

Income Tax

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August, 2024

TAX Bulletin

Volume - 165

02.08.2024



Income Tax Special Edition

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
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5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.

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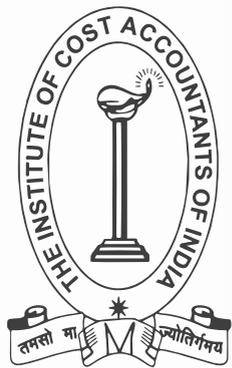
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6. Advanced Course on Income Tax Assessment and Appeals (ACIAA)
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Mode of Class	Offline/ Online	Online					
Course Fee* (₹)	10,000	14,000	12,000	10,000	10,000	12,000	10,000
Exam Fee* (₹)	1,000 per attempt						
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Exam Fee* (₹)	200	500
Duration (Hrs)	32	32

For enquiry about courses, mail at: trd@icmai.in

*18% GST is applicable on both Course fee and Exam fee

Behind every successful business decision, there is always a **CMA**



President's Message

CMA Bibhuti Bhusan Nayak

President, The Institute of Cost Accountants of India

The Tax Research Department has always been a fore runner in delivering services to the members and stakeholders and in this regard they undertake various activities, Tax Bulletin being one of them.

This bulletin, which is published on a fortnightly basis, is a great source of knowledge and includes articles, notifications, circulars, tax calendars and judgements all in a single document.

You are aware the Income Tax day was celebrated by the Government of India on 24.07.2024. Following the footsteps of the Government, the Tax research department also conducted a webinar on the topic "Six Decades of Income Tax Act, 1961 - A Look Back and Way Forward", to commemorate the occasion. In continuation to the celebrations, the Income Tax Special Edition Tax Bulletin is being published. This bulletin specifically has articles addressing the important issues in Income Tax at present.

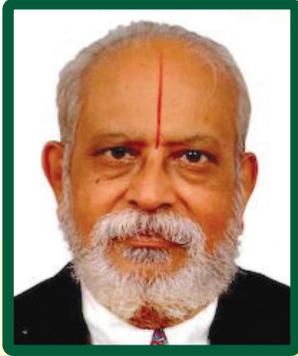
I congratulate the department on their wonderful initiatives and urge them to keep working with the same sincerity and passion.

With regards,

A handwritten signature in blue ink, appearing to read 'Bibhuti', with a horizontal line underneath.

CMA Bibhuti Bhusan Nayak

President, ICAI



Vice President's Message

CMA T C A Srinivasa Prasad

Vice President, The Institute of Cost Accountants of India

The Tax Research Department has celebrated the "GST Day" on 01.07.2024 and the "Income Tax Day" on 24.07.2024. Seminars, webinars and discussion sessions on pertinent topics were organized to commemorate the occasions. All events witnessed participation by eminent industry stalwarts and members of the Institute.

Income Tax Day is a testament to the principles of equity and fairness that underpin our taxation system. Income Tax Day is also an occasion to reinforce our commitment to the nation's growth and development. By contributing our fair share of taxes, we enable the Government to undertake various developmental projects and welfare schemes for the benefit every citizen. Our taxes support the infrastructure, healthcare, education, and numerous other sectors that are vital for the progress of our society.

On this momentous occasion, the Tax Research Department has come up with the 'Income Tax Special Edition Tax Bulletin'. This bulletin contains articles on the latest topics of Income Tax by experts who are directly handling the income tax related issues.

This bulletin is released on fortnightly basis and widely circulated to the Ministries, Government officials and Corporates. We believe it is a great resource to update oneself with recent changes in the taxation environment.

Heartiest congratulations to the Tax Research Department for their persistent and sincere efforts to deliver the very best to the members and other stakeholders.

With regards,

A handwritten signature in blue ink, appearing to read 'T C A Srinivasa Prasad'.

CMA T C A Srinivasa Prasad

Vice President, ICMAI

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Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to

trd@icmai.in / trd.ad1@icmai.in

Allowability of corporate social responsibility expenses in computation of taxable income under Income Tax Act, 1961 and availment of ITC on such expenses

CMA Niranjan Swain

Advocate & Tax Consultant



1. What is Corporate Social Responsibility (CSR)?

Corporate Social Responsibility (CSR) implies a concept, whereby companies or any other business assessee decide voluntarily to contribute to a better society and a cleaner environment. It is a concept, whereby the companies integrate social and other useful concerns in their business operations for the betterment of their stakeholders and society in general in a voluntary way. Corporate Social Responsibility, which is philanthropic in nature, is nothing but an idea to contribute to society, thus promoting social welfare and well-being.

2. CSR Expenditure under Companies Act 2013:

The provisions of Section 135 of the Companies Act, 2013 mandates that, every company having net worth of rupees five hundred crore or more or turnover of rupees one thousand crore or more or a net profit of five crore or more during any financial year shall ensure that the Company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years. Other consequential provisions are also provided under said act.

Schedule VII, Companies Act, 2013 provides that the activities related to, which may be included by companies in their Corporate Social Responsibility Policies are as follows

(i)	eradicating extreme hunger and poverty;
(ii)	promotion of education;

(iii)	promoting gender equality and empowering women;
(iv)	reducing child mortality and improving maternal health;
(v)	combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
(vi)	ensuring environmental sustainability;
(vii)	employment enhancing vocational skills;
(viii)	social business projects;
(ix)	contribution to the Prime Minister's National Relief Fund or any other fund set-up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
(x)	such other matters as may be prescribed.

3. CSR Expenditure under Income Tax Act:

Provisions related to section 37(1) as stood today is given below for reference.

Any expenditure (not being expenditure of the nature described in sections 30 to 36 and

not being in the nature of capital expenditure or personal expenses of the assessee, laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable under the head “Profits and gains of business or profession”.

Explanation 1.—For the removal of doubts, it is hereby declared that any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure.

Explanation 2.—For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 (18 of 2013) shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession. [Inserted by the Finance (No. 2) Act, 2014, w.e.f. 1-4-2015].

Explanation 3.—For the removal of doubts, it is hereby clarified that the expression “expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law” under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred by an assessee,—

- (i) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or
- (ii) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or

(iii) to compound an offence under any law for the time being in force, in India or outside India.

(2B) Notwithstanding anything contained in sub-section (1), no allowance shall be made in respect of expenditure incurred by an assessee on advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party.

4. Extract from Budget Memorandum. Amendment to section 37(1) was made by the Finance Act 2014 restricting to allowability of CSR expenses in computation of income from business or profession.

Explanation 2 to section 37(1) was inserted by the Finance (No. 2) Act, 2014, w.e.f. 1-4-2015. The extract of the memorandum is as follows

CSR expenditure, being an application of income is not incurred wholly and exclusively for the purpose of carrying on business — if such expenses are allowed as tax deduction, this would result in subsidizing of around one third of such expenses by Government by way of tax expenditure —it is proposed to clarify that for the purpose of section 37(1) any expenditure — in section 135 of the Companies Act, 2013 shall not be— allowed as deduction under section 37.

However, the CSR expenditure which is of the nature described in Sections 30 to 36 of the Income Tax Act, 1961 shall be allowed deduction under section—

It may be noted that any expenditure qualifying as CSR expenditure under provisions of section 135 of Companies Act 2013, which of the nature described in section 30 to 36 of the Income Tax Act, 1961 shall be allowed as deduction. The above amendment shall be applicable from 1st April 2015. Thus, the expenditure on CSR activities is non-deductible for tax purposes unless falling within provisions of Sections 30 to 36 of the Income Tax Act, 1961.



5. Clarification by Ministry of Corporate Affairs on CSR Expenses:

In accordance with the FAQ's issued on dated 12.01.2016, under FAQ No.3, where it is clearly stated that 'The amount spent by a company towards CSR cannot be claimed as business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purpose of business or profession'.

On analyzing the above section, it is clear that to claim any expenditure under Section 37 of the Income Tax Act, 1961, it must be incurred for the purpose of business or profession of the assessee. As per **Explanation 2 and FAQ (as mentioned above)**, it is clear that CSR expenditure is out of the ambit of business or profession and cannot be claimed as business expenditure and, hence, is not allowable while computing taxable income of the assessee in accordance with the Income Tax provisions.

6. CSR expenditures incurred by the Assessee was treated as allowable expenses / deductions in computation of Taxable income prior to amendment to section 37(1) by way of introduction of explanation 2 by Finance (No. 2) Act, 2014, w.e.f. 1-4-2015?

On perusal of the provisions under section 37(1) that stood prior to introduction of explanation 2 to section 37(1), one may find that the said provisions allow for activities to be undertaken which are in furtherance of business activities of the assessee with limitations that said activity should neither be undertaken in normal course of business of the company nor exclusively for employees of the company and their family members. It was experience that the expenses incurred are disallowed during assessment saying that it was not incurred for the business purpose, however at a later stage, such expenditures

were allowed by the higher tax authorities by considering true intention of the assessee behind incurring such an expenditure and by giving accurate interpretation of law makers behind making such provisions and by not going just by plain reading of law. Following are few judgments where CSR Expenses are allowed in computation of business income.

- ▶ CIT and Anr. vs. Infosys Technologies Ltd. (2014)(360 ITR 714) (Kernatak)
- ▶ Sri Venkata Satyanarayna Rice Mills Contractors Co. vs. CIT (223 ITR 101) (SC);
- ▶ Addl. CIT vs. Rajasthan Spinning and Weaving Ltd.(274 ITR 463)(Raj);
- ▶ Mehsana District Co-operative Milk Producer's Union Ltd. (203 ITR 601)(Guj);
- ▶ CIT vs. Kaira District Co-operative Milk Producers Union Ltd. (247 ITR 314)(Guj.);
- ▶ Krishna Sahakari Sakhar Karkhana Ltd vs. CIT (229 ITR 577); and
- ▶ CIT vs. Madras Refineries Ltd. (313 ITR 334) (SC)

However, in case of **CIT and Anr. vs. Wipro Ltd. (360 ITR 658)(Kar) – Wipro Ltd ('Wipro')** had incurred expenditure on community development near its factory which was located in backward area and claimed as business expenditure. The Court specifically found that Wipro was not able to provide any supporting documents to substantiate its claim for community development which was claimed to be in the nature of religious funds, charitable institutions, social clubs or charity, etc. the Court held that for want of limitation of documents, the expenditure on community do not stand to test of commercial expediency and therefore, said expenditure will not be allow- able u/s. 37(1) of the Act.

The relevance of documentation in allowability of expenditure u/s. 37(1) of the Act was succinctly brought in the decision of apex Court in the case of **CIT vs. Imperial Chemical Industries Ltd.**

(74 ITR 17). The Supreme Court held that burden of proving that particular expenditure has been laid out or incurred wholly and exclusively for purpose of business is entirely on assessee.

7. If CSR Expenses not allowable as expenses under section 37(1) as amended by Finance (No. 2) Act, 2014, then, is it allowable under any other section of the said Act?

Thus, it is a clear that the CSR expenditure referred to in section 135 cannot be claimed as

a tax-deductible expenditure under section 37(1) of the IT Act. A question which requires further consideration, is in case any specific CSR activities as covered under Schedule VII to the Companies Act 2013 are not allowable as expenditure u/s 37(1) in computation of business income, then can the said CSR expenditure could be allowed under any other section. Following are cases where the expenses if mapped can be claimed as expenditure and be deductible in computation of business income

Relevant Section	Nature of Expenditure incurred by the Assessee and deduction allowed in computation of income from business or profession
Section 35	<p>35(1)(i) and 35(1)(iv)-Any expenditure laid out or expended on Scientific Research related to its own business - Deduction allowed -100% of the sum paid.</p> <p>35(1)(ii)-Any sums to an approved research association which has as its object the undertaking of scientific research or to an approved university, college or other institution to be used for Scientific research -Deduction allowed -175% of the sum paid.</p> <p>35(1) (iia)- Any sum paid to an approved company having its main object of carrying out scientific research and expenditure; Deduction allowed -125% of the sum paid.</p> <p>35(1)(iii)-Any sums paid to an approved research association which has as its object the undertaking research in social science or statistical research or to an approved university, college or other institution to be used for research in social science or statistical research. Deduction allowed -125% of the sum paid.</p>
35(2A)	<p>Any sum paid (not being used for the acquisition of land or building or construction of building) to an approved scientific research association or university or college or a public sector company or any other institution; To be used for scientific research undertaken under a programme approved by prescribed authority; -</p> <p>Deduction allowed -130% of the sum paid.</p>
35(2AA)	<p>Any sum paid (not being used for the acquisition of land or building or construction of building) to an approved scientific research association or university or college or a public sector company or any other institution; To be used for scientific research undertaken under a programme approved by prescribed authority; Deduction allowed -130% of the sum paid.</p>
35AC	<p>Any sum paid to a public sector company or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme mainly concerning the upliftment of rural areas; Deduction allowed -100% of the sum paid.</p>
35CCA	<p>Any sum paid to an association or institution, which has as its object of undertaking any programme of rural development or training of persons for implementing programmes of rural development as approved by the prescribed authority; Any sum paid to the prescribed funds as notified by the Central Government; Deduction allowed -100% of the sum paid.</p>



Relevant Section	Nature of Expenditure incurred by the Assessee and deduction allowed in computation of income from business or profession
35CCB	Any sum paid to an association or institution, which has as its object of undertaking programme of conservation of natural resources or of afforestation as approved by the prescribed authority; Sum paid to such fund for afforestation as may be notified by the Central Government; Deduction allowed -100% of the sum paid.
35CCC	Any expenditure incurred on agricultural extension project notified by the Board Deduction allowed -150% of the sum paid.
35CCD	Any expenditure incurred (not being used for the acquisition of land or building or construction of building) on any skill development project notified by the Board; Deduction allowed -150% of the sum paid.

The real fact is that except section 37, no other provision in the Income-tax Act, 1961 contains any proviso to disallow or restrict or prohibit the claim of any deduction for CSR expenditure, if the CSR expenditure is otherwise eligible for deduction.

8. Is CSR Expenses is deductible under Section 80G of Income Tax Act?

Explanation-2 to section 37(1) of the Act thus denies deduction for CSR expenses by way of business expenditure and is applicable only to the extent of computing business income under **Chapter IV-D** and it could not be extended or imported to CSR contribution which was otherwise eligible for deduction under **Chapter VI**. Various ITAT and High Court decisions are available in which the expenditure can be deductible u/s 80G while Computing Taxable Income.

Here are arguments which point out why section 80G must be allowed for companies to claim CSR expenses:

I	Section 80G falls in Chapter VIA, which comes into action only after the gross total income has been computed by applying the computation provisions under various heads of income, including the Explanation 2 to section 37(1). Thus, there is no correlation between section 37(1) and section 80G.
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Not only this, deduction u/s. 80G is available from the Gross Total Income of the assessee which is the aggregate of all heads of income in contrast to section 37 which is applicable for computing the income under the head 'business income' only. Hence, the scope of section 37(1) is very limited so far as section 80G is concerned.

Rules governing what is not allowable under section 37(1) have been explained in the section itself (i.e. what is allowable, the conditions subject to which it is allowable, the extent to which it is allowable) and, similarly, what is not allowable under section 80G is also explained in that section.

Contributions to the PM CARE fund to deal with the pandemic are eligible as CSR expenditure under the Companies Act 2013 and for deduction under section 80G of IT Act. Thus, it can be said that the intent of the legislature is not to restrict deduction under section 80G, even if the contribution qualifies as CSR expenditure under the Companies Act.

In Memorandum to Finance Bill, 2014 there is no reference to ineligibility or restriction in claiming deduction under section 80G for donations made pursuant to Companies Act 2013 obligations.

	Further in the said Memorandum, it has been mentioned that CSR expenses which fall for consideration under sections 30 to 36 of the IT Act are allowable. Thus, it emerges that the intent of the Legislature was not to disallow CSR expenses.
	Deduction under section 80G is qua philanthropic activity and cannot be denied on the basis of statutory obligation.

However, the tax authorities contended that in order to avail a tax deduction under the section 80G, the ‘amount paid’ is required to be in the form of a ‘donation.’ Moreover, a ‘voluntary act’ on the part of the donor is a necessary element for the amount to be considered as a ‘donation.’ As CSR expenses are considered to be paid mandatorily by a company according to the Companies Act, therefore, it does not qualify for tax deduction under 80G.

9. Recent Decisions on allowability / deduction of CSR Expenses if not deductible under section 37(1):

i. FNF India (P.) Ltd. Assistant Commissioner of Income-tax[2021] 133 taxmann.Com 251 (Bangalore - Trib.) - Assessee-company made payment towards donation to two charitable institutions as per provisions of Companies Act, 2013 and claimed same as deduction under section 80G - Assessing Officer disallowed same on ground that said donation was part of CSR expenditure, therefore, same could not be allowed as deduction - It was noted that in view of decision in case of **Allegis Services (India) (P.) Ltd**, for claiming benefit under section 80G, deductions were considered at stage of computing ‘total taxable income’ - Payments which formed part of CSR expense would already be disallowed under section 37(1) and added to total taxable income thus, if assessee was denied deduction on such payment merely because such payment formed part of CSR expenses, same would lead to double

disallowance - Whether in view of same, deduction under section 80G claimed by assessee on account of said donation made by it was to be allowed - Held, yes [Para 9] [In favour of assessee]

ii. JMS Mining (P.) Ltd. v. Principal Commissioner of Income-tax, Kolkata-2 [2021] 130 taxmann.com 118 (Kolkata - Trib.) - Assessee company was a mining service provider engaged in business of management and operation of mines. It claimed deduction under section 80G in respect of donation of certain amount made to Shree Charity Fund and a sum of certain amount given to Pt. Jasraj Music Academy Trust as contribution towards corporate social responsibility (CSR) - Assessing Officer allowed same. Principal Commissioner invoked revision jurisdiction under section 263 on ground that action of Assessing Officer in allowing such claim of assessee for deduction under section 80G was erroneous because CSR expenditure could not be allowed as per express prohibition laid down in Explanation 2 of section 37(1). Whether Explanation 2 to section 37(1) which denies deduction for CSR expenses by way of business expenditure is applicable only to extent of computing ‘business income’ under Chapter IV-D and; it could not be extended or imported to CSR contributions which was otherwise eligible for deduction under Chapter VI, to say, donations made to charitable trusts registered under section 80G - Held, yes - Whether, therefore, since said donation on account of CSR was made by assessee to charitable trusts which were duly registered under section 80G(5)(vi), assessee was entitled to claim deduction under section 80G in respect of such contribution - Held, yes - Whether since action of Assessing Officer in allowing claim under section 80G was a plausible view, impugned invocation of revision jurisdiction under section 236 was



unjustified - Held, yes [Para 23] [In favour of assessee]

Section 37(1), of the Income-tax Act, 1961 - Business expenditure - Allowability of (Explanation 2) - Assessment year 2016-17 - Whether corporate social responsibility (CSR) expenses which are required to be mandatorily incurred by assessee-company as per section 135 of Companies Act are not entitled to deduction under section 37(1) by virtue of fetter placed by Explanation 2 to section 37(1), which was inserted by Finance (No. 2) Act, 2014 - Held, yes [Para 23] [In favour of assessee]

iii. Societe Generale Securities India (P.) Ltd. v. Principal Commissioner of Income-tax, [2023] 157taxmann.com533 (Mumbai - Trib.) -Assessee

contributed certain sum as part of CSR towards various charitable trusts and claimed same as deduction under section 80G. Whether Explanation 2 to section 37(1) which denies deduction for CSR expenses by way of business expenditure is applicable only to extent of computing 'business income' under Chapter IV-D and; it could not be extended or imported to CSR contributions which was otherwise eligible for deduction under Chapter VI-A - Held, yes - Whether since genuineness of transactions and identity of donees were not under challenge, there would be no bar on assessee to claim benefit under section 80G, falling in Chapter VIA - Held, yes [Paras 6, 7 and 8] [In favour of assessee]

iv. Optum Global Solutions (India) (P.) Ltd. v. Deputy Commissioner of Income-tax, [2023] 154 taxmann.com 651 (Hyderabad - Trib.)/[2023] 203 -Assessee donated/

contributed a certain sum towards CSR which was debited to profit and loss account to institutions/organizations registered under section 80G and accordingly, it claimed deduction – Assessing Officer, however, disallowed deduction under section 80G stating that CSR expenditure incurred under section 135 of Companies

Act was categorically disallowed under section 37(1) and, therefore, on similar logic deduction under section 80G could not be allowed – Whether since assessee satisfied conditions of section 80G, assessee was entitled to claim deduction under section 80G in respect of such donations which formed part of spend towards CSR – Held, yes [Para 16] [In favour of assessee]

v. National Seeds Corpn. Ltd. v. Addl. CIT [IT Appeal No. 6794 (Delhi) of 2014, dated 4-4-2018] -The CIT(A) here

held that the expenditure in the nature of CSR expense should be allowable as deduction under sections 35AC and 80G of the IT Act. The Delhi Tribunal agreed and remanded the matter to AO for examination and verification of facts.

vi. First American (India) (P.) Ltd v. ACIT [IT Appeal No.1762 (Bang.) of 2019] -The Bangalore Tribunal, took

up this case where the deduction under section 80G was disallowed, since CSR qualifying donations were not 'voluntary contributions'. The Tribunal allowed the deduction under section 80G and held that, "assessee cannot be denied the benefit of claim under Chapter VI A, which is considered for computing 'Total Taxable Income'. If assessee is denied this benefit, merely because such payment forms part of CSR, it would lead to double disallowance, which is not the "intention of Legislature."

vii. In Escorts Skill Development v. CIT [2019] 108 taxmann.com 53/178 ITD 32, ITAT Delhi) the

Tribunal allowed section 12AA and section 80G registration to a captive section 8 company, which was created to redeem CSR obligation of the parent. Thus, the Tribunal indirectly upheld that contribution of parent company to such a company will be eligible for section 80G and CSR obligation provided the conditions therein are met.

viii. The ITAT Mumbai in the case of Savita Oil Technology Ltd Vs ACIT, Central

Circle [2023- VIL 1595-ITAT-MUM] has again held in this regard on the following grounds

- A. The embargo created by this Explanation 2 inserted in Section 37 of the Act by the Finance (No.2) Act, 2014 was to deny deduction for CSR expenses incurred by companies, as and by way of regular business expenditure while computing “Income under the head Business. So, it can be clearly seen that this Explanation 2 to Section 37(1) of the Act which denies deduction for CSR expenses by way of business expenditure is applicable only to the extent of computing ‘Business Income’ under Chapter IV D of the Act.
- B. The Court relied on the interpretation maxim “Expressio Unius Est Exclusio Alterius” which is a Latin phrase that means “express mention of one thing excludes all others. The phrase indicates that items not on the list are assumed not to be covered by the Statute. When something is mentioned expressly in a Statute, it leads to the presumption that the things not mentioned are excluded. Even if the assessee has included the expenditure as CSR Expenditure because there is no prohibition or restriction placed by the Parliament on such a donation even if shown as CSR expenditure. The reason for saying so is that in section 80G of the Act certain restrictions in respect of deduction in respect of two donations are expressly seen in this Section. So, the Parliament has expressed its intention clearly by bringing in restriction in respect of expenditure classified by an assessee company while claiming deduction u/s. 80G of the Act i.e. CSR expenditure related to Swachh Bharat Kosh and Clean Ganga Fund. So if an assessee makes some donation to these projects and include/classify it as CSR expenditure while claiming deduction u/s. 80G of the Act then it will be allowed only the amount that is other than the sums spent by the assessee in pursuance of CSR u/s.

135 of the Companies Act.

10. **Whether Explanation 2 to Section 37(1) of the IT Act, 1961 is prospective or retrospective in nature:** The issue which time and again put forth before the courts is whether explanation 2 inserted added in section 37(1) of the IT Act, 1961, is prospective or retrospective in nature. Reference may be made on following decisions

- (i) **In case of National Seeds Corporation Ltd. v. Addl. CIT (2018) SCC Online ITAT 10702**, Hon’ble ITAT, New Delhi held that amendment to insert Explanation no. 2 under Section 37(1) of the IT Act, 1961 is of retrospective in nature and stated as under:

“The amendment in the scheme of Section 37(1), which has been introduced with effect from 1st April 2015, cannot be construed as to disadvantage to the assessee in the period prior to this amendment. This disabling provision, as set out in Explanation 2 to Section 37(1), refers only to such corporate social responsibility expenses as under Section 135 of the CA, 2013, and, as such, it cannot have any application for the period not covered by this statutory provision which itself came into existence in 2013. Explanation 2 to Section 37(1) is, therefore, inherently incapable of retrospective application any further.”

The Hon’ble bench in **National Seeds Corpn. Ltd. supra**, also referred the judgment of the Hon’ble ITAT, Raipur in **Addl. CIT v. Jindal Power (2016) 70 taxmann.com 389**, to determine whether the amendment is prospective in nature.

- (ii) The ITAT benches also placed their reliance on judgement rendered by the Hon’ble Supreme Court in **CIT v. Vatika Townships (P.) Ltd. (2014) 49 taxmann.com 249 (SC)**, wherein the Apex Court had held that;

“Of the various rules guiding how legislation has to be interpreted, one established rule



is that unless a contrary intention appears, legislation is presumed not to be intended to have a retrospective operation. The idea behind the rule is that a current law should govern current activities. Law passed today cannot apply to the events of the past. **If we do something today, we do it keeping in view the law of today and in force and not tomorrow's backward adjustment of it. Our belief in the nature of the law is founded on the bedrock that every human being is entitled to arrange his affairs by relying on the existing law and should not find that his plans have been retrospectively upset....."**

- (iii) **In case of Pr. CIT v. Steel Authority of India Ltd. (2023) 148 taxmann.com 132** and in **Pr. CIT v. PEC Ltd. (2023) 146 taxmann.com 407**, courts dismissed the contention of the revenue and held that the amendment to Section 37(1) is not retrospective.

In light of the above precedents, it is a settled position that Explanation 2 of Section 37(1) of the IT Act, 1961 has come into effect from 01.04.2015, and is prospective in nature.

11. **Whether Input Tax Credit is available on the CSR Expenditure under the Indirect Tax Regime?**

Eligibility of Input Tax Credit under GST Laws

: It is witnessed that many show cause notices have been issued by the Revenue regarding ineligibility of input tax credit for GST paid on CSR expenses. These expenses are incurred in compliance with the statutory obligation under the Companies Act. CSR as an integral part of business operations and believe that denying ITC on such expenses would be contradictory to the fundamental purpose of GST, which is to allow credit for business-related expenses. Reliance may be placed on the following decisions

- (i) **In Sterlite Industries (I) Ltd. Vs Commissioner of Central Excise, Madurai, [2016 (41) S.T.R. 867 (Tri. -**

Chennai)] Cenvat credit of Service Tax on expenditure connected to business activity to discharge social responsibility was allowed under Rules 2(l) and 3 of Cenvat Credit Rules, 2004.

- (ii) **In the case Essel Propack Ltd. Vs. Commissioner Of CGST, Bhiwandi [2018 (362) E.L.T. 833 (Tri. - Mumbai)] CESTAT, WB, Mumbai** held that "CSR not only holistic approach but integrating core business strategy since same addresses well-being of all stake holders and not just company's shareholders. Also, CSR not charity as same having direct bearing on manufacturing activity of company that is largely dependent on smooth supply of raw materials. CSR also augmenting credit rating of company as well as its standing in corporate world. Hence, sustainability of company dependent on CSR without which companies cannot operate smoothly for long period as they are dependent on various stakeholders to conduct business in economically, socially and environmentally sustainable manner i.e. transparent and ethical. Impugned order demanding duty, interest and penalty against input service availed hereby set aside under Rules 2(l) and 14 of Cenvat Credit Rules, 2004."

- (iii) **AAR, Uttar Pradesh in case of M/S. Dwarikesh Sugar Industries Limited (2021) 125 taxmann.com 329** it is held that that the expenditure made towards CSR under section 135 of the Companies Act, 2013, is an expenditure made in the furtherance of the business. Hence the taxes paid on purchase made to meet the obligations under CSR will be eligible for ITC under CGST and SGST Act. in this case, concluded that CSR expenses cannot be considered as a gift under Section 17(5)(h) of the CGST Act, 2017.

However, in case of M/s Polycab Wires Pvt Ltd reported at 2019-VIL-100-AAR, it is ruled that, the applicant had distributed electrical goods to people affected by flood

in Kerala against discharge of its CSR obligations. The Kerala AAR held that the applicant distributed electrical items on free basis without collecting any money and for these transactions input tax credit would not be available as per Section 17(5) (h) of the KSGST Act and CGST Act.

To end the controversy the Finance Bill of 2023 amended sub-Section 5(b) of Section 17 of the CGST Act to insert clause (fa), to restrict the entitlement of ITC on the expenditure of goods and services pursuant to Section 135 of the CA, 2013, and is stated as follows;

“(fa) goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under the corporate social responsibility referred to in Section 135 of Companies Act, 2013”.³¹

The above amendment has been made effective from October 01, 2023, vide CBDT notification no. 28/202332.

According to the newly inserted provision in Section 17(5)(fa), ITC is specifically blocked for goods or services received

by a taxable person, which are used or intended to be used for activities relating to their obligations under Corporate Social Responsibility as referred to in Section 135 of the Companies Act, 2013 and shall come into force from 1st October 2023.

After the amendment it is clear that there is no restriction for availing ITC for GST paid on CSR expenses up to 30th Sept 2023. The registered person may claim the ITC for the GST paid on CSR expenses till the amendment made in section 17(5) by introduction of a new clause (fa) in CGST Act 2017. Few decisions on which reliance may be placed on availment of ITC for the GST paid on CSR expense

Conclusions:

It appears that above amendments are based on the twin rationale that CSR activity is meant for contribution to society and not for the furtherance of business and to align it with direct tax laws where no deduction is allowed for CSR expenses. This proposal has been met with increased concern from businesses as it embodies myriad potential challenges.

CBDT's several move towards litigation reduction, a brief analysis!

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Ease of doing business and providing certainty to taxpayers has been one of the main agenda of the government in last few years. The income tax dispute resolution mechanism in India is multifaceted and time consuming, affecting the atmosphere for doing business in India. India has an extensive tax appeals system that goes up to the Supreme Court of India. A taxpayer, after receiving an undesirable assessment order, can take an appeal through four appellate forums starting from CIT (Appeals), ITAT, High Courts, and the Supreme Court. The current tax litigation process in India could take substantial time may be 10-20 years (if appeals go up to the Supreme Court) to resolve a tax dispute. The lag is mainly because no timelines are mandated for conclusion of proceedings at the appellate forums, significant workload, lack of a fast-track dispute resolution mechanism, etc.

To address the above issue, Government is taking various possible measures on time to time basis, in one hand to reduce number of past stacked litigations at all the appellate stages and on another hand reducing the scope of future litigation by amending tax laws.

A. Steps taken for reducing existing litigations:

1. 'The Direct Tax Vivad se Vishwas Scheme 2020'

The "Direct Tax Vivad se Vishwas Scheme" (DTVVS) for settlement of outstanding Income Tax disputes was announced by the Hon'ble Finance Minister during Budget Speech 2020. Subsequently, the Direct Tax Vivad se Vishwas Bill, 2020 (the Bill) was introduced in the Lok Sabha on 05 February 2020. The Bill for the

aforsaid scheme was passed in the parliament and the scheme was notified on 18.03.2020 after presidential approval. Due date for applying under the scheme was 31st March 2020 and then due to COVID outbreak date was extended till 31.03.2021. All appeals related to disputed tax, interest, penalty or fee pending as on 31st Jan. 2020 were eligible with complete waiver of interest and penalty if tax is paid for that year. This scheme offered taxpayers with an option to put a full stop to the entire litigation process and achieve finality merely by paying the tax component of the dispute. The Government waived penalty and interest, and offered a 50 percent discount to settle revenue appeals and appeals where the taxpayer had a favorable precedent by a higher court. An important aspect was that the 'VSV scheme' was not an amnesty scheme and explicitly clarified that availing that option shall have no precedence value qua the principal issues. Thus, taxpayers could decide to settle their appeals based on an objective comparison of future litigation costs with the cost of availing the settlement option. This was a phenomenal step of Government to reduce litigations pending at various levels. Benefit of this scheme was availed widely by the corporates and huge number of litigations were settled under the scheme. This was an one-time settlement scheme for taxpayers.

2. Closure of very old litigation matters and

connected demands that appear as outstanding in department records

The finance minister, in the interim Union Budget 2024, steered relief, by announcing the closure of very old litigation matters and connected demands that appear as outstanding in department records. This move is expected to benefit about a crore of taxpayers mainly individual taxpayers. The outstanding direct tax demands up to ₹ 25,000 for the period up to financial year 2009-10 and up to ₹ 10,000 for financial years 2010-11 to 2014-15 will be withdrawn. This move is likely to benefit for one in every eight tax-filers. The outstanding tax demands were creating a hurdle in issuance of refunds to tax-payers as the Income Tax department was not able to process complete refunds for the subsequent assessment year if the tax-payers had pending demands from previous years. The withdrawal of these disputes is expected to resolve this issue now. This is again a great move by government to reduced huge number of old disputes.

***B.* Steps taken for reducing forthcoming litigation prospect :**

1. Introduction of lower tax regime for corporates, a big move towards litigation free environment

With aim to provide fillip to the sluggish economy and promote growth and investment, the Income Tax Act, 1961 underwent an amendment to include Section 115BAA, providing a lowered corporate tax rate to domestic corporations. The companies can pay the tax at a rate of 22% in addition to the surcharge of 10% and 4% cess under this Section. This tax rate came into effect from the financial year 2019-2020. But the tax rate comes with the condition to forego all the deductions and exemptions except only few. Since, the lower tax rate has eliminated the scope of almost all the deductions & exemptions, it has also reduced chances of litigation to great extent, as in most cases deductions/exemptions used to be disallowed by tax authorities during assessment.

Now a days large number of corporates have adopted the lower tax regime and all being well in long term number of litigations will start dipping.

2. Stipulating monetary thresholds (of tax effect) below which Indian tax authorities will not file appeals and withdraw the ones that have already been filed.

Section 268A of the Income-tax Act, 1961 (IT Act) grants power to the Central Board of Direct Taxes (CBDT) to issue orders, instructions or directions to tax authorities fixing monetary limits for filing appeals before Tax Tribunal / High Court and Special Leave Petition (SLP) / Appeals before Supreme Court. With an overall objective to reduce litigation, the CBDT has issued circulars prescribing monetary limits, from time to time. Recently, the CBDT has issued a circular dated 15.03.2024 with upward revision of threshold under section 268A of the IT Act which shall supersede its earlier Circulars and CBDT's letter to provide detailed guidelines with respect to departmental appeals. This will certainly reduce number of litigations before appellate authorities, which otherwise would have been the under protest litigated by revenue itself.

3. Stringent provisions on reopening of assessments

There has been a notable amendment regarding the time limit for reopening income tax assessment cases in Finance Bill 2021. Formerly set at six years, this period has now been curtailed to three years. However, in instances where substantial tax evasion is suspected, assessments can be reopened for a duration of up to ten years. It's important to note that this extended period applies only if the concealed income surpasses ₹ 50 lakh.

Furthermore, in the event that an assessee raises objections to the reassessment notice issued by the Assessing Officer, the officer is obliged to provide detailed reasons for rejecting these



objections. This ensures transparency and allows the assessee to understand the basis upon which their objections have been dismissed. The rationale behind reducing the time limit for reopening income tax assessment cases is to streamline tax administration, enhance compliance, provide certainty to taxpayers and off course reduce litigations. Moreover, the provision for an extended reassessment period in cases of significant tax evasion aims to deter tax evasion and ensure that individuals or entities attempting to evade taxes are held accountable.

4. **Special provisions in IT Act for avoiding repetitive appeals**

In terms of section 158A of the Income-tax Act provides that during pendency of proceedings in his case for an assessment year an assessee can submit a claim before the Assessing Officer or any appellate authority that a question of law arising in the instant case for the assessment year under consideration is identical with the question of law already pending in his own case before the High Court or Supreme Court for another assessment year and if the Assessing Officer or any appellate authority agrees to apply the final decision on the question of law in that earlier year to the present year, he will not agitate the same question of law once again for the present year before higher appellate authorities. The Assessing Officer or any appellate authority before whom his case is pending can admit the claim of the assessee and as and when the decision on the question of law becomes final, they will apply the ratio of the decision of the High Court or Supreme Court for that earlier case to the relevant years case also. Intent of this section is also to reduce scope of repetitive litigations on similar issues.

C *Suggestions & way forward for further improvement*

1. **Robust mechanism of process of rectification application u/s 154**

Summary assessment u/s 143(1) is fully

automated and completed without human intervention, average processing time has also been reduces to great extent. But the automated processing has the challenges and there are cases of mechanical summary assessment intimations u/s 143(1) with exorbitant demand. An ITR is processed after reconciling information available from various sources. A big sized ITR will have multiple source data to match with along with Tax Audit Report(TAR). The cases where system couldn't do justice, need special care by IT department. There should be robust mechanism of processing of rectification application made by aggrieved assessee u/s 154 for mistakes apparent from record. Most importantly, time line should be prescribed for such processing. This will reduce cases of Appeal & Writ against order/intimation of summary assessment.

2. **Bringing uniformity between Taxable profit & book profit**

The profits as per books is the starting point to which various adjustments were made for arriving at the taxable profit. With the introduction of Ind - AS and its emphasis on fair value accounting, the book profits as per Ind - AS and the existing GAAP is substantially different, which would have resulted in higher tax liability of Ind - AS adopters over Ind - AS non-adopters under the regular provisions of Income-tax Act. Though, with the timely introduction of ICDS by the CBDT, this challenge has been overcome as taxable income is now computed as per ICDS ensuring uniformity in taxation irrespective of the accounting framework followed by an entity.

ICDS has suggested the treatment of certain items & Tax Audit Report in Form – 3CED has also been amended to include disclosure relating to ICDS adjustments. But the gap between book profit & taxable profit remains swelling mainly due to fair value accounting and other timing difference items.

Further, introduction of lower tax regime u/s 115BAA has removed payment of Minimum Alternative Tax(MAT) on book profit. Thus there



is no linking between tax out go and book profit now. Furthermore, there are certain items which are deductible only on payment basis. There is need of overhaul of complete system of arriving taxable profit from book profit to make both of them marry to each other.

Concluding:

The Central Board of Direct Taxes has taken several initiatives to gain the trust of the taxpayers and to reduce number of existing litigation as well as future litigation prospects. Due to these moves

there is reduction in number of litigations and also few Lakhs of crores rupees has been released from blocked fund of Government. Vivad se Vishwas Scheme can again be introduced for rest of the disputes with certain modifications and flexibility. Overall objective of Government should be to promote the non-adversarial tax regime so that the industries can flourish by shifting the focus from the litigative mind-set to generate the ideas that could make their business processes more productive, efficient and profitable. All the moves towards litigation reduction are significant yet need further improvisation and flexible based on actual need of the taxpayers.

Video recording is the most crucial tool in respect of income escaped assessment U/s 148 of the Income Tax Act, 1961

Advocate Tapas Majumder

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From the Finance Act, 2021 a complete replacement of the provisions of assessment and reassessment under Section 147 of the Act has been operative gaining the context with the clarity of the text thereon.

The new Provision in 2021 has inserted Section 148A, wherein the AO must first conduct an inquiry and provide an opportunity to the taxpayer of being heard before issuing a notice And after considering the reply of the assessee, the AO should then decide, based on the material facts available, whether reassessment provisions should be invoked or not in comparison to the earlier Provisions where the AO could reopen for reassessments if it had **'reason to believe'** and not **'reason to suspect'** at all that the income had escaped assessment. Then subject to provisions of Sections 148 to 153, the L'd A.O. may assess such income or any other income which appears to his/her notice, subsequent to the course of proceedings of Section 147.

However, the AO while reopening reassessments will take into the consideration in respect of information rather than relying on best judgment, the government has specified this now. Any subjectivity and discretion in the hands of an AO has been removed.

For the purpose of Section 147 and Section 148, the information with the AO, which suggests that the income chargeable to tax has escaped assessment, means:

- Any information flagged in the case of an assessee for the relevant assessment year AY, in accordance with the rules (risk management strategy) formulated by the Central Board of Direct Tax (CBDT) from time to time
- Any final objection raised by the Comptroller and

Auditor General of India (CAG of India) in case the assessment of the assessee for the relevant assessment year has not been conducted in accordance with the provisions of this Act

- In cases where the AO shall be deemed to have information, which suggests that the income chargeable to tax has escaped assessment in the case of the assessee where:
- **Search:** A search is initiated under Section 132 or books of accounts, other documents or any assets are requisitioned under Section 132A on or after April 1, 2021 in the case of assessee
- **Survey:** A survey is conducted under Section 133A, other than under sub-section (2A) or sub-section (5) on or after April 1, 2021 in the case of the assessee
- **Seizure:** The AO is satisfied with the prior approval of the Principal Chief Commissioner of Income-tax (PCIT) if any money, bullion, Jewellery or other valuable article or thing being seized or requisitioned under Section 132A in case of any person, on are after April 1, 2021, belongs to the assessee

Modification in limitation period for completion of assessment, reassessment.

1. Increased the time limit for completion of assessment of AY 2020-21 from 12 months to 18 months.

2. AY 2021-22 and onwards, the time limit is fixed to complete the assessment within 9 months from the end of the Assessment Year.

Every earning individual is required to file the return to the income tax department if the earning is chargeable to tax. The tax authorities examine your income tax return (ITR) and if necessary, they can seek additional clarifications. This process of examining the return of income is referred to as assessment.

For instance, anything you earned in the financial year (FY) 2023-24 is assessed in the assessment year (AY) 2024-25. After self-assessment, the taxpayer will compute the tax liability and will have to pay that amount and file ITR. Thereafter, the income tax department (ITD) conducts preliminary checking of returns for any arithmetical errors, incorrect claims, etc., which is a fully computerised process. At this stage, there is no detailed scrutiny of ITR filed.

It may so happen that a few heads of income may escape assessment during initial assessment proceedings, knowingly or unknowingly. In such a scenario, and if the assessing officer (AO) finds that some income that is actually chargeable to tax has not been assessed, the AO can re-open the cases to reassess the individual's ITRs under Section 147 of the ITA.

The AO is likely to assess/reassess such income, recomputed the loss/depreciation allowance or any other allowance/deduction for the assessment year (AY), as per the provisions of Sections 148 to 153. Re-assessment can be done multiple times provided other conditions laid down in Section 147 have been satisfied.

Now, any income in the hands of the assessee, which has not been subject to the income tax, shall mean that it has escaped assessment. The income can be said to be escaped assessment if the losses have been over reported by the taxpayer.

For example, an individual earned ₹ 35 lakh in the Assessment Year 2024-25, which is chargeable to tax. Where the return of income was actually filed by the the said individual had declared ₹ 25 lakh. In this case, the income of ₹ 10 lakh has escaped assessment. And it can also be treated as escaped assessment if the assessee having substantial taxable income has not at all filled the Income Tax Return for that respective Assessment year.

The Act authorise and also empowers the Assessing Officer to reassess income that may have escaped assessment under Sections 147 and 148. While this aims to ensure tax fairness, it can also lead to litigation due to ambiguities and complexities in the provisions. Recent amendments in the Finance Bill 2021 and proposed changes in the Finance Bill 2022 seek to address these concerns and promote a more transparent and efficient assessment process.

Now after series of submissions and verification from the part of the assessee in the assessment stage covered U/s 148, the A.O. due to the limitation period of completion of assessment has frame out the proposal of addition to its joint team as adopted under the faceless objects and after finalising the same, the elements of the show cause notice was drafted and after being approved the same is uploaded to the portal directing the assessee to file the cause thereof with proper explanation and evidences which is the ultimate opportunity to the assessee before addition or disallowance of expenses. And further open the URL of the video conference to the L'd representative of the assessee for the face to face interaction thereon and it undoubtedly be mentioned herein that after filing the explanation to the Show cause notice the L'd representative of the assessee cannot predict the consequences on the post facto explanation and the video conference is the only and unique tool at the penultimate stage to explain verbally with evidence thereon and it should be properly utilised by the assessee which is also the hard weapon to sustain against the department.

Several judgments can be adduced against the improper action of the L'd A.O. who has not provided any opportunity for the video conference at the penultimate stage of the assessment and some important judgments are being mentioned herein.

A *Opportunity of a video conferencing is mandatory -*

- (a) **The decision of High Court of Orissa in case of Elite Education Society v. Chairman, Central Board of Direct Taxes, Ministry of Finance, Department of Revenue [W.P. (C) No. 18472 of 2021, dated 24-8-2021]** shall be necessary to be referred to at this stage where the Court has held that the requirement for providing



the hearing in terms of section 144(B)(7)(vii) is not merely directory but mandatory one:

“5. The requirement for providing such hearing in terms of section 144B(7)(vii) of the Income-tax Act, 1961 (‘Act’) is not merely directory, but a mandatory one. It reads as under:—

144-B (7) For the purposes of faceless assessment—

“(vii) in a case where a variation is proposed in the draft assessment order or final draft assessment order or revised draft assessment order, and an opportunity is provided to the assessee by serving a notice calling upon him to show cause as to why the assessment should not be completed as per the such draft or final draft or revised draft assessment order, the assess or his authorized representative, as the case may be, may request for personal hearing so as to make his oral submissions or present his case before the income-tax authority in any unit.”

- (b) **The decision of Bombay High Court in case of Piramal Enterprises Ltd. v. Addl./Jt./Dy./Asstt./CIT/ITO [2021] 129 taxmann.com 18/282 Taxman 407 (Bom.)** where also the Court held that the faceless assessment is not made in accordance with the procedure laid down under section 144(B). There is a telling/pronounced rigour, to follow the procedure under section 144B, lest the assessment would be non est. It further held that as per the provisions of section 144(B), when the hearing has been envisioned and incorporated, it is imperative to observe the principles of natural justice as stipulated
- (c) **The High Court of Delhi in case Sanjay Aggarwal v. National Faceless Assessment Centre [2021] 127 taxmann.com 637/281 Taxman 282/436 ITR 180** held and observed thus:—

“11.3 In this context, if one were to look at the relevant provisions, [which, for the sake of convenience are extracted hereafter], then, one would get a sense as to why the legislature has provided a personal hearing in the matter:

144B. Faceless assessment -

- (1) ** **
 (7) For the purposes of faceless assessment--

** ** **

(vii) in a case where a variation is proposed in the draft assessment order or final draft assessment order or revised draft assessment order, and an opportunity is provided to the assessee by serving a notice calling upon him to show-cause as to why the assessment should not be completed as per the such draft or final draft or revised draft assessment order, the assessee or his authorised representative, as the case may be, may request for personal hearing so as to make his oral submissions or present his case before the income-tax authority in any unit;

11.4 A careful perusal of clause (vii) of section 144B (7) would show that liberty has been given to the assessee, if his/her income is varied, to seek a personal hearing in the matter. Therefore, the usage of the word ‘may’, to our minds, cannot absolve the respondent/revenue from the obligation cast upon it, to consider the request made for grant of personal hearing. Besides this, under sub-clause (h) of section 144B (7)(xii) read with section 144B Signature Not Verified By: VIPIN KUMAR RAI Signing Date:09-6-2021 00:54:32 (7) (viii), the respondent/revenue has been given the power to frame standards, procedures and processes for approving the request made for according personal hearing to an assessee who makes a request qua the same.

And ultimately concluded that:

12. Therefore, in our view, given the aforesaid facts and circumstances, it was incumbent upon the respondent/revenue to accord a personal hearing to the petitioner. As noted above, several requests had been made for personal hearing by the petitioner, none of which were dealt with by the respondent/revenue.

12.1. The net impact of this infraction would

be that, the impugned orders will have to be set aside. It is ordered accordingly.”

Based on the aforesaid judicial pronouncements, it is inherent to allow the assessee a chance to video conferencing.

Assessment Passed in haste and hurry without allowing the assessee to represent it's case properly is to be set aside –

- a) **HIGH COURT OF CALCUTTA - [2017] 80 taxmann.com 241 (Calcutta)/[2016] 386 ITR 312 (Calcutta) - Commissioner of Income Tax Central-II, Kol. vs. Shyam Sel Ltd.***
- b) **[2003] 130 Taxman 474 (Kerala) - HIGH COURT OF KERALA - Deputy Commissioner of Income-tax v. Eastern Retreads (P.) Ltd.**

It's not obligatory that addition cannot be sustained unless the show cause notice specifying the addition along with the proper reason has been contended by the L'd A.O. The

explanation of the assessee against the said show cause notice with proper evidences can only be well responsive in order to sustain the veracity of the claim of the assessee. However on post facto of such explanation there is enough scope of face to face interaction between the L'd A.O. and the L'd representative of the assessee and such interaction may generate the realisation of the assessee in respect of the understandability of the prospective assessment / reassessment order. It can also be called as the doubt clearing session of the L'd A.O. when the face to face interaction is being conducted through video conference between the L'd A.O. and the Assessee and on the basis thereof the L'd representative of the assessee gets another opportunity to chase and/or quash any adverse effect of the order with proper interaction thereon. Hence the video conference is the ultimate and final opportunity to the assessee especially when the substantial adverse elements are considered by the L'd A.O. and also proper interaction at the penultimate stage of the assessment/reassessment proceedings under this provisions.

Understanding Budget 2024: Major Changes in GST and Customs

CMA Bhogavalli Mallikarjun Gupta

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A Note on Budget 2024

With the introduction of GST from 1st July 2017, all the GST changes are routed through GST Council meetings only and in the Finance bill the amendments to various GST decisions taken in the GST Council are incorporated. The Union Budget 2024-25 introduces several significant changes in the Goods and Services Tax (GST) and Customs regulations aimed at simplifying compliance, enhancing trade, and providing relief to taxpayers. Here's a comprehensive overview of these changes in a straightforward manner.

GST Amendments

1. Introduction of Section 74A

Section 74A replaces sections 73 and 74 for determining

tax not paid, short paid, or erroneously refunded from FY 2024-25 onwards.

Key Changes:

- Uniform time limits for issuing demand notices (42 months from the due date of the annual return) and orders (12 months from the date of notice) for both fraud and non-fraud cases.
- Penalties:** 10% of the tax due for non-fraud cases and 100% of the tax due for fraud cases.

Particulars	Section 74A	Section 73	Section 74
Applicability	From FY 2024-25 onwards	Up to FY 2023-24	Up to FY 2023-24
Coverage	Irrespective of fraud or misstatement or suppression or will full misstatement	Other than fraud, willful misstatement or suppression of facts	Fraud, willful misstatement or suppression of facts
Threshold	Not applicable if tax amount is less than Rs 1,000	NA	NA
Time limit for issue of SCN	3 ½ years or 42 months from the due date of filing of annual returns	3 months before the issue of the demand order	6 months before the issue of the demand order
Time limit for issue of Order	12 months from the date of issue of SCN, can be extended by 6 months	3 years from the due date of filing of annual returns	5 years from the due date of filing of annual returns
Penalty – Other than fraud	10% of Rs 10,000 whichever is higher	10% of Rs 10,000 whichever is higher	NA
Penalty - fraud	100%	NA	100%
Conditions for wavier of penalty – Other than fraud	Payment of Tax + interest is paid before issuance of SCN Payment of tax + interest is paid within 60 days of issue of SCN	Similar to 74A	NA
Conditions for the reduced penalty of 15%	Cases related to other than fraud, Payment of Tax + Interest before issue of SCN	NA	Payment of tax + interest before issue of SCN
Conditions for the reduced penalty of 25%	Cases related fraud - Payment of Tax + Interest within 60 days of issue of SCN	NA	Cases related fraud - Payment of Tax + Interest within 30 days of issue of SCN
Conditions for the reduced penalty of 50%	Cases related fraud - Payment of Tax + Interest within 60 days of issue of Order	NA	Cases related fraud - Payment of Tax + Interest within 30 days of issue of Order

Impact:

Simplifies the compliance landscape by providing a uniform time frame, reducing ambiguity, and ensuring timely resolution of cases. It also empowers the officers to transfer from fraud to non-fraud.

2. Relief for taxpayers where ITC is claimed after due date - Insertion of Section 16(5)

Initial day of rollout of GST has seen lot of teething troubles and knowledge issues. Taking the representations from the trade, the Government has introduced Section 16(5) to enable the taxpayers who have not availed the input tax credit with the stipulated period. This provision is given for taxpayers who have availed input tax credit after the filing of the annual return.

- **Extended Deadlines:** ITC for FY 2017-18 to 2020-21 can be claimed in any return filed by November 30, 2021.

Impact: This will help the taxpayers who have availed input tax credit post cut of date and will also reduce the litigation.

3. Eligibility to claim input tax credit from GST Cancellation date to revocation date - Insertion of Section 16(6)

Cancellation of GST registrations is quite common now a days various reasons. Whenever the GST Registration is cancelled the taxpayers either through the adjudication process or judicial intervention get the same revoked. The law is currently silent on availing input tax credit during the period from cancellation of registration to revocation of registration. This amendment now helps such taxpayers to avail input tax credit.

- **Revoked Registrations:** ITC can be claimed within 30 days of the revocation order if a registration was cancelled and later revoked.

Impact: Offers relief to businesses by allowing them to rectify ITC claims from past years, reducing financial strain, and promoting fair compliance.

4. Insertion of New Section for wavier of interest and penalty – Section 128A

Much awaited relief has been provided to taxpayers where notices have been issued under non-fraud cases

i.e, under Section 73. The taxpayers will get a relief from the payment of interest and penalty where ever the tax has been paid by them before the notified date.

- **Conditional Waiver:** Interest and penalty for tax dues from FY 2017-18 to 2019-20 can be waived if the full tax liability is paid before a specified date.
- **Non-fraud Cases:** This waiver applies to demands issued under Section 73 (other than fraud).

Impact: Encourages taxpayers to settle old dues without the additional burden of penalties, promoting a culture of compliance and reducing the backlog of pending cases.

5. Changes to the Appeals Process – Amendments to Section 107 & 109

Amendments have been made to pre deposit with the Frist Appelalte Authoirty and the Goods and Services Tax Tribunals. The maximum pre deposit amount with the First Appellate Authority has been reduced and the pre-deposit percentage for filing of appeal with the Goods and Services Tax Tribunals is reduced from 20% to 10% and the maximum amount is also reduced.

- **Pre-Deposit Requirements:** The maximum pre-deposit for filing appeals has been reduced (₹25 crore to ₹20 crore for the Appellate Authority and 20% to 10% for the Appellate Tribunal).
- **Timelines:** Modified timelines to prevent appeals from being time-barred.

Impact: Makes the appeals process more accessible, particularly for SMEs, ensuring fair resolution of disputes and encouraging timely filing of appeals.

6. No Refund on Zero-Rated Supply of Goods Subject to Export Duty – Amendment to Section 54

To discourage the export of goods in certain cases, the Government levies export duties and in cases where the export duties are levied, the exporters will not be eligible to claim refund on the unutilized accumulated input tax credit or with payment of duty. Section 54(3) has been omitted and new section 54(15) has been introduced.

- **Amendments:** No refund of unutilized ITC/IGST for zero-rated goods if such goods are subjected to export duty.



Impact: Ensures compliance with export regulations, preventing misuse of refund provisions and maintaining the integrity of the tax system.

7. Authorized Representatives for Summons – Insertion of Sub Section 1A in Section 70

During the summons, the department is insisting the presence of the senior officials of the tax payers to be present. In case of MNCs and large corporations it is not possible for them to attend summons in each and every state. To facilitate this, now authorized representative can represent on behalf of them.

- **Representation:** Authorized representatives can appear on behalf of summoned persons before tax authorities.

Impact: Provides flexibility and support for taxpayers in legal proceedings, ensuring compliance without the need for personal appearance, thereby reducing the burden on individuals and businesses.

8. Exemption from GST for Extra Neutral Alcohol (ENA)

- **Amendments:** ENA will be excluded from the scope of GST when supplied for the production of alcoholic beverages for human consumption.

Impact: Provides significant relief to the alcoholic beverage industry by reducing the tax burden on a crucial raw material, aligning with recommendations from the GST Council.

Customs Amendments

1. Revised Tariff Rates

- **Adjustments:** Tariff rates on various goods have been adjusted, including increases on certain items and new tariff lines for emerging industries like sustainable aviation fuel and semiconductor machinery.

Impact: Aims to boost domestic manufacturing and support strategic sectors, aligning with broader economic goals.

2. Facilitation of Trade

- **Acceptance of Various Proofs of Origin:** Aligning with trade agreements that allow self-certification to ease the import-export process.

Impact: Reduces administrative burdens for traders and enhances compliance with international agreements, promoting smoother trade flows (TMSL Take on GST Union ...).

3. Duty-Free Re-Import Period Extension

- **Extension:** The duty-free re-import period for goods exported under warranty has been extended from 3 years to 5 years, with a possible 2-year extension.

Impact: Provides greater flexibility to exporters, supporting their competitiveness by accommodating longer warranty periods.

4. Sector-Specific Rate Changes

- **Targeted Reductions and Exemptions:** Specific changes for sectors like mobile phones, medical equipment, and renewable energy, including reduced duties and expanded exemptions.

Impact: Supports sectoral growth and encourages technological advancements, fostering a more robust economic environment.

These changes are designed to ease compliance, reduce litigation, and provide financial relief, making it easier to manage past dues and claim legitimate tax credits. The overall approach of the Budget is to create a fairer and more transparent tax system, which ultimately benefits all stakeholders by promoting voluntary compliance and reducing the burden of penalties and interest.

The Union Budget 2024-25's amendments to the GST and Customs regulations reflect a strategic move towards simplifying tax processes, supporting businesses in compliance efforts, and fostering a more predictable and fair tax environment.

Budget 2024 Direct Tax Proposals for CMA

CA Pankaj Sancheti

Chartered Accountant



A. Key Announcements

- Comprehensive Review of the Income- Tax Act, 1961, with the purpose of making the Act concise, lucid, easy to read and understand.
- A standard operating procedure for TDS defaults and simplify and rationalize the compounding guidelines for such defaults.
- For resolution of income tax disputes pending in appeal, Direct Tax Vivad Se Vishwas Scheme, 2024, to be notified.
- Deploy more Officers to dispose of the backlog of appeal pending before CIT(A).
- Increase Monetary Limits for Filing Appeals by the Department in the Tax Tribunals, High Courts and Supreme Court

Appeal to	Old Limits	New Limits
Tribunals	₹ 50 Lakh	₹ 60 Lakh
High Court	₹ 1 Crore	₹ 2 Crore
Supreme Court	₹ 2 Crore	₹ 5 Crore

- **Increase in Powers of CIT(A):** In the cases where assessment order was passed as best judgement case under section 144 of the Act, Commissioner (Appeals) shall be empowered to set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment.

This is aimed at addressing issues arising from non-responsive taxpayers who appeal directly against best judgment assessments.

A consequential amendment to section 153(3) provides a time limit for the disposal of cases that are set aside by the CIT(Appeals).

- **Abolition of Angel Tax:** Section 56(2) (viib) of the Act, which provided that where a company, not being

a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares, if the consideration received for issue of shares exceeds the face value of such shares, the aggregate consideration received for such shares exceeding such fair market value shall be chargeable to income tax under the head “Income from other sources”.

The provisions of this clause shall not apply from the assessment year 2025-26.

- **Abolition of 2% Equalization Levy (EL):** EL will not apply to consideration for e-commerce supply of goods or services facilitated by a non-resident e-commerce operator from August 1, 2024.

B. Capital Gains Rationalisation

- **Holding Periods:** Only two holding periods: 12 months for listed securities/business trusts and 24 months for all other assets.
- **Tax Rates**

Particulars	Old Rate	New Rate
Short Term Capital Gain	15%	20%
Long Term Capital Gain	10%	12.5%
Exemption on gains u/s 112A	₹ 1 Lakh	₹ 1.25 Lakh
Indexation for calculating LTCG	Available	Removed

- **Non-Resident Taxation:** Sections 115AD, 115AB, 115AC, 115ACA, and 115E aligned with new rates of STCG & LTCG tax. Sections 196B and 196C amended to align the withholding tax with the new capital gains tax rates.
- C. Increased STT Rates:**
- **Sale of Options in Securities:** Increased from 0.0625% to 0.1% of the option premium.
 - **Sale of Futures in Securities:** Increased from 0.0125% to 0.02% of the traded price.
- D. Increase in Deduction for Employer Contributions to Pension Scheme**
- **Section 36(1)(iva) :** Increase deduction limit for employer contributions to 14% of salary.
 - **Section 80CCD(2):** Align the deduction limit for non-government employers with that of the government, increasing it to 14% of salary.
 - This higher deduction applies only under the new tax regime (Section 115BAC(1A)).
- E. Change in tax rates**
- The slab rates under the new scheme (Section 115BAC) have been changed to provide an aggregate relief of ₹ 10,000 in tax.
 - Standard deduction for salary income has been increased to 75K from ₹ 50K.
- F. Rationalisation of TDS rates**
- TDS rates in respect of certain payments (Section 194D, 194DA, 194G, 194H, 194-IB, 194M) reduced from 5% to 2%.
 - TDS rate in respect of 194-O-Payment of certain sums by e-commerce operator to e-commerce Participant reduced from 1% to 0.1%
 - No TDS henceforth under section 194F - Payments on repurchase of units by Mutual Fund or UTI
 - TDS @10% introduced in respect of payments of salary, remuneration, commission, bonus, and interest to Partner of a Partnership Firm.
 - TCS @1% to be introduced on notified specific luxury goods valued greater than ₹ 10 lakhs.
- G. Rationalisation of TDS Administration**
- TDS on Salary: Section 192(2B) expanded to include TCS/TDS under Chapters XVII-B & XVII-BB, allowing employees to claim credit for these taxes when computing salary deductions.
 - Parents can claim TCS credit for their minor children, provided the minor's income is clubbed with the parent's income as per Section 64(1A) - Section 206C.
 - TDS on Sale of Immovable Property: Clarified that for TDS purposes, the ₹ 50 lakh threshold should apply to the aggregate amount paid by all transferees or received by all transferors, not individually - Section 194-IA.
 - Section 194J - Amendment proposes to explicitly state that sums covered under Section 194J (fees for professional or technical services) are not considered "work" under Section 194C.
 - Section 276B - Exemption from Prosecution: To those who may have missed the original deadline for payment but correct the omission promptly (i.e. before the due date for filing the statement for that quarter (under section 200(3))
 - Extending the Scope for Lower TDS / TCS Certificate - To include transactions under Sections 194Q and 206C(1H).
 - Time Limit provided for Filing Correction Statements for TDS/TCS - Six years from the end of the financial year in which the original statement was filed.
 - Penalty for Failure to Furnish TDS/TCS Statements - The time limit for avoiding penalty reduced from one year to one month from the due date for furnishing the TDS/TCS statements.
 - Interest Rate on TCS: Section 206C(7) increases the interest rate for late payment of collected TCS to 1.5% per month, aligning it with the interest rate for late TDS payments.
- H. Widening And Deepening Of Tax Base And Anti-Avoidance**
- Rental income from residential house property by the owner should be reported under 'Income from

House Property,’ and not under ‘Profits and Gains of Business or Profession’.

- Inclusion of Taxes Withheld Outside India: Section 198 amended to include income tax paid outside India (for which credit is claimed) in the computation of total income.
- Settlement amounts incurred due to legal contraventions will not be allowed as business expenses.
- Determination of ALP in Respect of SDTs: Amendments in Section 92CA to include SDTs. This means the TPO will have the authority to determine the ALP of SDTs that:
 - ▶ Have not been referred to him by the AO or
 - ▶ Are not reported in the audit report under Section 92E.
- Amendment to Section 47: Clause (iii) proposed to be amended to specify that the exclusion from capital gains tax for transfers under a gift, will, or irrevocable trust applies only to individuals or Hindu undivided families. Accordingly, henceforth, the exclusion will not apply to companies or other entities, thereby preventing tax avoidance through the gifting of shares by companies

I. International Taxation

- Tax rate on Foreign Companies reduced from 40% to 35%
- New Presumptive Taxation Regime for Cruise Ship Operators: Under Section 44BBC, Non-resident cruise ship operators will be taxed on 20% of their passenger receipts as deemed profits. Further, lease rentals received by foreign companies from related cruise ship operators will be tax-exempt until AY 2030-31 if both are subsidiaries of the same holding company.
- Submission of Statement by Liaison Office of Non-Resident in India -
 - ▶ Section 285: Requires the LO to submit a statement regarding their activities within 60 days from the end of the FY
 - ▶ Proposed Amendments: The period for filing the statement will be prescribed under the

Rules, rather than being specified in the Act.

- ▶ Section 271GC - Imposes a penalty for failure to furnish the statement (₹1,000 per day if the delay does not exceed three months; ₹1,00,000 for delays beyond three months.)
- ▶ Section 273B Amendment: Provides relief from penalty if the assessee can prove that there was a reasonable cause for the delay.

J. Tax on Distributed Income of a domestic company for Buy-Back of Shares

- Section 115QA provides special provisions relating to tax on distributed income from buy-back of shares. The same is proposed to be amended and provide for tax on buy back of shares as under:
 - ▶ Treat the sum paid for the buy-back of its shares as dividend income in the hands of shareholders, taxable at applicable rates. No expenses can be deducted against this dividend income.
 - ▶ Capital Loss on Buy-Back: The cost of acquisition of the bought-back shares generates a capital loss, as the shares are extinguished. The capital loss can be carried forward and set off against future capital gains.

K. Reintroduction of Block Assessment for Search cases

The key features of the assessment of search cases include:

- **New Block Period Definition:** 6 AYs preceding the previous year in which the search was initiated or requisition made, plus the period from April 1 of the year of search to the execution date of the last authorization
- **Consolidated Assessment:** Regular assessments for the block period will abate, leading to one consolidated assessment for the block period. No further assessment/ reassessment for the period covered in the block until block assessment is complete.
- **Assessment of Other Persons:** Where undisclosed income belonging to another person is found, the relevant material will be handed over to the AO having jurisdiction over such person.



- **Tax Rate:** 60% tax rate for the block period as per section 113, with no surcharge currently proposed. No interest or penalty under sections 234A, 234B, 234C, or 270A for undisclosed income assessed for the block period.
- **Penalty:** 50% penalty on the tax payable for undisclosed income. No penalty if the assessee discloses the income in the return and pays the tax with the return.
- **Time-limit for Completion:** 12 months from the end of the month in which the last authorization for search or requisition was executed. For other persons, 12 months from the end of the month in which notice under section 158BC was issued, with a 6-month exclusion period from the search date to the date of handing over the seized material.
- TP/SDT Transactions will not be included in the block period assessment but considered under other provisions of the Act.

L. Rationalisation of Assessment and Reassessment Provisions

The amended provisions would provide as under:

- Section 148A provides Procedure before issuance of notice u/s 148. The AO must provide the assessee an opportunity to be heard and pass an order with the prior approval of the specified authority determining whether or not it is fit in case to issue notice u/s 148. This not apply to cases where AO received information u/s 135A - Faceless Collection of Information.

- Section 148 provides procedure for Issuance of notice where income has escaped assessment. For information received u/s 135A, Notice shall be issued with prior approval of the specified authority. Information from surveys post-September 1, 2024, included in the definition of such information.
- Section 149 provides for time Limit for notices u/s 148. The normal time limit is within 3 years from end of relevant AY. However, where income escaping is greater than ₹ 50 Lakhs, the time limit within 5 years from end of relevant AY.

M. Rationalisation of Charitable Trusts & Institutions (Trusts) Provisions

- The amendment proposed discontinuation of First Regime [section 10(23C)] and transition of Trusts to the Second Regime (sections 11 to 13).
- Applications seeking approval or provisional approval u/s 10(23C), filed on or after October 1, 2024, will not be considered.
- Approved Trusts, will continue to benefit from exemptions until their current approval validity expires. These entities will be eligible to apply for registration under the second regime subsequently.
- Further, provision introduced for condonation of delay in filing applications for registration under section 12AB, rationalization of timelines for disposing of applications and appeals, and amendments to ensure greater clarity and efficiency.

For effective date of the amendment, please refer the Finance Bill

Is Non-payment of taxes better option.....?

CMA Anil Sharma

Practising Cost Accountant



In Budget 2024-25 government has inserted Section 128A, as new section in CGST Act, 2017 and has brought a new amnesty scheme under the law. It has given a big relief to the trade and industry by not paying interest and penalty for initial three years of GST regime. Earlier, during COVID period also government brought an amnesty scheme where in exemption was given for late fee on belated returns filed by the trade and industry. This way government felicitate the business activities in the country and support the industry to run the businesses smoothly. After all GST revenue come from industry and now GST revenue has major share in total revenue of the government. GST being a consumption based tax, is being paid by every individual in the country. It's not like Income tax where only 2% people paid the tax.

Insertion of Section 128A will be effective from the date of enactment of the law. **Salient feature of the scheme is as under:**

- The scheme is available for the period 1st July 2017 to March 2020,
- It's not available for fraudulent cases where in notice has been issued under section 74 of the CGST Act, 2017
- It's available against the cases where in Notices/Statement/Orders have been issued under section 73 of the CGST Act, 2017
- Order is issued under Section 73 but first appeal has not been filed or has been filed but order is not passed by appellate authority u/s 107(11) or u/s 108(1).
- Order is passed u/s 107(11) or u/s 108(1) but appeal is not filed or filed with Appellate Tribunal u/s 112
- No order is passed under section 113(1) by Appellate Tribunal.
- If any notice issued u/s 74(1) for fraudulent cases

turned to be a case of section 73 and officer is required to issue such order in pursuance of the direction of the Appellate Authority or Appellate Tribunal or a court, such notice shall be considered to an order u/s 73 as narrated above.

- The person charged with tax has to pay taxes if full as mentioned in notice/statement/order as passed in respective sections on or before a date to be notified by the government on the recommendation of the GST council (**most likely by 31.03.2025**).
- If person charged with tax, pays above said taxes in full, no interest u/s 50 and penalty related to said taxes under this act shall be imposed and all such proceedings shall be withdrawn.
- **If above said Interest and penalty have already been paid, no refund for the same shall be available.**
- Cases where amount have been paid to a person on account of erroneous refunds and recovery notice/order is issued, **this scheme benefits are not available.**
- where an appeal or writ petition filed by the said person is pending before Appellate Authority or Appellate Tribunal or a court, as the case may be, and has not been withdrawn by the said person on or before the date to be notified, **this scheme is not available.**

Our Comments:

It seems that non-compliance under the law or non-payment of taxes or wait till last, is better option for



a person who is charged with taxes under the laws. The persons who have already paid the taxes against the notices/statements/orders passed are at loss and they will not get any refund for the amount on account of taxes, interest and penalty has already been paid by them.

On the other hand, for same periods, from same region and industry for the same issues, those who have not paid taxes, interest and penalty, now need not to pay any amount on account of Interest and Penalty under the scheme if comply with given conditions.

Such schemes encourage the people not to pay taxes and keep the matter under litigation at different levels. People who have paid the entire amount as mentioned under notices/statements/orders feel cheated. Also their financial positions get disturbed and cost of working capital hit hard.

Government should have come up with a scheme for the benefit of all by saying that:

- who have already paid taxes, interest and penalty, will be benefited by transferring the amounts of 'interest and penalty paid' to their Electronic Credit Ledgers and the same shall be/shall not be used over/for a period of six months, and
- who have not paid taxes, interest and penalty have to pay 110% or so of tax amount under dispute u/s 73 or as the case may be at various levels by specified date.

But government has its own limitations. But to my mind, we must encourage the trade and industry to pay taxes and not to discourage them.

Highlights on Direct tax proposed in Annual Budget 2024-25 second part placed on 23rd July, 2024

CMA Rakesh Kumar Sinha

FCMA

A Practicing Cost Accountant



On 23rd July, 2024 the hon'ble Finance Minister Smt. Nirmala Sitharaman, Government of India has presented the first budget of NDA 3.0 government led by the hon'ble Prime Minister Shree Narendra Modi. In interim budget government has expressed its intention to focused on major castes, namely 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and

'Annadata' (Farmer) and apart from this the government has a plan to focus on employment, skilling, MSMEs, and the middle class in the annual budget 2024-25. In the interim budget the government has promised to come out with a detailed roadmap to make Viksit Bharat by 2047. In pursuance of this promise the budget 2024-25 is based on top 9 priorities for generating ample opportunities to all. The priorities are:

- (1) Productivity and resilience in Agriculture
- (2) Employment & Skilling
- (3) Inclusive Human Resource Development and Social Justice
- (4) Manufacturing & Services
- (5) Urban Development
- (6) Energy Security
- (7) Infrastructure
- (8) Innovation, Research & Development and
- (9) Next Generation Reforms

The hon'ble FM has enumerated in detail in her budget

speech about the budgetary amount and estimated fiscal deficit to 4.9% of GDP. Several proposals have been placed in the budget to collect revenue from direct and indirect taxes to meet the fund requirement to work on the above said priorities. In this article I am covering some important proposals made in Direct tax with the effective dates.

1. Government has continuously tried to make efforts to simplify the income tax act, improve taxpayer services, provide tax certainty and reduce tax litigation. In continuity government has proposed a comprehensive review of the existing Income tax Act, 1961 and will come out with a simple, concise, lucid, easy to understand income tax act within six month.
2. It is proposed to merge two tax exemption regimes available for charitable institutions to merge in one. With effective from 1st October, 2024 the first exemption regime under section 10(23C) will be merge with the second tax exemption regime under section 11 to 13. No application for registration under section 10(23C) shall be accepted from on or after 1st October, 2024.
3. For short term capital assets other than shares and securities, mutual fund, units the period of hold is proposed to reduce from 36 months to 24 months w.e.f 23rd July, 2024. Thus from 23rd July, 2024 Short term Capital Assets means a capital assets held by an assessee for not more



- than 24 months immediately preceding the date of its transfer[section 2(42A)].
4. Exemption under section 10(34A) on account of buy back of shares by the company as per the provision of section 115QA shall be not available on or after 1st October, 2024.
 5. Standard deduction from salary under section 16(ia) shall be ₹. 75000/- for those ascesee who has opted new tax regime under section 115BAC w.e.f the A.Y. 2025-26.
 6. At present an assessee may treat the income from house property as business income under section 28 and claim related expenses to the hiring of the house property to pay the tax thereon instead of computing income from house property under section 22. There are many cases wherein a dispute arises on the claim of higher expenses and revenue leakage by claiming income from house property under the head “ profits and gains from business or profession” by the Assessing officer. In order to curb the tax evasion and reduce litigation an Explanation 3 shall be inserted under section 28 with effective from the A.Y. 2025-26 and as per this income from letting out the house property or part of the house shall not be allowed to the owner to compute income from business instead of income from house property. Quote- ‘Explanation 3.—It is hereby clarified that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property”. Unquote.
 7. With effective from the A.Y. 2025-26, under section 36 assessee as an employer can claim a deduction in respect to contribution towards the pension scheme as referred under section 80CCD i.e. NPS to the extent of 14% of salary of the employee. Up to A.Y. 2024-25 it is up to 10% of the salary of the employee.
 8. With effective from the A.Y. 2025-26, salary to the partners on the first ₹. 6 lakhs of the book profit or in case of loss, amount exceeding ₹. 3 lakhs or 90% of the book profit, whichever is more shall not allowed as deduction under section 40 to compute income from partnership firm.
 9. With effective from the A.Y. 2025-26, a new section 44BBC “Special provision for computing profits and gains of business of operation of cruise ships in case of non-residents” shall be inserted. In case of an assessee, being a non-resident engaged in the business of operation of cruise ship, a sum equal to 20% of the the amount paid or payable to the assessee or to any person on his behalf on account of the carriage of passengers and the amount received or deemed to be received by or on behalf of the assessee on account of the carriage of passengers, shall be deemed to be profits and gains from the cruise ship business and chargeable under the head “ profits and gains from business or profession” under section 28. income from the
 10. At present any income received on transaction of buy back shares by the company to the assessee who hold shares or other specified securities is being treated as a capital gain and subject to capital gain tax under section 46A. With effective from 1st October, 2024, amount received by the shareholders on buy back of shares by the company shall be treated as dividend from the company as referred to section 2(22)(f). A new proviso shall be inserted before the explanation under section 46A w.e.f 1st October, 2024 as- “Provided that where the shareholder receives any consideration of the nature referred to in sub-clause (f) of clause (22) of section 2 from any company, in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil.”. Thus sale consideration shall be treated as dividend income to the shareholders and cost of such share shall be treated as capital loss to the investors.
 11. With effective from the A.Y. 2025-26, any transfer of capital assets by an Individual or HUF under a gift or will or irrevocable trust shall not be treated as transfer under section 47 and no capital gain tax shall be applicable as per the provision of section 45.

12. With effective from 23rd July, 2024, indexed cost of acquisition and indexed cost of improvement under section 48 shall not be available to compute the long term capital gain arise on transfer of long term capital assets take place on or after 23rd July, 2024.
13. With effective from 23rd July, 2024 where the capital asset is (a) is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture; or (b) is an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after the 23rd day of July, 2024, the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture or unit or bond as reduced by— (i) the cost of acquisition of the debenture or unit or bond; and (ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity, shall be deemed to be the capital gains arising from the transfer of a short-term capital asset under section 50AA.
14. With effective from the A. Y. 2025-26, an assessee being an employee of any other employer other than the Central government or State government a deduction under section 80CCD(1) shall be allowed for the contribution towards NPS by the employer up to 14% of his salary provided the assessee has opted new tax regime and his total income is chargeable to tax at the rate specified under section 115BAC(1A).
15. With effective from 23rd July, 2024 short term capital gain under section 111A shall be chargeable to tax at the rate of 20% , where the short term capital gain take place on or after 23rd July, 2024. For short term capital gains take place before 23rd July, 2024 the rate of tax shall be 15%.
16. With effective from 23rd July, 2024 in case of an Individual or a HUF the long term capital gain shall be chargeable to tax at the rate of 20% if transfer of long term capital assets takes place before the 23rd July, 2024 and on transfer takes place on or after 23rd July,2024 the rate shall be 12.5%. Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate 12.5%.
17. With effective from 23rd July, 2024 in case of a domestic company the long term capital gain shall be chargeable to tax at the rate of 20% if transfer of long term capital assets takes place before the 23rd July, 2024 and on transfer takes place on or after 23rd July,2024 the rate shall be 12.5%.
18. With effective from 23rd July, 2024 in case of a non-resident (not being a company) or a foreign company the long term capital gain shall be chargeable to tax at the rate of 20% if transfer of long term capital assets takes place before the 23rd July, 2024 and on transfer takes place on or after 23rd July, 2024 the rate shall be 12.5%.
19. With effective from 23rd July, 2024 the amount of income-tax on long-term capital gains arising from the transfer of a capital asset which takes place before the 23rd day of July, 2024, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of 10% on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48.
20. With effective from 23rd July, 2024 in any other case of a resident the long term capital gain shall be chargeable to tax at the rate of 20% if transfer of long term capital assets takes place before the 23rd July, 2024 and on transfer takes place on or after 23rd July, 2024 the rate shall be 12.5%.
21. With effective from 23rd July, 2024 Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset which takes place before the 23rd day of July, 2024, being listed securities (other than a



- unit) or zero coupon bond, exceeds 10% of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.
22. With effective from 23rd July, 2024 long term capital gain arise from the transfer of a long term capital assets being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust under section exceeds ₹. 125000/- shall be chargeable to tax under section 112A at rate of 10% if transfer takes place before the 23rd July, 2024 and at the rate of 12.5% if transfer takes place on or after 23rd July, 2024. The above exemption limit of ₹. 125000/- shall be the aggregate of transfer which take place before and on or after 23rd July, 2024, in other words the exemption limit shall be ₹. 125000 instead of existing ₹. 100000 w.e.f 23rd July, 2024.
 23. With effective from 23rd July, 2024 , where the total income of an assessee, being an overseas financial organisation have long term capital gain arising from the transfer of units purchased in foreign currency shall be chargeable to tax under section 115AB at the rate of 10% if such transfer takes place before 23rd July, 2024 and for transfer takes place on or after 23rd July, 2024 at the rate of 12.5%.
 24. With effective from 23rd July, 2024, where the total income of an assessee, being a non – resident have long term capital gain arising from the transfer of bonds of Indian company or Global Depository Receipts shall be chargeable to tax under section 115AC at the rate of 10% if such transfer takes place before 23rd July, 2024 and for transfer takes place on or after 23rd July, 2024 at the rate of 12.5%.
 25. With effective from 23rd July, 2024, where the total income of an assessee, being an Individual, who is a resident and employee of an Indian company engaged in specified knowledge based industry or service have long term capital gain arising from the transfer of Global Depository Receipts shall be chargeable to tax under section 115ACA at the rate of 10% if such transfer takes place before 23rd July, 2024 and for transfer takes place on or after 23rd July, 2024 at the rate of 12.5%.
 26. With effective from 23rd July, 2024, where the total income of an assessee, being a specified fund or Foreign Institutional Investor have short term capital gain arising from the transfer of securities as referred to section 111A shall be chargeable to tax under section 115AD at the rate of 15% if such transfer takes place before 23rd July, 2024 and for transfer takes place on or after 23rd July, 2024 at the rate of 20%.
 27. With effective from 23rd July, 2024, where the total income of an assessee, being a specified fund or Foreign Institutional Investor have long term capital gain arising from the transfer of securities as referred to section 112A shall be chargeable to tax under section 115AD at the rate of 15% if such transfer takes place before 23rd July, 2024 and for transfer takes place on or after 23rd July, 2024 at the rate of 20% in excess of ₹. 125000/-. The above exemption limit of ₹. 125000/- shall be the aggregate of transfer which take place before and on or after 23rd July, 2024, in other words the exemption limit shall be ₹. 125000 instead of existing ₹. 100000 w.e.f 23rd July, 2024.
 28. With effective from the A.Y. 2025-26, the rate tax under section 115 BAC (1A) under the new tax regime shall be as below.

Total Income	Rate of Tax	Surcharge	HEC
Up to ₹. 300000	Nil	Nil	Nil
₹. 300001 to 700000	5% Above ₹. 300000	Nil	4%
₹. 700001 to 1000000	₹. 20000 + (Above ₹. 700000) × 10%	Nil	4%
₹. 1000001 to 1200000	₹. 50000 + (Above ₹. 1000000) × 15%	Nil	4%

Total Income	Rate of Tax	Surcharge	HEC
₹. 1200001 to 1500000	₹. 80000 + (Above ₹. 1200000) × 20%	Nil	4%
Above ₹. 1500000	₹. 140000 + (Above ₹. 1500000) × 30%	Nil	4%

29. With effective from 23rd July, 2024, where the total income of an assessee, being a non – resident have long term capital gain shall be chargeable to tax under section 115E at the rate of 10% if such transfer takes place before 23rd July, 2024 and for transfer takes place on or after 23rd July, 2024 at the rate of 12.5%.
30. The provision of section 115QA [Tax on distributed income to shareholders] shall not be apply to any buy - back of shares that takes place on or after 1st October, 2024.
31. With effective from 1st October, 2024 Black money(Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 shall be covered under section 132B(1)(i).
32. With effective from 1st October, 2024 a new sub-section 9A shall be inserted under section 139. In case where an assessee could not file its income tax return as per the provisions of section 139, he may furnished income tax return on an order from the CIT under section 119(2)(b). As per section 139(9A), the return furnished in pursuance of an order under section 119(2)(b), the provisions of section 139 shall apply.
33. With effective from 1st October, 2024 any person shall not be allowed to apply for PAN without Aadhaar number and to furnish income tax return without Aadhaar number. Under section 139AA on or after 1st October, 2024 the Enrolment ID of Aadhaar application form issued at the time of enrolment shall not be allowed to quote while submitting an application for PAN and to furnish income tax return.
34. With effective from 1st September, 2024, the Assessing officer for the purpose assessment, reassessment or recomputation under section 147, subject to section 148A shall issue a notice to an assessee along with a copy of an order passed under section 148A(3) to furnish its return of income within the specified period not exceeding 3 months from the end of the month in which notice was issued.
35. If the AO has received information under section 135A[Faceless collection of information] no notice under section 148 shall be issued without prior approval of the specified income tax authority as mentioned under section 151.
36. With effective from 1st September, 2024, no notice under section 148 shall be issued for the any relevant assessment year (a) after the expiry of 39(three years and three months) months from the end of the relevant assessment year and (b) In case where the Assessing officer has in his possession an evidence that the income chargeable to tax which has escaped the assessment is of value of ₹. 50 lakhs or more, a notice under section 148 shall be issued within 63 months(Five years and three months) from the end of the relevant assessment year. [Section 149]
37. With effective from 1st September, 2024, no notice under section 148A shall be issued for the any relevant assessment year (a) after the expiry of 36 months (three years) from the end of the relevant assessment year and (b) In case where the Assessing officer has in his possession an evidence that the income chargeable to tax which has escaped the assessment is of value of ₹. 50 lakhs or more, a notice under section 148 shall be issued within 60 months (5 years) from the end of the relevant assessment year.[Section 149]
38. With effective from 1st October, 2024, a new sub section (1B) under section 153 shall be inserted and as per this sub section, an assessment order under section 143 or 144 in respect of income tax return furnished in pursuance of an order issued under section 119(2)(b) may be within 12 months from the end of the financial year in which such return was furnished.



39. With effective from 1st September, 2024, under chapter XIV-B new provisions with certain modification under section 158B in respect of Block Assessment is proposed to insert.
40. With effective from 1st October, 2024, for TDS on salary under section 192, the person who is responsible to deduct TDS at salary shall add the other income to the salary income of the employee and made adjustment for TDS or TCS collected during the same financial year by the other person other than the employer if it reported by the employee.
41. With effective from 1st October, 2024, in the following cases change in rate of TDS and some amendment in provisions are proposed.

TDS under section	Rate up to 30th September, 2024/ provisions	Rate on or from 1st October, 2024 and amendment in provisions
194C- Payments to contractors	In some cases TDS is being deducted under section 194C on payment for professional /technical services, which is wrong. To mitigate such mistake a line inserted w.e.f 1st October, 2024	TDS shall not be deducted in case TDS is applicable under section 194J (1).
194DA-Payment in respect of life insurance policy	5%	2%
194F- Payments on account of repurchase of units by Mutual Fund or Unit Trust of India	20%	Omitted.
194G-Commission,etc; on sale of lottery tickets	5%	2%
194H- Commission or brokerage	5%	2%
194IA- Payment on transfer of certain immovable property other than agricultural land.	In cases where the owner of the property is more than one, a confusion arise whether the aggregate consideration is divided in between the co- owners to count the value of property ₹. 50 lakhs or more. In many cases TDS not deducted due to co-owners, even though the value of the immovable property is more than ₹. 50 lakhs. To make clarity w.e.f 1st October, 2024 a proviso shall be inserted.	Provided that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.
194IB- Payment of rent by certain Individuals or HUF	5%	2%
194M- Payment of certain sums by certain Individuals or HUF	5%	2%

TDS under section	Rate up to 30th September, 2024/ provisions	Rate on or from 1st October, 2024 and amendment in provisions
194O- Payments of certain sums by e-commerce operator to e-commerce participants	1%	0.1%
194T- Payments to partners of firm. W.E.F the 1st April, 2025	-	10% w.e.f 1st April, 2025
196B Income from units	With effective from 23rd July, 2024 (i) 10% for units referred to section 115AB(1)(i) (ii) 10% in respect of long term capital gains arising on transfer of units referred to section 115AB which takes place before 23rd July, 2024 (iii) 12.5% in respect of long term capital gains arising on transfer of units referred to section 115AB which takes place on or after 23rd July, 2024	
196C- Income from foreign currency bonds or shares of Indian company	(i) 10% in respect of income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC (ii) 10% in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place before the 23rd day of July, 2024 (iii) 12.5% in respect of long-term capital gains arising from transfer of such bond or Global depository Receipts referred to in section 115AC which takes place on or after the 23rd day of July, 2024	



42. With effective from the A.Y. 2025-26, a correction return for rectification of any mistake or add or delete or update the information already furnished under the TDS statement shall not be allowed to file after the expiry of six years from the end of the financial year in which TDS regular return is required to furnished under section 200(3).
43. With effective from the A.Y. 2025-26, no order for default assessee under section 201/206(6A) shall be after the expiry of six years from the end of the financial year in which payment is made or credit is given.
44. With effective from the 1st January, 2025, every person who sale motor vehicle or any other goods as notified by the Central government of the value exceeding ₹. 10 lakhs, shall collect TCS at the rate of 1% of sales consideration received.
45. With effective from the A.Y. 2025-26, a correction return for rectification of any mistake or add or delete or update the information already furnished under the TCS statement shall not be allowed to file after the expiry of six years from the end of the financial year in which TCS regular return is required to furnished under section 206(3).
46. With effective from the 1st October, 2024, the Commissioner (appeal) / Joint Commissioner (appeal) shall be empowered to set aside the assessment passed under section 144 and refer the case back to the Assessing officer to make fresh assessment.
47. It is proposed to introduce new scheme Vivad se Vishwas Scheme, 2024 for settlement of pending appeals.
48. With effective from the 1st October, 2024, the rate of Securities Transaction tax (STT) from 0.0625% to 0.1% in case of sale of an option in securities and from 0.0125% to 0.02% in case of sale of a futures in securities.
49. It proposed the reduction in tax rate in case of foreign company from 40% to 35%.
50. With effective from the A.Y. 2025-26 it is proposed to increase deduction in respect to family pension under section 57(ia) from ₹. 15000 to ₹. 25000 if the assessee has opted new tax regime under section 115BAC(1A).
51. With effective from the A.Y. 2025-26, in case of private companies tax on share premium under section 56(viib) shall not be applicable.
52. With effective from the 1st October, 2024 a refund under section 245(2) shall be withhold for a period of sixty days only.
53. With effective from the A.Y. 2025-26, it is proposed to increase simple rate of interest from 1% to 1.5% for delay in collection and deposit of TCS.
54. With effective from the A.Y. 2025-26, it is proposed to reduce the period to make intimation to the AO in respect to furnishing of TDS/TCS statement with late fee and interest from 12 month to one month in order to impose penalty under section 271H.

PRESS RELEASE

GST A SUCCESS OF VAST PROPORTIONS, DECREASED TAX INCIDENCE ON COMMON MAN: FINANCE MINISTER

Posted On: 23 July 2024 1:08PM

Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman in her Budget speech today said that GST has decreased the tax incidence on common man, reduced compliance burden and logistics cost for trade and industry. While presenting the Union Budget 2024-25 in Parliament today, the Minister termed GST as a success of vast proportions.

In order to facilitate trade, several amendments have been made to the GST Laws. As part of this, Extra Neutral Alcohol used in manufacture of liquor will be kept out of the purview of the central tax. Similar amendments are also proposed in IGST and UTGST Act. Further, newly added Section 11A will empower the government to regularize non-levy or short levy of central tax due to any general practice prevalent in trade.

The time limit to avail input tax credit has been relaxed by inserting two new subsections to Section 16 of CGST. The amended Act will also provide a common time limit for issuance of demand notices and orders. Also, the time limit for tax payers to avail the benefit of reduced penalty, by paying demanded tax along with interest is increased from 30 days to 60 days.

In order to further facilitate trade, the maximum amount of pre-deposit for filing appeal with the Appellate Authority is being reduced from ₹ 25 crore of central tax to ₹ 20 crore of central tax. The amount of pre-deposit for filing appeal with the Appellate Tribunal is being reduced from 20% with a maximum amount of ₹ 50 crore of central tax to 10 % with a maximum of ₹ 20 crore of central tax. Besides, the time limit for filing appeals before the Appellate Tribunal is being modified

with effect from 1st August, 2024 to avoid the appeals from getting time barred, on account of Appellate Tribunal not coming into operation.

Apart from these, several other changes such as empowering government to notify GST Appellate Tribunal to handle anti-profiteering cases have been brought to ease trade.

Pointing out the success of GST, Finance Minister also said that to multiply the benefits of GST, the tax structure have been further simplified and rationalized and expanded to remaining sectors.

SIMPLIFYING TAX AND IMPROVING TAX PAYER SERVICES – A CONSISTENT ENDEAVOUR OF THE GOVERNMENT: UNION FINANCE MINISTER

Comprehensive Review Of The Income-Tax Act, 1961 In Six Months

All Services Under Gst, Customs And Income Tax To Be Digitalized And Made Paper-Less In Two Years

Vivad Se Vishwas Scheme, 2024 To Resolve Pending Appeals On Income-Tax Dispute

Posted On: 23 JUL 2024 1:09PM

While presenting the Union Budget 2024-2025 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman said the Budget with its focus on the nine identified priorities expedites the journey towards the goal of Viksit Bharat.

Emphasizing that it has been a consistent endeavour of the government to simplify taxation, improve tax payer services and reduce litigation, the Finance Minister observed that it has been appreciated by the tax payers. 58 per cent of corporate tax came from the simplified

tax regime in financial year 2022-23 and more than two-thirds have availed the new personal income tax regime in the last fiscal year as per available data, she highlighted.

Pursuing the agenda of simplifying taxation, the Union Finance Minister outlined a number of measures in her Budget speech. Announcing a comprehensive review of the Income-tax Act, 1961 in six months to make it concise and lucid, the Smt. Nirmala Sitharaman said, “This will provide tax certainty to the tax payers reducing disputes and litigation.”

In another measure to reduce tax-uncertainty and disputes, a thorough simplification of reassessment has been proposed. Outlining the proposal, the Finance Minister said that an assessment hereinafter can be reopened beyond three years from the end of the assessment year only if the escaped income is ₹ 50 lakh or more, up to a maximum period of five years from the end of the assessment year. The Finance Minister announced that in search cases, a time limit of six years before the year of search, as against the existing time limit of ten years.

Initiating tax simplification process for Charities and of TDS in the Finance Bill, Smt. Nirmala Sitharaman proposed that the two tax exemption regimes for charities are to be merged into one. The 5 per cent TDS rate on many payments is being merged into the 2 per cent TDS rate and the 20 per cent TDS rate on repurchase of units by mutual funds or UTI is being withdrawn. TDS rate on e-commerce operators is proposed to be reduced from one to 0.1 per cent. Moreover, credit of TCS is proposed to be given in the TDS to be deducted on salary. Further, decriminalization of delay for payment of TDS up to the due date of filing statement for the same, the Union Minister added.

Highlighting the digitalization of all the major tax payer services under GST and most services under Customs and Income tax, Smt Nirmala Sitharaman announced that all the remaining services including rectification and order giving effect to appellate orders will also be digitalized and made paper-less over the next two years.

Acknowledging the good results visible at various appellate fora, the Union Finance Minister emphasized that litigation and appeals will continue to receive highest attention of the government. Pursuing this

objective, Vivad se Vishwas Scheme, 2024 for resolution of certain income tax disputes pending in appeal has been announced in the Budget speech. Further, it has been proposed to increase monetary limits for filing appeals related to direct taxes, excise and service tax in the Tax Tribunals, High Courts and Supreme Court to 60 lakh, 2 crore and 5 crore respectively. Focusing on reducing litigation and ensure certainty in international taxation, the scope of safe harbor rules will be expanded along with streamlining the transfer pricing assessment procedure, the Finance Minister added.

Speaking on deepening the tax base, Smt. Sitharaman announced two key measures. First, Security Transactions Tax on futures and options of securities is proposed to be increased to 0.02 per cent and 0.1 per cent respectively. Second, taxing of income received on buy back of shares has been proposed as a measure of equity, the Minister added.

Elaborating on the implication of these proposals, Smt Sitharaman concluded that revenue of about 37,000 crore – 29,000 crore in direct taxes and 8,000 crore in indirect taxes – will be forgone while revenue of about 30,000 crore rupees will be additionally mobilized. Thus, the total revenue forgone is about 7,000 crore annually.

CAPITAL GAINS TAXATION SIMPLIFIED AND RATIONALISED

Short Term Gains To Attract A Tax Rate Of 20 Per Cent And Long Term Gains To Attract A Tax Rate Of 12.5 Per Cent

Limit Of Exemption of Long Term Capital Gains On Financial Assets Increased From ₹1 Lakh to ₹ 1.25 Lakh Per Year

Posted On: 23 JUL 2024 1:10PM

Simplification and Rationalization of the Capital Gains Tax was one of the key focus areas of the Union Budget 2024-25, presented by the Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman in the Parliament today.

As proposed by Smt. Sitharaman, short term gains on

certain financial assets shall henceforth attract a tax rate of 20 per cent, while that on all other financial assets and all non-financial assets shall continue to attract the applicable tax rate.

Finance Minister proposed that the long term gains on all financial and non-financial assets will attract a tax rate of 12.5 per cent. For the benefit of the lower and middle-income classes, she proposed to increase the limit of exemption of capital gains on certain financial assets from ₹ 1lakh to ₹ 1.25 lakh per year.

She stated that the listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non-financial assets will have to be held for at least two years to be classified as long-term.

Finance Minister added that the unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, will attract tax on capital gains at applicable rates.

‘ANGEL TAX’ ABOLISHED FOR ALL CLASSES OF INVESTORS

Corporate Tax Rate On Foreign Companies Reduced To 35 Per Cent

Financial Sector Vision And Strategy Document Will Be Rolled Out

Taxonomy For Climate Finance To Be Developed

Rules And Regulations For Foreign Direct Investment And Overseas Investments Will Be Simplified

Simpler Tax Regime For Foreign Shipping Companies Operating Domestic Cruises

Posted On: 23 JUL 2024 1:11PM by PIB Delhi

The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman proposed to abolish ‘angel tax’ for all classes of investors, while presenting the Union Budget 2024-25 in Parliament today. She added that this move is aimed to bolster the Indian start-up eco-system, boost the

entrepreneurial spirit and support innovation.

The Minister also proposed to reduce the corporate tax rate on foreign companies from 40 to 35 per cent to attract foreign capital for India’s development needs.

Smt. Sitharaman announced to bring out a financial sector vision and strategy document to meet financing needs of the economy and prepare the sector in terms of size, capacity and skills. She added that this would set the agenda for the upcoming five years and guide the work of the government, regulators, financial institutions and market participants.

The Minister further proposed to develop taxonomy for climate finance. This is expected to enhance the availability of capital for climate adaptation and mitigation, which can help achieve India’s climate commitments and green transition.

“Our government will seek the required legislative approval for providing an efficient and flexible mode for financing leasing of aircrafts and ships, and pooled funds of private equity through a ‘variable company structure’,” added Smt. Sitharaman.

To facilitate foreign direct investments, nudge prioritization, and promote opportunities for using Indian Rupee as a currency for overseas investments, the Finance Minister announced that the rules and regulations for Foreign Direct Investment and Overseas Investments will be simplified.

To promote the development of diamond cutting and polishing industry which employs a large number of skilled workers, the Finance Minister proposed to provide for safe harbor rates for foreign mining companies selling raw diamonds.

Further, Smt. Sitharaman proposed a simpler tax regime for foreign shipping companies operating domestic cruises in the country. This will help in realizing the tremendous potential of cruise tourism and give a fillip to this employment generating industry in the country.

GOVERNMENT MAKES NEW TAX REGIME MORE ATTRACTIVE

Standard Reduction Increased From 50,000 To 75,000



Salaried Employee Stands To Save Up To 17,500

Posted On: 23 JUL 2024 1:14PM

Several attractive benefits to provide tax relief to salaried individuals and pensioners opting for the new tax regime were announced by the Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman while presenting the Union Budget 2024-25 in the Parliament today.

Finance Minister proposed to increase the standard deduction for salaried employees from ₹50,000 to ₹75,000. Also, deduction on family pension for pensioners is proposed to be enhanced from ₹15,000 to ₹25,000 under the new tax regime. This will provide relief to about four crore salaried individuals and pensioners.

Smt. Sitharaman proposed to revise the tax rate structure in the new tax regime, as follows:

As a result of these changes, a salaried employee in the new tax regime stands to save up to ₹ 17,500 annually in income tax.

SUMMARY OF THE UNION BUDGET 2024- 2025

Posted On: 23 JUL 2024 1:21PM

India's inflation continues to be low, stable and moving towards the 4 per cent target

PM's package of 5 schemes and initiatives with an outlay of ₹. 2 lakh crore to facilitate employment, skilling and other opportunities for 4.1 Crore youth in 5 years

For pursuit of 'Viksit Bharat', the budget envisages sustained efforts on 9 priorities for generating ample opportunities for all

Budget 2024-25 focuses on employment, skilling, msme's and middle class

New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers

In the next two years, 1 crore farmers across the country will be initiated into natural farming

A provision of ₹. 1.52 Lakh crore for agriculture and allied sector announced for this year.

1,000 Industrial training institutes will be upgraded

Government will formulate a plan, purvodaya, for the all-round development of the eastern region covering bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh

For promoting women-led development, the budget carries an allocation of more than ₹. 3 lakh crore for schemes benefitting women and girls

A provision of ₹. 2.66 Lakh crore for rural development including rural infrastructure made this year

The limit of mudra loans will be enhanced to ₹. 20 lakh from the current ₹. 10 lakh

Government to launch a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years

Under PM AWAS YOJANA URBAN 2.0, Housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹. 10 lakh crore

Phase IV of PMGSY will be launched to provide all- weather connectivity to 25,000 rural habitations

Emphasis on expanding the space economy by 5 times in the next 10 years with a venture capital fund of ₹. 1,000 crore

Major relief to 4 crore salaried individuals and pensioners in income tax

Standard deduction increased from ₹. 50,000 to ₹. 75,000/- for those in new tax regime

Deduction on family pension increased from ₹. 15,000/- to ₹. 25,000/-

Over 58 per cent corporate tax receipts collected under the new regime

Two third of individual Income Tax payers switched over to new Income Tax regime

Angel Tax abolished for all class of investors to boost start-ups and investments

Corporate tax on foreign companies reduced from 40 to 35 per cent to invite investments

5 Per cent tds on many payments merged to 2 per cent tds

Capital gain exemption limit increased to ₹. 1.25 Lakh per year to benefit lower and middle income classes

Custom Duty on x-ray panels, mobile phones & pcba reduced to 15 per cent

Precious metals including gold and silver to become cheaper, custom duty reduced to 6 per cent

PART A

Despite global economy remaining under the grip of policy uncertainties, India's economic growth continues to be the shining exception and will remain so in the years ahead. Minister of Finance and Corporate Affairs Smt Nirmala Sitharaman, while presenting the Union Budget 2024-25 in Parliament today said that India's inflation continues to be low, stable and moving towards the 4 per cent target. Core inflation (non-food, non-fuel) currently is 3.1 per cent and steps are being taken to ensure supplies of perishable goods reach market adequately.

Interim Budget

The Finance Minister said that as mentioned in the

interim budget, the focus is on 4 major castes, namely 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmer).

Budget Theme

Dwelling on the Budget theme, Smt Sitharaman said, turning attention to the full year and beyond, in this budget, we particularly focus on employment, skilling, MSMEs, and the middle class. She announced the Prime Minister's package of 5 schemes and initiatives to facilitate employment, skilling and other opportunities for 4.1 crore youth over a 5-year period with a central outlay of ₹2 lakh crore. This year, ₹1.48 lakh crore has been allocated for education, employment and skilling.

Budget Priorities

The Finance Minister said, for pursuit of 'Viksit Bharat', the budget envisages sustained efforts on the following 9 priorities for generating ample opportunities for all.

1. Productivity and resilience in Agriculture
2. Employment & Skilling
3. Inclusive Human Resource Development and Social Justice
4. Manufacturing & Services
5. Urban Development
6. Energy Security
7. Infrastructure
8. Innovation, Research & Development and
9. Next Generation Reforms

Priority 1:

Productivity and resilience in Agriculture

The Finance Minister announced that the government will undertake a comprehensive review of the agriculture research setup to bring the focus on raising productivity. New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.

In the next two years, 1 crore farmers across the country



will be initiated into natural farming supported by certification and branding.

10,000 need-based bio-input resource centres will be established.

For achieving self-sufficiency in pulses and oilseeds, government will strengthen their production, storage and marketing and to achieve 'atmanirbharta' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.

Government, in partnership with the states, will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years.

Smt Sitharaman announced a provision of ₹1.52 lakh crore for agriculture and allied sector this year.

■ Priority 2:

Employment & Skilling

The Finance Minister said that the government will implement 3 schemes for 'Employment Linked Incentive', as part of the Prime Minister's package. These will be based on enrolment in the EPFO, and focus on recognition of first-time employees, and support to employees and employers.

Government will also facilitate higher participation of women in the workforce through setting up of working women hostels in collaboration with industry, and establishing creches.

Referring to the Skilling programme, the Finance Minister announced a new centrally sponsored scheme, as the 4th scheme under the Prime Minister's package, for skilling in collaboration with state governments and Industry. 20 lakh youth will be skilled over a 5-year period and 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation.

She also announced that the Model Skill Loan Scheme will be revised to facilitate loans up to ₹7.5 lakh with a guarantee from a government promoted Fund, which is expected to help 25,000 students every year.

For helping the youth, who have not been eligible for any benefit under government schemes and policies, she announced a financial support for loans upto ₹10 lakh for higher education in domestic institutions. E-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3 per cent of the loan amount.

■ Priority 3:

Inclusive Human Resource Development and Social Justice

Talking about the Saturation approach, the Finance Minister emphasised that implementation of schemes meant for supporting economic activities by craftsmen, artisans, self-help groups, scheduled caste, schedule tribe and women entrepreneurs, and street vendors, such as PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India will be stepped up.

Purvodaya

Government will formulate a plan, Purvodaya, for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. This will cover human resource development, infrastructure, and generation of economic opportunities to make the region an engine to attain Viksit Bharat.

Pradhan Mantri Janjatiya Unnat Gram Abhiyan

The Finance Minister announced that for improving the socio-economic condition of tribal communities, government will launch the Pradhan Mantri Janjatiya Unnat Gram Abhiyan by adopting saturation coverage for tribal families in tribal-majority villages and aspirational districts covering 63,000 villages and benefitting 5 crore tribal people.

More than 100 branches of India Post Payment Bank will be set up in the North East region to expand the banking services.

She said, a provision of ₹2.66 lakh crore for rural development including rural infrastructure was made this year.

Priority 4:**Manufacturing & Services****Support for promotion of MSMEs**

Smt Sitharaman said, this budget provides special attention to MSMEs and manufacturing, particularly labour-intensive manufacturing. A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to ₹100 crore, while the loan amount may be larger. Similarly, Public sector banks will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment. She also announced a new mechanism for facilitating continuation of bank credit to MSMEs during their stress period.

Mudra Loans

The limit of Mudra loans will be enhanced to ₹ 20 lakh from the current ₹ 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.

MSME Units for Food Irradiation, Quality & Safety Testing

Financial support for setting up of 50 multi-product food irradiation units in the MSME sector will be provided. Setting up of 100 food quality and safety testing labs with NABL accreditation will also be facilitated. To enable MSMEs and traditional artisans to sell their products in international markets, E-Commerce Export Hubs will be set up in public-private-partnership (PPP) mode.

Internship in Top Companies

The Finance Minister said that as the 5th scheme under the Prime Minister's package, government will launch a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years.

Priority 5:**Urban Development****Urban Housing**

Under the PM AwasYojana Urban 2.0, housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹ 10 lakh crore. This

will include the central assistance of ₹ 2.2 lakh crore in the next 5 years.

Water Supply and Sanitation

In partnership with the State Governments and Multilateral Development Banks, government will promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects.

PM SVANidhi

She added that building on the success of PM SVANidhi Scheme in transforming the lives of street vendors, Government envisions a scheme to support each year, over the next five years, the development of 100 weekly 'haats' or street food hubs in select cities.

Priority 6:**Energy Security**

The Finance Minister said, in line with the announcement in the interim budget, PM Surya Ghar Muft Bijli Yojana has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month. The scheme has generated remarkable response with more than 1.28 crore registrations and 14 lakh applications.

Nuclear energy is expected to form a very significant part of the energy mix for Viksit Bharat.

Priority 7:**Infrastructure**

The Finance Minister underlined that significant investment the Central Government has made over the years in building and improving infrastructure has had a strong multiplier effect on the economy. Government will endeavour to maintain strong fiscal support for infrastructure over the next 5 years, in conjunction with imperatives of other priorities and fiscal consolidation. ₹11,11,111 crore for capital expenditure has been allocated this year, which is 3.4 per cent of our GDP.

Pradhan Mantri Gram SadakYojana (PMGSY)

The Finance Minister announced that Phase IV of PMGSY will be launched to provide all-weather connectivity to 25,000 rural habitations which have



become eligible in view of their population increase.

For Irrigation and Flood Mitigation in Bihar, through the Accelerated Irrigation Benefit Programme and other sources, government will provide financial support for projects with estimated cost of

₹11,500 crore such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes including barrages, river pollution abatement and irrigation projects. Government will also provide assistance to Assam, Himachal Pradesh, Uttarakhand and Sikkim for flood management, landslides and related projects.

■ Priority 8:

Innovation, Research & Development

The Finance Minister said that government will operationalize the Anusandhan National Research Fund for basic research and prototype development and set up a mechanism for spurring private sector-driven research and innovation at commercial scale with a financing pool of ₹1 lakh crore in line with the announcement in the interim budget.

Space Economy

With our continued emphasis on expanding the space economy by 5 times in the next 10 years, a venture capital fund of ₹1,000 crore will be set up.

■ Priority 9:

Next Generation Reforms

Economic Policy Framework

The Finance Minister said that the government will formulate an Economic Policy Framework to delineate the overarching approach to economic development and set the scope of the next generation of reforms for facilitating employment opportunities and sustaining high growth.

Labour related reforms

Government will facilitate the provision of a wide array of services to labour, including those for employment and skilling. A comprehensive integration of e-shram portal with other portals will facilitate such one-

stop solution. Shram Suvidha and Samadhan portals will be revamped to enhance ease of compliance for industry and trade.

Government will develop a taxonomy for climate finance for enhancing the availability of capital for climate adaptation and mitigation.

Foreign Direct Investment and Overseas Investment

The rules and regulations for Foreign Direct Investment and Overseas Investments will be simplified to (1) facilitate foreign direct investments, (2) nudge prioritization, and (3) promote opportunities for using Indian Rupee as a currency for overseas investments.

NPS Vatsalya

NPS-Vatsalya, a plan for contribution by parents and guardians for minors will be started. On attaining the age of majority, the plan can be converted seamlessly into a normal NPS account.

New Pension Scheme (NPS)

The Finance Minister said that the Committee to review the NPS has made considerable progress in its work and a solution will be evolved which addresses the relevant issues while maintaining fiscal prudence to protect the common citizens.

Budget Estimates 2024-25

The Finance Minister informed that for the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at ₹32.07 lakh crore and ₹48.21 lakh crore respectively. The net tax receipts are estimated at ₹25.83 lakh crore and the fiscal deficit is estimated at 4.9 per cent of GDP.

She said, the gross and net market borrowings through dated securities during 2024-25 are estimated at ₹14.01 lakh crore and ₹11.63 lakh crore respectively.

Smt Sitharaman emphasised that the fiscal consolidation path announced by her in 2021 has served economy very well, and the government will aim to reach a deficit below 4.5 per cent next year.

PART B

Apart from giving relief to four crore salaried

individuals and pensioners of the country in the direct taxes, Union Budget 2024-25 seeks to comprehensively review the direct and indirect taxes in the next six months, simplifying them, reducing tax incidence and compliance burdens and broadening the tax nets. The Budget proposes comprehensive rationalization of GST tax structure along with review of the Custom Duty rate structure to improve the tax base and support domestic manufacturing. A comprehensive review of Income – Tax Act is targeted at reducing disputes and litigations and to make the act lucid, concise and easy to read. Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman said that simplification of tax regimes without exemptions and deductions for corporate and personal income tax has been appreciated by tax payers as over 58 per cent of corporate tax came from simplified tax regime in 2022-23 and more than two third tax payers have switched over to the new personal income tax regime.

Budget 2024-25 increased standard deduction of salaried employees from ₹ 50,000/- to ₹ 75,000/- for those opting for new tax regime. Similarly, deduction on family pension for pensioners enhanced from ₹ 15,000/- to ₹ 25,000/-. Assessments now, can be reopened beyond three years up to 5 years from end of year of assessment, only if, the escaped income is more than ₹ 50 Lakh. The new tax regime rate structure is also revised to give a salaried employee benefits up to ₹ 17,500/- in income tax.

Income Slabs	Tax Rate
0 – 3 Lakh rupees	NIL
3 – 7 Lakh rupees	5 per cent
7 – 10 Lakh rupees	10 per cent
10 – 12 Lakh rupees	15 per cent
12 – 15 Lakh rupees	20 per cent
Above 15 Lakh rupees	30 per cent

Table 1: New Tax Regime Tax Structure

To promote investment and foster employment, Budget has given boost to entrepreneurial spirit and start-up ecosystem, abolishing angel tax for all classes of investors. Further, a simpler tax regime for foreign shipping companies operating domestic cruises is

proposed looking at the tremendous potential of cruise tourism. Foreign mining companies selling raw diamonds in the country can now benefit from safe harbor rates which will benefit the diamond industry. Further, corporate tax rate on foreign companies reduced from 40 to 35 per cent to attract foreign capital.

Budget further simplified the direct tax regime for charities, TDS rate structure and capital gains taxation. The two tax exemption regimes for charities will be merged into one. 5 per cent TDS on many payments to be merged into 2 per cent TDS and 20 per cent TDS on repurchase of units by mutual funds or UTI stands withdrawn. TDS rate on e-commerce operators reduced from 1 per cent to 0.1 per cent. Now credit of TCS will be given on TDS deducted from salary. Budget decriminalized delay of payment of TDS up to the due date of filing of TDS statement. Standard Operating Procedure soon for simplified and rationalized compounding guidelines for TDS defaults.

On Capital gains, short term gains shall henceforth attract a rate of 20 per cent on certain financial assets. Long term gains on all financial and non-financial assets to attract 12.5 per cent rate. Limit of exemption of capital gains has been increased to ₹1.25 Lakh per year to benefit lower and middle- income classes. Listed financial assets held for more than a year and unlisted assets (financial and non-financial) held for more than two years to be classified as long term assets. Unlisted bonds and debentures, debt mutual funds and market linked debentures will continue to attract applicable capital gains tax.

Acknowledging that GST has decreased tax incidence on common man and terming it as a success of vast proportions, Union Finance Minister Smt Nirmala Sitharaman said that GST has reduced compliance burden and logistics cost for trade and industry. Now the Government envisages further simplifying and rationalizing the tax structure to expand it to remaining sectors. Budget also proposed to further digitalise and make paperless the remaining services of Customs and Income Tax including rectification and order giving effect to appellate orders over the next two years.

Custom duties have been revised to rationalize and revise them for ease of trade and reduction of disputes. Giving relief to cancer patients, Budget fully exempted



three more cancer treating medicines from custom duties, namely, Trastuzumab Deruxtecan, Osimertinib and Durvalumab. There will be reduction in Basic Customs Duty (BCD) on X-ray machines tubes and flat panel detectors. BCD on mobile phones, Printed Circuit Board Assembly (PCBA) and mobile chargers reduced to 15 per cent. To give a fillip to processing and refining of critical minerals, Budget fully exempted custom duties on 25 rare earth minerals like lithium and reduced BCD on two of them. Budget proposed to exempt capital goods for manufacturing of solar panels. To boost India's seafood exports, BCD on broodstock, polychaete worms, shrimps and fish feed reduced to 5 per cent. Budget will foster competitiveness of Indian leather and textiles articles of export. BCD reduced from 7.5 per cent to 5 per cent in Methylene Diphenyl Diisocyanate (MDI) used for manufacture of spandex yarn. Custom duties on gold and silver reduced to 6 per cent and on platinum to 6.4 per cent. BCD on ferro nickel and blister copper removed, while, BCD on ammonium nitrate increased from 7.5 to 10 per cent to support existing and new capacities in pipeline. Similarly, BCD on PVC flex banners increased from 10 to 25 per cent considering the hazard to environment. To incentivize domestic manufacturing, BCD on PCBA of specific telecom equipments increased from 10 to 15 per cent.

For dispute resolution and dispose-off backlogs, Union Finance Minister proposed Vivad se Vishwas Scheme, 2024 for resolution of certain income tax disputes pending in appeal. The monetary limits for filing appeals related to direct taxes, excise and service tax in High Courts, Supreme Courts and tribunals has been increased to ₹ 60 Lakh, ₹ 2 Crore and ₹ 5 Crore, respectively. Further to reduce litigation and provide certainty in international taxation, scope of safe harbour rules to be expanded and transfer pricing assessment procedure to be streamlined.

FAQS ISSUED BY CBDT ON THE NEW CAPITAL GAINS TAX REGIME PROPOSED IN THE UNION BUDGET 2024-25

Posted On: 24 JUL 2024 9:58PM

FREQUENTLY ASKED QUESTIONS (FAQs)

Q1. What are the major changes brought about

in the taxation of capital gains by the Finance (No.2) Bill, 2024?

- Ans.** The taxation of capital gains has been rationalised and simplified. There are 5 broad parameters to this rationalisation and simplification, namely:-
- i. Holding period has been simplified. There are only two holding periods now, viz. 1 year and 2 year.
 - ii. Rates have been rationalised and made uniform for majority of assets.
 - iii. Indexation has been done away with for ease of computation with simultaneous reduction of rate from 20% to 12.5%.
 - iv. Parity between Resident and Non-resident.
 - v. No change in roll over benefits.

Q2. What is the date when the new taxation provisions comes into force?

- Ans.** The new provisions for taxation of capital gains come into force from 23.7.2024 and shall apply to any transfer made on or after 23.7.2024.

Q3. How has the holding period been simplified?

- Ans.** Earlier there were three holding period for considering an asset to be a long-term capital asset. Now the holding period has been simplified. There are only two holding periods,- for listed securities, it is one year, for all other assets, it is two years.

Q4. Who will benefit from the change in holding period?

- Ans.** The holding period of all listed assets will be now one year. Therefore, for listed units of business trusts (ReITs, InVITs) holding period is reduced from 36 months to 12 months. The holding period of gold, unlisted securities (other than unlisted shares) is also reduced from 36 months to 24 months.

Q5. What about the holding period of immovable property and unlisted shares?

- Ans.** The holding period of immovable property and

unlisted shares remains the same as earlier i.e. 24 months.

Q6. Please elaborate on change in the rate structure for STT paid capital assets?

Ans. Rate for short-term STT paid listed equity, Equity oriented mutual fund and units of business trust (Section 111A) has increased from 15 to 20%. Similarly the rate for these assets for long-term (S. 112A) has increased from 10 to 12.5%.

Q7. Is there any change in the exemption limit for long-term capital gains under section 112A which was earlier one lakh ₹.?

Ans. Yes. The exemption limit of 1 lakh for LTCG on these assets has also increased to 1.25 lakh ₹. This increased exemption limit will apply for FY 2024-25 and subsequent years.

Q8. Please elaborate on change in the rate structure for other long-term capital gains?

Ans. The rate for other long-term capital gains on all assets has been rationalized to 12.5% without indexation (Section 112). This rate was earlier 20% with indexation. This will ease in simplifying the taxation of capital gains and their easy computation.

Q9. Who will benefit by change in rate from 20% (with indexation) to 12.5% (without indexation)?

Ans. The reduction in the rate will benefit all category of assets. In most of the cases, the taxpayers will benefit substantially. But where the gain is limited vis-a vis inflation, the benefit will also be limited or absent in a few cases.

Q10. Can the taxpayer continue to avail the roll over benefits on capital gains?

Ans. Yes. The roll over benefits remain the same as earlier. There is no change in roll over benefits already available under the IT Act. Therefore,

taxpayers who want to save on LTCG tax even with low rates, can continue to avail the roll over benefits on fulfillment of conditions as applicable.

Q11. In which assets, can the long-term capital gains be invested for roll over benefits?

Ans. For roll over benefits, taxpayers can invest their gains in house under section 54 or section 54F or in certain bonds under section 54EC. For complete details of all roll over benefits, please refer section 54, 54B, 54D, 54EC 54F, 54G of the IT Act.

Q12. What is amount upto which roll over benefit is available?

Ans. Investment of capital gain in 54EC bonds (up to ₹. 50 lakh) and in other cases, the capital gain is exempt from tax, subject to certain specified conditions.

Q13. What is the overall rationale for changes?

Ans. Simplification of any tax structure has benefits of ease of compliance viz computation, filing, maintenance of records. This also removes the differential rates for various classes of assets.



NOTIFICATIONS

INDIRECT TAX

GST (CENTRAL TAX - RATE)

NOTIFICATION NO. 02/2024-CENTRAL TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R (E) In exercise of the powers conferred by sub-section (1) of section 9 and sub-section (5) of section 15 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 1/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 673(E), dated the 28th June, 2017, namely:-

In the said notification, -

(A) in Schedule II – 6%, -

- (i) after serial number 121 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

“121A	4819 10, 4819 20	Cartons, boxes and cases of, – (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board”;
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- (ii) after serial number 180 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

“180A	7310, 7323, 7612, or 7615	Milk cans made of Iron, Steel, or Aluminium”;
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- (iii) after serial number 183 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

“183A	7321 or 8516	Solar cookers”;
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- (iv) against serial number 199, in column (3), after the word “brooders”, the words and symbol “; parts thereof” shall be inserted;

(B) in Schedule III – 9%, -

- (i) for serial number 153A and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

“153A	4819 (except 4819 10, 4819 20)	All Goods (other than Cartons, boxes and cases of, – (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board”);
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- (ii) against serial number 224, after the word “equipment”, the words and symbols “; other than Milk cans made of Iron, or Steel ” shall be inserted;

- (iii) against serial number 235, in column (3), at the end, for the words, “and wood burning stoves of iron or steel”, the words, “ ,wood burning stoves of iron or steel, and solar cookers” shall be substituted;

- (iv) against serial number 273, after the words “boxes, etc.”, the words and symbols “; other than Milk cans made of Aluminium” shall be inserted;

- (v) against serial number 275A, after the words “Utensils”, the words and symbol “; Milk cans made of Aluminium” shall be inserted;

(vi) against serial number 378A, in column (3), for the words and symbol “domestic purposes;” , the words, symbol and brackets “domestic purposes [other than solar cookers];” shall be substituted;

(C) after the Schedule VII, in the Explanation, in clause (ii), after the entries relating thereto, the following proviso shall be inserted, namely:-

“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre shall not be considered as a supply made within the scope of expression ‘pre-packaged and labelled’.”.

2. This notification shall come into force on the 15th day of July, 2024.

[F. No. 190354/94/2024-TRU]

NOTIFICATION NO. 03/2024-CENTRAL TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R. (E) In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 2/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R.674(E), dated the 28th June, 2017, namely:-

In the said notification, after the Schedule, in the Explanation, in clause (ii), after the entries relating thereto, the following proviso shall be inserted, namely:-

“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre shall not be considered as a supply made within the scope of expression ‘pre-packaged and labelled’.”

2. This notification shall come into force from the 15th day of July, 2024.

[F. No. 190354/94/2024-TRU]

NOTIFICATION NO. 04/2024- CENTRAL TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R. (E). -In exercise of the powers conferred by sub-section (3) and sub-section (4) of section 9, sub-section (1) of section 11, sub-section (5) of section 15 and section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby makes the following amendment further to amend the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.12/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 691(E), dated the 28th June, 2017, namely:—

In the said notification, in the Table, -

(A) after serial number 9D and the entries relating thereto, the following serial numbers and entries shall be inserted, namely: -



(1)	(2)	(3)	(4)	(5)
“9E	Chapter 99	Services provided by Ministry of Railways (Indian Railways) to individuals by way of - (a) sale of platform tickets; (b) facility of retiring rooms/waiting rooms; (c) cloak room services; (d) battery operated car services.	Nil	Nil
9F	Chapter 99	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).	Nil	Nil
9G	Chapter 99	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways	Nil	Nil”-,
		(Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.		

(B) in serial number 12, -

- (i) in column (2), the words and figures “Heading 9963 or” shall be omitted;
- (ii) in column (3), the Explanation shall be numbered as Explanation 1 thereof, and after Explanation 1 so re-numbered, the following Explanation shall be inserted, namely: -
“Explanation 2.- Nothing contained in this entry shall apply to-
(a) accommodation services for students in student residences;
(b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.”;

(C) after serial number 12 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)
“12A	Heading 9963	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.	Nil	Nil”.

2. This notification shall come into force with effect from the 15th day of July, 2024.

[F.No. CBIC-190354/94/2024-TO(TRU-II)(BEC)]

GST (INTEGRATED TAX - RATE)

NOTIFICATION NO. 02/2024-CENTRAL TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 9 and sub-section (5) of section 15 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 1/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 673(E), dated the 28th June, 2017, namely:-

In the said notification, -

(A) in Schedule II – 6%, -

- (i) after serial number 121 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

“121A	4819 10, 4819 20	Cartons, boxes and cases of, – (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board”;
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- (ii) after serial number 180 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

“180A	7310, 7323, 7612, or 7615	Milk cans made of Iron, Steel, or Aluminium”;
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- (iii) after serial number 183 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

“183A	7321 or 8516	Solar cookers”;
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- (iv) against serial number 199, in column (3), after the word “brooders”, the words and symbol “; parts thereof” shall be inserted;

(B) in Schedule III – 9%, -

- (i) for serial number 153A and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

“153A	4819 (except 4819 10, 4819 20)	All Goods (other than Cartons, boxes and cases of, – (a) corrugated paper or paper board; Or (b) non-corrugated paper or paper board”);
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- (ii) against serial number 224, after the word “equipment”, the words and symbols “; other than Milk cans made of Iron, or Steel” shall be inserted;

- (iii) against serial number 235, in column (3), at the end, for the words, “and wood burning stoves of iron or steel”, the words, “ ,wood burning stoves of iron or steel, and solar cookers” shall be substituted;

- (iv) against serial number 273, after the words “boxes, etc.”, the words and symbols “; other than Milk cans made of Aluminium” shall be inserted;

- (v) against serial number 275A, after the words “Utensils”, the words and symbol “; Milk cans made of Aluminium” shall be inserted;

- (vi) against serial number 378A, in column (3), for the words and symbol “domestic purposes;”, the words, symbol and brackets “domestic purposes [other than solar cookers];” shall be substituted;

(C) after the Schedule VII, in the Explanation, in clause (ii), after the entries relating thereto, the following proviso shall be inserted, namely:-

“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of



2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre shall not be considered as a supply made within the scope of expression ‘pre-packaged and labelled’.”

2. This notification shall come into force on the 15th day of July, 2024.

[F. No. 190354/94/2024-TRU]

NOTIFICATION NO. 03/2024-INTEGRATED TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R.(E).- In exercise of the powers conferred by sub-section (1) of section 6 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government, being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 2/2017-Integrated Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 667(E), dated the 28th June, 2017, namely:-

In the said notification, after the Schedule, in the Explanation, in clause (ii), after the entries relating thereto, the following proviso shall be inserted, namely:-

“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time,

the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre shall not be considered as a supply made within the scope of expression ‘pre-packaged and labelled’.”

2. This notification shall come into force from the 15th day of July, 2024.

[F. No. 190354/94/2024-TRU]

NOTIFICATION NO. 04/2024- INTEGRATED TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R (E).-In exercise of the powers conferred by sub-section (3) and sub-section (4) of section 5, sub-section (1) of section 6 and clause (xxv) of section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), read with sub-section (5) of section 15 and section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby makes the following amendments further to amend in the notification of the Government of India, in the Ministry of Finance (Department of Revenue) No.9/2017-Integrated Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3,Subsection (i) vide number G.S.R. 684 (E), dated the 28th June, 2017, namely:-

In the said notification, in the Table, -

- (A) after serial number 10H and the entries relating thereto, the following serial numbers and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)
“10I	Chapter 99	Services provided by Ministry of Railways (Indian Railways) to individuals by way of — (a) sale of platform tickets; (b) facility of retiring rooms/waiting rooms; (c) cloak room services; (d) battery operated car services.	Nil	Nil

(1)	(2)	(3)	(4)	(5)
10J	Chapter 99	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).	Nil	Nil
10K	Chapter 99	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.	Nil	Nil”;

(B) in serial number 13, -

- (i) in column (2), the words and figures “Heading 9963 or” shall be omitted;
- (ii) in column (3), the Explanation shall be numbered as Explanation 1 thereof, and after Explanation 1 so re-numbered, the following Explanation shall be inserted, namely: -

“Explanation 2.- Nothing contained in this entry shall apply to-

- (a) accommodation services for students in student residences;
- (b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.”;

(C) after serial number 13 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)
“13A	Heading 9963	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.	Nil	Nil”.

2. This notification shall come into force with effect from the 15th day of July, 2024.

[F.No. CBIC-190354/94/2024-TO(TRU-II)-CBEC]

GST (UNION TERRITORY TAX - RATE)

NOTIFICATION NO. 02/2024-UNION TERRITORY TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R (E).- In exercise of the powers conferred by sub-section (1) of section 7 of the Union Territory Goods and Services Tax Act,

2017 (14 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 1/2017-Union Territory Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i),

vide number G.S.R. 710(E), dated the 28th June, 2017, namely:-

In the said notification, -

(A) in Schedule II – 6%, -

- (i) after serial number 121 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

“121A	4819 10,	Cartons, boxes and cases of, –
	4819 20	(a) corrugated paper or paper board; Or (b) non-corrugated paper or paper board”;

- (ii) after serial number 180 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

“180A	7310, 7323, 7612 or 7615	Milk cans made of Iron, Steel, or Aluminium”;
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- (iii) after serial number 183 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

“183A	7321 or 8516	Solar cookers”;
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- (iv) against serial number 199, in column (3), after the word “brooders”, the words and symbol “; parts thereof” shall be inserted;

(B) in Schedule III – 9%, -

- (i) for serial number 153A and the entries relating thereto, the following serial number and entries shall be substituted, namely: -

“153A	4819 (except 4819 10, 4819 20)	All Goods (other than Cartons, boxes and cases of, –
		(a) corrugated paper or paper board; Or (b) non-corrugated paper or paper board”;

- (ii) against serial number 224, after the word “equipment”, the words and symbols “; other than Milk cans made of Iron, or Steel ” shall be inserted;

- (iii) against serial number 235, in column (3), at the end, for the words, “and wood burning stoves of iron or steel”, the words, “ ,wood burning stoves of iron or steel, and solar cookers” shall be substituted;

- (iv) against serial number 273, after the words “boxes, etc.”, the words and symbols “; other than Milk cans made of Aluminium” shall be inserted;

- (v) against serial number 275A, after the words “Utensils”, the words and symbol “; Milk cans made of Aluminium” shall be inserted;

- (vi) against serial number 378A, in column (3), for the words and symbol “domestic purposes;” , the words, symbol and brackets “domestic purposes [other than solar cookers];” shall be substituted;

- (C) after the Schedule VII, in the Explanation, in clause (ii), after the entries relating thereto, the following proviso shall be inserted, namely:-

“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre shall not be considered as a supply made within the scope of expression ‘pre-packaged and labelled’.”

2. This notification shall come into force from the 15th day of July, 2024.

[F. No. 190354/94/2024-TRU]

NOTIFICATION NO. 03/2024-UNION TERRITORY TAX (RATE)

New Delhi, the 12th July, 2024

G.S.R (E).- In exercise of the powers conferred by sub-section (1) of section 8 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), the Central Government, being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 2/2017-Union Territory Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R.711(E), dated the 28th June, 2017, namely:-

In the said notification, after the Schedule, in the Explanation, in clause (ii), after the entries relating thereto, the following proviso shall be inserted, namely:-

“Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre shall not be considered as a supply made within the scope of expression ‘pre-packaged and labelled’.”

2. This notification shall come into force on the 15th day of July, 2024.

[F. No. 190354/94/2024-TRU]

NOTIFICATION NO. 04/2024- UNION TERRITORY TAX (RATE)

New Delhi, the 12th July, 2024

GS R (E).-In exercise of the powers conferred by sub-sections (3) and (4) of section 7, sub-section (1) of section 8 and clause (iv) and clause (xxvii) of section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), read with sub-section (5) of section 15 and section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby makes the following amendments further to amend in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.12/2017-Union Territory Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 703 (E), dated the 28th June, 2017, namely:

In the said notification, in the Table, -

- (A) after serial number 9D and the entries relating thereto, the following serial numbers and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)
“9E	Chapter 99	Services provided by Ministry of Railways (Indian Railways) to individuals by way of — (a) sale of platform tickets; (b) facility of retiring rooms/waiting rooms; (c) cloak room services; (d) battery operated car services.	Nil	Nil
9F	Chapter 99	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).	Nil	Nil



(1)	(2)	(3)	(4)	(5)
9G	Chapter 99	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.	Nil	Nil”;

- (B) in serial number 12, -
- in column (2), the words and figures “Heading 9963 or” shall be omitted;
 - in column (3), the Explanation shall be numbered as Explanation 1 thereof, and after Explanation 1 so re-numbered, the following Explanation shall be inserted, namely: -
“Explanation 2.- Nothing contained in this entry shall apply to-
 - accommodation services for students in student residences;
 - accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.”;
- (C) after serial number 12 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)
“12A	Heading 9963	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.	Nil	Nil”.

2. This notification shall come into force with effect from the 15th day of July, 2024.

[F.No. CBIC-190354/94/2024-TO(TRU-II)-CBEC]

GST (COMPENSATION CESS - RATE)

NOTIFICATION NO. 01/2024-COMPENSATION CESS (RATE)

New Delhi, the 12th July, 2024

G.S.R. (E).-In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), read with sub-section (1) of section 11 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017) and sub-section (1) of section 6 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), read with sub-section (2) of section 11 of the Goods and

Services Tax (Compensation to States) Act, 2017 (15 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts supply of goods falling under the heading 2202 by a Unit Run Canteen (URC) to authorised customers, from the whole of the Goods and Services Tax Compensation Cess leviable thereon under section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017).

Explanation—

- (1) In this Notification, “tariff item”, “heading”,

“sub-heading” and “Chapter” shall mean respectively a tariff item, heading, sub-heading and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

- (2) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.
2. The notification shall come into force with effect from the 15th day of July, 2024.

[F. No. 190354/94/2024-TRU]

CUSTOMS (TARIFF)

NOTIFICATION NO. 27/2024-CUSTOMS

New Delhi, the 12th July, 2024

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with sub-section (12) of section 3, of Customs Tariff Act, 1975 (51 of 1975), the Central Government, on the recommendations of the Council, on being satisfied that it is necessary in the public interest so to do, hereby exempts all goods imported by a unit or a developer in the Special Economic Zone for authorised operations, from the whole of goods and service tax compensation cess leviable thereon under sub-section (9) of section

3, of Customs Tariff Act, 1975 (51 of 1975) read with sub-section (2) of section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017).

2. This notification shall come into force from the 15th July, 2024.

[F.No.190354/94/2024-TRU]

NOTIFICATION NO. 28 /2024-CUSTOMS

New Delhi, the 12th July, 2024

G.S.R. (E).— In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on the recommendations of the Council, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017, namely:-

In the said notification,

- (I) in the Table, -
- (1) after S. No. 544 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“544A.	Any Chapter	Components or parts which are prescribed in any of the following manuals:- i. Aircraft Maintenance Manual (AMM); ii. Component Maintenance Manual (CMM); iii. Illustrated Parts Catalogue (IPCL); iv. Structural Repair Manual (SRM); or v. Standard Procedure Manual (SPM) of the OEMs, when imported into India for servicing, repair, maintenance or overhauling, subject to fulfilling respective conditions, the condition number of which is mentioned in the corresponding entry in column (6) against the serial number 536, 538 or 544.	-	5%	”;



(2) after S. No. 612 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“613	Any Chapter	Equipment or buoys required for Research Moored Array for African Asian Australian Monsoon Analysis and Prediction (RAMA) programme: Provided that nothing contained in this S. No. shall have effect after the 31st July, 2026	-	Nil	118”;

(II) in the Annexure, after Condition No. 117 and the entries relating thereto, the following Condition and entries shall be inserted, namely: -

“118.	If,	
	(a)	the importer, at the time of import, furnishes a certificate to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, of the port of import, from an officer not below the rank of a Deputy Secretary to the Government of India in the Ministry of Earth Sciences recommending the grant of this exemption and that the goods are required for the specified purpose; and
	(b)	the importer, by the execution of bond, in such form and for such sum as may be specified by the Principal Commissioner or Commissioner of Customs, binds himself,-
	(i)	to re-export the goods within a period of two years from the date of import, which may be extended by another one year by the Principal Commissioner or Commissioner of Customs of the Port of import of such goods upon written request of the importer citing reasons for seeking such extension; and
	(ii)	to pay on demand an amount equal to the integrated tax payable on the such goods, but for the exemption under this entry, along with the applicable interest thereon, in the event of violation of any of the above condition specified above.”.

2. This notification shall come into force from the 15th day of July, 2024.

[F. No.190354/94/2024-TRU]

NOTIFICATION NO. 29/2024-CUSTOMS

New Delhi, the 23rd of July, 2024

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.154/94-Customs, dated the 13th July, 1994, published in the Gazette of India, Extraordinary,

Part II, Section 3, Sub-section (i), vide number G.S.R. 583 (E), dated the 13th July, 1994, namely:-

- In the said notification, in the TABLE, against S.No.3, in column 3, in condition (v), in clause (A), in sub- clause (b), for the letters, figures, brackets and words “Rs.1,00,000 (One lakh)”, the letters, figures, brackets and words “Rs.3,00,000 (Three lakhs)” shall be substituted.
- This notification shall come into force on the 24th day of July, 2024.

[F. No.334/03/2024-TRU]

NOTIFICATION NO. 30/2024-CUSTOMS

New Delhi, the 23rd July, 2024

G.S.R (E).— In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification

of the Government of India in the Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017, namely:- In the said notification, -

I. In the Table, -

- (1) after S. No. 6B and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“6BA.	0306 36	Live SPF Vannamei shrimp (<i>Litopenaeus vannamei</i>) broodstock	5%	-	-
6BB.	0306 36	Live Black tiger shrimp (<i>Penaeus monodon</i>) broodstock	5%	-	-
6BC.	0306 36 60	Artemia	Nil	-	-
6BD.	0308 90 00	SPF Polychaete worms	5%	-	-
6BE.	0505 10	Real Down Filling Material from Duck or Goose, when imported by bona fide exporters for use in the manufacture of textile or leather garments, for export	10%	-	9 and 108
6BF.	0511 91 40	Artemia cysts	Nil	-	-”;

- (2) after S. No. 32AC and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“32AD.	1207 99 90	Shea Nuts	15%	-	-”;

- (3) against S. No. 54A, in column (4), for the entry, the entry “Nil” shall be substituted;

- (4) after S. No. 54A and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“54B.	1504 20	Crude fish oil for use in manufacture of aquatic feed	Nil	-	9”;

- (5) against S. No. 80A, in column (4), for the entry, the entry “Nil” shall be substituted;

- (6) after S. No. 90B and the entries relating thereto, the following S. Nos. and entries shall be inserted with effect from the 1st day of October, 2024, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“90C.	2008 19 20	All goods	30%	-	-
90D.	2008 19 30	All goods	30%	-	-”;

- (7) against S. No. 100A, in column (4), for the entry, the entry “Nil” shall be substituted;

- (8) after S. No. 104B and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -



(1)	(2)	(3)	(4)	(5)	(6)
“104BA.	2301 10 90	Insect Meal for use in research and development purposes in aquatic feed manufacturing	5%	-	9 and 119”;

(9) against S. No. 104D, in column (4), for the entry, the entry “Nil” shall be substituted;

(10) after S. No. 104D and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely:

-

(1)	(2)	(3)	(4)	(5)	(6)
“104DA.	2309 90 31	Prawn and shrimps feed	5%	-	-
104DB.	2309 90 39	Fish feed	5%	-	-”;

(11) against S. No. 104E, in column (4), for the entry, the entry “Nil” shall be substituted;

(12) after S. No. 104E and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“104F.	2309 90 90	Single Cell Protein from Natural Gas for use in research and development purposes in aquatic feed manufacturing	5%	-	9 and 119”;

(13) for S. No. 150 and the entries relating thereto, the following S. No. and entries shall be substituted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“150.	2710	Naphtha, for use in the manufacture of fertilisers	Nil	-	9”;

(14) S. No. 179 and the entries relating thereto shall be omitted;

(15) after S. No. 204 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“204AA	2929 10 90	Methylene Diphenyl Diisocyanate (MDI) for use in the manufacture of Spandex Yarn	5%	-	9”;

(16) against S. No. 212A, in column (3), the following proviso shall be inserted at the end, namely:-

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;

(17) against S. No. 213, in column (3), the following proviso shall be inserted at the end, namely:-

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;

(18) against S. No. 219A, in column (4), for the entry, the entry “5%” shall be substituted;

(19) against S. No. 237, in column (3), for the entry, the following entry shall be substituted, namely: -

“The following goods for use in the manufacture of EVA (Ethylene Vinyl Acetate) sheets or backsheets, which are used in the manufacture of solar photovoltaic cells or modules, namely :-

- (i) EVA and Polyolefin Elastomers (POE) resin;
- (ii) EVA and Polyolefin Elastomers (POE) masterbatch;

- (iii) Poly ethylene terephthalate (PET) film;
- (iv) Poly vinyl fluoride (PVF);
- (v) Poly vinyl di-flouride (PVDF);
- (vi) Trimethylolpropane Tri acrylate (TMPTA) for EVA or POE;
- (vii) EVA or Polyolefin Elastomers (POE) Additive – ‘Taicross’;
- (viii) Adhesive resin; and
- (ix) Adhesive hardner :

Provided that nothing contained in this entry shall have effect after 31st March, 2026.”;

- (20) S. No. 238 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (21) S. No. 254 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (22) S. No. 255 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;

- (23) against S. No. 257B, in column (3), for the entry, the entry “The goods specified in List 39, when imported by bona fide exporters for use in the manufacture of textile or leather garments, for export” shall be substituted;
- (24) against S. No. 257C, in column (3), for the entry, the entry “The goods specified in List 40, when imported by bona fide exporters, for use in the manufacture of leather or synthetic footwear, or other leather products, for export” shall be substituted;
- (25) against S. No. 260, in column (3), -
 - (a) in the entry, after the figures “9021 10”, the words and figures “or other artificial parts of the body falling under sub-heading 9021 31 or 9021 39” shall be inserted;
 - (b) in item (iv), for the words “High-density polyethylene”, the words “All types of polyethylene” shall be substituted;
- (26) after S. No. 273 and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“273A.	3920 (other than 3920 99 99) or 3921	All goods other than Poly vinyl chloride (PVC) Flex Films Explanation – For the purposes of this entry, the term PVC Flex Films includes PVC flex banner and PVC flex sheets	10%	-	-
273B.	3920 99 99	All goods other than Poly vinyl chloride (PVC) Flex Films Explanation – For the purposes of this entry, the term PVC Flex Films includes PVC flex banner and PVC flex sheets	15%	-	-”;

- (27) S. No. 277A and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (28) S. No. 339 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (29) S. No. 340 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (30) S. No. 353 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (31) against S. No. 354, in column (4), for the entry, the entry “5%” shall be substituted;
- (32) against S. No. 355, in column (4), for the entry, the entry “5%” shall be substituted;
- (33) against S. No. 356, in column (4), for the entry, at both the places, the entry “5%” shall be substituted;
- (34) against S. No. 357, in column (4), for the entry, the entry “5%” shall be substituted;
- (35) against S. No. 357A, in column (4), for the entry, the entry “5%” shall be substituted;

- (36) against S. No. 357B, in column (4), for the entry, the entry “5%” shall be substituted;
- (37) against S. No. 364A, in column (4), for the entry, the entry “5%” shall be substituted;
- (38) against S. No. 364B, in column (4), for the entry,

the entry “5%” shall be substituted;

- (39) against S. No. 364C, in column (4), for the entry, the entry “5%” shall be substituted;
- (40) after S. No. 364C and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“364CA	7202 60 00	Ferro-Nickel	Nil	-	-”;

- (41) against S. No. 368, in column (3), in the proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted;
- (42) against S. No. 374, in column (3), for the entry, the following entry shall be substituted, namely: -
 “Magnesium Oxide (MgO) coated cold rolled steel coils for use in manufacture of cold rolled grain oriented steel (CRGO) falling under 7225 11 00 or 7226 11 00:
 Provided that nothing contained in this entry shall have effect after 31st March, 2026.”;
- (43) against S. No. 375, in column (3), for the entry, the following entry shall be substituted, namely: -

“The following goods, namely:-

- (i) hot rolled coils;
- (ii) cold-rolled Magnesium Oxide (MgO) coated and annealed steel;
- (iii) hot rolled annealed and pickled coils;
- (iv) cold rolled full hard,

for the manufacture of cold rolled grain oriented steel (CRGO) steel falling under tariff item 7225 11 00 or 7226 11 00:

Provided that nothing contained in this entry shall have effect after 31st March, 2026.”;

- (44) after S. No. 380 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“380A.	7402 00 10	Blister Copper	Nil	-	-”;

- (45) against S. No. 381, in column (3), for the entry, the entry “Copper wire or refined copper of which the maximum cross-sectional dimension exceeds 6 mm for the manufacture of photovoltaic ribbon or tinned copper interconnect or cell interconnect or string interconnect or the photovoltaic connect or photovoltaic ribbon or solar ribbon for manufacture of solar photovoltaic cell or modules” shall be substituted;
- (46) S. No. 387 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;

- (47) against S. No. 403, in column (3), in proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted;
- (48) against S. No. 404, in column (2), for the entry, the entry “25, 27, 28, 29, 31, 34, 35, 36, 38, 39, 40, 56, 69,73, 74, 82, 84, 85, 87, 89 or 90” shall be substituted;
- (49) against S. No. 415 and the entries relating thereto, the following entries shall be substituted, namely :-

(1)	(2)	(3)	(4)	(5)	(6)
“415	84 or any other chapter	(a) Parts of catalytic converters, excluding parts made up of Platinum or Palladium falling under 7110, for manufacture of catalytic converters	7.5%	-	9
		(b) The following goods for use in the manufacture of catalytic converters or its parts, namely: - (i) Raw Substrate (ceramic) (ii) Washcoated Substrate (ceramic) (iii) Raw Substrate (metal) (iv) Washcoated Substrate (metal) (v) Stainless Steel wire cloth stripe (falling under tariff item 7314 14 10) (vi) Wash Coat	7.5%	-	9
		(c) Parts of catalytic converters, made up of Platinum or Palladium falling under 7110, for manufacture of catalytic converters	5%	-	9”;

- (50) against S. No. 415A, in column (4), for the entry, the entry “5%” shall be substituted; omitted with effect from the 1st day of October, 2024;
- (51) S. No. 419 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (52) S. No. 420 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (53) S. No. 421 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (54) after S. No. 426 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“426A.	Any chapter	(i) The goods specified in List 41, for the manufacture of photovoltaic cells falling under tariff item 8541 42 00 or photovoltaic modules falling under tariff item 8541 43 00	Nil	-	9”;
		(ii) Parts, for manufacture of goods at item (i) above			

- (55) against S. No. 428, in column (3), the following proviso shall be inserted at the end, namely:-
“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;
- (56) against S. No. 429, in column (3), the following proviso shall be inserted at the end, namely:-
“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;
- (57) S. No. 441 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (58) against S. No. 442, in column (4), for the entry, the entry “5%” shall be substituted;
- (59) against S. No. 468, in column (3), the following provisos shall be inserted at the end, namely: -
“Provided that nothing contained in items (i) to

- (iv) shall have effect after the 30th September, 2024;
- Provided further that nothing contained in item (v) shall have effect after the 31st March, 2026.”;
- (60) S. No. 475 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (61) S. No. 478 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (62) S. No. 479 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (63) S. No. 482 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (64) S. No. 495 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (65) S. No. 497 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;
- (66) against S. No. 527A, in column (3), in the proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted;
- (67) against S. No. 527B, in column (3), in proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted;
- (68) against S. No. 549, in column (3), the following proviso shall be inserted at the end, namely:-
“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;
- (69) against S. No. 550, in column (3), the following proviso shall be inserted at the end, namely:-
“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;
- (70) for S. No. 559 and the entries relating thereto, the following S. No. and entries shall be substituted, namely:-

(1)	(2)	(3)	(4)	(5)	(6)
“559	Any Chapter	<p>(A) Raw materials, components, consumables or parts, for use in the manufacture of goods falling under heading/tariff item 8901, 8902, 8904 00 00, 8905 (except tariff item 8905 20 00) or 8906;</p> <p>(B) spare parts used in relation to the manufacture of goods falling under tariff item 8906 10 00;</p> <p>(C) technical documentation in printed or digital form required in the manufacture of goods falling under tariff item 8906 10 00.</p> <p>Explanation- For the purposes of this entry, it is clarified that in the case of raw materials and parts already imported under S. No. 558 above and lying unutilized,-</p> <p>(i) the unit will furnish a separate bond to the Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction under the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, giving details of such goods and also undertake to utilize the same for manufacture of goods falling under heading/tariff item 8901, 8902, 8904 00 00, 8905 (except tariff item 8905 20 00) or 8906; and</p>	Nil	-	9”;

(1)	(2)	(3)	(4)	(5)	(6)
		(ii) in the event of failure to use such goods for the specified purpose, the unit shall pay on demand, an amount equal to the duty payable on such goods but for the exemption under this notification: Provided that nothing contained in this entry shall have effect after the 31st March, 2025.			

(71) after S. No. 563D and the entries relating thereto, the following S. Nos. and the entries shall be inserted, namely :-

(1)	(2)	(3)	(4)	(5)	(6)
“563E	9022 30 00	X-ray tubes for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use (9022 14 20 or 9022 14 90)	5%	-	9 and 120
			7.5%	-	9 and 121
			10%	-	9 and 122
563F	9022 90 90	Flat Panel Detector, including Scintillators, for use in manufacture of X-ray machines for medical, surgical, dental or veterinary use (9022 14 20 or 9022 14 90)	5%	-	9 and 120
			7.5%	-	9 and 121
			10%	-	9 and 122”;

(72) S. No. 565 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;

(73) S. No. 566 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;

(74) S. No. 568 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;

(75) against S. No. 577, in column (3), the following proviso shall be inserted at the end, namely:-

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;

(76) S. No. 579 and the entries relating thereto shall be omitted with effect from the 1st day of October, 2024;

(77) against S. No. 607, in column (3), the following proviso shall be inserted at the end, namely:-

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;

(78) against S. No. 607A, in column (3), the following proviso shall be inserted at the end, namely:-

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;

(79) against S. No. 611, in column (3), the following proviso shall be inserted at the end, namely:-

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;

(80) against S. No. 612, in column (3), the following proviso shall be inserted at the end, namely:-

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2029.”;

II. for the second proviso, the following proviso shall be substituted, namely: -

“Provided further that nothing contained in the entries against serial numbers 17, 80A, 90, 104, 133, 139, 150, 155, 164, 165, 172, 183, 184, 188, 191, 204, 253, 257, 257A, 257B, 257C, 258, 259, 260, 261, 265, 269, 271, 276, 279, 280, 290, 292, 293A, 296A, 326, 329, 333, 334, 345A, 364A, 378, 379, 380, 381, 392, 404, 415, 415A, 416, 417, 418, 422, 423, 426, 435, 442, 446, 451, 462,

463, 464, 464A, 467, 471, 472, 476, 477, 480, 489B, 504, 509, 510, 511, 512, 512A, 515A, 516, 517, 519, 523A, 527, 534, 535, 535A, 536, 537, 538, 539, 539A, 540, 542, 543, 544, 546, 548, 551, 553, 555, 567, 569, 570, 575, 578A, 580, 581, 583, 591 and 593 shall have effect after the 31st March, 2026.”;

III. In the ANNEXURE, -

- (i) for Condition No. 110 and the entries relating thereto, the following condition and entries shall be substituted, namely : -

“110	If the importer at the time of importation, produces before the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, the following documents:
	(i) a certificate issued under Kimberley Process Certification Scheme (KPCS);
	(ii) an undertaking from the importer stating that the imported goods are diamonds, not further worked than simply sawn; and
	(iii) a certificate from the exporter, and the Gem and Jewellery Export Promotion Council (GJEPC) stating that the imported goods are diamonds, not further worked than simply sawn.”;

- (ii) after Condition No. 118 and entries relating thereto, the following conditions and entries

shall be inserted, namely:-

“119	If the importer at the time of importation, furnishes a certificate to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, from an officer not below the rank of a Deputy Secretary to the Government
	of India in the Department of Fisheries, Government of India, recommending the grant of this exemption and that the goods are required for the specified purpose.
120.	Valid from 24th July, 2024 to 31st March, 2025.
121.	Valid from 1st April, 2025 to 31st March, 2026.
122.	Valid from 1st April, 2026 onwards.”;

- (iii) in List 1, after item number 20 and the entries relating thereto, the following item and the entries shall be inserted, namely: -
“(21) Pre-dust breaded powder.”;
- (iv) in List 4, after item number 112 and the entries relating thereto, the following items and the entries shall be inserted, namely: -
“(113) Trastuzumab Deruxtecan
(114) Osimertinib
(115) Durvalumab.”;
- (v) for List 33 and the entries relating thereto, the following List and entries shall be substituted, namely:-

“List 33 (See S. No. 404 of the Table)

S. No.	Heading/Tariff Item	Description
(1)	(2)	(3)
1.	7304	Premium/Chrome Casing pipes and Tubing’s along with accessories, connections, crossovers, couplings, Sub-sea pipelines including weight coating and wrapping-API 5L (American Petroleum Institute) Line Pipe complying requirement of Annexure-J and Annexure-H of API list
2.	8207	Drilling bits for earth boring and rock drilling tools

S. No.	Heading/Tariff Item	Description
(1)	(2)	(3)
3.	8413, 8414, 8481, 842129, 843143, 847989, 847990, 842199, 730799, 854999, 853710, 841989, 842123	Equipment required for process and production platform like water injection, Gas turbine, sub- surface pumps and all type of Compressor, sub- surface pumps and sucker rod pumps, High pressure Valves, Equipment / Units for MEG Reclamation & Regeneration Facilities and Gas Dehydration Unit, Gas Engine, Gas Generators, filters and filtering equipment, Amine Plant
4.	8430	Oil and Gas Rigs (Onshore) Petroleum and Gas well Drilling Machinery and Equipment/Units for specialized services for Offshore and Onshore petroleum operations
5.	8475, 848180	High Temp Valve, sub-sea valves
6.	85311090	Fire prevention signaling apparatus
7.	87053000	Fire fighting vehicles
8.	8905, 898598, 890120, 890400, 732698, 732690, 890790, 560750, 731581, 401693, 847990, 401699, 732690, 843143	Oil and Gas Rigs (Offshore), Process and Production Platforms and Marine Vessels and Barges including Tugs, Security Boats, accommodation Work Barge, Geotechnical investigation and Geophysical Survey Vessel, Support vessel, FPSO, Turret Bouy Mooring System, Equipment for Oil and Gas Rigs and Specialized Services, Remote Operated Vehicle, Light Vessels, dredges, floating cranes and other vessels, the navigability of which is subsidiary to their main function, floating docs, Floating and submersible drilling or production platforms – Mooring ropes, Chains, Shackles, Coupling Marines hoses, Buoyancy Modules and connected equipment
9.	89069000	Life Boats, Survival craft, Life craft, Vessel for Pollution control
10.	8907	Oil tanker to be used for oil storage and connected equipment, other floating structures (for example rafts, tanks, coffer dams, landing stages, buoys and beacons)
11.	9015, 870590, 841350	Geological and Geophysical Equipment, Logging units, Vehicle mounted Logging Units, Survey Vessel required for petroleum operations
12.	90200000	Breathing appliances and gas masks
13.	90301000	Fire and gas detection equipment including H2S monitoring equipment
14.	2710 3811 3824 3905 3104 20 00 2915	Oilfield chemicals namely Potassium Formate, Hollow Glass Sphere Grade-IV, Aqueous Film Forming Foam 6% US Mil., Glutaraldehyde, Hydroxymethyl Phosphonium Sulphate, Ammonium Persulphate, Demulsifier Low Temperature, Potassium Chloride, Xanthum Gum polymer, Oil and Gas wells specific Cement Additives and Cesium Formate
15.	732690, 391729, 730429	Perforation Guns/carriers & accessories, Carbon / GRE Drill Pipes, Drill Collars



S. No.	Heading/Tariff Item	Description
(1)	(2)	(3)
16.	730791, 731815, 843143, 842139, 730799, 731824, 848190, 848180, 730511, 854442, 730429, 730519, 730890, 843049, 731290, 731829, 820590	Subsea/ onshore Production System including Structures, Christmas tree, Control System (including HPU, EPU, MCS, TUTU, Subsea Control Modules, Retrievable Production Modules), Tie-in system, Jumper, HIPPS, Electrical / Fiber Optic and Steel Flying Leads, Gooseneck, PLETS, SSIVs, ILS , PLR, Wellheads, Umbilicals, Manifolds, foundation piles, hold back systems, anchor piles, fibre optic cables, Flexible risers & Flowlines, buckle arrestors, bend restrictors, umbilical termination heads, bend stiffener connectors, Separators
17.	847990, 401693, 843143, 392690, 741529, 843139; 731815; 841221; 842129; 847989, 843049, 850511, 732690	Wireline Fishing equipment and Steel accessories used in Logging units and tools
18.	741920, 741999, 741980	Articles of Copper
19.	340290, 340239, 391390, 250810, 382499, 250840, 271019	Surfactant-Solvent (Micro-emulsion) used in wellbore cleaning, Water-based viscosifier, Synthetic Oil based rheology modifier, Base Oil used in SOBM, Synthetic oil based Rheology modifier and wetting agent, Organophyllis clay for conventional and HTHP well Conditions
20.	390290, 340399, 392690, 39139090, 29053990, 271019, 382499, 843143, 847989, 820559	Special Lubricants used for tool/perforating gun joints, Silicone oil used in down hole Logging tools, Heat shrink sleeve & Handling tools, Go- devil-II, Blue Streak, Hyper graph Lube, Special handling tools
21.	360200, 360320, 360360, 902789, 360300, 340399, 350691, 69149000	Perforation Explosives, Thread /silicone grease, Special Thread Locker RTV adhesive, proppant of light weight high strength 30/50 mesh and 40/70 mesh with less than 2% crushability @12000 psi

S. No.	Heading/Tariff Item	Description
(1)	(2)	(3)
22.	903090, 284444, 284443, 284440	Radioactive residues
23.	73, 84, 85, 87, 89 and 90	Spares, accessories, Tools, Consumables, Sub- assemblies, test equipment, stores, parts, proprietary software and accessories for running, repairing or maintenance of the goods for the parts specified at S. No. 3, 4, 7, 8, 9, 10, 11 and 13
24.	852380	Software required for petroleum operations”;

(vi) after List 38 and the entries relating thereto, the following lists and entries shall be inserted, namely: -

“List 39 (See S. No. 257B of the Table)

- (1) Fasteners including buttons and snap fasteners, zip fasteners
- (2) Inlay cards
- (3) Buckles, eyelets, hooks and eyes, rivets
- (4) Collar stays, collar patties, butterfly and other garment stays including plastic stays
- (5) Embroidery motifs or prints
- (6) Laces
- (7) Badges including embroidered badges
- (8) Sequins
- (9) Toggles
- (10) Studs
- (11) Printed bags
- (12) Anti-theft devices like labels, tags and sensors
- (13) Poly pouch, high density sticker, heat transfer sticker
- (14) Aglets on draw strings-hooded jacket
- (15) Pin bullets for packing, plastic tag bullets, metal tabs, bows, ring and slider and rings;
- (16) Lining and inter-lining materials
- (17) Wet blue chrome tanned leather
- (18) Wet white leather

- (19) Crust leather
- (20) Finished leather of all kinds
- (21) Reinforcement materials
- (22) All types of Labels or Price Tag or Hang Tag
- (23) Polyurethane
- (24) Draw cord or cord
- (25) Elastic Band or Tape,
- (26) Metal Tab or Stopper or Clip
- (27) Tape
- (28) Velcro Tape
- (29) Die Set
- (30) D-Ring

List 40 (See S. No. 257C of the Table)

- (1) Buckles, “D” Rings and “O” Rings, eyelets, hooks and eyes, rivets, studs, decorative fittings and metal trimmings
- (2) Buttons and snap fasteners, zip fasteners
- (3) Locks including magnetic locks
- (4) Metal handles, handle fittings, handle holder, metal frames, dog hooks, logos of all types, ring binders, key hooks, key rings, key holders, push clip, chains, pullers, parts of pullers, hinges and magnetic snaps
- (5) Loop rivets and loop oval
- (6) Packaging boxes
- (7) Saddle tree



- (8) Fittings, snaps of metals or alloys
- (9) Metal fittings, embellishments, webbing of any material
- (10) Stirrup of any material and stirrup bars used for making saddle tree
- (11) Artificial fur and alarm tag
- (12) Magnets for use in leather goods
- (13) Labels or Price Tag or Hang Tag
- (14) Wet blue chrome tanned leather
- (15) Wet white leather
- (16) Crust leather
- (17) Finished leather of all kinds
- (18) Reinforcement materials
- (19) Lining or Inter Lining materials (Synthetic or Poly vinyl chloride or Polyurethane or Textile)
- (20) Laces
- (21) Insoles or Mid-soles and sheet or Board thereof
- (22) Shank Board
- (23) Stiffeners
- (24) Unit soles and sheets of Polyurethane, Thermoplastic rubber, Polyvinyl Chloride, Thermoplastic Polyurethane, Phylon, Nitrile Butadiene Rubber, Styrene Butadiene Rubber for soles including Polyurethane paint, colour paste and pigments
- (25) Thermoplastic Sheets
- (26) Toe Caps and Toe Puffs and Counters
- (27) Synthetic or Polymeric Foam
- (28) Protective Steel Toe Cap and Steel Mid Sole
- (29) Heels
- (30) Reflective Tapes or Fashion tapes or Elastic Tape or Velcro Tape
- (31) Chatons or Stones or Beads or Crystals as Decorative items
- (32) Beading Material (Synthetic or Leather or fabric)

- (33) Polyurethane

List 41 (See S. No. 426A of the Table)

- (1) Solar Cell Tabber and Stringer Machine with or without automation
- (2) Automatic Laminating and Hot Pressing Tool
- (3) Electroluminescent and Visual Inspection Machines
- (4) Sun Simulator or Flash Tester
- (5) Auto Bussing and Soldering tools
- (6) Laser Cutting Machine
- (7) IQC lab and Reliability Chamber Tools
- (8) Automation Line for Solar Module Manufacturing
- (9) Wafer Inspection Camera or Machine
- (10) Wafer Texture Machine
- (11) Wafer Polishing Machine
- (12) Automation Line for Solar Cell Manufacturing
- (13) Plasma Enhanced Chemical Vapor Deposition (PECVD) machines
- (14) Passivation Tool
- (15) LDSE (Laser Detective Selective Emitter) Machine
- (16) Printing Machine (Line)
- (17) Abatement or Gas Treatment System
- (18) All types of Boats or carriers in Solar Photovoltaic Cell including Graphite, Quartz Silicon Carbide boats and boat cleaning tool
- (19) Wafer Cleaning Machine
- (20) Cell Tester and Sorter
- (21) Rework Tool
- (22) Process Ultra-Pure Water Generation Unit
- (23) Semi-Conductor Treatment Unit
- (24) Substrate Cleaning and Treatment Unit
- (25) Chemical Dispensing Unit
- (26) Chemical Application Unit
- (27) Cell Definition

- (28) Module Finishing Unit
 - (29) Inspection Measurement Systems”.
2. Save as otherwise provided, this notification shall come into force on the 24th day of July, 2024.

[F. No. 334/03/2024-TRU]

NOTIFICATION NO. 31/2024-CUSTOMS

New Delhi, dated the 23rd July, 2024

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 22/2022-Customs, dated the 30th April, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 328(E), dated the 30th April, 2022, namely:-

In the said notification, in the TABLE III , against S. No. 12, -

- I. in Column (5), for the entry, the entry “4” shall be substituted;
 - II. in Column (6), for the entry, the entry “1” shall be substituted.
2. This notification shall come into force on the 24th day of July, 2024.

[F.No. 334/03/2024-TRU]

NOTIFICATION NO. 32/2024-CUSTOMS

New Delhi, dated the 23rd July, 2024

G.S.R.(E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes

the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 11/2021 – Customs, dated the 1st February, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 69(E), dated the 1st February, 2021, namely:-

In the said notification, in the Table, -

- (1) against Sl. No. 15A, in column (4), for the entry , the entry “1.4%” shall be substituted;
 - (2) against Sl. No. 15B, in column (4), for the entry , the entry “0.35%” shall be substituted;
 - (3) against Sl. No. 15C, in column (4), for the entry , the entry “0.35%” shall be substituted;
 - (4) against Sl. No. 15D, in column (4), for the entry , the entry “1%” shall be substituted;
 - (5) against Sl. No. 15E, in column (4), for the entry , the entry “0.35%” shall be substituted;
 - (6) against Sl. No. 15F, in column (4), for the entry , the entry “1%” shall be substituted;
 - (7) against Sl. No. 15G, in column (4), for the entry , the entry “1%” shall be substituted.
2. This notification shall come into force on the 24th day of July, 2024.

[F. No. 334/03/2024-TRU]

NOTIFICATION NO. 33/2024-CUSTOMS

New Delhi, dated the 23rd July, 2024

G.S.R.(E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue) No. 57/2000-Customs, dated the 8th May, 2000, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), vide number G.S.R.



413 (E), dated the 8th May, 2000, namely:-

In the said notification, in the TABLE, against Sl. No. 1, in Column (4), for “9.35%” wherever it occurs, “4.35%” shall be substituted.

2. This notification shall come into force on the 24th day of July, 2024.

[F.No. 334/03/2024-TRU]

Note: The principal notification No. 57/2000-Customs, dated the 8th May, 2000 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), vide number G.S.R. 413 (E), dated the 8th May, 2000 and was last amended by notification No. 28/2023-Customs, dated 1st April, 2023, published in the Gazette of India, Extraordinary, Part II, Section 3,

Sub-Section (i), vide number G.S.R. 263 (E), dated the 1st April, 2023.

NOTIFICATION NO. 34/2024-CUSTOMS

New Delhi, the 23rd July, 2024

G.S.R (E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes further amendments in the following notifications of the Government of India in the Ministry of Finance (Department of Revenue), specified in column (2) of the Table below to the extent specified in the corresponding entry in column (3) of the said Table, namely: -

Table

Sl. No.	Notification number and date	Amendments												
(1)	(2)	(3)												
1.	Notification No. 25/1999-Customs, dated the 28th February, 1999, vide number G.S.R. 161(E), dated the 28th February, 1999.	<p>In the said notification,</p> <p>(i) in the opening paragraph, in the second proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted;</p> <p>(ii) in the TABLE, under heading “LIST A”, -</p> <p>(a) against S. No. 18, in column (3), the words and figures “tinned cooper interconnect; toughened glass with low iron content and transmittivity of min. 90% and above;” shall be omitted after 30th September, 2024;</p> <p>(b) after S. No. 131 and the entries relating thereto, the following S. Nos. and the entries shall be inserted, namely: -</p> <table border="1" data-bbox="582 1539 1375 1676"> <tbody> <tr> <td>“131A.</td> <td>38</td> <td>Fine barrier or Met gold replenishers</td> <td>Connectors</td> </tr> <tr> <td>131B</td> <td>39</td> <td>Fortron Resin (Polysulphones)</td> <td>Connectors”;</td> </tr> </tbody> </table> <p>(c) after S. No. 215 and the entries relating thereto, the following S. No. and the entries shall be inserted, namely:-</p> <table border="1" data-bbox="582 1800 1375 1851"> <tbody> <tr> <td>“215A.</td> <td>74</td> <td>Oxygen Free Copper</td> <td>Resistors”;</td> </tr> </tbody> </table>	“131A.	38	Fine barrier or Met gold replenishers	Connectors	131B	39	Fortron Resin (Polysulphones)	Connectors”;	“215A.	74	Oxygen Free Copper	Resistors”;
“131A.	38	Fine barrier or Met gold replenishers	Connectors											
131B	39	Fortron Resin (Polysulphones)	Connectors”;											
“215A.	74	Oxygen Free Copper	Resistors”;											

Sl. No.	Notification number and date	Amendments																																			
(1)	(2)	(3)																																			
		<p>(d) after S. No. 225A and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely:-</p> <table border="1"> <tr> <td>“225B</td> <td>28,</td> <td>(a)</td> <td>Golden eye nickel makeup solutions</td> <td rowspan="5">Connectors”;</td> </tr> <tr> <td></td> <td>29,</td> <td>(b)</td> <td>Golden eye nickel concentrate</td> </tr> <tr> <td></td> <td>38</td> <td>(c)</td> <td>Nickel additive solutions for plating</td> </tr> <tr> <td></td> <td></td> <td>(d)</td> <td>Surclean for plating bath</td> </tr> <tr> <td></td> <td></td> <td>(e)</td> <td>NFACID/NF TIN for plating</td> </tr> </table>	“225B	28,	(a)	Golden eye nickel makeup solutions	Connectors”;		29,	(b)	Golden eye nickel concentrate		38	(c)	Nickel additive solutions for plating			(d)	Surclean for plating bath			(e)	NFACID/NF TIN for plating														
“225B	28,	(a)	Golden eye nickel makeup solutions	Connectors”;																																	
	29,	(b)	Golden eye nickel concentrate																																		
	38	(c)	Nickel additive solutions for plating																																		
		(d)	Surclean for plating bath																																		
		(e)	NFACID/NF TIN for plating																																		
2.	Notification No. 25/2002-Customs, dated the 1st March, 2002, vide number G.S.R. 122(E), dated the 1st March, 2002.	In the said notification, in the opening paragraph, in the second proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.																																			
3.	Notification No. 57/2017-Customs, dated the 30th June, 2017 vide number G.S.R. 798(E), dated the 30th June, 2017.	<p>In the said notification, in the TABLE, -</p> <p>(i) After S. No. 5E, the following S. No. and the entries relating thereto shall be inserted namely, -</p> <table border="1"> <tr> <td>“5F.</td> <td>8517 79</td> <td>Printed Circuit Board Assembly</td> <td>15%</td> <td>-”;</td> </tr> <tr> <td></td> <td>10</td> <td>(PCBA) of cellular mobile phone</td> <td></td> <td></td> </tr> </table> <p>(ii) against S. No. 6D, in column (2), for the entries, the entries “39, 40, 70, 73, 76” shall be substituted;</p> <p>(iii) against S. No. 6F, in column (2), for the entry, the entries “39, 40” shall be substituted;</p> <p>(iv) after S. No. 13B, the following S. No. and entries relating thereto shall be inserted namely, -</p> <table border="1"> <tr> <td>“13C.</td> <td>8504 40</td> <td>Charger or Adapter of cellular</td> <td>15%</td> <td>-”;</td> </tr> <tr> <td></td> <td></td> <td>mobile phone</td> <td></td> <td></td> </tr> </table> <p>(v) against S. No. 22, in column (4), for the entry, the entry “15%” shall be substituted;</p> <p>(vi) after S. No. 22, the following S. Nos. and the entries relating thereto shall be inserted namely, -</p> <table border="1"> <tr> <td>“23.</td> <td>8517 13</td> <td>Cellular mobile phone</td> <td>15%</td> <td>-”;</td> </tr> <tr> <td></td> <td>00 or 8517</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>14 00</td> <td></td> <td></td> <td></td> </tr> </table>	“5F.	8517 79	Printed Circuit Board Assembly	15%	-”;		10	(PCBA) of cellular mobile phone			“13C.	8504 40	Charger or Adapter of cellular	15%	-”;			mobile phone			“23.	8517 13	Cellular mobile phone	15%	-”;		00 or 8517					14 00			
“5F.	8517 79	Printed Circuit Board Assembly	15%	-”;																																	
	10	(PCBA) of cellular mobile phone																																			
“13C.	8504 40	Charger or Adapter of cellular	15%	-”;																																	
		mobile phone																																			
“23.	8517 13	Cellular mobile phone	15%	-”;																																	
	00 or 8517																																				
	14 00																																				

2. Save as otherwise provided, this notification shall come into force on the 24th day of July, 2024.

[F. No. 334/03/2024-TRU]



NOTIFICATION NO. 35/2024-CUSTOMS

New Delhi, the 23rd July, 2024

G.S.R.....(E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 141 of Finance Act, 2020 (12 of 2020), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), 8/2020-Customs, dated the 2nd February, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 68(E), dated the 2nd February, 2020 namely :-

In the said notification, in the Table, against Sl. No. 2, after item (viii) and the entries relating thereto, the following item and entries shall be inserted, namely: -

“(ix) Notification No. 52/2003-Customs, dated the 31st March, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide G.S.R. 274(E), dated the 31st March, 2003.”.

2. This notification shall come into force on the 24th day of July, 2024.

[F.No. 334/03/2024-TRU]

NOTIFICATION NO. 36/2024-CUSTOMS

New Delhi, dated the 23rd July, 2024

G.S.R (E).— In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 110 of Finance Act, 2018 (13 of 2018) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the goods of the description specified in column (3) of the Table below, falling within the chapter or heading or sub-heading or tariff item of the First Schedule of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act) specified in the corresponding entry in column (2) of the said Table, when imported into India, from so much of the duty of customs leviable thereon under the said first schedule as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table and from the whole of the Social Welfare Surcharge leviable thereon under section 110 of the Finance Act, namely:-

Table

Sl. No.	Chapter/heading / sub- heading /Tariff item	Description of goods	Rate
(1)	(2)	(3)	(4)
1.	2504	Natural Graphite	2.5%
2.	2505	Natural sands of all kinds, whether or not coloured, other than metal bearing sands of chapter 26 of The Customs tariff Act, 1975	Nil
3.	2506	Quartz (other than natural sands); quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape	2.5%
4.	25309091	Strontium sulphate (natural ore)	Nil
5.	26030000	Copper ores and concentrates	Nil
6.	26050000	Cobalt ores and concentrates	Nil
7.	26090000	Tin ores and Concentrates	Nil
8.	26110000	Tungsten Ores and Concentrates	Nil

Sl. No.	Chapter/heading / sub- heading /Tariff item	Description of goods	Rate
(1)	(2)	(3)	(4)
9.	2613	Molybdenum ores and concentrates	Nil
10.	26151000	Zirconium ores and concentrates	Nil
11.	261590	Hafnium Ores and concentrates	Nil
12.	26159010	Vanadium ores and concentrates	Nil
13.	26159020	Niobium or tantalum ores and concentrates	Nil
14.	2617	Antimony Ores and Concentrates	Nil
15.	28045020	Tellurium	Nil
16.	28046100	Silicon, containing by weight not less than 99.99% of silicon	Nil
17.	28046900	Other silicon	Nil
18.	280490 00	Selenium	Nil
19.	28053000	Alkali or alkaline earth metals, Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed	Nil
20.	28112200	Silicon dioxide	2.5%
21.	28152000	Potassium hydroxide	Nil
22.	28164000	Oxides, hydroxides and peroxides, of strontium or barium	Nil
23.	28220010	Cobalt oxides	Nil
24.	28220020	Cobalt hydroxides	Nil
25.	28220030	Commercial cobalt oxides	Nil
26.	28252000	Lithium oxide and hydroxide	Nil
27.	282530	Vanadium oxides and hydroxides	Nil
28.	28256010	Germanium oxides	Nil
29.	282570	Molybdenum oxides and hydroxides	Nil
30.	28258000	Antimony Oxides	Nil
31.	28259020	Cadmium oxide	Nil
32.	28273500	Chlorides of Nickel	Nil
33.	28273930	Strontium chloride	Nil
34.	28332400	Sulphates of Nickel	Nil
35.	28342100	Nitrates of potassium	Nil
36.	28369100	Lithium carbonates	Nil



Sl. No.	Chapter/heading / sub-heading /Tariff item	Description of goods	Rate
(1)	(2)	(3)	(4)
37.	28369200	Strontium carbonate	Nil
38.	28419000	Salts of oxometallic or peroxometallic acids of Beryllium and Rhenium	Nil
39.	2846	Compounds, inorganic or organic of rare earth metals	Nil
40.	29181530	Bismuth citrate	Nil
41.	3801	Artificial Graphite, colloidal or semi-colloidal graphite, preparations based on graphite or other carbon in form of pastes, blocks, plates or other semi-manufactures	2.5%
42.	8001	Unwrought Tin	Nil
43.	81019400	Unwrought tungsten, including bars and rods obtained simply by sintering	Nil
44.	81029400	Unwrought molybdenum, including bars and rods obtained simply by sintering	Nil
45.	810320	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	Nil
46.	81052020	Cobalt, unwrought	Nil
47.	81061010	Bismuth, unwrought	Nil
48.	81092100	Unwrought zirconium, powders, Containing less than 1 part hafnium to 500 parts zirconium by weight	Nil
49.	81101000	Unwrought antimony, powders	Nil
50.	81121200	Beryllium unwrought, powders	Nil
51.	811231	Hafnium unwrought, waste and scrap, powders	Nil
52.	81124110	Rhenium unwrought	Nil
53.	81126910	Cadmium unwrought, Powders	Nil
54.	81126920	Cadmium, wrought	Nil
55.	81129200	Unwrought; Waste and scrap; powders of :- (i) Gallium (ii) Germanium (iii) Indium (iv) Niobium (v) Vanadium	Nil

2. This notification shall come into force on the 24th day of July, 2024.

[F. No.334/03/2024-TRU]

NOTIFICATION NO. 37/2024-CUSTOMS

New Delhi, the 23rd July, 2024

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government

of India in the Ministry of Finance (Department of Revenue), No. 27/2011- Customs dated the 1st March, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 153(E), dated the 1st March, 2011, namely :-

In the said notification, in the Table,

- (i) after S. No. 25 and the entries relating thereto, the following S. Nos. and the entries shall be inserted, namely: -

(1)	(2)	(3)	(4)
“25A.	4101 20 10, 4101 20 90, 4101 50 10, 4101 50 90, 4101 90 10, 4101 90 90, 4102, or 4103	Raw hides and skins or Raw skins (excluding raw hides and skins of buffalo)	40%
25B.	4101 20 20, 4101 50 20, or 4101 90 20	Raw hides and skins of buffalo	30%
25C.	4104	Tanned or crust hides and skins of bovine (including buffalo) or equine animals, other than E.I. tanned leather	20%
25D.	4105	Tanned or crust skins of sheep or lambs, other than E.I. tanned leather	20%
25E.	4106	Tanned or crust hides and skins of other animals, other than E.I. tanned leather	20%
25F.	4104, 4105, or 4106	E.I. tanned leather	Nil
25G.	41	finished leather of goat, sheep and bovine animals and of their young ones	Nil
25H.	4301	Raw furskins	40%
25I.	4302	Tanned or dressed furskins	20%”;

- (ii) S. Nos. 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 38A, 38B, 39 and the entries relating thereto shall be omitted.

2. This notification shall come into effect on the 24th day of July, 2024.

[F. No. 334/03/2024-TRU]



NOTIFICATION NO. 38/2024-CUSTOMS

New Delhi, the 23rd July, 2024

G.S.R (E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the

public interest so to do, hereby amends the following notifications of the Government of India in the Ministry of Finance (Department of Revenue), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), specified in column (2) of the Table below, to the extent specified in the corresponding entry in column (3) of the said Table, namely: -

Table

S. No.	Notification number	Amendments
(1)	(2)	(3)
1.	Notification No. 26-Cus, dated the 19th February, 1962,	In the said notification, the following paragraph shall be inserted, namely: - “2. Nothing contained in this notification shall have effect after the 30th September, 2024.”
2.	Notification No. 16-Cus, dated the 23rd January, 1965, published vide number G.S.R. 126 (E), dated the 23rd January, 1965	In the said notification, in the third proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
3.	Notification No. 80-Cus, dated the 29th August, 1970, published vide number G.S.R. 1246 (E), dated the 29th August, 1970	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
4.	Notification No. 46/74-Cus, dated the 25th May, 1974, published vide number G.S.R. 503 (E), dated the 25th May, 1974	In the said notification, the second paragraph shall be omitted.
5.	Notification No. 248-Cus, dated the 2nd August, 1976, published vide number G.S.R. 617(E), dated the 2nd August, 1976	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted.
6.	Notification No. 207/89-Customs, dated the 17th July, 1989, published vide number G.S.R. 702(E), dated the 17th July, 1989	In the said notification, in the second proviso, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
7.	Notification No. 134/94-Customs, dated the 22nd June, 1994, published vide number G.S.R. 525(E), dated the 22nd June, 1994	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
8.	Notification No. 147/94-Customs, dated the 13th July, 1994, published vide number G.S.R. 576(E), dated the 13th July, 1994	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.

S. No.	Notification number	Amendments
(1)	(2)	(3)
9.	Notification No. 148/94-Customs, dated the 13th July, 1994, published vide number G.S.R. 577(E), dated the 13th July, 1994	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
10.	Notification No. 151/94-Customs, dated the 13th July, 1994, published vide number G.S.R. 580(E), dated the 13th July, 1994	In the said notification, in the Table, the serial number 1, 2 and the entries relating thereto shall be omitted.
11.	Notification No. 152/94-Customs, dated the 13th July, 1994, published vide number G.S.R. 581(E), dated the 13th July, 1994	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
12.	Notification No. 153/94-Customs, dated the 13th July, 1994, published vide number G.S.R. 582(E), dated the 13th July, 1994	<p>In the said notification,</p> <p>(I) in the Table, against serial number 1, in column (3), -</p> <p>(A) in condition (ii), the following proviso shall be inserted, namely: -</p> <p>“Provided that the goods falling under chapter 88 or 89, when imported for maintenance, repair or overhauling, are re-exported within one year from the date of importation or within such extended period, not exceeding one more year, as the Assistant Commissioner of Customs or Deputy Commissioner of Customs, may allow”;</p> <p>(B) in condition (iv), in clause (a), after the words “six months”, the words “or one year, as the case may be,” shall be inserted;</p> <p>(II) in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.</p>
13.	Notification No. 39/96-Customs, dated the 23rd July, 1996, published vide number G.S.R. 291(E), dated the 23rd July, 1996	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.



S. No.	Notification number	Amendments
(1)	(2)	(3)
14.	Notification No. 50/96-Customs, dated the 23rd July, 1996, published vide number G.S.R. 302(E), dated the 23rd July, 1996	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
15.	Notification No. 51/96-Customs, dated the 23rd July, 1996, published vide number G.S.R. 303(E), dated the 23rd July, 1996	In the said notification, in the fourth paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
16.	Notification No. 32/1997-Customs dated 1st April 1997 published vide number G.S.R. 188(E), dated the 1st April 1997	In the said notification, before the Explanation, the following paragraph shall be inserted, namely: - “2. Nothing contained in this notification shall have effect after the 31st March, 2026.”
17.	Notification No. 25/98-Customs, dated the 2nd June, 1998, published vide number G.S.R. 290(E), dated the 2nd June, 1998	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
18.	Notification No. 24/2001-Customs dated 1st March 2001 published vide number G.S.R. 123(E), dated the 1st March 2001	In the said notification, the following paragraph shall be inserted, namely: - “2. Nothing contained in this notification shall have effect after the 31st March, 2026.”
19.	Notification No. 25/2001-Customs dated 1st March 2001 published vide number G.S.R. 124(E), dated the 1st March 2001	In the said notification, the following paragraph shall be inserted, namely: - “2. Nothing contained in this notification shall have effect after the 31st March, 2026.”
20.	Notification No. 113/2003-Customs, dated the 22nd July, 2003, published vide number G.S.R. 572(E), dated the 22nd July, 2003	In the said notification, in the third paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted.
21.	Notification No. 81/2005-Customs, dated the 8th September, 2005, published vide number G.S.R. 569(E), dated the 8th September, 2005	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted.
22.	Notification No. 26/2011-Customs, dated the 1st March, 2011, published vide number G.S.R. 152(E), dated the 1st March, 2011	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted.
23.	Notification No. 23/2016-Customs, dated the 1st March, 2016, published vide number G.S.R. 217(E), dated the 1st March, 2016	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.

S. No.	Notification number	Amendments
(1)	(2)	(3)
24.	Notification No. 05/2017-Customs, dated the 2nd February, 2017, published vide number G.S.R. 89(E), dated the 2nd February, 2017	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted.
25.	Notification No. 16/2017-Customs, dated the 20th April, 2017, published vide number G.S.R. 394(E), dated the 20th April, 2017	In the said notification, in the second paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
26.	Notification No. 29/2017-Customs, dated the 30th June, 2017, published vide number G.S.R. 764(E), dated the 30th June, 2017	In the said notification, the third paragraph shall be omitted.
27.	Notification No. 30/2017-Customs, dated the 30th June, 2017, published vide number G.S.R. 765(E), dated the 30th June, 2017	In the said notification, in the third paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2026” shall be substituted.
28.	Notification No. 32/2017-Customs, dated the 30th June, 2017, published vide number G.S.R. 767(E), dated the 30th June, 2017	In the said notification, in the third paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
29.	Notification No. 35/2017-Customs, dated the 30th June, 2017, published vide number G.S.R. 770(E), dated the 30th June, 2017	In the said notification, after second paragraph, the following paragraph shall be inserted, namely: - “3. Nothing contained in this notification shall have effect after the 31st March, 2029.”
30.	Notification No. 37/2017-Customs, dated the 30th June, 2017, published vide number G.S.R. 772(E), dated the 30th June, 2017	In the said notification, in the fourth paragraph, for the figures, letters and words “30th September, 2024”, the figures, letters and words “31st March, 2029” shall be substituted.
31.	Notification No. 49/2017-Customs, dated the 30th June, 2017, published vide number G.S.R. 784(E), dated the 30th June, 2017	In the said notification, the fourth paragraph shall be omitted.
32.	Notification No. 52/2017-Customs, dated the 30th June, 2017, published vide number G.S.R. 787(E), dated the 30th June, 2017	In the said notification, the third paragraph shall be omitted.

2. This notification shall come into force on the 24th day of July, 2024.

[F. No.334/03/2024-TRU]

Note:

1. The principal notification No. 26-Cus, dated the 19th February, 1962 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated the the 19th February, 1962



2. The principal notification No. 16-Customs, dated the 23rd January, 1965 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 126 (E), dated the 23rd January, 1965 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
3. The principal notification No. 80-Customs, dated the 29th August 1970 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 1246 (E), dated the 29th August, 1970 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
4. The principal notification No. 46-Customs, dated the 25th May, 1974 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 503 (E) dated the 25th May, 1974 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
5. The principal notification No. 248-Customs, dated the 2nd August, 1976 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 617(E), dated the 2nd August, 1976 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
6. The principal notification No. 207/89-Customs, dated the 17th July, 1989 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 702(E) dated the 17th July, 1989 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
7. The principal notification No. 134/94-Customs, dated the 22nd June, 1994 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 525(E), dated the 22nd June, 1994 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
8. The principal notification No. 147/94-Customs, dated the 13th July, 1994 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 576(E), dated the 13th July, 1994 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
9. The principal notification No. 148/94-Customs, dated the 13th July, 1994 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 577(E), dated the 13th July, 1994 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
10. The principal notification No. 151/94-Customs, dated the 13th July, 1994 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 580(E), dated the 13th July, 1994 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.

11. The principal notification No. 152/94-Customs, dated the 13th July, 1994 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 581(E), dated the 13th July, 1994 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
12. The principal notification No. 153/94-Customs, dated the 13th July, 1994 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 582(E), dated the 13th July, 1994 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
13. The principal notification No. 39/96-Customs, dated the 23rd July, 1996 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 291(E), dated the 23rd July, 1996 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
14. The principal notification No. 50/96-Customs, dated the 23rd July, 1996 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 302(E), dated the 23rd July, 1996 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
15. The principal notification No. 51/96-Customs, dated the 23rd July, 1996 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 303(E), dated the 23rd July, 1996 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
16. The principal notification No. 32/1997-Customs dated 1st April 1997 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 188(E), dated the 1st April 1997 and was last amended vide notification No. 26/2017-Customs, dated the 29th June, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 761(E), dated the 29th June, 2017.
17. The principal notification No. 25/98-Customs, dated the 2nd June, 1998 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 290(E), dated the 2nd June, 1998 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
18. The principal notification No. 24/2001-Customs dated 1st March 2001 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 123(E), dated the 1st March 2001
19. The principal notification No. 25/2001-Customs dated 1st March 2001 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 124(E), dated the 1st March 2001
20. The principal notification No. 113/2003-Customs, dated the 22nd July, 2003 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 572(E),



- dated the 22nd July, 2003 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
21. The principal notification No. 81/2005-Customs, dated the 8th September, 2005 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 569(E), dated the 8th September, 2005 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
 22. The principal notification No. 26/2011-Customs, dated the 1st March, 2011 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 152(E), dated the 1st March, 2011 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
 23. The principal notification No. 23/2016-Customs, dated the 1st March, 2016 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 217(E), dated the 1st March, 2016 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024..
 24. The principal notification No. 05/2017-Customs, dated the 2nd February, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 89(E), dated the 2nd February, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
 25. The principal notification No. 16/2017-Customs, dated the 20th April, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 394(E), dated the 20th April, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
 26. The principal notification No. 29/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 764(E), dated the 30th June, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
 27. The principal notification No. 30/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 765(E), dated the 30th June, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
 28. The principal notification No. 32/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 767(E), dated the 30th June, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
 29. The principal notification No. 35/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section

- 3, Sub-section (i), vide number G.S.R. 770(E), dated the 30th June, 2017
30. The principal notification No. 37/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 772(E), dated the 30th June, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
31. The principal notification No. 49/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 784(E), dated the 30th June, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.
32. The principal notification No. 52/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 787(E),

dated the 30th June, 2017 and was last amended vide notification No. 07/2024-Customs, dated the 29th January, 2024 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 73(E), dated the 29th January, 2024.

NOTIFICATION NO. 39/2024-CUSTOMS

New Delhi, the 23rd July, 2024

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 45/2017-Customs dated the 30th June, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 780(E), dated the 30th June, 2017, namely :-

In the said notification, -

- (I) in the Table, -
- (a) after S. No. 4 and entries relating thereto, the following S. Nos. and the entries relating thereto shall be inserted, namely: -

(1)	(2)	(3)
4A.	Lubricating oil falling within Chapter 27 of the First Schedule to the Customs Tariff Act, 1975, imported in the engines of any aircraft registered in India or of any aircraft of the Indian Air Force	No drawback of duty of customs or refund of integrated tax, as the case may be, was allowed on the duty paid lubricating oil in the engines of such air-craft at the time of its departure from India. Explanation: "lubricating oil" means any oil as is ordinarily used for lubrication, excluding any hydrocarbon oil which has its flash point below 93.3° centigrade;
4B.	Fuel other than Aviation Turbine Fuel in the tanks of the aircrafts of an Indian Airline or of the Indian Air Force	(i) The quantity of the said fuel is equal to the quantity of the same type of fuel which was taken out of India in the tanks of the aircrafts of the same Indian Airline or of the Indian Air Force, as the case may be, and on which the duty of Customs, or integrated tax had been paid; (ii) the rate of duty of customs (including the additional duty leviable under the said section 3) or the rate of integrated tax, as the case may be, leviable on such fuel is the same at the time of the arrivals and departures of such aircrafts; and



(1)	(2)	(3)
		(iii) no drawback of duty of customs or refund of integrated tax, as the case may be, was allowed on such fuel at the time of departures of such aircrafts from India.”;

- (b) against S. No. 5, in column (2), for the word and figure “and 4”, the symbols, figures letters and word “4,4A and 4B” shall be substituted;
- (II) in the first proviso, in clause (b) for the words “re-imported within three years”, the words “re-imported within five years” shall be substituted.
2. This notification shall come into effect on the 24th day of July, 2024.

[F. No. 334/03/2024-TRU]

NOTIFICATION NO. 40/2024-CUSTOMS

New Delhi, dated the 29th July, 2024

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 22/2022-Customs, dated the 30th April, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 328(E), dated the 30th April, 2022, namely:-

In the said notification, in the TABLE II,

- I. for S. Nos. 59 to 69, and the entries relating thereto, the following S. Nos. and entries shall be substituted, namely:-

(1)	(2)	(3)	(4)	(5)
“59	71061000	All Goods	7	1
60	71069110	All Goods	7	1
61	71069190	All Goods	7	1
62	71069210	All Goods	7	1
63	71069220	All Goods	7	1
64	71069290	All Goods	7	1
65	71101110	All Goods	3.6	1.4
66	71101120	All Goods	3.6	1.4
67	71101900	All Goods	3.6	1.4
68	71102100	All Goods	3.6	1.4
69	71102900	All Goods	3.6	1.4”;

- II. for S. Nos. 72 and 73, and the entries relating thereto, the following S. Nos. and entries shall be substituted, namely:-

(1)	(2)	(3)	(4)	(5)
“72	71104100	All Goods	3.6	1.4
73	71104900	All Goods	3.6	1.4”.

[F.No. CBIC- 190349/15/2024-TRU]

CUSTOMS (NON - TARIFF)

NOTIFICATION NO. 49/2024-CUSTOMS (N.T.)

New Delhi, 15th July, 2024

S.O. ... (E).- In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient to do so, hereby makes the following

amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

“TABLE-1

Sl. No.	Chapter/ Heading/ Sub-Heading/Tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	925
2	1511 90 10	RBD Palm Oil	930
3	1511 90 90	Others – Palm Oil	928
4	1511 10 00	Crude Palmolein	933
5	1511 90 20	RBD Palmolein	936
6	1511 90 90	Others – Palmolein	935
7	1507 10 00	Crude Soya bean Oil	996
8	7404 00 22	Brass Scrap (all grades)	5558

TABLE-2

Sl. No.	Chapter/ Heading/ Sub-Heading/Tariff Item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	775 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	1000 per kilogram
3.	71	<p>(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi- manufactured forms of silver falling under sub-heading 7106 92;</p> <p>(ii) Medallions and silver coins having silver content not below 99.9% or semi- manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage.</p> <p>Explanation: For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.</p>	1000 per kilogram
4.	71	<p>(i) Gold bars, other than tola bars, bearing manufacturer’s or refiner’s engraved serial number and weight expressed in metric units;</p> <p>(ii) Gold coins having gold content not below 99.5%</p>	775 per 10 grams



Sl. No.	Chapter/ Heading/ Sub-Heading/Tariff Item	Description of goods	Tariff value (US \$)
		and gold findings, other than imports of such goods through post, courier or baggage. Explanation: For the purposes of this entry, “gold findings” means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	

TABLE-3

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Ton)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	6242 (i.e., no change)”

2. This notification shall come into force with effect from the 16th day of July, 2024.

[F. No. 467/01/2024-Cus.V]

manufactured by or exported by a unit in Special Economic Zone, the shipping bill or bill of export shall be presented on or after 1st day of July, 2024.”.

NOTIFICATION NO. 50/2024 –CUSTOMS (N.T.)

New Delhi, 19th July, 2024

G.S.R. xxx (E). – In exercise of the powers conferred by sub-section (1) of section 51B of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary and expedient to do so, hereby makes the following amendments further to amend the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 24/2023- Customs (N.T.), dated the 1st April, 2023, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide G.S.R. 261(E), dated the 1st April 2023, namely:-

- In the said notification, in clause 2, in sub-clause (1), -
- in item (b), after the words “Export Oriented Unit”, the words “or unit in Special Economic Zone” shall be inserted.
 - after item (d), the following proviso shall be inserted, namely: -
“Provided that in case of export of goods

F. No. CBIC-140605/14/2021-O/o Dir (Drawback)-
CBEC]

NOTIFICATION NO. 51/2024-CUSTOMS (N.T.)

New Delhi, the 23rd July, 2024

G.S.R (E).- In exercise of the powers conferred by sub-section (7) of section 9 and sub-section (2) of section 9B of the Customs Tariff Act, 1975 (51 of 1975), the Central Government hereby makes the following rules further to amend the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, namely :-

- Short title and commencement. —
 - These rules may be called the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Amendment Rules, 2024.
 - These rules shall come into force on the 24th day of July, 2024.

2. In the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, after rule 23, the following rule shall be inserted, namely:-

“23A. Subsidy margin for exporters not originally investigated.-

- (1) If a product is subject to countervailing duties, the designated authority shall carry out a periodical review for the purpose of determining individual subsidy margins for any exporters or producers in the exporting country in question who have not exported the product to India during the period of investigation, provided that these exporters or producers show that they are not related to any of the exporters or producers in the exporting country who are subject to the countervailing duties on the product.

- (2) The Central Government shall not levy countervailing duties under sub-section (1) of section 9 of the Act on imports from such exporters or producers during the period of review as referred to in sub-rule (1):

Provided that the Central Government may resort to provisional assessment and may ask a guarantee from the importer, if the designated authority so recommends, and if such a review results in a determination of subsidy in respect of such products or exporters, it may levy duty in such cases retrospectively from the date of the initiation of the review.

- (3) The countervailing duty already imposed for co-operative un-sampled exporters or producers may also be extended to such exporters or producers who were not originally investigated.”.

[F. No. 334/03/2024-TRU]

CUSTOMS (CVD)

NOTIFICATION NO. 03/2024-CUSTOMS (CVD)

New Delhi, the 19th July, 2024

G.S.R. (E). -Whereas, in the matter of “New/unused pneumatic radial tyres with or without tubes and/or flap of rubber (including tubeless tyres), having nominal rim diameter code above 16” used in buses and lorries/trucks” (hereinafter referred to as the ‘subject goods’) falling under Chapter 40 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), (hereinafter referred to as the Customs Tariff Act), originating in or exported from, China PR (hereinafter referred to as the ‘subject country’), and imported into India, the designated authority in its final findings, published in the Gazette of India, Extraordinary, Part I, Section 1, vide notification No. 6/8/2018-DGAD dated 25th March 2019, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 25th March 2019 had recommended imposition of definitive countervailing duty on the imports of subject goods, originating in, or exported from the subject country;

And whereas, on the basis of the aforesaid findings of the designated authority, the Central Government had imposed definitive countervailing duty on the subject goods vide notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 1/2019-Customs (CVD), dated 24th June 2019, published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary, vide number G.S.R. 449(E), dated the 24th June 2019.

Whereas, the designated authority, vide notification No. 7/30/2023-DGTR, dated the 29th December 2023 published in Gazette of India, Extraordinary, Part I, Section 1, dated the 29th December 2023 had initiated the review in terms of sub-section (6) of section 9 of the Customs Tariff Act, and in pursuance of rule 24 of the Customs Tariff (Identification, Assessment and Collection Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, in the matter of continuation of countervailing duty on imports of subject goods, falling under Chapter 40 of the First Schedule to the Customs Tariff Act, originating in, or exported from, subject country and imported into India,



imposed vide notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 1/2019-Customs(CVD), dated the 24th June 2019 published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary, vide number G.S.R. 449(E), dated the 24th June 2019;

And whereas, in the matter of review of countervailing duty on imports of the subject goods, originating in, or exported from the subject country, the designated authority in its final findings, published vide notification No. 7/30/2023-DGTR, dated the 22nd April, 2024, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 23rd April, 2024, has inter-alia come to the conclusion that –

- i. producers in the subject country continue to avail benefits of subsidies that were held to be countervailable in the original investigation,
- ii. principles of judicial economy demand that a determination of countervailability of a program is relevant and appropriate only if information with regard to quantification of benefit is available and is on record. The Authority cannot on its own collect evidence for quantification of evidence. In any case, the Authority has considered that the Chinese producers have not fully cooperated in the present investigation and has appropriately considered the same while recommending the quantum of countervailing duty,
- iii. the domestic industry has not suffered continued

injury during the present period of investigation in as much as it has not suffered deterioration in its performance with regard to various economic parameters,

- iv. there is a likelihood of injury to the domestic industry in the event of cessation of present countervailing duty,

and has recommended continuation of definitive countervailing duty on imports of the subject goods originating in, or exported, from the subject country.

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (6) of section 9 of the Customs Tariff Act, read with rules 20 and 24 of the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, the Central Government, after considering the aforesaid final findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column (3) of the Table below, falling under tariff items of the First Schedule to the Customs Tariff Act as specified in the corresponding entry in column (2), originating in the countries as specified in the corresponding entry in column (4), exported from the countries as specified in the corresponding entry in column (5), produced by the producers as specified in the corresponding entry in column (6), and imported into India, countervailing duty calculated at the rate mentioned in column (7) of the said Table, namely:-

Table

S. No.	Tariff Item	Description of Goods	Country of Origin	Country of Export	Producer	Duty amount as a % of CIF Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	40112010 and 40118000*	New/Unused pneumatic radial tyres with or without tubes and/or flap of rubber (including tubeless tyres), having nominal rim dia code above 16” used in buses and lorries/trucks	China PR	Any country including China PR	Any	17.57%

S. No.	Tariff Item	Description of Goods	Country of Origin	Country of Export	Producer	Duty amount as a % of CIF Value
2.	- do -	- do -	Any country other than China PR	China PR	Any	17.57%

*The duty shall be payable on imports reported under 40118000 only if the description of the product confirms to the description given above. No countervailing duty shall be charged in the respect of other imports reported under 40118000.

3. The countervailing duty imposed under this notification shall be levied for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be payable in Indian currency.

Explanation: For the purposes of this notification, -

(a) the rate of exchange applicable for

the purposes of calculation of such countervailing duty shall be the rate which is specified in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and the relevant date for the determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Act.

(b) “CIF value” means the assessable value as determined under section 14 of the Customs Act, 1962 (52 of 1962).

[F. No. 190354/107/2024-TRU]

CENTRAL EXCISE

NOTIFICATION NO. 18/2024-CENTRAL EXCISE

New Delhi, the 15th July, 2024

G.S.R.....(E).—In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 18/2022-Central Excise,

dated the 19th July, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 584 (E), dated the 19th July, 2022, namely:-

In the said notification, in the Table, -

- (i) against S. No. 1, for the entry in column (4), the entry “Rs. 7000 per tonne” shall be substituted;
2. This notification shall come into force on the 16th day of July, 2024.

[F. No. 354/15/2022-TRU]



CIRCULAR

INDIRECT TAX

GST (CENTRAL TAX)

CIRCULAR NO. 229/23 /2024-GST

F. No. 190354/94/2024-TO(TRU-ID-CBEC

Date: 15th July, 2024

Subject: Clarification regarding GST rates & classification (goods) based on the recommendations of the GST Council in its 53rd meeting held on 22nd June, 2024, at New Delhi —reg.

Based on the recommendations of the GST Council in its 53 rd meeting held on 22nd June, 2024, at New Delhi, in exercise of the powers conferred under section 168(1) of the Central Goods and Services Tax Act, 2017, clarifications on the following issues are being issued through this Circular as under:

2. Clarification regarding GST rate on Solar Cookers:

- 2.1 Representations have been received seeking clarification regarding appropriate classification and applicable GST rate on supply of solar cookers that work on dual energy source.
- 2.2 On the recommendations of GST Council, it is hereby clarified that solar cookers that work on dual energy of solar energy and grid electricity are appropriately classifiable under heading 8516 and already attract a GST rate of 12% vide Si. No. 201A of Schedule II of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017.

3. Clarification regarding GST rate on Fire Water Sprinklers:

- 3.1 Representations have been received seeking clarification as to whether the existing entry covering sprinkles at 12% GST rate also cover Fire Water Sprinklers.

- 3.2 On the recommendations of the Council, it is hereby clarified that all types of sprinklers, including fire water sprinklers attract GST at the rate of 12% vide Si. No. 195 B of Schedule II of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017.

- 3.3 Further, on the basis of the recommendation of the GST Council, in view of the prevailing genuine doubts, the issues for the past period are regularized on “as is where is basis”.

4. Clarification regarding GST rate on parts of Poultry-keeping machinery:

- 4.1 Representations have been received seeking clarification regarding appropriate classification and applicable GST rate on supply of ‘parts’ of Poultry-keeping machinery.
- 4.2 Parts of Poultry-keeping machinery are classifiable under tariff item 8436 91 00 and attract GST at the rate of 12% vide Sl. No. 199 of Schedule II of notification No. 1/2017-Central Tax (Rate), dated the 28th June, 2017. On the recommendations of the Council, to bring clarity on the issue, the relevant entry at Si. No. 199 of Schedule II of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017 , has been amended vide notification No. 2/2024-Central Tax (Rate), dated the 12th July, 2024 to specifically include ‘parts’ of Poultry-keeping machinery.
- 4.3 Further, on the basis of the recommendation of the GST Council, in view of the prevailing genuine doubts, the issues for the past period are regularized on “as is where is basis”.

5. Clarification regarding the scope of expression 'pre-packaged and labelled' for supply of agricultural farm produce:

- 5.1 Representations have been received seeking clarification regarding the scope of expression 'pre-packaged and labelled' for the purposes of levy of GST on supply of agricultural farm produce in view of amendment made in Legal Metrology (Packaged Commodities) Rules, 2011.
- 5.2 On the basis of the recommendation of the GST Council, the definition of 'pre-packaged and labelled' in notification No. 1/2017-Central Tax (Rate) and notification No. 2/2017-Central Tax (Rate), both dated the 28th June, 2017, has been amended vide notification No. 2/2024-Central Tax (Rate) dated 12th July 2024 and notification No. 3/2024-Central Tax. (Rate) dated 12th July, 2024, respectively, to exclude the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre from the scope of 'pre-packaged and labelled'. Consequently, supply of agricultural farm produce in package (s) containing quantity of more than 25 kilogram or 25 litre will not attract GST levy of 5%.
- 5.3 Further, on the basis of the recommendation of the GST Council, in view of the prevailing genuine doubts, the issues for the past period are hereby regularized on "as is where is" basis.

6. Clarification regarding supplies of goods made to or by agency engaged by Government

- 6.1 Prior to 17th July, 2022, supplies of pulses and cereals attracted GST at rate of 5%, wherein the said goods were put up in a unit container and bearing a registered brand name and/or bearing a brand name on which an actionable claim or enforceable right in a court of law is available.
- 6.2 On the basis of the recommendation of the GST Council, in view of the genuine interpretational issues, the issues for the past

period from 01.07.2017 up to 17.07.2022 are hereby regularized on "as is where is" basis for supplies made to or by any agency engaged by Union Government or State Government/Union Territory for procurement and sale of such goods under any programme/scheme duly approved by the Central Government or any State Government intended to distribute such goods at free of cost or at subsidized rate to the eligible beneficiaries like economically weaker sections of the society subject to following conditions, namely:-

- a. the concerned supplier furnishes a certificate from an officer not below the rank of the Deputy Secretary to the Government of India or the Deputy Secretary to the State Government or the Deputy Secretary in the Union Territory concerned recommending that supplies have been made to or by an agency engaged by Union Government or State Government/Union Territory for procurement and sale of such goods under any programme/scheme duly approved by the Central Government or any State Government intended to distribute such goods at free of cost or at subsidized rate to the eligible beneficiaries like economically weaker sections of the society, within a period of 180 days from the date of issuance of this Circular to the jurisdictional commissioner of the Central Tax or jurisdictional commissioner of the State Tax, or jurisdictional officer of the Union Territory Tax, as the case maybe; and
- b. Input Tax Credit shall not be allowed on such inputs and, if availed on such inputs, it shall be reversed within a period of 180 days from the date of issuance of this Circular, if the supplier intends to take the benefit under the proposed regularisation.

7. Difficulty, if any, in the implementation of this circular may be brought to the notice of the Board.



CIRCULAR NO. 228/22/2024-GST

F. No. CBIC-190354/94/2024-TO(TRU-II)-CBEC

15th July, 2024

Subject: Clarifications regarding applicability of GST on certain services — reg.

In exercise of the powers conferred under section 168(1) of the Central Goods and Services Tax Act, 2017 and on the recommendations of the 53rd GST Council in its meeting held on 22nd June, 2024, at New Delhi, clarifications, related to the following issues are being issued through this circular:

- i. GST exemption on the outward supplies made by the Ministry of Railways (Indian Railways).
 - ii. GST exemption on the transactions between Special Purpose Vehicles (SPVs) and Ministry of Railways (Indian Railways).
 - iii. Applicability of GST on the statutory collections made by the Real Estate Regulatory Authority (RERA) in accordance with the Real Estate (Regulation and Development) Act, 2016.
 - iv. Applicability of GST on the incentive amount shared by acquiring bank with other stakeholders in the digital payment ecosystem under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions.
 - v. GST liability on the reinsurance of specified general and life insurance schemes.
 - vi. GST liability on the reinsurance of insurance schemes for which total premium is paid by the Government.
 - vii. Applicability of GST on retrocession services.
 - viii. GST liability on certain accommodation services.
- 2. GST exemption on the outward supplies made by Ministry of Railways (Indian Railways).**

- 2.1 Based on the request of Ministry of Railways (Indian Railways) and recommendations of the 52nd GST Council meeting held on 07.10.2023, all supplies of goods and services made by Ministry of Railways (Indian Railways) were brought under Forward Charge Mechanism and consequently exemptions that were available to Ministry of Railways (Indian Railways) were withdrawn vide notification No.13/2023-CT(R) dated 19.10.2023 w.e.f. 20.10.2023.
- 2.2 However, Ministry of Railways had brought out certain difficulties in implementation of the abovesaid notification and matter was examined by the 53rd GST Council in its meeting held on 22nd June, 2024.
- 2.3 GST Council has recommended to exempt the services provided by Ministry of Railways (Indian Railways) to general public viz., sale of platform tickets, facility of retiring rooms/ waiting rooms, cloak room services and battery-operated car services. GST council has also recommended to exempt the supply of services made between various zones/ divisions under Ministry of Railways (Indian Railways). Notification No. 04/2024-CT(R) dated 12.07.2024 has been issued in this regard and effective date of implementation of the said notification is 15.07.2024.
- 2.4 The GST Council in its 53rd meeting has also recommended to regularize GST liability for the intervening period i.e. from 20.10.2023 to 14.07.2024 on 'as is where is' basis.
- 2.5 Therefore, as recommended by the 53rd GST Council, the GST on the services provided by Ministry of Railways (Indian Railways) to general public viz., sale of platform tickets, facility of retiring rooms, cloak room services and battery-operated car services and supply of services made between various zones/ divisions under Ministry of Railways (Indian Railways) is hereby regularized on 'as is where is' basis from 20.10.2023 to 14.07.2024.

3. GST exemption on the transactions between Special Purpose Vehicles (SPVs) and Ministry of Railways (Indian Railways).

- 3.1 Based on the recommendations of the 48th GST Council meeting held on 17.12.2022, it was clarified to Ministry of Railways (Indian Railways) that supply of services by SPVs to Ministry of Railways (Indian Railways) by way of allowing Indian Railways to use infrastructure built and owned by them during the concession period against consideration and maintenance services supplied by Ministry of Railways (Indian Railways) to SPVs are taxable.
- 3.2 However, Ministry of Railways had brought out certain difficulties faced in implementation of the said recommendations of the 48th GST Council and matter was examined by the 53rd GST Council in its meeting held on 22nd June, 2024.
- 3.3 GST Council has recommended to exempt the supply of service by SPVs to Ministry of Railways (Indian Railways) by way of allowing Indian Railways to use the infrastructure built and owned by SPVs during the concession period against consideration and maintenance services supplied by Ministry of Railways (Indian Railways) to SPVs from GST. Notification No. 4/2024CT(R) dated 12.07.2024 has been issued in this regard.
- 3.4 The GST Council in its 53rd meeting has also recommended to regularize the past period in respect of such transactions for the period from 01.07.2017 to 14.07.2024 on 'as is where is' basis.
- 3.5 Thus, as recommended by the 53rd GST Council, GST on the supply of services by SPVs to Ministry of Railways (Indian Railways) by way of allowing it to use infrastructure built and owned by them during the concession period against consideration and maintenance services supplied by Ministry of Railways (Indian Railways) to SPVs in relation to such use of infrastructure built and owned by SPVs during the concession period against consideration is hereby regularized

for the period from 01.07.2017 to 14.07.2024 on 'as is where is' basis.

4. Applicability of GST on the statutory collections made by the Real Estate Regulatory Authority (RERA) in accordance with the Real Estate (Regulation and Development) Act, 2016.

- 4.1 Representation has been received requesting for clarification on whether GST is applicable on the statutory collections made by the Real Estate Regulatory Authority (RERA).
- 4.2 RERA is constituted under the Real Estate (Regulation and Development) Act, 2016. RERA performs function of regulating the real estate development and construction of the building entrusted to them which fall under Entry No.1 and 2 of the Twelfth Schedule of the Indian Constitution.
- 4.3 RERA is a 'governmental authority' as per the definition in the exemption notification No.12/2017- CT(R) dated 28.06.2017 and is covered under the scope of entry at Sl. No. 4 of notification No. 12/2017-CT(R) dated 28.06.2017.
- 4.4 GST Council in its 53rd meeting has recommended to clarify that statutory collections made by RERA are covered under the Sl. No. 4 of notification No. 12/2017-CT(R) dated 28.06.2017.
- 4.5 Thus, as recommended by the 53rd GST Council, it is hereby clarified that statutory collections made by RERA are covered under the Sl. No. 4 of notification No. 12/2017-CT(R) dated 28.06.2017.

5. Applicability of GST on the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions.

- 5.1 Representation has been received requesting for clarification on whether GST is applicable on



the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions.

- 5.2 Under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions, the Ministry of Electronics and Information Technology (MeitY) pays the acquiring banks an incentive as a percentage of the value of the transactions up to two thousand rupees. Applicability of GST on the incentive paid by the MeitY to acquiring banks under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions was examined in the 48th GST Council meeting held on 17th December, 2022 and based on the recommendations of the GST Council meeting, it was clarified by Circular No. 190/02/2023- GST dated 13th January, 2023, that incentives paid by MeitY to acquiring banks under the said scheme are in the nature of subsidy and thus, not taxable.
- 5.3 The Gazette Notifications dated 17th December, 2021 and 14th January, 2023 issued by MeitY state that the incentives will be shared by the acquiring banks with other payment system participants and the payment system operator, in the proportion and manner decided by the National Payments Corporation of India (NPCI) in consultation with the participating banks. MeitY pays the incentive to the acquiring bank and it is further shared by the acquiring bank with the issuer bank. Issuer bank further shares the incentive with the Payer Payment Service Provider (PSP), which are typically banks, and the UPI app.
- 5.4 The share of incentive paid by the acquiring bank to the issuer bank and further shared by the issuer bank to the Payer PSPs and the UPI app are decided by the NPCI in consultation with participating banks. Payer PSPs may choose to further share this incentive with Third Party App Providers (TPAP). However, the proportion of

the incentive shared by Payer PSPs with TPAPs is not being decided by NPCI in consultation with the participating banks for Financial Years 2021-22 and 2022-23 and was determined by the business agreement between the Payer PSPs and TPAP.

- 5.5 GST Council in its 53rd meeting held on 22nd June, 2024 has recommended to clarify that further sharing of the incentive amount by the acquiring bank with other stakeholders, up to the point where the incentive is distributed in the proportion and manner as decided by NPCI in consultation with the participating banks under the notified Incentive Scheme, is in the nature of a subsidy and thus, not taxable.
- 5.6 Thus, as recommended by the 53rd GST Council, it is hereby clarified that further sharing of the incentive amount by the acquiring bank with other stakeholders, up to the point where the incentive is distributed in the proportion and manner as decided by NPCI in consultation with the participating banks under the notified Incentive Scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions, is in the nature of a subsidy and is thus, not taxable.
- 6. GST liability on the reinsurance of specified general and life insurance schemes.**
- 6.1 Representations have been received to either exempt or regularize the GST liability, for the period from 01.07.2017 to 24.01.2018, on reinsurance of specified general insurance and life insurance schemes, which are exempt from GST.
- 6.2 Certain specified general insurance and life insurance schemes are exempt from GST under Si. Nos. 35 and 36 of notification No. 12/2017-CT(R) dated 28.06.2017. Vide entry at Si. No. 36A of the said notification, reinsurance of the aforesaid exempted insurance schemes has also been exempted w.e.f. 25.01.2018.
- 6.3 GST Council in its 53rd meeting held on 22nd June, 2024 has recommended to regularize the

GST liability on such reinsurance of exempt general insurance and life insurance schemes for the past period, i.e. from 01.07.2017 to 24.01.2018, on 'as is where is' basis.

6.4 Thus, as recommended by the GST Council, GST liability on the services by way of reinsurance of the insurance schemes specified in Si. Nos. 35 and 36 of notification No. 12/2017CT(R) dated 28.06.2017 is regularized for the period from 01.07.2017 to 24.01.2018 on 'as is where is' basis.

7. GST liability on the reinsurance of insurance schemes for which total premium is paid by the Government.

7.1 Representations have been received to exempt GST, for the period from 01.07.2017 to 26.07.2018, on reinsurance of those insurance schemes for which total premium is paid by the Government.

7.2 Services provided to the Central Government, State Government, or Union Territory under any insurance scheme for which total premium is paid by the Central Government, State Government, or Union Territory are exempt from GST under SI. No. 40 of notification No. 12/2017-CT(R) dated 28.06.2017. Vide entry at Si. No. 36A of the said notification, re-insurance of the aforesaid insurance schemes has been prospectively exempted w.e.f. 27.07.2018.

7.3 GST Council in its 53rd meeting held on 22nd June, 2024 has recommended to regularize the GST liability on such reinsurance of Government sponsored insurance schemes for the past period, i.e. from 01.07.2017 to 26.07.2018, on 'as is where is' basis.

7.4 Thus, as recommended by the GST Council, GST liability on the services by way of reinsurance of insurance services covered under SI. No. 40 of notification No. 12/2017-CT(R) dated 28.06.2017 is regularized for the period from 01.07.2017 to 26.07.2018 on 'as is where is' basis.

8. Applicability of GST on retrocession services.

8.1 Representations have been received to clarify whether the term 'reinsurance' as mentioned in SI. No. 36A of notification No. 12/2017-CT(R) dated 28.06.2017 includes 'retrocession'.

8.2 The matter was placed before the GST Council in its 53rd meeting held on 22nd June, 2024. As per the IRDAI (Re-insurance) Regulations, 2018, 'Retrocession' means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian Insurer or a CBR (Cross Border Re-insurer). Accordingly, the GST Council has recommended to clarify that reinsurance includes retrocession services.

8.3 Thus, as recommended by the GST Council, it is hereby clarified that the term 'reinsurance' as mentioned in SI. No. 36A of notification No. 12/2017-CT(R) dated 28.06.2017 includes 'retrocession' services.

9. GST liability on certain accommodation services.

9.1 Representations have been received requesting to clarify whether service by way of hostel accommodation, service apartments/hotels booked for longer period is a service of renting of residential dwelling for use as residence and exempted under entry at SI. No. 12 of notification No. 12/2017-CTR dated 28.06.2017. Requests have also been received for GST exemption on hostels for poor and middle-class students run by charitable trusts.

9.2 The matter was placed before the GST Council in its 53rd meeting held on 22nd June, 2024 and the GST Council recommended to exempt the supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days. The same has been exempted w.e.f. 15.07.2024 vide notification No. 4/2024-CT(R) dated 12.07.2024.



- 9.3 In its 53rd meeting, the GST Council further recommended extending the benefit for past cases provided that value of supply of accommodation services supplied was less than or equal to twenty thousand rupees per person per month and that the accommodation service was supplied for a minimum continuous period of ninety days.
- 9.4 Thus, as recommended by the GST Council, GST liability on the supply of accommodation services is regularized on as is where is' basis for the period from 01.07.2017 to 14.07.2024 where value of supply of the accommodation service is less than or equal to twenty thousand rupees per person per month and the said accommodation service was supplied for a minimum continuous period of ninety days.
10. Difficulties, if any, in the implementation of this circular may be brought to the notice of the Board.

JUDGEMENT

INDIRECT TAX

MATTER TO BE REMITTED BACK TO PASS FRESH ORDER ON MERITS AS ASSESSEE BEING A SMALL OPERATOR FAILED TO CHECK SCN ON PORTAL: HC

Facts of the case - New Grace Computers v. State Tax Officer (FAC) - [2024] (Madras)

The petitioner was aggrieved by the order passed under Section 73 of GST Act, 2017. The department confirmed demand with interest for the period of 2017-18 and 2018-19. It filed writ petition and contended that the notices that preceded to the impugned order were not noticed by the petitioner as they were uploaded in the web portal and the petitioner, being a small operator, failed to notice the same.

Decision of the case :

The Honorable High Court noted that the petitioner being a small operator and it was not, day to day, logging in to the web portal to verify as to whether any orders have been passed or any notices have been issued. Therefore, the Court held that the impugned order confirming demand was to be set aside and matter was to be remitted to pass fresh orders on merits.

WRITE PETITION AGAINST ORDER CONFIRMING TAX PROPOSAL WAS TO BE DISMISSED AS REPLY OF ASSESSEE WAS DULY CONSIDERED BY AO: HC

Facts of the case - Tvl. Nagarajan Pavithra v. Union of India - [2024] (Madras)

The petitioner received show cause notice in respect of failure to report correct tax liability while filing the annual returns in Form GSTR-9.

It replied to such show cause notice but the impugned assessment order was issued. It filed writ petition against the assessment order and contended that the inward supplies were not reported while filing the monthly returns and the annual return for financial year 2018-2019.

Decision of the case :

The Honorable High Court noted that the reply of petitioner was taken into consideration in the impugned order while confirming the tax proposal. The Court also noted that the petitioner had placed on record show cause notice and the reply and it was mentioned that both the GSTR-3B and GSTR-9 returns contained clerical errors. Therefore, it was held that in these circumstances, it cannot be said that principles of natural justice were violated and thus, the petition was liable to be dismissed.

HC DIRECTED GST AUTHORITIES TO CONDONE DELAY AND PERMITTED ASSESSEE TO FILE FORM ITC-01

Facts of the case - Hari Om Arora v. Union of India - [2024] (Calcutta)

The assessee filed an application for transfer of GST file from 'composition scheme' to 'normal scheme' which was duly sanctioned. It was required to file and upload input tax credit certificate within 30 days from the date of approval. However, it couldn't be uploaded in time for reasons of pandemic and medical ground of CA of the assessee

It approached authorities for condonation of delay but the authorities did not condone delay. Thereafter, it filed writ petition and the Coordinate Bench had directed authorities to consider application for condonation but the Joint Commissioner held that he did not come across any provision in Act or Rules which permitted



condonation of delay. It again filed petition against the rejection of application for condonation of delay.

Decision of the case :

The Honorable High Court noted that as per Rule 40(1) (b) of CGST Rules, the registered person shall within a period of 30 days from the date of becoming eligible to avail an input tax credit or within such further period as may be extended by the Commissioner by a notification in this behalf shall make a declaration, electronically, on the common portal in Form ITC-01. This provision specifically authorizes the Commissioner to extend the time. Therefore, the Court held that the department was directed to condone delay and permit assessee to file Form ITC-01.

HC DIRECTED DEPARTMENT TO PROVIDE PARTICULARS AND DOCUMENTS RELIED UPON FOR FAKE INVOICE ALLEGATION AGAINST ASSESSEE

Facts of the case - Tvl. S.S. Metals v. State Tax Officer - [2024] (Madras)

The petitioner had availed of Input Tax Credit (ITC) in relation to supplies received from a supplier. The department initiated proceedings by issuing show cause notice and alleged that the petitioner was not entitled to ITC because the supplier was non-existent. The ITC was denied to the petitioner in spite of the petitioner submitting the relevant tax invoice, e-way bill and bank statement. It filed writ petition and contended that principles of natural justice were violated.

Decision of the case :

- The Honorable High Court noted that the burden of proof is on the tax payer to establish entitlement to ITC, including by showing movement of goods. However, in the instant case, the department failed to provide documentary basis for conclusion of fake invoices and the petitioner submitted the relevant tax invoice, e-way bill and bank statement.

- Moreover, the supplier had filed returns during the relevant period and these supplies were also reflected in the GSTR-2A. Therefore, the Court held that the impugned order was to be set aside and fresh order to be passed after giving opportunity of hearing on depositing 20% of disputed tax as condition. The Court also directed the department to provide particulars and documents relied upon for fake invoice allegation to enable petitioner's response.

CONFISCATION OF GOODS WITHOUT GIVING DETAILS OF DISCREPANCIES NOTICED DURING VERIFICATION IS UNJUSTIFIED: HC

Facts of the case - Cluster Enterprises v. Deputy Assistant Commissioner (ST)-2 - [2024] (Andhra Pradesh)

The petitioner was involved in business of scrap iron and was transporting scrap iron for sale to a dealer in Telangana State. The vehicles in which this scrap iron was being transported was stopped for verification and inspection. The department issued notice under Section 130 calling upon petitioner to show cause why goods under transport and as well as the vehicle in which the goods have been transported should not be confiscated. The petitioner filed its objections but the department passed order confiscating goods as well as the vehicle.

The petitioner filed writ petition and contended that the proceedings, including the order of confiscation, were invalid and without jurisdiction as the show cause notice lacked detailed reasons and necessary material was not provided to it.

Decision of the case :

- The Honorable High Court noted that it is a settled principle of law that a show cause notice would have to set out the entire case against noticee and noticee should be given an opportunity to rebut the same. However, in the instant case, the show cause notice lacked detailed reasons and necessary material was not provided to assessee.

- Moreover, the order of confiscation contained various details which were not available in the show cause notice. Also, the department did not choose to respond to the request of the petitioner for supply of the material on the basis of which the

show cause notice had been issued. Therefore, the Court held that the confiscation order was liable to be set aside and matter was remanded back for proper adjudication.

DIRECT TAX

ASSESSEE TO BE GIVEN OPPORTUNITY TO EXPLAIN BEFORE SWITCHING ADDITIONS FROM U/S 68 TO 69A: HC

Facts of the case - Vishal Jhajharia vs. Assessment Unit, Income-tax Department Faceless Assessment Centre - [2024] (Calcutta)

The assessee received a notice for the relevant assessment year proposing to add a certain amount to the total income as unexplained cash credits under section 68. The assessee responded to the notice explaining why the addition should not be made. Despite the response, the Faceless Assessment Unit (NFAC) issued an assessment order, adding the said amount as unexplained money under section 69A instead of section 68.

Contending that this switch from section 68 to section 69A without prior notice violated the principles of natural justice, the assessee filed a writ petition before the Calcutta High Court.

Decision of the case :

- The High Court ruled that the two provisions are entirely separate. Under Section 68, if a sum is credited to an assessee's books for the previous year without an explanation regarding its nature and source, or if the explanation is unsatisfactory, the income tax authorities may treat that sum as the assessee's income for the previous year.
- In contrast, Section 69A applies when the assessee is found to possess money, jewellery, or other valuable assets not recorded in their accounts. If there is no explanation for the nature and source of these assets, or if the explanation provided is

unsatisfactory, the assets will be deemed as income for that financial year.

- In this case, although the notice to show cause clearly identified that the amount proposed to be added back was by invoking the provisions of Section 68 and the assessee on such premise had responded to the same, the final assessment order was passed by treating the same to be an "unexplained money" under section 69A.
- The language used in section 69A clearly required the assessee to be afforded an opportunity to explain. As such, even if the NFAC were of the opinion that in this case section 69A ought to be invoked, NFAC ought to have granted an opportunity to the assessee to explain at least prior to passing the assessment order. In the absence of any notice, the assessee was obviously taken by surprise and was denied the opportunity to appropriately explain.
- Accordingly, the determination made by NFAC, as reflected in the assessment order, was vitiated. Since the above violates the principles of natural justice, the order impugned became unenforceable in law.

AFFILIATION WITH AND RECOGNITION BY REGULATORY AUTHORITY NOT ESSENTIAL ATTRIBUTES OF EDUCATION U/S 2(15): HC

Facts of the case - CIT(E) vs. NIIT Foundation - [2024]

The assessee was a society registered under the Societies Registration Act, 1860, which held a registration under Section 12A. It was also accorded recognition under Section 80G(5). For the relevant assessment year, the assessee furnished its



return of income, and the case was selected for scrutiny assessment. The Assessing Officer (AO) accepted the charitable nature of the educational activities undertaken by the assessee, and accordingly, the assessment was completed.

However, the CIT(E) noticed that the assessee was not affiliated with any regulatory body. Therefore, exercising the powers under section 263, CIT(E) set aside the assessment, contending that it was not engaged in imparting education and denied exemption under section 11.

On appeal, the Tribunal allowed the assessee's appeal, and the matter then reached before the Delhi High Court.

Decision of the case :

- The High Court held that the assessee was found to have essentially undertaken educational activities spread across various subjects and streams, providing opportunities to underprivileged youth and others and essentially skilling them for the purpose of future employment. It was also stated that various digital literacy initiatives were undertaken across as many as ten states of the country. The instruction was imparted at either NIIT-run centres or NGO-partnered establishments. Its revenue stream was disclosed to flow from tuition fees and other educational services it provides. The fee structure was asserted to be heavily subsidised and discounted.
- Further, the activities undertaken by the assessee were systematic. They proceeded along well-defined lines based on curated courses designed to skill and educate the students who had been enrolled. On facts, the assessee was also able to establish beyond a measure of doubt that its courses were informed by a fixed curriculum and attendance criteria, thus fulfilling all essential ingredients of formal education.
- Relying upon the principles enunciated by the Supreme Court in both *Lok Shikshana Trust (1976) 1 SCC 254* and *New Noble Educational Society [2022] 143 taxmann.com 276 (SC)*, it was held that affiliation with and recognition by a regulatory authority are not essential attributes of education under Section 2(15).

- In addition, the assessee's centres had been duly approved by the NSDC, a nodal agency concerned with vocational and technical training. It explained that section 2(15) is concerned with training and developing knowledge, skill, mind, and character through formal schooling. The assessee clearly met these tests. Accordingly, the appeal was dismissed.

HC QUASHES SEC. 148A(D) ORDER AS AO DIDN'T STATE WHY SUBMISSIONS FILED BY ASSESSEE WERE NOT ACCEPTABLE

Facts of the case - *Shell Gas BV v. Assistant Commissioner of Income-tax, International Taxation - [2024] (Gujarat)*

During the year under consideration, the assessee advanced an interest-free ECB loan to its Indian subsidiary. It did not file a return of income, assuming no taxable income in India.

The Assessing Officer (AO) issued a notice under section 148(b) alleging escapement of income on the issue of non-charging interest to the Indian subsidiary. The assessee filed a detailed response to the notice. Subsequently, the AO passed an order under section 148A(d), and consequential notice under section 148 of the even date was also issued, requiring the assessee to file the return of income.

Aggrieved by the order, the assessee filed a writ petition before the Gujarat High Court.

Decision of the case :

- The High Court held that the impugned order passed by the AO had recorded the contents of the notice issued under section 148A(b) and thereafter reproduced the entire submissions made by the assessee and again reiterated the contents of the notice under section 148A(b) to come to prima facie conclusion that it was a fit case to reopen the assessment.
- Reasons are required to be given by any quasi-judicial authority dealing with the contentions raised more particularly in the Scheme of the Act

when it stipulates statutory opportunity to the assessee to file a reply to the notice issued under section 148A(b) and thereafter on consideration of the reply and materials on record, the AO is required to come to the prima facie conclusion that it is a fit case to reopen the assessment.

- It appeared from the impugned order that the AO had materially complied with the formalities of consideration “of reply” by reproducing the reply without dealing with the issues raised in the said reply. Merely reproduction of the reply filed by the assessee cannot be said to be in compliance with provisions of section 148A(d).
- On comparison of the contents of the notice and the conclusion arrived at after reproduction of the reply of the assessee, it was apparent that the AO did not apply his mind while passing the impugned order under section 148A(d). As AO did not state as to why the submissions filed by the assessee were not acceptable and without dealing with it which was a pre-requisite passed the impugned order under section 148A(d).
- Thus, failure on the part of the AO to give reasons dealing with the contentions of the assessee resulted in the entire purpose of introduction of the Scheme for reopening under section 148A as a futile exercise.
- Therefore, the impugned order under section 148A(d) was not tenable as it was bereft of any reason and consequently, notice under section 148 was also liable to be quashed and set aside.

QUESTION OF CORRECTNESS OF CLAIM OF DEDUCTION U/S 80JJAA CAN'T REPRESENT ESCAPEMENT OF INCOME: HC

Facts of the case - Hexaware Technologies Ltd. vs. Assistant Commissioner of Income-tax - [2024] (Bombay)

Assessee was engaged in information technology consulting, software development and business process services. For the relevant assessment

year, a return of income was filed, claiming deduction under section 80JJAA of the Act. Such deduction was claimed after furnishing relevant forms and audit reports.

During the assessment proceedings, the assessment order was passed under Section 143(3), accepting the return of income filed by the petitioner. Subsequently, the Assessing Officer (AO) issued a notice under section 148 contending that the deduction under section 80JJAA was not available to the assessee as it was not deriving any profit from the manufacturing of goods in the factory.

Considering the deduction claim under section 80JJAA as information suggesting that income escaped assessment, AO passed the order under section 148A(d) and notice under section 148 of the Act.

Aggrieved by such notice, assessee filed writ petition before the Bombay High Court.

Decision of the case :

- The High Court held that the issue raised in the impugned initial notice and the impugned order pertain to the correct claim of deduction/allowances or the expenditure incurred. There was also no allegation regarding income escaping tax on account of any undisclosed asset. The claim of deduction under Section 80JJAA or an issue of the correctness of the claim of deduction under Chapter VI of the Act cannot be covered by Section 149(1)(b).
- Section 149(1)(b) prescribes that escaped income must be represented in the form of (i) an asset, (ii) expenditure in respect of a transaction or in relation to an event, or (iii) an entry in the books of account.
- The question of the correctness of the claim of deduction under Section 80JJAA cannot represent the escapement of income in the form of an asset. The term ‘asset’ is defined in Explanation to Section 149 to include the immovable property being land or building or both, shares and securities, loans and advances, and deposits in bank account.
- The alleged claim of disallowance of deduction also can never fall under the specified category as it was neither a case of expenditure in relation to an event



nor a case of an entry in the books of account, as no entries were passed in the books of account for claiming a deduction.

- Furthermore, it was clarified there cannot be a reopening based on a change of opinion. The assessee claimed a deduction under Section 80JJAA in the return of income along with the tax audit report. AO also passed the assessment order allowing the claim of deduction under Section 80JJAA. Such claim was allowed by AO in the earlier years. Thus, the present reopening was clearly a case of change of opinion; hence, the reassessment was invalid and bad in law.

NO SEC. 263 REVISION IF SEC. 153A ORDER WAS PASSED AFTER OBTAINING PRIOR APPROVAL OF JCIT

Facts of the case - PCIT v. Prakhar Developers (P.) Ltd. - [2024] (Madhya Pradesh)

The assessee, a company engaged in the real estate business, filed the return of income, declaring the total income of rupees 'NIL' for the relevant assessment year. The Assessing Officer (AO) completed the assessment under Section 143(3), read with Section 153A, accepting the return of income of the assessee for the relevant assessment year.

Subsequently, the Principal Commissioner of Income Tax (PCIT) observed that the AO did not disallow the cash payment made by the assessee for the purchase of the land under section 40A(3) of the Act. Contending the assessment order to be erroneous and prejudicial to the interest of the Revenue, PCIT initiated revisionary proceedings against the assessee.

On appeal, the Tribunal quashed the revisionary order passed by the PCIT. Aggrieved by the order, an appeal was filed to the Madhya Pradesh High Court.

Decision of the case :

- The High Court held that the PCIT can exercise the power under Section 263 of the Act, provided the conditions mentioned in the section are satisfied. The section empowers the PCIT to revise the order of the AO if he considers that any order passed therein by the AO is erroneous in so far as it is prejudicial to the interests of the Revenue.
- Further, as per Section 263 of the Act, the Principal Commissioner or Commissioner may call for and examine the record of any proceeding under the Act. If he considers any order passed therein by the AO is erroneous in so far as it is prejudicial to the interests of the Revenue, he may enquire and pass such order as he deems fit. Therefore, the power to revise the order is not only limited to the order passed by the AO with the approval of the PCIT.
- In the instant case, the PCIT initiated the revisionary proceedings against the assessee for not disallowing cash payment made by the assessee to purchase the land. The PCIT contended that the assessee made cash payment for the purchase of the land in violation of section 40A(3). Thus, there was a prejudice to the interest of the Revenue.
- However, the PCIT cannot revise the AO's order if the AO has already exercised his power and passed the order with the approval of the PCIT. The AO passed the order under Section 143(3) read with Section 153A after obtaining prior approval from the Assistant Commissioner under Section 153D of the Act.
- Accordingly, the PCIT has no jurisdiction to revise the order of the AO.

TAX CALENDAR

INDIRECT TAX

Due Date	Returns
August 7th, 2024	FEMA-ECB, ECB-2
August 10th, 2024	GSTR-7 (GST-TDS)
	GSTR-8 (GST-TCS)
	GSTR-1-Other than QRMP scheme
August 11th, 2024	GSTR-1-QRMP-Invoice Furnishing Facility
August 13th, 2024	GSTR-5-Non-Resident Taxable Person
	GSTR-6-Input Service Distributor

DIRECT TAX

Due Date	Returns
August 7th, 2024	Due date for deposit of Tax deducted/collected for the month of July, 2024. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
August 14th, 2024	Due date for issue of TDS Certificate for tax deducted under 194-IA, IB M & S (specified person) for the month of June, 2024
August 15th, 2024	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of July, 2024 has been paid without the production of a challan
	Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of July, 2024



E-PUBLICATIONS

Of

TAX RESEARCH DEPARTMENT

Guide Book for GST Professionals

Handbook for Certification for difference between GSTR-2A & GSTR - 3B

Impact of GST on Real Estate

Insight into Customs-Procedure & Practice

Input Tax Credit and In depth Discussion

Taxation on Co-operative Sector

Guidance notes on Preparation and Filing of Form GSTR 9 and 9c

Guidance Note on Anti Profiteering

Handbook on GST on Service Sector

Handbook on Works Contract under GST

Handbook on Impact of GST on MSME Sector

Assessment under the Income Tax Law

Impact on GST on Education Sector

International Taxation and Transfer Pricing

Handbook on E-Way Bill

Filing of Return

Handbook on Special Economic Zone and Export Oriented Units

For E-Publications, Please Visit Taxation Portal
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TAXATION COMMITTEES - PLAN OF ACTION

Proposed Action Plan:

1. Successfully conduct all Taxation Courses.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.



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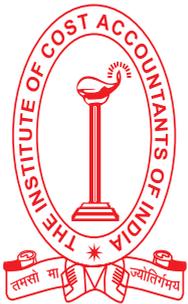
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