



# Union Budget 2024-25

# Key Highlights

## ❖ Indirect tax

### 1. Changes in Custom Duties:

- Reduced Basic Customs Duty to 15% on mobile phones, mobile PCBA, and chargers.
- Reduced Custom Duty on gold and silver to 6% and platinum to 6.4%.
- Reduced Basic Customs Duty on shrimp and fish feed to 5%.

### 2. Exemptions from Custom Duties

- Three more cancer medicines.
- 25 critical minerals.
- More capital goods for manufacturing solar cells and panels.

### 3. Inserted Section 16(5) in IGST Act, 2017:

- 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.

## ❖ Direct tax

(Income Tax Act, 1961, hereinafter referred to as 'the Act')

### 1. Standard Deduction for Salaried Employees:

- Increased from ₹50,000 to ₹75,000 where income tax is computed under section 115BAC (1A) of the Act.

## 2. Tax rates under section 115BAC (1A) of the Act:

- Income slabs and corresponding tax rates have been revised:

₹0-3 lakh	:	Nil
₹3-7 lakh	:	5%
₹7-10 lakh	:	10%
₹10-12 lakh	:	15%
₹12-15 lakh	:	20%
Above ₹15 lakh	:	30%

## 3. Family Pension Deduction:

- Increased from ₹15,000 to ₹25,000 under section 57 clause (iia) where income tax is computed under section 115BAC (1A) of the Act.

## 4. Angel Tax:

- Abolished for all classes of investors.

## 5. Corporate Tax:

- Reduced the tax rate for foreign companies from 40% to 35%.

## 6. Capital Gains Tax:

(Applicable for transfers taking place on or after 23<sup>rd</sup> July, 2024)

- Tax rate on short-term capital gains on financial assets under section 111A of the Act is increased from 15% to 20%.
- Tax rate on long-term gains on certain financial assets under section 112A of the Act is increased from 10% to 12.5%.
- Tax rate on long-term gains on all financial and non-financial assets under section 112 of the Act is reduced from 20% to 12.5% without indexation available to long term capital assets.
- Exemption limit for capital gains on financial assets, taxable under section 112A is increased to ₹1.25 lakh per year.

## 7. Tax Deducted at Source (TDS):

- New TDS section 194T is inserted to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm aggregating to amount more than Rs 20,000 in the financial year. Applicable TDS rate will be 10% from 1<sup>st</sup> April, 2025.
- Rationalisation of TDS rates as below:

Section	Old TDS Rate	New TDS Rate	Effective Date
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	Omitted		1.10.2024

#### 8. Partner Remuneration:

- Amended the limit of remuneration to working partners in a partnership firm, which is allowed as deduction under section 40(b) of the Act 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% of the book profit, whichever is more;
(b)	On the balance of the book-profit	At the rate of 60%

#### 9. Direct Tax Vivad se Vishwas Scheme:

- Direct Tax Vivad se Vishwas Scheme, 2024 is introduced with the objective of providing a mechanism of settlement of disputed issues, thereby reducing litigation without much cost to the exchequer.

#### 10. Equalisation Levy:

- Equalisation levy at the rate 2% of the amount of consideration received or receivable by an e-commerce operator from e-commerce supply or services under section 165A of the Act, shall not be applicable on or after the 1st day of August, 2024.

#### 11. Deduction under section 80CCD of the Act:

- Amended sub-section (2) of section 80CCD of the Act, where contribution towards pension scheme 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 where income tax is computed under section 115BAC (1A) of the Act.

#### 12. Revision of STT rate:

- Increased the rates of securities transaction tax on sale of an option in securities from 0.0625% to 0.1% of the option premium, and on sale of a futures in securities from 0.0125% to 0.02%.

### **13. Buy-Back of Shares:**

(Applicable from 1<sup>st</sup> October, 2024)

- Sum paid by a domestic company for purchase of its own shares shall be treated as dividend in the hands of shareholders.
- No deduction for expenses shall be available against such dividend income while determining the income from other sources.

### **14. Transfer Pricing:**

- Expanded the scope of safe harbour rules and to reduce litigation and provide certainty in international taxation.
- Streamlined the transfer pricing assessment procedure.

## **❖ MSME**

### **1. Credit Guarantee Scheme for MSMEs in the Manufacturing Sector:**

- A credit guarantee new scheme has been introduced to provide a term loan for purchasing machinery and equipment's without collateral and third-party guarantee.

### **2. Enhanced scope for mandatory onboarding in TReDS:**

- Reduction in the turnover threshold of buyers for mandatory onboarding on the TReDS platform from ₹ 500 crore to ₹ 250 crore.

## **❖ Other Important Highlights**

### **1. Mudra Loan:**

- The limit has been enhanced to ₹ 20 lakh from the current ₹ 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.

### **2. Internship Opportunities:**

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

- Companies expected to bear the training cost and 10 per cent of the internship cost from their CSR funds.

### **3. PM Surya Ghar Muft Bijli Yojana:**

- It aims to provide free electricity to 1 crore households in India who opts to install rooftop solar electricity units.
- The households will be able to get 300 units of electricity free every month.

### **4. Employment Linked Incentive:**

- **Scheme A (First Timers)**- One month wage to new entrants in all formal sectors in 3 instalments up to ₹15,000.
- **Scheme B (Job creation in manufacturing)**- Incentive to both employee & employer for EPFO contributions in the specified scales for the first 4 years.
- **Scheme C (Support to employees)**- Government will reimburse EPFO contributions of employers up to ₹3000 per month for 2 years for all new hires.

### **5. Higher Education Loan:**

- 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%.

### **6. 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.

### **7. Shrimp Production & Export:**

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

### **8. 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.