



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। इष्टं कुरु। कुरुते। अवेदं ह्यु कुरुते। इच्छ

Mission

"To develop high calibre professionals facilitating good corporate governance"

Tuesday, July 23, 2024

Info Capsule

President

CS B Narasimhan

Vice President

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UNION BUDGET 2024 - 2025

The theme of Union Budget 2024-25 laid focus on Employment, Skilling, MSMEs, and the Middle Class and emphasized 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

The Union Budget encompasses futuristic, inclusive and holistic growth by underscoring crucial dimension like ease of doing business, fostering digitization, conducive business ambience for MSMEs, agricultural growth and various other facets catering to the developmental economics.

Ease of Doing Business

1. National Company Law Tribunals and Appellate Tribunals will be strengthened. Additional Tribunals will be established. Out of those, some will be notified to decide cases exclusively under the Companies Act.
2. Appropriate changes to the IBC will be initiated to speed up insolvency resolution. An integrated technology platform will be set up for improving the outcome of the IBC for achieving consistency, transparency, timely processing and better oversight for all stakeholders.
3. The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for voluntary closure of LLPs to reduce the closure time.
4. The Debt Recovery Tribunals will be strengthened. Additional Debt Recovery Tribunals will be established to speed up recovery.
5. Proposed simplification of rules for FDIs and overseas investments to facilitate FDI, nudge prioritization, promote opportunities for using Indian Rupee as a currency for overseas investments.

UNION BUDGET 2024 - 2025

Digital Governance

- To ensure coverage of farmers and their lands, the Central Government in partnership with the States will facilitate the implementation of the Digital Public Infrastructure (DPI).
- Development of DPI applications at population scale for productivity gains, business, opportunities, and innovation by the private sector in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.
- Loans upto Rs. 10 lakh for higher education in domestic institutions for the students who are not covered in any other government scheme by way of e-vouchers.
- Public sector banks to build in-house capability to assess MSMEs for credit by taking a lead in developing a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy.
- E-Commerce Export Hubs to be set up in public-private-partnership (PPP) mode for enabling MSMEs and artisans to sell their products internationally under one roof.
- An Integrated Technology Platform to be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.
- The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) to be extended for voluntary closure of LLPs for reduction the closure time.
- Land-related reforms and actions, both in rural and urban areas, will cover (1) land administration, planning and management, and (2) urban planning, usage and building bylaws. Rural land related actions will include (a) assignment of Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands, (b) digitization of cadastral maps, (c) survey of map sub-divisions as per current ownership, (d) establishment of land registry, and (e) linking to the farmers registry. Land records in urban areas to be digitized with GIS mapping with the help of IT based system for property record administration, updating, and tax administration.
- A comprehensive integration of e-shram portal with other portals as a one-stop solution to connect job-aspirants with potential employers and skill providers.
- Shram Suvidha and Samadhan portals to be revamped to enhance ease of compliance for industry and trade.
- Collection, processing and management of data and statistics, different sectoral data bases, including those established under the Digital India mission, to be utilized with active use of technology tools for improving data governance.

Environment

- Energy Audit:
 - Financial support for shifting of micro and small industries to cleaner forms of energy.
 - Facilitate investment grade energy audit in 60 clusters, next phase expands to 100 clusters.
- Taxonomy for climate finance for enhancing the availability of capital for climate adaptation and mitigation related investments.
- In view of PVC flex banners being non-biodegradable and hazardous for environment and health, the Union Budget proposed to raise the BCD (Basic Customs Duty) from 10 to 25 percent.
- Exemption from Clean Environment Cess.

MSMEs

For the promotion and expansion of MSMEs and to help them grow and also compete globally, Union Budget provides special attention to MSMEs and proposed following new measures to boost MSMEs:

- Facilitating term loans for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced.
- Public sector banks will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment.
- New mechanism of Credit Support to MSMEs during Stress Period.
- E-Commerce Export Hubs will be set up in public private-partnership (PPP) mode to sell MSME products in international markets
- The limit of Mudra loans will be enhanced to ₹ 20 lakh from the current ₹ 10 lakh.
- For facilitating MSMEs to unlock their working capital by converting their trade receivables into cash, it is proposed to reduce the turnover threshold of buyers for mandatory onboarding on the TReDS platform from ₹500 crore to ₹250 crore.

Start-Up

To bolster the Indian start-up eco-system, boost the entrepreneurial spirit and support innovation, it is proposing to abolish the angel tax for all classes of investors.

Priority Areas in the Union Budget

Priority 1: Productivity and resilience in Agriculture

The government will undertake a comprehensive review of the agriculture research setup to focus on raising productivity. Rs.1.52 lakh crore allocated for agriculture and allied sectors. New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops to be released for cultivation by farmers. In next two years 1 crore farmers to be initiated into natural farming, with certification and branding. Digital Public Infrastructure (DPI) for Agriculture by Government in partnership with the states to be implemented for coverage of farmers and their lands in 3 years.

Priority 2: Employment & Skilling

As part of the Prime Minister's package, 3 schemes for 'Employment Linked Incentive' to be implemented - Scheme A - First Timers; Scheme B - Job Creation in manufacturing; Scheme C - Support to employers. To facilitate higher participation of women in the workforce, working women hostels and crèches to be established with industrial collaboration, women-specific skilling programmes to be organized and market access for women SHG enterprises to be promoted.

Priority 3: Inclusive Human Resource Development and Social Justice

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.

Pradhan Mantri Janjatiya Unnat Gram Abhiyan- For Socio-economic development of tribal families in tribal-majority villages and aspirational districts, government will launch the Pradhan Mantri Janjatiya Unnat Gram Abhiyan which will cover 63,000 villages benefitting 5 crore tribal people.

Bank branches in North-Eastern Region- For expansion of Banking services in North East region 100 branches of India Post Payment Bank will be set up.

Priority 4: Manufacturing & Services

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector to facilitate loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee.
- New credit assessment model to assess MSMEs credit, based on the scoring of digital footprints of MSMEs in the economy.
- A new mechanism is announced for facilitating continuation of bank credit to MSMEs during their stress period.

- Twelve industrial parks under the National Industrial Corridor Development Programme.
- Rental housing with dormitory type accommodation for industrial workers in PPP mode with VGF support and commitment from anchor industries.
- Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets.

Priority 5: Urban Development

- Development of Cities as Growth Hubs through economic and transit planning, and orderly development of peri-urban areas utilising town planning schemes.
- Transit Oriented Development plans for 14 large cities with a population above 30 lakh.
- Needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹10 lakh crore under the PM Awas Yojana Urban 2.0.
- Enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place.
- Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects.
- Envisioning a scheme to develop 100 weekly 'haats' or street food hubs in select cities.
- Encouraging states to lower stamp duties for properties purchased by women.

Priority 6: Energy Security

- Policy document on 'Energy Transition Pathways' to balance the imperatives of employment, growth and environmental sustainability to be brought out.
- Scheme has been launched to install rooftop solar plants to enable 1 crore Households obtain free electricity Up to 300 Units every month 1.28 crore Registrations and 14 lakh applications so far.
- Policy for promoting pumped storage projects for electricity storage and facilitation of smooth integration of the growing share of renewable energy.
- Government to partner with private sector for R&D of Bharat Small Modular Reactor, research & development of Bharat Small Modular Reactor, and newer technologies for nuclear energy.
- Joint venture proposed between NTPC and BHEL to set up a full scale 800 MW commercial plant using Advanced Ultra Super Critical (AUSC) technology.
- Appropriate regulations for transition of 'hard to abate' industries from the current 'Perform, Achieve and Trade' mode to 'Indian Carbon Market' mode to be put in place.
- Financial support energy audit for shifting of micro and small industries to cleaner forms of energy.
- Facilitate investment grade energy audit in 60 clusters, next phase expands to 100 clusters.

Priority 7: Infrastructure

- Development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on the lines of Kashi Vishwanath Temple Corridor.
- Comprehensive development initiative for Rajgir will be undertaken which holds religious significance for Hindus, Buddhists and Jains.
- The development of Nalanda as a tourist centre besides reviving Nalanda University to its glorious stature.
- Assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches making it an ultimate tourism destination.

Priority 8.: Innovation, Research & Development

- Operationalization of the Anusandhan National Research Fund for basic research and prototype development.
- Private sector-driven research and innovation at commercial scale with a financing pool of ₹1 lakh crore.
- Space Economy: A venture capital fund of ₹1,000 crore is to be set up.

Priority 9: Next Generation Reforms

- Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands.
- Digitization of cadastral maps.
- Survey of map sub-divisions as per current ownership.
- Establishment of land registry and linking to the farmers registry.
- Land records in urban areas to be digitized with GIS mapping.
- Integration of e-shram portal with other portals to facilitate such one-stop solution.
- Mechanism to connect job-aspirants with potential employers and skill providers.
- NPS-Vatsalya as a plan for contribution by parents and guardians for minors.

DIRECT TAX**1. Changes in Personal Income Tax under New Tax Regime**

- Revise Tax Slab and Rates

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

- Standard deduction for salaried employees increased from ₹50,000 to ₹75,000.
- Deduction on family pension for pensioners enhanced from ₹15,000 to ₹25,000
- Deduction of expenditure by employers towards NPS to be increased from 10% to 14% of the employee's salary.

2. Changes in Corporate Tax

- Corporate tax rate on foreign companies reduced from 40% to 35%.
- Angel tax for all classes of investors abolished to bolster start-up eco-system.
- Simpler tax regime for foreign shipping companies operating domestic cruises to promote cruise tourism in India.
- Safe harbour rates for foreign mining companies selling raw diamonds in the country.
- Equalization levy of 2% withdrawn.

3. Simplification and Rationalisation of Capital Gains

- Short term gains on certain financial assets to attract a tax rate of 20%.
- Long term gains on all financial and non-financial assets to attract a tax rate of 12.5%.
- Exemption limit of capital gains on certain financial assets increased to ₹ 1.25 lakh per year.
- Security Transactions Tax on futures and options of securities increased to 0.02% and 0.1% respectively.

Simplification for Charities and of TDS

- 20% TDS rate on repurchase of units by mutual funds or UTI withdrawn.
- TDS rate on e-commerce operators reduced from 1% to 0.1%.
- Delay for payment of TDS up to due date of filing statement decriminalized.
- Two tax exemption regimes for charities to be merged into one.
- 5% TDS rate on many payments merged into 2% TDS rate.

Simplification of Reassessment

- Assessment can be reopened beyond three years upto five years from the end of Assessment Year only if the escaped income is ₹ 50 lakh or more.
- In search cases, time limit reduced from ten to six years before the year of search.

Litigation and Appeals

- 'Vivad Se Vishwas Scheme, 2024' proposed for resolution of income tax disputes pending in appeal.
- Monetary limits for filing direct taxes, excise and service tax related appeals in Tax Tribunals, High Courts and Supreme Court increased to ₹60 lakh, ₹2 crore and ₹5 crore respectively.
- Safe harbour rules expanded to reduce litigation and provide certainty in international taxation.

Other major proposal in Finance Bill

- Non-reporting of small movable foreign assets up to ₹20 lakh de-penalised.
- Income received on buy back of shares in the hands of recipient to be taxed.
- All remaining services of Customs and Income Tax including rectification and order giving effect to appellate orders to be digitalized over the next two years.

INDIRECT TAXES

Sector specific Customs Duty Proposals		
Sector	Details	Changes in Customs Duty Rates
Medicines and Medical Equipment	Three cancer drugs namely <ul style="list-style-type: none"> ● TrastuzumabDeruxtecan, ● Osimertinib and ● Durvalumab 	Fully exempted from custom duty.
Mobile Phone and Related Parts	Mobile phone, mobile Printed Circuit Board Assembly (PCBA) and mobile charger	Basic Custom Duty 'BCD' reduced to 15%

Precious Metals	<ul style="list-style-type: none"> ● gold and silver ● platinum <p>Other Metals</p> <ul style="list-style-type: none"> ● ferro nickel and blister copper ● ferrous scrap and nickel cathode ● copper scrap 	<p>Customs duties reduced</p> <ul style="list-style-type: none"> ● 6% ● 6.4% <p>BCD removed</p> <p>BCD removed</p> <p>Concessional BCD of 2.5%</p>
Electronics	oxygen free copper for manufacture of resistors.	BCD removed, subject to conditions
Chemicals and Petrochemicals	ammonium nitrate	BCD increased from 7.5% to 10%
Plastics	PVC flex banners	BCD increased from 10% to 25%.
Telecommunication Equipment	PCBA of specified telecom equipment	BCD increased from 10% to 15%
Critical Minerals	<ul style="list-style-type: none"> ● 25 critical minerals ● 2 critical minerals 	<ul style="list-style-type: none"> ● fully exempted from customs duties ● BCD reduced
Solar Energy	Capital goods for use in manufacture of solar cells and panels	Exempted from customs duty
Marine products	<ul style="list-style-type: none"> ● Certain broodstock, polychaete worms, shrimp and fish feed ● Various inputs for manufacture of shrimp and fish feed 	<p>BCD reduced to 5%</p> <p>Exempted from customs duty</p>
Leather and Textile	<ul style="list-style-type: none"> ● real down filling material from duck or goose ● methylene diphenyl diisocyanate (MDI) for manufacture of spandex yarn 	<ul style="list-style-type: none"> ● BCD reduced ● BCD reduced, subject to conditions from 7.5% to 5%.

Trade facilitation

- For promotion of domestic aviation and boat & ship MRO, time period for export of goods imported for repairs extended from six months to one year.
- Time-limit for re-import of goods for repairs under warranty extended from three to five years.

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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