UNION BUDGET ANALYSIS

2025-2026

TULSIANS'

NEXTGEN CONSULTING SOLUTION

AHMEDABAD
COIMBATORE
NAUTANWA (U.P)
VADODARA

About Us :

Tulsians' is a group of multi-disciplinary professional firms that originated in Ahmedabad, Gujarat in 1996. Over the past twenty-eight years, the group has expanded significantly and now has a nationwide presence across India.

The group's growth has been fueled by a commitment to delivering practical advice that offers value for money. We emphasize a professional approach combined with a personal touch, which has garnered strong confidence from stakeholders. This trust is evident in the long-standing business relationships we maintain with clients and continuous expansion of our service portfolio.

Tulsians' offers a comprehensive range of services, covering both traditional and NextGen areas. These include Virtual CFO Services, Strategic and Management Consulting, Business Consultancy, Legal Consulting, Tax Management, Accounting, Financial Services, Auditing, Valuation, and more. Our service delivery is underpinned by dedicated teams of experienced professionals and associates, each division led by a senior partner.

The firm's philosophy centers on providing personalized, high-quality service as our utmost priority. This commitment to excellence has established Tulsians' as a trusted partner for domestic and international clients alike, seeking expertise across various facets of professional advisory and consulting services.

Our Team :

Arun G. Tulsian
FCMA
Ph: +91 98984 - 96669

Hirav Shah
FCMA
Ph: +91 94291 - 83211

Dr. Pradeep G. Tulsian
FCA, FCS, FCMA, LLB, PhD
Ph: +91 98250 - 74277

Sonika C. Jain
ACA
Ph: +91 89992 - 27688

Sanjay G. Tulsian
FCA
Ph: +91 93740 - 04700

Apurva Pamecha
ACA
Ph: +91 94685 - 42442

Ayush Tulsyan
FCA, LLB
Ph: +91 88022 - 75113

Priya Agrawal
ACS
Ph: +91 82002 - 38329

Abhay Tulsian
FCA, ACS
Ph: +91 73058 - 02475

Arti Khetan
ACS
Ph: +91 99091 - 02448

Anubhav Tulsian
ACA
Ph: +91 87565 - 62961

Swati Kannan
ACA
Ph: +91 88708 - 61354

Our Services :

Virtual CFO Services:

Our Virtual CFO Services are designed to address the pressing needs of Entrepreneurs, Start-ups, and business entities across different growth stages, enabling them to accelerate their growth trajectory. We specialize in managing cash flow, developing financial strategies, implementing Management Information Systems (MIS), enhancing internal control processes, providing legal consulting, and optimizing tax management. Our aim is to empower owners and founders to navigate challenges effectively and propel their businesses forward.

Business Intelligence:

To maximize business opportunities for our clients, we provide strategic advice through a structured and well-considered decision-making process. Leveraging deep industry knowledge, we ensure the delivery of optimal results. Our unique selling proposition lies in our role as operational experts: we not only determine what needs to be done but also guide and support our clients through the practical implementation process. This approach ensures that our clients achieve their goals effectively and efficiently.

Audit and Assurance:

Our Audit and Assurance Solutions ensure clients achieve regulatory compliance and gain control over accounting and financial objectives. We offer Statutory, Internal, Tax, Systems & Control, Forensic, Cost, Secretarial, Management Audits, Certification Services, and Special Audits. Each audit is meticulously conducted to provide precise insights, ensuring adherence to regulatory standards and enhancing operational efficiency for sustainable growth.

Taxation Consultancy

Drawing on our expert knowledge of tax regimes in India and worldwide, we assist clients in minimizing their tax exposure by identifying risks within complex legislation. Specializing in Direct Tax, Indirect Tax (including GST), and Transfer Pricing, our team provides strategic guidance to navigate tax challenges effectively. We ensure timely and proactive tax management to optimize financial outcomes for our clients.

Our Affiliates :

PGT and Associates
Chartered Accountants

A. G. Tulsian & Co.,
Cost Accountants

PD Agrawal & Associates
Company Secretary

Tulsian Sanjay & Co.,
Chartered Accountants

Tulsyan Ayush & Co.,
Chartered Accountants

A Tulsian & Co.,
Chartered Accountants

Our Presence :

AHMEDABAD
308-309, Sahajanand Palace,
Opp Rahul Tower,
100ft Anand Nagar Road,
Satellite, Ahmedabad,
Gujarat-380015

Ph: 079-40073889, 48933889
Email: pgtulsian@gmail.com

COIMBATORE
2nd Floor, Tulasi Chambers,
T.V. Swamy Road West,
R.S. Puram, Coimbatore,
Tamilnadu- 641002

Ph: +91 73058-02475
Email: atulsianandco@gmail.com

NAUTANWA (U.P.)
Plot No.39,
Godson Home City,
Mahendra Nagar,
Ward No. 13, Nautanwa,
Uttar Pradesh - 273164

Ph: +91 8802275113
Email: caayush14@gmail.com

VADODARA
109 - 111, Offtel Tower,
R. C. Dutt Road,
Alkapuri,
Vadodara - 390007

Ph: +91 94291-83211
Email: hirav.shah09@gmail.com

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- The proposals are subject to amendment as the Finance Bill progresses through Parliament and receives a Presidential assent.
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Our Goal and Vision:

- **Guiding Philosophy:**
  At our core, we are committed to delivering the highest standard of professional service to our clients at a fair and reasonable cost. We aspire to lead in offering innovative advice to entrepreneurs, anchored by principles of sincerity, honesty, integrity, loyalty, and diligent effort.
- **Client and Services:**
  We view our relationship with clients as a partnership rather than a mere service provider. Central to our firm's success are the strong personal bonds we cultivate with our clients. We are dedicated to ensuring complete satisfaction by meticulously understanding and meeting their unique needs and expectations.
- **Professional Commitment:**
  Our steadfast commitment is to attain the pinnacle of professional excellence. This commitment drives us to assemble a team of highly qualified professionals proficient in both traditional and contemporary professional services.
- **Our People:**
  We invest significantly in our personnel, fostering a culture deeply rooted in dedication to client service. We attract and retain exceptional talent by continuously enhancing their expertise and staying current with advancements in both conventional and modern professional domains.

We firmly believe that our vision, which integrates exemplary professional service with active community and corporate engagement, has positioned us prominently within the business and professional sectors. This ethos continues to drive our success and will propel us further in the future.

TABLE OF CONTENTS

PREFACE:

Economic survey presented by the government day before the Budget Day, shows slowdown in the world economy showing various political and economic changes and uncertainties in the world, which has also affected India and may have an impact in the coming year to India. Hon'ble Finance Minister Smt. Nirmala Sitharaman has presented her 8th consecutive budget (first Finance minister to do so) under the NDA government's third term led by Shri Narendra Modi has emphasized the government efforts to do (i) accelerate growth, (ii) secure inclusive development, (iii) invigorate private sector investments, (iv) uplift household sentiments, and (v) enhance spending power of India's rising middle class. India is the fastest growing among all major global economies and have capability and potential to achieve the target "Viksit Bharat" by 2047. In her speech she tried to define the word "Viksit Bharat", which means is (i) zero-poverty;(ii) hundred per cent good quality school education; (iii) access to high-quality, affordable, and comprehensive healthcare;(iv) hundred per cent skilled labour with meaningful employment;(v) seventy per cent women in economic activities; and (vi) farmers making our country the 'food basket of the world'.

To achieve the above goal this Budget has proposed development measures in ten broad areas focusing on Garib, Youth, Annadata and Nari. These are (i) Spurring Agricultural Growth and Productivity;(ii) Building Rural Prosperity and Resilience; (iii) Taking Everyone Together on an Inclusive Growth path;(iv) Boosting Manufacturing and Furthering Make in India;(v) Supporting MSMEs; (vi) Enabling Employment-led Development;(vii) Investing in people, economy and innovation; (viii) Securing Energy Supplies; (ix) Promoting Exports; and (x)Nurturing Innovation.

The Indian growth train through which the Government aim to achieve the target of Viksit Bharat has four Engines i.e. (i) Agriculture, (ii), MSMEs, (iii) Investment and (iv) Exports. The government has also tried to focus on various reforms on legal and administrative side to reduce the expenditure burden and ease of going business which will bring the confidence of other countries to invest in India.

To achieve the opportunities available in the export market and welfare activity the government has reduce the custom duty on many products and emphasized to promote the "Make in India" scheme. Agriculture, textile, and infrastructure (mainly shipping logistics) have been in focus and incentivized. To increase the consumption, for the first time the government has given a huge benefit in direct tax to the salaries and middle class of people by making Nil tax to the person who is having income up to Rs. 12 Lakh. This will reduce the burden of the inflation which the middle class has been facing for the last few years.

This booklet is a small effort made by our team to put before you the tax proposals made by FM in this budget in a simplified manner for your better understanding.

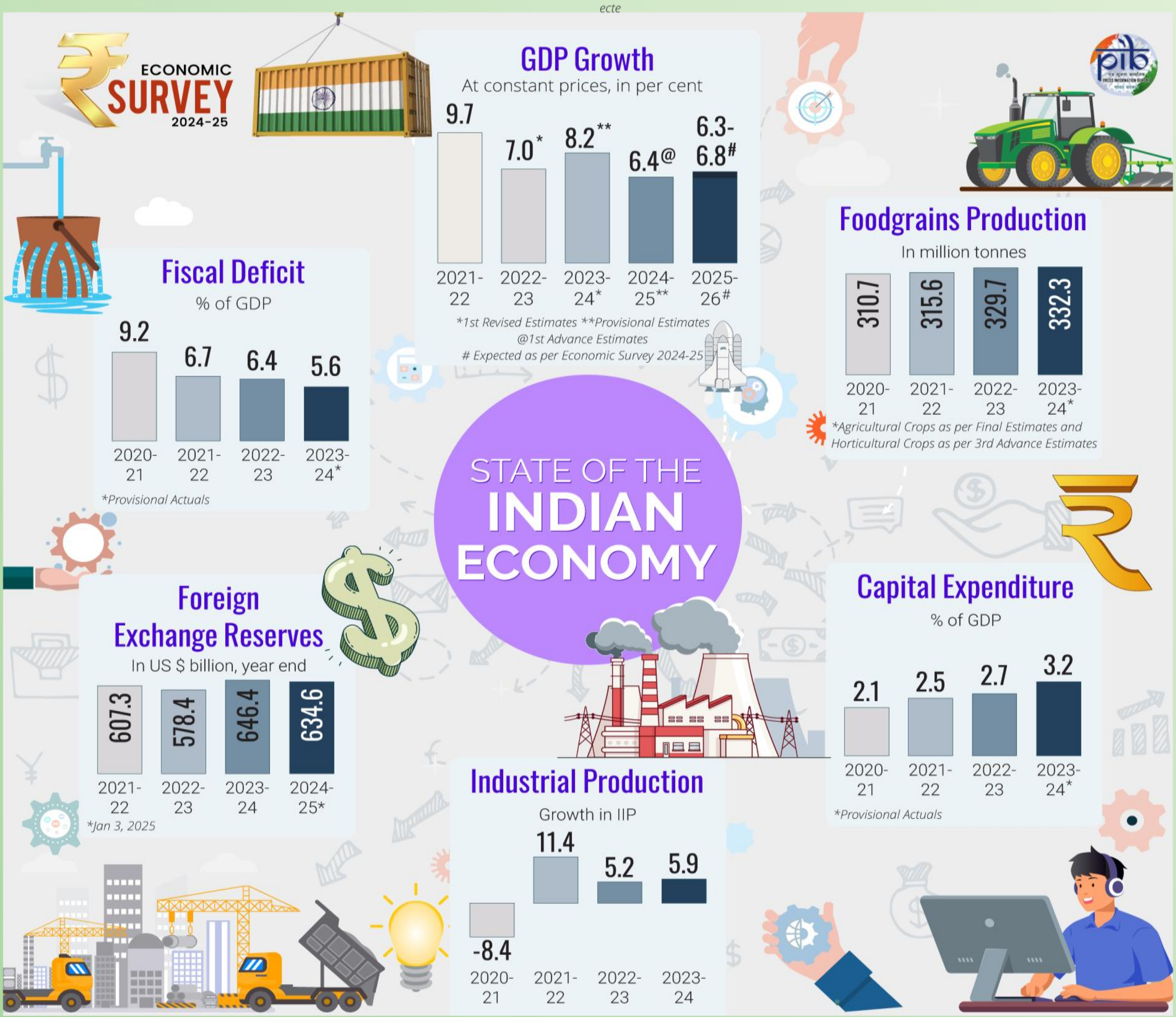
Date: 1st February 2025, Ahmedabad

OVERVIEW OF THE ECONOMIC SURVEY 2024-2025

Key Highlights

- The Economic Survey projects a GDP growth between 6.3% to 6.8%, keeping in mind the upsides and downside risks amidst geopolitical uncertainties continue to pose risks to the global economic outlook.
- Despite global uncertainties, India's economy is set to grow steadily at real GDP growth rate of 6.4% in FY25, close to its 10-year average.
- Global economy expanded by 3.3%, reflecting moderate growth, The International Monetary Fund (IMF) forecasts an average global growth rate of 3.2% over the next five years, which is slower than historical trends.
- The global economy grew steadily but unevenly in 2024, with manufacturing slowing in Europe and Asia due to supply chain issues and weak demand. However, the services sector performed well, helping growth, while overall inflation eased, though service-related costs remained high.
- Private consumption is expected to rise by 7.3%, supported by a recovery in rural demand.
- On the supply side, agriculture is projected to grow by 3.8%, industry by 6.2%, and services by 7.2%, with strong contributions from construction, utilities, finance, and public services.
- Retail headline inflation has come down to 4.9% in April – December 2024, when compared to 5.4% in 23-24 and is anticipated to stabilize around 4.0%, aided by effective monetary policies and supply chain improvements.
- Private consumption grew by 6.7% in H1 FY25, supported by rising rural demand, as seen in increased sales of two-wheelers, three-wheelers, and tractors.
- A NABARD survey showed that 78.5% of rural households reported higher spending in the past year, with rural demand expected to remain strong due to a bumper Kharif harvest and higher MSPs for the Rabi crop.
- Government capital expenditure rose by 8.2% between July and November 2024 and is likely to accelerate further.
- Manufacturing firms' capacity utilization stood at 74.7% in Q2 FY25, above the long-term average, while capital goods companies saw a sharp 23.6% rise in order books in FY24.
- Private investment intentions have increased significantly, reaching ₹2.45 lakh crore for FY25, up from ₹1.6 lakh crore in FY24, with some investments expected to extend into FY26.
- BSE market cap-to-GDP ratio reached 136% (Dec 2024), surpassing China (65%) and Brazil (37%).
- The survey advocates deregulation and long-term infrastructure investment to sustain high growth.
- ₹50,000 crore Self-Reliant India Fund launched to support MSMEs equity funding.
- FDI inflows increased from $47.2B to $55.6B, a 17.9% YoY growth.
- Forex reserves stood at $640.3B (Dec 2024), covering 10.9 months of imports.
- Agriculture projected to grow 3.8% in FY25, driven by horticulture, livestock, and fisheries. Kharif foodgrain production expected to rise to 1647.05 LMT, up 89.37 LMT from last year.

- The industrial sector is estimated to grow by 6.2% in FY25. Solar & wind power capacity increased by 15.8% YoY (Dec 2024).
- Social services expenditure grew by 15% (FY21-FY25).
- Government health spending increased, while out-of-pocket expenses dropped from 62.6% (FY15) to 39.4% (FY22).
- The unemployment rate declined to 3.2% (2023-24) from 6% in 2017-18.
- The digital economy is projected to reach a valuation of $1 trillion by 2025, highlighting the rapid adoption of technology across sectors.
- The survey stresses collaboration between government, private sector, and academia to mitigate AI's societal impact.
- Survey also recommends the need for deregulation and reforms at the grassroots level to improve the overall competitiveness of the economy and to lift trend growth rates, supporting higher levels of economic activity.



Economic Performance at a Glance:

S. No.	Item	Value in Crores		% change	
		April-December		April-December	
		2023-24	2024-25	2023-24	2024-25
	Real Sector				
1	**GDP at Market Prices (Rs. Crore) @**				
(a)	At current prices	2,95,35,667	3,24,11,406	9.60	9.70
(b)	At 2011-12 prices	1,73,81,722	1,84,88,381	8.20	6.40
2	Index of Industrial Production@@	143	149	6.50	4.10
3	Wholesale Price Index (2011-12=100)	152	155	-1.10	2.20
4	Consumer Price Index: Combined (2012=100)	184	193	5.50	4.90
5	Money Supply (M3) (**Rs.** thousand crore) $	24,256	26,513	11.00	9.30
6	**Imports at current prices***				
(a)	In Crore	41,89,495	44,67,342	-4.20	6.60
(b)	In USD Million	5,06,392	5,32,482	-7.60	5.20
7	**Exports at current prices***				
(a)	In Crore	26,19,157	26,98,637	-2.20	3.00
(b)	In USD Million	3,16,650	3,21,709	-5.70	1.60
8	Trade Balance (USD Million) *	-1,89,742	-2,10,773	-10.60	11.10
9	**Foreign Exchange Assets**				
(a)	In Crore$	51,85,784	54,76,869	11.40	5.60
(b)	In USD Million$	6,23,200	6,40,279	10.70	2.70
10	Current Account Balance (USD Billion) ##	-20	-21	-	-
	Government Finances (Rs. crore) **				
1	Revenue Receipts	20,42,289	22,90,710	15.40	12.20
2	Gross tax revenue	24,82,499	27,50,428	14.40	10.80
3	Tax Revenue (net to Centre)	17,29,931	18,43,053	11.20	6.50
4	Non-Tax Revenue	3,12,358	4,47,657	45.80	43.30
5	Capital receipts	10,11,928	9,41,384	-3.40	-7.00
	of which				
6	Recovery of loans	19,597	18,301	19.20	-6.60
7	Other Receipts	10,053	8,994	-74.00	-10.50
8	Other borrowings and liabilities	9,82,278	9,14,089	-1.10	-6.90
9	Total Expenditure	30,54,217	32,32,094	8.40	5.80
10	Revenue Expenditure	23,80,587	25,46,757	2.30	7.00
11	Capital Expenditure	6,73,630	6,85,337	37.50	1.70
12	Revenue Deficit	3,38,298	2,56,047	-39.40	-24.30
13	Fiscal Deficit	9,82,278	9,14,089	-1.10	-6.90
14	Primary Deficit	2,34,071	1,05,776	-25.00	-54.80

@: GDP for 2024-25 is the First Advance Estimate and 2023-24 is a Provisional Estimate (both for full fiscal years).
@@: April – November
****: On a Customs basis.***
$: Outstanding as of 27th December 2024, and percentage change year-on-year.
##: April-September
*****: April-December figures for 2023-24 and 2024-25 are Provisional Estimates as reported by the Controller General of Accounts.***

India's Future Growth Outlook – Economic Survey

During 2024, Shri Narendra Modi had returned as PM for the third term and more importantly that in-spite of not having full majority in Lok Sabha, BJP has won major state elections, which shows that the India has stable political and policy continuity. The global slowdown in the economic has also affected the Indian export. Therefore, domestic growth levels are relatively more important than external ones in the coming years. India has a more youthful demographic profile, which is an advantage, but it comes with a huge responsibility. India being having limitations in producing critical goods at the scale and quality required to serve the infrastructure and investment needs of an aspiring economy, it mainly depends upon the Chinese supply chains and related services. This dependency of single-source concentration risk in several product areas exposes India to potential supply chain disruptions, price fluctuations and currency risks. Therefore, India has to attract, promote and facilitate further domestic and foreign investments to become a competitive and innovative economy.

Against global slowdown, India displayed steady economic growth. As per the first advance estimates India's real GDP is estimated to grow by 6.4 per cent in FY25 supported by agriculture and services, with rural demand improving on the back of record Kharif production and favorable agricultural conditions. Whereas the manufacturing sector faced pressures due to weak global demand and domestic seasonal conditions. India's economic prospects for FY26 is on a steady growth path as India is to improve its global competitiveness through grassroots-level structural reforms and deregulation to reinforce its medium-term growth potential which leads to the growth would be between 6.3 and 6.8 per cent in FY26. Through which the India will move towards its target of Viksit Bharat by 2047.

Future Outlook – Global Economy

During 2024, The new President of America Shri Trump, who won the election after losing his last election, has been in office for less than two weeks. His policy changes which were his political agenda in the election is expected to affect the global movement of goods and labour. His decisions on these will have a great impact on the world economy during the coming year i.e., 2025-26. Whereas Europe faces both political and economic uncertainties during the year 2024. Biggest economic of Europe i.e., Germany, experienced economic contraction, and Political uncertainty. France too has political uncertainty due to developments in the wake of the snap elections. After a long gap, the Labour Party came into government in the UK amidst fiscal pressures and a slowing economy. Therefore, these developments of political changes and uncertainty have majorly affected the global economy. The reopening of the Chinese economy has not led to a spurt in economic growth rate as overcapacity and financial strains which result into weak aggregate demand. Therefore, the world economy is in deflationary mode. The effect of the world economic slowdown clearly reflected in the second half of the year, several stock markets worldwide are at elevated levels and do not appear unduly concerned about economic growth and earnings uncertainties. Despite political un-stability, the global economy exhibited steady yet uneven growth in the slowdown in global manufacturing due to supply chain disruptions and weak external demand across regions in 2024. As against which the services sector performed better and supported growth and eased the Inflationary pressures in many economies. All these factors led to uncertainty over future policy rates and inflation trajectories. Geopolitical tensions, ongoing conflicts, and trade policy risks continue to pose significant challenges to global economic stability. The International Monetary Fund (IMF) has projected growth of 3.2 per cent and 3.3 per cent for 2024 and 2025, respectively.

Capital Market Growth

Financial institutions of any country facilitate savings, investments, and credit for economic activities which play a pivotal role in shaping a country's economic growth. The Indian capital markets have demonstrated strong performance till December 2024 and recorded new highs, consistently outperforming its emerging market peers despite geopolitical uncertainties and election-driven market volatility challenges. This helps to drive capital formation in the real economy, increasing the financialization of domestic savings, and supporting wealth creation. With the commencement of FY25, the stock market has experienced significant volatility driven by various events. However, on a longer-term basis, Indian markets have been among the best performing markets in the world.

KEY POLICY ANNOUCEMENTS

The Union Budget 2025-26, themed "Sabka Vikas," emphasizes inclusive growth and outlines the broad principles of "Viksit Bharat" (Developed India). Building upon the previous year's priorities, the government continues to focus on key areas to stimulate balanced development across all regions.

The four key engines as identified by the FM in this budget are — **Agriculture, MSMEs, Investment, and Exports** which would drive growth, powered by Reforms as the fuel. Inclusivity will remain the guiding spirit, ensuring balanced progress toward the ultimate destination of a developed India.

Engine 1: Agriculture:

- **Prime Minister Dhan-Dhaanya Krishi Yojana** – Targeting 100 low-productivity districts to benefit 1.7 crore farmers through improved irrigation and post-harvest storage facilities.
- **Rural Prosperity and Resilience Programme** – A collaborative initiative with states to address agricultural underemployment via skilling, investment, and technology adoption.
- **Atma Nirbharta in Pulses** – 6-year mission focusing on Tur, Urad, and Masoor to promote climate-resilient seeds and ensure remunerative prices for farmers.
- **Procurement Support for Pulses** – NAFED and NCCF will procure Tur, Urad, and Masoor from farmers over the next four years to stabilize prices and support growers.
- **Enhanced Kisan Credit Card (KCC) Limit** – The credit limit has been raised from ₹3 lakh to ₹5 lakh, benefiting 7.7 crore farmers by improving access to finance.

- **National Mission on High-Yielding Seeds** – Strengthening research to develop and distribute over 100 high-yielding, pest-resistant seed varieties for improved productivity.
- **Mission for Cotton Productivity** – A 5-year initiative promoting sustainable cotton farming, enhancing the production of extra-long staple cotton, and improving fiber quality.
- **Makhana Board in Bihar** – Establishment of a dedicated board to enhance Makhana production, processing, and value addition for better farmer incomes.
- **Comprehensive Program for Fruits and Vegetables** – A nationwide initiative to develop efficient supply chains and ensure better market prices for horticultural farmers.
- **Fisheries Development Framework** – A new strategy for sustainable fishing in the Indian Exclusive Economic Zone, focusing on Andaman & Nicobar and Lakshadweep regions.
- **Urea Plant in Assam** – A new facility at Brahmaputra Valley Fertilizer Corporation Ltd (BVFCL) with a production capacity of 12.7 lakh metric tons to enhance fertilizer availability.

Engine 2: MSMEs:

- **Enhanced MSME Classification** – The investment and turnover thresholds have been raised by 2.5 times, providing greater access to credit and growth prospects for small enterprises.

Rs. In Crores	Investment		Turnover	
	Current	Revised	Current	Revised
Micro	1	2.5	5	10
Small	10	25	50	100
Medium	50	125	250	500

- **Micro Enterprise Credit Cards** – A credit facility of ₹5 lakh has been introduced for 10 lakh micro enterprises, fostering financial inclusion and entrepreneurial opportunities.
- **Increased Credit Guarantee for MSMEs** – The guaranteed cover has been doubled from ₹5 crore to ₹10 crore, allowing businesses to secure higher loans with ease.
- **Leather and Footwear Growth Initiative** – A strategic plan aimed at generating 22 lakh new jobs, achieving a business turnover of ₹4 lakh crore, and boosting exports beyond ₹1.1 lakh crore.
- **Toy Industry Promotion** – Cluster-based and innovation-driven manufacturing will be encouraged to strengthen the Made in India identity in international markets.
- **National Food Technology Institute** – A new institute in Bihar will be set up to advance food processing, skill development, and entrepreneurial ventures in the sector.
- **Startup Fund Expansion** – A Fund of Funds will receive an additional ₹10,000 crore to support startup growth and innovation.

Engine 3: Investments:

- **Urban Development Fund –** ₹1 lakh crore set aside to make cities economic hubs, redevelop urban spaces, and improve water and sanitation, with ₹10,000 crore allocated for 2025-26.
- **Jal Jeevan Mission** – Budget increased to ₹67,000 crore and extended till 2028 to provide clean tap water to all households. So far, 15 crore rural families (80% of the rural population) have benefited.

- **Maritime Development Fund** – A ₹25,000 crore fund, with half contributed by the government, to support shipbuilding, port expansion, and logistics.
- **More IIT Seats** – Infrastructure expansion in IITs to create space for 6,500 additional students, improving access to high-quality technical education.
- **PM Research Fellowship** – 10,000 fellowships to be awarded to students for advanced studies in IITs and IISc, encouraging innovation and scientific research.
- **Cancer Care Centers** – 200 new centers to be set up in 2025-26, with a plan to establish day-care cancer treatment facilities in all district hospitals over the next three years.
- **Indian Language Digital Books** – A new scheme to make digital books available in Indian languages, improving learning opportunities in schools and higher education.
- **Nuclear Energy Boost** – ₹20,000 crore set aside for developing Small Modular Reactors (SMRs), with five Indian-made SMRs expected to be functional by 2033. Private sector participation will be enabled through legal changes.
- **Regional Air Connectivity (UDAN)** – The updated UDAN scheme will add 120 new flight routes, aiming to serve 4 crore passengers in the next 10 years. Small airports and helipads in hilly and remote areas will also be developed.
- **New Airport in Bihar** – Plans to build new greenfield airports in Bihar, expand Patna airport, and develop a brownfield airport at Bihta (Patna).
- **Western Koshi Canal Project** – Funds allocated to improve irrigation systems in Mithilanchal, Bihar, helping farmers with better water supply.
- **Tourism Development for Jobs** – The government will partner with states to develop the top 50 tourist spots in India, boosting employment in the tourism sector.

Engine 4: Export Promotion:

- **Export Promotion Mission** – A dedicated mission will be launched with specific sectoral and ministerial targets, jointly led by the Ministries of Commerce, MSME, and Finance to boost exports.
- **Bharat Trade Net (BTN)** – A centralized digital platform to simplify international trade by streamlining documentation and providing financing solutions.
- **Global Capability Centres (GCC) Framework** – Policy incentives will be introduced to encourage outsourcing hubs in Tier-2 cities, strengthening India's role in the global services market.
- **Air Cargo Warehousing** – Investment in storage facilities to support high-value and perishable exports, ensuring better logistics and market access.

Social Welfare and Inclusion:

- **PM SVANidhi Scheme:** Street vendors will benefit from UPI-linked credit cards, with a limit of ₹30,000, enhancing their access to financial services.
- **Identity Cards for Gig Workers:** Registration on the e-Shram portal ensures gig workers get access to social security and healthcare under PM Jan Arogya Yojana.
- **Atal Tinkering Labs:** The establishment of 50,000 labs in schools within 5 years to foster innovation among students.

- **Expansion of Medical Education:** 10,000 new medical seats will be added, aiming for a total increase of 75,000 over five years to boost healthcare professionals.

Financial Sector Reforms:

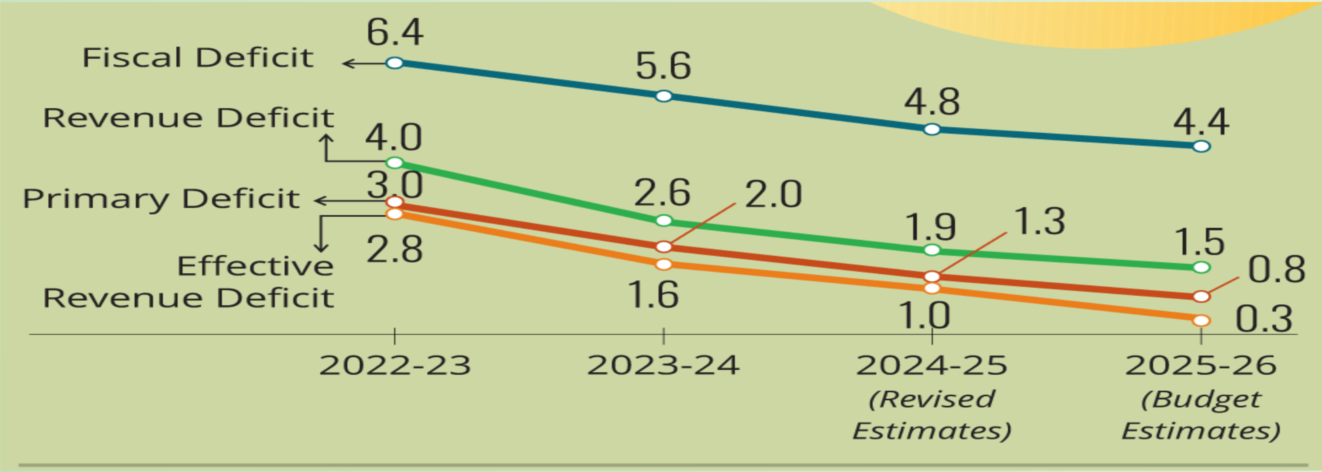
- **Grameen Credit Score:** A framework to help rural borrowers and Self-Help Group (SHG) members gain access to formal credit more effectively.
- **Jan Vishwas Bill 2.0:** A bill to decriminalize over 100 legal provisions, simplifying business processes and reducing regulatory burdens.
- **SWAMIH Fund 2.0:** A ₹15,000 crore fund to complete one lakh dwelling units with contributions from the government, banks, and private investors.
- **FDI in Insurance:** Increasing the Foreign Direct Investment (FDI) cap in the insurance sector from 74% to 100% for companies investing in India.
- **Investment Friendliness Index:** A ranking framework to encourage competition and cooperative federalism among states.
- **Credit Enhancement Facility:** NaBFID's initiative to help corporate bonds for infrastructure projects through partial credit enhancement.
- **Pension Sector Development:** A forum for developing pension products and improving coordination among regulators.
- **High-Level Committee for Regulatory Reforms:** A committee aimed at reviewing non-financial sector regulations to ease the process of certifications, licenses, and permissions.

FISCAL POSITION

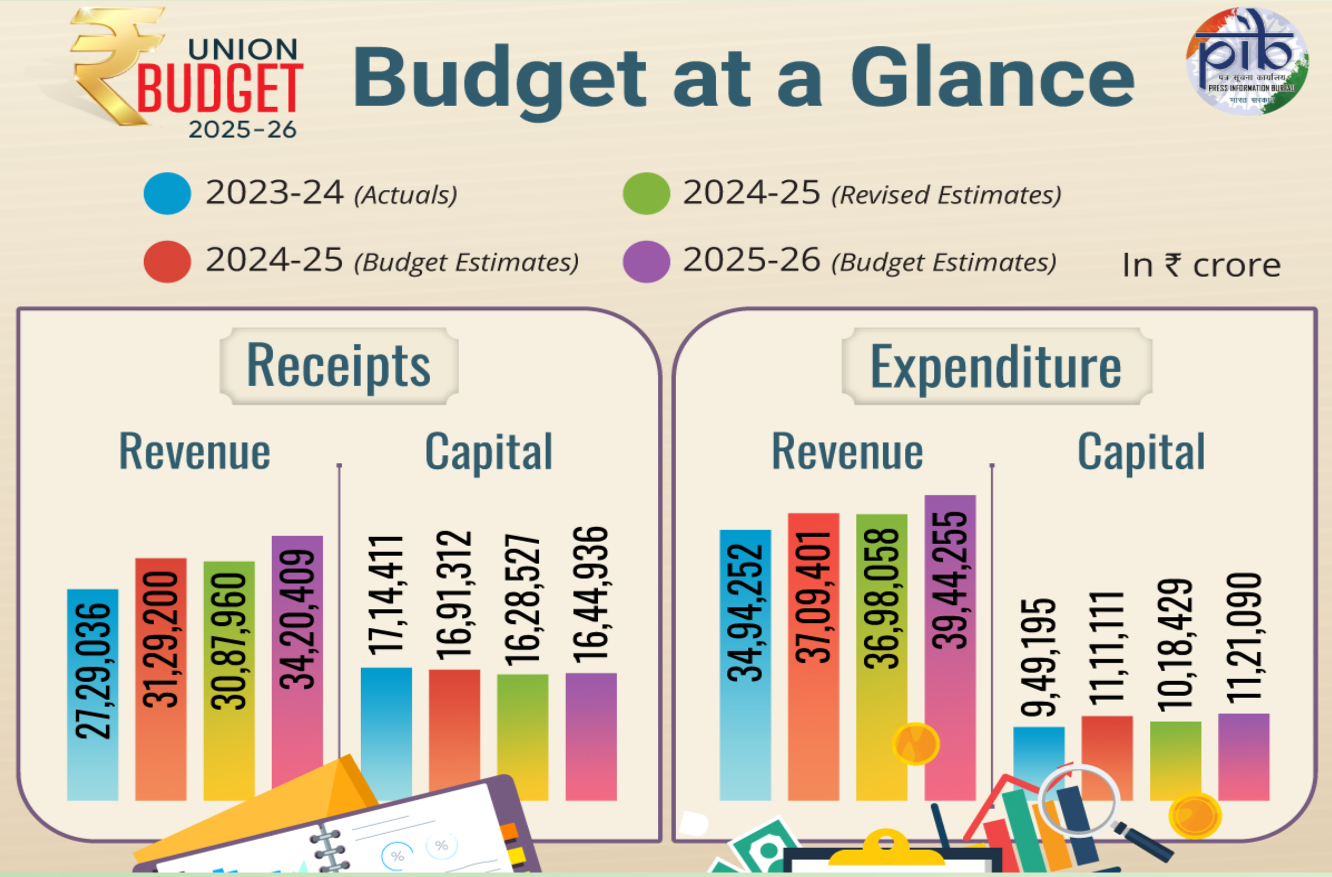
The Fiscal Deficit in the current year (2025-2026) is estimated at 4.4% of GDP as against 4.8% (Revised Estimates) in the year 2024-25.

Budget Estimates that the total expenditure in 2025-26 is estimated at Rs. 50.65 lakh crore, while the total receipts other than borrowings are estimated at Rs. 34.96 lakh crore.

To finance the fiscal deficit, the net market borrowings from dated securities are estimated at Rs. 11.54 lakh crore. The gross market borrowings are estimated at Rs. 14.82 lakh crore.



In ₹ crore	2023-24 (Actuals)	2024-25 (Budget Estimates)	2024-25 (Revised Estimates)	2025-26 (Budget Estimates)
Revenue Receipts	27,29,036	31,29,200	30,87,960	34,20,409
Capital Receipts	17,14,411	16,91,312	16,28,527	16,44,936
Total Receipts	44,43,447	48,20,512	47,16,487	50,65,345
Total Expenditure	44,43,447	48,20,512	47,16,487	50,65,345
Effective Capital Expenditure	12,53,111	15,01,889	13,18,320	15,48,282
Revenue Deficit	7,65,216	5,80,201	6,10,098	5,23,846
Effective Revenue Deficit	4,61,300	1,89,423	3,10,207	96,654
Fiscal Deficit	16,54,643	16,13,312	15,69,527	15,68,936
Primary Deficit	5,90,771	4,50,372	4,31,587	2,92,598



UNION BUDGET 2025-26

Central Govt Expenditure

Budget Estimates for 2025-26 (in ₹ crore)

Total: **50,65,345**

Interest	12,76,338
Transport	5,48,649
Defence	4,91,732
Major Subsidies	3,83,407
Pension	2,76,618
Rural Development	2,66,817
Home Affairs (including UTs)	2,33,211
Tax Administration	1,86,632
Agriculture and Allied Activities	1,71,437
Education	1,28,650
Health	98,311
Urban Development	96,777
IT and Telecom	95,298
Energy	81,174
Commerce and Industry	65,553
Finance	62,924
Social Welfare	60,052

Scientific Departments	55,679
External Affairs	20,517
Development of North East	5,915
Others	4,82,653

UNION BUDGET 2025-26

Central Revenue and Expenditure

Rupee comes from	
Borrowings and Other Liabilities:	**24**p
Corporation Tax:	**17**p
Income Tax:	**22**p
Customs:	**4**p
Union Excise Duties:	**5**p
Goods and Services Tax and Other Taxes:	**18**p
Non-Tax Receipts:	**9**p
Non-Debt Capital Receipts:	**1**p

Rupee goes to	
Centrally Sponsored Schemes:	**8**p
Central Sector Schemes:	**16**p
Interest Payments:	**20**p
Defence:	**8**p
Major Subsidies:	**6**p
Finance Commission and Other Transfers:	**8**p
States' Share of Taxes & Duties:	**22**p
Pensions:	**4**p
Other Expenditure:	**8**p

TAX HIGHLIGHTS

Direct Taxes:

- New Income Tax Bill to be tabled in parliament in the next week by FM.
- No Tax on income up to Rs.12 lakh in a year due to Rebate in new tax regime. Special rate Incomes are excluded from the same.
- No tax on Salaried people with an income of Rs. 12.75 lakh, as additional standard deduction of Rs. 75,000 is allowed in the new tax regime.
- No changes have been made to the old tax regime.
- The updated return filing period extended from 2 years to 4 years.
- TCS on sale of goods under section 206C (1H) being omitted as ease of compliance.
- Higher TDS would not apply only in the case of non-PAN holders.
- Rationalization of TDS provisions.
- TP assessments to be carried out in block of three years.
- Registration validity for charitable trusts extended from 5 to 10 years.
- Self-occupied property tax benefit extended to two properties without restrictions.
- Startups Tax benefit eligibility extended by 5 years (up to 1st April 2030).
- Revamp in the scheme of taxation governing unit's set-up in IFSC, including extension of certain sunset timelines.

Indirect Taxes:

- Changes in tariffs to simplify the structure and address duty inversion issues.
- Proposal to set a time limit for finalizing provisional assessments.
- Introduction of rules to allow revision of customs export/import entries after clearance.
- Formation of an Interim Board to handle pending Settlement Commission applications.
- Allowing a reduction in outward tax liability due to credit notes, only if the recipient has reversed the corresponding ITC (if claimed).
- Overturning the Supreme Court's ruling in the Safari Retreat case by amending Section 17(5) retrospectively.
- Formalizing the reduction of pre-deposit amounts for filing appeals when no tax demand is involved.
- Expanding the list of supplies subject to reverse charge under the ISD mechanism.

DIRECT TAX PROPOSALS

Applicability:

Generally, the proposals of The Finance Bill, 2025 will be applicable from 1st April 2025 i.e., for the Assessment Year (AY) 2026-27 and subsequent AY unless and otherwise stated. The major proposals/amendments suggested in the Budget are as follows

Rate of Income Tax:

- There is no change in any tax rate or basic exemption limit under the old or new tax regime for any of the class of assessee except for individuals who are covered under new regime i.e., section 115BAC.
- There is no change in the education cess rate and surcharge.
- There is no change in income tax rate including surcharge and education cess on any class of person/assessee except as specified herein above.
- Standard deduction of Rs. 75000/- is continued to be allowable deduction under salary.

Personal Taxation:

For individuals following New Regime with effect from (w.e.f) Assessment Year (AY) 2026-27 under Section (u/s) 115BAC of the Income-tax Act, 1961 (the Act):

- The tax below gives the proposed changes in tax rates in the new regime applicable from AY 2026-27.

Income Slab	Tax Rate		
	Old Regime	U/s 115BAC	Proposed U/s 115BAC
0-2.5 Lakhs	0	0	0
2.5-3.0 Lakhs	5%	0	0
3.0-4.0 Lakhs	5%	5%	0
4.0-5.0 Lakhs	5%	5%	5%
5.0-7.0 Lakhs	20%	5%	5%
7.0-7.5 Lakhs	20%	10%	5%
7.5-8.0 Lakhs	20%	10%	5%
8.0-10.0 Lakhs	20%	10%	10%
10.0-12.0 Lakhs	30%	15%	10%
12.0-15.0 Lakhs	30%	20%	15%
15.0-16.0 Lakhs	30%	30%	15%
16.0-20.0 Lakhs	30%	30%	20%
20.0-24.0 Lakhs	30%	30%	25%
Above 24.0 Lakhs	30%	30%	30%

Rebate u/s 87A.

- At present, under the provisions of section 87A of the Act, an assessee, being an individual resident in India, having total income not exceeding Rs 7 lakh, is provided a rebate of 100 per cent of the amount of income-tax payable i.e., an individual having income till Rs 7 lakh is not required to pay any income tax in cases where the total income of such assessee is chargeable to tax under sub-section (1A) of section 115BAC. Proviso to section 87A provides the rebate of income-tax in cases of such individuals, up to Rs.25,000/- where the total income does not exceed Rs. 7,00,000/- and marginal relief is available where the total income exceeds Rs. 7,00,000/- of the said proviso) to income chargeable to tax under sub-section (1A) of section 115BAC. The proviso to section 87A clearly provides that while determining the rebate of income-tax under the first proviso to section 87A, tax on incomes chargeable at special rates (for e.g.: capital gains u/s 111A, 112 etc.) as specified under various provisions of Chapter XII, are not included.
- It proposed to enhance the limit of total income for rebate in clause (a) and (b) of first proviso under section 87A from Rs. 700000/- to Rs. 1200000/- from the AY 2026-27 onwards, for an assessee, being an individual resident in India whose income is chargeable to tax under the sub-section (1A) of section 115BAC and the limit of rebate in clause (a) of first proviso to section 87A from Rs. 25,000/- to Rs. 60,000/-.
- Further, as mentioned above, such a rebate of income tax is not available on tax on income chargeable at special rates (for e.g.: capital gains u/s 111A, 112 etc.,) This clarification and insertion of proviso will end the litigation and confusion over the rebate on short term capital gain started in the last Asst Year.

Socio Economic Welfare Measures to Individuals

Increase in limits for Perquisite Taxation for Employees (salary income)

- Thresholds for salary/gross total income are proposed to be increased for calculating taxable perquisites to limits – to be prescribed by rules.
- The perquisite includes any benefit or amenity granted or provided free of cost or at concessional rate by any employer to an employee whose income under the head "Salaries" as a monetary benefit does not exceed Rs. 50000/-. Now an overall limit of Gross Total Income will be given, and such benefits/amenities will be exempt without any threshold till such limit w.e.f AY 2026-27.
- Expenditure incurred by the employer for travel outside India on the medical treatment of such employee or his family member would not be treated as a perquisite u/s 17 w.e.f AY 2026-27.
- More employees will become eligible for tax-free perquisites on any amenities or benefits received from their employers, as well as for expenses incurred by the employer for travel outside India for the medical treatment.

Deduction in respect of deposits under National Savings Scheme (NSS) (Other Source of Income)

- Section 80CCA of the IT Act currently taxes withdrawals (including accrued interest) from the National Savings Scheme (NSS) accounts if deductions were claimed for deposits made on or before FY 1991-92. Department of Economic Affairs' notification, effective October 1, 2024, stopped interest accrual on NSS balances, leading to taxable withdrawals from NSS accounts. The proposed amendment provides a tax exemption on withdrawals (including accrued interest) made on or after August 29, 2024, for deposits on or prior to FY 1991-92.

► An amendment effective from August 29, 2024, aligning tax provisions with the cessation of interest accruals.

Deduction under section 80CCD for contributions made to NPS Vatsalya (Other Source of Income)

► Contributions made by parents or guardians to their minor child's pension account under the NPS Vatsalya Scheme are now covered under Section 80CCD(1B) This deduction remains within the existing limit of INR 50,000 per FY Withdrawals from the minor's account (including accruals) are taxable in the year of receipt in the hands of the parent/ guardian. Full exemption on withdrawal applies in the event of the minor's death/

► 25% of the contributed amount will be tax-exempt in case of other withdrawals, subject to the conditions under the Pension Fund Regulatory and Development Authority Act, 2013.

Annual value of the self-occupied property simplified (Income from House Property)

► Current conditions requiring the owner to be employed or engaged in business/profession in a different location for non-occupation are proposed to be eliminated. Simplifies the benefit by allowing taxpayers to claim 'Nil' annual value for any two-house properties they own, without restrictions.

Provisions Related to International Financial Services Centre (IFSC)

Incentives to International Financial Services Centre (IFSC)

► Over the past few years, to promote the development of world-class financial infrastructure in India, several tax concessions have been provided to units located in IFSC, under the Act. These benefits are available only if the unit commence the operation before the end of the particular date. In order to further incentivize operations from IFSC, it is proposed to make extend the sunset dates for several tax concessions pertaining to IFSC units for several tax concessions, or relocation of funds to IFSC, in clause (d) of sub-section (2) of section 80LA, clause (4D), clause (4F), clause (4H) of section 10 and clause (viiad) of section 47, to 31st day of March, 2030.

Exemption of life insurance policy from IFSC Insurance offices

► Section 10 (10D) of the Act provides exemption to sum received under a life insurance policy including the sum allocated by way of bonus on such policy, subject to the conditions specified therein. The said provisions are also applicable to insurance policies issued by IFSC Insurance Offices. One such conditions provides that the exemption under the said clause is not available if annual amount of premium or aggregate of premiums payable is above Rs. 2.5 lakhs for unit linked insurance policies, and Rs. 5 lakhs for life insurance policies other than unit linked insurance policies.

- Therefore, due to the above provisions of the law non-residents who are availing life insurance from insurance office in IFSC, the exemption under the above class is not available. Therefore, to make it par with other foreign jurisdiction, it is proposed to amend the clause (10D) of section 10 so as to provide that proceed received on life insurance policy issued by IFSC insurance intermediary office shall be exempted without the condition related to the maximum premium payable on such policy as mentioned above.

Rationalisation of definition of 'dividend' for treasury centres in IFSC

- Section 22 (22)(e) provides that dividend includes any sum by way of advance or loan to a shareholder paid by a company (not being a company in which the public are substantially interested), where shareholder is the beneficial owner of shares holding not less than 10% of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest or any payment by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits. Any advance or loan made to a shareholder or the said concern by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company are excluded from the definition of deemed dividend.
- It is proposed to amend section 2 (22) to provide that any advance or loan between two group entities, where one of the group entity is a "Finance company" or a "Finance unit" in IFSC set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services and the 'parent entity' or 'principal entity' of such 'group entity' is listed on stock exchange in a country or territory outside India, other than the country or territory outside India as may be specified by the Board in this behalf, shall not be treated as 'dividend'.

Simplified regime for fund managers based in IFSC.

- Section 9A of the Act, provides that the fund management activity carried out through an eligible fund manager acting on behalf of eligible investment fund shall not constitute business connection in India, subject to the conditions mentioned therein. One of the conditions at section 9A (3) (c) provides that the eligible investment fund shall fulfil the condition that the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed five per cent of the corpus of the fund. Section 9A (8A) provide relief to an eligible investment fund and its eligible fund manager, if such fund manager is located in an IFSC and has commenced its operations on or before the 31st day of March, 2024 from any one or more of the conditions specified in sub-section (3) or sub-section (4), shall not apply or shall apply with such modifications as may be notify by the Government.
- It is proposed to amend the provisions of section 9A so that –
    - The condition at section 9A (3)(c) is rationalized for all the eligible investment funds whether or not their eligible fund managers are based in IFSC, by determining the aggregate participation or investment in the fund as on the 1st day of April and the 1st day of October of the previous year and in case the said condition at clause (c) is not satisfied on either of the said days, it shall be provided that it will satisfy the same condition within four months of the said days;

- In view of the rationalization above, condition section 9A (3) (c) shall not be modified for any eligible investment fund and its eligible fund manager; and
- The other conditions (a) to (m) can be relaxed for an eligible investment fund where the date of commencement of operations by its eligible fund manager located in IFSC for the purposes of section 9A (8A) of is on or before 31st day of March 2030.

Exempt income of Non-Residents (Section 10)

► The existing provisions of section 10 (4E) of the Act provide that any income accrued or arisen to, or received by a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the-counter derivatives, or distribution of income on offshore derivative instruments entered into with an offshore banking unit of an IFSC referred to in section 80LA (1A) shall not be included in the total income of the non-resident.

► It is proposed to amend section 10 (4E) to provide that the income of a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the-counter derivatives, or distribution of income on offshore derivative instruments, entered into with Foreign Portfolio Investors being an IFSC unit shall also not be included in the total income subject to certain conditions as may be prescribed.

► This amendment will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

Inclusion of retail schemes and Exchange Traded Funds (ETFs) in the existing relocation regime of funds of IFSCA

► In order to encourage operations from IFSC, it is proposed to make the following amendments:

- The existing provisions of Section 47 (viiad) of the Act provide that any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund shall not be regarded as transfer for the purposes of calculating capital gains. The Explanation to the clause, provides that “resultant fund" means a fund established or incorporated in India, which has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund, is located in any IFSC and is subject to certain conditions provided therein. Thus, the relocation of original funds to the resultant fund in the IFSC is a tax-neutral transaction.
- The income of retail schemes and Exchange Traded Funds (ETFs) located in the IFSC and is regulated under the International Financial Services Centres Authority Act, 2019 was granted exemption along with previously exempted specified funds as per section 10(4D) of the Act. It is proposed to include such retail schemes or Exchange Traded Funds (ETF) within the definition of resultant fund for the purposes of section 47 (viiad) of the Act so that relocation of original funds to such funds in the IFSC is also a tax-neutral transaction.

► This amendment will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

Extension of the date of making investment by Sovereign Wealth Funds, Pension Funds & others, and rationalization of tax exemptions

► Section 10 (23FE) of the Act provides for the exemption to specified persons Sovereign Wealth Fund (SWF), Pension Fund (PF) which fulfills conditions prescribed therein and are specified for this purpose by the Central Government through notification, from the income in the nature of dividend, interest, long-term capital gains or certain other incomes arising from an investment made by it in India provided investment is made on or after the 1st day of April, 2020 but on or before the 31st day of March, 2025. Now it is proposed to extend the date to the 31st day of March 2030

► At present Section 50AA due to re-classification of all the capital gains arising from unlisted debt securities as short-term capital gains, irrespective of the holding period, result in the long-term capital gains from investment in unlisted debt investments to be taxable in the hands of SWFs and PFs. Prior to the said amendments, notified SWFs or PFs were eligible for exemptions on long-term capital gains from unlisted debt securities under section 10 (23FE).

► Now it is proposed to amend of section 10 clause (23FE), so as to provide that–

- long-term capital gains (whether or not such capital gains are deemed as short-term capital gains under section 50AA) arising from an investment made by it in India, shall inter alia not be included in the total income of a specified person under clause (23FE) of section 10; and

- The date of investment under the said clause shall extend from 31st day of March 2025 to 31st day of March 2030.

Presumptive taxation for non-resident providing services for electronics manufacturing facility.

► In order to ensure certainty and promotion of Electronics System Design and Manufacturing, a comprehensive program for the development of semiconductors and display manufacturing ecosystem in India , it is proposed to provide a presumptive taxation regime for non-residents engaged in the business of providing services or technology, to a resident company which are establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology and satisfies such conditions as prescribed in the rules.

► It is, therefore, proposed, to insert a new section 44BBD, which deems twenty-five per cent of the aggregate amount received/ receivable by, or paid/ payable to, the non-resident, on account of providing services or technology, as profits and gains of such non-resident from this business. This will result in an effective tax payable of less than 10% on gross receipts, by a non-resident company.

► This amendment will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

Charitable Trust:

Simplification of tax provisions for charitable trusts/institutions

► Income of any trust or institution registered under section 12AB of the Act is exempt subject to the fulfilment of the conditions provided in the Act. Section 12A provides for procedure to make application for the registration of the trust or institution to claim exemption under section 11 and 12. Section 12AB, provides for the procedure related to approval and cancellation of the registration for the trust or institution making application under section 12A. Section 13 provides that exemption under section 11 and 12 shall not be available to a trust or institution if such trust or institution does not fulfill the conditions specified therein.

► Minor default, where the application referred to in clause (ac) of sub-section (1) of section 12A is not complete, may lead to cancellation of registration of trust or institution, and such trust or institution becomes liable to tax on accreted income as per provisions of Chapter XII-EB of the Act. It is, therefore, proposed to amend the Explanation to sub-section (4) section 12AB so as to ensure that the situation where the application for registration of trust or institution is not complete, shall not be treated as specified violation for the purpose of the said sub-section.

Period of registration of smaller trusts or institutions

► Every trust has to apply for registration after every 5 years which increases the compliance burden for trusts or institutions, especially for the smaller trusts or institutions. To reduce the compliance burden for the smaller trusts or institutions, it is proposed to increase the period of validity of registration of trust or institution from 5 years to 10 years, in cases where the trust or institution made an application under sub-clause (i) to (v) of the clause (ac) of sub-section (1) of section 12A, and the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed Rs. 5 crows during each of the two previous years, preceding to the previous year in which such an application is made.

Rationalization of persons specified under sub-section (3) of section 13 for trusts or institutions.

► Section 13 of the Act, provides that section 11 or section 12 shall not apply to exclude any income from the total income of trust of institution, if such income endures, or such income or any property of the trust or the institution is used or applied, directly or indirectly for the benefit of any person referred to in sub-section (3), which inter alia are as following –

- any person who has made a substantial contribution to the trust or institution, which is to say, any person whose total contribution up to the end of the relevant previous year exceeds fifty thousand rupees.
- any relative of any such person as aforesaid.
- any concern in which any such person as aforesaid has a substantial interest.

► It is, proposed to amend the sub-section (3) of section 13 to provide that, –

- persons referred to in clause (b) of sub-section (3) of section 13, shall be any person whose total contribution to the trust or institution, during the relevant previous year exceeds one lakh rupees, or, in aggregate up to the end of the relevant previous year exceeds ten lakh rupees, as the case may be;
- relative of any such person as mentioned in (i) above, shall not be included in persons specified in sub-section (3) of section 13; and

- Any concern in which any such person as mentioned in (i) above has a substantial interest, shall not be included in people specified in sub-section (3) of section 13.

Taxation of Business Trusts

► Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InVIT) are commonly referred to as business trusts. The business trusts invest in special purpose vehicles (SPV) through equity or debt instruments. Section 115UA of the Act provides a pass-through status to business trusts in respect of interest income, dividend income received by the business trust from a SPV and rental income in case of REIT. Such income is taxable in the hands of the unit holders unless specifically exempted. Section 115UA (2) provides that the total income of a business trust shall be charged tax at the maximum marginal rate, subject to the provisions of section 111A and section 112.

► It is proposed to amend sub-section (2) of section 115UA to provide that the total income of a business trust shall be charged to tax at the maximum marginal rate, subject to the provisions of section 111A, section 112 as well as section 112A. Section 112A provides tax on long-term capital gains in certain cases of long-term capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust.

► This amendment will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

Harmonization of Significant Economic Presence applicability with Business Connection

► Section 9 of the Act provides for income which shall be deemed to accrue or arise in India. Section 9(i), inter alia, provides that all income accruing or arising, whether directly or indirectly, through or from any business connection in India shall be deemed to accrue or arise in India. Clause (b) of Explanation 1 to clause (i) of sub-section (1) of section 9 provides that in the case of a non-resident, no income shall be deemed to accrue or arise in India to him through or from operations which are confined to the purchase of goods in India for the purpose of export. Explanation 2A to clause (i) of sub-section (1) of section 9, inter alia, provides that the significant economic presence of a non-resident in India shall constitute "business connection" in India and "significant economic presence" for this purpose shall inter alia mean transaction in respect of any goods carried out by a non-resident with any person in India.

► It is proposed to amend the Explanation 2A of section 9 so that the transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence of such non-resident in India. This will bring it in coherence with Explanation 1 to clause (i) of sub-section (1) of section 9 for business connection.

► These amendments will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

Bringing clarity in income on redemption of Unit Linked Insurance Policy

► Clause (10D) of section 10 provides for income-tax exemption on the sum received under a life insurance policy, including bonus on such policy. There is a condition that the premium payable for any of the years during the terms of the policy should not exceed ten per cent of the actual capital sum assured. The exemption under this clause shall not apply with respect to any unit linked insurance policy or policies issued on or after the 01.02.2021 if the amount of premium or aggregate amount of premium payable during the term of such policy or policies exceeds Rs. 2,50,000.

► It is noted that ULIP is a capital asset only when the exemption under clause (10D) of section 10 does not apply on such policies on account of the applicability of the 4th and 5th proviso and accordingly, taxation as capital gains in case of only such ULIPs. However, in case of life insurance policy (other than a ULIP), the sum received is chargeable to income-tax under "Income from other sources" for any such policy to which exemption under clause (10D) of section 10 does not apply.

► Further, any sum received under an insurance policy as provided in sub-clauses (a) to (d) read with the provisos to clause (10D) to section 10 are not eligible for exemption under clause (10D) of section 10. Such sub-clauses are applicable to unit-linked insurance policy as well.

► It is, therefore, proposed to rationalize the provisions for unit-linked insurance policies, so as to provide that, –

- ULIPs to which exemption under clause (10D) of section 10 does not apply, is a capital asset [clause (14) of section 2].
- the profit and gains from the redemption of ULIPs to which exemption under clause (10D) of section 10 does not apply, shall be charged to tax as capital gains [sub-section (1B) of section 45]; and
- ULIPs to which exemption under clause (10D) of section 10 does not apply, shall be included in the definition of equity-oriented fund [clause (a) of Explanation to section 112A]

► These amendments will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

Amendment of Definition of 'Capital Asset'

► Section 2(14) of the Act defines the term "capital asset" to include the securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the SEBI Act, 1992. There is some uncertainty in characterization of income arising from transactions in securities as to whether it is capital gain or business income for investment funds.

► Therefore, to provide certainty in respect of the above, it is proposed to amend the Act to

► provide that any security held by investment funds referred to in Section 115UB which has invested in such security in accordance with the regulations made under the SEBI would be treated as capital asset only so that any income arising from transfer of such security would be in the nature of capital gain.

► This amendment will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

Extension of timeline for tax benefits to start-ups

► The existing provisions of Section 80-IAC of the Act, provide for a deduction of an amount equal to hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years, beginning from the year of incorporation if it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2025 at the option of the assessee subject to the certain conditions.

► It is proposed to extend this benefit for another period of five years, i.e., the benefit will be available to eligible start-ups incorporated before 01.04.2030.

Rationalization of taxation of capital gains on transfer of capital assets by non-residents

► The existing provisions of Section 115AD of the Act provide that where the total income of a specified fund or Foreign Institutional Investor includes—

- income received in respect of securities (other than units referred to in section 115AB); or
- income by way of short-term or long-term capital gains arising from the transfer of such securities, the income-tax on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, shall be calculated at the rate of ten per cent.

► It is proposed to amend the provisions of section 115AD to provide that income-tax on the income by way of long-term capital gains on transfer of securities (other than units referred to in section 115AB) not referred to in section 112A, if any, included in the total income, shall be calculated at the rate of twelve and one-half per cent.

► These amendments will take effect from the 1st day of April 2026 and shall accordingly apply in relation to the assessment year 2026-27 and subsequent assessment years.

TDS/TCS Rates

► There are various provisions of TDS with different thresholds and multiple rates. The following amendments are proposed.

Change in TDS/TCS Rates

Section		Present TDS Rate	Proposed TDS Rate	W.e.f.
TDS rate reduction for section 194LBC - any income is payable by a securitisation trust to an investor, being a resident				
(i)	If payee is Individual or HUF	25	10	01.04.2025
(ii)	For Others	30	10	01.04.2025
TCS under section 206C (1)				
(i)	Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	2.5	2	01.04.2025
(ii)	Timber obtained by any mode other than under a forest lease	2.5	2	01.04.2025
206(1H)	any person being a seller who receives consideration for sale of any goods of the value or aggregate of value exceeding Rs 50	0.1	Nil	01.04.2025

	lakhs in any previous year, to collect tax from the buyer			
	TCS on remittance under LRS for purpose of education, financed by loan from financial institution	0.5% after 7 lakhs	Nil	01.04.2025
	Remittance under LRS and overseas tour program package	Rs. 7,00,000	Rs. 10,00,000	01.04.2025

Increase in threshold limits for TDS.

Section	Section		Current threshold	Proposed threshold
193	Interest on securities		Nil	Rs. 10,000/-
194A	Interest other than Interest on securities			
	(i)	for senior citizen;	Rs. 50,000/-	Rs. 1,00,000/-
	(ii)	in case of Others when payer is bank, cooperative society and post office	Rs. 40,000/-	Rs. 50,000/-
	(iii)	in other cases,	Rs. 5,000/-	Rs. 10,000/-
194	Dividend for an individual shareholder		Rs. 5,000/-	Rs. 10,000/-
194K	Income in respect of units of a mutual fund or specified company or undertaking		Rs. 5,000/-	Rs. 10,000/-
194B	Winnings from lottery, crossword puzzle, etc.		Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
194BB	Winnings from horse race			
194D	Insurance commission		Rs. 15,000/-	Rs. 20,000/-
194G	Income by way of commission, prize etc. on lottery tickets		Rs. 15,000/-	Rs. 20,000/-
194H	Commission or brokerage		Rs. 15,000/-	Rs. 20,000/-
194I	Rent		Rs.2,40,000/- during the financial year	Rs. 50,000/- per month or part of a month
194J	Fee for professional or technical services		Rs. 30,000/-	Rs. 50,000/-

194LA	Payment of compensation on acquisition of certain immovable property	Rs.2,50,000/-	Rs. 5,00,000/-

Removal of Higher TDS/ TCS for Non-Filers of Return of Income

- Abolition of 0.1% TCS on sale of goods (that used to apply where TDS was not applicable owing to turnover thresholds) Typically used to cover even sale of shares, businesses, etc.
- Abolition of TCS on remittance of funds related to education abroad to the extent funded by loans from specified financial institutions (earlier 1.5%)
- Increase in TCS applicability threshold from INR 7 lakhs to INR 10 lakhs for remittances under LRS.
- Threshold for applicability of higher rate of TCS (20%) on sale of overseas tour program packages increased from INR 7 lakhs to INR 10 lakhs.

Removal of Higher TDS/ TCS for Non-Filers of Return of Income

- Sections 206AB and 206CCA mandate higher TDS/TCS rates for non-fields of income tax returns.
- Deductors/ collectors are required to verify the Income-tax return compliance status of deductees/collectees, increasing compliance burden and operational inefficiencies.
- Sections 206AB and 206CCA will be omitted, removing higher TDS/ TCS rates for non-filers.
- Henceforth, higher withholding rates will apply only in cases where no PAN is available (Section 206AA)

Exemption from prosecution for delayed payment of TCS

- Waiver of prosecution provisions where taxes collected at source during a quarter have been deposited with the Government before the due date for filing TCS returns for such a quarter.

Block Assessment Provisions

- The proposed amendment to Section 158BB appears to enable the Assessee to declare undisclosed income in the return furnished under Section 158BC.
- Virtual digital assets proposed to be included in the ambit of undisclosed income for search and requisition assessment cases.
- The time limit for block assessment is extended from 12 months from the end of the month in which the last of the authorizations for search was executed to 12 months from end of the quarter.
- Penalty provisions under Section 271AAB applicable to search initiated post December 15, 2016, would not be applicable in respect of searches initiated on or after September 01, 2024

Multi-Year Arm’s Length Price (ALP) Determination

- At present each international or specified domestic transaction is assessed separately for ALP every year, leading to repetitive compliance and litigation. In cases where similar transactions are carried out across multiple years, the same ALP analysis was being repeated. The government intends to reduce compliance burden by allowing multi- year TP ALP determination for similar transactions, ensuring consistency and certainty.

- It is proposed to insert Section 92CA(3B) which allows the Taxpayers to opt for multi-year ALP determination subject to various conditions. Assessee must opt for this scheme in a prescribed format, this option is only available where ALP is assessed by TPO, not at the discretion of the assessee. The TPO must validate the option within one month. If valid, the same ALP applies for two consecutive years, unless there is a material change. AO to recompute income based on multi-year ALP without fresh reference to the TPO, if option is exercised by the Assessee. This will reduce the compliance burden on businesses and administrative workload on tax authorities.

Extension of the Time-limit for Updated Return

- Updated return can be filed to disclose any unassessed or untaxed income by payment additional taxes.
- The time limit allowing an assessee to file an updated return is proposed to be increased from 24 months to 48 months.
- Updated return cannot be filed if a show-cause notice under Section 148A (notice issued by tax authority suggesting that income has escaped assessment) is issued 36 months after the end of relevant AY.
- However, if it is determined that the case does not warrant a notice under Section 148, the updated return can be filed up to 48 months.

Time period within which updated return is filed	Additional Tax*
Current Provisions	
Within 12 months	25%
Post expiry of 12 months up to 24 months	50%
Proposed Amendment	
Within 12 months	25%
Post expiry of 12 months up to 24 months	50%
Post expiry of 24 months up to 36 months	60%
Post expiry of 36 months up to 48 months	70%

Carry Forward of Business Losses in Case of Amalgamation

- Accumulated loss u/s 72A and 72AA of the predecessor entity, which is deemed to be the loss of the successor entity., which means that merger of eligible entities results in a fresh lease of eight years carry forward of business losses of the transferor company post amalgamation.
- Now it proposed to amend the provisions so that it will be eligible to be carried forward for eight AYs and such a time limit should be calculated starting from AY incurred in the hands of Predecessor entity. Amendment aligns provisions with general business loss carry forward position and demerger, ensuring uniformity in loss carry-forward rules. Eliminates indefinite carry forward or evergreening of tax losses through successive mergers or business reorganization. No impact on carry forward of unabsorbed depreciation on amalgamation, given unabsorbed depreciation can be carried forward indefinitely

- Amendments shall apply to any amalgamation or business reorganization which is effected on or after 01-04-2025 while the amendments shall take effect from 01-04-2026.

Virtual Digital Asset (VDA)

- Finance Bill 2025 proposed to expand the definition of virtual digital assets under Section 2(47A) to include Virtual Digital Asset under Undisclosed income i.e., any crypto asset that relies on cryptographically secured distributed ledger technology.
- This ensures that all forms of digital assets, even those not explicitly covered earlier, fall under the tax framework.
- Finance Bill has proposed to introduce Section 285BAA casting an obligation on a reporting entity (to be prescribed) to furnish information in respect of the transaction of crypto asset.

Tonnage taxation benefits

- Extended to Inland Vessels starting AY 2026-27. Additionally, the time limit for passing orders for applications made for the Scheme u/s 115VP is extended from 1 month from the end of the month of receipt of application by Joint Commissioner to 3 months from the end of the quarter in which such application is received. This shall take effect from 01-04-2025.

Other Provisions

- Period from the date a court grants a stay (by order or injunction) until the date the specified tax authority receives the certified copy of the order vacating that stay is excluded when computing the time limit for concluding the specified proceedings.
- Timelines for imposing penalty rationalized to six months from the end of the quarter in which the orders pertaining to assessment/appeal/revision have been passed.
- Assessing Officer (AO) is empowered to levy penalties instead of the Joint Commissioner by amending Sections 271C, 271CA, 271D, 271DA, 271DB, and 271EAO must obtain prior approval from the Joint Commissioner, if penalty exceeds INR 10,000 for Income-tax Officers and INR 20,000 for ACIT/ DCIT.

INDIRECT TAX PROPOSALS

Goods and Services Tax:

Amendment	Our Comment
Clause (61) of section 2 of the CGST is being amended to explicitly provide for distribution of input tax credit by the ISD in respect of inter-state supplies on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of Integrated Goods and Services Tax Act. This amendment will be effective from 1st April 2025. Consequential amendments are also being carried out in the IGST Act.	The Finance Act, 2024, allowed ISD to distribute ITC on reverse charge GST under Sections 9(3) and 9(4) of the CGST Act. The Finance Bill, 2025, further expands this to include GST paid under reverse charge on **inter-state supplies** (Sections 5(3) and 5(4) of the IGST Act), addressing potential interpretational disputes.
Sub-clause (c) of clause (69) of section 2 is being amended to replace "municipal or local fund" with "municipal fund or local fund" and to insert an Explanation after the said sub-clause, to provide for definitions of the terms ‘Local Fund’ and ‘Municipal Fund’ used in the definition of “local authority” under the said clause so as to clarify the scope of the said terms.	The definition is relevant in determining applicable GST rates, availability of exemptions, responsibility to pay GST under RCM for specified supplies.
A new clause (116A) is being inserted in section 2 to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism. New section 122B is being inserted to provide penalty for contraventions of provisions related to the Track and Trace Mechanism provided under section 148A. New section 148A is being inserted to provide for an enabling mechanism for Track and Trace Mechanism for specified commodities.	To tackle issues related to evasion of taxes in certain goods like tobacco, (yet to be specified), the 'Track and Trace Mechanism' will be implemented. This system aims to track the movement of goods using Unique Identification Marks, ensuring greater oversight and compliance.
Sub-section (4) of Section 12 relating to time of supply in respect of Vouchers is being deleted. Sub-section (4) of Section 13 relating to time of supply in respect of Vouchers is being deleted.	In the case of Premier Sales Promotion Pvt Limited vs. UOI 2023, the Karnataka High Court ruled that vouchers are not considered goods or services and, therefore, are not subject to GST. This aligns with the recent Circular 243/37/2024-GST dated December 31, 2024, which also confirms that vouchers are not taxable, eliminating the need to determine their time of supply.

Amendment	Our Comment
Clause (d) of sub-section (5) of section 17 is being amended to substitute the words "plant or machinery" with words "plant and machinery". This amendment will be effective retrospectively from 1st July 2017, notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority.	The proposed amendment, following recommendations from the 55th GST Council Meeting, limits the eligibility for ITC on goods and services used in constructing immovable property. This change impacts infrastructure projects and commercial leasing and overturns the Supreme Court's Safari Retreats ruling. The retrospective nature of the amendment may face challenges, as it could be seen as unfairly revoking vested rights and negatively impacting industry stability and investment.
Proviso to sub-section (2) of section 34 is being amended to explicitly provide for requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.	The proposed amendment requires suppliers to ensure that recipients reverse their ITC before they can reduce their outward tax liability with credit notes, placing an additional burden on suppliers. This could face legal challenges, as it may be deemed unreasonable to hold suppliers accountable for actions beyond their control, contrary to established judicial principles.
Section 38(1) is being amended to omit the expression “auto generated” with respect to statement of input tax credit in the said subsection. Section 38(2) is being amended by omitting the expression “auto generated” with respect to statement of input tax credit in said subsection and also to insert the expression “including” after the words “by the recipient” in clause (b) of said sub-section to make the said clause more inclusive. Section 38(2) is being amended by inserting a new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit Section 39(1) is being amended so as to provide for an enabling clause to prescribe conditions and restriction for filing of return under the said sub-section.	The proposed amendments introduce a legal framework for the Invoice Management System (IMS), requiring taxpayers to take actions on invoices before Form GSTR-2B is generated. It also mandates that Form GSTR-3B can only be filed after Form GSTR-2B is available. These changes aim to simplify ITC claims and improve invoice reconciliation.
Section 107(6) is being amended to provide for 10% mandatory pre-deposit of penalty amount for appeals before Appellate Authority in cases	The proposed amendments to Sections 107 and 112 extend the pre-deposit requirement to all appeals involving penalty demands, not just those related to the detention, seizure, and

Amendment	Our Comment
involving only demand of penalty without any demand for tax. Section 112(8) is being amended to provide for 10% mandatory pre deposit of penalty amount for appeals before Appellate Tribunal in cases involving only demand of penalty without any demand for tax.	release of goods in transit. The previous 25% pre-deposit for such cases is replaced by a 10% requirement, applicable to both tax and penalty demands, at the first appellate level.
Schedule III of CGST Act is being amended, w.e.f. 01.7.2017 by inserting a new clause (aa) in paragraph 8 of Schedule III of the Central Goods and Services Tax Act, to provide that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services. It further seeks to amend Explanation 2 of Schedule III of the Central Goods and Services Tax Act, w.e.f. 01.07.2017 to clarify that the said explanation would be applicable in respect of clause (a) of paragraph 8 of the said Schedule. It further seeks to amend Schedule III of CGST Act, w.e.f. 01.07.2017 by inserting Explanation 3 to define the terms ‘Special Economic Zone’, ‘Free Trade Warehousing Zone’ and ‘Domestic Tariff Area’, for the purpose of the proposed clause (aa) in paragraph 8 of said Schedule No refund of tax already paid will be available for the aforesaid activities or transactions	The proposed retrospective amendment clarifies that the transfer of title of goods within FTWZs/SEZs before clearance for export or domestic consumption will now be treated as supply of warehoused goods under GST. This resolves previous uncertainties, as earlier rulings had exempted such transactions from GST, offering clarity on their taxability.

Central Excise Act, 1944:

Customs, Central Excise and Service Tax Settlement Commission (CCESC) to be terminated.

- The CCESC will be abolished from April 1, 2025, and the Interim Board will handle pending cases.
- The Interim Board will consist of three members, each of a Chief Commissioner rank or above.
- A pending application defined as one made before April 1, 2025, that has been allowed by the Settlement Commission for further consideration but has not received a final order by March 31, 2025.
- No applications for settlement can be filed after this date. The Interim Board will take over cases from where they were left by the Settlement Commission.
- The Interim Board will have the same powers as the Settlement Commission, including provisional attachment and immunity from prosecution/penalty, through amendments to relevant sections.
- Unlike the Settlement Commission, the Interim Board cannot send cases back to the proper officer if there is non-compliance by the applicant.
- Corresponding changes to have an effect on the Interim Board are also given in the customs act.

Service Tax:

- Section 130 is proposed to exempt Service Tax on taxable services provided by insurance companies through reinsurance under the Weather Based Crop Insurance Scheme and the Modified National Agricultural Insurance Scheme for the period from April 1, 2011, to June 30, 2017.
- Insurance companies will be allowed to file claims for a refund of the Service Tax paid on such services, with the claim needing to be filed within six months from the date Finance Bill 2025 receives presidential assent.
- The amendment resolves the ongoing controversy and litigation, advising insurance companies to submit claims and pursue closure of proceedings. Those who pay Service Tax should file for refunds within the prescribed time.

Customs:

Applicability:

Amendments carried out through the Finance Bill, 2025, will come into effect on the date of its enactment, unless otherwise specified.

Amendments to the Customs Act, 1962

These changes will come into effect from the date of enactment of the Finance Bill, 2025

Time limits for Provisional Assessments:

- Section 18 has been proposed to be amended to provide a two-year time limit for finalizing provisional assessments by the proper officer, extendable by one year with sufficient cause and written reasons from the Principal Commissioner or Commissioner of Customs.
- For pending provisional assessments, the two-year time limit will begin from the date of the Presidential assent to the Bill.

- Exceptions to the time limit include ongoing requests for information from foreign authorities, matters sub-judice in appellate courts, interim stays, specific CBIC directions, or pending applications before the Settlement Commission or Interim Board.
- The amendment is a crucial move to establish clear timelines for finalizing provisional assessments, addressing the issue of delays in the process. It specifically targets cases involving imports with exemptions, valuation disputes, and those under Free Trade Agreements (FTAs) offering concessional duty benefits.

<u>Voluntary revision of Bills of Entry or Shipping Bill post clearance of goods:</u>

- The Finance Bill proposes the introduction of Section 18A to the Customs Act, allowing post-clearance revision of import/export entries, replacing the existing provisions of Section 149. This enables importers/exporters to revise their Bill of Entry or Shipping Bill and self-assess the duty. If the revision results in a shortfall, the differential amount must be paid with interest under Section 28AA. If excess duty were paid, it would be treated as a deemed refund under Section 27. Customs officers can verify and reassess the revised entries using a risk-based approach, though revisions are not allowed in certain circumstances like ongoing audits or when reassessment has already been done under Sections 17, 18, or 84.
- Additionally, amendments to Sections 27 and 28 have been proposed:
  - Section 27(1) introduces Explanation 2, specifying that for refund claims under Section 18A or amendments under Section 149, the one-year time limit for claims will be computed from the date of payment of the duty or interest.
  - Section 28 proposes the insertion of clause (ba) in Explanation 1, stating that if additional duty is paid due to a revision under Section 18A, the limitation period for issuing a demand notice for short-paid duty will be recomputed from the date of payment of such additional duty.
- The proposed amendment allowing importers and exporters to self-correct errors in Bills of Entry or Shipping Bills after clearance offers significant compliance benefits. It streamlines the process, allowing businesses to revise entries, self-assess duty, and automatically treat excess duty payments as refunds, addressing previous challenges, including those from the ITC Ltd. v. Commissioner of Central Excise case. However, revisions are restricted in cases involving ongoing investigations or audits to prevent misuse.

<u>Extended time limits prescribed for various purposes under the Customs:</u>

- The Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, have been amended through Notification No. 07/2025-Customs (N.T.) dated 01.02.2025, with the following key changes:
  - Rule 6(2): The frequency for filing statements on imports and consumption of goods on the IGCR portal has been changed from monthly to quarterly.
  - Rule 7(3): The maximum duration for sending imported goods for job work has been extended from six months to one year.
  - Rule 10(1): Importers now have the option to re-export or clear unutilized or defective goods for home consumption within one year, up from the previous six-month period.
- These amendments will take effect from February 2, 2025.

Amendments to the Customs Tariff Act, 1975

Proposed creation of new tariff items, supplementary notes and other changes to chapters, headings, and sub-headings of the CTA

S.No.	New Items Proposed
1	Items based on process (parboiled, others) and on variety (rice recognized by Geographical Identification Registry, basmati, others) under sub-heading 1006 30
2	Items under 'Makhana' products (popped, flour and powder, others) and consequent re-numbering of existing entries under sub-heading 2008 19
3	Items to separately identify waste oils containing different levels of concentration of levels of polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs) under sub-heading 2710 91
4	Items for identification of certain dual-use chemical for non-pesticidal use in chapter 28
5	Items and supplementary notes for identification of certain dual-use chemical for non-pesticidal use and certain goods covered by International Conventions in chapter 29
6	Items and supplementary notes for identification of certain technical-grade pesticides and certain goods covered by International Conventions in chapter 38
7	Distinguish precious metals – containing 99.9% or more by weight of silver, containing 99.5% or more by weight of gold, containing 99% or more by weight of platinum under headings 7106, 7108 and 7110 respectively
8	Description changes proposed in Heading 8112 and Sub-heading Note II to Chapter 85, to align with WCO HS 2022.

Following Commodity BCD/ Surcharge has been changed:

S. No.	Heading, subheading, Tariff item	Commodity	Nature of Duty	Existing	Proposed
1	6004 10 00 6004 90 00 6006 22 00 6006 31 00 6006 32 00 6006 33 00 6006 34 00 6006 42 00 6006 90 00	Knitted Fabrics	BCD	20% / 10%	20% or 115/kg whichever is higher
2	8528 59 00	Interactive Flat Panel Displays (Completely Built Units)	BCD	10%	20%
3	25151100 2515 12 2516 11 00 2516 12 00	Marble and travertine, crude or roughly trimmed, merely cut into blocks, slabs and other. Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	BCD	40%	20%

4	2933 59	Other compounds containing a pyrimidine ring (whether or not hydrogenated) or piperazine ring in the structure	BCD	10%	7.5%
5	3302 10	Synthetic flavouring essences and mixtures of odoriferous substances of a kind used in food and drink industries	BCD	100%	20%
6	3406	Candles, tapers, and the like	BCD	25%	20%
7	3822 90	Reference Materials	BCD	30%	10%
8	3824 60	Sorbitol other than that of subheading 2905 44	BCD	30%	20%
9	3920 3921	Other plates, sheets, films, foil, and strip, of plastics, non-cellular and not reinforced, laminated, supported, or similarly combined with other materials. Other plates, sheets, film, foil and strip of plastics	BCD	25%	20%
10	6401 6402 6403 6404 6405	Footwear related HSN	BCD AIDC SWS	35% Nil 10%	20% 18.5% Nil
11	6802 10 00 6802 21 10 6802 21 20 6802 21 90 6802 23 10 6802 23 90 6802 29 00 6802 91 00 6802 92 00 6802 93 00	Worked monumental or building stone	BCD	40%	20%
12	7113 7114	Articles of Jewelry and parts thereof Articles of goldsmiths' and silversmiths' ware's and parts thereof	BCD	25%	20%
13	7404 00 12 7404 00 19 7404 00 22	Copper Waste and Scrap	BCD	2.5%	Nil
14	8002 8101 97 00 8102 97 00 8103 30 00 8105 30 00 8106 90 10	Tin Waste and Scrap Tungsten Waste and Scrap Molybdenum Waste and Scrap Tantalum Waste and Scrap Cobalt Waste and Scrap	BCD	5%	Nil

		Waste and Scrap of Bismuth and Bismuth alloys			
15	8109 31 00 8109 39 00	Zirconium Waste and Scrap	BCD	10%	Nil
16	8110 20 00	Antimony Waste and Scrap	BCD	2.5%	Nil
17	8112 13 00	Beryllium Waste and Scrap	BCD	5%	Nil
18	8112 41 20	Rhenium Waste and Scrap	BCD	10%	Nil
19	8112 61 00	Cadmium Waste and Scrap	BCD	5%	Nil
20	8541 42 00	Solar Cells	BCD AIDC SWS	25% Nil 10%	20% 7.5% Nil
21	8541 43 00 8541 49 00	Solar Module and Other semiconductor devices and photovoltaic cells	BCD	40%	20%
22	8702	Motor vehicles for transport of 10 or more persons	BCD AIDC SWS	40% Nil 10%	20% 20% Nil
23	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702)	BCD	125%	70%
24	8704	Motor vehicles for transport of goods	BCD	40%	20%
25	8711	Motorcycles and cycles fitted with an auxiliary motor with or without side-car	BCD	100%	70%
26	8712 00 10	Bicycles	BCD	35%	20%
27	8903	Yachts and other vessels for pleasure or sports; rowing boat and canoes	BCD AIDC SWS	25% Nil 10%	20% 7.5% Nil
28	9028 30 10	Electricity meters for alternating current (Smart meter)	BCD AIDC SWS	25% Nil 10%	20% 7.5% Nil
29	9401 9403 9404 9405	Seats Other furniture and parts thereof Mattress supports, articles of bedding and similar furnishing etc. Luminaries and lighting fittings including searchlights and spotlights and parts thereof etc	BCD	25%	20%
30	9503 00 91	Parts of electronic toys	BCD AIDC SWS	70% Nil 10%	20% 7.5% 20% Nil
31	9802 00 00	Laboratory Chemicals	BCD AIDC SWS	150% Nil 10%	70% 70% Nil

32	9803 00 00	All dutiable articles, imported by a passenger or a member of a crew in his baggage	BCD SWS	100% 10%	70% Nil
33	9804 00 00	All dutiable goods imported for personal use	BCD SWS	35% 10%	20% Nil
34	2605 / 2609 2611 / 2613 2615 / 2617	Various ores and concentrates	BCD	2.5%	Nil
35	2711 1200 / 1300	Liq. Propane and Butane	BCD	15%	2.5%
36	2711 19 10 / 20 / 90	Specified types of LPG	BCD	15%	5%
37	71 or 98	Gold Bars, gold coins, gold in any other form excluding ornaments studded with stones or pearls	SWS	10%	Nil
38	Specified headings of 7210 and 7219	Certain flat rolled products	BCD	27.5%	15%
39	7225 11 00	Flat-rolled products of other alloy steel - grain oriented, silicon	BCD	20%	15%
40	Specified headings of 7307, 7308, 7310, 7318, 7320, 7325 and 7326	Other tube or pipe fittings of stainless steel	BCD	25%	15%
41	Specified entries of Chapter 84	35 capital goods for use in the manufacture of lithium-ion battery of EVs and 28 capital goods for use in the manufacture of lithium-ion battery of mobile phones	BCD	As applicable	Nil
42	Any	Inputs/parts or sub parts for manufacture of PCBA, Camera Module, connector, wired headset, microphone, etc.	BCD	2.5%	Nil
43	7113	Platinum findings	BCD AIDC	25% Nil	5% 1.4%

Other Changes:

► The Notification No. 50/2017-Cus dated 30.06.2017 previously provided 25 conditional exemptions, which were valid until March 1, 2025. Following a comprehensive review, 24 of these exemptions will continue for varying periods, while Entry No. 489AA related to Heat Coils has been allowed to lapse.

- Additionally, the BCD exemption has been extended to:
  - **Entry 539:** Imports of ground installations for satellites, payloads, and their spares and consumables are now eligible for BCD exemption.
  - **Entry 539A:** BCD exemption is provided for goods used in the building of launch vehicles and the launching of satellites.
- Notification No. 16/2017-Customs dated April 20, 2017, exempts BCD on certain drugs/medicines supplied under specified Patient Assistance Programmes by pharmaceutical companies, 37 new drugs/medicines, have been added to this list vide Notification No. 09/2025-Customs.
- The time limit for re-export of goods to avail exemption of BCD and IGST under Chapter 88 and Chapter 89 on articles for maintenance, repair, or overhauling intended for re-export is extended to 1 year (with a further extension of 1 year).
- Notification No. 13/2025-Customs dated February 1, 2025, extends this re-export duration to 1 year (further extendable by 1 year) for goods under Chapter 86 (railway goods).
- The time period for export of the handicraft items is also being increased from 6 months to 1 year, further extended by another three months.
- The rate of duties on certain steel products (HS codes: 72101210, 72101290, 72191200, 72191300, 72192190, 72199090, and 72251100) is reduced from 27.5%/22.5%/20% to 15% from May 1, 2025.
- The rate of duties on solar modules under tariff heading 8541 49 00 is reduced from 40% to 20%, from May 1, 2025.