



# UNION BUDGET 20 25



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# Foreword



# Foreword

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**Pradeep Dinodia,**  
Managing Partner

The global economy reeling under the geopolitical headwinds, is facing significant risks and challenges, OECD's *latest Economic Outlook*[1] GDP growth projected at **3.2% in 2024, 3.3% in 2025, and 3.3% in 2026**. Inflation in OECD countries is forecasted to decline from 5.4% in 2024 to 3.8% in 2025 and 3.0% in 2026, supported by restrictive monetary policies.

In contrast, India continues to be one of the fastest-growing economies, with GDP growth projected at **6.8% in 2026**. The estimated GDP growth rate of India for FY25 has been pegged at 6.4%, as per economic survey. This growth rate is more than double the global average, making India a key driver of global economic expansion. Among G20 economies, India stands out with its strong economic momentum and high growth potential[2].

**Budget theme and priorities:** This year, the budget has focused the development proposals on the ten broad areas focusing on *Garib, Youth, Annadata and Nari*. This year too, the budget's priorities has been the agriculture, employment, skilling, MSME's and Middle class.

The finance minister, in her budget speech laid down **10 broad areas** wherein the proposed development measures were proposed: 1) Spurring Agricultural Growth and Productivity; 2) Building Rural Prosperity and Resilience; 3) Taking Everyone Together on an Inclusive Growth path; 4) Boosting Manufacturing and Furthering Make in India; 5) Supporting MSMEs; 6) Enabling Employment-led Development; 7) Investing in people, economy and innovation; 8) Securing Energy Supplies; 9) Promoting Exports; and 10) Nurturing Innovation.

[1] Source: OECD Economic Outlook, December 2024

[2] Source: World Economic Outlook, January, 2025



# Foreword

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The budget has emphasised on the following four **power engines** for growth and development:

Agriculture: The First Engine of Growth	Boosting MSMEs: The Second Engine of Growth
<p>The government has Proposed a program called as ‘Agriculture as the 1st Engine’ plan to boost farming, rural jobs, and self-sufficiency. The Prime Minister Dhan-Dhaanya Krishi Yojana programme, by entering the partnership with state, Rural Prosperity and Resilience Program to create jobs. A 6-year Mission for Aatmanirbharta in Pulses to support Tur, Urad, and Masoor production with government-backed purchases. A Vegetables &amp; Fruits Program to enhance farming and marketing, and Bihar to get a Makhana Board for better processing.</p>	<p>The government is strengthening MSMEs, a key part of India’s economy, by increasing investment and turnover limits by 2.5 and 2 times respectively, enabling better access to capital and technology. To boost credit availability, the credit guarantee cover for Micro and Small Enterprises will double to ₹10 crore, and start-ups and exporter MSMEs will get higher loan guarantees. A ₹5 lakh Credit Card for micro businesses will be introduced, with 10 lakh cards issued in the first year.</p>
Investment: The Third Engine of Growth	Exports: The Fourth engine of growth
<p>The government has taken initiatives to support the development measure by establishing the 3<sup>rd</sup> engine as "Investment". focusing on people, the economy, and innovation.</p>	<p>The government has introduced key initiatives to boost exports under the ‘Exports as the 4th Engine’ for development measures. An Export Promotion Mission will be launched. The National Framework for Global Capability Centres (GCC) will guide states in promoting these centres in tier-2 cities, improving infrastructure and talent availability.</p>

Investment in infrastructure has a strong multiplier effect on the other sectors of economy. This year the government has proposed an outlay of INR 1.5 Lakh Crores as 50-year interest free loans to states for capital expenditure and incentives for reforms. The Revised Estimate of the total capital expenditure for FY24 has been pegged at about INR 10.18 lakh crores.

# Foreword

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**On Direct tax front**, clearly, the focus of the government was to give relief to the country's middle-class taxpayers and thereby boost consumption. A long-standing demand of middle-class taxpayers of raising the exemption limit has been honoured by the government by raising the tax exemption bar from existing **INR 7 Lakhs to INR 12 Lakhs** under the new tax regime giving cheers to the major earning population of the nation. Thus, no tax upto an income of INR 12 Lakhs [or say upto income of INR 1 Lakh per month] is exhilarating to the middle class and to be honest something beyond our expectations. Apart from the raising the exemption limits the government has also tweaked the slab rates across the board to further reduce the tax burden on small and middle-class taxpayers. As pointed out by FM, due to such tweaks, there will be tax saving of upto INR 1.1 lakhs for individuals having income of INR 24 lakhs per annum which is sizable. The overall impact of tax relief given to individuals has been estimated around INR 1 Lakh Crores, which is commendable.

Another reform which needs to be highlighted is the further rationalisation of TDS / TCS provisions in order to reduce the compliance burden. Mainly there has been increase in the threshold limits of amounts upto which no tax withholding is required. For instances, in case of senior citizens the threshold of TDS deduction on interest income has been raised from INR 50 thousand to INR 1 Lakh. Similarly, the threshold for rental payments has been raised from INR 2.4 Lakhs to INR 6 Lakhs per annum across the board. Similarly, threshold limit for TCS on LRS has been enhanced from INR 7 Lakhs to INR 10 Lakhs. However, there is need for further rationalisation of withholding tax rates which hopefully, the government will take up in future.

In last year budget the FM announced the comprehensive review of Income-tax Act, 1961 and for which suggestions were sought from various bodies, industry and the public. In this budget, it has been announced that **new income-tax bill** shall be introduced next week. It has further indicated that new income-tax bill would be close to half of the present law, in terms of both chapters and words. It would be interesting to see the new income-tax bill and I hope that it will not only reduce the complexity of present law but also lead to uniformity and certainty.

# Foreword

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The government has also focused on the measures to boost driving employment and investments. The various incentives proposed for units set up in IFSC is step in this direction. Also, the extension of sunset for tax exemption to start-up by another 5 year is also a welcome step. However, against popular expectation, sunset availing for concessional tax rate for domestic manufacturing companies has not been extended. Similarly, no special concessional has been announced for emerging sectors like Electrical Vehicles, AI, GCC, R&D etc. I also feel that investment limits in small saving limits should have been raised, though not necessarily for tax purposes, but for keeping and encouraging the investment discipline in the community.

On the **indirect taxes**, as a part of review of custom rates structure, rate structure has been rationalised leaving only eight rates including zero rate. Further, levy of surcharge or cess has been made mutually exclusive, clarifying that levying one would exclude other. Specific changes were in nature of exempting / reducing the custom duties on selective items of production with focus on promoting exports and domestic manufacturing. Among others, the custom duties were exempted / reduced on certain live saving / rare drugs and medicines, components used for electronic goods, lithium-ion batteries, shipping sector, telecom sector, critical minerals, marine products etc.

The Government has shown its commitment to stay on the path of fiscal glide and fiscal consolidation. The fiscal deficit has been estimated at 4.8% of the GDP which is aimed to be further reduced to 4.4% next year. Broadly, this is a balanced budget with focus on measures to accelerate growth, inclusive development and increase consumption. The rising Indian middle class has a reason to cheer with reduced tax burden and more income at disposal which may be channelised for further investment and boost demand. As rightly said by Hon'ble FM, at the completion of first quarter of 21st Century, this budget in continuation will lead us to achieve the vision of *Viksit Bharat*.



# Economic Indicators





# Economic Indicators

## Sectoral and GDP Growth

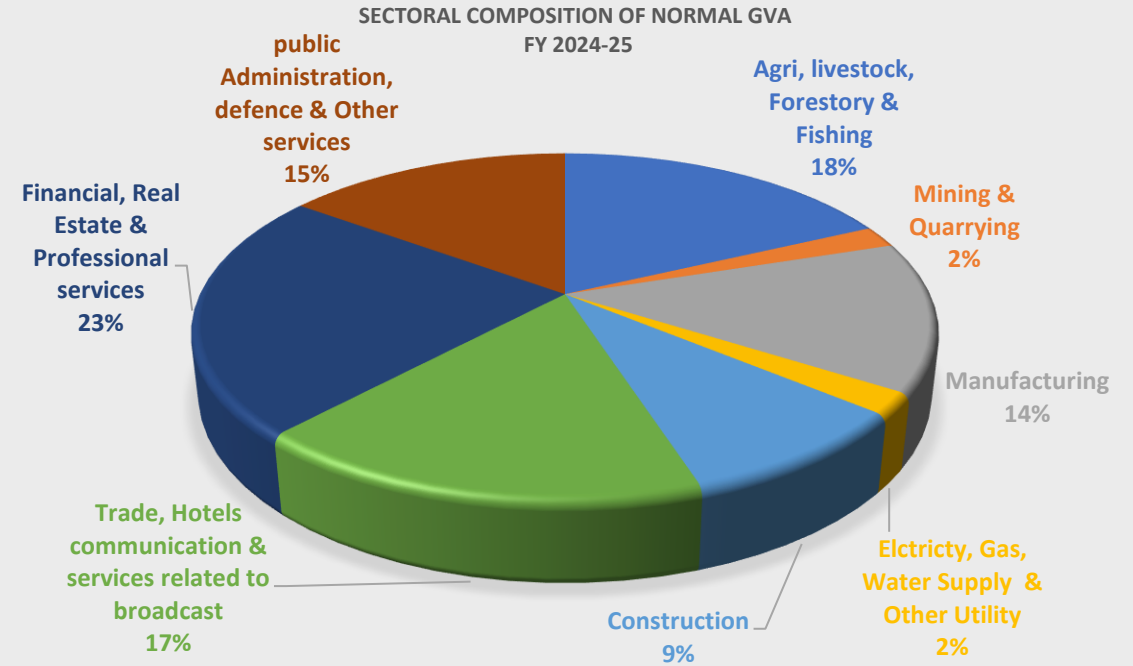
### India's Economic Performance: A Strong Growth Trajectory

India continues to lead among major economies with a projected GDP growth of **6.5% in 2025 and 2026**, significantly outpacing global averages. According to the **Press Information Bureau (PIB)**, **India's real GDP is estimated to grow by 6.4% in FY 2024-25**, reaching **₹184.88 lakh crore**, while nominal GDP is projected to **increase by 9.7% to ₹324.11 lakh crore**.

Key sectors driving this growth include **construction (8.6%)**, **financial and real estate services (7.3%)**, and **agriculture (3.8%)**, showcasing resilience across industries. Additionally, **private final consumption expenditure (PFCE) at constant prices has grown by 7.3%**, reflecting strong consumer demand.

Despite global economic uncertainties, India's stable growth, robust domestic demand, and industrial expansion continue to strengthen its position as a key driver of global economic progress. With policy reforms and continued investment, India is poised to remain a powerhouse in the global economy.

The Sectoral composition of Normal GVA in FY 2024-25 as follows:-



# Economic Indicators

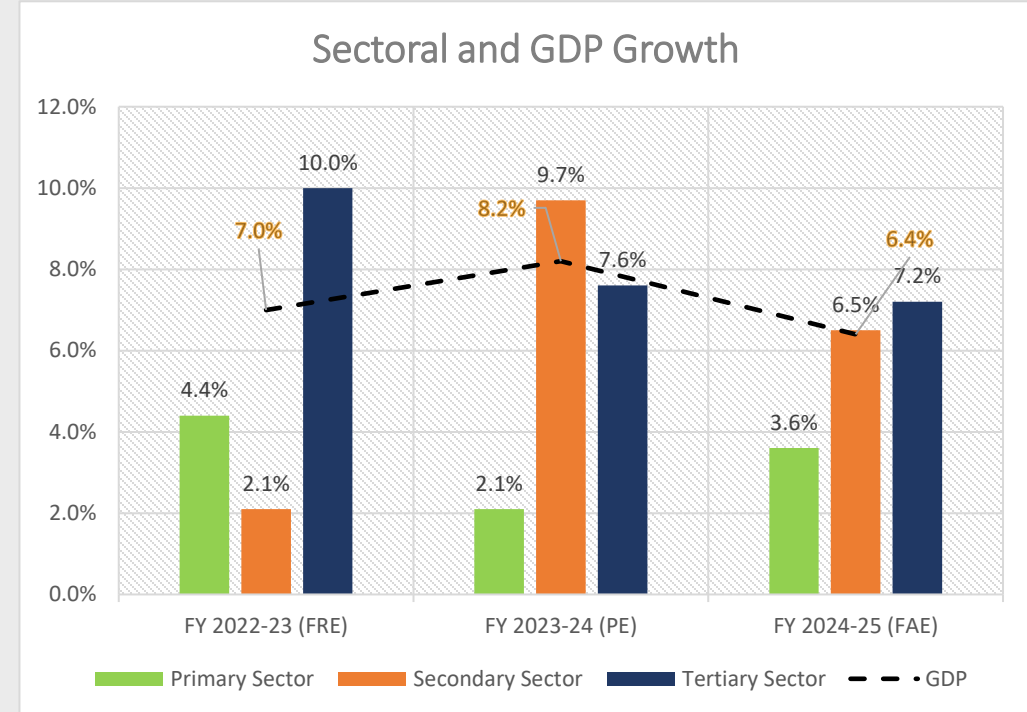
Note: Provisional Estimates (FAE) by NSO [07<sup>th</sup> January, 2025] & Economic Survey 2024-25

\*FRE-First Revised Estimate; \*\*PE-Provisional Estimate.

**[Primary Sector:** Agriculture, Livestock, Forestry & Fishing and Mining & Quarrying

**Secondary Sector:** Manufacturing, Electricity, Gas, Water supply & Other Utility Services and Construction

**Tertiary Sector:** Trade, Hotels, Transport, Communication and Services related to Broadcasting, Financial, Real Estate & Professional Services and Public Administration, Defence & Other Services]



# Economic Indicators

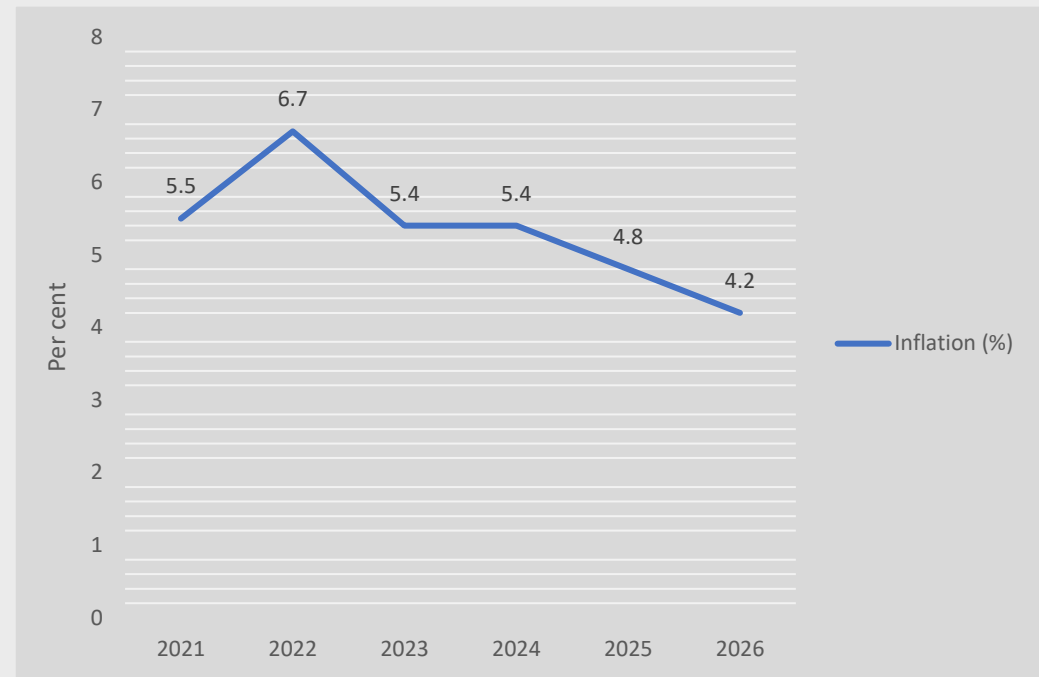
## Inflation and Monetary Conditions

In FY25, India's retail inflation moderated **from 5.4% in FY24 to 4.9% (April-December) in FY25**, driven by timely government interventions and monetary policies by the Reserve Bank of India (RBI). Core inflation, which excludes volatile food and energy prices, reached its lowest level in a decade, reflecting the effectiveness of these measures.

However, **food inflation remained a significant concern**, primarily due to supply chain disruptions and adverse weather conditions. The prices of vegetables, particularly onions and tomatoes, along with pulses, experienced sharp increase due to reduced production, extreme weather events, and logistical challenges. To counter these pressures, the government implemented several measures, including buffer stocking, subsidized sales, stock limits, and relaxed import regulations.

**Global inflation peaked at 8.7% in 2022** before declining due to monetary tightening. India followed this trend, benefiting from falling global commodity prices and lower fuel costs. **The RBI revised its inflation forecast to 4.8% for FY25, targeting 4.2% in FY26**, assuming stable conditions. To control inflation, the government imposed stock limits, launched the Open Market Sale Scheme (OMSS), subsidized key food items, and eased import restrictions on pulses and edible oils.

Overall, India's inflation is stabilizing with policy support, but food inflation remains a key risk due to weather-related supply disruptions.



Source: Economic Survey 2024-25

# Economic Indicators

## Government Finances [1/2]

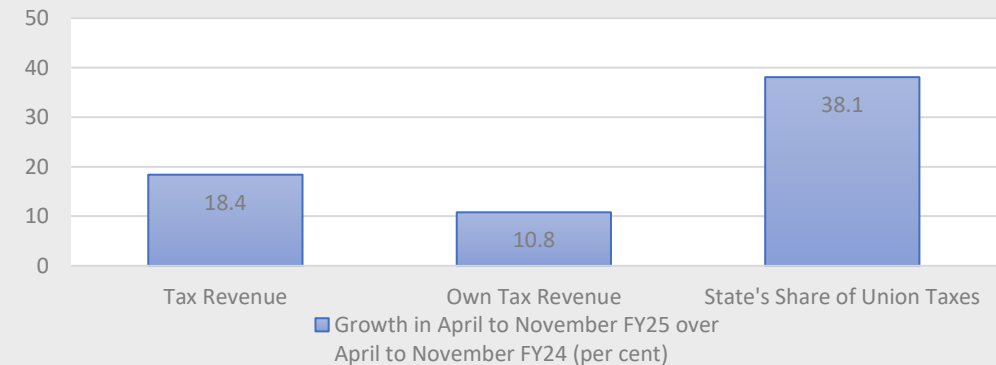
Revenue receipts of the union government consisting of tax revenue (net to centre) and non-tax revenue (NTR), increased year-on-year (YoY) during April–November 2024. Specifically:

- **Gross Tax Revenue (GTR)** increased by **10.7% YoY**.
- **Revenue Receipts (net to Centre)** increased by **8.7% YoY**.
- **Tax Revenue (net to Centre)** saw only a **0.5% YoY** increase due to increased tax devolution to states.
- **Non-Tax Revenue (NTR)** increased significantly by **50.2% YoY**.

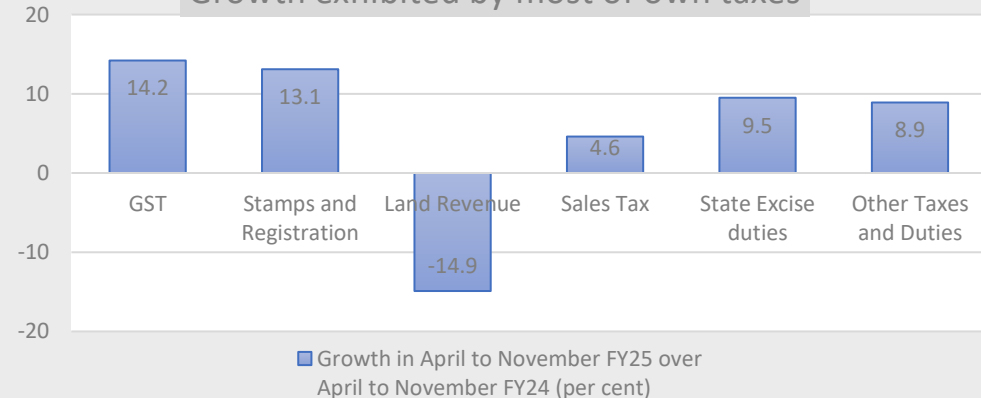
Fiscal policy focuses on expanding capital expenditure, particularly in defence, railways, and road transport, which accounted for about 75% of total capital spending.

A review of preliminary unaudited estimates for April–November 2024 shows that the Gross Tax Revenue (GTR) of the Union and states' Own Tax Revenue (OTR) grew at a similar pace. However, states' overall tax revenue improved due to higher tax devolution while state taxes like stamps, registration, sales tax, and excise duties grew, land revenue saw the decline in trend.

Greater reliance on share in central taxes



Growth exhibited by most of own taxes



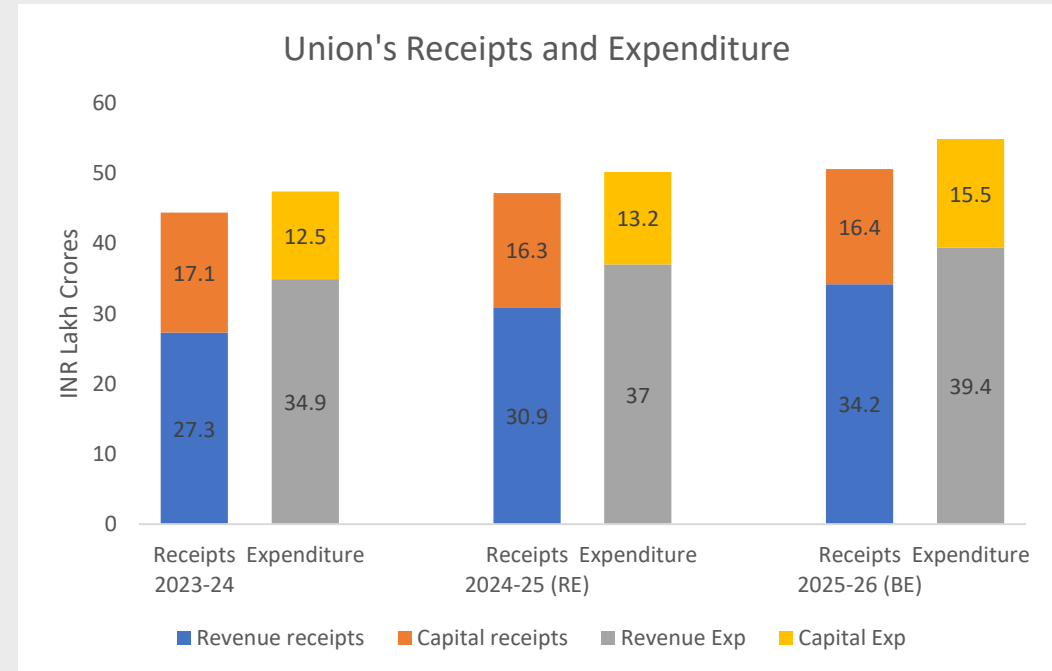
Source: Economic Survey 2024-25

# Economic Indicators

## Government Finances [2/2]

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# Economic Indicators

## India's Fiscal Deficit in FY25: A Step towards Fiscal Stability

### Fiscal Deficit Shows Improvement

India's fiscal deficit for **FY25** has improved compared to **FY24**, reflecting **stronger fiscal discipline and prudent spending** by the government. The Union government has maintained fiscal stability while prioritizing **capital expenditure, particularly in infrastructure and development projects**.

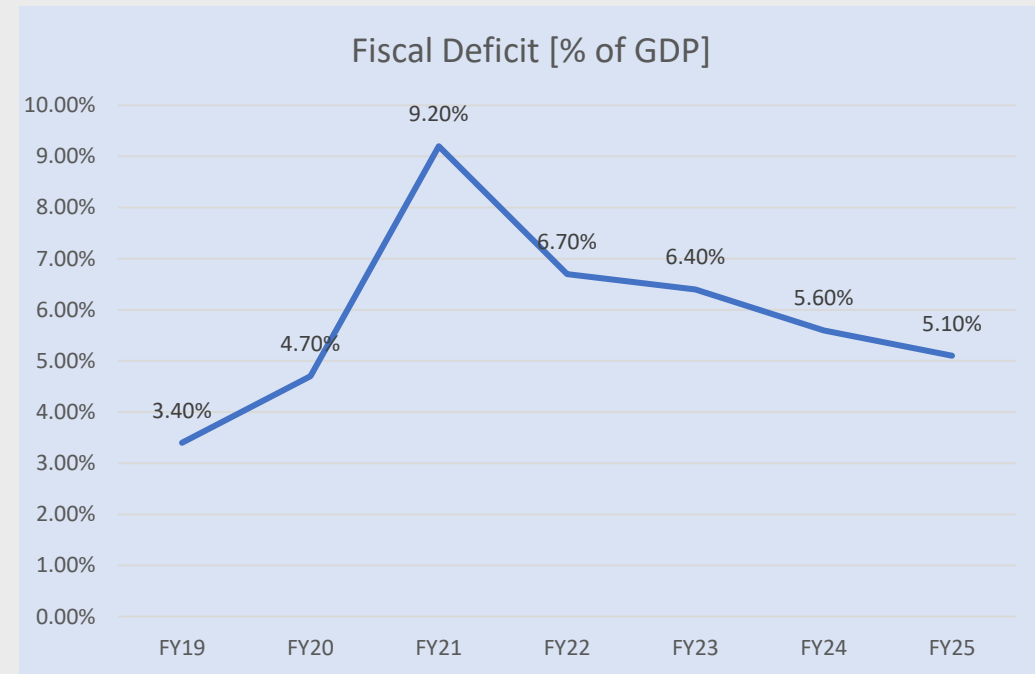
India's fiscal deficit for **FY25** is projected to be **5.1% of GDP**, showing an improvement from **5.9% of GDP** in **FY24**. This reduction reflects stronger fiscal discipline and revenue growth while maintaining capital expenditure commitments.

### Revenue Growth and Spending Trends

- Gross Tax Revenue (GTR) grew by 10.7% year-over-year (YoY) in April–November 2024.
- Higher tax devolution to states limited the Union government's retained revenue.
- Capital expenditure slowed in Q1 FY25 due to general elections but picked up momentum post-July, signalling continued public investment.

### Government's Fiscal Strategy

The government has managed the fiscal deficit efficiently, ensuring continued spending on key projects without major disruptions. With a balanced approach to revenue generation and expenditure control, India remains on track for sustainable economic growth.



# Direct Tax Proposals



# Direct Tax Proposals

## Individuals

### 1. Income Tax Rates for Individuals, HUF, AOP/BOI or artificial juridical person [1/2] : -

1. There is **no change in old tax rates (known as old tax regime)** including surcharge and education cess for Individual, HUF, AOP/BOI or artificial juridical person, Firms, Companies, even the Standard deduction from Salary income to the Individual is not changed.
2. However, the Finance Bill, 2025 has proposed the amendment in new personal income tax regime under section 115BAC which was introduced earlier by Finance Act, 2020.
  - a) Accordingly, **Sub-section 1A of 115BAC** is proposed to **insert sub clause (iii)** with effect from 1st April 2026 i.e. applicable for AY 2026-27 (i.e. Financial Year 01.04.2025 to 31.03.2026). Providing the new slabs for Individuals, HUF, AOP (other than Co-operative society), or BOI or artificial juridical person referred in sub-clause (vii) of clause (31) of section 2.
  - b) Slabs of incomes and tax rate under new tax regime as per section 115BAC(1A) comparison to the erstwhile rates is as follows:

Existing Slab	Rate	Proposed Slab	Rate
Upto Rs. 3,00,000	Nil	Upto Rs. 4,00,000	Nil
From Rs. 3,00,001 to Rs. 7,00,000	5%	From Rs. 4,00,001 to Rs. 8,00,000	5%
From Rs. 7,00,001 to Rs. 10,00,000	10%	From Rs. 8,00,001 to Rs. 12,00,000	10%
From Rs. 10,00,001 to Rs. 12,00,000	15%	From Rs. 12,00,001 to Rs. 16,00,000	15%
From Rs. 12,00,001 to Rs. 15,00,000	20%	From Rs. 16,00,001 to Rs. 20,00,000	20%
Above Rs. 15,00,000	30%	From Rs. 20,00,001 to Rs. 24,00,000	25%
		Above Rs. 24,00,000	30%

- c) For taxable income upto Rs. 24,00,000/- after considering standard deduction for salaried employees, the total tax saving is Rs. 1,10,000/- plus proportionate education cess @ 4%.

# Direct Tax Proposals

## Individuals

### 1. Income Tax Rates for Individuals, HUF, AOP/BOI or artificial juridical person [2/2]: -

- d) There is no change in Surcharge rate under this section and the same continues to be restricted to 25% for total income exceeding Rs. 2 Cr. [total income excluding dividend & income u/s 111A, 112 & 112A (i.e. STCG & LTCG)]. The effective tax rate will be as follows:

Total Income Slab	Rate of Surcharge	Effective Tax Rate (MMR)
Exceeding Rs. 50 Lacs but less than Rs.1 Crore	10%	34.32%
Exceeding Rs. 1 Crore but less than Rs.2 Crore	15%	35.88%
Exceeding Rs. 2 Crore and more	25%	39.00%

- e) The present levy of “Health and Education Cess” @ 4% remains same.

### 2. 87A: Tax Rebate

- a) 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 or Rs. 60,000/- whichever is less on a total income not exceeding Rs 12 lakh (previously, it was at Rs. 7 lakh).
- b) Marginal relief: For the total Income exceeding Rs. 12 Lacs, Marginal relief has been retained. For Example, if total income exceeds by Rs. 10,000/-, then although tax payable will work out to be Rs. 61,500/- but tax charged would be only Rs. 10,000/-. Thus, marginal relief will cease to exist at an income of Rs. 12,71,000/-.

# Direct Tax Proposals

## Individuals

### 3. Inclusion of Unit Linked insurance Policy under the purview of Capital Gains

<u>Existing Income Tax Law</u>	<u>Budget Proposals</u>
<p>As per Clause (10D) of Section 10 of the Act, any sum received under the life insurance policy (including ULIPs) is exempt from Tax.</p> <p>However, exemption u/s 10 is not available to ULIPs covered under sub-clauses (a) to (d) of Clause (10D) of Section 10 of the Act</p> <p>Further, this exemption is also not available if 4<sup>th</sup> and 5<sup>th</sup> provisos to Section 10(10D) are attracted i.e if the premium or aggregate of premium payable for the year in respect of such ULIP policies issued after 01.04.2021 exceeds ₹2,50,000.</p> <ul style="list-style-type: none"><li>- Sub-clause (c) of clause (14) of Section 2 defines only those ULIPs as capital Assets for which 4<sup>th</sup> and 5<sup>th</sup> provisos of Section 10(10D) are applicable</li><li>- The Scope of Sub-section (1B) of Section 45 is restricted to only those ULIPs for which 4<sup>th</sup> and 5<sup>th</sup> provisos of Section 10(10D) are applicable</li><li>- Only those ULIPs for which 4<sup>th</sup> and 5<sup>th</sup> provisos of Section 10(10D) are applicable are covered under the definition of equity oriented Fund u/s 112A</li></ul>	<p>As per Finance Bill, 2025, it has been proposed to widen the scope of non-exempt ULIP Policies under the ambit of Capital Gain Taxation. In this regard, Following amendments are proposed:-</p> <ul style="list-style-type: none"><li>- Widen the scope of Section 2(14)(c) of the Act to define all non-exempt ULIPs u/s 10(10D) as Capital Assets</li><li>- Widen the scope of Section 45(1B) of the Act to cover all non-exempt ULIPs u/s 10(10D) as Chargeable to Capital Gains</li><li>- Widen the scope of 112A of the Act to define all non-exempt ULIPs u/s 10(10D) as Equity oriented fund</li></ul>



# Direct Tax Proposals

## Individuals

### 4. Increase in ceiling limit on income of employees for calculation of perquisites

Existing Income Tax Law	Budget Proposals
<ul style="list-style-type: none"><li>- As per Section 17(2)(iii) of the Act, perquisite includes the value of any benefit or amenity provided free of cost or at concessional rate to an employee whose income under the head "Salaries" as a monetary benefit exceeds ₹50,000.</li><li>- As per proviso to Section 17(2) of the Act, any expenditure incurred by the employer for travel outside India on the medical treatment of an employee or any member of the employee's family shall not be included in 'perquisite', if the gross total income of such employee does not exceed ₹2,00,000</li></ul>	<p>As per Finance Bill, 2025, it has been proposed to obtain the power to prescribe rules to suitably increase the limit of gross total income in respective provisions of Section 17(2) after considering the changed standard of living because existing limits were prescribed about 20-30 years ago.</p>



# Direct Tax Proposals

## Individuals

### 5. 80CCD: Deduction in respect of NPS Vatsalya

Existing Income Tax Law	Budget Proposals
<p>Newly launched NPS Vatsalya Scheme w.e.f 18.09.2024, enables the Assessee, being a legal guardians of the minor to start NPS account for their children.</p> <p>-The benefit of Section 80CCD is not available to NPS Vatsalya Scheme since it is not covered u/s 80CCD of the Act.</p> <p>- Sub-section (3) of Section 80CCD provides that the deduction allowed under this section for contributions made shall be treated as income in the year of receipt of such contributions. Sub-section (3) of Section 80CCD does not cover the NPS Vatsalya Scheme under its ambit.</p> <p>- There is no exemption available for income received on partial withdrawal from NPS Vatsalya Account on account of contingencies</p>	<p>As per Finance Bill, 2025, it has been proposed to extend the benefit u/s 80CCD to the Assesseees for contributions made towards NPS Vatsalya Scheme. Following amendments are proposed in this regard:-</p> <ul style="list-style-type: none"><li>- Increase the scope of Sub-section (1B) of 80CCD to Include the contribution made towards NPS Vatsalya scheme, subject to maximum of ₹50,000 overall.</li><li>- Increase the scope of Sub-section (3) of 80CCD to treat the deduction allowed for contribution made towards NPS Vatsalya scheme as income in the year of receipt</li><li>- Insert the 2<sup>nd</sup> proviso to section 80CCD(3) to provide that amount received on closure of account due to death of minor child shall not be deemed as income</li><li>- Insert Clause (12BA) in Section 10 to provide exemption upto 25% of the income on partial withdrawal made from the account of the minor in NPS Vatsalya</li></ul>

# Direct Tax Proposals

## Individuals

### 6. 80CCA: Deduction in respect of National Saving Scheme (NSS)

Existing Income Tax Law	Budget Proposals
<p>Section 80CCA provided deduction to the individual assessee for deposit in NSS. However, this section was sunset w.e.f 01.04.1992</p> <p>Sub-section (2) of Section 80CCA states that the deduction allowed under this section for deposits made shall be treated as income in the year of withdrawals.</p> <p>Notification was issued by the Central Govt on 29.08.2024 that no interest shall be paid on NSS after 01.10.2024, prompting the individuals to withdraw their balances in NSS.</p> <p>Section 80CCA(2) does not cover the withdrawals made after 29.08.2024 under its ambit.</p>	<p>As per Finance Bill, 2025, it has been proposed to amend section 80CCA to remove the difficulties and provide the relief to the individuals affected. Following amendment is proposed in this regard:-</p> <ul style="list-style-type: none"><li>- Insert the 2<sup>nd</sup> proviso to section 80CCA(2) to provide that amount withdrawn from NSS on or after 29.08.2024 shall not be chargeable as Tax</li></ul>

# Direct Tax Proposals

## Individuals

### 7. Annual Value of Self occupied property

<u>Existing Income Tax Law</u>	<u>Budget Proposals</u>
<p>Section 23 of the Act Relates to determination of Annual value of the house property.</p> <p>As per Section 23(2), if the owner cannot actually occupy the house property due to his employment at any other place, the annual rental value of such house property shall be taken to be nil.</p> <p>Thus, section 23(2) restricts the benefit of Nil Annual value only to properties unoccupied for specific reasons.</p>	<p>As per Finance Bill, 2025, it has been proposed to amend Section 23 retrospectively to widen the scope of Self occupied property. Following amendment is proposed in this regard:-</p> <ul style="list-style-type: none"><li>- Substitute Section 23(2) with new sub-section to provide that annual value of such property shall be deemed as Nil if the owner cannot occupy it for any reason</li></ul>

# Direct Tax Proposals

## Corporate Tax

### 1. Section 72A - Provisions relating to carry forward & set off of accumulated loss & unabsorbed depreciation allowance in amalgamation or business reorganisation (w.e.f. 01.04.2026 i.e. A.Y. 2026-27)[1/2]

Amendment for sub section

(1) for Amalgamation

(6) for Business Reorganisation viz. Firm / Proprietorship are succeeded by Company {47(xiii) / 47(xiv)}

(6A) for Business Reorganisation viz. Private Company or Unlisted Public Company is succeeded by Limited Liability Partnership Firm {47(xiiib)}

by proposing to insert new sub section (6B) of section 72A for any amalgamation or business re-organisation which is effected on or after 01.04.2025.

Accumulated loss [under the head of business & profession {not speculation business}] and the unabsorbed depreciation of the amalgamating company or predecessor entity [viz. firm / proprietorship or private company or unlisted public company] shall be deemed to be the loss or allowance for unabsorbed depreciation of the amalgamated company or the successor entity [viz. company or llp] for the previous year in which amalgamation or business reorganisation was effected and other provisions of this Act relating to set off & carry forward of loss & allowance for depreciation shall apply accordingly.

Existing Provision	Proposed Provision
Accumulated loss [under the head of business & profession {not speculation business}] shall be carried forward for fresh eight years starting from the previous year in which amalgamation or business reorganisation was effected.	Accumulated loss [under the head of business & profession {not speculation business}] shall not be carried forward for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed for amalgamating company or predecessor entity.

The proposed amendment is aimed to prevent evergreening of the losses of the predecessor entity resulting from successive amalgamations.



# Direct Tax Proposals

## Corporate Tax

Section 72AA - Provisions relating to carry forward & set off of accumulated loss & unabsorbed depreciation allowance in amalgamation of banking company or new bank or Govt Company (w.e.f. 01.04.2026 i.e. A.Y. 2026-27) [2/2]

The above same provisions shall also applicable for amalgamation of banking company or new bank or Govt Company which is effected on or after 01.04.2025.

### 2. Extension of benefits of Tonnage Tax scheme to Inland Vessels (w.e.f. 01.04.2026 i.e. A.Y. 2026-27).

Existing Provision	Proposed Provision
There is a Tonnage Tax Scheme [Indian shipping industry] wherein the qualifying shipping companies were given the choice to opt for the tonnage tax regime or continue to remain within the normal corporate tax regime.	Now it has been proposed to extend 'Tonnage Tax Scheme' to Inland Vessels registered under Inland Vessels Act, 2021 to promote Inland Water Transportation Industry in the country. In other words, to provide a boost to inland water transportation, it proposes to include inland vessels under the ambit of tonnage tax scheme.

Accordingly, other corresponding amendments in various sections of tonnage tax scheme viz. 115V/115VB/115VD/115VG/115V-I/115VK/115VT/115VV/115VX/115VZA of the Act.

Also, amendment in section 115VP has been proposed to extend the time limit for passing the order of opting the aforesaid scheme from existing one month from the end of the month in which the application was received to **three months from the end of the quarter in which such application was received** on or after 01.04.2025.

# Direct Tax Proposals

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## Corporate Tax

### 3. Provisions Related to Startups –

Section 80-IAC of the Act, presently provides deduction of 100% of profits derived by an eligible start up for any 3 consecutive previous years out of 10 previous years beginning from year of incorporation, at the option of assessee.

Eligible start up under the above provision is defined to be a startup holding a certificate of eligible business from Inter Ministerial Board of Certification having turnover non exceeding Rs 100 crores and incorporated on or after 1<sup>st</sup> of April 2016 but before 1<sup>st</sup> day of April 2025.

The Finance Bill 2025 has proposed to extend the sunset clause by amending the definition of eligible start up to extend the benefit of this provision by another 5 years, allowing the benefits to be availed by eligible startups incorporated before 1<sup>st</sup> of April 2030.



# Direct Tax Proposals

## Capital Gains

### 1. Capital Asset Section 2(14) (w.e.f. 01.04.2026 i.e. A.Y. 2026-27)

Existing Provision	Proposed Provision
Any securities held by a Foreign Institutional Investor which has invested in such security in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, is a capital asset.	Now it proposes to cover any securities held by Investment Funds which has granted a certificate of registration as a category I or category II alternative investment fund [clause (a) of explanation I to section 115UB] as a capital asset and accordingly the income would be taxable under the head of capital gain only not under the head of business & profession.

### 2. Rationalisation in taxation of Business trusts [1/2]

REITs and InVITs, also known as business trusts, invest in special purpose vehicles (SPVs) through equity or debt instruments, generating income such as interest, dividends, rental income, and capital gains. Under Section 115UA, business trusts enjoy a pass-through status for interest, dividend, and rental income, which is taxable in the hands of unit holders and exempt for the business trust. Conversely, capital gains and business income are taxable for the business trust and exempt for the unit holders.

Before amendment, the total income of a business trust is taxed at the maximum marginal rate, subject to provisions under Sections 111A and 112 and accordingly capital gain covered under 112A were being charged to tax at Maximum Marginal rate (MMR).

# Direct Tax Proposals

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## Capital Gains

### 2. Rationalisation in taxation of Business trusts [2/2]

Finance bill, 2025 has now proposed to tax total income of a business trust at the maximum marginal rate, subject to provisions under Sections 111A, 112 & 112A

The change is explained in table below

Before Amendment	After Amendment
Long term capital gain from equity shares in a company or a unit of an equity-oriented fund or a unit of a business trust were charged to tax at MMR.	Long term capital gain in equity share in a company or a unit of an equity-oriented fund or a unit of a business trust now proposed to be charged to tax as per section 112A of the Income Tax Act.

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

# Direct Tax Proposals

## Capital Gains

### 3. Expanding the definition of “Resultant Fund” relevant for excluding the transactions from the Purview of Capital Gains

Existing law	Proposed Amendment in law
<p>1. Provision of Section 47 enlists the transfer of Capital Assets which would not be taxable under the Capital Gain, wherein share, unit or interest held in the original fund are transferred in relocation in consideration of the share, unit or interest in the resultant fund was also mentioned.</p> <p>2. Earlier relocation of original fund to resultant fund was to be done on/ before the 31<sup>st</sup> day of March, 2025</p>	<p>1. The Finance Bill 2025 has proposed to expand the definition of Resultant Fund by covering the funds located in IFSC which has been granted a certificate as a retail scheme or an Exchange Traded Fund and is regulated under the IFSCA (Fund Management) Regulations, 2022, made under the IFSCA Act, 2019 (50 of 2019) and satisfies other conditions as may be prescribed.</p> <p>2. Finance Bill, 2025 proposes to extend the time-limit to 31<sup>st</sup> March, 2030.</p>

### 4. Section- 115AD- Rationalisation of taxation of capital gains on transfer of capital assets by non-residents [1/2]

Existing law	Proposed Amendment in law
<p>The existing provisions of Section 115AD of the Act provide that where the total income of a specified fund or Foreign Institutional Investor includes income received in respect of securities (other than units referred to in section 115AB) or income by way of short-term or long-term capital gains arising from the transfer of such securities, the income-tax on the income by way of long-term capital gains referred herein, if any, included in the total income, shall be calculated at the rate of ten per cent.</p>	<p>It is proposed to amend the rate of tax for 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 shall be calculated at the rate of twelve and one-half per cent(12.5%).</p>

# Direct Tax Proposals

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## Capital Gains

### 4. Section- 115AD- Rationalisation of taxation of capital gains on transfer of capital assets by non-residents [2/2]

The tax rate for income by way of the aforementioned long-term capital gain that are not under section 112A, for the period till 31.03.2025, shall remain at the rate of 10%.

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



# Direct Tax Proposals

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## Charitable Trust

### 1. Simplifications & Rationalisation of the provisions of Charitable Trusts (1/2)

#### I. Extension of Registration Period for Smaller Trusts under Section 12AB.

Earlier as per the provision of section 12AB of the Act, the validity period for registration of charitable trust or institution is currently for 5 years (or for 3 years for provisional registration). Renewing registration every 5 years increases compliance burdens, especially for smaller charitable trusts. To ease this, the Finance Bill 2025 has proposed to extend the validity period of registration from 5 years to 10 years for charitable trusts which meet following conditions:

1. The charitable trust who apply for registration under sub-clause (i) to (v) of clause (ac) of Section 12A(1) of the Act. **and**
2. The total income of such trust (before applying Sections 11 and 12) does not exceed Rs. 5 crores in each of the two preceding years, preceding to the previous year in which such application is made.

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

#### II. Relaxation in Cancellation Rules for Trust Registration under Section 12AB

Currently, under Section 12AB(4) of the Act, if a charitable trust or institution commits a "specified violation," its registration shall be cancelled by the Principal Commissioner or Commissioner.

As per explanation to section 12AB(4), a "specified violation" includes incomplete registration applications u/s 12A(1)(ac) of the Act.

To prevent harsh consequences for cancellation of registration for such minor defaults of incomplete application, the Finance Bill 2025 proposes to amend the Explanation to sub-section (4) of Section 12AB to provide that an incomplete registration application shall not be considered a 'specified violation'. Thereby, charitable trust registration u/s 12AB may not be cancelled by the Principal Commissioner or Commissioner in the situation of incomplete registration application.

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

# Direct Tax Proposals

## Charitable Trust

### 1. Simplifications & Rationalisation of the provisions of Charitable Trusts (2/2)

#### III. Amendments to Section 13: Redefining Substantial Contributors and Specified Persons

Section 13 currently denies tax exemptions under Sections 11 and 12, if a charitable trust applies its income or property for the benefit of certain specified persons. As per Sec 13(3) of the Act, specified person includes person who provide substantial contributors of more than 50,000/- to charitable trusts, their relatives, or concerns in which they have a substantial interest.

To address difficulties in reporting details of such contributors and their associates, the Finance Bill 2025 proposes the following amendment in section 13(3) of the Act:

- 1) The threshold limit for a "substantial contributor" is increased from Rs. 50,000 to Rs 1 lakh in a financial year or Rs. 10 lakh in aggregate upto the end of the relevant previous year.
- 2) Relatives of such contributors will no longer be classified as specified persons.
- 3) Concerns in which such contributors have a substantial interest will also be excluded from the specified category.

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





# Direct Tax Proposals

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## International Tax

### 1. Section- 44BBD- Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility

The Finance Bill, 2025 has proposed to provide a new mechanism through insertion of Section 44BBD for presumptive taxation on the income earned by the non-resident assessee, engaged in the business of providing services or technology in India, to a resident company which is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology and the resident company should satisfy the conditions prescribed in this behalf.

As per new presumptive taxation regime, Section 44BBD shall tax the Income as profits and gains from business being twenty-five per cent of the aggregate amount paid/ payable to, or received/ deemed to be received by, the Non-resident assessee, on account of providing services or technology. No set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee opting for the tax under this section for such previous year.

This will result in an effective tax payable of less than ten per cent on gross receipts.

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

### 2. Explanation-2A to Section-9(1) - Provisions Related to Significant Economic Presence (SEP)

Section-9, specifies the Income deemed to accrue or arise in India. It specifically talks about the Income earned by Non- resident which shall be deemed to be accrue or arise in India. Herein, Explanation-2A to Section-9(1) talks about SEP of a Non-resident (NR) in India.

As per the existing provision, that the SEP of a non-resident in India shall constitute “*business connection*” in India and “*significant economic presence*” shall mean any transaction in respect of any goods, services or properties carried out by a NR with any person in India.

Earlier there was no such clarity regarding which transactions shall be counted in or out of the ambit of the SEP.

Now as per the Finance Bill, 2025, it has been proposed, that the transaction which is limited to the purchase of the goods in India for the purpose of export shall not constitute to SEP in India.

The amendment shall come into force from with effect from the 1st April, 2026 i.e., A.Y 2026-27.

# Direct Tax Proposals

## International Tax

### 3. Time-extension of Sunset dates for Commencement of operations of IFSC Units

Existing law	Proposed Amendment in law
<p>Provisions of sub-section 1A of Section 80LA provides that the Unit of an International Financial Services Centre would be allowed a deduction in connection with the Income referred to in Section 80LA(1A), of an amount equal to one hundred per cent of such income for any ten consecutive assessment years, at the option of the assessee, out of fifteen years, beginning with the assessment year relevant to the previous year in which the relevant regulatory permission has been obtained.</p> <p>Sub-Section 2 of Section 80LA enlists the source/origin of income which are eligible for the above mentioned deduction, wherein income arising from the transfer of aircraft or a ship, which was leased by an unit (business operation of which has been approved for being setting up in IFSC in a SEZ) to a person was also covered with the condition that the unit has commenced operation on or before the 31st day of March, 2025.</p>	<p>The Finance Bill 2025 has proposed to extend the time-limit for commencing the aforesaid operation to 31<sup>st</sup> day of March, 2030, giving time for the units to setup their business in IFSC with an additional time-limit, and consequently, claim the deduction u/s 80LA(1A) of the Income Tax Act.</p>

### 4. Time-extension of commencing the operations of Offshore Banking Units for claiming Exemption u/s 10(4D)

Provisions of Section 10(4D) has exempts certain capital gains or PGBP arising to the Units or Investment division of offshore banking unit located in IFSC. However, the Investment division of offshore banking unit was required to commence the operations on or before 31<sup>st</sup> day of March, 2025. Finance Bill 2025 proposes to extend the aforesaid time-limit to 31<sup>st</sup> day of March, 2030.

### 5. Time-extension of commencing the operations of Units in IFSC for claiming Exemption u/s 10(4F)

Existing law	Proposed Amendment in law
<p>Provisions of Section 10(4F) provides exemption on income arising to a non-resident by way of royalty or interest received on account of lease of an aircraft or a ship from an Unit located in IFSC, if the said unit commences the operations on or before 31<sup>st</sup> day of March, 2025.</p>	<p>Finance Bill, 2025 proposes to revise the time-limit for commencing the operations on or before 31<sup>st</sup> day of March, 2030.</p>

# Direct Tax Proposals

## International Tax

### 5. Time-extension of commencing the operations of Units in IFSC for claiming Exemption u/s 10(4F)

Existing law	Proposed Amendment in law
Provisions of Section 10(4F) provides exemption on income arising to a non-resident by way of royalty or interest received on account of lease of an aircraft or a ship from an Unit located in IFSC, if the said unit commences the operations on or before 31 <sup>st</sup> day of March, 2025.	Finance Bill, 2025 proposes to revise the time-limit for commencing the operations on or before 31 <sup>st</sup> day of March, 2030.

### 6. Time-extension of commencing the operations of Units in IFSC for claiming Exemption u/s 10(4H) and 10(34B)

Finance Bill, 2025 proposes to include the Unit of IFSC engaged primarily in the business of leasing of ships apart from the aircraft (mentioned earlier) to the Provisions of Section 10(4H) in order to provide the exemption to the income arising on account of transfer of equity shares of domestic company within the units located in IFSC.

On similar lines, the Bill has proposed to extend the exemption u/s 10(34B) on account of the dividend income within the Units of IFSC primarily engaged in the business of leasing of ships.

Accordingly, definition of ships have also been added in the Explanation to Section 10(4H) and 10(34B), respectively as “ship” means a ship or an ocean vessel, engine of a ship or ocean vessel, or any part thereof; Furthermore, it has also been proposed to extend the time-limit u/s 10(4H) of Units of IFSC to commence the operations to 31<sup>st</sup> day of March, 2030 from 31<sup>st</sup> day of March, 2025 in the aforesaid section.



# Direct Tax Proposals

## International Tax

### 7. Section- 10(10D)- Exemption on life insurance policy from IFSC Insurance offices

Existing law	Proposed Amendment in law
Currently, Clause (10D) of Section 10 provides exemption to sum received under a life insurance policy, including bonus, subject to certain conditions. However, the exemption is not available if the annual premium or aggregate of premiums payable exceeds INR 2.5 Lakhs for unit-linked insurance policies and INR 5 lakhs for other life insurance policies.	<p>The Finance Bill, 2025, has proposed an amendment to Clause (10D) of Section 10 of the Income-tax Act to provide exemption on life insurance policies issued by insurance offices in the IFSC.</p> <p>To provide parity to non-residents availing life insurance from IFSC insurance offices, the proposed amendment seeks to exempt the proceeds received on life insurance policies issued by IFSC insurance intermediary offices without any condition related to maximum premium payable. The proposed amendment will take effect from April 1, 2025.</p>

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

Existing law	Proposed Amendment in law
The provision w.r.t clause (4E) of section 10 of the Income-tax Act, which provides that any income accrued or arisen to, or received by a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the-counter derivatives, or distribution of income on offshore derivative instruments entered into with an offshore banking unit of an IFSC referred to in sub-section (1A) of section 80LA, shall not be included in the total income of the Non-resident.	<p>The Finance Bill, 2025, has proposed an amendment to include a Foreign Portfolio Investors being an IFSC unit in addition to the offshore banking unit.</p> <p>Accordingly, the definition of Foreign Portfolio Investors has been added in the Explanation to the said Section as “For the purposes of this clause, “Foreign Portfolio Investor” means a person registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992.”</p>

# Direct Tax Proposals

## International Tax

### 9. Section- 9A - Simplified Regime for fund managers based in IFSC

Existing law	Proposed Amendment in law
Currently, Section 9A provides that fund management activity carried out through an eligible fund manager on behalf of an eligible investment fund does not constitute a business connection in India, subject to condition that the aggregate participation or investment in the fund by persons resident in India should not exceed five per cent (5%) of the corpus of the fund.	<p>The proposed amendment seeks to rationalize this condition by determining the aggregate participation or investment either on the 1<sup>st</sup> day of April or the 1<sup>st</sup> day of October of the previous year. If the condition is not satisfied on either of these days, the fund will have <u>four months</u> to satisfy the condition.</p> <p>The amendments also propose to relax other conditions for eligible investment funds where the eligible fund manager is located in IFSC and has commenced operations on or before March 31, 2030.</p>

This move aims to provide a level playing field for fund managers in IFSC and make them competitive with fund management entities in other jurisdictions.

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

# Direct Tax Proposals

## International Tax

### 10. Rationalization of definition of 'dividend' for treasury centres in IFSC Section 2(22)

Existing law	Proposed Amendment in law
<p>Section 2(22)(e) of the Act, provides that dividend includes any sum by way of advance or loan to a shareholder paid by a company or 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.</p> <p>Earlier, section 2(22)(ii) excludes 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.</p>	<p>It is proposed to insert a sub-clause (ia) to section 2(22), stating that any advance or loan between two group entities, where one of the group entity is a "Finance company" or a "Finance unit" and the other entity is "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'.</p> <p><u>Definitions inserted</u></p> <p>"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.</p> <p>"Parent entity" or "principal entity" of such group is listed on stock exchange in a country or territory outside India.</p> <p>Further, the conditions for a 'group entity', 'principle entity' and the 'parent entity' shall be prescribed.</p>

# Direct Tax Proposals

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## Transfer Pricing

### 1. Rationalization of Transfer Pricing (TP) Provisions for carrying out Block TP Assessment – Amendments in Sections 92CA and 155

#### Application of Arm's Length Price (ALP) determined by the TPO in one year to next 2 years for similar transactions:

- The taxpayer will have an option to get the ALP, determined in relation to an international transaction or a specified domestic transaction (SDT) for any previous year, applied to a similar transaction for the two consecutive previous years immediately following such previous year.
- In effect, the ALP determined in addition to such transaction for a year can be valid for similar transactions for the next 2 years. This shall reduce multiple proceedings for determining ALP for similar transactions.

#### Form – yet to be prescribed:

- The taxpayer shall submit the option in a prescribed Form and the manner of filing this Form shall also be provided in the Rules.

#### When to exercise this option:

- As per the FAQs released by the Government of India on 01-02-2025, the taxpayer shall give this option to the TPO during the course of TP proceeding for determination of ALP. The exact timeline will be prescribed in the Rules. For transactions of different assessment years, option may be exercised separately. Thus, multiple options can be exercised for one assessment year.

#### Order of valid option by the TPO:

- The TPO may, by an order within one month from the end of the month in which such option is exercised, declare that the option is valid subject to the prescribed conditions. For determining validity, he will examine whether the transactions of the subsequent years are similar transactions or not.

# Direct Tax Proposals

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## Transfer Pricing

### No reference can be made by AO again for a transaction for which a valid option has been exercised by the taxpayer:

- A reference to the TPO will not be made again for the transactions for which valid option is exercised. Even if any reference is made in respect of such transaction, it shall have the effect as if no reference is made for such transactions provided the TPO has passed order determining the option as valid in respect of such transactions.

### Re-computation of income by AO

- Once the TPO has examined and determined the ALP in relation to such similar transaction for such two consecutive previous years in the order, the AO shall re-compute the total income of the taxpayer for such consecutive previous years as per the provisions of section 155(21), by amending the order of assessment or any intimation or deemed intimation,
  - 
  - (a) in conformity with the ALP so determined by the TPO under section 92CA(4A) in respect of such transaction (being a similar transaction); and
  - (b) considering the DRP directions issued under sub-section (5) of section 144C, if any on the referred transaction for such previous year,within 3 months from the end of the month in which the assessment is completed in the case of the taxpayer for such previous year.
- Such re-computation shall be made within 3 months from the end of the month in which order of assessment or any intimation or deemed intimation is made, in case that is not made before the period of three months as mentioned above.



# Direct Tax Proposals

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## Transfer Pricing

### Not Applicable to Search Cases:

- The provisions of exercising option mentioned above and consequent proceedings do not apply to search cases.

These amendments shall apply in relation to the Assessment Year 2026-27 and subsequent assessment years.

These new provisions for Block TP Assessment are expected to reduce TP litigation for taxpayers and administrative burden for the Income Tax Department. However practically it seems that, the taxpayers might opt for the same in case of favourable TP Assessments and would less likely to volunteer to apply the ALP principles of one year to next two years in case of adverse TP Assessments and that too without any reference made by the AO to the TPO.



# Direct Tax Proposals

## Assessments, Penalties & Misc

### 1. Amendments proposed in provisions of Block Assessments for search and requisition cases under Chapter XIV-B [1/3]

The concept of block assessment was introduced by amending the provisions of chapter-XIV-B (Sections 158B to 158BI of the Income Tax Act) vide Finance (No. 2) Bill, 2024 that provided the basis of making assessments arising out of search cases for the searches conducted on or after 01.09.2024.

Following amendments have been proposed (effective from 01st February, 2025) in the provisions pertaining to search related assessments by the Finance Bill 2025, which are broadly explained as under:

Section	Existing Law	Proposed Amendment in Law
158B(b)	<p>Under the existing law, undisclosed income for the purpose of Chapter XVI-B includes: -</p> <ul style="list-style-type: none"><li>• Any undisclosed money, bullion, jewellery or other valuable article or thing,</li><li>• Any expenditure or any income based on any entry in the books of accounts, other documents or transactions which represents not disclosed,</li><li>• Any expense, deduction or allowance claimed under the Act which is found to be incorrect.</li></ul>	<p>It is proposed to add the term 'virtual digital asset' to the definition of undisclosed income for the purpose of Chapter XVI-B.</p> <p>Such amendment has widened the scope of 'undisclosed income'.</p>
158BA(4)	<p>In existing law, where an assessment was pending in the case of assessee on whom search was initiated, such pending assessment shall be completed at the first and then the assessment in respect of such subsequent search shall be made.</p>	<p>It is proposed to substitute the word "pending" with the words 'required to be made' even though such assessment may not be pending when the subsequent search is initiated.</p> <p>This amendment has widened the scope of years which can be assessed due to subsequent searches.</p>

# Direct Tax Proposals

## Assessments, Penalties & Misc

### 1. Amendments proposed in provisions of Block Assessments for search and requisition cases under Chapter XIV-B [2/3]

Section	Existing Law	Proposed Amendment in Law
158BA(5)	In the existing law, where any proceedings under this chapter or any assessment or reassessment proceedings made under section 158C has been annulled in appeal, then the assessment or reassessment relating to any assessment year abated under sub-section (2) and (3) shall revive.	It is proposed to add the words “recomputation, reference or order” in the said section to align with sub-sections (2) and (3) of the said section.  This amendment has aligned various sub-sections of the Section 158BA.
158BB(1)	In existing law, the total income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of the following, namely:- (i) total income disclosed in the return furnished under section 158BC; (ii) total income assessed under sub-section (3) of section 143 or section 144 or section 147 or section 153A or section 153C prior to the date of initiation of the search or the date of requisition, as the case may be; (iii) total income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142 or section 148 and not covered under clause (i) or clause (ii); (iv) total income determined where the previous year has not ended, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course on or before the date of last of the authorisations for the search or requisition relating to such previous year;	It is proposed to amend the said section as follows:-  <ul style="list-style-type: none"> <li>• Clause (i) to be substituted by “Undisclosed income declared in the return furnished under the section 158BC” (Consequential amendment is also proposed in sub-section (6) of the said section)</li> <li>• The words ‘total income’ from clauses (ii) and (iii) to be substituted with the word ‘income’.</li> <li>• Clause (iii) is amended to specify that “any income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142 or section 148, prior to the date of initiation of the search or the date of requisition”, shall form part of the total income of the block period.</li> <li>• Clause (iv) is amended to provide clarification w.r.t how the income shall be computed for the previous year which has ended, but due date of filing of return for such year has not expired prior to date of initiation of search.</li> </ul>

# Direct Tax Proposals

## Assessments, Penalties & Misc

### 1. Amendments proposed in provisions of Block Assessments for search and requisition cases under Chapter XIV-B [3/3]

Section	Existing Law	Proposed Amendment in Law
158B(3)	In existing law, it is stated “where any evidence was found as a result of search or requisition and such evidence relates to any international or specified domestic transaction, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.”	It is proposed to amend the said sub-section by providing the reference to income pertaining to any international or specified domestic transaction instead of evidence. Such income shall not be considered for computing total income of the block period.
158BE	<p>Assessment u/s 158BC/158BD of the Income Tax Act to be completed within twelve months from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made.</p> <p>Further, in existing law, clause (i) of Sub-section (4) states that the period during which assessment proceeding is stayed by order or injunction of any court shall be excluded for computation of limitation period.</p>	<p>It is proposed to amend the time limit to complete block assessments u/s 158BC/158BD within twelve months from the end of the quarter, in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made.</p> <p>Sub-section (4) is also proposed to be amended by substituting clause (i) of said sub-section by “Period commencing on date on which stay on proceedings was granted by a court order or injunction and ending on date on which certified copy of order vacating stay was received by jurisdictional Principal Commissioner or Commissioner” shall be excluded for computation of limitation period.</p> <p>Such amendments have increased the period of limitation to complete assessment for the tax department.</p>

# Direct Tax Proposals

## Assessments, Penalties & Misc

### 2. Amendment in provisions of Section 271AAB of the Act (w.e.f 01st September, 2024)

Existing law	Proposed Amendment in law
The existing provisions of section 271AAB relates to penalty in respect of searches initiated u/s 132 on or after 15.12.2016.	Amendment in Section 271AAB has been proposed to remove any ambiguous interpretation of its applicability to searches conducted on or after 01.09.2024. Thus, it is proposed that “provisions of section 271AAB shall not apply on assessee on whom search has been initiated u/s 132 on or after 01.09.2024.”

### 3. Amendments proposed in sections 132 and 132B (w.e.f 01st April, 2025)

Existing law	Proposed Amendment in law
As per existing law, the last date for taking approval u/s 132(8) of the Act for taking approval for retention of seized books of accounts is 30 days from the date of assessment, reassessment or recomputation order.	To simply the practical difficulties, it is proposed to revise the time limit for taking approval for retention of seized books of accounts or document from 30 days to “one month from the end of the month in which the order of assessment, reassessment or recomputation is made.”
In existing law, clause (ii) of explanation I to Section 132B of the Act, states that "execution of an authorisation for search or requisition" shall have the same meaning as assigned to it in Explanation 2 to section 158BE”	The word authorisation in Explanation 1 to section 132 has also been substituted with the word ‘authorisations’. Such amendment has provided more time to tax department. It is proposed to amend such clause by updating the referencing to section 158B of the Act instead of section 158BE.

# Direct Tax Proposals

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## Assessments, Penalties & Misc

### 4. Exemption from prosecution for delayed payment of TCS in certain cases (w.e.f 01st April, 2025)

The section 276BB of the Act deals with the prosecution terms of not less than 3 months which could be extended to 7 years and fine in a case, where an assessee fails to pay the tax collected by him as required u/s 206C of the Act, to the credit of the Central Government.

Vide Finance bill, 2025, it is proposed to insert a proviso stating that such section shall not apply in case where the payment of tax collected by him u/s 206C has been made to the credit of Central Government at any time on or before the time prescribed for filing quarterly statement under proviso to sub-section (3) of section 206C of the Act. Such amendment has relaxed the prosecution terms for assessee on whom such proviso is applicable.

### 5. Certain penalties to be imposed by the Assessing Officer (w.e.f 01st April, 2025)

In existing law, penalties u/s 271C, 271CA, 271D, 271DA, 271DB, 271E of the Act are to be imposed by the Joint Commissioner of Income Tax. However, as the assessment in such cases were being made by the assessing officer, it is proposed to amend the said sections of the Act by giving powers to assessing officer to impose these penalties. This amendment has been proposed to rationalize the process of imposing penalties. However, the assessing officer shall take prior approval of Joint commissioner before passing such penalty order, where penalty amount exceeds the limits specified in section 274(2) of the Act.

Consequently, amendment has also been made in section 246A of the Act by omitting words 'Deputy Commissioner' in clause (n) of the said section.

Further Section 271BB of the act has been omitted as this was a redundant section.

# Direct Tax Proposals

## Assessments, Penalties & Misc

### 6. Amendment in Section 270AA (w.e.f 01st April, 2025)

Existing law	Proposed Amendment in law
In existing law, the Assessing Officer shall, within a period of one month from the end of the month in which the application for immunity is received, pass an order accepting or rejecting such application	<p>It is proposed to extend the said period to three months from the end of the month in which the application for immunity is received by the Assessing Officer.</p> <p>Such amendment has provided more time to the tax department for analyzing the assessee's case and to the assessee as well for representing their case.</p>

### 7. Clarification on Exclusion of Stay Period in Computing Time Limits for proceedings (w.e.f 01st April, 2025)

Particulars	Proposed Amendment in law
In tax proceedings under Sections 144BA, 153, 153B, 158BE, 158BFA, 263, 264, and Rule 68B, the time during which proceedings are stayed by a court order is excluded from the prescribed time limits. The stay period begins when the stay is granted and ends when it is lifted.	<p>The period from the date a stay is granted by a court order until the Principal Commissioner/Commissioner (or the approving panel for Section 144BA) receives the certified copy of the order lifting the stay will be excluded from the prescribed time limits.</p> <p>This amendment has been made to remove ambiguity and with a view to provide more time to the tax department. Time limit for passing penalty order have been revised.</p>

# Direct Tax Proposals

## Assessments, Penalties & Misc

### 8. Time limit to impose penalties rationalised (w.e.f 01st April, 2025)

Existing law (Section 275 of the Act)	Proposed Amendment in law
<ul style="list-style-type: none"><li>Penalty orders are required to be passed by the later of:<ul style="list-style-type: none"><li>(i) The end of the financial year in which penalty proceedings are completed, or</li><li>(ii) Six months from receiving the appeal order by the Principal/Commissioner (if under appeal to Joint Commissioner, Commissioner, or Appellate Tribunal under sections 246, 246A, or 253).</li></ul></li><li>Six months after the revision order under sections 263 or 264</li><li>The later of the end of the financial year when proceedings are completed or six months from penalty initiation in other cases.</li></ul>	<p>Penalty orders are proposed to be passed within six months from the end of the quarter in which:</p> <ul style="list-style-type: none"><li>Connected proceedings are completed and no appeal is made under sections 246, 246A, or 253.</li><li>A revision order is passed under section 263 and 264</li><li>An order of appeal u/s 246 or 246A is received by the Principal Commissioner or Commissioner (If no further appeal has been made under section 253)</li><li>An order of appeal u/s 253 is received by the Principal Commissioner or Commissioner</li><li>A Penalty notice is issued</li></ul> <p>Consequential amendment has also been made in section 246A clause (ja) of the Act to update reference of the above amendment.</p>

### 9. Removing date restrictions on framing the schemes in certain cases (w.e.f 01st April, 2025)

Existing Law	Proposed Amendment in law
As per the current scenario, the deadline for notifying faceless schemes under sections 92CA, 144C, 253, and 255 of the Act is 31.03.2025, as extended by the Finance Act, 2024.	It is proposed to remove the March 31, 2025 deadline for sections 92CA, 144C, 253, and 255, allowing the Central Government to issue directions for faceless schemes beyond that date if needed.



# Direct Tax Proposals

## Assessments, Penalties & Misc

### 10. 139(8A): Updated Return [Clause 39 & 40]

Existing Income Tax Law	Budget Proposals
<p>Section 139(8A) of the Act contains provisions for filing of Updated Return.</p> <p>Assessee can file the updated return upto 24 months from the end of the relevant assessment year.</p> <p>As per Section 140B, for updated return filed upto 12 months from the end of the relevant assessment year, additional income-tax of 25% of aggregate of tax and interest is payable</p> <p>As per Section 140B, for updated return filed after expiry of 12 months and upto 24 months from the end of the relevant assessment year, the additional income-tax of 50% of aggregate of tax and interest is to be paid..</p>	<p>As per Finance Bill, 2025, it has been proposed to amend Section 139(8A) of the Act to increase the time limit to 4 years from the end of relevant assessment year. Following amendment is proposed in this regard:-</p> <ul style="list-style-type: none"><li>- substitute '48 months' for '24 months' in Section 139(8A)(a) so as to increase the time limit to 4 years</li><li>- to insert 4th proviso in Section 139(8A) to provide that no updated return shall be furnished in case show cause notice u/s 148A is issued in his case after 36 months from the end of relevant assessment year</li><li>- to insert 5th proviso in Section 139(8A) to provide that 4<sup>th</sup> proviso shall not be applicable if order u/s 148A is passed determining that case cannot be reopened u/s 148</li><li>- Suitable amendment is proposed in Section 140B to provide that for updated return filed after expiry of 24 months and upto 36 months from the end of the relevant assessment year, the additional income-tax of 60% of aggregate of tax and interest is to be paid</li><li>- Suitable amendment is proposed in Section 140B to provide that for updated return filed after expiry of 36 months and upto 48 months from the end of the relevant assessment year, the additional income-tax of 75% of aggregate of tax and interest is to be paid</li></ul>

# Direct Tax Proposals

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## Assessments, Penalties & Misc

### 11. Provisions Related to Furnishing information related to Crypto Assets –

1. Taxation of Virtual Digital Assets was introduced vide the Finance Act 2022 under Sec 115BBH which provides for taxation of income from transfer of such crypto assets @ 30% without giving any benefit of cost of acquisition. To ensure that such transfers are actually captured and brought into the tax net, TDS provisions u/s 195S were also introduced to provide for deduction of TDS @ 1% of the transaction value by the person who is responsible to pay the consideration of transfer of such virtual digital asset to the resident assessee.
2. The Finance Bill 2025 has proposed to insert a new Section 285BAA in the Act which provides for furnishing information of such crypto asset transactions by the reporting entity. The salient provisions are as follows –
  - The newly inserted provision mandates the reporting entity to provide transaction details in respect to the transfer of crypto assets in such statement for such period within such time as may be prescribed
  - The Central Government may by rules specify the nature of information to be maintained by the reporting entity and to register them with the income tax authority
  - For this section crypto assets shall have the meaning assigned to clause (d) of sub section (47A) of section 2 of the Act. Further, it is also proposed to amend the definition of Virtual Digital Assets to include digital representation of value that relies on cryptographically secured distributed ledger.

The above amendments are proposed to take effect from 1st Day of April 2026.

# Direct Tax Proposals

## TDS, TCS etc.

### Proposed Amendments relating to Tax Deducted at Source and Tax Collected At Source (TDS/TCS), Budget 2025, Proposals.

#### 1. TDS Rates U/s 194LBC reduced for F.Y. 2025-26

TDS Rate U/s 194LBC reduced for F.Y. 2025-26 for “Any income payable by a Securitisation trust to a Resident Investor” as proposed below: -

S.No.	Particulars	Existing Rate	Proposed Rate
1	Where Resident Investor being Individual or HUF	25%	10%
2	Where Resident Investor being Other Person (Other than Individual or HUF)	30%	10%

#### 2. TDS Threshold Rationalization for F.Y. 2025-26 [1/2]

S. No.	Section	Current Threshold	Proposed Threshold
1	193 - Interest on securities	Nil	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 cases
3	194 - Dividend for an individual shareholder	Rs. 5,000/-*	Rs. 10,000/-*

# Direct Tax Proposals

## TDS, TCS etc.

### 2. TDS Threshold Rationalization for F.Y. 2025-26 [2/2]

S. No.	Section	Current Threshold	Proposed Threshold
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/-*	Rs. 50,000/-*
12	194LA - Income by way of enhanced compensation	Rs. 2,50,000/-*	Rs. 5,00,000/-*

\*Represents “during the financial year”

# Direct Tax Proposals

## TDS, TCS etc.

### 3. Definition of “forest produce” rationalized & TCS Rate reduced (U/s 206C(1))

S. No.	Issues	Proposed
1	No definition was provided in the Act for “forest produce”	To bring clarity, it is proposed that “forest produce” shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927.
2	The provision was applicable to traders who were selling such produce.	To address the applicability of TCS on traders of forest produce, it is proposed that only such other forest produce (not being timber or tendu leaves) which is obtained under forest lease will be covered under TCS.

### Further, TCS Rate reduced as under:

S. No.	Particulars	Existing Rate	Proposed Threshold
1	Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	2.5%	2%
2	Timber obtained by any mode other than under a forest lease	2.5%	2%

# Direct Tax Proposals

## TDS, TCS etc.

### 4. Amendment U/s 206C(1G) w.e.f F.Y. 2025-26

S. No.	Particulars	Existing Rate	Proposed Threshold
<b>1</b>	<b>Amount remitted by buyer under Liberalised Remittance Scheme of the Reserve Bank of India, then TCS by Authorised Dealer</b>		
	First Proviso	Nil if amount does not exceed Rs. 7,00,000/- in a Financial Year	Nil if amount does not exceed Rs. 10,00,000/- in a Financial Year
	Second Proviso: where the amount being remitted is for purposes other than education or medical treatment	20% of amount or aggregate of the amounts in excess of Rs. 7,00,000/- remitted by the buyer in a financial year,	20% of amount or aggregate of the amounts in excess of Rs. 10,00,000/- remitted by the buyer in a financial year,
	Third Proviso: If the amount being remitted out is a loan obtained from any financial institution as defined in <u>section 80E</u> , for the purpose of pursuing any education	1.5% of amount or aggregate of the amounts in excess of Rs. 7,00,000/- remitted by the buyer in a financial year,	Nil.
	Fourth Proviso: Seller of an overseas tour programme package shall collect tax	20% of amount or aggregate of amounts in excess of Rs. 7,00,000/- received from the buyer in a financial year:	20% of amount or aggregate of amounts in excess of Rs. 10,00,000/- received from the buyer in a financial year:

# Direct Tax Proposals

## TDS, TCS etc.

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

Section	Existing Law	Proposed Law
Section 206C(7A)	No order of assessee in default can be passed after 6 years from end of the financial year in which the tax was collectible or 2 years from the end of the financial year in which correction statement is delivered, whichever is later.	It proposed to amend to exclude the time period of the assessment proceeding as specified in the provision of sub section (3), (5) and (6) of section 153 while computing the said time limit for passing of order of assessee in default.



# Direct Tax Proposals

## TDS, TCS etc.

### 6. Omission of TCS on sale of Specified Goods w.e.f F.Y. 2025-26

S. No.	Particulars	Existing Rate	Proposed Threshold
1	TCS on sale of Goods exceeding Rs. 50 Lakhs	0.1%	Omitted

### 7. Omission of Section 206AB & 206CCA w.e.f F.Y. 2025-26

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.

Similarly, 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.

S. No.	Issues	Proposed
1	It was difficult for the deductor/collector, at the time of deduction/collection, to verify whether returns have been filed by the deductee/collectee, resulting in application of higher rates of deduction/collection, blocking of capital and increased compliance burden.	To address this issue and reduce compliance burden for the deductor/collector, <u>it is proposed to omit section 206AB of the Act and section 206CCA of the Act.</u>



# Direct Tax Proposals

## TDS, TCS etc.

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

Section 10(23FE) provides an exemption to sovereign wealth funds and pension funds (specified fund) on their income like dividend, interest, and long-term capital gains arising from investment in infrastructure in India made between 01.04.2020 and 31.03.2025 subject to fulfilment of certain conditions.

With respect to taxation of sovereign wealth funds and pension funds. finance bill 2025 proposed the following amendment.

Before Amendment	After Amendment
Investment must be made from 01 April 2020 to 31 <sup>st</sup> March 2025	Investment period now has been proposed to be extended to 31 <sup>st</sup> March 2030.
All the capital gains (short term and long term) from unlisted debt securities were being treated short-term capital gain, irrespective of the holding period and were taxable in the hand of SWFs and PFs.	Long-term capital gains arising from unlisted debt securities proposed to be exempt (23FE) of section 10

This amendment will take effect from 01.04.2025



# Indirect Tax Proposals



# Indirect Tax Proposals

## The Key Highlights of the Budget 2025 related to Goods and Services Tax [1/2]:

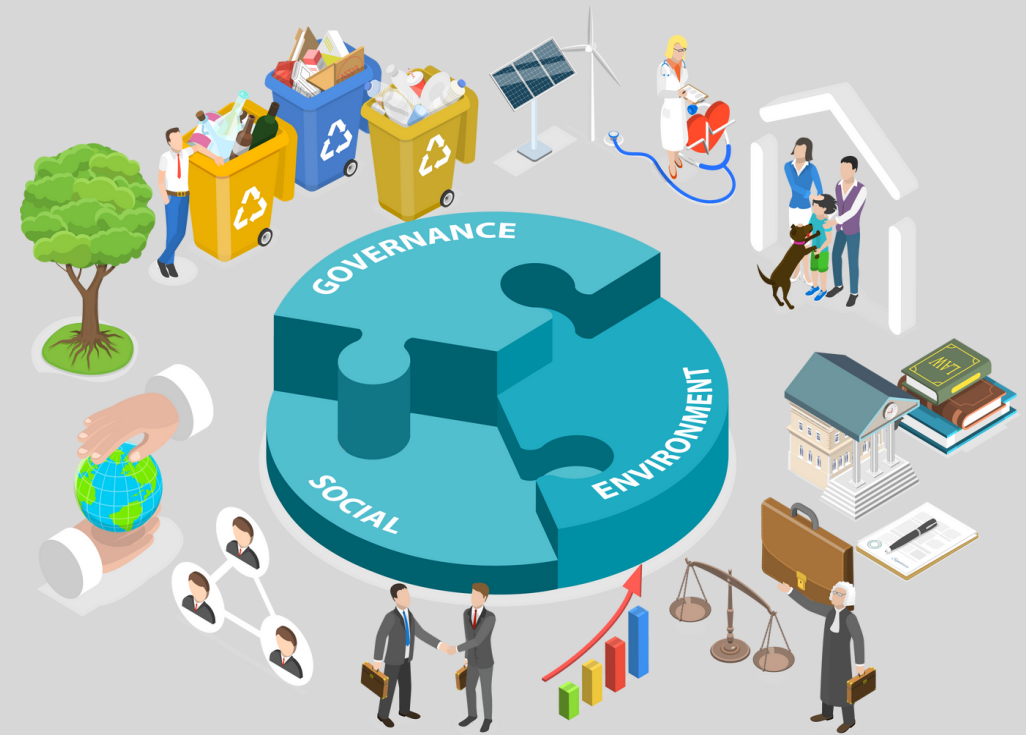
Section	Amendment/Insertion	Key Changes/Details
Section 2 (Definitions)	Amendment in Section 2(61) of CGST Act 2017– Definition of Input Service Distributor (ISD)	Distribution of input tax credit by the Input Service Distributor (ISD) in respect of “inter-state supplies” under Reverse Charge Mechanism (RCM) transactions is explicitly provided by inserting ‘supplies under Section 5(3) and 5(4) of the IGST Act, 2017’ to the definition of ISD.
	Amendment in Section 2(69)(c) – Local Authority	"Local Fund" and "Municipal Fund" inserted as an explanation within the definition of Local Authority. In order to clarify the scope of such terms.
	Insertion of Section 2(116A) – "Unique Identification Marking"	New definition added to CGST Act 2017 for Unique Identification Marking for tracking of evasion-prone commodities. UIM Includes digital stamps, marks, or similar non-removable identifiers.
Omission of Provisions	Omission of Sections 12(4) and 13(4) – Time of Supply for Vouchers	Provisions specifying the time of supply for vouchers (issuance or redemption) deleted.
Section 17 (Apportionment of credit and blocked credits)	Replacement of "plant or machinery" with "plant and machinery" in section 17(5)	To overriding the Supreme Court’s decision in Safari Retreat Case, a retrospective amendment effective from July 1, 2017 clarifies that "plant or machinery" should always be interpreted as "plant and machinery,".
Section 20 (Manner of distribution of credit by Input Service Distributor)	Amendment in Section 20(1) & 20(2)	Includes interstate RCM transactions under ISD, effective from April 1, 2025.
Section 34 (Credit and debit notes)	Amendment in Proviso of Section 34(2) Conditions for Reduction in Output Tax Liability	Amendment explicitly provide for requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

# Indirect Tax Proposals

## The Key Highlights of the Budget 2025 related to Goods and Services Tax [2/2]:

Section	Amendment/Insertion	Key Changes/Details
Section 38 (Communication of details of inward supplies and input tax credit)	Amendment in Section 38(1) & (2) wrt Furnishing Details of Inward Supplies	Enabling clause to prescribe other details to be made available in statement of input tax credit
Section 39 (Furnishing of returns)	Amendment in 39(1) with enabling insertion to prescribe conditions and restriction for filing of return under the said sub-section	Allows the government to specify conditions and restrictions for filing returns, providing flexibility without amending the GST Act.
Section 107 (Appeals to Appellate Authority)	Amendment to Section 107(6) wrt Pre-Deposit for Appeals	Reduces pre-deposit for appeals involving only penalties to 10% of the penalty amount (from 25%) for appeals before Appellate Authority in cases involving only demand of penalty without any demand for tax.
Section 112 (Appeals to Appellate Tribunal)	Addition of proviso to section 112(8) Pre-Deposit for Appellate Tribunal Appeals	Introduces a 10% pre-deposit for appeals before the Appellate Tribunal in cases involving only penalties (no tax demand).
Section 122B	Insertion of Penalty for Non-Compliance with Track and Trace Mechanism	Penalty of ₹1,00,000 or 10% of the tax payable (whichever is higher) for violations of the Track and Trace Mechanism. This is in addition to other penalties under Chapter XV.
Section 148A	Insertion of Track and Trace Mechanism	Enables the government to enforce a Track and Trace Mechanism for specified evasion-prone commodities. Unique identification marks will be used to monitor goods throughout the supply chain.
Schedule III (Activities or transactions which shall be treated neither as a supply of goods nor a supply of services)	Insertion of Clause (aa) – Exemption for SEZ/FTWZ Goods	Transactions involving supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services. Retrospective amendment effective from July 1, 2017

# Sector Announcements



# Sector Announcements

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## Agriculture & Rural Development

- Prime Minister Dhan-Dhaanya Krishi Yojana: Targets 100 low-productivity districts to improve farming output, irrigation, storage, and credit access.
- Rural Prosperity & Resilience Program: Skilling, investment, and technology to create rural employment.
- Mission for Aatmanirbharta in Pulses: Focus on self-sufficiency in Tur, Urad, and Masoor with government-backed procurement.
- Comprehensive Program for Vegetables & Fruits: Promotes better production, processing, and marketing.
- National Mission on High Yielding Seeds: Research and commercialization of high-yield, climate-resilient seeds.
- Mission for Cotton Productivity: 5-year initiative for cotton farmers, enhancing yield and extra-long staple cotton production.
- Kisan Credit Card (KCC) Loan Enhancement: Loan limit increased from ₹3 lakh to ₹5 lakh.
- Urea Plant in Assam: New facility to boost domestic fertilizer production.
- India Post for Rural Economy: Expanded role to support MSMEs, self-help groups, and entrepreneurs.



# Sector Announcements

## MSME & Manufacturing

- Revised MSME Classification: Higher investment and turnover limits for MSMEs to encourage growth.
- Credit Guarantee Expansion: Enhanced cover for micro, small enterprises (₹5 crore to ₹10 crore), startups (₹10 crore to ₹20 crore), and exporter MSMEs (up to ₹20 crore).
- Credit Cards for Micro Enterprises: ₹5 lakh limit for Udyam-registered businesses; 10 lakh cards to be issued in the first year.
- Fund of Funds for Startups: New ₹10,000 crore fund to support innovation.
- First-time Entrepreneur Scheme: ₹2 crore term loans for 5 lakh women and SC/ST entrepreneurs.
- Focus Product Scheme for Footwear & Leather: Investment to create 22 lakh jobs and ₹4 lakh crore turnover.
- Toy Manufacturing Scheme: Support for skill development, clusters, and production ecosystem.
- National Manufacturing Mission: Covers small, medium, and large industries under "Make in India."
- Clean Tech Manufacturing: Boost for domestic production of solar PV cells, EV batteries, and wind turbines.



# Sector Announcements

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## Tourism:-

### 1. *Development of Top 50 Tourist Destinations*

- To be developed in partnership with states through a challenge mode.
- States must provide land for key infrastructure.
- Hotels in these destinations will be included in the infrastructure harmonized master list (HML).

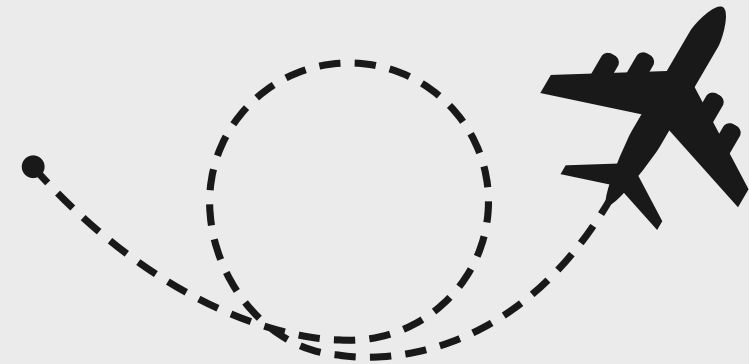
### 2. *Measures for Employment-Led Growth in Tourism*

- Skill development programs for youth, including training in Institutes of Hospitality Management.
- MUDRA loans for homestays to promote local tourism businesses.
- Improved travel and connectivity to tourist destinations.
- Performance-linked incentives for states to enhance tourism management, including better amenities, cleanliness, and marketing.
- Streamlined e-visa facilities and visa-fee waivers for select tourist groups.

### 3. *Special Focus on Spiritual and Religious Tourism*

- Emphasis on destinations related to the life and times of Lord Buddha, continuing from the July Budget initiatives.

### 4. **Medical Tourism and Heal in India**





# Sector Announcement

## Investment & Infrastructure

- SWAMIH Fund 2: ₹15,000 crore fund to complete 1 lakh housing units.
- Tourism Development: 50 key destinations to be developed with PPP model, including visa fee waivers for select tourists.
- Medical Tourism & "Heal in India": Easier visa norms and private sector participation in healthcare tourism.
- Expansion of IITs & Skilling: More seats in IITs, new AI research centers, and National Centres of Excellence for Skilling.
- Day Care Cancer Centres: To be established in all district hospitals.
- Urban Challenge Fund: ₹1 lakh crore for sustainable city development.

## Export Promotion & Global Trade

- Export Promotion Mission: Easier export credit, cross-border financing, and trade facilitation.
- BharatTradeNet: Digital platform for unified trade documentation and financing.
- National Framework for GCC: As guidance to states for promoting Global Capability Centres in emerging tier 2 cities.
- Warehousing & Air Cargo Infrastructure: Enhancements for high-value horticulture exports.



# Sector Announcement

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## Financial Sector Reforms and Development

- FDI in Insurance Sector: FDI limit in insurance raised from 74% to 100% for companies investing all premiums in India.
- Expansion of India Post Payment Bank: Services to be expanded in rural areas.
- Credit Enhancement Facility by NaBFID: NaBFID to establish a 'Partial Credit Enhancement Facility' for corporate bonds in infrastructure.
- Grameen Credit Score: Public Sector Banks to create a 'Grameen Credit Score' for SHG members and rural people.
- Pension Sector Development: Forum to be set up for regulatory coordination and pension product development.
- KYC Simplification: Revamped Central KYC Registry to roll out in 2025 with streamlined periodic updates.
- Merger of Companies: Speedy approval process for company mergers to be simplified and fast-tracked.
- Bilateral Investment Treaties (BIT): Current BIT model to be revamped for more investor-friendly terms.
- Regulatory Reforms: A High-Level Committee to review and simplify non-financial regulations to enhance business ease.
- Investment Friendliness Index of States: An index to be launched in 2025 to promote competitive federalism.



## Mining Sector:-

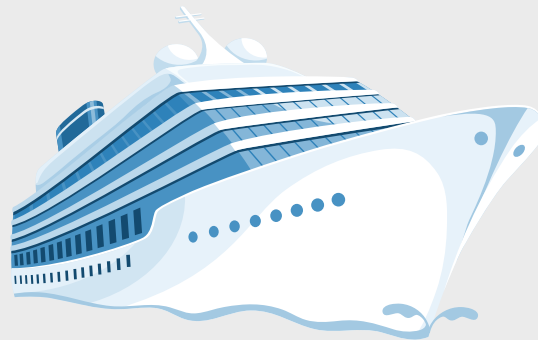
- Mining Sector Reforms: Reforms in mining, including for minor minerals, will be encouraged through best practices and a State Mining Index.
- Critical Minerals Recovery: A policy will be introduced for recovering critical minerals from tailings.

# Sector Announcement

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## Shipping Sector:-

- BCD Exemption for Shipbuilding & Ship Breaking: BCD exemption on raw materials for shipbuilding and ship breaking extended for another 10 years to enhance competitiveness.
- MRO Development for Railway Goods: Time limit for export of foreign-origin goods imported for repairs (ships, aircraft) extended to one year, now also applicable to railway goods.
- Tonnage Tax Scheme Expansion: Benefits of the tonnage tax scheme to be extended to inland vessels registered under the Indian Vessels Act, 2021 to promote inland water transport.
- Capital Gains Tax Exemption: Exemption in Section 10(4H) for capital gains on transfer of equity shares of a ship leasing domestic company by non-residents or units of IFSC.
- Dividend Exemption for Ship Leasing: Exemption in Section 10(34B) for dividends paid by ship leasing companies in IFSC to units engaged in ship leasing.



## Aviation Sector:-

- Modified UDAN Scheme: UDAN will connect 120 new destinations and serve 4 crore passengers in the next 10 years, with support for helipads and smaller airports in hilly and North East regions.
- Greenfield Airports in Bihar: New greenfield airports will be developed in Bihar, along with expanding Patna airport and a brownfield airport at Bihta (Bihar).
- Air Cargo Infrastructure: The government will upgrade air cargo infrastructure and streamline screening and customs protocols for high-value perishable goods.
- Domestic MROs for Railway Goods: The export time limit for foreign-origin goods for repairs will be extended to railway goods, in line with the scheme for aircraft and ships.

# Sector Announcements

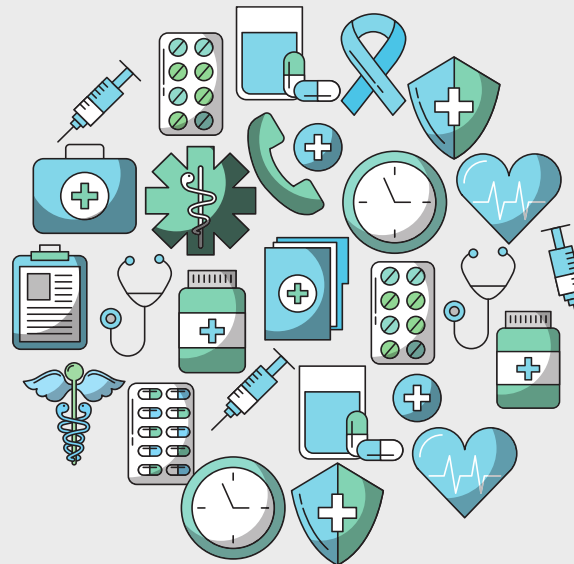
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## Energy sector:-

- Nuclear Energy Mission for Viksit Bharat: India aims to develop 100 GW of nuclear energy by 2047, with amendments to the Atomic Energy Act and Civil Liability for Nuclear Damage Act to promote private sector partnership.
- Nuclear Energy Mission for SMR Development: A ₹20,000 crore initiative will be launched for the research and development of Small Modular Reactors (SMRs), with 5 indigenously developed SMRs operational by 2033

## Healthcare Sector:-

- Medical Tourism and Heal in India: Medical tourism will be promoted with private sector partnerships, capacity building, and easier visa norms.
- Expansion of Medical Education: 10,000 additional medical education seats will be added next year, aiming to increase 75,000 seats in the next 5 years, following a 130% increase in the past decade.



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