

## **UNION BUDGET 2024**

On July 23, the Union Budget for 2024-25 was presented in the Lok Sabha by Hon'ble Finance Minister Nirmala Sitharaman. Following are the key changes proposed in the space of Indirect Tax:

### **THE CUSTOMS ACT, 1962**

- Section 28 DA is being amended to accept various proof of origin types to align with new trade agreements (FTAs) allowing for self-certification.
- A new proviso to Section 65(1) to allow the Central Government to specify certain manufacturing and operations for certain goods that cannot be conducted in a warehouse.
- Section 143AA of the Customs Act is being amended to include "any other persons" alongside "a class of importers or exporters," to facilitate trade.
- Clause (m) of subsection (2) of section 157 of the Customs Act is amended to broaden the scope from "a class of importers or exporters" to include "a class of importers or exporters or any other persons."

### **THE CUSTOMS TARIFF ACT, 1975**

- Section 6 of the Customs Tariff Act, which allowed the Central Government to levy protective duties based on Tariff Commission recommendations, is being omitted due to the Commission's dissolution. This change will take effect with the Finance (No. 2) Bill, 2024.
- Various Customs tariff changes being made by way of notifications.

## **THE GOODS AND SERVICES TAX ACT, 2017 -**

- A new subsection (1A) in section 70 of the CGST would allow an authorized representative to appear on behalf of a summoned person before the proper officer, subject to discretion of such proper officer.
- Insertion of Section 11A to allow the government to waive GST recovery for businesses following common industry practices, in case those practices were not fully compliant with GST law.
- Insertion of Sub-section (5) in Section 16 to regularize ITC availed on tax invoices or debit notes pertaining to the FY 2017-18 to 2020-21, provided that the ITC claims were made in Form GSTR-3B by November 30, 2021.
- Insertion of Sub-section (6) in Section 16 to extend the time limit to avail ITC on tax invoices or debit notes issued by a taxpayer whose registration was cancelled, and later revoked.
- Amendment is being made in Section 16 to introduce exceptions allowing businesses to claim ITC for past financial years (2017-18 to 2020-21) under certain conditions, offering significant relief.
- Due to the non-constitution of GSTAT and to prevent appeals from becoming time-barred, the time limit for filing appeals before the Appellate Tribunal is modified effective August 1, 2024.
- An amendment to Section 109 is proposed to designate cases to be heard exclusively by the principal bench of GSTAT.
- The restriction on blocking ITC for tax paid under Section 74 is being made limited to demands relating to up to FY 2023-24.
- Sub-section (1B) of section 122 of the CGST Act is being amended to limit its application to electronic commerce operators required to collect tax at source under section 52.
- New conditions and restrictions are being proposed for revocation of cancelled GST registrations.
- Refunds are being prohibited for zero-rated supplies of goods which are subject to export duty.

- The maximum pre-deposit amount for filing appeals is reduced to Rs. 20 crores for the Appellate Authority and to 10% with a maximum of Rs. 20 crores of central tax for the Appellate Tribunal.
- A common time limit for issuing demand notices and orders is established by inserting a new Section 74A in the CGST Act.
- Retrospective relaxation of time limits for availing input tax credit is being made by inserting new sub-sections (5) and (6) in Section 16.
- A new Section 8A in the GST (Compensation to States) Act is inserted to regularize non-levy and short-levy of central tax and cess.
- Insertion of Section 128A for conditional waiver of interest and penalty for demands under Section 73 is being made.
- The anti-profiteering clause (Section 171) is amended to allow GSTAT to handle anti-profiteering cases and introduce a sunset clause.
- Section 13 of the CGST Act, regarding the time of supply of services under reverse charge, received from unregistered suppliers, is amended.
- Monthly return filing by TDS deductors is being mandated.
- The transitional credit provision for ISD is retrospectively amended.
- Extra Neutral Alcohol (ENA) is being excluded from the purview of CGST.

### **Central Excise Act, 1944**

- Notification No. 12/2012-Central Excise dated March 17, 2012 has been amended to extend the submission deadline for the final Mega Power Project certificates from 120 months to 156 months.
- The Clean Environment Cess on excisable goods in stock as of June 30, 2017, is exempted, provided the appropriate GST Compensation Cess is paid on their supply from July 1, 2017, onwards.

**For any clarifications or feedback, please write to:**

**Mr. Shammi Kapoor**

**Senior Partner**

[shammi@vaishlaw.com](mailto:shammi@vaishlaw.com)

**Mr. Arnab Roy**

**Associate Partner**

[arnab@vaishlaw.com](mailto:arnab@vaishlaw.com)



Corporate, Tax and Business Advisory Law Firm

**DELHI**

1st, 9th, 11th Floor,  
Mohan Dev Building, 13, Tolstoy Marg,  
New Delhi, 110001 (India)  
+91-11-42492525  
[delhi@vaishlaw.com](mailto:delhi@vaishlaw.com)

**MUMBAI**

106, Peninsula Centre,  
Dr. S.S. Rao Road, Parel,  
Mumbai, 400012 (India)  
+91 22 42134101  
[mumbai@vaishlaw.com](mailto:mumbai@vaishlaw.com)

**BENGALURU**

105 -106, Raheja Chambers,  
#12, Museum Road,  
Bengaluru, 560001 (India)  
+91 80 40903588/89  
[bangalore@vaishlaw.com](mailto:bangalore@vaishlaw.com)

**DISCLAIMER:** The material contained in this publication is solely for information and general guidance and not for advertising or soliciting. The information provided does not constitute professional advice that may be required before acting on any matter. While every care has been taken in the preparation of this publication to ensure its accuracy, Vaish Associates Advocates neither assumes responsibility for any errors, which despite all precautions, may be found herein nor accepts any liability, and disclaims all responsibility, for any kind of loss or damage arising on account of anyone acting/ refraining to act by placing reliance upon the information contained in this publication.

**Copyright © 2024 | Vaish Associates Advocates**