

## Lok Sabha passes Finance (No.2) Bill, 2024 with Amendments

The Finance (No.2) Bill, 2024 presented as part of the Union Budget on July 23, 2024, was passed by the Lok Sabha with amendments on August 07, 2024.

Key highlights of the amendments vis-à-vis the original Bill as presented in July, are summarized here under:



Particulars	Proposals in Original Bill	Amended – Provisions
<p><b>Section 112 (1)(a)</b></p>	<p>In section 112 of the Income-tax Act, in sub-section (1), for the clauses (a), (b), (c), (d) and the first proviso, the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely: –</p> <p>“(a) in the case of an individual or a Hindu undivided family, being a resident, –</p> <p>(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and</p> <p>(ii) the amount of income-tax calculated on such long-term capital gains, –</p> <p>(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July 2024.</p> <p>and</p> <p>(B) at the rate of twelve and one-half per cent. For any transfer which takes place on or after the 23rd day of July 2024:</p> <p>Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause (ii);</p>	<p>Further, it was added that,</p> <p><b><i>‘Provided further that in the case of transfer of a long-term capital asset, being land and building or both which is acquired before 23rd day of July 2024, where the income tax computed under item (B) exceeds the income tax computed in accordance with the provisions of this Act as they stood immediately before their amendment by the Finance (No.2) Act 2024, such excess shall be ignored,</i></b></p> <p><b><u>As per original bill the rates of long-term capital gain in case of individual / HUF have been changed, @20% and @ 12.5% as the case may be and tax is calculated accordingly.</u></b></p> <p><b><u>Post amendment further it is proposed that Resident individual / HUF shall have the option to pay the taxes lower of:</u></b></p> <p><b><u>-20% with indexation</u></b></p> <p><b><u>-12.5% without indexation</u></b></p> <p><b><u>Provided that the long-term capital asset purchased before 23-07-2024 and transferred on or after 23-07-2024.</u></b></p>

<p><b>Section 112(1)(c)(iii)</b></p>	<p>(c) in the case of a non-resident (not being a company) or a foreign company, –</p> <p>(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and</p> <p>(ii) the amount of income-tax calculated on such long-term capital gains, –</p> <p>(A) at the rate of twenty per cent. for any transfer [other than a transfer referred to in sub-clause (iii)] which takes place before the 23rd day of July 2024; and</p> <p>(B) at the rate of twelve and one-half per cent. For any transfer which takes place on or after the 23rd day of July, 2024.</p> <p>iii) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset which takes place before the 23rd day of July, 2024, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;</p>	<p>(c) in the case of a non-resident (not being a company) or a foreign company, –</p> <p>(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and</p> <p>The original bills lines were substituted by following lines: <b><i>(ii) the amount of income tax calculated on long term capital gain [except where such gain arises from the transfer of capital asset referred to in sub- clause (iii)]</i></b></p> <p><b><i>(A) at the rate of 20% for any transfer which takes place before 23rd July 2024: and</i></b> <b><i>(B) at the rate of 12.5% for any transfer which takes place on or after the 23rd of July 2024 and</i></b> <b><i>(iii) the amount of income tax on long term capital gain arising from the transfer of a capital asset, being unlisted securities or share of a company not being a company in which the public are substantially interested as computed without giving the effect to the first and second provisos of section 48 calculated on such long-term capital gains----</i></b></p>
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		<p>(A) at the rate of 10% for any transfer which takes place before 23rd July 2024 (B) at the rate of 12.5 % for any transfer which takes place on or after 23rd July 2024.</p> <p><u><i>In erstwhile bill long term capital gain arising from transfer of unlisted shares of the company in which public is not substantially interested was charged @ 10% however post amendment it is now taxed stated as under:</i></u> <u><i>-@10% if transfer takes place before 23-07-2024.</i></u> <u><i>-@ 12.5% if transfer takes place on or after 23-07-2024.</i></u></p>
<p><b>Section 192 (2B)</b></p>	<p>Provided that this sub-section shall not in any case have the effect of reducing the tax deductible except where the loss under the head "Income from house property" has been taken into account, from income under the head "Salaries" below the amount that would be so deductible if the other income and the tax deducted in accordance with other provisions of Part B and collected in accordance with the provisions of Part BB, of this Chapter, had not been taken into account.'</p>	<p><u>In original bill these lines are amended and substituted following lines:</u> <b><i>'Provided that this sub- section shall not in any case have the effect of reducing the tax deductible from income under the head 'Salaries 'except where the loss under the head 'Income from House property' and the tax deducted accordance with other provisions of Part B and tax collected in accordance with the provisions of Part BB of this chapter has been taken into account'.</i></b></p> <p><u><i>In other words, in old finance bill it was proposed to increase the scope section 192(2B) by including any TDS/TCS, to be taken under</i></u></p>

# DIRECT TAX

		<p><b><u>consideration for the purpose of TDS deduction on Salary income.</u></b></p> <p><b><u>Now post amendment it is proposed that the TDS deducted from Salary can be reduced after taking consideration any loss under the head 'Income from House Property' also along with TDS/ TCS deducted as the case maybe.</u></b></p>
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Source: The Finance (No. 2) Bill 2024 passed in Lok Sabha on 07-08-2024

## Contact Details

3rd Floor, MJ Tower,  
55, Rajpur Road,  
Dehradun - 248001

**T:** +91.135.2743283, +91.135.2747084

**E:** info@vkalra.com

**W:** vkalra.com



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