



Important changes from October 2024

GST

GST Rate Changes

Category	Details	Notification	Effective date
GST Rate	Change in GST rates for various goods	NN 05/2024 (Rate) dt 08/10/2024	10/10/2024
GST Rate	Change in GST rates for various services	NN 07/2024 (Rate) dt 08/10/2024	10/10/2024
RCM	Purchase of metal scrap from URD person	NN 08/2024 (Rate) dt 08/10/2024	10/10/2024
RCM	*Renting of any property other than residential dwelling	NN 09/2024 (Rate) dt 08/10/2024	10/10/2024



GST Invoice Management System ('IMS')

- Starting 01/10/24, GSTN will be introducing optional feature of Invoice Management System.
- This system will enable suppliers to upload invoices to the GST portal, which will then be reflected in the recipient's IMS.
- The recipient can choose to either
 - Accept the invoice
 - Reject the invoice
 - Leave the invoice pending
- The new system shall facilitate taxpayers in matching their records/invoices vis a vis issued by their suppliers for availing the correct ITC.
- All tax-payers are expected to study the same so as to smoothly implement the said system from 01/10/2024.



Income Tax

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1. Change in TDS Rates (w.e.f. 01/10/2024)

Section	Particulars	Old Rate	New Rate
194DA	Payment in respect of life insurance policy	5%	2%
194G	Commission, etc., on sale of lottery tickets	5%	2%
194H	Payment of Commission or Brokerage	5%	2%
194-IB	Payment of rent by certain individuals or HUF	5%	2%
194M	Payment of certain sums by certain individuals or HUF responsible for paying any sum to any resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract	5%	2%
194O	Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%

**Tax Deducted
at Source
(‘TDS’) and
Tax Collected
at Source
(‘TCS’)**

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2. Ease in claiming credit for TCS collected / TDS deducted by salaried employees

- Currently, Section 192(2B) of the Act inter-alia allows the salaried employee to share the details of income taxable under any other head along with tax deducted thereon for the purpose of deduction of TDS by the employer on salary income.
- To avoid cash flow issues and to ease compliance, it is proposed to allow the salaried employees to share the details of TCS collected to the employee and the tax shall be deducted on the net tax payable after reducing amount of TCS collected.
- This amendment is effective from October 1, 2024.

3. TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners

- It is proposed to insert new TDS section 194T to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS for aggregate amounts more than Rs 20,000 in the financial year at the rate of 10%.
- The above provisions are applicable from April 1, 2025.

4. Time limit to file correction statement in respect of TDS/ TCS statements

- Presently, there is no time limit prescribed for rectification of TDS return/ TCS return.
- It has been proposed to insert a new proviso to Section 200 and Section 206C(3B) prescribing a time limit of 6 years from the end of the financial year in which such TDS/ TCS return was required to be filed.
- This amendment will be effective from April 1, 2025.

**Tax Deducted
at Source
(‘TDS’) and
Tax Collected
at Source
(‘TCS’)**

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Buy-back of Shares:

- At present, the Company undertaking Buy-back of shares is required to pay tax of 23.30% on the distributed income u/s 115QA of the Act. Such proceeds received in the hands of the shareholder is exempt from tax under section 10(34A) of the IT Act.
- It is now proposed to tax the shareholders on the amount received on buy-back of shares from a domestic company as 'dividends' u/s 2(22)(f) of the Act.
- No expenses shall be allowed against such dividend income.
- Further, it has been provided that cost of acquisition of such shares would be available as capital loss in the hands of the shareholders as the buy-back proceeds is proposed to be regarded as Nil u/s 46A of the Act.
- Consequential amendment is proposed in section 194 of the Act to provide for tax withholding @ 10% on such consideration paid by the Company.
- The above provisions are applicable w.e.f. October 1, 2024.
- It has been explained that both dividend as well as buy-back are methods for the company to distribute accumulated reserves and thus, ought to be treated similarly.

Buy-Back of Shares

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1. Increase in limit of remuneration to working partners of firm

- Section 40(b)(v) of the Act provides for disallowance of remuneration paid to working partners of the firm exceeding the limits specified thereunder.
- The limits mentioned in the aforesaid section have been proposed to be revised as under:

(a)	on the first Rs. 6,00,000 of the book profit or in case of a loss	Rs. 3,00,000 or 90% of the book profit, whichever is more
(b)	on the balance of the book profit	At the rate of 60%

- This amendment is applicable from April 1, 2025 and accordingly, would apply in relation to A.Y. 2025-26 and thereafter.
- It will be imperative for all partnership firms to review the 'Remuneration clause' in partnership deed whether any changes to the Act are suitably covered or the partnership deed needs to be amended.

Other Key Amendments

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Vivad Se Vishwas Scheme, 2024

- Keeping in view the success of the previous Vivaad Se Vishwas Act, 2020 and the mounting pendency of appeals at CIT(A) level, Direct Tax Vivad se Vishwas Scheme, 2024 has been introduced.
- The date of commencement of the VSV Scheme is October 1, 2024 and the “last date” (i.e, the date till which the VSV Scheme would be effective) will be notified by the Central Government.
- The Scheme is applicable to an ‘appellant’, which would include the following persons:
 - a) A person in whose case an appeal or a writ petition or special leave petition has been filed either by him or by the income-tax authority or by both, and such appeal or petition is pending as on 22nd July 2024.
 - b) A person who has filed his objections before the DRP under Section 144C of the Income-tax Act and the DRP has not issued any direction on or before 22nd July 2024.
 - c) A person in whose case the DRP has issued direction under Section 144C(5) of the Income-tax Act and the Assessing Officer has not given effect to such direction on or before 22nd July 2024.
 - d) A person who has filed an application for revision under Section 264 of the Income-tax Act and such application is pending as on 22nd July 2024.

Vivad se Vishwas Scheme, 2024

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- Quantum of Disputed Tax, Interest, Penalty of Fee Payable
 - If taxpayer decides to settle under VSV Scheme:

Particulars	Appeal filed by the Taxpayer relates to Disputed Tax		Appeal filed by the Taxpayer relates to Disputed Interest, Penalty or Fee	
	After 31.01.2020 but before 22.07.2024	On or Before 31.01.2020	After 31.01.2020 but before 22.07.2024	On or Before 31.01.2020
Amount payable under the VSV scheme on or before 31 December 2024	100% of disputed tax	110% of disputed tax	25% of the disputed interest/ penalty/ fee	30% of the disputed interest/ penalty/ fee
Amount payable under the VSV scheme on or after 1 January 2025 but before the last date (to be notified)	110% of disputed tax	120% of disputed tax	30% of the disputed interest/ penalty/ fee	35% of the disputed interest/ penalty/ fee

Vivad se Vishwas Scheme, 2024

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- Quantum of Disputed Tax, Interest, Penalty of Fee Payable

- In case of pending appeals filed by the tax authorities, the amount payable under the settlement will be reduced to half for the issues involved under the appeal.
- For issues under appeal filed by the taxpayer, where the corresponding issue was decided in favour of the taxpayer in any other assessment year by a higher appellate forum and not reversed subsequently, the settlement amount will also be reduced to half on the issues under appeal.

- Forms for Vivad Se Vishwas Scheme

- Four separate Forms have been notified for the purposes of the DTVSV Scheme. These are as under:
 - i. Form-1: Form for filing declaration and Undertaking by the declarant
 - ii. Form-2: Form for Certificate to be issued by Designated Authority
 - iii. Form-3: Form for Intimation of payment by the declarant
 - iv. Form-4: Order for Full and Final Settlement of tax arrears by Designated Authority

Vivad se Vishwas Scheme, 2024

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THANK YOU



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