

The Union Budget 2025

Impact and Insights



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PREFACE

The Union Budget is a reflection of a nation’s economic aspirations, policy priorities, and developmental roadmap.

This short book aims to provide a concise yet comprehensive overview of the India’s Union Budget 2025, focusing on the tax aspects majorly Income Tax, Goods and Services Tax (GST), and Customs with a glance of global and Indian economic outlook. By analysing the updates in direct and indirect taxation including the compliance measures and substantive aspects, we seek to offer insights into how the budget will impact individuals, businesses, and the overall economy.

The Union Budget 2025 addresses crucial tax-related issues such as simplification of tax laws, digital transformation in tax administration, rationalization of provisions in line with scheme of the law, and trade facilitation through customs reforms.

This book is designed for a quick reference and understanding of the tax implications of Budget 2025. Through clear analysis and data-driven insights, endeavour has been made to equip readers with a correlated analysis of the existing provisions and proposals of the Budget.

It is our sincere hope that this book serves as a useful guide to understanding and navigating the amendments of the Union Budget 2025.



ECONOMIC SURVEY 2025 – KEY HIGHLIGHTS

1. Global Economic Indicators

- 1.1. Global Economic Growth Trend:** On the global front, the economic growth has remained fairly moderate. The global economy grew by 3.3 per cent in 2023 and the International Monetary Fund (IMF) has projected growth of 3.2 per cent and 3.3 per cent for 2024 and 2025, respectively.
- 1.2. Events with Global Economic Impact:** 2024 was an eventful year having adversities like the Russia-Ukraine conflict and the Israel-Hamas conflict which increased regional instability, impacted energy and food security, leading to higher prices and rising inflation. The global financial markets have witnessed increased volatility due to Geopolitical risks and policy uncertainty, especially around trade policies.
- 1.3. Overall State of Business:** The global composite Purchasing Managers' Index (PMI) has stayed in the expansion zone. The services showed strength throughout while manufacturing PMI indicated contraction. Expansion was recorded across business, consumer, and financial services and the fastest pace of expansion was seen in the financial services.
- 1.4. Inflation and Monetary Policies:** The inflation rates across economies have observed a steadily downward trend. However, escalating tensions continue to pose a risk of synchronised price increases, undermining the effectiveness of inflation mitigation. Major central banks have implemented a policy pivot to lower policy rates taking advantage of the steep decline in inflation, pace varying across countries.

2. India's Macroeconomic Trajectory

- 2.1. Overall Economic Indicators:** India's economic growth outlook reflects to be steady, as per the first advance estimates by the National Statistical Office, Ministry of Statistics & Programme Implementation (MoSPI), which has estimated the real gross domestic product (GDP) growth for FY25 to be 6.4 per cent and the private final consumption expenditure growth by 7.3 per cent. On the supply side, real gross value added (GVA) is also estimated to grow by 6.4 per cent.
- 2.2. Urban-Rural Consumption Expenditure:** The Household Consumption Expenditure Survey (2023–24) highlights progress in reducing economic disparities. Rural monthly per capita consumption (including free welfare benefits) reached ₹4,247, while urban consumption stood at ₹7,078. The urban-rural gap has



narrowed from 84% in 2011–12 to 70% in 2023–24, signalling stronger rural economic momentum and welfare effectiveness.

2.3. Sectoral Performance in India: Based on the trends in the first half (H1) of FY25, varied trends have been witnessed:

- (i) The agriculture sector is expected to rebound to a growth of 3.8 per cent in FY25 and the industrial sector by 6.2 per cent.
- (ii) Strong growth rates in construction activities and electricity, gas, water supply and other utility services are expected to support industrial expansion.
- (iii) Growth in the services sector is expected to remain robust at 7.2 per cent, driven by healthy activity in financial, real estate, professional services, public administration, defence, and other services.
- (iv) Infrastructure investment is witnessing a notable upsurge, with heightened government capital expenditure directed toward transportation, power, and urban development, laying the foundation for long-term economic growth.
- (v) In contrast, the manufacturing sector faces headwinds due to tepid global demand and policy-induced trade adjustments. However, despite various challenges, India continued to register the fastest growth in manufacturing PMI and RBI's survey also reflected better expectations for production, order books, employment, capacity utilisation, and the overall business environment.

2.4. Export and Import Dynamics: India's imports and exports transactions displayed mixed trends. Merchandise exports as well as imports rose. While merchandise imports outpaced exports and widened India's merchandise trade deficit, India's services trade surplus has lent balance to the overall trade deficit. India's robust services exports have propelled the country to secure the seventh-largest share in global services exports and along with that India was the top recipient of remittances in the world, driven by an upward trend in job creation in OECD economies.

2.5. Inflation & Fiscal Stability: Retail inflation has moderated to 4.9% between April and December 2024, though volatility in food prices remains a near-term concern. Food inflation has increased from 7.5 per cent in FY24 to 8.4 per cent in FY25 (April-December).

2.6. Employment Trends

India's labour market growth has seen growth, particularly the formal sector in India has witnessed a significant improvement indicating a growing trend towards formal employment, which enhances workers' access to social security and stability.

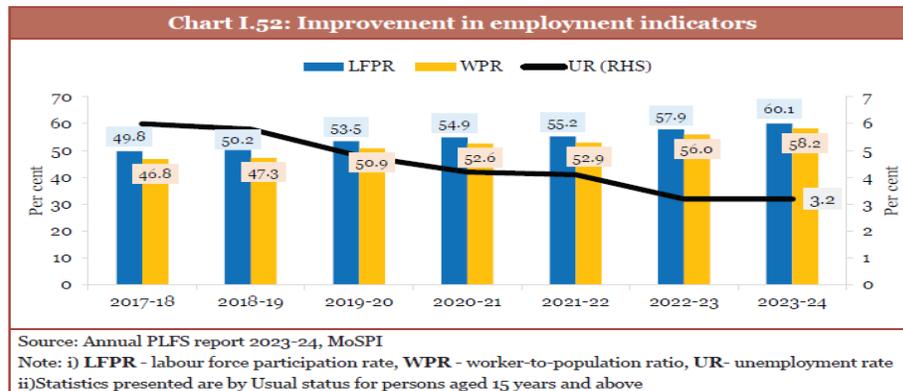
3. Monetary and Financial Sector Development

- 3.1. RBI's Monetary Policy:** The RBI kept the repo rate policy steady at 6.5% for most of FY25. In October 2024, it changed its stance from 'withdrawal of accommodation' to 'neutral' to strike a balance between controlling inflation and supporting economic growth. Inflation is expected to remain stable, ensuring a favourable economic environment.
- 3.2. Performance of the Banking Sector and Credit Availability:** India's scheduled commercial banks showed strong performance, with Gross Non-Performing Assets dropping to 12 year low of 2.6%, enhancing profitability. Strong credit demand and reduced bad loans contributed to a rise in bank profits during the first half of FY25. However, the RBI raised risk weights on unsecured loans, such as personal loans and credit card borrowings, to manage potential risks in retail lending.
- 3.3. Stock Market Performance and Risks for Investors in 2025:** India's stock markets saw significant growth, with the BSE market capitalization surpassing \$5 trillion in December 2024. Retail investor participation increased sharply, with demat accounts rising by 33%.

4. Employment Insights from the Economic Survey 2024-25

4.1. Employment Trends and Labour Market Growth

- (i) **Steady decline in unemployment rate:** The unemployment rate (UR) for individuals aged 15 years and above fell from 6% in 2017-18 to 3.2% in 2023-24, as per the 2023-24 Periodic Labour Force Survey (PLFS). Urban unemployment also declined, from 6.6% in Q2 FY24 to 6.4% in Q2 FY25.



- (ii) Labour force participation and worker-to-population ratio have increased, indicating greater workforce engagement.
- (iii) **Growth in formal sector employment:** Employees’ Provident Fund Organisation (EPFO) subscriptions more than doubled from 61 lakh in FY19 to 131 lakhs in FY24, reflecting formalization of jobs. Workers aged 18-25 years contributed to 47% of net payroll additions, highlighting job growth among youth.

4.2. Emerging Job Sectors

- (i) **Digital Economy and AI Jobs:** The growth of the digital economy has expanded remote work and entrepreneurship, especially benefiting women, while AI and automation are transforming jobs, highlighting the need for investment in AI-related skill development. The Future Skills Prime initiative aims to upskill 13.21 lakh IT professionals in AI fields.
- (ii) **Green Jobs and Renewable Energy:** In 2023, India's renewable energy sector created 1.02 million jobs, with hydropower being the largest employer, providing 453,000 jobs. Women-led initiatives, like solar-powered farming projects, are also boosting economic participation.
- (iii) **Global Workforce Demand:** The government is expanding Skill India International Centres to equip Indian workers for global job markets, while Pre-Departure Orientation Training (PDOT) programs assist migrant workers in adapting to foreign work environments.

4.3. Challenges and Future Outlook



- (i) India needs to generate 78.5 lakh non-farm jobs annually until 2030 to absorb its growing workforce.
- (ii) Women’s participation in regular wage/salaried employment declined, but self-employment and entrepreneurship increased.
- (iii) 90.2% of the workforce has education equivalent to or below secondary level, leading to 88.2% being employed in low-skilled jobs.
- (iv) While AI presents job creation opportunities, it also poses risks of job displacement, necessitating upskilling and re-skilling efforts.

5. GST Aspects in Economic Survey 2024-25

5.1. GST Revenue Trends and Economic Impact

- (i) GST remains the dominant source of revenue for at least 23 Indian states, with Manipur and Nagaland relying on it for 78% and 72% of their Own Revenue Receipts (ORR).
- (ii) Total GST collection has grown steadily, registering 10.7% YoY growth during April-November 2024, reflecting increasing tax compliance.
- (iii) The digitalization of tax collection through e-invoicing and real-time reconciliation has reduced evasion and streamlined the tax regime.

5.2. Sector-Specific Impact of GST

- (i) E-commerce and IT services have benefited significantly from GST. GST relief on data centre exports has made India a more attractive hub for IT services.
- (ii) In Exports and Manufacturing, challenges remain in the customs verification and slow refund processing for exporters, requiring further simplification.

5.3. Challenges in GST Implementation

- (i) **High Compliance Burden:** Businesses operating across multiple regions face increased costs due to the need for multiple state registrations, while some industries continue to encounter classification issues within GST tax slabs, leading to interpretation challenges.

- (ii) **Delay in GST Refunds:** Complex refund processes and the lack of distinct customs supervision codes for e-commerce exports hinder smooth operations and slow down verification and reimbursement for MSME exporters.
- (iii) **Impact on Small Businesses and MSMEs:** GST has raised compliance costs for smaller firms, causing financial sustainability concerns, while delayed refunds result in significant working capital lock-in for small businesses.
- (iv) **Sector Specific Challenges**
 - (a) High GST on electric vehicles (EVs) remains a challenge despite government incentives to boost adoption
 - (b) Imported chemical intermediates attract GST, making domestic manufacturing less competitive.
 - (c) Lack of distinct customs codes for e-commerce exports leads to delays in customs verification and refund processing.

6. AI Insights from the Economic Survey 2024-25

6.1. AI and Employment

- (i) **Growing fears of AI-induced job displacement:** 68% of Indian white-collar workers believe their jobs will be partially or fully automated by AI within five years. While 40% of surveyed employees fear AI will make their skills redundant.
- (ii) **AI in the Indian Banking Sector:** Indian banks have adopted AI for credit underwriting, fraud detection, and customer service chatbots. The Reserve Bank of India (RBI) reports increased AI adoption in well-capitalized banks.
- (iii) **AI's impact on Business Process Outsourcing:** The Philippines' BPO industry has already seen AI-driven job losses, and similar effects are expected in India. AI-driven automation in customer service and back-office operations could disrupt millions of low-value IT service jobs.
- (iv) **Wage Premium for AI Skills:** AI-skilled jobs command a 13-17% salary premium, reflecting high industry demand for AI expertise.

6.2. AI's Economic and Global Investment Trends

- (i) **Global AI Investments:** AI funding surged from \$3 billion in 2022 to \$25.2 billion in 2023. AI patents increased by 62.7% between 2021 and 2022, reflecting innovation growth.
- (ii) **AI in Earnings Calls & Business Strategies:** More companies are referencing AI in earnings calls, with CEOs expecting AI adoption to reduce labour requirements.

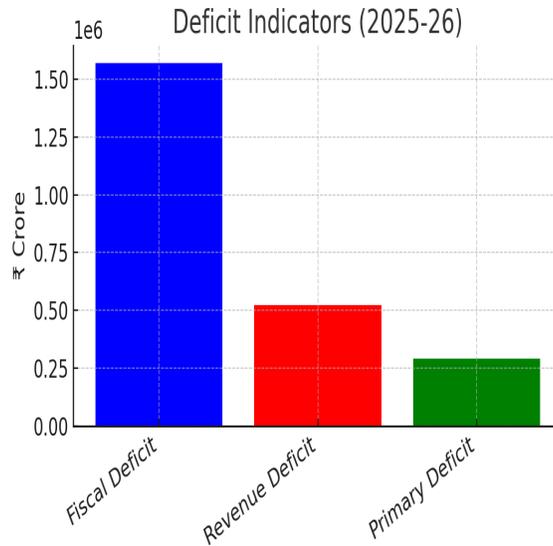
6.3. Industry-Specific AI Impact

- (i) **Healthcare and Social Work:** AI is expected to boost productivity in diagnostics, risk assessments, and treatment recommendations. AI-driven disease outbreak prediction and health policy planning could improve global health outcomes.
- (ii) **Education:** AI-powered interactive learning models could reduce teacher employment needs. However, due to regulatory protections, AI is expected to augment rather than replace teachers.
- (iii) **Retail and Wholesale Trade:** AI enhances customer preference analysis, inventory management, and marketing techniques. Retail productivity gains could create new job roles, offsetting some automation-related job losses.
- (iv) **Legal and Financial Sectors:** AI outperforms human decision-making in contract analysis, financial forecasting, and regulatory compliance. The finance sector is rapidly integrating AI-powered risk assessment tools.

BUDGET AT A GLANCE

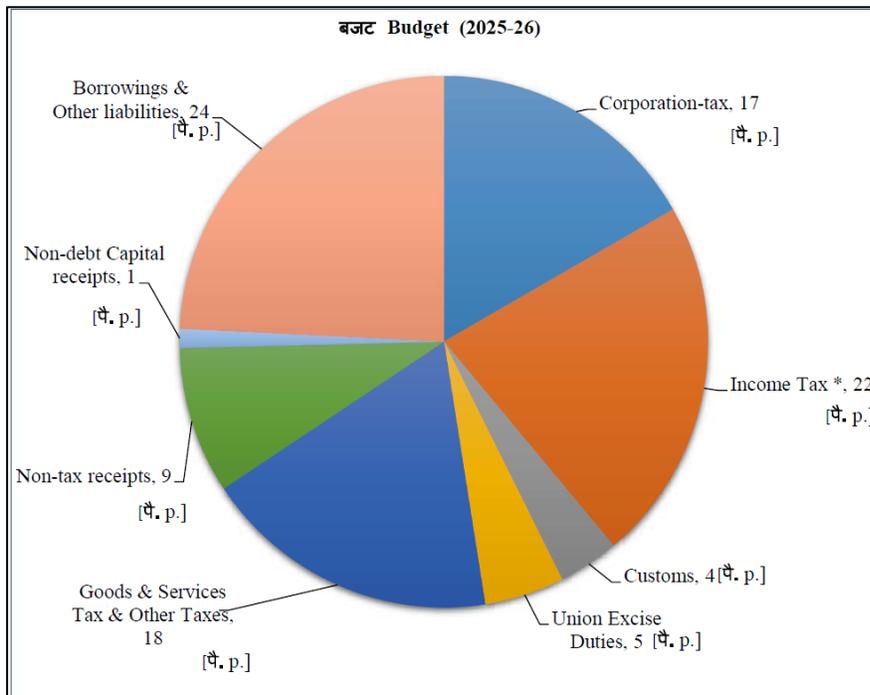
Budget at a glance presents a comprehensive outline of the Government of India's financial framework, detailing its receipts, expenditures, and key fiscal indicators. It provides insights into crucial metrics such as the Fiscal Deficit (FD), Revenue Deficit (RD), Effective Revenue Deficit (ERD), and Primary Deficit (PD).

- Total Receipts: ₹50,65,345 crore
- Capital Receipts from Borrowings: ₹15,68,936 crore
- Total Expenditure: ₹50,65,345 crore
- Fiscal Deficit = Total Expenditure - Total Revenue (excluding Borrowings)
- Fiscal Deficit (FD): ₹15,68,936 crore (4.4% of GDP)
- Revenue Deficit occurs when revenue expenditure exceeds revenue receipts
- Revenue Deficit (RD): ₹5,23,846 crore (1.5% of GDP)
- Primary Deficit = Fiscal Deficit - Interest Payments
- Primary Deficit (PD): ₹2,92,598 crore (0.8% of GDP)



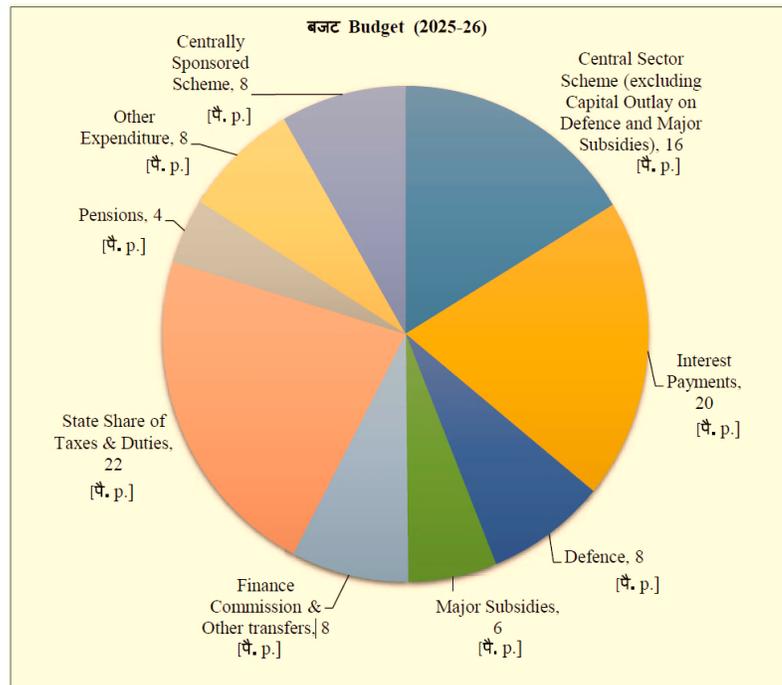
1. Sources of Revenue

Revenue Source	Percentage
Income Tax	22%
GST & Other Taxes	18%
Borrowings & Liabilities	24%
Non-Tax Receipts	9%
Customs & Excise Duties	9%
Corporate Tax	17%
Others	1%



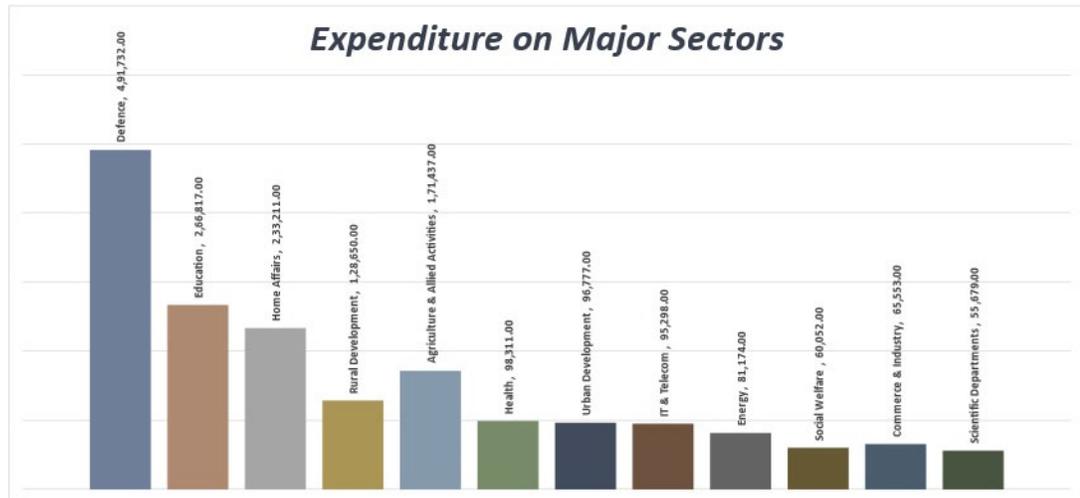
2. Expenditure Allocation

Expenditure	Percentage
State Share of Taxes & Duties	22%
Interest Payments	20%
Central Sector Scheme (excluding Capital Outlay on Defence and Major Subsidies)	16%
Defense	8%
Subsidies	6%
Centrally Sponsored Schemes	8%
Finance Commission & Other transfers	8%
Other Welfare & Development Programs	8%
Pensions	4%



3. Sectors wise Expenditure

Sector	Amount
Defence	₹4,91,732 crore
Education	₹2,66,817 crore
Home Affairs	₹2,33,211 crore
Rural Development	₹1,28,650 crore
Agriculture & Allied Activities	₹1,71,437 crore
Health	₹98,311 crore
Urban Development	₹96,777 crore
IT & Telecom	₹95,298 crore
Energy	₹81,174 crore
Social Welfare	₹60,052 crore
Commerce & Industry	₹65,553 crore
Scientific Departments	₹55,679 crore



DIRECT TAX**A. Rates of income-tax for the assessment year 2025-26****1. For Individual/HUF**

Resident Individual of age less than 60 years / HUF	Old Regime	New Regime
Up to Rs. 250000/-	Nil	Nil
From Rs. 250001 to 300000/-	5%	Nil
From Rs. 300001 to 400000/-	5%	Nil
From Rs. 400001 to 500000/-	5%	5%
From Rs. 500001 to 800000/-	20%	5%
From Rs. 800001 to 1000000/-	20%	10%
From Rs. 1000001 to 1200000/-	30%	10%
From Rs. 1200001 to 1600000/-	30%	15%
From Rs. 1600001 to 2000000/-	30%	20%
From Rs. 2000001 to 2400000/-	30%	25%
Above 2400000/-	30%	30%

Resident Individual of age of 60 years or more up to 80 years	Old Regime	New Regime
Up to Rs. 250000/-	Nil	Nil
From Rs. 250001 to 300000/-	Nil	Nil
From Rs. 300001 to 400000/-	5%	Nil
From Rs. 400001 to 500000/-	5%	5%
From Rs. 500001 to 800000/-	20%	5%
From Rs. 800001 to 1000000/-	20%	10%
From Rs. 1000001 to 1200000/-	30%	10%
From Rs. 1200001 to 1600000/-	30%	15%
From Rs. 1600001 to 2000000/-	30%	20%
From Rs. 2000001 to 2400000/-	30%	25%
Above 2400000/-	30%	30%

Resident Individual of age 80 years or more	Old Regime	New Regime
Up to Rs. 250000/-	Nil	Nil
From Rs. 250001 to 300000/-	Nil	Nil
From Rs. 300001 to 400000/-	Nil	Nil
From Rs. 400001 to 500000/-	Nil	5%
From Rs. 500001 to 800000/-	20%	5%
From Rs. 800001 to 1000000/-	20%	10%
From Rs. 1000001 to 1200000/-	30%	10%
From Rs. 1200001 to 1600000/-	30%	15%
From Rs. 1600001 to 2000000/-	30%	20%
From Rs. 2000001 to 2400000/-	30%	25%
Above 2400000/-	30%	30%

The above-mentioned rates under section 115BAC shall apply to all individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person, unless an option is exercised to opt for normal rates under proposed sub-section (6) of section 115BAC with effect from Assessment Year 2026-27.

Surcharge: For every individual or HUF or association of persons, except in a case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person -

Criteria	Old Regime	New Regime
Exceed 50 Lakhs but does not exceed 1 crore	10%	10%
Exceed 1 crore but does not exceed 2 crores	15%	15%
Exceed 2 crores but does not exceed 5 crores	25%	25%
Exceed 5 crores	37%	25%

Note:

- (i) In case where the total income includes any income by way of dividend or income chargeable under clause (b) of sub-section (1) of section 115AD of the Act, the rate of surcharge on the income-tax calculated on that part of income shall not exceed fifteen percent.
- (ii) Person having income from business or profession who has exercised the above option of shifting out of the regime provided under the proposed sub-section (1A) of section 115BAC shall be able to exercise the option of opting back to the regime under proposed subsection (1A) of section 115BAC only once. However, a person not having income from business or profession shall be able to exercise this option every year.

2. For Co-operative Society

2.1. Normal Rate

Range	Rate
Up to 10000	10%
Between 10000 and 20000	20%
In Excess of 30000	30%

2.2. Surcharge

Range	Rate
Exceeds 1 crore but does not exceed 10 crores	7% of tax
Exceeds 10 Crores	12% of tax

3. Section 115BAD/115BAE for Co-operative Societies

On satisfaction of certain conditions, a co-operative society resident in India shall have the option to pay tax at 22% as per the provisions of section 115BAD.

Surcharge: 10 % of such tax.



4. For Partnership Firm / Local Authorities

A partnership firm and Local Authority is taxable at 30%.

Surcharge: 12% of such tax where total income exceeds one crore rupees.

5. For Companies

5.1. For Domestic Company

Criteria	Rate
Where its total turnover or gross receipt during the previous year 2023-24 does not exceed Rs. 400 crore and where the companies continue in section 115BA regime.	25%
Any other domestic company	30%

Surcharge

Criteria	Rate
Exceed 1 crore but does not exceed 10 crores	7%
Exceed 10 crores	12%

Note: In other cases [including sub-section (2A) of section 92CE, 115QA, 115R, 115TA or 115TD], the surcharge shall be levied at the rate of 12%

Special Tax rates applicable to a domestic company

Scheme	Rate
Where it opted for 115BAA	22%
Where it opted for 115BAB	15%

Surcharge: The rate of Surcharge in under above section 115BAA and 115BAB shall be flat 10% irrespective of amount of total income.

MAT: The domestic company who has opted for special taxation regime under Section 115BAA & 115BAB is exempted from provision of MAT.

5.2. Other than Domestic Company

Companies other than Domestic companies are taxable at 35%.

Surcharge:

Criteria	Rate
Exceed 1 crore but does not exceed 10 crores	2%
Exceed 10 crores	5%

6. Marginal Relief

Marginal relief has also been provided in all cases where surcharge is proposed to be imposed.

7. Health and Education Cess

“Health and Education Cess” is to be levied at the rate of 4% on the amount of income tax so computed, inclusive of surcharge wherever applicable, in all cases. No marginal relief shall be available in respect of such cess.

8. Rebate under section 87A

8.1. Existing provision

An Assessee, being an individual resident in India whose income is chargeable to tax under the proposed sub-section (1A) of section 115BAC, shall now be entitled to a rebate of 100 per cent of the amount of income tax payable on a total income not exceeding Rs 7 lakh.

8.2. Proposed Amendment

An Assessee, being an individual resident in India whose income is chargeable to tax under the proposed sub-section (1A) of section 115BAC, shall now enhance the limit of total income for rebate in clause (a) and (b) of first proviso under

section 87A, on which the income-tax is payable as per the rates of income-tax under sub-section (1A) of section 115BAC, 12,00,000/- and the limit of rebate in clause (a) of first proviso to section 87A is Rs. 60,000/-.

8.3. Applicability

The amendment will take effect from Assessment Year 2026-27 onwards.

B. Tax deducted at Source (TDS) and Tax collected at source (TCS)

1. Rationalization of TDS/ TCS

There are various provisions of Tax Deduction at Source (TDS)/Tax Collection at Source (TCS), with different thresholds and multiple rates. To improve ease of doing business and better compliance by taxpayers, it is proposed to rationalize certain rates of TDS/TCS and to increase threshold limit for applicability of the TDS/TCS provisions.

S. No.	Section	Current Threshold/ Rate	Proposed Threshold/ Rate
1.	193 - Interest on securities	Limit of Rs. 5000 in case of debenture interest paid to individual and HUF, who is resident of India through account payee cheque, NIL in other cases.	Rs. 10,000/-
2.	194A - Interest other than Interest on securities	(i) Rs. 50,000/- for senior citizen; (ii) Rs. 40,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 5,000/- in other cases	(i) Rs. 1,00,000/- for senior citizen (ii) Rs. 50,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 10,000/- in other case
3.	194 - Dividend for an	Rs. 5,000/-	Rs. 10,000/-

	individual shareholder		
4.	194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000/-	Rs. 10,000/-
5.	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
6.	194BB - Winnings from horse race		
7.	194D - Insurance commission	Rs. 15,000/-	Rs. 20,000/-
8.	194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
9.	194H - Commission or brokerage	Rs. 15,000/-	Rs. 20,000/-
10.	194-I Rent	Rs. 2,40,000/- during the financial year	Rs. 50,000/- per month or part of a month
11.	194J - Fee for professional or technical services	Rs. 30,000/-	50,000/-
12.	194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	5,00,000/-
13.	194LBC – For investment in securitization trust	25% for Individual/HUF, 30% for others	10%
14.	206C(1) – Forest Produce	2.5%	2%

Note: These amendments will take effect from the 1st April, 2025.

2. Reduction in compliance burden by omission of TCS on sale of specified goods

2.1. Existing provision

- (i) Sub-section (1H) of section 206C of the Act, requires any person being a seller who receives consideration for sale of any goods of the value or aggregate of value exceeding Rs 50 lakhs in any previous year, to collect tax from the buyer at the rate of 0.1% of the sale consideration exceeding Rs 50 lakhs, subject to certain conditions.
- (ii) Further, it is provided in sub-section (1H) of section 206C of the Act that the provision will not apply, if the buyer is liable to deduct TDS under 194Q of this Act.

2.2. Proposed Amendment

It is proposed that provisions of sub-section (1H) of section 206C of the Act will not be applicable from the 1st day of April, 2025.

2.3. Applicability

These amendments will take effect from the 1st April, 2025.

3. Removal of higher TDS/TCS for non-filers of return of income

3.1. Existing Provision

Section 206AB of the Act, requires deduction of tax at higher rate when the deductee specified therein is a non-filer of income-tax return. Section 206CCA of the Act, requires for collection of tax at higher rate when the collectee specified therein is a non-filer of income-tax return. This is subject to other conditions specified in the two sections.

3.2. Proposed Amendment

It is proposed to omit section 206AB of the Act and section 206CCA of the Act.

3.3. Applicability

These amendments will take effect from the 1st April, 2025

4. Exemption from prosecution for delayed payment of TCS in certain cases

4.1. Existing Provision:

If a person fails to deposit the collected TCS under Section 206C with the Central Government, it shall result in prosecution with imprisonment (3 months to 7 years) and a fine under section 276BB.

4.2. Proposed Amendment

Prosecution shall not occur if the TCS is paid to the government on or before the due date for filing the quarterly TCS statement (under Section 206C(3)).

4.3. Applicability

This amendment will be effective from April 1, 2025.

C. Amendments related to Capital Assets

1. Amendment to Definition of ‘Capital Asset’

1.1. Existing Provision

According to Section 2(14) of the Act defines the term “capital asset” includes property of any kind held by an assessee but does not include any stock in- trade or personal assets. The securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 are also defined as capital assets.

1.2. Proposed Amendment

The proposed amendment in the definition states 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 Securities and Exchange Board of India Act, 1992 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.

1.3. Applicability

This amendment will be effective from the 1st April, 2026 and assessment year 2026-27.

2. Clarification on income on redemption of Unit Linked Insurance Policy

2.1. Existing Provision

- (i) As per section 10 (10D) of Income Tax Act 1961, the premium payable for any years during the terms of the policy should not exceed ten per cent of the actual capital sum assured. So the amount should be exempted under life insurance policy.
- (ii) The exemption 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.
- (iii) The exemption under section 10 (10D) does not apply on such policies when ULIP is a capital asset. 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 section 10(10D) does not apply.

2.2. Proposed Amendment

- (i) ULIPs to which exemption under clause (10D) of section 10 does not apply, is a capital asset [clause (14) of section 2];
- (ii) 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
- (iii) 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].

2.3. Applicability

The amendment will be effective from the 1 April, 2026, A.Y. 2026-27 and onwards.

3. Rationalisation of taxation of capital gains for non-residents

3.1. Existing Provision

- (i) As per section 115AD of the Income Tax Act 1961, the total income of a specified fund or Foreign Institutional Investor includes—

- (a) income received in respect of securities (other than units referred to in section 115AB); or
 - (b) income by way of short-term or long-term capital gains arising from the transfer of such securities.
- (ii) 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.

3.2. Proposed Amendment

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.

3.3. Applicability

These amendments will be effective from the 1st April, 2026 and assessment year 2026-27.

4. Exemption to withdrawals by Individuals from National Savings Scheme from taxation

4.1. National Savings Scheme

Section 80CCA, inter-alia, provides for a deduction to an individual, or a Hindu undivided family, for any amount deposited in the National Savings Scheme (NSS). It is also provided that no deduction would be allowed in relation to such amount on or after the 1st day of April, 1992.

4.2. Existing Provision

- (i) Sub-section (2) of section 80CCA, provides that where the amount, together with the interest accrued on such amount, under the scheme is withdrawn, it shall be deemed to be the income of the assessee and shall be chargeable to tax.

- (ii) The provision on taxing withdrawals from National Savings Schemes (NSS) expired on 01.04.1992, with tax applying to amounts deposited in FY 1991-92 and earlier.
- (iii) The Department of Economic Affairs issued a Notification on 29.08.2024 stating that no interest will be paid on NSS balances after 01.10.2024.

4.3. Proposed Provision

- (i) It is proposed to amend section 80CCA to provide exemption to the withdrawals made by individuals from these deposits for which deduction was allowed, on or after 29th day of August, 2024.
- (ii) This exemption is provided to the deposits, with the interest accrued thereon, made before 01.04.1992 as these are the amounts in respect of which a deduction has been allowed.

4.4. Applicability

This amendment shall be made with retrospective effect from the 29th of August, 2024.

5. Obligation to furnish information in respect of crypto-asset

5.1. Proposed Provision

- (i) **Insertion of section 285BAA:** Obligation to Furnish Information on Crypto-assets under section 285BAA by reporting entities.
- (ii) **Amendment to Section 2(47A): Definition of VDA:** Sub-clause (d) is proposed to be added, clarifying that "virtual digital asset" includes any crypto-asset, defined as a digital representation of value relying on cryptographically secured distributed ledger technology (or similar technology) for transaction validation and security, *regardless* of whether it's already included in the existing VDA definition. This broadens the definition to explicitly cover all crypto-assets.

5.2. Applicability

This amendment will be effective from April 1, 2026.

6. Extension of exemption to Specified Undertaking of Unit Trust of India (SUUTI)

6.1. Existing Provision

SUUTI has been exempted from payment of income-tax up to 31st day of March, 2023. Finance Act, 2023 amended the UTI Repeal Act, 2002, to extend such date to 31st day of March, 2025.

6.2. Proposed Amendment

The specified undertaking will continue to be exempt from income tax or any other taxes on income, profits, or gains derived, or amounts received, in relation to SUUTI, for the period starting from the appointed day (likely when SUUTI was created) and ending on March 31, 2027.

6.3. Applicability

It will be effective from 1st April, 2025 and onwards.

D. Amendments related to Assessment and Penalties

1. Last date for taking approval for retention of seized Books of Accounts or Other Document under section 132 & 132B

1.1. Existing Provision:

- (i) Approval to retain seized books or documents must be obtained within 30 days from the date of assessment, reassessment, or recomputation order.
- (ii) In search assessment relating to group proceedings, the assessment orders of one assessee may be passed earlier than the assessment orders of another assessee

1.2. Proposed Amendment

The time limit for taking approval for retention shall be one month from end of the quarter in which the assessment or reassessment or recomputation order has been made.

1.3. Applicability

The above-mentioned provisions will take effect from 1st April 2025.

2. Time limit to impose penalties

2.1. Existing Provision:

Section 275 of the Act is having multiple timelines for imposition of penalties by various authorities.

2.2. Proposed Amendment

A uniform time limit is introduced i.e. Penalties under Chapter XXI must be imposed within six months from the end of the quarter in which:

- (i) The related proceedings are completed,
- (ii) The order of appeal is received by the jurisdictional Principal Commissioner/Commissioner,
- (iii) The order of revision is passed, or
- (iv) The notice for imposition of penalty is issued, as the case may be.

2.3. Applicability

The above-mentioned provisions will take effect from 1st April 2025

3. Commencement date and the end date of the period stayed by the Court

3.1. Existing Provision:

Sections 144BA, 153, 153B, 158BE, 158BFA, 263, 264, and Rule 68B of Schedule II of the Act state that any period during which proceedings are stayed by a court order or injunction will not count toward the time limit for completing the proceedings.

3.2. Proposed Amendment

The provision is to specify that the excluded period starts from the date the stay order is granted and ends when the jurisdictional Principal Commissioner or

Commissioner (or the approving panel in the case of section 144BA) receives the certified copy of the order lifting the stay.

3.3. Applicability

The above-mentioned provisions will take effect from 1st April, 2025.

4. Excluding the period such as court stay etc. for calculating time limit to pass an order

4.1. Existing Provision:

- (i) Section 206C of the Income Tax Act, provides for the time limit for deeming a person an assessee in default for failing to collect tax as the later of:
 - (a) Six years from the end of the financial year in which the tax was collectible.
 - (b) Two years from the end of the financial year in which the correction statement was delivered under Section 206C(3B).

4.2. Proposed Amendment

It is proposed that sub-section (7A) of section 206C of the Act is to be amended to provide that relevant provisions of section 153 of the Act would apply to the time limit prescribed in sub-section (7A) of section 206C of the Act.

4.3. Applicability

This amendment will be effective from April 1, 2025.

5. Inclusion of Virtual Digital Assets in Definition of Undisclosed Income

5.1. Existing Provision

Reference of Virtual Digital Assets was missing in Section 158B.

5.2. Proposed Amendment

Section 158B of the Act defines “undisclosed income” for the purposes of Chapter XIV-B. It is proposed to add the term “virtual digital asset” to the said definition

5.3. Applicability

The above-mentioned provisions will take effect from February 1, 2025 and onwards.

6. Non-applicability of Section 271AAB of the Act

6.1. Existing Provision

- (i) Section 271AAB of the Act relates to penalty in respect of searches initiated after 15.12.2016.
- (ii) Provisions of “Block Assessment” were introduced for searches initiated u/s 132 on or after 1st September 2024. Provisions are not applicable to proceedings conducted under section 158BC of the Act.

6.2. Proposed Amendment

Provisions shall not be applicable to the assessee in cases where search has been initiated u/s 132 on or after 1st September 2024.

6.3. Applicability

The above-mentioned provisions will take effect from 1st September 2024.

7. Certain penalties to be imposed by the Assessing Officer

7.1. Existing Provision

Penalties under the sections 271C, 271CA, 271D, 271DA, 271DB and 271E of the Act are imposed by the Joint Commissioner. Though, assessment in such cases were being made by the Assessing Officer.

7.2. Proposed Amendment

- (i) It is proposed to amend sections 271C, 271CA, 271D, 271DA, 271DB and 271E of the Act so that penalties under these sections shall be levied by the Assessing Officer in place of Joint Commissioner, subject to the provisions of sub-section (2) of section 274 of the Act. Thus, Assessing Officer shall take the prior approval of Joint Commissioner for the passing of penalty order, where penalty amount exceeds the limit specified in sub-section (2) of section 274 of the Act.
- (ii) Further consequential amendment to Section 246A(1)(n).

7.3. Applicability:

It will take effect from 1st April, 2025 and onwards.

8. Increasing time limit available to pass order under section 115VP

8.1. Existing Provision:

- (i) Sub-section (1) of Section 115VP provides that qualifying company to opt for a tonnage tax scheme by making an application to Joint Commissioner.
- (ii) Sub-section (4) currently mandates that this order (approval or rejection) must be passed within *one month* from the end of the month in which the application was received.

8.2. Proposed Amendment

The proposed amendment modifies sub-section (4) of Section 115VP. For applications received on or after April 1, 2025, the Joint Commissioner will have *three months* from the end of the *quarter* in which the application was received to pass the order.

8.3. Applicability:

This amendment will be effective from April 1, 2025.

9. Extending the processing period of application seeking immunity from penalty and prosecution

9.1. Existing Provision:

- (i) An application for granting immunity from imposition of penalty shall be made within one month from the end of the month in which the order referred to in clause (a) of sub- section (1) has been received by the assessee.
- (ii) Sub-section (4) of the said section provides that Assessing Officer shall pass an order accepting or rejecting the application, within a period of one month from the end of the month in which the application requesting immunity is received.

9.2. Proposed Amendment:

The sub-section (4) of section 270AA of the Act extend the processing period to three months from the end of the month in which application for immunity is received by the Assessing Officer.

9.3. Applicability:

It will be effective from 1st April, 2025 and onwards.

E. Amendments related to Trusts

1. Rationalisation of ‘Specified Violation’ for cancellation of registration of trusts or institutions

1.1. Existing Provision

- (i) Clause (g) of explanation part of Sub-section 4 of section 12AB provides for ‘Specified Violation’ which results in cancellation of registration. “Where the application made in clause (ac) of sub-section (1) of section 12A is not complete or it contains false or incorrect information, it is treated as Specified Violation.
- (ii) It is noted that even on minor default like above, the principal commissioner or commissioner may cancel the 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.

1.2. Proposed Amendment

- (i) The words “is not complete or it” shall be removed from the clause (g) of sub-section 4 of section 12AB.
- (ii) The proposed amendment provides that the situations where the application for registration of trust or institution is not complete, shall not be treated as Specified Violation for the purpose of said sub-section.

1.3. Applicability

The above-mentioned provisions will take effect from 1st April 2025 and onwards.

2. Period of registration of smaller trusts or institutions

2.1. Existing Provision:

- (i) Section 12AB provides registration of trusts or institutions for a period of 5 years or provisional registration (where activities have not commenced) for a period of 3 years. At the expiry of such registration or provisional registration (if activities have commenced), the trust or institution is required to make an application for further registration.
- (ii) Applying for registration after every 5 years, increases the compliance burden for trusts or institutions, especially for smaller trusts or institutions.

2.2. Proposed Amendment

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. Small trust means a trust whose total income, without giving effect to the provisions of section 11 and 12, does not exceed Rs. 5 crores during each of two previous years, preceding to the previous year in which such application is made.

2.3. Applicability

The above-mentioned provisions will take effect from 1st April 2025 and onwards.

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

3.1. Existing Provision

Section 13 of the Act, inter alia, provides that section 11 or section 12 shall not apply to exclude any income from the total income of trust or institution, if such income enures, 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-

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

3.2. Proposed Amendment

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

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

3.3. Applicability

The above-mentioned provisions will take effect from 1st April 2025 and onwards.

4. Rationalisation in taxation of Business trusts

4.1. Existing Provision

Sub-section (2) of section 115UA provides that the total income of a business trust shall be charged to tax at maximum marginal rate, subject to provision of section 111A and section 112.

4.2. Proposed Amendment

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 provision of section 111A, section 112 as well as section 112A.

4.3. Applicability

The above-mentioned provisions will take effect from 1st April 2026 and onwards.

F. Amendments related to IFSC, startup, etc

1. Extension of sunset dates for several tax concessions pertaining to IFSC

1.1. Existing Provision

The sunset dates for the commencement of operations of IFSC units for various tax concessions, or relocation of funds to the IFSC, are outlined in clause (d) of sub-section (2) of Section 80LA, and in clauses (4D), (4F), (4H) of Section 10, and clause (viia) of Section 47.

1.2. Proposed Amendment

The sunset dates for these provisions are proposed to be extended to 31st day of March, 2030.

1.3. Applicability

This will take effect from the 1st April, 2025.

2. Exemption on life insurance policy from IFSC Insurance offices

2.1. Existing Provision

- (i) Clause (10D) of Section 10 provides an exemption for sums received under a life insurance policy, including any bonus allocated to the policy, subject to the conditions specified therein.
- (ii) Provisos (fourth, fifth, sixth and seventh provisos) to the said clause provide that the exemption was 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.

2.2. Proposed Amendment

It is proposed to amend clause (10D) of section 10 so as to provide that proceeds 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.

2.3. Applicability

This will take effect from the 1st April, 2025.

3. Exemption to capital gains and dividend for ship leasing units in IFSC

3.1. Existing Provision

Clause (4H) of section 10 provides exemption to non-residents or unit of IFSC engaged in aircraft leasing on capital gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in aircraft leasing. Further, clause (34B) of section 10 provides exemption to dividend paid by a company being a unit of IFSC engaged in aircraft leasing, to a unit of IFSC engaged in aircraft leasing.

3.2. Proposed Amendment

It is proposed to extend the exemption in:

- (i) Clause (4H) of Section 10 to non-residents or units of the IFSC engaged in ship leasing on capital gains tax on the transfer of equity shares of domestic companies being units of the IFSC engaged in ship leasing.
- (ii) Clause (34B) of section 10 to dividend paid by a company being a unit of IFSC engaged in ship leasing, to a unit of IFSC engaged in ship leasing.

3.3. Applicability

This will take effect from the 1st April, 2025.

4. Rationalisation of definition of ‘dividend’ for treasury centres in IFSC

4.1. Existing Provision

- (i) Sub-clause (e) of clause (22) of section 2, inter alia, 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.
- (ii) Sub-clause (ii) of clause (22) of section 2 excludes from the definition of dividend (may be referred to as deemed dividend) 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.

4.2. Proposed Amendment

It is proposed to amend clause (22) of section 2 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’.

4.3. Applicability

This will be effective from the 1st April, 2025.

5. Simplified regime for fund managers based in IFSC

5.1. Existing Provision

Section 9A of the Income Tax Act provides that fund management activities carried out by an eligible fund manager on behalf of an eligible investment fund do not constitute a business connection in India, provided certain conditions are met.

- (i) Clause (c) of Sub-section (3) requires that the aggregate investment in the fund by Indian residents does not exceed 5% of the corpus.
- (ii) Sub-section (8A) allows the Central Government to relax or modify certain conditions for funds managed from an International Financial Services Centre (IFSC), provided the fund manager commences operations on or before March 31, 2024.

5.2. Proposed Amendment

It is proposed to amend Section 9A as follows:

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

5.3. Applicability

This will take effect from the 1st April, 2025.

6. Amendment of Section 10 related to Exempt income of Non-Residents

6.1. Existing Provision

Clause (4E) of Section 10 provides that income accrued, arisen, or received by non-resident from the transfer of non-deliverable forward contracts, offshore derivative instruments, or over-the-counter derivatives, or from the distribution of income on such instruments entered into with an offshore banking unit of an International Financial Services Centre (IFSC) under Section 80LA(1A), shall not be included in the total income of the non-resident.

6.2. Proposed Amendment

It is proposed to amend Clause (4E) of Section 10 to include such income of a non-resident entered into with Foreign Portfolio Investors (FPIs) being an IFSC unit. This income shall also be exempt from inclusion in the non-resident's total income.

6.3. Applicability

This will take effect from the 1st April, 2026, and shall apply in relation to the assessment year 2026-27 and subsequent assessment years.

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

7.1. Existing Provision

- (i) Section 47 of the Act provides 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 inter-alia, 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 International Financial Services Centre 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.
- (ii) The income of retail schemes and Exchange Traded Funds (ETFs) in the IFSC, which was regulated under the International Financial Services Centres Authority Act, 2019, were granted an exemption under Section 10(4D) of the Income-tax Act, as amended by the Finance (No. 2) Act, 2024.

7.2. Proposed Amendment

It is proposed to include retail schemes and Exchange Traded Funds (ETFs) within the definition of resultant fund under Clause (viia) of Section 47. This shall ensure that the relocation of original funds to such retail schemes or ETFs in the IFSC shall also be a tax-neutral transaction.

7.3. Applicability

This will take effect from the 1st April, 2026, and shall apply in relation to the assessment year 2026-27 and subsequent assessment years.

8. Extension of date of making investment by Sovereign Wealth Funds, Pension Funds & others and rationalisation of tax exemptions

8.1. Existing Provision

Clause (23FE) of Section 10 provides an exemption to specified persons, including Sovereign Wealth Funds (SWFs) and Pension Funds (PFs), from income in the form of dividends, interest, long-term capital gains, and other certain incomes arising from investments in India. Sub-clause (i) of clause (23FE) specifies that the investment must be made on or after April 1, 2020, but on or before March 31, 2025.

8.2. Proposed Amendment

The following amendments are proposed:

- (i) Long-term capital gains, even if deemed short-term capital gains under Section 50AA, arising from an investment in India shall not be included in the total income of a specified person under Clause (23FE).
- (ii) The date of investment for clause (23FE) shall be extended from March 31, 2025, to March 31, 2030.

8.3. Applicability

This will take effect from the 1st April, 2025.

9. Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility

9.1. New Provision

The following is proposed:

- (i) To introduce a presumptive taxation regime for non-residents providing services or technology to resident companies establishing or operating electronics manufacturing facilities in India.
- (ii) A new Section 44BBD is proposed, under which 25% of the aggregate amount received/receivable or paid/payable to the non-resident for providing services or technology shall be treated as profits and gains from this business.

9.2. Applicability

This will take effect from the 1st April, 2026, and shall apply in relation to the assessment year 2026-27 and subsequent assessment years.

10. Extension of benefits of tonnage tax scheme to inland vessels

10.1. Existing Provision

The Tonnage Tax Scheme under Chapter XII-G of the Income-tax Act, promotes the Indian shipping industry by offering qualifying shipping companies the choice to either opt for the tonnage tax regime or continue under the normal corporate tax regime.

10.2. Proposed Amendment

It is proposed to extend the benefits of the tonnage tax scheme to inland vessels registered under the Inland Vessels Act, 2021. As part of this, inland vessels shall be included under Section 115VD as eligible ships.

10.3. Applicability

This will take effect from the 1st April, 2026, and shall apply in relation to the assessment year 2026-27 and subsequent assessment years.

11. Extension of timeline for tax benefits to start-ups

11.1. Existing Provision

- (i) As per section 80-IAC of Income Tax Act, 1961, amount equals to 100% of profit and gains for 3 consecutive years out of 10 years, beginning from the year of incorporation is allowed for deduction, derived from eligible business by an eligible start up.
- (ii) Eligible Start up means a company or a limited liability partnership engaged in eligible business which fulfil the following conditions, namely-
 - (a) Total turnover does not exceed 100 crores.
 - (b) It holds a certificate from the Inter-Ministerial Board of Certification.
 - (c) It is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2025.

11.2. Proposed Amendment

The benefit of section 80-IAC is extended for another period of 5 years, till 01.04.2030.

11.3. Applicability

These amendments will be effective from the 1st April, 2025.

G. Other amendments

1. Extending the time-limit to file the updated return

1.1. Existing Provision

As per section 139(8A), updated returns can be filed up to 24 months after the end of the relevant assessment year. Additional tax is 25% of aggregate of tax and

interest payable if updated return filed within 12 months, and 50% if filed between 12 and 24 months from the end of relevant assessment year.

1.2. Proposed Amendment

- (i) It is proposed to extend the time-limit to file the updated return from existing 24 months to 48 months from the end of the relevant assessment year.
- (ii) Rate of additional income-tax payable for updated return shall be as under –

Period from the end of the relevant AY	Rate of Tax
Upto 12 Months	25%
After 12 till 24 Months	50%
After 24 till 36 Months	60%
After 36 till 48 Months	70%

- (iii) No updated return can be filed if a show-cause notice under Section 148A has been issued more than 36 months after the end of the relevant assessment year. Exception: If an order under Section 148A(3) determines a Section 148 notice is not warranted, an updated return can be filed up to 48 months.

1.3. Applicability

It will be effective from 1st April, 2025 and onwards.

2. Annual value of the self-occupied property simplified

2.1. Existing Provision

- (i) Section 23 of the Income Tax Act, 1961 relates to determination of annual value.
- (ii) Sub Section (2) of the said section propounds that when the owner cannot occupy the house property due to his employment, elsewhere then its annualized value shall be treated as nil.

- (iii) Further, Sub section (4), of the said section provides that above mentioned provisions of Sub Section (2) shall only be allowed in respect of two house properties as specified.

2.2. Proposed Provision

- (i) It is proposed to amend Sub-Section (2) so as to allow the annual value of property shall be taken as nil, irrespective of the fact that the owner occupies it as his residence or cannot occupy it due to any reason.
- (ii) The provision of sub-section (4) of section 23 of the Act which allows this benefit only in respect of two such houses shall continue to apply as earlier.

2.3. Applicability

This amendment will take effect from the 1st of April, 2025 and shall accordingly apply for assessment year 2025-26 onwards.

3. Deduction under section 80CCD for contributions made to NPS Vatsalya

3.1. NPS Vatsalya Scheme

NPS Vatsalya is a scheme for minor children where parents or guardians can contribute to a National Pension Scheme (NPS). This savings-cum pension scheme is designed exclusively for minors and will be operated by the guardian for the exclusive benefit of the minor till they attain majority.

3.2. Existing Provision

- (i) This Scheme allows for partial withdrawal from the minor's account to address certain contingency situations like education, treatment of specified illnesses and disability (of more than 75%) of the minor.
- (ii) Parents can withdraw up to 25% of the contribution for education, disability or a specified illness, up to 3 times, after a lock-in period of 3 years.
- (iii) When the child turns 18, the account can be converted to a regular NPS account or another non-NPS scheme.

3.3. Proposed Amendment

(i) Amendment to old provisions:

- (a) As per clause (12BA) in section 10 of the Act, which provides that any income received on partial withdrawal made out of the minor's account, shall not be included in the total income of the parent/guardian to the extent it does not exceed 25% of the amount of contributions made by him.
- (b) When a minor attains 18 years, the account will be transferred to the child's name with the accumulated corpus and will be shifted into the NPS-Tier 1 Account - All Citizen Model or other non-NPS scheme account.

(ii) New provisions:

- (c) A deduction to be allowed to the parent/guardian's total income, of the amount paid or deposited in the account of any minor under the NPS to a maximum of Rs 50,000/- under sub-section (1B) of section 80CCD.
- (d) The amount on which deduction has been allowed under sub-section (1B) of section 80CCD or any amount accrued thereon, will be taxable when such amount is withdrawn from minor's account.
- (e) The amount received on the death of minor shall not be deemed to be the income of the parent/guardian.

3.4. Applicability

The above-mentioned provisions will take effect from 1st April, 2026 and onwards.

4. Removing date restrictions on framing the schemes in certain cases

4.1. Existing Provision

Faceless schemes under sections 92CA, 144C, 253 of the Act were introduced in the Act through TOLA with effect from 01.11.2020 and under section 255 of the Act, was inserted through Finance Act, 2021 with effect from 01.04.2021. This was further extended to 31 March, 2025 by Finance Act, 2024.

4.2. Proposed Amendment

It is proposed that end date prescribed for notifying faceless schemes under

sections 92CA, 144C, 253 and 255 of the Act may be omitted so as to provide that Central Government may issue directions beyond the cut-off date of 31st day of March, 2025, if required.

4.3. Applicability

It will be effective from 1st April, 2025 and onwards.

5. Harmonisation of Significant Economic Presence applicability with Business Connection of a Non-Resident in India

5.1. Existing Provision

- (i) Section 9 of the Act provides for income which shall be deemed to accrue or arise in India, Clause (i) of section 9, 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.
- (ii) 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.

5.2. Proposed Amendment

Explanation 2A of section 9 - 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.

5.3. Applicability

These amendments will be effective from the 1st April, 2026 and assessment year 2026-27.

6. Rationalisation of provisions related to carry forward of losses in case of amalgamation

6.1. Existing Provision

Sections 72A and 72AA provide that accumulated loss of the amalgamating entity or predecessor entity shall be deemed to be the loss of the amalgamated entity or the successor entity for the previous year in which amalgamation or business reorganisation has been effected or brought into force. Further, section 72 of the Act provides that no loss (other than loss from speculation business) under the head “Profits and gains from business or profession” shall be carried forward for more than 8 assessment years immediately succeeding the assessment years for which the loss was first computed.

6.2. Proposed Amendment

Sections 72A and 72AA to state that the losses carried over from the predecessor entity can be carried forward for no more than 8 years from the year the loss was first calculated for the original predecessor entity.

6.3. Impact and Insights

These changes will apply to amalgamations or reorganizations happening on or after April 1, 2025.

2.1. Applicability

The above-mentioned provisions will take effect from 1st April, 2026 and onwards.

7. Increase in the limits on the income of the employees for the purpose of calculating perquisites.

7.1. Existing Provision

- (i) Clause (2) of section 17, provides that ‘perquisite’ includes benefit or amenity granted or provided free of cost or at concessional rate by any employer (including a company) to an employee whose income under the head of “Salaries” does not exceed 50,000/-, (determined by finance act, 2021).
- (ii) Proviso to clause (2) of section 17, provides that any expense incurred by the employer for travel outside India on medical treatment of an employee or employee’s family shall not be included in “Perquisites”, subject to the condition that Gross Total Income does not exceed Rs. 2,00,000/-, (determined by finance act, 1993).

7.2. Proposed Amendment

It is proposed to amend Section 17 to allow increasing the employee income limit for perquisites, which is to be prescribed in the Rules.

7.3. Applicability

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

8. Rationalisation of transfer pricing provisions for carrying out multi-year arm's length price determination

8.1. Existing Provision

Determination of Arm's Length Price (ALP) proceeds in the following manner for each year:

- (i) The assessing officer (AO) may refer, the computation of Arm's Length Price (ALP) of any previous year to, the TPO.
- (ii) TPO to determine the ALP in relation to the transaction in accordance with sub section (3) of section 92.
- (iii) The TPO shall send a copy of his order to AO and the assessee.
- (iv) AO shall compute the total income of the assessee with reference to sub section (4) of section 92C in accordance with ALP as determined to TPO.

8.2. Proposed Amendment

- (i) It has been proposed to carry out TP assessments in a block.
- (ii) ALP determined in relation to any international transaction or specified domestic transaction for any previous transaction shall apply to similar transactions for two consecutive years immediately following such previous years, if opted so by the assessee.

8.3. Applicability

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

9. Change in Definition of MSME under MSMED Act, 2006

9.1. Existing Provision

The current threshold under the MSMED Act, 2006 is as under

Particulars	Investment	Turnover
Micro Enterprises	1 Crores	5 Crores
Small Enterprises	10 Crores	50 Crores
Medium Enterprises	50 Crores	250 Crores

9.2. Proposed Amendment

The current threshold under the MSMED Act, 2006 is as under

Particulars	Investment	Turnover
Micro Enterprises	2.5 Crores	10 Crores
Small Enterprises	25 Crores	100 Crores
Medium Enterprises	125 Crores	500 Crores

9.3. Applicability

Yet to be notified

INDIRECT TAXES - GST

1. Definition of Local Authority

1.1. Existing Provision

As per the existing definition, the meaning of the term “local authority” *inter alia* includes a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund.

1.2. Proposed Amendment

With the proposed amendment, the words “municipal or local fund” have been replaced with “municipal fund or local fund” to explicitly distinguish between the two. The amendment eliminates ambiguity by clearly differentiating between funds related to Panchayat areas (local funds) and Municipal/Metropolitan areas (municipal funds). Further, the meaning of these terms has also been inserted by way of Explanation as under:

- (a) **“Local fund”** means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called.
- (b) **“Municipal fund”** means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called.

1.3. Impact and Insights

- (i) There were ambiguities regarding the scope of expression local authority and recently, a clarification was sought by the Delhi Development Authority (DDA) as to whether DDA is a ‘local authority’. CBIC clarified in Circular No. 245/02/2025-GST dated 28.01.2025 that an authority which is similar to the elected self-governing body such as Municipal Committee and which is entrusted with the control and management of municipal or local fund can be termed as the local authority.

- (ii) The said interpretation has been given place in the definition of local authority in the Act in order to remove the ambiguity.

2. Time of Supply of Goods and Services underlying the Voucher

2.1. Existing Provision

The time of supply of vouchers is prescribed under Section 12, which deals with the time of supply of goods, and also under Section 13, which deals with the time of supply of services.

2.2. Proposed Amendment

The provisions related to the time of supply of vouchers under Sections 12(4) and 13(4) of the CGST Act have been proposed to be deleted.

2.3. Impact and Insights

- (i) There was lot of ambiguity with respect to the taxability of vouchers. In Nov 2023, the Hon'ble Madras High Court in the case of Tvl. Kalyan Jewellers India Ltd. vs. Union of India [2024] 158 taxmann.com 302 ruled that 'Gift Voucher' being a debt instrument shall qualify as an 'actionable claim', which is neither supply of goods nor supply of services under Sr.No.6 to Schedule III of the CGST Act. Further, while responding to the issue of determination of time of taxability of Gift Vouchers, it was held by the Hon'ble High Court that:
 - (a) If the Gift Vouchers were issued for specified and identified goods, or for specified value of merchandise, tax shall be payable at the time of issuance in view of Section 12 (4) (a) of the CGST Act since the supply (i.e. transfer) is occurring at the time of issuance.
 - (b) If the goods or services were unidentified at the time of issue, the time of supply would get postponed to the actual time of redemption of the Gift Voucher to a future date when the sale of merchandise or goods will occur in view of Section 12(4)(b) of the CGST Act.
- (ii) Further, Circular No. 243/37/2024-GST dated 31.12.2024 was issued, wherein issues pertaining to GST treatment of vouchers were clarified:
 - (a) Transactions in vouchers themselves cannot be considered either as a supply of goods or as a supply of services.

- (a) In case of vouchers distributed through the distributors/ sub-distributors/ dealers, these persons act as agents of the voucher issuer and in such cases, GST is payable on commission or fee.
 - (b) GST is leviable on additional services such as advertisement, co-branding, customization services, technology support services, customer support services etc. are provided by either the distributor/ sub-distributor or by another person to the voucher issuer against a service fee/ service charge/ affiliate charge or any other amount.
 - (c) No GST appears to be payable on such amount attributable to non-redemption of the voucher as there is no supply of underlying goods and/or services.
- (iii) As held by the High Court and further substantiated by the above Circular, the voucher is neither a supply of goods nor supply of service. Accordingly, there is no need of separate provisions prescribing the time of supply of vouchers as vouchers themselves are not taxable. The time of supply of underlying goods or services will be governed by general provisions. Thus, to avoid confusion, Sections 12(4) and 13(4) are proposed to be deleted.

3. Retrospective Amendment to Block Input Tax Credit used in Construction of Immovable Property

3.1. Existing Provision

- (i) Currently, as per Section 17(5)(d) of the CGST Act, ITC shall not be available for any goods or services received by a taxable person for the construction of an immovable property (other than plant or machinery) on his own account when used in the course or furtherance of business.
- (ii) Further, an explanation to section 17 defines the term “Plant and Machinery” (Not Plant or Machinery) as apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes:
 - (a) land, building or any other civil structures;
 - (b) telecommunication towers; and
 - (c) pipelines laid outside the factory premises.

3.2. Proposed Amendment

In the Finance Bill 2025, section 17(5)(d) has been proposed to be amended to replace the phrase "plant or machinery" with "plant and machinery", retrospectively, with effect from 01.07.2017, so that the said phrase may be interpreted as per the definition of Plant and Machinery in the Explanation at the end of section 17 of CGST Act, 2017.

Further, an explanation has been added which provides that any reference to "plant or machinery" shall be construed and shall always be deemed to have been construed as a reference to "plant and machinery". This explanation contains a notwithstanding clause that overrides the judgement passed by the Hon'ble Supreme Court in the case of Chief Commissioner of Central Goods and Service Tax vs. Safari Retreats (P.) Ltd. [2024] 90 GSTL 3 (SC).

3.3. Impact and Insights

(i) Background

At present, input tax credit for goods and services (except for works contract services) is blocked when supplied for the construction of immovable property. The exception to such blocking of ITC is if such constructed immovable property qualifies as plant or machinery or if it is constructed for own account use.

However, significant litigation has been observed regarding ITC on the construction of immovable property. Precisely in cases, where immovable properties were not used for personal purposes but were rented out, with GST payable on the output renting services. Additionally, buildings like hotels, factories, and other commercial structures often play a crucial role in the furtherance of business operations. The affected industry contended that denying ITC in such instances unfairly increases costs since these properties are essential for generating taxable output.

In 2019, a Writ Petition in the Hon'ble Orissa High Court in the matter of Safari Retreats (P.) Ltd. vs. Chief Commissioner of Central Goods & Service Tax [2019] 74 GST 500 (Orissa) was decided on the issue. Safari Retreats Pvt. Ltd. is a real estate developer involved in the development of malls and commercial complexes and claimed ITC on GST paid by it on purchases of input materials and services which had been used in the construction of the mall. Units of the mall were further let out to different persons on rental basis and claimed benefit of said input tax credit on GST paid by it on purchases for set off, against GST payable on rent received from tenants.

The Revenue denied the benefit of ITC by citing Section 17(5) (d) of the CGST Act, which prohibits ITC on goods or services utilized in the building of immovable property.

The Hon'ble Orrisa High Court read down the narrow interpretation of Section 17(5)(d) and allowed input tax credit in respect of the business activity of constructing shopping mall for the purpose of letting out of same to numerous tenants and lessee.

Subsequently, the revenue filed an appeal against the said decision of the Orrisa High Court and the Supreme Court heard the matter with bunch of other petitions filed where the validity of Section 17(5)(c) and Section 17(5)(d) of the Act was challenged.

(ii) Highlights of Safari Retreats Private Limited Judgement (Supreme Court)

- (a) The main issues framed before the Supreme Court were:
- Whether the definition of “plant and machinery” in the explanation appended to Section 17 of the CGST Act applies to the expression “plant or machinery” used in clause (d) of sub-section (5) of Section 17?
 - If it is held that the explanation does not apply to “plant or machinery”, what is the meaning of the word “plant”?
 - Whether clauses (c) and (d) of Section 17(5) and Section 16(4) of the CGST Act are unconstitutional?
- (b) It was held by Apex Court that the expression “plant or machinery” used in Section 17(5)(d) cannot be equated with the term “plant and machinery” as defined by the explanation to Section 17 of the CGST Act. These terms must be interpreted distinctly in the context of their specific use under the law as the legislature deliberately used different expressions in explanation to section 17 and in clause (d) of Section 17(5) of CGST Act, 2017.
- (c) The Court ruled that this restriction is in line with the legislative intent to prevent the misuse of ITC and does not violate constitutional provisions.
- (d) The Court provided an interpretation, suggesting that the immovable property may qualify as 'plant or machinery' under the CGST Act if it is found on facts that a building has been so planned and constructed as

to serve a special technical requirement of the claimant of ITC, it will qualify to be treated as a plant and ITC may be available.

(iii) 55th GST Council Meeting

The 55th GST Council Meeting proposed a retrospective amendment to the Act to address the implications of the Supreme Court’s landmark judgment. The amendment proposed to replace the phrase “plant or machinery” with “plant and machinery”, effective retrospectively from 01.07.2017 to clarify the legislative intent behind Section 17(5)(d), which deals with the restriction on ITC on certain items, including plant and machinery.

(iv) Relevant Aspects for Consideration

- (a) Out of 37 State / Union Territory GST Laws (namely Rajasthan, Jammu & Kashmir and Pondicherry), in Section 17(5)(d), the phrase “plant and machinery” has been already used instead of “plant or machinery”. Thus, in these State GST Laws, the retrospective amendment may not be required at all.
- (b) The phrase “own account” used in Section 17(5)(d) has been interpreted in para 32 of the Judgment by Hon’ble SC where it has been observed that *“Construction is said to be on a taxable person’s “own account” when (i) it is made for his personal use and not for service or (ii) it is to be used by the person constructing as a setting in which business is carried out. However, construction cannot said to be on a taxable person’s “own account” if it is intended to be sold or given on lease or license.”* No amendment has been brought in Budget to annul or revert the said interpretation. Hence the given aspect is still open for interpretation and even after retrospective amendment to phrase “plant and machinery”, the constructed immovable properties intended to be given for lease, rental or licence can consider claiming ITC. This can be applied for the construction of warehouses, malls, commercial buildings, hotels, cinema halls etc.
- (c) Also, from a legal perspective in cases, where ITC has already claimed the action of retrospective amendment to disallow the same needs to be tested with judicial scrutiny whether unutilized credit which is recognized as vested right and property in terms of Article 300A of the Constitution can be forced to be reversed.
- (d) Thus, in cases where ITC has already been claimed, a considerate decision needs to be taken whether to continue to claim ITC or claim and park it without using (by doing temporary reversal) or to reverse



the ITC and treat it as expenditure or part of the cost for claiming deduction under Income Tax, depending upon the facts, quantum along with the patience and will to take up a long drawn legal battle. The issue is far from being settled through the retrospective amendment.

- (e) If a conservative decision to reverse the ITC already claimed is taken, then the benefit of the decision in the case of *Star India Pvt. Ltd. Versus Commr. Of Central Excise, Mumbai & Goa 2006 (1) S.T.R. 73 (S.C.)* can be considered where it was held that liability to pay interest would only arise on default and is in nature of a quasi-punishment. Liability although created retrospectively could not entail punishment of payment of interest with retrospective effect.
- (f) Additionally, in many cases, the test of whether a construction would be treated as immovable property or not needs to be also done in light of the recent decision in case of *M/S Bharti Airtel Ltd Vs The Commissioner Of Central Excise Pune 2024-TIOL-121-SC-CX* where in context of telecommunication tower and pre-fabricated buildings (PFBs) it was held, based on 6 tests (including functionality test) as laid down by the Court that they are "goods" and not immovable property. The said test is relevant in the GST regime in the context of Section 17(5)(c) and Section 17(5)(d) of the Act.

4. RCM supplies under Input Service Distributor mechanism

4.1. Existing Provision

Vide Finance Act, 2024, the definition of Input Service Distributor and provision for manner of distribution under ISD mechanism was amended, with effect from 01.04.2025, to include invoices for services liable to tax under reverse charge for distribution of input tax credit through ISD mechanism. However, the services under reverse charge were included by reference to provision for reverse charge under CGST Act only.

4.2. Proposed Amendment

The definition and provision for manner of distribution under ISD mechanism have been now proposed to be amended by insertion of reference to Section 5(3) & 5(4) of the IGST Act also, expressly allowing ISDs to distribute ITC on inter-state supplies also that are subject to reverse charge mechanism (RCM).

4.3. Impact and Insights

- (i) The amendments in Finance Act, 2024 in Input Service Distributor provision already made the distribution of credit mandatory by such mechanism on invoices for receipt of services including services taxable under RCM for all entities having multi state presence on same PAN. Thus, ISD registrations are required to be taken and compliance for distribution of ITC is mandatorily required to be done from 01.04.2025 for such entities.
- (ii) However, the provisions proposed to be effective from 01.04.2025 gave contemplation whether ISDs could distribute ITC on inter-state reverse charge supplies or not since the reference in amended provisions of ISD was made to the provision for reverse charge under CGST Act only and no reference was made to provision for reverse charge under IGST Act. The amendment has removed the anomaly and given clarity in this regard that inter-state and intra-state transactions under reverse charge are at par in context of ISD mechanism.

5. Condition of ITC reversal by recipient on Credit Notes

5.1. Existing Provision

The existing provision for reduction of liability on credit notes has a condition that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

5.2. Proposed Amendment

The condition has been expanded to provide reduction in output tax liability of the supplier shall be permitted, if the –

- (i) input tax credit as is attributable to such a credit note, if availed, has been reversed by the recipient, where such recipient is a registered person; or
- (ii) in other cases, incidence of tax on such supply has not been passed on to any other person.

5.3. Impact and Insights

- (i) The provisions allow issue of credit note for reduction of output tax liability on account of
 - a) Excess taxable value or tax charged in tax invoice
 - b) Sales return of goods by the recipient

- c) Deficiency in goods or services supplied
 - d) Post supply discount
- (ii) The existing provision only restricted reduction in output tax liability of the supplier on issue of credit notes in such cases where the supplier has passed the incidence of tax and/or interest. Goods and Services tax, being an indirect tax levy, is collected by the Government from the supplier and the incidence of tax flows down the supply chain when the supplier charges such tax from its recipients. However, in cases when such burden of tax is not left on the recipient and the supplier has either not collected said tax from recipient or repaid the tax amount back to recipient, then incidence cannot be said to have been passed.
- (iii) In the existing provisions, only in context of credit notes for post-supply discount, the valuation provisions already imposed a condition on the supplier that discount will be excluded from value of supply only if ITC attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply. However, in respect of issue of credit notes for reasons except reduction in value due to discount, there is no condition on the supplier claiming reduction of output tax liability to ensure or substantiate whether the recipient has reversed the Input Tax Credit on such tax.
- (iv) The mechanism for providing evidence of compliance of such conditions for post supply discounts has been laid down expressly by CBIC vide Circular No.-212/6/2024-GST dated 26.06.2024 where the fact has been given cognizance that there is no system functionality/ facility presently available on the common portal to enable the supplier or the tax officer to verify the compliance of the said condition and an intermediate alternate has been given in the Circular that till such functionality is made available on portal, the supplier may procure a certificate from the recipient of supply, additionally certified by a CA/CMA in particular cases.
- (v) However, in present scenario also, the registered persons were facing proceedings against their claim of reduction of output liability on all credit notes, irrespective of the reason of issue of credit note, on account of absence of evidence of ITC reversal by their recipients.
- (vi) The prospective amendment to the law by insertion of a new condition of reversal of ITC attributable to credit note by the registered recipients buttresses the fact that no such condition existed in the statute so far, except for credit notes for post-supply discounts.

- (vii) However, with the proposed amendment, the modality of verification of reversal of credit notes becomes a major issue till a proper functionality is made available at common portal for the same. The introduction of Invoice Management System (IMS) and its effective operation may pave a way of ease in such compliance.

6. Introduction of Invoice Management System

6.1. Existing Provision

As per existing provisions for return filing mechanism, the details of outward supplies are required to be furnished by the suppliers in their GSTR-1 and an auto-generated Statement containing details of Input Tax Credit based on such details furnished by the suppliers is made available to the recipient in FORM GSTR-2B.

6.2. Proposed Amendment

It is proposed to replace the auto-generated Statement with a Statement of Input Tax Credit containing the details of transactions furnished by suppliers based upon the action taken by the taxpayers (recipients) on such details. Thus, the basis of GSTR-2B is being revised and enabling provision in the Act has been brought with the proposed amendment.

6.3. Impact and Insights

In 55th GST Council Meeting, it was recommended to make necessary amendment in Act and rules to provide a legal framework in respect of generation of FORM GSTR-2B based on the action taken by the taxpayers (recipient) on the Invoice Management System (IMS).

The IMS facility will allow the recipient taxpayers to either accept or reject an invoice or to keep it pending in the system and enable the recipients to review and take action on transactions furnished by their suppliers before they are reflected in GSTR 2B. The broad outline of Invoice Management System (IMS) are as under:

(i) Objective of Introduction of IMS

- (c) Reduction in errors in claiming Input Tax credit
- (d) Introduction of reliable functionality for reconciliation of ITC for substantiating claim of credit

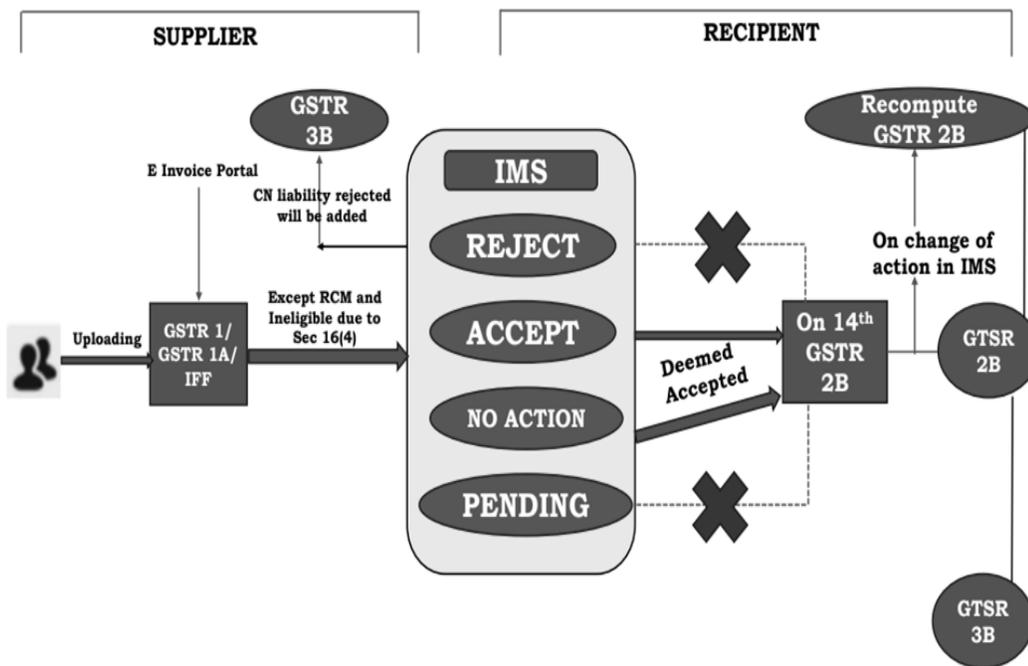
- (e) Enabling efficient and timely corrections and amendments in details of invoices/records

(ii) Procedure

- (a) Recipient needs to take appropriate action on Invoices/ records uploaded by the Supplier
- (b) Actions can be taken only before filing of GSTR 3B by the recipients
- (c) Filing of GSTR 3B is mandatory to generate GSTR 2B of subsequent month

(iii) Transaction flow and Functionality of Invoice Management System

Transaction flow and its functionality can be understood from the diagram referred below:



(v) Availability of actions in respect of various documents

Documents in IMS	Actions available to the Recipient
Invoices	Accept / Reject/ Pending/ No Action
Debit Notes	Accept / Reject/ Pending/ No Action
Credit Notes	Accept / Reject

(vi) Other Key features of IMS

- (a) The IMS functionality is available for monthly filers on monthly basis and QRMP filers at the end of Quarter (M3).
- (b) There shall be two sections on IMS portal–
 - Inward Supplies Section shall be the dashboard to view and act on the inward supplies reported by the supplier.
 - Outward Supplies dashboard shall be used to view the actions taken by recipients on the outward suppliers reported by the taxpayer.
- (c) GSTR 2B will be sequential now. i.e. system will generate GSTR 2B of a return period only if GSTR 3B of previous return period is filed.
- (d) Following supplies will not appear in IMS but will directly be populated in the GSTR-3B:
 - Inward supplies from registered persons liable to reverse charge,
 - Supplies where ITC is barred under section 16(4) or on account of POS rule.

(vii) Key Challenges due to Introduction of IMS

- (a) This will increase the compliance burden on the recipient
- (b) Invoices rejected in the IMS will be eliminated from the IMS dashboard after filing of GSTR 3B, the concern will arise where invoices are rejected by the recipient mistakenly



- (c) Action taken by the recipient will impact the liability of supplier, which will also increase burden on supplier to reconcile the transactions rejected by the recipient.

(viii) Current framework available on GST portal

This facility available to the taxpayers (Recipient) on GST portal from 14th October 2024 and same is optional, which can be accessed using below path on GST Portal by using following path:

[Dashboard](#) > [Services](#) > [Returns](#) > [Invoice Management System \(IMS\)](#)
[Dashboard](#)

7. Enabling provision to prescribe conditions and restrictions for filing of GSTR-3B

7.1. Existing Provision

As per existing provision, registered persons (except certain categories of persons) are required to furnish returns i.e. GSTR 3B which *inter alia* includes the details of inward and outward supplies, ITC availed, tax payable and tax paid which has to be filed electronically in such form and manner and within the time limit as prescribed.

7.2. Proposed Amendment

The amendment has been brought in the statutory provision to bring an enabling clause to prescribe conditions and restrictions for filing of returns.

7.3. Impact and Insights

After amendment, GST portal will permit filing of Form GSTR-3B only after generation of FORM GSTR-2B on the portal which will be generated on basis of actions taken by the recipient on Invoice Management System.

8. Pre-Deposit for Appeals against Penalty Orders

8.1. Existing Provision

- (i) An appeal to Appellate Authority (First Appeals) can be filed only after pre-deposit of a sum equal to 10% of the amount of tax in dispute arising from the order, with a maximum limit of 20 crore rupees.

- (ii) For penalty orders arising from proceedings of interception and detention of goods and conveyances in transit (for example, e-way bill matters), pre-deposit equivalent to 25% of the penalty amount is required.
- (iii) For Appeal before Appellate Tribunal, pre-deposit of a sum equal to 10% of the amount of tax in dispute is required, in addition to pre-deposit of appeal at First Appeals stage, with a maximum limit of 20 crore rupees.
- (iv) Apart from above, there is no pre-deposit requirement for appeals against orders involving penalty demand only in existing provisions.

8.2. Proposed Amendment

- (i) New provision has been inserted requiring a pre-deposit for filing appeals against any order demanding penalty without involving demand of any tax, which shall be 10% of the penalty in dispute for Appeals before Appellate Authority and additional 10% of penalty in dispute for Appeals before Appellate Tribunal.
- (ii) The specific requirement of pre-deposit of 25% penalty in case of orders of proceedings on goods and conveyance in transit has been proposed to be removed.

8.3. Impact and Insights

- (i) Under GST so far, there has been no pre-deposit requirement for appeals against orders involving penalty demand only. However, after the proposed amendment, appellants will be required to pay 10% of the penalty amount upfront to file an appeal before Appellate Authority and additional 10% of penalty amount to file appeal before Appellate Tribunal.
- (ii) There are series of cases framed around the menace of fake invoicing under GST where only penalty demands are raised against the persons who are alleged for issue of fake invoices and passing of wrong ITC. In such cases, since the orders did not involve demand of tax, there was no requirement of pre-deposit. The amendment for requirement of pre-deposit against penalty orders is a fair move considering such cases. However, this amendment can also cause huge hardship for the persons who have been wrongly trapped in such allegations.
- (iii) The provisions of excise and service tax laws also contained requirement of pre-deposit for appeals against orders involving penalty only.

9. Track and Trace Mechanism

9.1. Proposed Amendment

- (i) A new Track and Trace mechanism has been introduced for specific goods, requiring the affixation of a unique identification marking.
- (ii) The goods specified under Track and Trace mechanism will be notified by the Government separately.
- (iii) This marking may be in the form of a digital stamp, digital mark, or any other similar form and would be non-removable.
- (iv) The mechanism provides the Government with electronic storage and access to information contained within these markings.
- (v) Under this mechanism, the person who is in possession of such specified goods is liable to:
 - (a) Affix the unique identification marking on the specified goods or their packaging.
 - (b) Furnish relevant information and maintain records within the stipulated time and manner.
- (vi) Further, manufacturers of such specified goods must provide details of the machinery installed at their business premises, including identification, capacity, and operational duration.
- (vii) The cost involved in the execution of the Track and Trace mechanism like generation and affixation of unique identification marking is required to be paid by persons who is in possession of such specified goods.
- (viii) Penalty for Non-Compliance of Track and Trace Mechanism
 - (a) Non-compliance of Track and Trace Mechanism shall be subject to a penalty equal to an amount of one lakh rupees or ten percent of the tax payable on such goods, whichever is higher.
 - (b) Such penalty shall be in addition to any penalty imposed under the provision of Demand and Recovery and Miscellaneous Provisions of the Act.

9.2. Impact and Insights

- (iii) In EU VAT (European Union), similar track and trace mechanism is already in place with respect to tobacco products and was further extended to other products. This mechanism not only monitors the evasion of tax liability but also track illicit trade and violation of other laws.
- (iv) This amendment aims to control and monitor instances of bogus billing. The government will identify the pin pointed industry to notify specified goods that are at risk of fraudulent invoicing and regulate them through this Track and Trace mechanism.
- (v) Additionally, the manufacturing capacity of machines will be monitored to detect cases of clandestine removal and bogus billing.
- (vi) This will also track the movement of goods.
- (vii) Compliance with this mechanism is mandatory, and non-compliance will result in penalties.

10. Supply of Goods warehoused in a SEZ/FTWZ

10.1. Existing Provision

Entry 8(a) to Schedule III of Customs Act, 1962 contains an entry for Supply of warehoused goods to any person before clearance for home consumption. For the purposes of this entry, the term "warehoused goods" has been defined to have the same meaning as assigned to it in the Customs Act, 1962.

10.2. Proposed Amendment

- (i) 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 have been added to Schedule III so as to exclude such supplies from the ambit of Goods and Services Tax.
- (ii) Effective date: 01.07.2017
- (iii) An express provision has been inserted to provide that no refund shall be made of tax which has been collected on such supplies but not leviable considering retrospective effect of the proposed amendment.

10.3. Impact and Insights

- (i) The existing entry in Schedule III only covered supply of custom bonded goods before clearance for home consumption. However, the scope of this entry is limited to goods stored in a custom bonded warehouse since the expression “warehoused goods” is given the meaning as assigned to it in the Customs Act, 1962 and thereunder, it is defined that “warehoused goods” means goods deposited in a public warehouse licensed under section 57 or a private warehouse licensed under section 58 or a special warehouse licensed under section 58A. Thus, the scope of existing entry does not cover supply of goods in a warehouse in Special Economic Zone or in a Free Trade Warehousing Zone before clearance.
- (ii) With proposed amendment, the supplies from a warehouse in Special Economic Zone or in a Free Trade Warehousing Zone before clearance for home consumption or exports have been expressly covered in Schedule III and excluded from scope of supply. To give proper effect to the amendment, the applicability of meaning of “warehoused goods” in Explanation has been limited to the previous entry only which was meant for public/private bonded or special warehouses.
- (iii) The amendment is a welcome change bringing clarity for taxpayers claiming SEZ/FTWZ relaxations.
- (iv) The amendment has been proposed to have retrospective effect since inception of GST, but refund of any tax collected in absence of such provision at earlier times has been expressly restricted. Thus, if any tax has been paid on supply of goods in SEZ/FTWZ warehouse before clearance, no refund will be allowed for such tax on account of the exclusion of such transactions from scope of supply retrospectively.

INDIRECT TAX - CUSTOMS

1. Time limit introduced for finalization of provisional assessments

1.1. Existing Provision

There is no time limit prescribed for the finalization of the provisional assessment.

1.2. Proposed Amendment

- (i) The Amendment provides for a time limit of two years for finalisation of the provisional assessment which can be extendable by the Principal Commissioner of Customs or Commissioner of Customs for a further period of one year if sufficient cause is shown.
- (ii) For pending cases, the time limit shall be calculated from the date on which the Finance Bill, 2025 receives the assent of the President.
- (iii) Where the finalisation of the assessment cannot be done within 2 years (+1 year), due to the following reasons, the proper officer shall inform the importer or exporter of such reason and in case, the time limit of 2 years (+1 year) shall apply from the date when below-mentioned reason ceases to exist:
 - (a) A request for information is being made to an authority outside India through a legal process.
 - (b) An appeal regarding a similar matter involving the same person, or any other person, is currently pending before the Appellate Tribunal, the High Court, or the Supreme Court.
 - (c) An interim order of stay has been issued by the Appellate Tribunal, the High Court, or the Supreme Court.
 - (d) The Board has issued specific directions or orders to keep the matter pending in a similar case.
 - (e) The importer or exporter has an ongoing application before the Settlement Commission or the Interim Board.

1.3. Impact and Insights

The amendment introduces a specific time limit for the finalization of provisional assessments, ensuring a more efficient and timely resolution. This will help reduce interest implications for importers, preventing unnecessary financial burdens. Additionally, addressing the long pendency of provisional assessments will facilitate smoother future imports, minimizing disruptions in trade operations and bringing in much required stability with respect to classification and rate of Duty

2. Voluntary Revision of Bill of Entry/Shipping Bill/Bill of Export

2.1. Existing Provision

At present, there is no provision allowing voluntary revision of the bill of entry, shipping bill, or bill of export post clearance by the importers.

2.2. Proposed Amendment

- (i) The new provision allows for the amendment of entries made in a bill of entry, shipping bill, or bill of export after the clearance of goods. The modalities along with time for such revision will be prescribed through Rules/Notifications.
- (ii) Revision of entries will not be allowed in the following cases:
 - (a) When an audit, search, seizure, or summons has been initiated and communicated to the importer or exporter.
 - (b) In cases where a refund is required, and the proper officer has reassessed the duty under Section 17, assessed the duty under Section 18, or Section 84.
 - (c) In cases as may be notified by the Board.
- (iii) Following a revision of the entry, the importer or exporter is required to self-assess the duty (Basic Custom Duty, IGST, and other additional duties of customs).
- (iv) If the self-assessment results in short-payment or non-payment of duty, the importer/exporter is required to voluntarily pay the duty along with interest. In such cases, the relevant date for calculation of the time limit of 2 years/5 years for issuance of show cause notices shall be from the date of payment of such duty or interest i.e. the duty or interest paid on revision.

- (v) If the self-assessment results in an excess payment of the duty, the revised entry made in bill of entry etc. will be treated as a refund claim. The time limit of 1 year to claim refund shall be computed from the date of payment of such duty or interest. Thus, the entry should be revised within 1 year from the date of payment of such duty i.e. when the duty is paid at the time of filing the original documents for the first time.
- (vi) The officer is authorized to verify the revised entry and the self-assessment made by the importer/exporter and reassess the duty accordingly.

2.3. Impact and Insights

Currently, the only mechanism for amending documents is prescribed under Section 149 of the Act, which is subject to the discretion of the proper officer. Amendments can only be made based on documents that existed at the time the goods were cleared, deposited, or exported. This limitation has caused several challenges for importers/exporters, which is addressed through this amendment. Some of them are as follows:

- (i) One major issue faced by importers is the receipt of CEPA and other certificates after the date of import, which is otherwise permissible under relevant agreements. As a result, they are forced to file the Bill of Entry without availing the applicable benefits. Since the amendment of the Bill of Entry is not permitted if the required document did not exist at the time of import, importers are unable to rectify this issue later.
- (ii) Additionally, under GST law, the input tax credit of IGST paid at the time of import is claimed based on the Bill of Entry. Due to the absence of a revision mechanism, importers have been unable to claim ITC on additional IGST paid after filing the Bill of Entry.
- (iii) Also, the exporters were facing challenges with respect to refund claim due to any error in the shipping bill/bill of exports.

3. Discontinuance of Settlement Commission

3.1. Existing Provision

At present, the Settlement Commissioner is empowered to exercise authority over settlement applications filed by importers and exporters.

3.2. Proposed Amendment

- (i) Discontinuance of settlement commission w.e.f. April 1, 2025. Consequently, from this date, applications for the settlement of cases should no longer be filed before the Settlement Commission.
- (ii) Upon the constitution of the Interim Board, all pending applications that have been admitted by the Settlement Commission but remain undecided will be taken up by the Interim Board from the stage at which they stood immediately before its formation.
- (iii) Currently, the Settlement Commission is required to pass an order within nine months from the last day of the month in which an application is filed. The Interim Board will now have the authority to extend these nine months to twelve months, provided such an extension is granted within three months from the date of its constitution.

3.3. Impact and Insights

The Customs Settlement Commission will cease operations on April 1, 2025. This Commission was created to expedite the resolution of disputed Customs matters. Its core purpose was to provide a forum for taxpayers to resolve cases, avoiding lengthy and expensive litigation, and to encourage those who may have evaded duty payments to rectify their situations. However, the Government intends to discontinue such Settlement Commission moving forward with an intention to encourage voluntary compliance. Such intention is clearly evident from the fact that the at present, no other taxation law provides for the settlement commission.

4. Proposed Changes in Custom Tariff

HSN Code	Description	Existing Tariff Rate	Existing Effective Rate	Proposed Tariff Rate
0304 99 00	Frozen Fish Paste (Surimi)	30%	5%	5%
1520 00 00	Glycerol	30%	7.5%/2.5%	20%
2301 20	Fish Hydrolysate	15%	5%	5%
2515 11 00	Marble and travertine - Crude or roughly trimmed	40%	20%	20%
2515 12 10	Marble and travertine - Blocks	40%	20%	20%
2515 12 20	Marble and travertine - Slabs	40%	20%	20%
2515 12 90	Marble and travertine - Other	40%	20%	20%

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2516 11 00	Granite - Crude or roughly trimmed	40%	20%	20%
2516 12 00	Granite - Merely cut, by sawing, or otherwise, into blocks or slabs of a rectangular (including square) shape	40%	20%	20%
2711 12 00	Petroleum gases and other gaseous hydrocarbons- Liquefied Propane	15%	2.5%	2.5%
2711 13 00	Petroleum gases and other gaseous hydrocarbons - Liquefied Butane	15%	2.5%	2.5%
2711 19 10	LPG (for non-automotive purpose)	15%	5%	5%
2711 19 20	LPG (for automotive purposes)	15%	5%	5%
2711 19 90	Petroleum gases and other hydrocarbons - Others	15%	5%	5%
2809 20 10	Phosphoric Acid	20%	5%	7.5%
2810 00 20	Boric Acid	27.5%	7.5%	7.5%
2933 59	Heterocyclic compounds with nitrogen hetero-atom(s) only - Compounds containing a pyrimidine ring (whether or not hydrogenated) or piperazine ring in the structure - Others	10%	7.5%	7.5%
3302 10	Synthetic flavouring essences and mixtures of odoriferous substances of a kind used in food and beverage industry	100%	10%	20%
3406	Candles, tapers and the like	25%	20%	20%
3822 90	Pharmaceutical Reference standard, Certified/ other reference materials.	30%	10%	10%
3824 60	Sorbitol	30%	20%	20%
3824 99 00	Other - Prepared Binders, chemical products and preparations of chemical or allied industries	17.5%	7.5%	7.5%

3920	Other, plates, sheets, films, foil and strip, of plastics, non-cellular and not reinforced, laminated, supplied or similarly combined with other materials	25%	20%	20%
3921	Other, plates, sheets, films, foil and strip, of plastics	25%	20%	20%
4104	Tanned or crust hides and skins of bovine (including buffalo) or equine animals, without hair on, whether or not split, but not further prepared - Wet Blue leather (hides and skins)	10%	Nil	Nil
4105	Tanned or crust skins of sheep or lambs, without wool on, whether or not split, but not further prepared - Wet Blue leather (hides and skins)	10%	Nil	Nil
4106	Tanned or crust hides and skins of other animals, without wool or hair on, whether or not split but not further prepared - Wet Blue leather (hides and skins)	10%	Nil	Nil
6004 10 00	KNITTED OR CROCHETED FABRICS OF A WIDTH EXCEEDING 30 CM, CONTAINING BY WEIGHT 5 % OR MORE OF ELASTOMERIC YARN OR RUBBER THREAD	20%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6004 90 00	KNITTED OR CROCHETED FABRICS OF A WIDTH EXCEEDING 30 CM, CONTAINING BY WEIGHT 5 % OR MORE OF ELASTOMERIC YARN OR RUBBER THREAD - Other	20%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6006 22 00	OTHER KNITTED OR CROCHETED FABRICS - of cotton - DYED	10%	20% or Rs. 115 per KG	20% or Rs. 115 per KG

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			whichever is higher	whichever is higher
6006 31 00	OTHER KNITTED OR CROCHETED FABRICS - of synthetic fibres - Unbleached or bleached	20%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6006 32 00	OTHER KNITTED OR CROCHETED FABRICS - of synthetic fibres - dyed	20%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6006 33 00	OTHER KNITTED OR CROCHETED FABRICS - of synthetic fibres - Of yarns of different colours	20%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6006 34 00	OTHER KNITTED OR CROCHETED FABRICS - of synthetic fibres - printed	20%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6006 42 00	OTHER KNITTED OR CROCHETED FABRICS - of artificial fibres - Dyed	20%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6006 90 00	OTHER KNITTED OR CROCHETED FABRICS - of artificial fibres - others	10%	20% or Rs. 115 per KG whichever is higher	20% or Rs. 115 per KG whichever is higher
6401	WATERPROOF FOOTWEAR WITH OUTER SOLES AND UPPERS OF RUBBER OR OF PLASTICS , THE UPPERS OF WHICH ARE NEITHER FIXED TO THE SOLE NOR ASSEMBLED BY STITCHING, RIVETING, NAILING, SCREWING , PLUGGING OR SIMILAR PROCESSES	35%	20%	20%
6402	OTHER FOOTWEAR WITH OUTER SOLES AND	35%	20%	20%



	UPPERS OF RUBBER OR PLASTICS			
6403	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS , LEATHER OR COMPOSITION LEATHER AND UPPERS OF LEATHER	35%	20%	20%
6404	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS, LEATHER OR COMPOSITION LEATHER AND UPPERS OF TEXTILE MATERIALS	35%	20%	20%
6405	OTHER FOOTWEAR	35%	20%	20%
6802 except tariff item 6802 99 00	Worked monumental or building stone	40%	20%	20%
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal	25%	20%	20%
7114	Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal	25%	20%	20%
7210 12 10	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated - Plated or coated with tin - OTS/MR Type	27.50%	7.50%	15%
7210 12 90	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated - Plated or coated with tin - Other than OTS/MR Type	27.50%	7.50%	15%
7219 12 00	Flat-rolled products of stainless steel, of a width of 600 mm or more- Not further worked than hot-rolled, in coils - Of a thickness of 4.75 mm or more but not exceeding 10 mm	22.50%	7.50%	15%

7219 13 00	Flat-rolled products of stainless steel, of a width of 600 mm or more- Not further worked than hot-rolled, in coils - Of a thickness of 3 mm or more but less than 4.75 mm	22.50%	7.50%	15%
7219 21 90	Flat-rolled products of stainless steel, of a width of 600 mm or more - Of a thickness exceeding 10 mm - Others	22.50%	7.50%	15%
7219 90 90	Flat-rolled products of stainless steel, of a width of 600 mm or more - Other - Other	22.50%	7.50%	15%
7225 11 00	Flat-rolled products of other alloy steel, of a width of 600 mm or more - Of silicon-electrical steel - Grain-oriented	20%	5%	15%
7307 29 00	TUBE OR PIPE FITTINGS OF IRON OR STEEL-Other, of stainless steel-Other	25%	10%	15%
7307 99 90	TUBE OR PIPE FITTINGS OF IRON OR STEEL - Other	25%	10%	15%
7308 90 90	STRUCTURES AND PARTS OF STRUCTURES, OF IRON OR STEEL; PLATES, RODS, ANGLES, SHAPES, SECTIONS, TUBES AND THE LIKE , PREPARED FOR USE IN STRUCTURES, OF IRON OR STEEL - Other	25%	10%	15%
7310 29 90	TANKS , CASKS , DRUMS , CANS, BOXES AND SIMILAR CONTAINERS, FOR ANY MATERIAL (OTHER THAN COMPRESSED OR LIQUEFIED GAS), OF IRON OR STEEL, OF A CAPACITY NOT EXCEEDING 300 L, WHETHER OR NOT LINED OR HEAT-INSULATED, BUT NOT FITTED WITH	25%	10%	15%

	MECHANICAL OR THERMAL EQUIPMENT - Other			
7318 15 00	Threaded articles - Other screws and bolts, whether or not with their nuts or washers	25%	15%	15%
7318 16 00	Threaded articles - Nuts	25%	15%	15%
7318 29 90	Non-threaded articles - Other than Circlips	25%	15%	15%
7320 90 90	SPRINGS AND LEAVES FOR SPRINGS , OF IRON OR STEEL - Others	25%	10%	15%
7325 99 99	OTHER CAST ARTICLES OF IRON OR STEEL - Other	25%	10%	15%
7326 19 90	OTHER ARTICLES OF IRON OR STEEL - Forged or stamped, but not further worked - Other	25%	10%	15%
7326 90 99	Other articles of iron or steel - Others	25%	10%	15%
7404 00 12	Copper waste & scrap	2.5%	Nil	Nil
7404 00 19	Copper waste and scrap- Others	2.5%	Nil	Nil
7404 00 22	Brass scrap	2.5%	Nil	Nil
7802	Lead waste & scrap	5%	Nil	Nil
7902	Zinc waste & scrap	5%	Nil	Nil
8001	Unwrought Tin	5%	Nil	Nil
8002	Tin, waste & scrap	5%	Nil	Nil
8101 94 00	Unwrought tungsten	5%	Nil	Nil
8102 94 00	Unwrought molybdenum	5%	Nil	Nil
8103 20	Unwrought tantalum	5%	Nil	Nil
8105 20 20	Cobalt, unwrought	5%	Nil	Nil
8106 10 10	Bismuth, unwrought	5%	Nil	Nil
8109 21 00	Un wrought zirconium, powders	10%	Nil	Nil
8110 10 00	Unwrought antimony, powders	2.5%	Nil	Nil
8112 12 00	Beryllium unwrought, powders	5%	Nil	Nil
8112 31	Hafnium unwrought	10%	Nil	Nil

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8112 41 10	Rhenium unwrought	10%	Nil	Nil
8112 69 10	Cadmium unwrought, Powders	5%	Nil	Nil
8112 69 20	Cadmium, wrought	5%	Nil	Nil
8110 20 00	Antimony, waste & scrap	2.5%	Nil	Nil
8112 13 00	Beryllium, waste & scrap	5%	Nil	Nil
8106 90 10	Waste & Scrap of Bismuth and Bismuth Alloys	5%	Nil	Nil
8112 61 00	Cadmium, waste & scrap	5%	Nil	Nil
8105 30 00	Cobalt, waste & scrap	5%	Nil	Nil
8102 97 00	Molybdenum, waste & scrap	5%	Nil	Nil
8112 41 20	Rhenium, waste & scrap	10%	Nil	Nil
8103 30 00	Tantalum, waste & scrap	5%	Nil	Nil
8101 97 00	Tungsten, waste & scrap	5%	Nil	Nil
8109 31 00	Zirconium, waste & scrap - Containing less than 1 part hafnium to 500 parts zirconium by weight	10%	Nil	Nil
8109 39 00	Zirconium, waste & scrap - Other	10%	Nil	Nil
8105 20 30	Cobalt Powder	5%	Nil	Nil
8528 59 00	Interactive Flat Panel Displays (CBU)	10%	20%	20%
8524	Flat panel display modules, whether or not incorporating touch-sensitive screens - Open Cell with or without touch	15%	5%	5%
8529	Parts suitable for use solely or principally with the apparatus of headings 8524 to 8528 - Touch glass sheet and Touch sensor PCB	7.5%/10%/15%	5%	5%
8517 62 90	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus - Others	20%	10%	10%

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8517 69 90	Other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network) - Others	20%	10%	10%
8541 49 00	Photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes (LED) - Others	40%	20%	20%
8541 43 00	Photovoltaic cells assembled in modules or made up into panels	40%	20%	20%
8541 42 00	Solar cells	25%	20%	20%
8549 13 00	Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators - Sorted by chemical type and not containing lead, cadmium or mercury	5%	Nil	Nil
8549 14 00	Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators - Sorted by chemical type and not containing lead, cadmium or mercury - Unsorted and not containing lead, cadmium or mercury	5%	Nil	Nil
8549 19 00	Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators - Others	5%	Nil	Nil

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8702	Motor vehicles for transport of passengers	40%	20%	20%
8704	Motor vehicles for transport of goods	40%	20%	20%
8711	Motorcycles	100%	70%	70%
8712 00 10	Bicycles	35%	20%	20%
8903	Yachts and other vessels for pleasure or sports	25%	20%	20%
9028 30 10	Electricity meter for alternating current (Smart meters)	25%	20%	20%
9401	SEATS (OTHER THAN THOSE OF HEADING 9402), WHETHER OR NOT CONVERTIBLE INTO BEDS, AND PARTS THEREOF	25%	20%	20%
9403	OTHER FURNITURE AND PARTS THEREOF	25%	20%	20%
9404	Mattress supports, articles of bedding and similar furnishing etc.	25%	20%	20%
9405	Luminaries and lighting fittings including searchlights and spotlights and parts thereof etc.	25%	20%	20%
9503 00 91	Parts of electronic toys	70%	20%	20%
*9803 00 00	All dutiable articles, imported by a passenger or a member of a crew in his baggage	100%	70%	70%
**98020000	Laboratory Chemicals	150%	70%	70%
9804	All dutiable goods imported for personal use	35%	20%	20%

*As per D.O.F.No.334/3/2025-TRU it is stated that w.e.f. 2nd February 2025, these goods will attract 35% BCD+ Nil SWS.

** There is no change in the existing rate of 10% BCD + 10% SWS on Lab Chemicals imported on actual user condition.

Note: Effective Rates are subject to conditions in accordance with Notification No. 50/2017-Customs dated 30th June 2017.

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8. The Income Tax, 1961

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