

Deloitte.



Union Budget 2024 Fuelling India's transformation

July 2024

Technology, Media & Telecommunications



Technology and media

Key announcement in budget

Direct Tax

- Equalisation levy at the rate of 2 percent of consideration of non-residents on digital sale of goods or services, shall be withdrawn with effect from 1 August 2024. The compliance burden is reduced for such non-residents
- Proposal to abolish angel tax for all classes of investors to bolster the Indian start-up eco-system, boost the entrepreneurial spirit and support innovation with effect from 1 April 2024
- Buy-back tax incidence is moved from the company to the shareholder and will be considered as dividends in the hands of the shareholder. Specific guidelines have been prescribed with respect to the computation in the hands of the shareholders
- Rate of TDS on payments made by e-commerce operator to the sellers listed on their platform is reduced to 0.1 percent vis-à-vis 1 percent with effect from 1 October 2024
- Specified foreign companies to pay income tax at the rate of 35 percent vis-à-vis 40 percent earlier

Technology and media

Key announcement in budget

Indirect Tax

- Section 122(1B) of CGST Act is being amended with effect from 1 October 2023 to restrict the applicability of penal provisions under this section to only those Electronic Commerce Operators who are required to collect tax at source under section 52
- Import of scientific and technical instruments, apparatus, equipment (including computers), accessories etc., by publicly funded research institutions for specified purposes will continue to be taxed at the rate of five percent for another 5 years (Upto 31 March 2029)
- Import duty exemption in relation to motion picture, music, gaming software for use in gaming console printed or recorded on media will be continued for another 2 years (Upto 31 March 2026)

Telecom

Changes in the Customs Tariff Act, 1975

Description of goods	Up to 23 July 2024	From 24 July 2024
Cellular mobile phone	20%	15%
Printed circuit board assemblies (PCBA) of cellular mobile phone	20%	15%
Charger/adapter of cellular mobile phone	20%	15%
PCBA of specified telecom equipment	10%	15%

- Exemption extended till 31 March 2026 on the following goods under Notification 50/2017 dt. 30.06.2017:
 - Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone
 - Moulds, tools and dies, for the manufacture of parts of electronic components or electronic equipment
- Exemptions through some of the key notifications have been extended till 31 March 2029:

Notification	Particulars
25/1998- Customs dt. 02.06.1998	Capital goods/machinery/ measuring instruments for manufacture of semiconductor wafers
25/1999-Customs dt. 28.02.1999	Capital goods/machinery used by the IT/Electronics industry, subject to actual user condition
25/2002- Customs dt. 28.03.2002	Import of specified raw materials, inputs and parts (such as automatic/semi- automatic assembling machine) for use in manufacture of specified electronic items (such as connectors, resistors)

Technology

Non-tax proposals in budget

- The Government in partnership with states will facilitate implementation of the Digital Public Infrastructure (DPI) in Agriculture. Digital crop survey using DPI will be taken up in 400 districts.
- To set up e-commerce export hubs to enable MSMEs and traditional artisans to sell their products in international markets in public-private-partnership (PPP) mode.
- Venture capital fund of INR 10,000 million to be set up for expanding the space economy by 5 times in the next 10 years.
- Mechanism for spurring research and development by the private sector with a corpus of INR1 trillion for financing at low or nil interest rates will be set up. Anusandhan National Research Fund will be operationalized for basic research and prototype development.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication and any attachment to it is for internal distribution among personnel of the Deloitte organization.

It may contain confidential information and is intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient, please notify us immediately by replying to this email and then please delete this communication and all copies of it on your system. Please do not use this communication in any way.

None of DTTL, its member firms, related entities, employees or agents shall be responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.