

THE CGST ACT, 2017

BUDGET ANALYSIS 2024-25

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CGST Act 2017:

| Section | Existing | Amendment | Bizsol Analysis |
|---------|--|---|--|
| 2(61) | (61) "Input Service Distributor" means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office; | '(61) "Input Service Distributor" means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20. | The definition of ISD has been amended to include location / office which receives the invoices pertaining to supplies which are covered under RCM which are received on behalf of distinct persons (i.e. other GST registered locations). Earlier it was limited to invoices on which tax has been charged by the suppliers (i.e. Forward Charge). |
| 20 | <p>Section 20. Manner of distribution of credit by Input Service Distributor: The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed.</p> <p>(2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:- (a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed;</p> | <p>Section 20. Manner of distribution of credit by Input Service Distributor: 20. (1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.</p> | <ul style="list-style-type: none"> ➤ With the substitution of provisions of Section 20, the ISD will be mandatory for an office who receives the invoice on behalf of distinct persons. The mandate comes with wording used in the definition of ISD as well as in the Section 20. ➤ Section 20 which deals with manner of distribution of credit which states that registration is mandatory in case of distribution of credit. |

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| | <p>(b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;</p> <p>(c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;</p> <p>(d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;</p> <p>(e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.</p> | <p>(2) The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.</p> <p>(3) The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.”</p> | <p>➤ The manner of distribution of credits in case of tax paid by the distinct person under RCM on the invoices received by ISD will be specified by way of amendment in CGST Rules, 2017.</p> <p>➤ The manner of distribution of credits pertaining to other invoices (received under forward charge) will also be specified by way of amendment in CGST Rules, 2017.</p> |

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| | <p>Explanation.- For the purposes of this section,-</p> <p>(a) the "relevant period" shall be-</p> <p>(i) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or</p> <p>(ii) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed;</p> <p>(b) the expression "recipient of credit" means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;</p> <p>(c) the term "turnover", in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied 1[under entries 84 and 92A] of List I of the Seventh Schedule to the Constitution</p> | | |

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| | and entries 51 and 54 of List II of the said Schedule. | | |
| 122A | | <p>“122A. (1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered.</p> <p>(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation: Provided that such machine shall not be confiscated where— (a) the penalty so imposed is paid, and (b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty.”</p> | <ul style="list-style-type: none"> ➤ Recently the Government mandated registration of packing machines of specified goods like Pan Masala, Tobacco, Gutkha, etc under the GST legislation. ➤ New Section 122A is proposed to be added in CGST Act, 2017 to levy penalty for non-registration of packing machine in time to the tune of Rs 1 Lacs for every machine. ➤ In addition to penalty, the machine is liable for seizure and confiscation. ➤ The provision further states that on payment of penalty and registration of machine on GST portal, the machine will not be confiscated. |

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INCOME TAX ACT

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| Sec No | Amendment Effective from AY | Provision | Existing provision | Amendment in existing provision / new provision | Bizsol Remarks |
|--------|-----------------------------|---|--|--|---|
| 10 | 2024-25 | Incomes not included in total income | Time limit for commencing operations on or before 31st Mar-2024 for; (aa) Investment Division of Offshore Banking unit (c) Category I Investment Division of Offshore Banking unit (4F) Income of a non-resident by way of Royalty or interest , on account of lease of an aircraft (23FE) Income of a specified person in the nature of Dividend, Interest or long term capital gain arising from an investment made by it in India | (a) in clause (4D), in the Explanation,— (i) in clause (aa), for the figures “2024”, the figures “2025” shall be substituted; (ii) in clause (c), in sub-clause (ii), in item (I), for the figures “2024”, the figures “2025” shall be substituted; (b) in clause (4F), for the figures “2024”, the figures “2025” shall be substituted; (c) in clause (23FE), in sub-clause (i), for the figures “2024”, the figures “2025” shall be substituted. | Time limit for commencing operations extended till 31 st Mar-2025 for mentioned entities. |
| 80IAC | | Special provision in respect of specified business | eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:— (a) it is incorporated on or after the 1st day of April, | in the Explanation, in clause (ii), in sub-clause (a), for the figures “2024”, the figures “2025” shall be substituted. | Boosting step for Start ups engaged in innovation, development or improvement of products or processes or services by extending benefit of tax exemption of 100% profits for three consecutive assessment years. Now, startups incorporated on or after 1 st |

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| | | | 2016 but before the 1st day of April, 2024 | | Apr 2016 to 1 st Apr 2025 can avail this benefit. |
| 80LA | | Deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre | Subsection (2) The income referred to in sub-section (1) and sub-section (1A) shall be the income (d) arising from the transfer of an asset, being an aircraft or a ship, which was leased by a unit referred to in clause (c) to a person, subject to the condition that the unit has commenced operation on or before the 31st day of March, 2024. | Sub-section (2), in clause (d), for the figures "2024", the figures "2025" shall be substituted. | Time limit for commencing operations extended till 31 st Mar-2025 for mentioned entities. |
| 92CA | | Reference to Transfer Pricing Officer | Subsection (9) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (8), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be | in sub-section (9), in the proviso, for the figures "2024", the figures "2025" shall be substituted. | The extension of one year has been granted for providing directions for the scheme in determining the arm's length price, in cases of transfer pricing. |

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| | | | specified in the notification: Provided that no direction shall be issued after the 31st day of March, 2024 | | |
| 144C | | Reference to dispute resolution panel | Subsection (14C) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (14B), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification: Provided that no direction shall be issued after the 31st day of March, 2024. | in sub-section (14C), in the proviso, for the figures "2024", the figures "2025" shall be substituted. | The extension of one year has been granted for providing directions for the scheme by Dispute resolution panel. |
| 206C | 1st Jul 2023 / 1st Oct 2023 | Collection at source - Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc | (1G) Every person,— (a) being an authorised dealer, who receives an amount, for remittance from a buyer, being a person remitting such amount under the | in sub-section (1G),— (a) in the long line, for the word "twenty", the word "five" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2023; | The TCS rates for the Liberalised Remittance Scheme (LRS) and Overseas tour program packages have been reduced from 20% to 5%, effective July 1, 2023. |

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| | | | <p>Liberalised Remittance Scheme of the Reserve Bank of India;</p> <p>(b) being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package, shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect from the buyer, a sum equal to twenty per cent of such amount as income-tax:</p> <p>Provided that the authorised dealer shall not collect the sum, if the amount or aggregate of the amounts being remitted by a buyer is less than seven lakh rupees in a financial year and is for the purposes</p> | <p>(b) in the first proviso, the words “and is for the purposes of education or medical treatment” shall be omitted and shall be deemed to have been omitted with effect from the 1st day of July, 2023;</p> <p>(c) in the second proviso, with effect from the 1st day of October, 2023,—</p> <p>(i) for the word “five”, the word “twenty” shall be substituted and shall be deemed to have been substituted;</p> <p>(ii) for the words “is for the purposes of”, the words “is for purposes other than” shall be substituted and shall be deemed to have been substituted;</p> <p>(d) after the third proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2023, namely:—</p> | <p>Furthermore, the benefit of Rs. 7 lakhs has been expanded to cover all remittances under the Liberalised Remittance Scheme (LRS), as opposed to solely for education or medical purposes, starting from October 1, 2023.</p> <p>As of October 1, 2023, TCS collection rates for all remittances, excluding those for education or medical treatment, is increased from 5% to 20%.</p> <p>A new provision has been introduced for sellers of overseas tour program packages, mandating a 20% TCS collection on the aggregate package amount exceeding Rs. 7 lakhs in a financial year, effective October 1, 2023.</p> <p>Additionally, these provisions have been made retrospective, treating them</p> |

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| | | | <p>of education or medical treatment: Provided further that the sum to be collected by an authorised dealer from the buyer shall be equal to five per cent of the amount or aggregate of the amounts in excess of seven lakh rupees remitted by the buyer in a financial year, where the amount being remitted is for the purposes of education or medical treatment: Provided also that the authorised dealer shall collect a sum equal to one half per cent of the amount or aggregate of the amounts in excess of seven lakh rupees remitted by the buyer in a financial year, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E, for the</p> | <p>“Provided also that the seller of an overseas tour programme package shall collect a sum of twenty per cent. of the amount or aggregate of amounts in excess of seven lakh rupees received from the buyer in a financial year:”; (e) after the fifth proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2023, namely:— “Provided also that the sum to be collected under this subsection on or after the 1st day of July, 2023 and before the 1st day of October, 2023, shall be collected in accordance with the provisions of this subsection as they stood on the 1st day of April, 2023.”.</p> | <p>as if they were in effect from April 1, 2023, by introducing a new proviso to the section.</p> |

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| | | | purpose of pursuing any education: | | |
| 253 | | Appeals to the Appellate Tribunal | Subsection (9) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (8), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification: Provided that no direction shall be issued after the 31st day of March, 2024. | Sub-section (9), in the proviso, for the figures "2024", the figures "2025" shall be substituted. | The extension of one year has been granted for providing directions for the scheme by the Central Government i.e. till 31 st Mar 2025. |
| 255 | | Procedure of Appellate Tribunal | (8) The Central Government may, for the purposes of giving effect to the scheme made under sub-section (7), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply to such scheme or shall apply with | in sub-section (8), in the proviso, for the figures "2024", the figures "2025" shall be substituted. | The extension of one year has been granted for providing directions for the scheme by the Central Government i.e. till 31 st Mar 2025. |

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| | | | such exceptions, modifications and adaptations as may be specified in the said notification: Provided that no such direction shall be issued after the 31st day of March, 2024. | | |

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