



INTERIM BUDGET **SYNOPSIS**

2024



AKM GLOBAL

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01.

Non-Tax Proposals





Strategy for Amrit Kaal (Sustainable Development)

Commitment to meet 'Net Zero' by 2070

Wind Energy: Recognizing the pivotal role of renewable energy sources, it is proposed to promote the growth of wind energy through the provision of viability gap funding.

Cleaner Fuel Solutions: It is proposed to set up the coal gasification and liquefaction capacity. Further, a phased mandatory blending of CNG, PNG, and compressed biogas is proposed to be implemented, thereby fostering a transition towards cleaner fuel solutions. Financial assistance for the procurement of biomass aggregation machinery would be provided.

Rooftop Solarization

The interim budget introduces a transformative plan for rooftop solarization, benefiting one crore households with up to 300 units of free monthly electricity. This initiative aligns with promoting a greener and more affordable energy landscape.

Boosting E-Vehicle Ecosystem

In a strategic move, the interim budget proposes the widespread adoption of e-buses in the public transport network, coupled with robust support for manufacturing and charging infrastructure. This initiative aims to enhance the e-vehicle ecosystem, promoting sustainable transportation and reducing the carbon footprint in urban areas.

Strategy for Amrit Kaal

(Sustainable Development)

Fostering Green Innovation

The interim budget unveils a groundbreaking initiative by introducing a new scheme for biomanufacturing and bio-foundry, aimed at supporting environmentally friendly alternatives.

Empowering Energy Efficiency

The interim budget highlights significant strides in promoting energy efficiency, including the release of more than 100 million LPG connections under Pradhan Mantri Ujjwala Yojana (PMUY).

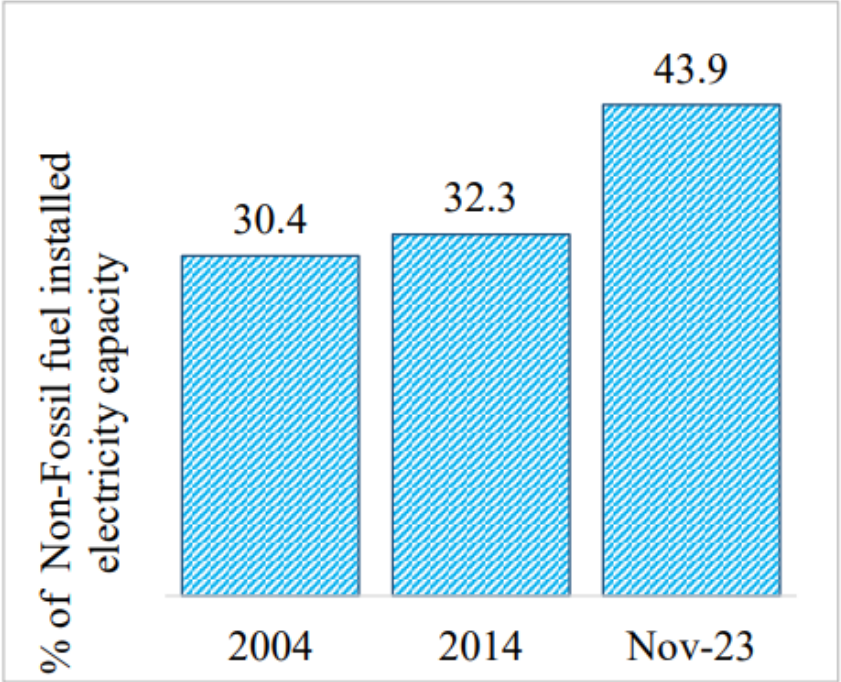
Additionally, the distribution of 369 million LED bulbs, 7.22 million LED tube lights, and 2.36 million energy-efficient fans were made under Unnat Jyoti by Affordable LEDs for All (UJALA).

Furthermore, 13 million LED street lights were installed under Street Light National Programmes (SNLP), showcasing a commitment to sustainable and efficient energy solutions.

Remarkable Growth in Non-Fossil Fuel Electricity Capacity

The interim budget reveals a substantial increase in non-fossil fuel installed electricity capacity, showcasing a noteworthy progression from 30.4% in 2004 to 32.3% in 2014 and an impressive surge to 43.9% as of November 2023, underscoring a significant commitment to sustainable energy sources over the years.

Per cent increase in Non-Fossil Fuel installed electricity capacity



Strategy for Amrit Kaal

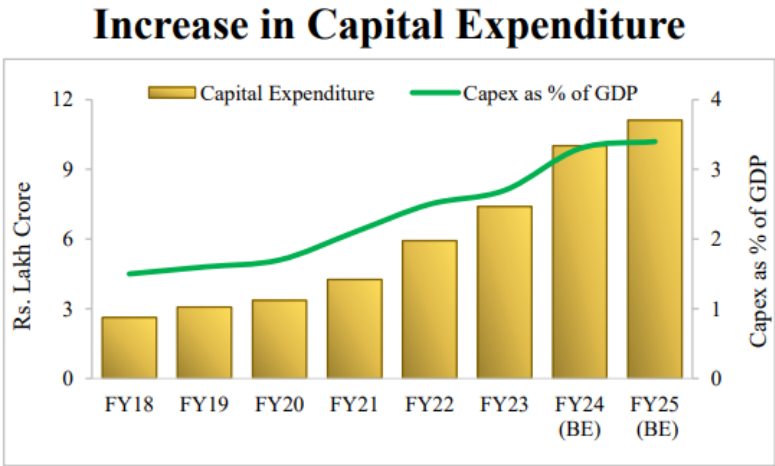
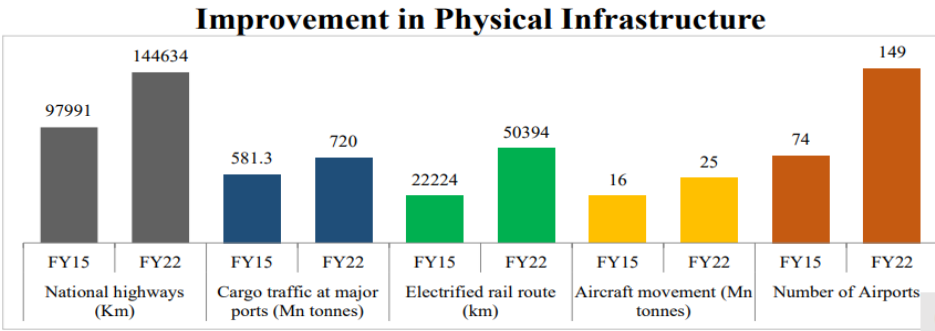
Infrastructure and Investment

Investment: It is proposed to promote foreign investment through bilateral investment treaties, fostering increased investment flows with other countries.

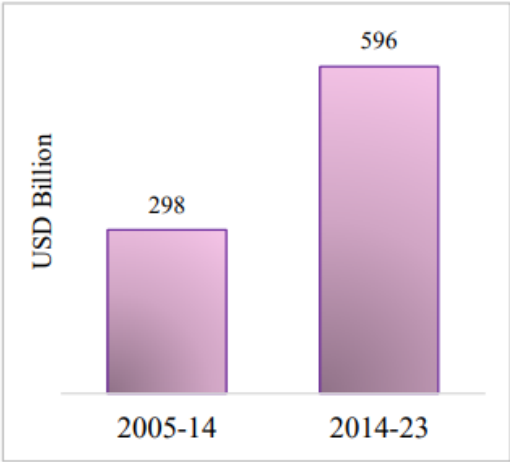
Infrastructure: Under the Interim Budget, the government plans to implement three major railway corridor programs under the PM Gati Shakti initiative. These programs aim to enhance logistics efficiency and reduce transportation costs.

Expansion and Development of Airports: The government will focus on expanding existing airports and undertaking comprehensive development of new airports under the UDAN (Ude Desh ka Aam Nagrik) scheme. This initiative aims to improve air connectivity across the country.

Urban Transformation: The budget also addresses urban transformation through two key initiatives – the expansion and enhancement of metro rail networks in cities and the NaMo Bharat program.



Doubling of FDI Inflow



Strategy for Amrit Kaal

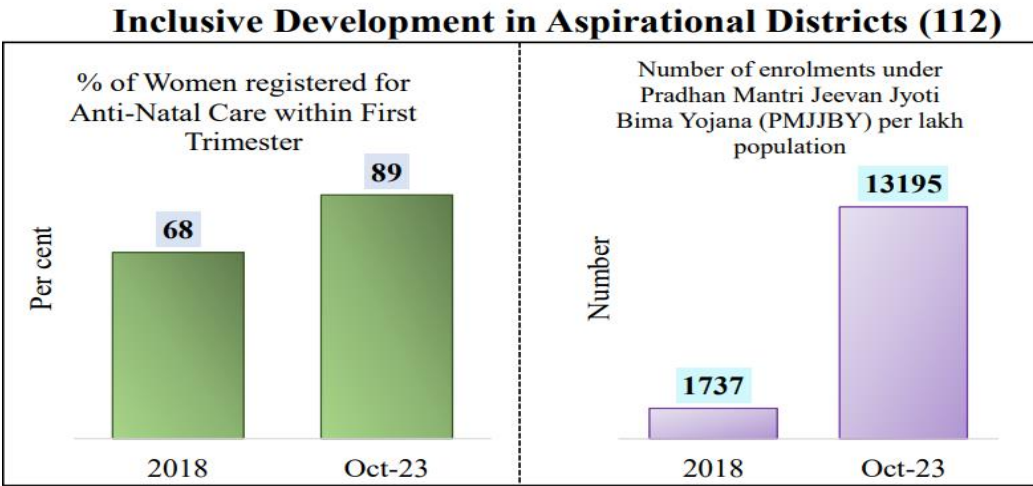
Inclusive Development:

The **Aspirational District Programme** aims to rapidly **transform 112** under-developed **districts** across India.

This program **focuses on the strengths of each district** and measures progress through monthly delta rankings based on incremental progress across **49 Key Performance Indicators (KPIs)** in five broad socio-economic themes.

There is a tremendous increase in the percentage of women registered for **Anti-Natal Care** within the first trimester increased significantly from 68% (2018) to 89% (October 2023).

The number of enrolments under **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)** per lakh population has risen from 1737 (2018) to 13195 (October 2023). This scheme provides **life insurance coverage** to eligible individuals.



Strategy for Amrit Kaal

Health Initiatives:

Vide the Interim Budget 2024, the government encourages the **vaccination of cervical cancer** for girls in the age group of 9 to 14 years.

The **Saksham Anganwadi and Poshan 2.0** schemes are proposed to be expedited, aiming to **enhance nutrition delivery, early childhood care, and development.**

The budget proposes to roll out the **U-WIN platform** for facilitating **immunization efforts** under the **Mission Indradhanush** initiative.

Health cover under the **Ayushman Bharat scheme** will be extended to include **ASHA workers, Anganwadi workers, and helpers.**

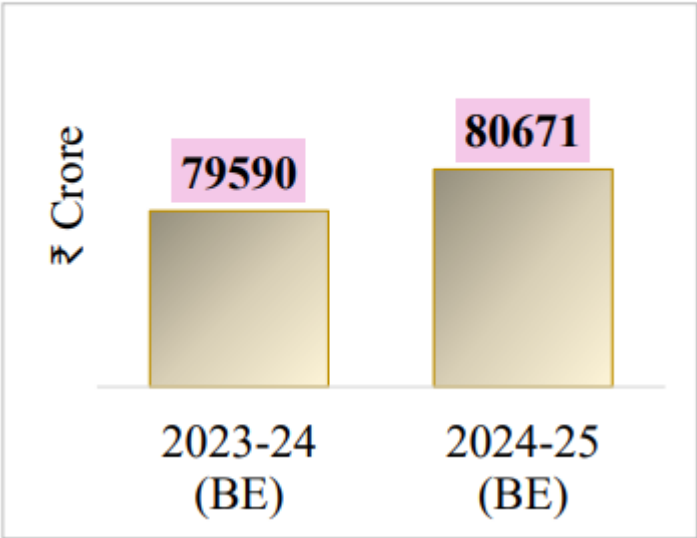
Housing:

Pradhan Mantri Awas Yojana (Grameen): The program is close to achieving its target of providing 3 crore houses, and an additional 2 crore houses are targeted to be built over the next 5 years.

Housing for Middle-Class Scheme: A new scheme will be launched to encourage the middle class to buy or build their own houses.

Increased Allocation for PMAY: The allocation for the Pradhan Mantri Awas Yojana (PMAY) has been increased from USD 9.59 Billion (INR 79,590 crore) as per FY 2023-24 Budget Estimate to USD 9.72 Billion (INR 80,671 crore) as per FY 2024-25 Budget Estimate.

Increased allocation for PMAY



Strategy for Amrit Kaal

Tourism:

Under the umbrella of the Interim Budget 2024, the states will be encouraged to develop iconic tourist centres, fostering local entrepreneurship and business opportunities.

To support these efforts, **long-term interest-free loans** will be provided.

The recent **G20 meetings** in 60 places showcased India's diverse offerings globally, enhancing its appeal as a **tourist destination**.

Inspired by the visit of the Hon'ble Prime Minister to the scenic shores of Lakshadweep recently, it has now been proposed that **island development projects in places including Lakshadweep** will gain focus to address the growing interest in domestic tourism, fostering employment opportunities.



Strategy for Amrit Kaal

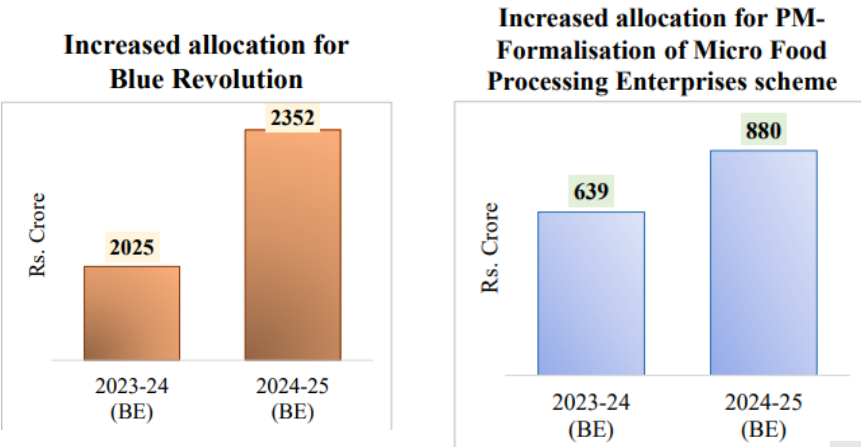
Agriculture and Food Processing:

In the Interim Budget, the **Atmanirbhar Oilseeds Abhiyaan** is set to be formulated, aiming to attain self-sufficiency in oilseed production.

To further boost the agricultural sector, a **Comprehensive Dairy Development Programme** will be introduced, focusing on enhancing the overall growth and sustainability of the dairy industry.

The Interim Budget accelerates the **Pradhan Mantri Matsya Sampada Yojana (PM-MSY)** to enhance aquaculture productivity, double exports, and generate employment, including the establishment of 5 Integrated Aquaparks.

Allocations witness an increase with the Blue Revolution funding rising from USD 240 Million (INR 2,025 crores) to USD 280 Million (INR 2,352 crores) and PM-Formalisation of Micro Food Processing Enterprises receiving a boost from USD 80 Million (INR 639 crores) to USD 110 Million (INR 880 crores), underscoring a commitment to fortify the food processing sector.



People-Centric Inclusive Development

Substantive Infrastructure Development

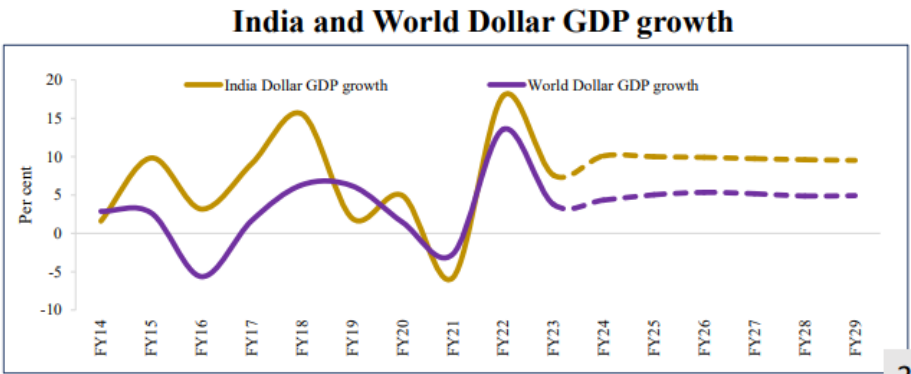
The government primarily focus on developing all forms of infrastructure, including physical, digital, and social. This comprehensive approach ensures that citizens benefit from improved connectivity, technology, and social services.

Digital Public Infrastructure (DPI)

Digital Public Infrastructure is a new factor of production in this 20th century and is instrumental in promoting the formalization and financial inclusion of the digital economy.

Widening of Tax Base

The focus is on streamlining the tax base through the Goods and Services Tax framework. It includes simplifying the tax processes, making compliance easier, and encouraging hassle-free compliance to the taxpayers.





People-Centric Inclusive Development

Strengthening the Financial Sector

The focus is more on building up the financial sectors to ensure stability and growth. It amplifies that savings, credit availability and investment opportunities are on a smooth track, being benefitted to both individuals and businesses.

GIFT IFSC (International Financial Services Centre)

The GIFT IFSC serves as a robust gateway for global capital and financial services, facilitating international investments, promoting financial innovation, and contributing to the overall economy.

Proactive Inflation Management

The government is committed to managing inflation effectively by taking appropriate measures to stabilize prices and ensure economic stability in the long run.

Active Participation

All regions of the country are encouraged to actively participate in economic growth. This inclusive approach ensures that the policies of the government reach to every corner of the nation.

Focus Areas

Empowering the Youth

The interim budget unveils that under the Skill India Mission, 14 Million Youth have been trained.

Loans amounting to USD 271 Billion (INR 22.5 Lac crores) were granted under the PM Mudra Yojana to nurture the entrepreneurial aspirations of youth.

Improvements

Allocation in PM SHRI Budget is proposed to be increased to USD 730 Million (INR 6,050 crores) in the year 2024-25 from USD 480 Million (INR 4,000 crores) in the year 2023-24.

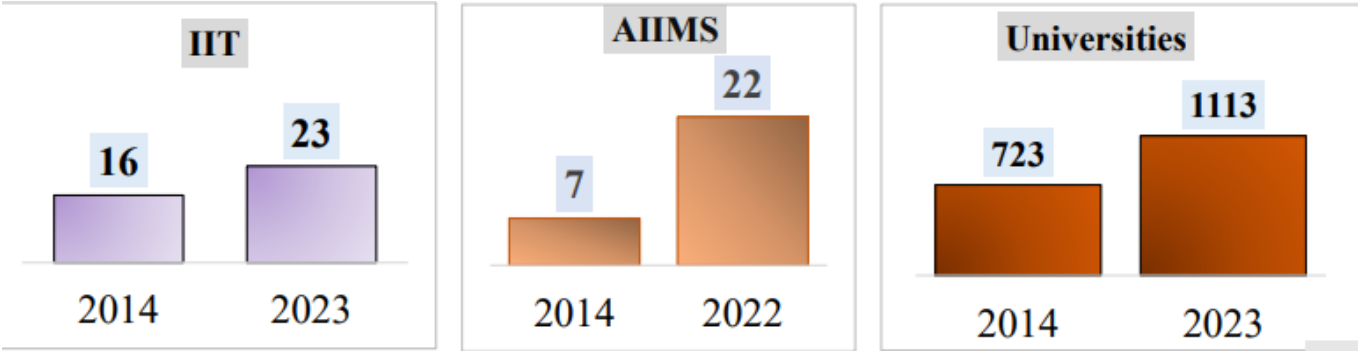
There is a significant jump in the number of Indian Institute of Technology (IITs), All India Institute of Medical Science (AIIMS) and other Universities.

Garib Kalyan, Desh ka Kalyan

Direct Benefit Transfer (DBTs) through Jan Dhan accounts have led to savings of USD 32.54 Billion (INR2,70,000 Crore) to the government due to the removal of intermediaries.

Around 25 crore people moved out of multidimensional poverty.

PM SVANidhi has extended credit assistance to 7.8 Million street vendors, with 2.3 Million vendors securing credit for the third time.





Focus Areas

Crop Insurance for Farmers

Government's flagship crop insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY) has assisted 40 Million farmers till now. Crop insurance has also been given to 40 million farmers under the PM Fasal Bima Yojana. This assists the annadata in producing food for the country and the world. Further, 1,361 mandis integrated with USD 36.16 Billion (INR 3 lakhs crores) trading volume.

Increasing Procurement of Wheat and Rice

Rice procurement has increased from 3 Million metric tonne in FY 2020-21 to 3.8 Million metric tonne in FY 2023-24, whereas Wheat procurement has decreased from 3.9 Billion metric tonne in FY 2020-21 to 2.62 Billion metric tonne in FY 2023-24.

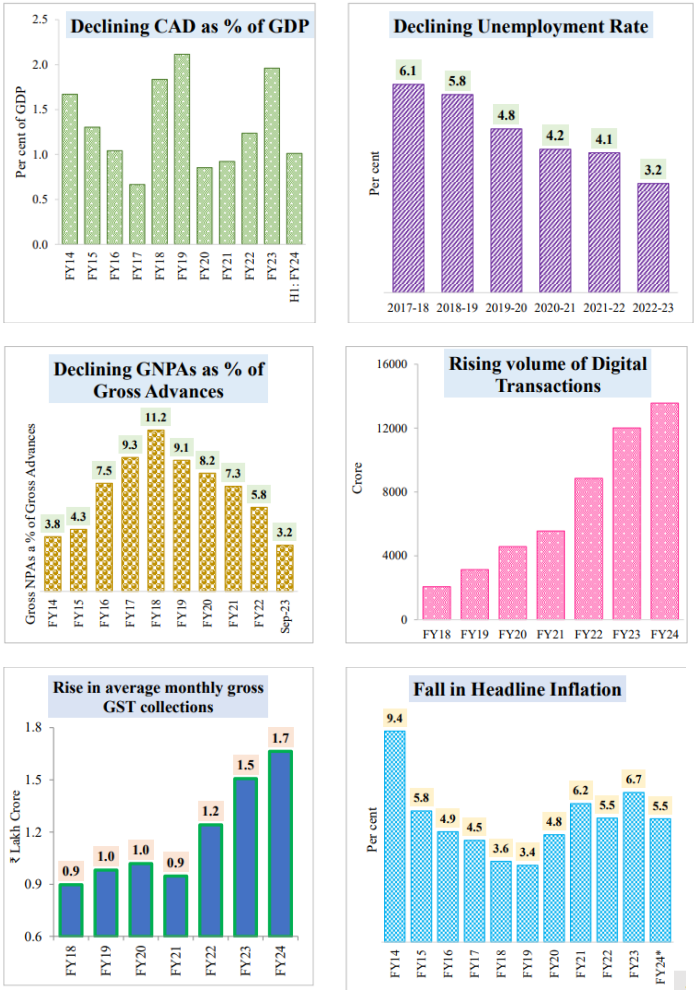
Nari Shakti- Women Empowerment

300 Million Mudra Yojana loans disbursed to women entrepreneurs. Increased female enrolment in higher education by 28 percent in 10 years. It can be said that India is keeping an eye on continuous women's empowerment. 43 percent of female enrolment in STEM (Science, Technology, Engineering and Maths) courses.

Besides that 10 Million women were assisted by 8.3 Million Self Help Groups (SHGs) to become Lakhpati Didis.

Resilient Performance of the Indian Economy

- The Interim Budget unveils promising indicators of economic stability, forecasting a noteworthy decline in the Current Account Deficit (CAD) from 2% of GDP in 2023 to an anticipated 1% in 2024.
- Additionally, the unemployment rate exhibits a positive trend, witnessing a substantial decrease from 6.1% in 2013-14 to 3.2% in 2022-23.
- The banking sector reflects robust health with Gross Non-Performing Assets (GNPAs) declining from 5.8% in FY 2022 to 3.2% in September 2023.
- The digital landscape showcases resilience, marked by a remarkable surge in the volume of digital transactions, exceeding 120 Billion in FY 2024.
- Rise in the average monthly gross GST collections from 1.5 in FY 2023 to 1.7 in FY 2024, reflecting economic buoyancy and fiscal prudence.
- Fall in the headline inflation from 6.7% in 2023 to 5.5% in 2024.





Achievements of Taxation Reforms

Tripling of Direct Tax Collections: Over the last 10 years, direct tax collections have witnessed an impressive surge, more than tripling in magnitude.

Surge in Return Filers: The number of return filers has seen a substantial rise, swelling to 2.4 times compared to past records.

Faster Refunds: The government boasts a significant reduction in the average processing time for returns, reducing from 93 days in the year 2013-14 to a mere 10 days in the year 2023-24.

Consumer Benefits: Consumers rejoice as the reforms lead to a reduction in logistics costs, resulting in lower prices for a wide array of goods and services.

GST Collections Double: Monthly Gross GST collections have doubled, reaching USD 20.01 Billion (INR 1.66 lakh crore) in FY24, indicating robust economic activity.

Enhanced Tax Buoyancy: The tax buoyancy of State revenue has witnessed a substantial increase from 0.72 (2012-16) to 1.22 in the post-GST period (2017-23).

Efficient Import Processes: Import release time has significantly declined since 2019, with reductions of 47% at Inland Container Depots, 28% at Air Cargo complexes, and 27% at Sea Ports.



02.

Tax Proposals





Income Tax

Tax Proposal

The time limit to avail the exemption for startups has been extended.

- Section 80IAC provides the deduction of 100% of the profits and gains derived from eligible businesses to eligible start-ups for three consecutive assessment years out of ten years.
- The said deduction shall be allowed to those start-ups which are incorporated on or after 1st April 2016 but before 1st April 2024.
- It has been proposed in the interim budget 2024 that the mentioned period for incorporation of eligible start-ups has been extended by one year i.e., before 1st April 2025.

Enhancement of TCS rate on specific remittances and overseas tour program package

- Finance Bill, 2024 proposes to amend Section 206C(1G) to align the same with the Government circular no. 10 dated 30th June 2023 on scope and rates of TCS.
- According to it, the threshold of INR 7 lakh per financial year per individual mentioned in Section 206C(1G)(i) will be reinstated (with effect from 1st July 2023) for TCS on all types of LRS payments. This applies to payments made through all modes, irrespective of the purpose.
- Consequently, the no TCS will apply to the initial INR 7 lakh remittance under the LRS. Beyond this threshold, TCS will be levied as follows:
 - 0.5% if the remittance for education is backed by an education loan;
 - 5% for remittances pertaining to education or medical treatment; (1st July 2023)
 - 20% for all other purposes (1st October 2023).

Regarding the purchase of overseas tour program packages under Section 206C(1G)(ii), a 5% TCS rate will apply for the first INR 7 lakhs per individual per annum, with the 20% rate being applicable for the amount exceeding INR 7 Lakhs.



Income Tax

Tax Proposal

Income arising to NR from Units of an IFSC

- As per section 10(4F), any royalty or interest income arising in the hands of a non-resident received from a Unit of an IFSC on account of the lease of an aircraft or a ship shall be exempt from tax.
- The above deduction shall be allowed only if such IFSC unit has started its operations on or before 31st March 2024.
- It has been proposed to extend this date by one year to 31st March 2025.

Income in relation to transfer of asset for Unit of an IFSC

- Section 80LA of the Act provides for deduction in respect of certain incomes of Offshore Banking Units and the International Financial Services Centre (IFSC).
- It includes any income arising from the transfer of an asset, being an aircraft or a ship, that was leased by an IFSC unit to a person.
- The said deduction shall be allowed to those IFSC units that have commenced their operation on or before the 31st March 2024.
- It has been proposed to extend the period of commencement of operations from 31st March 2024 to 31st March 2025 (i.e., extended by one year).



Income Tax

Tax Proposal

Income of specified person arising from investments made in India

- Section 10 (23FE) of the Act states that the income of a specified person in the nature of dividend, interest, or long-term capital gains arising from investment made in India shall be exempt from tax.
- Provided that the investment must be made on or after the 1st April 2020 but on or before the 31st March 2024.
- It has been proposed to increase this time limit for investment by one year i.e., till 31st March 2025.
- Specified persons include a wholly owned subsidiary of the Abu Dhabi Investment Authority, a Sovereign Wealth Fund, and a Pension fund, subject to satisfaction of the prescribed conditions.

Income arising from securitization trust attributable to an Offshore Banking Unit

- Section 10(4D) states that any income received by a specified fund from a securitization trust that is attributable to an investment division of an Offshore Banking Unit (OBU) shall be exempt from tax.
- Investment division of offshore banking unit means investment division of a banking unit of a non-resident located in an IFSC which has commenced its operations on or before the 31st March, 2024.
- It has been proposed to increase this time limit for investment by one year i.e., till 31st March 2025.
- Specified funds means:
 - i. fund established or incorporated in India in the specified forms which has been granted a certificate of registration as a category III AIF (Alternative Investment Fund) which is located in any IFSC and all the units are held by non-residents.
 - ii. Investment division of an OBU that fulfills the specified conditions and which has commenced its operations on or before 31st March 2024. It has also been proposed to increase this time limit till 31st March 2025.



Income Tax

Tax Proposal

Amendment in section 92CA with respect of Extension of deadline for issuing notification for implementation of scheme for the determination of the Arm's Length Price under sub-section (3) of 92CA, to impart greater efficiency, transparency and accountability

- Earlier to facilitate the transparent and efficient determination of Arm's Length Price as prescribed under subsection 3 of Section 92CA, the central government was empowered to formulate a scheme and issue notification for its implementation by 31st March 2024. The interim Finance Bill, 2024 proposed a prudent extension of the afore-mentioned deadline for the issuance of notifications by an additional year, i.e., by 31st March 2025.

Extension of deadline for issuing notification for implementation of the scheme of faceless/ dynamic jurisdiction of Appellate Tribunal

- In order to make the appellate procedure transparent and efficient, the central government was earlier empowered to issue notification under sections 253(9) and 255(8) of the income tax act, 1961 respectively for implementing the scheme of faceless appeal and faceless procedure before Income-tax Appellate Tribunal (ITAT) by 31st March, 2024.
- The interim Finance Bill, 2024 proposed to extend the date of issuance of notification by one more year to 31st March 2025.

Income Tax

Tax Proposal

Extension of deadline for issuing notification for implementation of scheme of faceless / dynamic jurisdiction of Dispute resolution Panel

- In order to make the dispute resolution procedure transparent and efficient, the central government was earlier empowered to issue notification under section 144C(14C) of the income tax act,1961 for implementing the scheme of faceless dispute resolution before the Dispute Resolution Panel (DRP) by 31st March, 2024
- The interim Finance Bill, 2024 proposed to extend the date of issuance of notification by one more year to 31st March 2025.

Withdrawal of Petty, unverified, non-reconciled or disputed demand

- In line with the government’s vision to improve ease of compliance and ease of doing business, the interim Finance Bill, 2024 proposed to withdraw the petty, non-verified, non-reconciled and disputed demands as given in the table below as a part of removing the administrative burden on tax department as well as taxpayers. This step is expected to provide relief to about one crore taxpayers

Amount of demand (INR)	Financial Year
Upto 25,000/-	Pertaining to a period upto FY 2009-10
Upto 10,000/-	FY 2010-11 to FY 2014-15

03.

Indirect Tax Proposals





Goods and Services Tax

Proposed Amendments related to The Input Service Distributor (ISD)

- The provisions of Section 20 of the CGST Act, 2017 (“the Act”) were recommended in the 50th GST Council Meeting, and to align with those recommendations necessary amendment has been brought into effect.
- As per the existing definition of ISD, distribution of credit on account of inward supplies liable to tax under reverse charge under Sections 9(3) and 9(4) of the Act was not allowed.
- The Interim Budget 2024 proposes to amend the definition of ISD vide Section 2(61) of the Act, to specifically include the distribution of credit by ISD on account of inward supplies liable to tax under reverse charge.
- Further, Section 20 is proposed to be substituted with new provisions making it mandatory for the taxpayers to register as ISD as recommended under Section 24(viii) of the Act, where any office/establishment of a taxpayer is receiving invoices for the inward supplies including supplies liable to tax under reverse charge on behalf of its distinct persons having the same PAN.
- The manner and conditions for the distribution of ITC by ISD shall be prescribed by the government later.



Goods and Services Tax

Insertion of new penal provisions

- On the recommendation of the GST council, the government has laid down a special procedure under the provisions of Section 148 of the Act, to register the machines involved in manufacturing Tobacco, Pan-masala, and other related products. This step of the government was aimed at keeping proper track of the manufacturing of such goods.
- Following the recommendation made during the 49th GST Council Meeting, to curb tax evasion in this sector, the Government through the Interim Budget 2024 has proposed to insert a new penal Section 122A of the Act to impose a penalty on contravention of the special procedure for registration of machines engaged in manufacturing of tobacco, pan-masala, and other related products.
- In the case of such an offense, a penalty of INR One Lakh would be leviable for each such unregistered machine.
- Further, it is proposed that each unregistered machine shall be liable to be seized unless the penalty amount is being paid off and the registration of such machine is made. The registration is mandatorily been done within three days of the receipt of the order of penalty.

About US

Headquartered in Gurgaon (India), AKM Global is a leading Tax, Advisory, and Regulatory service partner for both domestic and MNCs across industries. With a team of over 600 professionals operating out of 7 locations, AKM Global serves a wide range of clients, from Fortune 500 corporations & closely held businesses to startups and high net-worth individuals.

The company's industry experience spans over 43 years, and they provide a wide spectrum of cross-border transactions, which include but are not limited to, tax structuring, due diligence, foreign exchange controls, corporate law, valuations, litigation, transfer pricing, expatriate tax matters, outsourcing and EOR services etc. This rich exposure has earned us a number of accreditations.

AKM Global has been consistently rated as one of India's leading tax and transfer pricing firms by 'The International Tax Review (2016-2024).

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