

Budget 2024 Highlights: Key Takeaways for Taxpayers and Businesses

Introduction

The Union Budget 2024 has brought forward new policies and tax measures that directly impact taxpayers, businesses, and investors across India. The government's focus on boosting the economy, enhancing digital infrastructure, and providing more tax relief has garnered significant attention. This blog highlights the key aspects of the 2024 Budget, especially for taxpayers and businesses looking to understand how the new reforms can shape their financial strategies.

Key Highlights of Budget 2024 for Taxpayers

1. Personal Income Tax Reforms

The Budget 2024 has introduced several significant updates in the personal income tax regime to offer relief to taxpayers, focusing on middle-income groups and salaried employees:

- **Revised Tax Slabs:** The government has restructured the income tax slabs, simplifying the rates while aiming to increase net disposable income.
- **Increased Standard Deduction:** An increase in the standard deduction for salaried individuals and pensioners helps bring additional tax savings.
- **Additional Deductions for Health Insurance Premiums:** Additional deductions are proposed for health insurance premiums under Section 80D, benefiting families with dependent senior citizens.

These changes aim to ease the tax burden on individual taxpayers and encourage higher savings.

2. Expanded Benefits Under the New Tax Regime

To incentivize the adoption of the new tax regime:

- **Higher Rebate Limit:** The rebate under Section 87A has been increased, allowing taxpayers with an annual income of up to ₹7 lakhs to claim zero tax liability.
- **Investment Opportunities:** Tax benefits on specific investments have been enhanced, especially those focused on environmental and sustainable development sectors, aligning with India's green initiatives.

3. Housing and Real Estate Benefits

The government has increased the deductions under housing loan interest payments for first-time home buyers, making homeownership more accessible and affordable:

- **Interest Deductions:** The interest deduction under Section 24 has been increased for housing loans, encouraging homeownership.
- **Tax Incentives for Affordable Housing:** Affordable housing projects benefit from extended tax holidays, benefiting developers and stimulating the real estate sector.

These provisions support both property buyers and developers, helping to meet India's growing housing needs.

Key Highlights of Budget 2024 for Businesses

1. Corporate Tax Adjustments

The Budget 2024 maintains a competitive corporate tax rate while introducing targeted reforms:

- **Reduced Surcharge Rates for Small Businesses:** A reduced surcharge for businesses with a turnover of up to ₹5 crore aims to support MSMEs.
- **Concessions for Start-ups:** Start-ups receive an extended tax holiday for one more year, making it easier for emerging businesses to thrive.

The focus on tax concessions for small businesses and start-ups reflects the government's priority to boost entrepreneurship and innovation.

2. Incentives for Sustainable and Green Businesses

The budget promotes green initiatives and sustainability by introducing incentives for businesses investing in eco-friendly practices:

- **Carbon Credit Trading Scheme:** Businesses that implement green projects can earn and trade carbon credits, creating an additional revenue stream.
- **Tax Deductions for Renewable Energy Investments:** Companies investing in renewable energy sources, such as solar and wind, enjoy new tax deductions, encouraging a shift towards sustainable practices.

These incentives align with India's commitment to reaching carbon neutrality by 2070 and foster sustainable growth across industries.

3. Boost for Digital Infrastructure and Technology

To support the digital economy, the government has introduced several key measures:

- **Digital India Investments:** Increased funding in Digital India initiatives aims to improve connectivity, especially in rural areas.
- **Digital Payment Ecosystem Support:** The government continues to support digital payments, particularly UPI transactions, by waiving charges for small businesses.
- **AI and Cybersecurity Investment:** Substantial allocations for AI and cybersecurity development emphasize India's focus on building a resilient digital infrastructure.

This investment in digital infrastructure benefits sectors ranging from retail to e-commerce, boosting productivity and efficiency.

Sector-Specific Highlights

Agriculture and Rural Development

- **Agri-Tech Promotion:** Budget 2024 introduces new schemes to promote technology adoption in agriculture, such as precision farming and crop monitoring.
- **Support for Rural Credit:** An increased rural credit target enables farmers to access financial services more easily.

These initiatives are expected to modernize the agricultural sector, enhancing productivity and profitability for farmers.

Manufacturing and MSME Support

- **Ease of Doing Business:** Regulatory reforms simplify compliance for small and medium enterprises (SMEs) and streamline licensing processes.
- **Production-Linked Incentive (PLI) Extension:** The PLI scheme extends to more sectors, fostering local manufacturing and reducing dependence on imports.

The support for MSMEs, the backbone of India's economy, reflects the government's aim to enhance job creation and economic growth.

Healthcare and Pharmaceutical Sector

- **Increased Budget Allocation for Healthcare:** A substantial increase in healthcare expenditure includes allocations for vaccine research and pandemic preparedness.
- **Support for Generic Medicines and Telemedicine:** Tax benefits encourage the manufacturing of generic medicines and investments in telemedicine, making healthcare more accessible.

These changes target improved healthcare access for all citizens and encourage innovation in the healthcare industry.

Other Notable Tax Amendments

Capital Gains Tax Simplification

To streamline the tax code, the government proposes a simplified capital gains tax structure, reducing the holding period for certain assets and updating tax rates.

EV Sector Tax Relief

The electric vehicle (EV) sector receives a boost with tax relief on EV purchases, especially for businesses adopting electric vehicles for logistics and employee transportation.

Conclusion

Budget 2024 has introduced a comprehensive set of policies to promote economic growth, simplify taxation, and support sustainability and digital transformation. The new provisions in personal income tax and corporate tax aim to boost disposable incomes and foster business growth, particularly for MSMEs and start-ups. Enhanced incentives for green practices also underscore India's commitment to environmental responsibility.

These reforms set a progressive path for India's future, encouraging investments in key areas like infrastructure, digital transformation, and sustainable energy. As taxpayers and business owners navigate these changes, it is essential to leverage these benefits effectively to ensure compliance and maximize potential tax savings. The Budget 2024 provides a promising landscape for India's taxpayers and businesses, encouraging a sustainable and digitally connected future.