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Union Budget 2025
Shaping India’s next chapter

February 2025

Foreword

Every budget is shaped by prevailing geo-political and macroeconomic trends.

Placed in the backdrop of the 2025 environment with its global headwinds, increasing de-globalisation and growing uncertainties while leveraging domestic market and demographic momentum, the choice of proposals by the Finance Minister are pragmatic and progressive, selectively bold and long range!

The bold measures include tax relief of INR 1 lakh crore to the middle-class earners to boost consumption, 5-year extension of tax exemptions for infrastructure investment by sovereign and pension funds, and a new tax code that seeks to simplify the direct taxes law. There is equally a thrust to simplify some of the customs tariff structure and lessen the compliance reporting for charities. The philosophy is that lesser regulations, lower oversights and simplification could enable innovation, promote entrepreneurship, create jobs and achieve growth.

The proposals recognise the need to enhance India's competitiveness with speedier corporate restructuring, sectoral de-regulation (a committee has been formed) and business reforms to decriminalise over 100 provisions. The "Trust first, scrutinise later" approach aims for a business-friendly environment. The expansion of FDI limits in the insurance sector to 100% could attract greater investment and the introduction of a new framework for Global Capability Centres (GCCs) in tier 2 cities could unlock the heartland talent pool.

The measures, outside of tax-related initiatives, are for nurturing innovation. These initiatives include the creation of National Centres of Excellence, Atal Tinkering Labs across 50,000 schools, and a fresh INR 10,000 crore fund for investment in start-ups.

The spend on the growth proposals and material tax relief for personal taxes (with no new taxes) has been carefully balanced to ensure that the fiscal deficit continues to decline per glide path to 4.4 percent and macroeconomic parameters are kept stable. The wide-ranging and detailed proposals demonstrate that the Government has its ears to the ground and the resultant roadmap is robust to accelerate the economic momentum.

Gokul Chaudhri
President –Tax,
Deloitte India

CAN YOU CRACK THE CHRONOLOGY OF THESE ICONIC UNION BUDGET RITUALS ?

#BUDGETBINGO

EVENTS

A FM CALLED ON PRESIDENT AT THE RASHTRAPATI BHAVAN

B LOCK IN PERIOD

C POST BUDGET PRESS MEET

D TIME AND DATE OF BUDGET ANNOUNCEMENT

E CABINET MEETING IN SANSAD BHAVAN

F HALWA CEREMONY

SEQUENCE OF EVENTS

1. ____________
2. ____________
3. ____________
4. ____________
5. ____________
6. ____________

Economic Indicators

The economy is projected to grow between 6.3 percent and 6.8 percent in FY25

Reviving consumption and increasing capital expenditure are likely to sustain India’s growth amid global uncertainties

Growth drivers

The Union Budget has implemented measures to boost consumption by increasing disposable income, easing inflationary pressures and generating employment to reinvigorate the slowing economy.

Initiatives aimed at increasing agricultural production and improving post-harvest management will contribute to moderating inflation. Furthermore, the significant increase in the nil tax slab to INR1.2 million will provide a major boost to disposable income. The budget focused on creating opportunities by announcing initiatives to support MSMEs and sectors such as footwear, leather, toys (Made in India) and food processing, all of which are highly labour-intensive.

The Government has increased capital expenditure by 10.1 percent, with a budget of INR11.2 trillion for FY26. Additionally, an INR1.5 trillion outlay for 50-year interest-free loans to states emphasizes decentralising responsibility for infrastructure development.

To boost exports, the Government has launched the Export Promotion Mission, which has Bharat Trade Net at its core and streamlines trade facilitation and financing.

Fiscal policy

The Government estimates the fiscal deficit to be 4.8 percent of GDP in FY25, lower than the budget estimate of 4.9 percent of GDP. The Government intends to reduce the fiscal deficit to 4.4 percent of GDP in FY26. The Government will adhere to the fiscal consolidation roadmap outlined in FY22. This signals confidence to global investors that the Government has its expenses under control amid global uncertainties and a volatile trade and investment situation.

Focus on farm sector will help contain inflation driven by higher food prices, particularly in vegetables and pulses and boost consumers' purchasing power. Higher income in the hands of youth, with higher income elasticity will boost consumption growth, the biggest domestic demand driver.

Path to fiscal consolidation remains a priority as India signals global investors about its ability to manage finances.

Export promotion through streamlined trade facilitation and financing and support to MSMEs in dealing with non-tariff barriers.

The FY26 Budget aims to promote agricultural resilience, self-sufficiency and increased support for farmers

Agriculture

- **Agricultural district programme** targeting 100 districts with low productivity, moderate crop intensity and inadequate credit access to boost agricultural productivity through crop diversification, increased productivity and sustainable farming.
- A **six-year National Mission for Edible Oilseeds** to achieve self-reliance in edible oils. The mission is to provide self-reliance in pulses with a special focus on tur, urad and masoor.
- **National Mission on high-yielding seeds** aimed at enhancing the research ecosystem for developing and distributing seeds that offer high yields, pest resistance and climate resilience, targeting 100 seed varieties.
- **Rural Prosperity and Resilience Programme** in partnership with states to combat underemployment in agriculture, focusing on skilling, investment and technology to boost the rural economy.
- Establishment of a **Makhana Board in Bihar** to enhance production and agricultural productivity.
- An **increase in the loan limit for Kisan Credit Cards (KCC)** from INR0.3 million to INR0.5 million, benefitting 77 million farmers, fishermen and dairy farmers, facilitating access to short-term loans.
- A five-year mission to **boost cotton farming productivity** and **promote extra-long-staple cotton varieties**.
- A programme to **enhance the production and supply of fruits and vegetables**, ensuring efficient processing and better prices for farmers through collaboration with state governments.
- **Expansion of credit and insurance services** offered by India Post in rural areas.

Focus on self-reliance and food security is expected to reduce dependence on the import of pulses, stabilise the food supply, and mitigate food price volatility and inflation, which have been longstanding concerns.

Emphasis on strengthening infrastructure and supply chains could promote investments while reducing overall costs related to post-harvest losses, storage and transportation.

Farmers could benefit from upskilling, improved credit facilities and access to technology, subsequently fostering better price realisation, increasing incomes and boosting the rural demand.

Significant investments in strategic areas of education, urban development and R&D to boost economic growth

Investments

- Plans capital expenditure of about **INR10.2 trillion,** out of which INR1.5 trillion is set for the 50-year interest-free loans to states for capital expenditure and incentives for reforms.
- Increase FDI for the **insurance sector to 100 percent** for companies investing their entire premium in India.
- Set up **200 daycare centres** in district hospitals in FY26, with all hospitals covered in **three years for affordable cancer care.**
- **75,000** new medical seats and **10,000** fellowships for tech research in IIT and IISc in the next five years.
- SWAMIH Fund-2, with an allocation of **INR150 billion**, aims to complete **0.1 million dwelling units** through blended finance, boosting urban housing projects.
- New Udaan scheme to build **120 new airports** in the next 10 years.
- Urban Challenge Fund of **INR1 trillion** to implement the proposals for "Cities as Growth Hubs", "Creative Redevelopment of Cities" and "Water and Sanitation".
- **Investment of INR5 billion** to set up Center of Excellence in **Artificial Intelligence** for Education.
- Bolstering cyber security in critical infrastructure by allocating INR19 billion.
- **An outlay of INR200 billion** for private sector-driven research, development and innovation initiatives.
- Promote **Global Capability Centres (GCCs) in tier 2 cities** through a national framework for states.
- Start a **National Geospatial Mission** to develop spatial data to facilitate the modernisation of land records, urban planning and design of infrastructure projects.
- Plans to develop **100 GW of nuclear energy by 2047** for energy transition.
- Investment of **INR200 billion** for R&D of Small Modular Reactors (SMR) with the goal of **five indigenously developed SMRs operational by 2033.**
- Maritime development fund of **INR250 billion** to support and promote competition in the maritime sector.
- Establish a second Gene Bank with **1 million germplasm lines** to ensure future food and nutritional security, providing conservation support for genetic resources to both the public and private sectors.

States and the private sector to invest in infrastructure and boost their capital expenditure to create assets and employment, ensuring long-term sustainable growth.

Focus on developing urban infrastructure and regional connectivity will create more 'growth centres' and ensure broad-based and inclusive growth.

Building AI capabilities through investments in education, R&D for innovation and cybersecurity to build the ecosystem and infrastructure to remain ahead in the technology race.

Comprehensive measures to boost MSME growth, enhance start-up support and promote exports

MSME

- **MSME investment and turnover limits for classification are enhanced** to 2.5x and 2x, respectively, to achieve higher scale efficiencies, technological upgradation and **better access to capital.**
  - Cover raised to INR100 million (additional INR1.5 trillion credit in five years) for micro/small enterprises.
  - Start-up credit guarantee cover increased to INR200 million, with the guarantee fee moderated to one percent for 27 focused sectors and exporter MSMEs for term loans up to INR200 million.
- **Credit cards** with a limit of INR0.5 million **for Udyam-registered micro-enterprises**; 1 million cards will be issued in the first year.
- A new **fund-of-fund for start-ups** of INR100 billion.
- **A First-Time Entrepreneur Scheme** for 0.5 million new entrepreneurs, including women and Scheduled Castes and Scheduled Tribes, to get term loans up to INR20 million over the next five years.
- A new manufacturing mission to boost the Make in India initiative across industry sizes will be launched; this will also support Clean Tech manufacturing.
- A focused scheme to make India a global hub for toys.
- Focus product scheme to enhance the productivity, quality and competitiveness of India’s footwear and leather sector will be implemented.
- **National Institute of Food Technology, Entrepreneurship and Management** to be set up in Bihar.
- Street vendors to get UPI-linked credit cards with a limit of INR30,000.

Exports

- An **Export Promotion Mission** to be set up to boost export credit, cross-border factoring and MSME support.
- Importers/exporters to **voluntarily declare** facts and pay duty with interest, penalty-free, unless under audit.
- Imported input end-use period to be **extended to a year**, with quarterly instead of monthly reporting.
- Developing **domestic manufacturing** capacities to integrate with global supply chains in key sectors.
- The **handicraft export** period to be extended to 15 months, with nine more items to be added to the duty-free list.
- Digital Public Infrastructure (DPI) **Bharat Trade Net** to unify digital trade documentation and financing.
- Enhancement in infrastructure and warehousing for **air cargo** for high-value horticulture perishables.

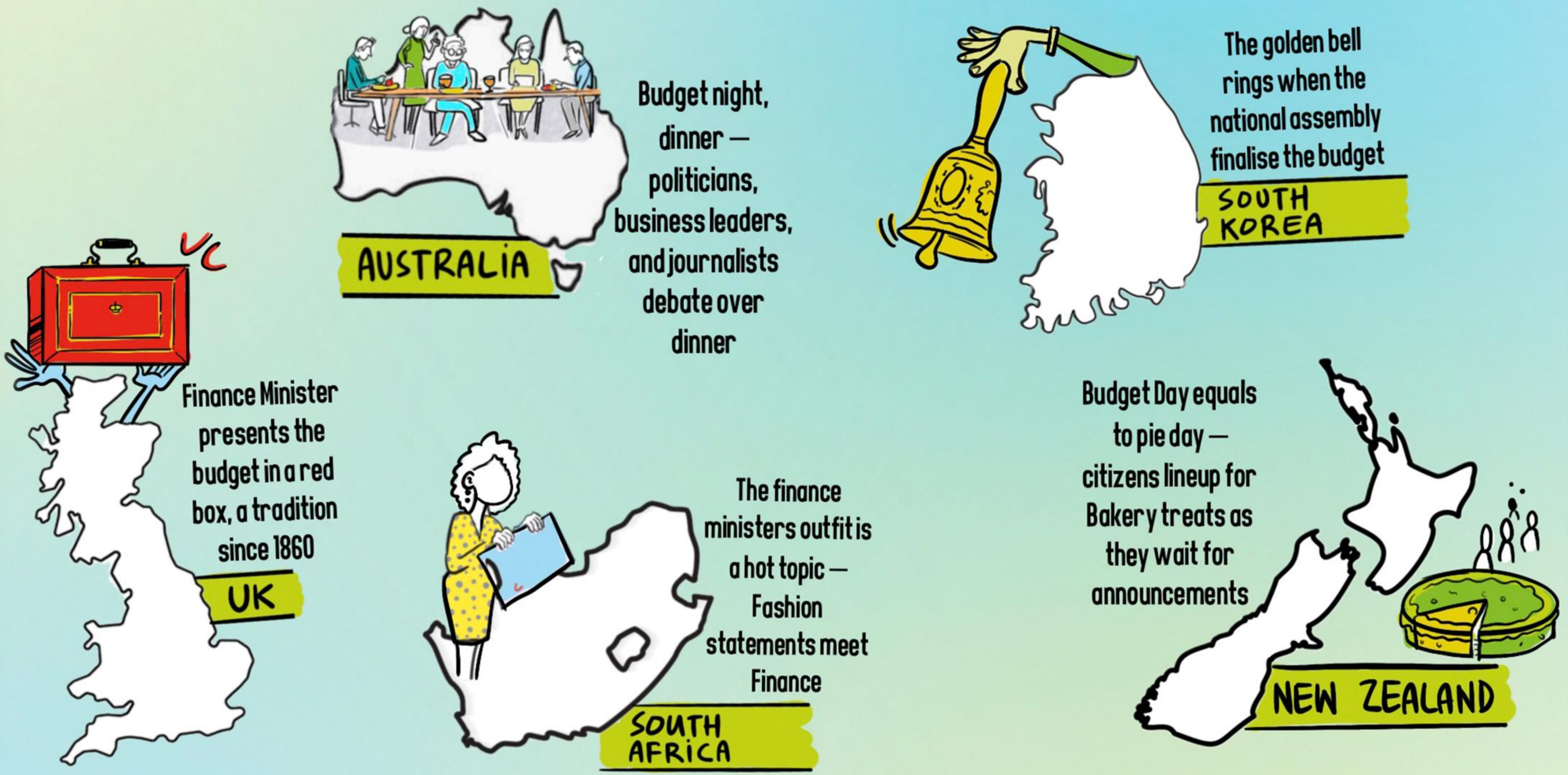
Extending credit limits, reducing guarantee fees and offering incentives to start-ups in the MSME sector help scale, innovate and create more youth employment.

Support to women entrepreneurs and vulnerable groups by improving access to credit and fostering inclusive growth.

Boost exports by supporting MSMEs, developing domestic manufacturing capacities and improving logistics infrastructure and warehousing.

FINANCE AND TRADITION : A GLOBAL BUDGET TOUR

#BUDGETBINGO



Direct Tax

Direct tax

New income tax bill

- A new simplified income tax bill to be introduced next week to increase tax certainty, reduce litigation, focus on “Nyaya” (justice) and achieve good governance.
- The new bill is expected to be concise (close to half of the text/chapters contained in the present law).

Corporate Tax

Significant Economic Presence ('SEP')

- Similar to the exclusion under business connection, SEP provisions to exclude operations confined to the purchase of goods in India for export purposes by non-residents.

New presumptive taxation scheme for non-residents

- 25 percent of the amounts paid/payable to non-residents, for providing services or technology in India to eligible Indian residents for setting-up/operating an electronics manufacturing facility or manufacturing electronic items, shall be deemed to be profits and gains of such non-resident.

Tonnage tax scheme

- Tonnage tax scheme extended to specified inland vessels to promote inland water transportation and attract investments.
- Effective 1 April 2025, the time-limit for approving application under the tonnage tax scheme is increased to three months from the end of the quarter in which such application is received.

Penalties and prosecution

- The time-limit for processing a taxpayer's application seeking immunity from imposition of penalty and prosecution in case of under-reporting of income is proposed to be extended to three months from the end of the month, in which, the taxpayer's application is received by the tax authority.
- Uniformity brought in time-limit for passing penalty order. It now has to be passed within six months from the end of the quarter, in which, the order for the relevant proceedings is passed/received by the specified tax authority.
- No prosecution for delay in deposit of TCS where the same is paid before the due date of filing quarterly TCS return

Effective tax rate – less than 10 percent

Corporate Tax

Others

- The three-year tax holiday benefit available for start-ups has been extended to start-ups set-up on or before 31 March 2030.
- Assessing Officer empowered to levy certain penalties that could earlier be imposed by JCIT.
- Effective 1 April 2025, the time-limit for filing the updated tax return to be increased from 3 years to 5 years from the end of relevant financial year. Additional tax payable on filing updated return (including existing provisions) are given below:

Time-limit for filing updated return	Additional tax payable (percentage of tax and interest payable)
Existing time limits	
Up to 12 months	25%
After the expiry of 12 months and up to 24 months	50%
Additional time limits	
After the expiry of 24 months and up to 36 months	60%
After the expiry of 36 months and up to 48 months	70%

Corporate Tax

- The time-limit for the conclusion of certain specified proceedings under the ITA is to be computed by excluding the period commencing from the date of the order granting stay until the date on which the certified copy of the order vacating the stay is received by the specified tax authority.
- Definition of virtual digital asset is expanded to include any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions.
- Rationalisation of block assessment provisions for search and requisition made on or after 1 September 2024, especially in respect of international or specified domestic transaction. It is also proposed to include the term “virtual digital asset” as one of the assets enumerated in the definition of “undisclosed income”.

TDS/TCS

Rationalisation measures

Omission of TCS on the sale of goods

A seller of goods is required to collect TCS at 0.1 percent of the sale consideration exceeding INR5 million, subject to certain conditions if no TDS was done. Thus, either a seller is responsible for collecting TCS from the buyer or the buyer is required to deduct TDS on payments made to the seller for the same transaction, which requires understanding the other person’s turnover.

To simplify business operations and reduce the compliance burden on taxpayers, the provisions of TCS are proposed to no longer apply from 1 April 2025.

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

There is a requirement for a higher rate of TDS/TCS for specified payees/payers (respectively) who have not filed their income tax returns.

It is proposed to remove these provisions effective 1 April 2025 to reduce the compliance and administrative burden associated with verifying whether returns have been filed by the specified payee/payer.

Reduced TDS rate for income from investments made in securitisation trust

The TDS rate on income payable by a securitisation trust to a resident investor is proposed to be reduced to 10 percent from the existing 25 percent (for an individual and HUF)/30 percent (others).

Sale of goods exempted from TCS

TDS/TCS

Rationalisation of threshold limits

Transaction/particulars	Current threshold (INR)	Proposed threshold (INR)
Interest on securities	Nil	10,000
Interest on securities to individual/HUF – Debentures issued by a public company	5,000	10,000
Dividend	5,000	10,000
Interest other than on securities received by senior citizens from banks, co-operative societies carrying on banking business, other specified co-operative societies and post office deposits.	50,000	100,000
Interest other than securities received by payee (other than a senior citizen) from banks, co-operative societies carrying on banking business, other specified co-operative societies and post office deposits.	40,000	50,000
Interest other than securities – other cases	5,000	10,000
Winnings from lottery, crossword puzzle, etc. Winnings from horse race	**Aggregate** of amounts exceeding 10,000 during the financial year	10,000 in respect of a **single** transaction

Relief from TDS on low-value transactions

TDS/TCS

Rationalisation of threshold limits

Section	Current threshold (INR)	Proposed threshold (INR)
Insurance commission	15,000	20,000
Commission on sale of lottery tickets		
Commission and brokerage		
Rent	240,000 **per annum**	50,000 **per month***
Fees for professional and technical services	30,000	50,000
Income from mutual fund unit	5,000	10,000
Payment of compensation of acquisition of immoveable property	250,000	500,000
TCS on remittance under the liberalised remittance scheme and for overseas tour programme package	700,000	1,000,000
TCS on remittance of any sum out of loan from specified financial institution for education	700,000	TCS not applicable

Relief to smaller rent payers

Funds and Fund Manager

Clarity on characterisation of securities held by AIF

Effective FY26, securities held by Category I and Category II AIFs specifically categorised as 'capital assets', providing certainty on capital gains characterisation for income arising on their transfer.

Simplified regime for funds managers based in IFSC

Investment fund located overseas and managed by a fund manager in India is safeguarded from being treated as resident/having a business connection in India, subject to satisfaction of various conditions.

With effect from FY25, the following relaxations have been proposed:

- The sunset date for fund managers to set up operations in IFSC, to be eligible for any relaxations of the conditions, is extended to 31 March 2030
- The existing condition that, aggregate participation or investment in the fund by persons resident in India should not exceed 5 percent, has been relaxed by providing for such condition to be tested as on 1 April and 1 October of the FY with a grace period of four months

Tax rate on sale of unlisted securities by IFSC Category III AIFs/IFSC Retails scheme or ETFs/ FPIs

LTCGs arising on sale of unlisted securities now taxable at 12.5 percent from FY26, to align with the overall capital gains regime announced last year

Capital gains tax rate aligned for IFSC based AIFs/FPIs

Relaxations for IFSC aircraft and ship leasing units

Extending exemption for IFSC aircraft leasing units to IFSC ship leasing units

Tax exemption has been provided to IFSC-based ship leasing units for (i) dividend received and (ii) capital gains from transfer of shares of step down SPV in IFSC (engaged in ship leasing).

Extension of the sunset date for the set-up of the IFSC unit to 31 March 2030 for the following benefits:

- Ten-year tax holiday for income from transfer of ship/aircraft by an IFSC unit
- Tax exemption for royalty/interest paid by an IFSC unit to a non-resident for leasing aircraft/ship
- capital gains on the sale of equity shares of step-down SPV in IFSC (engaged in aircraft/ship leasing)

IFSC benefits extended to ship leasing units

Other IFSC-related relaxations

Relocation of funds to IFSC

- Sunset date for the relocation to IFSC with tax neutrality is extended to 31 March 2030.
- Scope of funds that can be relocated to IFSC with tax neutrality is extended to include retail schemes and ETFs registered in IFSC.

Inter-group borrowing with a treasury centres in IFSC not subject to deemed dividend implications

Exclusion of any advance or loan between two ‘group entities’ from the ambit of deemed dividend where one of the group entities is a ‘finance company’ or a ‘finance unit’ set-up as a global or regional treasury in IFSC and the ‘parent or principal entity’ of such group is listed on a stock exchange outside India unless notified otherwise.

Additional conditions to qualify as group/parent/principal entity will be notified.

Sunset date extended for claiming exemptions by investment divisions of OBU in IFSC

The sunset date to commence operations to avail exemptions on specified income is now extended to 31 March 2030

Income earned by a non-resident on derivative contracts with an FPI (set-up in IFSC) now exempt

Exemption to non-residents on specified income from derivative contracts issued by IFSC banking units extended to such contracts entered with FPIs set-up in IFSC

M&A Tax

Relaxations for SWFs and PFs

The sunset date for investments by SWFs and PFs (for claiming an exemption for income from specified infrastructure investments) has been extended to 31 March 2030.

Effective 1 April 2024, the exemption of LTCGs from specified infrastructure investments would also apply to unlisted debt securities (even if deemed as short-term capital gain under other provisions).

Clarification on business trusts (REITs/InvITs)

A business trust's income is taxed at the maximum marginal rate, subject to the concessional tax rates under sections 111A and 112. Section 112A (long-term capital gains tax on listed shares) has also been included in this carve out from 1 April 2025.

Limitation on carry forward of losses pursuant to amalgamation/business re-organisation

The accumulated losses transitioned in amalgamations/business reorganisations effected on or after 1 April 2025 shall be allowed to be carried forward for 8 years from the year of incurrence of the loss by the predecessor entity.

Rationalisation of the merger process

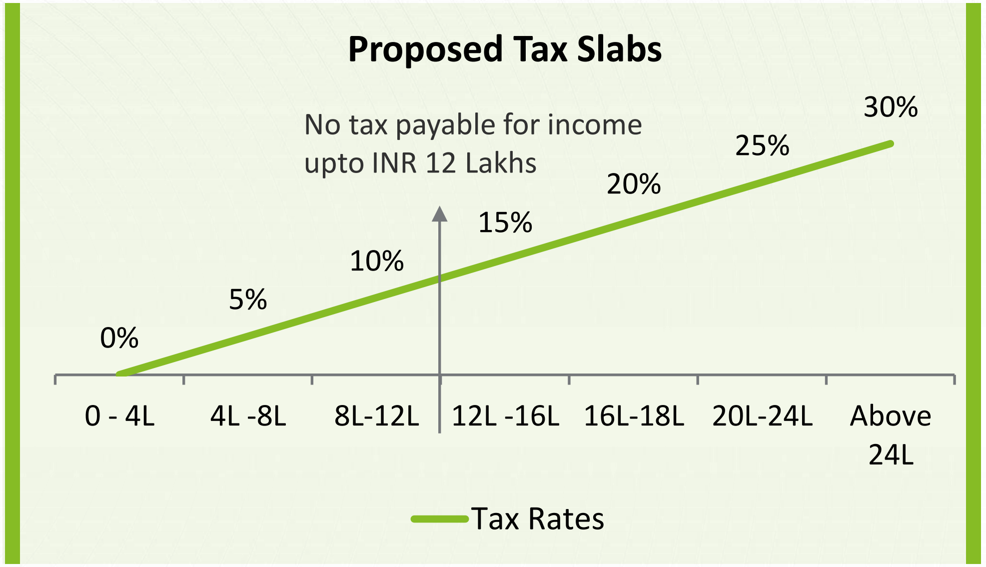
An announcement was made in the budget speech on rationalisation/simplification of the merger/fast-track merger process.

Extension of sunset date for investment by SWFs and PFs

Fresh lease of life for the carry forward of tax losses in a merger curtailed

Personal Tax – New tax regime

- Basic exemption limit increased from INR0.3 million to INR 0.4 million.
- Nil tax for resident individuals up to taxable income (excluding certain special incomes) of INR1.2 million (up from INR 0.7 million).
- A 30 percent tax to apply from income over INR 2.4 million (up from INR 1.5 million).
- Tax savings up to a maximum of INR 0.11 million.
- No change in the standard deduction.
- No change in the old tax regime.



Personal Tax

Increase in the income limits for perquisite calculation

- Enhanced salary thresholds to be notified by the Central Government under the perquisite provisions to tax certain benefits including overseas medical treatment.

Bringing clarity on the maturity of Unit Linked Insurance Policy (ULIP)

- ULIPs not qualifying for exemption under Section 10(10D) for any reason to be subjected to capital gains tax.

Exemption on life insurance policy issued by IFSC insurance offices

- Proceeds of life insurance policies having an annual premium of more than INR5 lakh (INR 2.5 lakh for ULIPs) issued by an IFSC insurance intermediary office will be exempt under Section 10(10D), subject to other conditions therein.

Exemption in respect of the self-occupied property relaxed

- Two residential house properties may be claimed as self-occupied without any conditions.

Transfer Pricing

Key amendments

Block transfer pricing assessments for the three consecutive years

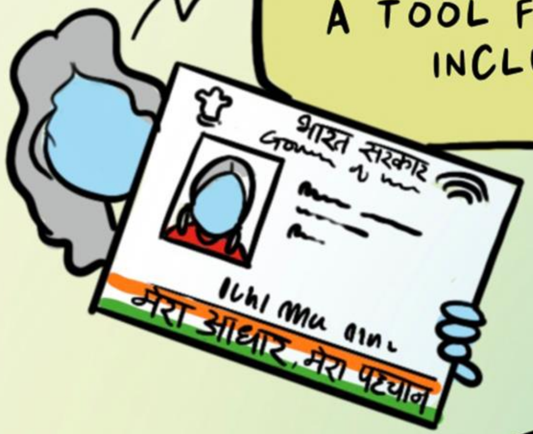
- **Applicability:** Applicable from FY 2025–26 onwards.
- **Conditions for applicability**
  - Taxpayer must exercise the option for the following two consecutive previous years in addition to the year under consideration
  - TPO will validate the option and pass an order by the end of the next month in which the option was exercised, subject to conditions
- **Determination of ALP (once option validated)**
  - The ALP determined in relation to an international transaction or a specified domestic transaction for any previous year will apply to similar transactions for the immediate next two years.
  - No new reference for ALP computation will be made for such transactions for the years covered by the block period. If made, it will be considered as if no reference is made for such a transaction.
- **Recomputation of income**
  - The AO will recompute total income based on the TPO's determination of ALP within three months from the end of the month in which the assessment is completed.
  - DRP directions, if any, will also be considered in such a recomputation.
- **Exclusions and clarifications**
  - These provisions will not apply to proceedings under search cases.
  - CBDT may issue guidelines to resolve difficulties, subject to government approval.

Block assessments to ease the audit process

Expansion of scope of safe harbour rules to be notified

#BUDGETBINGOUT

AADHAAR CARD WAS FIRST MENTIONED AS A TOOL FOR FINANCIAL INCLUSION IN:



2012

2015

2017

2020

THE "DIGITAL RUPEE" WAS FIRST INTRODUCED IN THE BUDGET IN:

2019

2021

2020

2022

Indirect Taxes

Goods and services tax

The Finance Bill, 2025

Legislative changes

- Retrospective amendment made to replace the phrase “plant **or** machinery” with “plant **and** machinery” for ITC on services relating to construction of immovable property. **Hence, the Hon’ble Supreme Court ruling in the case of M/s Safari Retreats Pvt Ltd** nullified to the extent of observations made with respect to “Plant or machinery”. The rest of the observations still stand valid.
- Amendments made to delete the time of supply provisions relating to vouchers as the same are to be treated as neither supply of goods nor supply of services.
  - Only the underlying supply is to be taxed.
- Definition of ISD and related provisions amended to enable coverage of inter-state RCM transactions.
- Amendments made to credit note-related provisions to impose the requirement for reversal of ITC by the registered recipient to enable the supplier to claim a corresponding reduction in output tax liability.
- Pre-deposit rationalised to 10 percent, for appeal before the Appellate Authority and Appellate Tribunal in cases involving only penalty without any tax demand.
- Supply of goods warehoused in SEZ/FTWZ before export or clearance to DTA will not be treated as supply of goods and/or services.
  - No refund of tax already paid for such transactions.

Retrospective amendment in ITC restriction on goods and/or services related to construction of immovable property.

Transaction in vouchers are neither supply of goods nor supply of services, time of supply-related provisions deleted.

Amendments made to link the reduction of output liability on credit notes to the reversal of ITC by the registered recipients.

Goods and services tax

The Finance Bill, 2025

Procedural changes

- Amendments made to provide a legal framework for the generation of Form GSTR-2B based on IMS for the purpose of availing ITC.
- Amendment made in the definition of "local authority" to clarify its scope to settle various disputes on the issue of whether government entities qualify as local authorities.
- New provision inserted to enable the track and trace mechanism for specified commodities and levy penalties for contravention as specified.

Amendments made to enable implementation of IMS for availing ITC.

Central excise

The Finance Bill, 2025

Legislative changes

- Establishment of “Interim Board for Settlement” to replace the existing CCESC with effect from 1 April 2025.
  - All pending applications, if any, will be dealt with by the interim board constituted for settlement.

Tariff changes

- Implementation of higher excise duty on the sale of unblended diesel has been deferred until 31 March 2026.

“Interim Board for Settlement” to replace the existing CCESC

Service tax

The Finance Bill, 2025

Legislative changes

- Retrospective amendment to exempt services provided or agreed to be provided by insurance companies by way of reinsurance services under the WBCIS and the MNAIS from the levy of service tax.
  - The service tax exemption period is from 1 April 2011 to 30 June 2017.
  - Application for refund of tax already paid can be filed within six months from the date Finance Bill, 2025 receives Presidential assent.

Retrospective amendment from 1 April 2011 to 30 June 2017 to exempt service on specific reinsurance services provided by insurance companies.

Customs

Legislative changes

Time limit for provisional assessment

- A definite time limit of **two years** has been provided for the finalisation of provisional assessments with some exceptions.
- In case of non-adherence to the time limit, the importer/exporter needs to communicate the reasons in writing.
- For pending cases, the time limit shall be calculated from the date of the president’s assent of the finance bill.

Voluntary revision of entry after clearance

- A new provision is proposed to enable importers and exporters of goods to voluntarily revise an entry after clearance.
- Such revision would form the basis for payment of differential duty and interest or claiming a refund.
- No revision is allowed in cases involving audits, investigations, etc.

As a measure to promote the ease of doing business, a time limit introduced to finalise provisional assessments.

The provision allows importers or exporters to voluntarily declare material facts and pay duty with interest, without penalty.

Time limit and conditions for such voluntary revision to be prescribed separately.

Customs

Legislative changes

Dissolution of settlement commission

- No applications shall be filed before the Settlement Commission for settlement of cases after 1 April 2025. Pending applications shall be dealt with by an Interim Board.

Period of limitation for refund in certain cases

- The time limit for seeking a refund based on a voluntary revision of entry or amendment of documents (Section 149) shall be one year from the date of payment of duty or interest.

Procedural changes

Amendments in (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022

- Statements and returns under the rules are now required to be filed on a quarterly basis instead of monthly.
- The time limit for utilising goods has been extended from six months to one year.

The above amendments are effective from 2 February 2025.

Interim Board to dispose of all ongoing matters pending before the Settlement Commission.

Time limit to claim refund of basis amendment of Bill of Entry.

The amendment provides operational flexibility and the ease of compliance.

Customs

Changes in customs tariff

Removal of tariff rate

- The tariff rate has been reduced from 25 percent, 30 percent, 35 percent and 40 percent to 20 percent.
- The tariff rate has been reduced from 150 percent, 125 percent and 100 percent to 70 percent.

Creation of new tariff items

New tariff items are introduced:

- To separately identify waste oils containing different levels of concentration levels of Polychlorinated Biphenyls (PCBs), Polychlorinated Terphenyls (PCTs) or Polybrominated Biphenyls (PBBs) under sub-heading 2710 91
- For identification of certain dual-use chemicals for non-pesticidal use in chapter 28
- In heading 8112 to align with WCO HS 2022

[These changes will be effective from 1 May 2025]

Customs

Key reduction in duty rates

Description of goods	until 1 February	from 2 February
Information technology and electronics		
Ethernet switches carrier-grade	20%	10%
Inputs/parts and sub-parts of PCBA, camera module, connectors and inputs or raw materials for use in the manufacture of cellular mobile phones/wireless headsets	2.5%	Nil
Open cell (with or without touch) for interactive flat panel display module	15%/10%	5%
Specified inputs/parts (chip on film, PCBA, glass board/substrate cell) for use in the manufacture of open cells of TV panels of LED/LCD TV	2.5%	Nil
Capital goods for manufacturing lithium-ion battery		
Specified capital goods/machinery for use in the manufacture of lithium-ion battery of EVs and mobile phones	Multiple, as applicable	Nil
Drugs and medicines		
Specified 36 life-saving drugs and medicines and bulk drugs for manufacturing the same	As applicable	Nil
Specified six life-saving medicines and bulk drugs for manufacturing the same	As applicable	5%

Customs

Key reduction in duty rates

Description of goods	until 1 February	from 2 February
Automobile		
Motor vehicles (for passenger) covered under tariff heading 8702	40% (+4% SWS)	20% (+20% AIDC)
Motor vehicles (for goods) covered under tariff heading 8704	40% (+4% SWS)	20% (+20% AIDC)
Motorcycles having (i) Engine capacity not exceeding 1,600 CC (CBU) (ii) Semi-knocked Down (SKD) (iii) Completely Knocked Down (CKD)	 50% 25% 15%	 40 20 10
Motorcycles having (i) Engine capacity 1,600 CC and above (CBU) (ii) Semi-knocked Down (SKD) (iii) Completely Knocked Down (CKD)	 50% 25% 15%	 30 20 10

Customs

Key reduction in duty rates

Description of goods	Rates (until 1 February)	Rates (from 2 February)
Energy		
Solar module under tariff heading 8541	40% (+4% SWS)	20% (+20% AIDC)
Consumer		
Luminaries and light fittings, including searchlights and spotlights and parts thereof etc.	25% (+2.5% SWS)	20% (+5% AIDC)
Parts of electronic toys, under tariff item 9503 00 91	70%	20% (+20% AIDC)
Other furniture and parts thereof are covered under tariff heading 9403	25% (+2.5% SWS)	20% (+5% AIDC)
Chemicals		
Laboratory chemicals under tariff item 9802 00 00 (other than those attracting 10 percent BCD on specified end use)	150% (+ 15% SWS)	70% (+70% AIDC)

Customs

Key increase in duty rates

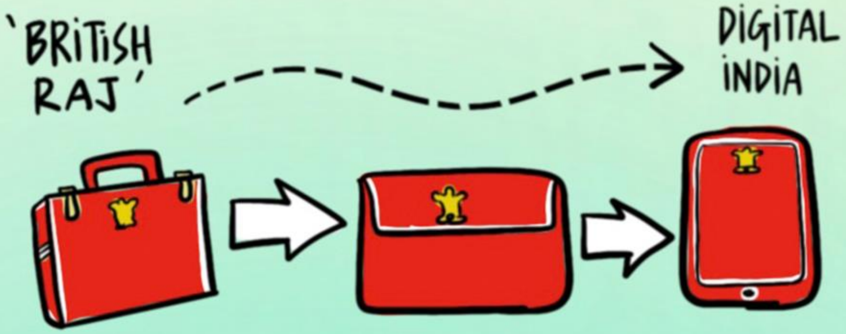
Description of goods	Rates (until 1 February)	Rates (from 2 February)
Electronic		
Interactive flat panel display classified under tariff item 8528 59 00 (CBU)	10%	20%
Textile		
Knitted fabric	20%/10%	20% or Rs115/kg, whichever is higher

Rationalisation of cess and surcharge

Social welfare surcharge has been exempted on several goods with an objective to levy only one cess/surcharge. In addition, AIDC has been increased/made applicable on many products, wherein rate of BCD has been reduced.

GUESS WHAT ? DID YOU KNOW ?

#BudgetBingo



THE BUDGET WAS ONCE CARRIED IN A BRIEFCASE THEN A FOLDER AND NOW A TABLET

INCLUDING TODAY'S SIX UNION BUDGETS HAVE DROPPED ON A SATURDAY!

MORARJI DESAI HOLDS THE RECORD FOR PRESENTING TEN UNION BUDGETS - THE MOST BY ANY FM

IN 2019, NIRMALA SITHARAMAN MADE HISTORY BY INTRODUCING THE RED 'BAHI KHATA' (LEDGER BOOK) FOR THE BUDGET, MARKING A BOLD DEPARTURE FROM COLONIAL-ERA TRADITIONS

Policy Updates

Trust-based economic governance

Ease of doing business

- A high-level committee for regulatory reforms to be set up for review of non-financial sector regulations, certifications, licences, permissions and compliances.
- To keep the competitive spirit of attracting investors by states, an Investment Friendliness Index of States would be introduced in 2025.
- Jan Vishwas Bill 2.0 to be introduced to decriminalise more than 100 provisions under various laws.
- The scope of fast-track mergers to be expanded and timelines, requirements and procedures for consummating mergers would be rationalised.

Fostering rural prosperity and resilience

- In partnership with states, the Government has proposed to undertake the following initiatives:
  - Prime Minister Dhan-Dhaanya Krishi Yojana to enhance agricultural productivity, adopt crop diversification and sustainable agriculture practices and facilitate availability of financial support to farmers.
  - A comprehensive multi-sectoral 'Rural Prosperity and Resilience' programme aimed at addressing underemployment, focusing on rural women empowerment and enhancing agricultural productivity.

"….regulations must keep up with technological innovations and global policy developments"

"A light-touch regulatory framework based on principles and trust will unleash productivity and employment."

"The goal is to generate ample opportunities in rural areas so that migration is an option, but not a necessity."

Stimulus for investment and growth

Promoting investments

- FDI in the insurance sector to be increased to 100 percent subject to the requirement that the company would invest the entire premium in India. Further, the provisions of foreign investment regulations in the insurance sector would be simplified.
- To promote Global Capability Centres in tier 2 cities, a national framework will be promulgated. Some of the expected elements of the framework would enhance the availability of talent, infrastructure and mechanisms for collaboration with industry.
- A Bilateral Investment Treaty framework would be reviewed with the objective to encourage sustained foreign investments and 'first develop India'.

Infrastructure development

- Fifty-year interest-free loans to be provided to states for infrastructural growth
- INR 1 lakh crore to be allocated for urban development projects through a Challenge Fund.
- National Geospatial Mission to facilitate the modernisation of land records, urban planning and design of infrastructure projects using PM Gati Shakti.
- To promote private-sector participation under the PPP model, the PM Gati Shakti portal will provide access to relevant data and maps to the private sector for project planning.

"This Budget continues our Government's efforts to accelerate growth, ……, invigorate private sector investments."

'Ministries will identify a 3-year pipeline of projects that can be implemented in the PPP mode.'

Atmanirbhar Bharat

Make in India Push

- The National Manufacturing Mission to be set up to focus on ease and cost of doing business, future-ready workforce, the MSME sector, availability of technology and quality products.
- To improve domestic value addition and build an ecosystem for solar PV cells, EV batteries, motor and controllers, electrolysers, wind turbines, very high voltage transmission equipment and grid scale batteries, the Manufacturing Mission will also support Clean Tech manufacturing.
- Five National Centres of Excellence for skilling with global expertise and partnerships would be set up to equip the youth with the skills required for manufacturing. The partnerships will cover curriculum design, training of trainers and a skills certification framework.
- To promote employment and entrepreneurship opportunities in labour-intensive sectors, the Government will undertake specific policy and facilitation measures.
- With a view to integrate with global supply chains, impetus will be provided to develop domestic manufacturing capacities. The domestic electronic equipment industry, amongst others, has been identified to use this opportunity.

Research, development and innovation

- INR 20,000 crore allocated to fund the private-sector driven research, development and innovation initiative.
- A Deep Tech Fund of Funds to be set up to catalyse start-ups in the research space.
- To promote scientific thinking among students, 50,000 Atal tinkering labs in Government schools would be set up by 2027.
- A new Centre of Excellence in artificial intelligence for education to be set up for innovative learning tools, teacher training, new curriculum designs and framework, etc.

'Investment as an engine will encompass investing in people, economy and innovation.'

Two engines of economic growth

MSMEs

- The investment and turnover limits for the classification of MSMEs to be enhanced as under:

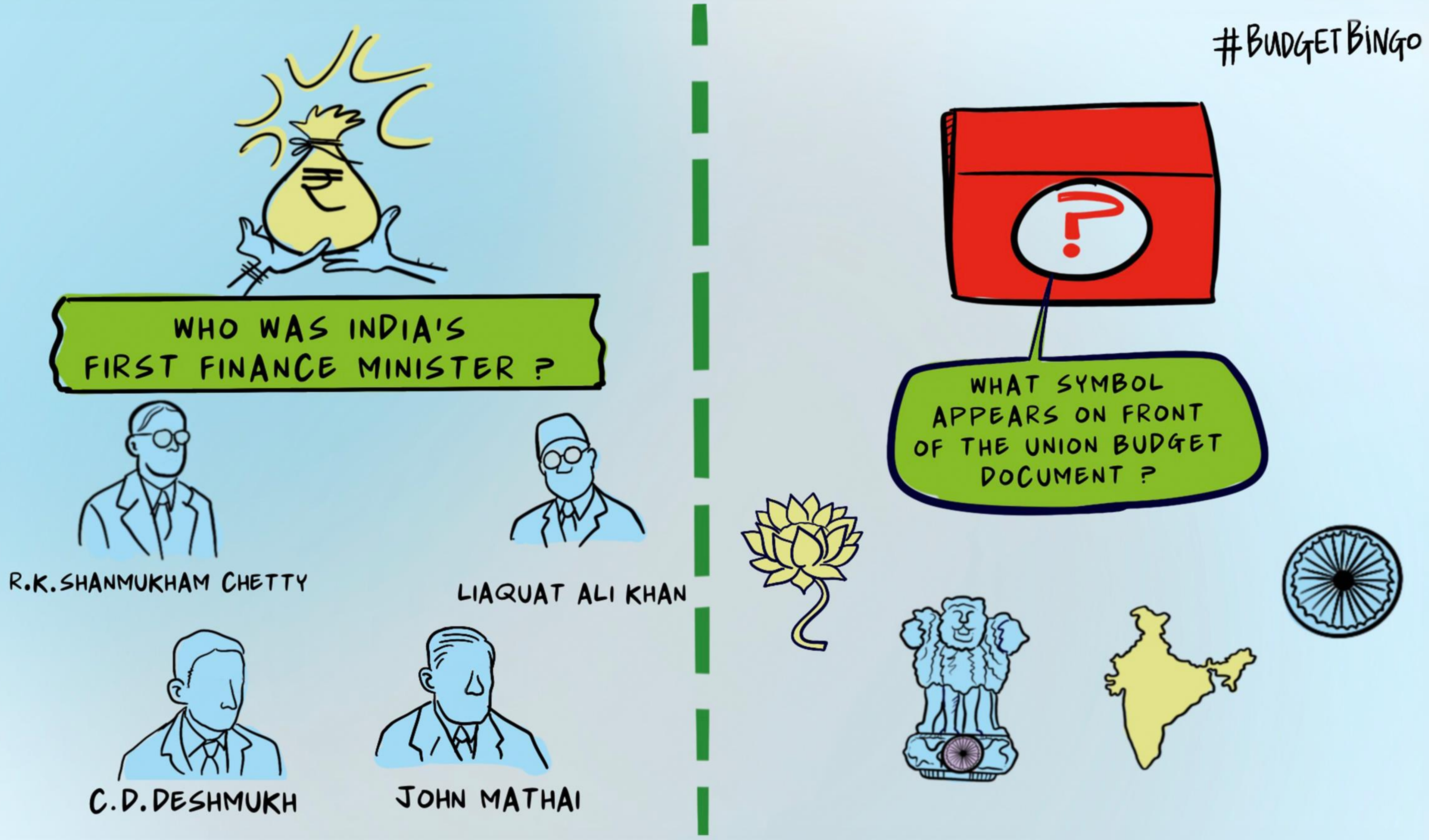
INR (crore)	Investment		Turnover	
	Current	Revised	Current	Revised
Micro	1	2.5	5	10
Small	10	25	50	100
Medium	50	125	250	500

- Access under credit guarantee cover increased as follows:
  - For micro and small enterprises: from INR 5 crore to INR 10 crore.
  - For start-ups: from INR 10 crore to INR 20 crore, with conditions; and
  - For well-run exporter MSMEs: term loans up to INR 20 crore.
- Manufacturing Mission to provide policy support, execution roadmaps, governance and monitoring mechanism for MSMEs engaged in manufacturing.

Export promotion

- The Bharat Trade Net (BTN) facility for international trade to be set-up as a unified platform for easier compliance.
- An Export Promotion Mission set up by Ministry of Commerce, MSME and Ministry of Finance to facilitate easy access to export credit, cross-border factoring support, and deal with non-tariff measures in overseas markets.

"In this Budget, the proposed development measures span 10 broad areas ……supporting MSMEs…, promoting exports."


#BUDGETBINGO
WHO WAS INDIA'S FIRST FINANCE MINISTER ?
R.K.SHANMUKHAM CHETTY
LIAQUAT ALI KHAN
C.D.DESHMUKH
JOHN MATHAI
WHAT SYMBOL APPEARS ON FRONT OF THE UNION BUDGET DOCUMENT ?

Industry Impact

What is in store for GCCs?

Policy announcements

A national framework will be formulated to provide guidance to states to promote the establishment of GCCs in emerging Tier II cities. This would help tap additional talent and infrastructure, leading to better collaboration with the industry.

To make Tier II and III cities more accessible, a modified UDAN scheme will be launched, connecting 120 new destinations in the next 10 years. This will help GCCs with enhanced employee mobility across the country.

A new income tax bill is expected to be introduced soon to provide simplicity and clarity, which should also benefit GCCs.

National framework for states to promote GCC in Tier II cities

Modified UDAN scheme to further support enhanced employee mobility across country

New income tax bill to bring simplicity

What is in store for GCCs?

Corporate taxation

Rationalisation of TDS provisions by increasing the monetary thresholds will help reduce the compliance burden.

Personal taxation

GCCs employ over 1.6 million people in India. The proposed changes to slab rates and enhanced rebates under the simplified tax regime are welcome. This would also benefit GCCs as employers, as it would significantly reduce their administrative burden.

Wider adoption of a simplified tax regime by employees

Reduced payroll administration for employers

Transfer pricing updates

Introduction of block assessments

The introduction of block TP assessments gives a taxpayer the option to roll forward TP assessment for the subsequent two consecutive years, subject to conditions prescribed.

Block assessments are a welcome move for taxpayers and tax authorities as they would reduce the administrative burden and prolong annual audits.

Expansion of scope of safe harbour regulations

The scope of safe harbour regulations will be expanded. This is of specific interest to GCCs as margins of IT and IT-enabled are prescribed in safe harbour regulations.

The industry will be required to engage with the government in the coming months as the rules get formulated.

Introduction of block assessments to ease transfer pricing assessments

Expansion of scope of safe harbour rules to be addressed

#IndustrySpeak

It is heartening to observe GCCs finding a mention in the budget at a policy level. The emphasis on their expansion to Tier II cities and setting up of an index across states, coupled with a thrust on skill development and the export mission augurs well for the continued growth of GCCs.

From a tax proposal perspective, block assessments for cost plus based GCC entities allow for securing a resolution for ALP determination for a set of three years at one go. This proposal, subject to design implementation, would therefore potentially cut short long drawn litigation while syncing audit cycles with global affiliates.

The pronouncements on safe harbour are much awaited and it is welcome that the government has GCCs on its ease of doing business agenda, by way of economics and tax.

Manoj Ladi,
Managing Director – Finance
Carelon Global Solutions India LLP
[this is the view of the individual]

Financial Services

Policy announcements

- **FDI in insurance companies increased to 100 percent:** FDI in insurance companies is proposed to be increased to 100 percent from the current 74 percent, provided that the Indian insurance company invests its entire premium locally in India. Corresponding enabling changes will be required to the insurance and exchange control regulations. The proposal could increase foreign capital inflow, boost insurance penetration in India, enhance competition and potentially lead to better insurance products and pricing for consumers.
- **Drafting a new model bilateral investment treaty:** The government expects to work on the current model of bilateral investment treaties to make them more investor-friendly while safeguarding national interests. This is expected to boost FDI inflows, enhance investor confidence and support India's goal of becoming a global investment destination.
- **Public-private partnership in infrastructure:** The government will require each infrastructure-related ministry and respective states (with assistance from the India Infrastructure Project Development Fund) to develop a three-year pipeline of projects that can be implemented in PPP mode. NaBFID will set up a partial credit enhancement facility for corporate bonds for infrastructure.
- **Fund of funds for investments in start-ups:** The government proposes to establish a new fund of funds with a contribution of INR 100 billion to support start-ups and emerging businesses including in sectors such as technology, clean energy and rural enterprises. Furthermore, the government proposes to support the next generation of deep-tech start-ups.
- **Extension of credit facilities to MSMEs:** Budget 2025 proposes expanding the scope of enterprises that qualify as MSMEs (refer to Table 1 below) and significantly enhancing the credit guarantee cover available to MSMEs (refer to Table 2 below). In addition, customised credit cards with an INR 5 lakh limit will be issued to micro-enterprises registered on the government's Udyam portal.

Financial Services

Policy announcements

Table 1

Particulars	Investment (INR in millions)		Turnover (INR In millions)	
	Current	Revised	Current	Revised
Micro enterprises	10	25	50	100
Small enterprises	100	250	500	1,000
Medium enterprises	500	1,250	2,500	5,000

Table 2

Particulars	Credit guarantee cover (INR in millions)	
	Current	Revised
Micro and small enterprises	50	100
Start-ups (With guarantee fee moderated to 1 percent for loans in 27 focus sectors important for Atmanirbhar Bharat)	100	200
Well-run exporter MSMEs	For term loans up to INR 200 million	

Financial Services

Policy announcements

- **Expanding services of India Post Payments Bank:** The services of India Post Payments Bank, particularly institutional account services, credit services to micro enterprises, insurance, direct benefit transfers, EMI pick-up, etc., are proposed to be expanded in rural areas. India Post is also expected to be transformed into a large public logistics organisation.
- **Enhanced credit limits under Kisan Credit Cards (KCC):** Loan limits under the Modified Interest Subvention Scheme are proposed to be increased from INR 300,000 to INR 500,000 for short-term loans for farmers, fishermen and dairy farmers, with the aim of reducing dependency on informal credit sources.
- **Publishing an investment friendliness index for states:** The government expects to develop and launch the investment friendliness index to increase transparency and competition among states seeking investments.

Financial Services

Tax proposals

Proposals related to the GIFT-IFSC

- **Various sunset dates extended:** In a welcome move, the following sunset dates for availing various income tax benefits associated with the IFSC have been extended to 31 March 2030. This will provide interested groups with a longer runway to set up operations in the IFSC.
  - The outer limit for an investment division of an offshore banking unit in the IFSC to commence its operations has been extended from 31 March 2025 to 31 March 2030 if such an investment division wishes to avail of the exemption contained in Section 10(4D) of the income tax act.
  - The outer limit for commencement of operations by a unit in the IFSC for claiming deductions in respect of income arising from the transfer of an aircraft or a ship leased by the said IFSC unit to any person has been extended from 31 March 2025 to 31 March 2030.
  - The outer limit for commencement of operations by a unit in the IFSC from whom a non-resident receives royalties or interest for the lease of an aircraft or ship, for such royalties and interest to be exempt from tax in India has been extended from 31 March 2025 to 31 March 2030.
  - For capital gains arising to a non-resident or a unit of the IFSC from the transfer of equity shares of a domestic company (being an IFSC unit) engaged in aircraft (or ship) leasing to be exempt from tax in India, the aforesaid domestic company must commence operations in the IFSC latest by 31 March 2030 (extended from 31 March 2026).
  - A transfer of participation (share, unit or interest) by an investor in an overseas fund as consideration for participation in a resultant fund which is a unit in the IFSC will be exempt from income tax if such transfer is undertaken on or before 31 March 2030 (extended from the current deadline of 31 March 2025).
  - India-based fund managers located in the IFSC appointed by eligible overseas funds may be provided a dispensation from meeting eligibility criteria prescribed in Section 9A of the Income tax act if the India-based fund managers commence their operations by 31 March 2030 – This provision had already expired on 31 March 2024, but has been revived in Budget 2025.

Financial Services

Tax proposals

- **Relaxation from deemed dividend provisions for global treasury centres:** To encourage the establishment of global treasury centres within the IFSC, Budget 2025 proposes that loans and advances between group entities where one of the group entities is a regulated finance company or a finance unit undertaking treasury activities from the IFSC and the parent/principal entity is listed on an overseas stock exchange will not be deemed to be a dividend. This will simplify intra-group financial operations and enable cash pooling.
- **Tax-neutral relocation to retail schemes and Exchange Traded Funds (ETFs) in the IFSC:** Overseas funds will be enabled to relocate as retail schemes or ETFs regulated by the IFSCA in a tax-neutral manner, subject to the satisfaction of prescribed conditions by the overseas fund. In the previous Budget, income of retail schemes and ETFs located in the IFSC was exempted from tax in addition to income of Category III AIFs. The proposed tax-neutral relocation provisions may encourage such funds to relocate efficiently to the IFSC to avail of the aforesaid income tax exemption.
- **Relaxation for tracking resident investment in funds with an India-Based Fund Manager (IBFM):** Qualifying overseas funds could appoint qualifying IBFMs without creating adverse Indian income tax implications for the overseas funds. Overseas funds found the condition that participation by Indian residents should not exceed five percent of the corpus of the fund difficult to track and comply with on an ongoing basis. Budget 2025 proposes that the overseas fund should test compliance with this condition on 1 April and 1 October every financial year and allows a four-month remediation window, should resident participation exceed five percent on those dates. This relaxation will apply to overseas funds regardless of whether their IBFMs are in mainland India or in the IFSC. However, for IBFMs in the IFSC, the central government will not provide any further dispensations on this condition.
- **Extension of tax exemption to income from derivative contracts:** The exemption for income arising to a non-resident from a transfer of non-deliverable forwards, offshore derivative instruments and over-the-counter derivatives and distribution of income on offshore derivative instruments entered with offshore banking units has been extended to income from such contracts entered with SEBI-registered foreign portfolio investors that are units in the IFSC. This amendment enables non-residents to avail of such products from foreign portfolio investors in addition to offshore banking units without having to pay income tax in India.

Financial Services

Tax proposals

- **Aircraft leasing framework extended to ship leasing activities:** The exemption presently available to (a) non-residents and IFSC units on gains arising from the transfer of equity shares of an aircraft leasing domestic company and (b) dividends distributed by an aircraft leasing domestic company to an IFSC unit engaged in aircraft leasing are proposed to be extended to ship leasing activities as well. Budget 2025 notes that ship leasing groups also tend to create special-purpose vehicles for owning and leasing ships to safeguard investor interests, thereby justifying the extension of the exemption.
- **Tax exemption for sums received from life insurance policies issued by IFSC insurance intermediary offices:** Budget 2025 proposes to fully exempt amounts received under a life insurance policy (including the sum allocated by way of bonus) where the policy is procured from insurance intermediary offices located in the IFSC, even if the annual premium payable on such policies exceeds caps prescribed in Section 10(10D) of the income tax act. Other conditions contained in Section 10(10D) continue to apply.

Proposals relating to the investment management industry

- **Window for qualifying investments by sovereign wealth funds and foreign pension funds extended:** The window for notified SWFs and FPFs to make qualifying infrastructure investments for all long-term capital gains and income from such investments to be exempt from tax under Section 10(23FE) of the act has been extended from 31 March 2025 to 31 March 2030. Accordingly, capital gains and income from qualifying infrastructure investments made by SWFs and FPFs implemented within this window will be exempt from tax regardless of when such capital gains and income arise. Moreover, it has been clarified that capital gains from the transfer of unlisted debentures will also be considered long-term capital gains for the aforesaid exemption, although such capital gains are deemed to be short-term otherwise.
- **Long-term capital gains tax rate for foreign portfolio investors streamlined:** In the previous Budget, the government had aligned the long-term capital gains tax rates to 12.5 percent++. However, long-term capital gains arising to FPIs from non-STT paid transactions continued to be taxable at 10 percent++, which Budget 2025 seeks to correct prospectively with effect from 1 April 2025.

Financial Services

Tax proposals

- **Classification of income of Category I and II AIFs:** Category I and II AIFs enjoy a tax pass-through status for all incomes other than profits and gains from business or profession. With a view to provide certainty to Category I and II AIFs, it is proposed that their income from transactions in securities will be deemed to be capital gains. Accordingly, Category I and II AIFs will not be taxable at the fund level and investors in such AIFs will pay tax in the same manner as if they had made the investments directly.
- **Clarificatory amendment relating to taxability of business trusts:** While interest, dividend and rental income earned by real estate investment trusts and infrastructure investment trusts are passed through to unitholders, other income of business trusts is taxable at the fund level. The business trust is taxable at the maximum marginal rate unless a special rate is prescribed for taxing capital gains. Long-term capital gains from on-market transactions in equity shares, units of equity-oriented funds and units of business trusts are taxable at a special rate under Section 112A of the act, but such capital gains were potentially taxable at the maximum marginal rate if earned by business trusts. Budget 2025 proposes to address this disconnect.

Other tax proposals

- **Capping of carry forward of losses pursuant to amalgamations:** Budget 2025 proposes to prevent the refreshing of the period for which brought forward business losses could be carried forward through successive amalgamations. Effectively, such loss can be carried forward for a maximum of eight assessment years from the assessment year in which such loss was originally incurred. In other words, the successor entity cannot restart the eight-year clock upon amalgamation. This proposal will help mitigate evergreening of brought forward losses in amalgamations effected/brought into force on or after 1 April 2025.
- **Abolition of tax collection at source on transactions in securities:** Budget 2025 proposes to abolish the requirement for a seller of goods to collect tax at source from the purchaser. This provision also affected transactions in securities (being goods), including transactions between (a) two non-residents, (b) two residents and (c) one resident and one non-resident. Only on-market transfers and transfers otherwise subject to tax deduction at source had been excluded from this levy.

Financial Services

Tax proposals

- **Rationalisation of TDS on income from securitisation trusts:** The TDS rate applicable to income payable in respect of an investment in a securitisation trust to a resident investor has been reduced to 10 percent from 25 percent (for individuals and HUF payees)/30 percent (for other payees).
- **Tax deduction for contribution to NPS Vatsalya:** Budget 2025 proposes a tax deduction up to INR 50,000 for contributions made by parents under the NPS Vatsalya scheme for the benefit of their minor children. Such contributions will be taxable on withdrawal, other than if the withdrawal is (a) on account of death of the minor, or (b) up to 25 percent of the contribution to address identified contingencies.
- **Proceeds received against Unit-Linked Insurance Policies (ULIPs):** It is proposed that profits or gains arising from redemption of all non-exempt ULIPs will be taxed uniformly as capital gains. Hitherto, such income may have been taxed as income from other sources.
- **Amendments related to virtual digital assets:** The scope of the definition of VDA has been extended to include *“any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not already included in the definition of virtual digital asset”* It is proposed that prescribed reporting entities will be required to report transactions in crypto assets. It is proposed to be clarified that a VDA will be included as undisclosed income if encountered during a search and seizure operation.
- **Clarification related to significant economic presence:** Budget 2025 proposes to clarify that activities that are restricted to the purchase of goods in India for the purpose of export will not result in the creation of a significant economic presence. However, an ask of the financial services industry to clarify that SEP provisions are meant for digital only businesses and ought not to impact financial services activities does not feature in the Budget 2025 proposals.
- Thresholds for deduction of tax at source from dividends, interest, insurance commission and income from units of mutual funds have been rationalised to some extent. The threshold for collecting tax at source from remittances under the Liberalised Remittance Scheme has been increased from INR 700,000 to INR 1,000,000. Moreover, overseas remittances made from education loans availed in India would not suffer a TCS. Finally, the requirement for a higher TDS/TCS to apply if the recipient has not filed income tax returns for the past two financial years is proposed to be deleted.

Financial Services

Tax proposals

- Budget 2025 has proposed a retrospective exemption from service tax for reinsurance services provided between 1 April 2011 and 30 June 2017 under (a) Weather Based Crop Insurance Scheme and (b) Modified National Agricultural Insurance Scheme. The service tax collected in this respect is eligible for a refund upon filing of an application within six months from the date of enactment of the Finance Bill, 2025. This is a welcome move for the reinsurance sector.

> The increase of FDI from the present 74 percent to 100 percent is a positive move for the industry. Not only will this encourage the global insurers to expand their commitments in India, but this will also contribute positively to boosting the growth of this sector.
>
> **Samir Shah,**
> Executive Director and CFO
> HDFC ERGO General Insurance Company Limited

> The tax proposals presented by the Hon'ble Finance Minister in the Union Budget mark a step forward towards simplification. The incentives proposed, particularly those related to IFSC, including the extension of the sunset clause, are progressive and will enable investment. Furthermore, the proposed amendments to procedural aspects will streamline compliance.
>
> **Anand Shukla,**
> Head of Tax
> Citi India

#IndustrySpeak

"At the macro level, Union budget 2025 is another step towards rationalising tax compliances and reducing tax uncertainty and litigation, which is a welcome move. The industry is also looking forward to new Income-tax bill that will be clear and direct in text with close to half of the present law, in terms of both chapters and words.

Further, with regards to expectations from both the housing and commercial real estate sectors, which is the second-largest employment generator in the country, we remain hopeful that the government will consider increasing the current value limit definition of affordable home, reducing indirect tax burden on joint development agreement, and allowing the sector to demarcate up to 100% of existing processing area (SEZ) to a non-processing area (Non-SEZ) due to subdued demand for SEZ office space."

Dilip Agarwal,
Chief Financial Officer
Tata Realty and Infrastructure Limited

Consumer

Manufacturing

- Proposed framework and measures to further strengthen the “Make in India” theme.
- To increase India’s manufacturing GDP from 16 percent to more than 20 percent, cleantech investments in EVs, including batteries, should spur innovation across the automotive market.
- The National Manufacturing Mission, in combination with the supply side, support of the PLI scheme and the demand-side FAME II scheme, offers potential impetus for the growth of the adoption of EVs.
- Investment and turnover thresholds for classification of MSMEs increased – this will enhance the coverage of entities for timely payment to micro and small enterprises under Section 43B(h).
- New schemes focused on developing a domestic manufacturing ecosystem for footwear, leather products and toys also expected.

> The budget boosts agriculture, MSMEs, investment and exports with higher credit limits, tax reforms and FDI in insurance. It prioritises clean tech, education, infrastructure and innovation while supporting PPP models and sectoral reforms. However, there is no PLI on specific sectors and reduction in GST for vehicles and ACs. There is no talk on inverted duty structure and increase incentives for exports. Overall, a balanced and growth-oriented budget.
>
> **Lingaraj Pattnaik**
> Group Finance & Compliance Head (India & Africa Region), Daikin Air Conditioning India Private Limited

Consumer

Impetus to accelerate growth and exports through duty rate changes

- **Reduction in effective rates on motorcycles –** Rate reduced by 5 percent to 20 percent across formats (CBU, CKD, SKD), excluding Evs.
- Rationalisation of customs duty on inputs, components and/or finished goods:
  - Open cells for LED/LCD flat-panels
  - Lithium-ion battery (for EVs and mobile phones)
  - Components of mobile phones
  - Handicraft and leather
  - Aquatic feed

Other significant updates

- Reforms in the agriculture sector to allow for greater produce, creation of employment and allow for more export of produce outside India, boosting cross-border trade and limit migration to metro cities.
- Upgradation of infrastructure and warehousing for air cargo to boost exports.

> The introduction of Focus Product Scheme will support domestic manufacturing and stimulate growth in the footwear and leather industry in India. By implementing the scheme, India can improve its competitive standing against other major footwear-producing countries in South Asia by offering cost-effective and high-quality products – A step welcomed by the industry.
>
> Furthermore, introduction of time limit of two years for finalising provisional assessment of imports and providing facility to importers and exporters to voluntarily declare material facts and pay duty with interest (without penalty) is a positive development.
>
> On GST front, changes have been proposed in the law in line with 55th GST council recommendations to provide legal framework for invoice management system and credit notes adjustment.
>
> The proposal to introduce a new Income tax bill is expected to simplify tax regime and reduce direct tax compliances. Furthermore, revamp of bilateral Investment treaties shall encourage the spirit of “first develop India”. Strengthening these treaties will not only enhance investor confidence but also ensure a more balanced and favorable investment environment.
>
> **Yatin Sharma,**
> Head Taxation India,
> Adidas India Marketing Private Limited

Transportation, Hospitality, and Services

Tourism

- Visa waivers for foreign tourist groups.
- Medical tourism to be promoted in collaboration with the private sector.
- Development of top 50 tourist sites in partnership with states.
- Extension to mudra loans to homestays.

Ship building and railway

- Exemption for 10 years on goods for ship building and ship breaking.
- Extension of time limit for export of railway goods imported for repairs.

India Post

- Transformation of India Post into a large logistics organisation
- Meeting needs of Vishwakarma, new entrepreneurs, women, self-help groups, MSMEs and large business organisations.

> Honorable Finance Minister has taken bold step in increasing the Income tax exemption limit to INR 12 Lakh. Big Boost for consumption and middle class. Rationalisation of TDS and TCS rates and threshold, reducing compliances, a very welcome and much required move.
>
> **Haresh Patel,**
> Director of Tax – South Asia
> Marriott International

> While this budget reflects a consistent focus on the “Make in India” initiative, ease of doing business, capital expenditure and various socio-economic initiatives of the Government, it also paves the way for much-needed tax reforms and rationalisation. Many tax proposals were introduced to promote trust-based tax administration, enhance self-compliance and reduce litigation, which are steps in the right direction.
>
> The budget brings cheers to the middle class with bold cuts in personal tax rates, leaving more money in their hands, which will help boost consumption. Overall, a budget with very positive intent but keeping fingers crossed for the upcoming new income tax bill.
>
> **Parikshit Vyas,**
> Tax Head
> FedEx

#IndustrySpeak

The finance budget introduces several positive changes to tax law. The announcement of a new direct tax code focused on simplification is a significant step towards improving ease of doing business in India. The increase in income tax slabs for individuals and the exemption of income up to INR 12 lakh per annum are welcome changes, projected to inject approximately INR 1 lakh crore into the system and boost consumption. Further simplifying TDS provisions, such as increasing threshold limits, removing TCS on the sale of goods and eliminating higher TDS for non-filers of tax returns, will streamline tax compliance.

Vikas Aggarwal
Tax Head – India,
L'Oreal India Private Limited

This budget prioritises the expansion of GCCs into Tier 2 cities, aligning with the strategy of many multinationals to optimise resources while offering new opportunities for growth and employment. Revised tax slabs that benefit salaried and the middle class will lead to higher disposable income, driving consumer spending and fueling economic growth.

Sheela Elizabeth Tharakan
CFO,
Renault Nissan Technology &
Business Centre India Private Limited

Budget 2025 is a step towards a more efficient and inclusive economy, focusing on tax simplification, ease of doing business and financial empowerment. Targeted tax relief for salaried middle-class individuals enhances disposable income, fueling consumption and driving sustainable economic growth.

SR Madhavan
Finance Director,
NIVEA India Private Limited

Education, skilling, and social sector

Policy updates

Centres of excellence:

AI in education

- Centre of Excellence for AI in Education to be established with an outlay of INR5 billion.
- This aims to use AI to improve teaching, personalised student learning experiences and facilitate industry collaborations with tech companies for more innovations.

Skilling

- About five National Centres of Excellence for Skilling to be established through global partnerships. These centres aim to develop talent, design curriculum frameworks, train educators and build a skills certification framework, enabling India to become a key player in global manufacturing.

Expansion of infrastructure:

- About 50,000 Atal Tinkering Laboratories (ATLs) will be set up in government schools in the next 5 years to encourage innovation and foster scientific thinking in students.
- Additional infrastructure will be created in the five IITs started after 2014 to facilitate education for over 6,500 students.

Other proposals:

- Implement a Bharatiya Bhasha Pustak Scheme to provide digital versions of Indian language books for school and higher education to help students better understand their subjects.
- It is proposed that the Tax Collected at Source (TCS) on education loans up to INR1 million be removed from specified financial institutions.

Education, skilling, and social sector

Direct tax proposals

Relief for small trusts/institutions: Extension of registration period from 5 years to 10 years

- Section 12AB of the IT Act proposes to extend the registration validity for small trusts or institutions from 5 years to 10 years.
- This change applies only to small trusts or institutions with a total income of up to INR 50 million in each of the two preceding years before the year of application.

Rationalisation of "specific person" for trusts or institutions

- The meaning of “specified person" in case of trust or institution per section 13(3) of the IT Act is proposed to be rationalised as under:

Existing threshold	New threshold
Substantial contributions by any person up to the end of FY: INR0.05 million	Total contributions: • During FY: INR0.1 million or • In aggregate up to the end of FY: INR1 million
Relatives of above specified person	Omitted
Related concerns of above specified person	Omitted

- Impact on new trusts/institutions on first time registration?
- Renewal time limit in case of section 80G approval?

The practical challenge to identify the substantial contribution of past FYs.

New income-tax bill to be introduced next week—Impact on overall tax incidence for the social sector to be looked out for!

Education, skilling, and social sector

Direct tax proposals

Rationalisation of “specified violation" for cancellation of registration of trusts or institutions-

- Previously, a minor default of "incomplete application" for registration u/s 12A would result in "specified violation“, which could lead to cancellation of registration and tax on accreted income.
- The recent amendment clarifies that incomplete applications will no longer be considered a "specified violation".
- However, if false or incorrect information is furnished, the same would still fall within the ambit of “specified violation”.

Indirect tax proposals

Amendment in the definition of local authority:

- To clarify the scope of local authorities, the term “municipal or local fund” has been substituted with “municipal fund or local fund”, which has been further defined.
- The intent of the above amendment appears to settle various disputes on the issue of whether government entities qualify as local authorities or not.

Introduction of “Track And Trace Mechanism” for certain evasion-prone industries:

- Specified goods to inter alia bear unique identification marking for electronic storage and access of information as may be prescribed.

Definition of local authority: Local fund or municipal fund

Track and trace mechanism of specified goods

#IndustrySpeak

> The 2025 Budget is a balanced attempt to stimulate growth while addressing key social issues. For charitable trusts, NGOs and grassroots organisations, the budget's impact on inclusive growth and sustainable development remains a critical area of focus. This includes the extension of the Jal Jeevan Mission, enhancing credit through KCC, development of Agri districts programme and easing TDS compliances, increasing registration validity for small NGOs from a regulatory and compliance perspective.
>
> **Aniket Singhania,**
> Senior Manager Finance & Accounts (Controller),
> Collectives For Integrated Livelihood Initiatives
> – An associate organisation of Tata Trusts.

> The Finance Minister's 2025 Budget proposal has struck the right chord with the economy, presenting a welcoming and inclusive budget.
>
> The budget introduces much-awaited reforms across key sectors, including taxation, financial services, power and urban development. A major highlight is the tax reforms aimed at easing the burden on the middle class, boosting consumption and driving accelerated growth.
>
> **Shilpi Agarwal,**
> Head of Finance, GEDU Services Private Limited

Energy and Power

Nuclear Energy Mission

- Amendments in the Atomic Energy Act and the Civil Liability proposed to encourage private sector participation in nuclear energy.
- Nuclear Energy Mission of INR200 billion to support R&D and deployment of Small Modular Reactors (SMRs). At least five indigenously developed SMRs will be operational by 2033.

Renewable and Clean Tech manufacturing

- Dedicated Clean Tech Manufacturing initiative announced to support domestic value addition and to develop an ecosystem for solar PV cells, EV batteries, motors and controllers, electrolysers, wind turbines, high-voltage transmission equipment and grid-scale batteries.

Electricity distribution reforms and augmentation of intra-state transmission capacity announced

States will be permitted an additional borrowing of 0.5 percent of Gross State Domestic Product, subject to the implementation of these reforms.

GST reforms

- Retrospective amendment in blocked credit section, replacing the words "plant or machinery" with "plant and machinery” with retrospective effect from 1 July 2017.
- Restriction on reduction of output tax liability: Requirement of Input Tax Credit (ITC) reversal by the recipient on credit notes issued by the supplier for reduction of output tax liability by the supplier for issuance of credit notes.

Investing in people, investing in the economy and investing in innovation.

Development of at least 100 GW of nuclear energy by 2047.

Energy and Power

Description and HSN	Until today			From 2 Feb 2025				From 1 May 2025			
	BCD	AIDC	SWS	BCD	Exempt	AIDC	SWS	BCD	Exemption	AIDC	SWS
Solar cells (8541 42 00)	25%	0	10%	25%	5%	7.50%	NIL	20%	NA	7.50%	NIL
Solar module and other semiconductor devices and photovoltaic cells (8541 43 00 and 8541 49 00)	40%	0	10%	40%	20%	20%	NIL	20%	NA	20%	NIL
	40%	0	10%	40%	20%	20%	NIL	20%	NA	20%	NIL

BCD: Basic Customs Duty
AIDC: Agriculture Infrastructure and Development Cess

Manufacturing and Industrial Products

A National Manufacturing Mission will be set up to cover small, medium and large industries, offering policy support, execution roadmaps and a governance and monitoring framework for central ministries and states.

MSMEs as a growth engine

The investment and turnover limits for MSME classification will be enhanced to 2.5 times and 2 times, respectively, enabling better access to capital and economies of scale.

Fund of Funds for Start-ups

Fund of Funds for Start-ups will be set up, with an expanded scope and an additional government contribution of INR10,000 crore.

Presumptive taxation for electronics manufacturing

Non-residents providing technology or support services to Indian companies setting up electronics manufacturing facilities can opt for a deemed taxation regime.

- About 25 percent of the total payments made to non-residents will be deemed as profits and gains, resulting in an effective tax payable of less than 10 percent on gross receipts of a non-resident company.

Promote India as a global hub for electronics system design and manufacturing.

Development of domestic manufacturing capacities for India’s integration with global supply chain.

Manufacturing and Industrial Products

GST reforms

Retrospective amendment in blocked credit section, replacing the words "plant or machinery" with "plant and machinery" with retrospective effect from 1 July 2017.

Custom reforms

Changes in tariff rates/exemptions: About 35 capital goods used in the manufacture of lithium-ion battery of EVs are added to the list of exemption from basic customs duty.

#IndustrySpeak

"Big and bold bonanza for taxpayers, spurring much-needed consumption, yet sticking to the path of fiscal consolidation."

Sant Kumar Verma,
Chief Financial Officer
Luminous India

"To augment India's growth potential and global competitiveness, the Budget initiates transformative reforms across six domains, including Taxation.
The current tax proposals will boost investment in infrastructure and employment, personal income tax reforms with a special focus on the middle class will enhance disposable income and rationalisation of TDS/TCS will ease the compliance burden. The proposed simplified direct tax bill to be introduced next week is likely to bring in tax certainty and reduce litigation."

Anuprita Mehta,
Head of Taxation
AM/NS India Ltd.

Infrastructure

Growth-centric policies and reforms with increased focus on PPP

Overview

"Investment" particularly in the infrastructure sector remains one of the four key engines relied by the Government to achieve the goal of "Viksit Bharat" with primary focus on:

- **Clean tech manufacturing**
  - Improvement in domestic value addition and building ecosystem for manufacturing of solar PV cells, EV batteries, wind turbines, transmission equipment, grid scale batteries, etc.
- **Enhanced role of PPP in infrastructure**
  - Increased focus on PPP lead investments with announcement for the 2nd plan of the Asset Monetisation scheme for FY25-30 to monetise INR 10 trillion
- **Power sector reforms**
  - Incentivise electricity distribution reforms and augmentation of intra-state transmission capacity
  - Development of at least 100 GW of nuclear energy by 2047 with an active private-sector involvement
- **Infrastructure reforms**
  - Infrastructure HML to be amended to include large ships above a specified size
  - Set up of the Maritime Development Fund of INR 250 billion with 49-51 contribution from the Government and the ports/private sector for long-term financing of the maritime industry
- **Other key policy measures**
  - Outlay of INR 1.5 trillion interest-free loans to state for capex and incentives for reforms
  - NaBFID will set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure

For 'investment' specifically, infrastructure remains one of key 4 engines to 'Viksit Bharat'

Enhanced role of PPP for infrastructure development

The energy and logistic sectors remains the core with a focus on clean tech manufacturing and energy transition

Infrastructure

Direct Tax

Corporate tax

- **Incentives to promote investment from SWFs/PFs**
  - Sunset date for claiming tax exemption by notified SWFs/PFs enhanced from existing 31 March 2025 to 31 March 2030. This provides certainty for making investment to these key pillars of private investment
  - Clarification provided that debentures held for a long-term period will be eligible for tax exemption
- **Clarity on the taxability of Cat I/II AIFs**
  - Securities held by Cat I/II AIFs is proposed to be considered as capital assets to settle the uncertainty around characterisation of their income as business income or capital gains
- **Rationalization in taxation of InvITs**
  - Special tax rate provided on transfer of long-term capital assets of specified listed securities is extended to InvITs
  - Block transfer pricing assessments for the three consecutive years
  - Taxpayer can opt for block transfer pricing assessment for three consecutive years by making an application for similar transactions validated by the authorities
- **Consistency in LTCGs tax rate for FPI investors**
  - LTCGs on the transfer of securities for FPI investor made at par with other investors at 12.5 percent
- **Rationalisation of TDS/ TCS provisions to ease compliance and reporting burden**
  - TCS not applicable on sale/transfer of shares
- **Limiting the carry-forward period for business losses pursuant to amalgamation**
  - It has been proposed to restrict the balance life of losses to eight years from the year in which they were incurred in amalgamating company

Extension of tax exemption for notified SWFs/PFs until 2030

Clarity on the taxability for CatI/II AIFs

Block transfer pricing assessments for the three consecutive years

Infrastructure

Indirect Tax

GST amendments in various Sections

- **Retrospective amendment in Blocked credits (effective from 1 July 2017)**
  - The phrase 'plant or machinery' in section 17(5) (d) has been replaced with 'plant and machinery', aligning with the explanation provided in the CGST Act.
- **Requirement of reversal of ITC in case of Credit notes (effective from enactment of the bill)**
  - ITC, if availed by the recipient, shall be required to be reversed in respect of credit note issued by the supplier for the purpose of the reduction of tax liability of the supplier.
- **Pre-deposit to be 10% of the penalty amount in case of appeals filed against demands involving only penalty. (effective from enactment of the bill)**
- **Supplies of goods warehoused in SEZ or FTWZ before export or DTA**
  - Supplies involving the transfer of title or ownership of goods stored in a SEZ unit or FTWZ to any person before their clearance to DTA or for exports shall be treated as neither goods or nor supply of services.

Retrospective amendment for blocked credit replacing the term "plant or machinery"

Requirement for reversal of ITC in case of credit notes

Insertion of new entry in Schedule III for supplies in SEZ/FTWZ

Infrastructure

Indirect Tax

Customs

- **Time limit inserted for finalising provisional assessments**
  - A two-year time limit is set for finalising provisional assessments, which is extendable by one year.
- **Incentivizing voluntary compliance**
  - Bill of entry can be revised after the clearance of goods, permitting importers to voluntarily declare material facts and pay duty with interest but without penalty.
- **Constitution of Interim Board**
  - Interim Board to be constituted for the settlement of cases with applicable rules for application and settlement of cases, along with Settlement Commission.

Time limit of two years for the finalisation of provisional assessment

Voluntary compliance for revision in Bill of entry

Life Sciences and Health Care

Budget theme and allocation

- **Vision for Viksit Bharat:** Encompasses access to high-quality, affordable and comprehensive healthcare.
- **Budget estimate:** The budget estimate on health expenditure is ~INR983 billion.

Policy measures

- **Daycare cancer centres:** Establish daycare centres for cancer patients in district hospitals within the next three years, with 200 centres in FY25–26.
- **Rural connectivity:** Provide broadband connectivity to all primary healthcare centres in rural areas under the “Bharat-net” project.
- **Medical education:** Add 10,000 additional seats in medical colleges and hospitals to reach a total of 75,000 new seats in the next five years.
- **Medical tourism:** Promote medical tourism and the “Heal in India” initiative, along with the private sector, including capacity building and easing visa norms.
- **Social security for the welfare of online platform workers:** Provide healthcare cover to ~1 crore gig workers under PM Jan Arogya Yojana.

“The Budget 2025 charts a course towards sustainable growth by signalling a measured approach to tax reform. This approach balances revenue generation with taxpayer relief, ensuring the burden is distributed equitably. The Budget aims to enhance India's pharmaceutical sector and potentially improve access to essential medicines by adopting a multifaceted strategy that includes Patient Assistance Programme exemptions and potential bulk drug import duty reductions. Significant changes in income tax rates and reduced compliance complexities for businesses while supporting broader economic policy goals, particularly smaller enterprises, are noteworthy. Overall, a good budget with an overall tone of incremental change and measured course for sustainable growth.”

Gurmeet Sukhija,
General Manager –Tax | Finance & Accounts, Mankind Pharma Limited

Life Sciences and Health Care

Tax proposals

Custom duty exemptions and rate changes

- The coverage of the Patient Assistance Programmes (PAP) scheme expanded to include 37 new medicines through 13 new PAP schemes, and about five new companies included in the PAP scheme.
- Changes made in the sunset clause for existing exemptions/concessions on specified drugs/goods.
- About 36 specified life-saving drugs added to the exemption list, and six essential drugs added to the concessional Basic Customs Duty list.

Customs legislative changes

- Provisional bills of entries must be finalised within a definitive timeline of two years, extendable by one year.
- Voluntary revision of entry post clearance allowed on payment of duty and interest (if applicable), without penalties. It is not applicable if a Customs audit or investigation has already been initiated.

"Desamante Matti Kaadoi, Desamante Manushuloi — a country is defined by its people. Today's budget reaffirms our commitment to a Viksit Bharat where every citizen can thrive. We are taking bold steps by connecting rural schools and primary health centres with broadband, expanding medical education and establishing DayCare Cancer Centres in district hospitals. Additionally, relief on import duties for lifesaving drugs and support for gig workers are set to transform our healthcare landscape. These initiatives are designed to empower our country and ensure quality, affordable healthcare for all. I strongly resonate with policies that invest in our people's well-being and pave the way for a brighter, healthier future."

Saurabh Arora,
Head of Tax – Asia Pacific, Siemens Healthineers

#IndustrySpeak

"Desamante Matti Kaadoi, Desamante Manushuloi — a country is defined by its people. Today's budget reaffirms our commitment to a Viksit Bharat where every citizen can thrive. We are taking bold steps by connecting rural schools and primary health centres with broadband, expanding medical education and establishing DayCare Cancer Centres in district hospitals. Additionally, relief on import duties for lifesaving drugs and support for gig workers are set to transform our healthcare landscape. These initiatives empower our nation and ensure quality, affordable healthcare for everyone. I strongly resonate with policies that invest in our people's well-being and pave the way for a brighter, healthier future."

Saurabh Arora,
Head of Tax – Asia Pacific, Siemens Healthineers

Technology, Media and Telecommunications

- A centre of excellence in AI for education will be established with a total investment of INR 5,000 million.
- Under the BharatNet project, government secondary schools and primary health centres in rural areas will receive broadband connectivity, giving a boost to businesses supplying networking products.
- Formulation of a national framework that will suggest measures for enhancing the availability of talent and infrastructure to promote global capability centres in emerging tier 2 cities.
- An additional INR 100,000 million fund of funds will be contributed by the government for start-ups in AIF.
- A deep tech fund of funds will also be explored to catalyse the next-generation start-ups.
- Gig workers to register on the e-Shram portal, which would provide them with healthcare under the PM Jan Arogya Yojana. This measure is likely to assist about 1 crore gig workers.

Income tax

- A presumptive taxation regime will be introduced for non-residents providing services to resident companies engaged in electronics manufacturing.
- Extend tax benefits for start-ups under Section 80-IAC for another five years, i.e. start-ups incorporated until 1 April 2030.
- The definition of Virtual Digital Assets has been expanded to align with the definition of crypto-assets in the Crypto-Asset Reporting Framework (CARF).

Transfer pricing

- A safe harbour provision will be introduced to ensure tax certainty for non-residents storing components for supply to designated electronics manufacturing units.

Technology, Media and Telecommunications

Indirect tax

- Basic customs duty on components used for manufacturing of open cells of LCD/LED television panels to be fully exempted.
- The basic customs duty on lithium-ion battery waste and scrap classified under tariff items 8549 13 00, 8549 14 00 and 8549 19 00 is being reduced from 5 percent to nil.
- Basic customs duty on inputs/parts or sub-parts for the manufacture of PCBA, camera module, connector, wired headset, microphone and receiver, USB cable, fingerprint reader/scanner of cellular mobile phone is being reduced from 2.5 percent to nil.
- Basic customs duty on open cells with or without touch classified under heading 8524 for the manufacture of the interactive flat panel display module is being reduced to 5 percent.
- Basic customs duty on a touch glass sheet and touch sensor PCB classified under heading 8529 for the manufacture of interactive flat panel display modules to be reduced to 5 percent.
- The basic customs duty on ethernet carrier switches classified under tariff items 8517 62 90 and 8517 69 90 is being reduced from 20 percent to 10 percent.
- Basic customs duty on the import of Interactive flat panel displays is increased from 10 percent to 20 percent.
- To give the space sector an impetus, basic customs duty exemption is being provided to imports of ground installations for satellites and payloads and goods for use in the building of launch vehicles.

#IndustrySpeak

Budget announcements reinforce the Government's commitment for taxpayer-friendly eco system. Significant reduction of tax obligation for an individual will alleviate their financial burden, resulting into more disposable income to boost expenditure base. No doubt, better purchasing power will boost overall economic growth across industries. Expectations are high on new Income-Tax Bill, as Finance Minister has shown her commitment to reduce complexity / disputes, and timely resolution of litigation cases. All such measures demonstrate the Government's determination to foster a conducive business environment characterized by transparency, efficiency, and fairness. Overall growth-oriented budget."

Anurag Goel,
Direct Tax Head
Samsung India Electronics Private Limited

The Budget has hit the key expected notes. The notable tax relief for the middle-class to reinvigorate the economy, rationalization of tax compliances to ease the burden on businesses, initiatives to support the start-ups and MSMEs, and measures for the welfare of the growing gig workforce. But the curtain has not fallen yet! Can the Income Tax Bill deliver a grand encore?

Rohit V Nahar,
Tax Director - India, Middle East, & Africa,
Kyndryl Solutions Private Limited

#IndustrySpeak

It’s a balanced budget giving focus on urban consumption demand through tax concessions, continuous focus on capex spend, fiscal prudence and on generating employment which will boost economy in the long run.

Gopal Bindal,
CFO
BT (India) Private Limited

There was not much from an indirect tax standpoint. It is good to see budget focusing on progressive and structural changes along with fiscal discipline with an intent to enhance ease of doing business. Appreciate the push for MSME sector. We also look positively to enhancing broadband connectivity to secondary schools and primary health centres.

Vijaya Suresh,
Tax Manager
Cisco

READY TO UNTANGLE SOME BUDGET JARGON ?

#BudgetBingo

Glossary

Glossary

AIFs	Alternative Investment Funds
ALP	Arm’s Length Price
AO	Assessing Officer
AY	Assessment Year
BCD	Basic Custom Duty
Cat	Category
CBDT	Central Board of Direct Taxes
CCESC	Customs, Central Excise and Service Tax Settlement Commission
DRP	Dispute Resolution Panel
DTA	Domestic Tarif Area

EV	Electric Vehicle
FAME	Faster Adoption and Manufacturing of Hybrid & Electric Vehicles
FPIs	Foreign Portfolio Investors
FTWZ	Free Trade Warehousing zone
GCC	Global Capability Centre
GST	Goods and Services Tax
GW	Gigawatts
HML	Harmonized master list
IMS	Invoice Management System
InvIT	Infrastructure Investment Trusts
ISD	Input Service Distributor

Glossary

IT	Information Technology
ITC	Input Tax Credit
KCC	Kisan Credit Card
LTCGs	Long term capital gains
MNAIS	Modified National Agricultural Insurance Scheme
MSMEs	Micro, Small, and Medium Enterprises
NaBFID	National Bank for Financing Infrastructure and Development
PFs	Pension Funds
PLI	Production Linked Incentive
PPP	Public Private Partnership

PV	Photovoltaic
RCM	Reverse Charge Mechanism
REITs	Real Estate Investment Trusts
SEP	Significant Economic Presence
SEZ	Special Economic Zone
STCGs	Short term capital gains
SWFs	Sovereign Wealth Funds
TDS	Tax Deduction at Source
TPO	Transfer Pricing Officer
ULIPs	Unit Link Insurance Plans
WBCIS	Weather Based Crop Insurance Scheme

#BudgetBingo (correct answers)

Quick-fire: Can you guess it right?

1 **C.** **R. K. Shanmukham Chetty**
Fun fact: He presented independent India's first-ever Budget in 1947 and resigned a year later—talk about a short-term investment!

2 **B.** **National Emblem of India**
Fun fact: Because when it comes to budgets, you need more than just an emblem—you need lion-hearted courage!

Flashback: Budget milestones!

1 **B.** **2015**
Fun fact: Aadhaar is now the world's largest biometric ID system—way to go, India!

2 **D.** **2022**
Fun fact: A real-deal digital currency, straight from the Reserve Bank of India, so you can kiss the old "cash is king" goodbye!

Ready to untangle some budget jargon?
Let's see how sharp your financial sense is!

Budgeting isn't only about numbers after all.

1. FISCAL
2. ECONOMY
3. EXPENSES
4. SAVINGS
5. EXEMPTIONS
6. ATMANIRBHAR
7. SURPLUS
8. CAPITAL
9. INFLATION
10. REVENUE

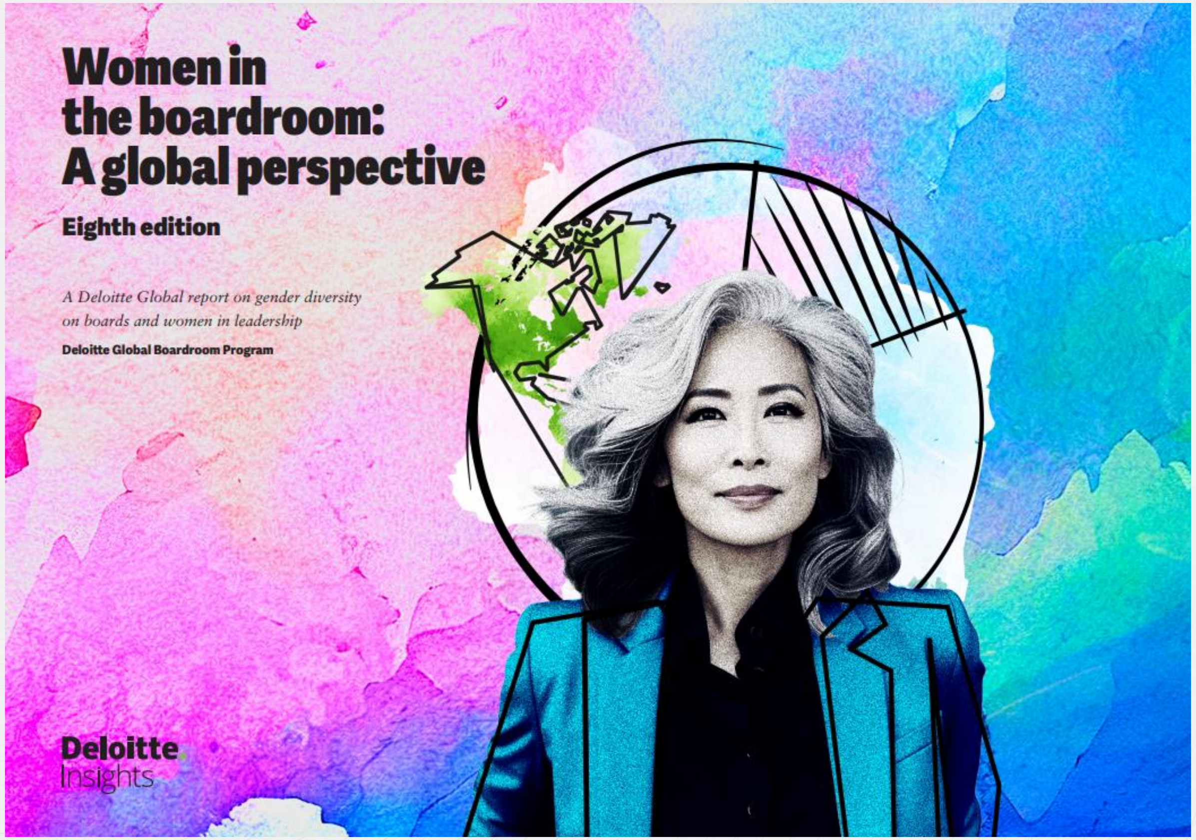
Can you crack the chronology of these iconic Union Budget rituals?

Answers

1. Time and date of budget announcement
2. Halwa ceremony
3. Lock-in period
4. FM called on President at the Rashtrapati Bhavan
5. Cabinet meeting in Sansad Bhawan
6. Post Budget Press Meet

Deloitte reports referred in the Budget/economic survey

[Reforming R&D incentives](#)



[Women in the Boardroom: A global perspective](#)

ITR 2024 Asia-Pacific Tax Awards

Deloitte India

2024
Recognised as **India Tax Firm of the Year For second year in a row**

2025
Ranked as **TIER 1** organisation in **World Tax** guide

2025
Ranked as **TIER 1** organisation in **World Transfer Pricing** guide

Deloitte Asia Pacific

- **Tax Firm of the Year**
- **Transfer Pricing Firm of the Year**
- **Indirect Tax Firm of the Year**
- **Tax Compliance & Reporting Firm of the Year**
- **Global Executive Mobility Tax Firm of the Year**
- **Tax Technology Provider of the Year**
- **Tax Innovator of the Year**

Deloitte.