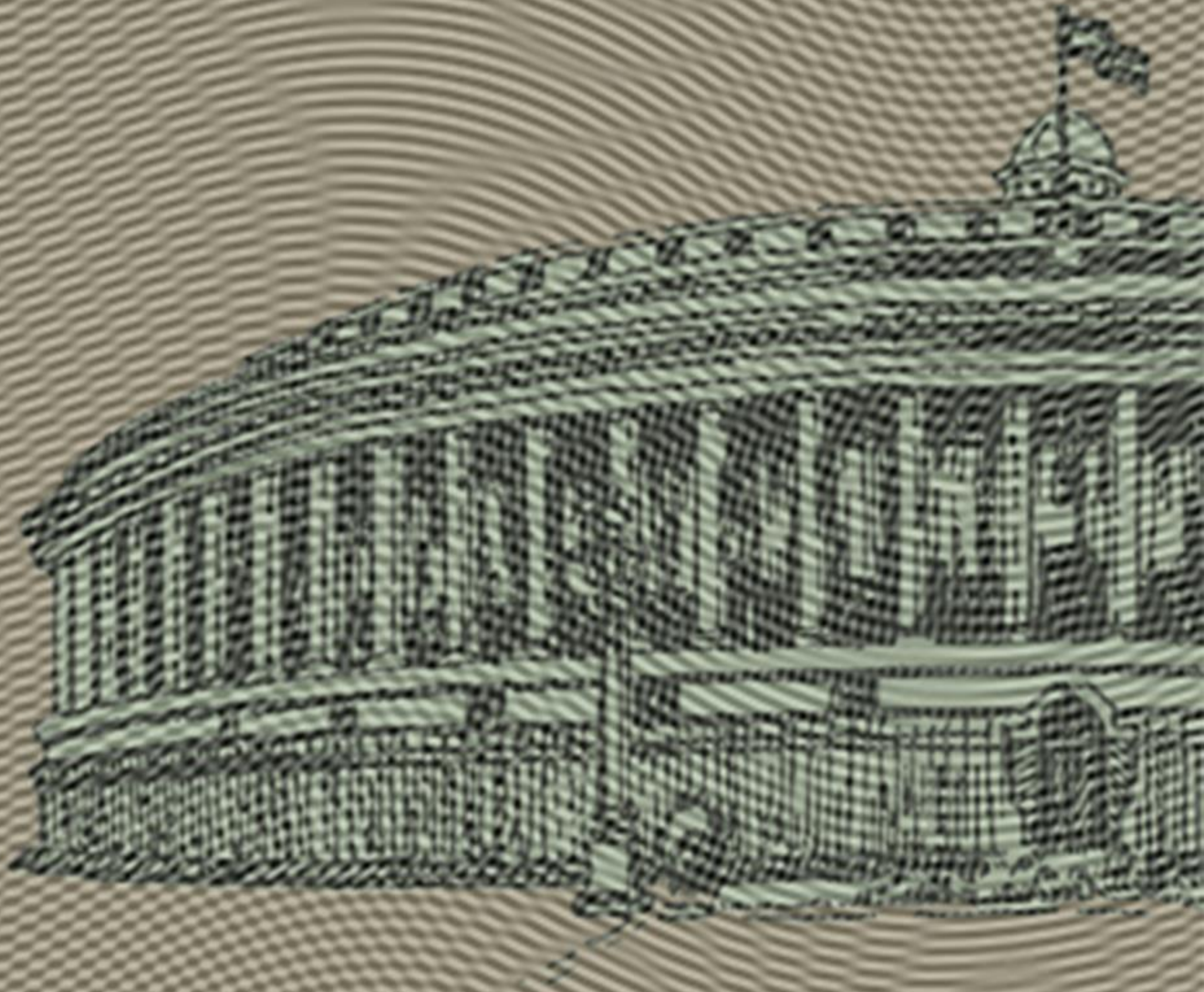
Budget 2024



Proposed Amendments

TCS PROVISIONS

Vide Circular number 10 of 2023, CBDT has changed the rate of TCS on the remittances made under the Liberalized Remittance Scheme ('LRS') and on the purchase of overseas tour packages. The said changes have now been enacted to the provisions of the Act through the proposed amendment in the provisions of Section 206C. The revised rate of TCS are as under –

Particulars	Rate of TCS (w.e.f., 01.10.2023)
For education (education loan from any financial institution as referred to in Section 80E)	Nil up to Rs 7 Lakh 0.5% above Rs 7 Lakh
For education (other than those mentioned above) and medical purposes.	Nil up to Rs 7 Lakh 5% above Rs 7 Lakh
For overseas tour package	5% up to Rs 7 Lakh, 20% above Rs 7 Lakh
Any other purpose	Nil up to Rs 7 Lakh 20% above Rs 7 Lakh

Proposed Amendments

- Sunset clauses have been extended from 31^{st} March 2024 to 31^{st} March 2025 in the following –
  - Section 10(4D) - for the commencement of operations by the investment division of the offshore banking unit' located in IFSC,
  - Section 10(4D) – for the commencement of operations by Category-I FPI,
  - Section 10(4F) – for the commencement of operations by IFSC unit paying income to non-residents i.e., royalty or interest earning on account of lease of aircraft or ship,
  - Section 10(23FE) – for making investments by specified persons such as Abu Dhabi Investment Authority, sovereign wealth funds or foreign pension funds.
  - Section 80LA – for commencement of operations by the IFSC unit earning income from the transfer of aircraft or ship.
  - Section 80IAC – for startups incorporated up to Mar 31, 2025
  - Section 92CA – for issuing the directions for optimising the arm-length price determination by TPO.
  - Section 144C – for issuing the directions for optimising the DRP proceedings.
  - Section 253 – for issuing the direction for optimising the appeal process before ITAT.
  - Section 255 - for issuing the direction for optimising the appeal disposal by ITAT.

Key Considerations

- There are no changes in the tax rates for all taxpayers (including individuals, domestic and foreign companies, etc.).
- It has been proposed to withdraw the old outstanding demands of the taxpayers. The demands to be withdrawn by the income tax department are as under –

Financial Year	Demand to be withdrawn
Up to FY 2009-10	Up to INR 25,000
From FY 2010-11 to FY 2014-15	Up to INR 10,000

Proposed Amendments

INPUT SERVICE DISTRIBUTOR REGISTRAION

The Finance Bill 2024 has made the Input Service Distributor (ISD) mechanism mandatory for distributing the common Input Tax Credit (ITC). Once this provision takes effect, corporates would need to follow this method for distributing common ITC, instead of using the cross-charge method. The ISD would be required to distribute all ITC on input services, including invoices liable to GST under reverse charge.

With this proposed amendment, corporates would need to review their existing common ITC distribution process and align with the proposed amendment. Until this provision is made effective, the cross-charge mechanism can continue to be applied.

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