the 1st day of April of the previous year relevant to the assessment year for which the exemption is claimed under clause (46B) of section 10.

Second proviso to sub-section (7) of the said section provides that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AA or section 12AB subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under clause (23EC) or clause (46) or clause (46A) of section 10, as the case may be, to such trust or institution

shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.

It is proposed to amend the said second proviso so as to provide that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AA or section 12AB subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under clause (23EA) or clause (23EC) or clause (23ED) or clause (46) or clause (46A) of the said section, as the case may be, to such trust or institution shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.

These amendments will take effect from 1st April, 2025.

Clause 6 of the Bill seeks to amend section 12A of the Income-tax Act relating to conditions for applicability of sections 11 and 12.

Sub-section (1) of the said section provides the conditions for applicability of sections 11 and 12 in respect of income of any trust or institution.

Clause (ac) of the said sub-section provides that the provisions of section 11 and section 12 shall not apply in relation to the income of any trust or institution unless, *inter alia*, such trust or institution has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution within the time period specified under the said clause and such trust or institution is registered under section 12AB.

Sub-clause (ii) of clause (ac) of sub-section (1) of the said section provides that where the trust or institution is registered under section 12AB and the period of the said registration is due to expire, such trust or institution shall make an application for registration at least six months prior to expiry of the said period.

Sub-clause (iii) of clause (ac) of sub-section (1) of the said section provides that where the trust or institution has been provisionally registered under section 12AB, such trust or institution shall make an application for registration at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier.

It is proposed to amend said sub-clauses (ii) and (iii) of clause (ac) of the said sub-section to allow trust or institution approved or provisionally approved as the case may be, under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 to apply under the said sub-clauses with similar conditions.

It is further proposed to insert proviso to clause (ac) of sub-section (1) of the said section to provide that where the application is filed beyond the time allowed in sub-clauses (i) to (vi), the Principal Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, condone such delay and such application shall be deemed to have been filed within time.

These amendments will take effect from 1st October, 2024.

Clause 7 of the Bill seeks to amend section 12AB of the Income-tax Act relating to procedure for fresh registration.

Sub-section (3) of the said section provides that the order under clause (a), sub-clause (ii) of clause (b) and clause (c), of sub-section (1) shall be passed, in such form and manner as may be provided by rules, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.

It is proposed to amend sub-section (3) of the said section so as to provide that the order under sub-clause (ii) of clause (b) of sub-section (1) shall be passed, in such form and manner as may be provided by rules, before expiry of the period of six months from the end of the quarter in which the application was received.

This amendment will take effect from 1st October, 2024.

Clause 8 of the Bill seeks to insert a new section 12AC of the Income-tax Act relating to merger of charitable trusts or institutions in certain cases.

The proposed new section provides that any trust or institution registered under section 12AB or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be, merges with another trust or institution, the provisions of Chapter XII-EB shall not apply if—

(i) the other trust or institution has same or similar objects;

(ii) the other trust or institution is registered under section 12AA or section 12AB or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be; and

(iii) the said merger fulfils such conditions as may be provided by rules.

This amendment will take effect from 1st April, 2025.

Clause 9 of the Bill seeks to amend section 13 of the Income-tax Act relating to section 11 not to apply in certain cases.

Clause (d) of sub-section (1) of the said section provides that, in the case of a trust for charitable or religious purposes or a charitable or religious institution, nothing contained in section 11 or section 12 shall operate so as to exclude any income, from the total income of the previous year of such trust or institution, if for any period during the previous year, any funds of the trust or institution are, *inter alia*, invested or deposited otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11.

It is proposed to insert clause (iv) in the first proviso to clause (d) of sub-section (1) of the said section to exclude any asset referred to in sub-clauses (i), (ia) and (ii) of clause (b) of the third proviso to clause (23C) of section 10 or any accretion to the shares, forming part of the corpus mentioned in the said sub-clauses (i) and (ia) and voluntary contributions referred to in sub-clause (iv) of clause (b) of the said proviso.

This amendment will take effect from 1st October, 2024.

Clause 10 of the Bill seeks to amend section 16 of the Income-tax Act relating to deductions from salaries.

The provisions of clause (ia) of the said section provides that a deduction of fifty thousand rupees or the amount of the salary, whichever is less, shall be made before computing the income under the head "Salaries".

It is proposed to insert a new proviso in the said clause to provide that in a case where income-tax is computed under clause (ii) of sub-section (1A) of section 115BAC, the provisions of clause (ia) of section 16 shall have effect as if for the words "fifty thousand rupees", the words "seventy-five thousand rupees" had been substituted.

This amendment will take effect from 1st April, 2025, and will accordingly apply to assessment year 2025-2026 and subsequent years.

Clause 11 of the Bill seeks to amend section 28 of the Income-tax Act relating to profits and gains of business or profession.

The said section provides various types of income that shall be chargeable to income-tax under the head "Profits and gains of business or profession".

It is proposed to amend the said section and insert a new *Explanation* so as to provide 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 "Profits and gains of business or profession" and shall be chargeable to tax under the head "Income from house property".

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 12 of the Bill seeks to amend section 36 of the Income-tax Act relating to other deductions.

Sub-section (1) of said section provides for various deductions allowed while computing the income under the head 'Profits and gains of business or profession'. Clause (iva) of the said sub-section provides that any sum paid by the assessee as an employer by way of contribution towards a pension scheme, as referred to in section 80CCD, on account of an employee to the extent it does not exceed ten per cent. of the salary of the employee in the previous year, shall be allowed as a deduction to the assessee.

It is proposed to amend the said clause so as to increase the amount of such employer contribution allowed as deduction to the employer, from ten per cent. to fourteen per cent. of the salary of the employee in the previous year.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 13 of the Bill seeks to amend section 37 of the Income-tax Act relating to general.

Sub-section (1) of said section, *inter alia*, provides that any expenditure not being the expenditure described under section 30 to 36 or of capital or personal nature, shall be allowed in computing the income chargeable under the head "profits and gains of business or profession".

Explanation 1 to the said sub-section provides that if any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure. *Explanation* 3 to the said sub-section, clarifies the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" for the purposes of *Explanation* 1.

It is proposed to amend the said *Explanation* 3 to include any expenditure incurred by an assessee to settle proceedings initiated in relation to contravention under such law as may be notified by the Central Government in the Official Gazette in this behalf within the scope of its clarification.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 14 of the Bill seeks to amend section 40 of the Income-tax Act relating to amounts not deductible.

Sub-clause (v) of clause (b) of the said section provides for disallowance of remuneration paid to any working partner above certain threshold limits.

It is proposed to amend item (a) of sub-clause (v) of clause (b) of the said section 40 so as to increase the limit of remuneration to working partners, which is allowable as deduction such that on the first Rs 6,00,000 of the book-profit or in case of a loss, the limit of remuneration is increased to Rs 3,00,000 or at the rate of 90 per cent. of the book-profit, whichever is more.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 15 of the Bill seeks to amend section 43D of the Income-tax Act relating to special provision in case of income of public financial institutions, public companies, etc.

The said section provides that the income by way of interest credited in relation to certain categories of bad or doubtful debts shall be chargeable to tax in the previous year in which it is credited to the profit and loss account or, as the case may be, in which it is actually received, whichever is earlier.

It is proposed to amend the marginal heading to omit the expression "public companies," and "or the public company" from body of the said section.

It is further proposed to omit clause (b) of the said section and clauses (a) and (b) of the *Explanation* thereof.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 16 of the Bill seeks to amend section 44B of the Income-tax Act relating to special provision for computing profits and gains of shipping business in the case of non-residents.

It is proposed to amend the marginal heading and sub-section (1) of the said section so as to provide that the same shall be applicable in the case of non-resident assessee engaged in the business of operation of ships other than cruise ships referred to in section 44BBC.

Sub-section (1) of the said section provides that notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of ships, a sum equal to seven and a half per cent. of the aggregate of the amounts specified in sub-section (2) of the said section shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".

It is further proposed to amend the said sub-section to exclude the application of cruise ships referred to in section 44BBC from the said section.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 17 of the Bill seeks to insert new section 44BBC in the Income-tax Act relating to special provision for computing profits and gains of the business of operation of cruise ships in the case of non-residents.

Sub-section (1) of the said section seeks to provide that notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of cruise ships subject to the conditions, a sum equal to twenty per cent. of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".

Sub-section (2) of the said section further proposes to provide that the amounts referred to in sub-section (1) shall be the following, namely:—

(i) the amount paid or payable to the assessee or to any person on his behalf on account of the carriage of passengers; and

(ii) the amount received or deemed to be received by or on behalf of the assessee on account of the carriage of passengers.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 18 of the Bill seeks to amend section 46A of the Income-tax Act relating to capital gains on purchase by company of its own shares or other specified securities.

The said section provides that where a shareholder or a holder of other specified securities receives any consideration from any company for purchase of its own shares or other specified securities held by such shareholder or holder of other specified securities, then, subject to the provisions of section 48, the difference between the cost of acquisition and the value of consideration received by the shareholder or the holder of other specified securities, as the case may be, shall be deemed to be the capital gains arising to such shareholder or the holder of other specified securities, as the case may be, in the year in which such shares or other specified securities were purchased by the company.

It is proposed to insert a proviso to the said section so as to provide that where the shareholder receives any consideration of the nature referred to in sub-clause (f) of clause (22) of section 2 from any company, in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil.

This amendment will take effect from 1st October, 2024.

Clause 19 of the Bill seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

The provisions of clause (iii) of the said section provide that any transfer of a capital asset, under a gift or will or an irrevocable trust shall not be regarded as a transfer. The proviso to the said clause makes an exception to the clause in respect of specified Employees' Stock Option Plan or Scheme of a company.

It is proposed to substitute the said clause so as to provide that nothing contained in section 45 shall apply to any transfer of a capital asset by an individual or a Hindu undivided family under a gift or will or an irrevocable trust.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply to assessment year 2025-2026 and subsequent years.

Clause 20 of the Bill seeks to amend section 48 of the Income-tax Act relating to mode of computation.

The second proviso to the said section provides that where long-term capital gain arises from the transfer of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso, the provisions of clause (ii) of the section shall have effect as if for the words "cost of acquisition" and "cost of any improvement", the words "indexed cost of acquisition" and "indexed cost of any improvement" had respectively been substituted.

It is proposed to amend the said proviso so as to limit its applicability to cases where long-term capital gain arises from the transfer which takes place before the 23rd day of July, 2024, of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 21 of the Bill seeks to amend section 50AA of the Income-tax Act relating to Special provision for computation of capital gains in case of Market Linked Debenture.

It is proposed to substitute the opening portion of the said section so as to provide that notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset—

(a) is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture; or

(b) is an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after the 23rd day of July, 2024;

the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture or unit or bond as reduced by—

(i) the cost of acquisition of the debenture or unit or bond; and

(ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause (ii) of the *Explanation* to the said section provides that for the purposes of the section, "Specified Mutual Fund" means a Mutual Fund by whatever name called, where not more than thirty-five per cent. of its total proceeds is invested in the equity shares of domestic companies, provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

It is further proposed to substitute the clause (ii) of the *Explanation* and its proviso to provide that "Specified Mutual Fund" means a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments, or a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (a), provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures, and provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent years.

Clause 22 of the Bill seeks to amend section 55 of the Income-tax Act relating to meaning of "adjusted, "cost of improvement" and "cost of acquisition".

Sub-clause (iii) of clause (a) of the *Explanation* to clause (ac) of sub-section (2) of the said section, *inter alia*, provides that where the capital asset is an equity share in a company, the "fair market value" means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-2018 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

It is proposed to insert item (AA) in the said sub-clause to provide that in a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, as the case may be, but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer, "fair market value" would mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-2018 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

This amendment will take effect retrospectively from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 23 of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

The provisions of clause (viib) of sub-section (2) of the said section provides that where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head "Income from other sources".

It is also provides that this clause shall not apply where the consideration for issue of shares is received (i) by a venture capital undertaking from a venture capital company or a venture capital fund or a specified fund; or (ii) by a company from a class or classes of persons as may be notified by the Central Government in this behalf.

It is proposed to amend the said clause so as to provide that the provisions of the said clause shall not apply on or after 1st April, 2025.

This amendment will take effect from 1st April, 2025.

Clause 24 of the Bill seeks to amend section 57 of the Income-tax Act relating to deductions.

Clause (i) of the said section provides that the income chargeable under the head "Income from other sources" in the case of dividends, or interest on securities, shall be computed after making the deductions, of any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realising such dividend or interest on behalf of the assessee.

It is proposed to amend the said clause to exclude the dividend referred in sub-clause (f) of clause (22) of section 2 for the purposes of the said clause.

It is also proposed to insert a new proviso to the said section to provide that that no deduction shall be allowed in case of dividend income of the nature referred to in sub-clause (f) of clause (22) of section 2.

These amendments will take effect from 1st October, 2024.

Clause (iia) of the said section provides that in the case of income in the nature of family pension, a deduction of a sum equal to thirty-three and one-third per cent. of such income or fifteen thousand rupees, whichever is less, shall be made before computing the income chargeable under the head "Income from other sources".

It is proposed to insert a new proviso in the said clause so as to provide that in a case where income-tax is computed under clause (ii) of sub-section (1A) of section 115BAC of the Act, the provisions of clause (iia) of section 57 shall have effect as if for the words "fifteen thousand rupees", the words "twenty-five thousand rupees" had been substituted.

This amendment will take effect from 1st April, 2025, and will accordingly apply to assessment year 2025-2026 and subsequent years.

Clause 25 of the Bill seeks to amend section 80CCD of the Income-tax Act relating to deduction in respect of contribution to pension scheme of Central Government.

Sub-section (2) of the said section provides that any contribution by the Central Government or the State Government or any other employer to the account of an assessee referred to in sub-section (1), shall be allowed as a deduction to the assessee in the computation of their total income, if it does not exceed fourteen per cent. of their salary in previous year, where such contribution is made by the Central Government or the State Government and ten per cent. of salary in previous year where such contribution is made by any other employer.

It is proposed to insert a proviso to sub-section (2) in the said section, to provide that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, the assessee shall be allowed as a deduction of the whole of the amount of the employer contribution as does not exceed fourteen per cent. of his salary in previous year.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 26 of the Bill seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

Sub-clause (iiihg) of clause (a) of sub-section (2) of the said section provides that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, any sums paid by the assessee in the previous year as donations to the National Sports Fund to be set up by the Central Government.

Since, the Central Government had already set up the said fund by the name National Sports Development Fund with effect from 12th November, 1998, it is proposed to amend sub-clause (iiihg) of clause (a) of the said sub-section so as to substitute the expression "The National Sports Fund to be set up" with the expression "The National Sports Development Fund set up".

This amendment will take effect from 1st April, 2025, and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

First proviso to sub-section (5) of the said section provides that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval.

It is further proposed to amend the first proviso to sub-section (5) of the said section so as to insert "or" between the clause (iii) and (iv) of the said first proviso and to amend clause (iv) of first proviso thereof to provide that, where activities of the institution or fund have not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; or commenced, at any time after the commencement of such activities shall make an application for grant of approval.

Item (B) of sub-clause (b) of clause (ii) of second proviso to sub-section (5) of the said section, *inter alia*, provides that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall where the application is made under clause (ii) or clause (iii) or sub-clause (B) of clause (iv) of the first proviso, after satisfying himself about the genuineness of activities and the fulfilment of all the conditions if he is not so satisfied, pass an order in writing, in this manner specified therein after affording it a reasonable opportunity of being heard.

It is also proposed to amend item (B) of sub-clause (b) of clause (ii) of second proviso to the said sub-section (5) to provide that if the Principal Commissioner or Commissioner is not so satisfied, shall pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard.

Third proviso to sub-section (5) of the said section provide that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the second proviso to the said sub-section (5) shall be passed in such form and manner as may be provided by rules, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.

It is also proposed to amend the third proviso to said sub-section (5) to omit that the order under sub-clause (b) of clause (ii) of the second proviso to the said sub-section (5) shall be passed in such form and manner as may be provided by rules, before expiry of the period of six months, calculated from the end of the month in which the application was received.

It is also proposed to insert a proviso after the third proviso to sub-section (5) of the said section to provide that the order under sub-clause (b) of clause (ii) of the second proviso shall be passed in such form and manner as may be provided by rules, before expiry of the period of six months from the end of the quarter in which the application was received.

These amendments will take effect from 1st October, 2024.

Clause 27 of the Bill seeks to amend section 92CA of the Income-tax Act relating to reference to Transfer Pricing Officer.

Sub-section (2A) of the said section provides that where any other international transaction [other than an international transaction referred under sub-section (1)], comes to the notice of the Transfer Pricing Officer during the course of the proceedings before him, the provisions of Chapter X shall apply as if such other international transaction is an international transaction referred to him under sub-section (1).

Sub-section (2B) of the said section provides that where in respect of an international transaction, the assessee has not furnished the report under section 92E and such transaction comes to the notice of the Transfer Pricing Officer during the course of the proceeding before him, the provisions of Chapter X shall apply as if such transaction is an international transaction referred to him under sub-section (1).

It is proposed to amend the said sub-section so as to include reference of specified domestic transaction in them.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 28 of the Bill seeks to amend section 94B of the Income-tax Act relating to limitation on interest deduction in certain cases.

Sub-section (3) of the said section provides that nothing contained in sub-section (1) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance or such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf.

It is proposed to amend the said sub-section so as to include reference of a Finance Company located in any International Financial Services Centre.

It is further proposed to amend sub-section (5) of the said section to provide the meaning of expressions “Finance Company” and “International Financial Services Centre”

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 29 of the Bill seeks to amend section 111A of the Income-tax Act relating to tax on short-term capital gains in certain cases.

The said section, *inter alia,* provides that where the total income of an assessee includes any income chargeable under the head "Capital gains", arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust and—

(a) the transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force; and

(b) such transaction is chargeable to securities transaction tax under that Chapter, the tax payable by the assessee on the total income shall be the aggregate of—

(i) the amount of income-tax calculated on such short-term capital gains at the rate of fifteen per cent; and

(ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee:

Provided that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate of fifteen per cent

It is proposed to substitute longline so as to provide that the tax payable by the assessee on the total income shall be the aggregate of—

(i) the amount of income-tax calculated on such short term capital gains:—

(a) at the rate of fifteen per cent. for any transfer which takes place before the 23rd day of July, 2024 ; and

(b) at the rate of twenty per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

(ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee.

It is further proposed that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate as applicable in clause (i).

These amendments will take effect retrospectively from 23rd July, 2024.

Clause 30 of the Bill seeks to amend section 112 of the Income-tax Act relating to tax on long-term capital gains.

The said section provides that where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head “Capital gains”, the tax payable by the assessee on the total income shall be the aggregate of,—

(*a*) in the case of an individual or a Hindu undivided family, being a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of twenty per cent.;

(*b*) in the case of a domestic company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.;

(*c*) in the case of a non-resident (not being a company) or a foreign company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on long-term capital gains [except where such gain arises from transfer of capital asset referred to in sub-clause (*iii*)] at the rate of twenty per cent.; and

(*iii*) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;

(*d*) in any other case of a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.

Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities (other than a unit) or zero coupon bond, exceeds ten per cent. of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee:

It is proposed to substitute clauses (a), (b), (c), (d) and the first proviso of said section so as to provide that where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income shall be the aggregate of,—

(*a*) in the case of an individual or a Hindu undivided family, being a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause (ii);

(*b*) in the case of a domestic company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024 :

(*c*) in the case of a non-resident (not being a company) or a foreign company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains

(A) at the rate of twenty per cent. for any transfer [other than transfer referred to in sub-clause (iii)] which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

(*iii*) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset which takes place before the 23rd day of July, 2024, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;

(*d*) in any other case of a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset which takes place before the 23rd day of July, 2024, being listed securities (other than a unit) or zero coupon bond, exceeds ten per cent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee:

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 31 of the Bill seeks to amend section 112A of the Income-tax Act relating to tax on long-term capital gains in certain cases.

The sub-section (2) of said section, *inter alia,* provide that the tax payable by the assessee on the total income referred to in sub-section (1) of the section shall be the aggregate of—

(i) the amount of income-tax calculated on such long-term capital gains exceeding one lakh rupees at the rate of ten per cent.; and

(ii) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains referred to in sub-section (1) as if the total income so reduced were the total income of the assessee.

It is proposed to substitute clause (i) of the said sub-section, *inter alia,* so as to provide that the tax payable by the assessee on the total income referred to in sub-section (1) of the section shall be the aggregate of—

(*i*) the amount of income-tax calculated on such long-term capital gains exceeding one lakh twenty-five thousand rupees-

(a) on long-term capital gains at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(b) on long-term capital gains, at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

Provided that the limit of one lakh twenty-five thousand rupees shall apply on aggregate of the long-term capital gains under sub-clause (a) and (b).

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 32 of the Bill seeks to amend section 113 of the Income-tax Act relating to tax in the case of block assessment of search cases.

It is proposed to amend the said section in order to provide reference of total income instead of total undisclosed income.

This amendment will take effect from 1st September, 2024.

Clause 33 of the Bill seeks to amend section 115AB of the Income-tax Act relating to tax on income from units purchased in foreign currency or capital gains arising from their transfer.

The sub-section (1) of said section provides that where the total income of an assessee, being an overseas financial organisation (hereinafter referred to as Offshore Fund) includes—

(a) income received in respect of units purchased in foreign currency; or

(b) income by way of long-term capital gains arising from the transfer of units purchased in foreign currency,

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income in respect of units referred to in clause (a), if any, included in the total income, at the rate of ten per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the Offshore Fund would have been chargeable had its total income been reduced by the amount of income referred to in clause (a) and clause (b).

It is proposed to substitute clause (ii) of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income, shall be at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024, and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 34 of the Bill seeks to amend section 115AC of the Income-tax Act relating to tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

The sub-section (1) of said section provides that where the total income of an assessee, being a non-resident, includes—

(a) income by way of interest on bonds of an Indian company issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, or on bonds of a public sector company sold by the Government, and purchased by him in foreign currency; or

(b) income by way of dividends on Global Depository Receipts—

(i) issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the initial issue of shares of an Indian company and purchased by him in foreign currency through an approved intermediary; or

(ii) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or

(iii) issued or re-issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the existing shares of an Indian company purchased by him in foreign currency through an approved intermediary;

(c) income by way of long-term capital gains arising from the transfer of bonds referred to in clause (a) or, as the case may be, Global Depository Receipts referred to in clause (b),

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income by way of interest or dividends, as the case may be, in respect of bonds referred to in clause (a) or Global Depository Receipts referred to in clause (b), if any, included in the total income, at the rate of ten per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the non-resident would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a), (b) and (c).

It is proposed to substitute clause (ii) of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, included in the total income, shall be at the rate of ten per cent for any transfer which takes place before the 23rd day of July, 2024 and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 35 of the Bill seeks to amend section 115ACA of the Income-tax Act relating to tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

The sub-section (1) of said section provides that where the total income of an assessee, being an individual, who is a resident and an employee of an Indian company engaged in specified knowledge based industry or service, or an employee of its subsidiary engaged in specified knowledge based industry or service (hereafter in this section referred to as the resident employee), includes—

(a) income by way of dividends on Global Depository Receipts of an Indian company engaged in specified knowledge based industry or service, issued in accordance with such Employees' Stock Option Scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf and purchased by him in foreign currency; or

(b) income by way of long-term capital gains arising from the transfer of Global Depository Receipts referred to in clause (a),

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income by way of dividends in respect of Global Depository Receipts referred to in clause (a), if any, included in the total income, at the rate of ten per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the resident employee would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).

It is proposed to substitute clause (ii) of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, shall be at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024, and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 36 of the Bill seeks to amend section 115AD of the Income-tax Act relating to tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.

The said section, *inter alia,* provides that where the total income of a specified fund or Foreign Institutional Investor includes income by way of short-term or long-term capital gains arising from the transfer of securities (other than units referred to in section 115AB of the Act), the income-tax payable shall be calculated as follows—

(i) the amount of income-tax calculated on the income by way of short-term capital gains, if any, included in the total income, at the rate of thirty per cent, provided that the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of fifteen per cent;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains, if any, included in the total income, at the rate of ten per cent, provided that in case of income arising from the transfer of a long-term capital asset referred to in section 112A, income-tax at the rate of ten per cent shall be calculated on such income exceeding one lakh rupees.

It is proposed to substitute proviso to clause of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of—

(a) fifteen per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(b) twenty per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

It is further proposed to substitute proviso to clause (iii) of longline of said sub-section so as to provide that in case of income arising from the transfer of a long-term capital asset referred to in section 112A which exceeds one lakh and twenty-five thousand rupees, income-tax shall be calculated at the rate of—

(a) ten per cent. where transfer of such asset takes place before the 23rd day of July, 2024; and

(b) twelve and one-half per. cent where transfer of such asset takes place on or after the 23rd day of July, 2024;

It is proposed to further provide that the limit of one lakh twenty-five thousand rupees mentioned shall apply on aggregate of the long-term capital gains referred to in clause (a) and (b).

These amendments will take effect retrospectively from 23rd July, 2024.

Clause 37 of the Bill seeks to amend section 115BAC of the Income-tax Act relating to tax on income of individuals and Hindu undivided family.

It is proposed to amend sub-section (1A) of the said section to provide that notwithstanding anything contained in this Act but subject to the provisions of Chapter XII, the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, other than a person who has exercised an option under sub-section (6),—

(i) for any previous year relevant to the assessment year beginning on the 1st day of April, 2024, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 6,00,000	5 per cent.
3.	From Rs. 6,00,001 to Rs. 9,00,000	10 per cent.
4.	From Rs. 9,00,001 to Rs. 12,00,000	15 per cent.
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent.
6.	Above Rs. 15,00,000	30 per cent.;

(ii) any previous year relevant to the assessment year beginning on or after the 1st day of April, 2025, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 3,00,000	Nil

2.	From Rs. 3,00,001 to Rs. 7,00,000	5 per cent.
3.	From Rs. 7,00,001 to Rs. 10,00,000	10 per cent.
4.	From Rs. 10,00,001 to Rs. 12,00,000	15 per cent.
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent.
6.	Above Rs. 15,00,000	30 per cent.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 38 of the Bill seeks to amend section 115E of the Income-tax Act relating to tax on investment income and long-term capital gains.

The said section provides that where the total income of an assessee, being a non-resident Indian, includes—

(a) any income from investment or income from long-term capital gains of an asset other than a specified asset;

(b) income by way of long-term capital gains,

the tax payable by him shall be the aggregate of—

(i) the amount of income-tax calculated on the income in respect of investment income referred to in clause (a), if any, included in the total income, at the rate of twenty per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent.; and

(iii) the amount of income-tax with which he would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).

It is proposed to substitute clause (ii) of longline of said section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024 and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 39 of the Bill seeks to amend section 115QA of the Income-tax Act relating to tax on distributed income to shareholders.

Sub-section (1) of the said section, *inter alia,* provides that notwithstanding anything contained in any other provision of this Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment year, any amount of distributed income by the company on buy-back of shares from a shareholder shall be

charged to tax and such company shall be liable to pay additional income-tax at the rate of twenty per cent on the distributed income.

It is proposed to insert a new proviso to the said sub-section so as to provide that the provisions of the said sub-section shall not apply in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024.

This amendment will take effect from 1st October, 2024.

Clause 40 of the Bill seeks to amend section 132B of the Income-tax Act relating to application of seized or requisitioned assets.

The said section provides that the amount of any existing liability under the Income-tax Act, the Wealth-tax Act, 1957, the Expenditure-tax Act, 1987, the Gift-tax Act, 1958 and the Interest-tax Act, 1974, and the amount of liability determined on completion of the assessment or reassessment or recomputation and the assessment of the year relevant to the previous year in which search is initiated or requisition is made, or the amount of liability determined, etc., as given in the section may be recovered from the taxpayer out of seized or requisitioned assets under section 132 or requisitioned under section 132A.

The provisions of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provides for taxation of undisclosed foreign income and undisclosed foreign assets and such undisclosed foreign income and value of undisclosed foreign asset is taxed under the said Act instead of the Income-tax Act.

It is proposed to amend the clause (i) of sub-section (1) of the said section to provide the reference of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 so as to recover the existing liabilities under the said out of seized assets.

This amendment will take effect from 1st October, 2024.

Clause 41 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

The said section provides that every person, being a company or a firm, or being a person other than a company or a firm whose total income exceeds the maximum amount which is not chargeable to income-tax, shall, furnish a return of his income.

It is proposed to insert a new sub-section (9A) in the said section to provide that return of income furnished in pursuance of an order under clause (b) of sub-section (2) of section 119, the provisions of section 139 shall apply.

This amendment will take effect from 1st October, 2024.

Clause 42 of the Bill seeks to amend section 139AA of the Income-tax Act relating to quoting of Aadhaar number.

The said section provides that every person who is eligible to obtain Aadhaar number shall, on or after the 1st day of July, 2017, quote Aadhaar number—

(i) in the application form for allotment of permanent account number;

(ii) in the return of income.

The proviso to the said sub-section provides that where the person does not possess the Aadhaar Number, the Enrolment ID of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number or in the return of income furnished by him.

It is proposed to amend the said sub-section (1) so as to insert a second proviso providing that the first proviso shall not apply in respect of any application form for allotment of permanent account number or return of income furnished on or after the 1st day of October, 2024.

It is further proposed to insert a new sub-section in the said section specifying that every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed prior to the 1st day of October, 2024, shall intimate his Aadhaar number on or before a notified date to the specified authority.

These amendments will take effect from 1st October, 2024.

Clause 43 of the Bill seeks to amend section 144C of the Income-tax Act, relating to reference to dispute resolution panel.

It is proposed to amend sub-section (15) of the said section so as to provide that "eligible assessee" shall not include person referred to in sub-section (1) of section 158BA or section 158BD.

It is further proposed to insert a new sub-section (16) so as to provide that the provisions of this section shall not apply to any proceedings under Chapter XIV-B.

This amendment will take effect from 1st September, 2024.

Clause 44 of the Bill seeks to substitute sections 148 and 148A of the Income-tax Act relating to issue of notice where income has escaped assessment and conducting inquiry, providing opportunity before issue of notice under section 148, respectively.

The existing provisions of the said section, *inter alia*, provides that before making the assessment, reassessment or recomputation under section 147 the Assessing Officer shall serve on the assessee a notice, along with a copy of the order passed.

It is proposed to substitute the said section so as to provide that if there is any information as to the escaped assessment, the Assessing Officer before making the assessment, reassessment or recomputation shall issue a notice to the assessee, along with a copy of the order passed under sub-section (3) of section 148A requiring him to furnish within such period as may be specified, not exceeding a period of three months from the end of the month in which such notice is issued, a return of his income or the income of any other person in respect of whom he is assessable under this Act.

It further provides that the return of income required to be furnished under sub-section (1) shall be furnished in the such form and verified in such manner and setting forth such

other particulars as may be provided by rules, and the provisions of this Act shall apply accordingly as if such return were a return required to be furnished under section 139.

It is also proposed to provide that where the Assessing Officer has received information under the scheme notified under section 135A, no notice shall be issued under section 148 without prior approval of the specified authority.

It also provides that any return of income required to be furnished by an assessee under this section and furnished beyond the period specified in the notice under sub-section (1), shall not be deemed to be a return under section 139.

It also clarifies the information with the Assessing Officer about the income chargeable to tax which has escaped assessment.

The existing provisions of the section 148A, *inter alia*, provides certain procedures to be followed by Assessing Officer before issuing notice under section 148.

It is proposed to substitute the said section so as to provide that where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant assessment year, he shall, before issuing any notice under section 148, provide an opportunity of being heard to such assessee who shall furnish his reply, within such time, as may be specified in such notice.

The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority, determining whether or not it is a fit case to issue notice under section 148.

It also proposed that the provisions of the section 148A shall not apply to income chargeable to tax escaping assessment for any assessment year in the case of an assessee where the Assessing Officer has received information under the scheme notified under section 135A.

It also provides to insert an *Explanation* to explain the expression “specified authority”.

These amendments will take effect from 1st September, 2024.

Clause 45 of the Bill seeks to substitute section 149 of the Income-tax Act relating to time limit for notice.

The existing provisions of the said section, *inter alia,* provides the time limit for the issuance of notice under section 148.

It is proposed to substitute the said section to provide the time line beyond which notice under section 148 and notice to show cause under section 148A shall not be issued by the Assessing Officer in respect of income chargeable to tax, which has escaped assessment.

This amendment will take effect from the 1st September, 2024.

Clause 46 of the Bill seeks to substitute section 151 of the Income-tax Act relating to sanction for issue of notice.

Section 151 provides the specified authority for the purpose of sanction.

It is proposed to substitute the said section so as to provide that specified authority for the purposes of section 148 or 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be.

This amendment will take effect from 1st September, 2024.

Clause 47 of the Bill seeks to amend section 152 of the Income-tax Act relating to other provisions.

It is proposed to insert a new sub-section (3) in the said section so as to provide that where a search has been initiated under section 132, or requisition is made under section 132A, or a survey is conducted under section 133A [other than under sub-section (2A)], on or after the 1st day of April, 2021 but before the 1st day of September, 2024, the provisions of sections 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.

It is further proposed to insert a new sub-section (4) in the said section so as to provide that where a notice under section 148 has been issued or an order under clause (d) of section 148A has been passed, prior to the 1st day of September, 2024, the assessment, reassessment or recomputation in such case shall be governed as per the provisions of sections 147 to 151, as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.

These amendments will take effect from 1st September, 2024.

Clause 48 of the Bill seeks to amend section 153 of the Income-tax Act relating to time-limit for completion of assessment, reassessment and recomputation.

Sub-section (1) of the said section provides that assessment under section 143 or section 144 shall be completed within twelve months from the end of the assessment year in which the income was first assessable.

It is proposed to insert a new sub-section (1B) in the said section to provide that order of assessment of cases where return of income is furnished in consequence of an order under clause (b) of sub-section (2) of section 119 may be completed within twelve months from the end of the financial year in which such return is furnished.

Sub-section (3) of the said section provides the time-limit for passing the fresh assessment order in pursuance of an order under section 254 or section 263 or section 264 setting aside or cancelling an assessment. It further provides that such fresh assessment order shall be passed at any time before the expiry of twelve months from the end of the financial year in which the order under section 250 or section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be.

It is proposed to insert the reference to section 250 in the said sub-section in order to provide the time-limit for disposal of cases which are separately proposed to be set aside by the Commissioner (Appeals).

Sub-section (8) of the said section provides that order of assessment or reassessment relating to any assessment year, which stands revived under sub-section (2) of section 153A, shall be made within a period of one year from the end of the month of such revival or within the period specified in the said section or sub-section (1) of section 153B, whichever is later.

It is proposed to amend the said sub-section so as to provide the timeline for passing of order in the case of revived assessment or re-assessment proceedings as a consequence of annulment of block assessments.

Clause (xii) of *Explanation* 1 to the said section, *inter alia,* provides that the period (not exceeding one hundred and eighty days) commencing from the date of initiation of search and ending on the date on which the books of accounts or documents or seized materials are handed over to the Assessing Officer is excluded while computing the period of limitation.

It is proposed to insert sixth proviso in the said *Explanation* to provide that the date of limitation in such cases falls at the end of the month, after taking into account the exclusion provided in the said *Explanation*.

These amendments will take effect from 1st October, 2024.

Clause 49 of the Bill seeks to substitute Chapter XIV-B of the Income-tax Act relating to special procedure for assessment of search cases.

Proposed section 158B provides definition for expressions "block period" and "undisclosed income".

Proposed section 158BA relates to Assessment of total income as a result of search.

Sub-section (1) of said section provides that notwithstanding anything contained in any other provisions of the Act, where on or after the 1st day of September, 2024, a search is initiated under section 132, or books of account, other documents or any assets are requisitioned under section 132A, in the case of any person, then, the Assessing Officer shall proceed to assess or reassess the total income of the block period in accordance with the provisions of the said Chapter.

Sub-section (2) of said section provides that the assessment or reassessment or recomputation under the provisions of this Act, if any, pertaining to any assessment year falling in the block period, pending on the date of initiation of the search under section 132, or making of requisition under section 132A, as the case may be, shall abate and shall be deemed to have abated on the date of initiation of search or making the requisition.

Sub-section (3) of said section provides that assessment or reassessment or recomputation or order passed shall also abate with reference to sub-section (1) and sub-section (3) of section 92CA.

Sub-section (4) of said section provides that where any assessment under the provisions of this Chapter is pending in the case of an assessee in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search or requisition shall be made under the provisions of the said Chapter.

Proviso to the said sub-section provides that period for completing the assessment shall extended to three months in given cases.

Sub-section (5) of said section provides that if any proceeding initiated under this Chapter or any order of assessment or reassessment made under clause (*c*) of sub-section (1) of section 158BC has been annulled in appeal or any other legal proceeding, then, notwithstanding anything in this Chapter or section 153, the assessment or reassessment relating to any assessment year which has abated under sub-section (2) or sub-section (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner:

Proviso of the said sub-section provides that such revival shall cease to have effect, if such order of annulment is set aside.

Sub-section (6) of said section provides that the total income of the assessment year relevant to the previous year in which the last of the authorisations for a search is executed or a requisition is made, shall be assessed separately in accordance with the other provisions of the Act.

Sub-section (7) of said section provides that the total income relating to the block period shall be charged to tax, at the rate specified in section 113, as income of the block period irrespective of the previous year or years to which such income relates.

Proposed section 158BB relates to computation of total income of block period.

Sub-section (1) of said section provides that the total income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of certain incomes.

Sub-section (2) of said section provides that the undisclosed income falling within the block period, forming part of the total income referred to in sub-section (1) of section 158BA, shall be computed in accordance with the provisions of the Act, on the basis of evidence found as a result of search or survey or requisition of books of account or other documents and such other materials or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter.

Sub-section (3) of said section provides that where any evidence found as a result of search or requisition of books of account or other documents and such other materials or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter, or determined on the basis of entries relating to such income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the search or requisition, relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of the Act.

Sub-section (4) of said section provides that for the purposes of determination of undisclosed income,—

(a) of a firm, such income assessed for each of the previous years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration by whatever name called to any partner not being a working partner;

(b) the provisions of sections 68, 69, 69A, 69B and 69C shall, so far as may be, apply and references to "financial year" in those sections shall be construed as references to the relevant previous year falling in the block period;

(c) the provisions of section 92CA shall, so far as may be, apply and references to "previous year" in that section shall be construed as reference to the relevant previous year falling in the block period excluding the period referred to in sub-section (3).

Sub-section (5) of said section provides that the tax referred to in sub-section (6) of section 158BA shall be charged on the total income determined in the manner specified in sub-section (1) as reduced by the total income referred to in clause (ii), (iii) and clause (iv) of sub-section (1).

Sub-section (6) of said section provides that for the purposes of sub-section (1) and sub-section (5), if the disclosed income under clause (i) of sub-section (1) or where the income disclosed in respect of any previous year comprising the block period, or the returned income or assessed income under clause (ii) or clause (iii) of the sub-section (1), or where the income as determined under clause (iv), is a loss, it shall be ignored.

Sub-section (7) of said section provides that for the purpose of assessment under this Chapter, losses brought forward from the previous year (prior to the first previous

year comprising the block period) under Chapter VI or unabsorbed depreciation under sub-section (2) of section 32 shall not be set off against the undisclosed income determined in the block assessment under this Chapter but may be carried forward for being set off in the previous year subsequent to the assessment year in which the block period ends, for the remaining period, taking into account the block period and such assessment year, and in accordance with the provisions of the Act.

Proposed section 158BC relates to procedure for block assessment.

Sub-section (1) of said section provides that where any search has been initiated under section 132 or books of account, other documents or assets are requisitioned under section 132A, in the case of any person, then,—

(*a*) the Assessing Officer shall, in respect of search initiated, or books of account or other documents or any assets requisitioned, on or after the 1st day of September, 2024, issue a notice to such person, requiring him to furnish within such period, not exceeding a period of sixty days, as may be specified in the notice, a return in the form and verified in the manner, as may be prescribed, setting forth his total income, including the undisclosed income, for the block period.

Provisos to clause (a) deal with certain situations under section 139 and section 148 and deal with revised returns.

Clause (*b*) of said sub-section provides that Assessing Officer shall proceed to determine the total income including the undisclosed income of the block period in the manner laid down in section 158BB and the provisions of section 142, sub-sections (2) and (3) of section 143, section 144, section 145, section 145A and section 145B shall, so far as may be, apply.

Clause (c) of said sub-section provides that Assessing Officer, on determination of the total income of the block period in accordance with this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment.

Provisos of that sub-section deal with orders passed under section 144C and section 158BD.

Clause (d) of said sub-section provides that the assets seized under section 132 or requisitioned under section 132A shall be dealt with in accordance with the provisions of section 132B.

Sub-section (2) of said section provides that the provisions of sub-section (1) of section 143 shall not apply to the return furnished under said section.

Sub-section (3) of said section provides that the prior approval shall be required for issuance of notice.

Proposed section 158BD relates to undisclosed income of any other person.

The said section provides that where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom search was made under section 132 or whose books of account or other documents or any assets were requisitioned under section 132A, then, any money, bullion, jewellery or other valuable article or thing, or assets, or *Explanation* or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 158BC against such other person and the provisions of this Chapter shall apply accordingly.

Proposed section 158BE relates to time-limit for completion of block assessment.

Sub-section (1) of said section provides that notwithstanding the provisions of section 153, the order under section 158BC shall be passed within twelve months from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made, as the case may be.

Proviso to the said sub-section provide for extension of period by twelve months under certain circumstances.

Sub-section (2) of said section provides that in computing the period of limitation under sub-section (1), the period (not exceeding one hundred and eighty days) commencing from the date on which a search is initiated under section 132 or a requisition is made under section 132A and ending on the date on which the books of account, or other documents or money or bullion or jewellery or other valuable article or thing seized under section 132 or requisitioned under section 132A, as the case may be, are handed over to the Assessing Officer having jurisdiction over the assessee, in whose case such search is initiated under section 132 or such requisition is made under section 132A, as the case may be, shall be excluded.

Proviso to the said sub-section provide for extension of period by twelve months under certain circumstances.

Sub-section (3) of said section provides that the period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 158BD shall be twelve months from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person.

Proviso to the said sub-section provide for extension of period by twelve months under certain circumstances.

Sub-section (4) of said section provides the periods which shall be excluded in computing the period of limitation.

Proposed section 158BF relates to certain interests and penalties not to be levied or imposed. The said section provides that no interest under the provisions of section 234A, 234B or 234C or penalty under section 270A shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.

Proposed section 158BFA relates to levy of interest and penalty in certain cases.

Sub-section (1) of said section provides that where the return of total income including undisclosed income for the block period, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024, as required by a notice under clause (*a*) of sub-section (1) of section 158BC, is not furnished within the time specified in such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one and one half per cent. of the tax on undisclosed income, determined under clause (*c*) of sub-section (1) of section 158BC, for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time specified in the notice, and ending on the date of completion of assessment under clause (*c*) of sub-section (1) of section 158BC.

Sub-section (2) of said section, *inter alia,* provides that subject to certain conditions the Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to fifty per cent. of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under clause (*c*) of sub-section (1) of section 158BC.

Sub-section (3) of said section provides the circumstance under which no order imposing a penalty under sub-section (2) shall be made.

Sub-section (4) of said section provides the period which shall excluded in computing the period of limitation under the said section.

Sub-section (5) of said section provides that an income-tax authority on making an order under sub-section (2) imposing a penalty, unless he is himself an Assessing Officer, shall forthwith send a copy of such order to the Assessing Officer.

Proposed section 158BG relates to authority competent to make assessment of block period.

The said section provides that the order of assessment for the block period shall be passed by an Assessing Officer not below the rank of a Deputy Commissioner or an Assistant Commissioner or a Deputy Director or an Assistant Director, as the case may be.

Proviso to said section provides that no such order shall be passed without the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024.

Proposed section 158BH relates to application of other provisions of the Act.

The said section provides that save as otherwise provided in this Chapter, all other provisions of this Act shall apply to assessment made under this Chapter.

Proposed section 158BI relates to chapter not to apply in certain circumstances.

The said section provides that the provisions of this Chapter shall not apply where a search was initiated under section 132, or books of account, other documents or any assets were requisitioned under section 132A, before the 1st day of September, 2024, and proceedings in relation to such search or requisition, as the case may be, shall be governed by the other provisions of the Act.

These amendments will take effect from 1st September, 2024.

Clause 50 of the Bill seeks to amend section 192 of the Income-tax Act relating to salary.

The said section provides for provisions relating to deduction of tax at source on salary income.

It is proposed to amend sub-sections (1C) and (2A) of the said section for giving correct reference of clause or sub-section therein.

Sub-section (2B) of the said section provides for consideration of income under any other head and tax, if any, deducted thereon to be taken into account for the purposes of making the deduction under sub-section (1) of the said section.

It is further proposed to expand the scope of the said sub-section by substituting it so as to include any tax deducted or collected under the provisions of Part B or Part BB of this Chapter, as the case may be, to be taken into account for the purposes of making the deduction under sub-section (1).

These amendments will take effect from 1st October, 2024.

Clause 51 of the Bill seeks to amend section 193 of the Income-tax Act relating to interest on securities.

The said section provides for deduction of income-tax at source on interest payable on securities.

The proviso to said section excludes, *inter alia,* any interest payable on any security of the Central Government or a State Government from the requirement of deduction of tax at source. Further, the proviso to clause (iv) of the proviso to the said section provides that any interest payable on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 shall be liable for deduction of tax at source, if the interest payable on such securities exceeds ten thousand rupees during the financial year.

It is proposed to substitute the proviso to the said clause (iv) to also provide that the interest payable on Floating Rate Savings Bonds, 2020 (Taxable) or any other security of the Central Government or the State Government as may be notified by the Central Government shall also be liable for deduction of tax, if the interest payable on such securities exceeds ten thousand rupees during the financial year.

This amendment will take effect from 1st October, 2024.

Clause 52 of the Bill seeks to amend section 194 of the Income-tax Act relating to dividends.

The said section, *inter alia,* provides that the principal officer of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment by any mode in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, of any dividend within the meaning of sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) or sub-clause (e) of clause (22) of section 2, deduct from the amount of such dividend, income-tax at the rate of ten per cent.

It is proposed to amend the said section so as to make it applicable to for sub-clause (f) of clause (22) of section 2.

This amendment will take effect from 1st October, 2024.

Clause 53 of the Bill seeks to amend section 194C of the Income-tax Act relating to payments to contractors.

Clause (iv) of the *Explanation* to the said section provides the meaning for the term "work".

It is proposed to amend the said Clause (iv) to exclude any sum referred to in sub-section (1) of section 194J from the definition of "work".

This amendment will take effect from 1st October, 2024.

Clause 54 of the Bill seeks to amend section 194DA of the Income-tax Act relating to payment in respect of life insurance policy.

The said section provides that any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of five per cent. on the amount of income comprised therein.

It is proposed to amend the said section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 55 of the Bill seeks to omit section 194F of the Income-tax Act relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India.

The said section provides that the person responsible for paying to any person any amount referred to in sub-section (2) of section 80CCB shall, at the time of payment thereof, deduct income-tax thereon at the rate of twenty per cent.

It is proposed to omit the said section 194F.

This amendment will take effect from 1st October, 2024.

Clause 56 of the Bill seeks to amend section 194G of the Income-tax Act relating to commission etc. on sale of lottery tickets.

The said section provides that any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding fifteen thousand rupees shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.

It is proposed to amend the said section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 57 of the Bill seeks to amend section 194H of the Income-tax Act relating to commission or brokerage.

The said section, *inter alia,* provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.

It is proposed to amend the said section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 58 of the Bill seeks to amend section 194-IA of the Income-tax Act relating to payment on transfer of certain immovable property other than agricultural land.

Sub-section (1) of the said section provides that any person, being a transferee, responsible for paying to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall, at the time of credit or payment, whichever is earlier, of such sum to the transferor, deduct an amount equal to one per cent. of such sum or the stamp duty value of such property, whichever is higher, as income-tax thereon.

Sub-section (2) of the said section provides that no deduction of tax shall be made where the consideration for the transfer of an immovable property and the stamp duty value of such property, are both less than fifty lakh rupees.

It is proposed to insert a proviso to sub-section (2) of the said section so as to provide that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.

This amendment will take effect from 1st October, 2024.

Clause 59 of the Bill seeks to amend section 194-IB of the Income-tax Act relating to payment of rent by certain individuals or Hindu undivided family.

Sub-section (1) of the said section provides that any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an amount equal to five per cent. of such income as income-tax thereon.

It is proposed to amend the said sub-section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 60 of the Bill seeks to amend section 194M of the Income-tax Act relating to payment of certain sums by certain individuals or Hindu undivided family.

Sub-section (1) of the said section provides that any person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) responsible for paying any sum to any resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year, shall, at the time of credit of such sum or at the time of payment of such sum

in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to five per cent. of such sum as income-tax thereon.

It is proposed to amend the said sub-section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 61 of the Bill seeks to amend section 194-O of the Income-tax Act relating to payment of certain sums by e-commerce operator to e-commerce participant.

Sub-section (1) of the said section provides that notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of one per cent. of the gross amount of such sales or services or both.

It is proposed to amend the said sub-section so as to reduce the said rate of tax deduction from one per cent. to 0.1 per cent.

This amendment will take effect from 1st October, 2024.

Clause 62 of the Bill seeks to insert a new section 194T in the Income-tax Act relating to payments to partners of firms.

Sub-section (1) of the said section provides that any person, being a firm, responsible for paying any sum in the nature of salary, remuneration, commission, bonus or interest to a partner of the firm, shall, at the time of credit of such amount to the account of the partner (including the capital account) or at the time of payment thereof, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

Sub-section (2) of the said section provides that no deduction shall be made under sub-section (1) where such sum or, the aggregate of such sums credited or paid or likely to be credited or paid to the partner of the firm does not exceed twenty thousand rupees during the financial year.

This amendment will take effect from 1st April, 2025.

Clause 63 of the Bill seeks to amend section 196B of the Income-tax Act relating to Income from units.

The said section provides that where any income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

It is proposed to amend the said section so as to provide that where any income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of,-

(a) ten per cent.in respect of income from units referred to in clause (i) of sub-section (1) of section 115AB;

(b) ten per cent.in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place before the 23rd day of July, 2024;

(c) twelve and one-half per cent in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 64 of the Bill seeks to amend section 196C of the Income-tax Act relating to income from foreign currency bonds or shares of Indian company.

The said section provides that where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

It is proposed to amend the said section so as to provide that where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of,—

(a) ten per cent. in respect of income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC;

(b) ten per cent. in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place before the 23rd day of July, 2024;

(c) twelve and one-half per cent. in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 65 of the Bill seeks to amend section 197 of the Income-tax Act relating to certificate for deduction at lower rate.

Sub-section (1) of the said section provides that where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M, 194-O and 195, the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.

It is proposed to amend the said sub-section so as to include the provisions relating to deduction of tax at source on payment of certain sum for purchase of goods under section 194Q also within its scope.

This amendment will take effect from 1st October, 2024.

Clause 66 of the Bill seeks to amend section 198 of the Income-tax Act relating to tax deducted is income received. The said section provides that tax deducted as per provisions of Chapter XVII-B shall, for the purpose of computing the income of an assessee, be deemed to be income received.

It is proposed to amend the said section so as to provide that all sums deducted in accordance with the foregoing provisions of the said Chapter and income tax paid outside India by way of deduction and in respect of which an assessee is allowed a credit against the tax payable under the said Act, shall for the purpose of computing the income of the assessee, be deemed to be income received.

This amendment will take effect from 1st April, 2025.

Clause 67 of the Bill seeks to amend section 200 of the Income-tax Act relating to duty of person deducting tax.

Sub-section (3) of the said section requires that a deductor, after paying the tax deducted to the credit of the Central Government within the prescribed time, prepare such statement for such period and furnish it within such period, as may be provided by rules, to the prescribed authority.

The proviso to said sub-section states that a person may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be specified by the authority.

It is proposed to amend the said section to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in sub-section (3) is required to be delivered.

This amendment will take effect from 1st April, 2025.

Clause 68 of the Bill seeks to amend section 200A of the Income-tax Act relating to processing of statements of tax deducted at source.

The said section provides the manner in which statement of tax deduction at source or a correction statement made by a person deducting any sum (deductor) under section 200 shall be processed.

It is proposed to amend the marginal heading to insert the words "and other statements".

It is proposed to insert a new sub-section (3) in the said section to provide that the Board may make a scheme for processing of statements which have been made by any other person, not being a deductor.

These amendments will take effect from 1st April, 2025.

Clause 69 of the Bill seeks to amend section 201 of the Income-tax Act, relating to consequences of failure to deduct or pay.

Sub-section (3) of said section provides time limits for when order under sub-section (1) of the said section deeming a person to be an assessee in default can be made in respect of failure to deduct the whole or any part of the tax from a person resident in India.

It is further proposed to amend sub-section (3) of the said section so as to provide that no order shall be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from any person after the expiry of six years from the end of the financial year, in which payment is made or credit is given or two years from the end of the financial year in which the correction statement is delivered, whichever is later.

This amendment will take effect from 1st April, 2025.

Clause 70 of the Bill seeks to amend section 206C of the Income-tax Act relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

It is proposed to substitute sub-section (1F) of the said section to extend its scope to, *inter alia*, provide that every person, being a seller, who receives any amount as consideration for sale of any other goods of value exceeding ten lakh rupees, as may be notified by the Central Government shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent. of the sale consideration as income-tax.

This amendment will take effect from 1st January, 2025.

Sub-section (3B) of the said section requires that the person collecting tax may also deliver to the prescribed authority, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the proviso to sub-section (3) in such form and verified in such manner, as may be specified by the authority.

It is further proposed to amend the said sub-section (3B) to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in the proviso to sub-section (3) is required to be delivered.

This amendment will take effect from 1st April, 2025.

It is also proposed to amend the sub-section (4) of the said section, to provide that credit for amount collected and paid to the Central Government shall also be given to any other person eligible for credit for the amount so collected in a particular assessment year in accordance with the rules as may be made under the said Act.

This amendment will take effect from 1st January, 2025.

Sub-section (7) of the said section provides that if any person who is liable to collect tax at source does not collect it or after so collecting fails to pay the same to the credit of the Central Government, then he shall be liable to pay interest at the rate of one per cent. for every month or part of month on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid.

It is also proposed to amend the said sub-section so as to increase the rate of simple interest from one per cent. to one and one-half per cent. if the person responsible for collecting tax, after collecting the tax fails to pay it as required under this section.

It is also proposed to insert a new sub-section (7A) to the said section so as to provide that no order shall be made under sub-section (6A) deeming a person to be an assessee in default for failure to collect the whole or any part of the tax from any person, at any time after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B), whichever is later.

These amendments will take effect from 1st April, 2025.

Sub-section (9) of the said section provides that where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1) or sub-section (1C), the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (1) or sub-section (1C).

It is also proposed to amend sub-section (9) of the said section so as to include sub-section (1H) of that section under its purview.

It is also proposed to insert a new sub-section (12) in the said section so as to provide that no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf.

These amendments will take effect from 1st October, 2024.

Clause 71 of the Bill seeks to amend section 230 of the Income-tax Act relating to tax clearance certificate.

Sub-section (1A) of the said section, *inter alia,* provides that no person who is domiciled in India, shall leave India, unless he obtains a certificate from the income-tax authorities stating that he has no liabilities under the Income-tax Act, or the Wealth-tax Act, 1957, or the Gift-tax Act, 1958, or the Expenditure-tax Act, 1987, or he makes satisfactory arrangements for the payment of all or any of such taxes which are or may become payable by that person. Such certificate is required to be obtained where circumstances exist which, in the opinion of an income-tax authority render it necessary for such person to obtain the same.

It is proposed to amend the proviso to the said sub-section by inserting the reference of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 therein, so as to impose the liabilities under the said Act for the purposes of obtaining the certificate relating to no liabilities.

This amendment will take effect from 1st October, 2024.

Clause 72 of the Bill seeks to amend section 244A of the Income-tax Act relating to interest on refunds.

The proviso to sub-section (1A) of the said section provides that where proceedings for assessment or reassessment are pending in respect of an assessee, in computing the period for determining the additional interest payable to such assessee under this sub-section, the period beginning from the date on which such refund is withheld by the Assessing Officer in accordance with and subject to provisions of sub-section (2) of section 245 and ending with the date on which such assessment or reassessment is made, shall be excluded.

It is proposed to amend the said proviso to substitute the words "on which such assessment or reassessment is made" with the words "upto which such refund is withheld".

This amendment will take effect from 1st October, 2024.

Clause 73 of the Bill seeks to amend section 245 of the Income-tax Act relating to set off and withholding of refunds in certain cases.

Sub-section (2) of the said section provides that where a part of the refund is set off under the provisions of sub-section (1), or where no such amount is set off, and refund becomes due to a person and the Assessing Officer, having regard to the fact that proceedings for assessment or reassessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or the Commissioner, withhold the refund up to the date on which such assessment or reassessment is made".

Thus, the said sub-section, *inter alia*, requires the Assessing Officer to form an opinion for withholding the refund that the grant of refund is likely to adversely affect the revenue.

It is proposed to amend the said sub-section to omit the said requirement.

Further, sub-section (2) of the said section provides that the refund can be withheld up to the date of assessment or reassessment.

It is proposed to amend the said sub-section to provide that the refund can be withheld up to sixty days from the date on which such assessment or reassessment is made.

These amendments will take effect from 1st October, 2024.

Clause 74 of the Bill seeks to amend section 245Q of the Income-tax Act relating to application for advance ruling.

Sub-section (4) of the said section provides that where an application for advance ruling is made before the notified date, and in respect of which no order under sub-section (2) of section 245R has been passed or no advance ruling under sub-section (4) of section 245R has been pronounced before such date, such application pending on the file of the Authority shall be transferred to the Board for Advance Rulings.

It is proposed to insert a proviso to the said sub-section to provide that the applicant may, on or before 31st October, 2024, request the Board for Advance Rulings in writing that the application so transferred may not be proceeded with, if up to the date of such request, the Board for Advance Rulings has not passed an order under sub-section (2) of section 245R.

This amendment will take effect from 1st October, 2024.

Clause 75 of the Bill seeks to amend section 245R of the Income-tax Act relating to procedure on receipt of application.

Sub-section (2) of the said section provides that the Authority may, after examining the application and the records called for, by order, either allow or reject the application.

It is proposed to insert a new proviso to the said sub-section to provide that on receipt of an application under the proviso to sub-section (4) of section 245Q, the Board for Advance Rulings may, by an order under the said sub-section, reject the application referred to in sub-section (1) thereof as withdrawn, on or before the 31st December, 2024.

This amendment will take effect from 1st October, 2024.

Clause 76 of the Bill seeks to amend section 246A of the Income-tax Act relating to appealable orders before Commissioner (Appeals).

It is proposed to amend the said section so as to insert a new clause after clause (k) to provide that an order passed under clause (c) of sub-section (1) of section 158BC in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A may be appealable under that section.

This amendment will take effect from 1st September, 2024.

Clause 77 of the Bill seeks to amend section 251 of the Income-tax Act relating to powers of the Joint Commissioner (Appeals) or the Commissioner (Appeals).

Sub-section (1) of the said section provides that Commissioner (Appeals) shall have, *inter alia*, the powers to confirm, reduce, enhance or annul the assessment, in the case of an appeal against an order of assessment; or confirm, cancel, or vary to enhance or reduce, the penalty order, in the case of an appeal against an order imposing a penalty while disposing of such appeal.

It is proposed to amend the said sub-section by inserting a proviso in clause (a) of sub-section (1) thereof to provide that where an appeal is against an order of assessment under section 144, the Commissioner (Appeals) shall have the power to set aside such assessment made under section 144, and refer the case back to the Assessing Officer for making a fresh assessment.

This amendment will take effect from 1st October, 2024.

Clause 78 of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

Sub-section (1) of the said section provides that any assessee aggrieved by any of the orders passed under various provision specified therein may appeal to the Appellate Tribunal against the said orders.

It is proposed to amend clause (a) of the said section 253 to provide the reference of section 158BFA therein which provides for levy of interest and penalty in certain cases.

Sub-section (3) of the said section provides that every appeals to the Appellate Tribunal is to be filed within sixty days of the date on which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be.

It is proposed to amend the said sub-section to provide that the appeal before the Appellate Tribunal may be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be.

These amendments will take effect from 1st October, 2024.

Clause 79 of the Bill seeks to amend section 271FAA of the Income-tax Act, 1961 relating to penalty for furnishing inaccurate statement of financial transaction or reportable account.

The sub-section (1) of the said section, *inter alia*, provide that if a person referred to in sub-section (1) of section 285BA of the Act, who is required to furnish a statement under that section, provides inaccurate information in the statement, and where such inaccuracy is due to the circumstances specified in clauses (a) to (c) therein, then, the prescribed income-tax authority under sub-section (1) of section 285BA may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

It is proposed to substitute the said sub-section so as to provide that if a person who is required to furnish a statement under section 285BA, provides inaccurate information in the statement or fails to furnish correct information within the period specified under sub-section (6) of the said section 285BA; or fails to comply with the due diligence requirement prescribed under sub-section (7) of the said section, then, the prescribed income-tax authority referred to in sub-section (1) thereof may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

This amendment will take effect from 1st October, 2024.

Clause 80 of the Bill seeks to insert a new section 271GC in the Income-tax Act relating to penalty for failure to submit statement under section 285.

It is proposed to insert the said section so as to provide that if any person who is required to furnish statement under section 285, fails to do so within the period prescribed under that section, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one thousand rupees for every day for which the failure continues, if the period of failure does not exceed three months or one lakh rupees in any other case.

This amendment will take effect from 1st April, 2025.

Clause 81 of the Bill seeks to amend section 271H of the Income-tax Act, relating to penalty for failure to furnish statements, etc.

Sub-section (1) of the said section provides for penalty for failure to deliver or cause to be delivered statements referred to in sub-section (3) of section 200 (relating to tax deducted at source) or proviso to sub-section (3) of section 206C (relating to tax collected at source) or furnishing of incorrect information in the statement.

Sub-section (3) of the said section prescribed time limit of one year for delivering or causing to be delivered the statements.

It is proposed to amend the sub-section (3) so as to reduce the time limit from one year to one month.

This amendment will take effect from 1st April, 2025.

Clause 82 of the Bill seeks to amend section 273B of the Income-tax Act relating to penalty not to be imposed in certain cases.

The said section, *inter alia,* provides that notwithstanding anything contained in the provisions mentioned therein, no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred to in the said provisions if he proves that there was reasonable cause for the said failure.

It is proposed to amend the said section to give reference of section 271AA also therein so as to allow non-imposition of penalty on any person or assessee for failure under section 271FAA if he proves that there was reasonable cause for such failure.

This amendment will take effect from 1st October, 2024.

It is further proposed to amend the said section to provide the reference of section 271GC also therein.

This amendment will take effect from 1st April, 2025.

Clause 83 of the Bill seeks to amend section 275 of the Income-tax Act relating to bar of limitation for imposing penalties.

The said section, *inter alia*, provides that no penalty can be imposed in a case where appeal is preferred before the Commissioner of Income tax (Appeal) under section 246 or section 246A after the end of the financial year in which the proceedings, in the course of which action for imposition of penalty has been initiated are completed, or six months from the end of the month in which the order of the Commissioner of Income tax (Appeal) is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, whichever period expires later.

It is proposed to amend sub-sections (1) and (1A) of the said section so as to omit the reference of the Principal Chief Commissioner or Chief Commissioner from the said sub-sections.

These amendments will take effect from 1st October, 2024.

Clause 84 of the Bill seeks to amend section 276B of the Income-tax Act, relating to failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B.

The said section, *inter alia*, provides that if a person fails to pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XVII-B, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

It is proposed to insert a proviso to the said section so as to provide that the provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under sub-section (3) of section 200.

This amendment will take effect from 1st October, 2024.

Clause 85 of the Bill seeks to amend section 276CCC of the Income-tax Act relating to failure to furnish return of income in search cases.

It is proposed to amend said section in order to provide reference of clause (a) of sub-section (1) of section 158BC therein.

This amendment will take effect from 1st September, 2024.

Clause 86 of the Bill seeks to amend section 285 of the Income-tax Act relating to submission of statement by a non-resident having liaison office.

The said section provides that every person, being a non-resident having a liaison office in India set up in accordance with the guidelines issued by the Reserve Bank of India under the Foreign Exchange Management Act, 1999, shall, in respect of its activities in a financial year, prepare and deliver or cause to be delivered to the Assessing Officer having jurisdiction, within sixty days from the end of such financial year, a statement in such form and containing such particulars as may be provided by rules.

It is proposed to amend the said section to provide that the said statement shall be delivered to the Assessing Officer within the period and containing such particulars as may be provided by rules.

This amendment will take effect from 1st April, 2025.

Clause 87 of the Bill seeks to amend the First Schedule to the Income-tax Act relating to insurance business.

Rule 2 of the said Schedule, states that the profits and gains of life insurance business shall be taken to be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938, in respect of the last inter-valuation period ending before the commencement of the assessment year and excluding from it such surplus or deficit included therein which was made in any earlier inter-valuation period.

It is proposed to insert a proviso to the said rule, so as to provide that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business, shall be included back to the profits and gains of the life insurance business.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clauses 88 to 99 of the Bill seek to insert a new Chapter to provide the Direct Tax *Vivad se Vishwas* Scheme, 2024.

The Chapter, *inter alia*, provides—

(a) the definitions of certain expressions relating to “appellant”, “appellant forum”, “declarant”, “declaration”, “designated authority”, “disputed fee”, “disputed income”, “disputed interest”, “disputed penalty”, “disputed tax”, “last date”, “specified date” and “tax arrear”;

(b) the provisions relating to the amount payable by the declarant;

(c) the provisions relating to the particulars to be furnished in the form of declaration;

(d) the provisions relating to the time and manner of payment of tax arrear;

(e) the provisions relating to immunity from initiation of proceedings in respect of offence and imposition of penalty in certain cases;

(f) the provisions of no refund of amount paid under the Scheme;

(g) the provisions relating to benefit, concession or immunity not to apply in other proceedings;

(h) the provisions relating to the Scheme not being applicable in certain cases;

(i) the provisions relating to the power of the Central Board of Direct Taxes to issue directions;

(j) the provisions relating to the power of the Central Government to remove difficulties in giving effect to the provisions of the said Scheme, 2024; and

(k) the provisions relating to the power of the Central Government to make rules for carrying out the provisions of this Scheme.

This Chapter will take effect from such date as the Central Government may notify.

Customs

Clause 100 of the Bill seeks to amend section 28DA of the Customs Act, so as to enable the acceptance of different types of proof of origin provided in trade agreements to align the said provision with new trade agreements which provide for self-certification.

Clause 101 of the Bill seeks to insert a proviso in sub-section (*1*) of section 65 of the Customs Act, to empower the Central Government to specify certain manufacturing processes and other operations in relation to a class of goods that shall not be permitted in a warehouse.

Clause 102 of the Bill seeks to amend section 143AA of the Customs Act by inserting the words "or any other persons," after the words "importers or exporters" so as to facilitate trade and encourage compliances.

Clause 103 of the Bill seeks to insert the words 'or any other persons' in clause (*m*) of sub-section (*2*) of section 157 enabling the Board to make regulation on the measures and separate procedure or documentation for such persons, apart from the existing class or category specified therein.

Clause 104 of the Bill seeks to validate the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 394 (E), dated the 12th July, 2024 issued by the Central Government, in exercise of the powers conferred by sub-section (*1*) of section 25 of the Customs Act, read with sub-section (*12*) of section 3, of the Customs Tariff Act, retrospectively with effect from the 1st day of July, 2017 so as to provide exemption from compensation cess leviable on imports in SEZ by SEZ unit or developer for authorised operations.

Clause 105 of the Bill seeks to amend notification number G.S.R. 356(E), dated the 10th May, 2023, to notify the amended conditions, retrospectively, with effect from the 1st day of April, 2023 as specified in the Second Schedule.

The clause further seeks to provide consequential admissible refund if the person claiming the refund makes an application on or before the 31st day of March, 2025.

Customs Tariff

Clause 106 of the Bill seeks to omit section 6 of the Customs Tariff Act as the tariff commission has been wound up *vide* Resolution, dated 1st June, 2022 by the Government of India.

Clause 107 of the Bill seeks to amend the First Schedule to the Customs Tariff Act so as to create new tariff lines in the manner specified in,—

(*a*) the Third Schedule with a view to revise the rates in respect of certain tariff items;

(*b*) the Fourth Schedule so as to create new tariff lines, modify existing tariff lines and revise the rates in respect of certain tariff items with effect from the 1st day of October, 2024;

Excise

Clause 108 of the Bill seeks to amend the notification issued under sub-section (*1*) of section 5A of the Central Excise Act, *vide* number G.S.R.163(E), dated 17th March, 2012, retrospectively, with effect from 29th June, 2017 in the manner specified in the Fifth Schedule with respect to time frame provided for submission of final mega power project certificates.

Clause 109 of the Bill seeks to amend the notification issued under sub-section (*1*) of section 5A of the Central Excise Act, *vide* number G.S.R.794(E), dated 30th June, 2017, in the manner specified in the Sixth Schedule so as to provide retrospective exemption from Clean Environment Cess on excisable goods lying in stock as on 30th June, 2017, on which Goods and Service Tax compensation cess is payable at the time of supply of such excisable goods on or after 1st July, 2017.

Central Goods and Services Tax

Clause 110 of the Bill seeks to amend sub-section (*1*) of section 9 of the Central Goods and Services Tax Act, so as to not to levy central tax on un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.

Clause 111 of the Bill seeks to make consequential amendments in sub-section (*5*) of section 10 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 112 of the Bill seeks to insert a new section 11A in the Central Goods and Services Tax Act, so as to empower the Government to regularise non-levy or short levy of central tax where it is satisfied that such non-levy or short levy was a result of general practice.

Clause 113 of the Bill seeks to amend sub-section (*3*) of section 13 of the Central Goods and Services Tax Act, so as to specify the time of supply of services in cases where the invoice is required to be issued by the recipient of services in reverse charge supplies.

Clause 114 of the Bill seeks to insert a new sub-section (*5*) in section 16 of the Central Goods and Services Tax Act, so as to carve out an exception to the existing sub-section (*4*) and to provide that in respect of an invoice or debit note for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the thirtieth day of November, 2021.

It also proposes to insert a new sub-section (*6*) in the said section so as to allow the availment of input tax credit in respect of an invoice or debit note in a return filed for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, filed within thirty days of the date of order of revocation of cancellation of registration, subject to the condition that the time-limit for availment of credit in respect of the said invoice or debit note should not have already expired under sub-section (*4*) of the said section on the date of order of cancellation of registration.

The aforesaid amendments are proposed to be made effective from the 1st day of July, 2017.

Further it is proposed that where the tax has been paid or the input tax credit has been reversed, no refund of the same shall be admissible.

Clause 115 of the Bill seeks to amend sub-section (*5*) of section 17 of the Central Goods and Services Tax Act, so as to restrict the non availability of input tax credit in respect of tax paid under section 74 of the said Act only for demands upto Financial Year 2023-24.

It also proposes to remove reference to sections 129 and 130 in the said sub-section.

Clause 116 of the Bill seeks to make consequential amendment in section 21 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 117 of the Bill seeks to insert a new proviso in sub-section (*2*) of section 30 of the Central Goods and Services Tax Act, so as to empower the Central Government to prescribe conditions and restrictions for revocation of cancellation of registration by rules.

Clause 118 of the Bill seeks to amend clause (*f*) of sub-section (*3*) of section 31 of the Central Goods and Services Tax Act, so as to empower the Central Government to prescribe the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies by rules.

It also proposes to insert an *Explanation* in sub-section (*3*) of the said section so as to specify that a supplier registered solely for the purposes of tax deduction at source under section 51 of the said Act shall not be considered as a registered person for the purpose of clause (*f*) of sub-section (*3*) of section 31 of the said Act.

Clause 119 of the Bill seeks to make consequential amendment in sub-section (*6*) of section 35 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 120 of the Bill seeks to substitute sub-section (*3*) of section 39 of the Central Goods and Services Tax Act, so as to mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not.

It also empowers the Government to prescribe by rules, the form, manner and the time within which such return shall be filed.

Clause 121 of the Bill seeks to make consequential amendments in sub-section (*8*) of section 49 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 122 of the Bill seeks to make consequential amendments in sub-section (*1*) of section 50 in the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 123 of the Bill seeks to make consequential amendments in sub-section (*7*) of section 51 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 124 of the Bill seeks to insert a new sub-section (*15*) in section 54 of the Central Goods and Services Tax Act, so as to omit the second proviso to sub-section (*3*) and to provide that no refund of unutilised input tax credit or of integrated tax shall be allowed in cases of zero rated supply of goods where such goods are subjected to export duty.

Clause 125 of the Bill seeks to make consequential amendments in sub-section (*3*) of section 61 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 126 of the Bill seeks to make consequential amendments in sub-section (*1*) of section 62 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 127 of the Bill seeks to make consequential amendments in section 63 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 128 of the Bill seeks to make consequential amendments in sub-section (*2*) of section 64 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 129 of the Bill seeks to make consequential amendments in sub-section (*7*) of section 65 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 130 of the Bill seeks to make consequential amendments in sub-section (*6*) of section 66 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 131 of the Bill seeks to insert a new sub-section (*1A*) in section 70 of the Central Goods and Services Tax Act, so as to enable an authorised representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer.

Clause 132 of the Bill seeks to insert a new sub-section (*12*) in section 73 of the Central Goods and Services Tax Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24.

It also proposes to amend the marginal heading of the said section accordingly.

Clause 133 of the Bill seeks to insert a new sub-section (*12*) in section 74 of the Central Goods and Services Tax Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24.

It also proposes to amend the marginal heading of the said section accordingly.

Clause 134 of the Bill seeks to insert a new section 74A in the Central Goods and Services Tax Act, so as to provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to the Financial Year 2024-25 onwards.

It also provides for the same limitation period for issuing demand notices and orders in respect of demands from the Financial Year 2024-25 onwards, irrespective of whether the charges of fraud, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts.

Clause 135 of the Bill seeks to insert a new sub-section (*2A*) in section 75 of the Central Goods and Services Tax Act, so as to provide for redetermination of penalty demanded in a notice invoking penal provisions under clause (*ii*) of sub-section (*5*) of the proposed section 74A of the said Act to re-determine the penalty as per clause (*i*) of the sub-section (*5*) of the said section, in cases where the charges of fraud, wilful misstatement, or suppression of facts are not established.

It also seeks to make consequential amendments in section 75 of the said Act, so as to incorporate a reference to the proposed section 74A or the relevant sub-sections thereof.

Clause 136 of the Bill seeks to make consequential amendments in sub-section (*1*) of section 104 of the Central Goods and Services Tax Act, so as to incorporate a reference to sub-sections (*2*) and (*7*) of the proposed new section 74A.

Clause 137 of the Bill seeks to amend sub-section (*6*) of section 107 of the Central Goods and Services Tax Act, so as to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from rupees twenty-five crores to rupees twenty crores in central tax.

It also proposes to make consequential amendments in sub-section (*11*) of the said section to incorporate a reference to the proposed new section 74A.

Clause 138 of the Bill seeks to amend section 109 of the Central Goods and Services Tax Act, so as to empower the Appellate Tribunal to examine the matters or adjudicate the cases referred to in sub-section (*2*) of section 171, if so notified under the said section. Such matters are proposed to be examined or adjudicated only by the Principal Bench.

It also empowers the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal.

Clause 139 of the Bill seeks to amend sub-sections (*1*) and (*3*) of section 112 of the Central Goods and Services Tax Act, so as to empower the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal.

It is proposed to make the said amendments effective from the 1st day August, 2024.

It also seeks to amend sub-section (*6*) of the said section so as to enable the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months.

Further, it seeks to amend sub-section (*8*) of the said section to reduce the maximum amount of pre-deposit for filing appeals before the Appellate Tribunal from the existing twenty percent to ten percent of the tax in dispute and also reduce the maximum amount payable as pre-deposit from rupees fifty crores to rupees twenty crores in central tax.

Clause 140 of the Bill seeks to amend sub-section (*1B*) of section 122 of the Central Goods and Services Tax Act, so as to restrict the applicability of the said sub-section to electronic commerce operators, who are required to collect tax at source under section 52 of the said Act.

The said amendment is proposed to be made effective from the 1st day of October, 2023 when the said sub-section had come into force.

Clause 141 of the Bill seeks to make consequential amendments in section 127 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 142 of the Bill seeks to insert a new section 128A in the Central Goods and Services Tax Act, so as to provide for conditional waiver of interest and penalty in respect of demand notices issued under section 73 of the said Act for the Financial Years 2017-18, 2018-19 and 2019-20, except the demand notices in respect of erroneous refund.

Further, it is proposed that in cases where interest and penalty have already been paid in respect of any demand for the said financial years, no refund shall be admissible for the same.

Clause 143 of the Bill seeks to amend sub-section (*7*) of section 140 of the Central Goods and Services Tax Act, so as to enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor prior to the appointed day, for which invoices were also received prior to the appointed date.

The said amendment is proposed to be made effective from 1st day of July, 2017.

Clause 144 of the Bill seeks to amend sub-section (*2*) of section 171 of the Central Goods and Services Tax Act, so as to empower the Government to notify the date from which the Authority under the said section shall not accept any application for anti-profiteering cases.

An *Explanation* is also proposed to be inserted so as to include the reference of "Appellate Tribunal" in the expression "Authority" under the said section to enable the Government to notify the Appellate Tribunal to act as an Authority to handle anti-profiteering cases.

Clause 145 of the Bill seeks to amend Schedule III to the Central Goods and Services Tax Act, so as to provide that the activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements shall be treated as neither supply of goods nor supply of services, provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.

It also proposes to provide that the services by the insurer to the re-insurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.

Clause 146 of the Bill seeks to provide that no refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed had the said section 114 been in force at all material times.

Integrated Goods and Services Tax

Clause 147 of the Bill seeks to amend sub-section (*1*) of section 5 of the Integrated Goods and Services Tax Act, so as to not levy integrated tax on extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.

Clause 148 of the Bill seeks to insert a new section 6A in the Integrated Goods and Services Tax Act, so as to empower the Government to regularise non-levy or short levy of integrated tax where it is satisfied that such non-levy or short levy was a result of general practice.

Clause 149 of the Bill seeks to amend sub-section (*4*) of section 16 of the Integrated Goods and Services Tax Act, 2017, so as to empower the Government to notify the class of persons who may make zero rated supplies of goods or services or both or the class of goods or services which may be supplied on zero rated basis, and in respect of which refund of integrated tax can be claimed under section 54 of the Central Goods and Services Tax Act, subject to such conditions, safeguards and procedures as may be provided by rules.

Further, it proposes to insert a new sub-section (*5*) in the said section to provide that no refund of unutilised input tax credit or of integrated tax paid on account of zero rated supply of goods shall be allowed in cases where the zero rated supply of goods is subjected to export duty.

Clause 150 of the Bill seeks to amend section 20 of the Integrated Goods and Services Tax Act, so as to reduce the maximum amount of pre-deposit payable for filing appeal before the Appellate Authority from rupees fifty crores to rupees forty crores of integrated tax.

Further, it proposes to reduce the maximum amount payable as pre-deposit for filing appeal before the Appellate Tribunal from rupees hundred crores to rupees forty crores of integrated tax.

Union Territory Goods and Services Tax

Clause 151 of the Bill seeks to amend sub-section (*1*) of section 7 of the Union Territory Goods and Services Tax Act, so as to not to levy Union territory tax on extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.

Clause 152 of the Bill seeks to insert a new section 8A in the Union Territory Goods and Services Tax Act, so as to empower the Government to regularise non-levy or short levy of Union territory tax where it is satisfied that such non-levy or short levy was a result of general practice.

Goods and Services Tax
(Compensation to States)

Clause 153 of the Bill seeks to insert a new section 8A in the Goods and Services Tax (Compensation to States) Act, so as to empower the Government to regularise non-levy or short levy of cess where it is satisfied that such non-levy or short levy was a result of general practice.

Miscellaneous

Clause 154 of the Bill seeks to amend the Prohibition of *Benami* Property Transactions Act, 1988.

Sub-section (2) of section 24 of the said Act provides for any time limit for a *benamidar* to furnish a reply to the notice issued under sub-section (1) or the beneficial owner to file submissions on copy of said notice given to him under sub-section (2).

It is proposed to insert a new sub-section (2A) in the said section so as to provide a maximum period of three months from the last day of the month in which notice is issued under sub-section (1) for the *benamidar* or the beneficial owner to file their explanations or submissions.

Sub-section (3) and sub-section (4) of the said section provide for a time limit of ninety days from the last day of the month in which notice under sub-section (1) is issued for the Initiating Officer to provisionally attach the property or to pass an order for continuing the provisional attachment or revoking the provisional attachment or deciding not to attach the property, as the case may be.

It is further proposed to amend the said sub-sections to increase the said time limit from ninety days to four months from the last day of the month in which notice under sub-section (1) is issued.

Sub-section (5) of the said section allows for a time period of fifteen days from the date of attachment order to the Initiating Officer to draw up a statement of the case and refer it to the Adjudicating Authority.

It is also proposed to amend the said sub-section so as to increase the said time limit to one month from the last day of the month in which the order under sub-clause (i) of clause (a), or under sub-clause (i) of clause (b), of sub-section (4) of the said section, has been passed.

It is also proposed to insert a new section 55A in the Prohibition of *Benami* Property Transactions Act, 1988 relating to power to tender immunity from prosecution.

Sub-section (1) of the proposed new section provides that the Initiating Officer may, with a view to obtaining the evidence of the *benamidar* or any other person as referred to in section 53, other than the beneficial owner, tender immunity from prosecution under the said section to the *benamidar* or such other person, with the previous sanction of the competent authority as referred to in section 55, on condition that the *benamidar* or such other person makes a full and true disclosure of the whole circumstances relating to the benami transaction.

Sub-section (2) of proposed new section provides that the tender of immunity made to, and accepted by, the person *benamidar* or such other person, shall, to the extent to which the immunity extends, render him immune from prosecution for the offence in respect of which the tender was made and from the imposition of any penalty under section 53.

Sub-section (3) of proposed new section provides that if it appears to the Initiating Officer that any person to whom immunity has been tendered under this section has not complied with the conditions subject to which the tender was made, or is wilfully concealing anything, or is giving false evidence, the Initiating Officer may record a finding to that effect, and with the previous sanction of the competent authority as referred to in section 55, withdraw the immunity so tendered.

Sub-section (4) of the proposed new section provides that any person against whom the immunity tendered is withdrawn in accordance with sub-section (3), may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have been guilty in connection with the same transaction and shall also be liable for penalty under this Act to which he would otherwise have been liable.

These amendments will take effect from 1st October, 2024.

Clause 155 of the Bill seeks to amend section 98 in Chapter VII of the Finance (No.2) Act, 2004 relating to charge of securities transaction tax.

The said section, *inter alia,* provides that the securities transaction tax on sale of an option in securities is 0.0625 per cent. of the option premium. The section also provides that the securities transaction tax on sale of a futures in securities is 0.0125 per cent. of the price at which “futures” are traded.

It is proposed to amend entries (a) and (c) in column (3), in serial number (4) of the Table to the said section to increase the said rates of securities transaction tax on sale of an option in securities to 0.1 per cent. of the option premium, and on sale of a futures in securities to 0.02 per cent. of the price at which such "futures" are traded.

This amendment will take effect from 1st October, 2024.

Clause 156 of the Bill seeks to amend the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

Section 42 of the said Act relating to penalty for failure to furnish return in relation to foreign income and asset. The said Act provides that an assessee being a resident and ordinarily resident who has failed to furnish the return of income when such assessee has held foreign assets as specified. Failure to furnish the return in relation to foreign income and asset, may attract a penalty of an amount of ten lakh rupees. Proviso to the said section makes an exemption in respect of an asset, being one or more bank accounts having an aggregate balance which does not exceed a value equivalent to five hundred thousand rupees at any time during the previous year.

It is proposed to substitute the proviso to the said section to provide that the provisions of the said section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees.

Section 43 of the said Act relating to penalty for failure to furnish in return of income, an information or furnish inaccurate particulars about an asset (including financial interest in any entity) located outside India. The said section provides for a penalty of ten lakh rupees regardless of the value of asset located outside India when the assessee being a resident and ordinarily resident fails to furnish the details of any specified foreign assets or furnishes inaccurate particulars of such assets in the return of income filed by him. Proviso to the said section makes an exemption in respect of an asset, being one or more bank accounts having an aggregate balance which does not exceed a value equivalent to five hundred thousand rupees at any time during the previous year.

It is proposed to substitute the said proviso to provide that the provisions of the said section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees.

These amendments will take effect from 1st October, 2024.

Clause 157 of the Bill seeks to amend the Finance Act, 2016.

Section 163 of the said Act provides the extent, commencement and application of Chapter VIII of the said Act. Sub-section (3) of the said section provides that the said Chapter shall apply to consideration received or receivable for specified services provided on or after the commencement of this Chapter, and to consideration received or receivable for e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020.

It is proposed to amend the said sub-section to provide that the said Chapter shall also apply to consideration received or receivable for e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 but before the 1st day of August, 2024.

Section 165A of the said Act provides for charge of equalisation levy on e-commerce supply of services.

It is proposed to insert sub-section (4) to the said section to provide that the provisions of the said section shall not apply to any consideration received or receivable by an e-commerce operator from e-commerce supply or services made or provided or facilitated by it on or after the 1st day of August, 2024.

These amendments will take effect retrospectively from 1st August, 2024.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The provisions of the Bill, *inter alia*, empower the Central Government to issue notifications and the Board to make rules for various purposes as specified therein.

Clause 4 of the Bill seeks to amend section 10 of the Income-tax Act relating to income not included in total income.

Sub-clause (a) seeks to insert a new sub-item (b) in item (I) of sub-clause (i) of clause (c) of the *Explanation* to clause (4D) of section 10 relating to any income accrued or arisen to, or received by a specified fund shall not be included in computing the total income. It empowers the Board to specify the conditions by rules which a fund is required to satisfy for the purposes of section 10.

Sub-clause (c)(ii) seeks to amend clause (23FB), *inter alia,* relating to any income of a venture capital company or venture capital fund from investment in a venture capital undertaking shall not be included in computing the total income of a previous year. It empowers the Board to make rules to specify the conditions by rules which a venture capital fund is required to satisfy for the purposes of section 10. It further empowers the Board to make rules to provide conditions relating to procedure for fresh registration. It also empowers the Board to make rules to provide the form and the manner in which the order under clause (a) of sub-clause (ii) of clause (b) and clause (c) of sub-section (1) of section 3 shall be passed.

Clause 8 of the Bill seeks to insert in section 12AC in the Income-tax Act, relating to merger of charitable trusts or institutions in certain cases. Proposed new section empowers the Board to make rules to specify the conditions for the purpose of merger.

Clause 17 of the Bill seeks to insert section 44BBC in the Income-tax Act, relating to special provision for computing profits and gains of the business of operation of cruise ships in the case of non-residents. Proposed sub-section (1) of the said section empowers the Board to make rules to specify the conditions for the purpose of charging the tax under the head "profits and gains of business or profession".

Clause 26 of the Bill seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to obtain funds, charitable institutions, etc. Third proviso to sub-section (5) of section 80G empowers the Board to make rules to specify the form and the manner of the order to be passed under clauses (ii) and (iii) of the second proviso to sub-section (5) of said section. The proposed fourth proviso to sub-section (5) of section 80G, empowers the Board to make rules to specify the form and the manner of order to be passed under sub-clause (b) of clause (ii) of the second proviso of the said section.

Clause 42 of the Bill seeks to insert sub-section (2A) in section 139AA of the Income-tax Act relating to quoting of Aadhaar number. Sub-section (2A) of the said section empowers the Board to provide by rules, the authority, form and manner in which every person who has been allotted permanent account number on the basis of enrolment ID of Aadhaar application form filed prior to 1st October, 2024, shall intimate his Aadhar number.

Clause 44 of the Bill seeks to substitute section 148 of the Income-tax Act relating to issue of notice where income has escaped assessment. Sub-section (2) of section 148 empowers the Board to provide by rules form, manner and particulars as to the return of income required under sub-section (1) of section 148 shall be furnished.

Clause 50 of the Bill seeks to amend section 192 of the Income-tax Act relating to salary. Sub-section (2B) of the said section empowers the Board to provide by rules the particulars which is to be send by the assessee to the person responsible for making the payment referred to in sub-section (1) of section 192 of the said Act.

Clause 117 of the Bill seeks to insert a new proviso in sub-section (*2*) of section 30 of the Central Goods and Services Tax Act to empower the Government to make rules prescribing conditions for revocation of cancellation of registration of a taxpayer.

Clause 118 of the Bill seeks to amend clause (*f*) of sub-section (*3*) of section 31 of the Central Goods and Services Tax Act to empower the Government to make rules prescribing the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies.

Clause 120 of the Bill seeks to substitute sub-section (*3*) of section 39 of the Central Goods and Services Tax Act to empower the Government to prescribe the form, manner and the time within which return is to be filed by registered person required to deduct tax at source under section 52 of the said Act.

Clause 142 of the Bill seeks to insert a new section 128A in the Central Goods and Services Tax Act. Sub-section (*1*) of the said section empowers the Government to make rules for prescribing the conditions subject to which the proceedings with regard to demand notices issued under section 73 of the said Act shall be deemed to be concluded as per provisions of sub-section (*1*) of the proposed section 128A of the said Act.

2. The matters in respect of which rules may be made and matters of procedure and details and it is not practicable to provide for them in the Bill itself. The delegation of legislative powers is, therefore, of a normal character.

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to give effect to the financial proposals of the Central Government for the financial year 2024-2025.

(*Smt. Nirmala Sitharaman,*
Minister of Finance.)

GOVERNMENT OF INDIA

MEMORANDUM
EXPLAINING THE PROVISIONS
IN
THE FINANCE BILL, 2024

(Clauses referred to are clauses in the Bill)

FINANCE (No. 2) BILL, 2024

PROVISIONS RELATING TO DIRECT TAXES

Introduction

The provisions of Finance (No. 2) Bill, 2024 (hereafter referred to as "the Bill"), relating to direct taxes seek to amend the Income-tax Act, 1961 (hereafter referred to as 'the Act'), to continue reforms in direct tax system through tax reliefs, removing difficulties faced by taxpayers and rationalisation of various provisions. The Bill also seeks to amend the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, Chapter VII of Finance (No. 2) Act, 2004 (‘Securities Trasaction Tax’, STT in short), Chapter VIII of Finance Act, 2016 (‘Equalisation Levy’) and Prohibition of Benami Property Transaction Act, 1988 (‘Benami Act’).

With a view to achieving the above, the various proposals for amendments are organized under the following heads:—

(A) Rates of income-tax;

(B) Measures to promote investment and employment;

(C) Simplification and Rationalisation;

(D) Widening and deepening of tax base and Anti-Avoidance;

(E) Tax administration;

DIRECT TAXES

A. RATES OF INCOME-TAX

I. Rates of income-tax in respect of income liable to tax for the assessment year 2024-25.

In respect of income of all categories of assessees liable to tax for the assessment year 2024-25, the rates of income-tax have either been specified in specific sections of the Act (like section 115BAA or section 115BAB for domestic companies, section 115BAC for individual/HUF/AOP (other than a co-operative society)/BOI/AJP and section 115BAD or section 115BAE for cooperative societies) or have been specified in Part I of the First Schedule to the Bill. There is no change

proposed in tax rates either in these specific sections or in the First Schedule. The rates provided in sections 115BAA or 115BAB or 115BAC or 115BAD or 115BAE of the Act for the assessment year 2024-25 would be same as already enacted. Similarly rates laid down in Part III of the First Schedule to the Finance Act, 2023, for the purposes of computation of "advance tax", deduction of tax at source from "Salaries" and charging of tax payable in certain cases for the assessment year 2024-25 would now become part I of the first schedule. Part III would now apply for the assessment year 2025-26.

(1) Tax rates under section 115BAC—

For assessment year 2024-25, as per the provisions of sub-section (1A) of section 115BAC of the Act, an individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, has to pay tax in respect of the total income at following rates:

Total Income (Rs)	Rate
Up to 3,00,000	Nil
From 3,00,001 to 6,00,000	5%
From 6,00,001 to 9,00,000	10%
From 9,00,001 to 12,00,000	15%
From 12,00,001 to 15,00,000	20%
Above 15,00,000	30%

2. The above mentioned rates shall apply, unless an option is exercised as per provisions of sub-section (6) of section 115BAC. Thus, rates specified in sub-section (1A) of section 115BAC of the Act are the default rates.

3. In respect of income chargeable to tax under clause (i) of sub-section (1A) of section 115BAC of the Act, the income-tax for the assessment year 2024-25 shall be increased by a surcharge, for the purposes of the Union, computed, in the case of every individual or Hindu undivided family or association of persons, or body of

individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Act,-

(i) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of 10% of such income-tax;

(ii) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of 15% of such income-tax;

(iii) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding two crore rupees, at the rate of 25% of such income-tax;

(iv) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding two crore rupees, but is not covered under clause (iii) above, at the rate of 15% of such income-tax;

3.1 In case where the provisions of sub-section (1A) of section 115BAC are applicable and the total income includes any income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act, the rate of surcharge on the income-tax in respect of that part of income shall not exceed 15%.

3.2 Further, in the case of an association of persons consisting of only companies as its members, and having its income chargeable to tax under sub-section (1A) of section 115BAC, the rate of surcharge on the income-tax shall not exceed 15%.

3.3 Marginal relief shall be provided in such cases.

Tax rates under Part I of the First Schedule applicable for the assessment year 2024-25

A. Individual, HUF, association of persons, body of individuals, artificial juridical person.

Paragraph A of Part-I of First Schedule to the Bill provides following rates of income-tax:—

(i) The rates of income-tax in the case of every individual (other than those

mentioned in (ii) and (iii) below) or HUF or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Act (not being a case to which any other Paragraph of Part I applies) are as under:—

Up to Rs. 2,50,000	Nil.
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

(ii) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Up to Rs. 3,00,000	Nil.
Rs. 3,00,001 to Rs.5,00,000	5%
Rs. 5,00,001 to Rs.10,00,000	20%
Above Rs. 10,00,000	30%

(iii) in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Up to Rs. 5,00,000	Nil.
Rs. 5,00,001 to Rs.10,00,000	20%
Above Rs 10,00,000	30%

These rates are the same as those applicable for the assessment year 2023-24.

B. Co-operative Societies

In the case of co-operative societies, the rates of income-tax have been specified in Paragraph B of Part I of the First Schedule to the Bill. They remain unchanged at (10% up to Rs. 10,000; 20% between Rs. 10,001 and Rs. 20,000; and 30% in excess of Rs. 20,000).

C. Firms

In the case of firms, the rate of income-tax has been specified in Paragraph C of Part I of the First Schedule to the Bill. They remain unchanged at 30%.

D. Local authorities

The rate of income-tax in the case of every local authority has been specified in Paragraph D of Part I of the First Schedule to the Bill. They remain unchanged at 30%.

E. Companies

The rates of income-tax in the case of companies have been specified in Paragraph E of Part I of the First Schedule to the Bill and remain unchanged vis-à-vis those for the AY 2023-24. In case of domestic company, the rate of income-tax shall be 25% of the total income, if the total turnover or gross receipts of the previous year 2021-22 does not exceed four hundred crore rupees and in all other cases the rate of income-tax shall be 30% of the total income.

2. In the case of company other than domestic company, the rates of tax are the same as those specified for the AY 2023-24.

(2) Surcharge on income-tax

The rates of surcharge on the amount of income-tax for the purposes of the Union is the same as that specified for the FY 2022-23. Further, for person whose income is chargeable to tax under sub-section (1A) of section 115BAC of the Act, the surcharge at the rate of 37% on the income or aggregate of income of such person (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees is not applicable. In such cases the surcharge is restricted to 25%.

(3) Marginal Relief—

Marginal relief has also been provided in all cases where surcharge is proposed to be imposed.

(4) Education Cess—

For assessment year 2024-25, "Health and Education Cess" is to be levied at the rate of 4% on the amount of income-tax so computed, inclusive of surcharge wherever applicable, in all cases. No marginal relief shall be available in respect of such cess.

II. Rates for deduction of income-tax at source during the financial year (FY) 2024-25 from certain incomes other than "Salaries".

The rates for deduction of income-tax at source during the FY 2024-25 under the provisions of section 193, 194A, 194B, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 have been specified in Part II of the First Schedule to the Bill.

2. For sections specifying the rate of deduction of tax at source, the tax shall continue to be deducted as per the provisions of the relevant sections of the Act.

3. It is proposed that for deduction of income-tax at source on other income in case of company which is not a domestic company, rates shall be reduced from 40% to 35%.

4. It is proposed that for deduction of income-tax at source on the incomes in the nature of capital gains for non-residents, the rates shall be as per the Table below:

Sl.No.	**Income**	**For transfers taking place before 23rd day of July, 2024 / Rate of TDS**	**For transfers taking place on or after 23rd day of July, 2024 / Rate of TDS**
(1)	long-term capital gains referred to in section 115E	10%	12.5%

(2)	long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112	10%	The clause is not applicable for transfers on or after 23rd July, 2024
(3)	long-term capital gains referred to in section 112A exceeding one lakh twenty five thousand rupees	10%	12.5%
(4)	long-term capital gains [not being long-term capital gains referred to in clauses (33) and (36) of section 10]	20%	12.5%
(5)	short-term capital referred to in section 111A	15%	20%

5. Apart from the above, the rates will remain the same as those specified in Part II of the First Schedule to the Finance Act, 2023, for the purposes of deduction of income-tax at source during the FY 2024-25.

6. The surcharge on the amount of income-tax for the purposes of the Union is the same as that specified for the FY 2023-24.

(2) Education Cess—

"Health and Education Cess" shall continue to be levied at the rate of four per cent. of income tax including surcharge wherever applicable, in the cases of persons not resident in India including company other than a domestic company.

III. Rates for deduction of income-tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the FY 2024-25 (Assessment Year 2025-26).

The rates for deduction of income-tax at source from "Salaries" or under section 194P of the Act during the FY 2024-25 and also for computation of "advance tax" payable during the said year in the case of all categories of assessees have been specified in Part III of the First Schedule to the Bill. These rates are also applicable for charging income-tax during the FY 2024-25 on current incomes in cases where accelerated assessments have to be made, for instance, provisional assessment of shipping profits arising in India to non-residents, assessment of persons leaving India for good during the financial year, assessment of persons who are likely to transfer property to avoid tax, assessment of bodies formed for a short duration, etc. The salient features of the rates specified in the said Part III are indicated in the following paragraphs-

A. Individual, HUF, association of persons, body of individuals, artificial juridical person.

With effect from assessment year 2025-26, it is proposed that the following rates provided under the proposed clause (ii) of sub-section (1A) of section 115BAC of the Act shall be the rates applicable for determining the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2:—

Sl. No.	***Total income***	***Rate of tax***
(1)	***(2)***	***(3)***
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 7,00,000	5%
3.	From Rs. 7,00,001 to Rs. 10,00,000	10%
4.	From Rs. 10,00,001 to Rs. 12,00,000	15%
5.	From Rs. 12,00,001 to Rs. 15,00,000	20%
6.	Above Rs. 15,00,000	30%

2. However, if such person exercises the option under sub-section (6) of section 115BAC of the Act, the rates as provided in Part III of the First Schedule shall be applicable.

3. Paragraph A of Part-III of First Schedule to the Bill provides following rates of income-tax:—

(i) The rates of income-tax in the case of every individual (other than those mentioned in (ii) and (iii) below) or HUF or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Act (not being a case to which any other Paragraph of Part III applies) are as under:—

Upto Rs. 2,50,000	Nil.
Rs. 2,50,001 to Rs.5,00,000	5%
Rs. 5,00,001 to Rs.10,00,000	20%
Above Rs. 10,00,000	30%

(ii) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Upto Rs. 3,00,000	Nil.
Rs. 3,00,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

(iii) in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Upto Rs. 5,00,000	Nil.
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

4. The amount of income-tax computed in accordance with the preceding provisions of this Paragraph (including capital gains under section 111A, 112 and 112A), shall be increased by a surcharge at the rate of,—

(a) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of 10% of such income-tax;

(b) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding one crore rupees, at the rate of 15% of such income-tax;

(c) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of 25% of such income-tax;

(d) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees, at the rate of 37% of such income-tax;

(e) having a total income (including the income by way of dividend or income under the provisions of section 111A, 112 and section 112A of the Act) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of 15% of such income-tax.

4.1 Provided that in case where the total income includes any income by way of dividend or income chargeable under section 111A, section 112 and section 112A

of the Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15%.

4.2 Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of income-tax shall not exceed 15%.

4.3 Further, for person whose income is chargeable to tax under sub-section (1A) of section115BAC of the Act, the surcharge at the rate 37% on the income or aggregate of income of such person (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees shall not be applicable. In such cases the surcharge shall be restricted to 25%.

5. Marginal relief is provided in cases of surcharge.

B. Co-operative Societies

In the case of co-operative societies, the rates of income-tax have been specified in Paragraph B of Part III of the First Schedule to the Bill. These rates will continue to be the same as those specified for FY 2023-24. The amount of income-tax shall be increased by a surcharge at the rate of 7% of such income-tax in case the total income of a co-operative society exceeds one crore rupees but does not exceed ten crore rupees. Surcharge at the rate of 12% of such income-tax shall continue to be levied in case of a co-operative society having a total income exceeding ten crore rupees.

2. Marginal relief is provided in cases of surcharge.

3. On satisfaction of certain conditions, a co-operative society resident in India shall have the option to pay tax at 22% as per the provisions of section 115BAD. Surcharge would be at 10% on such tax. Further, under section 115BAE of the Act, a manufacturing co-operative society set up on or after 1.4.2023, which commenced manufacturing or production on or before 31.3.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for assessment year 2024-25 onwards. Surcharge would be at 10% on such tax.

C. Firms

In the case of firms, the rate of income-tax has been specified in Paragraph C of Part III of the First Schedule to the Bill. This rate will continue to be the same as that specified for FY 2023-24. The amount of income-tax shall be increased by a surcharge at the rate of 12% of such income-tax in case of a firm having a total income exceeding one crore rupees. However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

D. Local authorities

The rate of income-tax in the case of every local authority has been specified in Paragraph D of Part III of the First Schedule to the Bill. This rate will continue to be the same as that specified for the FY 2023-24. The amount of income-tax shall be increased by a surcharge at the rate of 12% of such income-tax in case of a local authority having a total income exceeding one crore rupees. However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

E. Companies

The rates of income-tax in the case of companies have been specified in Paragraph E of Part III of the First Schedule to the Bill. In case of domestic company, the rate of income-tax shall be 25% of the total income, if the total turnover or gross receipts of the previous year 2022-23 does not exceed four hundred crore rupees and where the companies continue in section 115BA regime. In all other cases the rate of income-tax shall be 30% of the total income. However, domestic companies also have an option to opt for taxation under section 115BAA or section 115BAB of the Act on fulfillment of conditions contained therein. The tax rate is 15% in section 115BAB and 22% in section 115BAA. Surcharge is 10% in both cases.

2. In the case of a company other than a domestic company, it is proposed that the rates of tax shall be reduced from 40% to 35%, on income other than income chargeable at special rates, specified in respective sections of Chapter XII of the Act.

3. Surcharge at the rate of 7% shall continue to be levied in case of a domestic company (except those opting for taxation under section 115BAA and section 115BAB of the Act), if the total income of the domestic company exceeds one crore rupees but does not exceed ten crore rupees. Surcharge at the rate of 12% shall continue to be levied, if the total income of the domestic company (except those opting for taxation under section 115BAA and section 115BAB of the Act) exceeds ten crore rupees.

4. In case of companies other than domestic companies, the existing surcharge of 2% shall continue to be levied, if the total income exceeds one crore rupees but does not exceed ten crore rupees. Surcharge at the rate of 5% shall continue to be levied, if the total income of the company other than domestic company exceeds ten crore rupees.

5. It is proposed that the surcharge shall not apply on advance tax / tax computed on income of specified fund (referred to in clause (c) of the Explanation to clause (4D) of section 10) that is chargeable under clause (a) of sub-section (1) of section 115AD of the Act.

6. Marginal relief is provided in surcharge in all cases.

7. In other cases [including sub-section (2A) of section 92CE, 115QA, 115R, 115TA or 115TD], the surcharge shall be levied at the rate of 12%

8. For FY 2024-25, additional surcharge called the “Health and Education Cess on income-tax” shall be levied at the rate of 4% on the amount of tax computed, inclusive of surcharge (wherever applicable), in all cases. No marginal relief shall be available in respect of such cess.

[Clauses 2, 37 & the First Schedule]

Increase in Standard Deduction and deduction from family pension for tax-payers in tax regime

The existing provision of clause (ia) of section 16 of the Act provides that a

deduction of fifty thousand rupees or the amount of the salary, whichever is less, shall be made before computing the income under the head “Salaries”.

2. Further, the existing provision of clause (iia) of section 57 of the Act provides that in the case of income in the nature of family pension, a deduction of a sum equal to thirty-three and one-third per cent of such income or fifteen thousand rupees, whichever is less, shall be made before computing the income chargeable under the head "Income from other sources".

3. With the aim of encouraging and incentivizing taxpayers (specially the salaried taxpayers) to shift to the new tax regime, it is proposed to insert a proviso after clause (ia) of section 16 to provide that in a case where income-tax is computed under clause (ii) of sub-section (1A) of section 115BAC of the Act, the provisions of this clause shall have effect as if for the words “fifty thousand rupees”, the words “seventy five thousand rupees” had been substituted.

4. It is also proposed to insert a proviso in clause (iia) of section 57 to provide that in a case where income-tax is computed under clause (ii) of sub-section (1A) of section 115BAC of the Act, the provisions of this clause shall have effect as if for the words “fifteen thousand rupees”, the words “twenty five thousand rupees” had been substituted.

5. These amendments will take effect from the 1st day of April, 2025, and will accordingly apply to assessment year 2025-26 and subsequent assessment years.

[Clauses 10 & 24]

Increase in amount allowed as deduction to non-government employers and their employees for employer contribution to a Pension Scheme referred in section 80CCD

Section 36 of the Act pertains to other deductions allowed while computing the income under the head ‘Profits and gains of business or profession’. Clause (iva) of sub-section (1) of said section states that any sum paid by the assessee as an employer by way of contribution towards a pension scheme, as referred to in section 80CCD of the Act, on account of an employee, to the extent it does not exceed ten per cent of the salary of the employee in the previous year, shall be allowed as a deduction to the employer.

2. It is proposed to amend clause (iva) of sub-section (1) of section 36 of the Act, to increase the amount of employer contribution allowed as deduction to the employer, from the extent of 10% to the extent of 14% of the salary of the employee in the previous year.

3. Section 80CCD deals with deduction in respect of contribution to pension scheme of Central Government. Sub-section (2) of section 80CCD states that any contribution by the Central Government or State Government or any other employer to the account of an employee referred to in sub-section (1), shall be allowed as a deduction as does not exceed —

(a) 14% (where such contribution is made by the Central Government or State Government); and

(b) 10% (where such contribution is made by any other employer)

of the employees' salary in previous year.

4. It is proposed to amend sub-section (2) of section 80CCD of the Act, to provide that where such contribution has been made by any other employer (not being Central Government or State Government), the employee shall be allowed as a deduction an amount not exceeding 14% of the employee's salary. This is being increased only in the case where the employee's salary is chargeable to tax under sub-section (1A) of section 115BAC of the Act.

5. The amendments will take from the 1st day of April, 2025 and will accordingly apply from assessment year 2025-2026 onwards.

[Clauses 12 & 25]

B. MEASURES TO PROMOTE INVESTMENT AND EMPLOYMENT

Tax incentives to International Financial Services Centre

International Financial Services Centre (IFSC) is a jurisdiction that provides financial services to non-residents and residents, to the extent permissible under the current regulations, in any currency except Indian Rupee. In order to promote the development of world-class financial infrastructure in India, several tax concessions have been provided to units located in IFSC, under the Act, over the past few years.

2. In order to further incentivize operations from IFSC, it is proposed to make the following amendments:

(A) Item (I) of sub-clause (i) of clause (c) of Explanation to clause (4D) of section 10, to be amended to expand the ambit of specified funds which can claim exemption under the said section, to include retail funds and Exchange Traded Funds in IFSC. Specified funds shall now include funds established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate, which have been granted a certificate as a retail scheme or an Exchange Traded Fund and are regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority (IFSCA) Act, 2019 and satisfy such conditions as may be prescribed.

(B) Specified income of Core Settlement Guarantee Funds set up by recognised clearing corporations in IFSC, is proposed to be exempted by amending the definition of “recognised clearing corporation” and “regulations” in the Explanation to the clause (23EE) of section 10 of the Act. The definition of “recognised clearing corporation” shall now include recognised clearing corporation as defined in clause (n) of sub-regulation (1) of regulation 2 of the IFSCA (Market Infrastructure Institutions) Regulations, 2021 made under the IFSCA Act, 2019. The definition of “regulations” shall now include the IFSCA (Market Infrastructure Institutions) Regulations, 2021.

(C) Section 68 of the Act provides that where any sum is found to be credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the income of the assessee of that previous year.

(i) Finance Act, 2023 amended the provisions of section 68 so as to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability credited in the books of an

assessee shall be treated as explained only if the source of funds is also explained in the hands of the creditor or entry provider. However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, would not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund (VCF) or Venture Capital Company (VCC) registered with SEBI. Section 68 accordingly makes a reference to the definition of VCF/VCC in the Explanation to clause (23FB) of section 10.

(ii) It is now proposed to extend the relaxation in place for VCFs registered with SEBI, to those VCFs which are regulated by IFSCA. It is therefore, proposed to amend the definition of VCF in the Explanation to clause (23FB) of section 10, to include VCFs in IFSC.

(D) Section 94B of the Act puts in place a restriction on deduction of interest expense in respect of any debt issued by a non-resident, being an associated enterprise of the borrower. It applies to an Indian company, or a permanent establishment of a foreign company in India, who is a borrower. If such person incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession", the interest deductible shall be restricted to the extent of thirty per cent. of its earnings before interest, taxes, depreciation and amortisation so as to avoid thin capitalisation of a corporate entity. At present, the provisions of this section do not apply to Indian companies or permanent establishments of foreign companies which are engaged in the business of banking or insurance or such class of non-banking financial companies as may be notified by the Central Government. It is now proposed that the provisions of this section shall not apply to finance companies, located in IFSC, as defined in clause (e) of sub-regulation (1) of regulation 2 of the IFSCA (Finance Company) Regulations, 2021 made under the IFSCA Act, 2019, which satisfy such conditions and carry on such activities as may be prescribed.

3. These amendments will take effect from the 1st day of April, 2025 and will, accordingly, apply in relation to the assessment year 2025-26 and subsequent assessment years.

[Clauses 4 & 28]

Amendment of Section 56 of the Act

Section 56 of the Act is related to Income from other sources.

2. Vide Finance Act, 2012, a new clause (viib) was inserted in sub-section (2) of section 56 to provide that where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares, if the consideration received for issue of shares exceeds the face value of such shares, the aggregate consideration received for such shares exceeding such fair market value shall be chargeable to income tax under the head “Income from other sources”.

3. It has been decided by the Government to sun-set the provisions of clause (viib) of sub-section (2) of section 56 of the Act. Consequent to said decision, amendment to clause (viib) of sub-section (2) of section 56 of the Act is being carried out to provide that the provisions of this clause shall not apply from the assessment year 2025-26.

4. This amendment is proposed to be made effective from the 1st day of April, 2025, and shall accordingly apply from assessment year 2025-26.

[Clause 23]

Promotion of domestic cruise ship operations by non-residents

Certain amendments have been proposed to promote the cruise-shipping industry in India. The aim is to make India an attractive cruise tourism destination, to attract global tourists to cruise shipping in India and to popularise cruise shipping with Indian tourists. Participation of international cruise-ship operators in this sector will encourage development of this sector and enable access to international best practices.

2. In order to provide clarity, certainty and simple structure for the business of cruise-shipping, which may be operating as multi-layer entities, the following is

proposed. A presumptive taxation regime is being put in place for a non-resident, engaged in the business of operation of cruise ships, alongwith exemption to income of a foreign company from lease rentals, if such foreign company and the non-resident cruise ship operator have the same holding company.

3. It is, therefore, proposed to insert a new section 44BBC, which deems twenty per cent of the aggregate amount received/ receivable by, or paid/ payable to, the non-resident cruise-ship operator, on account of the carriage of passengers, as profits and gains of such cruise-ship operator from this business. Applicability of this section, will be subject to prescribed conditions.

4. Provisions of section 44B relating to presumptive taxation for shipping business of non-residents, shall therefore, no longer apply to cruise-ship business.

5. Further, the lease rentals paid by a company which opts for presumptive regime under section 44BBC ('the first company'), shall be exempt in the hands of the recipient company, if such company is a foreign company and such recipient company and the first company are subsidiaries of the same holding company. This is proposed to be done by insertion of a new clause (15B) in section 10. Subsidiary company and holding company have been defined in the Explanation to this new clause. This exemption shall be available upto assessment year 2030-31.

6. These amendments will take effect from the 1st day of April, 2025 and will, accordingly, apply in relation to the assessment year 2025-26 and subsequent assessment years.

[Clauses 4, 16 & 17]

C. SIMPLIFICATION AND RATIONALISATION

Introduction of block assessment provisions in cases of search under section 132 and requisition under section 132A

Vide Finance Act, 2021 the provisions of section 153A and section 153C of the Act were amended to provide that the said provision shall only apply to search and seizure proceedings under section 132 or requisition under section 132A of the Act initiated on or before 31.03.2021. The separate regime for search assessments

was abolished and such assessments were subsumed into the reassessment provisions. Further, sections 147, 148, 149, 151 and 151A of the Act were also amended to provide that in case of search, survey or requisition initiated or conducted on or after the 1st April, 2021, it shall be deemed that the Assessing Officer (AO) has information which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the three assessment years immediately preceding the assessment year relevant to the previous year in which the search is initiated or requisition is made or any material is seized or requisitioned. Further, if the AO has information which suggests that the income escaping assessment, represented in the form of asset, amounts to or is likely to amount to fifty lakh rupees or more, notice under section 148 can be issued if ten years have not elapsed from the end of the relevant assessment year.

2. Searches conducted by the Income-tax Department are important means for unearthing black money. However, it has been gathered from the field formations that there are multiple problems that are arising under the present scheme of search assessment under section 148 of the Act. The absence of any legal requirement for consolidated assessments in search cases has led to a situation where every year only the time-barring year is reopened in the case of the searched assessee. This results in staggered search assessments for the same search and consequentially, the searched assessee may be engaged in the search assessment process for almost up to ten years. This is time-consuming process which escalates the litigation cost for the taxpayer as well as for the department. For the duration of such period, legal position on an issue may undergo change, leading to different additions in different years, on the same issue. Moreover, since such a long duration is involved, there is a possibility of change of opinion with respect to the line of enquiry. Further, due to such staggered assessments, coordinated investigation is not feasible in search cases.

3. In order to make the procedure of assessment of search cases cost-effective, efficient and meaningful, it is proposed to introduce the scheme of block assessment for the cases in which search under section 132 or requisition under section 132A has been initiated or made. The main objectives for the introduction of this scheme are early finalization of search assessments, coordinated investigation during search assessments and reduction in multiplicity of proceedings.

3.1 It is proposed to amend the provisions of Chapter XIV-B of the Act, to provide the following for assessment of search cases:

(i) Where on or after the 1st day of September, 2024, a search is initiated under section 132, or books of account, other documents or any assets are requisitioned under section 132A, in the case of any person, the Assessing Officer shall proceed to assess or reassess the total income of such person in accordance with the provisions of the said Chapter.

(ii) The 'block period' shall consist of previous years relevant to six assessment years preceding the previous year in which the search was initiated under section 132 or any requisition was made under section 132A and shall include the period starting from the 1st of April of the previous year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or date of such requisition.

(iii) Regular assessments for the block period shall abate. There will be one consolidated assessment for the block period. Till block assessment is complete, no further assessment/reassessment proceeding shall take place in respect of the period covered in the block.

(iv) The Assessing Officer shall assess the 'total income' of the assessee, including the undisclosed income which shall include any money, bullion, jewellery or other valuable article or thing or any expenditure or any income based on any entry in the books of account or other documents or transactions, where such money, bullion, jewellery, valuable article, thing, entry in the books of account or other document or transaction represents wholly or partly income or property which has not been or would not have been disclosed for the purposes of this Act, or any expense, deduction or allowance claimed under this Act which is found to be incorrect.

(v) The undisclosed income falling within the block period, forming part of the total income, shall be computed in accordance with the provisions of this Act, on the basis of evidence found as a result of search or survey in consequence of such search or requisition of books of account or other documents and such other materials or information as are either available

with the Assessing Officer or come to his notice by any means during the course of proceedings under the said Chapter.

(vi) The assessment in respect of any other person shall be governed by the provisions of section 158BD, which provides that where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom search was made or whose books of account or other documents or any assets were requisitioned, then, any money, bullion, jewellery or other valuable article or thing, or assets, or expenditure, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 158BC against such other person and the provisions of the said Chapter shall apply accordingly.

(vii) The tax shall be charged at sixty per cent for the block period, as per section 113 of the Act. The proviso to section 113 has been amended to provide that the tax chargeable under this section shall be increased by a surcharge, if any, which may be levied by any Central Act. However, presently, no surcharge is proposed for income chargeable to tax for the block period. No interest under the provisions of section 234A, 234B or 234C or penalty under the provisions of section 270A shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.

(viii) Penalty on the undisclosed income of the block period as determined by the Assessing officer shall be levied at fifty per cent of the tax payable on such income. No such penalty shall be levied if the assessee offers undisclosed income in the return furnished in pursuance of search and pays the tax along with the return.

(ix) The time-limit for completion of block assessment of the searched assessee shall be twelve months from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made. The time-limit for completion of block

assessment of any other person shall be twelve months from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person. However, an exclusion of nearly six months shall be available in respect of period from date of search to the date of handing over of seized material to the Assessing Officer.

(x) Where any evidence found as a result of search or requisition relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.

(xi) The notice under clause (a) of sub-section (1) of section 158BC requiring the searched assessee to furnish his return of income for the block period, as well as the order of assessment for the block period shall be issued or passed, as the case may be, with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.

(xii) The provisions of section 144C of the Act shall not apply to any proceeding under the said Chapter.

4. This amendment will take effect from the 1st day of September, 2024.

[Clauses 32, 43, 49, 76 & 85]

Rationalisation of provisions relating to assessment and reassessment under the Act

The Finance Act, 2021 amended the procedure for assessment or reassessment of income in the Act with effect from the 1st April, 2021. The said amendment modified, inter alia, section 148, section 149 and also introduced a new section 148A in the Act.

2. The existing provisions of section 148 of the Act provide the procedure for issuance of notice to initiate assessment or reassessment or recomputation under section 147 of the Act. The existing provisions of the said section also provide details of what constitutes 'information' for the purposes of issuance of notice. The said section further provides the instances in which the Assessing Officer (AO) would be deemed to have information in order to initiate the assessment or reassessment proceedings.

3. The existing provisions of section 148A of the Act provide the procedure to be followed by AO before issuance of notice under section 148 of the Act, including conducting inquiry, providing an opportunity of being heard to the assessee, and passing an order prior to reopening of a case. The said section also provides the circumstances in which such procedure does not apply.

4. Further, the existing provisions of section 149 of the Act provide the time limits for issuance of notice under section 148 and computation of the period of limitation under various circumstances. Furthermore, the existing provisions of section 151 of the Act mandates to obtain sanction from the specified authority, for issuance of notice under section 148 or section 148A of the Act.

5. In this regard, multiple suggestions have been received regarding the considerable litigation at various fora arising from the multiple interpretations of the provisions of aforementioned sections. Further, representations have been received to reduce the time-limit for issuance of notice for the relevant assessment year in proceedings of assessment, reassessment or recomputation.

6. Hence, it is proposed to rationalize the aforementioned reassessment provisions. It is expected that the new system would provide ease of doing business to taxpayers as there is a reduction in time limit by which a notice for assessment or reassessment or re-computation can be issued. The salient features of the proposed amendments are as follows:-

(i) It is proposed to substitute section 148 of the Act so as to provide that before making the assessment, reassessment or recomputation under section 147 and subject to the provisions of section 148A, the Assessing Officer shall issue a notice to the assessee, along with a copy of the order passed under sub-section (3) of section 148A determining it to be a fit case, requiring him to

furnish within such period as may be specified, not exceeding a period of three months from the end of the month in which such notice is issued, a return of his income or the income of any other person in respect of whom he is assessable under this Act. Further, it is proposed to provide that no notice under this section shall be issued unless there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant assessment year.

Any information in the case of the assessee emanating from survey conducted under section 133A, other than under sub-section (2A) of the said section, on or after the 1st day of September, 2024, is proposed to be added to the definition of 'information' with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment.

It is further proposed to provide that where the Assessing Officer has received information under the scheme notified under section 135A, no notice under section 148 shall be issued without prior approval of the specified authority.

(ii) It is further proposed to substitute the section 148A so as to provide that where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant assessment year, he shall, before issuing any notice under section 148, provide an opportunity of being heard to such assessee, by serving upon him a notice to show cause as to why a notice under section 148 should not be issued in his case, and such notice shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant assessment year. Thereafter, on receipt of notice under sub-section (1), the assessee may furnish his reply, within such time, as may be specified in such notice.

The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority under sub-section (3) of section 148A, determining whether or not it is a fit case to issue notice under section 148.

It is further proposed that the provisions of this section shall not apply in the case of an assessee where the Assessing Officer has received information under the scheme notified under section 135A pertaining to income chargeable to tax escaping assessment for any assessment year in his case.

(iii) The time limitation for issuance of notice under section 148A and section 148 of the Act is proposed to be provided in section 149 of the Act as follows:

- in normal cases, no notice under sections 148A shall be issued if three years have elapsed from the end of the relevant assessment year. Notice beyond the period of three years from the end of the relevant assessment year can be taken only in a few specific cases;
- in normal cases, no notice under section 148 shall be issued if three years and three months have elapsed from the end of the relevant assessment year. Notice beyond the period of three years and three months from the end of the relevant assessment year can be taken only in a few specific cases;
- in specific cases, where as per the information with the Assessing Officer, the income escaping assessment amounts to or is likely to amount to fifty lakh rupees or more, notice under section 148A can be issued beyond the period of three years but not beyond the period of five years from the end of the relevant assessment year;
- in specific cases, where the Assessing Officer has in his possession books of account or other documents or evidence related to any asset or expenditure or transaction or entry (or entries) which reveal that the income chargeable to tax, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more, notice under section 148 can be issued beyond the period of three years and three months but not beyond the period of five years and three months from the end of the relevant assessment year.

(iv) It is proposed to substitute the section 151 so as to provide that specified authority for the purposes of sections 148 and 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.

(v) It is proposed to amend the section 152 of the Act so as to provide that where a search has been initiated under section 132 or requisition is made under section 132A or a survey is conducted under section 133A [other than under sub-section (2A)] on or after the 1st day of April, 2021 but before the 1st day of September, 2024, the provisions of section 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.

(vi) It is also proposed to amend the section 152 of the Act so as to provide that where a notice under section 148 has been issued or an order under clause (d) of section 148A has been passed, prior to the 1st day of September, 2024, the assessment, reassessment or recomputation in such case shall be governed as per the provisions of sections 147 to 151, as they stood prior to their amendment by Finance (No. 2) Act, 2024.

7. This amendment will take effect from the 1st day of September, 2024.

[Clauses 44, 45, 46 & 47]

Rationalisation of provisions relating to period of limitation for imposing penalties

Section 275 of the Act provides for the period of limitation for imposing penalties. Sub-section (1) of the said section, inter-alia, states that no order imposing a penalty shall be made in a case where the relevant assessment order or other order is the subject-matter of an appeal before the Joint Commissioner (Appeals) or the Commissioner (Appeals) under section 246 or section 246A, respectively, or before the Appellate Tribunal (ITAT) under section 253, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which the order of the JCIT(A) or the CIT(A) or, as the case may be, the Appellate Tribunal is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, whichever period expires later. Similarly, at three other places in the said section, for the purposes of limitation, the date of receipt of order passed by appellate authority is given as, ‘date of receipt of order in the office of Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner’.

2. Suggestions have been received from the field formations that the reference to the office of Principal Chief Commissioner of Income-tax, Chief Commissioner of Income-tax and Principal Commissioner of Income-tax poses ambiguity for the purposes of calculation of the number of days for imposition of penalties as a consequence of the orders referred to in the said section. Therefore, it is proposed to amend section 275 of the Act to omit the reference to the date of receipt of order by the Principal Chief Commissioner or Chief Commissioner.

3. This amendment will take effect from the 1st day of October, 2024.

[Clause 83]

Amendment in provisions relating to set off and withholding of refunds

Section 245 of the Act relates to set off and withholding of refund in certain cases. The Finance Act, 2023 has integrated section 241A and section 245 (as they existed prior to their amendment) into a single provision of section 245 of the Act. Presently, section 245 of the Act empowers the Assessing Officer (AO) to adjust the refund (or a part of the refund) against any tax demand that is outstanding from the taxpayer. Further, where refund becomes due to a person but the assessment or reassessment proceeding is pending in his case, then, the Assessing Officer may, with the approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax, withhold the refund till the date on which such assessment or reassessment is completed. Moreover, no additional interest on refund under section 244A of the Act is payable to the assessee for the period beginning from the date on which such refund is withheld and ending with the date on which assessment/reassessment is made.

2. Sub-section (2) of section 245 of the Act provides that where a part of the refund is set off under the provisions of sub-section (1), or where no such amount is set off, and refund becomes due to a person and the Assessing Officer having regard to the fact that proceedings for assessment or re-assessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax, withhold the refund up to the date on which such assessment or reassessment is made.

3. From the bare reading of the provision, it is seen that there are two requirements which the Assessing Officer is supposed to fulfill. One is that he should form opinion that the grant of refund is likely to adversely affect the revenue and the second is that he has to record the reasons in writing for withholding the refund. The second condition of recording of reasons takes care of the first condition as even if an opinion is formed, it has been expressed in terms of reasons recorded in writing. Thus, for the phrase "is of the opinion that the grant of refund is likely to adversely affect the revenue", the phrase "he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax" is proposed to be retained. Further, the period of withholding the refund 'up to the date of assessment' is inadequate as the demand itself becomes due after thirty days of the date of assessment. Hence, the period of withholding of the refund is proposed to be extended up to sixty days from the date on which such assessment or reassessment is made.

4. Consequential amendment is also required in section 244A of the Act to allow non-payment of additional interest up to the date till which such refund is withheld under the provisions of sub-section (2) of section 245 of the Act.

5. This amendment will take effect from the 1st day of October, 2024.

[Clause 72 & 73]

Rationalisation of the time-limit for filing appeals to the Income Tax Appellate Tribunal

Section 253 of the Act lays down the provisions for filing an appeal with the Income Tax Appellate Tribunal (ITAT) against an order passed by the Joint Commissioner of Income-tax (Appeals), Commissioner of Income-tax (Appeals) [CIT(Appeals)], the Principal Chief Commissioner of Income-tax, the Chief Commissioner of Income-tax, the Principal Commissioner of Income-tax, or the Commissioner of Income-tax. The ITAT is the second appellate authority in the income-tax appellate hierarchy.

2. The sub-section (1) of the said section details the types of orders passed under various sections of the Act against which an aggrieved assessee may appeal to the Appellate Tribunal. Clause (a) of the said sub-section provides that any assessee aggrieved by any order passed by a Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a Commissioner

(Appeals) under section 154, section 250, section 270A, section 271, section 271A, section 271AAB, section 271AAC, section 271AAD, section 271J or section 272A may appeal to the Appellate Tribunal.

2.1 Section 158BFA of the Act is an interest and penalty provision under Chapter XIV-B of the Act for imposition of penalty on undisclosed income for the block period in a case where search has been initiated under section 132 of the Act. However, as the reference to the same has not been inserted in sub-section (1) of section 253 of the Act, an aggrieved assessee cannot appeal against such penalty orders passed by Commissioner (Appeals). Accordingly, it is proposed to amend clause (a) of sub-section (1) of section 253 to include the reference of section 158BFA therein

3. As per the provisions of sub-section (3) of the said section, appeals to the ITAT are to be filed 'within sixty days of the date on which the order sought to be appealed against is communicated to the assessee or to the PCIT/CIT, as the case may be'. Appeals to the ITAT are generated mainly by orders passed by the CIT (Appeals), which is now through ITBA. In the new Faceless Appeal dispensation, the CIT (Appeals) upload the orders on a day-to-day basis rather than the erstwhile practice of sending a monthly/fortnightly 'bunch' of orders to the jurisdictional PCIT. Such an upload amounts to electronic communication to the PCIT. This, in turn, means that the limitation for filing appeal to the ITAT would fall on a daily basis making it difficult for the PCIT and the Assessing Officer to track the same.

4. In view of the foregoing, it is proposed to amend sub-section (3) of section 253 to provide that the appeal before the ITAT may be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be.

5. This amendment will take effect from the 1st day of October, 2024.

[Clause 78]

Rationalisation of the provisions of Charitable Trusts and Institutions

I. Merger of trusts under first regime with second regime

The Act puts in place two main regimes for trusts or funds or institutions to claim exemption. The first is contained in the provisions of sub-clause(s) (iv), (v), (vi) or (via) of clause (23C) of section 10. The second is contained in the provisions of

sections 11 to 13 of the Act. The provisions of the respective regimes lay down the procedure for filing application for approval/ registration, the conditions subject to which such approval/ registration shall be granted or can be withdrawn etc.

2. As both the regimes intend to grant similar benefit, the procedure and conditions across the two regimes have been aligned, over the last few years, vide successive Finance Acts.

3. In order to take forward the process of simplification of procedures and to reduce administrative burden, it is proposed that the first regime be sunset and trusts, funds or institutions be transited to the second regime in a gradual manner.

4. It is, therefore, proposed that:

- Applications seeking approval or provisional approval under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10, and filed on or after 1st October, 2024, shall not be considered.
- Applications filed under these sub-clauses before 1st October, 2024, and which are pending would be processed and considered under the extant provisions of the first regime itself.
- Approved trusts, funds or institutions would continue to get the benefit of exemption, as per the provisions of sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10, till the validity of the said approval.
- They would be eligible to apply for registration, subsequently, under the second regime. Amendments have accordingly been proposed in section 12A.
- Certain eligible modes of investment, under the first regime (*viz.* those specified in clause (b) of third proviso to clause (23C) of section 10) shall be protected in the second regime, by way of amendment in section 13.

5. These amendments will take effect from the 1st day of October, 2024.

[Clauses 4, 6 & 9]

II. Condonation of delay in filing application for registration by trusts or institutions

A trust or institution desirous of seeking registration under section 12AB is *inter alia* required to apply within timelines specified in clause (ac) of sub-section (1) of section 12A.

2. It has been noted that at times trusts or institutions are unable to file application within specified timelines. In case a trust or institution is unable to apply within time specified, it may become liable to tax on accreted income as per provisions of Chapter XII-EB of the Act. A situation of permanent exit of trust or institution from the exemption regime may also arise.

3. It is proposed that the Principal Commissioner/ Commissioner may be enabled to condone the delay in filing application and treat such application as filed within time. The delay may be condoned if he considers that there is a reasonable cause for the same.

4. These amendments will take effect from the 1st day of October, 2024.

[Clause 6]

III. Rationalisation of timelines for funds or institutions to file applications seeking approval under section 80G

Section 80G of the Act, *inter alia*, provides for the grant of approval to certain funds or institutions for receiving donation. Deduction is available for donations to approved funds or institutions, in the hands of the assessee making such donations.

2. The first proviso to sub-section (5) of section 80G provides timelines for filing application for approval, for funds or institutions referred to in sub-clause (iv) of clause (a) of sub-section (2) of section 80G. The second proviso lays down the procedure for processing the same. It has been noted that at times funds or institutions are unable to file application within specified timelines. A situation of unintended permanent exit of fund or institution from section 80G approval may also arise.

3. It is proposed to amend the first and second provisos to rationalise the timelines for filing applications for approval.

4. These amendments will take effect from the 1st day of October, 2024.

[Clause 26]

IV. Rationalisation of timelines for disposing applications made by trusts or funds or institutions, seeking registration for exemption under section 12AB or approval under section 80G

Applications seeking registration under section 12AB, filed by trusts or institutions, are required to be processed by the Principal Commissioner or

Commissioner within a period of six months from the end of the month in which the application was received.

2. Similarly, the applications of funds or institutions referred to in sub-clause (iv) of clause (a) of sub-section (2) of section 80G, seeking approval are required to be processed by the Principal Commissioner or Commissioner within a period of six months from the end of the month in which the application was received.

3. For better administration and monitoring, it is proposed to rationalise timelines for disposing applications made by trusts or funds or institutions to six months from the end of the quarter in which the application was received.

4. Thus, where provisionally registered/ approved trusts or funds or institutions apply for registration/ approval or where registered/ approved trusts or funds or institutions apply for further registration/ approval under section 12AB or section 80G, as the case may be, the order granting registration/ rejecting application shall be passed before expiry of the period of six months from the end of the quarter in which the application was received.

5. These amendments will take effect from the 1st day of October, 2024.

[Clauses 7 & 26]

V. Merger of trusts under the exemption regime with other trusts

When a trust or institution which is approved / registered under the first or second regime, as the case may be merges with another approved / registered entity under either regime, it may attract the provisions of Chapter XII-EB, relating to tax on accreted income in certain circumstances.

2. It is proposed that conditions under which the said merger shall not attract provisions of Chapter XII-EB, may be prescribed, to provide greater clarity and certainty to taxpayers. A new section 12AC is proposed to be inserted for this purpose.

3. These amendments will take effect from the 1st day of April, 2025.

[Clause 8]

VI. Inclusion of reference of clause (23EA), clause (23ED) and clause (46B) of section 10 in sub-section (7) of section 11

Sub-section (7) of section 11 of the Act lays down that registration under section 12AB shall become inoperative, if the trust or institution is approved / notified

under clause (23C), (23EC), (46) or (46A) of section 10. Such trust or institution has a one-time option to apply to make its registration under section 12AB operative. Thus, a trust or institution may choose the provisions under which it seeks to claim exemption.

2. It is proposed to amend sub-section (7) of section 11 of the Act to include reference of clause (23EA), clause (23ED) and clause (46B) of section 10 of the Act, to enable trusts under the second regime to claim exemption under the above-noted specific clauses of section 10.

3. These amendments will take effect from the 1st day of April, 2025.

[Clause 5]

Rationalisation and Simplification of taxation of Capital Gains

The taxation of capital gains is proposed to be rationalized and simplified. There are three components to this simplification. Firstly, it is proposed that there will only be two holding periods, 12 months and 24 months, for determining whether the capital gains is short-term capital gains or long term capital gains. For all listed securities, the holding period is proposed to be 12 months and for all other assets, it shall be 24 months. Accordingly, amendment is proposed in clause (42A) of section 2 of the Act. Thus units of listed business trust will now be at par with listed equity shares at 12 months instead of earlier 36 months. The holding period for bonds, debentures, gold will reduce from 36 months to 24 months. For unlisted shares and immovable property it shall remain at 24 months.

2. Secondly, the rate for short-term capital gain under provisions of section 111A of the Act on STT paid equity shares, units of equity oriented mutual fund and unit of a business trust is proposed to be increased to 20% from the present rate of 15% as the present rate is too low and the benefit from such low rate is flowing largely to high net worth individuals. Other short-term capital gains shall continue to be taxed at applicable rate.

2.1 The rate of long-term capital gains under provisions of various sections of the Act is proposed to be 12.5% in respect of all category of assets. This rate earlier was 10% for STT paid listed equity shares, units of equity-oriented fund and business trust under section 112A and for other assets it was 20% with indexation under

section 112. However, an exemption of gains upto 1.25 lakh (aggregate) is proposed for long-term capital gains under section 112A on STT paid equity shares, units of equity oriented fund and business trust, thus, increasing the previously available exemption which was upto 1 lakh of income from long term capital gains on such assets. For bonds and debentures, rate for taxation of long-term capital gains was 20% without indexation. For listed bonds and debentures, the rate shall be reduced to 12.5%. Unlisted debentures and unlisted bonds are of the nature of debt instruments and therefore any capital gains on them should be taxed at applicable rate, whether short-term or long-term. It is proposed accordingly.

2.2 Thus, unlisted debentures and unlisted bonds are proposed to be brought to tax at applicable rates by including them under provisions of section 50AA of the Act. This amendment in section 50AA shall come into effect from the 23rd day of July, 2024.

3. Thirdly, simultaneously with rationalisation of rate to 12.5%, indexation available under second proviso to section 48 is proposed to be removed for calculation of any long-term capital gains which is presently available for property, gold and other unlisted assets. This will ease computation of capital gains for the taxpayer and the tax administration.

4. Parity in taxation between resident and non-resident assesses: To bring parity of taxation between residents and non-residents, corresponding amendments to section 115AD, 115AB, 115AC, 115ACA and 115E are being made to align the rates of taxation in respect of long-term capital gains proposed under section 112A and 112 and rates of short term capital gains proposed under section 111A.

5. Further, consequential amendments to align the withholding tax provisions with the substantive provisions to give effect to the proposed changes in rates of capital gains tax are being made under section 196B and 196C.

6. These proposals are proposed to be given effect immediately i.e. with effect from the 23rd of July, 2024.

[Clauses 3, 20, 21, 29, 30, 31, 33, 34, 35, 36, 38, 63 & 64]

Amendment to definition of Specified Mutual Fund under section 50AA

The Finance Act, 2023 had introduced special taxation regime of deemed short term capital gains taxation for Market Linked Debentures and Specified Mutual Funds by

way of introduction of section 50AA of the Act. The gains in such cases were to be taxed as Short-term Capital Gain irrespective of period of holding. The requirement of investment of not more than 35% in equity shares has also impacted other funds which are not debt-oriented funds, but invest below 35% in equity shares. Such funds which are adversely impacted include Exchange Traded Funds (ETFs), Gold Mutual Funds and Gold ETFs. In the case of Fund-of-Funds (FoFs) as well, wherein the underlying fund further invests in other instruments, there is ambiguity as to whether they will be considered Specified Mutual Funds as defined in section 50AA. Thus, a need to re-define the term "Specified Mutual Funds" for the purposes of Section 50AA, to provide clarity regarding the proportion of investment being made in terms of debt and money market instruments, and also to clarify the investment requirements in the case of Fund-of-Funds (FoFs) had arisen. Representations from multiple stakeholders were received seeking clarity and revision. It is thus proposed to amend the definition of "Specified Mutual Fund" under clause (ii) of Explanation of section 50AA to provide that a specified mutual fund shall mean a mutual fund:

(a) a Mutual Fund by whatever name called, which invests more than sixty five per cent of its total proceeds in debt and money market instruments; or
(b) a fund which invests sixty five per cent or more of its total proceeds in units of a fund referred to in sub-clause (a).

The above amendment under clause (ii) of Explanation of section 50AA is proposed to be brought into effect from 1st day of April, 2026 and shall be applicable from AY 2026-27 onwards.

[Clause 21]

Rationalisation of Tax Deducted at Source rates

There are various provisions of Tax Deduction at Source (TDS) with different thresholds and multiple rates between 0.1%, 1%, 2%, 5%, 10%, 20%, 30% and above. To improve ease of doing business and better compliance by taxpayers, the TDS rates are proposed to be reduced. However, no change would occur with respect to sections such as TDS on salary, TDS on virtual digital assets, TDS on winnings from lottery etc/ race horses, payment on transfer of immovable property and payments to non-residents, TDS rates for TDS on contracts etc.

2. Rationalisation of TDS rates is proposed as below.

Section	Present TDS Rate	Proposed TDS Rate	With effect from
Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	1.4.2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	1.10.2024
Section 194G – Commission etc on sale of lottery tickets	5%	2%	1.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	1.10.2024
Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	1.10.2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	1.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	1.10.2024
Section 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

<u>Section 194D - Payment of insurance commission</u>

1. As per provisions of section 194D, any person responsible for paying to a resident any income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance) shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force which is at present 5% (in case of person other than company).

2. It is proposed that TDS under section 194D of the Act (in case of person other than company) be reduced from 5% to 2%.

3. The amendment will take effect from 1st day of April 2025.

Section 194DA - Payment in respect of life insurance policy

As per provisions of section 194DA, any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of 5% on the amount of income comprised therein.

2. It is proposed that TDS under section 194DA of the Act be reduced from 5% to 2%.

3. The amendment will take effect from 1st day of October 2024.

[Clause 54]

Section 194G – Commission, etc on sale of lottery tickets

As per provisions of section 194G, any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding fifteen thousand rupees shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of 5%.

2. It is proposed that TDS under section 194G of the Act be reduced from 5% to 2%.

3. The amendment will take effect from 1st day of October 2024.

[Clause 56]

Section 194H - Payment of commission or brokerage

As per provisions of section 194H, any person, not being an individual or a Hindu undivided family (as specified), who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being

insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of 5%.

2. It is proposed that TDS under section 194H of the Act be reduced from 5% to 2%.

3. The amendment will take effect from 1st day of October 2024.

[Clause 57]

Section 194-IB - Payment of rent by certain individuals or HUF

As per provisions of section 194-IB, any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an amount equal to 5% of such income as income-tax thereon.

2. It is proposed that TDS under section 194-IB of the Act be reduced from 5% to 2%.

3. The amendment will take effect from 1st day of October 2024.

[Clause 59]

Section 194M - Payment of certain sums by certain individuals or Hindu undivided family

Any person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) responsible for paying any sum to any resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year, shall, at the time of credit of such sum or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to 5% of such sum as income-tax thereon.

2. It is proposed that TDS under section 194M of the Act be reduced from 5% to 2%.

3. The amendment will take effect from 1st day of October 2024.

[Clause 60]

Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant

Section 194-O of the Act provides that notwithstanding anything to the contrary contained in any of the provisions of Chapter XVII-B, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of 1% of the gross amount of such sales or services or both.

2. However, representations were received that offline transactions attract a lower TDS rate of 0.1% (under section 194Q relating to TDS on payment of certain sums for purchase of goods) or tax collection at source (TCS) rate of 0.1% [under section 206C(1H) relating to TCS on receipts from sale of goods]. To bring parity between these provisions, reduction of the TDS rate under section 194-O from 1% to 0.1% is proposed.

3. The amendment will take effect from 1st day of October 2024.

[Clause 61]

Section 194F - TDS on payments on repurchase of units by mutual fund or UTI

It is proposed to omit section 194F relating to TDS on payments on repurchase of units by Mutual Fund or UTI which attracts a TDS rate of 20%.

2. The amendment will take effect from 1st day of October 2024.

[Clause 55]

Ease in claiming credit for TCS collected/TDS deducted by salaried employees

Section 192 of the Act provides for deduction of tax at source on salary income.

Further, sub-section (2B) of section 192 of the Act provides for consideration of income under any other head and tax, if any, deducted thereon to be taken into account for the purposes of making the deduction under sub- section (1) of the aforesaid section, subject to certain conditions.

2. Representations have been received that credit of TCS paid should be allowed while computing the amount of tax to be deducted on salary income of the employees as this will help in avoiding cash flow issues for employees. Similarly, all TDS may be taken into account for the purpose of deduction of tax from the salary income of employees. Moreover when the TCS etc is not taken into account, the same is required to be claimed as a refund by the employee which adds to the compliance process.

3. In order to ease compliance, it is proposed that sub-section (2B) of section 192 may be amended to expand the scope of the said sub-section to include any tax deducted or collected under the provisions of Chapter XVII-B or Chapter XVII-BB, as the case may be, to be taken into account for the purposes of making the deduction under sub-section (1) of section 192.

4. The amendments will take effect from the 1st day of October, 2024.

[Clause 50]

Alignment of interest rates for late payment to Government account of TCS

Section 206C of the Act provides for the collection of tax at source (TCS) on business of trading in alcoholic liquor, forest produce, scrap etc. Sub-section (7) of the section 206C provides that persons who fail to collect tax or after collecting, fail to deposit the same to the credit of the Central Government shall be liable to pay simple interest at the rate of one percent for every month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which the tax was paid.

2. It was noted that the rates of interest applicable for late collection / late deposit of TCS are not in line with provisions of sub-section (1A) of section 201 pertaining to late deduction / deposit of TDS. A higher interest rate of 1.5% is applicable where tax has been deducted but not been deposited to Government

account due to the gravity attached with the failure, as it deprives the deductee of due tax credit and does not reach the Central Government in time. Same difficulty is also faced by the collectee.

3. To align the rate of simple interest charged on failure to pay to Government account after collection of tax it is proposed to amend sub-section (7) of section 206C, to specify that simple interest for non-payment of tax collected at source to Government account, is to be increased from one per cent. to one and one-half per cent. for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid.

4. The amendment will take effect from the 1st day of April, 2025.

[Clause 70]

Increase in limit of remuneration to working partners of a firm allowed as deduction

Section 40 of the Act provides for amounts that shall not be deducted in computing the income chargeable under the head "Profits and gains of business or profession". Sub-clause (v) of clause (b) of the said section provides for disallowance of any payment of remuneration to any partner who is working partner which is authorized by and is in accordance with the terms of the partnership deed and relates to any period falling after the date of such partnership deed in so far as the amount of such payment to all partners during the previous year exceeds the aggregate amount computed as hereunder:

(a)	on the first Rs. 3,00,000 of the book-profit or in case of a loss	Rs. 1,50,000 or at the rate of 90 per cent of the book-profit, whichever is more;
(b)	on the balance of the book-profit	at the rate of 60 per cent :

2. This limit was put in place on the statute w.e.f AY 2010-11. It is now proposed to amend the limit of remuneration to working partners in a partnership firm, which is allowed as deduction. It is proposed that on the first Rs 6,00,000 of the book-profit or in case of a loss, the limit of remuneration is increased to Rs 3,00,000 or at the rate of 90 per cent of the book-profit, whichever is more as follows:

(a)	on the first Rs. 6,00,000 of the book-profit or in case of a loss	Rs. 3,00,000 or at the rate of 90 per cent of the book-profit, whichever is more;
(b)	on the balance of the book-profit	at the rate of 60 per cent :

3. The amendments to sub-clause (v) of clause (b) of section 40 of the Act will take effect from the 1st day of April, 2025 and will, accordingly, apply in relation to assessment year 2025-2026 and subsequent years.

[Clause 14]

Claiming credit for TCS of minor in the hands of parent

Section 206C of the Act provides for the collection of tax at source (TCS) on business of trading in alcoholic liquor, forest produce, scrap etc. Representations have been received that there is no provision in the Act for allowing credit of TCS to any other person (eg. parent) other than the collectee.

2. For example, funds remitted under the Liberalized Remittance Scheme of the Reserve Bank of India may have been remitted in the name of minor and accordingly tax would have been collected under sub-section (1G) of section 206C. However, there is no provision for the parent to claim the same in their tax return.

3. It is, therefore, proposed to introduce a provision in section 206C of the Act, to allow the Board to notify the rules for cases where credit of tax collected are given to person other than collectee. However, to ensure that this provision is not misused, credit of TCS of the minor shall only be allowed where the income of the minor is being clubbed with the parent as under sub-section (1A) of section 64 of the Act which states that in computing the total income of any individual, there shall be included all such income as arises or accrues to his minor child.

4. The amendment will take effect from the 1st day of January, 2025.

[Clause 70]

D. WIDENING AND DEEPENING OF TAX BASE AND ANTI-AVOIDANCE

Tax on distributed income of domestic company for buy-back of shares

Special provisions relating to tax on distributed income of a domestic company from buy-back of shares were introduced by Finance Act, 2013, in line with the then schema of dividend distribution tax. Prior to the amendments made by the Finance Act, 2020, a company had to pay dividend distribution tax (DDT), on the distributed profits by way of dividends in addition to the income-tax chargeable in respect of the total income for any assessment year. DDT was done away with by the Finance Act, 2020.

2. References have been received stating that pay-outs on buy-back of shares should be taxed in hands of recipients, in line with similar regime in place for taxation of dividend.

3. Both dividend as well as buy-back are methods for the company to distribute accumulated reserves and thus ought to be treated similarly. In addition, there is extinguishment of rights for the shareholders who are tendering their shares in the buy-back by domestic company, to the extent of shares bought back by such company from shareholders. The cost of acquisition of such shares also needs to be accounted for in some manner.

4. It is therefore, proposed that, the sum paid by a domestic company for purchase of its own shares shall be treated as dividend in the hands of shareholders, who received payment from such buy-back of shares and shall be charged to income-tax at applicable rates. No deduction for expenses shall be available against such dividend income while determining the income from other sources. The cost of acquisition of the shares which have been bought back would generate a capital loss in the hands of the shareholder as these assets have been extinguished. Therefore when the shareholder has any other capital gain from sale of shares or otherwise subsequently, he would be entitled to claim his original cost of acquisition of all the shares (i.e. the shares earlier bought back plus shares finally sold). It shall be computed as follows:

(i) deeming value of consideration of shares under buy-back (for purposes of computing capital loss) as nil;

(ii) allowing capital loss on buy-back, computed as value of consideration (nil) less cost of acquisition;

(iii) allowing the carry forward of this as capital loss, which may subsequently be set-off against consideration received on sale and thereby reduce the capital gains to this extent.

Example :

100 shares bought in 2020	@Rs. 40/- per share
Total cost of acquisition	Rs. 4000/-
20 shares bought back in 2024	@Rs. 60/- per share
Income taxable as deemed dividend	Rs. 1200/-
Capital loss on such buyback (Rs. 40 *20)	Rs. 800/-
50 Shares sold in 2025	@Rs. 70 per share
Capital Gain (3500 – 2000)	Rs. 1500
Chargeable capital gain after set off	Rs. 700

5. These amendments will take effect from the 1st day of October, 2024, and will accordingly apply to any buy-back of shares that takes place on or after this date.

[Clauses 3, 4, 18, 24, 39 & 52]

Revision of rates of securities transaction tax by amendment to the Finance (No.2) Act, 2004

Levy of Securities Transaction Tax (hereafter referred to as STT) on transaction in specified securities was introduced vide Finance (No.2) Act, 2004. As per the provisions of the STT, recognized stock exchanges, mutual funds (having equity oriented scheme), insurance company or lead merchant banker appointed by the company in respect of an initial public offer or an initial offer are liable to collect the tax on specified securities and pay the same to the credit of the Central Government within seven days from the end of the month in which STT is collected. After its introduction in 2004, the rates of STT have been revised from time to time.

2. Presently, the rate of levy of STT on sale of an option in securities is 0.0625 per cent of the option premium, while the rate of levy of STT on sale of a future in securities is 0.0125 per cent of the price at which such “futures” are traded. The rate of levy of STT on delivery trades in equity shares is 0.1 per cent on both purchase and sale transactions, while in the case of sale of an option in securities where option is exercised, the rate of levy is 0.125% of the intrinsic price (i.e the difference between the settlement price and the strike price) and is payable by the purchaser.

3. There has been an exponential growth of derivative (future and option) markets in recent times and trading in such derivatives accounts for a large proportion of trading in stock exchanges. In view of this exponential growth of the derivative markets, it is proposed to increase the said rates of securities transaction tax on sale of an option in securities from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such “futures” are traded.

4. This amendment is proposed to be made effective from the 1st day of October, 2024.

[Clause 155]

Reporting of income from letting out of house property under ‘Income from House Property’

Section 28 of the Act specifies kinds of income that shall be chargeable to income-tax under the head ‘Profits and gains of business or profession’.

2. It has been observed that some taxpayers are reporting their rental income generated by letting out of the house property, under the head ‘Profits and gains of business or profession’ in place of the head ‘Income from house property’. Accordingly, they are reducing their tax liability substantially by showing house property income under the wrong head of income.

3. In view of the same, it is proposed to amend the section 28 of the Act so as 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 “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property”.

4. This amendment will take effect from the 1st day of April, 2025 and will, accordingly, apply in relation to assessment year 2025-26 and subsequent assessment years.

[Clause 11]

Amendment of section 47

Section 47 of the Act provides exclusion to certain transactions not regarded as transfer for the purposes of chargeability under 'Capital Gains' under section 45.

2. Clause (iii) of section 47 provides that nothing contained in section 45 shall apply to any transfer of a capital asset under a gift or will or an irrevocable trust. The first proviso to the said clause makes an exception to the clause in respect of specified ESOPs.

3. With the insertion of section 50D in the Act in the Finance Act, 2012, providing for taking fair market value as full value of consideration in cases where the consideration received or accruing as a result of the transfer of a capital asset is not ascertainable or cannot be determined, and section 50CA vide Finance Act, 2017, providing for taking fair market value as full value of consideration in case of unquoted shares where the consideration received or accruing is less than the fair market value of such share, the Revenue has aimed at bolstering the anti-avoidance machinery provisions of the Act to eliminate avoidance of Capital Gains tax. However, in multiple cases, taxpayers have argued before judicial fora that transaction of gift of shares by company is still not liable to capital gains tax, in view of the provisions of section 47(iii) of the Act. The matter thus remains a litigated issue leading to:

a) tax avoidance and
b) erosion of Indian tax base.

4. Further, a gift is given out of natural love and affection and accordingly it is proposed to substitute clause (iii) of section 47 and its proviso, to provide that nothing contained in section 45 shall apply to transfer of a capital asset, under a gift or will or an irrevocable trust, by an individual or a Hindu undivided family.

5. This amendment is proposed to be made effective from the 1st day of April, 2025 and will accordingly apply to assessment year 2025-26 and subsequent assessment years.

[Clause 19]

TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners

Presently there is no provision for deduction of tax at source (TDS) on payment of salary, remuneration, interest, bonus, or commission to partners by the partnership firm. Hence, it is proposed that a new TDS section 194T may be inserted to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS for aggregate amounts more than Rs 20,000 in the financial year. Applicable TDS rate will be 10%.

2. The provisions of section 194T of the Act will take effect from the 1st day of April, 2025.

[Clause 62]

TCS under sub-section (1F) of section 206C on notified goods

The existing provisions of section 206C of the Act provide, *inter alia*, for the collection of tax at source on business of trading in alcoholic liquor, forest produce, scrap etc. Sub-section (1F) provides that every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent. of the sale consideration as income-tax.

2. It has been seen that there has been an increase in expenditure on luxury goods by high net worth persons. For proper tracking of such expenses and in order to widen and deepen the tax net, it is proposed to amend sub-section (1F) of section 206C to also levy TCS on any other goods of value exceeding ten lakh rupees, as may be notified by the Central Government in this behalf. Such goods would be in the nature of luxury goods.

3. The amendment will take effect from the 1st day of January, 2025.

[Clause 70]

Amendment of provisions of TDS on sale of immovable property

Section 194-IA of the Act provides for deduction of tax on payment of consideration for transfer of certain immovable property other than agricultural land.

2. Sub-section (1) of the said section provides that any person responsible for paying to a resident any sum by way of consideration for transfer of any immovable property shall, at the time of credit or payment of such sum to the resident, deduct an amount equal to one per cent. of such sum or the stamp duty value of such property, whichever is higher, as income-tax thereon. Sub-section (2) of the said section provides that no deduction of tax shall be made where the consideration for the transfer of an immovable property and the stamp duty value of such property, are both less than fifty lakh rupees.

3. It has been observed that some taxpayers are interpreting that the consideration being paid or credited refers to each individual buyer's payment rather than the total consideration paid for the immovable property.

4. Hence if the buyer is paying less than Rs. 50 lakh, no tax is being deducted, even if the value of the immovable property and stamp duty value exceeds Rs. 50 lakh. This is against the intention of legislature.

5. Accordingly, it is proposed to amend sub-section (2) of section 194-IA of the Act to clarify that where there is more than one transferor or transferee in respect of an immovable property, then such consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.

6. The amendments will take effect from the 1st day of October, 2024.

[Clause 58]

Tax Deduction at source on Floating Rate Savings (Taxable) Bonds (FRSB) 2020

Section 193 of the Act provides for deduction of tax at source on payment of any income to a resident by way of interest on securities.

2. The Government has introduced Floating Rate Savings (Taxable) Bonds (FRSB) 2020. The provisions of section 193 of the Act are proposed to be amended to allow for deduction of tax at source at the time of payment of interest exceeding ten thousand rupees on —

I. the Floating Rate Savings Bonds (FRSB) 2020 (Taxable) and

II. any security of the Central Government or State Government, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

3. The amendments will take effect from the 1st day of October, 2024.

[Clause 51]

Preventing misuse of deductions of expenses claimed by life insurance business

Section 44 of the Act provides for computing of profits and gains of any business of insurance, including any such business carried on by a mutual insurance company or by a co-operative society, to be in accordance with First Schedule of the Act, notwithstanding other specific provisions of the Act.

2. Rule 2 of the First Schedule, applicable for Life insurance business, states that the profits and gains of life insurance business shall be taken to be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938, in respect of the last inter-valuation period ending before the commencement of the assessment year and excluding from it such surplus or deficit included therein which was made in any earlier inter-valuation period.

3. It has been noticed that there have been instances where non-business expenses have been claimed by life insurance companies and there is no provision to add back these to the income of such companies. In order to ensure that provisions are not misused to claim deduction for expenses which are otherwise not admissible under the provisions of section 37 of the Act, it is proposed to amend Rule 2 of the First Schedule of the Act to provide that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business shall be included to (i.e. added back to) the profits and gains of the life insurance business.

4. The amendment will take effect from the 1st day of April, 2025 and will accordingly apply from assessment year 2025-2026 onwards.

[Clause 87]

Inclusion of taxes withheld outside India for purposes of calculating total income

Section 198 of the Act provides that all sums deducted (tax deducted), in accordance with the provisions of Chapter XVII-B shall, for the purpose of computing the income of an assessee, be deemed to be income received.

2. It was seen that some assessees are not including taxes withheld outside India for the purposes of calculating their total income which was leading to under reporting of total income as only their net income was being offered for taxation. However they were claiming credit for the taxes withheld abroad resulting in double deduction on account of income not being included in total income but credit for foreign taxes withheld was being taken.

3. In order to address this issue, it is proposed to amend section 198, to provide that all sums deducted in accordance with the provisions of Chapter XVII-B and income tax paid outside India by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under the Act, are for the purpose of computing the income of the assessee, deemed to be income received.

4. The amendment will take effect from the 1st day of April, 2025.

[Clause 66]

Excluding sums paid under section 194J from section 194C (Payments to Contractors)

Section 194C of the Act provides for TDS on payments to contractors at the rate of 1% when the payment is being made or credit is being given to an individual or HUF and 2% in other cases. Section 194J of the Act relates to TDS on fees for professional or technical services wherein the applicable TDS rates are 2% or 10% depending on the nature of payment being made.

2. Clause (iv) of the Explanation of section 194C defines “work” to specify which all activities would attract TDS under section 194C. However, there is no explicit exclusion of assessees who are required to deduct tax under section 194J from requirement or ability to deduct tax under section 194C of the Act. Therefore

some deductors are deducting tax under section 194C of the Act when in fact they should be deducting tax under section 194J of the Act.

3. In view of the above, it is proposed to explicitly state that any sum referred to in sub-section (1) of section 194J does not constitute “work” for the purposes of TDS under section 194C.

4. The amendment will take effect from 1st day of October 2024.

[Clause 53]

Disallowance of settlement amounts being paid to settle contraventions

Section 37 of the Act provides for allowability of expenditure laid out or expended wholly and exclusively for the purpose of business or profession.

2. Explanation 1 of sub-section (1) of section 37 provides that any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure.

3. Explanation 3 of sub-section (1) of section 37 clarifies that the expression “expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law”, referred to in Explanation 1, includes expenditure incurred for any purpose which is an offence or is prohibited by, any law enacted in or outside India; or is incurred to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline under the law governing the conduct of such person; or is incurred to compound an offence under any law for the time being in force in or outside India.

4. Settlement amounts are incurred due to an infraction of law and relate to contraventions etc and, therefore, should not be allowed as business expenses.

5. Accordingly, it is proposed to amend the Explanation 3 to sub-section (1) of section 37 of the Act to clarify that "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" under Explanation 1 shall

include any expenditure incurred by an assessee to settle proceedings initiated in relation to a contravention under any law for the time being in force, as may be notified by the Central Government in the Official Gazette in this behalf.

6. The amendment is proposed to be made effective from the 1st day of April, 2025 and will accordingly apply from assessment year 2025-2026 onwards.

[Clause 13]

Amendment of Section 55 of the Act

Prior to Finance Act, 2018, section 10(38) of the Income Tax Act, 1961 (the Act) provided for exemption in respect of gains arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust where the transaction is subject to Securities Transaction Tax (STT). Finance Act, 2018 withdrew the exemption on long-term capital gains from the transfer of equity shares if STT is paid on both acquisition and transfer.

2. With the withdrawal of the exemption, a specific provision in the form of section 112A of the Act was inserted to tax long-term capital gains on transfer of equity shares on which STT is paid at the time of acquisition and transfer. Simultaneously, clause (ac) of sub-section (2) of section 55 of the Act was inserted to provide a special mechanism for computation of cost of acquisition in respect of assets covered under section 112A of the Act and acquired prior to 01 February 2018.

3. The cost of acquisition under clause (ac) of sub-section (2) of section 55 of the Act, for an asset referred to in section 112A is to be determined as per the following formula:

Higher of (a) and (b), where:

(a) Actual cost of acquisition

(b) lower of:

(i) Fair Market Value (FMV) of shares as of 31st January 2018; and

(ii) Full value of Consideration received upon sale.

4. Further, sub-clause (iii) of clause (a) of the Explanation to clause (ac) of sub-section (2) of section 55 of the Act provides for the 'fair market value' where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer, or listed on a recognised stock exchange on the date of transfer and which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47. In such cases, "fair market value" means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later. The Explanation thus envisages defining the Fair Market Value of shares which are listed at the time of transfer.

5. Thereafter, as provided by sub-section (4) of Section 112A of the Act, the Central Government notified some cases of acquisitions to be given the benefits of section 112A where STT could not have been paid at the time of acquisition. Due to the notification, the condition of payment of STT was relaxed for transactions of acquisition which are not chargeable to STT other than some exceptional situations defined. As a consequence, the payment of STT at the acquisition is not required for unlisted equity shares.

6. Due to this relaxation, a lacuna has arisen in computation of cost of acquisition under clause (ac) of sub-section (2) of section 55 of the Act in the case of equity shares transferred under Offer-For-Sale (OFS) as part of Initial Public Offering (IPO) process where STT is paid at the time of transfer. Since the condition of STT payment at the time of acquisition is relaxed through the aforementioned Notification, it becomes an asset referred to under section 112A. Hence, for determination of cost of acquisition under clause (ac) of sub-section (2) of section 55 of the Act, the computation of FMV as on 31 January 2018 as per the Explanation is required. However, the equity shares at the time of OFS are unlisted on the date of transfer, since the listing happens a few days after the transfer, and therefore some taxpayers are taking the plea that the computation of FMV is not covered on a literal reading of the Explanation to clause (ac) of sub-section (2) of section 55.

7. It has come to light in survey operations that, taxpayers in some cases are not paying capital gains tax on transfer of shares acquired through Offer for Sale (OFS) route citing the absence of an express provision for determination of the FMV of such equity shares since they were still unlisted on the date of transfer even though STT has been paid on transfer and thus, Cost of Acquisition is indeterminable, and Capital Gains is not chargeable.

8. It is therefore proposed to amend sub-clause (iii) of clause (a) of the Explanation to clause (ac) of sub-section (2) of section 55 of the Act, to specifically provide that in a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer, "fair market value" would mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

9. This amendment is proposed to be deemed to have been inserted with effect from the 1st day of April, 2018 and shall accordingly apply retrospectively from assessment year 2018-19 onwards.

[Clause 22]

E. TAX ADMINISTRATION

Direct Tax Vivad se Vishwas Scheme, 2024

The Income-tax Act, 1961 provides for a mechanism of filing of appeals against orders passed under the proceedings of the Act, both by the taxpayer and the Department before respective appellate fora, such as Joint Commissioner of Income-tax (Appeals), Commissioner of Income-tax (Appeals), the Income-Tax Appellate Tribunal, High Courts and Hon'ble Supreme Court. It has been the endeavour of the Central Board of Direct Taxes to provide expeditious disposal of appeals by appellate authorities under its administrative control. One such measure

was the Direct Tax Vivaad Se Vishwas Act, 2020 launched for appeals pending as on 31.01.2020. The Scheme got a very encouraging response from the taxpayers and also resulted in garnering substantial revenue for the Government.

2. The pendency of litigation at various levels has been on the rise due to larger number of cases going for appeal than the number of disposals. Keeping in view the success of the previous Vivaad Se Vishwas Act, 2020 and the mounting pendency of appeals at CIT(A) level, introduction of a Direct Tax Vivad se Vishwas Scheme, 2024 is proposed with the objective of providing a mechanism of settlement of disputed issues, thereby reducing litigation without much cost to the exchequer.

3. It is proposed that this Scheme shall come into force from the date to be notified by the Central Government. The last date for the Scheme is also proposed to be notified.

[Clauses 88 to 99]

Amendment of provisions related to Equalisation Levy

Chapter VIII of the Finance Act, 2016 related to equalisation levy was amended by Finance Act, 2020 to provide for imposition of equalization levy (EL) of two per cent on the amount of consideration received/ receivable by an e-commerce operator from e-commerce supply or services. An "e-commerce operator" means a non-resident who owns, operates or manages digital or electronic facility or platform for online sale of goods or online provision of services or both. The levy is imposed on the amount of consideration received or receivable from–

(i) online sale of goods owned by the e-commerce operator; or

(ii) online provision of services provided by the e-commerce operator; or

(iii) online sale of goods or provision of services or both, facilitated by the e-commerce operator; or

(iv) any combination of the above-mentioned activities.

2. However, the levy is not applicable where the e-commerce operator has a permanent establishment (PE) in India, and the e-commerce supplies or services are effectively connected with such PE. The levy is applicable on consideration

received or receivable by the e-commerce operator from e-commerce supply or services made or provided or facilitated by it–

(i) to a person resident in India;

(ii) to a non-resident from–

(a) sale of advertisement, which targets a customer, who is resident in India or a customer who accesses the advertisement through an IP address located in India; and

(b) sale of data, collected from a person who is resident in India or from a person who uses an IP address located in India; and

(iii) to a person who buys goods or services, or both, using an IP address located in India.

3. Some stakeholders have raised concerns that the scope of 2% equalisation levy is ambiguous and as a result it leads to compliance burden. In view of this it is proposed that this equalisation levy at the rate of 2% shall not be applicable to consideration received or receivable for e-commerce supply or services, on or after the 1st day of August, 2024. Any service which was liable to equalisation levy was exempt in sub-section (50) of section 10 subject to certain conditions. Consequently as the 2% levy is being made inapplicable, it is proposed that income arising from e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 but before the 1st day of August, 2024 only, shall fall in the ambit of clause (50) of section 10 of the Act.

These amendments will take effect from the 1st day of August, 2024.

[Clauses 4 & 157]

Amendments in section 42 and 43 of the Black Money Act, 2015 relating to penalty for failure to disclose foreign income and asset in the ITR

Section 42 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (the Black Money Act) provides for penalty for failure to furnish details of foreign income and assets in the return of income. The said section

is applicable in respect of an assessee being a resident other than not ordinarily resident in India who has failed to furnish the return of income when such assessee is having any asset, or is a beneficiary of an asset located outside India or is having any income from a source located outside India. Similarly, section 43 of the Black Money Act provides for penalty for failure to furnish in return of income, an information or furnish inaccurate particulars about an asset (including financial interest in any entity) located outside India. The said section is applicable when the assessee being a resident other than not ordinarily resident in India has failed to furnish the details of any asset located outside India, held by him as a beneficial owner or otherwise, or in respect of which he was a beneficiary, or relating to any income from a source located outside India.

2. In view of the above, every resident and ordinarily resident, while filing the return of income, shall disclose all foreign assets (including investment in shares and securities) and income from such foreign assets in the Income Tax Return. Failure to furnish the ITR in relation to foreign income and asset or to report such foreign income and assets located outside India in the ITR may attract a penalty under section 42 or 43 of the Black Money Act, of an amount of ten lakh rupees regardless of the value of asset located outside India.

3. Further, provisos to the aforementioned sections of the Black Money Act state that the provisions of these sections shall not apply in respect of an asset, being one or more bank accounts having an aggregate balance which does not exceed a value equivalent to five hundred thousand rupees at any time during the previous year. Suggestions have been received from various stakeholders that the threshold limit of five lakh rupees is very low which results in many penalties where the asset value itself is less than the penalty amount.

4. It is proposed to amend the provisos to sections 42 and 43 of the Black Money Act to provide that the provisions of the said sections shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees.

5. This amendment will take effect from the 1st day of October, 2024.

[Clause 156]

Amendments proposed in section 276B of the Act for rationalisation of provisions

Section 276B of the Act provides for prosecution in case of failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B. The provisions of the said section state that, inter-alia, if a person fails to pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XVII-B, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

2. It is proposed to amend section 276B of the Act to provide for exemption from prosecution to a person covered under clause (a) of the said section, if the payment of tax deducted in respect of a quarter has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement of such quarter under sub-section (3) of section 200 of the Act.

3. This amendment will take effect from the 1st day of October, 2024.

[Clause 84]

Reducing time limitation for orders deeming any person to be assessee in default

Section 201 and section 206C of the Act provides for the consequences when a person does not deduct/ collect, or does not pay, or after so deducting/ collecting fails to pay, the whole or any part of the tax, as required by or under the Act.

2. As per sub-section (3) of section 201 of the Act, there is a time limit of seven years for order made under sub-section (1) of section 201 of the Act deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax where the payee is a person resident in India. However, there is no time limit when there has been a failure to deduct the whole or any part of the tax from a non-resident. This creates uncertainty in the case of non-residents.

3. Similarly for TCS, sub-section (6A) of section 206C of the Act provides the consequences when a person does not collect the whole or part of the tax or after collecting fails to pay the tax as required by or under this Act, he shall be deemed to be an assessee in default.

4. It is proposed to amend sub-section (3) of section 201 and insert new sub-section (7A) in section 206C of the Act to provide that no order shall be made deeming any person to be assessee in default for failure to deduct/ collect the whole or any part of the tax from any person, at any time after the expiry of six years from the end of the financial year in which payment is made or credit is given or tax was collectible or two years from the end of the financial year in which the correction statement is delivered, whichever is later.

5. The amendments will take effect from the 1st day of April, 2025.

[Clauses 69 & 70]

Widening ambit of section 200A of the Act for processing of statements other than those filed by deductor

Section 200A of the Act provides for the manner in which statement of tax deduction at source or a correction statement made by a person deducting any sum under section 200 shall be processed.

2. There are statements, such as Form No. 26QF which is filed by an Exchange wherein the deductee is filing details of the tax. It is proposed to widen the ambit of section 200A of the Act to state that in respect of statements which have been made by any other person, not being a deductor, the Board may make a scheme for processing of such statements

3. The amendment will take effect from the 1st day of April, 2025.

[Clause 68]

Extending the scope for lower deduction / collection certificate of tax at source

Section 197 of the Act provides that payments on which tax is required to be deducted under certain sections of Chapter XVII-B, are eligible for certificate for deduction at lower rate. Further, sub-section (9) of section 206C of the Act provides that sums on which tax is required to be collected under sub-section (1) or sub-section (1C), are eligible for collection of tax at lower rate.

2. Section 194Q of the Act, requires every person being a buyer, who pays to a resident, being the seller, for the purchase of any goods of the value or aggregate of

value exceeding fifty lakh rupees in any previous year, to deduct tax at the rate of 0.1% of such sum exceeding fifty lakh rupees.

3. Further, sub-section (1H) of section 206C of the Act, requires every person being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than exceptions given therein, to collect tax at the rate of 0.1% of such consideration exceeding fifty lakh rupees.

4. Representations have been received that there are instances where the taxpayers are incurring losses and due to tax deducted under section 194Q of the Act, their funds are getting blocked. Moreover the tax deducted has to be refunded in such cases. It is also stated that there is additional compliance as a seller liable for TCS needs to also verify whether the buyer has deducted tax or not.

5. Therefore, to facilitate ease of doing business and to provide an option to seek a lower deduction certificate so as to reduce compliance burden on the assessee, it is proposed:

a) to amend sub-section (1) of section 197 to bring section 194Q in its ambit
b) to amend sub-section (9) of the section 206C to bring sub-section (1H) of section 206C in its ambit.

6. The amendments will take effect from the 1st day of October, 2024.

[Clauses 65 & 70]

Notification of certain persons or class of persons as exempt from TCS

Section 206C of the Act provides for the collection of tax at source on business of trading in alcoholic liquor, forest produce, scrap etc.

2. Representations have been received that there can be entities whose income is exempt from taxation and are not required to furnish returns of income. However, they face difficulty as tax is being collected on transactions carried out by them. They state that there is no provision in the Act for them to be exempted from the TCS provisions.

3. It is therefore proposed to provide that no collection of tax shall be made or that collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as may be notified by the Central Government in the Official Gazette, in this behalf.

4. The amendment will take effect from 1st day of October 2024.

[Clause 70]

Time limit to file correction statement in respect of TDS/ TCS statements

Section 200 of the Act lists the duty of the person deducting tax under the provisions of Chapter XVII-B. Sub-section (3) of this section requires that a deductor after paying the tax deducted to the credit of the Central Government, shall prepare statements detailing the TDS deducted and furnish it within the prescribed time to the prescribed authority. The proviso to section 200 states that a person may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be specified by the authority.

2. Section 206C of the Act provides for the collection of tax at source (TCS) on business of trading in alcoholic liquor, forest produce, scrap etc. Proviso to sub-section (3) of section 206C of the Act requires that a person collecting tax after paying the tax collected to the credit of the Central Government, furnish statements detailing the TCS collected within the prescribed time. Sub-section (3B) of the said section requires that the person collecting tax may also deliver to the prescribed authority, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the proviso to sub-section (3) in such form and verified in such manner, as may be specified by the authority.

3. While there is a time limit for furnishing statements detailing the TDS/TCS, however, there is no time limit for furnishing correction statements. Hence such statements may be revised multiple times indefinitely and thus these provisions may be misused causing difficulty to deductees / collectees. Accordingly, in order to put

certainty and finality on the filing process of TDS and TCS statements, it is proposed to amend section 200 and sub-section (3B) of section 206C to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in sub-section (3) of section 200 and statement referred to in the proviso to sub-section (3) of section 206C are respectively delivered.

4. The amendments will take effect from the 1st day of April, 2025.

[Clauses 67 & 70]

Penalty for failure to furnish statements

Section 271H of the Act inter alia relates to penalty for failure to file Tax Deducted at Source (TDS) or Tax Collected at Source (TCS) returns/ statements within the due date. Sub-section (3) of section 271H of the Act states that no penalty shall be levied if the person proves that after paying TDS/ TCS along with fees and interest to the credit of the Central Government, the person has filed the TDS/TCS statement before the expiry of period of one year from the time prescribed for furnishing such statement.

2. While earlier the due date to file a belated return by the assessee was one year from the end of the assessment year, the time limit presently is 31st December of the same assessment year. Deductees/ collectees face great inconvenience if the TDS/TCS statements by deductors/ collectors are not furnished in time leading to mismatch in TDS/TCS during processing of income tax returns and raising of infructuous demands.

3. To ensure better compliance, it is proposed to amend sub-section (3) of section 271H to provide that no penalty shall be levied if the person proves that after paying TDS/ TCS along with fees and interest to the credit of the Central Government, he has filed the TDS/TCS statement before the expiry of period of one month from the time prescribed for furnishing such statement.

4. This amendment will take effect from the 1st day of April, 2025.

[Clause 81]

Submission of statement by liaison office of non-resident in India

A non-resident having a liaison office in India, is required to prepare and deliver a statement in respect of its activities in a financial year to the Assessing Officer within sixty days from the end of such financial year under section 285 of the Act. It is proposed that the period within which such statement is to be filed, be henceforth prescribed under the Rules.

2. Further, in order to ensure better compliance in this respect, it is proposed that failure to furnish statement may attract a penalty of one thousand rupees for every day for which the failure continues, if the period of failure does not exceed three months; and one lakh rupees in any other case. A new section 271GC is proposed to be inserted in this regard.

3. However, this penalty shall not be leviable if the assessee proves that there was reasonable cause for the said failure. It is proposed to amend section 273B to provide for this.

4. These amendments will take effect from the 1st day of April, 2025.

[Clauses 80, 82 & 86]

Determination of Arms Length Price in respect of specified domestic transactions in proceedings before Transfer Pricing Officer

Section 92CA of the Act provides that the Assessing Officer, if he considers it necessary or expedient to do so, may with the previous approval of Principal Commissioner or the Commissioner, refer the matter of determination of Arm's Length Price (ALP) in respect of an international transaction or specified domestic transaction (SDT) to the Transfer Pricing Officer (TPO). Once reference is made to the TPO, TPO is competent to exercise all powers that are available to the Assessing Officer under sub-section (3) of Section 92C for determination of ALP and consequent adjustment. Further, under section 92E of the Act, there is a reporting requirement on the taxpayer and the taxpayer is under obligation to file an audit report in the prescribed form before the Assessing Officer (AO) containing details of all international transactions or SDT undertaken by the taxpayer during the year.

2. This audit report is the primary document with the AO, which contains the details of international transactions and/or SDT undertaken by the taxpayer. If the

assessee does not report such a transaction in the report furnished under section 92E then the Assessing Officer would normally not be aware of such an International Transaction/SDT so as to make a reference to the TPO.

3. The section, provides that if, during the course of proceeding before him, an international transaction comes to the notice of the TPO, which has not been referred to him by the AO, the TPO can proceed to determine the ALP in its respect as well. It also provides for computation of ALP by the TPO, of those international transactions, details of which have not been furnished in the audit report referred to above. These provisions are in place in sub-section (2A) and (2B) of the section 92CA.

4. However, at present, the above noted provisions of sub-section (2A) and (2B) of section 92CA do not extend to SDTs. It is proposed to amend sub-sections (2A) and (2B) of section 92CA to enable the TPO to deal with SDTs which have not been referred to him by the AO and/or in whose respect audit report under section 92CE has not been filed.

5. These amendments will take effect from the 1st day of April, 2025 and will, accordingly, apply in relation to the assessment year 2025-26 and subsequent assessment years.

[Clause 27]

Discontinuation of the provisions allowing quoting of Aadhaar Enrolment ID in place of Aadhaar number

The existing provisions of section 139AA of the Act mandate, inter-alia, that every person who is eligible to obtain Aadhaar number shall, on or after the 1st day of July, 2017, quote Aadhaar number—

(i) in the application form for allotment of Permanent Account Number (PAN);

(ii) in the return of income.

2. Further, said section also provides that where the person does not possess the Aadhaar Number, the Enrolment ID of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number or in the return of income furnished by him.

3. The said provisions allowing the quoting of Aadhaar Enrolment ID in application form for allotment of PAN or in the return of income, was introduced in 2017. Since then, as per data available in public domain, coverage of Aadhaar number has been increasing, and has encompassed majority of the population in India. Hence, it is imperative to discontinue the option of quoting of the Enrolment ID of Aadhaar application form, as any allotment of PAN against the Enrolment ID may lead to duplication and misuse of PAN.

4. Therefore, it is proposed that proviso to sub-section (1) of section 139AA shall not apply from the 1st day of October, 2024. It is further proposed that every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form, shall intimate his Aadhaar number on or before a notified date.

5. This amendment will take effect from the 1st day of October, 2024.

[Clause 42]

Amendments in sections 245Q and 245R related to Advance Rulings

Vide Finance Act, 2021, amendments were made to the provisions of Chapter XIX-B of the Act dealing with Advance Rulings. The Finance Act, 2021 provided that the Authority for Advance Rulings shall cease to operate with effect from such date, as may be notified by the Central Government in the Official Gazette. Later, the Central Government, vide Notification S.O. 3562(E), dated 01.09.2021, notified September 01, 2021 as the date with effect from which the Authority for Advance Rulings (AAR) shall cease to operate. Sections 245N to 245W of the Chapter provide for the power the Central Government to constitute a Board for Advance Rulings (BAR), the procedure to be followed by such Board, powers of the Authority etc.

2. Sub-section (3) of section 245Q of the Act provides that an applicant may withdraw an application within thirty days from the date on which such application is made. After AAR was made ineffective, certain applications which were filed before the erstwhile AAR, in which no order under sub-section (2) of section 245R had been passed, were transferred to the newly constituted BAR under sub-section (4) of

section 245Q. In case of all those pending applications transferred to the BAR, the period of thirty days has already elapsed.

3. However, representations have been received by the BAR, from many of the applicants pointing out that their applications are still pending for disposal, and that these applications were filed before AAR to get certainty on taxability of the transactions with an intent to get a ruling from a quasi-judicial forum in a time-bound manner. However, due to various reasons like change in constitution of BAR forum, non-binding nature of the ruling (as it is made appealable to High Court), substantial passage of time, and other commercial reasons, these applicants wish to withdraw their applications.

4. In view of the foregoing, it is proposed to amend section 245Q to allow application for withdrawal by the 31st of October, 2024 for the transferred applications before BAR (from AAR) in cases where order under sub-section (2) of section 245R has not been passed. It is further proposed to provide that on receipt of an application under the proviso to sub-section (4) of section 245Q, the Board for Advance Rulings may, by an order, reject the application referred to in sub-section (1) thereof as withdrawn on or before the 31st day of December, 2024.

5. This amendment will take effect from the 1st day of October, 2024.

[Clauses 74 & 75]

Powers of the Commissioner (Appeals)

The existing provisions of section 251 of the Act specify the powers of the Joint Commissioner (Appeals) or the Commissioner (Appeals). Further, sub-section (1) of the said section provides that Commissioner (Appeals) shall have, inter-alia, the following powers in disposing of an appeal:

(a) He may confirm, reduce, enhance or annul the assessment, in the case of an appeal against an order of assessment.

(b) He may confirm, cancel, or vary to enhance or reduce, the penalty order, in the case of an appeal against an order imposing a penalty.

2. Further, sub-section (4) of section 250 of the Act prescribes that Commissioner (Appeals) may seek the report from the Assessing Officer after making further inquiry, before disposing any appeal.

3. It has been found that in the best judgement cases, taxpayers remain non-responsive to the letters or notices issued by the Faceless Assessing Officer. However, they directly file the appeal to Commissioner (Appeals) against the relevant assessment order.

4. Considering the huge pendency of appeals and disputed tax demands at the Commissioner (Appeals) stage, it is proposed that the cases where assessment order was passed as best judgement case under section 144 of the Act, Commissioner (Appeals) shall be empowered to set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment. Further, it is proposed to make consequential amendment in section 153(3) of the Act in order to provide the time limit for disposal of cases which are set aside by the Commissioner (Appeals).

5. This amendment will take effect from the 1st day of October, 2024. It will be applicable to appellate orders passed by the Commissioner (Appeals) on or after 01.10.2024.

[Clause 77]

Amendment of section 271FAA to comply with the Automatic Exchange of Information (AEOI) framework

The existing provisions of the sub-section (1) of section 271FAA of the Act inter-alia, provide that if a person referred to in sub-section (1) of section 285BA of the Act, who is required to furnish a statement under that section, provides inaccurate information in the statement, and where (a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or (b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or (c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA, then, the prescribed income-tax authority under sub-section (1) of section 285BA may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

2. The provisions of section 271FAA apply in case the specified person furnishes inaccurate statement of the financial transactions / reportable account as prescribed under section 285BA of the Act. While reviewing India's CRS legislative framework under the Automatic Exchange of Information (AEOI) framework, the Global Forum on Transparency and Exchange of Information for Tax purposes has formed a view that the penal sanction available under the said section for inaccuracies would not automatically extend to all cases where due diligence was not correctly done if the information did not lead to incorrect reporting.

3. In view of the foregoing, it is proposed to make the following amendments in section 271FAA to clarify that penalty under the said section shall be attracted in any of the following circumstances–

(i) furnishing inaccurate information in the statement shall be liable;

(ii) failure to comply with due diligence requirement in the statement;

4. Further, in section 273B, it is proposed to add the reference of section 271FAA in order to provide that no penalty shall be imposable for any failure referred to in the said section, if the assessee proves that there was reasonable cause for such failure.

5. This amendment will take effect from the 1st day of October, 2024.

[Clauses 79 & 82]

Amendment to include the reference of Black Money Act, 2015 for the purposes of obtaining a tax clearance certificate

The existing provisions of sub-section (1A) of section 230 of Act specify that, inter-alia, no person who is domiciled in India, shall leave India, unless he obtains a certificate from the income-tax authorities stating that he has no liabilities under Income-tax Act, 1961, or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Expenditure-tax Act, 1987 (35 of 1987), or he makes satisfactory arrangements for the payment of all or any of such taxes which are or may become payable by that person. Such certificate is required to be obtained where circumstances exist which, in the opinion of an income-tax authority render it necessary for such person to obtain the same.

2. The proviso to the said sub-section further mandates that no income-tax authority shall make it necessary for any person who is domiciled in India to obtain the said certificate unless he records the reasons therefor and obtains the prior approval of the Principal Chief Commissioner or Chief Commissioner of Income-tax.

3. In this regard, it was observed that most of the liabilities arising under the Acts administered by the Central Board of Direct Taxes (CBDT) have been covered in the sub-section (1A) of section 230 of the Act, for the purpose of obtaining a tax clearance certificate, except the liabilities arising under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015).

4. In view of the same, it is proposed to insert the reference of liabilities under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the sub-section (1A) of the section 230 of the Act, for the purposes of obtaining a tax clearance certificate.

5. This amendment will take effect from the 1st day of October, 2024.

[Clause 71]

Rationalisation of provisions related to time-limit for completion of assessment, reassessment and recomputation

The existing provisions of section 153 of the Act specify the various time-limits for completion of assessment, reassessment and recomputation under various provisions of the Act. In this regard, representation has been received regarding procedural difficulties in implementation of the provisions of the said section. Considering the same, following changes have been proposed for amendment in section 153 of the Act:-

(i) Sub-section (1) of said section provides, inter-alia, that assessment under section 143 or section 144 shall be completed within twelve months from the end of the assessment year in which the income was first assessable. In this regard, it is proposed to insert a new sub-section (1B) so that order of assessment of cases where return of income is furnished in consequence of an order under section 119(2)(b) may be completed within twelve months from the end of the financial year in which such return is furnished.

(ii) Sub-section (3) of the said section provides the time-limit for passing the fresh assessment order in pursuance of an order under section 254 or section 263 or section 264 setting aside or cancelling an assessment. The said sub-section provides that such fresh assessment order shall be passed at any time before the expiry of twelve months from the end of the financial year in which the order under section 250 or section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be. In this regard, it is proposed to insert the reference of section 250 in this sub-section in order to provide the time-limit for disposal of cases which are proposed to be set aside by the Commissioner (Appeals).

(iii) Further, sub-section (8) of the said section provides that order of assessment or reassessment relating to any assessment year, which stands revived under sub-section (2) of section 153A, shall be made within a period of one year from the end of the month of such revival or within the period specified in the said section or sub-section (1) of section 153B, whichever is later. In this regard, it is proposed to amend sub-section (8) of the said section to provide the timeline for passing of order in the case of revived assessment or re-assessment proceedings as a consequence of annulment of block assessments under Chapter XIV-B of the Act.

(iv) Clause (xii) of Explanation 1 of the said section provides, that the period (not exceeding one hundred and eighty days) commencing from date of initiation of search and ending on the date on which the books of account/documents/seized materials are handed over to the Assessing Officer is excluded while computing the period of limitation. In this regard, it is proposed to amend the provision of Explanation 1(xii) of the said section by inserting a 6th proviso so as to provide that the date of limitation in such cases falls at the end of the month, after taking into account the exclusion provided in the Explanation.

2. Further, the existing provisions of the section 139 prescribe, inter-alia, that every person, being a company or a firm, or being a person other than a company or

a firm whose total income exceeds the maximum amount which is not chargeable to income-tax, shall, furnish a return of his income. In this regard, consequential amendment is proposed in the said section to provide that where any return of income is furnished in pursuance of an order under clause (b) of sub-section (2) of section 119, the provisions of this section 139 shall apply.

3. These amendments will take effect from the 1st day of October, 2024.

[Clause 41 & 48]

Amendment of Section 80G

The provisions of sub-section (1) of section 80G provide that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of the section, the sums as specified in sub-section (2) of the same section.

2. The existing provision of sub-clause (iiihg) of clause (a) of sub-section (2) of Section 80G of the Act provides that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, any sums paid by the assessee in the previous year as donations to the National Sports Fund to be set up by the Central Government.

3. The Government had set up the aforesaid fund by the name National Sports Development Fund w.e.f 12.11.1998. Therefore, it is proposed to amend sub-clause (iiihg) of clause (a) of sub-section (2) of Section 80G of the Act to provide that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, any sums paid by the assessee in the previous year as donations to the National Sports Development Fund set up by the Central Government.

4. This amendment will take effect from the 1st day of April, 2025 and will accordingly apply to assessment year 2025-26 and subsequent assessment years.

[Clause 26]

Removing reference to National Housing Board in Section 43D of the Act

Section 43D of the Act provides for special provision in case of income of public financial institutions, public companies involved in housing finance, scheduled banks, co-operative banks other than primary agricultural credit societies, primary co-operative agricultural and rural development banks, State financial corporations, State industrial investment corporations and notified non-banking financial companies.

2. Clause (b) of section 43D of the Act states that in the case of a public company involved in housing finance, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the National Housing Bank (NHB) in relation to such debts shall be chargeable to tax in the previous year in which it is credited by the public company to its profit and loss account for that year or, as the case may be, in which it is actually received by that company, whichever is earlier. Explanation to the said section also contains references to NHB.

3. However, the Finance (No. 2) Act, 2019 (23 of 2019) has amended the National Housing Bank Act, 1987, conferring powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). Consequently, HFCs have come under the purview of the RBI as a category of Non-Banking Financial Companies (NBFCs). In the Act, separate provisions already exist in section 43D with respect to NBFCs.

4. Hence, it is proposed to remove reference to National Housing Bank by omitting clause (b) of section 43D of the Act and clause (a) and (b) of Explanation to section 43D of the Act.

5. The amendment will take effect from the 1st day of April, 2025 and shall accordingly apply in relation to assessment year 2025-2026 and subsequent assessment years.

[Clause 15]

Adjusting liability under Black Money Act, 2015 against seized assets

Section 132B of the Act in its existing form provides that any existing liability under the Income-tax Act, 1961, the Wealth-tax Act, 1957(27 of 1957), the

Expenditure-tax Act, 1987 (35 of 1987), the Gift-tax Act, 1958 (18 of 1958) and the Interest-tax Act, 1974 (45 of 1974), and the amount of liability determined on completion of the assessment or reassessment in consequence of search or requisition, may be recovered from the taxpayer out of the seized assets under section 132 or requisitioned under section 132.

2. Further, Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provides for taxation of undisclosed foreign income and undisclosed foreign assets. After the introduction of the said Act, such undisclosed foreign income and value of undisclosed foreign asset is taxed under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in place of the Income-tax Act, 1961.

3. In this regard, it has been observed that most of the liabilities arising under the Acts administered by the Central Board of Direct Taxes (CBDT) have been covered in section 132B of the Act, for the purpose of extinguishment of liability by recovery out of the seized assets, except the liabilities arising under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

4. In view of the above, it is proposed to insert the reference of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the section 132B of the Income-tax Act, 1961 so as to recover the existing liabilities under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, out of seized assets.

5. This amendment will take effect from the 1st day of October, 2024.

[Clause 40]

Amendments to the Prohibition of Benami Property Transactions Act, 1988

(A) Amendment of Section 24 of the Prohibition of Benami Property Transactions Act, 1988

Section 24 of the Prohibition of Benami Property Transactions (PBPT) Act, 1988 relates to notice and attachment of property involved in Benami transaction.

2. The existing provisions of sub-section (3) of the said section 24 of PBPT Act do not provide for any time limit for a benamidar to furnish a reply to the notice

issued under sub-section (1) or beneficial owner to file submissions on copy of said notice given to him under sub-section (2).

3. It is proposed to insert sub-section (2A) to provide a maximum time limit of three months from the end of the month in which notice is issued under sub-section (1) for the benamidar or the beneficial owner to file their explanations or submissions.

4. The existing provisions of sub-section (3) and sub-section (4) of the said section provide for a time limit of 90 days from the last day of the month in which notice under sub-section (1) is issued for the Initiating Officer to provisionally attach the property or to pass an order for continuing the provisional attachment or revoking the provisional attachment or deciding not to attach the property, as the case may be.

5. It is proposed to amend the said sub-section (3) and sub-section (4) of section 24 of the PBPT Act to increase the said period to four months from the end of the month in which notice under sub-section (1) of the said section is issued.

6. The existing provisions of sub-section (5) of said section 24 allow for a time period of fifteen days from the date of attachment order to the Initiating Officer to draw up a statement of the case and refer it to the Adjudicating Authority.

7. It is proposed to amend the said sub-section to increase the said period to one month from the end of the month in which the order under sub-clause (i) of clause (a), or under sub-clause (i) of clause (b) of sub-section (4) of the said section 24 of the PBPT Act, 1988, has been passed.

8. These amendments will take effect from the 1st day of October, 2024.

[Clause 154]

(B) Insertion of Section 55A in the Prohibition of Benami Property Transactions Act, 1988

As per section 53(2) of the Prohibition of Benami Property Transactions Act (PBPT) Act, 1988, the offence of benami transaction is punishable with a penalty of rigorous imprisonment for minimum one year to maximum seven years along with fine extending to 25% of the fair market value of the benami property. This penalty is the same for a benamidar or a beneficial owner or any person who abets or induces any person to enter into a benami transaction. Due to same quantum of penalty &

prosecution as is imposable in the case of beneficial owner and abettor, benamidars do not come forward to give evidence against the beneficial owner.

2. Further, many benamidars being of poor means and illiterate, imposing on them the same penalty as the beneficial owner of such a benami transaction could be disproportionate in nature. Alternatively, if such benamidars were to become approvers, it would help in gathering clinching evidence and details about benami properties and result in convictions of the beneficial owners, thus strengthening the regime.

3. Furthermore, various other laws of the land provided for a tender of pardon/immunity from prosecution/ reduced penalty in cases where the witness assists in the due process of law.

4. It is thus proposed to insert a new section 55A in the PBPT Act, 1988, to provide that the Initiating Officer may, with a view to obtaining the evidence of the benamidar or any other person as referred to in section 53, other than the beneficial owner, tender to such person immunity from penalty for any offence under section 53, with the previous sanction of the competent authority as referred to in section 55, on condition of his making a full and true disclosure of the whole circumstances relating to the benami transaction. A tender of immunity made to, and accepted by, the person concerned, shall, to the extent to which the immunity extends, render him immune from prosecution for any offence in respect of which the tender was made and from the imposition of any penalty under section 53 of the Act.

5. Further, it is also proposed to provide that if it appears to the Initiating Officer that any person to whom immunity has been tendered under this section has not complied with the condition on which the tender was made or is wilfully concealing anything or is giving false evidence, the Initiating Officer may record a finding to that effect, and thereupon, with the previous sanction of the competent authority as referred to in section 55, the immunity shall be deemed to have been withdrawn, and any such person may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have been guilty in connection with the same matter and shall also become liable to the imposition of any penalty under this Act to which he would have otherwise been liable.

6. This amendment will take effect from the 1st day of October, 2024.

[Clause 154]

In case of divergence of interpretation, the English text shall prevail.

CUSTOMS

Note:

(a) "Basic Customs Duty (BCD)" means the customs duty levied under the Customs Act, 1962.

(b) "Agriculture Infrastructure and Development Cess (AIDC)" means a duty of customs that is levied under Section 124 of the Finance Act, 2021.

(c) "Road and Infrastructure Cess (RIC)" means an additional duty of customs that is levied under Section 111 of the Finance Act, 2018.

(d) "Health Cess" means a duty of customs that is levied under Section 141 of the Finance Act, 2020.

(e) "Social Welfare Surcharge (SWS)" means a duty of customs that is levied under Section 110 of the Finance Act, 2018.

(f) Clause Nos. in square brackets [ ] indicate the relevant clause of the Finance (No. 2) Bill, 2024.

(g) Amendments carried out through the Finance (No. 2) Bill, 2024, will come into effect on the date of its enactment, unless otherwise specified.

I. AMENDMENTS TO THE CUSTOMS ACT, 1962

S. No.	Amendment	Clause of the Finance (No. 2) Bill, 2024
	These changes will come into effect from the date of enactment of the Finance (No. 2) Bill, 2024	
1.	Section 28 DA is being amended to enable the acceptance of different types of proof of origin provided in trade agreements in order to align the said section with new trade agreements, which provide for self-certification.	[100]
2.	A proviso to sub-section (1) of Section 65 is being inserted to empower the Central Government to specify certain manufacturing and other operations	[101]

	in relation to a class of goods that shall not be permitted in a warehouse.	
3.	Section 143AA of the Customs Act is being amended by substituting the expression “a class of importers or exporters” with “a class of importers or exporters or any other persons” for the purpose of facilitating trade.	[102]
4.	Clause (m) of subsection (2) of section 157 of the Customs Act is being amended by substituting the expression “a class of importers or exporters” with “a class of importers or exporters or any other persons”	[103]

II. AMENDMENTS TO THE CUSTOMS TARIFF ACT, 1975

S. No.	Amendment to section	Clause of the Finance (No. 2) Bill, 2024
1.	Section 6 of the Customs Tariff Act, 1975 which provided for levy of protective duties in certain cases by the Central Government on the recommendations of the Tariff Commission is being omitted, as the Tariff Commission has been wound up by resolution dated 1st June 2022 by the Government of India. This change will come into effect from the date of enactment of the Finance (No. 2) Bill, 2024	[106]

III. AMENDMENTS TO THE FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT, 1975

A.	**Increase in Tariff rate (to be effective from 24.07.2024) * [Clause [107(a)] of the Finance (No. 2) Bill, 2024**] read with Third Schedule. ***Will come into effect immediately through a declaration under the Provisional Collection of Taxes Act,2023*	**Rate of Duty**

S. No.	Heading, sub-heading, tariff item	Commodity	From	To
		Plastics		
1.	3920, 3921	Poly vinyl chloride (PVC) flex films (also known as PVC flex banners or PVC flex sheets) {The currently applicable BCD on all other goods falling under heading 3920 and 3921 shall be maintained by suitable amendment in the relevant notification(s)}	10%	25%
		Consumer goods		
2.	6601 10 00	Garden umbrellas	20%	20% or Rs. 60 per piece, whichever is higher
		Chemicals		
3.	9802 00 00	Laboratory chemicals (Heading 9802 covers all chemicals, organic or inorganic, whether or not chemically defined, imported in packings not exceeding 500 gms or 500 millilitres and which can be identified with reference to the purity, markings or other features to show them to be meant for use solely as laboratory chemicals)	10%	150%

B.	Tariff rate changes (without change in effective rate of duty) to be effective from 01.10.2024 [Clause [107(b)] of the Finance (No. 2) Bill, 2024] **Note**: The currently applicable rate of Basic Customs Duty on these commodities shall be maintained by suitable amendment in the relevant notification(s).		Rate of Duty	
S. No.	**Heading, sub-heading tariff item**	**Commodity**	**From**	**To**
1.	2008 19 20	Other roasted nuts and seeds, including such arecanuts	30%	150%
2.	2008 19 30	Other nuts, otherwise prepared or preserved, including such arecanuts	30%	150%

C	Amendment in tariff entries	Clause of the Finance (No. 2) Bill, 2024
1.	The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the tariff entries with effect from 1st October, 2024.	[107(b)] *read with Fourth Schedule*

IV. OTHER PROPOSALS INVOLVING CHANGES IN BASIC CUSTOMS DUTY RATES IN NOTIFICATIONS

A.	Changes in Basic Customs Duty (to be effective from 24.07.2024)		Rates of Duty	
S. No.	**Chapter, Heading, sub-heading, tariff item**	**Commodity**	**From**	**To**
I.		**Agricultural Products**		
1.	1207 99 90	Shea nuts	30%	15%
II.		**Aquafarming & Marine Exports**		
1.	0306 36	Live SPF Vannamei shrimp (*Litopenaeus vannamei*) broodstock	10%	5%

2.	0306 36	Live Black tiger shrimp (*Penaeus monodon*) broodstock	10%	5%
3.	0306 36 60	Artemia	5%	Nil
4.	0511 91 40	Artemia cysts	5%	Nil
5.	0308 90 00	SPF Polychaete worms	30%	5%
6.	1504 20	Fish lipid oil for use in manufacture of aquatic feed	15%	Nil
7.	1504 20	Crude fish oil for use in manufacture of aquatic feed	30%	Nil
8.	1518	Algal Oil for use in manufacture of aquatic feed	15%	Nil
9.	2102 20 00	Algal Prime (flour) for use in manufacture of aquatic feed	15%	Nil
10.	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	5%	Nil
11.	2301 10 90	Insect meal for use in Research & Development purposes in aquatic feed manufacturing	15%	5%
12.	2309 90 90	Single Cell Protein from Natural Gas for use in Research & Development purposes in aquatic feed manufacturing	15%	5%
13.	2301 20	Krill Meal for use in manufacture of aquatic feed	5%	Nil
14.	1901	Pre-dust breaded powder for use in processing of sea-food	30%	Nil
15.	2309 90 31	Prawn and shrimps feed	15%	5%
16.	2309 90 39	Fish feed	15%	5%
III.		**Critical Minerals**		
1.	2504	Natural Graphite	5%	2.5%
2.	2505	Natural sands of all kinds, whether or not coloured, other than metal bearing sands of chapter 26 of The Customs tariff Act, 1975	5%	Nil
3.	2506	Quartz (other than natural sands); quartzite, whether or not roughly	5%	2.5%

		trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape		
4.	2530 90 91	Strontium sulphate (natural ore)	5%	Nil
5.	2603 00 00	Copper ores and concentrates	2.5%	Nil
6.	2605 00 00	Cobalt ores and concentrates	2.5%	Nil
7.	2609 00 00	Tin ores and Concentrates	2.5%	Nil
8.	2611 00 00	Tungsten Ores and Concentrates	2.5%	Nil
9.	2613	Molybdenum ores and concentrates	2.5%	Nil
10.	2615 10 00	Zirconium ores and concentrates	2.5%	Nil
11.	2615 90	Hafnium Ores and concentrates	2.5%	Nil
12.	2615 90 10	Vanadium ores and concentrates	2.5%	Nil
13.	2615 90 20	Niobium or tantalum ores and concentrates	2.5%	Nil
14.	2617	Antimony Ores and Concentrates	2.5%	Nil
15.	2804 50 20	Tellurium	5%	Nil
16.	2804 61 00	Silicon, containing by weight not less than 99.99% of silicon	5%	Nil
17.	2804 69 00	Other silicon	5%	Nil
18.	2804 90 00	Selenium	5%	Nil
19.	2805 30 00	Alkali or alkaline earth metals**,** Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed	5%	Nil
20.	2811 22 00	Silicon dioxide	7.5%	2.5%
21.	2815 20 00	Potassium hydroxide	7.5%	Nil
22.	2816 40 00	Oxides, hydroxides and peroxides, of strontium or barium	7.5%	Nil
23.	2822 00 10	Cobalt oxides	7.5%	Nil
24.	2822 00 20	Cobalt hydroxides	7.5%	Nil
25.	2822 00 30	Commercial cobalt oxides	7.5%	Nil
26.	2825 20 00	Lithium oxide and hydroxide	7.5%	Nil
27.	2825 30	Vanadium oxides and hydroxides	2.5%/7.5%	Nil

28.	2825 60 10	Germanium oxides	7.5%	Nil
29.	2825 70	Molybdenum oxides and hydroxides	7.5%	Nil
30.	2825 80 00	Antimony oxides	7.5%	Nil
31.	2825 90 20	Cadmium oxides	7.5%	Nil
32.	2827 35 00	Chlorides of Nickel	7.5%	Nil
33.	2827 39 30	Strontium chloride	7.5%	Nil
34.	2833 24 00	Sulphates of Nickel	7.5%	Nil
35.	2834 21 00	Nitrates of potassium	7.5%	Nil
36.	2836 91 00	Lithium carbonates	7.5%	Nil
37.	2836 92 00	Strontium carbonates	7.5%	Nil
38.	2841 90 00	Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium	7.5%	Nil
39.	2846	Compounds, inorganic or organic of rare earth metals	7.5%	Nil
40.	2918 15 30	Bismuth citrate	7.5%	Nil
41.	3801	Artificial Graphite, colloidal or semi-colloidal graphite, preparations based on graphite or other carbon in form of pastes, blocks, plates or other semi-manufactures	7.5%	2.5%
42.	8001	Unwrought Tin	5%	Nil
43.	8101 94 00	Unwrought tungsten, including bars and rods obtained simply by sintering	5%	Nil
44.	8102 94 00	Unwrought molybdenum, including bars and rods obtained simply by sintering	5%	Nil
45.	8103 20	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	5%	Nil
46.	8105 20 20	Cobalt, unwrought	5%	Nil
47.	8106 10 10	Bismuth, unwrought	2.5%	Nil
48.	8109 21 00	Unwrought zirconium**,** powders, Containing less than 1 part hafnium to 500 parts zirconium by weight	10%	Nil
49.	8110 10 00	Unwrought antimony**,** powders	2.5%	Nil
50.	8112 12 00	Beryllium unwrought**,** powders	5%	Nil

51.	8112 31	Hafnium unwrought**,** waste and scrap**,** powders	10%	Nil
52.	8112 41 10	Rhenium unwrought	10%	Nil
53.	8112 69 10	Cadmium unwrought**,** powders	5%	Nil
54.	8112 69 20	Cadmium, wrought	5%	Nil
55.	8112 92 00	Unwrought; waste and scrap; powder of, - (i) Gallium (ii) Germanium (iii) Indium (iv) Niobium (v) Vanadium	5%	Nil
IV.		**Steel Sector**		
1.	7202 60 00	Ferro Nickel	2.5%	Nil
2.	7204	Ferrous Scrap	Nil (till 30.09.2024)	Nil (till 31.03.2026)
3.	7225	Certain specified raw materials for manufacture of CRGO steel	Nil (till 30.09.2024)	Nil (till 31.03.2026)
V.		**Copper**		
1.	7402 00 10	Blister Copper	5%	Nil
VI.		**Chemicals and Plastics**		
1.	3102 30 00	Ammonium Nitrate, whether or not in aqueous solution	7.5%	10%
2.	3920 (other than 3920 99 99) or 3921	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25% (with effect from 24.07.2024)	10%
3.	3920 99 99	All goods other than Poly vinyl chloride (PVC) flex films/flex banner	25% (with effect from 24.07.2024)	15%
VII.		**Textile and Leather Sector**		
1.	2929 10 90	Methylene Diphenyl Di-isocyanate (MDI) for use in the manufacture of Spandex Yarn	7.5%	5% *Subject to IGCR conditions*
2.	41	Wet white, Crust and finished	10%	Nil

		leather for manufacture of textile or leather garments, leather /synthetic footwear or other leather products, for export		*Items under Sl. No. 257B and 257C of Notification 50/2017 - Customs, dated 30.06.2017*
3.	38,48 or any other Chapter	Certain additional accessories and embellishments for manufacture of textile or leather garments, leather/synthetic footwear or other leather products, for export	As applicable	Nil *Items under Sl. No. 257B and 257C of Notification 50/2017 - Customs, dated 30.06.2017*
4.	0505 10	Real Down Filling Material from Duck or Goose for use in the manufacture of textile or leather garments for export	30%	10%
VIII.		**Cancer Drugs**		
1.	30	(i) Trastuzumab Deruxtecan, (ii) Osimertinib, (iii) Durvalumab	10%	Nil
IX.		**Precious Metals**		
1.	7108	Gold bar	15%	6%
2.	7108	Gold dore	14.35%	5.35%
3.	7106	Silver bar	15%	6%
4.	7106	Silver dore	14.35%	5.35%

5.	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	15.4%	6.4%
6.	7118	Coins of precious metals	15%	6%
7.	7113	Gold/Silver findings	15%	6%
8.	71	Platinum and Palladium used in the manufacture of noble metal solutions, noble metal compounds and catalytic convertors	7.5%	5%
9.	84	Bushings made of platinum and rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India	7.5%	5%
X.		**Medical Equipment**		
1.	39	All types of polyethylene for use in manufacture of orthopaedic implants falling under sub-heading 9021 10	As applicable	Nil
2.	39, 72, 81	Special grade stainless steel, Titanium alloys, Cobalt-chrome alloys, and All types of polyethylene for use in manufacture of other artificial parts of the body falling under sub-heading 9021 31 or 9021 39	As applicable	Nil
3.	9022 30 00	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use	15%	5% (till 31st March 2025) 7.5% (w.e.f 1st April, 2025 to 31st March, 2026) 10% (w.e.f 1st April, 2026)
4.	9022 90 90	Flat panel detectors (including scintillators) for use in	15%	5% (till 31st

		manufacture of X-ray machines for medical, surgical, dental or veterinary use		March 2025) 7.5% (w.e.f 1st April, 2025 to 31st March, 2026) 10% (w.e.f 1st April, 2026)
XI.		**IT and Electronics Sector**		
1.	8517 13 00, 8517 14 00	Cellular mobile phone	20%	15%
2.	8504 40	Charger/Adapter of cellular mobile phone	20%	15%
3.	8517 79 10	Printed Circuit Board Assembly (PCBA) of cellular mobile phone	20%	15%
4.	28, 29, 38	Specified parts for use in manufacture of connectors	5%/7.5%	Nil
5.	74	Oxygen Free Copper for use in manufacture of Resistors	5%	Nil
6.	40	Specified die-cut parts for use in manufacture of cellular mobile phones	As applicable	Nil
7.	40, 70, 76	Specified mechanics for use in manufacture of cellular mobile phones	As applicable	Nil
8.	8517 79 10	Printed Circuit Board Assembly (PCBA) of specified telecom equipment	10%	15%
XII.		**Renewable Energy Sector**		
1.	84, 85, or any other chapter	Specified capital goods for use in manufacture of solar cells or solar modules, and parts for manufacture of such capital goods	7.5%	Nil
2.	7007	Solar glass for manufacture of solar cells or solar modules	Nil	10% (w.e.f. 1.10.2024)

3.	74	Tinned copper interconnect for manufacture of solar cells or solar modules	Nil	5%(w.e.f 1.10.2024)
XIII.		**Shipping**		
1.	Any Chapter	Components and consumables for use in manufacture of specified vessels	As applicable	Nil
2.	Any Chapter	Technical documentation and spare parts for construction of warships	As applicable	Nil
XIV.		**Capital goods**		
1.	Any Chapter	Goods under S. No. 404 of Notification No. 50/2017 Customs, used for petroleum exploration operations	As applicable	Nil

B.	**Changes in Export Duty (To be effective from 24.7.2024)** Effective export duty on raw skins, hides & leather is being simplified and rationalized. The changes are as follows -		**Rate of Duty**	
S. No.	**Chapter or Heading**	**Commodity**	**From**	**To**
1.	4101 to 4103	Raw Hides & skins, all sorts (other than buffalo)	40%	40%
2.	4101	Raw Hides & skins of buffalo	30%	30%
3.	4104 to 4106	Tanned or crust hides of skins, whether or not split, but not further prepared	40	20%
4.	4104 to 4106	E.I. tanned leather	Nil	Nil
5.	41	Finished leather as defined by DGFT finished leather norms	Nil	Nil
6.	4301	Raw fur skins	60%/10%	40%
7.	4302	Tanned or dressed furskin	60%	20%

V. <u>OTHER MISCELLANEOUS AMENDMENTS</u>

A. Validation of notifications

These changes will come into effect **from date of enactment of** the Finance (No. 2) Bill, 2024.

S. No.	Amendment	Clause of the Finance (No. 2) Bill, 2024
1.	Notification No. 37/2023- Customs dated 10.5.23 is being validated for the period from 1st April, 2023 up to and inclusive of 10th May, 2023 to provide exemption from basic customs duty and AIDC on imports of crude soyabean oil and crude sunflower seed oil subject to availability of unutilized quota in TRQ authorization for FY 2022-23 allotted by DGFT and Bill of lading issued on or before 31st March, 2023.	[105]
2.	Based on the recommendation of the GST Council in its 53rd meeting, GST Compensation Cess is being exempted with effect from 1st July, 2017 on imports in SEZ by SEZ units or developers for authorized operations.	[104]

B. Amendment of Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995

The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 have been amended to insert a provision for New Shipper Review. This will be effective from 24.7.2024.

C. Other notification changes

These changes will be effective from 24.7.2024

S. No.	Notification No.	Subject
1.	38/2024-Customs dated 23.07.2024	Currently, articles of foreign origin can be imported into India for repairs subject to their re-exportation within six months extendable to 1 year. The duration for export in the case of aircraft and vessels imported for maintenance, repair and overhauling has been increased from 6 months to 1 year, further extendable by 1 year.

2.	39/2024-Customs dated 23.07.2024	The time-period of duty-free re-import of goods (other than those under export promotion schemes) exported out from India under warranty has been increased from 3 years to 5 years, further extendable by 2 years.
3.	31/2024-Customs dated 23.07.2024	The India-UAE CEPA Tariff notification is being amended as consequential changes in duty rates on precious metals.

VI. Review of Customs duty Exemptions

A. Review of conditional exemption rates of BCD prescribed in Notification no. 50/2017-Customs dated 30.6.2017:

(i) The BCD exemption for the goods covered under following serial numbers of the notification are being extended upto 31st March, 2026 unless specified otherwise.

S. No.	S N of 50/17-Cus	Brief Description
1.	17	Specified Planting materials, namely, oilseeds, seeds of vegetables, tubers, etc.
2.	80A	Algal oil for manufacturing of aquatic feed
3.	90	Lactose for use in manufacture of homeopathic medicines
4.	104	Specified goods used in processing of sea-food
5.	133	Gold ores and concentrates
6.	139	Bunker Fuels namely: (i). IFO 180 CST; (ii). IFO 380 CST; (iii). VLSFO (CTH 27)
7.	150	Naphtha for manufacture of Fertilisers (*scope of exemption is being reduced only to Naphtha*)
8.	155	Liquefied petroleum gases (LPG) received from unit in SEZ and returned by the DTA unit to the SEZ unit
9.	164	Electrical energy supplied from SEZ unit to DTA
10.	165	Electrical energy supplied from SEZ to DTA
11.	172	Specified goods used in manufacture of silicon wafers or solar wafers, for manufacture of solar cell or module
12.	183	Medical use fission Molybdenum-99 (Mo-99) for use in manufacture of radio pharmaceuticals
13.	184	Pharmaceutical Reference Standard
14.	188	Goods for manufacture of ELISA Kits
15.	191	Maltol for manufacture of deferiprone
16.	204	Anthraquinone or 2-Ethyl Anthraquinone for use in manufacture of Hydrogen peroxide

17.	237	Specified material for manufacture of EVA (Ethylene Vinyl Acetate) sheets or backsheet, which are used in the manufacture of solar photovoltaic cells or modules *(Scope of materials which can be imported is being increased*)
18.	253	Specified Goods for manufacture of Brushless Direct Current (BLDC) motors
19.	257	Tags, labels, stickers, belts, buttons, hangers or printed bags, imported by bonafide exporters
20.	257A	Specified goods used in manufacture of handicraft items for export when imported by bonafide exporter
21.	257B	Specified goods used in manufacture of textile or leather garments for export when imported by bonafide exporter
22.	257C	Specified goods used in manufacture of leather or synthetic footwear or other leather products for export when imported by bonafide exporter
23.	258	Security fibre, threads, Paper based Taggant, M-feature for use in manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore.
24.	259	Raw materials for manufacture of security fibre and security thread for supply to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt. Ltd, Mysore for use in manufacture of security paper
25.	260	Goods for the manufacture of specified orthopedic implants (902110)
26.	261	Raw material for manufacture of Copper-T Contraceptive (i) Alatheon (ii) Copper Wire
27.	265	Capacitor grades polypropylene granules for manufacture of Capacitor grade plastic
28.	269	Super absorbent polymer for manufacture of adult diapers and specified goods
29.	271	Polytetrametylene ether glycol, (PT MEG) for use in manufacture of spandex yarn
30.	276	Ethylene- propylene- non-conjugated diene rubber (EPDM) for manufacture of insulated wire and cables
31.	279	New or retreated Pneumatic tyres of rubber for use in servicing, repair of maintenance of aircrafts used for operating scheduled air transport service or scheduled air cargo service etc

32.	280	New or retreated Pneumatic tyres of rubber for use in servicing, repair or maintenance of aircraft imported or procured by Aero Club of India/ for flying training purpose/ operating non-scheduled (passenger or charter) services/ AAI for flight calibration purpose
33.	290	Wood pulp for manufacture of newsprint, paper or paperboard
34.	292	Goods imported for manufacture of paper, paper boards, newsprint
35.	293A	Newsprint and uncoated paper imported for printing of newsprint
36.	296A	Lightweight coated paper imported by actual users for printing of magazines
37.	326	Hydrophilic /Hydrophobic Non- Woven, imported for use in the manufacture of Adult Diapers
38.	329	Pile fabrics for the manufacture of toys
39.	333	Moulds, tools and dies, for the manufacture of parts of electronic components or electronic equipment
40.	334	(i) Graphite Felt or Graphite pack for growing silicon ingots (ii) Thin Steel wire used in wire saw for slicing of silicon wafers
41.	345A	Simply Sawn Diamonds
42.	364A	Spent catalyst or ash containing precious metals
43.	368	Ferrous Scrap
44.	374	Magnesium Oxide (MgO) coated cold rolled steel coils for use in manufacture of cold rolled grain oriented (CRGO) steel
45.	375	Specified items for manufacture of cold rolled grain-oriented steel (CRGO) steel
46.	378	Metal parts for manufacture of electrical insulators falling under heading 8546
47.	379	Pipes and tubes for use in manufacture of boilers
48.	380	Forged steel rings for manufacture of special bearings for use in wind operated electricity generators
49.	381	Flat copper wire for use in the manufacture of photo voltaic ribbon for manufacture of solar photovoltaic cell or modules
50.	392	Dies for drawing metal, where imported after repairs from abroad
51.	403	Parts and raw materials for offshore oil exploration
52.	404	Specified items including capital goods and raw materials for off shore oil exploration

53.	415	Parts for manufacture of catalytic convertors
54.	415A	Platinum or Palladium for manufacture of Noble Metal Compounds & Noble Metal Solutions
55.	416	Ceria zirconia compounds for use in the manufacture of washcoat for catalytic converters
56.	417	Cerium compounds for use in the manufacture of washcoat for catalytic converters
57.	418	Zeolite for use in the manufacture of washcoat for catalytic converters
58.	422	Machinery, electrical equipment for use in semiconductor wafer and LCD
59.	423	Machinery, electrical equipment for use in marking and packaging of semiconductor chips
60.	426	Specified goods for the manufacture of semiconductor devices, memory card, IC, solar cell
61.	435	Capital goods for printing industry
62.	442	Bushings made of Platinum and Rhodium alloy when imported in exchange of worn out or damaged bushings exported out of India
63.	446	Parts and components for manufacture of tunnel boring machines
64.	451	Evacuated tubes with three layers of solar selective coating for use in manufacture of solar water heater
65.	462	Ball screws for use in the manufacture of CNC Lathes
66.	463	Linear Motion Guides for use in the manufacture of CNC Lathes
67.	464	CNC Systems for use in the manufacture of CNC Lathes
68.	464A	Goods for manufacture of plastic processing machineries
69.	467	Parts and components of cash dispenser or automatic bank note dispenser
70.	468	Parts for manufacture of Micro ATM, Fingerprint reader/scanner, Iris scanner, Miniaturised POS (*Scope of exemption is being limited to import of raw materials only)*
71.	471	All parts for use in the manufacture of LED lights
72.	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights
73.	476	Television equipment, cameras etc for taking films, imported by a foreign film unit or television team
74.	477	Filming equipment of foreign origin if imported into India after having been exported therefrom.
75.	480	Goods imported for being tested in specified test centers

76.	489B	Goods for manufacturing of Microphones
77.	504	Parts and Components of Digital Still Image Video Cameras
78.	509	Parts, components and accessories for manufacture of Digital Video Recorder
79.	510	Parts, components and accessories for use in manufacture of reception apparatus for television
80.	511	Parts, components and accessories for manufacture of CCTV Camera
81.	512	Specified Parts, components and for use in manufacture of Lithium-ion battery and battery pack
82.	512A	Inputs, parts or sub-parts for use in the manufacturing of Printed Circuit Board Assembly
83.	515A	Open Cell for manufacture of TV Panel
84.	516	The following goods for use in the manufacture of Liquid Crystal Display (LCD) /LED TV Panel
85.	517	Magnetrons for manufacture of domestic microwave ovens
86.	519	Raw materials or parts for use in manufacture of e-Readers
87.	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium-ion cells
88.	527	Lithium-ion cell use in manufacture of battery or battery pack
89.	527A	Lithium-Ion Cell for use in manufacture of battery or battery pack of cellular mobile
90.	527B	Lithium-Ion Cell manufacture of battery or battery pack of EV
91.	534	Parts of gliders or simulators of aircrafts (excluding rubber tyres and tubes of gliders)
92.	535	Raw materials for manufacture of aircraft and parts of aircraft
93.	535A	Parts of aircraft for manufacture of aircraft or for manufacture of parts of aircraft by PSU under Min of Defence
94.	536	Parts, testing equipment, tools and tool-kits for maintenance, repair, and overhauling of aircraft, components or parts of aircrafts
95.	537	All goods of Heading 8802 (except 88026000-spacecraft)
96.	538	Components or parts, including engines, of aircraft of heading 8802
97.	539	(a) Satellites and payloads; (b) Ground equipment brought for testing of (a)

98.	539A	Scientific and technical instruments etc for launch vehicles and satellites
99.	540	Specified goods imported by scheduled air transporter
100.	542	Specified goods imported by Aero Club, Flying Training Institutes
101.	543	Specified goods imported by non-scheduled air transporter
102.	544	Parts (other than rubber tubes), of aircraft of heading 8802
103.	546	Parts (other than rubber tubes), of aircraft of heading 8802
104.	548	Barges or pontoons imported along with ships
105.	551	Cruise ships, Excursion ships
106.	553	Fishing vessels, Tugs and Pusher crafts, light vessels excluding vessels and floating structure imported for break up
107.	555	Vessels like warships, lifeboats excluding vessels and floating structure imported for break up
108.	567	Stainless steel tube and wire, for manufacture of Coronary stents /artificial valve
109.	569	Parts required for manufacture of Ostomy products
110.	570	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
111.	575	Specified Hospital Equipment for use in specified hospitals
112.	578A	Raw materials, for the manufacture of Cochlear Implants
113.	580	X-Ray Baggage Inspection Systems and parts thereof
114.	581	Portable X-ray machine / system
115.	583	Parts and cases of braille watches, for the manufacture of Braille watches
116.	591	Parts of electronic toys
117.	593	Parts of video games for the manufacture of video games

Note: *Description of entries is indicative. Notification may be referred to for complete description*.

(ii) The BCD exemption for the goods covered under following serial numbers of the notification no 50/2017-Customs is being extended upto 31st March 2029.

S. No.	**S. No. of 50/2017-Cus**	**Brief Description**
1.	212A	Medicines/drugs/vaccines supplied free by United Nations International Children's Emergency Fund (UNICEF), Red Cross etc
2.	213	Drugs and materials
3.	428	Specified goods imported by accredited press cameraman

S. No.	S. No. of 50/2017-Cus	Brief Description
4.	429	Specified goods, imported by accredited journalist
5.	549	Capital goods, raw materials and spares for repairs of ocean-going vessels
6.	550	Spare parts and consumables for repairs of ocean going vessels registered in India.
7.	577	Lifesaving medical equipment for personal use
8.	607	Life Saving drugs like Keytruda etc
9.	607A	Lifesaving drugs/medicines for personal use
10.	611	Archaeological artefacts for exhibition in a museum
11.	612	Specified raw material for sports goods

Note: *Description of entries is indicative. Notification may be referred to for complete description.*

B. Review of exemptions prescribed by other notifications:

(a) The BCD exemption for the goods covered under the following notifications are being extended upto 31st March, 2026.

S. No.	Notification No.	Brief Description
1.	30/2017-Customs dated 30 June 2017	Exemption to motion picture, music, gaming software for use in gaming console printed or recorded on media
2.	05/2017-Customs dated 2 February 2017	Exemption to machinery, components for setting up fuel cell based on waste to energy
3.	113/2003-Customs dated 22 July 2003	Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by unit in SEZ and brought to DTA
4.	81/2005-Customs dated 8 September 2005	Exemption to machinery/components for initial setting up of non-conventional power generation plants
5.	26/2011-Customs dated 1 March 2011	Exemption to work of art, antiques in museum or art gallery
6.	248/1976-Customs dated 2 August 1976	Exemption to precious stones imported by posts on 'approval or return' basis
7.	24/2001-Customs dated 1st March 2001	Exemption to copper cathodes, wire bars and wire rods produced out of copper reverts

8.	25/2001-Customs dated 1st March 2001	Exemption on gold and silver produced out of copper anode slime which were exported out of India for toll smelting and processing
9.	32/1997-Customs dated 1st April 1997	Exemption to goods imported for execution of an export order for jobbing

Note: *Description of entries is indicative. Notification may be referred to for complete description.*

(b) The BCD exemption for the goods covered under the following notifications are being extended upto 31st March, 2029.

S. No.	Notification No.	Brief Description
1.	16/1965-Customs dated 23 January 1965	Exemption to goods exported to foreign countries for display in show-rooms of Govt of India
2.	80/1970-Customs 29 August 1970	Goods supplied freely under warranty as replacement for defective ones in lieu of earlier imported goods.
3.	207/89-Customs dated 17 July 1989	Foodstuffs and provisions (excluding fruit products, tobacco, alcohol) by foreigners
4.	147/94-Customs dated 13 July 1994	Firearms and ammunition when imported for use by a renowned shooter
5.	148/94-Customs dated 13 July 1994	Specified gifts; goods gifted free under a bilateral agreement; goods imported by Indian Red cross Society, goods for the purposes of relief and rehabilitation
6.	152/94-Customs dated 13 July 1994	Appliance/aids for blind/handicapped imported by institution for blind & deaf; and other specified teaching aids imported by Govt Universities
7.	153/94-Customs dated 13 July 1994	Articles for foreign origin imported for repair and return, theatrical equipment and costumes, mountaineering expedition equipment, photographic, filming recording etc
8.	134/94-Customs dated 22 June 1994	Specified capital goods, and other ancillary items imported for repairs
9.	39/96-Customs dated 23 July 1996	Specified imports relating to Defence, internal security forces and Air Force.
10.	50/96-Customs dated 23 July 1996	Specified equipment, instruments, raw materials, components, pilot plant and computer software when imported for publicly funded R & D projects
11.	51/96-Customs	Scientific and technical instruments, apparatus,

S. No.	Notification No.	Brief Description
	dated 23 July 1996	equipment, accessories etc when imported by publicly funded research institution
12.	25/1998-Customs dated 2 June 1998	Capital goods/machinery/ measuring instruments for manufacture of semiconductor wafers.
13.	23/2016-Customs dated 1 March 2016	Parts of aircraft when imported into India under the Standard Exchange Scheme
14.	32/2017-Customs dated 30 June 2017	Imports of artwork and antique books
15.	37/2017-Customs dated 30 June 2017	Imports in relation to defense and international security forces including medals, decorations, personal effects of Defense Personnel, bonafide gifts from foreign donors, stores and goods for trials, demonstration
16.	16/2017-Customs dated 20 April, 2017	Specified medicines from whole of the duty of customs, when imported for supply under Specified Patient Assistance Programme
17.	25/1999-Customs dated 28 February 1999	Capital goods/machinery used by the IT/Electronics industry, subject to actual user condition.
18.	25/2002-Customs dated 1 March 2002	Specified raw materials, inputs and parts for use in manufacture of specified electronic items
19.	35/2017-Customs dated 30th June 2017	Aviation Turbine Fuel in the tanks of the aircrafts of an Indian Airline or of the Indian Air Force

Note: *Description of entries is indicative. Notification may be referred to for complete description.*

(c) The end dates prescribed are being removed in the following notifications:

S. No.	Notification No.	Brief Description
1.	49/2017-Customs dated 30 June 2017	Exemption to special Additional Duty on specified goods of fourth schedule to Central Excise Act
2.	52/2017-Customs dated 30 June 2017	Effective rate of Additional duty for goods under Chapter 27
3.	29/2017-Customs dated 30 June 2017	Exemption to specimen, models, wall pictures and diagrams for instructional purposes
4.	46/1974-Customs dated 25 May 1974	Pedagogic material for educational or vocational training courses

Note: *Description of entries is indicative. Notification may be referred to for complete description.*

VII. CUSTOMS DUTY EXEMPTIONS / CONCESSIONS BEING ALLOWED TO LAPSE

Certain BCD exemptions entries under S No. 50/2017-Customs dated 30.6.2017 and other notifications are being allowed to lapse with effect from 30.9.2024.

(a) The following entries of notification no. 50/2017-Customs dated 30.6.2017 are being allowed to lapse with effect from 30.9.2024:

S. No.	S N of 50/2017-Customs	Description
1.	478	Wireless apparatus, accessories and parts as specified in List 29 imported by a licensed amateur radio operator
2.	353	Foreign currency coins when imported into India by a Scheduled Bank
3.	387	Zinc metal recovered by toll smelting or toll processing from zinc concentrates exported from India for such processes
4.	441	Spinnerettes made inter alia of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn-out or damaged spinnerettes exported out of India
5.	238	Organic/inorganic Coating material for manufacture of electrical steel
6.	254	Catalyst for manufacture of cast components of Wind Operated Electricity Generator
7.	255	Resin for manufacture of cast components of Wind Operated Electricity Generator
8.	277A	Calendared plastic sheet for manufacturing of Smart Card under chapter heading 8523
9.	339	Concessional rate on import of Toughened glass with low iron content and transmissivity of minimum 91% and above, for use in manufacture of solar thermal collectors or heaters
10.	421	Specified goods required for basic telephone service, cellular mobile telephone service, internet service or closed users' group 64 KBPS domestic data network via INSAT satellite system service and parts, for manufacture of the goods
11.	479	Mono or Bi polar Membrane electrolysers and parts thereof including secondary brine purification components, jumper switches, filtering elements for hydrogen filters for caustic soda or potash units; Membrane and parts thereof or other parts for caustic soda or potash units;
12.	475	Specified goods including scramblers, descramblers, encoders, decoders, jammers, network firewalls, network sniffers, scanners

		and monitoring systems, probes for data monitoring and SMS/MMS monitoring systems
13.	482	Newspaper page transmission and reception facsimile system or equipment; and Telephoto transmission and reception system or equipment
14.	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles.
15.	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
16.	579	Survey (DGPS) instruments, 3D modeling software for ore body simulation cum mine planning and exploration (geophysics and geochemistry) equipment required for surveying and prospecting of minerals
17.	419	Aluminium Oxide for manufacture of washcoat of catalytic converter
18.	420	Clay 2 powder for use in ceramic substrate for catalytic convertor
19.	340	Solar tempered glass or solar tempered (anti-reflective coated) glass for use in manufacture of solar cells/panels/modules
20.	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope [heading 9018]
21.	566	Specific input goods for manufacture of syringes, needles, catheters and cannulae
22.	568	Parts and components for manufacture of blood pressure monitors and blood glucose monitoring system (Glucometers**)**

Note: Description of entries is indicative. Notification may be referred to for complete description.

(b) The following notifications are being allowed to lapse with effect from 30.9.2024:

S. No	**Notification No.**	**Description**
1.	97/99-Customs dated 21 July 1999	Exempts BCD and additional duty under Sections 3(1), 3(3) and 3(5) on standard gold bars imported by a RBI authorised bank
2.	30/2004-Customs dated 28 January 2004	Provides full exemption from BCD to second-hand computers/accessories and peripherals received as donation by schools, charitable institutions.
3.	102/2007-Customs dated 14 September 2017	Provides exemption from Special Additional Duty (SAD) levied vide section 3(5) of CTA on to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importer.

4.	45/2005-Customs dated 16 May 2005	Provides exemption from Special Additional Duty levied under Section 3(5) of CTA on goods cleared from SEZ to DTA.
5.	151/94-Customs dated 13 July 1994	Provides exemption to imports of duty-paid fuel and lubricating oil on aircrafts taken during the outward flight; goods imports by United Arab Airlines; aircraft engines, spares imported by Indian Airlines and Air India International. *Re-import entries will operate from re-import notification 45/2017-Cus*
6.	26-Customs dated 19th February 1962	Provides exemption from import duty under the Sea Customs Act on catering cabin equipment, food and drink on re-importation by aircrafts of the Indian Airlines Corporation from foreign flights

Note: Description of entries is indicative. Notification may be referred to for complete description.

VIII. SOCIAL WELFARE SURCHARGE (SWS)

A.	**AMENDMENT TO NOTIFICATION NO. 11/2018 – CUSTOMS, DATED 02.02.2018 (w.e.f. 24.07.2024)**
S. No.	**Description**
	Following goods are being exempted from levy of Social Welfare Surcharge
1.	Natural Graphite
2.	Natural sands
3.	Quartz (other than natural sands); quartzite
4.	Strontium sulphate (natural ore)
5.	Copper ores and concentrates
6.	Cobalt ores and concentrates
7.	Tin ores and Concentrates
8.	Tungsten Ores and Concentrates
9.	Molybdenum ores and concentrates
10.	Zirconium ores and concentrates
11.	Hafnium Ores and concentrates
12.	Vanadium ores and concentrates

13.	Niobium or tantalum ores and concentrates
14.	Antimony Ores and Concentrates
15.	Tellurium
16.	Silicon, containing by weight not less than 99.99% of silicon
17.	Other silicon
18.	Selenium
19.	Alkali or alkaline earth metals, Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed
20.	Silicon dioxide
21.	Potassium hydroxide
22.	Oxides, hydroxides and peroxides, of strontium or barium
23.	Cobalt oxides
24.	Cobalt hydroxides
25.	Commercial cobalt oxides
26.	Lithium oxide and hydroxide
27.	Vanadium oxides and hydroxides
28.	Germanium oxides
29.	Molybdenum oxides and hydroxides
30.	Antimony Oxides
31.	Cadmium oxide
32.	Chlorides of Nickel
33.	Strontium chloride
34.	Sulphates of Nickel
35.	Nitrates of potassium
36.	Lithium carbonates
37.	Strontium carbonate
38.	Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium
39.	Compounds, inorganic or organic of rare earth metals
40.	Bismuth citrate

41.	Artificial Graphite, colloidal or semi-colloidal graphite, preparations based on graphite or other carbon in form of pastes, blocks, plates or other semi-manufactures
42.	Unwrought Tin
43.	Unwrought tungsten, including bars and rods obtained simply by sintering
44.	Unwrought molybdenum, including bars and rods obtained simply by sintering
45.	Unwrought tantalum, including bars and rods obtained simply by sintering, powders
46.	Cobalt, unwrought
47.	Bismuth, unwrought
48.	Unwrought zirconium, powders, Containing less than 1 part hafnium to 500 parts zirconium by weight
49.	Unwrought antimony, powders
50.	Beryllium unwrought, powders
51.	Hafnium unwrought, waste and scrap, powders
52.	Rhenium unwrought
53.	Cadmium unwrought, Powders
54.	Cadmium, wrought
55.	Unwrought; Waste and scrap; powders of :- (i) Gallium (ii) Germanium (iii) Indium (iv) Niobium (v) Vanadium

IX. AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC)

Notification No. 11/2021 – Customs, dated 01.02.2021 is being amended to revise the AIDC rates on the following goods (w.e.f. 24.07.2024):				
	AIDC rate changes (with changes to the effective rate of Customs Duty)		**Rate**	
S. No.	**Chapter, Heading, sub-heading, tariff item**	**Commodity**	**From**	**To**
1.	7108	Gold bar	5%	1%
2.	7108	Gold dore	4.35%	0.35%
3.	7106	Silver bar	5%	1%
4.	7106	Silver dore	4.35%	0.35%
5.	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	5.4%	1.4%
6.	7118	Coins of precious metals	5%	1%
7.	7113	Gold/Silver findings	5%	1%

EXCISE

Note:

(a) “Basic Excise Duty” means the excise duty set forth in the Fourth Schedule to the Central Excise Act, 1944.

(b) “NCCD” means National Calamity Contingent Duty levied under Finance Act, 2001, as a duty of excise on specified goods at rates specified in Seventh Schedule to Finance Act, 2001

(c) Clause Nos. in square brackets [ ] indicate the relevant clause of the Finance (No. 2) Bill, 2024.

(d) Amendments carried out through the Finance (No. 2) Bill, 2024 come into effect on the date of its enactment, unless otherwise specified.

S. No.	Amendment	Clause of the Finance (No. 2) Bill, 2024
	Amendment of Central Excise Notification [*The changes will come into effect from date of enactment of the Finance (No. 2) Bill 2024]*	
1.	Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the final Mega Power Project certificate from 120 months to 156 months.	[108] *Read with Fifth Schedule*
	Exemption from Clean Environment Cess [*The changes will come into effect from date of enactment of the Finance (No. 2) Bill 2024].*	
2.	The Clean Environment Cess, levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on 30th June, 2017 subject to payment of appropriate GST Compensation Cess on supply of such goods on or after 1st July, 2017.	[109]

GOODS AND SERVICE TAX

Note: (a) CGST Act means Central Goods and Services Tax Act, 2017

(b) IGST Act means Integrated Goods and Services Tax Act, 2017

(c) UTGST Act means Union Territory Goods and Services Tax Act, 2017

(d) Cess Act means Goods and Services Tax (Compensation to States) Act, 2017

Unless specified otherwise, amendments proposed in the Finance (No. 2) Bill, 2024, vide clause 110 to 153 will come into effect from a date when the same will be notified concurrently, as far as possible, with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

I. AMENDMENTS IN THE CGST ACT, 2017:

S. No.	Amendment	Clause of the Finance (No. 2) Bill, 2024
1.	Section 9 is being amended to take Extra Neutral Alcohol used in manufacture of alcoholic liquor for human consumption out of purview of central tax. Similar amendments are also proposed in IGST Act and UTGST Act.	[110]
2.	Sub-section (5) of section 10 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said sub-section.	[111]
3.	Section 11A is being inserted to empower the government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade. Similar power is being proposed in IGST Act, UTGST Act and GST (Compensation to States) Act.	[112]
4.	Amendment is proposed in sub section (3) of Section 13 of CGST Act to provide for time of supply of services where the invoice is required to be issued by the recipient of services in cases of reverse charge supplies.	[113]

5.	Sub-section (5) is being inserted in section 16 of the CGST Act, so as to carve out an exception to the existing sub-section (4) and to provide that in respect of an invoice or debit note under the said sub-section, for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the 30th day of November, 2021. Sub-section (6) is being inserted in the said section so as to allow the availment of input tax credit in respect of an invoice or debit note in a return filed for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, filed within thirty days of the date of order of revocation of cancellation of registration, subject to the condition that the time-limit for availment of credit in respect of the said invoice or debit note should not have already expired under sub-section (4) of the said section on the date of order of cancellation of registration. The aforesaid amendments are made effective from the 1st day of July, 2017. Further, where the tax has been paid or the input tax credit has been reversed, no refund of the same shall be admissible.	[114]
6.	Sub-section (5) of section 17 of the CGST Act is being amended, so as to restrict the non-availability of input tax credit in respect of tax paid under section 74 of the said Act only for demands upto Financial Year 2023-24. It also removes reference to sections 129 and 130 in the said sub-section.	[115]
7.	Section 21 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[116]
8.	A new proviso in sub-section (2) of section 30 of the CGST Act is being inserted, so as to provide for an enabling clause to prescribe conditions and restrictions for revocation of cancellation of registration.	[117]
9.	Clause (f) of sub-section (3) of section 31 of the CGST Act is being amended, so as to incorporate an enabling provision for prescribing the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies.	[118]

	Explanation in sub-section (3) of the said section is also inserted so as to specify that a supplier registered solely for the purposes of tax deduction at source under section 51 of the said Act shall not be considered as a registered person for the purpose of clause (f) of sub-section (3) of section 31 of the said Act.	
10.	Sub-section (6) of section 35 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[119]
11.	Sub-section (3) of section 39 of the CGST Act is being substituted, so as to mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not. It also empowers the Government to prescribe by rules, the form, manner and the time within which such return shall be filed.	[120]
12.	Sub-section (8) of section 49 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[121]
13.	Sub-section (1) of section 50 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[122]
14.	Sub-section (7) of section 51 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[123]
15.	Sub-section (3) is being amended and a new sub-section (15) is being inserted in section 54 of the CGST Act, so as to provide that no refund of unutilised input tax credit or integrated tax shall be allowed in cases of zero rated supply of goods where such goods are subjected to export duty.	[124]
16.	Sub-section (3) of section 61 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[125]
17.	Sub-section (1) of section 62 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[126]
18.	Section 63 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[127]

19.	Sub-section (2) of section 64 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[128]
20.	Sub-section (7) of section 65 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[129]
21.	Sub-section (6) of section 66 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[130]
22.	Sub-section (1A) is being inserted in section 70 of the CGST Act, to enable an authorised representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer.	[131]
23.	Sub-section (12) is being inserted in section 73 of the CGST Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24.	[132]
24.	Sub-section (12) is being inserted in section 74 of the CGST Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24.	[133]
25.	Section 74A is being inserted in the CGST Act, so as to provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to the Financial Year 2024-25 onwards. It also provides for the same limitation period for issuing demand notices and orders in respect of demands from the Financial Year 2024-25 onwards, irrespective of whether the charges of fraud, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts.	[134]
26.	Sub-section (2A) is being inserted in section 75 in the CGST Act, so as to provide for redetermination of penalty demanded in a notice invoking penal provisions under clause (ii) of sub-section (5) of the proposed section 74A of the said Act to re-determine the penalty as per clause (i) of the sub-section (5) of the said section, in cases where the charges of fraud, wilful misstatement, or suppression of facts are not established.	[135]

	It also amend section 75 of the said Act, so as to incorporate a reference to the sub-sections (2) and (7) of section 74A or the sub-sections thereof, in the relevant sub-sections of this section.	
27.	Sub-section (1) of section 104 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[136]
28.	Sub-section (6) of section 107 of the CGST Act is being amended, so as to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from rupees twenty five crores to rupees twenty crores in central tax. It also amends sub-section (11) of the said section, so as to incorporate a reference to the proposed new section 74A in the said section.	[137]
29.	Section 109 of the CGST Act is being amended, so as to empower the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal.	[138]
30.	Sub-sections (1) and (3) of section 112 of the CGST Act are being amended, so as to empower the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal. The said amendment is made effective from the 1st day of August, 2024. Sub-section (6) of the said section is also being amended so as to enable the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months. Sub-section (8) of the said section is also being amended so as to reduce the maximum amount of pre-deposit for filing appeals before the Appellate Tribunal from the existing twenty percent to ten percent of the tax in dispute and also reduce the maximum amount payable as pre-deposit from rupees fifty crores to rupees twenty crores in central tax.	[139]
31.	Sub-section (1B) of section 122 of the CGST Act is being amended, so as to restrict the applicability of the said sub-section to electronic commerce operators, who are required to collect tax at source under section 52 of the said Act. The said amendment is made effective from the 1st	[140]

	day of October, 2023 when the said sub-section had come into force.	
32.	Section 127 of the CGST Act is being amended, so as to incorporate a reference to the proposed new section 74A in the said section.	[141]
33.	Section 128A in the CGST Act is being inserted, to provide for a conditional waiver of interest and penalty in respect of demand notices issued under section 73 of the said Act for the Financial Years 2017-18, 2018-19 and 2019-20, except the demands notices in respect of erroneous refund. In cases where interest and penalty have already been paid in respect of any demand for the said financial years, no refund shall be admissible for the same.	[142]
34.	Sub-section (7) of section 140 of the CGST Act is being amended, so as to enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor prior to the appointed day, for which invoices were also received prior to the appointed date. The said amendment is made effective from 1st day of July, 2017.	[143]
35.	Proviso and Explanation is being inserted in sub-section (2) of section 171 of the CGST Act, so as to empower the Government to notify the date from which the Authority under the said section will not accept any application for anti-profiteering cases. Explanation in the sub-section (3A) of the said section is being inserted, so as to include the reference of Appellate Tribunal in the Authority under the said section so that the Appellate Tribunal may be notified by the Government to act as an Authority under the said section.	[144]
36.	Paragraph 8 is being inserted in Schedule III to the CGST Act, so as to provide that the activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements shall be treated as neither supply of goods nor supply of services, provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.	[145]

	Paragraph 9 is being inserted in Schedule III to the CGST Act, so as to provide that the services by the insurer to the re-insurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.	
37.	No refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed had the said clause 114 been in force at all material times.	[146]

II. AMENDMENTS IN THE IGST ACT, 2017:

S. No.	Amendment	Clause of the Finance (No. 2) Bill, 2024
1.	Sub-section (1) in Section 5 in the IGST Act is being amended, so as to not levy integrated tax on Extra Neutral Alcohol used for manufacture of alcoholic liquor for human consumption.	[147]
2.	Section 6A is being inserted in the IGST Act, so as to empower the Government to regularize non – levy or short levy of integrated tax where it is found that such non levy or short levy was a result of general practice.	[148]
3.	Sub-section (4) in Section 16 in the IGST Act is being amended, so as to provide for notification of class of persons who may make zero rated supplies of goods or services or both or class of goods or services which may be supplied on zero rated basis, and refund of integrated tax in respect of which can be claimed, in accordance with the provisions of Section 54 of the Central Goods and Services Tax Act, subject to such conditions, safeguards and procedures as may be prescribed. Sub-section (5) is being inserted in the said Section to provide that no refund of unutilized input tax credit or of integrated tax paid on account of zero-rated supply of goods shall be allowed in cases where the zero-rated supply of goods is subjected to export duty.	[149]
4.	Section 20 in the IGST Act is being amended, so as to reduce the maximum amount of pre-deposit	[150]

	payable for filing appeal before appellate authority from rupees fifty crores to rupees forty crores of integrated tax. Further, it proposes to reduce the maximum amount payable as pre-deposit for filing appeal before the Appellate Tribunal from rupees hundred crores to rupees forty crores of integrated tax.	

III. AMENDMENTS IN THE UTGST ACT, 2017:

S. No.	Amendment	Clause of the Finance (No. 2) Bill, 2024
1.	Sub-section (1) in Section 7 in the UTGST Act is being amended, so as to not levy union territory tax on Extra Neutral Alcohol used for manufacture of alcoholic liquor for human consumption.	[151]
2.	Section 8A in the UTGST Act is being inserted, so as to empower the Government to regularize non –levy or short levy of union territory tax where it is found that such non levy or short levy was a result of general practice.	[152]

IV. AMENDMENTS IN THE GST (Compensation to States) Act, 2017:

S. No.	Amendment	Clause of the Finance (No. 2) Bill, 2024
1.	Section 8A is being inserted in the GST (Compensation to States) Act, so as to empower the Government to regularize non –levy or short levy of cess where it is found that such non levy or short levy was a result of general practice.	[153]

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