

# UNION BUDGET 2025

FEB 01, 2025

# Proposed Amendments in Income Tax

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# Proposed Amendments in Income Tax

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# Tax Slabs Under New Tax Regime

4

## Existing Slab Rates

Rs. 0 to 3 Lac	Nil
Rs. 3 Lac to 7 Lac	5%
Rs. 7 Lac to 10 Lac	10%
Rs. 10 Lac to 12 Lac	15%
Rs. 12 Lac to 15 Lac	20%
Above Rs. 15 Lac	30%

## Proposed Slab Rates

Rs. 0 to 4 Lac	Nil
Rs. 4 Lac to 8 Lac	5%
Rs. 8 Lac to 12 Lac	10%
Rs. 12 Lac to 16 Lac	15%
Rs. 16 Lac to 20 Lac	20%
Rs. 20 Lac to 24 Lac	25%
Above Rs. 24 Lac	30%

No change in rates for old tax regime

No change in the surcharge rate

**Effective Date April 1, 2025**

# Other Amendments in New Tax Regime

5

## Existing Provision

- A. Tax Rebate of **Rs. 25,000** is allowed while computing the tax liability.
- B. Tax Rebate can be claimed against Income from all sources, implying persons having income up to Rs. 7.5 Lac are exempt from tax payment.

## Proposed Provision

- A. Tax Rebate of **Rs. 60,000** is allowed while computing the tax liability.
- B. Tax rebate can not be claimed against special incomes i.e. Capital Gains, Lottery winnings etc. implying persons having income ( Other than special income ) up to Rs. 12 Lac are exempt from tax payment.

**Effective Date April 1, 2025**

# Taxability of Employee perquisite [Section 17(2)]

6

Particulars	Existing Provision	Proposed Provision
Increase in limit of perquisite provided without any cost	As per Section 17(2), - the value of any benefit or amenity granted or provided free of cost or at concessional rate -by any employer -to an employee drawing a salary <b>exceeding Rs 50,000 is taxable as salary</b>	It is proposed that the limit of threshold <b>salary would be prescribed by way of new rules</b>  The threshold amount would be prescribed once the Finance Bill is enacted.
Travel on medical treatment reimbursed by an employer not a perquisite	Any expenditure incurred by the employer on travel for medical treatment of an employee or any member of the employee's family is <b>not be included in 'perquisite'</b> if gross total income of such employee <b>does not exceed Rs. 2,00,000.</b>	It is proposed that any expenditure incurred by the employer on travel for the medical treatment of an employee or any member of the employee's family <b>will not be included in 'perquisite'</b> of the employee if he earns a salary <b>not exceeding such amount as may be prescribed</b>

**Effective Date April 1, 2025**

# National Pension Scheme (NPS) [Sec. 80CCD]

7

## Existing Provision

**No Provision exists** for deduction to Parent or Legal Guardian for the amount deposited in the account of the minor under the NPS.

## Proposed Provision

It is proposed to allow a **deduction of Rs. 50,000** to **parent or guardian of a minor** for the amount deposited in the account of the minor under the NPS

Amount withdrawn from the account of minor shall be taxable in hands of the parent or guardian of a minor, however, no tax shall be levied if amount is withdrawn on specified occasions/ prescribed conditions get fulfilled.

**Effective Date April 1, 2025**

# National Saving Scheme (NSS) [Sec. 80CCA]

8

## Existing Provision

As per Section 80CCA(2)-

If an Assessee withdraws any amount deposited in the NSS, along with the interest accrued thereon, the total withdrawn amount will be considered as income of Assessee and will be subject to taxation.

## Proposed provision

It is proposed to exempt the withdrawal of amount, deposited under NSS along with interest if any.

This exemption has been provided only in respect of NSS deposits for which deduction u/s 80CCA was allowed earlier.

If deduction was not allowed earlier, then the withdrawal is taxable.

This shall enable the NSS depositor to withdraw their funds lying in NSS without any tax liability.

**Effective Date August 29, 2024  
Retrospectively**

# Self Occupied House Property

## [Sec. 23]

9

### Existing Provision

As per section 23, a person can claim the net annual value ('NAV' or 'rent') of 2 self occupied houses as NIL **subject to fulfilment of certain conditions**

### Proposed Provision

It is proposed that a person can claim the net annual value ('NAV' or 'rent') of 2 self occupied houses as NIL **without any conditions.**

**Effective Date April 1, 2025**

# Revision of TDS threshold Limits

10

Section	Current Threshold	Proposed Threshold
193 - Interest on securities	Nil	Rs. 10,000
194A - Interest other than Interest on securities	For Senior citizen- Rs. 50,000	For Senior citizen- Rs. 1,00,000
	For Bank, co-operative society and post office- Rs 40,000	For Bank, co-operative society and post office- Rs 50,000
	For others – Rs. 5,000	For others – Rs.10,000
194 - Dividend	Rs. 5,000	Rs. 10,000
194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000	Rs. 10,000
194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding Rs. 10,000 during the financial year	Rs. 10,000 in respect of a single transaction
194BB - Winnings from horse race	Aggregate of amounts exceeding Rs. 10,000 during the financial year	Rs. 10,000 in respect of a single transaction
194D - Insurance commission	Rs.15,000	Rs.20,000
194G - Income by way of commission, prize etc. on lottery tickets	Rs.15,000	Rs.20,000
194H - Commission or brokerage	Rs.15,000	Rs.20,000
194-I Payment of Rent	Aggregate of Rs. 2,40,000 during the financial year	Rs. 50,000 per month or part of a month thereof
194J – Payment of Fee for professional or technical Services	Rs. 30,000	Rs. 50,000

**Effective Date April 1, 2025**

# Revision of TDS &TCS rates

11

<b>Section</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
194D: TDS on payment of insurance commission	Other than a company: 5% Company: 10%	Other than a company: 2% Company: 10%
206AB: TDS For Not Filing of Income Tax Return	Tax is to be deducted (TDS) or collected at source (TCS) at higher rates	Nil- Omitted
206CCA: TCS For Not filling of Income Tax Return		
206C(1H): TCS on Purchase of goods	0.10%	Nil- Omitted
206C(1): TCS on sale of good including- <ul style="list-style-type: none"><li>• Timber or any other forest produce (not being tendu leaves) obtained under a forest lease</li><li>• Timber obtained by any mode other than under a forest lease</li></ul>	2.50%	2%

**Effective Date April 1, 2025**

# Rationalization of provisions of Charitable Trusts and Institutions

12

Particulars	Existing Provision	Proposed Provision
<b>Relatives and certain entities are now not 'specified persons' as per Section 13(3)</b>	<p>The benefits of Section 11 and Section 12 are not available if the income or property of the charitable organization is applied for the benefit of a specified person. A 'specified person' refers to:</p> <p><b>a.</b> Any person who has made a contribution <b>exceeding Rs. 50,000</b> up to the end of the relevant year, or</p> <p><b>b.</b> Relatives or entities, in which specified person has substantial interest</p>	<p>It is proposed to modify the definition of specified person and define it as a person</p> <p><b>a.</b> Whose total contribution during the relevant year exceeds Rs. 1 Lakh, or -whose total contribution, in aggregate, up to the end of the relevant year <b>exceeds Rs. 10 Lakhs;</b></p> <p><b>b.</b> Relatives and entities have been excluded from the definition of "specified person" <b>Effective Date April 1, 2025</b></p>
<b>Increasing Period of registration of smaller trusts or institutions</b>	<p>Section 12AB provides that final registration of trust or institution shall be valid for a <b>period of 5 years.</b></p>	<p>It is proposed that the validity of the final registration of a trust or institution <b>shall be 10 years,</b> provided <b>its income,</b> without giving effect to provisions of Sections 11 and 12, <b>does not exceed Rs. 5 Crore</b> during the two years preceding the year, in which the application is made. <b>Effective Date April 1, 2025</b></p>

# Rationalization of provisions of Charitable Trusts and Institutions Contd..

13

Particulars	Existing Provisions	Proposed Provisions
<p><b>Cancellation of registration of trusts or institutions due to incomplete application</b></p>	<p>As per section 12AB, if the application under section 12A(1)(ac), i.e. provisional registration, was incomplete, then the registration of the trust could have been cancelled.</p>	<p>It is proposed that registration will not be cancelled only due to the fact that <b>application under Section 12A(1)(ac) was incomplete</b> .</p> <p><b>Cancellation can happen only if information furnished is false or incorrect.</b></p> <p><b>Effective April 1, 2025</b></p>

# Extension of Tax benefits for start-ups [Section 80-IAC]

14

## Existing Provision

As per section 80IAC, eligible start-ups can avail tax holiday for 3 consecutive financial years out of first 10 years from the year of incorporation.

To qualify as an eligible startup for tax holiday, the startup **must be incorporated** on or after **April 1, 2016**, **but on or before March 31, 2025**.

## Proposed Provision

It is proposed to amend existing provisions of Section 80-IAC to extend the **last date of incorporation from March 31, 2025 to March 31, 2030**.

**Effective Date April 1, 2025**

# Presumptive taxation for non-resident providing services for electronics manufacturing facility [Section 44BBD]

15

It is proposed to provide a presumptive taxation regime for **non-residents** engaged in the business of providing services or technology :

**To a resident company** (which satisfies prescribed conditions) which are establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology

It is provided that **25%** of the aggregate amounts received/ deemed to be received by the non-resident shall be deemed to be its '**Profit and gain of business and profession**',

**Benefit of set-off of brought forward business losses and unabsorbed depreciation would however be not available to such non-residents** (Ref Section 32(2) and Section 72(1))

**Effective Date April 1, 2025**

# Amendments related to International Financial Service Center (IFSC) [Section 9A]

16

## Existing Provision

Section 9A provides that the fund management activity carried out through an eligible fund manager acting on behalf of eligible fund located in IFSC shall not constitute business connection in India, subject to conditions mentioned therein.

**A.** One of the conditions in Section 9A(3) clause (c) *inter alia* provides that the eligible investment fund shall fulfil the condition that the aggregate participation or investment in the fund, directly or indirectly, **by persons resident in India does not exceed five per cent of the corpus of the fund.**

**B.** Section 9A(8A) *inter alia* provides that the Central Government may by notification specify that any one or more of the conditions specified in Section 9A, shall not apply or shall apply with such modifications, in case of an eligible investment fund and its eligible fund manager, if such fund manager is located in an IFSC and has commenced its operations **on or before March 31, 2024.**

## Proposed Provision

It is proposed to amend the provisions of section 9A for-

### **A. Rationalization of the 5% Participation Condition:**

The 5% limit on Indian resident participation will be determined twice a year (on April 1 and October 1) based on the fund's aggregate participation. If the condition is not met on these dates, the fund will have four months to bring the participation below 5%.

### **B. Relaxation for IFSC-based Fund Manager**

The other conditions (a) to (m) can be relaxed for an eligible investment fund where the date of commencement of operations by its eligible fund manager located in IFSC for the purposes of Section 9A(8A) is **on or before 31st day of March, 2030.**

**Effective Date April 1, 2025**

# Rationalization of transfer pricing provisions [Section 92CA]

17

## Existing Provision

For determination of Arm Length Price (ALP), Assessing Officer (AO) makes reference to the Transfer Pricing Officer (TPO).

TPO determines ALP and sends copy of order to AO. Accordingly, AO assesses tax liability.

Under the existing provisions, AO may require to get ALP determined by TPO **every year** even for similar transactions.

## Proposed Provision

Under the proposed provision, ALP determined by TPO in relation to a transaction for a year shall apply to 2 consecutive years if:

- a. Taxpayer exercise this option in the prescribed manner for the said 2 consecutive years
- b. TPO within one month from the end of the month in which the option(s) is exercised, declares that option(s) is valid subject to prescribed conditions, by way of an order

*The provisions of exercising option mentioned above and consequent proceedings would not apply to any proceedings in search cases*

**Effective Date April 1, 2025.**

# Special Economic Presence(SEP)- Clarification [Section 9(1)(i)]

18

## Existing Provision

As per existing provisions Section 9(1)(1) income accruing or arising to a **non resident**, whether directly or indirectly, through or from any **business connection in India** shall be deemed to accrue or arise in India. **Income attributable to such business connection in India is taxable in India.**

However, Explanation 2A(i) states that **no income shall be deemed to accrue or arise in India** if operations in India are confined to **purchase of goods in India for the purpose of export.**

**Significant Economic Presence** (SEP) of a non-resident in India (*which includes transactions in respect of any goods carried out by a non-resident with any person in India above a prescribed threshold*) also constitutes a **business connection in India**. Purchase of goods for exports, thus could potentially get taxed in India.

## Proposed Provision

It is proposed to amend and clarify that the transactions or activities of a non-resident in India **which are confined to purchase of goods in India for the purpose of export shall not constitute SEP in India,**

The amendment will ensure coherence with the existing provisions.

**Effective Date April 1, 2025**

# Exemption from prosecution for delayed payment of TCS [Section 276BB]

19

## Existing Provision

Section 276BB prescribes prosecution for failure to remit Tax Collected at Source (TCS) to the Central Government. If a person fails to deposit the TCS as required under Section 206C, they may face rigorous imprisonment for a minimum of three months, extendable up to seven years.

## Proposed Provision

In line with the amendment in section 276B (dealing with TDS default prosecution) vide Finance (No. 2) Act, 2024, it is proposed to amend section 276BB to provide that prosecution **shall not** be instituted – if payment of TCS has been made to credit of the Central Government at any time on or before the time prescribed for filing the TCS statement/return under proviso to section 206C(3) i.e. time limit prescribed for filing of TCS return.

**Effective Date April 1, 2025**

# Extending the processing period of application seeking immunity from penalty and prosecution [Section 270AA]

20

## Existing Provision

Section 270AA provides procedure of granting immunity by the AO from imposition of penalty or prosecution, subject to fulfillment of certain conditions –

It provides that an application for immunity has to be made within 1 month from the end of the month in which the subject order has been received by the Assessee.

Further, AO is required to pass an order accepting or rejecting the immunity application, **within a period of 1 month from the end of the month in which the application is received.**

## Proposed Provision

In order to afford more time to the taxpayer to represent the case and the AO to take a decision, the period of processing the application **has been extended to 3 months from the end of the month in which application for immunity is received by the Assessing Officer.**

**Effective Date April 1, 2025**

# Time limit to pass penalty order [Section 275]

21

## Existing Provision

Section 275 sets the limitation period for imposing penalties, with multiple timelines based on different scenarios.

In general, **a time limit of 6 months from the end of the month or end of the financial year (whichever expired later)** in which the impugned order was passed, was permitted for passing a penalty order. Post such time frames, a penalty order became time barred.

## Proposed Provision

It is proposed to amend section 275 to provide that any order imposing a **penalty shall not be passed after the expiry of 6 months from the end of the quarter** in which-

(a) proceedings (including appeals before first and second appellate authorities) are completed and if the relevant assessment is not the subject matter of an appeal under section 246/246A/253; or

(b) order of appeal under Section 246/246A is received by the jurisdictional PCIT or CIT; or

(c) the order of revision u/s 263 or 264 is passed ; or

(d) the notice for imposition of penalty is issued, in any other case.

**Effective Date April 1, 2025**

# Authority for issuing penalty orders [Section 271]

22

## Existing Provision

Sections 271C, 271CA, 271D, 271DA, 271DB and 271E provide that penalty under these sections shall be imposed by the Joint Commissioner.

Though, assessment in such cases were being made by the Assessing Officer, penalty under these sections were being imposed by the Joint Commissioner.

## Proposed Provision

It is proposed to amend sections 271C, 271CA, 271D, 271DA, 271DB and 271E so that penalties under these sections shall be levied by the Assessing Officer in place of Joint Commissioner, subject to the provisions of Section 274(2).

Accordingly, it is proposed that Assessing Officer shall take the prior approval of Joint Commissioner for the passing of penalty order, where penalty amount exceeds the limit specified in of section 274(2).

**Effective Date April 1, 2025**

# Carry Forward of Losses in case of Amalgamation [Section 72A]

23

## Existing Provision

Under the current provisions of Section 72A-

when a company owning an industrial undertaking, a banking company, or a public sector company undergoes an amalgamation, the unabsorbed losses of the amalgamating company can be carried forward and set off against the income of the amalgamated company for a fresh period of up to **8 assessment years, starting from the assessment year in which the amalgamation takes place**

## Proposed Provision

It is proposed to amend Section 72A to specify that-

Unabsorbed losses of the amalgamating company will no longer be carried forward for a fresh period of 8 assessment years. Instead, ***these losses will only be allowed to be carried forward for 8 assessment years following the assessment year in which the losses were originally incurred by the amalgamating company.***

**Effective for Amalgamation orders passed on or after April 1, 2025**

# Obligation to furnish information in respect of crypto-asset [Section 285BAA]

24

It is proposed that **prescribed reporting entity** shall provide prescribed information in respect of transaction of crypto-asset for such period and in such time and manner to such income tax authority, as prescribed.

The amendment is aimed at tracking crypto transactions by way of Specified Financial Transactions Reporting.

It is also proposed to amend Section 2(47A) by insert that the **definition of virtual digital asset** will include **any crypto-asset** that is a digital representation of value, relying on a cryptographically secured distributed ledger or similar technology to validate and secure transactions.

**Effective Date April 1, 2025**

# Taxability of Income of Business Trust

## [Sec. 115UA]

25

### Existing Provision

Income of Business Trust by way of capital Gain on transfer of listed equity shares, equity-oriented funds and units of business trusts as referred to in **section 112A** is taxable at **maximum marginal rate**.

### Proposed Provision

It is proposed that income referred to in **Section 112A** shall also **not** be charged at the **maximum marginal rate** but will instead be taxed at the rates specified in Section 112A.

**Effective Date April 01, 2025**

# Taxability of Long-Term Capital Gains on Non- Residents [Section 115AD]

26

## Existing Provision

As per the existing provisions of Section 115AD, income by way of Long-term capital gains on transfer of securities (other than those referred to in Section 112A) by a Specified fund or a Foreign Institutional Investor (FII) is taxed at the rate of **10%**.

## Proposed Provision

It is proposed that income by way of long-term capital gains on transfer of securities (other than those referred to in Section 112A) by a Specified fund or Foreign Institutional Investor (FII) shall be taxed at the rate of **12.5%**.

**Effective Date 1 April, 2025**

# Clarifications

Particulars	Existing Provision	Proposed Provision
<p>Clarification regarding commencement date and end date of period stayed by the Court</p>	<p>Section 144BA, section 153, section 153B, section 158BE, section 158BFA, section 263, section 264 and Rule 68B, specify that period during which the proceedings under respective provisions are stayed by an order or injunction of any court, shall be excluded in computing the time limit for conclusion of the proceedings.</p> <p>However, there was an ambiguity regarding the commencement date and the end date of the period stayed by an order or injunction of any court which was required to be excluded.</p>	<p>Amendment is proposed to clarify that the excluded period will begin from the date on which stay was granted by an order or injunction of any court and end on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner (Approving panel in case of section 144BA).</p> <p><b>Effective Date April 1, 2025</b></p>
<p>Securities held by Investment fund are capital assets</p>	<p>No Provision exists</p>	<p>It is proposed to clarify that securities held by investment funds referred to in Section 115UB are capital assets. Thus, securities held by AIF Category I and II have been clarified to be considered as capital assets.</p> <p><b>Effective Date April 1, 2025</b></p>

# Proposed Amendments in Goods and Service Tax (GST)

Effective 1<sup>st</sup> April 2025

[SLIDE 29 – 32]

# GST Amendments (1/4)

29

Particulars	Existing Provisions	Proposed Provisions
<p><b>Time of Supply in case of Vouchers</b> (Section 12(4) &amp; 13(4) of CGST Act)</p>	<p>In case of supply of vouchers by a supplier, the time of supply shall be-</p> <p>(a) the date of issue of voucher, if the supply is identifiable at that point; or</p> <p>(b) the date of redemption of voucher, in all other cases.</p>	<p>Section 12(4) &amp; 13(4) are proposed to be omitted.</p> <p>Therefore, <b>supply of vouchers will not be considered as supply of goods neither as supply of services.</b> GST will be payable only at the time of actual supply of goods and services.</p>
<p><b>“Plant or machinery” replaced with words “plant and machinery” effective from 1st July ,2017.</b> (Section 17(5)(d) of CGST Act)</p>	<p>Goods or services or both received by a taxable person for construction of an immovable property <u>(other than plant or machinery)</u> on his own account including when such goods or services or both are used in the course or furtherance of business.</p>	<p>Goods or services or both received by a taxable person for construction of an immovable property <u>(other than plant and machinery)</u> on his own account including when such goods or services or both are used in the course or furtherance of business.</p>

Particulars	Existing Provisions	Proposed Provisions
<p><b>Pre-deposit for filing an appeal to appellate authority in cases involving only demand of penalty</b></p> <p>(Section 107(6) of CGST Act)</p>	<p>Appeal against order passed under section 129(3) of CGST Act shall be filed only after making pre deposit of sum equal to <b>25% of the penalty.</b></p>	<p>Proposed to amend Section 107(6) to provide that:</p> <p>In case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order before <b>appellate authority</b> unless a sum equal to <b>10 % of the said penalty</b> has been paid by the appellant.</p>
<p><b>Pre-deposit for filing an appeal to appellate tribunal in cases involving only demand of penalty</b></p> <p>(Section 112(8) of CGST Act)</p>	<p>No Provision exists</p>	<p>Proposal to amend Section 112(8) to provide that:</p> <p>In case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order before <b>appellate tribunal</b> unless a sum equal to <b>10 % of the said penalty</b> has been paid by the appellant.</p>

Particulars	Existing Provisions	Proposed Provisions
<p><b>Track and Trace Mechanism for specified commodities</b></p> <p>(Section 148A of CGST Act)</p>	No specific provision exists	New section 148A is proposed to be inserted to provide for an enabling mechanism for Track and Trace Mechanism for notified goods and person or persons who are in possession or deal with such goods.
<p><b>Penalty for failure to comply with track and trace mechanism</b></p> <p>(section 122B of CGST Act)</p>	No specific provision exists	As per the proposed provisions- Any registered person failed to comply with track and trace mechanism shall be liable to pay a <b>penalty equal to an amount of one lakh rupees or 10 % of the tax payable on such goods, whichever is higher.</b>
<p><b>Supply of goods warehoused in a Special Economic Zone or in free trade warehouse before clearance.</b></p> <p>(Schedule III paragraph 8(aa) of CGST Act)</p>	No Specific provision exists	Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area <b>will neither be treated as supply of goods nor supply of services.</b>

Particulars	Existing Provisions	Proposed Provisions
<p><b>Reversal of corresponding input tax credit in respect of a credit-note, if credit is availed by the registered recipient</b></p> <p>(Section 34(2) of CGST Act)</p>	<p>Supplier is <b>not allowed to reduce his output tax liability</b> against credit notes, if the incidence of tax and interest on such supply has been passed on to any other person.</p>	<p><b>Supplier can reduce his output liability only if-</b></p> <p>(i) input tax credit on such credit note has been reversed by the recipient, where recipient is a registered person; or</p> <p>(ii) incidence of tax on such supply has not been passed on to any other person, in other cases.</p>

**Thank You**

**For any clarifications on this presentation  
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