



# Union Budget Highlights 2025-26

# Foreword



The next five years are seen as a pivotal period to realise the vision of 'Sabka Vikas', with the Union Budget 2025-26 laying a strong foundation for its achievement. Presented by Union Finance Minister Smt. Nirmala Sitharaman on February 1, 2025, the Budget continues to prioritise the four major groups - Poor, Youth, Farmers, and Women – whose empowerment is expected to propel the country forward.

Key proposals, such as expediting company merger approvals, decriminalising over 100 legal provisions under the Jan Vishwas Bill 2.0, and raising the FDI limit for insurance sector, reflect the government's commitment to improving the ease of doing business. Other notable measures include an increase in the tax rebate, revisions in the MSME classification criteria, extension in period of startup incorporation for availing of tax benefits, and a BCD exemption on an additional 36 life-saving drugs and medicines.

In this insight document, we present the key takeaways from Budget 2025.

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# DIRECT TAX PROPOSALS

## Key Changes

- **Personal income tax reforms**

Rebate will be provided to tax payers with up to ₹12 Lakh of normal income (i.e., excluding special rate income such as capital gains). Proposed slabs under the new tax regime:

Total income in Rs.	Rate of tax
0 to 4 Lakh	Nil
4 Lakh to 8 Lakh	5%
8 Lakh to 12 Lakh	10%
12 Lakh to 16 Lakh	15%
16 Lakh to 20 Lakh	20%
20 Lakh to 24 Lakh	25%
Above 24 Lakh	30%

- **Presumptive taxation regime to be extended for non-residents providing services for electronics manufacturing facility**

To promote India as a global hub for Electronics System Design and Manufacturing, a presumptive taxation regime is introduced under new Section 44BBD, effective April 1, 2026. This applies to non-residents providing technology or support services to Indian companies setting up electronics manufacturing facilities under a government-notified scheme. Under this regime, 25% of total receipts from such services will be deemed as taxable profits, resulting in an effective tax rate of less than 10% on gross receipts.

This amendment ensures tax certainty and encourages foreign technology deployment in India's electronics sector.

- **Extension of benefits of tonnage tax scheme to inland vessels**

The amendment extends the tonnage tax scheme to inland vessels registered under the Inland Vessels Act, 2021, effective April 1, 2026. Introduced in 2004, the scheme offers tonnage-based taxation for shipping companies. Given India's shortage of inland vessels and the capital-intensive nature of the sector, this change aims to boost investment in inland water transportation. Section 115VD now includes inland vessels as eligible "qualified ships", aligning definitions with the Inland Vessels Act, 2021.

- **Simplification of tax provisions for charitable trusts/institutions**

The amendment clarifies the registration and exemption process for trusts and institutions under Sections 12A, 12AB, and 13. Section 12A outlines the application procedure for registration, while Section 12AB governs the approval and cancellation of such registration. Once registered, a trust's income is exempt under Sections 11 and 12, provided it meets the prescribed conditions. However, Section 13 states that exemptions will be denied if these conditions are not fulfilled. This amendment aims to streamline compliance

and ensure that only eligible trusts continue to receive tax benefits while maintaining regulatory oversight.

- **Period of registration of smaller trusts or institutions**

The amendment extends the validity of registration under Section 12AB from 5 years to 10 years for small trusts and institutions, reducing their compliance burden. Currently, trusts must renew registration every 5 years, or 3 years if provisionally registered, requiring re-application upon expiry. To ease this process, the amendment allows a 10-year registration period for trusts whose total income (before applying Sections 11 and 12) does not exceed INR 5 crores in each of the two preceding years before the application. This change simplifies compliance, particularly for small charitable organizations, and takes effect from April 1, 2026 (for assessment year 2026-27 onwards).

- **Rationalisation in taxation of business trust**

The amendment clarifies that long-term capital gains (LTCG) under Section 112A will also be considered while taxing business trusts under Section 115UA. Currently, REITs and InvITs enjoy a pass-through taxation regime, where interest, dividend, and rental income are taxable in the hands of unit holders, while the trust's total income is taxed at the maximum marginal rate, subject to Sections 111A and 112. However, Section 112A, which deals with LTCG on equity shares and units of business trusts, was not explicitly referenced, creating ambiguity. The amendment aligns the tax treatment by including Section 112A in Section 115UA(2), ensuring clarity in taxation. Effective April 1, 2026 (for assessment year 2026-27 onwards), this change removes inconsistencies and ensures proper taxation of LTCG for business trusts.

- **Harmonisation of significant economic presence applicability with business connection**

The amendment clarifies that non-residents purchasing goods in India solely for export will not be considered to have a significant economic presence (SEP) in India, ensuring such income remains non-taxable. While Section 9(1)(i) Explanation 1(b) already excludes such income from taxation, Explanation 2A on SEP created ambiguity. The amendment aligns both provisions, explicitly excluding these transactions from SEP taxation. Effective April 1, 2026 (for assessment year 2026-27 onwards), this ensures tax certainty for non-resident exporters.

- **Amendment of definition of 'Capital Asset'**

The amendment clarifies that securities held by investment funds under Section 115UB will be treated as capital assets, ensuring that income from their transfer is taxed as capital gains rather than business income. Currently, Section 2(14) defines capital assets broadly but explicitly includes securities held by Foreign Institutional Investors (FIIs). However, there has been uncertainty regarding whether investment funds' income from securities is classified as capital gains or business income. To remove ambiguity, the amendment aligns investment funds with FIIs, ensuring that securities held in compliance with SEBI regulations are treated as capital assets. Effective April 1, 2026 (for assessment year 2026-27 onwards), this change provides tax certainty for investment funds, reducing litigation and ensuring uniformity in tax treatment.

- **Extension of timeline for tax benefits to start-ups**

The amendment extends the tax deduction benefit under Section 80-IAC for eligible start-ups by five years, allowing newly incorporated start-ups to avail the deduction until April 1, 2030, instead of the previous cut-off of 1st April 2025.

Currently, Section 80-IAC provides a 100% tax deduction on profits for three consecutive years within the first ten years of incorporation, subject to conditions such as a turnover limit of INR 100 crore and certification from the Inter-Ministerial Board. This extension, effective 1st April 2025, aims to support innovation, boost entrepreneurship, and provide tax relief to emerging start-ups.

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

The amendment increases the tax rate on long-term capital gains (LTCG) under Section 115AD from 10% to 12.5%, effective April 1, 2026 (assessment year 2026-27 onwards). Currently, FIIs and specified funds are taxed at 10% on LTCG from securities (excluding units under Section 115AB) that are not covered under Section 112A. The Finance Act (No. 2), 2024 had already raised the LTCG tax rate to 12.5% for all other assessees, aligning rates for FIIs and specified funds under Section 112A. However, LTCG not covered under Section 112A remained at 10%, creating an inconsistency. To ensure parity in taxation, this amendment brings all LTCG from securities (excluding specified units) under a uniform 12.5% rate, aligning FIIs and specified funds with other taxpayers.

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

The amendment removes Sub-section (1H) of Section 206C, which mandates Tax Collection at Source (TCS) on the sale of goods exceeding ₹50 lakh, effective April 1, 2025. Currently, Section 206C(1H) requires sellers to collect TCS at 0.1% on sale consideration exceeding ₹50 lakh, while Section 194Q requires buyers to deduct TDS at 0.1% on the same transaction. Though Section 206C(1H) exempts cases where TDS under Section 194Q has been deducted, sellers face difficulties in verifying buyer compliance, leading to double taxation (TDS + TCS) on the same transaction.

To simplify compliance and reduce the burden on businesses, the amendment removes the TCS requirement under Section 206C(1H) from April 1, 2025, ensuring smoother transactions without duplication of tax deductions.

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

The Finance Act (No. 2), 2024 introduced block assessment under Chapter XIV B for searches initiated under Section 132 or requisitions under Section 132A from September 1, 2024. To further refine these provisions, several amendments have been proposed. Section 158B now includes virtual digital assets (VDAs) under the definition of undisclosed income. Section 158BA is amended to clarify that abated assessments will also include re-computations, references, or orders, and if a block assessment is annulled, related assessments will be revived accordingly. The term "pending" in Section 158BA (4) is replaced with "required to be made" to account for cases where a fresh assessment is necessary after a subsequent search. Section 158BB, which deals with computation of block period income, replaces the reference to "total income disclosed" with "undisclosed income" in returns. It now ensures that income declared before the search in returns filed under Sections 139, 142(1), or 148 will be counted while determining total income for the block period. Additionally, for years where the due date for return filing has not expired before the search, only income recorded in regular books of accounts will be taxed under normal provisions. Sub-section (3) of Section 158BB is amended to exclude international and specified domestic transactions from block period taxation due to difficulties in determining arm's length pricing. To streamline assessments in search cases involving multiple group entities, Section 158BE extends the time limit for completing



block assessments from twelve months from the month-end to twelve months from the quarter-end in which the last search authorization was executed. These amendments will take effect from February 1, 2025, ensuring better clarity, efficiency, and uniformity in block assessment proceedings.

- **Non-applicability of Section 271AAB of the Act**

The amendment to Section 271AAB clarifies that its penalty provisions for search cases will not apply to searches conducted under Section 132 on or after September 1, 2024. The Finance Act, 2024 introduced Block Assessment provisions (Chapter XIV-B) for searches initiated from this date. Although Section 271AAB already states that it does not apply to proceedings under Section 158BC, this amendment removes any ambiguity regarding its applicability to new search cases. Effective from September 1, 2024, this change ensures a clear distinction between search-related penalties and the new block assessment framework.

- **Time limit to impose penalties rationalised**

The amendment to Section 275 simplifies the time limit for imposing penalties under the Income Tax Act. Currently, multiple timelines exist depending on whether a case is under appeal before ITAT, JCIT(A), or Commissioner (Appeals), making it difficult for tax authorities to track deadlines efficiently. To streamline the process, the amendment introduces a uniform time limit, stating that penalty orders under Chapter XXI must be passed within six months from the end of the quarter in which the connected proceedings are completed, the appellate order is received by the Principal Commissioner or Commissioner, the revision order is passed, or the penalty notice is issued, whichever applies. Additionally, a consequential amendment in Section 246A updates references to align with this change. Effective from April 1, 2025, this amendment ensures clarity, uniformity, and improved efficiency in penalty enforcement.

- **Clarification regarding commencement date and the end date of the period stayed by the Court**

Various provisions, including Sections 144BA, 153, 153B, 158BE, 158BFA, 263, 264, and Rule 68B of Schedule-II, exclude the period during which court orders or injunctions stay proceedings from the time limit for concluding those proceedings. However, there was ambiguity regarding the exact start and end dates of the stay period to be excluded. To clarify this, the amendment specifies that the excluded period will begin from the date on which the stay was granted and will end on the date the jurisdictional Principal Commissioner or Commissioner receives the certified copy of the order vacating the stay (or the Approving Panel in cases under Section 144BA). This amendment, effective from April 1, 2025, ensures clarity in time calculations and eliminates uncertainty in excluding stay periods from tax proceedings.

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

The transfer pricing provisions under Sections 92 to 92F ensure that income from international or specified domestic transactions is computed at arm's length price (ALP). Currently, under Section 92CA, the Assessing Officer (AO) refers transactions to the Transfer Pricing Officer (TPO) for ALP determination, which is then applied to compute the assessee's total income. Since similar transactions recur across multiple years, requiring repeated ALP determination increases the compliance burden on taxpayers and administrative workload for TPOs. To simplify this, the amendment introduces block assessments, allowing ALP determined for one year to be applied to similar transactions for the next two consecutive years, provided the assessee opts for this scheme and the TPO validates the option. Once the TPO approves the option, the ALP will be binding for the next two years, and no fresh reference will be made for ALP



computation for the same transactions. The AO will then recompute total income for these years under a new provision in Section 155. If any difficulty arises in implementation, the CBDT may issue guidelines with government approval.

These amendments, effective from April 1, 2026, will reduce repetitive assessments, streamline transfer pricing compliance, and improve efficiency in ALP determination.

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

The amendment removes Sections 206AB and 206CCA, which mandated higher TDS and TCS rates for non-filers of income tax returns. Since businesses faced difficulties in verifying tax return compliance, they often applied higher rates unnecessarily, leading to excess tax deductions/collections. This blocked working capital, as taxpayers had to wait for refunds, affecting cash flow and increasing compliance burdens. To simplify tax procedures and improve liquidity, these sections are being omitted, effective April 1, 2025, ensuring smoother transactions without unnecessary tax deductions.

## Incentives to International Financial Services Centres (IFSCs)

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- **Extension of sunset dates for several tax concessions pertaining to IFSC**

Effective April 1, 2025, the amendment extends the deadline for IFSC units to commence operations or relocate funds under various tax concessions from March 31, 2025 to March 31, 2030. This applies to Section 80LA(2)(d), Section 10(4D), 10(4F), 10(4H), and Section 47(viiad). The extension provides greater flexibility for businesses and investors to set up operations in IFSC, further strengthening India's position as a global financial hub.

- **Exemption on life insurance policy from IFSC Insurance offices**

Effective April 1, 2025, the amendment removes premium limits for tax exemption on life insurance policy proceeds issued by IFSC insurance intermediary offices. Currently, Section 10(10D) exempts life insurance payouts, but policies with premiums exceeding INR 2.5 lakhs (ULIPs) or INR 5 lakhs (other policies) do not qualify. This amendment aligns IFSC-issued life insurance policies with foreign jurisdictions, ensuring

non-residents receive tax-free proceeds without premium restrictions, boosting India's IFSC insurance sector.

- **Exemption to capital gains and dividend for ship leasing units in IFSC**

Effective April 1, 2025, the amendment extends capital gains and dividend tax exemptions under Section 10(4H) and 10(34B) to ship leasing units in IFSC, similar to aircraft leasing. Now, non-residents and IFSC units engaged in ship leasing will be exempt from capital gains tax on transferring shares of domestic IFSC ship leasing companies. Additionally, dividends paid between IFSC ship leasing units will also be exempt from tax, promoting investment and growth in India's ship leasing industry.

- **Rationalisation of definition of 'dividend' for treasury centres in IFSC**

Effective April 1, 2025, the amendment excludes loans or advances between group entities from being treated as deemed dividends under Section 2(22) if one entity is a finance company or unit in an IFSC acting



as a global or regional corporate treasury center. This applies when the parent or principal entity is listed on a foreign stock exchange, except in specified jurisdictions. This change prevents unintended tax implications for IFSC-based corporate treasury centers, enhancing India's attractiveness for global financial operations.

- **Simplified regime for fund managers based in IFSC**

The amendment streamlines conditions under Section 9A for eligible investment funds and fund managers, particularly those operating in IFSCs, effective April 1, 2025. Currently, fund management by an eligible fund manager does not create a business connection in India, provided certain conditions are met, including a 5% cap on Indian resident participation in the fund. The amendment rationalises this cap by assessing participation twice a year (April 1 and October 1), allowing four months for compliance if the limit is breached.

Additionally, other fund eligibility conditions (a to m) may be relaxed for IFSC-based fund managers who commence operations on or before March 31, 2030. This change enhances IFSC's global competitiveness, making it more attractive for foreign fund management activities.

- **Amendment of Section 10 related to exempt income of non-residents**

To boost IFSC operations, the amendment expands tax exemption under Section 10(4E), effective April 1, 2026. Currently, non-resident income from certain financial instruments transacted with an offshore banking unit in an IFSC is exempt from tax. The amendment extends this benefit to income from transactions with Foreign Portfolio Investors (FPIs) operating as IFSC units, subject to prescribed conditions. This change enhances IFSC's attractiveness as a global financial hub, encouraging more foreign investments in India's financial markets.

## Rationalisation of Tax Deducted at Source (TDS) Rates

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- **TDS rate reduction for section 194LBC**

The amendment reduces the TDS rate under Section 194LBC from 25% for individuals and HUFs and 30% for other entities to a uniform 10%, effective April 1, 2025. Currently, TDS is deducted on income payable by securitisation trusts to investors at higher rates. Since this sector is now well-regulated and organized, the reduced rate aims to ease the tax burden on investors and improve liquidity while maintaining compliance.

- **TDS threshold rationalisation**

The amendment rationalises TDS thresholds across multiple sections to reduce compliance burden and ease tax deductions on smaller payments, effective April 1, 2025.

Key changes include introducing a new INR 10,000 threshold for interest on securities (Section 193) and increasing limits for dividends (INR 10,000 under Section 194), mutual fund income (INR 10,000 under Section 194K), and winnings from lotteries and horse races (INR 10,000 per transaction under Sections 194B and 194BB, respectively). For commission payments, thresholds for insurance commission (Section 194D), lottery commission (Section 194G), and brokerage/commission (Section 194H) have been raised from INR 15,000 to INR 20,000. The rent threshold (Section 194-I) now shifts from INR 2,40,000 annually to INR 50,000 per month, aligning deductions with rental payment cycles. For professional



and technical fees (Section 194J), the threshold increases from INR 30,000 to INR 50,000, while TDS on enhanced compensation (Section 194LA) now applies only when payments exceed INR 5,00,000, up from INR 2,50,000. These amendments aim to simplify tax compliance, prevent unnecessary TDS deductions on smaller payments, and enhance ease of doing business.

- **Section 193 – Interest on securities**

The amendment to Section 193 introduces a TDS threshold of INR 10,000 for interest on securities, effective April 1, 2025. Currently, TDS is deducted on all interest payments on securities without any threshold, except in certain cases. The amendment ensures that TDS will now apply only when the total interest exceeds INR 10,000 in a financial year, providing relief to small investors. Additionally, Clause (v) of the proviso is amended to align with this new threshold, reducing TDS deductions on smaller interest earnings and easing compliance for individual and HUF investors.

- **Section 194 – Dividends**

The amendment to Section 194 increases the TDS threshold on dividend income from INR 5,000 to INR 10,000, effective April 1, 2025. Currently, companies must deduct 10% TDS on dividend payments to resident shareholders, except when the total dividend paid to an individual in a financial year is INR 5,000 or less. The amendment doubles this threshold to INR 10,000, reducing TDS deductions on smaller dividend payments and easing compliance for both companies and individual shareholders.

- **Section 194A – Interest other than interest on securities**

The amendment to Section 194A increases the TDS threshold on interest income, effective April 1, 2025. Currently, TDS is deducted when interest income exceeds INR 40,000 (INR 50,000 for senior citizens) from banks, cooperative banks, and post office

deposits, and INR 5,000 in other cases. The amendment raises these thresholds, setting it at INR 50,000 for regular taxpayers and INR 1,00,000 for senior citizens for banks, cooperative banks, post offices, and cooperative societies. For all other cases, the threshold increases from INR 5,000 to INR 10,000. This change aims to ease compliance and reduce TDS deductions on small interest earnings, benefiting depositors, especially senior citizens.

- **Section 194B - Winnings from lottery or crossword puzzle**

The amendment to Section 194B modifies the TDS applicability on winnings from lotteries, games, gambling, and betting, effective April 1, 2025. Currently, TDS is deducted when the total winnings exceed INR 10,000 in a financial year. The amendment removes the aggregate condition and instead applies TDS on each individual transaction exceeding INR 10,000. This ensures tax is deducted at the source for every high value winning, enhancing compliance and preventing tax evasion in gaming and betting activities.

- **Section 194BB - Winnings from horse race**

The amendment to Section 194BB changes the TDS applicability on winnings from horse racing, effective April 1, 2025. Currently, TDS is deducted when the total winnings exceed INR 10,000 in a financial year. The amendment removes the aggregate condition and instead applies TDS on each individual transaction exceeding INR 10,000. This ensures tax is deducted at the source for every high value winning, improving compliance and preventing tax evasion in betting and wagering activities.

- **Section 194D – Insurance commission**

The amendment increases the TDS threshold under Section 194D from INR 15,000 to INR 20,000, effective April 1, 2025. Currently, Section 194D mandates TDS deduction on payments exceeding INR 15,000 per financial year for remuneration or commission related



to soliciting or procuring insurance business, including policy renewals and continuations. The revised threshold aims to reduce tax deductions on smaller payments, easing compliance for insurance agents and intermediaries.

- **Section 194H - Commission or brokerage**  
The amendment increases the TDS threshold under Section 194H from INR 15,000 to INR 20,000, effective April 1, 2025. Currently, Section 194H mandates 2% TDS deduction on commission or brokerage payments exceeding INR 15,000 per financial year (excluding insurance commission under Section 194D). The increased threshold aims to ease compliance and reduce TDS deductions on smaller transactions, benefiting businesses and intermediaries dealing with commission-based earnings.
- **Section 194-I – Rent**  
The amendment revises the TDS threshold under Section 194-I from INR 2,40,000 per financial year to INR 50,000 per month or part of a month, effective April 1, 2025. Currently, Section 194-I mandates TDS deduction on rent payments exceeding INR 2,40,000 annually. The new threshold ensures monthly-based calculation, simplifying compliance and aligning tax deduction with consistent rental payments, reducing the

burden on smaller transactions while maintaining tax efficiency.

- **Section 194J - Fees for professional or technical services**  
The amendment increases the TDS threshold under Section 194J from INR 30,000 to INR 50,000 for payments related to professional services, technical services, royalty, and sums under Section 28(va), effective April 1, 2025. Currently, Section 194J mandates TDS deduction on payments made to a resident for these services, subject to a threshold of INR 30,000 per financial year. To ease compliance and reduce TDS on smaller transactions, the threshold is now increased to INR 50,000, ensuring that only higher-value payments attract TDS while benefiting small professionals and businesses.
- **Section 194K – Income in respect of units**  
The amendment increases the TDS threshold under Section 194K from INR 5,000 to INR 10,000, effective April 1, 2025. Currently, Section 194K requires a 10% TDS deduction on income exceeding INR 5,000 per year from Mutual Fund units, specified undertakings, or specified companies paid to a resident. To ease compliance and reduce tax deductions on small incomes, the threshold is being doubled to INR 10,000, ensuring that only higher payouts attract TDS while benefiting small investors.

## Socio-Economic Welfare Measures

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- **Increase in the limits on the income of the employees for the purpose of calculating perquisites**  
The amendment to Section 17(2) revises the outdated income limits for determining perquisites provided by employers. Currently, benefits or amenities given free or at a concessional rate are taxable if an employee's salary exceeds ₹50,000, a threshold set in 2001. Similarly, employer-covered medical treatment abroad for an

employee or their family is tax-exempt only if their gross total income does not exceed ₹2 lakh, a limit set in 1993. Given the changes in the cost of living and economic conditions, the amendment proposes granting the power to prescribe rules to revise these income thresholds, ensuring that employee benefits and medical travel expenses remain exempt from perquisite taxation. This change will be effective from April 1, 2026, applying to assessment year 2026-27 onwards.

- **Exemption to withdrawals by Individuals from National Savings Scheme from taxation**

Section 80CCA allowed deductions for National Savings Scheme (NSS) deposits, but this benefit was discontinued from April 1, 1992. As per existing rules, withdrawals, including accrued interest, are treated as taxable income if a deduction was claimed earlier. On August 29, 2024, the Department of Economic Affairs notified that no interest will be paid on NSS balances after October 1, 2024, forcing many depositors to withdraw their funds. To provide relief, the amendment exempts withdrawals made on or after August 29, 2024 from taxation, provided they relate to deposits made before April 1, 1992, along with accrued interest. This amendment will be retrospectively effective from August

29, 2024, ensuring relief for affected depositors.

- **Annual value of the self-occupied property simplified**

Section 23 provides that the annual value of a self-occupied house or one that remains unoccupied due to employment, business, or profession elsewhere is taken as nil, but this benefit is limited to two properties as per sub-section (4). The amendment simplifies sub-section (2) by allowing nil annual value if the house is self-occupied or unoccupied for any reason, while retaining the two-property limit under sub-section (4). This amendment takes effect from April 1, 2025 and applies from assessment year 2025-26 onwards, making the provision clearer and more flexible.

## Tax Administration

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- **Obligation to furnish information in respect of crypto-asset**

The Finance Act, 2022 introduced taxation on Virtual Digital Assets (VDA) under Section 115BBH of the Income Tax Act, taxing transfers of VDAs at 30%, with no deductions allowed except for the cost of acquisition. Additionally, Clause (47A) of Section 2 was inserted to define VDAs, and Section 194S mandated a 1% TDS on payments for VDA transfers, including transactions occurring in kind or partly in cash. To further regulate crypto transactions, the proposed amendment introduces Section 285BAA, which requires specified reporting entities to furnish transaction details related to crypto assets. If a statement is found defective, the income-tax authority may allow 30 days for rectification, failing which it will be treated as inaccurate information. If a statement is not filed, the tax authority may issue a notice requiring compliance within a specified time. Additionally, if a person discovers inaccuracies in a previously furnished statement, they must inform the income-tax

authority and provide corrected information. The Central Government may also specify rules for registration, data maintenance, and due diligence for identifying crypto-asset users or owners. Furthermore, Clause (47A) of Section 2 is proposed to be amended to expand the definition of VDAs by including any crypto-asset that relies on cryptographically secured distributed ledger technology, whether explicitly covered under the existing definition or not. These amendments will be effective from April 1, 2026, ensuring better compliance, transparency, and monitoring of crypto transactions.

- **Increasing time limit available to pass order under section 115VP**

Section 115VP of the Income Tax Act pertains to the method and time for opting into the tonnage tax scheme, under which an assessee's tonnage income is computed as per Chapter XII-G. Currently, a qualifying company must apply to the Joint Commissioner, who is required to approve or

reject the application within one month from the end of the month in which it was received. Due to the limited time available for verification of documents, conducting physical inspections (if required), and providing an opportunity of being heard, it is proposed to extend this time limit. The amendment states that for applications received on or after April 1, 2025, the Joint Commissioner must pass an order within three months from the end of the quarter in which the application was received. This change ensures that the tax authorities have adequate time for due diligence, making the process more efficient while maintaining fairness for applicants. The amendment will come into effect from April 1, 2025.

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

The amendment to Section 206C(7A) extends the time limit for declaring an assessee in default for failing to collect TCS. Currently, such an order cannot be passed beyond six years from the financial year in which tax was collectible or two years from the financial year of a correction statement under Section 206C(3B), whichever is later. The amendment allows exclusion of certain periods while computing this time limit, including delays due to court stays, time taken for approvals from higher authorities, and time taken due to references to foreign tax authorities. By applying Section 153, which governs time limits for assessments and accounts for such exclusions, the tax department will have more flexibility in enforcing TCS compliance. This prevents defaulters from escaping liability due to procedural delays. The amendment will be effective from April 1, 2025.

- **Exemption from prosecution for delayed payment of TCS in certain cases**

Section 276BB of the Income Tax Act deals with prosecution for failure to deposit tax collected at source (TCS) to the Central Government. As per the existing provisions, if a person fails to deposit TCS as required

under Section 206C, they can face rigorous imprisonment for a minimum of three months, which may extend to seven years, along with a fine.

The proposed amendment aims to provide relief from prosecution in cases where the tax collected at source is deposited with the Central Government on or before the due date for filing the quarterly TCS statement under Section 206C(3). This means that if the tax is paid within the prescribed time, prosecution will not be initiated. This amendment will come into effect from April 1, 2025, ensuring a more reasonable approach by allowing taxpayers to rectify delayed TCS deposits before facing prosecution.

- **Certain penalties to be imposed by the Assessing Officer**

Sections 271C, 271CA, 271D, 271DA, 271DB, and 271E of the Income Tax Act prescribe penalties for various financial violations. Section 271C imposes a penalty for failure to deduct or pay tax at source (TDS), while Section 271CA applies to failure in collecting tax at source (TCS). Section 271D penalises the acceptance of loans or deposits in cash beyond the prescribed limit under Section 269SS, and Section 271DA imposes a penalty for receiving cash payments exceeding ₹2 lakh in violation of Section 269ST. Section 271DB penalises businesses that do not provide a prescribed mode of electronic payment, and Section 271E applies to the repayment of loans or deposits in cash in violation of Section 269T. Currently, penalties under these sections are levied by the Joint Commissioner, even though the Assessing Officer conducts the assessment. To streamline the process, it is proposed that the Assessing Officer will now be responsible for imposing penalties under these sections. However, if the penalty amount exceeds the limit specified in Section 274(2), prior approval from the Joint Commissioner will be required. A consequential amendment is also proposed in Section 246A(1)(n) to align with this change.

Additionally, the amendment proposes to omit Section 271BB, which prescribes a penalty for failing to subscribe to an eligible issue of capital under Section 88A. Since Section 88A was omitted in 1996 with retrospective effect from 1st April 1994, the penalty provision under Section 271BB has become irrelevant and is now proposed to be removed. These amendments will come into effect from April 1, 2025, ensuring a more efficient penalty imposition process and removing outdated provisions from the Income Tax Act.

- **Extending the processing period of application seeking immunity from penalty and prosecution**

Section 270AA of the Income Tax Act, 1961 allows taxpayers to seek immunity from penalty and prosecution related to underreporting or misreporting of income, provided they accept the assessment and pay the due taxes. Currently, taxpayers must apply for this immunity within one month of receiving the assessment order, and the Assessing Officer is required to accept or reject the application within one month of receiving it. Stakeholders have reported difficulties in adequately presenting their

cases within this limited timeframe. To address this, the proposed amendment extends the Assessing Officer's processing period from one month to three months from the end of the month in which the immunity application is received. This amendment will take effect from April 1, 2025, offering taxpayers a longer window for a fair review of their immunity applications.

- **Extending the time-limit to file the updated return**

Currently, taxpayers can file an updated return within 24 months from the end of the relevant assessment year, with an additional tax of 25% if filed within 12 months and 50% if filed between 12-24 months. The proposed amendment extends this period to 48 months, with higher additional tax rates: 60% if filed between 24-36 months and 70% if filed between 36-48 months. Taxpayers cannot file an updated return if the Income Tax Department issues a show-cause notice under Section 148A after 36 months, unless reassessment is later dropped. These changes will be effective from April 1, 2025, promoting voluntary compliance while imposing higher penalties for delayed filings.





# INDIRECT TAX PROPOSALS

## Goods & Service Tax (GST)

- Clause (61) of Section 2 of the Central Goods and Services Tax (CGST) Act is being amended to explicitly allow the distribution of input tax credit (ITC) by the Input Service Distributor (ISD) for inter-state supplies where tax is payable under the reverse charge mechanism (RCM). This is done by inserting references to sub-section (3) and sub-section (4) of Section 5 of the Integrated Goods and Services Tax (IGST) Act. This amendment will be effective from April 1, 2025.
- A new clause (116A) is being inserted in section 2 to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism. The Union Budget 2025-26 introduces penalties for violations related to the Track and Trace Mechanism under GST laws to strengthen compliance and prevent tax evasion. The Track and Trace Mechanism ensures authenticity and traceability of goods throughout the supply chain using Unique Identification Marking. Non-compliance, such as failure to implement tracking, missing or incorrect identification marks, or manipulation of records, may attract monetary fines, penalties, or restrictions on non-compliant goods. This amendment aims to enhance tax enforcement, curb fraud, and improve supply chain transparency.
- Section 34(2) of the CGST Act is being amended to explicitly require the recipient to reverse Input Tax Credit (ITC) when a credit note is issued by the supplier to reduce their tax liability. Under the current provisions, when a supplier issues a credit note for reasons such as discounts, returned goods, or price adjustments. It results in a reduction of their taxable value and GST liability. However, if the recipient has already claimed ITC on the original invoice, this amendment ensures that they reverse the proportionate ITC linked to the credit note. This change is aimed at preventing undue ITC claims, ensuring that ITC reversals align with tax reductions, thereby enhancing tax compliance and maintaining accuracy in GST adjustments.
- Section 107(6) of the CGST Act is being amended to introduce a mandatory pre-deposit of 10% of the penalty amount for appeals filed before the Appellate Authority, applicable to cases where the dispute involves only penalty and not tax demand. Currently, pre-deposit requirements exist for tax-related appeals, but there was no specific provision for standalone penalty disputes. This amendment ensures uniformity in appeal procedures, discourages frivolous appeals, and facilitates efficient resolution of penalty-related cases under GST.
- Section 112(8) of the CGST Act is being amended to introduce a mandatory pre-deposit of 10% of the penalty amount for appeals filed before the Appellate Tribunal, applicable to cases where the dispute involves only a penalty and no tax demand.
- Schedule III of the CGST Act is being

retrospectively amended from July 1, 2017, by inserting a new clause (aa) in paragraph 8, clarifying that the supply of goods warehoused in a Special Economic Zone (SEZ) or Free Trade Warehousing Zone (FTWZ) to any person before clearance for export or to the Domestic Tariff Area (DTA) shall neither be considered a supply of goods nor a supply of services under GST.

This amendment ensures that such transactions do not attract GST liability, providing clarity and consistency in the tax treatment of SEZ and FTWZ operations. By removing ambiguities and potential disputes, this change strengthens the ease of doing business for companies operating in these zones.



## REGULATORY PROPOSALS

### Ease of Doing Business

- The government will undertake rationalisation of requirements and procedures to expedite company merger approvals. Additionally, the scope for fast-track mergers will be expanded, and the process simplified.
- Following decriminalisation of over 180 legal provisions under the Jan Vishwas (Amendment of Provisions) Act, 2023, Jan Vishwas Bill 2.0 is currently in the works. The second instalment seeks to decriminalise more than 100 provisions.
- It is announced that the Foreign Direct Investment (FDI) limit for the insurance sector will be raised from 74% to 100%, applicable to companies that invest the entire premium in India. Moreover, the current guardrails and conditions foreign investment will be reviewed and simplified.
- To reinforce trust-based economic governance and pave the way for enhancing ease of doing business, a High-Level Committee for Regulatory Reforms will be formed. This committee will take up a review of all non-financial sector regulations, certifications, licenses, and permissions, with recommendations to be submitted within a year.
- With a view to promote the spirit of competitive cooperative federalism, an Investment Friendliness Index of States will be launched by NITI Aayog this year.
- A mechanism will be set up under the Financial Stability and Development Council (FSDC) to assess the impact of existing financial regulations and subsidiary instructions. A framework will also be designed to enhance their responsiveness and foster the development of the financial sector.



## Labour-Related Reforms

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- The government will ensure that gig workers are provided with identity cards and are registered on the e-Shram portal. Further, the Budget 2025 envisages extension of health insurance cover to gig workers under the PM Jan Arogya Yojana.
- Appropriate policy and facilitation measures will be taken by the government to increase employment and entrepreneurship opportunities in labour-intensive sectors.
- A focus product scheme for footwear and leather sectors will be implemented, driving employment, turnover and exports.
- To position India as a global hub for toys, a scheme will be launched to develop high-quality, unique, innovative, and sustainable toys that embody the 'Made in India' brand.



# SECTOR IMPACTS

## Real Estate

- **Infrastructure and economic development by way of public-private partnerships**

Infrastructure-related ministries to come up with a 3-year pipeline of projects in PPP mode wherein the states can seek support from the India Infrastructure Project Development Fund (IIPDF) scheme to prepare PPP proposals. An Urban Challenge Fund of ₹1 lakh crore is announced to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation'. The allocation of ₹10,000 crore proposed for 2025-26 will pave the way for infrastructure-driven real estate growth. Further, an outlay of ₹1.5 lakh crore proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms would catalyse the same.

- **Digitisation of land records**

Digitisation of land records is a much needed step to minimise the hiccups posed for the real estate and infrastructure technologies. The state governments, with the help of PM Gati Shakti – National Master Plan for Multi-Modal connectivity as a platform, can contribute to digitising the land records and urban development, in turn taking a step closer to developing foundational geospatial infrastructure data.

- **SWAMIH 2.0**

The introduction of the second trench of 'Special Window for Affordable and Mid-Income Housing' is expected to help in the completion of 1 lakh dwelling units with the

disbursal of ₹15,000 Cr as funds to help achieve the same. The aim is to help the stressed housing projects in speedy completion and handover. The blended finance facility with contribution from the government, banks and private investors would further help middle class families who are paying EMIs on loan taken for apartment and paying rent for current dwelling units. The move is expected to enhance market confidence, attract further private and institutional investments, and contribute to job creation in the construction sector.

- **Scheme for first time entrepreneurs**

The current bill, in its attempt to yet again empower the marginalised communities, has introduced a credit facility scheme for first time women entrepreneurs belonging to the SC/ST community. This scheme is set to help about 500,000 such women to bridge the gap faced by women while availing credit facilities. In order to achieve the same, a term loan of up to ₹2 Cr would be extended, acting as a catalyst to empower women led business in India. This scheme would help minimise the hesitation of market penetration by new players with real estate being an otherwise rather hard sector to penetrate without big pockets.

- **TDS on Rent**

The threshold of ₹2.4 Lakh on TDS is now increased to ₹6 Lakh per annum, enabling people to generate more income by way of rent.

- **Development in the Tourism Sector**

With an aim to improve the tourism sector in India, the current bill proposes to help develop 50 tourist destinations in the country in collaboration with the respective state governments through a 'challenge mode'. The initiative encourages states to provide land for essential infrastructure and includes hotels in a harmonious master list, granting them 'Infrastructure Status' for easier financing. This would pose a win-win situation for not only the tourism sector but also for the infrastructure sector.

- **Taxpayers can claim annual value of two self-occupied properties as "nil"**

Up until now, the taxpayers could claim the annual value of one self-occupied properties as nil upon fulfilment of necessary conditions. However, starting from April 1, 2025, taxpayers will be eligible to claim the annual value of up to two self-occupied properties as nil without any conditions.



# Infrastructure

- Each infrastructure-related industry is required to develop a three-year pipeline of projects to be implemented under the Public-Private Partnership (PPP) mode. States will also be encouraged to adopt this approach and may seek support from the India Infrastructure Project Development Fund (IIPDF), a scheme designed to prepare PPP proposals.
- An allocation of ₹1.5 lakh crore is proposed for providing 50-year interest-free loans to states for capital expenditure, along with incentives for reforms.
- The Jal Jeevan Mission will be extended until 2028 with an enhanced total outlay. The mission will focus on improving the quality of infrastructure and operations and maintenance of rural piped water supply schemes. Implementation will prioritise Jan Bhagidari, and MOUs will be signed with States and Union Territories to ensure sustainable and citizen-centric water service delivery.
- National Bank for Financing Infrastructure and Development (NaBFID) will set up a 'Partial Credit Enhancement Facility' to support corporate bonds linked to infrastructure development.
- The government will establish an Urban Challenge Fund with a corpus of ₹1 lakh crore to support urban growth, redevelopment, and water and sanitation projects. The fund will finance up to 25% of bankable projects, requiring at least 50% funding from bonds, bank loans, and PPPs. An initial allocation of ₹10,000 crore is proposed for FY 2025-26.
- The government has introduced its second Asset Monetization Plan for 2025-30, aiming to raise ₹10 lakh crore by monetising public assets and reinvesting the funds into new infrastructure projects. The regulatory and fiscal frameworks will be refined to guarantee the plan's successful execution.
- To strengthen PPPs and support private sector project planning, access to relevant data and maps from the PM Gati Shakti portal will be provided, enabling better decision-making and project execution.
- Large ships exceeding a certain size will be added to the Infrastructure Harmonized Master List (HML).
- Under the modified UDAN scheme, the government is facilitating the establishment of greenfield airports in Bihar to address future demands. This includes expanding the capacity of Patna airport and developing a brownfield airport in Bihar. The scheme will also facilitate the creation of helipads and smaller airports in hilly regions, aspirational areas, and the Northeast districts of the country.
- Reforms in the power sector will be encouraged by offering incentives for distribution improvements and the expansion of intra-state transmission. States will be allowed an additional 0.5% borrowing of GSDP, contingent upon implementing these reforms.

## IMPACT

The Union Budget 2025 focuses on driving infrastructure growth through strategic PPPs and significant financial support. With a ₹1.5 lakh crore allocation in interest-free loans to states, key sectors like roads, urban development, and water supply will see faster execution and improved public services. The government also aims to boost tourism by developing top destinations in partnership with states, offering investment opportunities. Backed by initiatives like the Urban Challenge Fund and the Infrastructure Project Development Fund, this comprehensive approach promotes innovation, efficiency, and collaboration to foster sustainable infrastructure development and economic growth nationwide.

# Technology

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- To boost deep tech investments in India, the government has proposed exploring the creation of a deep tech fund. This initiative addresses the low investment levels in the sector, which stem from the long gestation periods of deep tech start-ups that often deter venture capital interest.
- The Finance Minister announced a ₹20,000 crore investment to drive private sector-led research, development, and innovation, building on initiatives from the July budget. As part of this effort, the government will introduce 10,000 fellowships under the Prime Minister's Research Fellowship Program (PMRF) over the next five years, aimed at enhancing technological research in IITs, NITs, and IISc.
- The government announced a simplified tax system for non-residents providing services to Indian electronics manufacturing companies. Additionally, a safe harbour rule will be introduced to ensure tax certainty for non-residents storing components intended for supply to specified electronics manufacturing units. This initiative aims to streamline tax compliance and encourage greater participation from non-residents in India's electronics manufacturing sector.
- The government has allocated ₹500 crore to establish three AI Centres of Excellence focused on education, aiming to boost AI research and development in the country. However, the funding may be insufficient to meet the nation's current extensive AI requirements and potential for innovation.
- The government has proposed a national framework to assist states in promoting Global Capability Centres (GCCs) and enhancing talent and infrastructure availability in tier-II cities. This initiative aims to accelerate the growth of the GCC ecosystem, which has experienced significant expansion in recent years, and position India as a hub for global business services and innovation.
- A full exemption of Basic Customs Duty (BCD) on cobalt powder, lithium-ion battery waste, scrap, and 12 other critical minerals. This initiative is designed to ensure the availability of essential materials for manufacturing in India, supporting domestic industries and generating employment opportunities for the youth.
- The government has announced the launch of the Nuclear Energy Mission for Viksit Bharat, aiming to develop at least 100 gigawatts of nuclear energy by 2047 as part of India's energy transition efforts. To encourage private sector participation, amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be pursued. As an initial step, the government will establish a research and development unit focused on Small Modular Reactors (SMRs) with a budget allocation of ₹20,000 crore, underscoring its commitment to innovation and clean energy solutions.
- The government has proposed changes to Basic Customs Duty (BCD) rates on various electronics components in line with the 'Make in India' policy and efforts to rectify the inverted duty structure. The finance minister announced an increase in the BCD on Interactive Flat Panel Display (IFPD) from 10% to 20%. Additionally, the BCD on Open Cells, used in the manufacture of LCD and LED televisions, has been reduced to 5%, with a proposed exemption for parts of Open Cells, which had previously been reduced from 5% to 2.5% in the Union Budget 2023-24. Furthermore, the BCD on Carrier Grade Ethernet switches has been reduced from 20% to 10%, aligning it with the rate for Non-Carrier Grade Ethernet switches, helping to prevent classification disputes.
- The government has announced the launch of the National GeoSpatial Mission, aimed at developing foundational geospatial infrastructure and data. Utilizing PM Gati Shakti, this mission will modernize land records, enhance urban planning, and aid the design of infrastructure projects.

- A National Digital Repository of Indian Knowledge Systems is sought to be established to facilitate knowledge sharing. This initiative is focused on surveying, documenting, and digitizing over one crore manuscripts, bringing centuries-old knowledge into the digital age
- The government has announced that private sector access to relevant data and maps from the PM Gati Shakti portal will be expanded. This move aims to support more informed and efficient project planning within the private sector, while fostering PPPs.
- Section 2(47)A is sought to be amended to modify the definition of virtual digital asset to include crypto assets.
- The government has proposed the establishment of BharatTradeNet (BTN), a digital public infrastructure for international trade. BTN will serve as a unified platform for trade documentation and financing solutions, streamlining processes in international trade. It will complement the existing Unified Logistics Interface Platform (ULIP), which provides industry players access to logistics-related datasets from various government systems. This initiative aims to enhance the efficiency of trade and logistics operations, fostering smoother cross-border transactions.
- Under MEITY scheme, 25% of the aggregate amount received/ receivable by, or paid/ payable to the non-resident, on account of providing services or technology, shall be deemed to be profits. This will be through the introduction of a new provision, Section 44BBD.

## Startups

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- Benefits under Section 80-IAC will be available to eligible start-ups incorporated before April 1, 2030. Presently, the said benefits can be availed of by eligible startups incorporated between April 1, 2016 and March 31, 2025.
- With the support of the Fund of Funds, the Alternate Investment Funds (AIFs) for startups obtained commitments of more than ₹91,000 crore. In view of this, a new Fund of Funds is proposed to be established. The same will have an expanded scope and a fresh contribution of ₹10,000 crore.
- To foster the next generation startups, a deep tech fund of funds would be explored.
- To improve access to credit, the credit guarantee cover will be enhanced for startups, from ₹10 crore to ₹20 crore, with the guarantee fee being moderated to 1% for loans in 27 focus sectors important for Atmanirbhar Bharat.

## MSMEs

- The Finance Minister announced measures to support MSMEs by increasing the investment and turnover limits for their classification by 2.5 and 2 times, respectively. This aims to enhance their scalability, technological upgrades, and access to capital, fostering growth and job creation. Here is an overview of the proposed revisions in the classification criteria:
- The government has also announced the launch of customised credit cards for micro enterprises registered on the Udyam portal. These cards will have a credit limit of ₹5 lakh, with plans to issue 10 lakh cards in the first year. This initiative aims to provide tailored financial support to micro enterprises, enhancing their access to credit and promoting growth.

Rs. 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

Source: Budget Speech 2025

- Additionally, the credit guarantee cover for MSMEs will be raised from ₹5 crore to ₹10 crore, while well-performing exporter MSMEs will be eligible for term loans of up to ₹20 crore.
- An Export Promotion Mission will be set up. The same is expected to facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.

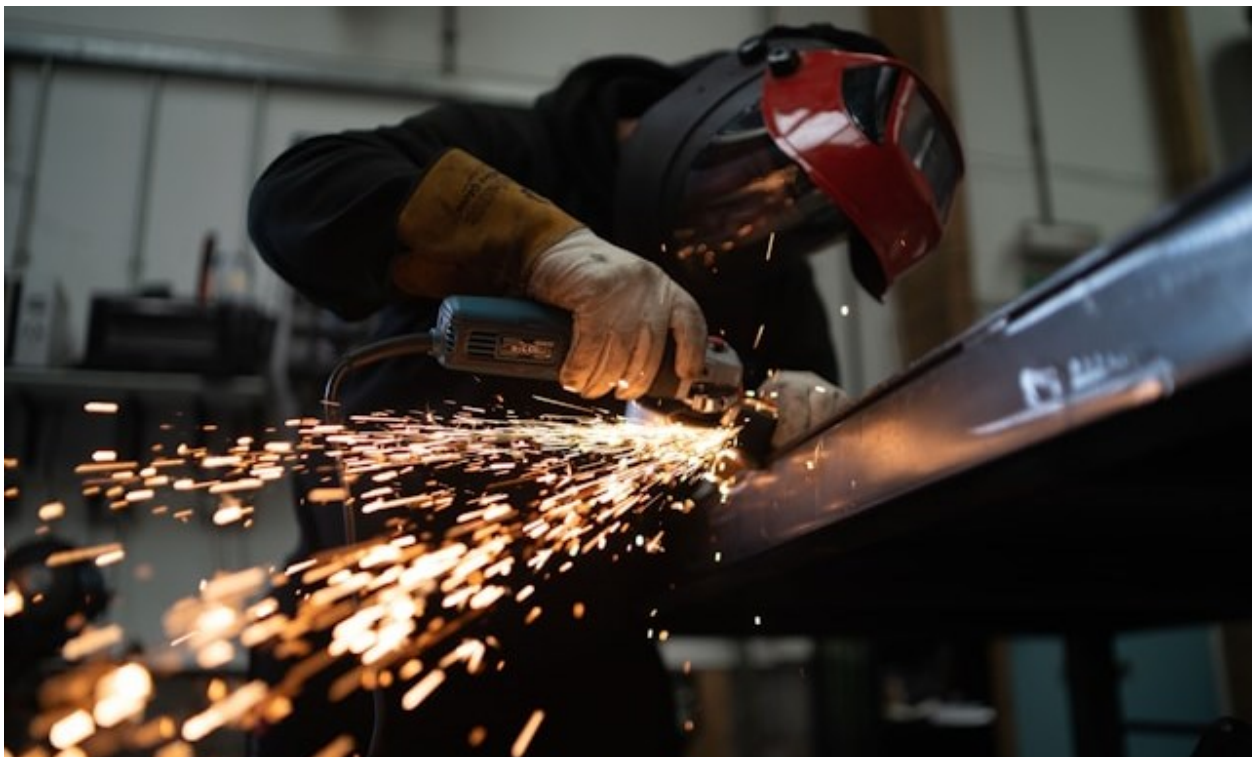
## Health

- It is proposed to add 36 lifesaving drugs and medicines to the list of medicines fully exempted from BCD. Further, 6 lifesaving medicines will be added to the 5% duty list. Bulk drugs used in the manufacture of these drugs or medicines will also attract full exemption and concessional duty.
- Through the Saksham Anganwadi and Poshan 2.0 initiative, about 8 crore children, 1 crore pregnant and nursing mothers nationwide, and roughly 20 lakh adolescent girls in aspirational districts and the northeast area receive nutritional help. Appropriate enhancements will be made to the nutritional support cost norms.
- Under the 2017 customs notification, specified drugs and medicines are fully exempt from BCD, subject to the condition that they are supplied free of cost to patients under Patient Assistance Programme run by the pharmaceutical companies. It is proposed to add 37 new drugs and 13 new patient assistance programmes in the exempt list.
- The Budget envisages setting up of Day Care Cancer Centres in all district hospitals over the next three years, with establishment of 200 centres in 2025-26.

# Manufacturing

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- In furtherance of the “Make in India” initiative, a National Manufacturing Mission will be set up. Its mandate will encompass five focus areas including ease and cost of doing business, future ready workforce for in-demand jobs, a vibrant and dynamic MSME sector, availability of technology, and quality products.
- Emphasis has been laid on clean tech manufacturing, with plans to improve domestic value addition and build our ecosystem for solar PV cells, EV batteries, etc.
- The government will extend requisite support for developing domestic manufacturing capacities for integration with global supply chains.
- It is proposed to extend the presumptive taxation regime for non-residents, engaged in the business of establishing or operating electronics manufacturing facility or a connected facility for manufacturing or production of electronic goods, article or thing in India.
- In a major boost to domestic manufacture of lithium-ion battery for mobile phones and electric vehicles, it is proposed to add to the list of exempted capital goods, 35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing.



# Education

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- With the help of international expertise and partnerships covering curriculum design, trainer training, etc., five National Centres of Excellence for skilling will be set up. These Centres are expected to equip the youth with the skills required for “Make for India, Make for the World” manufacturing.
- A new Centre of Excellence in Artificial Intelligence (AI) for education is proposed to be set up with an outlay of ₹500 crore.
- The infrastructure capacity in IITs will be enhanced, with additional infrastructure creation in the 5 IITs started after 2014. Further, the hostel and other infrastructure capacity at IIT, Patna will also be expanded. This is to accommodate the growing number of students being admitted at these institutes.
- The government plans to add 10,000 more seats in medical colleges and hospitals in the coming year, to meet the goal of adding 75,000 seats in the next five years.
- Under the PM Research Fellowship scheme, 10,000 fellowships would be extended for technological research in IITs and IISc with enhanced financial support.
- The Budget 2025 envisages setting up of 50,000 Atal Tinkering Labs in government schools in the next five years to encourage young people’s curiosity and inventiveness as well as their scientific temper.
- All government secondary schools and primary health centres (PHCs) in rural areas will have broadband connectivity. The same will be ensured under the Bharatnet project.
- A Bharatiya Bhasha Pustak Scheme is proposed to supply digital versions of Indian language books for use in schools and universities.

# #fmabudgetinsights

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“Homeowners get a big tax break as they can now claim two self-occupied properties with Nil Gross Annual Value (GAV)—no strings attached—easing the tax burden of property ownership.”

- **GV Gopala Rao, Director**

“The introduction of the India Infrastructure Project Development Fund is crucial as the country undergoes a significant urbanisation process. With respect to capital gains tax benefits, the government has now clarified that a person can have two houses. This is significant as many people from villages and small towns often buy an additional house. Additionally, for the middle class, the house rental limit has been enhanced from 2.4 lakhs to 6 lakhs. As for the real estate sector, the introduction of the SWAMIH Fund 2 is crucial. The central government plans a 15,000 crore outlay for last-mile construction of projects that are stuck, which will make a substantial difference in meeting the sector's funding requirements.”

- **Prashantha Kumar, Senior Partner**

“The Income Tax exemption up to 12 lakhs and additional benefits in TDS limits for Senior Citizens will give a big boost to consumption and the Real estate sector.”

- **Sumit Dhar, Partner**

“The Union Budget 2025 has recently announced Rs 1.5 lakh crore in 50-year interest-free loans to states, which will significantly enhance infrastructure investment across critical sectors such as roads, urban development, and water supply. This financial flexibility will enable faster project execution and improved public services.”

- **Chandrasekaran R, Partner**

“India has a wonderful startup ecosystem and with the proposed deep tech fund of funds, we are all looking at deep tech sectors and new startups to come up within that particular area. We also have the mission for cotton productivity, which will promote patented high-yield cotton varieties. AI and geospacial innovations have also been proposed which implicitly will create a lot of IP through R&D. The national mission of speed seeds implies the patenting of pest-resistant and climate-resilient seeds. We are looking at a huge amount of R&D to happen in the sphere of intellectual property.”

- **Mathews V C, Partner**

“From the creation of our insurance regulator, to permitting FDI up to a significant minority stake, and then 74% and finally 100%, the Government appears to have understood and appreciated the need to allow more foreign capital in a fairly capital-intensive sector, and to allow insurers to continue to support insurance penetration and adoption.”

- **Rohan Singh, Partner**

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