



LOK SABHA PASSES FINANCE BILL : LTCG TAX : POLITY

NEWS : *Lok Sabha passes Finance Bill, amends provision on LTCG tax*

WHAT'S IN THE NEWS ?

- **Finance Bill, 2024:** Passed by the Lok Sabha, includes an amendment on long-term capital gains (LTCG) tax.
 - **LTCG Tax Options:** Taxpayers can choose between:
 - A new lower rate of 12.5% without indexation.
 - The old rate of 20% with indexation benefits.
- **Finance Minister's Defense:** Nirmala Sitharaman focused on tax simplification and promoting investment in defending the Budget proposals.
- **Opposition Protests:** Opposition walked out in protest over GST on insurance premiums.

Finance Bill Overview:

- **Definition:** A Finance Bill outlines the financial proposals for the upcoming financial year, introduced in the Lok Sabha after the Union Budget.
- **Purpose:** Once passed by Parliament and assented to by the President, it becomes the Finance Act, giving legal force to budgetary measures.

Types of Finance Bills:

1. Type (I) – Article 117(1):

- **Scope:** Contains provisions related to both Money Bills and general legislation.
- **Introduction:** Can only be introduced in the Lok Sabha with a Presidential recommendation.
- **Legislative Process:**
 - Rajya Sabha may suggest amendments, which the Lok Sabha can accept or reject.
 - In case of a deadlock, a joint sitting of both Houses may be convened by the President.
 - The President can assent, withhold assent, or return the bill for reconsideration.

2. Type (II) – Article 117(3):

- **Scope:** Deals with provisions involving expenditure from the Consolidated Fund of India, excluding Money Bill matters.
- **Introduction:** Can be introduced in either House of Parliament.
- **Legislative Process:** Follows procedures for ordinary bills, requiring Presidential recommendation for consideration.



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Aspect	Money Bill	Finance Bill
Definition	Contains provisions related exclusively to taxation, borrowing of money by the government, and expenditure from or receipt to the Consolidated Fund of India.	Covers a broader range of financial matters, including provisions related to taxation but may also include general legislation or expenditure not strictly related to the Consolidated Fund.
Introduction	Can only be introduced in the Lok Sabha.	Type (I) can be introduced only in the Lok Sabha. Type (II) can be introduced in either House.
Certification	Certified as a Money Bill by the Speaker of Lok Sabha.	Not certified as a Money Bill.
Rajya Sabha's Role	Cannot amend or reject the Money Bill.	Can recommend amendments to Type (I); Type (II) is treated like an ordinary bill.
Approval Process	Must be passed by Lok Sabha and can be sent to Rajya Sabha for recommendations. Lok Sabha can reject Rajya Sabha's recommendations. If not acted upon by Rajya Sabha within 14 days, deemed passed.	Must be passed by both Houses. In case of disagreement, a joint sitting of both Houses can be summoned by the President for Type (I). Type (II) follows ordinary bill procedures.
Presidential Recommendation	Required for introduction in Lok Sabha.	Required for Type (I); not necessarily for Type (II).
Amendments	No amendments allowed by Rajya Sabha.	Rajya Sabha can suggest amendments for Type (I); Type (II) follows ordinary bill procedures.
Deadlock Resolution	No provision for joint sitting; Lok Sabha's decision is final.	President can summon a joint sitting of both Houses for Type (I). Type (II) is resolved through ordinary legislative procedures.

Source : <https://www.thehindu.com/news/national/lok-sabha-passes-finance-bill-amends-ltcg-tax-provision-on-immovable-properties/article68497440.ece>

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