

Interim budget 2024-25: Amnesty for small disputes relief to income-tax payers

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Cricket

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Over 10 million taxpayers, mostly small salary earners, will have long-pending notices for dues related to income tax, wealth tax and gift tax withdrawn, finance minister Nirmala Sitharaman announced on Thursday in an amnesty plan that will see dues of up to ₹25,000 in cases prior to the 2009-10 financial year and up to ₹10,000 for cases between then and 2014-15 disposed of.



The interim budget decided to maintain status quo on both direct and indirect tax rates(Representative Image)

The minister was presenting the Union interim budget for the 2024-25 financial year, when she said the measure was in line with the government's efforts to improve ease of living and doing business.

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"I propose to withdraw such outstanding direct tax demands up to twenty-five thousand rupees (₹25,000) pertaining to the period up to financial year 2009-10 and up to ten-thousand rupees (₹10,000) for financial years 2010-11 to 2014-15. This is expected to benefit about a crore tax-payers," she announced in her Interim Budget speech in the Parliament.

Sitharaman said there are many "petty [amounts], non-verified, non-reconciled or disputed direct tax demands, many of them dating as far back as the year 1962, which continue to remain on the books, causing anxiety to honest tax payers and hindering refunds of subsequent years".

The purpose is also to reduce large number of old litigations that consume time and energy of tax department, officials said. Revenue secretary Sanjay Malhotra said these demands include notices "pending with respect to income tax,

wealth tax and gift tax. Many of these demands are very, very old, dating from 1962... Because these demands are very old, many of them are unreconciled because of systemic issues.”

Disputes arose because of missing records of tax payments before all the tax records were centralised in 2010-11. Hence, the government calls it withdrawal of notices and not tax waiver, he explained.

Naveen Wadhwa, vice president, research and advisory at consultancy Taxmann said: “It is a significant relief for taxpayers, who have been burdened with anxiety and uncertainty due to these outstanding demands, and the courts, who have been overburdened with pending litigations. It also addresses tax demands related to estate duty, and banking cash transaction tax”.

The move will bring back a large amount back into circulation as well, said Kumarmangalam Vijay, Partner at law firm JSA. “This is in line with the government’s concerted effort to reduce litigation and make the environment more taxpayer friendly,” he added.

Some sops extended

The interim budget decided to maintain status quo on both direct and indirect tax rates, but it extended tax sops for certain sectors by one year. Certain tax benefits to start-ups and investments made by sovereign wealth or pension funds as also tax exemption on certain income of some IFSC units that would have expired on March 31, 2024, have been extended up to March 31, next year.

“While no big bang changes have been announced, in a welcome move, the sunset on tax benefits provided to start-ups, sovereign wealth funds, pension funds, and IFSC units was extended to March 31, 2025. This was much awaited by the investor community and ensures continuity in taxation,” said Ipsita Agarwalla, ILeader – International Tax, Nishith Desai Associates

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