



FINANCE BILL (No.2) 2024

FINE PRINT: AN ANALYSIS

This is a gist of some of the key amendments proposed in the Finance Bill (No. 2) 2024. We recommend that you seek suitable professional advice before acting on them. You may email us for queries on taxation@rajendraco.com

July 23rd 2024

These amendments generally apply to income earned from 1st April 2024. TDS amendments would apply from different dates for each amendment proposed.

For Individuals / HUFs

Only under the new tax regime:

- Income from Rs. 3 - 7 Lakhs (earlier 6 Lakhs) taxed at 5% - benefit of Rs. 5,000 to every tax payer
- Income from Rs. 7 – 10 Lakhs (earlier 9 Lakhs) taxed at 10% - benefit of Rs. 10,000
- Tax rates beyond Rs. 10 Lakhs unchanged.
- Standard Deduction for a Salaried Employee – increased to Rs. 75,000 (earlier Rs. 50,000).
- Income from Family Pension – deduction increased to Rs. 25,000 (earlier Rs. 15,000).
- Employer's Contribution to Notified Pension Scheme deductible upto 14% of Salary (earlier 10%).

For Investors

- Transfer of any capital asset held for more than 24 months will be taxed as Long Term Capital Gains (except Listed securities where the holding period needed is 12 months). This includes assets such as Gold and Art as well.
- Long term Capital Gains taxable at a flat **12.50%** for all assets classes and no indexation benefits will be available anymore. Earlier tax rate was 20% on indexed basis.
- Long Term capital gain on listed securities and equity funds will be taxed at **12.50%** (earlier 10%) but after a minimum exemption of Rs. 1.25 Lakhs (earlier Rs.1 Lakh).
- Short Term Capital Gains from sale of Listed securities taxable at **20%** instead of the earlier 15% rate.
- Capital Gains from Unlisted Bonds / Debentures will be deemed to be Short Term Capital Gain regardless of the holding period.
- Amount received on Buyback of Shares will now be deemed to be dividend in the hands of the shareholder instead of the earlier levy of a Distribution Tax on the Company. The acquisition cost of shares that are bought back will be treated as a Capital Loss.
- STT rates for Option Premium increased to 0.1% and for Futures increased to 0.02%.

For Businesses

- Partners can collectively draw higher tax deductible remuneration from a partnership /LLP of upto Rs. 0.90 Lakhs more if the same is provided for in the partnership deed.
- Income from letting out a Residential Property will be taxed as Property Income only and not as Business Income.

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For Start Ups and Raising of Capital

Angel Tax abolished. No tax on Share Premium received on issue of shares as Income from Other Sources.

For Non Residents

Tax rate for Foreign Companies reduced to 35% - earlier 40%.

On TDS/ TCS

- TDS rates reduced to 2% (from 5%) for Commission and Brokerage and for rent paid for residential Properties by Individuals.
- TDS of 10% on Floating Rate Bonds issued by Government of India.
- TDS of 10% on any payments to partners such as remuneration, interest, etc. (from next year).
- TCS of 1% on purchase of certain luxury items (to be notified) in excess of Rs. 10 Lakhs.
- TCS collected from a Minor can be claimed against the parent's tax liability (from next year).
- TCS collected from a Salaried employee can be requested to be adjusted when an employer does TDS on his/her salary.

On Tax Administration

- Reassessment of Income escaping assessment restricted to 5 years (earlier 10 years).
- A Vivad se Vishwas Scheme, Version 2, will be launched to settle past litigations.

On GST

No Significant amendment in rates.

A new Direct Tax Law will be tabled to replace the current Act of 1961 within the next 6 months

We shall be posting detailed analyses of critical amendments and their impact on our LinkedIn page over the next few days.

Please follow us on <https://www.linkedin.com/company/rajendra-co-chartered-accountants/> for more updates.