UNION BUDGET 2025 2026

DELHI ADDRESS
34 Babar Lane, Bengali Market, New Delhi, Delhi-110001

TELEPHONE
+91-9810784915

NOIDA ADDRESS
A-44, Sector 4, Noida 201301

WEBSITE
www.gca-associates.com

GOPAL CHOPRA & ASSOCIATES
Chartered Accountants

FOREWORD

UNION BUDGET 2025: A BLUEPRINT FOR A NEW INDIA

The Budget aims to initiate transformative reforms in Taxation, Power Sector, Urban Development, Mining, Financial Sector, and Regulatory Reforms to augment India's growth potential and global competitiveness.

The India Budget 2025 is unveiled at a critical juncture — characterised by reduced public spending, waning consumption, and an overall economic slowdown — necessitating bold and innovative policy measures. This forward-looking Budget is designed to rejuvenate growth, foster inclusive development, and propel India toward its goal of becoming the world's third-largest economy. Streamlining regulatory measures to simplify processes and enhance the business environment lays a strong foundation for innovation and ease of doing business nationwide. The Finance Minister has spotlighted four key sectors — MSMEs, agriculture, investment, and exports — as the primary engines of India's future growth in the journey to Viksit Bharat using reforms as fuel, guided by the spirit of inclusivity.

Key Budget initiatives include:

- **MSME Empowerment:** Enhanced credit guarantee schemes and streamlined regulatory processes are set to boost innovation and employment within this critical sector.
- **Middle-Class Relief:** Rationalised tax slabs and reduced effective rates aim to increase disposable incomes, fuel domestic demand, and strengthen the economic backbone.
- **Digital Transformation:** Strategic investments in Artificial Intelligence and automation lay the groundwork for a competitive, technology-driven economy.
- **Skill Development:** Robust programs to upskill the workforce ensure readiness for the evolving job market, addressing current and future challenges.

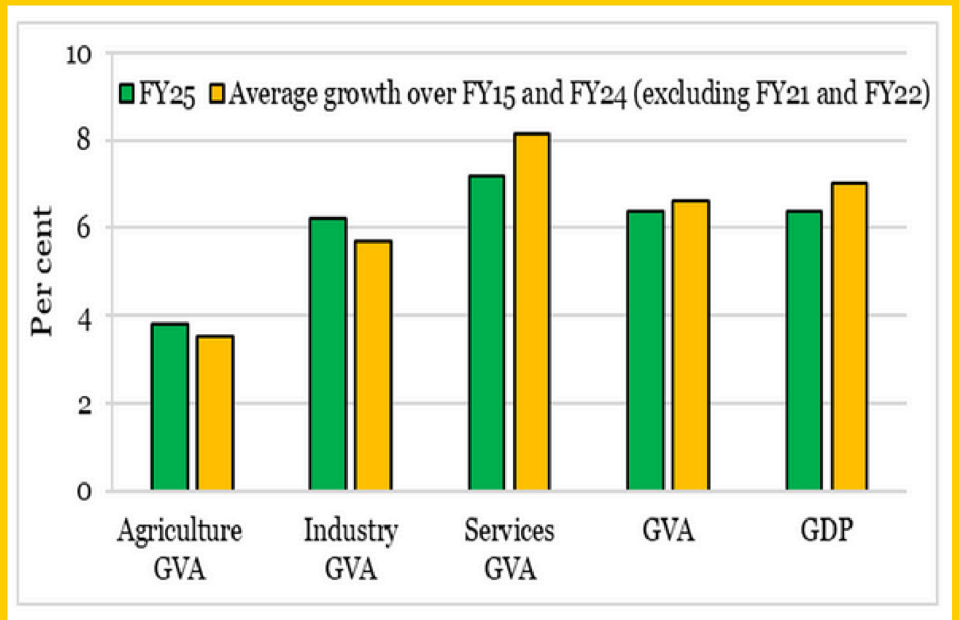
Together, these path-breaking reforms set the stage for India's ascent to become the third-largest economy in the world. As you explore the detailed analyses within this booklet, prepared with expertise by our Firm, we hope you will gain valuable insights into how these innovative policies address current challenges and lay a solid foundation for sustainable, inclusive, and technology-driven growth.

ECONOMIC INDICATORS

1. GDP

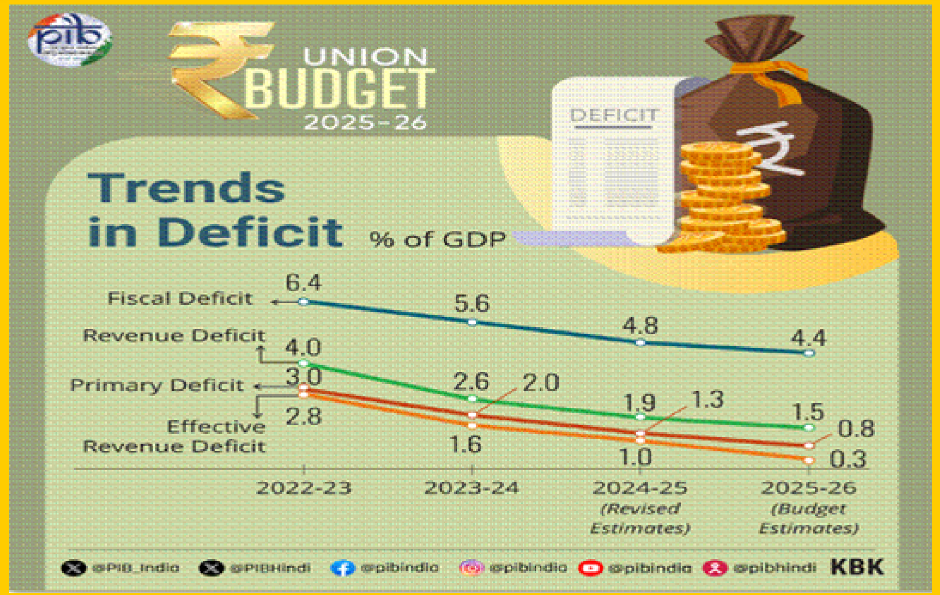
In FY25, Agriculture, Industry, and Services are expected to grow at 3.8%, 6.2%, and 7.2%, respectively, with overall GVA growth at 6.4%. GDP growth is projected at 6.4%, slightly below the average of 7.0% from FY15 to FY24.

Particulars	FY25	Average growth over FY15 and FY24 (excluding FY21 and FY22)
Agriculture GVA	3.8	3.5
Industry GVA	6.2	5.7
Services GVA	7.2	8.2
GVA	6.4	6.6
GDP	6.4	7.0



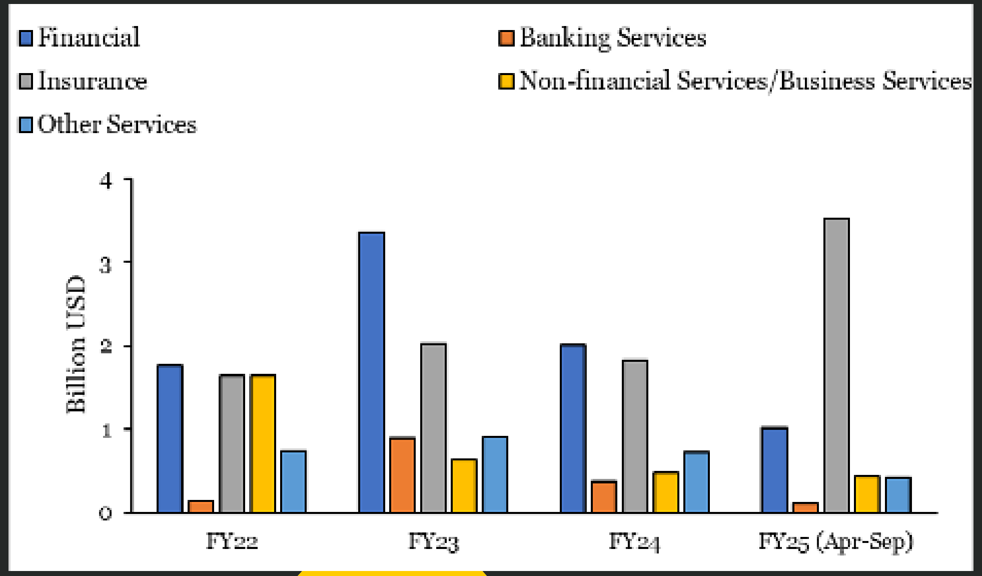
2. FISCAL DEFICIT

The Government estimates the fiscal deficit to be 4.8 percent of GDP in FY25, a reduction from the budgeted 4.9 percent of GDP. It aims to further lower the fiscal deficit to 4.4 percent of GDP in FY26, adhering to the fiscal consolidation roadmap set out in FY22. This demonstrates the Government's commitment to maintaining fiscal discipline, instilling confidence in global investors despite global uncertainties and a volatile trade and investment environment.



3. FDI INFLOW WITHIN THE SERVICE SECTOR

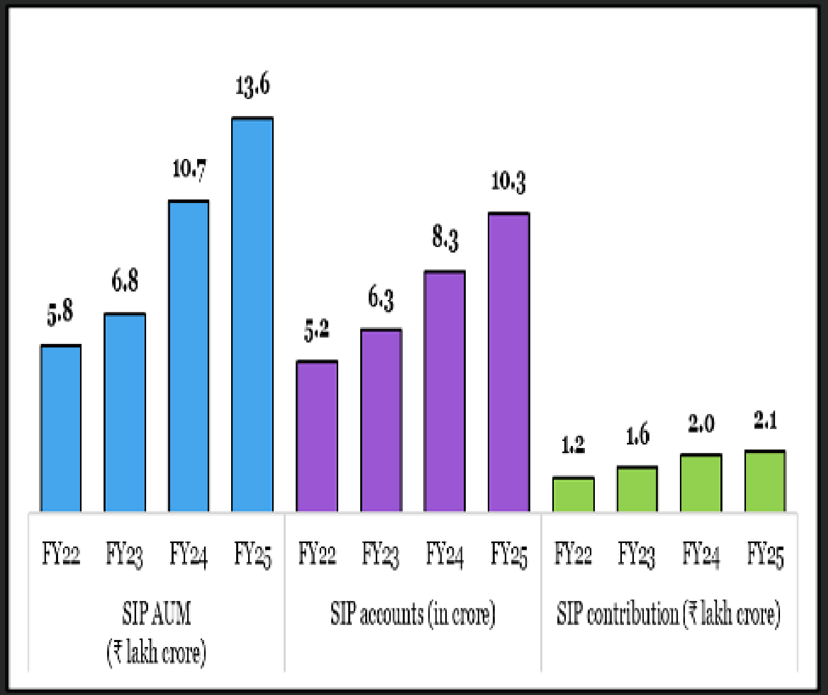
Sector	FY22	FY23	FY24	FY25 (Apr-Sep)
	(Billion USD)			
Financial	1.76	3.36	2.01	1.01
Banking Services	0.15	0.9	0.38	0.11
Insurance	1.65	2.02	1.83	3.52
Non-financial Services/Business Services	1.64	0.64	0.49	0.43
Other Services	0.74	0.91	0.73	0.42



4. TRENDS IN SIP MOVEMENT

SIP investments have seen significant growth, with AUM rising from ₹5.8 lakh crore in FY22 to ₹13.6 lakh crore in FY25. SIP accounts and contributions also grew steadily, reaching 10.3 crore accounts and ₹2.1 lakh crore in FY25.

Trends in SIP Investment		
SIP AUM (₹ lakh crore)	FY22	5.8
	FY23	6.8
	FY24	10.7
	FY25	13.6
SIP accounts (in crore)	FY22	5.2
	FY23	6.3
	FY24	8.3
	FY25	10.3
SIP contribution (₹ lakh crore)	FY22	1.2
	FY23	1.6
	FY24	2.0
	FY25	2.1



5. PROGRESS IN CAPITAL EXPENDITURE IN INFRASTRUCTURE SECTORS

The Government has raised capital expenditure by 10.1 percent, allocating INR 11.2 trillion for FY26. Additionally, a provision of INR 1.5 trillion for 50-year interest-free loans to states highlights the push for decentralizing infrastructure development responsibilities.

Comparison of Actuals with Budgeted Estimates for 24-25(Till Nov 24)	
% of Actuals (Upto Nov) to FY25 (BE)	
Housing & Urban Affairs	49%
Rural Development	52%
Roads	54%
Power	54%
Water & Sanitation	57%
Railways	67%
Civil Aviation	69%
Ports & Shipping	76%

DIRECT TAX

Personal Income Tax

The new Regime for Personal Tax has undergone a change
Default regime: Reduction of slab rate for new default tax regime (Section 115BAC)

Total Income (Rs.)	Tax Rates
Up to 4,00,000	NIL
4,00,001 to 8,00,000	5%
8,00,001 to 12,00,000	10%
12,00,001 to 16,00,000	15%
16,00,001 to 20,00,000	20%
20,00,001 to 24,00,000	25%
24,00,000 and above	30%

NOTE:

The Rebate Under Section 87A has been increased from Rs.7,00,000 to Rs.12,00,000 under New tax regime. Maximum Tax benefit that can be availed has been increased from Rs. 25,000 to Rs.60,000.

No deduction available in new regime except mentioned below:

- Standard Deduction U/s 16(ia) upto Rs.75,000/-
- Family Pension U/s 57(iia) upto Rs.25,000/-
- Deposited in the Agniveer Corpus Fund u/s 80CCH(2)

Option (Old Regime):

The old regime continues to be the same as last year and is as follows:

Total Income (Rs)	Tax Rates
Upto 2,50,000	Nil
2,50,001-5,00,000	5%
5,00,001-10,00,000	20%
10,00,001 and above	30%

TAX DEDUCTED AT SOURCE (TDS)

A.TDS Rates Reduction

Section	Current Rates	Proposed Rates
Section 194LBC - Income in respect of investment in securitization trust	25% when Payee is an Individual or HUFs. 30% when deductee is any other person.	10%

B. TDS Threshold Rationalization

Section	Current Threshold (In Rs.)	Proposed Threshold (In Rs.)
193 - Interest on securities	Nil	10,000/-
194A - Interest other than Interest on securities	(i) 50,000/- for senior citizen; (ii) 40,000/- in case of others when payer is bank, cooperative society and post office (iii) 5,000/- in other cases	(i) 1,00,000/- for senior citizen (ii) 50,000/- in case of others when payer is bank, co-operative society and post office (iii) 10,000/- in other cases
194 - Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs.5,000/-	Rs. 10,000/-
194B - Winnings from lottery, crossword puzzle, etc. 194BB - Winnings from horse race	Aggregate of amount exceeding Rs. 10,000/- during the Financial year	Rs. 10,000/- in respect of a single transaction
194D- Insurance company	Rs. 15,000/-	Rs. 20,000/-
194G- Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
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
194J - Fee for professional/ technical services/Royalty/Others	Rs. 30,000/-	Rs. 50,000/-
194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	Rs.5,00,000/-

TAX COLLECTED AT SOURCE (TCS)

Definition of "forest produce" rationalized

To bring clarity regarding the meaning of "forest produce", it is proposed that "forest produce" shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927.

Further, it is proposed that to address the applicability of TCS on traders of forest produce, only such other forest produce (not being timber or tendu leaves) which is obtained under forest lease will be covered under TCS.

The amended rate for collection of TCS is as under: -

Nature of goods	Present	Proposed
Section 206C (I) Timber or any other forest produce (not being tendu leaves) obtained under a forest lease and Timber obtained by any mode other than under a forest lease	2.5%	2%
Section 206C – TCS on remittance under LRS for purpose of education, financed by loan from financial institution	0.5% after 7lakhs	Nil
Section 206C(1G) – Remittance under LRS and overseas tour program package	7,00,000/-	10,00,000/-
Section 206C (1H)- Sale of specified goods	0.1%	Nil

Removal of Higher TDS/TCS for Non-Filers (Effective from 1st April 2025)-Sections 206AB (higher TDS) and 206CCA (higher TCS) to be omitted to reduce compliance burden.

INCENTIVES TO INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)

1. A simplified regime for fund managers based in the International Financial Services Centre (IFSC) has been introduced for investment funds managed by Indian fund managers. Effective from FY25, the following relaxations apply:

- The deadline for fund managers to establish operations in the IFSC to qualify for relaxations has been extended to 31 March 2030.
- The condition that aggregate participation or investment by residents of India in the fund should not exceed 5% has been relaxed. This will now be assessed on 1 April and 1 October each fiscal year, with a grace period of four months.

From FY26, Long-Term Capital Gains (LTCGs) arising from the sale of unlisted securities by IFSC Category III AIFs, IFSC Retail schemes, ETFs, or FPIs will be taxed at 12.5%, aligning with the overall capital gains regime introduced last year.

2. Extending exemption for IFSC aircraft leasing units to IFSC ship leasing units

The tax exemption available to IFSC-based aircraft leasing units has been extended to IFSC ship leasing units.

Others relaxations

- The sunset date for relocating funds to IFSC with tax neutrality is extended to 31 March 2030. Retail schemes and ETFs registered in IFSC can now be relocated with tax neutrality.
- Inter-group borrowing with treasury centres in IFSC will not be subject to deemed dividend implications. Loans or advances between group entities, where one is a finance company or treasury unit in IFSC, are excluded from deemed dividend, unless notified otherwise. Additional conditions for group/parent/principal entities will be notified.
- The sunset date for claiming exemptions by investment divisions of OBU in IFSC is extended to 31 March 2030.
- Income earned by a non-resident on derivative contracts with FPIs setup in IFSC is now exempt.

SIMPLIFICATION OF TAX PROVISIONS FOR CHARITABLE TRUSTS/INSTITUTIONS:

Amendments to Section 12AB:

- Cancellation of Trust Registration:
    - Current Provisions: Registration can be cancelled if trusts commit specified violations (e.g., incomplete applications).
    - Proposed Amendment: Incomplete applications will not be considered violations, preventing cancellations for minor defaults.
    - Effective Date: April 1, 2025.
- Extension of Registration Period for Smaller Trusts/Institutions:
    - Current Provisions: Trusts/institutions must reapply every 5 years for registration.
    - Proposed Amendment: Registration for smaller trusts (with income under Rs. 5 crores) will be extended to 10 years.
    - Effective Date: April 1, 2025.

Amendment to Section 13:

- Rationalisation of "Substantial Contribution":
    - Current Provisions: Exemptions are denied if income or property benefits those making substantial contributions (over Rs. 50,000).
    - Proposed Amendment: Substantial contribution is redefined as over Rs. 1 lakh annually or Rs. 10 lakh in total. Relatives of above specified person and related concerns of above specified person are omitted.
    - Effective Date: April 1, 2025.

Amendment to Section 115UA:

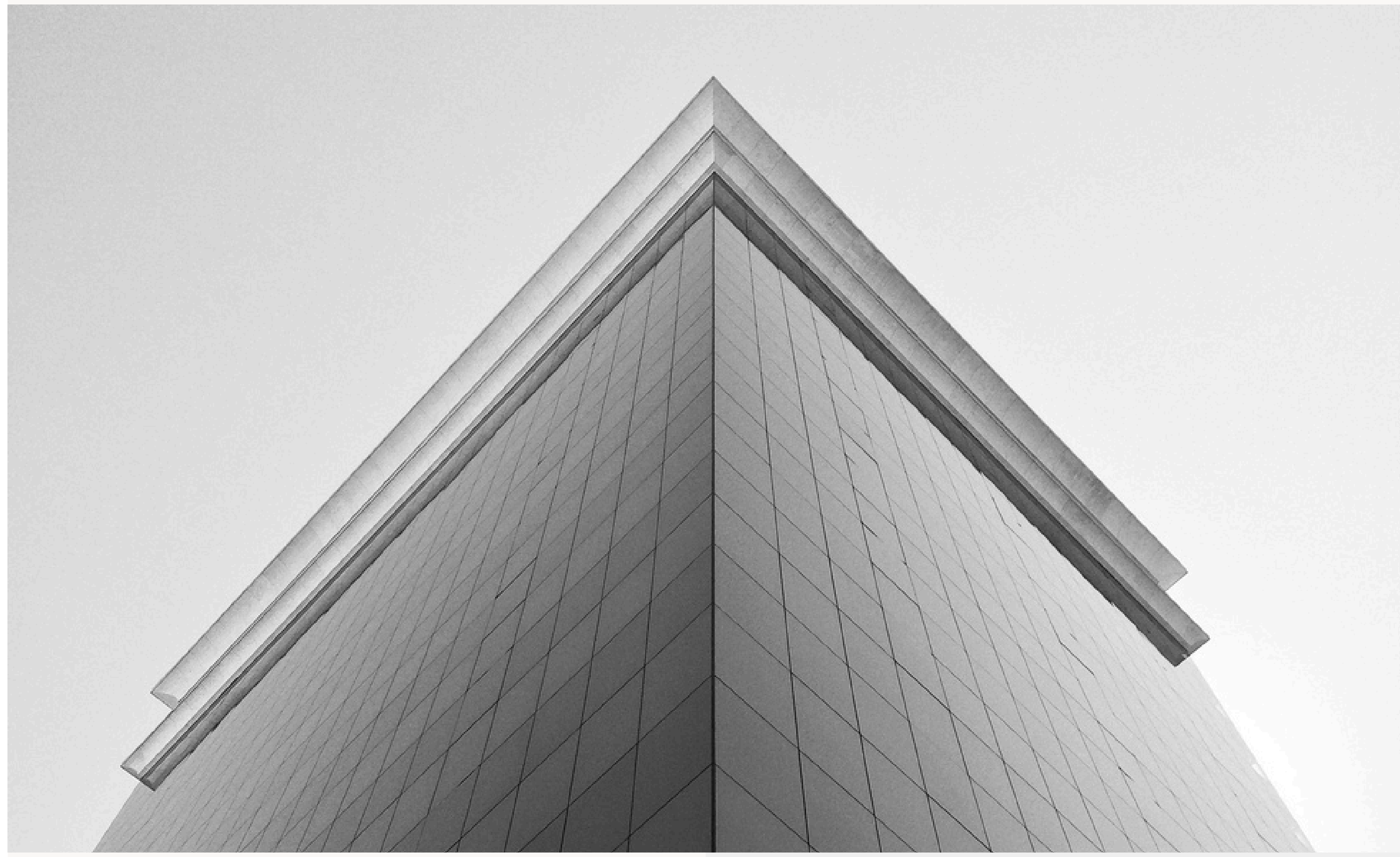
- Taxation of Business Trusts:
  - Background: REITs and InVITs are taxed under a special regime with pass-through status for certain incomes.
  - Proposed Amendment: A business trust's income is taxed at the maximum marginal rate, subject to the concessional tax rates under sections 111A and 112. Section 112A (long-term capital gains tax on listed shares) has also been included in this carve out from 1 April 2025
  - Effective Date: April 1, 2026, for Assessment Year 2026-27.

HARMONISATION OF SIGNIFICANT ECONOMIC PRESENCE APPLICABILITY WITH BUSINESS CONNECTION

Amendment to Section 9 - Exclusion of Export Purchases from Significant Economic Presence

- Current Provisions: Section 9 deems income to accrue in India if related to business connection, the current provision was not clear in terms of providing of exclusion for non-residents purchasing goods in India for export.
- Issue: Concerns that the definition of significant economic presence might affect the exclusion for export-related operations for non residents.
- Proposed Amendment: Explanation 2A will be amended to clarify that purchasing goods for export will not constitute significant economic presence in India.

Effective Date: April 1, 2026, for Assessment Year 2026-27.



BRINGING CLARITY IN INCOME ON REDEMPTION OF UNIT LINKED INSURANCE POLICY

Rationalization of Tax Provisions for Unit-Linked Insurance Policies (ULIPs)

1. Current Provisions:
   - Section 10(10D) provides tax exemption on sums received under life insurance policies, including bonuses, with a condition that the premium does not exceed 10% of the sum assured.
   - Finance Act, 2021 limited the exemption for ULIPs (Unit-Linked Insurance Policies) issued on or after February 1, 2021, if the premium exceeds Rs. 2.5 lakh per year.
2. Proposed Amendments:
   - ULIPs (for which exemption under section 10(10D) does not apply) will be treated as capital assets (under section 2(14)).
   - Profits from the redemption of such ULIPs will be taxed as capital gains (under section 45(1B)).
   - These ULIPs will also be considered part of equity-oriented funds (under section 112A).
3. Effective Date:
   - These amendments will take effect from April 1, 2026, and will apply from the Assessment Year 2026-27 onwards.

TRANSFER PRICING AMENDMENTS

Provision	Amendment Details
Rationalisation of Transfer Pricing (TP) Provisions	Multi-Year ALP Determination: The ALP for a given year will apply to similar transactions in the next two consecutive years.
	Reference to TPO - Exercising Option by Assessee: Assessee must exercise an option in a prescribed form and within a prescribed time.
	TPO Validation: TPO will validate the option within one month.
	Consequences of TPO's Declaration: ALP applies to similar transactions for two consecutive years. TPO will determine ALP for those years. AO will recompute income under Section 155(21). No reference for ALP computation after TPO's declaration.
	Guidelines for Implementation: Board may issue guidelines to resolve difficulties with approval from the Central Government.
	Recomputation of Income under Section 155: AO will recompute income by amending the assessment order if ALP applies for two years.
	Recomputation Timeline:Recomputation must be completed within three months of finalizing the assessment.
	Provisions for Recomputation: Applies first and second proviso to Section 92C(4). If recomputation isn't completed on time, it must be done within three months from the assessment order.

These Amendments will take effect from the first day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment year.

AMENDMENTS PROPOSED IN PROVISIONS OF BLOCK ASSESSMENT FOR SEARCH AND REQUISITION CASES UNDER CHAPTER XIV–B

Proposed Amendments to Block Assessment Provisions under Chapter XIV-B for Search and Requisition Cases

1. Expansion of Undisclosed Income Definition: Virtual Digital Assets (VDAs) are now included as "undisclosed income" under Section 158B.
2. Abatement & Revival of Proceedings: Any pending assessments, reassessments, or orders at the time of a search will be abated (Sections 158BA(2) & 158BA(3)). If a block assessment is annulled, related proceedings will revive, including recomputations (Section 158BA(5)).
3. Subsequent Search Cases: For new searches, prior assessments must be completed before initiating fresh block assessments. The term “pending” is replaced with “required to be made” (Section 158BA(4)).
4. Block Period Income Computation: “Undisclosed income” replaces “total income” in the return (Section 158BB). Income declared in returns filed before the search will be part of the block period income. Income for the previous year, not filed before the search date, will also be considered.
5. Exclusion of International & Domestic Transactions: Income from international or specified domestic transactions will be excluded from block period assessments and taxed under normal provisions (Section 158BB(3)).

Non–applicability of Section 271AAB of the Act

To eliminate ambiguity in penalty provisions for search cases, the Union Budget 2025 proposes that Section 271AAB will not apply to searches conducted on or after September 1, 2024.

Current Rule:

Section 271AAB imposes a penalty for undisclosed income in searches initiated after December 15, 2016.

Proposed Rule:

Section 271AAB will be amended to explicitly exclude its application to searches under Section 132 conducted on or after September 1, 2024.

Amendments proposed in sections 132 and 132B for rationalizing provisions

A. Extension of Time Limit for Retention of Seized Documents (Section 132(8)):

- The time limit for retaining seized documents will be extended to one month from the end of the quarter in which the assessment/reassessment/recomputation order is made.
- This change aims to resolve issues related to varying timelines for different assessees and difficulties in managing documents in group cases.

B. Clarification of “Authorization” Term (Explanation 1 to Section 132):

- The term "authorization" will be changed to "authorisations" to provide clarity in cases involving multiple authorizations, ensuring consistency with other provisions in the Act.

C. Update to Reference in Section 132B:

- The reference in Section 132B will be updated to Section 158B, in line with the introduction of block assessment provisions under Chapter XIV-B.

Time limit to impose penalties rationalized

Current System	The existing provisions of Section 275 have multiple timelines for imposing penalties, depending on various factors such as appeals or revisions, making it difficult to track and manage the deadlines.
Proposed Change	The time limit for imposing a penalty will be standardized to six months from the end of the quarter in which the connected proceedings (assessment, appeal, revision, or penalty notice) are completed or received by the relevant authority. This change will help streamline and simplify the process, making it easier for tax administration.
Consequential Amendment	Section 246A will be amended to update the reference to the newly rationalized Section 275.

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

Current Provisions	Accumulated losses from the predecessor entity are deemed the losses of the successor entity after amalgamation or business reorganization. These losses were allowed to be carried forward indefinitely.
Proposed Amendment	The losses carried forward from the predecessor entity will now be eligible to be carried forward for a maximum of eight assessment years, aligning with Section 72 provisions for business losses. This aims to prevent the perpetuation of losses through successive amalgamations (ever greening of losses).
Effective Date	The amendment will apply to amalgamations or business reorganizations effected on or after April 1, 2025, and will take effect from April 1, 2026.

OBLIGATION TO FURNISH INFORMATION IN RESPECT OF CRYPTO-ASSET

1. Taxation of Virtual Digital Assets (VDA) - Section 115BBH -Transfer of VDAs will be taxed at 30%, with no deductions allowed (except for the cost of acquisition).
2. TDS on VDA Transactions - Section 194S @ 1% tax deduction at source on payments for VDA transfers, including transactions partly in cash or kind.
3. Obligation to Furnish Information on Crypto-Assets - Proposed Section 285BAA
   - Sub-section (1): Reporting entities (as prescribed) must provide transaction details of crypto-assets in the specified format, time, and manner to the income-tax authority.
   - Sub-section (2): If the statement is defective, the tax authority can notify the person to rectify the issue within 30 days or a specified extended period. Failure to correct the defect will be treated as submitting inaccurate information.
   - Sub-section (3): If the statement is not submitted on time, the tax authority can issue a notice requiring its submission within a specified timeframe.
   - Sub-section (4): If a person discovers inaccuracies in a submitted statement, they must inform the tax authority and provide the correct information within a prescribed time.
   - Sub-section (5): The government may set rules to register persons, specify the nature of information, and ensure due diligence for identifying crypto-asset users or owners.
4. Expanded Definition of VDA- Sub-clause (d) of Section 2(47A): The definition of VDA now includes any crypto-asset that uses cryptographically secured distributed ledger technology, regardless of whether it was previously included under the VDA definition.

These amendments will take effect on April 1, 2026.

MISCELLANEOUS PROVISIONS/AMENDMENTS

Provision	Amendment Details	Effective Date
Increase in Income Limits for Perquisites	Power to prescribe rules for increasing the gross income limit for employees. Exempts certain amenities and benefits from perquisites. Employer-paid medical treatment abroad excluded.	1st April 2026
Deduction under Section 80CCD for NPS Vatsalya Contributions	Parent/Guardian Deduction: Deduction up to Rs 50,000 for contributions to NPS Vatsalya accounts for minors. Taxation on Withdrawal applies on amount deducted and accrued income.	1st April 2026
Exemption to Withdrawals from National Savings Scheme (NSS)	Exemption for withdrawals from NSS deposits made before 1st April 1992, including accrued interest, if deductions were allowed. No refund on tax paid for these activities.	29th August 2024 (Retrospective)
Simplification of Annual Value for Self-Occupied Property	Annual value of a self-occupied property is nil if the owner occupies it or can't occupy it for any reason. Benefit applies for up to two properties.	1st April 2025
Exemption from Prosecution for Delayed TCS Payment	Exempts prosecution if TCS payment is made before the due date for filing the quarterly statement under section 206C(3).	1st April 2025
Omission of Penalty Provision	Section 271BB related to penalty for failure to subscribe to eligible capital issues to be omitted due to the repeal of Section 88A in 1996.	1st April 2025
Extension of Processing Period for Immunity Applications	Processing period for immunity applications extended to three months from the end of the month in which the application is received.	1st April 2025
Extension of Time Limit to File Updated Return	Time-limit for updated returns extended from 24 to 48 months. Additional tax rates for returns filed after 24 months. No updated return after section 148A notice unless withdrawn.	1st April 2025

GOPAL CHOPRA & ASSOCIATES
Chartered Accountants

Amendment of Definition of 'Capital Asset'	Current Provisions: Securities held by Foreign Institutional Investors (FIIs) are considered capital assets. However, there has been uncertainty regarding the classification of income from securities transactions—whether it's capital gain or business income for investment funds. Proposed Amendment: The amendment clarifies that securities held by investment funds, as specified under Section 115UB (regulated under SEBI), will be treated as capital assets. Any income arising from the transfer of these securities will now be classified as capital gain, providing greater certainty.	1st April 2026 (Assessment Year 2026-27 onward)
Extension of Timeline for Tax Benefits to Start-ups	Current Provisions: Eligible start-ups can claim a 100% deduction on profits for three consecutive years out of ten, provided: • Total turnover does not exceed ₹100 crore. • The start-up holds a certificate from the Inter-Ministerial Board of Certification. • The start-up is incorporated between April 1, 2016, and March 31, 2025. Proposed Amendment: The timeline for the benefit will be extended by five years, allowing eligible start-ups incorporated before April 1, 2030, to claim the deduction.	1st April 2025
Rationalization of Taxation of Capital Gains on Transfer of Capital Assets by Non-Residents	Current Provisions: Long-term capital gains on the transfer of securities (other than units under Section 115AB) by specified funds or Foreign Institutional Investors (FIIs) are taxed at 10%. Amendments in 2024: Finance (No.2) Act, 2024 raised the tax rate on long-term capital gains to 12.5% for all assessees (resident and non-resident) under Section 112A. However, non-residents' long-term capital gains on assets not covered by Section 112A were still taxed at 10%. Proposed Amendment: The tax rate on long-term capital gains from the transfer of securities (other than units under Section 115AB) will be aligned at 12.5% for non-residents, matching the new rate for all assessees.	1st April 2026 (Assessment Year 2026-27 onward

INDIRECT TAXES

A. CENTRAL EXCISE

Provision	Amendment Details	Effective Date
Section 31 (Definition)	Definition of "Interim Board for Settlement" and "pending application" introduced.	1st April 2025
Section 31A (Interim Board)	Insertion of Section 31A to provide for constitution of one or more Interim Boards, each consisting of three members (Chief Commissioner rank or above).	1st April 2025
Section 32 (CCESC Operations)	CCESC (Customs, Central Excise, and Service Tax Settlement Commission) will cease to operate.	1st April 2025
Sections 32A, 32B, 32C, 32D	Existing provisions of these sections shall cease to apply.	1st April 2025
Section 32E (New Applications)	No new application shall be made under this section.	1st April 2025
Section 32F (Pending Applications)	Provisions of sub-sections (2), (3), (4), (5), (5A), (6), (7), (8), (10) shall apply to pending applications with modifications. Interim Board empowered to extend time limits.	1st April 2025
Sections 32G, 32-I, 32J, 32K, 32L, 32M, 32-O, 32P	Powers and functions of the Settlement Commission under these sections to be exercised by the Interim Board, with all provisions applying mutatis mutandis.	1st April 2025

B.SERVICE TAX

Provision	Amendment Details	Effective Date
Retrospective Exemption - Insurance Companies	Reinsurance services provided by insurance companies under the Weather Based Crop Insurance Scheme and Modified National Agricultural Insurance Scheme for the period from 1st day of April, 2011 to 30th day of June, 2017 (both days inclusive).	1st April 2011 to 30th June 2017

C. GOODS AND SERVICES ACT

Provision	Amendment Details	Effective Date
Section 2, Clause (61) (Input Tax Credit Distribution)	Amended to explicitly provide for the distribution of input tax credit by the Input Service Distributor for inter-state supplies on which tax is paid on reverse charge basis, referencing sub-sections (3) and (4) of section 5 of the IGST Act.	1st April 2025
Section 2, Clause (69) (Municipal/Local Fund)	Amended to replace "municipal or local fund" with "municipal fund or local fund" and inserted an Explanation defining 'Local Fund' and 'Municipal Fund' for clarity.	1st April 2025
Section 2, Clause (116A) (Unique Identification Marking)	Inserted definition for Unique Identification Marking for Track and Trace Mechanism implementation.	1st April 2025
Section 12(4) and Section 13(4) (Time of Supply for Vouchers)	Omitted to remove provisions for time of supply concerning vouchers (neither supply of goods nor services).	1st April 2025
Section 17(5)(d) (Plant and Machinery)	Amended to replace "plant or machinery" with "plant and machinery" to clarify input tax credit availment, with retrospective effect.	1st July 2017

Provision	Amendment Details	Effective Date
Section 20(1) & (2) (Input Tax Credit Distribution)	Amended to explicitly allow Input Service Distributor to distribute input tax credit for inter-State supplies on reverse charge basis, referencing IGST Act provisions.	1st April 2025
Section 34(2) (Reversal of ITC for Credit Notes)	Amended to require reversal of corresponding input tax credit if availed by the recipient, when reducing supplier's tax liability using credit note.	1st April 2025
Section 38(1) (ITC Statement)	Amended to omit "auto-generated" for the statement of input tax credit.	1st April 2025
Section 38(2) (ITC Statement)	Amended to omit "auto-generated" and insert "including" in clause (b) for inclusivity, and added new clause (c) for additional details in ITC statement.	1st April 2025
Section 39(1) (Return Filing Conditions)	Amended to provide an enabling clause to prescribe conditions and restrictions for filing returns.	1st April 2025
Section 107(6) (Pre-deposit for Penalty Appeals)	Amended to require a 10% mandatory pre-deposit of penalty amount for appeals involving only penalty, without tax demand.	1st April 2025
Section 112(8) (Pre-deposit for Penalty Appeals)	Amended to require a 10% mandatory pre-deposit of penalty amount for appeals before Appellate Tribunal involving only penalty, without tax demand.	1st April 2025
Section 122B (Penal Provisions for Track and Trace)	Inserted to provide penal provisions for violations of Track and Trace Mechanism provisions.	1st April 2025
Section 148A (Track and Trace Mechanism)	Inserted to provide enabling provision for implementation of Track and Trace Mechanism for monitoring and control of specified commodities' supply.	1st April 2025
Schedule III (SEZ/FTWZ Transactions)	Amended to treat the supply of goods warehoused in SEZ or FTWZ before export clearance or to Domestic Tariff Area as neither supply of goods nor services. No refund of tax allowed if already paid.	1st July 2017

D. CUSTOMS

Provision	Details
Insertion of Sub-section (1B) in Section 18	Two-year time limit for finalizing provisional assessment, extendable by one year by the Commissioner with sufficient cause. - For pending cases, the time-limit will be reckoned from the date of assent of the Finance Bill.
Insertion of Sub-section (1C) in Section 18	Specifies grounds on which the two-year time limit for finalizing provisional assessment shall be suspended.
Insertion of Section 18A	Allows voluntary revision of entry post-clearance for importers/exporters, treating revised entry as self-assessment or refund claim under Section 27.
Insertion of Explanation in Section 27(1)	Clarifies that the limitation period for refund claims following revised entries or amendments under Section 18A or Section 149 is one year from the duty/payment date.

AMENDMENTS TO DUTY RATES IN FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT, 1975

Commodity	Old Rate of Duty	New Rate of Duty
Crust leather (hides and skins)	20%	Nil
Marble and travertine, crude or roughly trimmed	Nil	20%
Granite, crude or roughly trimmed	Nil	20%
Candles, Tapers and the like	Nil	7.5%
PVC Flex Films, PVC Flex Sheets, PVC Flex Banner	Nil	7.5%
Waterproof Footwear with outer soles and Uppers of Rubber or Plastics	Nil	18.5%
Other Footwear with Outer Soles and Uppers of Rubber or Plastics	Nil	18.5%
Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	Nil	18.5%
Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	Nil	18.5%
Other Footwear	Nil	18.5%
Marble Slab	Nil	20%
Platinum findings	Nil	1.4%
Solar Cells	Nil	7.5%
Solar Module and Other semiconductor devices and photovoltaic cells	Nil	20%
Motor vehicles for transport of 10 or more persons	Nil	20%
Used Motor vehicles	Nil	67.5%
Motor cars and other motor vehicles for transport of persons with CIF value exceeding USD 40,000	Nil	40%
Motor vehicles for transport of goods	Nil	20%
Used motorcycles and cycles fitted with an auxiliary motor with or without side-car	Nil	40%
Bicycles	Nil	15%
Yachts and other vessels for pleasure or sports	Nil	7.5%
Electricity meters for alternating current (Smart meter)	Nil	7.5%
Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof	Nil	5%
Other furniture and parts thereof	Nil	5%
Mattress supports, articles of bedding and similar furnishing etc.	Nil	5%
Luminaries and lighting fittings including searchlights and spotlights and parts thereof	Nil	5%
Parts of electronic toys	Nil	20%
Laboratory Chemicals (other than those attracting 10% BCD for specified end use)	Nil	70%

Following goods are being exempted from levy of Social Welfare Surcharge (w.e.f. 02.02.2025)

S. No.	Description
1.	Candles, tapers and the like
2.	PVC Flex Films including Flex Banner and PVC flex Sheets under headings 3920 or 3921
3.	Solar Cells
4.	Yachts and other vessels for pleasure of sports
5.	Electricity meters for alternating current (Smart meter)
6.	Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof
7.	Other furniture and parts thereof
8.	Mattress supports, articles of bedding and similar furnishing etc.
9.	Luminaries and lighting fittings including searchlights and spotlights and parts thereof etc.
10.	Parts of electronic toys
11.	Articles of gold/silver imported *vide* S. No. 356 and 357 of Notification No. 50/2017- customs dated 30.06.2017
12.	Waterproof Footwear with outer soles and Uppers of Rubber or Plastics
13.	Other Footwear with Outer Soles and Uppers of Rubber or Plastics
14.	Footwear with Outer Soles of Rubber, Plastics, Leather or Composition Leather and Uppers of Leather
15.	Footwear with Outer Soles of Rubber, Plastics, Leather or Composition Leather and Uppers of Textile Materials
16.	Other Footwear
17.	All dutiable goods imported for personal use and not exempted under any prohibition in respect of imports thereof under the Foreign Trade (Development and Regulations) (FTDR) Act, 1992.
18.	Solar Module and Other semiconductor devices and photovoltaic cells
19.	Motor vehicles for transport of 10 or more persons
20.	Motor vehicles for transport of goods
21.	Motor cars and other motor vehicles principally designed for the transport of persons in other than Completely Built Form with CIF value exceeding USD 40,000
22.	Motor cars and other motor vehicles which have been registered abroad before import into India i.e. Used Vehicles
23.	Used motorcycles and cycles fitted with an auxiliary motor with or without side-car
24.	Laboratory Chemicals under CTH 9802 00 00 (other than those attracting 10% BCD for specified end use)
25.	Dutiable articles imported by passenger or member of crew in his baggage classified under heading 9803

Amendment of Notifications Nos. 16/2017-Customs dated 20.04.2017 and 153/94-Customs dated 13.07.1994

Notification No.	Brief Description
16/2017-customs dated 20.04.2017	This notification exempts certain drugs and medicines from customs duty if they are supplied free of charge to patients under a Patient Assistance Programme (PAP) by pharmaceutical companies. **Amendment:** 37 new drugs and 13 patient assistance programmes are being added to the list
153/94-customs dated 13.07.1994	Currently, foreign articles can be imported into India for maintenance, repair, and overhauling, with a requirement to export them within six months, extendable to one year. **Amendment:** For railway goods, the export period has been extended from six months to one year, with the possibility of a further one-year extension.

Changes to IGCR (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2017

The changes to the IGCR (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2017 are as follows:

- The time limit for fulfilling the end-use requirement is extended from six months to one year.
- Importers will now be required to submit a statement every quarter instead of monthly.

THANK YOU

GOPAL CHOPRA & ASSOCIATES
Chartered Accountants

2025-2026