

# BUDGET 2024



## Other amendments at a glance

- Proposed Changes in rates provided under clause (ii) of sub-section (1A) of section 115BAC of the Act

### Proposed changes in tax slabs

Existing slab rates		Proposed slab rates	
Total Income (INR)	Tax Rate	Total Income (INR)	Tax Rate
Up to 3,00,000	Nil	Up into 3,00,000	Nil
3,00,001 to 6,00,000	5%	3,00,001 to 7,00,000	5%
6,00,001 to 9,00,000	10%	7,00,001 to 10,00,000	10%
9,00,001 to 12,00,000	15%	10,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%	12,00,001 to 15,00,000	20%
Above 15,00,000	30%	Above 15,00,000	30%

- Applicable from Assessment Year 2025-26 onwards

### Decrease in rate of tax in case of company other than domestic company

Existing Rate of Tax (%)	Proposed rate of Tax (%)
40%	35%

- Applicable from Assessment Year 2025-26 onwards

➤ **Increase in Standard Deduction for tax-payers in tax regime**

Existing Standard Deduction (Amt.)	Proposed Standard Deduction (Amt.)
50,000	75,000

- Applicable from Assessment Year 2025-26 onwards

➤ **Increase in deduction from family pension for tax-payers in tax regime**

Existing deduction (Amt.)	Proposed deduction (Amt.)
15,000	25,000

- Applicable from Assessment Year 2025-26 onwards

➤ **Increase in rate allowed as deduction to non-government employees and their employees for employer contribution to Pension scheme referred in section 80CCD**

Existing rate of deduction (%)	Proposed rate of deduction (%)
10%	14%

- Clause (iva) of sub-section (1) of section 36 and sub-section (2) of section 80CCD are proposed to be amended to give necessary effect.
- Applicable from Assessment Year 2025-26 onwards

➤ **Amendment of Section 56 of the Act**

- Provisions of clause (viib) of sub-section (2) of section 56 relating to consideration received for issue of shares exceeding face value of shares in case of unlisted companies has been proposed to not apply from assessment year 2025-26.

➤ **Amendment of Section 245 of the Act**

- 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. Presently there are two requirements which the Assessing Officer is supposed to fulfil that -
  - he should form opinion that the grant of refund is likely to adversely affect the revenue; and
  - he has to record the reasons in writing for withholding the refund.

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.

- 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.
- The amendment will take effect from 1st day of October 2024.

➤ **Increase in limit of remuneration to working partners of a firm allowed as deduction**

Existing limit		
(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

Proposed limit		
(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 :

- 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.

➤ **Tax on distributed income of domestic company for buy-back of shares**

- Finance Bill proposes to tax buy back as dividend in hands of shareholders, and the cost of acquisition of shares to be treated as capital loss with set off to be claimed against capital gains; Buy back related amendments have been categorised under the head of 'Deepening of tax base and anti-avoidance' with objective to bring parity between taxation of buy backs and dividends.
- 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.

➤ **Revision of rates of securities transaction tax by amendment to the Finance (No.2) Act, 2004**

	Existing rate of levy of STT (%)	Proposed rate of levy of STT (%)
Options	0.0625%	0.1%
Futures	0.0125%	0.02%

- This amendment is proposed to be made effective from the 1st day of October, 2024

➤ **Reporting of income from letting out of house property under 'Income from House Property'**

- 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".
- Applicable from Assessment Year 2025-26 onwards

➤ **Proposed disallowance of settlement amounts being paid to settle contraventions**

- Effective from AY 2025-26, 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 shall not be an allowable expenditure u/s 37(1).

➤ **Reporting requirement while filing Return of Income disclosing foreign income & assets:**

- With effect from 01st October, 2024, penalty under Black Money Act shall not be levied on non-reporting of a Foreign Asset other than immovable property while filing Return of Income where the value of such asset does not exceed Rs.20 lacs.

➤ **Amendment of section 271FAA:**

- With effective from 01st October, 2024, penalty u/s 271FAA shall be attracted in any of the following circumstances:
  1. Furnishing inaccurate information in the statement required to be filed by the person u/s 285BA(1);
  2. Failure to comply with due diligence requirement in the statement prescribed u/s 285BA(7).
- Further, reference of section 271FAA is proposed to be added in section 273B in order to provide that no penalty shall be imposable for any failure referred to in said section if the Assessee proves that there was reasonable cause for such failure.

# THANK YOU



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