

BUDGET



2025-26

Empowering Progress, Sustaining Futures: Sowing Seeds of a Sashakt Bharat



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The Union Budget 2025 continues the Indian government's focus on accelerating economic growth, securing inclusive development, and fostering private sector investments. It emphasizes uplifting household sentiments and enhancing the spending power of the rising middle class. Under the leadership of Hon'ble Prime Minister Shri Narendra Modi, the government aims to unlock India's potential for greater prosperity and global positioning.

The Indian economy, which remains the fastest-growing among major global economies, has garnered international attention for its track record of development and structural reforms over the past decade. These efforts have increased global confidence in India's capabilities and growth potential. The government's vision for a **Viksit Bharat** (Developed India) includes the elimination of poverty, universal access to quality education, healthcare, and meaningful employment, as well as achieving 70% women participation in the economy and transforming farmers into the backbone of India's agricultural strength.

In her speech, our Finance Minister Smt. Nirmala Sitharaman outlines ten key areas of focus to drive India's growth and development. These include spurring agricultural growth and productivity, building rural prosperity, and promoting inclusive growth to ensure that economic benefits reach all sections of society. The budget also emphasizes boosting manufacturing through "Make in India" initiatives, supporting micro, small, and medium-sized enterprises (MSMEs), and enabling employment-led development by creating job opportunities. Investments in people, innovation, and the economy are prioritized, alongside securing energy supplies to support sustainable growth. Additionally, promoting exports to expand India's global market presence and nurturing innovation to foster technological advancements and global competitiveness are central to the government's development agenda. These strategic focus areas aim to propel India toward a future of inclusive, sustainable, and globally competitive growth.

The Government of India, under the leadership of Prime Minister Narendra Modi, has consistently emphasized the philosophy of "**Sabka Saath, Sabka Vikas, Sabka Vishwas, and Sabka Prayas**", which translates to "**Together with all, Development for all, Trust of all, and Efforts of all**". This guiding principle reflects the government's commitment to inclusive development, fostering unity, and ensuring that the benefits of growth reach every section of society.

To achieve these goals, the government has outlined four key engines of growth: agriculture, MSMEs, investment, and exports. These will be powered by continued reforms, with inclusivity as the guiding principle and the ultimate aim of a **Viksit Bharat**.

The budget also proposes transformative reforms across six critical sectors: taxation, power, urban development, mining, financial services, and regulatory processes. These reforms are designed to further boost India's growth potential and global competitiveness over the next five years.

A summary of the key changes proposed in the financial bill is outlined in this document. Based on these key points, we present our detailed analysis of the Union Budget 2025-26.

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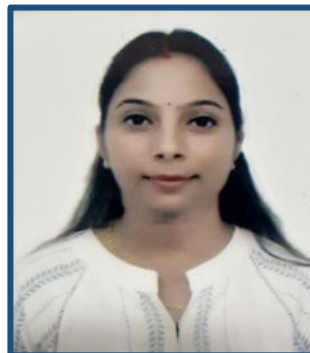
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01. ECONOMIC INDICATORS





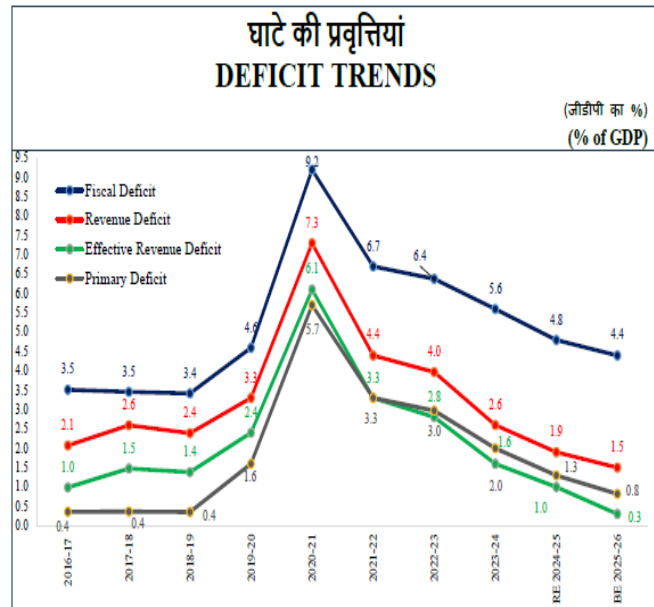
FISCAL DEFICIT

□ Fiscal Deficit Target for 2025-26:

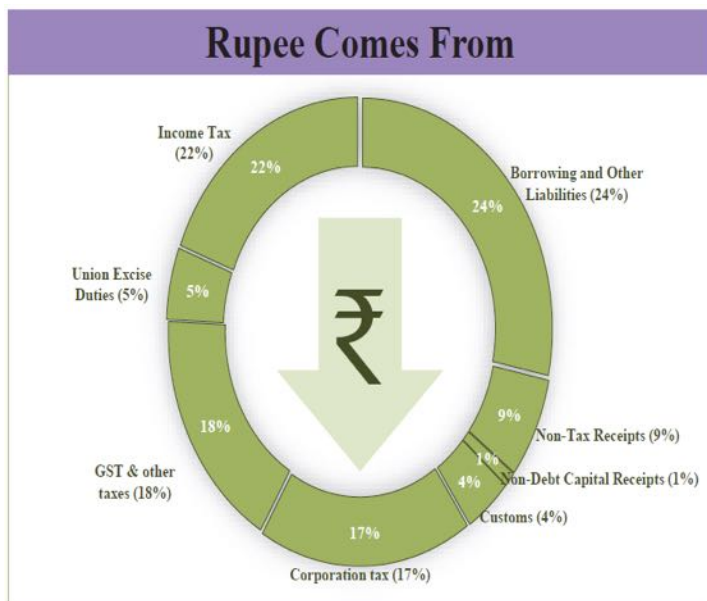
- The fiscal deficit is estimated at 4.4% of GDP for the Current year.
- The total receipts other than borrowings and the total expenditures are estimated at ₹ 34.96 lakh crore and ₹ 50.65 lakh crore respectively.

□ Fiscal Deficit Financing through Market Borrowings:

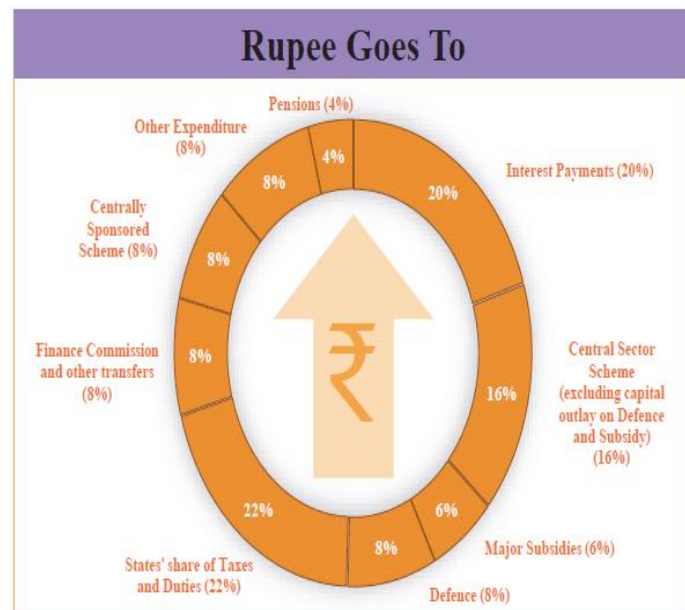
- To finance the fiscal deficit, the net market borrowings from dated securities are estimated at ₹ 11.54 lakh crore.
- The balance financing is expected to come from small savings and other sources.
- The gross market borrowings are estimated at ₹ 14.82 lakh crore.



Rupee Comes From (Budget 2025-26)



Rupee Goes To (Budget 2025-26)

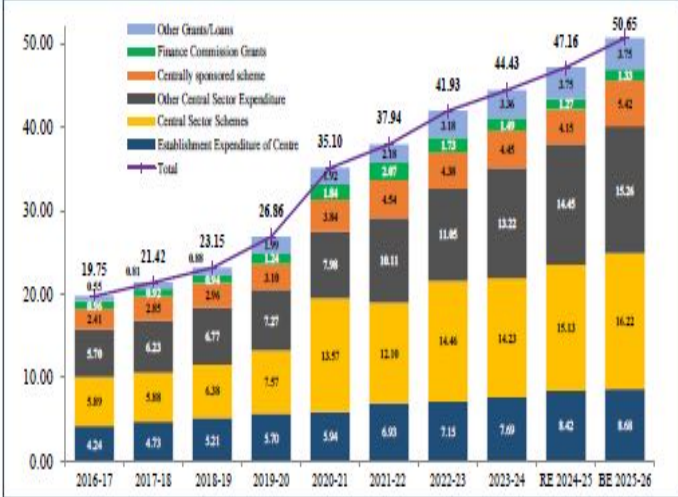




व्यय की संरचना

COMPOSITION OF EXPENDITURE

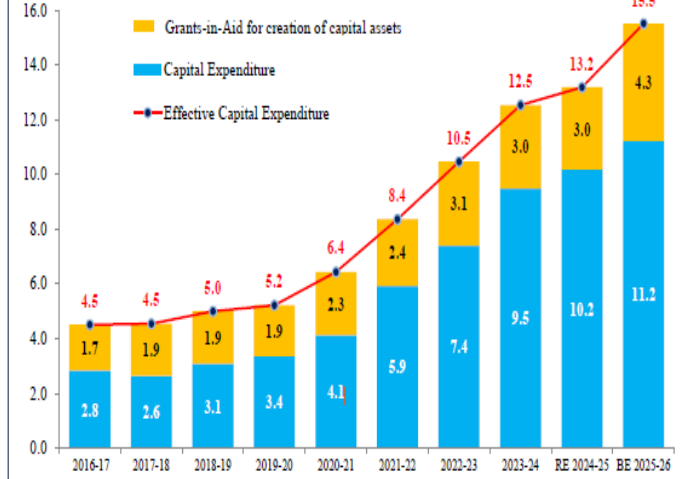
(₹ लाख करोड़ में)
(₹ in lakh crore)



पूंजीगत व्यय की प्रवृत्ति

TREND IN CAPITAL EXPENDITURE

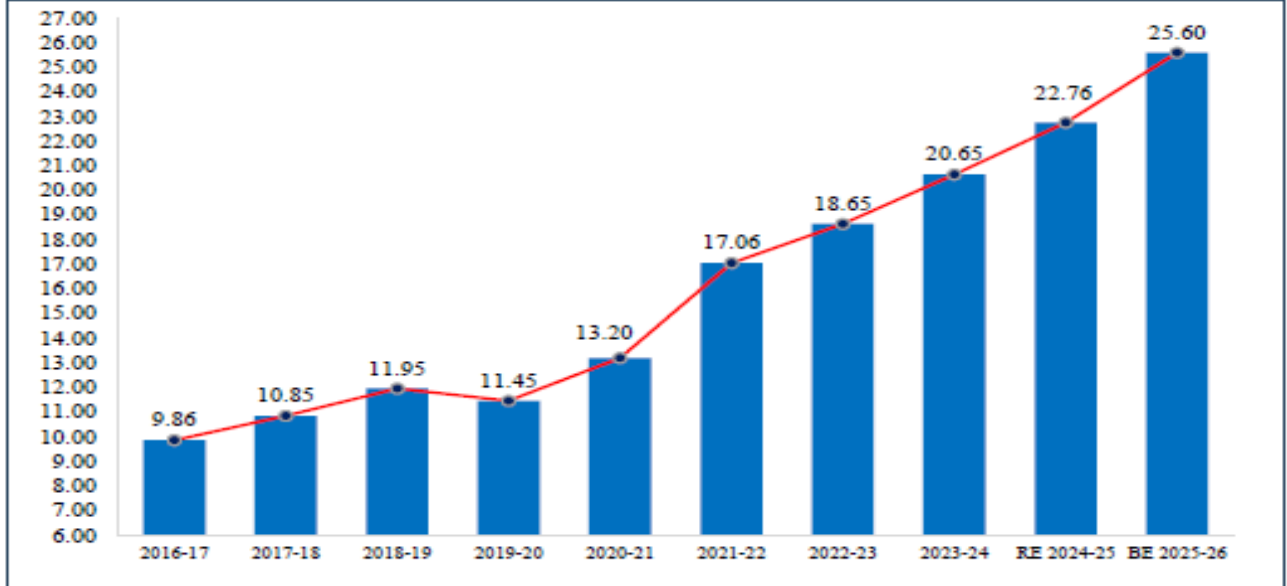
(₹ लाख करोड़ में)
(₹ in lakh crore)



राज्यों और संघ राज्य क्षेत्रों को कुल अन्तरण

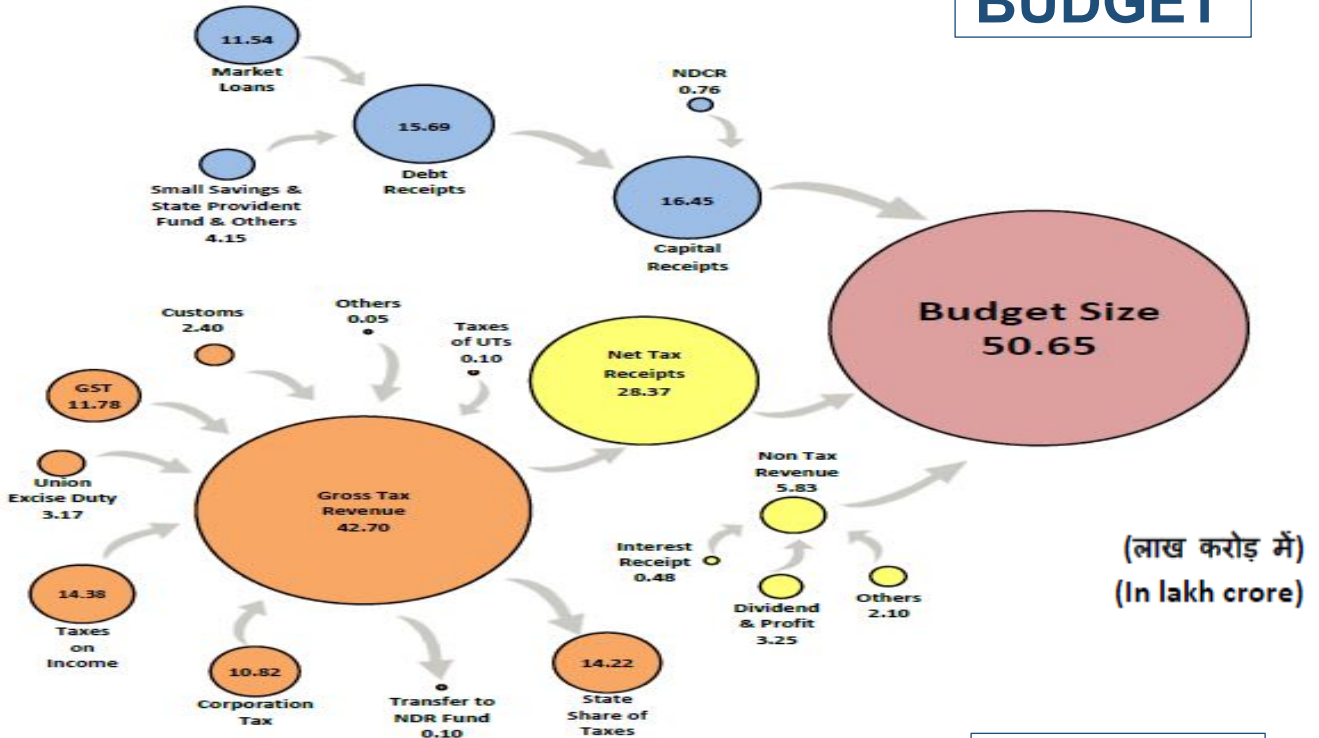
TOTAL TRANSFERS TO STATES AND UTs

(₹ लाख करोड़ में)
(₹ lakh crore)

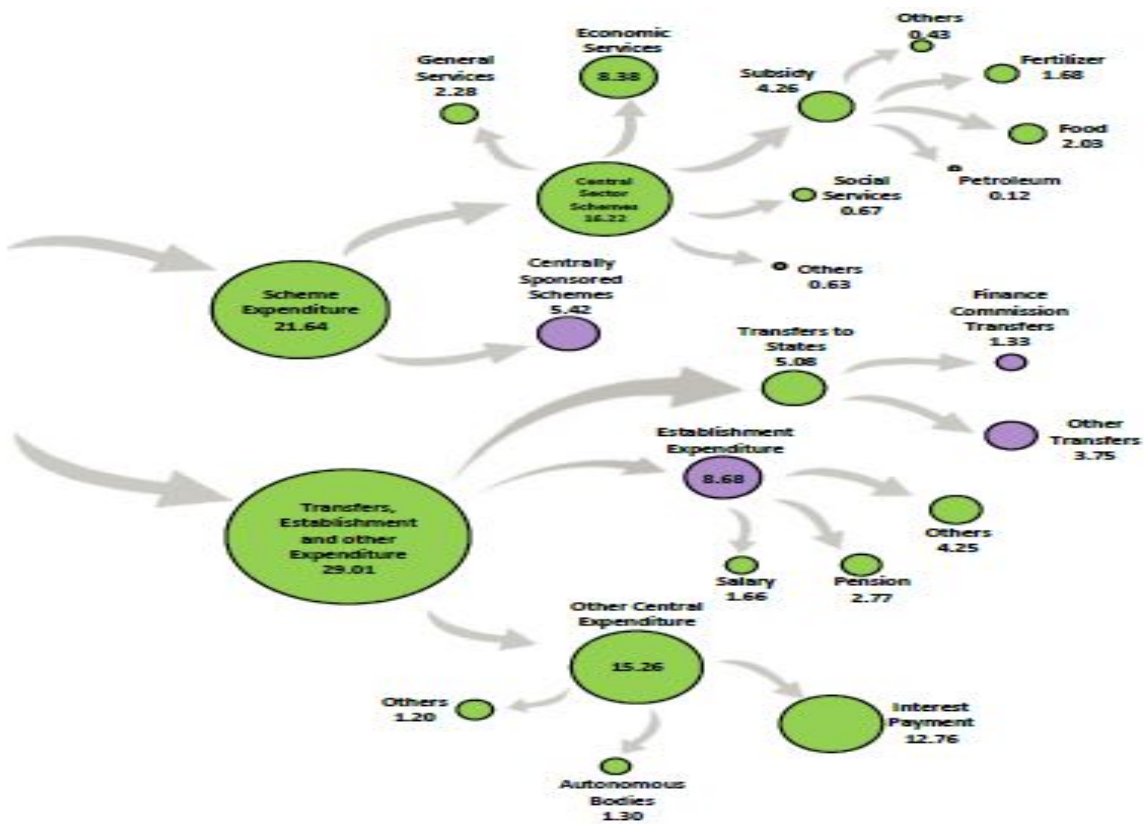


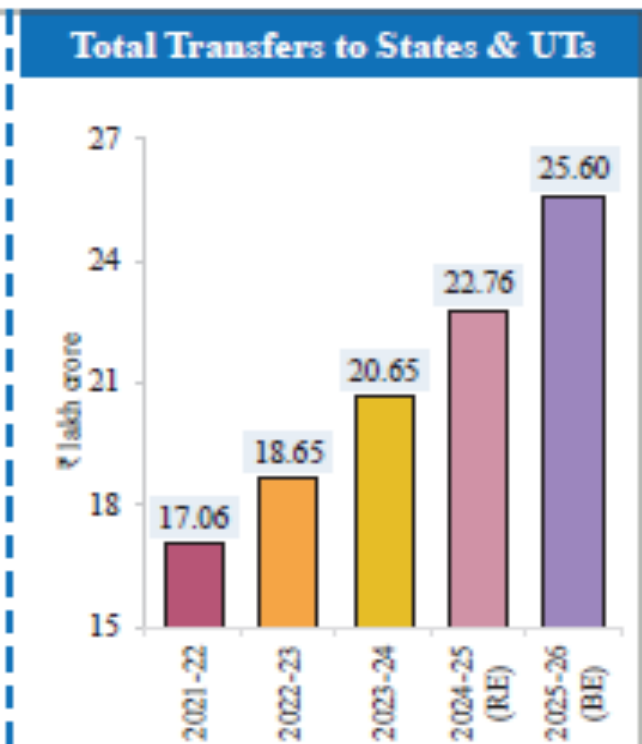
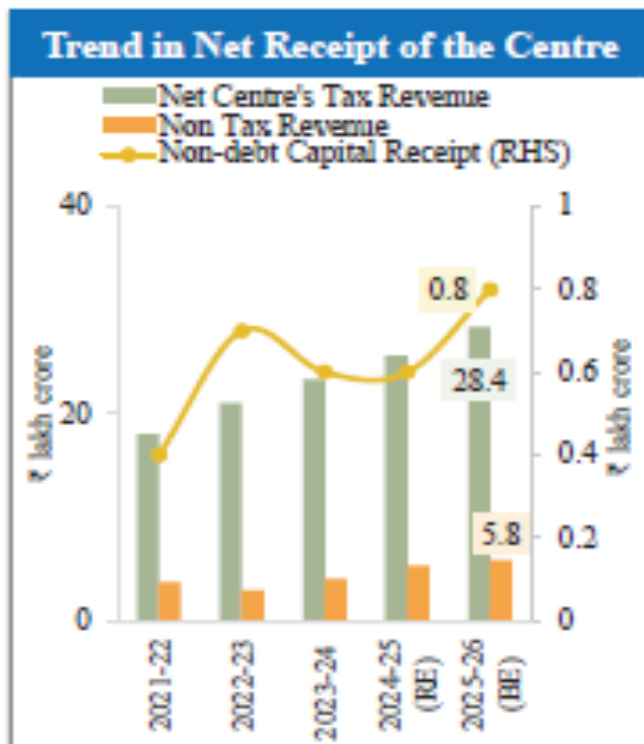
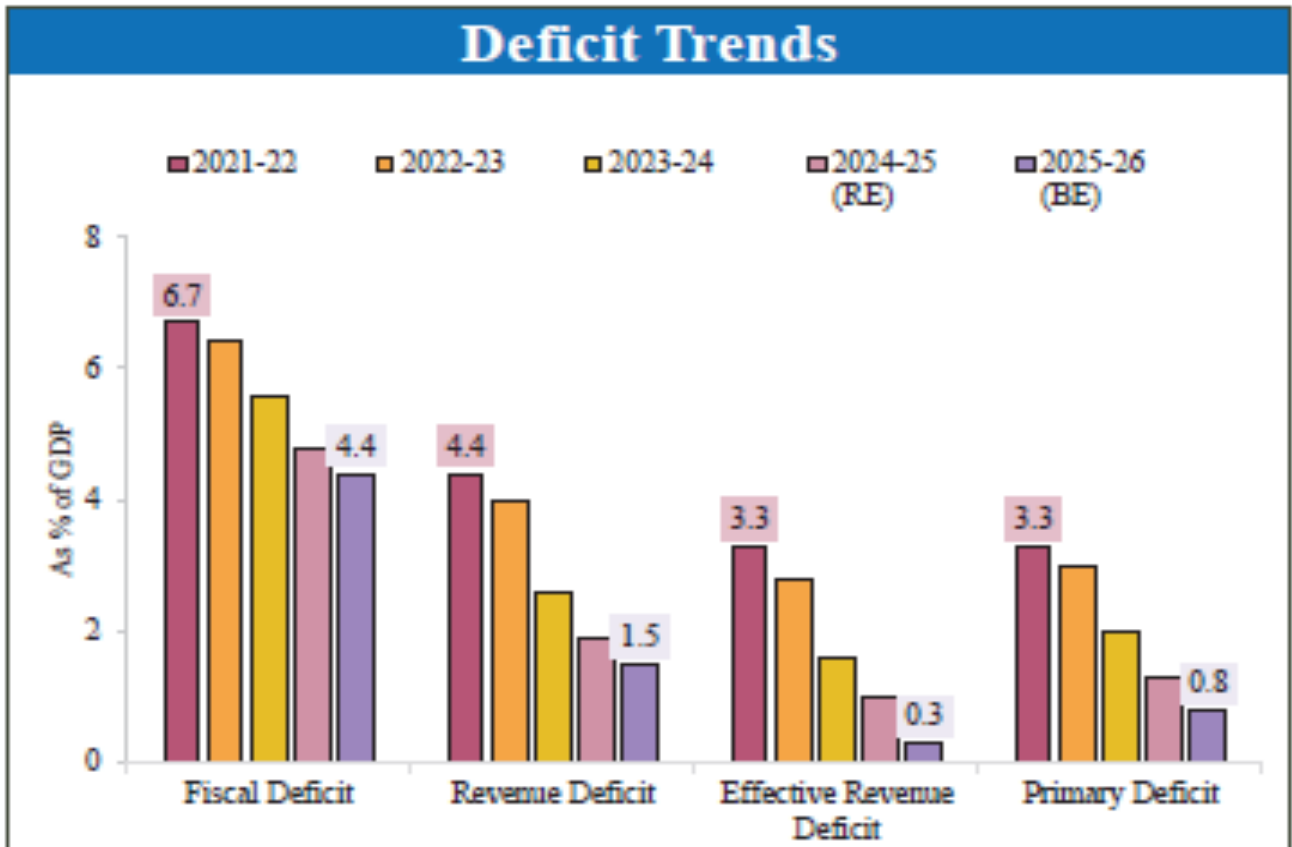


BUDGET



PROFILE



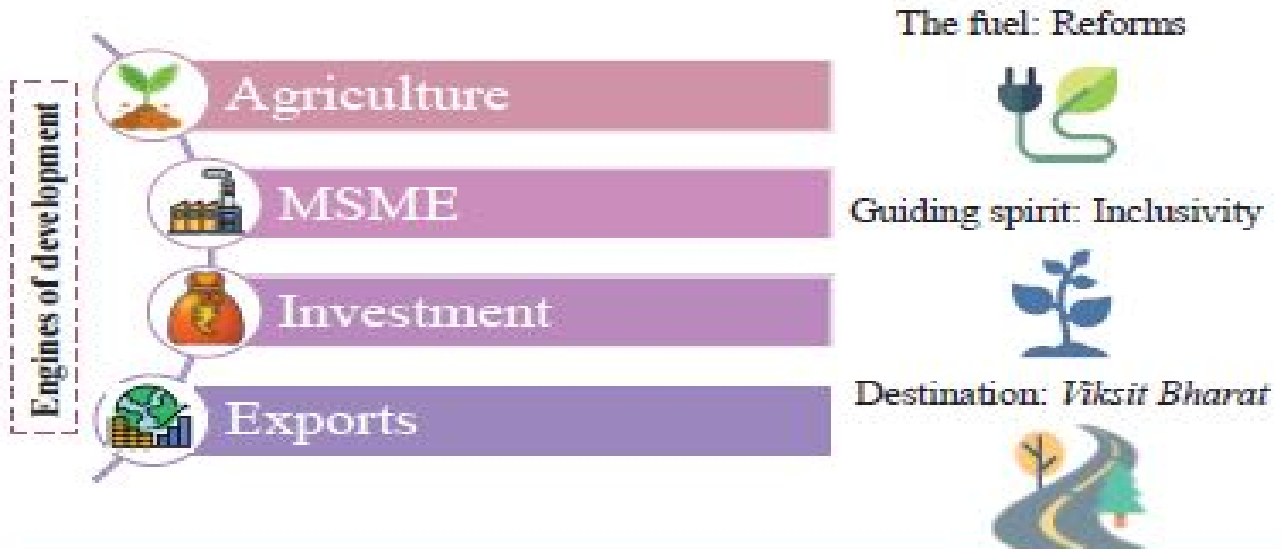


02.
POLICY
UPDATES





Journey of Development

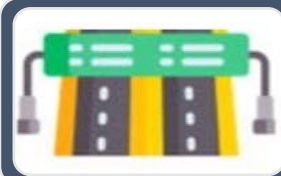


A country is not just its soil, a country is its people.





- P.M. Dhan-Dhaanya Krishi Yojana -Developing Agri Districts Programme
- Facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers with enhanced loan of ₹5 lakh.
- Aatmanirbharta in Pulses: Launch a 6-year Mission with special focus on Tur, Urad and Masoor



- Support to States for Infrastructure: With an outlay of ₹ 1.5 lakh crore, 50 year interest free loans to states for capital expenditure and incentives for reforms.
- Urban Challenge Fund : ₹ 1 lakh crore to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water & Sanitation'.



- Atal Tinkering Labs: 50 Thousand Labs to be set up in government schools in next 5 years.
- Centre of Excellence in Artificial Intelligence for education with a total outlay of ₹500 crore.



- Credit Cards for Micro Enterprises: Customised Credit Cards with a ₹ 5 lakh limit for micro enterprises registered on Udyam portal. In the first year, 10 lakh such cards will be issued.
- India Post as a Catalyst for the Rural Economy: Credit services to micro enterprises, Insurance, Assisted digital services.



- Day Care Cancer Centres in all District Hospitals
- Expansion of medical education: 10,000 additional seats with the goal of adding 75,000 seats in the next 5 years.
- Broadband connectivity to be provided to all government secondary schools and primary health centres in rural areas.



- PM SVANidhi: To be revamped with enhanced loans from banks, UPI linked credit cards and capacity building support.
- Welfare of Online Platform Workers: Registration on the e-Shram portal & healthcare under PM Jan Arogya Yojana.



- Scheme for first time Entrepreneurs: For 5 lakh first-time entrepreneurs, including women, Scheduled Castes and Scheduled Tribes, a new scheme, to be launched, to provide term loans up to ₹ 2 crore during the next 5 years.
- Labour Intensive sectors: Footwear & Leather Sectors is expected to facilitate employment for 22 lakh persons, generate turnover of ₹ 4 lakh crore and exports of over ₹ 1.1 lakh crore.



- Top 50 tourist destination sites to be developed in partnership with states
- Introducing streamlined e-visa facilities
- MUDRA loans for homestays



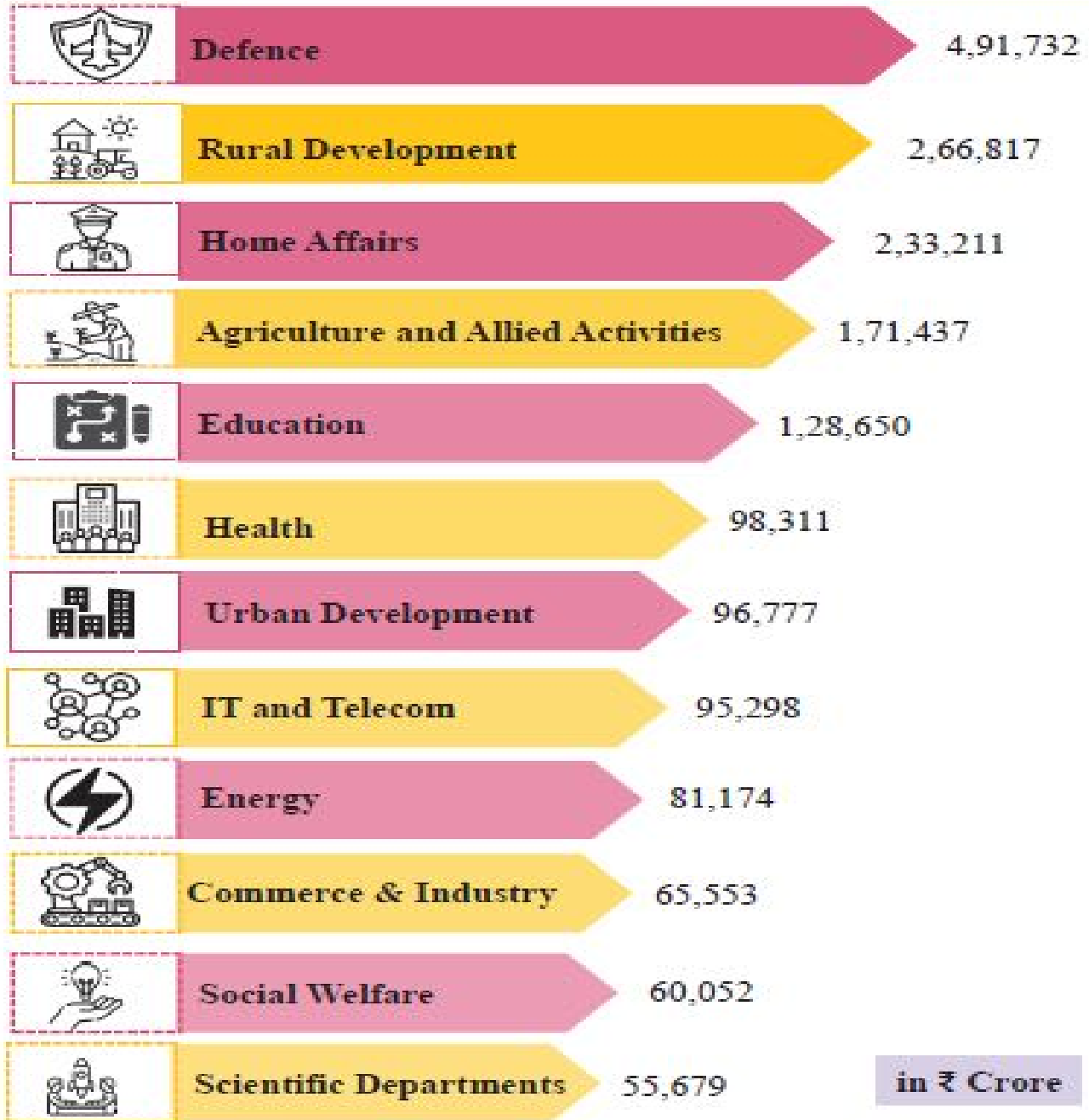
- Maritime Development Fund: with a corpus of ₹25,000 crore for long-term financing with up to 49 % contribution by the government.
- Research, Development & Innovation: Allocating ₹ 20,000 crore to implement private sector driven Research, Development and Innovation initiative.

03.
SECTORAL
IMPACT





Expenditure of Major Items





Agriculture

- **'Rural Prosperity and Resilience' programme** launched to address under-employment in Agriculture through Skilling, Investment, Technology
- **Makhana Board** in Bihar to improve production, processing, value addition, and marketing of makhana.

Hospital

- Our Government will facilitate setting up of **Day Care Cancer Centres** in all district hospitals in the next 3 years.
- **200 Centres** will be established in 2025-26.

Startups

- A New Fund of Funds with **₹10,000 crore** will be set up to support startups.
- New scheme to provide term loans up to **₹2 crore** for **5 lakh women, SC, and ST** first-time entrepreneurs over the next 5 years.

Manufacturing

- New scheme to make India a global toy hub by developing **Clusters, Skills, & Manufacturing Ecosystem** to enhance the 'Made in India' brand.
- **National Institute of Food Technology** will be set up in Bihar to boost **food processing**, & create **Skilling** and employment opportunities for youth.

MSME

- Enhancement of credit Guarantee cover for **MSME Enterprises** from **₹5 CR** to **₹10 CR** crore, leading to additional credit of ₹ 1.5 lakh crore in the next 5 years.
- Enhancement of credit Guarantee cover for well-run **Exporter MSMEs**, for term loans up to **₹ 20 CR**.



Tourism

- **Medical tourism** and "**Heal in India**" will be boosted with private sector collaboration, capacity building.
- Measures for employment-led growth include skill development, **MUDRA loans**, improved connectivity & streamlined **e-visa facilities** for certain tourists.

Education

- **Additional Infrastructure** will be expanded at the **5 IITs** established post-2014.
- In the next year, **10,000 additional seats** will be added in medical colleges and hospitals, towards the goal of adding 75,000 seats in the next 5 years.

Infrastructure

- **₹1.5 lakh crore** to be provided for 50-year interest-free loans to states for capital expenditure and reforms.
- Focus on **quality infrastructure** and O&M of rural water supply through "Jan Bhagidhari," with MoUs signed for sustainable, citizen-centric service delivery.

Housing

- Under SWAMIH, **50,000 homes** in stressed housing projects have been completed, with 40,000 more expected in 2025. This is helping middle-class families who were paying both EMI & Rent.

Energy

- **100 GW** of nuclear energy will be developed by 2047, with amendments to the Atomic Energy Act and Civil Liability for Nuclear Damage Act to encourage private sector participation.
- A Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of ₹ 20,000 crore will be set up.



Significant enhancement of credit availability with guarantee cover

₹ in Crore	Credit guarantee cover	
	Current	Revised
MSEs	5	10
Startups	10	20
Exporter MSMEs	For Term Loans Up To ` 20 Crore	

Revision in classification criteria for MSMEs

₹ in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500



04.

**INCOME TAX
PROPOSALS**





RATES OF INCOME TAX FOR FINANCIAL YEAR 2025-26

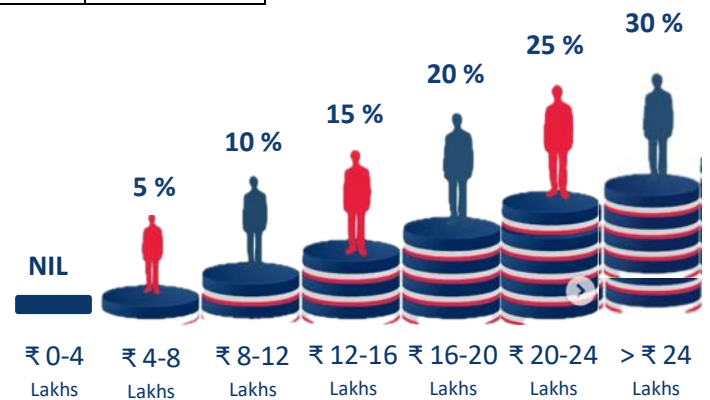
➤ Revamp of income tax slabs u/s 115BAC for Individuals/HUF opting for New Tax Regime:

New Scheme (Existing)		New Scheme (Proposed)	
Total Income Slab (In Lakhs)	Tax Rate	Total Income Slab (In Lakhs)	Tax Rate
Below 3	Nil	Below 4	Nil
Above 3 to 7	5%	Above 4 to 8	5%
Above 7 to 10	10%	Above 8 to 12	10%
Above 10 to 12	15%	Above 12 to 16	15%
Above 12 to 15	20%	Above 16 to 20	20%
Above 15	30%	Above 20 to 24	25%
		Above 24	30%

GARV INSIGHTS

For salaried employees the above limit will increase to ₹12.75 Lakhs due to entitlement of Standard Deduction upto ₹ 75,000/-

- Individuals earning upto Rs. 12 lakhs annually will not have to pay income tax as rebate u/s 87A will be provided upto Rs 60,000 on income other than income taxable at special rates like Capital Gains, etc.
- The rates given in section 115BAC are the default rates and shall apply unless an option is exercised to not opt for the above.



➤ Surcharge (New Scheme): No Change

Total Income	Rate
50 Lakhs To 1 Cr	10% of Tax
1 Cr To 2 Crs	15% of Tax
More Than 2 Crs	25% of Tax

➤ Tax Saving under New Regime

Taxable Income (INR)	Tax as per Current New Regime	Tax as per Proposed New Regime	Tax Savings
12 Lakhs	83,200	NIL	83,200
15 Lakhs	1,45,600	1,09,200	36,400
20 Lakhs	2,78,200	1,92,400	85,800
24 Lakhs	4,26,400	3,12,000	1,14,400
60 Lakhs	17,04,560	15,78,720	1,25,840



- Provided that in case where the total income includes any income by way of dividend or income chargeable under section 111A, section 112 and section 112A of the Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15%.
- Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of income-tax shall not exceed 15%.
- Marginal relief is provided in cases of surcharge.

➤ No Change in Tax Rates & Surcharge prevailing under old scheme

Income slab (In Lakhs)	Tax Rate
Total Income ≤ 2.50*	Nil
Total Income > 2.50 – 5.00	5%
Total Income > 5.00 & ≤ 10.00	20%
Total Income > 10.00	30%

*For Senior citizen Rs. 3 lakhs

For Super senior citizen Rs. 5 lakhs

SURCHARGE:

Income Slab	Rate
Total Income = 50 Lakhs – 1 Crore	10 % of Tax
Total Income = 1 crore - 2 crore	15% of Tax
Total Income = 2 crore - 5 crore	25% of Tax
Total Income > 5 Crore	37% of Tax

➤ Tax Rates:- Firms: No change

- Tax rate 30%
- Surcharge 12%

➤ Tax Rate including surcharge and Cess:- Corporates: No change

Particulars	Income < 1 cr		Income 1 cr to 10 cr		Income above 10 cr	
	Normal provision	MAT	Normal provision	MAT	Normal provision	MAT
Domestic company: normal rate	31.2%	15.6%	33.38%	16.69%	34.94%	17.47%
Domestic company: Turnover upto 400 cr	26%	15.6%	27.82%	16.69%	29.12%	17.47%
Domestic company: not availing tax incentives/Exemption	25.17%	NA	25.17%	NA	25.17%	NA
Domestic company: new manufacturing co.(set up on or after 1 march 2016) not availing tax incentives	26%	15.6%	27.82%	16.69%	29.12%	17.47%
Domestic company: new manufacturing co.(set up on or after 1 oct 2019) not availing tax incentives	17.16%	NA	17.16%	NA	17.16%	NA
Foreign company	36.4%	15.6%	37.13%	15.91%	38.22%	16.38%



OTHER AMENDMENTS IN INCOME TAX

➤ Increase in the limits on the income of the employees for the purpose of calculating perquisites u/s 17:-

Currently, Perquisites are taxable to employees whose salary exceeds fifty thousand rupees.

It is proposed to allow rules to be created to raise the income limit for employees so that:

- The benefits and perks received by these employees wouldn't be counted as perquisites.
- Employer expenses for medical travel outside India for the employee or their family wouldn't be considered a perquisite.

With effect from the financial year 2025-26

➤ Deduction under section 80CCD for contributions made to NPS Vatsalya

The NPS Vatsalya Scheme enables parents and guardians to start a National Pension Scheme (NPS) account for their children.

It has been proposed to extend the benefit:

- Deduction for contributions made to a minor's NPS account within an overall maximum limit of **₹50,000** per year.
- Withdrawals from the minor's account will be **taxable**.
- **Partial withdrawals** for education, medical treatment, or severe disability are allowed.
- Up to **25% of contributions** withdrawn in such cases will be **tax-free** for the parent/guardian.

GARV INSIGHTS

If the account is closed due to the minor's **death**, the received amount will **not** be considered the parent/guardian's income.

With effect from the financial year 2025-26

➤ Exemption to withdrawals by Individuals from National Savings Scheme

- Section 80CCA allows individuals and Hindu Undivided Families (HUFs) to claim deductions for deposits in the National Savings Scheme (NSS).
- Exemption allowed for withdrawal of deposits (and interest accrued) made before 01.04.1992.

With retrospective effect from the 29th day of August, 2024.



➤ Annual value of the self-occupied property simplified

With a view to simplifying the provisions of section 23 of the Act relates to determination of annual value, it is proposed that no conditions need to be satisfied for NIL value of up to 2 self-occupied house properties

GARV INSIGHTS

Annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.

➤ Income on redemption of Unit Linked Insurance Policy (ULIPs)

Section 10 provides for income-tax exemption on the sum received under a life insurance policy, including bonus on such policy subject to condition that the premium paid in any financial year should not exceed 10% of the sum assured.

It is proposed that:

ULIPs to which exemption does not apply will be treated as a capital asset and gains from redemption of the same shall be charged as capital gains.

With effect from the financial year 2025-26

➤ Extension of timeline for tax benefits to start-ups

Section 80-IAC benefit extended for another period of five years i.e. eligible for start-ups incorporated before 1st day of April, 2030.

➤ Amendment of Definition of 'Capital Asset' for section 115UB

It has been proposed that any security held by investment funds referred to in section 115UB, which has invested in such security in accordance with regulations made under the Securities and Exchange Board of India Act, 1992 would be treated as capital asset only so that any income arising from transfer of such security would be in the nature of capital gain.

With effect from the financial year 2025-26

GARV INSIGHTS

As per Section 2(14) of the Act, there has been some uncertainty in characterization of income arising from transaction in securities as to whether it is capital gain or business income for investment funds. Hence this amendment has been proposed.



➤ Rationalization of tax deducted at source (TDS) rates:

S. No	Section	Current threshold	Proposed threshold
1	193 - Interest on securities	Nil	Rs. 10,000/-
2	194A - Interest other than Interest on securities	(i) Rs. 50,000/- for senior citizen; (ii) Rs. 40,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 5,000/- in other cases	(i) Rs. 1,00,000/- for senior citizen (ii) Rs. 50,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 10,000/- in other cases
3	194 - Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
4	194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000/-	Rs. 10,000/-
5	194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
6	194BB - Winnings from horse race	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
7	194D – Insurance Commission	Rs. 15,000/-	Rs. 20,000/-
8	194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
9	194H - Commission or brokerage	Rs. 15,000/-	Rs. 20,000/-
10	194-I Rent	Rs. 2,40,000/- during the financial year	Rs. 50,000/- per month or part of a month
11	194J - Fee for professional or technical services	Rs. 30,000/-	Rs. 50,000/-
12	194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	5,00,000/-

With effect from the financial year 2025-26

GARV INSIGHTS

The threshold limit of TDS on rent u/s 194I was Rs. 2,40,000/- in a financial year but now the limit has been shifted to per month basis of Rs. 50,000/-. So, if per month rental exceeds Rs. 50,000 TDS will be applicable regardless of the tenure of tenancy.



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

As per Sections 206AB and 206CCA if a deductee (person from whom tax is deducted) or a collectee (person from whom tax is collected) has not filed an income tax return, tax should be deducted or collected at a higher rate.

To ease the compliance burden, it is proposed to remove Sections 206AB and 206CCA entirely.

With effect from April 1, 2025.

➤ Incentives to International Financial Services Centre

International Financial Services Centre (IFSC) is a jurisdiction that provides financial services to non-residents and residents, to the extent permissible under the current regulations, in any currency except Indian Rupee. In order to promote the development of world-class financial infrastructure in India, several tax concessions have been provided to units located in IFSC, under the Act, over the past few years. Several amendments have been proposed in this regard.

➤ Rationalization of 'specified violation' for cancellation of registration of trusts or institutions

The proposal aims to simplify the rules for cancelling the registration of trusts or institutions. Currently, even minor issues like an **incomplete application** can lead to the cancellation of registration. The change will ensure that an **incomplete application** is no longer considered a "**specified violation**" that could trigger such cancellation.

With effect from April 1, 2025.

GARV INSIGHTS

This update is meant to prevent the cancellation of registration for minor errors.





➤ Period of registration of smaller trusts or institutions

To reduce compliance burden for smaller trusts, the registration validity period is extended from 5 years to 10 years if:

- The trust applied under specific sub-clauses of Section 12A(1)(ac), and
- Its Total income (before exemptions under Sections 11 & 12) does not exceed **₹5 crores** in each of the **2 Previous years preceding the year in which application.**

With effect from April 1, 2025.

➤ Rationalization of persons specified under section 13(3) for trusts or institutions

As per current provisions of **Section 13(3)**, the definition of "**Specified Person**" includes person who has made Substantial Contribution exceeding Rs. 50,000 to the trust, any relative of such person and any concern in which such person has substantial interest.

It is proposed that

- Specified person shall mean the person whose total contribution to the trust exceeds Rs. 1 Lakh during the previous year, or, in aggregate exceeds Rs. **10 Lakh upto** the end of previous year
- **Relatives** of such contributors and any Concern in which such contributors have a substantial interest have been **excluded** from the definition of "Specified Person".

With effect from April 1, 2025.

GARV INSIGHTS

Difficulties were being faced in furnishing certain details of persons other than the trustees who have made substantial contribution to the trust including relatives and concerns in which they are having substantial interest. This amendment will ease the compliance burdens on the trust. This update is meant to prevent the cancellation of registration for minor errors.

➤ Rationalization in taxation of Business trusts

As per **Section 115UA(2)**, Business trusts(**Real Estate Investment Trust** and **Infrastructure Investment Trust**) are taxed at the **maximum marginal rate**, subject to

- **Section 111A** (short-term capital gains) and
- **Section 112** (long-term capital gains).

Now as per the new amendment, **Section 112A** (which covers long-term capital gains on equity shares, equity-oriented funds, and business trust units) will also be included in **Section 115UA(2)**.

With effect from the financial year 2025-26



➤ Harmonization of Significant Economic Presence applicability with Business Connection

Section 9 states that income from a ‘**business connection**’ in India is taxable in India and ‘**significant economic presence**’ in India is considered as a **business connection**, including transactions involving goods.

Amendment has been proposed so that the transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence of such non-resident in India.

With effect from the financial year 2025-26

➤ Definition of “forest produce” rationalized and Revised TCS Rates

It has been clarified that “forest produce” shall have the same meaning as defined in **any State Act**, or the **Indian Forest Act, 1927**.

Presently TCS @ 2.5% is applicable on sale of forest produce

Revised TCS Rates:

- Timber (from forest lease or other sources) – **2%**
- Other forest produce (except tendu leaves) obtained under forest lease – **2%**

With effect from April 1, 2025

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

As per the current provisions of Section 206C (1H) specified sellers are required to collect TCS (0.1%) on sales exceeding ₹50 lakh in a year.

It has been proposed to remove the aforesaid TCS Provision

With effect from April 1, 2025

GARV INSIGHTS

This amendment aims to ease the compliance burden of cross implications of TDS u/s 194Q by the purchasers and TCS u/s 206C (1H) by the sellers.

➤ Time limit to impose penalties rationalized

Sec 275 of the Act has been amended to specify that **Any penalty order** under Chapter XXI **must** be issued within **6 months** from the **end of the quarter** in which any of the following occurs:

- The connected proceedings are completed.
- An appeal order is received by the Jurisdictional Principal Commissioner or Commissioner.
- A revision order is passed.
- A notice for imposing the penalty is issued.

With effect from April 1, 2025



➤ Rationalization of provisions related to carry forward of losses in case of amalgamation

As per **Sec 72A and 72AA**, an entity undergoing an **amalgamation or business reorganization** may treat the **accumulated losses and unabsorbed depreciation** of its predecessor as its own for the previous year when the amalgamation or business reorganization took effect.

It is proposed that accumulated losses and unabsorbed depreciation of the predecessor entity **can only be carried forward for a maximum of 8 assessment years**. This period starts from the assessment year in which the loss was originally computed for the predecessor.

This amendment will apply to any amalgamation and business reorganization effected on or after 1st April 2025

GARV INSIGHTS

This change is intended to prevent the ever-greening of losses through successive amalgamations and to ensure that no carry forward of such losses is allowed after 8 assessment years in total.

➤ Rationalization of transfer pricing provisions for carrying out multi-year arm's length price determination

In reference to section 92CA for computation of arm's length price, in many cases, there are similar international transactions or specified transactions for various years, same facts like enterprises with whom such transaction is done, proportionate quantum of transaction, location of associated enterprises etc., and same arm's length analysis are repeated every year, creating compliance burden on the assessee as well as administrative burden on the TPOs.

It is proposed to carry out Transfer Pricing assessments in a block and thereby proposed to provide that the Arm's Length Pricing determined in relation to an international transaction or a specified domestic transaction for any previous year shall apply to the similar transaction for the two consecutive previous years immediately following such previous year. For the same, amendments have been proposed in section 92CA and 155.

With effect from the financial year 2025-26

➤ Obligation to furnish information in respect of crypto-asset

Section 285BAA (Obligation to Furnish Information on Crypto-Assets) has been inserted in the Income Tax Act. As per this section **the specified reporting entity** involved in a crypto-asset transaction must furnish details of transaction in crypto asset to the income-tax authority.

Additionally, **definition** of Virtual Digital Asset (VDA) has been amended to include crypto assets of any kinds.

With effect from 1st April 2026



➤ Exemption from prosecution for delayed payment of TCS in certain cases

As per **Section 276BB** if a person fails to pay the TCS (as required under Section 206C) to the Central Government, they can be prosecuted or punished with rigorous imprisonment (minimum 3 months, up to 7 years) along with a fine.

It has been amended that if TCS is paid to the Central Government on or before the **ss** (as specified in Section 206C), then prosecution under Section 276BB will not be initiated.

With effect from April 1, 2025.

➤ Extending the time-limit to file the updated return

- ✓ **Extended Time Limit for Updated Returns:** The time to file an updated return is proposed to be extended from **24 months to 48 months** from the end of the relevant assessment year.
- ✓ **Revised Additional Income-Tax Rates:**
 - **Upto 12 months** – 25% of aggregate tax and interest.
 - **12 to 24 months** – 50% of aggregate tax and interest.
 - **24 to 36 months** – 60% of aggregate tax and interest (new).
 - **36 to 48 months** – 70% of aggregate tax and interest (new).
- ✓ **Restrictions on Filing Updated Returns:**
 - If a **show-cause notice under Section 148A** is issued after **36 months**, an updated return cannot be filed.
 - However, if an order under **Section 148A (3)** determines that notice under **Section 148** is not required, the updated return can still be filed within **48 months**.

With effect from April 1, 2025.





➤ **Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility**

Presumptive taxation regime extended for non-residents engaged in the business of providing services or technology, to a resident company which are establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology and satisfies such conditions as prescribed in the rules.

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

With effect from the financial year 2025-26

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

Currently, Section 115AD states that Foreign Institutional Investors (FIIs) or specified funds are taxed at 10% on long-term capital gains from the sale of securities (excluding certain units under Section 115AB).

It is proposed to amend the tax rate for FIIs on long-term capital gains (not covered by Section 112A) to 12.5%, aligning it with the new rates for all taxpayers.

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

- **Block Assessment:** The concept of block assessment is now applicable when a search (Section 132) or requisition (Section 132A) is initiated on or after September 1, 2024
- **Undisclosed Income:** The term "virtual digital asset" is added to the definition of undisclosed income in Section 158B

➤ **Amendments proposed in sections 132 and 132B for rationalising provisions**

Section 132 states that approval for retaining seized documents must be taken within 30 days from the date of an assessment, reassessment, or recomputation order.

However, it is proposed to amend Section 132 to extend the approval deadline to one month from the end of the quarter in which the assessment, reassessment, or recomputation order is made. This change will make it easier for officers to manage these deadlines.

With effect from April 1, 2025.

**05.
GST
PROPOSALS**





CENTRAL GOODS AND SERVICES ACT, 2017

Amendments in the CGST ACT, 2017

➤ All the amendments will be effective when notified along with corresponding amendments to the similar acts passed by state and union territories, unless specified otherwise

➤ **ITC distribution by ISD of IGST paid under RCM**

- Section 2(61), 20(1), 20(2) amended to provide for distribution of input tax credit by Input Service Distributor in respect of inter-state supplies on which IGST has to be paid on reverse charge basis,

With effect from 1st April, 2025.

GARV INSIGHTS

The scope of ITC distribution by ISD extended to cover IGST paid under reverse charge.

➤ **Implementation of Track and Trace Mechanism**

- Section 2(116A), 122B, 148A introduced to provide definition of Unique Identification Marking and implementation of Track and Trace Mechanism.
- Also, penalty of Rs. 1 lakhs or 10% of the tax payable whichever is higher, prescribed for contraventions of provisions related to the Track and Trace Mechanism.

GARV INSIGHTS

A new track and trace mechanism prescribed for enabling affixation of unique identification marking on certain goods and the person / class of persons who are in possession of such goods in the form of a digital stamp, digital mark or any similar marking which is unique, secure and non-removable.

This will provide a legal framework for developing such a system and will help in implementation of mechanism for tracing specified commodities throughout the supply chain.

➤ **Reduction of Tax Liability for issue of Credit Note allowed only if Reversal of ITC done by recipient**

- Section 34(2) amended to provide for reversal of corresponding input tax credit required in respect of a credit-note, if availed, for the purpose of reduction of tax liability of the supplier. Currently, the provisions require reversal of ITC by recipient only in case of post supply discounts, however the same is extended to all cases of credit note wherein supplier has reversed ITC.



Goods & Services Tax

➤ Mandatory Pre-Deposit for Appeal cases involving only Penalty

- Section 107(6) and 112(8) amended to provide for 10% mandatory pre-deposit of penalty amount for appeals before Appellate Authority and Appellate Tribunal in cases involving only demand of penalty without any demand for tax.

GARV INSIGHTS

It is to be noted that currently for cases involving only penalty, no pre-deposit was applicable. Earlier only a pre-deposit of 25% was prescribed for e-waybill cases involving only penalty. But from now onwards a pre-deposit of 10% of the penalty would be required where the demand pertains only to penalty and not tax amount.

➤ Supply of goods warehoused in Special Economic Zone or in Free Trade Warehousing Zone

- Entry in Schedule III added stating that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services. Further, no refund of tax already paid will be available for such transactions.

With retrospective effect from 01.07.2017.

➤ 'Local Fund' and 'Municipal Fund'

- Section 2(69) amended to include definitions of 'Local Fund' and 'Municipal Fund' used in the definition of "local authority". Certain conditions and restriction for filing of return to be included.

➤ Time of Supply of Vouchers

- Section 12(4) & 13(4) removed to omit provisions related to time of supply in respect of vouchers.

GARV INSIGHTS

Recently Circular No. 243/37/2024-GST dated 31st December 2024 was issued stating that vouchers are not taxable, and it is the underlying goods / services which are taxable. The time of supply provisions are now modified to remove the special clause in relation to supply of vouchers. The underlying goods / services would now be taxable under the normal provisions of time of supply as per Section 12 / 13 of the CGST Act 2017.



Goods & Services Tax

➤ Disallowance of ITC on goods / services used for immovable properties

- Section 17(5)(d) restricts the Input Tax Credit in respect of goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery). Amendment in the said section done wherein the words “plant or machinery” has been substituted with the words “plant and machinery”

With retrospective effect from 01.07.2017

GARV INSIGHTS

This amendment purports to disallow ITC on goods / services used for construction of land and building. The amendment will be effective retrospectively from July 1, 2017, notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority. This has been brought to nullify the Supreme Court ruling in the case of Safari Retreats Pvt Ltd wherein apex court held that if the construction of a building is essential for supplying services like leasing/renting out, it could fall under the 'plant' category on which ITC (input tax credit) may be claimed under Section 17(5)(d) CGST Act, and the matter was remanded back to Odisha High Court to examine the same.

From taxpayers' perspective, this amendment has far-reaching implications as industries that have structured their ITC claims based on the Safari Retreats ruling or the prevailing interpretation of existing provisions now need to urgently reassess their tax positions.

➤ Other Procedural Amendments

- Section 38(1) & 38(2) amended to remove the term "auto-generated" concerning the statement of input tax credit in GSTR-2B.
Further the word "including" inserted after "by the recipient" to make the provision more inclusive
- Section 39(1) is being amended to provide for enabling provision to prescribe certain conditions and restriction for filing of return.



06.
CUSTOM DUTY
PROPOSALS





THE CUSTOMS ACT, 1962

➤ Rationalization of Customs Tariff Structure for Industrial Goods

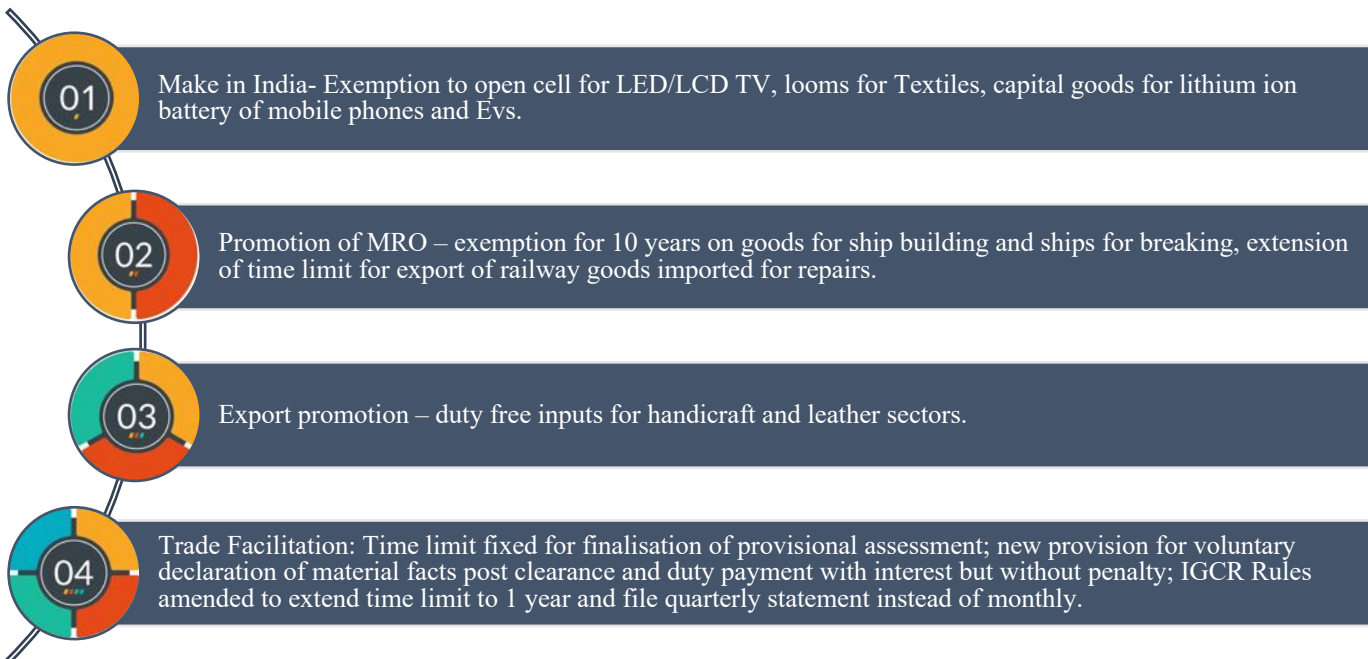
01. Removal of 07 tariff rates

02. Apply not more than one cess or surcharge

03. Apply equivalent cess to maintain effective duty incidence on most items and lower cess on certain items.

04. Improve access to life-saving drugs, such as 36 life-saving drugs/medicines that have been included in the exemption list, 6 medicines that are included in the 5% duty list, & 37 medicines & 13 new patient assistance programs that are included in the exemption list.

➤ Sector Specific Proposals





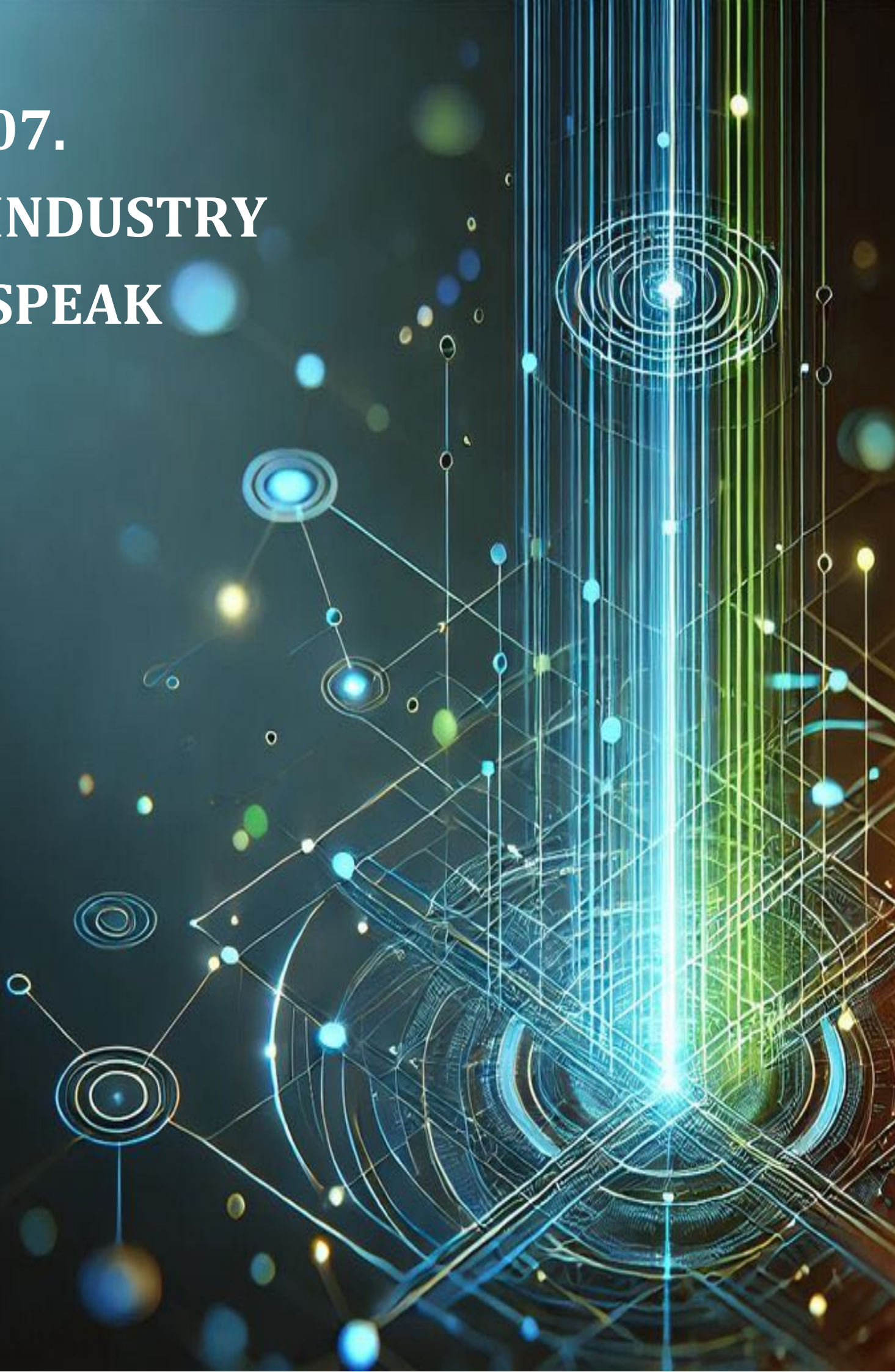
Price changes after

Union Budget '25



07.

INDUSTRY
SPEAK





Anil Agarwal
Chairman of Vedanta

“A ‘visionary’ budget which has stimulated a “perfect jugalbandi of robust consumption growth and accelerated investment.”



Kunal Shah
Founder of CRED

“New income tax limits could cause big jump in Gen Z consumption spends.”



Sanjeev Bikhchandani
Founder, InfoEdge

“Great move to allocate Funds for startups of another Rs. 10,000 crores. Dozens of Indian VC funds got set up providing risk capital to hundreds of startups. India needs domestic venture capital.”



Kunal Bahl
Founder, Titan Capital

“Increase in startup MSME credit guarantee to ₹20 crore from the current ₹10 crore is a great step in allowing ease of working capital financing for startup MSMEs. This has been a big bottleneck for startups to grow without diluting their equity.”



Sanjiv Puri
Chairman & MD, ITC

“The Union Budget 2025-26 provides a strong and convincing template for boosting growth and generating jobs, the twin imperatives for our economy today, with targeted interventions towards facilitating inclusive development.”

OUR TOUCH POINTS



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MUMBAI

- Khatau Building, 1st Floor, 8/10, Alkesh Dinesh Modi Marg, Fort, Mumbai –400 023

HYDERABAD

- United arcade Complex, Unit No. 23 Kishanbagh Road, Attapur Hyderabad – 500 048

CHENNAI

- Vimalachal, Unit A 1103 1088, Poonamallee High Road, Vepery Chennai – 600 007

GUWAHATI

- K C C Road, 2nd Floor Chatribari Guwahati – 781 008

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