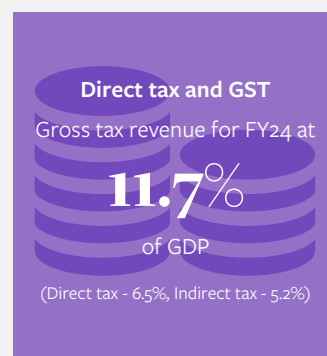
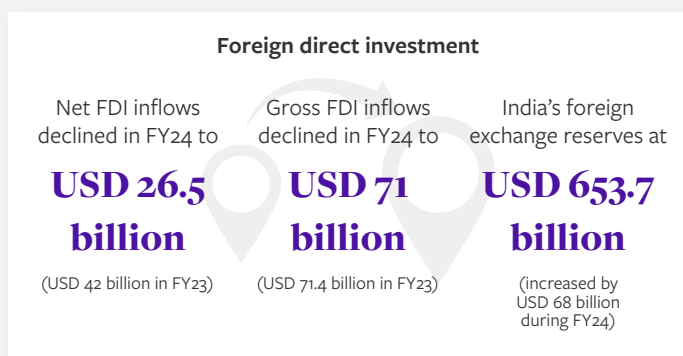
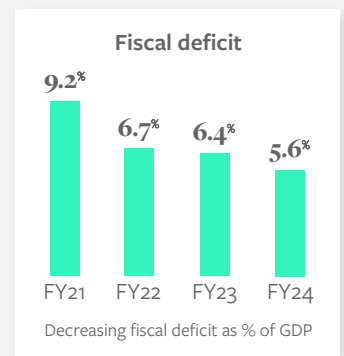
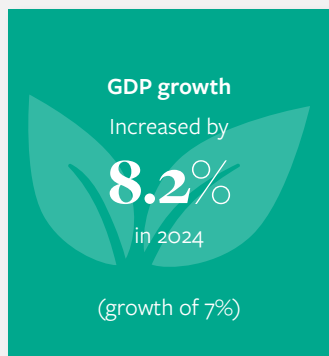


# Summary of India Union Budget 2024

## Economic indicators



## Budget focus on

- Employment
- Skilling
- MSMEs
- Middle class

## Drivers to achieve budgetary targets

- Productivity and resilience in agriculture
- Employment and skilling
- Inclusive human resource development and social justice
- Manufacturing and services
- Urban development
- Energy security
- Infrastructure
- Innovation, research and development
- Next generation reforms

## Fiscal measures and tax administration

### Individual/HUF/AOPs/BOI/AJP

Proposed new regime slab rates (FY 2024-25)

Total income (INR)	Rate
Up to 3,00,000	Nil
From 3,00,001 to 7,00,000	5%
From 7,00,001 to 10,00,000	10%
From 10,00,001 to 12,00,000	15%
From 12,00,001 to 15,00,000	20%
Above 15,00,000	30%

- No change proposed to the slab rates under the old tax regime
- Limit for deduction raised up to INR 25,000 under new tax regime in case of income in the nature of family pension
- Standard deduction for salaried person under new tax regime increased from INR 50,000 to INR 75,000
- Deduction for employer's contribution to NPS increased from 10% to 14% for employees under new tax regime
- Rationalisation of provision relating to TDS on salaries to allow claiming credit of TCS against the TDS deductibility on salary to the employees effective from 1 October 2024

### Corporate Tax (FY 2024-25)

Effective tax rate	Total income ≤ INR 10 million	INR 10 million < Total income ≤ INR 100 million	Total income > INR 100 million	Change
Foreign company	36.40%	37.13%	38.22%	Reduction in base rate from 40% to 35%
Domestic company (having turnover / gross receipt not exceeding INR 4 billion in FY 2022-23)	26.00%	27.82%	29.12%	Unchanged
Domestic company opting to be taxed u/s 115BAA	25.17%	25.17%	25.17%	Unchanged
Other domestic company	31.20%	33.38%	34.94%	Unchanged

### Capital gains

Amendment proposed in respect of period of holding and tax rate for LTCG and STCG with immediate effect

Particulars	Period of holding		Resident		Non-resident	
	before 23 July 2024	on or after 23 July 2024	before 23 July 2024	on or after 23 July 2024	before 23 July 2024	on or after 23 July 2024
<b>Long term capital gains</b>						
Shares (STT not paid)	24 months	24 months	20%	12.50%	10%	12.50%
Equity shares (STT paid)	12 months	12 months	10%	12.50%	10%	12.50%
Listed bonds and debentures	12 months	12 months	10%	12.50%	10%	12.50%
Units of REIT / InvIT	36 months	12 months	10%	12.50%	10%	12.50%
Other asset class	36 months	24 months	20%	12.50%	20%	12.50%
<b>Short term capital gains</b>						
Equity shares (STT paid)	12 months	12 months	15%	20%	15%	20%
Unlisted debentures	36 months	Deemed short term	20%	Applicable rates	10%	Applicable rates
Other asset class	36 months	24 months	Applicable rates	Applicable rates	Applicable rates	Applicable rates

- The indexation benefit, which allowed transferors to adjust their purchase price for inflation, has been removed
- Exemption of LTCG on STT paid equity shares, units of equity-oriented fund and business trust increase from INR 1 lakh to INR 1.25 lakh

### Partnership firm/LLP

- Tax rates remain unchanged
- Effective tax rate is maintained at **31.20%** if taxable income is **less than INR 10 million** and **34.94%** if taxable income **exceeds INR 10 million**

### Changes in buyback taxation

- Proceeds earned through buyback of shares taxable as other income (deemed dividend) w.e.f. 1 October 2024
- No deduction allowed for cost of acquisition of such shares, however, may be claimed as a capital loss on buyback eligible for carry forward and set-off against capital gains in subsequent years

### Revision of rates of securities transaction tax (STT) effective from 1 October 2024

- **Futures:** Increased from 0.0125% to 0.02%
- **Options:** Increased from 0.0625% to 0.1%

### Indirect taxes

- To support domestic manufacturing and promote export competitiveness, number of custom duty rates were reduced in various sectors

### Others

- Penalty for non-disclosure of foreign income / assets extended to INR 20 lakhs effective from 1 October 2024
- Definition of specified mutual fund has been amended and now applies only to a mutual fund which invests more than 65 percent in debt and money market instruments or a fund which invests 65 per cent or more of its total proceeds in units of the above fund
- Reduction of withholding tax rates under various provisions
- Effective 1 October 2024, exemption is provided from prosecution owing to non-payment of TDS if the return timelines are adhered to

## Private equity funds or Alternative investment funds

- Angle tax applicable on infusion at a price higher than FMV to be abolished effective from AY 2025-26
- Introduction of a 'variable capital company structure' under the regulations, for providing an efficient and flexible mode for financing leasing of aircrafts and ships in IFSC, and pooling funds for private equity players
- Proposed to set up a venture capital fund of INR 1,000 crore for giving emphasis on expanding the space economy
- **Impact to limited partners/ investors**  
Changes proposed to the holding period, capital gains tax rates, removal of indexation benefit, change in certain asset class like debentures and taxability on buyback could result into an impact on the tax calculations at the time of distribution of gains by a private equity fund

## International Financial Services Centre (IFSC)

- Retail schemes and ETFs regulated by IFSCA and which satisfy certain conditions as may be prescribed, will also be regarded as Specified Funds for claiming exemption under section 10(4D) of the Act
- Relaxation from explaining the source of funds in the hands of the creditor or entry provider in respect of unexplained credits extended to the Venture Capital Funds regulated by IFSC Authority
- Exemption from applicability of thin capitalisation rules extended to the finance companies located in IFSC, which satisfies conditions and carries on activities as may be prescribed
- Exemption from levy of surcharge on interest and dividend income earned by all Specified Funds in IFSC
- No mention in the budget proposal to extend the sunset clause expiring on 31 March, 2025 which provides tax neutrality on relocation of offshore funds to IFSC

These amendments are proposed to be applicable from AY 2025-26

## NBFC/MSME

- Credit availability supported through a guarantee from a government promoted fund
- Limits for issuing mudra loans to MSMEs raised
- More significant changes are announced to support MSME sector with a view to generate more employments and support economy

## Foreign direct investment and overseas investment

The rules and regulations for foreign direct investment and overseas investments will be simplified to:

- facilitate foreign direct investments,
- nudge prioritization, and
- promote opportunities for using Indian Rupee as a currency for overseas investments

## Ease of doing business

- Maximum time limit to open past assessment curtailed from 10 years to 5 years 3 months from end of relevant AY
- Time limit for filing appeal to ITAT revised to two months from the end of the month in which order sought to be appealed against is communicated
- To curb the rising number of litigation cases at various level and with the objective to reduce the litigation, Direct Tax Vivad se Vishwas Scheme, 2024 reintroduced. Waiver of interest, penalty and prosecution proposed in case of scheme availed on or before 31 December 2024
- Announcement of a comprehensive review of the Income-tax Act, 1961 with an expected completion timeline of 6 months to make the new tax code concise, lucid, easy to read and understand with an effort to reduce disputes and litigation and provide certainty to taxpayers. It is likely that this would be effective from the next financial year

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This infographic summary is not a holistic guide on the India' 2024 budget. Some items found in the actual budget are omitted from this summary. To the best of our abilities, we have tried to feature those we deem of interest to the general public and our clients.

For a comprehensive read, do head over to [India Union Budget website](#).

Reference: IH9729\_July2024\_01

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