



INTERIM UNION BUDGET
2024-25
Viksit Bharat 2047



BAGARIA
& COMPANY

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Economic Highlights

Analysis of growth of GDP, factors impacting growth, outlook, etc.

1. Economic Highlights 2024

India Outlook in FY 23-24

India's economic growth is estimated at 7.3% in 2023-24

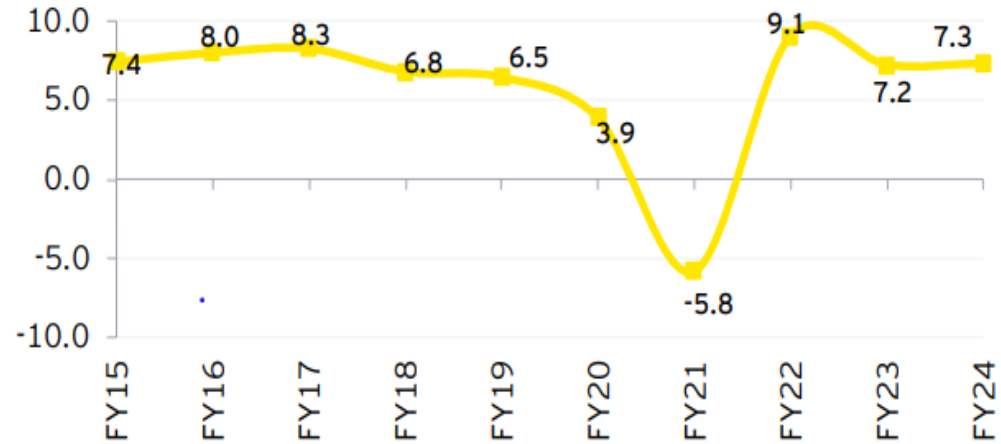
Growth in manufacturing is estimated to be significantly higher at 6.5% in FY24 as compared to 1.3% in FY23.

Trade, hotels, transport sector is estimated to show a normalizing growth of 6.3% in FY24.

The Reserve Bank of India projects CPI inflation at 5.4 percent in 2023-24 (FY24)

Fiscal deficit for FY'25 set at 5.1% of GDP with the target of below 4.5% by FY'26

Real GDP growth (% , Year on Year)



BBB-

India Credit Rating
(As per
Standard & Poor's)

\$620 bn

Foreign Exchange
Reserve as on December
31, 2023

4th

Largest Stock Market in World
with a Cap size of \$4+ trillion

72

Unicorn Start-ups as
on December 2023

We usually provide Economic Outlook of India by studying the Economic Survey by Ministry of Finance. However, this year's Economic Survey has not been published as the Budget being the Interim Budget. Hence, we have relied on other external sources to compile this data.

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Rates of Taxes

Tax rates for assessee

2. Rates of Taxes

Taxation of Individuals, HUF, Co-operative, Firms and Local Authorities

For Individual Tax Payer (upto 60 years) & HUF :	Old Regime
< ₹ 2.5 Lakhs	-
> ₹ 2.5 Lakhs to < ₹ 5 Lakhs	5.20%
> ₹ 5 Lakhs and < ₹ 10 Lakhs	20.80%
> ₹ 10 Lakhs and < ₹ 50 lakhs	31.20%
> ₹ 50 Lakhs and < ₹ 1 crores	34.32%
> ₹ 1 crores and < ₹ 2 crores	35.88%
> ₹ 2 crores and < ₹ 5 crores	39.00%
> ₹ 5 crores	42.74%
For Individual Tax Payer (upto 60 years) & HUF :	New Regime
< ₹ 3 Lakhs	-
> ₹ 3 Lakhs to < ₹ 6 Lakhs	5.20%
> ₹ 6 Lakhs and < ₹ 9 Lakhs	10.40%
> ₹ 9 Lakhs and < ₹ 12 Lakhs	15.60%
> ₹ 12 Lakhs and < ₹ 15 Lakhs	20.80%
> ₹ 15 Lakhs and < ₹ 50 lakhs	31.20%
> ₹ 50 Lakhs and < ₹ 1 crores	34.32%
> ₹ 1 crores and < ₹ 2 crores	35.88%
> ₹ 2 crores and < ₹ 5 crores	39.00%
> ₹ 5 crores	39.00%

Notes

- The above-mentioned rates are effective rates of tax (including applicable tax rate, surcharge (SC), Health and Education cess)
- In Old Regime, the base exemption for senior citizen ie. 60 years to 80 years is ₹ 3,00,000 and for super senior citizen ie. 80 years & above is ₹ 5,00,000/-
- Rs 52,500 standard deduction to taxpayers has been introduced under the new regime incase income is equal or higher than Rs. 15.50 lakhs
Further, an assessee has an option to choose between the New Regime and Old Regime tax rates
- The income tax rebate limit is proposed to be increased from ₹5lakhs to ₹7lakhs in the new tax regime
- The highest surcharge rate on income above 5 crore is proposed to be reduced from 37% to 25% under the new tax regime
- Surcharge on the tax in respect of income by way of dividend or income under the provisions of section 111A, 112 and 112A of the Act shall be capped at 15%.

2. Rates of Taxes

Taxation of Individuals, HUF, Co-operative, Firms and Local Authorities

For Co-operatives, Firms and Local Authorities	Co-operatives*	Partnership Firms and Local Authorities
< ₹ 10,000	10.40%	31.20%
> ₹ 10,000 and < ₹ 20,000	20.80%	
> ₹ 20,000 and < ₹ 1 crores	31.20%	
> ₹1 crores and < ₹ 10 crores	33.38% (30% + 7% + 4%)	34.94% (30% + 12% + 4%)
more than ₹ 10 crores	34.94% (30% + 12% + 4%)	

Notes

*A co-operative society resident in India shall have the option to pay tax at 25.16% for assessment year 2021-22 onwards as per the provisions of section 115BAD, subject to fulfilment of certain conditions

In order to bring new manufacturing co-operative society at par with new manufacturing companies, following new provisions were inserted via Finance Act, 2023

Particulars	Section 115BAE
Coverage	Tax on new manufacturing co-operative society (including electricity generation)
Date of set up condition	On or after 1st April,2023 and has commenced manufacturing on or before 31st March, 2024
Concessional rate of tax after including surcharge and cess	17.16% (15%+10% Surcharge+4% cess)
Taxation on income not incidental to manufacturing and production	22%
Taxation on additions made by the AO	30%
Tax on Short term capital gain derived from transfer of capital asset on which depreciation is not allowed under the Act	22%
Condition of split/ reconstruction and second hand machinery	Applicable
Applicability of concessional rate	AY 2024-25 onwards
Is it optional? When the option is to be exercised.	Yes- The option to be exercised during the first year. The option so exercised cannot be withdrawn
Essential Condition	The assessee should not avail any specified incentive or deductions

2. Rates of Taxes

Taxation of Domestic Companies – Summary

Section	Type of company	Base MAT rate	Normal tax rate	Effective normal tax rate		
				Income upto 1 Cr	Income > 1 Cr but upto 10 Cr	Income > 10 Cr
115BA	Domestic manufacturing company set-up and registered on or after 1 March 2016	15%	25%	26% (Nil SC + 4% cess)	27.82% (7% SC+ 4% cess)	29.12% (12% SC+ 4% cess)
115BAA	Any domestic company (even if an existing company or engaged in non-manufacturing business)	NA	22%	25.17% (10% SC+ 4% cess)	25.17% (10% SC+ 4% cess)	25.17% (10% SC+ 4% cess)
115BAB	Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2024	NA	15%	17.16% (10% SC+ 4% cess)	17.16% (10% SC+ 4% cess)	17.16% (10% SC+ 4% cess)
Para E of First Schedule	Domestic companies having turnover of less than INR 400 crores during FY 2021-22	15%	25%	26% (Nil SC+ 4% cess)	27.82% (7% SC+ 4% cess)	29.12% (12% SC+ 4% cess)
	Domestic companies having turnover of more than INR 400 crores during FY 2021-22	15%	30%	31.20% (Nil SC+ 4% cess)	33.38% (7% SC+ 4% cess)	34.94% (12% SC+ 4% cess)

2. Rates of Taxes

Taxation of Domestic Companies – Comparative Analysis

Particulars	Section 115BA (25% tax rate)	Section 115BAA (22% tax rate)	Section 115BAB (15% tax rate)	Domestic companies (Turnover ≤ INR 400 crs)	Domestic companies (Turnover > INR 400 crs)
Coverage	Tax on domestic manufacturing companies	Tax on all domestic companies not claiming certain incentives /exemptions	Tax on new domestic manufacturing (including electricity generating) companies not claiming incentives / exemptions	All domestic companies have annual turnover during FY 21-22 less than or equal to ₹400 crores	All domestic companies have annual turnover during FY 21- 22 more than ₹400 crores
Date of set-up condition	On or after 1 March 2016	No condition	On or after 1 October 2019 and has commenced manufacturing on or before 31 March 2024	NA	NA
Rate of tax after including surcharge and cess	26% / 27.82% / 29.12%	25.17%	17.16%	26% / 27.82% /29.12%	31.2% / 33.38% / 34.94%
Applicability of MAT	Yes	No	No	Yes	Yes
MAT Credit	Available	Not Available	Not Available	Available	Yes
Base / essential conditions	Manufacturing company which is set up after 1 March 2016	Any domestic companies (including trading or service company)	Manufacturing Company which is set up on or after 1 Oct 2019 and commences operations on or before 31 March 2023	NA	NA

2. Rates of Taxes

Taxation of Domestic Companies – Comparative Analysis

Particulars	Section 115BA (25% tax rate)	Section 115BAA (22% tax rate)	Section 115BAB (15% tax rate)	Domestic companies (Turnover ≤ INR 400 crs)	Domestic companies (Turnover > INR 400 crs)
Condition of split/reconstruction and second hand machinery	Not Applicable	Not Applicable	Applicable	Irrelevant	Irrelevant
Impact on claim of incentives and losses attributable to incentives	Need to be foregone	Need to be foregone	Need to be foregone	Available	Available
Specified domestic transfer – Transfer pricing	Applicable where certain profit linked deduction is claimed		Applicable on any business transacted by company with related party	Applicable where certain profit linked deduction is claimed	
Is it optional? When the option is to be exercised.	Yes - Option to be exercised during the first year - once opted in, opt out unlikely to apply. The exception provided is only when 115BAB applicable	Yes – Option can be exercised anytime - once opted the choice is irreversible	Yes – Option can be exercised anytime - once opted the choice is irreversible	NA	NA

2. Rates of Taxes

Capital Gains tax rates on certain instruments

Product	Period of holding to qualify for LTCG (Months)	Tax on STCG	Tax on LTCG
Listed equity shares (STT Paid)	12	15%	10%
Listed equity shares (STT not Paid)	12	Normal tax rate	20% with indexation or 10% without indexation
Equity funds (if STT paid)	12	15%	10%
Equity funds (if STT not paid)	12		20% with indexation or 10% without indexation
Unlisted shares	24		20% with indexation
Sovereign Gold Bond	12	Normal tax rate	20% with indexation or 10% without indexation
Dated G-Secs (Listed)	12		10% without indexation
Dated G-Secs (Unlisted)	36		20% with indexation
Debt mutual funds	-		Normal tax rate
Residential property	24		20% with indexation

Notes:

- STT stands for Securities Transaction Tax
- Tax on equity shares, equity funds is exempt if aggregate LTCG during the year does not exceed Rs. 1 Lakh
- Taxes are in case of a resident

3 Direct Tax amendments

3. Direct Tax amendments

Time limit in certain provisions increased from 31st March 2023 to 31st March 2024

- Income from transfer of capital asset, being Bond/Global Depository Receipt, Rupee Denominated Bond and Derivative, which is recognised on stock exchange located in IFSC, by the specified fund and where the consideration for such transaction is paid or payable in convertible foreign currency was exempt upto 31.03.2024.

Now, exemption is proposed to be extended till 31.03.2025.

- Income to non-resident by way of royalty & interest, lease of an aircraft or a ship, paid by a unit located in IFSC was exempt upto 31.03.2024.

Now, exemption is proposed to be extended till 31.03.2025.

- Income of certain specified foreign investors in the nature of dividend, interest or long-term capital gain arising from the investment made by it in India, whether in the form of debt or share capital or unit, was exempt from income tax subject to certain condition upto 31.03.2024

Now, exemption is proposed to be extended till 31.03.2025.

- Income of the eligible startups recognised by the DPIIT is exempt from income tax for any 3 consecutive assessments, if eligible startup is incorporated before 31.03.2024.

Now, exemption of income tax will be available even, if the eligible startup incorporated upto 31.03.2025.

- Income arising from the transfer of an asset, being aircraft or ship which was leased by the unit located in IFSC, is exempt if the unit located in IFSC commenced its operation upto 31.03.2024.

Now, exemption of income will be available even, if the unit located in IFSC commenced its operation upto 31.03.2025.

- Where case is referred to Transfer Pricing Officer for computing the arm length price in relation to the international transaction, Central Government can issue direction upto 31.03.2024 for the purpose of giving the effect of scheme as specified by notification in official gazette.

Now, Central Government can issue direction upto 31.03.2025.

- Where objection is raised with Dispute Resolution Panel by assessee with regards to draft proposed order of assessment passed by Assessing Officer for making variation in income of assessee, Central Government can issue direction upto 31.03.2024 for the purpose of imparting greater efficiency, transparency & accountability by way of giving the effect of scheme as specified by notification in official gazette.

Now, Central Government can issue direction upto 31.03.2025.

3. Direct Tax amendments

Time limit for certain provisions increased from 31st March 2023 to 31st March 2024

- Where appeal is filed with tribunal by assessee aggrieved with order passed by CIT/CIT(A), Central Government can issue direction upto 31.03.2024 for the purpose of imparting greater efficiency, transparency & accountability by way of giving the effect of scheme as specified by notification in official gazette.

Now, Central Government can issue direction upto 31.03.2025.

- Central Government can issue direction upto 31.03.2024 for the purpose of imparting greater efficiency, transparency & accountability in proceeding of appellate tribunal by way of giving the effect of scheme as specified by notification in official gazette.

Now, Central Government can issue direction upto 31.03.2025.

Withdrawal of Disputed Direct Tax demands

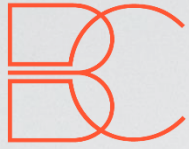
In order to provide relief to tax payers, it is proposed to withdraw outstanding direct tax demands:

- Upto ₹25,000 pertaining up to FY 2009-10
- Upto ₹10,000 pertaining from FY 2010-11 to 2014-15.

Revised rates of Tax Collected at Source for certain remittances under Liberalized Remittance Scheme (LRS)

Type of Remittance	Present Rate	Proposed Rate
Amount being remitted outside India for the purposes of education or medical treatment and such remittance is made out of loan obtained from a financial institution	0.5% of the remittance amount	No Change
Overseas Tour Package	20% without any threshold limit	20% of the amount or aggregate of amount in excess of 7 Lakh.
Any other case	20% without any threshold limit	20% of the amount or aggregate of amount in excess of 7 Lakh.

Note: TCS to be collected under section 206C(1G) from the period 01.07.2023 to 01.10.2023 shall be collected in accordance with the provisions as on 01.04.2023



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