

Key Highlights on Union Budget 2025-26

1. Direct Tax:

A. Income Tax Slabs

New Regime			
As per Existing Provision		As per Budget 2025-26	
For A.Y. 2024-25		For A.Y. 2025-26	
Total Income	Tax Rate	Total Income	Tax Rate
Up to Rs 3,00,000	NIL	Up to Rs 4,00,000	NIL
3,00,001 to Rs 7,00,000	5%	4,00,001 to Rs 8,00,000	5%
7,00,001 to Rs 10,00,000	10%	8,00,001 to Rs 12,00,000	10%
10,00,001 to Rs 12,00,000	15%	12,00,001 to Rs 16,00,000	15%
12,00,001 to 15,00,000	20%	16,00,001 to 20,00,000	20%
Above 15,00,000	30%	20,00,001 to 24,00,000	25%
		Above 24,00,000	30%

Note: No tax payable for normal income upto ₹12 lakh other than special rate income such as capital gains (Tax rebate u/s 87A will be provided in addition to the benefit due to slab rate reduction in such a manner that there will be no tax payable.)

Example 1:

A tax payer in the new regime having a total income (other than special rate income) of ₹ 12 lakh

As per Existing Provision		As per Budget 2025-26	
For A.Y. 2024-25		For A.Y. 2025-26	
Total Income		Total Income	Tax Rate
Up to Rs 3,00,000	Nil	Up to Rs 4,00,000	Nil
3,00,001 to Rs 7,00,000	20,000	4,00,001 to Rs 8,00,000	20,000
7,00,001 to Rs 10,00,000	30,000	8,00,001 to Rs 12,00,000	40,000
10,00,001 to Rs 12,00,000	30,000		
Total Tax to be Paid	80,000	Total Tax to be Paid	60,000
Less: Rebate u/s 87A	-	Less: Rebate u/s 87A	60,000
Balance Tax payable	80,000		NIL

Hence Net Tax Benefit is: ₹ 80,000/-

(Tax payable as per existing income tax provision is ₹ 80,000/- whereas tax payable as per new tax provision is NIL after considering the Rebate u/s 87A)

Note: 1. Section 87A Rebate Increased from ₹ 25,000 to ₹ 60,000 under New Tax Regime Subject to Income Taxable u/s 115BAC(1A) will be up to Rs.12,00,000) ((Benefit of Marginal Relief also given)

Note: 2 Rebate u/s 87A will not be available against special income if opted to section 115BAC(1A)

Example2:

A tax payer in the new regime having an total income (other than special rate income) of ₹ 25 lakhs

As per Existing Provision		As per Budget 2025-26	
For A.Y. 2024-25		For A.Y. 2025-26	
Total Income		Total Income	Tax Rate
Up to Rs 3,00,000	Nil	Up to Rs 4,00,000	Nil
3,00,001 to Rs 7,00,000	20,000	4,00,001 to Rs 8,00,000	20,000
7,00,001 to Rs 10,00,000	30,000	8,00,001 to Rs 12,00,000	40,000
10,00,001 to Rs 12,00,000	30,000	12,00,001 to Rs 16,00,000	60,000
12,00,001 to Rs 15,00,000	60,000	16,00,001 to 20,00,000	80,000
15,00,001 to 25,00,000	3,00,000	20,00,001 to 24,00,000	1,00,000
		24,00,001 to 25,00,000	30,000
Total Tax to be Paid	4,40,000	Total Tax to be Paid	3,30,000
Less: Rebate u/s 87A	-	Less: Rebate u/s 87A	-
Balance Tax payable	4,40,000	Balance Tax payable	3,30,000

Hence Net Tax Benefit is: ₹ 1,10,000/- as per the provision of Budget 2025-26

B. TDS Threshold Limits

Sl. No.	Section	As per Existing Provision	As per Budget 2025-26
1	193- Interest on securities	Nil	₹ 10,000
2	194A- Interest other than interest on securities	1) ₹ 50,000 for Senior Citizen	1) ₹ 1,00,000 for Senior Citizen
		2) ₹ 40,000 in case of others	2) ₹ 50,000 in case of others
		<i>When Interest is paid to Bank, Cooperative Society and Post Office</i>	
3	194- dividend for an individual Shareholder	₹ 5000	₹ 10,000
4	194K- Income in respect of units of a mutual fund or specified company or undertaking	₹ 5000	₹ 10,000
5	194B- Winnings from lottery, crossword puzzle, etc	Aggregate of amounts exceeding ₹ 10,000/- during the financial year	₹ 10,000/-in respect of a single transaction
6	194BB- innings from horse race		
7	194D- Insurance Commission	₹ 15,000	₹ 20,000
8	94G- Income by way of commission, prize etc. on lottery tickets	₹ 15,000	₹ 20,000
9	194H Commission or brokerage	₹ 15,000	₹ 20,000

10	194I- Rent	₹ 2,40,000 during the financial year	₹ 50, 000 per Month or part of the month
11	Fee for professional or technical services	₹ 30,000	₹ 50,000
12	94LA Income by way of enhanced compensation	₹ 2,50,000	₹ 5,00,000

C. TDS/ TCS Rates

Sl. No.	Section	As per Existing Provision	As per Budget 2025-26
1	Section 194LBC – Income in respect of investment in securitization trust	25% if payee is Individual or HUF and 30% in other case	10%
2	Sub-section (1) of Section 206C (i) TCS on Timber or any other forest produce (not being tendu leaves) obtained under forest lease, and (ii) TCS on Timber obtained by any mode other than under a forest lease	2.5%	2%
3	Sub-section (1G) of section 206C – TCS on remittance under LRS for purpose of education, financed by loan from financial institution	0.5% after ₹ 7 lakhs	Nil

D. Updated ITR

Time Limit to File an Updated ITR increased from **2 Years to 4 Years** Additional Income Tax on Aggregate d of Tax and Interest for Updated ITR will be as below:

Rate of Additional tax	ITR Filing Period from end of relevant A.Y.
25%	Up to 12 Month
50%	After 12 Month but up to 24 Month
60%	After 24 Month but up to 36 Month
70%	After 36 Month but up to 48 Month

E. TCS u/s 206C(1H) or u/s 194Q

The Union Budget 2025-26 proposes to omit TCS (Tax Collection at Source) on the sale of specified goods under Section 206C(1H) to reduce compliance burdens. Currently, sellers must collect 0.1% TCS on sales exceeding ₹50 lakh, while buyers deduct TDS under Section 194Q on the same transaction, leading to dual taxation.

To simplify tax compliance, TCS will no longer apply from April 1, 2025, ensuring smoother transactions and reducing seller difficulties in verifying buyer compliance.

F. Individuals are allowed to designate two houses as self-occupied.

Presently tax-payers can claim the annual value of self-occupied Properties as nil only on the fulfilment of certain conditions. Considering the difficulties faced by taxpayers, it is proposed to allow the benefit of two such self-occupied properties without any condition.

G. Trusts or Institutions

- The period for validity of registration of trust or institution have been enhanced from 5 years to 10 years by making amendment in Section 12AB.
- The explanation to sub-section 4 of section 12AB has been updated to prevent cancellation of registration applications due to minor filing defaults. This amendment will take effect from April 1, 2025.
- Clause (b) of section 13 now requires trusts to disclose only contributors with over ₹1 lakh or up to ₹10 lakh in aggregate. No details of relatives or associated concerns are needed in forms 10B, 10BB, or tax returns.
- These Amendments are applicable from 1st day of April 2025.

H. Amendments to block assessment in search and requisition cases:

Amendments for searches after September 1, 2024 applicable to Sections 158B, 158BB, and 158BE:

- The scope of undisclosed income now includes virtual digital assets as defined in 2(47A) of the Act.
- Amendments to Section 158BA clarify that assessments must be completed for cases where notices are pending or within the issuance time limit before proceeding with subsequent search-related assessments.
- Section 158BA (5) has been aligned with earlier provisions by including terms like "re-computation," "reference," and "order relating to any assessment year."
- Section 158BB (1) has been replaced to clarify the computation of total income for a block period, ensuring that income from a previous year—where the return filing due date hasn't expired before a search or requisition—is taxed under normal provisions based on regular books of account.

- Section 158BB (4) was amended to simplify arm's length pricing determination for international and specified domestic transactions involving partial periods.
- Section 158BE (1) is amended to standardize the time limit for block assessments, requiring completion within a year from the end of the quarter of the final search or requisition, simplifying coordination in multiple related cases.

All amendments are effective from February 1, 2025.

I. Extension of processing period of application seeking immunity from penalty and prosecution: 270AA

The processing period for immunity applications has been extended from 1 month to 3 months, allowing taxpayers more time to present their case and **this amendment seems to be applicable to all pending applications even before A.O. as on 01.04.2025 also.**

J. Non-applicability of section 271AAB of the Act

It is a clarificatory amendment with respect to penalty where search under section 132 of the act wherein it is proposed to amend the same and is now made unambiguous by making the same not applicable to those cases where search has been initiated under section 132 on or after 1st day of September, 2024.

K. Amendment in Exemption u/s 10(10D)

This change aims to provide relief to non-residents purchasing life insurance from IFSC Insurance Offices by exempting the proceeds from the premium limits in section 10(10D) provisos (4-7).

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

The proposed amendment will give the board the power to revise the income limits in section 17(2) and its proviso, as set by the Finance Acts of 2001 and 1993. This amendment is being proposed so that:

- Amenities and benefits received by employees will be exempt from being treated as perquisites, and;
- the expenditure incurred by the employer for travel outside India on the medical treatment of such employee or his family member would not be treated as a perquisite.

M. Bringing clarity in Income on redemption of Unit Linked Insurance Policy

It is proposed to clarify that, from April 1, 2026, income from the redemption of ULIPs with premiums exceeding ₹2.5 lakh will be taxed under capital gains, not as income from other sources.

N. Rationalization of provisions related to Carry forward of losses in case of Amalgamation

Sections 72A and 72AA are amended to clarify that accumulated losses from a predecessor entity post-amalgamation can be carried forward for up to eight years from the original computation year.

O. Exemptions on Withdrawals from National Savings Scheme under Section 80CCA

Effective from August 29, 2024, an amendment to section 80CCA exempts withdrawals from the National Savings Scheme (NSS) made on or after that date from tax, providing relief to those who invested before April 1, 1992, and accrued interest.

P. Deduction under section 80CCD for contributions made to NPS Vatsalya and section 10(12BA)

Contributions up to ₹50,000 to the NPS Vatsalya Scheme by parents/guardians will be eligible for deduction under section 80CCD(1B). Interest on such contributions will be taxed upon withdrawal, except in case of the minor's death. Partial withdrawals for specified contingencies (education, treatment, or disability) are exempt up to 25% of the parent/guardian's contribution. **These amendments are effective from April 1, 2026.**

2. Indirect Tax:

GST Amendments (Finance Bill, 2025)

Sr. No.	GST Amendments in Budget 2025	Effective Date	Clause of Finance Bill, 2025	Affected GST Provision(s)	Effect of Amendment
1	Explicitly provide for the distribution of ITC by the ISD in respect of inter-state supplies on which tax has to be paid on an RCM	1-Apr-25	Clause 116 Clause 120	Clause (61) of Section 2 of the CGST Act, 2017 Sub Section (1) and (2) of Section 20 of the CGST Act, 2017	The amendment has been brought to expand the definition of ISD to cover the inter-state transactions liable to RCM and the subsequent distribution of the said ITC on RCM by the Input Service Distributor
2	Explanation inserted under the definition of local authority for	Prospectively from the date of the enactment	Clause 116	Clause (69) of Section 2 of the CGST Act, 2017	The amendment seeks to replace "municipal or local fund" with "municipal fund or local fund" and to insert an

	clarifying the scope of the terms of Local Fund and Municipal Fund				Explanation after the said sub-clause, to define the terms 'Local Fund' and 'Municipal Fund' to to cover funds under the control / management of authority of local government
3	Amendments relating to the insertion of new sections in respect of Track and Trace Mechanism for specified commodities as will be notify	Prospectively from the date of the enactment	Clause 116 Clause 126 Clause 127	<p>A new Clause (116A) is inserted in Section 2 of the CGST Act, 2017 to define the term 'Unique Identification Marking'.</p> <p>A new Section 122B is inserted in the CGST Act, 2017 to impose penalties for violations of the Track and Trace Mechanism under Section 148A.</p> <p>A new Section 148A is inserted in the CGST Act, 2017 to enhance control over tax evasion-prone commodities.</p>	A new track and trace mechanism would be prescribed for certain goods and the person / class of persons who are in possession of such goods. The said mechanism would provide the system for enabling affixation of unique identification marking on such goods enabling electronic storage and access of prescribed information. Any person who acts in contravention of the given provisions would additionally be liable to a penalty of Rs. 1 lakhs or 10% of the tax payable whichever is higher.
4	Provision relating to Time of Supply in respect of the Vouchers is being deleted	Prospectively from the date of the enactment	Clause 117 Clause 118	<p>Deletion of Section 12(4) of the CGST Act, 2017</p> <p>Deletion of Section 13(4) of the CGST Act, 2017</p>	The above amendment seeks to negate the judgment of the the Apex Court in the case of 'Safari Retreats' whereby it had distinguished the term 'Plant or machinery' with 'Plant and machinery'. Further, it allowed ITC on goods / services used for construction of 'Plant or machinery'. Hence, this amendment purports to disallow ITC on goods /

					services used for construction of land and building w.e.f 1st July 2017.
5	Retrospective amendment to disallow ITC on goods / services used for construction of plant or machinery	Effective from 01st July 2017 retrospectively	Clause 119	Clause (d) of sub-Section (5) of Section 17 of the CGST Act, 2017 (Plant or Machinery has been replaced by Plant and Machinery)	This amendment reverses the Supreme Court's ruling in the 'Safari Retreats' case, which allowed ITC on goods/services used for constructing 'Plant or machinery.' It now disallows ITC on goods/services used for constructing land and buildings, effective from July 1, 2017.
6	Reduction of Tax liability on Outward Supply only when the ITC on the same is reversed by the recipient	Prospectively from the date of the enactment	Clause 121	Subsection (2) of Section 34 of the CGST Act, 2017	This amendment mandates the reversal of corresponding ITC in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.
7	Amendment in GSTR-2B consequential to the IMS initiative	Prospectively from the date of the enactment	Clause 122	Section 38(1) of the CGST Act, 2017 is amended to remove "auto-generated" in reference to the GSTR-2B statement of input tax credit. Section 38(2) is amended to insert "including" after "by the recipient" in clause (b) for greater inclusivity.	The amendment is in line with the proposal to introduce Invoice Management System (IMS) in time to come and the Rules would be made available for implementation of the same.
8	Enabling clause to prescribe conditions and	Prospectively from the date of the enactment	Clause 123	Subsection (1) of Section 39 of the CGST Act, 2017	The amendment of Section 39(1) is in line with hard locking of GSTR 3B and further restrictions which the

	restrictions for filing of return				Govt can impose for filing of GSTR 3B.
9	10% mandatory pre-deposit of penalty amount for appeals before Appellate Authority in cases involving only penalty	Prospectively from the date of the enactment	Clause 124	Subsection (6) of Section 107 of the CGST Act, 2017	The pre-deposit requirement for appeals involving only penalty (no tax) is amended to 10% of the penalty. Additionally, the penalty under section 129 is reduced from 25% to 10%.
10	10% mandatory pre-deposit of penalty amount for appeals before Appellate Tribunal in case involving only penalty	Prospectively from the date of the enactment	Clause 125	Sub section (8) of Section 112 of the CGST Act, 2017	This amendment requires a pre-deposit of 10% of the penalty amount for appeals before the Appellate Tribunal, where the demand pertains only to penalty and not tax. Currently, no separate pre-deposit is prescribed for such cases.
11	Supply of goods warehoused in SEZ / FTZWZ before clearance for exports / DTA	Retrospectively with effect from the 1st day of July, 2017	Clause 128 Clause 129	Insertion of Clause (aa) of para 8 of the Schedule III of the CGST Act, 2017	The supply of goods stored in a Special Economic Zone or Free Trade Warehousing Zone to any person before export clearance or to the Domestic Tariff Area will not be considered a supply of goods or services.

3. General

- MSME New Criteria**

(₹ in Crores)

Particulars	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprise	1	2.5	5	10
Small Enterprise	10	25	50	100
Medium enterprise	50	125	250	500



SANJIT MANDAL & ASSOCIATES

CHARTERED ACCOUNTANTS

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- **Crop Production Missions:** The government has launched a six-year mission to achieve self-reliance in pulses and a five-year mission to boost cotton production, aiming to enhance agricultural output and reduce import dependence.
 - Fiscal deficit target: 4.8% (FY25), 4.4% (FY26).
 - FM announces **Dhan Dhanya Krishi Yojna** in partnership with states. Scheme to cover 100 Districts. Says 1.7 crore farmers will be benefited.
 - **Medical tourism and 'heal in India'** to be promoted in partnership with private sector. Top 50 tourism destination sites will be developed in partnership with states.
 - **10,000 additional medical** seats in 2025-26; 75,000 seats targeted in 5 years.
 - **Rollout of a revamped central KYC registry**, emphasizing the need for regulations to evolve in line with technological innovations and the global regulatory landscape.
 - **Kisan Credit Card (KCC) Limit Increase:** The KCC limit has been raised from 3 lakh to ₹5 lakh to facilitate greater credit flow to farmers, supporting their financial needs.
 - **FDI in Insurance:** The Foreign Direct Investment limit in the insurance sector has been increased from 74% to 100%, aiming to deepen market penetration and attract more international investment.
 - **National Mission on High-Yielding Seeds:** Targeted development and propagation of seeds with high yield, pest resistance and climate resistance.
 - **Makhana Board in Bihar:** To be set up to improve production, processing, value addition, and marketing and organization of FPOs.
 - A comprehensive multi-sectoral '**Rural Prosperity and Resilience**' programme will be launched in partnership with states. The goal is to generate ample opportunities in rural areas so that migration is an option, but not a necessity.
 - **Fisheries:** To unlock the untapped potential of the marine sector, our Government will bring in an enabling framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands.
 - **India Post as Catalyst for the Rural Economy:** India Post with 1.5 lakh rural post offices, complemented by the India Post Payment Bank and a vast network of 2.4 lakh Dak Sevas, will be repositioned to act as a catalyst for the rural economy.

4. Export

- **An export promotion mission**, driven by the ministries of commerce, MSME and Finance, that will support easier access to credit and help MSME to deal with non-tariff barriers.
- **Digital Public Infrastructure – Bharat Trade Net** -- for international trade will be set up for trade documentation and financial solutions

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- A national framework will be formulated as guidance to states for promoting **Global Capability Centres** in emerging tier 2 cities.

5. UDAN

- A modified Udan scheme will be launched to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years. The scheme will also support helipads and smaller airports in hilly and aspiration districts.
- **Greenfield airports will be facilitated in Bihar** to meet the future needs of the state. These will be in addition to extension of Patna airports.
- **Western koshi Canal Projects in Mithilanchal** will be given financial support that will benefit a large number for farmers in Bihar.

6. Domestic manufacturing and value addition

- **Proposed to fully exempt** cobalt powder, and waste, scrap of lithium iron battery, Lead, zinc, and 12 more critical minerals.
- **To promote domestic production technical textiles** of competitive products, propose to add two more types of shuttles -less looms to the exemption list from import duty.
- In line with make in India, propose to **raise BCD from 10% to 20%** on flat led TV Panels.
- 35 more capital goods for **EV battery manufacturing** and 28 additional capital goods for **mobile phone battery manufacturing** will be added to the to the exempt list
- Propose to **reduce BCD on carrier grade ethernet switches** to 10% from 20%. Propose to add nine items to the list of duty-free inputs.
- **For industry to better plan their imports**, the time limit for end use of those imports is being raised from Six months to One year.
- **36 life savings drugs are being added to the list of fully exempt from custom duty.**
- **Credit Cards for Micro enterprises:** Customized 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.
- **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.

Thank You