



Budget 2025

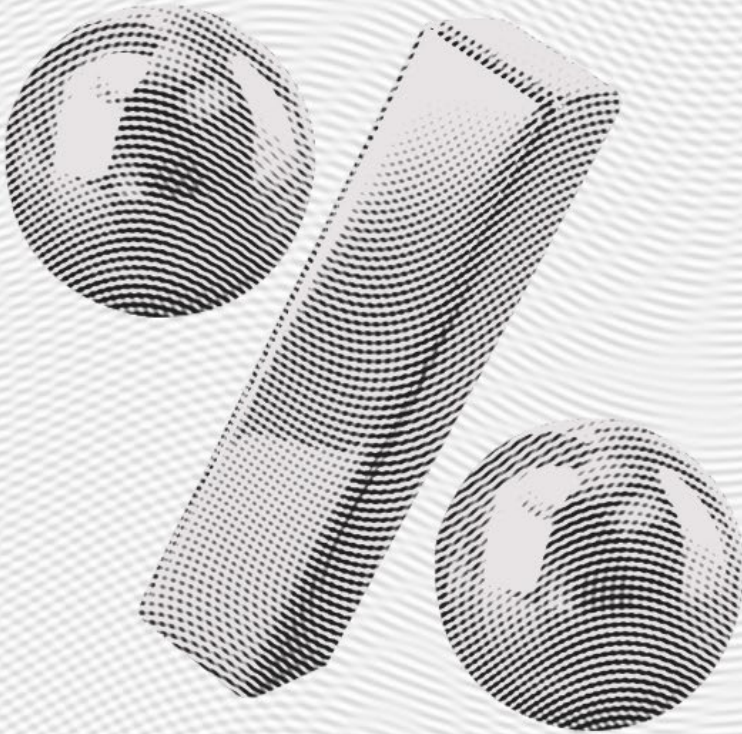


Overall Comment

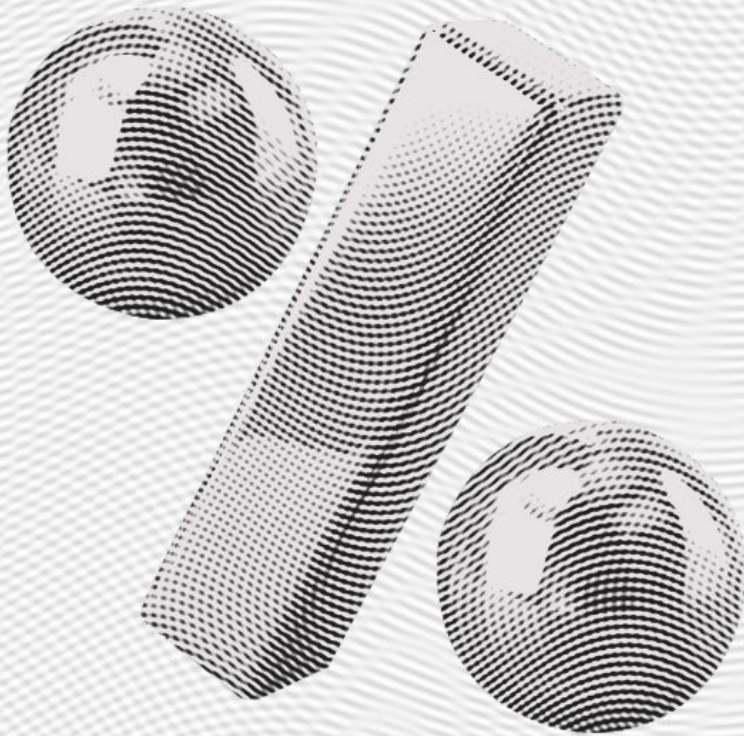


India's Union Budget FY 2025-26 clearly suggests a movement towards a simplified tax regime with increased focus on tax administration. It hints at stability with continuation of efforts towards a new income tax code with lesser incentives and exemptions. The Budget provides direction, including priority areas and developmental plans for the next five years. Also mentioned was a review of Foreign Direct Investment and Overseas Direct Investment rules, which assumes significance due to an ever-expanding role India plays in the global economy. Over the next few pages, our team has tried to highlight and summarise the key points of the Budget, with as much brevity and editing skills as is possible.

Direct Tax



Individual Taxpayers



Individual Taxpayers



Revised tax rate under new tax regime

Section 115BAC provides for an individual/ HUF/ AOP/ BOI to pay taxes at a lower rate by forgoing certain deductions. As per the new tax regime, the revised slab rate shall be as under:

Income (in INR)	Tax Rate
Upto 4,00,000	NIL
From 4,00,0001 to 8,00,000	5%
From 8,00,001 to 12,00,000	10%
From 12,00,001 to 16,00,000	15%
From 16,00,001 to 20,00,000	20%
From 20,00,001 to 24,00,000	25%
Above 24,00,000	30%

Note – The said tax rate shall be applicable from AY 2026-27

Individual Taxpayers



Enhanced Rebate u/s 87A

The rebate of tax as available under Section 87A has been enhanced. The revised rebates are as follows -

Regime	Existing Provision		Proposed Provisions	
	Total Income	Rebate	Total Income	Rebate
Old Regime	Upto 5,00,000	INR 12,500	Upto 5,00,000	INR 12,500
New Regime	Upto 7,00,000	INR 25,000	Upto 12,00,000	INR 60,000

Note – Rebate is not available on Incomes chargeable to tax at special rates (e.g., capital gain income etc.)

These enhanced rebate is applicable from AY 2026-27.

Individual Taxpayers



Rationalisation of taxation of capital gains in case of Non-residents

Existing provisions:

As per the current provisions of Section 115AD, total income of specified fund or foreign institutional investor by way of:

- Income from securities, or
- Income from transfer of such securities.

is taxable at a rate of 10%.

Proposed provision

It has been proposed to rationalize the tax rate applicable on transfer of securities under the said section wherein the tax rates has been increased to 12.5% to bring the same to parity with rates applicable to residents.

Note - The said amendment shall be applicable from 1st April 2026 i.e., AY 2026-27.

Individual Taxpayers



Increase in the threshold limit of specified perquisites

Existing provisions:

As per the current provisions of Section 17, perquisites include the following:

- Any benefit or amenity provided by the employer to the employee whether free cost or at a concessional rate wherein the value of the monetary benefit exceeds INR 50,000
- Expenditure incurred by employer on travel outside India for medical treatment of employee or its family member, provided that gross total income of such employee exceeds INR 2,00,000.

Proposed provision

It has been proposed to revise the threshold limit for the above-mentioned benefits for it to be treated as perquisites. The new threshold shall be notified by the government in due course.

Note - The said amendment shall be applicable from 1st April 2026 i.e., AY 2026-27.

Individual Taxpayers



Widening the scope of Section 80CCD to include contributions to minors account

Proposed provision

It has been proposed to widen the scope of Section 80CCD to include the contributions made by the parents/guardian to the account of their minor children under NPS Vatsalya scheme.

Maximum deduction available

The maximum deduction allowable to the parents/guardian including deduction for contributions in their own name shall be INR 50,000 as provided under Section 80CCD(1B).

Other key considerations:

- The deduction allowed along with any accrued income shall be taxable on withdrawal of such amount. However, amount withdrawn on closure of account due to the death of the minor shall be non-taxable.
- Section 10(12BA) has been inserted to provide that withdrawals made on account contingencies (i.e., for education, treatment of specified diseases or disability of more than 75%) upto 25% of the total amount contributed shall not be taxable.

Note - The said amendment shall be applicable from 1st April 2026 i.e., AY 2026-27.

Individual Taxpayers



Removal of restriction on self-occupied property

Existing Provisions

As per the current provisions, a house property can be claimed as self-occupied only if the owner has occupied the said house or in case the owner is not able to occupy the said house due to its employment or business or profession carried on at any other place.

Further, the owner can only claim 2 properties as self-occupied.

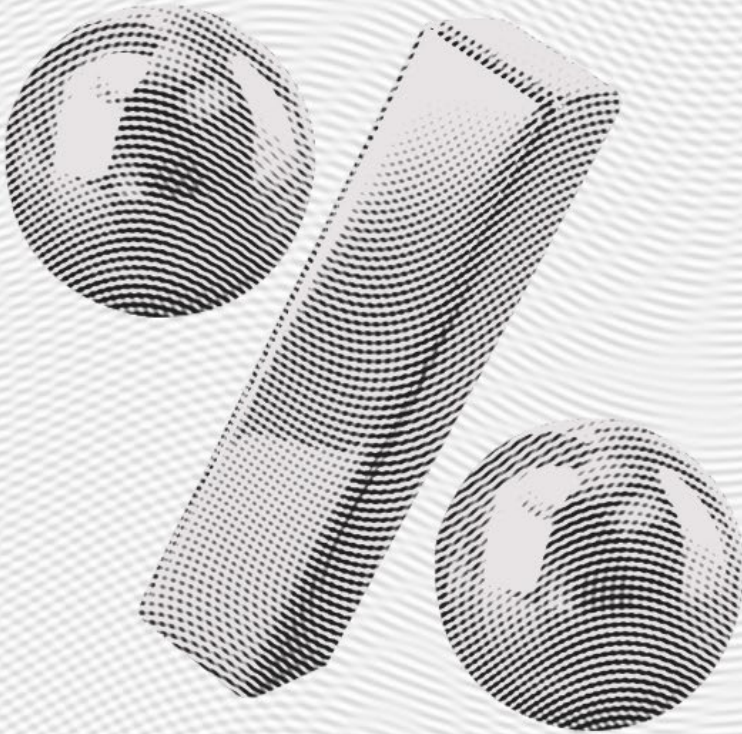
Proposed Provisions

As per the proposed amendment, conditions (like nonoccupation of the house because of employment) have been removed for claiming a house to be self occupied. As a result, if the owner is unable to occupy the house for any reason, the house will be considered self-occupied.

The benefit shall continue to be available in respect of 2-house properties only.

Note - The said amendment shall be applicable from 1st April 2025 i.e., AY 2025-26

Charities



Charitable Institutions



Definition of Specified Violation Amended

- PCIT or CIT has been empowered to cancel the registration granted under Section 12A wherein the PCIT or CIT finds that there is a specified violation.
- One of the specified violations included the case where the charitable institution provides **incomplete information**, false information, or incorrect information at the time of the application.
- As per the amended provision, incomplete information shall not be specified violation.
- The said amendment shall be applicable from 1st April 2025.

Increase in registration period for small charitable institutions

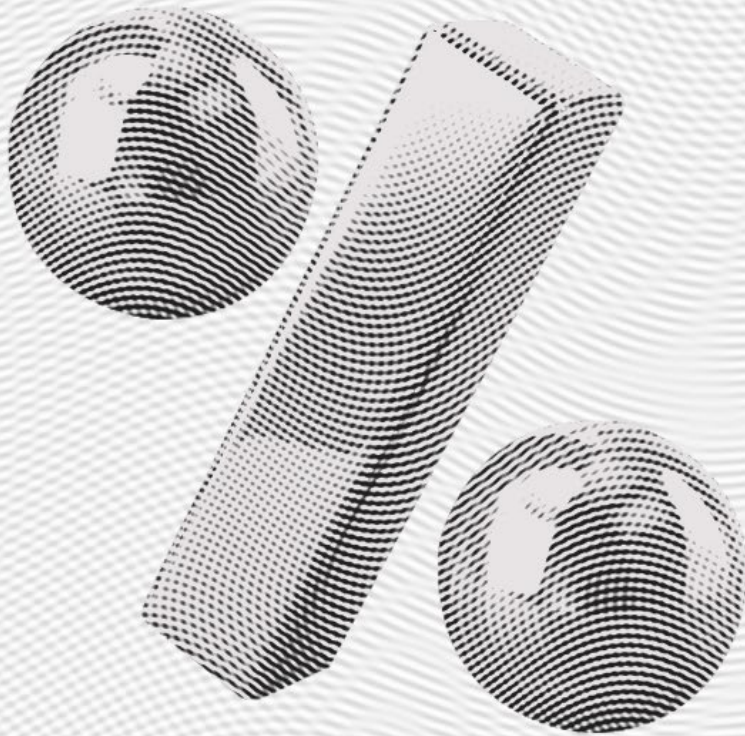
- As per the existing provisions, the permanent registration needs to be renewed every 5 years.
- As per the proposed amendment, the charitable institution whose total income does not exceed INR 5 crores in each of the two years before the year in which registration such application is made, then registration shall be valid for 10 years.

Amendment in the definition of specified persons

- As per existing provisions, specified person as per Section 13(3) includes:
 - Any person whose total contribution to the trust or institution exceeds INR 50,000;
 - any relative of such person;
 - any concern in which such person has a substantial interest
- It has been proposed to amend the definition as follows:
 - Increasing the threshold of contribution to INR 1,00,000 per contribution or INR 10,00,000 in aggregate in a FY.
 - Removing the inclusion of the relative of the person and any concern in which the person has substantial interest.

Note: The above amendments to apply from April 1st, 2025

Tax Deducted at Source/Tax Collected at Source



Revision in the threshold limits of TDS

With the view to easing the doing business and better compliance of the taxpayers, threshold limits of TDS has been prescribed under the different TDS provision. The details of threshold limits are as under –

Section	Existing Threshold	Proposed Threshold
Section 193 – Interest on securities	Nil	Rs. 10,000
Section 194A – Interest other than Interest on securities		
- For Senior Citizen	Rs. 50,000	Rs. 1,00,000
- For others, where the payee is bank, cooperative societies and post office	Rs. 40,000	Rs. 50,000
- In other cases	Rs. 5000	Rs. 10,000
Section 194 – Dividend	Rs. 5,000	Rs. 10,000
Section 194K – Income in respect of unit of a mutual fund or specified company or undertaking.	Rs. 5,000	Rs. 10,000
Section 194B – Winning from lottery, crossword puzzle, etc.	Rs. 10,000 during the financial year	Rs. 10,000 in single transaction
Section 194BB – Winning from horse race	Rs. 10,000 during the financial year	Rs. 10,000 in single transaction
Section 194D – Insurance commission	Rs. 15,000	Rs. 20,000
Section 194G – Income by way of commission, prize etc. on lottery tickets	Rs. 15,000	Rs. 20,000
Section 194H – Commission or brokerage	Rs. 15,000	Rs, 20,000
194-I – Rent	Rs. 2,40,000 during the financial year	Rs. 50,000 per month or part of a month

TDS/TCS



Section	Existing Threshold	Proposed Threshold
Section 194J – Fee for professional or technical services	Rs. 30,000	Rs. 50,000
194LA –Income by way of enhanced compensation	Rs. 2,50,000	Rs. 5,00,000

Note: The above amendments shall be applicable from 01st April 2025



Reduction in TDS rate on income received from Securitization Trust

Existing Provision:

Provisions of Section 194LBC, provide that TDS shall be deducted from the income payable by securitization trust to an investor being a resident at the following rates:

- 25% in case of Individual or HUF, or
- 30% in any other case.

Proposed Provision:

It has been proposed that TDS rate shall be reduced from 25%/30% to a flat rate of 10%.

Note: This amendment shall be applicable from 01st April 2025.



Reduction in TCS rate of forest produce

It has been proposed to rationalize the TCS rates on forest produce under Section 206C(1) as follows:

Nature of Goods	Current Rate	Proposed Rate
Timber or any other forest produce (other than tendu leaves) obtained under forest lease	2.5%	2%
Timber obtained by mode other than forest lease	2.5%	2%

Further, it has also been clarified that forest produce shall have the same meaning as given in any State Act or India Forest Act, 1927.

Note: This amendment shall be applicable from 01st April 2025.



TCS not applicable on the purchase of goods

Existing provisions

As per the existing provisions, TCS was required to be collected on the sale of goods at the rate of 0.1%, where the sale value is more than INR 50 lakh.

Proposed amendment

As per the proposed amendment, the TCS provisions on the sale of goods shall not be applicable.

Note: This amendment shall be applicable from 01st April 2025.



Change in TCS on Foreign Remittances (LRS)

Existing provisions

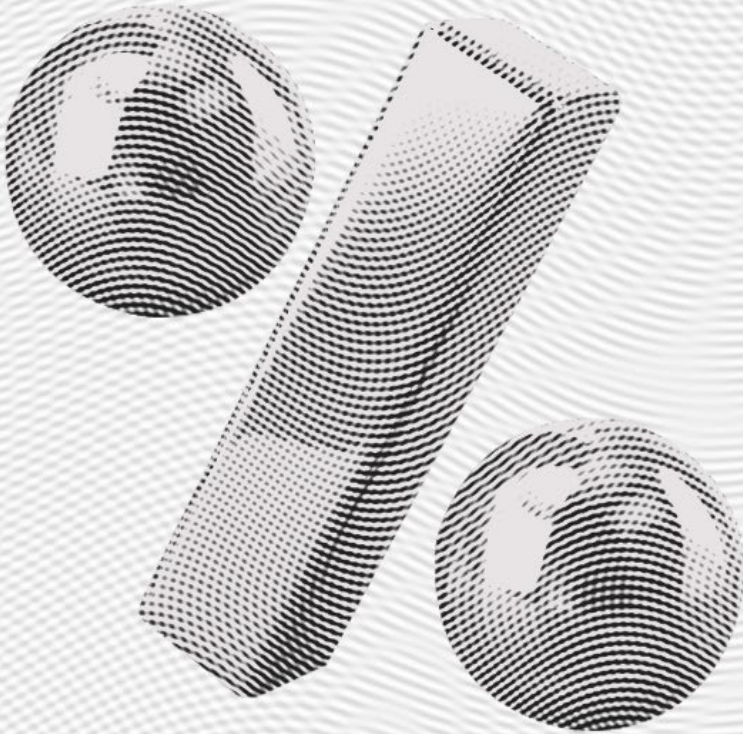
TCS applies at different rates beyond INR 7 lakh in foreign remittances under LRS.

Proposed amendment

As per the proposed amendment, the following changes have been proposed –

- The threshold limit has been increased from INR 7 lakh to INR 10 lakh.
- No TCS shall be applicable on remittances for education purposes if said remittance has been funded by a financial institution.

Penalties





Exemption from prosecution for delayed payment of TCS

Existing Provision:

As per the provisions of Section 276BB of the Act, there will be a rigorous imprisonment for a term which shall not be less than three months, but which may extend to seven years and with fine for person fails to pay TCS to the credit of the central government in accordance with section 206C of the Act.

Proposed Provision:

It is proposed to amend section 276BB of the Act to provide that the prosecution shall not be initiated against a person, if the payment of the TCS has been made to the credit of the central government at any time on or before the time prescribed for filing the quarterly statement under proviso to section 206C(3) of the Act in respect of such payment.

Note: This amendment shall be applicable from 01st April 2025.



Penalties imposed by the Assessing officer

Existing Provision:

As per the provisions of section 271C,271CA,271D,271DA,271DB and 271E of the Act, inter alia, provide that penalty under these sections shall be imposed by the Joint Commissioner. Though assessment in such cases were being made by the Assessing officer (AO), penalty under these sections were being imposed by the Joint Commissioner (JC).

Proposed Provision:

It is proposed to amend the penalty under the abovementioned sections, which can be levied by the AO in place of Joint Commissioner, subject to the provisions of section 274(2) of the Act. Assessing officer is required to take the prior approval of JC for the passing of penalty order, where penalty amount exceeds the limit of INR 20,000/- specified in 274(2) of the Act.

Note: This amendment shall be applicable from 01st April 2025.



Application seeking Immunity from penalty and prosecution

Existing Provision:

As per the provisions of section 270AA(4) provides that the Assessing officer shall pass an order accepting and rejecting the application, within a period of one month from the end of the month in which the application requesting immunity is received.

Proposed Provision:

It is proposed to amend the section 270AA(4) of the Act so as to extend the processing period to three months from the end of the month in which application for immunity is received by the Assessing officer.

Note: This amendment shall be applicable from 01st April 2025.



Rationalization of time limit to impose penalties

Existing Provision:

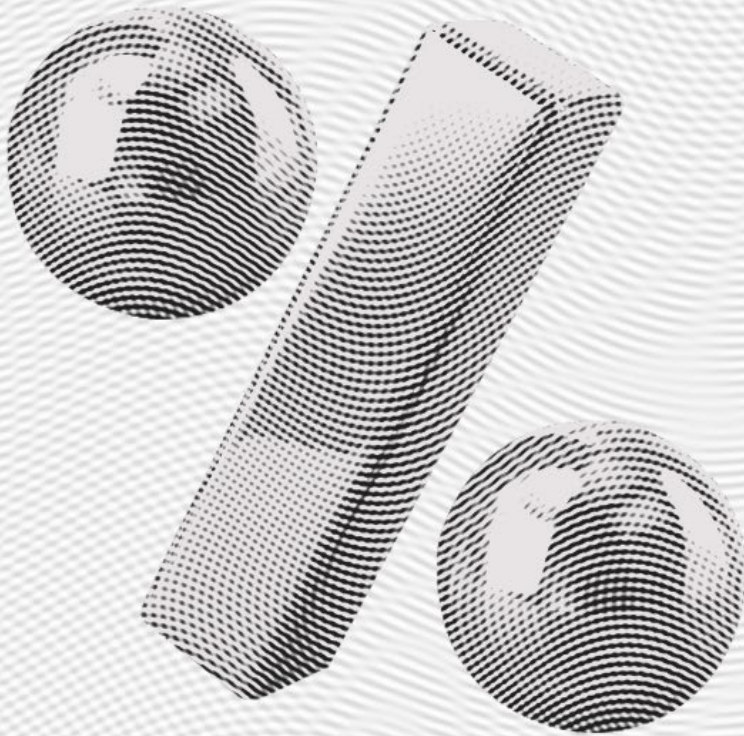
The existing provisions of section 275 of the Act dealing with the limitation for imposing penalties. This section provides multiple timelines for imposition of penalties in various cases, which makes it difficult to keep track of multiple time barring dates for effective and efficient tax administration.

Proposed Provision:

It has been substituted by a new section 275 of the Act, which provides that any order imposing a penalty under Chapter XXI shall not be passed after the expiry of six months from the end of the quarter in which the connected proceedings are completed, or the order of appeal is received by the jurisdictional Principal Commissioner or Commissioner, or the order of revision is passed, or the notice for imposition of penalty is issued, as the case may be.

Note: This amendment shall be applicable from 01st April 2025.

Transfer Pricing



Transfer Pricing



Concept of Block Assessment in Case of TP

Introduction to TP Assessment in Block

In order to reduce the compliance and administration burden on the assessee as well as on the Transfer pricing officer ('TPO'), Section 92CA has been amended to proposed an option of TP assessment in a block ('Block TP Assessment').

Block TP assessment means taxpayer having similar international transaction or Specified domestic transaction ('SDT') for various year will have option to exercise block TP assessment where the ALP determined for any previous year will also apply to following 2 consecutive year.

Procedure for Opting TP Assessment in Block

- Assessee exercising the block TP assessment option, shall be required to make a declaration before the TPO.
- TPO shall within 1 month from the end of the month in which such option is exercised, by order declare that the option is valid or not.
- If TPO declares the option valid, the ALP determined in any previous year shall be applied to the following 2 consecutive years with respect to a similar transaction. **(New 92CA(3B))**
- The TPO shall examine and determine the ALP for the said 2 consecutive years and issue an order to the Assessing officer ('AO') and assessee.
- The AO on the receipt of the order from the TPO, shall recompute the total income of the assessee for said 2 consecutive years. **(New 92CA(4A))**
- The AO shall recompute the income of the assessee within 3 months from the end month in which the assessment is completed. **(New section 155(21))**
- If TPO declares the option not valid, the ALP should be determined as per the normal provision of sec 92CA. The Block TP assessment option will not be applicable in this case.
- A detailed guideline in this regard is yet to be issued.

Note - These said amendments shall be applicable from AY 2026-27.

Transfer Pricing

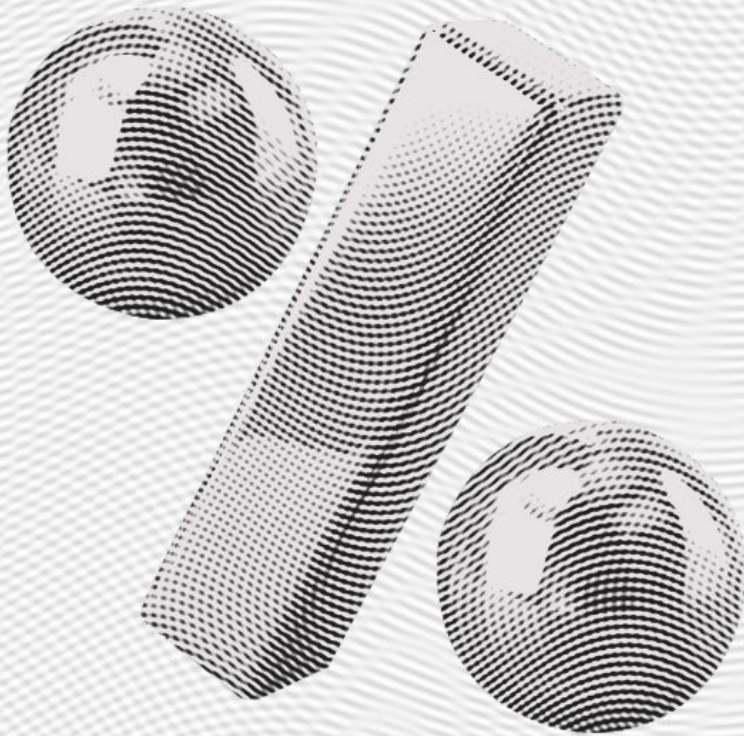


Other Consideration

- Where a TP block assessment option is exercised by the assessee and considered valid by the TPO, no reference is to be made by the AO to TPO, for the determination of ALP for the said transaction (**1st proviso to sec 92CA**)
- Where a reference is made to the TPO for the determination of ALP for the said transaction, it has the effect that no reference in relation to such transaction is made to the TPO. (**2nd proviso to sec 92CA**)
- The AO shall recompute the income of the assessee within 3 months from the end month in which the assessment is completed. (**section 155(21)**)
- The above provision does not apply to the search and seizure cases under chapter XIV-B (**proviso to sec 92CA(3B)**)

Note - These said amendments shall be applicable from AY 2026-27.

Revenue Administration



Amendment in Block assessment (1/2)

In order to provide clarifications with respect to **Chapter XIV-B** of block assessment, the union government has proposed amendments in case of search initiated or requisition is made on or after 1st September 2024. Some of the key changes are as under:

- It has been proposed to amend section 158B of the Act, to include the “**virtual digital asset**” in the definition of ‘**undisclosed income**’.
- **Section 158BE - Time-limit for completion of Block Assessment**
 - **Existing Provision** – The assessment in case of search under section 132 or requisition made under section 132A is required to be completed within **12 months from end of the month** in which last of the authorizations for search under section 132 was executed or requisition under section 132A was made.
 - **Proposed amendment** - It has been proposed that the assessment in case of search made under section 132 or requisition made under section 132A to be completed within **12 months from the end of the quarter** in which last of the authorization for search under section 132 was executed or requisition under section 132A was made. The objective behind is to mitigate the challenges of multiple time barring dates in one group of cases with single date.
- **Section 158BA : It deals with Assessment of Total Income as a result of Search**
 - **Sub-section (4) of Section 158BA –**
 - **Existing provision** – When an assessment is **pending** under the provision of Chapter XIV-B in case of an assessee in whose case a subsequent search is initiated or requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of subsequent search or requisition shall be made.
 - **Proposed amendment** - It has been proposed to substitute the word “**pending**” with the word “**required to be made**”.
 - It has been proposed to amend sub-section (5) of section 158BA of Act, by substituting the word “**the assessment or reassessment relating to any assessment year**” with the word “**the assessment or reassessment or recomputation or reference or order relating to any assessment year**”.

Note - These said amendments shall be applicable with effect from 1st February, 2025

Amendment in Block Assessment (2/2)

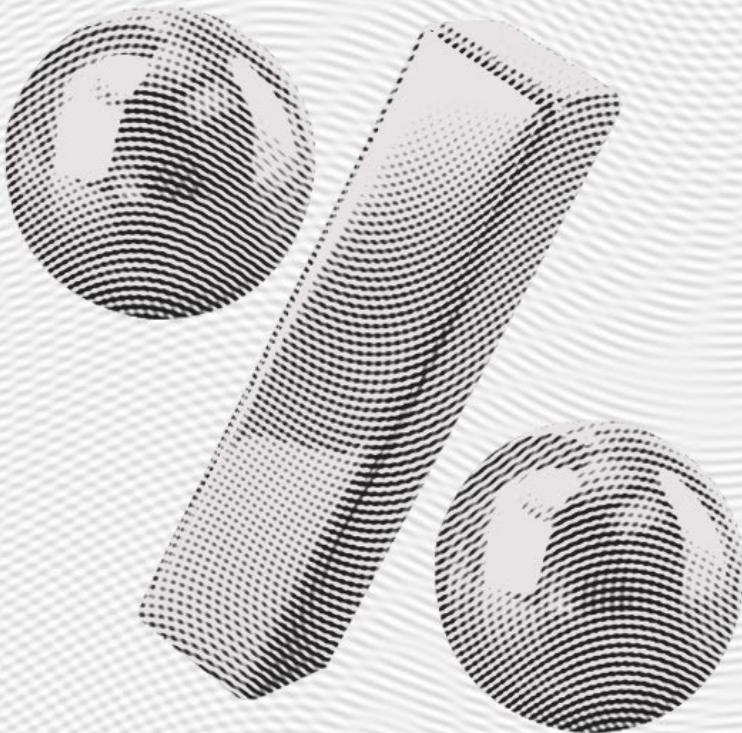
- **Section 158BB – This section deals with Computation of Total Income for Block Period**
 - Amendment Proposed under Sub-section (1) -
 - It has been proposed to amend the clause (i) of the sub-section (1) of section 158BB of the Act, by substituting the word “**total income disclosed**” with the word “**undisclosed income**”.
 - It has been proposed to amend the clause (ii) & (iii) of the sub-section (1) of section 158BB of the Act, by substituting the word “**total income assessed**” with the word “**income assessed**”.
 - It has been proposed to **amend the clause (iv) of the sub-section (1)** of section 158BB of the Act, **by adding the sub-clause (a), (b) and (c)** by providing the **clarity that computation of the income of the previous year immediately preceding the previous year in which search is conducted and for which the due date for furnishing the return has not expired prior to the date of initiation of the search will be taxed under the normal provisions.**
 - Amendment proposed sub-section (3) – This sub-section provides that when any **evidence is found as a result of the search or requisition made** and such evidence **relates to any international transaction or specified domestic transaction** pertaining to the period beginning from first day of April of previous year in which search was initiated to the period in which last of the authorization was executed, **such evidence shall not be considered for the purpose of determining total income of the block period** and such income shall **be considered** in assessment made **under other provisions of the Act**. It has been **proposed** to substitute word ‘**any evidence found as a result of search**’ with ‘**any income required to be determined as a result of search**’.
 - It has been proposed to amend the sub-section (6) of section 158BB of the Act, by substituting the word “**disclosed income**” with the word “**undisclosed income declared**”. This sub-section provides that the in case there are any loss declared by the Assessee in the return for the block period, such loss shall not be set off against the total income to be assessed by the assessing officer for the block period.

Note - These said amendments shall be applicable with effect from 1st February, 2025

Other amendments

- It has been proposed to amend the sub-section (8) of section 132 of the Act effective from 1st April, 2025, whereby the period to release the books or other documents seized during the search were required to be released '**within thirty days from the date of assessment order**' has now been substituted with the word '**one month from the end of the quarter**' in which the order of the assessment order has been made.
- It has been clarified that in computing the time limit for conclusion of the proceedings under section 144BA, 153, 153B, 158BE, 158BFA, 263, 264 and rule 68B of Schedule-II of the Act, the period beginning from the date from which stay was granted by an order of court till the receipt of certified copy of the order vacating the stay is received by the jurisdictional income tax authority shall be excluded with effect from 1st April 2025.
- It is proposed to amend the section 206C(7A) of the Act effective from 1st April 2025, wherein it provides that relevant provisions of section 153 of the Act would apply to the time limit for passing an order. In place of existing provisions wherein a person cannot be considered an assessee in default for not collecting tax after six years from the end of the financial year when the tax was due or two years from the end of the financial year when a correction statement was filed under sub-section (3B), whichever is later. While calculating the time limit, certain periods, like when proceedings were stayed by a court order, must be excluded.
- It is proposed to amend the provisions of sub-section (8A) of section 139 of the Act effective from 1st April, 2025 that an updated return, currently permitted up to 24 months from the end of the relevant assessment year can be filed till 48 months from the end of the relevant assessment year with the payment of **additional tax (on additional income disclosed)** of
 - **60%** in case return file after 24 months, but upto 36 months and
 - **70%** for returns filed after 36 months, but upto 48 months,

Misc.



Presumptive taxation for specified non-residents providing services to electronic manufacturing facility

Who is eligible

A nonresident, who is engaged in the business of providing the services or technology.

Whom to provide services

The nonresident should be providing the services to a resident company (only) that is engaged in the business of manufacturing electronic goods or articles in India under a notified scheme of the government.

Rate of presumptive taxation

As per deeming provisions, the income of the said nonresident shall be deemed at the rate of 25% of the amount received/ receivable.

Other considerations

The other points for consideration –

- No deduction of expenses or set off of losses/unabsorbed depreciation shall be allowed to the non-resident under this section.
- The income determined under this section shall be taxable at a rate of 35% (increased by applicable surcharge & education cess)

Note - The said amendment shall be applicable from 1st April 2026 i.e., AY 2026-27.

Restriction in scope of Significant Economic Presence

Existing Provisions

As per the current provisions of Section 9, income of a non-resident from the purchase of goods in India for the purposes of the export is not deemed to accrue or arise in India.

At the same time, Significant Economic Presence ('SEP') includes any transaction of a non-resident in respect of goods carried out with any person in India. Thereby, constituting a business connection.

Proposed Provisions

It has been proposed to amend the definition of Significant Economic Presence to specifically exclude activities of non-residents in India relating to the purchase of goods for the purposes of exports to avoid contradiction between provisions.

Note - The said amendment shall be applicable from 1st April 2026 i.e., AY 2026-27.

- Clarity over the taxation of ULIP(s) (other than those exempted under Section 10D)

The redemption of ULIPs is exempted in certain cases as per the provisions of Section 10D. However, in cases, where the redemption of ULIP is taxable, then the taxation shall be as follows –

- ULIP shall be treated as a capital asset and therefore, the profits & gains from the redemption of ULIP shall be chargeable to tax as capital gains income.
- ULIP shall be treated as an equity-oriented fund and the said income shall be taxable as per the provisions of Section 112A (i.e., taxable at the rate of 12.5% on income exceeding INR 1.25 lakh)

Note - The said amendment shall be applicable from 1st April 2026 i.e., AY 2026-27.

Sale of securities held by the Investment Fund shall be taxed as capital gains income

It has been proposed to amend the definition of Capital Assets to include the securities held by Investment fund referred to Section in 115UB (i.e., Category 1 & 2 registered AIF). Hence, the gain on sale of securities by Investment Fund shall be taxable as their capital gains income only.

Note - The said amendment shall be applicable from 1st April 2026 i.e., AY 2026-27.

Extension in sunset date for eligible start-ups

The sunset date of incorporation for claiming the benefit of Section 80-IAC has been extended from 1st April 2025 to 1st April 2030

Note - The said amendment shall be applicable from 1st April 2025.

Removal of higher TDS/TCS in case of Non-return filers

Existing provisions

As per the current provisions, in case of persons not filing the return of income, higher rates of TDS/TCS are applicable.

Proposed provisions

It has been proposed to omit Section 206AB and Section 206CCA. Thereby, removing the non-filers of tax returns from the ambit of higher TDS/TCS rates.

Note: This amendment shall be applicable from 01st April 2025.

Amendment to carry forward of losses in case of amalgamation

Existing Provision

- As per the existing provisions of Section 72A & 72AA of the Act, the losses and unabsorbed depreciation of the amalgamating company shall be deemed to be loss of the amalgamated company for the year in which amalgamation was effected.

Proposed Provision

- It has been proposed to amend the provisions of Section 72A & 72AA to bring it to parity with Section 72 to provide that the amalgamated company can only carry forward the losses of the amalgamating company for a total period of 8 years from the end of the year in which such loss was first incurred.

Note: This amendment shall be applicable from 01st April 2026. This means this shall be applicable on the amalgamation or business organization which effect on or after 01st April 2025.

Tax exemption on withdrawals made from the National Savings Scheme

It has been proposed to exempt the amount received after 29th August 2024 on account of withdrawals made from National Savings Scheme in respect of deposits made on or before 01.04.1992 on which deduction was originally allowed.

This is a retrospective amendment applicable from 29th August 2024

Expanding the definition of Crypto Assets

The definition of Section 2(47A) has been amended to include crypto-asset being a digital representation of value that relies on cryptographically secured distributed ledger or a similar technology to validate and secure transactions.

Inclusion of Crypto-asset within the scope of Statement of Financial Transaction

It has been proposed to insert Section 285BAA, wherein specified reporting entities shall be responsible for reporting the transaction of crypto assets.



Tonnage Tax Scheme

1. Extension of benefits of tonnage tax scheme to Inland Vessels:

- The tonnage tax scheme for shipping companies has been extended to inland vessels.
- The benefits of this scheme will apply to inland vessels registered under the *Inland Vessels Act, 2021*.

2. Increasing the time limit available to pass orders under *section 115VP*:

- The time limit allowed under *section 115VP* to the Joint Commissioner for approving or rejecting the application for opting for the tonnage tax scheme increased from one month to three months from the end of the quarter in which the application was received.

Incentives for International Financial Services Centre ('IFSC')

1. Extension of sunset dates for commencement of operations of IFSC units

Sunset dates for commencement of operations of IFSC units for several tax concessions, or relocation of funds to IFSC, in clause (d) of Section 80LA(2), clause (4D), clause (4F), clause (4H) of Section 10 and clause (viiad) of Section 47 has been extended to March 31, 2030.

2. Exemption on the life insurance policy from IFSC Insurance offices

The proceeds received on the life insurance policy issued by an IFSC insurance intermediary shall be exempt. Therefore, the condition related to the maximum premium payable on such policy under clause (10D) of Section 10 (which provides exemption on the life insurance policy from IFSC Insurance offices) shall not be applicable.

3. Exemption to capital gains and dividends for ship leasing units in IFSC

- As per the existing provisions, an exemption on capital gains tax is provided to non-residents or units of IFSC (being engaged in aircraft leasing) on transfer of equity shares of domestic companies (being units of IFSC) who are also engaged in aircraft leasing [Section 10(4H)].
- Further, an exemption is provided on dividends paid by a company (being a unit of IFSC) engaged in aircraft leasing, to another unit of IFSC that is also engaged in aircraft leasing.
- As per the proposed amendment, such exemptions as provided to the aircraft leasing business shall now be extended to ship leasing units in IFSC as well.

4. Rationalization of the definition of 'dividend' for treasury centers in IFSC

- As per the provisions of Section 2(22)(e), any advance of loan to a substantial shareholder or any other specified concern is considered as a deemed dividend. However, such deeming fiction is not applicable to a concern who is engaged in the business of lending money.
- As per the proposed amendment, any advance or loan between two group entities will not be treated as dividend income, if the group to which the IFSC-based entity belongs is listed outside Indian territory.

Incentives for International Financial Services Centre ('IFSC')

5. Simplified regime for fund managers based in IFSC

- Under current provisions, if Indian residents' total participation or investments exceed 5% of a fund's corpus, a business connection is established. However, this does not apply if the fund manager is located in an IFSC.
- The proposed amendment rationalizes these provisions for all eligible funds, regardless of the manager's location. Aggregate participation will be assessed on April 1st and October 1st, with a 4-month grace period for non-compliance.
- Further, the sunset date of commencement of operations has been extended from 31st March 2024 to 31st March 2030 for the purposes of Section 9A(8A).

6. Increase in scope of Exempt income of Non-residents

- As per the current provisions of Section 10(4E), income of non-residents from transfer of non-deliverable forward contracts or offshore derivative instruments or over the counter derivatives or distribution of income on offshore derivative instruments entered into with an offshore banking unit of IFSC are exempt.
- As per the proposed amendment, the above-mentioned income entered into with Foreign Portfolio Investors being an IFSC unit shall also be exempt.

7. Inclusion of ETF(s) and retails scheme in the existing relocation regime of funds of IFSC

- As per the current provisions, the relocation of shares/units to a resulting fund (i.e., Category 1 or Category 2 or Category 3 AIF located in an IFSC) shall not be regarded as transfer.
- It has been proposed to include retails scheme and ETF(s) within the definition of the resulting fund. Hence, their relocation shall not be regarded as transfer.

Financial Sector Reforms and Development

A. Foreign Direct Investment

The Union Finance Minister proposed to raise the Foreign Direct Investment (FDI) limit for the insurance from **74 to 100 per cent**, to be available for those companies that *invest the entire premium in India*.

B. Development of Light-touch Regulatory Framework

In a demonstrated steadfast commitment of the Government towards 'Ease of Doing Business', four specific measures to develop modern, flexible, people-friendly, and trust-based regulatory framework for the 21st first century has been proposed to unleash productivity and employment:

1. High Level Committee for Regulatory Reforms

A high-level committee for regulatory reforms have been proposed to undertake the following:

- To review all non-financial sector regulations, certifications, licenses, and permissions.
- To strengthen trust-based economic governance and take transformational measures to enhance 'ease of doing business', especially in matters of inspections and compliances
- To make recommendations within a year and States will be encouraged to be onboarded

2. Investment Friendliness Index of States

- An Investment Friendliness Index of States will be launched in 2025 to further the spirit of competitive cooperative federalism.

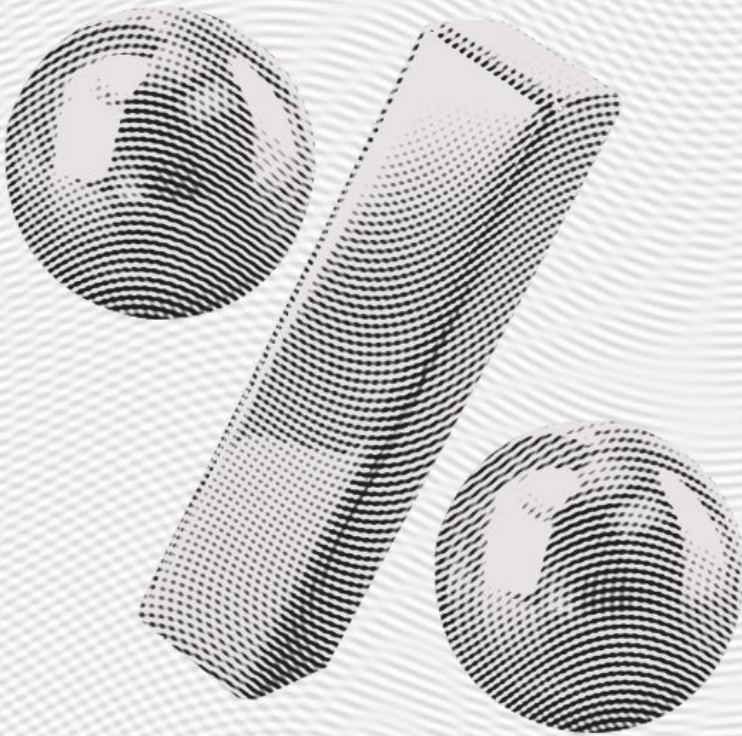
3. Mechanism under the Financial Stability and Development Council (FSDC)

- The Financial Stability and Development Council (FSDC) will develop a mechanism to evaluate the impact of reforms made by financial regulators, seeking to enhance the responsiveness of the relevant rules.

4. Jan Vishwas Bill 2.0

- Government to introduce Jan Vishwas Bill 2.0 for greater ease of doing business by decriminalising more than 100 (outdated) provisions in various laws.

Indirect Tax



Trade facilitation measures

GST

- The definition of ISD will be expanded to include interstate supplies subject to the reverse charge mechanism, with related provisions being amended on same lines.
- Section 17(5)(d) of the CGST Act, which limits credit on goods or services used for constructing immovable property (excluding plant or machinery), the term “plant or machinery” will be replaced with “plant and machinery” retrospectively, effective from July 1, 2017.
- An explanation will be added, clarifying that, regardless of any conflicting court or tribunal ruling, any reference to “plant or machinery” should always be interpreted as “plant and machinery.”
- Section 38 will be updated to enable the functionality of IMS, with the term “auto-generated” removed, since Form GSTR-2B will now be generated based on actions taken within the IMS system.

Customs

- The transfer of goods warehoused in SEZ/FTWZ to any person, prior to export clearance or to the DTA, will not be considered a supply of goods or services. This change will be applied retrospectively from July 1, 2017. Additionally, no refunds will be granted if tax has already been paid on such transactions.
- The definition of “warehoused goods” in Schedule III will now be limited to cases under paragraph 8(a), specifically the supply of warehoused goods to any person before clearance for home consumption. *This change will be applied retrospectively from July 1, 2017.*

Indirect Tax – Misc



GST

- To file an appeal before the First Appellate Authority or the GST Appellate Tribunal in cases involving only penalties, a 10% pre-deposit of the penalty amount will be required at every stage. This will also apply to cases involving detention and seizure.
- Suppliers will not be allowed to reduce their output tax liability upon issuing a credit note unless the input tax credit linked to that credit note has been reversed by the registered recipient, or the tax burden on the supply has been passed on to another person in other scenarios.
- The terms “local fund” and “municipal fund” will be defined to mean any fund under the control or management of an authority of local self-government established for discharging civic functions in relation to a panchayat or metropolitan or municipal area, and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee.
- Provision has been introduced to authorise the GST authorities to implement track and trace mechanism for specified goods. Every notified person who deals with such goods shall affix a unique identification marking on such goods or packages. In case of default, penalty of INR2 lakh or 10% of the tax payable on such goods, whichever is higher, shall be levied.



Customs

- A two-year deadline will be set for completing provisional assessments, with a possible one-year extension granted if a valid reason is provided.
- For provisional assessments that are still pending, the two-year period will begin from the date the Finance Bill, 2025, receives the President's assent, except in the following cases:
 - An information is being sought from an authority outside India through a legal process; or
 - An appeal in a similar matter of the same person or any other person is pending before the Tribunal or HC or SC; or
 - An interim order of stay has been issued by the Tribunal or HC or SC; or
 - The Board in a similar matter, issued specific direction or order to keep such matter pending; or
 - The importer or exporter has a pending application before the Settlement Commission or the Interim Board.
- A new process has been introduced allowing importers/exporters to revise the entry made for goods after they have been cleared except in below specified cases :
 - Where any audit or search, seizure or summons has been initiated and intimated,
 - Cases requiring refund where the proper officer has reassessed the duty under section 17 or assessed the duty under section 18 or under section 84,
 - Any other case which the Board may specify.

Changes in Custom Duty Rates



Commodity	From (%)	To (%)
Frozen fish paste (surimi) for manufacture of surimi analogue products for export	30	5
Fish hydrolysate for manufacture of aquatic feed	15	5
Other compounds containing a pyrimidine ring (whether or not hydrogenated) or piperazine ring in the structure classified under tariff subheading 2933 59	10	7.5
Synthetic flavouring essences and mixtures of odoriferous substances of a kind used in food or drink industries classified under tariff subheading 3302 10	100	20
Sorbitol classified under tariff subheading 3824 60	30	20
Waste and scrap of Antimony, Beryllium, Bismuth, Cobalt, Cadmium, Molybdenum, Rhenium, Tantalum, Tin, Tungsten, Zirconium, Copper scrap covered under tariff items 74040012, 74040019 and 74040022	10/5/2.5	Nil
Waste and scrap of Lithium-Ion Battery	5	Nil
Cobalt powder	5	Nil
Waste and scrap of Lead	5	Nil
Waste and scrap Zinc	5	Nil
Addition of 6 more medicines in List 3 and bulk drugs for their manufacture	As applicable	5
Addition of 36 more medicines in List 4 and bulk drugs for their manufacture	As applicable	Nil
Addition of 37 more medicines and 13 Patient Assistance Programmes in the list of duty-free imports by pharmaceutical companies for supply free of cost to patients	As applicable	Nil

Changes in Custom Duty Rates



Commodity	From (%)	To (%)
Platinum findings	25	6.4 (5 BCD + 1.4 AIDC)
Wet blue leather	10	Nil
Shuttle less loom Rapier Looms (below 650 meters per minute) and Shuttle less loom Air jet Looms (below 1000 meters per minute) for use in textile industry	7.5	Nil
Certain additional items for duty-free import by bona fide exporters for manufacture of handicrafts	As applicable	Nil
Addition of 35 capital goods/machinery for use in the manufacture of lithium-ion battery of EVs and 28 capital goods/machinery for use in the manufacture of lithium-ion battery of mobile phones	As applicable	Nil
Inputs/parts and sub-parts of PCBA, camera module, connectors and inputs or raw materials for use in manufacture of wired headset, microphone and receiver, USB cable, fingerprint reader/sensor of cellular mobile phone	2.5	Nil
Specified inputs/parts (chip on film, PCBA, glass board/substrate cell) for use in manufacture of open cells of TV panels of LED/LCD TV	2.5	Nil
Ethernet Switches Carrier-Grade	20	10
Open cell (with or without touch) for interactive Flat Panel Display module, Touch Glass sheet, and Touch Sensor PCB for use in manufacture of Interactive Flat Panel Display module	15/10	5
Ground installation for satellites including its spares and consumables	As applicable	Nil
Goods used in the building of launch vehicles and launching of satellites	5	Nil
Motorcycles		
(i) Engine capacity not exceeding 1600 CC (CBU)	50	40
(ii) Semi-knocked down (SKD)	25	20
(iii) Completely knocked down (CKD)	15	10
(i) Engine capacity 1600 CC & above (CBU)	50	30
(ii) Semi-knocked down (SKD)	25	20
(iii) Completely knocked down (CKD)	15	10

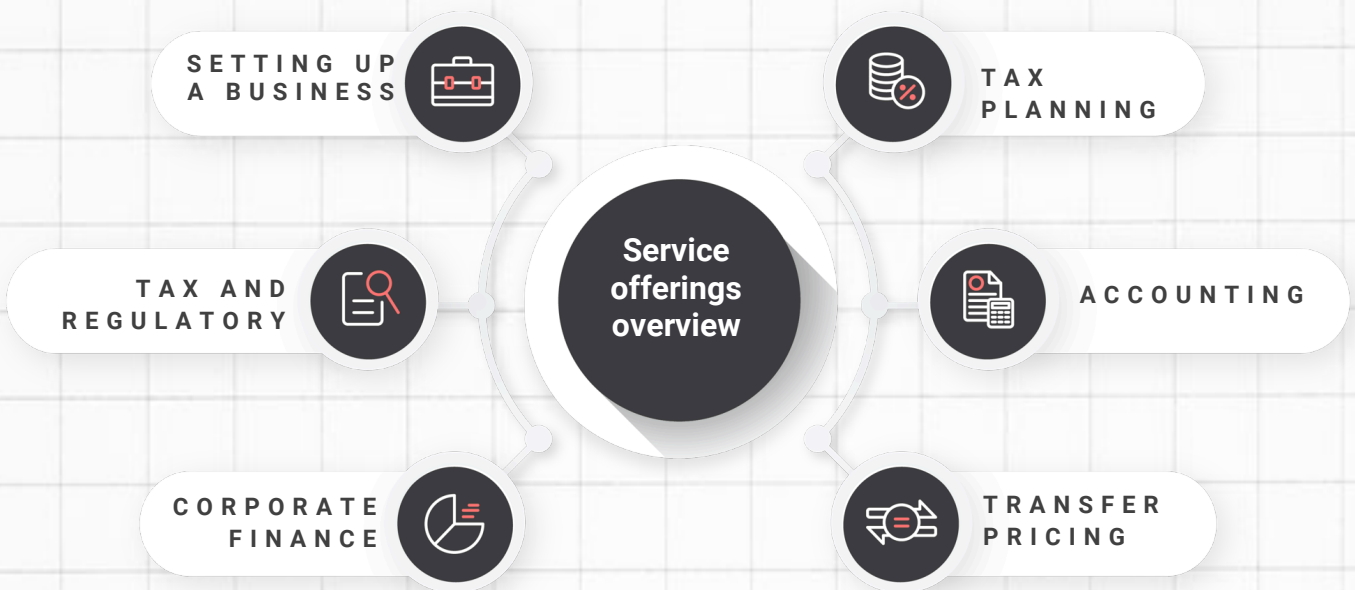
Coinmen Consultants LLP

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- **Advisory Services**
- **Corporate Secretarial**
- **Tax and Regulatory**
- **Corporate Finance**
- **Financial Accounting**

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Financial Accounting



pankaj ghosal

Manager
Tax Management



suman sapra

Additional Director
Tax Management



shrey aggarwal

Manager
Tax and Regulatory
Services



vaansh sharma

Manager
Financial Accounting



varun garg

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shrey aggarwal



varun garg



daniel lee



berta castells pujol

Korea Business Desk

With his experience of 27 years in industries ranging from electronic parts to infrastructure, Mr. Lee heads our Korean business group

Spain Business Desk

Currently consulting with Coinmen, she's an engineer and has worked in India since 2013.

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- DNS scan and verification
- Network Protection, including authentication protocols
- Data encryption across data storage devices
- CASB (Cloud Access Security Broker) safeguards to avoid data leakages, including protocols against potential attacks and breaches*
- Automatic multiple back ups at remote site
- Routine trainings and acceptance of policy by employees
- Optional cloud-based data storage and access with select and limited privileges
- User access control with 2FA (two factor authentication) for secure login

* under implementation

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New Delhi

**A-22, 2nd and 3rd Floor
Green Park Main
Aurobindo Marg
INDIA 110016
T: +91 11 4016 0160**

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