



# Interim Budget

2024





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# Foreword

# Foreword

The Interim Budget 2024 sets a tone for making India a developed nation in the next 25 years i.e. by 2047. The finance minister laid down the vision for “Viksit Bharat by 2047” to be that of “Prosperous Bharat in harmony with nature, with modern infrastructure, and providing opportunities for all citizens and all regions to reach their potential”.

Being an election year, the government has treaded the path cautiously and have not made any major policy announcements. Instead, the finance minister in her budget speech showed tremendous amount of optimism in India’s growth story while simultaneously laying down targeted strategy for ‘Amrit Kal’.

- **Sustainable Development:** The finance minister reiterated the commitment to meet ‘Net Zero’ by 2070 and announced various policies like viability gap funding for harnessing offshore wind energy potential, setting up of coal gasification and liquefaction capacity, Phased mandatory blending of CNG, PNG and compressed biogas, financial assistance for procurement of biomass aggregation machinery, plans for rooftop solarization of 1 crore households, strengthening e-vehicle ecosystem etc.
- **Infrastructure and Investment:** The finance minister announced that concerted steps will be taken to negotiate bilateral investment treaties to promote foreign investment. Further, policy will be announced for the promotion of urban transformation via Metro rail and NaMo Bharat in addition to implementation of 3 major railway corridor programmes under PM Gati Shakti-to improve logistics efficiency and reduce cost. The finance minister has announced an 11.11% increase in the outlay for capital expenditure to Rs 11.11 lakh crore.
- **Inclusive development:** The focus area extends to (a) Healthcare in the form of improved nutrition delivery, early childhood care, vaccination for young girls,

use of technology in immunisation efforts as well as health cover under Ayushman Bharat scheme (b) Launch of targeted scheme to promote middle class to buy/built their own houses (c) Improving of tourism infrastructure like projects for port connectivity will be taken up in islands, long-term interest free loans to States to encourage development (d) Employment generation through the Aspirational District Programme.

- **Agriculture and food processing:** This will include implementation of Pradhan Mantri Matsya Sampada Yojana to be stepped up to enhance aquaculture productivity, double exports and generate more employment opportunities. Further, government will also promote private and public investment in post-harvest activities and formulate comprehensive programme for dairy development.

With an aim to encourage the private sector to scale up research and innovation significantly in sunrise domains, the finance minister has also announced creation of a corpus of 1 lakh crore which will be used for providing long-term financing or refinancing with long tenors and low or nil interest rates.

On the tax front, the finance minister has made a welcome proposal with respect to nullification of old petty tax demand going back to the year 1962. The proposal is expected to alleviate close to 1 crore taxpayers.

While predictably no new major policy were made, the Budget is an attempt to provide a fine balance between ground realities and larger socio-economic requirements. India is on the cusp of transformation, and the Budget is directionally aligned to India becoming developed and a dominant economy.

A close-up photograph of a person's hands working at a desk. The left hand holds a pen over a document, while the right hand rests near a calculator. In the foreground, several stacks of gold and silver coins are visible. The scene is lit with warm, golden light, suggesting an office or financial setting. A large red circle is overlaid on the left side of the image, containing the text 'Direct Tax Proposals'.

# Direct Tax Proposals

# Direct Tax Proposals

## ➤ Tax Rates

No changes have been proposed in the tax rates.

## ➤ Extension of last date of incorporation for eligible start-up

For promoting and stimulating growth through new ideas, 100% of profits and gains derived from an eligible business by an eligible start-up are allowed as deduction for three consecutive years under section 80-IAC of the IT Act. In this regard, an “eligible start-up” included a company, or a limited liability partnership incorporated on or after April 1, 2016, but before April 1, 2024. It has been proposed to extend the outer date of incorporation by one year to April 1, 2025.

## ➤ Extension of last date for providing tax incentives to IFSC

Units in IFSCs are eligible for certain tax exemptions and deductions. Some of these had a sunset clause wherein commencement of operations by a unit in IFSC was required on or before March 31, 2024. The time to commence operations in the aforesaid sunset clause has been increased by one year up to March 31, 2025. This includes the following:

- Exemption under section 10(4D) of the IT Act to investment division of offshore banking unit and specified fund, being a Category I FPI, located in an IFSC.

- Exemption under section 10(4F) of the IT Act on income of a non-resident by way of royalty or interest on lease of an aircraft or ship paid by an IFSC unit.
- Deduction under section 80LA of the IT Act, on income of an IFSC unit arising from transfer of an aircraft or ship.

## ➤ Extension of last date for providing tax exemptions to ADIA, SWF and FPF

Income of ADIA, SWF and FPF in the nature of dividend, interest, long term capital gains and from business trust is presently exempt from tax under section 10(23FE) of the IT Act if the investment is made on or before March 31, 2024. To further promote investment by ADIA, SWF and FPF, it has been proposed to extend the date by one year to March 31, 2025, for making investment and availing tax exemptions.

# Direct Tax Proposals

## ➤ TCS provisions

- In order to remove difficulties in implementation of changes introduced in Finance Act, 2023 relating to TCS on LRS and on purchase of overseas tour program package, the CBDT had issued Circular No. 10 of 2023 dated June 30, 2023. To give effect to the said Circular, changes have been proposed in relevant clauses and provisos of Section 206C(1G) of the IT Act to align the provisions with the rates, threshold and timelines as prescribed in the aforesaid Circular.
- The applicable TCS rates and thresholds for the relevant period are summarized as under:

Nature of payment	Rates applicable from April 1, 2023 to September 30, 2023	Rates applicable from October 01, 2023
LRS for education, financed by loan from FI	Nil upto Rs. 7 lakh 0.5% above Rs. 7 lakh	Nil upto Rs. 7 lakh 0.5% above Rs. 7 lakh
LRS for Medical treatment/ Education (other than financed by loan)	Nil upto Rs. 7 lakh 5% above Rs. 7 lakh	Nil upto Rs. 7 lakh 5% above Rs. 7 lakh
LRS for other purposes	Nil upto Rs. 7 lakh 5% above Rs. 7 lakh	Nil upto Rs. 7 lakh 20 % above Rs. 7 lakh
Purchase of OTPP	5% (without threshold)	5% till Rs 7 lakh 20% thereafter

## ➤ Faceless Schemes under the Act

It has been proposed to extend the due date for issuing faceless schemes for determination of arm's length price under transfer pricing proceedings, issuance of directions by DRP in international taxation cases, and procedure for appeal and disposal of appeals by the ITAT to March 31, 2025.

## ➤ Disputed Direct Tax Demands

It has been proposed to withdraw petty, non-verified, non-reconciled outstanding direct tax demands up to Rs. 25,000 pertaining to the period up to FY 2009-10 and up to Rs. 10,000 pertaining to FYs 2010-11 to 2014-15.





Indirect Tax  
Proposals



# Indirect Tax Proposals

## ➤ Goods and Service Tax

### • Legislative changes in goods and services tax

- Definition of ISD has been amended to include inward supplies liable to RCM for or on behalf of distinct persons for distribution of common ITC. The existing definition of ISD has been substituted to mean an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under the reverse charge mechanism for or on behalf of distinct persons and liable to distribute the ITC in respect of such invoices in the prescribed manner. In effect, the ISD mechanism will now allow distribution of ITC pertaining to services covered under RCM as well.
- Requirement to obtain ISD registration and distribution of ITC through ISD mechanism is proposed to be made mandatory from a date to be notified. This is in line with a Press Release issued pursuant to 50<sup>th</sup> GST Council meeting.
- Modification made in the manner of distribution of ITC by ISD is as follows:
  - ISD to distribute the credit of CGST or IGST charged on all inward invoices including services liable to RCM for which

tax has been paid by a distinct person registered in the same state as the said ISD in the manner as prescribed.

- Credit of CGST to be distributed as CGST or IGST and credit of IGST as IGST or CGST by way of issue of a document containing the amount of ITC in such manner as prescribed.



# Indirect Tax Proposals

- Insertion of new section for levying of penalty in case of failure to register certain machines used in manufacture of Pan Masala, Tobacco, etc. as per Special procedure under CGST Act as follows:
  - To pay an amount equal to one lakh rupees for every machine not registered in addition to any penalty that is payable under Chapter XV.
  - In addition to the above penalty, every machine not so registered would be liable for seizure and confiscation unless
    - The penalty imposed is paid by the person; and
    - Registration of such machine is made in accordance with the special procedure within 3 days of the receipt of the communication of the order of penalty.

<b>Particulars</b>	<b>Date from which changes will be effective</b>
<b>GST Legislative Changes</b>	Amendments to come into effect from the date when the same will be notified, concurrently with the corresponding amendments to the similar acts passed by the Centre, States and Union Territories with Legislature, unless otherwise specified



Regulatory  
Proposals

# Regulatory Proposals

## ➤ Overview

- The approach is towards development that is all-round, all-pervasive and all-inclusive; vision to make India a 'Viksit Bharat' by 2047. With the Vision for 'Viksit Bharat' and 'Sabka Vishwas', next five years to be years of unprecedented development, and golden moments to realize the dream of developed India @ 2047; Trinity of demography, democracy and diversity backed by 'Sabka Prayas'.
- Focus on four major castes. They are, 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmer).
- Government is equally focused on a more comprehensive 'GDP', i.e., 'Governance, Development and Performance'.
- Funds allocated towards new PLI Schemes for Toys as well as Footwear & Leather Sector.

## ➤ Strategy for Amrit Kaal

- Guided by the principle 'Reform, Perform, and Transform', the Government will take up next generation reforms, and build consensus with the states and stakeholders for effective implementation.

- Policy priority to ensure timely and adequate finances, relevant technologies and appropriate training for the MSME.
- Aligning with the 'Panchamrit' goals, Government will facilitate sustaining high and more resource-efficient economic growth.
- Preparing the financial sector in terms of size, capacity, skills and regulatory framework for meeting the investment needs.



# Regulatory Proposals

## ➤ Healthcare

- Government plans to set up more medical colleges by utilizing the existing hospital infrastructure under various departments. A committee for this purpose will be set-up to examine the issues and make relevant recommendations.
- Government will encourage vaccination for girls in age group of 9 to 14 years for prevention of cervical cancer.
- Various schemes for maternal and childcare will be brought under one comprehensive programme for synergy in implementation.
- Upgradation of anganwadi centres under “**Saksham Anganwadi and Poshan 2.0**” will be expedited for improved nutrition delivery, early childhood care and development.
- U-WIN platform for managing immunization and intensified efforts of Mission Indradhanush will be rolled out expeditiously throughout the country.
- Healthcare cover under **Ayushman Bharat** scheme will be extended to all ASHA workers, Anganwadi Workers and Helpers

## ➤ Agriculture

- For ensuring faster growth of the sector, Government will further promote private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding.
- Application of Nano DAP on various crops will be expanded in all agro-climatic zones.
- **Atmanirbhar Oil Seeds Abhiyan** strategy will be formulated to achieve ‘*atmanirbharta*’ for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.
- A comprehensive programme for supporting **dairy farmers** will be formulated.
- **Matsya Sampada** – Implementation of PMMSY to be stepped up to enhance aquaculture productivity from existing 3 to 5 tons per hectare, double exports to Rs. 1 lakh crore and generate 55 lakh employment opportunities.
- Five integrated aquaparks to be set up.

# Regulatory Proposals

## ➤ Research and Innovation for catalyzing growth, employment and development

- “*Jai Jawan Jai Kisan Jai Vigyan*” modified to “*Jai Jawan Jai Kisan Jai Vigyan and Jai Anusandhan*”, as innovation is the foundation of development.
- A corpus of Rs. 1 lakh crore will be established with fifty-year interest free loan to encourage the private sector to scale up research and innovation significantly in sunrise domains.
- A new scheme for strengthening deep-tech technologies for defence purposes and expediting ‘*atmanirbharta*’ will be launched.



## ➤ Infrastructure Development

Outlay for capital expenditure for the next year is being increased by 11.1 % to Rs. 11,11,111 crore aggregating to 3.4 per cent of the GDP.

## ➤ Railways

- Implementation of three major railway corridor programs under PM Gati Shakti to enhance economic development:
  - i. energy, mineral and cement corridors,
  - ii. port connectivity corridors, and
  - iii. high traffic density corridors.
- Forty thousand normal rail bogies will be converted to the Vande Bharat standards to enhance safety, convenience and comfort of passengers.

# Regulatory Proposals

## ➤ Aviation

The aviation sector has experienced significant growth over the last decade. The count of airports has doubled, reaching 149. The extensive implementation of air connectivity to tier-two and tier-three cities through the UDAN scheme has been notable, with 517 new routes facilitating travel for 1.3 crore passengers.

Indian carriers have taken proactive steps by ordering over 1000 new aircraft. The ongoing efforts to expand existing airports and develop new ones will proceed swiftly.

## ➤ Metro and NaMo Bharat

With fast-expanding middle class and rapid urbanization, Metro Rail and NaMo Bharat can be the catalyst for the required urban transformation. Expansion of these systems will receive support, particularly in large cities, with a specific emphasis on transit-oriented development.

## ➤ Green Energy

In order to achieve the 'net-zero' commitment by 2070, several measures will be implemented:

- Viability gap funding for harnessing offshore wind energy potential for initial capacity of one giga-watt.

- Coal gasification and liquefaction capacity of 100 MT will be set up by 2030 to further help in reducing imports of natural gas, methanol, and ammonia.
- Phased mandatory blending of CBG in CNG for transport and PNG for domestic purposes will be mandated.
- Financial assistance will be provided for procurement of biomass aggregation machinery to support collection.
- A scheme for restoration and adaptation measures, and coastal aquaculture and mariculture with integrated and multi-sectoral approach will be launched to promote climate resilient activities for Blue economy 2.0.
- Expansion of E-vehicle ecosystem by supporting manufacturing and charging infrastructure.
- Adoption of e-buses for public transport networks will be encouraged through payment security mechanism.
- For promoting green growth, a new scheme of bio-manufacturing and bio-foundry will be launched.
- Government will push for bilateral treaties with foreign partners in the spirit of 'First Develop India'.

# Regulatory Proposals

## ➤ Budget Estimates

- Revised Estimate of the total receipts other than borrowings is Rs. 27.56 lakh crore, of which the tax receipts are Rs. 23.24 lakh crore. The revised estimate of the total expenditure is Rs. 44.90 lakh crore.
- The revenue receipts at Rs. 30.03 lakh crore are expected to be higher than the Budget Estimate, reflecting strong growth momentum and formalization in the economy.
- Revised Estimate of the fiscal deficit is 5.8% of GDP, improving on the Budget Estimate, notwithstanding moderation in the nominal growth estimates.
- During 2024-25, the total receipts other than borrowings and the total expenditure are estimated at Rs. 30.80 and 47.66 lakh crore respectively. The tax receipts are estimated at Rs. 26.02 lakh crore.
- Scheme of fifty-year interest free loan for capital expenditure to states will be continued this year with total outlay of Rs. 1.3 lakh crore
- Gross and net market borrowings through dated securities during 2024-25 are estimated at Rs. 14.13 and Rs. 11.75 lakh crore respectively.

- Private investments happening at scale, the lower borrowings by the Central Government will facilitate larger availability of credit for the private sector.
- For promoting green growth, a new scheme of bio-manufacturing and bio-foundry will be launched.

## ➤ Allocation to Major Schemes for FY 2024-25

- Mahatma Gandhi National Rural Employment Guarantee Scheme – Rs. 86,000 crores
- Ayushman Bharat-PMJAY – Rs. 7,500 crores
- Production Linked Incentive Scheme – Rs. 6,200 crores
- Modified Programme for Development of Semiconductors and display manufacturing ecosystem – Rs. 6,903 crores
- Solar Power (Grid) – Rs. 8,500 crores
- National Green Hydrogen Mission – Rs. 600 crores



# Regulatory Proposals

## ➤ Miscellaneous

- Proposed assistance to the states in faster development of aspirational districts and blocks, including generation of ample economic opportunities.
- Utmost attention to make the eastern region and its people a powerful driver of India's growth.
- Two crore more houses to be taken up in the next five years to meet the requirement arising from increase in the number of families under the PM Awas Yojana (Grameen);
- Due to Rooftop solarization and muft Bijli, one crore households will be enabled to obtain up to 300 units free electricity every month. Furthermore, following benefits are expected:
  - Savings up to Rs. 15-18,000 annually for households from free solar electricity and selling the surplus to the distribution companies.
  - Charging of electric vehicles.
  - Entrepreneurship opportunities for a large number of vendors for supply and installation.
  - Employment opportunities for the youth with technical skills in manufacturing, installation and maintenance.

- Scheme to be launched to help deserving sections of the middle class living in rented houses, or slums, or chawls and unauthorized colonies; to buy or build their own houses.
- Encouraged by the accomplishment of nearly one crore women achieving the status of Lakhpati Didi, the decision has been made to raise the target for Lakhpati Didi from 2 crore to 3 crore.



# Glossary

ADIA	Abu Dhabi Investment Authority
CBDT	Central Board for Direct Taxes
DRP	Dispute Resolution Panel
FI	Financial Institution
FPF	Foreign Pension Funds
FPI	Foreign Portfolio Investor
IFSC	International Financial Services Centre
IT Act	Income-tax Act, 1961
ITAT	Income Tax Appellate Tribunal
LRS	Liberalised Remittance Scheme
OTPP	Overseas Tour Program Package
SWF	Sovereign Wealth Funds
TCS	Tax Collection at Source
GST	Goods & Services Tax
ISD	Input Service Distributor
RCM	Reverse Charge Mechanism
ITC	Input Tax Credit
CGST	Central Goods and Services Tax Act, 2017
IGST	Integrated Goods and Services Tax Act, 2017
ASHA	Accredited Social Health Activist
CBG	Compressed Biogas

CNG	Compressed Natural Gas
GDP	Gross Domestic Product
MSME	Micro, Small and Medium Enterprises
Nano DAP	Nano Di-Ammonia Phosphate
PLI	Product Linked Incentive
PMJAY	Pradhan Mantri Jan Arogya Yojana
PMMSY	Pradhan Mantri Matsya Sampada Yojana
PNG	Piped Natural Gas
UDAN	Ude Desh ka Aam Nagarik

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This document summarizes the important provisions of the Interim Budget 2024 proposals as placed before the Parliament. The proposals are subject to amendment as the Finance Bill passes through the Parliament.

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