

Union Budget 2025-26



Topics

01

Economic Survey

Page 03

[Click to view](#)

02

Non-Tax Proposals

Page 12

[Click to view](#)

03

Direct Tax Proposals

Page 16

[Click to view](#)

04

Indirect Tax Proposals

Page 42

[Click to view](#)



Economic Survey

State of Indian Economy

Indian economy is poised to grow by 6.4% in FY 2025.

- Factors that support economy growth are:

Reduction in Unemployment

Reduction in poverty

Increase in labor force participation

- In FY 2025, Gross Value Added (GVA) increased by 6.4%.
- Through skillful administration and monetary policies, retail inflation decreased from 5.4% in FY24 to 4.9% in FY25.
- BSE stock market capitalisation to GDP ratio stood at 136%, far higher than China (65%) and Brazil (37%);
- Forex at USD 640.3 billion, sufficient to cover 10.9 months of imports and 90% of external debt.
- India's services export growth surged to 12.8% during April–November FY25, up from 5.7% in FY24.



Price and Inflation

- As per the IMF, the global inflation rate moderated to 5.7% by 2024 from its peak of 8.7% in 2022.
- Retail inflation saw a reduction from 5.4% in FY24 to 4.9% in FY25 (April-December 2024).
- RBI and the IMF project consumer price inflation will gradually align with the target of around 4% in FY26.
- Fuel price inflation has remained low, reducing overall inflationary pressure.
- Food inflation remains high but is driven mainly by a few items like vegetables (onion and tomato) and pulses.
- Heatwaves and erratic monsoons have increased the volatility of food prices, particularly for onions and tomatoes.
- In 2022-24, heatwaves on 18% of days, compared to just 5% in 2020-21, impacting crop yields.

Monetary & Financial Sector Development: The Cart And The Horse

- The credit-GDP gap narrowed to (-) 0.3% in Q1 of FY25 from (-) 10.3% in Q1 of FY23, indicating sustainable bank credit growth.
- The gross non-performing assets (GNPAs) of Scheduled Commercial Banks declined to a 12-year low of 2.6% of gross loans and advances at the end of September 2024.
- In the current FY, the growth rate in non-food credit has been 7.5% as compared to growth of 11% over the last year.
- Under IBC, 2016 INR 3,600,000 million (~USD 41,571.88 million) was realized from 1,068 resolved plans by September 2024.
- As of 31 March 2024, RRBs recorded a consolidated net profit of INR 75,710 million (~USD 874.28 million), with an all-time high CRAR of 14.2%.
- The number of IPOs increased by 32.1% during December 2024, while the amount raised almost tripled to INR 1,539,870 million (~USD 17,782.02 million) in the same period.
- India's share in global IPO surged to 30% in FY 2024. BSE stock market capitalization to GDP ratio stood at 136% at the end of December 2024.
- The insurance sector demonstrated a positive growth rate of 2.8%. India attained Tier-1 ranking in the Global Cybersecurity Index (GCI) 2024.

Medium-Term Outlook – Deregulation Drives Growth

- Targets 8% growth annually to become a "Viksit Bharat" by 2047, with IMF forecasting a USD 5 trillion economy by FY28.
- Economy is undergoing a transformative shift, where Geo-Economic Fragmentation (GEF) is replacing globalization, driving significant economic realignments and opportunities.
- Focuses on deregulation and energy transition while diversifying supply chains to reduce dependency on China.
- The PLI scheme promotes domestic manufacturing in renewable energy, reducing import dependency.
- To sustain 8% growth, India's investment rate must increase from 31% to 35% of GDP.
- Reforms and economic policy should focus on systematic deregulation under Ease of Doing Business 2.0 and fostering India's SME sector.

External Sector: Getting FDI Right

- Overall exports (merchandise + services) grew by 6% (YOY) in the first 9 months of FY25 and Services sector alone by 11.6%.
- Commands 10.2% of the global export market (2nd largest exporter) in 'Telecommunications, Computer, & Information Services'.
- Current account deficit (CAD) stood at 1.2% of GDP in Q2 of FY25 due to rising net services receipts and increased private transfer receipts.
- Gross Foreign Direct Investment (FDI) inflows recorded a revival in FY25, increasing from USD 47.2 billion in the first 8 months of FY24 to USD 55.6 billion, a YoY growth of 17.9%.
- FOREX reserves stood at USD 640.3 billion at the end of December 2024, sufficient to cover 10.9 months of imports and 90% of external debt.
- The services sector attracted 19.1% of total equity inflows, followed by computer software & hardware (14.1%), trading (9.1%).
- NRI deposits surged to USD 10.2 billion in H1 FY25, reflecting strong remittance inflows.
- External Commercial Borrowings (ECBs) rose to USD 9.2 billion (Apr-Oct FY25), indicating rising foreign capital demand.
- Exports increased by 6%, imports grew at 6.9%, widening the trade deficit from USD 69.7 billion (Apr-Dec 2023) to USD 79.5 billion (Apr-Dec 2024).

Employment and Skill Development: Towards Quality

- The urban unemployment rate decreased from 6.6% in Q2 FY24 to 6.4% in Q2 FY25.
- According to MeitY, India's digital economy is projected to surpass USD one trillion by 2025.
- The NEP 2020 aims at least 50% of students (school and higher education) gain exposure to skill education by 2025.
- The Future Skills Prime platform aims to up-skill 1.32 million IT professionals in emerging technologies, including AI, by 2027.
- 12-month paid internships in 24 sectors to youth aged 21-24 (benefiting 10 million youth under PM Internship Scheme).
- Rural wages grew by over 4% YoY, with women's wages outpacing men's in both agriculture activities (7% vs. 5.7%) and non-agriculture activities (7.9% vs. 5.5%).
- The net payroll additions under EPFO have more than doubled in the past 6 years.

Agriculture and Food Management: Sector of the Future

- The agriculture sector recorded a 3.5% growth rate in Q2 of FY25.
- MSP for key crops remains fixed at 1.5 times the all-India weighted average cost of production. For FY25, the MSP for arhar and bajra increased by 59% and 77%, respectively, while masur and rapeseed saw an 89% and 98% hike.
- Ground Level Credit to the Agricultural Sector rises to INR 25,480 billion (~USD 294.24 billion) in FY24, with the share of small and marginal farmers increasing to INR 143,900 billion (~USD 166.17 billion).
- Foodgrains production continued to increase, reaching 16.47 billion metric tonnes (LMT) for kharif crops in 2024.
- Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) benefited 110 million farmers, providing direct income support.
- Organic farming under Paramparagat Krishi Vikas Yojana (PKVY) expanded to 52,289 clusters across 0.15 billion hectares, benefiting 0.25 billion farmers.
- Government promotes drone usage in agriculture, providing financial aid to 15,000 Women SHGs for fertiliser and pesticide application.
- India exported 19,678 metric tonnes of floriculture products, earning INR 7.18 billion (~USD 82.89 million) in FY24, with states like Maharashtra, Tamil Nadu, and Karnataka leading the production.

Services Sector – Fueling Growth Opportunities

- The share of service sector in Gross Value Added (GVA) increased from 50.6% in FY14 to 55% in FY25.
- The service sector grew at an 8% annual average before the pandemic and accelerated to 8.3% in the post-pandemic period.
- Services export growth surged to 12.8% in FY25 (April–November) from 5.7% in FY24.
- Information & computer-related services grew at 12.8% in the last decade (FY13–FY23), increasing their GVA share from 6.3% to 10.9%.
- IT sector’s revenue reached INR 21,995.64 billion (~USD 254 billion) in FY24 and tech exports hit INR 17,319.40 billion (~USD 200 billion).
- The service sector witnessed INR 493.60 billion (~USD 5.7 billion) FDI inflow in FY25 (April–September), with insurance services receiving the highest share at over 62%.
- The tourism sector’s contribution to GDP returned to 5% in FY23, matching pre-pandemic levels





Industry Sector

- The industrial sector, including mining, manufacturing, construction, and utilities, is expected to grow by 6.2% in FY25.
- Growth slowed to 3.6% in Q2 FY25 due to weak exports, monsoon disruptions, and festival timing variation.
- India's cement, steel, and chemical & petrochemical industries are key drivers of industrial growth, with a strong focus on capacity expansion, sustainability, and reducing import dependency.
- Domestic sales in automobiles grew by 12.5% in FY24, supported by Strong consumer demand & government initiatives.
- For electronics domestic production surged from INR 1,900,000 million (~USD 21,940.7 million) (FY15) to INR 9,520,000 million (~USD 109,934.5) (FY24) & 99% of smartphones are now manufactured domestically, reflecting India's self-reliance in electronics production.
- In pharmaceuticals India is the third-largest global producer of pharmaceuticals by volume having exports contribute 50% of the sector's total turnover.
- Textiles have 11% share in India's manufacturing GVA, but exports declined to USD 35,870 million in FY24.
- The MSME sector employs 232.40 million people (as of November 2024), making it a critical pillar of the Indian economy.

Investment and Infrastructure: Keeping it Going

- The central government's capital expenditure ("capex") on key infrastructure sectors has grown at a rate of 38.8% from FY20 to FY24.
- The ministries related to infrastructure sectors utilised 60% of the budgeted capex from April to November 2024. Railway Infrastructure: 17 railway projects have been completed under Public-Private Partnership (PPP), amounting to INR 16.43 billion (~USD 0.19 billion).
- 17 new pairs of Vande Bharat trains and 228 coaches were introduced between April and October 2024. Roadway Infrastructure: 5,853 km of National Highways were constructed between April and December 2024.
- The power sector has grown by 7.2% year-on-year, reaching 456.7 GW as of November 2024. By December 2024, India's renewable energy capacity saw a 15.8% year-on-year increase, making up about 47% of the total installed capacity.
- In India, 5G services are available in 779 out of 783 districts. The data centre market in India is expected to grow from INR 389.655 billion (~USD 4.5 billion) in 2023 to INR 1,004.44 billion (~USD 11.6 billion) by 2032, at a CAGR of 10.98%.
- The government's Space Vision 2047 includes ambitious projects like the Gaganyaan mission and Chandrayaan-4 Lunar Sample Return Mission.

Social Sector: Extending Reach and Driving Empowerment

- Social sector spending rose to INR 25,700 billion (~USD 297 billion) in FY25 (BE), growing at a 15% CAGR since FY21.
- Over 363.60 million Ayushman cards have been issued, providing 0.5 million free health coverage to 60 million senior citizens aged 70 and above.
- 60 million Ayushman Arogya Mandirs (AAMs) have been operationalized, offering universal free healthcare services, with 3,719.70 million footfalls and 1,005.70 million hypertension screenings.
- The PM-Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) strengthened healthcare with 9,594 new Sub-Centre HWCs, 4,623 Urban HWCs, and 577 Critical Care Blocks.
- Over 14,000 Jan Aushadhi Kendras now operational, providing access to affordable medicines and sanitary products.
- More than 15.70 million individuals trained under PMKVY, with 58% women trainees and 46.5 million in new-age courses like AI & Big Data.

Climate Change:

- India aims to achieve net-zero emissions by 2070 aspiring to become a developed nation by 2047.
- India has achieved 213,701 MW of installed electricity generation capacity from non-fossil fuels with a target of 50% by 2030.
- The "Ek Ped Maa Ke Naam" campaign, launched in June 2024, successfully planted 800 million seedlings by Sep'24.
- India's NDC aims to increase the carbon sinks by 2.5 to 3 billion tonnes of CO2 equivalent through improvement and addition of tree cover by 2030.
- RBI has classified loans up to INR 300 million (~USD 3.46 million) for renewable energy projects under priority sector lending.
- Lifestyle for Environment (LiFE) aims to engage 1 billion people by 2028, promoting eco-friendly habits that lead to health benefits and potential savings of USD 440 billion by 2030.
- From FY26, the top 500 listed entities would be mandated to report under BRSR, which will be expanded to the top 1,000 listed entities from FY2027 onwards.

Labour in the AI Era: Crisis or Catalyst?

AI developers promise a new era of automation for economically valuable work.

AI is expected to surpass human decision-making in key sectors like healthcare, business, and finance.

The IMF warns of job displacement risks, especially for emerging markets.

The ILO estimates 75 million jobs are at complete risk due to AI automation.

Goldman Sachs and McKinsey project AI could impact up to 300 million jobs and automate 30% of work hours by 2030.

With its young, tech-savvy population, India can harness AI for workforce augmentation.

The future lies in 'Augmented Intelligence,' where AI enhances human capabilities.

Medium- to high-skill jobs may be less exposed to AI, highlighting its labour-augmenting potential.

Government, industry, and academia must collaborate to mitigate AI's societal impact.



Non-Tax Proposals

Four Engines Driving Viksit Bharat

(Agriculture, MSMEs, Investment, and Exports)

1st Engine: Agriculture – Harvesting Growth



- **Prime Minister Dhan-Dhaanya Krishi Yojana:** Aimed at benefiting 17 million farmers in 100 districts by enhancing productivity, crop diversification, storage, irrigation, and credit access.
- **Mission for Aatma-Nirbharta in Pulses:** A 6-year initiative focusing on Tur, Urad, and Masoor, with NAFED and NCCF set to procure from farmers over the next 4 years.
- **Makhana Board:** Bihar to establish board for enhancing Makhana production and marketing.
- **Kisan Credit Card Boost:** It is proposed to raise the Loan limit from INR 0.30 million (~USD 3,464) to INR 0.50 million (~USD 5,775) under the modified scheme.

2nd Engine: MSMEs – Powering Innovation



- **MSME Growth:** Investment & turnover limits for MSMEs increased by 2.5x and 2x, respectively, to enhance scale, technology, and capital access.
- **Entrepreneurship Boost:** A new scheme to support 0.5 million women, SC & ST first-time entrepreneurs with term loans up to INR 20 million (~USD 0.23 million) over 5 years.
- **Global Manufacturing:** A scheme to make India a global toy hub and launch a National Manufacturing Mission to boost “Make in India..
- Aligned with the “Purvodaya” vision, a National Institute of Food will be established in Bihar to drive growth and innovation in the food sector.

Four Engines Driving Viksit Bharat

(Agriculture, MSMEs, Investment, and Exports)

3rd Engine: Investment: Building Infrastructure



Investing in People

- **Saksham Anganwadi & Poshan 2.0:** Nutritional support for children, pregnant women, and adolescent girls in priority districts.
- **Atal Tinkering Labs:** 50,000 labs to be set up in government schools over five years.
- **Bharatiya Bhasha Pustak Scheme:** Digital Indian language books for school and higher education.
- **Education Expansion:** Infrastructure in 5 IITs for 6,500 students; 10,000 more medical seats next year, totaling 75,000 in five years.
- **PM SVANidhi:** Revamped with higher loans, UPI-linked credit cards (INR 30,000 (~USD 346) limit), and capacity-building support.

Investing in Economy

- **State Infra Support:** INR 1,500 billion in 50-year interest-free loans for capital projects & reforms.
- **Asset Monetization 2025-30:** INR 10,000 billion (~USD 115,477 million) plan to reinvest in new projects.
- **Urban Challenge Fund:** INR 1,000 billion (~USD 11.55 Billion) for city growth, redevelopment, and sanitation, with INR 100 billion (~USD 1,155 Million) for 2025-26.
- **SWAMIH Fund 2:** INR 150 billion (~USD 1,732 Million) to complete 0.10 million homes with govt, bank & private investment.

Investing in Innovation

- **R&D & Innovation:** INR 200 billion (~USD 2,310 million) allocated for private sector-driven research and development.
- **PM Research Fellowship:** 10,000 fellowships for IIT & IISc tech research with better financial support.
- **Gene Bank Expansion:** 2nd gene bank with 1 million germplasm lines for food security.
- **Gyan Bharatam Mission:** Survey & conservation of over 10 million manuscripts with institutions & collectors.

Four Engines Driving Viksit Bharat

(Agriculture, MSMEs, Investment, and Exports)

4th Engine: Exports – Expanding Global Footprints



- **Export Promotion Mission:** New initiative with sectoral & ministerial targets led by Commerce, MSME & Finance Ministries.
- **Bharat Trade Net (BTN):** A unified platform for trade documentation & financing solutions for international trade.
- **National Framework for GCC:** A national framework to be formulated as guidance to states for promoting Global Capability Centers in emerging tier 2 cities.

Reforms as Fuel: Financial Sector Reforms and Development

- **FDI in Insurance Sector:** The FDI limit for the insurance sector to be raised from 74% to 100%, for those companies which invest the entire premium in India.
- **Credit Enhancement Facility by NaBFID:** NaBFID to set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.
- **Grameen Credit Score:** Public Sector Banks to develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.
- **Pension Sector:** A forum for regulatory coordination and development of pension products to be set up.
- **High Level Committee for Regulatory Reforms:** A High-Level Committee for Regulatory Reforms to be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions
- **Investment Friendliness Index of States:** An Investment Friendliness Index of States to be launched in 2025 to further the spirit of competitive cooperative federalism announced.
- **Jan-Vishwas Bill 2.0:** The Jan Vishwas Bill 2.0 to decriminalize more than 100 provisions in various laws.



Direct Tax Proposals

Income Tax

Personal Tax Proposal

Revision in Income Tax Slab under New Tax Regime

- It has now been proposed to amend the income tax slabs rates under the Section 115BAC.
- As announced in Budget 2025, there are no changes to the old tax regime, including tax rates, surcharge, education cess, and the standard deduction for salaried individuals.
- Comparison between the old and proposed income slab is reproduced below:

OLD		PROPOSED	
Total Income	Rate of Tax	Total Income	Tax Rates
Up to INR 300,000	Nil	Up to INR 400,000	NIL
From INR 300,001 to INR 700,000	5%	From INR 400,001 to INR 800,000	5%
From INR 700,001 to INR 1,000,000	10%	From INR 800,0001 to INR 1,200,000	10%
From INR 1,000,001 to INR 1,200,000	15%	From INR 1,200,001 to INR 1,600,000	15%
From INR 1,200,001 to INR 1,500,000	20%	From INR 1,600,001 to INR 2,000,000	20%
Above INR 1,500,000	30%	From INR 2,000,001 to INR 2,400,000	25%
NA	NA	Above INR 2,400,000	30%

AKM Global's views in media:



Amit Maheshwari,
Tax Partner, AKM Global,
Quoted in MSN:

"Taxpayers all across have been benefited to a greater extent with changes in slab and rebates. Notable point, no announcement is made in old tax regime."

Meanwhile, the FM also announced that the New direct tax bill will be introduced in the budget session of parliament.

"The new income-tax bill will carry forward the same spirit of "Nyaya", said the FM adding that the new bill will be clear and direct in text with close to half of the present law, in terms of both chapters and words.

It will be simple to understand for taxpayers and tax administration, leading to tax certainty and reduced litigation.

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Income Tax

Personal Tax Proposal

Increased Rebate limits under Section 87A

- **Earlier Provision:** For individuals opting for the tax regime under Section 115BAC:, If income is up to INR 0.7 million (~USD 8,083), the rebate is 100% of income tax or INR 0.025 million, whichever is lower.
- **Proposed Amendment with effect from 1.4.2025:** The rebate limit increases from INR 0.025 million (~USD 288) to INR 0.06 million (~USD 692) for individuals with income up to INR 1.2 million (~USD 13,841)

Such rebate is not applicable on Special Rates of Income.

Marginal relief: Marginal relief shall be allowed.

Increase in Income Limits for Calculating Perquisites

- Section 17(2) limits the perquisite exemptions to employees with annual salaries up to INR 50,000 (set by the Finance Act, 2001). Employer-incurred expenses for overseas medical treatment were excluded from perquisites only if the employee's gross total income did not exceed INR 2,00,000 (set by the Finance Act, 1993).
- The amendment in proposed budget empowers the government to prescribe new income limits, allowing exemptions for employer-provided benefits and overseas medical travel expenses beyond the current thresholds.
- The proposed amendment allows the government to set **new, higher income limits** for perquisite exemptions, enabling more employees to benefit from **tax-free employer-provided perks** and **overseas medical travel expenses**. Effective from April 1, 2025, applicable from AY 2026-27 onwards.
- These limits were unchanged for a very long time hence the amendment would provide flexibility to the Central Government to change these limits from time to time.

Section 10(12BA): Tax Exemption on Partial Withdrawal from NPS for Minors

- It is proposed to introduce a sub clause 12BA under Section 10, that any partial withdrawal from a minor's NPS account will not be taxed in the hands of the parent/guardian, up to 25% of contributions made by them.
- The amendment will be effective from 1 April, 2025, i.e. Assessment Year 2026-27.

Income Tax

Personal Tax Proposal

Contribution by Parents on behalf of Minor under National Pension Scheme (NPS) Vatsalya Scheme:

- A new proviso has been inserted under section 80CCD allowing the deduction to the parents and guardian of the minor when such parents and guardians pay or deposit the amount on behalf of the minor child under the NPS. However, the aggregate amount of deduction under this sub-section shall not exceed INR 0.05 million (~USD 577).
- Such amounts, along with any accrued earnings for which a deduction has been claimed under this section, will be subject to tax upon withdrawal. However, if the amount on which the deduction was allowed is received upon account closure due to the minor's death, it will not be considered as income of the parent or guardian.

Tax Relief for Self-Occupied Property (SOP) –

- With effect from 1st April 2025, It has been proposed that the gross annual value (“GAV”) of SOP will be considered ‘Nil’ if the owner occupies it for his own residence or cannot actually, occupy due to any other reason.
- Thus, NIL GAV can be claimed without any conditions reducing the tax burden on property ownership.

Tax Treatment of ULIPs: Proposal for Capital Asset Classification

- The current provisions of Section 10(10D) stipulate that the sum received under a life insurance policy, including any bonus on the policy, is exempt from tax, provided the annual premium does not exceed INR 0.25 million (~USD 2,884). It has been proposed that Unit-Linked Insurance Plans (ULIPs), which are currently not eligible for the exemption, be classified as capital assets and treated as equity-oriented funds. Consequently, the profits and gains arising from the redemption of such ULIPs will be taxed as capital gains under Sections 111A and 112A, depending on the holding period of the ULIP.

Tax Exemption on NSS Withdrawals for Pre-1992 Deposits

- Section 80CCA allows individuals and Hindu Undivided Families to claim a deduction for amounts deposited in the NSS, provided the deposit was made before April 1, 1992. Currently, both the deposited amount and accrued interest are taxable upon withdrawal. The proposed amendment exempts withdrawals from taxation, effective on or after August 29, 2024, but only for deposits made before April 1, 1992. This amendment will apply retrospectively from August 29, 2024. This amendments offers tax relief on withdrawals for eligible deposits, enhancing benefits for long-term NSS investors.



Income Tax

Tax Deducted at Source (TDS)/Tax Collected at Source (TCS)

S. No.	Section	Current Threshold	Proposed Threshold
1.	193 - Interest On Securities	Nil	INR 10,000 (~USD 115)
2.	193 – Interest payable to resident individual/HUF on any debenture issued by public company.	INR 5,000 (~USD 58)	INR 10,000 (~USD 115)
3.	194A - Interest other than Interest on securities	(i) INR 50,000/- (~USD 577) for senior citizen; (ii) INR 40,000/- (~USD 462) in case of others when payer is bank, cooperative society and post office (iii) INR 5,000/- (~USD 58) in other case	(i) INR 100,000/- (~USD 1,155) for senior citizen (ii) INR 50,000/- (~USD 577) in case of others when payer is bank, cooperative society and post office (iii) INR 10,000/- (~USD 115) in other cases
4.	194 - Dividend for an individual shareholder	INR 5,000 (~USD 58)	INR 10,000 (~USD 115)
5.	194K - Income in respect of units of a mutual fund or specified company or undertaking	INR 5,000 (~USD 58)	INR 10,000 (~USD 115)
6.	194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding INR 10,000/- (~USD 115) during the financial year	INR 10,000/- (~USD 115) in respect of a single transaction
7.	194BB - Winnings from horse race	Aggregate of amounts exceeding INR 10,000/- (~USD 115) during the financial year	INR 10,000/- (~USD 115) in respect of a single transaction

AKM Global's views in media:



Sandeep Sehgal
Partner-tax, AKM Global
quoted in *Business Standard*

The TDS threshold on interest payouts for senior citizens has been raised to Rs 1 lakh from Rs 50,000. “The increase in the limit for TDS on interest to Rs 1 lakh will ensure greater cash flow in the hands of senior citizens, providing them with greater financial cushion,”

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Income Tax

Tax Deducted at Source (TDS)/Tax Collected at Source (TCS)

S. No.	Section	Current Threshold	Proposed Threshold
8.	194D - Insurance commission/ 194H - Commission or brokerage	INR 15,000 (~USD 173)	INR 20,000 (~USD 230)
9.	194G - Income by way of commission, prize etc. on lottery tickets	INR 15,000 (~USD 173)	INR 20,000 (~USD 230)
10.	194I: Income from Rent	INR 240,000 (~USD2,771) during the financial year	INR 50,000 (~USD 577) per month or part of a month
11.	194J - Fee for professional or technical services	INR 30,000 (~USD 346)	INR 50,000 (~USD 577)
12.	194LA - Income by way of enhanced compensation	INR 250,000 (USD 2,887)	INR 500,000 (~USD 5,774)
13.	206C(1G)-Liberalised Remittance Scheme (LRS) (For overseas and Tour package)	INR 700,000 (~USD 8,083)	INR 1,000,000 (~USD 11,548)
14.	206C(1G)-Liberalised Remittance Scheme (LRS) (For education loan)	INR 700,000 (~USD 8,083)	TCS Not applicable

AKM Global's views in media:



Amit Maheshwari
Tax Partner, AKM
Global quoted in
taxsutra

The budget sets a positive tone towards becoming a developed nation with the theme of 'Sabka Vikas' by focusing on four key areas: Agriculture, MSMEs, Investment, and Exports.

It has provided long due relief to the middle class, maintaining stable policy, and streamlining regulations. Among key highlights include tax relief under the new regime with no tax up to INR 12 lakhs for certain incomes which will boost disposable income and potentially stimulate consumption levels. Further, rationalization of TDS/TCS compliances is proposed which will ease TDS/TCS compliances through revised threshold limits followed by the simplification of custom tariff system lowering the cost of imports and also boosting the competitiveness of domestic manufacturing....more,

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Income Tax

Tax Deducted at Source (TDS)/Tax Collected at Source (TCS)

TCS on forest produce rationalized to 2% with a clear definition linked to forest laws

Section 206C:

- **Earlier:** TCS at 2.5% applied to the sale of timber (under or outside forest lease) and other forest produce (excluding tendu leaves), with no clear definition of "forest produce," causing compliance issues.
- **Proposed Amendment:** "Forest produce" now defined as per the Indian Forest Act, 1927, or relevant State Acts; TCS at 2% applies only to forest produce (excluding timber and tendu leaves) obtained under or outside a forest lease. (effective from April 1, 2025)
- **Impact:** Provides clarity on the definition of "forest produce" reduces TCS rates to 2%, and excludes traders not dealing with produce obtained under forest lease, easing compliance.

Omission of TCS on Sale of Specified Goods (Section 206C(1H))

- **Earlier:** Sellers were required to collect TCS at 0.1% on sale consideration exceeding INR 5 million, while buyers had to deduct TDS at 0.1% under Section 194Q on the same transaction, causing compliance overlap.
- **Proposed Amendment:** Provisions of Section 206C(1H) for TCS on the sale of specified goods will be omitted effective April 1, 2025.
- **Impact:** Eliminates dual compliance of TDS and TCS on the same transaction, reducing the compliance burden and easing business operations.

Reduction of TDS Rates for Securitization Trusts:

- **Earlier:** Under Section 194LBC, a securitization trust is required to deduct income-tax at the rate of 25% for residents who are individuals or Hindu undivided families, and at 30% for all other payees, on income payable to them.
- **Proposed Amendment:** The TDS rate under Section 194LBC to be reduced from 25% and 30% to 10%.(effective from April 1, 2025)
- **Impact:** The reduced TDS rate to provide relief to investors in securitization trusts, encouraging investment in the sector by lowering the tax burden.

Income Tax

Tax Deducted at Source (TDS)/Tax Collected at Source (TCS)

Removal of Higher TDS/TCS for Non-Filers of Income Tax Returns

- **Earlier:** Sections 206AB and 206CCA required higher TDS/TCS rates for non-filers of income tax returns, creating a compliance burden for deductors and collectors who had to verify the filing status before deduction or collection.
- **Proposed Amendment:** The Budget 2025 proposed that higher TDS rates will now be applied only in cases where the payee has not provided their PAN. It has been proposed to amend Sections 206AB and 206CCA, to eliminate the requirement for higher TDS/TCS rates on non-filers. (effective from April 1, 2025).
- **Impact:** Simplifies compliance for deductors and collectors by removing the need to verify return filing status, reducing administrative burden and easing cash flow concerns for taxpayers.

Exemption from Prosecution for Delayed Payment of TCS in Certain Cases (Section 276BB)

- **Earlier:** Section 276BB of the Act prescribed prosecution for failure to deposit TCS with the Central Government. The punishment included rigorous imprisonment of 3 months to 7 years, along with a fine.
- **Proposed Amendment:** It has been proposed that prosecution will not be initiated if the TCS amount is deposited with the Central Government on or before the due date for filing the quarterly TCS statement under Section 206C(3). (Effective from April 1, 2025).
- **Impact:** Reduces litigation risk for taxpayers by exempting prosecution in cases where TCS is deposited within the prescribed timeframe, ensuring compliance without severe penal consequences.

Income Tax

Corporate Tax Proposal

Extension of Tax Benefit for Eligible Start-ups Under Section 80-IAC

Section 80-IAC of the Act grants a 100% deduction on profits or gains for any 3 consecutive years within the first 10 years of incorporation for eligible start-ups. Currently, this benefit is available to start-ups incorporated until March 31, 2025. It has now been proposed to extend the eligibility period by 5 years, allowing start-ups incorporated until March 31, 2030, to avail of this deduction.

Harmonization of ‘Significant Economic Presence’ with ‘Business Connection’

- Income from purchasing goods in India for export is exempt for non-residents. However, the Significant Economic Presence (SEP) rule under Section 9 could unintentionally override this exemption.
- Amendment transactions limited to purchasing goods for export will be explicitly excluded from being classified as SEP, which provides certainty to non-residents, ensuring that genuine export-related transactions are not taxed in India.
- The amendment will take effect from the 1st of April 1, 2025.

Amendment to Carry Forward of Losses in Amalgamation and Reorganization

- Sections 72A and 72AA allow the carry forward and set-off of accumulated losses and unabsorbed depreciation in the case of amalgamation or business reorganization. Under the current provisions, the accumulated losses of the amalgamating or predecessor entity are treated as the losses of the amalgamated or successor entity in the year of amalgamation and can be carried forward for up to 8 assessment years.
- The proposed amendment limits the carry forward of such accumulated losses to 8 assessment years from the year the loss was first computed for the original predecessor entity. This will hamper the progress of IBC as the acquirers consider loss as an asset to evaluate corporate debtor. This may further aggravate the litigations on primacy of IBC over the tax laws.

Income Tax

International Financial Service Centre (IFSC)

Extension of Sunset Dates for Tax Concessions in IFSC

The sunset date for tax exemptions on specified incomes in IFSC has been extended from March 31, 2025, to March 31, 2030. The extended benefits apply to:

- **Investment Divisions of Offshore Banking Units and IFSC:** Exemption on income attributable to investment activities Section 10(4D) and deduction under Section 80LA.
- **Leasing of Aircrafts/Ships:** Exemption on royalty or interest income earned by non-residents from leasing aircraft or ships to an IFSC Unit Section 10(4F).
- **Capital Gains on Aircraft/Ship Leasing Businesses:** Exemption on capital gains for non-residents or IFSC units from the sale of an IFSC company engaged in aircraft/ship leasing Section 10(4H).

Incentives for Ship Leasing Units in IFSC

- **Capital Gains:** Section 10(4H) provides exemption to non-residents or unit of IFSC engaged in aircraft leasing from capital gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in aircraft leasing.
- **Dividend:** Section 10(34B) provides exemption to dividend paid by a company being a unit of IFSC engaged in aircraft leasing, to a unit of IFSC engaged in aircraft leasing.
- Similar to aircraft leasing, ship leasing company operating in IFSC that receive below mentioned income from another ship leasing company will also be exempt from tax.
 - Dividend income
 - Capital gain arising from transfer of equity shares of a domestic company (also an IFSC unit engaged in ship leasing).

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

Section 10(4E): Tax Exemption for Non-Residents on Offshore Derivative Instruments

- Non-residents are exempt from tax on income from offshore derivative instruments, non-deliverable forwards, and over-the-counter derivatives when transacted with an IFSC banking unit.
- It is proposed to extend this exemption to transactions with Foreign Portfolio Investors (FPIs) operating as IFSC units.
- The amendment will be effective from April 1, 2025.

Income Tax

International Financial Service Centre (IFSC)

Simplified regime for fund managers based in IFSC

(effective from the April 1, 2025)

Section 9A inter alia provides that the fund management activity carried out through an eligible fund manager acting on behalf of eligible investment fund shall not constitute business connection in India. It is proposed that:

- The conditions mentioned for eligible fund investment by Indian resident will can now be assessed on either April 1 or October 1, with a 4 months grace period for compliance if not met.
- The condition mentioned above have to be meet by eligible investment fund established in IFSC and its managers who has commenced their operations on or before 2030. Earlier, eligible investment fund and its managers were exempt from this condition.
- Note: The period for the commencement of operations has been extended to March 31, 2030, for eligible investment funds and their fund managers operating in the IFSC
- This amendment provides greater flexibility for fund managers in IFSC by allowing compliance checks.

Exemption from Deemed Dividend Provisions for Treasury Centre's in IFSC

It has been proposed that the deemed dividend provisions under Section 2(22) of the Act will not apply to loans or advances between group entities where one is a "Finance Company" or "Finance Unit" in the IFSC, acting as a global or regional treasury center. This exemption applies if the parent entity is listed on a foreign stock exchange, excluding specified jurisdictions, promoting the IFSC as a competitive hub for international financial operations. This amendment enhances IFSC's competitiveness by facilitating tax-efficient treasury operations and improving liquidity management for multinational groups.

Tax-Neutral Relocation of Funds to IFSC

(effective from April 1, 2025)

Section 47 of the Income Tax Act, 1961 deals with transactions that are exempt from capital gains tax.

Section 47(viiad) allowed tax-neutral relocation of funds to IFSC-based Category I, II, or III AIFs, exempting capital gains on such transfers.

Retail schemes and Exchange Traded Funds (ETFs) in IFSC, already tax-exempt under Section 10(4D), are now included in the definition of "resultant fund," ensuring their relocation is also tax-neutral.

Impact: Proposed amendment expands tax benefits to a broader range of investment funds in IFSC, enhancing its attractiveness as a global financial hub. Effective from April 1, 2025 (AY 2026-27 onwards)



Income Tax

Tax Proposal for VDAs

Insertion of New Section 285BAA: Obligation to Report Crypto-Asset Transactions

With effect from April 1, 2025, a new provision will be introduced mandating crypto exchange platforms for furnishing information of crypto transactions by the reporting entity to the Income Tax authorities.

The data provided by these exchanges will assist the tax department in cross-verifying the crypto assets disclosed by taxpayers in their income tax returns

Additionally, the proposal aims to amend the definition of virtual digital asset to explicitly include crypto-assets. These are defined as digital representations of value that rely on a cryptographically secured distributed ledger or similar technology to validate and secure transactions, whether or not already included in the existing definition of virtual digital assets.

Impact: This amendment ensures greater transparency in crypto transactions by mandating exchanges to report data, facilitating the cross-checking of crypto asset disclosures by taxpayers. The broader definition of virtual digital assets will help bring more crypto assets under the tax net, providing the government with the tools to better regulate and track crypto transactions.

Update on Virtual Digital Assets (VDA) Taxation

It has been proposed to expand the definition of Virtual Digital Assets (VDAs) to include crypto-assets—digital assets secured through cryptographic distributed ledger technology or similar systems. With this change, VDAs will be taxed under Section 115BBH, where any transfer will attract a 30% tax, with no deductions allowed except for the cost of acquisition. This amendment will take effect from April 1, 2025.

Income Tax

Charitable Trusts

Extension of period of validity of registration of Small trusts or institutions

- **Earlier:** The registration of a trust or institution is valid for a period of 5 years. On expiry of the registration, an application for further registration is required.
- **Proposed Amendment:** The validity period for small trusts or institutions is proposed to be extended to 10 years, provided that the total income of the trust or institution does not exceed INR 50 million during each of the 2 previous years preceding the relevant previous year in which the application is made. (Effective from April 1, 2025)
- **Impact:** Reapplying for registration every 5 years creates a compliance burden, particularly for smaller trusts. The amendment would ease this burden by extending the validity period to 10 years, reducing the frequency of registration applications of registration applications for small entities.

Proposed Amendment to Grounds for Cancellation of Trust Registration

- **Earlier:** If a trust or institution is granted registration (whether regular or provisional), its registration may be cancelled upon identifying specified violations in any previous year. This could occur if the application is incomplete or contains false information, and the trust would become liable to tax on accreted income.
- **Proposed Amendment:** It is proposed to omit the ground where the application contains incomplete information as a reason for the cancellation of registration. (Effective from April 1, 2025)
- **Impact:** The removal of incomplete information as a valid ground for cancelling a trust or institution's registration provides greater flexibility and clarity in the registration process. This ensures that minor administrative defaults will not lead to the cancellation of registration.

Income Tax

Charitable Trusts

Amendment to Contribution Limits and Exclusion Criteria for Trust Income Applied for the Benefit of Specified Persons

- **Earlier:** The income or property of the trust or institution applied for the benefit of a person making a substantial contribution exceeding INR 0.05 million (~USD 577) shall not be excluded when determining the total income of the trust.

Additionally, the relatives of such a person or any entity in which the person has substantial interest were considered as specified persons for the purpose of above exclusion.

- **Proposed Amendment:** New Contribution Limits: Trusts cannot use their income or property to benefit individuals who have donated more than INR 0.10 million (~USD 1,155) in a single financial year or INR 1 million (~USD 11,548) in total over time.
- **Relaxed Scope of Restrictions:** Earlier, above restriction also applies to the relatives of such donors and to entities where these donors hold a significant interest. It has been proposed to exclude such relatives and entities. Thus, trust can consider any contribution as application of trust income and property for the purposes of 85% limit. (Effective from April 1, 2025)
- **Impact:** The amendment increases the contribution threshold to INR 0.10 million (~USD 1,155) annually or INR 1 million (~USD 11,548) cumulatively. Removes restrictions on benefiting donors' relatives and associated entities, allowing trusts greater flexibility in meeting the 85% income application requirement.

Income Tax

Other Tax Proposal

Expansion of Tonnage Tax Scheme to Include Inland Vessels

- **Earlier:** the benefits of Tonnage Tax Scheme did not include inland vessels. Further, the Joint Commissioner was required to pass an order accepting or rejecting the application for opting into the Tonnage Tax scheme within 1 month from the end of the month in which application was presented to them.
- **Proposed Amendment:** Proposal for expansion of Tonnage Tax Scheme to include inland vessels to incentivize inland water transport and attract investments in the sector. (Effective from April 1, 2025)
- Additionally, the Joint Commissioner is to pass the **order within 3 months** from the end of the quarter in which the application was made.
- **Impact:** It is expected to promote investment in inland water transport by bringing inland vessels under the Tonnage Tax Scheme and provides the Joint Commissioner with an extended timeframe to process applications, ensuring better administrative efficiency.

Presumptive Taxation for Non-Residents in Electronics Manufacturing

- Non-residents providing services or technology for setting up electronics manufacturing facilities in India are eligible for a special tax provision under Section 44BBD.
- Taxable Profits: 25% of the amount received or receivable for services or technology provided to a resident company (under a government scheme) will be deemed as taxable profits.
- No set-off allowed for unabsorbed depreciation or carried forward losses for profits declared under this provision.
- The amendment will take effect from the April 1, 2025.

AKM Global's views in media:



Sandeep Sehgal
Partner-tax, AKM Global
quoted in Business Standard

“

The presumptive scheme under Section 44BBD has been introduced for foreign electronics manufacturers. Twenty-five per cent of their revenue from their manufacturing facility in India shall be considered as income and shall be taxed at 35%. Hence, their effective tax rate will be less than 10 per cent. This measure may serve as a significant boost for the industry, helping bring technology and qualified support to India.



Income Tax

Other Tax Proposal

Extension of Time Limit for Filing Updated Income Tax Returns

- **Earlier:** Under Section 139(8A) of the Act, an updated return can be filed up to 24 months from the end of the relevant assessment year. Additional income-tax of 25% of the aggregate tax and interest is payable if filed within 12 months, and 50% if filed after 12 months but within 24 months.
- **Proposed Amendment:** The time limit for filing updated returns will be extended from 24 months to 48 months. Additional income-tax will be:
 - **60%** of the aggregate tax and interest if filed after 24 months but before 36 months, and
 - **70%** if filed after 36 months but before 48 months. Additionally, updated returns cannot be filed if a show-cause notice under section 148A has been issued after 36 months, unless later determined not to be a fit case, allowing filing up to 48 months.
- **Impact:** This amendment encourages voluntary compliance by giving taxpayers more time to file updated returns, though with additional tax liabilities.

Income Tax

Other Tax Proposal

Amendment under Section 115UA(2) Taxation of Business trusts

Section 115UA grants pass-through status to business trusts for certain incomes. Currently, special income under Sections 111A and 112 is taxed at special rates, while other income is taxed at the maximum marginal rate.

The Budget 2025 proposes taxing income under Section 112A at 12.5% from April 1, 2025.

The proposed amendment shall be benefiting the business trusts with reduced tax liability, improved cash flows, and increased investor confidence, making them a more attractive investment vehicle.

Revised Tax Rate for FIIs and Specified Funds Under Section 115AD

The proposed amendment to Section 115AD increases the tax rate on income from securities, including short-term and long-term capital gains (excluding units under Section 115AB), in the hands of Foreign Institutional Investors (FIIs) and specified funds, from 10% to 12.5%.

This revision will come into effect from April 1, 2025.

Inclusion under the definition of Capital Asset (Section 2(14))

Any security held by investment funds as a Category I or a Category II Alternative Investment Fund which has invested in such security in accordance with the regulations made under the SEBI Act, 1992 shall be treated as capital asset.

Therefore, any income arising from transfer of such security would be in the nature of capital gain.



Income Tax

Other Tax Proposal

Extension of Investment Deadline & Tax Exemption for Sovereign Wealth Funds & Pension Funds

- Under Section 10(23FE), SWFs & PFs enjoy tax exemption on dividends, interest, and long-term capital gains from investments in India primarily in infrastructure..
- It is proposed to amend the clause to ensure that long-term capital gains from investments in India by specified persons (SWFs & PFs) remain exempt, even if classified as short-term under Section 50AA, providing tax stability.
- Additionally, it is proposed to extend the deadline to March 31, 2030.

Income Tax

Block Assessment for Search and requisition under Chapter XIV-B

Amendments proposed in provisions of Block assessment for search and requisition cases under Chapter XIV-B

With an aim to streamline the block assessment process and bringing clarity to tax provisions related to search and seizure cases, Finance Bill 2025 proposed certain amendments in provisions of Block assessment, the Key amendments are as follows:

- The term “virtual digital asset” has been added in the definition of undisclosed income in section 158B of Income Tax Act, 1961.
- It is proposed to amend Section 158BA(5) clarifying that abated proceedings under section 158BA(2) and (3) shall revive, applying the revival not only to assessments but also to recomputation and related orders.
- Section 158BA(4) is being amended to replace the term "pending" with "required to be made," ensuring that the provision applies not only when an assessment is still pending at the time of a subsequent search or requisition but also when the assessment needs to be made, even if it is not formally pending.
- Amendment in Section 158BB to align the definition of total income by substituting “total income disclosed” with “undisclosed income” declared in returns.
- Amendment in Section 158BB(3) to ensure that income from international or specified domestic transactions is assessed under normal provisions instead of block assessment.

Revision of time limit prescribed under section 158BE

- The current time limit of "twelve months from end of the month in which the last of the authorisations for search has been executed", results in different deadlines for cases within the same search group, making it difficult to conclude them efficiently. To address this, the deadline for completion of block assessments is now set at "twelve months from the end of the quarter in which the last search authorization was executed", replacing the current month-based limit.
- This amendment is applicable from February 1, 2025.

Income Tax

Rationalization of penalty and Prosecution provisions

Exemption from prosecution proceedings in case of delayed payment of TCS [Section 276BB]

Section 276BB of the Income Tax Act, 1961 provides for prosecution in case of failure to deposit tax collected at source ('TCS') with the Central Government. Finance Bill, 2025 has proposed to provide relief by ensuring that prosecution will not be initiated against a taxpayer if the tax collected is deposited before the filing the quarterly TCS statement under Section 206C (3) of the Act. This amendment would help reduce the burden on taxpayers by allowing them to rectify the non-deposit of TCS without facing any legal action.

This amendment will take effect from April 1, 2025.

Non applicability of Section: 271AAB: Penalty where search has been initiated

With the introduction of block assessment provisions vide Finance Act, 2024, the penalty under Section 271AAB of the Act will no longer be applicable for searches conducted on or after September 1, 2024. This amendment removes any uncertainty regarding the applicability of Section 271AAB, which previously imposed penalties for searches initiated after December 15, 2016.

This amendment will take effect from the September 1, 2024.

Substitution of New Section [Section 275] Bar of limitation for imposing penalties

- Prior to Finance Bill 2025, there were multiple time-limits for penalty imposition in different scenarios making it difficult to track them efficiently. To simplify this, section 275 has been amended to provide for a uniform time limit proposing that any order imposing a penalty under Chapter XXI shall not be passed after the expiry of six months from the end of the quarter in which the connected proceedings are completed.
- A consequential amendment has been proposed to Section 246A to align with the revised Section 275.

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

Income Tax

Rationalization of penalty and Prosecution provisions

Streamlining Penalty Imposition Process

To streamline the penalty imposition process, Finance Bill 2025 proposes to amend Sections 271C, 271CA, 271D, 271DA, 271DB, and 271E of the Income Tax Act, 1961 allowing the "Assessing Officer" to levy penalties instead of the "Joint Commissioner". However, in cases where penalty exceeds the specified monetary limit under Section 274(2), the Assessing Officer shall take prior approval from the Joint Commissioner before passing of the penalty order.

A consequential amendment has been proposed to Section 246A to align with the above proposed amendment for imposition of penalty.

Omission of Section 271BB

Section 271BB which provides for Penalty on account of failure to subscribe to the eligible issue of capital (equal to 20% of amount to be subscribed) stands omitted.

These amendments will be effective from the April 1, 2025

Extending the processing period of application seeking immunity from penalty and prosecution under Section 270AA

- Section 270AA allows taxpayers to seek immunity from penalty and prosecution, subject to certain conditions. Currently, Sub-section (4) of the said section provides that Assessing Officer shall pass an order accepting or rejecting the application, within a period of one month from the end of the month in which the application requesting immunity is received.
- Considering the difficulties faced by the taxpayers in representing their case in short period of 'one' month, Finance Bill, 2025 has proposed to extend the time limit for processing application for seeking immunity from penalty and prosecution under section 270AA of the Act from 'one' month to 'three' months from the end of the month in which application for immunity is received by the Assessing officer.

This amendments will be effective from April 1, 2025.

Income Tax

Clarification regarding the commencement and end dates of the period during which the assessment proceedings are stayed by an order or injunction of any court, which is required to be excluded.

- Currently, Section 144BA, Section 153, Section 153B, Section 158BE, Section 158BFA, Section 263, Section 264 and Rule 68B of Schedule-II of the Act exclude the period of court-ordered stays from time limits for proceedings. However, ambiguity existed regarding the start and end dates of such exclusions.
- To clarify, an amendment is proposed to clarify that the period excluded from time limits for proceedings shall begin from the date the stay on the assessment proceedings is granted by an order or injunction from any court and shall end on the date the certified copy of the order vacating the stay is received by the jurisdictional Principal Commissioner or Commissioner.
- This change, affecting multiple sections of the Act, takes effect on April 1, 2025.

Rationalizing provisions of Section 132 and 132B in relation to Search and seizure:

- Tax officers have to take certain approvals for retention of books of accounts which are seized during Search and Seizure proceedings. Earlier, the approval request for retention was to be made in 30 days from date of assessment or reassessment order. This imposed various administrative difficulties in case of group searches as tax officers were required to take separate approvals for each assessee.
- To rationalise the provision, change has been proposed to increase retention approval time to “one month from the end of quarter in which assessment order is passed”. This change aims to simplify the process, particularly in group cases, and reduce the administrative burden, ensuring more efficient management of records and compliance with regulatory requirements.



Income Tax

Assessment, Reassessment, Appeal and Penalty

Removing cut-off date restrictions on framing the faceless schemes by Central Government

- Section 92CA, 144C, 253 and 255 of the Income tax Act, 1961 empowers central government to notify faceless scheme for various purposes so as to impart greater efficiency, transparency and accountability. For the purpose of giving effect to the aforesaid scheme, proviso to sub-section (9) of section 92CA and 253, sub section (14) of section 144C, and sub section (8) of section 255 of the Act provides that “no direction for non-applicability of the provisions of Act or applicability with such exceptions, modifications and adaptations as specified, shall be issued after the March 31, 2025”.
- Finance bill, 2025 proposes to omit the said proviso by removing the cut-off date, allowing the central government to make changes or issue directions for faceless schemes even after March 31, 2025, if required.
- These amendments will take effect from the April 1, 2025

Income Tax

Transfer Pricing Proposal

Amendment in Section 92CA of the Income-tax Act, 1961 which relates to reference to Transfer Pricing Officer (“TPO”) by the Assessing Officer (“AO”)

1. Introduction of Sub-section (3B) – Block Period Application

- The ALP determined under Section 92C(3) for a particular year will be applicable to similar international or specified domestic transactions for the next two consecutive years, subject to certain conditions:
- The Assessee must exercise an option to apply the ALP for the subsequent two years.
- This option must be submitted to the TPO during the TP proceeding for ALP determination. Separate options can be exercised for different assessment years. The option must be exercised in a prescribed form and manner. The TPO must validate the option for it to be applicable.
- This provision excludes proceedings under Chapter XIV-B (Special Procedure for Assessment of Search Cases).

2. Insertion of Provisos in Sub-section (1)

No reference for ALP determination shall be made if the TPO has already validated the option exercised by the Assessee under Section 92C(3B) for the relevant year and if a reference for ALP is made before or after the TPO’s declaration, it shall be deemed as if no reference was made for that transaction.

3. Introduction of Sub-section (4A) – Consistency in ALP Application

The TPO will examine and determine the ALP for similar transactions in the two consecutive years following the initial determination. The Assessing Officer (AO) will recompute the Assessee’s income for those years under Section 155(21).

4. Introduction of Sub-sections (11) and (12) – CBDT Guidelines

- Sub-section (11): The Central Board of Direct Taxes (CBDT), with Central Government approval, is empowered to issue guidelines addressing challenges in implementing sub-sections (3B) and (4A). These guidelines must be issued within two years from 1st April 2026.
- Sub-section (12): The guidelines issued under sub-section (11) must be presented before Parliament and may be modified or annulled.

Objective: The introduction of a block period allowing taxpayers to apply a validated ALP over three years (current year + two subsequent years) aims to reduce the need for annual assessments and litigation, while ensuring a responsive approach to addressing operational challenges in implementing the new rules.

However, Small and Medium Enterprises (SMEs) may be reluctant to engage with tax authorities fearing the adverse outcome of ALP determination exercise.

Income Tax

Transfer Pricing Proposal

Amendment to Section 155 of the Act which pertains to other amendments:

In Section 155, sub section 21 has been inserted which provides that if the TPO declares an option exercised by the assessee as valid under Section 92CA(3B), the AO must recompute the income for the next two years in conformity with the ALP determined by the TPO. This re-computation must be completed within three months of the assessment.

Amendment to Section 158BB(3) : Exclusion of Transfer Pricing Income from Block Assessment

To align with legislative intent, sub-section (3) of Section 158BB is proposed to be substituted and simplified. The amendment clarifies that income from international transactions or specified domestic transactions, relating to the part period of the previous year in which the last search authorization is executed or requisition is made, will be excluded from the block period income.

Introduction of Surcharge on Secondary Adjustments in Transfer Pricing

Previously, under sub-section (2A) of Section 92CE, if the excess money or a part thereof on account of secondary adjustment was not repatriated within the prescribed timeframe, the assessee had the option to pay additional income tax at the rate of 18% on such excess amount. The Finance Bill 2025 now proposes an additional 12% surcharge on taxes levied under certain provisions, including this one.



Indirect Tax Proposals

Goods and Services Tax

Amendment in Section 2 of CGST Act, 2017

In the Central Goods and Services Tax Act, 2017:

- **Amendment to Section 2(61):** The amendment to Section 2(61) expands the definition of Input Service Distributor (ISD) by including references to sub-section (3) and (4) of Section 5 of the IGST Act, 2017. Effective from April 1, 2025, this change ensures that ISDs can distribute ITC on services subject to the reverse charge mechanism (RCM) for interstate supplies. This amendment aligns the ISD provisions with RCM transactions under IGST, eliminating ambiguities and facilitating the seamless allocation of ITC across distinct persons under Section 25 of the CGST Act.
- **Amendment to Section 2(69):**
 - a) In sub-clause (c), after the words “management of a municipal,” the word “fund” shall be inserted.
 - b) After sub-clause (c), the following Explanation shall be inserted:
 - i). “Local fund” means any fund under the control or management of a local self-government authority established for discharging civic functions within a Panchayat area, vested by law with powers to levy, collect, and appropriate any tax, duty, toll, cess, or fee.
 - ii). “Municipal fund” means any fund under the control or management of a local self-government authority for civic functions within a Metropolitan or Municipal area, with similar powers.
- **Insertion of Section 2(116A):** “Unique identification marking” shall mean the marking under Section 148A(2)(b), including a digital stamp, mark, or any other unique, secure, and non-removable marking. This amendment boosts supply chain transparency, regulatory compliance and ensuring effective monitoring of high-risk goods under GST.

Amendment in Section 12 and 13 of CGST Act, 2017

- Pursuant to the Union Budget 2025, section 12(4) and Section 13(4) of the CGST Act, 2017, have been deleted to align the treatment of vouchers under the GST framework.
- As per Circular No. 243/37/2024-GST, vouchers recognized by the Reserve Bank of India (RBI) qualify as “money” and are thereby excluded from the scope of GST, as they do not constitute goods or services. Conversely, other vouchers not recognized by the RBI are classified as “actionable claims”, which, under Schedule III of the CGST Act, 2017, do not amount to neither goods or services. Consequently, no GST shall be levied on either category of vouchers.

Goods and Services Tax

Amendment in Section 17(5)(d) of CGST Act, 2017

- The amendment to Section 17(5)(d) of the CGST Act, 2017 replaces the term "plant or machinery" with "plant and machinery", with retrospective effect from July 1, 2017.
- Additionally, Explanation 2 clarifies that, notwithstanding any judgment, decree, or order by any court, tribunal, or authority, the term shall always be construed as "plant and machinery".
- This amendment resolves ambiguity arising from the Safari Retreats ruling regarding ITC eligibility and ensures a uniform and restrictive interpretation of the term across clauses (c) and (d) of Section 17(5)

Amendment in Section 20 of CGST Act, 2017

- The amendment to Section 20(1) and Section 20(2) of the CGST Act, 2017, effective from April 1, 2025, inserts references to sub-sections (3) and (4) of Section 5 of the IGST Act, 2017, alongside Section 9 of the CGST Act. This amendment expressly permits the Input Service Distributor (ISD) to distribute Input Tax Credit (ITC) for intra-state and inter-state supplies subject to tax under the reverse charge mechanism (RCM).
- By integrating RCM provisions within the ISD framework, the amendment aims to streamline ITC distribution under both forward charge and reverse charge mechanism, enhancing clarity, and ensure uniform implementation across both CGST and IGST structures.

Amendment in Section 34 of CGST Act, 2017

- The amendment to Section 34(2) of the CGST Act, 2017, substitutes the proviso to impose strict conditions on the reduction of a supplier's output tax liability through credit notes. The revised provision mandates that such reduction shall not be permitted if:
 - i). The recipient, being a registered person, has availed ITC on the credit note but has not reversed it;
 - ii). The tax incidence on the supply has been passed on to another person in any other case.
- This amendment ensures proper ITC utilization, prevents undue tax benefits, and strengthens compliance under the GST framework.

Goods and Services Tax

Additions in Section 38 of the CGST Act, 2017

- The amendment to Section 38 of the CGST Act, 2017, removes the term “auto-generated” from sub-sections (1) and (2), replacing it with “a statement” to provide broader flexibility in the issuance of input tax credit (ITC) statements. In sub-section (2), clause (b), the phrase “including” is inserted after “by the recipient” to expand the scope of ITC restrictions, ensuring that ineligible ITC under any provision of the Act is covered within the framework.
- Furthermore, a new clause (c) has been inserted into sub-section (2), introducing an enabling provision to prescribe additional details in the ITC statement as may be notified. This amendment allows for the incorporation of further system-based reporting requirements, probably including mechanisms like the Invoice Management System (IMS) or other prescribed compliance measures.
- While these modifications aim to enhance ITC reconciliation and reporting transparency (from summary level reporting to transactional level reporting), they also impose additional compliance obligations, requiring them to adapt their accounting and IT systems. The broader discretion granted to the government in specifying additional reporting requirements underscores the evolving nature of GST compliance, necessitating businesses to allocate resources and update operational frameworks to align with the revised statutory provisions.

Amendment in Section 39 of the CGST Act, 2017

- The amendment to Section 39(1) of the CGST Act, 2017, substitutes “and within such time” with “within such time, and subject to such conditions and restrictions”, enabling the government to impose restrictions on return filing through rules or notifications, ensuring stricter compliance, enhanced tax administration, and streamlined return filing procedures.

Goods and Services Tax

Insertion in section 107 of CGST Act, 2017

The amendment to Section 107(6) of the CGST Act, 2017, substitutes the proviso to reduce the mandatory pre-deposit for filing an appeal against a penalty order from 25% to 10% of the penalty amount, where no tax demand is involved. This amendment facilitates access to appellate remedies and mitigates financial hardship on appellants.

Restriction on Refunds – Waiver of Penalties and Late Fees under section 128

The Government, upon the Council's recommendation, may, by notification, waive in part or full any penalty under Sections 122, 123, or 125 or late fees under Section 47 for specified taxpayers and circumstances. No refund shall be granted for tax collected before Section 128 came into effect, had it been applicable earlier.

Amendment in section 112 of CGST Act, 2017

- The amendment to Section 112(8) of the CGST Act, 2017, inserts a proviso mandating a pre-deposit of 10% of the penalty amount for filing an appeal before the Appellate Tribunal, where the order imposes a penalty without any tax demand. This requirement is in addition to the 10% pre-deposit already mandated under
- Section 107(6) for appeals before the Appellate Authority, effectively increasing the total pre-deposit requirement to 20% in such cases. This amendment aims to ensure compliance, deter frivolous appeals, and streamline appellate procedures, while potentially increasing financial burden on appellants contesting penalty orders.

Amendment in section 122A of CGST Act, 2017

- The insertion of Section 122B into the CGST Act, 2017, establishes a penalty framework for non-compliance with Section 148A, which mandates unique identification markings on specified goods. Any person specified under Section 148A(1)(b) who contravenes its provisions shall be liable to a penalty of INR. 0.1 millions (USD. 1,155) or 10% of the tax payable on such goods, whichever is higher, in addition to penalties under Chapter XV or other provisions.
- This amendment aims to enhance supply chain transparency, strengthen compliance mechanisms, and prevent tax evasion by ensuring proper tracking and traceability of designated goods throughout the supply chain.

Goods and Services Tax

Insertion of Section 148A – Track and Trace Mechanism for Certain Goods

- Clause 127 of the Bill introduces Section 148A into the CGST Act, 2017, establishing a track and trace mechanism for designated goods. Sub-section (1) empowers the Government, on the Council's recommendation, to notify the specific goods and persons or classes of persons dealing with such goods to whom this provision shall apply.
- Sub-section (2) authorizes the Government to frame rules for implementing a system of unique identification marking, ensuring electronic storage and access of information. It further empowers the Government to prescribe the nature, content, and format of such identification markings.
- Sub-section (3) mandates persons notified under sub-section (1) to:
 - a). affix unique identification markings on specified goods or packages in the prescribed manner;
 - b). furnish relevant details and maintain records as prescribed;
 - c). submit information on installed machinery, including its identification, capacity, and operation details;
 - d). remit the specified amount towards the track and trace system.
- This amendment enhances supply chain transparency, facilitates regulatory compliance, and strengthens anti-evasion measures, ensuring efficient monitoring and traceability of high-risk goods under the GST framework.

Amendment to Schedule III – Clarification on Treatment of Supply of Goods in SEZ and FTWZ

- Clause 128 of the Bill amends Schedule III of the CGST Act, 2017, by inserting clause (aa) in paragraph 8, specifying that the supply of goods warehoused in a Special Economic Zone (SEZ) or a Free Trade Warehousing Zone (FTWZ) to any person before clearance for export or to the Domestic Tariff Area (DTA) shall neither be treated as a supply of goods nor a supply of services. This amendment is retrospectively applicable from July 1, 2017, ensuring clarity on the non-taxability of such transactions under GST.
- Further, Explanation 2 of Schedule III is amended to clarify that it applies explicitly to clause (a) of paragraph 8, ensuring that its interpretative scope remains restricted.
- Additionally, Explanation 3 is introduced to define the terms "Special Economic Zone," "Free Trade Warehousing Zone," and "Domestic Tariff Area" in accordance with Section 2 of the Special Economic Zones Act, 2005, thereby ensuring consistency in interpretation.
- This amendment eliminates ambiguity, aligns the treatment of intra-SEZ transactions with existing legal frameworks, and prevents unintended tax implications, thereby providing legal certainty for businesses engaged in warehousing and trade within SEZs and FTWZs.

Services Tax

Retrospective Exemption and Refund of Service Tax on Reinsurance Services under WBCIS and MNAIS

- Notwithstanding anything contained in section 66 of Chapter V of the Finance Act, 1994, as it stood prior to July 1, 2012, or in section 66B of the said Chapter, as it stood prior to its omission pursuant to section 173 of the Central Goods and Services Tax Act, 2017, no service tax shall be levied or collected on taxable services provided or agreed to be provided by insurance companies by way of reinsurance under the Weather Based Crop Insurance Scheme (WBCIS) and the Modified National Agricultural Insurance Scheme (MNAIS) for the period commencing from April 1, 2011, and ending on June 30, 2017 (both dates inclusive).
- Refund shall be granted for all such service tax collected in contravention of sub-section (1), provided such tax would not have been collected had sub-section (1) been in force at all material times. Any claim for refund under this section shall be made within six months from the date of presidential assent to the Finance Bill, 2025.
- Notwithstanding the omission of Chapter V of the Finance Act, 1994, the provisions of the said Chapter shall continue to apply for the purpose of refund under this section, retrospectively, as if the said Chapter had remained in force at all material times. Other government-backed insurance schemes, such as the Pradhan Mantri Fasal Bima Yojana (PMFBY), were already enjoying tax exemptions. Bringing WBCIS and MNAIS under the same exemption ensures parity and uniform treatment across agricultural insurance programs.

The Central Excise Act, 1944

The amendments set forth herein shall come into force and take effect from the 1st day of April, 2025.

- Bill seeks to amend Section 31 of the Central Excise Act, 1944, by defining the terms "Interim Board" and "pending application." The "Interim Board" is expected to be a temporary body for specific matters under the Act, while "pending application" refers to unresolved applications at the time the amendment takes effect. This move is part of the government's broader effort to modernize and simplify excise laws, ensuring a more efficient and predictable regulatory environment for businesses and legal professionals.
- In a significant move, Bill introduces Section 31A in the Central Excise Act, paving the way for the formation of one or more Interim Boards to handle pending settlement applications. Each Interim Board will comprise three senior tax officials of Chief Commissioner rank or higher. Crucially, pending applications will resume from their last procedural stage, ensuring continuity in dispute resolution.
- Bill seeks to amend Section 32 of the Central Excise Act, 1944, to dissolve the Customs, Central Excise, and Service Tax Settlement Commission on or after April 1, 2025. This change is part of the government's efforts to modernize the dispute resolution process in these sectors, potentially replacing the Commission with more efficient, technology-driven mechanisms.
- The government has proposed a significant amendment through Clause 106 of the Bill, which seeks to modify Section 32E of the Central Excise Act. This amendment explicitly states that no new applications shall be made under this section on or after

April 1, 2025. This change marks a pivotal moment in the landscape of tax dispute resolution, signalling a shift in how indirect tax settlements are handled in India. The latest legislative amendments proposed under Clause 107 of the Bill introduce a significant shift in the tax settlement framework under the Central Excise Act. This clause inserts sub-sections (11) and (12) in Section 32F, redefining how pending applications will be handled from April 1, 2025, onwards. The amendment mandates that sub-sections (2), (3), (4), (5), (5A), (6), (7), (8), and (10) shall continue to apply to pending cases, albeit with certain modifications as specified in the Bill. Additionally, sub-section (12) grants discretionary power to the Interim Board to extend the prescribed time limit under sub-section (6)—but only within three months of its constitution and for a maximum of twelve months from the date of its formation.

- The proposed amendments under Clauses 108 to 115 of the Bill mark a pivotal shift in the tax dispute resolution landscape under the Central Excise Act. These clauses modify Sections 32G, 32-I, 32J, 32K, 32L, 32M, 32O, and 32P, effectively transferring the powers and functions of the Settlement Commission to the Interim Board, with effect from April 1, 2025. This structural change underscores the government's intent to redefine and streamline the settlement process, ensuring that pending cases are managed efficiently during the transition period. Importantly, the amendment also mandates that all provisions of the affected sections shall apply mutatis mutandis to the Interim Board, maintaining continuity in procedural and operational aspects.

Customs

Time limit for Provisional Assessment

A new sub-section (1B) is being inserted in Section 18 of the Customs Act, 1962, introducing a definite time limit of two years for the finalization of provisional assessments. This period may be extended by the Commissioner of Customs for an additional year if sufficient cause is shown. Additionally, for pending cases, the time limit will be counted from the date of assent to the Finance Bill. Furthermore, a new sub-section (1C) is being introduced to specify certain grounds on which the two-year time limit for finalizing provisional assessments will remain suspended.

Voluntary Revision of Entry Post Clearance

A new Section 18A is being inserted after Section 18 of the Customs Act, 1962, allowing importers and exporters to voluntarily revise any entry made in relation to goods within a prescribed time and under specified conditions. The revised entry will be treated as self-assessment, enabling payment of duty or, where applicable, as a refund claim under Section 27. Additionally, the provision outlines certain cases where this section will not apply.

Introduction of the Interim Board in the Customs Settlement Process

Amendments to the Customs Act, 1962 introduce the Interim Board to take over the functions of the Settlement Commission. The changes define the Interim Board, its members, and pending applications while setting a deadline for receiving applications. The amendments also establish a time limit for granting extensions and clarify that all powers and functions previously exercised by the Settlement Commission will now be handled by the Interim Board. These modifications ensure continuity in the settlement process and provide a structured framework for pending and future applications.

Customs

Clarification on Refund Limitation Period

A new Explanation is being inserted in sub-section (1) of Section 27 of the Customs Act, 1962, to clarify that the limitation period for claiming a refund, arising from a revised entry under Section 18A or an amendment under Section 149, shall be one year from the date of payment of duty or interest.

Relevant Date for Duty Paid Under Revised Entry

A new clause is being inserted in Explanation 1 of Section 28 of the Customs Act, 1962, to specify that in cases where duty is paid under a revised entry as per Section 18A, the relevant date for calculating time limits shall be the date of payment of duty or interest.

Proposed Amendments to the First Schedule of the Customs Tariff Act, 1975

The First Schedule of the Customs Tariff Act, 1975 is set to be amended with several changes effective from May 1, 2025. These amendments include reducing tariff rates, creating new tariff items, and aligning classifications with international standards. The tariff rates on certain goods will be lowered, with reductions from 25%-40% to 20% and from 100%-150% to 70%. Specific tariff reductions will also apply to select items. New tariff items will be introduced based on processing methods and variety, such as parboiled and Geographical Indication (GI)-recognized rice, as well as for Makhana products (popped, flour, powder, etc.). Further classifications will be created for waste oils with different concentrations of hazardous substances and dual-use chemicals for non-pesticidal applications in Chapters 28 and 29. Additionally, technical-grade pesticides and goods covered under international conventions will be separately identified in Chapter 38. New tariff lines will distinguish precious metals based on purity levels for silver, gold, and platinum under Headings 7106, 7108, and 7110. Lastly, changes will be made in Heading 8112 and Chapter 85 to align with the World Customs Organization (WCO) Harmonized System (HS) 2022.



Customs: Change in Tariff Rates

Sector: Mineral Fuels and Mineral Oils

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	8110 20 00	Antimony Waste and Scrap	2.5	Nil	Reduced tariffs on raw materials will benefit the construction and manufacturing sectors
2	8112 13 00	Beryllium Waste and Scrap	5	Nil	
3	8112 41 20	Rhenium Waste and Scrap	10	Nil	
4	8112 61 00	Cadmium Waste and Scrap	5	Nil	

Sector: Jewellery

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	7113	Articles of Jewellery and parts thereof	25	20	Lower tariffs on precious metals will reduce costs for jewelers and boost exports.
2	7114	Articles of goldsmiths' and silversmiths' ware's and parts thereof	25	20	

Sector: Automobile

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	8702	Motor vehicles for transport of 10 or more persons	40	20	Lower tariffs on vehicles and components will reduce costs for automakers and encourage domestic assembly.
2	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702)	125	70	
3	8704	Motor vehicles for transport of goods	40	20	
4	8711	Motorcycles and cycles fitted with an auxiliary motor with or without side-car	100	70	
5	8712 00 10	Bicycles	35	20	
6	8702	Motor vehicles for transport of 10 or more persons	25/40	20	
7	8703	Motor cars and other motor vehicles with CIF value more than US \$40,000 or with engine capacity more than 3000 cc for petrol run vehicles and more than 2500 cc for diesel run vehicles or with both	100	70	
8	8704	Motor vehicles for transport of goods	25/40	20	
9	8711	Motor cycles with engine capacity not exceeding 1600cc in CBU form	50	40	
10	8711	Motor cycles with engine capacity not exceeding 1600cc in SKD form	25	20	
11	8711	Motor cycles with engine capacity not exceeding 1600cc in CKD form	15	10	
12	8711	Motor cycles with engine capacity of 1600cc and above in CBU form	50	30	
13	8711	Motor cycles with engine capacity of 1600cc and above in SKD form	25	20	
14	8711	Motor cycles with engine capacity of 1600cc and above in CKD form	15	10	



Customs: Change in Tariff Rates

Sector: Critical Minerals

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	2603 00 00	Copper Ores and concentrates	2.5	Nil	Reduced customs duties make imported minerals cheaper, which can reduce production costs for industries that rely on raw materials. This is especially important for sectors like manufacturing, construction, and energy.
2	2605 00 00	Cobalt Ores and concentrates	2.5	Nil	
3	2609 00 00	Tin Ores and concentrates	2.5	Nil	
4	2611 00 00	Tungsten Ores and concentrates	2.5	Nil	
5	2613 00 00	Molybdenum Ores and concentrates	2.5	Nil	
6	2615 10 00	Zirconium Ores and concentrates	2.5	Nil	
7	2615 90 10	Vanadium Ores and concentrates	2.5	Nil	
8	2615 90 20	Niobium or Tantalum Ores and concentrates	2.5	Nil	
9	2617 10 00	Antimony Ores and Concentrates	2.5	Nil	
10	25151100	Marble and travertine, crude or roughly trimmed, merely cut into blocks, slabs and other	40	20	
11	2516 11 00	Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	40	20	
12	2933 59	Other compounds containing a pyrimidine ring	10	7.5	
13	2809 20 10	Phosphoric Acid	20	7.5	
14	2810 00 20	Boric Acid	27.5	7.5	

Sector: Textile

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	6004/06	Knitted fabrics	20	20 %/ Rs 115 per kg	Higher tariffs on knitted fabrics will increase costs for importers but benefit local manufacturers.



Customs: Change in Tariff Rates

Sector: Base Metal

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	8101 94 00	Unwrought tungsten, including bars and rods obtained simply by sintering	5	Nil	Many industries, from construction to automotive and electronics, rely on base materials. Lower customs duties make these materials more affordable, reducing production costs and potentially leading to lower prices for end consumers. With cheaper access to base materials, businesses can offer more competitive pricing for their products both domestically and internationally.
2	8102 94 00	Unwrought molybdenum, including bars and rods obtained simply by sintering	5	Nil	
3	8103 20	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	5	nil	
4	8105 20 20	Cobalt, unwrought	5	nil	
5	8106 10 10	Bismuth, unwrought	5	nil	
6	8109 21 00	Unwrought zirconium, powders, containing less than 1 part hafnium to 500 parts zirconium by weight	10	Nil	
7	8110 10 00	Unwrought antimony, powders	2.5	nil	
8	8112 12 00	Beryllium unwrought, powders	5	Nil	
9	7404 00 12	Copper Waste and Scrap	2.5	Nil	
10	8002	Tin Waste and Scrap	5	Nil	
11	8101 97 00	Tungsten Waste and Scrap	5	Nil	
12	8102 97 00	Molybdenum Waste and Scrap	5	Nil	
13	8103 30 00	Tantalum Waste and Scrap	5	nil	
14	8105 30 00	Cobalt Waste and Scrap	5	Nil	
15	8106 90 10	Waste and Scrap of Bismuth and Bismuth alloys	5	nil	
16	8109 31 00	Zirconium Waste and Scrap	10	Nil	

Sector: Solar Power

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	8541 42 00	Solar Cells	25	20	Lower tariffs on solar equipment will reduce costs for renewable energy projects, supporting India's green energy goals.
2	8541 43 00	Solar Module and Other semiconductor devices and photovoltaic cells	40	20	



Customs: Change in Tariff Rates

Sector: Iron & Steel

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	7210 12 10	OTS/MR type-flat rolled products of thickness less than 0.5 mm	27.5	15	Many industries, from construction to automotive and electronics, rely on base materials. Lower customs duties make these materials more affordable, reducing production costs and potentially leading to lower prices for end consumers. With cheaper access to base materials, businesses can offer more competitive pricing for their products both domestically and internationally.
2	7210 12 90	Other flat rolled products of thickness less than 0.5 mm	27.5	15	
3	7219 12 00	Hot-rolled products in coils of thickness greater than or equal to 4.75 mm, but not exceeding 10 mm	22.5	15	
4	7219 13 00	Hot-rolled products in coils of thickness greater than or equal to 3 mm but less than 4.75 mm	22.5	15	
5	7219 21 90	Flat rolled products of stainless steel nickel chromium austenitic type	22.5	15	
6	7219 90 90	Flat rolled products of stainless steel of width 600 mm or more - Other sheets and plates	22.5	15	
7	7225 11 00	Flat-rolled products of other alloy steel - grain oriented, silicon electrical steel	20	15	
8	7307 29 00	Other tube or pipe fittings of stainless steel	25	15	
9	7307 99 90	Other fittings of iron or steel, nongalvanised	25	15	
10	7308 90 90	Other structure and parts of structures of iron and steel	25	15	
11	7310 29 90	Others-tanks and drums etc	25	15	
12	7318 15 00	Other screws and bolts whether or with nuts or washers	25	15	
13	7318 16 00	Threaded nuts	25	15	
14	7318 29 90	Other non-threaded articles	25	15	
15	7320 90 90	Other springs and leaves of iron/steel	25	15	
16	7325 99 99	Other cast articles of iron or steel	25	15	
17	7210 12 10	OTS/MR type-flat rolled products of thickness less than 0.5 mm	27.5	15	
18	7210 12 90	Other flat rolled products of thickness less than 0.5 mm	27.5	15	
19	7219 12 00	Hot-rolled products in coils of thickness greater than or equal to 4.75 mm, but not exceeding 10 mm	22.5	15	
20	7219 13 00	Hot-rolled products in coils of thickness greater than or equal to 3 mm but less than 4.75 mm	22.5	15	
21	7219 21 90	Flat rolled products of stainless steel nickel chromium austenitic type	22.5	15	
22	7219 90 90	Flat rolled products of stainless steel of width 600 mm or more - Other sheets and plates	22.5	15	
23	7225 11 00	Flat-rolled products of other alloy steel - grain oriented, silicon electrical steel	20	15	
24	7307 29 00	Other tube or pipe fittings of stainless steel	25	15	
25	7307 99 90	Other fittings of iron or steel, nongalvanised	25	15	
26	7308 90 90	Other structure and parts of structures of iron and steel	25	15	
27	7310 29 90	Others-tanks and drums etc	25	15	
28	7318 15 00	Other screws and bolts whether or with nuts or washers	25	15	
29	7318 16 00	Threaded nuts	25	15	
30	7318 29 90	Other non-threaded articles	25	15	
31	7320 90 90	Other springs and leaves of iron/steel	25	15	
32	7325 99 99	Other cast articles of iron or steel	25	15	
33	7326 19 90	Others - forged or stamped articles of iron or steel but not further worked	25	15	
34	7326 90 99	Miscellaneous other articles of iron/steel	25	15	



Customs: Change in Tariff Rates

Sector: Furniture

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	9401	Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof	25	20	By reducing customs duties on imported furniture and mattresses, prices would likely drop for consumers. This makes these essential items more affordable, especially for those on a budget, leading to an increase in consumer demand
2	9403	Other furniture and parts thereof	25	20	
3	9404	Mattress supports, articles of bedding and similar furnishing etc	25	20	
4	9405	Luminaries and lighting fittings including searchlights and spotlights and parts thereof etc.	25	20	

Sector: Footwear

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	6401	Waterproof Footwear with outer soles and Uppers of Rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes	35	20	Reduced tariffs on raw materials and finished goods will boost the leather and footwear industry, making exports more competitive. With reduced tariffs, consumers may have access to a wider range of footwear brands and styles, especially from global markets. This allows for more choices in terms of design, technology, and price points, catering to diverse tastes and needs
2	6402	Other footwear with outer soles and uppers of rubber or plastics	35	20	
3	6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	35	20	
4	6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	35	20	
5	6405	Other Footwear	35	20	

Sector: Toys

#	Heading, sub-heading, tariff item	Commodity	From (%)	To (%)	Impact
1	9503 00 91	Parts of electronic toys	70	20	Lower tariffs will make toys more affordable, benefiting both manufacturers and consumers.

About Us

Headquartered in Delhi-NCR (India), AKM Global is a leading Tax, Advisory, and Regulatory service partner for both domestic and MNCs across industries. With a team of over 650 professionals operating out of 8 locations, AKM Global serves a wide range of clients, from Fortune 500 corporations & closely held businesses to startups and high net-worth individuals.

The company's industry experience spans over 44 years in providing a wide spectrum of cross-border transaction services, which include but are not limited to, tax structuring, India-entry strategy, due diligence, foreign exchange controls, corporate law, valuations, litigation, transfer pricing, audit support, expatriate tax matters, outsourcing and EOR services etc. This rich exposure has earned us several accreditations.

AKM Global has been consistently rated as one of India's leading tax and transfer pricing firms by 'The International Tax Review (2017-2025)'.

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