

Post Election Budget 2024 | Highlights

India's Finance Minister Nirmala Sitharaman presented her 7th Budget with focus on:

- Productivity and Resilience in Agriculture
- Employment, Skilling and inclusive human resource development.
- Energy Security and Infrastructure

Overview: India's growth rate was 8.2% in FY 2023-24. The Government plans to raise total receipts of 48 Lakh Crore in the current fiscal year which is around 8.5% higher than the previous year. Direct Tax growth rate is budgeted at 13% and Indirect Tax by 8%.

Fiscal Consolidation: The Government is committed to spending on various social causes though they have prioritised fiscal prudence. The Fiscal deficit which was 9.2% of GDP in FY21 was brought down to 5.6% in FY24 and is expected to further reduce to 4.9% during FY25.

Capital Expenditure: The centre has planned for 11.11 Lakh Crore expenditure towards infrastructure which accounts for 3.4 % of GDP.

Employment and related incentives:

- One-month salary of up to Rs.15,000 to be provided in 3 instalments to first-time employees, as registered in the EPFO.
- Incentives to Employers and Employees who contribute to EPF for first four years of employment.
- Reimbursement of up to ₹3,000 per month for two years towards the EPFO contribution by employers for each additional new employee.
- Loans up to ₹7.5 lakh with a guarantee from a government promoted Fund, which is expected to help 25,000 students every year.
- Financial support for loans upto ₹10 lakh for higher education in domestic institutions and Direct E-vouchers to 1 lakh students every year, with annual interest subvention of 3%

Support to MSMEs:

- Rs.100 Crore credit guarantee scheme for MSMEs in Manufacturing sector
- Limit of Mudra Loans enhanced from 10 Lakhs to 20 Lakhs.

Changes to Personal Taxation:

Changes have been made to new tax regime to make it more attractive. Few of them are as follows:

- Standard deduction for salaried employees increased from ₹50,000 to ₹75,000.
- Deduction on family pension for pensioners enhanced from ₹15,000/- to ₹25,000/-
- The deduction with respect to the National Pension Scheme is proposed to be increased to 14% of Basic Pay in cases of non-government employees.
- The revised tax slabs for the new tax regime is given below:

Slab	Tax Rate
0-3 lakh rupees	Nil
3-7 lakh rupees	5%

7-10 lakh rupees	10%
10-12 lakh rupees	15%
12-15 lakh rupees	20%
Above 15 lakh rupees	30%

Changes to Capital Gain:

Simplified table is given below for the changes

Income Type	Existing	w.e.f 23rd July,24
STCG Equity / Equity oriented instruments	15%	20%
Other STCG	Applicable Slab	Applicable Slab
LTCG Equity / Equity oriented instruments	10%	12.50%
Other LTCG	20% with indexation	12.5% without indexation

STCG = Short Term Capital Gain

LTCG = Long Term Capital Gain

- The exemption limit on long-term capital gains on the transfer of listed shares, units of equity-oriented funds and units of business trust (subject to conditions) is increased from INR 1,00,000 to INR 1,25,000.
- The holding period for all listed securities will be a common period of 12 months to be classified as long-term capital assets. All other assets will qualify as long-term capital assets if held for 24 months or more.

Changes to Corporate Taxation & Assessments:

- No change in domestic tax rates
- Tax rate for foreign companies reduced from 40% to 35%
- Angel tax abolished from 1st April, 2024
- Simplification of Reassessment:

Re-assessment can be reopened beyond three years upto five years from the end of Assessment Year only if the escaped income is ₹ 50 lakh or more. Simplified table given below

Level of income (Rs.)	Existing Provisions	Proposed Ones
Less than 50 lacs	3 years	3 years 3 months
50 lacs or more	10 years	5 years 3 months

- Introduction of Direct Tax 'Vivad se Vishwas' Scheme, 2024 for providing a mechanism of settlement of disputed issues.

Notable Changes to Customs Duty.

- Customs Duty exempted for Cancer Treatment Medicines
- Customs Duty on Precious Metals gold and silver reduced to 6% and platinum to 6.4% making them cheaper
- Customs Duty on Mobiles, Chargers, and Accessories cut to 15%
- Customs Duty on Telecom Equipment increased to 15% from 10%

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Date: August 01, 2024