

# KrayMan<sup>TM</sup>

*Demystifying Complexities*

# Interim Budget 2024

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February 2024

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# Preface

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The Hon'ble Finance Minister Nirmala Sitharaman presented Interim Budget for the current year on 1 February 2024. Unlike last year's futuristic budget wherein the Government had built on the blueprint for India at 100 years of independence, this year's interim budget has been more of a recapitulation of the efforts made by the Government in last 10 years to bring India on a growth trajectory. Being only an interim budget, not many reforms have been proposed as expected by the industry, except of course the promise to deliver more in case the same Government comes to power in the upcoming elections. In other words, much has been left to a full-fledged budget to be announced towards middle of the current year sometime around July 2024. Interestingly, Government has proposed to lay a white paper in the Parliament on how it has overcome the crisis & mismanagement which existed when it came to power in the year 2014.

The Government has drawn attention at its focus on 4 important sectors of the population namely, the Poor, the Women, the Youth & the Farmer. An innovative definition of 'GDP' has been quoted, namely 'Governance, Development & Performance'. India's assumption of G20 presidency has been propagated, along with measures to overcome the difficult times of pandemic in 2019. The Government has expressed its vision for a prosperous India in harmony with nature, with modern infrastructure & providing opportunities for all citizens & all regions to reach their potential.

# What lies ahead – Promises for the future



The Government has assured that it will adopt economic policies that foster & sustain growth, facilitate inclusive & sustainable development, improve productivity, create opportunities for all & contribute to generation of resources

- **Infrastructure**

- ✓ Assistance to states in faster development of aspirational districts
- ✓ Development of eastern India
- ✓ Affordable housing to meet the requirement arising from increase in number of families
- ✓ Through rooftop solarization, 1 crore households to be enabled to obtain up to 300 units free electricity every month

- **Health**

- ✓ Set up of more medical colleges by utilizing existing hospital infrastructure
- ✓ Encouragement of vaccination for girls between 9 to 14 years of age for prevention of cervical cancer
- ✓ Various schemes for maternal & child-care to be brought under 1 comprehensive programme for synergy in implementation
- ✓ Healthcare cover to be extended to workers & helpers

# What lies ahead – Promises for the future

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- **Agriculture & Food Processing**

- ✓ Efforts for value addition in agriculture & boosting farmers' income to be stepped up
- ✓ Complementation of efforts for reduction of post-harvest losses & improvement of productivity
- ✓ Promotion of private & public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary & secondary processing, marketing & branding
- ✓ Application of nano DAP fertilizer on various crops to be expanded in all agro-climatic zones

- **New age technology**

- ✓ Research & innovation for catalyzing growth, employment in & development of sunrise sectors
- ✓ Launch of new scheme for strengthening deep-tech technologies in defence

- **Railways**

- ✓ 3 major economic railway corridor programmes to be implemented to improve logistics & reduce cost, namely (a) energy, mineral, cement, (b) port connectivity, (c) high traffic density
- ✓ 40,000 normal rail bogies to be converted to Vande Bharat standards to enhance safety, convenience & comfort of passengers

- **Aviation**

- ✓ Expansion of existing airports & development of new airports to continue expeditiously

# What lies ahead – Promises for the future

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- **Green Energy**

- ✓ Viability gap funding to be provided for harnessing offshore wind energy potential for initial capacity of 1 giga-watt
- ✓ Coal gasification & liquefaction capacity of 100 MT to be set up by 2030; likely to help in reduction of imports of natural gas, methanol & ammonia
- ✓ Phased mandatory blending of compressed biogas (CBG) in compressed natural gas (CNG) for transport & piped natural gas (PNG) for domestic purposes, to be mandated
- ✓ Financial assistance to be provided for procurement of biomass aggregation machinery

- **Electric Vehicle ecosystem**

- ✓ Support to manufacturing & charging infrastructure & encouragement of e-buses for public transport

- **Tourism**

- ✓ States to be encouraged to take up comprehensive development of iconic tourist centres
- ✓ Framework to be established for rating of centres based on quality of facilities & services
- ✓ Long-term interest free loans to be provided to states for financing such development
- ✓ Projects for port connectivity & tourism infrastructure to be taken up on islands, including Lakshadweep

# Income-tax : Proposed Amendments

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- The Finance Minister highlighted / reiterated the populist measures adopted in the last few years such as:
  - ✓ Rationalization of tax rate for the masses
  - ✓ Increase in threshold monetary limit for presumptive taxation
  - ✓ Reduction in corporate tax rate for new manufacturing companies
  - ✓ Introduction of faceless assessment & appeal, updated tax returns, new Form 26AS & prefilling of tax returns
  - ✓ Reduction in processing time for returns leading to quicker refunds
- No changes have been made in existing tax rates. For certain tax benefits to start-ups & investments made by sovereign wealth or pension funds & tax exemption on certain income of some IFSC units which were expiring on 31 March 2024, the sunset clause has been extended by 1 year to 31 March 2025
- Realizing that a large number of old, petty, unreconciled, disputed tax demands exist in the system causing anxiety to taxpayers, the Government has proposed to withdraw such demands upto INR 25,000 (relating upto Financial Year 2009-10) & INR 10,000 (for Financial Years 2010-11 to 2014-15). As mentioned by the Finance Minister, this is likely to benefit about 1 crore taxpayers

# GST : Proposed Amendments

Budget Proposal	Existing Provision	Proposed Amendment	Reason for Amendment
<p><b>Input Service Distributor (ISD) provisions reinforced</b></p> <p><i>Section(s) amended: 2(61) &amp; 20 of CGST Act</i></p>	<p>The GST Council in its 52<sup>nd</sup> meeting proposed ISD mechanism to be made compulsory for distribution of Input Tax Credit (ITC) for common input services procured from 3<sup>rd</sup> parties to specified distinct persons</p>	<p>The interim budget amended CGST Act following GST Council's decision, including input services taxable on reverse charge basis, and penalties to be imposed for non-compliance (detailed rules / guidelines expected)</p>	<p>Proper allocation of ITC to various locations of same legal entity</p>
<p><b>Taxation of tobacco, pan masala, &amp; similar product manufacturers</b></p> <p><i>Section introduced: 122A of CGST Act</i></p>	<p>Central Board of Indirect Taxes &amp; Customs notified (in July 2023) specific procedures for capacity-based taxation for tobacco, pan masala &amp; similar product manufacturers by registration of machines &amp; filing of special monthly returns</p>	<p>The interim budget proposed stringent enforcement measures:</p> <ul style="list-style-type: none"><li>• Penalty of INR 1 lakh per unregistered machine;</li><li>• Risk of seizure &amp; confiscation</li></ul>	<p>To curb tax evasion by these sectors</p>

# About Us

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KrayMan Consultants LLP (KrayMan) is an accounting & multi-disciplinary advisory Firm headquartered in the National Capital Region of India & serving Clients across India. We specialize in India-Entry, Accounting, Taxation (Direct & Indirect), Regulatory, Assurance, Legal, Mergers & Acquisitions, HR, Payroll & Loan staffing services.

The Firm has a worthy blend of experience and youth. We are a team of professionals comprising of Chartered Accountants, Company Secretaries, Advocates & MBAs. A dynamic leadership and a vibrant team that is cross functional, multidisciplinary and domain experts also help to ensure impeccable service to our Clients.

Since inception, we have been associated with a mix of multinational as well as domestic Clients across various industries, providing Compliance, Advisory and Dispute Resolution services.

We believe that in today's dynamic and ever changing business environment, it is important for accounting, tax & legal professionals to operate with a global approach and mind set. In pursuit of extending global footprints, we have a Japan Desk and an EU Desk to support investments from these countries into India.

In addition, we are members of various associations and forums both at national as well as international levels viz. JCCII, IICCI, CBA and PAN.





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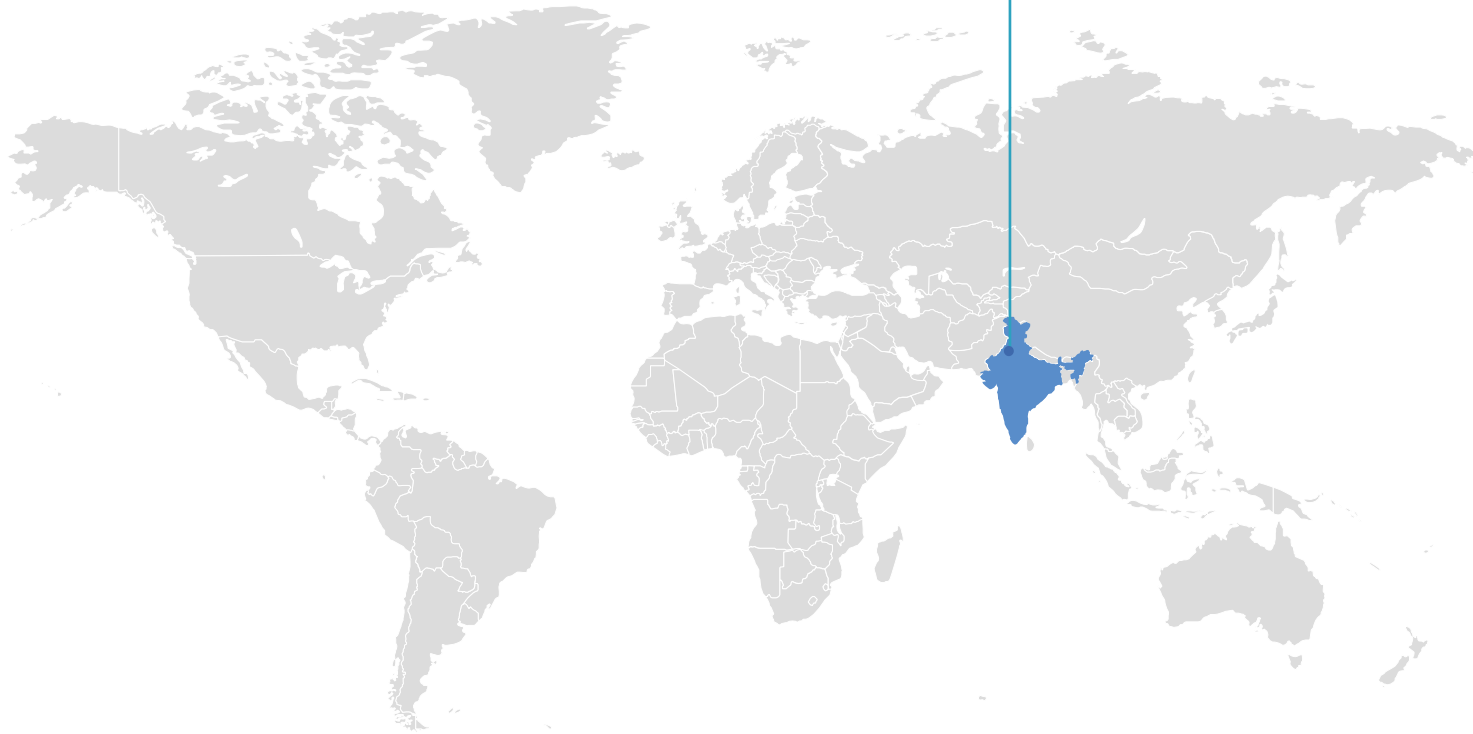
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