Annexure to Part B

Amendments relating to Direct Taxes

(i) Personal Income-tax reforms with special focus on middle class

1. Substantial relief is proposed under the new tax regime with new slabs and tax rates as under: -

Total income	Rate of tax
Upto ` 4,00,000	Nil
From ` 4,00,001 to ` 8,00,000	5 per cent
From ` 8,00,001 to ` 12,00,000	10 per cent
From ` 12,00,001 to ` 16,00,000	15 per cent
From ` 16,00,001 to ` 20,00,000	20 per cent
From ` 20,00,001 to ` 24,00,000	25 per cent
Above ` 24,00,000	30 per cent

2. Rebate on income-tax

Resident individual with total income up to ` 7,00,000 do not pay any tax due to rebate under the new tax regime. It is proposed to increase the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to ` 12,00,000. Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than ` 12,00,000.

A few examples for calculation of tax benefit are given in the table below:

Income	Tax on Slabs and rates		Benefit of	Rebate benefit	Total Benefit	Tax after rebate Benefit
	Present	Proposed	Rate /Slab	Full upto Rs 12 lacs		
8 lac	30,000	20,000	10,000	20,000	30,000	0
9 lac	40,000	30,000	10,000	30,000	40,000	0
10 lac	50,000	40,000	10,000	40,000	50,000	0
11 lac	65,000	50,000	15,000	50,000	65,000	0
12 lac	80,000	60,000	20,000	60,000	80,000	0
16 lac	1,70,000	1,20,000	50,000	0	50,000	1,20,000
20 lac	2,90,000	2,00,000	90,000	0	90,000	2,00,000
24 lac	4,10,000	3,00,000	1,10,000	0	1,10,000	3,00,000
50 lac	11,90,000	10,80,000	1,10,000	0	1,10,000	10,80,000

(ii) Rationalization of TDS/TCS for easing difficulties

1. Rationalization tax deducted at source (TDS) and tax collected at source (TCS) rates:

To reduce multiplicity of rates and compliance burden, it is proposed to bring down certain TDS and TCS rates in certain sections as below:

No	Section of the Act	Present TDS/TCS Rate	Proposed TDS/TCS Rate
1.	Section 194LBC - Income in respect of investment in securitization trust	25% if payee is Individual or HUF and 30% otherwise	10%
2.	Sub-section (1) of section 206C (i) TCS on timber or any other forest produce (not being tendu leaves) obtained under a forest lease and (ii) TCS on timber obtained by any mode other than under a forest lease	2.5%	2%
3.	Sub-section (1G) of section 206C – TCS on remittance under LRS for purpose of education, financed by loan from financial institution	0.5% after ` 7 lakhs	Nil

It is further proposed to increase certain thresholds for requirement to deduct tax at source or collect tax at source under certain sections, as below:

.No	Section of the Act	Present TDS /TCS Threshold (Rs)	Proposed TDS /TC Threshold (Rs)
1.	193 - Interest on securities	Nil	10,000/-
2.	194A - Interest other than Interest on securities	(i) 50,000/- for senior citizen; (ii) 40,000/- in case of others when payer is bank, cooperative society and post office (iii) 5,000/- in other cases	(i) 1,00,000/- for senior citizen (ii) 50,000/- in case of others when payer is bank, co-operative society and post office (iii) 10,000/- in other cases
3.	194 – Dividend, for an individual shareholder	5,000/-	10,000/-
4.	194K - Income in respect of units of a mutual fund or specified company or undertaking	5,000/-	10,000/-
5.	194B - Winnings from lottery, crossword puzzle etc.	Aggregate of amounts exceeding 10,000/- during the financial year	10,000/- in respect of a single transaction
6.	194BB - Winnings from horse race		
7.	194D - Insurance commission	15,000/-	20,000/-
8.	194G - Income by way of commission, prize etc. on lottery tickets	15,000/-	20,000/-
9.	194H - Commission or brokerage	15,000/-	20,000/-
10.	194-I Rent	2,40,000/- during the financial year	50,000/- per month or par of a month

11.	194J - Fee for professional or technical services	30,000/-	50,000/-
12.	194LA - Income by way of enhanced compensation	2,50,000/-	5,00,000/-
13.	206C(1G) – Remittance under LRS and overseas tour program package	7,00,000/-	10,00,000/-

(iii) Encouraging voluntary compliance

1. Extending the time-limit to file the updated return:

It is proposed to extend the time-limit to file the updated return from the existing 24 months to 48 months from the end of the relevant assessment year. The additional tax payable shall be 60% of the aggregate of tax and interest payable on additional income for filing updated return during the period of 24 months to 36 months from the end of relevant assessment year. Additional tax payable shall be 70% of the aggregate of tax and interest payable for filing updated return during the period of 36 months to 48 months from the end of relevant assessment year subject to certain conditions.

2. Obligation to furnish information in respect of crypto-asset:

It is proposed to bring amendment in the Act to provide for that a prescribed reporting entity in respect of a crypto-asset shall furnish information in respect of a transaction in such crypto asset, in a statement as prescribed. It is also proposed to align the definition of virtual digital asset accordingly.

3. Annual value of the self-occupied property simplified:

It is proposed to provide that the annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.

(iv) Reducing compliance burden

1. Reduction in compliance burden by omission of TCS on sale of specified goods:

To reduce compliance burden of the taxpayers, it is proposed to no tax will be collected at source on sale of specified goods of value of more than fifty lakhs.

2. Removal of higher TDS/TCS for non-filers of return of income:

To reduce compliance burden on the deductor/collector, it is proposed to omit section 206AB and section 206CCA of the Act.

3. Definition of "forest produce" rationalized:

It is proposed to clarify the meaning of "forest produce" u/s 206C(1) of the Act to remove any ambiguity regarding definition of the same. It is also proposed that TCS be collected only on "any other forest produce which is obtained under a forest lease."

(v) Ease of doing business

1. Extension of time limit u/s 80-IAC for startups:

It is proposed to extend the benefit provided under Section 80-IAC to startups for another period of five years, i.e. the benefit will be available to eligible start-ups incorporated before 01.04.2030.

2. Parity in rates of long term capital gain on transfer of securities by non-resident:

It is proposed to bring parity between the taxation of capital gains on transfer of capital assets between residents and non-residents being Foreign Institutional investors, on their income by way of long-term capital gains on transfer of securities.

3. Simplification of tax provisions for charitable trusts/institutions:

It is proposed to increase the period of validity of registration of trust or institution from 5 years to 10 years for smaller trusts or institutions.

It is proposed to rationalize the definition of specified violation for cancellation of registration of trust or institution so as to not apply the same for minor default such as in-complete applications.

It is also proposed to rationalize the definition of persons making substantial contribution to a trust or institution for denial of exemption.

4. Rationalization in taxation of business trusts:

It is proposed to provide that the total income of a business trust which is charged to tax at the maximum marginal rate, shall be subject to the provisions of section 112A of the Act as well, as it is subject to provisions of section 111A and section 112 of the Act.

5. Harmonization of Significant Economic Presence applicability with business connection:

It is proposed to provide that significant economic presence of a non-resident in India shall not include the transactions or activities which are confined to the purchase of goods in India for the purpose of export.

6. Bringing clarity in income on redemption of Unit Linked Insurance Policy:

It is proposed to clarify that the profit and gains from the redemption of unit linked insurance policies to which exemption under section 10(10D) does not apply, shall be charged to tax as capital gains.

7. Amendment of definition of 'capital asset':

In order to bring clarity on the chargeability of income arising out of transfer of capital asset being securities held by an investment fund as referred to in section 115UB of the Act, the definition of capital asset is proposed to be amended.

8. Rationalization of transfer pricing provisions for carrying out multi-year arm's length price determination

It is proposed to provide that the transfer pricing provisions for arm's length price determination in relation to similar transactions shall now be applicable for a period of 3 years.

9. Exemption from prosecution for delayed payment of TCS: It is proposed to provide for exemption from prosecution to a person who has failed to pay tax collected at source (TCS) to the credit of the Central Government, if such payment is made at any time on or before the time prescribed for filing the quarterly TCS statement. **10. Amendment of definition of 'capital asset':** In order to bring clarity on the chargeability of income arising out of transfer of capital asset being securities held by an investment fund as referred to in section 115UB of the Act, the definition of capital asset is proposed to be amended.
(vi) Employment and Investment
1. Incentives to IFSC It is proposed that the sunset dates related to IFSC units for exemptions, deductions and relocation in various sections shall be extended to 31st March, 2030. It is proposed to exempt the proceeds received on life insurance policy issued by IFSC insurance intermediary office without the condition on maximum premium amount. It is proposed to extend the exemption in section 10(4H) to capital gains for non-resident or a unit of IFSC on transfer of equity shares of a ship leasing domestic company. It is proposed to extend the exemption in section 10(34B) to dividend paid by a ship leasing company in IFSC to a unit of IFSC engaged in ship leasing. It is proposed that any advance or loan between two group entities, where one of the group entities is set up in IFSC for undertaking treasury activities or treasury services, shall be excluded from dividend. It is proposed to provide a simplified safe harbor regime for investment funds managed by fund manager based in IFSC. It is further proposed to extend the relaxation of conditions for IFSC units till 31st March, 2030. It is proposed to provide exemption to any income accruing or arising to or received by a non-resident as a result of transfer of non-

deliverable forward contracts entered into with any Foreign Portfolio Investor, being a unit in an International Financial Services Centre, which fulfills prescribed conditions.

It is proposed that transfer of a share or unit or interest held by a shareholder in an original fund (being a retail scheme or exchange traded fund regulated under IFSCA Regulations 2022) in consideration for the share or unit or interest in a resultant fund in a relocation, shall not be regarded as transfer for the purpose of calculating capital gains.

2. Extension of date of making investment by Sovereign Wealth Funds, Pension Funds and others:

It is proposed that in the case of person specified under section 10(23FE) the date of making investment shall be extended from 31st day of March, 2025 to 31st day of March, 2030.

It is further proposed that in the case of such specified person exemption shall be available to long-term capital gains under said section, even if such capital gains are deemed as short-term capital gains under section 50AA.

3. Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility:

It is proposed to provide a presumptive taxation regime for non-residents, engaged in the business of establishing or operating electronics manufacturing facility or a connected facility for manufacturing or production of electronic goods, article or thing in India.

4. Extension of Tonnage Tax Scheme to Inland vessels:

It is proposed that the benefits of existing tonnage tax scheme to be extended to inland vessels registered under the Indian Vessels Act, 2021 to promote Inland Water Transportation in the country.

5. Deduction u/s 80CCD for contributions made to the NPS Vatsalya:

It is proposed to extend the tax benefits available to the National Pension Scheme (NPS) under sub-section (1B) of section 80CCD of the Income-tax Act, 1961 to the contributions made to the NPS Vatsalya accounts, as applicable.

(vii) Other miscellaneous amendments

1. Exemption from withdrawals from National Savings Scheme (NSS):

It is proposed to provide exemption to the withdrawals made from National Savings Scheme (NSS) on or after the 29th day of August, 2024, for any amount deposited under the scheme and the interest accrued thereon in respect of which a deduction has been allowed.

2. Increase in the limits on the income of the employees for the purpose of calculating perquisites:

The provisions of Section 17 are proposed to be amended so that the power to prescribe rules may be obtained to increase these limits.

3. Extension of exemption to Specified Undertaking of Unit Trust of India (SUUTI)

It is proposed to extend the exemption of SUUTI created by the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, to 31st March, 2027.

4. Non applicability of Section 271AAB of the Act:

It is proposed that provisions of the aforesaid section shall not be applicable to a case where search has been initiated under section 132 on or after the 1st day of September, 2024.

5. Certain penalties to be imposed by the Assessing Officer:

It is proposed to amend various sections related to penalty to provide that penalties under these sections shall be levied by the Assessing Officer, subject to the provisions of the Act relating to prior approval of Joint Commissioner of Income-tax.

6. Removing date restrictions on framing the schemes in certain cases:

It is proposed that the end date prescribed for notifying faceless schemes under certain sections may be omitted so as to provide that

Central Government may issue directions beyond the cut-off date of 31st day of March, 2025.

7. Extending the processing period of Application seeking immunity from penalty and prosecution:

It is proposed that Assessing Officer shall pass an order accepting or rejecting the application requesting immunity from penalty and prosecution, within a period of three months from the end of the month in which such application is received.

8. Increasing time limit available to pass order under section 115VP:

It is proposed to amend section 115VP to provide that the order, accepting or rejecting, assessee's option to opt for tonnage tax scheme shall be passed before the expiry of three months from the end of the quarter in which such application was received.

9. Excluding the period such as court stay etc. for calculating time limit to pass an order:

It is proposed to exclude certain time period such as period of stay on proceedings by any court order, etc. from the time limit to pass an order deeming a person to be an assessee in default with respect of failure to collect TCS.

10. Time limit to impose penalties rationalized:

It is proposed that any order imposing a penalty shall not be passed after the expiry of six months from the end of the quarter in which the connected proceedings are completed, or the order of appeal is received.

11. Clarification regarding commencement date and the end date of the period stayed by the Court:

It is proposed to amend the relevant sections of the Act to clarify the commencement date and the end date of the period stayed by an order or injunction of any court.

12. Time limit for retention of seized books of account or other documents rationalized:

It is proposed make amendments to provide that retention of seized books of account or other documents shall be one month from the end of the quarter in which the assessment or reassessment or recomputation order has been made.

13. Rationalisation of provisions related to carry forward of losses in case of amalgamation

It is proposed to amend section 72A and section 72AA of the Act to provide that any loss forming part of the accumulated loss of the predecessor entity, shall be carried forward for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.

14. Amendments proposed in provisions of Block assessment for search and requisition cases under Chapter XIV-B

It is proposed to add the term "virtual digital asset" to the said definition of undisclosed income of the block period. The time-limit for completion of block assessment is proposed to be made as twelve months from end of the quarter in which the last of the authorisations for search or requisition has been executed.