

UNION BUDGET 2025



Prepared By

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GENERAL OVERVIEW

FY 2025-26 Fiscal Deficit projected at 4.4% of GDP

Projected FY 2025-26 fiscal deficit is at 4.4%, aligning with the government's commitment to reduce the budget gap below 4.5% by 2026. The current fiscal deficit target has been revised to 4.8%.

Proposed Receipts & Expenditure - Budget 2025

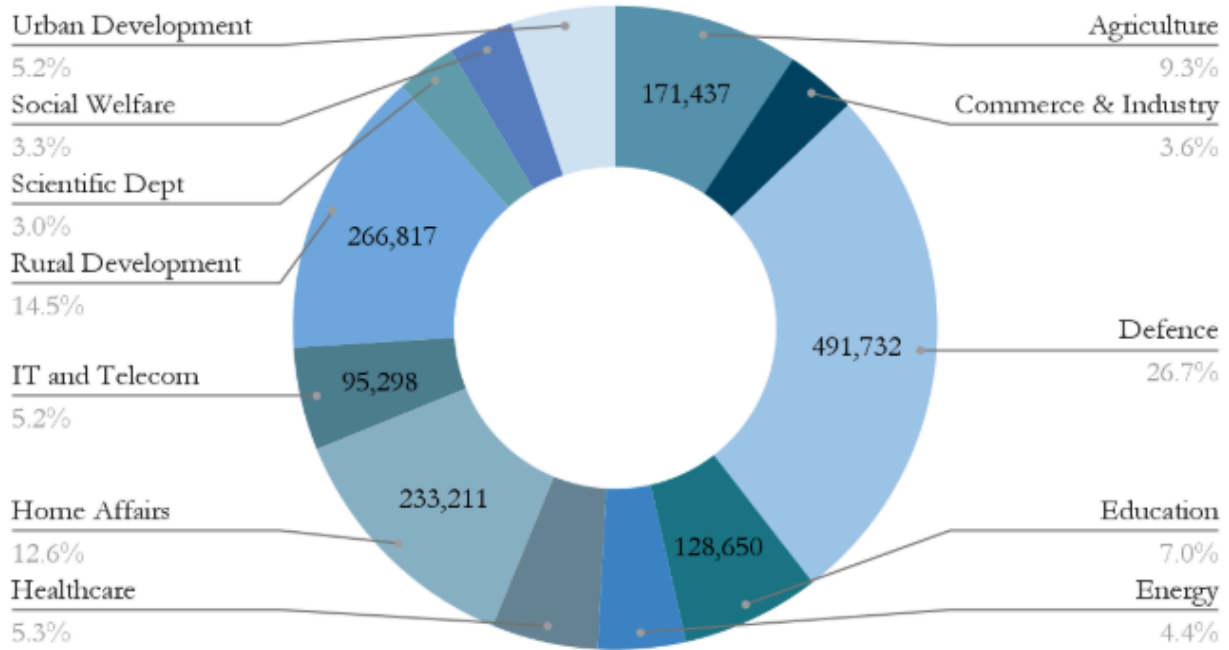
- Expenditure for FY 2025-26 ₹50.65 lakh crore
- Receipts for FY 2025-26 ₹34.96 lakh crore
- Aim to reach a fiscal deficit of below 4.8% next year

Proposed Capital Expenditure

Capex for FY 25-26 is projected at Rs 11.2 lakh crore.



Key budget allocation by sector (₹ in crores)



MSME

- 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

- Enhancement of credit availability with guarantee cover for MSEs and startup ventures.

	Current ₹ in crores	Revised ₹ in crores
MSEs	5	10
Startups	10	20
Exporter MSMEs	Term loans upto ₹ 20 crores	

- Benefit of Customised Credit Cards with a ₹5 lakh limit for micro enterprises registered on Udyam portal.
- A new scheme to support ₹5 lakhs first-time entrepreneurs, including women, and all castes, to provide term loans up to ₹ 2 crore during the next 5 years.

Measures for Labour Intensive Sectors

- Focus on Product Scheme for Footwear & Leather Sectors
- Measures for the manufacturing and developing Toy Sector
- Establishment of a National Institute of Food Technology in Bihar

AGRICULTURE

Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme

To cover 100 districts and likely to help 1.7 crore farmers improving their income levels and ensuring agricultural sustainability in these regions.

- Atmanirbharta in oil seeds
- Six-year mission launched
- Cotton yield improvement

- Five-year mission initiated
- Kisan Credit Card : Increase in the loan limit for loans taken through the KCC will be increased from ₹3,000 to ₹5,000.
- Loan limit for agriculturists increased from Rs 3 lakh to Rs 5 lakh

EXPORTS

- The setting up of the Export Promotion Mission
- Bharat TradeNet: A digital public infrastructure for international trade will be set-up as a unified platform for trade documentation and financing solutions. Support for integration with Global Supply Chains.
- National Framework for GCC
- Warehousing facility for air cargo

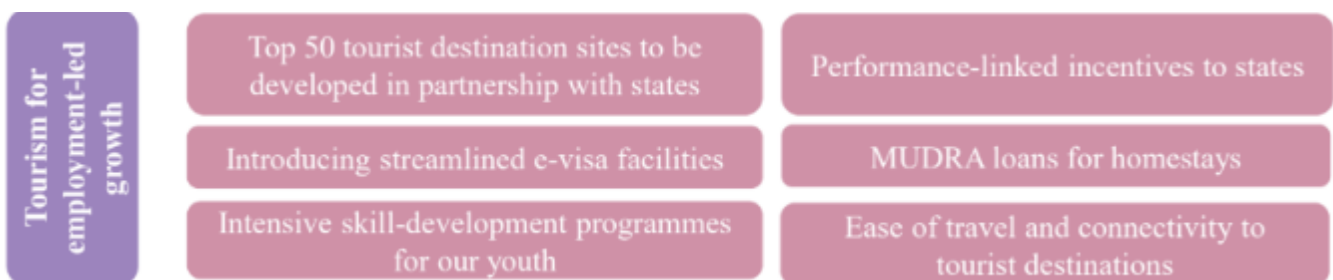
INVESTING IN PEOPLE, ECONOMY AND INNOVATION

- Saksham Anganwadi and Poshan 2.0
- Atal Tinkering Labs: 50 Thousand Labs to be set up in government schools in next 5 years.
- Broadband connectivity to be provided to all government secondary schools and primary health centres in rural areas.
- Bharatiya Bhasha Pustak Scheme: provide digital-form Indian language books for school and higher education.
- 5 National Centres of Excellence for skilling to be set up with global expertise and partnerships
- Expansion of Capacity in IITs
- Centre of Excellence in Artificial Intelligence for education with a total outlay of ₹500 crore.
- Expansion of medical education: 10,000 additional seats with the goal of adding 75,000 seats in the next 5 years.
- Day Care Cancer Centres in all District Hospitals

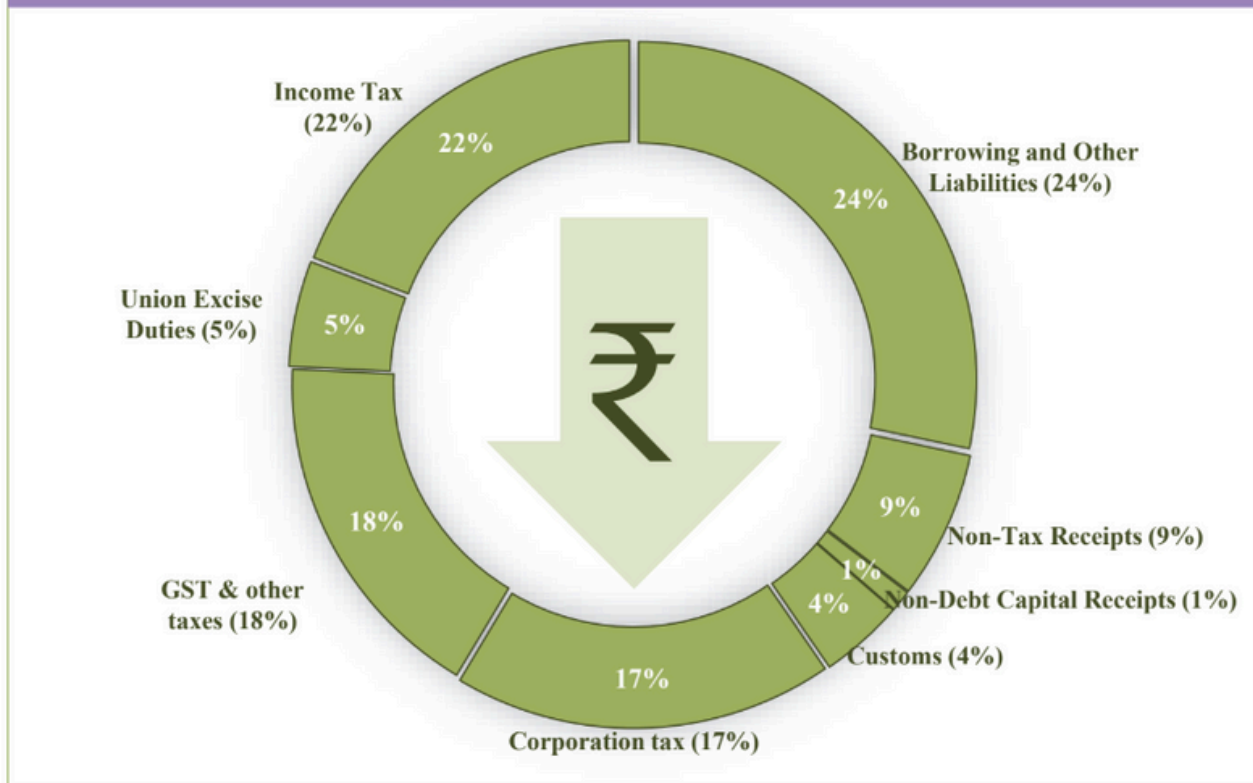
OTHER INITIATIVES

- Development of the marine sector
- India Post to be developed as a major logistics organization
 - Rural community hub co-location
 - Institutional account services;
 - DBT, cash out and EMI pick-up
 - Credit services to micro enterprises
 - Insurance; and
 - Assisted digital services.
- Special AI research centers to be set up and allocated ₹500 crores
- Interest-free funds for States to boost infrastructure development..
- 1 lakh crore fund announced for urban development
- Increased focus on nuclear energy by 2047
- New mining policy to be introduced.
- 100% FDI limit in the insurance sector
- Setting up a high level committee for banking reforms and review of all non-financial sector regulations, certifications, licenses, and permissions.
- Asset Monetization Plan 2025-30: launched to plough back capital of ₹10 lakh crore in new projects.
- UDAN: Regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years.
- Jan Vishwas Bill 2.0: to decriminalize more than 100 provisions in various laws.

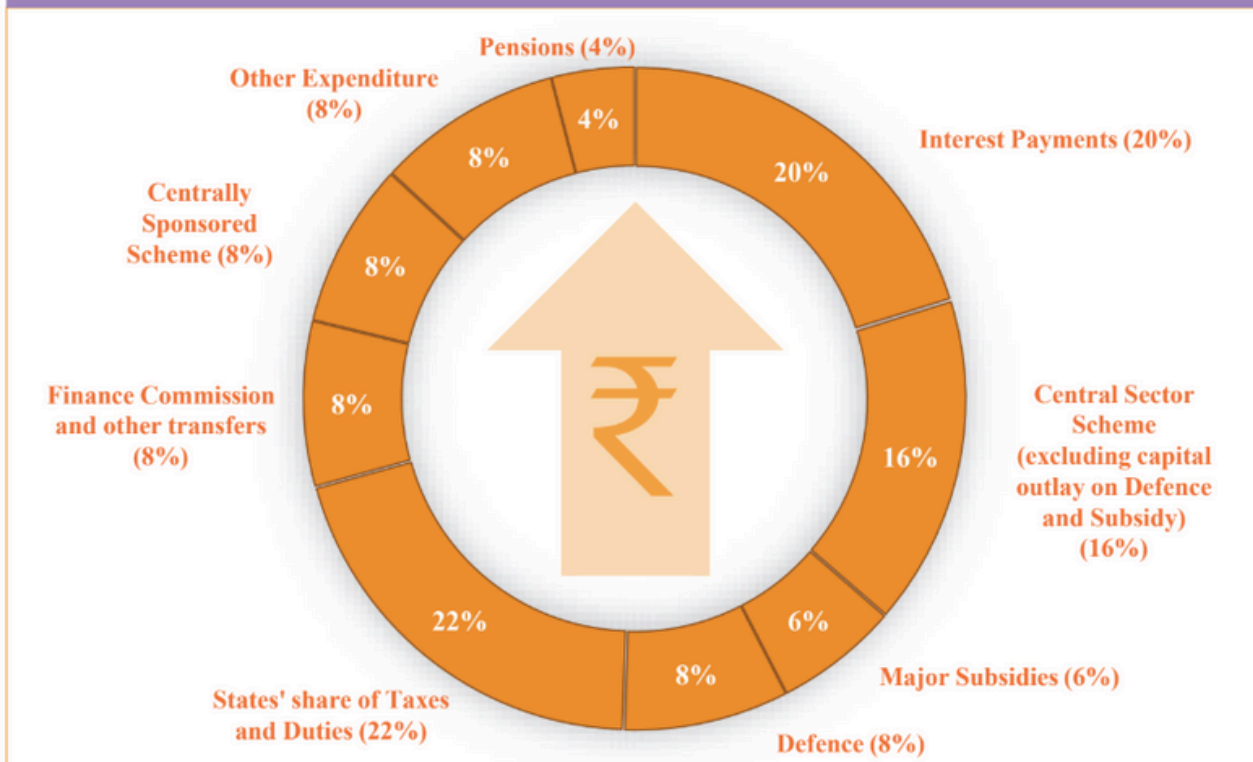
SOP FOR TOURISM SECTOR



Rupee Comes From



Rupee Goes To



DIRECT TAX

Introduction of New Direct Tax Code:

It is proposed to introduce a new tax code, which will be in simple and clear language. This Income Tax bill will be introduced next week.

Revised Tax Slabs under the New Regime

To provide relief to taxpayers and increase disposable income, the government has revised the tax slabs under the new tax regime as follows:

Previous Annual Income (₹)	Proposed Annual Income (₹)	Tax Rate
Rs. 0-3 Lakhs	Up to 4 Lakhs	Nil
Rs. 3-7 Lakhs	Rs. 4-8 Lakhs	5%
Rs. 7-10 Lakhs	Rs. 8-12 Lakhs	10%
Rs. 10-12 lakhs	Rs. 12-16 Lakhs	15%
Rs. 12-15 Lakhs	Rs. 16-20 Lakhs	20%
	Rs 20-24 Lakhs	25%
Above 15 Lakhs	Above 24 Lakhs	30%

Note : Rates under the Old Regime of Tax remain the same.

Enhanced Rebate for Taxpayers under New Regime

(w.e.f. A.Y. 2026-27)

- The income limit for rebate under Section 87A has been increased from ₹7 lakhs to ₹12 lakhs.
- This rebate is not applicable to any special rates Incomes such as capital gains.

House Property

(w.e.f 1st April 2025)

House owners can claim up to two houses as self-occupied with nil annual value. However, if a person owns more than two houses, the third one will be considered as rented out for tax purposes.

Presumptive Taxation Scheme extended for Non-Residents dealing in Electronics Manufacturing or digital services

Insertion of Section 44BBD (w.e.f 1st April 2026)

- A presumptive taxation scheme has been extended for non-residents engaged in electronics manufacturing and digital services in India.
- Under this scheme, 25% of the amount received by the non-resident will be deemed as profits, resulting in an effective tax of less than 10% on gross receipts.

Extension of time limit for updated return

(w.e.f 1st April 2025)

Time limit to file an updated return has been extended from 2 years to 4 years from the end of the relevant assessment year upon payment of additional tax, to enable the taxpayers to correct the mistakes in IT return noted subsequently.

Period	Additional Tax upon Tax computed	Interest
Between 2 to 3 years	60%	On extra income
Between 3 to 4 years	70%	Subject to certain conditions

Note: The rate will be computed on the aggregate of tax and interest payable.

Extension of Tax Incentives for Startups, Sovereign Wealth Funds and Pension Funds

(w.e.f. 1st April 2025)

- The tax holiday for startups has been extended by 5 years, covering startups incorporated until March 31, 2030 provided the conditions are met.
- Tax exemptions for sovereign wealth funds and pension funds investing in infrastructure projects have also been extended until March 31, 2030 provided the conditions are met.

Transfer Pricing

(w.e.f 1st February 2025)

The proposed amendment introduces a multi-year approach for transfer pricing assessments, allowing the arm's length price (ALP) determined for an international or specified domestic transaction in one year to apply to the next two consecutive years.

Taxpayers can opt for this approach by submitting a request, which will be validated by the Transfer Pricing Officer (TPO). Once confirmed, the same ALP will be used for similar transactions in the following years.

The scope of safe harbour rules have been expanded to reduce litigation and provide certainty in international taxation.

Expansion of scope of Tonnage Taxation

(w.e.f. 1st April 2026)

The tonnage tax regime, earlier applicable only to sea-going vessels, will now be extended to inland vessels, encouraging waterway transportation.

Significant Economic Presence (SEP) in India under Section 9

(w.e.f 1st April 2026)

aims to clarify that non-residents purchasing goods in India solely for export will not be considered to have a Significant Economic Presence (SEP) in India, preventing unintended taxation of foreign entities engaged only in export-related purchases.

Special taxation regime under section 115UA

(w.e.f. 1st April 2026)

An amendment to Section 115UA(2) will include Section 112A, ensuring proper tax treatment of long-term capital gains on equity shares, equity funds, and business trust units. This change ensures that a business trust's total income is taxed at the maximum marginal rate, except where preferential rates under Sections 111A, 112, or 112A apply.

The government has proposed a change in the tax rules for business trusts to ensure proper taxation of long-term capital gains on certain investments. Currently, the law does not specifically mention these gains, leading to uncertainty. The amendment will clarify that business trusts will be taxed at the highest applicable rate, except where lower tax rates apply to specific types of income.

Rationalization of timelines for imposition of Penalty

Section 275

(w.e.f 1st April 2025)

The proposed amendment aims to streamline the time limits for imposing penalties by introducing a uniform timeline. Currently, different timelines exist based on whether the case is in appeal before the ITAT, JCIT(Appeal), or Commissioner (Appeal), making it challenging to track multiple deadlines. The amendment proposes that penalties must be imposed within 6 months from the end of the quarter in which the connected proceedings are completed, the appellate order is received by the jurisdictional Principal Commissioner or Commissioner, the revision order is passed, or the penalty notice is issued, whichever applies.

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

Section 17 (w.e.f 1st April 2026)

The proposed aims to ensure that certain benefits and amenities received by employees are exempt from being classified as perquisites. Additionally, it proposes that any expenditure incurred by the employer for an employee or their family member's medical treatment outside India should not be treated as a perquisite. This amendment would provide tax relief to employees by excluding these specific benefits from taxable income.

Deductions under section chapter VI-A

Deductions u/s 80CCA (with retrospective effect from 29th August 2024)

Relaxation for Senior Citizens for withdrawal of National Savings Scheme:

Exemption in hands of Senior and Super Senior Citizens on withdrawals from the old National Savings Scheme (NSS).

Charitable trusts/institutions - Relaxations

(w.e.f 1st April 2025)

- Smaller trusts or institutions will now get registration for 10 years instead of 5 years.
- Minor mistakes, like incomplete applications, will not lead to cancellation of registration.

Relaxation in TDS & TCS Rates and Thresholds:

Section	Present (A.Y. 2025-26)	Proposed (A.Y. 2026-27)
193 - TDS on Interest on securities	Nil	10,000
194 - TDS on Dividend, for an individual shareholder	5,000	10,000
194A - TDS on Interest other than Interest on securities	(i) 50,000/- for senior citizen (ii) 40,000/- in case of others when payer is bank, cooperative society and post office (iii) 5,000/- in other cases	(i) 1,00,000/- for senior citizen (ii) 50,000/- in case of others when payer is bank, co-operative society and post office (iii) 10,000/- in other cases
194B - TDS on Lottery & Crossword Winnings 194BB - Horse Race Winnings	Aggregate of amounts exceeding 10,000/- during the financial year	10,000/- in respect of a single transaction
194D - TDS on Insurance commission		
194G - TDS on Income by way of commission, prize etc. on lottery tickets	15,000	20,000
194H - TDS on Commission or brokerage		
194-I - TDS on Rent	2,40,000 p.a. during the FY	(Rs. 6,00,000 p.a.) 50,000 p.m or part of a month
194J - TDS on fee for professional or technical services	30,000	50,000
194K - TDS on income from Mutual Fund Units	5,000	10,000
194LA - TDS on income by way of enhanced compensation upon compulsory acquisition	2,50,000	5,00,000

Section	Present (A.Y. 2025-26)	Proposed (A.Y. 2026-27)
194LBC - TDS on income from Securitization Trust Investments	25% if payee is Individual or HUF and 30% otherwise	10%
206C(1G) – TCS upon Remittance under LRS and overseas tour program package	7,00,000	10,00,000
206C(1)-TCS on Timber & Forest Produce (Excl. Tendu Leaves)	2.5%	2%
206C(1G) - TCS on Education Remittance under LRS with Loan Financing	0.5% after Rs 7 lakhs	Nil
206C(1H) - TCS on Sale of Goods	Exceeds 50,00,000	Nil

- Exemption from prosecution for delayed payment of TCS in certain cases
- **Removal of Higher TDS/TCS applicable upon non-filers.**

The proposal aims to reduce the compliance burden on deductors and collectors by removing sections 206AB and 206CCA, which deal with higher TDS/TCS for non-filers of income tax returns.

INDIRECT TAXES

Improved Access to lifesaving medicines:

- 36 life-saving drugs and medicines will be fully exempted from Basic Customs Duty (BCD).
- 6 life-saving medicines will now attract a reduced customs duty of 5% instead of the regular rate.
- Both full exemption and concessional duty will also apply to bulk drugs used in the manufacture of these medicines.
- 37 medicines and 13 new Patient Assistance Programmes (PAPs), making them fully exempt from Basic Customs Duty (BCD) if provided free of cost to patients.

Basic Customs Duty (BCD) Adjustments:

- Reduction in tariff rates in respect of certain items:
 - From 25%-40% to 20%.
 - From 150%-100% to 70%.
- Rationalization for specific commodities:
 - Precious metals, makhana products, waste oils, technical-grade pesticides.
- Exemptions for:
 - Satellite ground installations, launch vehicle components, bulk drugs for life-saving medicines.

Social Welfare Surcharge (SWS) Exemptions:

- No longer applicable on:
 - Solar cells, laboratory chemicals, platinum findings, electric vehicles.

Export Duty Changes:

- Crust leather (hides & skins) – Export duty reduced from 20% to NIL.

PARTNERS



RAJNEESH SINGHVI

Qualification: FCA
Experience: 34 Years



ROMIL SINGHVI

Qualification: FCA, CS
Experience: 8 Years



ARVIND MEHTA

Qualification: FCA
Experience: 39 years



ASHISH GOYAL

Qualification: FCA
Experience: 26 years



REA SINGHVI

Qualification: ACA
Experience: 4 years



KANUPRIYA SINGHVI

Qualification: ACA
Experience: 5 Years



CA SAKSHI JAIN

Qualification: ACA
Experience: 2 years




CA ABHAY VASHISHTH

Qualification: ACA
Experience: 1 year



APOORVA AGARWAL

Qualification: FCA
Experience: 9 years



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We serve a credible base of clients in India and many other countries in Europe, Middle-east & Far-east etc. We offer good blend of global knowledge and expertise.

Credit: HSD and Aspire team for expeditious preparation of Key Points of Union Budget - 2025

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