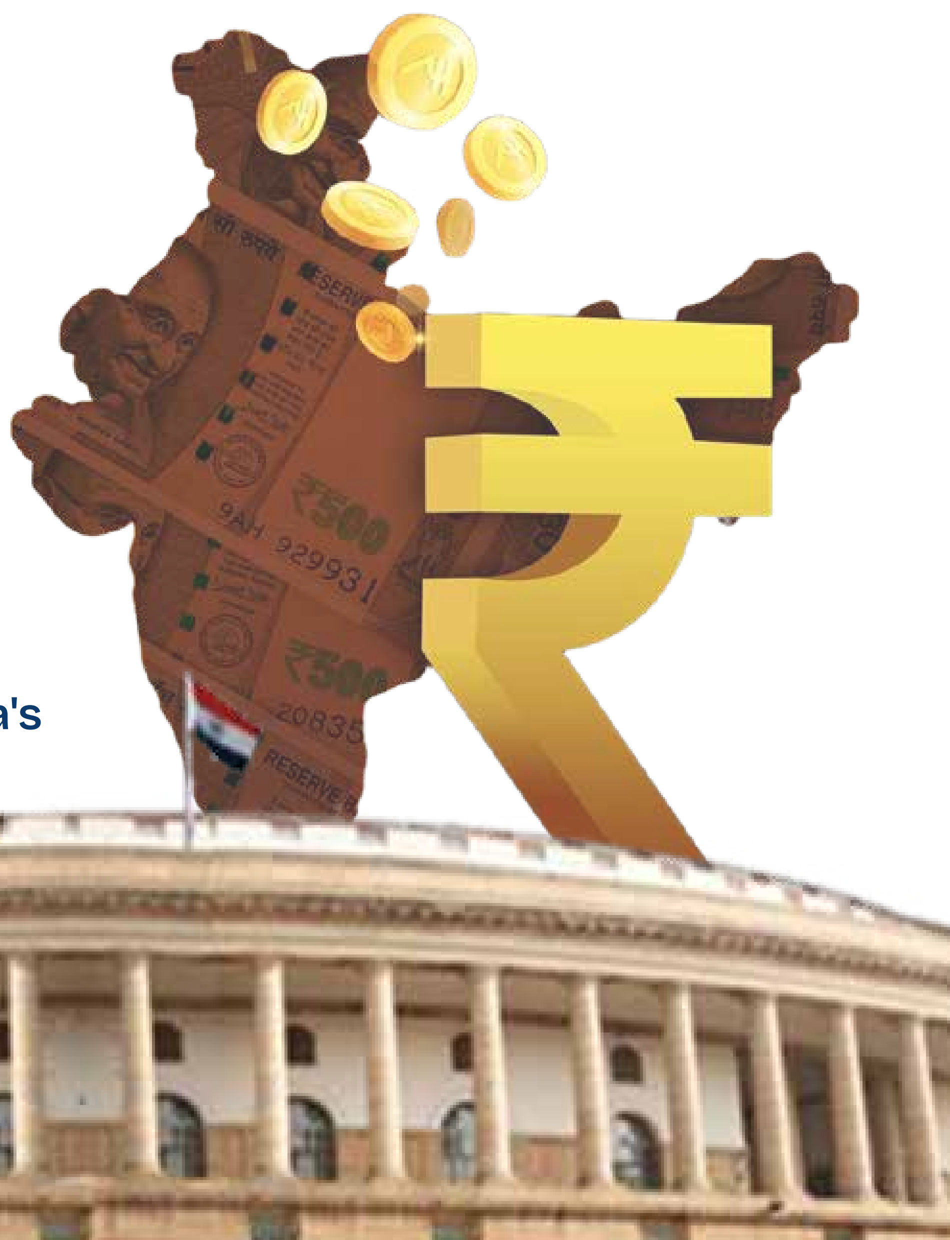
ANSHIT SINGHAL
& ASSOCIATES
CHARTERED ACCOUNTANTS

VIKSIT BHARAT BUDGET 2025-26

Empowering Growth | Enabling Prosperity

- Accelerating Growth
- Inclusive Development
- Boosting Investments
- Uplifting Households
- Strengthening India's Middle Class



Introduction

The aspirations for Viksit Bharat are as follows:

The 55th GST Council meeting was convened to discuss and recommend several key changes in GST tax rates, measures to streamline compliance, provide relief to individuals, and facilitate trade. Below is an in-depth summary of the recommendations:

- Accelerate growth,
- Secure inclusive development,
- Invigorate private sector investments,
- Uplift household sentiments, and
- Enhance spending power of india's rising middle class

Budget Estimates 2025-26

- The total receipts other than borrowings and the total expenditure are estimated at ₹ 34.96 lakh crore and ₹ 50.65 lakh crore respectively.
- The net tax receipts are estimated at ₹ 28.37 lakh crore.
- The fiscal deficit is estimated to be 4.4 per cent of GDP.
- The gross market borrowings are estimated at ₹ 14.82 lakh crore.
- Capex Expenditure of ₹11.21 lakh crore (3.1% of GDP) earmarked in FY2025-26.

UNION SCHEMES & ALLOCATION PROPOSALS

UNION BUDGET OF FY 2025-26 FOCUSES ON THE THEME FOCUSED ON TEN BROAD AREAS ACTING AS THE UNIQUE ENABLER TO REALISE "SABKA VIKAS", STIMULATING BALANCED GROWTH OF ALL THE REGIONS:

1) Spurring Agricultural Growth and Productivity;
2) Building Rural Prosperity and Resilience;
3) Taking Everyone Together on an Inclusive Growth path;
4) Boosting Manufacturing and Furthering Make in India;
5) Supporting MSMEs;
6) Enabling Employment-led Development;
7) Investing in people, economy and innovation;
8) Securing Energy Supplies;
9) Promoting Exports; and
10) Nurturing Innovation.

THE UNION GOVERNMENT HAS CONSIDERED THE FOLLOWING SUPPORT FUNCTIONS IN THE JOURNEY OF THE DEVELOPMENT

a) Four powerful engines are: Agriculture, MSME, Investment, and Exports

b) The fuel: Reforms

c) Guiding spirit: Inclusivity

d) Destination: Viksit Bharat

A. FOUR ENGINES OF DEVELOPMENT

1ST ENGINE- AGRICULTURE

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

- Prime Minister Dhan-Dhaanya Krishi Yojana' Programme to be launched in partnership with states.
- Through the convergence of existing schemes and specialized measures, the programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters
- It aims to (1) enhance agricultural productivity, (2) adopt crop diversification and sustainable agriculture practices, (3) augment post-harvest storage at the panchayat and block level, (4) improve irrigation facilities, and (5) facilitate availability of long-term and short-term credit.
- **This programme is likely to help 1.7 crore farmers.**

B. Building Rural Prosperity and Resilience

- A comprehensive multi-sectoral programme to be launched in partnership with states to address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy.
- The programme will focus at: **1)** catalyzing enterprise development, employment and financial independence for rural women; **2)** accelerating creation of new employment and businesses for young farmers and rural youth; **3)** nurturing and modernizing agriculture for productivity improvement and warehousing, especially for marginal and small farmers; and **4)** diversifying opportunities for landless families.
- Global and domestic best practices will be incorporated and appropriate technical and financial assistance will be sought from multilateral development banks.
- **Phase-1 to cover 100 developing agri-districts.**

Aatmanirbharta in Pulses

- Government to launch a 6-year "Mission for Aatmanirbharta in Pulses" with special focus on Tur, Urad and Masoor.
- The Mission will place emphasis on: **1)** development and commercial availability of climate resilient seeds, **2)** enhancing protein content, **3)** increasing productivity, **4)** improving post-harvest storage and management, and **5)** assuring remunerative prices to the farmers.
- Central agencies (NAFED and NCCF) will be ready to procure these 3 pulses, as much as offered during the next 4 years from farmers who register with these agencies and enter into agreements.

Comprehensive Programme for Vegetables & Fruits

- A comprehensive programme to promote production, efficient supplies, processing, and remunerative prices for farmers to be launched in partnership with states.
- Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up.

Makhana Board in Bihar

- A Makhana Board will be established in the state to improve production, processing, value addition, and marketing of makhana.
- The people engaged in these activities will be organized into FPOs.
- The Board will provide handholding and training support to makhana farmers and will also work to ensure they receive the benefits of all relevant Government schemes.

National Mission on High Yielding Seeds

- A National Mission on High Yielding Seeds to be launched aiming at strengthening the research ecosystem, targeted development and propagation of seeds with high yield, and commercial availability of more than 100 seed varieties.

Fisheries

- Government to bring a 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 ranks second-largest globally in fish production and aquaculture.**
- **Seafood exports are valued at INR 60 thousand crore.**

Mission for Cotton Productivity

- A 5-year mission announced to facilitate significant improvements in productivity and sustainability of cotton farming, and promote extra-long staple cotton varieties.

Enhanced Credit through KCC

- The loan limit under the Modified Interest Subvention Scheme to be enhanced from ₹ 3 lakh to ₹ 5 lakh for loans taken through the KCC.
- **Kisan Credit Cards (KCC) facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers**

Urea Plant in Assam

- A plant with annual capacity of 12.7 lakh metric tons to be set up at Namrup, Assam.

Support to NCDC

- Government will provide support to NCDC for its lending operations for the cooperative sector.

India Post as a 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 Sevaks, will be repositioned to act as a catalyst for the rural economy.
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- India Post will also be transformed as a large public logistics organization. This will meet the rising needs of Viswakarmas, new entrepreneurs, women, self-help groups, MSMEs, and large business organizations.

2ND ENGINE- MSME

Revision in classification criteria for MSMEs

- The investment and turnover limits for classification of all MSMEs to be enhanced to 2.5 and 2 times respectively as follows:

Rs. in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

Enhancement of credit availability with guarantee cover

The credit guarantee cover will be enhanced:

- For Micro and Small Enterprises, from INR 5 crore to INR 10 crore.
- For Startups, from INR 10 crore to INR 20 crore, with the guarantee fee being moderated to 1 percent for loans in 27 focus sectors important for Atmanirbhar Bharat.
- For well-run exporter MSMEs, for term loans up to INR 20 crore.

Credit Cards for Micro Enterprises

- Customized Credit Cards with ₹ 5 lakh limit for micro enterprises registered on Udyam portal.
- **10 lakh cards to be issued in the first year.**

Fund of Funds for Startups

- A new Fund of Funds, with expanded scope and a fresh contribution of ₹ 10,000 crore to be set up.

Scheme for First-time Entrepreneurs

- A new scheme for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs to provide term-loans upto ₹ 2 crore in the next 5 years.
- Online capacity building for entrepreneurship and managerial skills will also be organized.

Focus Product Scheme for Footwear & Leather Sectors

- To enhance the productivity, quality and competitiveness of India's footwear and leather sector, a focus product scheme will be implemented.

Measures for the Toy Sector

- A scheme to create high-quality, unique, innovative, and sustainable toys, making India a global hub for toys announced.

Support for Food Processing

- A National Institute of Food Technology, Entrepreneurship and Management to be set up in Bihar. The institute will provide a strong fillip to food processing activities in the entire Eastern region.
- This will result in **(1)** enhanced income for the farmers through value addition to their produce, and **(2)** skilling, entrepreneurship and employment opportunities for the youth.

Manufacturing Mission - Furthering "Make in India"

- A National Manufacturing Mission covering small, medium and large industries for furthering "Make in India" by providing policy support, execution roadmaps, governance and monitoring framework for central ministries and states.
- The Mission's mandate will include 5 focus areas: 1) ease and cost of doing business; 2) future ready workforce for in-demand jobs; 3) a vibrant and dynamic MSME sector; 4) availability of technology; and 5) quality products.

Clean Tech Manufacturing

- Aim to improve domestic value addition and build ecosystem for solar PV cells, EV batteries, motors and controllers, electrolyzers, wind turbines, very high voltage transmission equipment and grid scale batteries.

3RD ENGINE- INVESTMENT

1. Investing in People

Saksham Anganwadi and Poshan 2.0

- The cost norms for the nutritional support to be enhanced appropriately.

Atal Tinkering Labs

- 50,000 Atal Tinkering Labs to be set up in Government schools in next 5 years with an aim to cultivate the spirit of curiosity and innovation, and foster a scientific temper among young minds.

Broadband Connectivity to Government Secondary Schools and PHCs

- Broadband connectivity to be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.

➤ **Bharatiya Bhasha Pustak Scheme**

- Bharatiya Bhasha Pustak Scheme announced to provide digital-form Indian language books for school and higher education. This aims to help students understand their subjects better.

➤ **Centre of Excellence in AI for Education**

- A Centre of Excellence in Artificial Intelligence for education to be set up with a total outlay of ₹ 500 crore.

➤ **National Centres of Excellence for Skilling**

- 5 National Centres of Excellence for skilling to be set up with global expertise and partnerships to equip our youth with the skills required for "Make for India, Make for the World" manufacturing. The partnerships will cover curriculum design, training of trainers, a skills certification framework, and periodic reviews.

➤ **Expansion of Capacity in IITs**

- Additional infrastructure to be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students.
- Hostel and other infrastructure capacity at IIT, Patna will also be expanded.

➤ **Expansion of medical education**

- 10,000 additional seats to be added in medical colleges and hospitals next year, adding to 75000 seats in the next 5 years.

➤ **Day Care Cancer Centres in all District Hospital**

- Government to set up Day Care Cancer Centres in all district hospitals in the next 3 years.
- 200 Centres will be established in 2025-26.

➤ **Strengthening urban livelihoods**

- A scheme for socio-economic upliftment of urban workers to help them improve their incomes and have sustainable livelihoods announced.

➤ **PM SVANidhi**

- Scheme to be revamped with enhanced loans from banks, UPI linked credit cards with ₹ 30,000 limit, and capacity building support.

➤ **Social Security Scheme for Welfare of Online Platform Workers**

- Government to arrange for identity cards, registration on e-Shram portal and healthcare under PM Jan Arogya Yojna, for gig-workers.

2. Investing in the Economy

➤ **Public Private Partnership in Infrastructure**

- Infrastructure-related ministries to come up with a 3-year pipeline of projects in PPP mode.
- States will also be encouraged to do so and can seek support from the IIPDF (India Infrastructure Project Development Fund) scheme to prepare PPP proposals.

➤ **Support to States for Infrastructure**

- An outlay of ₹1.5 lakh crore proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.

➤ **Asset Monetization Plan 2025-30**

- Second Plan for 2025-30 to plough back capital of ₹ 10 lakh crore in new projects announced.

➤ **Jal Jeevan Mission**

- Mission to be extended until 2028 with an enhanced total outlay.
- The Mission's focus will be on the quality of infrastructure and O&M of rural piped water supply schemes through "Jan Bhagidhari".
- Separate MoUs will be signed with states/UTs, to ensure sustainability and citizen-centric water service delivery.

➤ **Urban Challenge Fund**

- An Urban Challenge Fund of ₹ 1 lakh crore announced to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation', allocation of ₹ 10,000 crore proposed for 2025-26.

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➤ Deep Tech Fund of Funds
- Deep Tech Fund of Funds to be explored to catalyze the next generation startups.

➤ PM Research Fellowship
- 10,000 fellowships for technological research in IITs and IISc with enhanced financial support.

➤ Gene Bank for Crops Germplasm
- 2nd Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security.

➤ National Geospatial Mission
- A National Geospatial Mission announced to develop foundational geospatial infrastructure and data.

➤ Gyan Bharatam Mission
- A Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors to be undertaken to cover more than 1 crore manuscripts announced.

4TH ENGINE - EXPORTS

➤ Export Promotion Mission
- An Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance to be set up.

➤ BharatTradeNet
- BharatTradeNet' (BTN) for international trade to be set-up as a unified platform for trade documentation and financing solutions.
- This will complement the Unified Logistics Interface Platform. The BTN will be aligned with international practices.

➤ National Framework for GCC
- A national framework to be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities.

REFORMS AS FUEL: FINANCIAL SECTOR REFORMS AND DEVELOPMENT

➤ FDI in Insurance Sector
- The FDI limit for the insurance sector to be raised from 74 to 100 per cent, for those companies which invest the entire premium in India.

➤ Credit Enhancement Facility by NaBFID
- NaBFID to set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.

➤ Jan Vishwas Bill 2.0
- The Jan Vishwas Bill 2.0 to decriminalize more than 100 provisions in various laws.

➤ Grameen Credit Score
- Public Sector Banks to develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.

➤ Pension Sector
- A forum for regulatory coordination and development of pension products to be set up.

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

➤ Merger of Companies
- Requirements and procedures for speedy approval of company mergers will be rationalized. The scope for fast-track mergers will also be widened and the process made simpler.

➤ High Level Committee for Regulatory Reforms
- A High-Level Committee for Regulatory Reforms to be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions.

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COVERAGE OF DIRECT TAX PROPOSALS:

i. PERSONAL TAX RATIONALIZATION
ii. RATIONALIZATION OF TDS/TCS RATES
iii. INCENTIVES FOR INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC) UNITS
iv. SIMPLIFICATION OF TAX PROVISIONS FOR CHARITABLE TRUSTS/INSTITUTIONS
v. INTERNATIONAL TAXATION RATIONALIZATION
vi. TRANSFER PRICING RATIONALIZATION
vii. RATIONALIZATION OF OTHER TAX PROVISIONS
viii. RATIONALIZATION /EXTENSION OF TIME LIMITS

I. PERSONAL TAX RATIONALIZATION

A. Income Tax Rate Changes

A. Revised Tax Regime: Major Relief for Middle-Class Taxpayers:

- The government has introduced significant changes to the new tax regime, aiming to reduce the tax burden on middle-class taxpayers. The revised tax structure provides increased exemptions and lower tax rates, ensuring more disposable income in the hands of taxpayers.

B. Key Highlights of the New Tax Regime:

- Higher Tax-Free Limit:

- Individuals earning up to **₹12 lakh** (excluding special rate income such as capital gains) will not have to pay any income tax.

- Enhanced Benefits for Salaried Taxpayers:

- For salaried individuals, the tax-free limit extends to **₹12.75 lakh**, factoring in a **₹75,000** standard deduction.

- Increase in Rebate Under Section 87A:

- The rebate limit has been increased from **₹25,000 to ₹60,000**, significantly reducing the tax outgo for eligible taxpayers. However, this rebate does not apply to income taxed at special rates, such as capital gains under **Sections 111A and 112**

- Revised Tax Slab Rates

Income Slab	Tax Percentage
0-4 lakh rupees	Nil
4-8 lakh rupees	5 percent
8-12 lakh rupees	10 percent
12-16 lakh rupees	15 percent
16-20 lakh rupees	20 percent
20- 24 lakh rupees	25 percent
Above 24 lakh rupees	30 percent

C. Old Tax Regime Remains Unchanged:

- While the new tax regime has been revamped to offer significant relief, the tax rates under the old regime remain unchanged. Taxpayers can choose between the old and the new tax regime based on their financial planning needs.

B. Increase In Limits on Income of Employees for rhe Purpose of Calculating Perquisites

- The existing provisions of clause (2) of section 17 provide, inter-alia, that 'perquisite' includes the value of any benefit or amenity granted or provided free of cost or at concessional rate by any employer (including a company) to an employee whose income under the head "Salaries" as a monetary benefit does not exceed fifty thousand rupees.
- Further, the proviso to clause (2) of section 17 provides that any expenditure incurred by the employer for travel outside India on the medical treatment of an employee or any member of the employee's family shall not be included in 'perquisite', subject to the condition that the gross total income of such employee does not exceed two lakh rupees.
- These limits on the income of the employees for the purpose of calculating perquisites were put in place more than 20 and 30 years ago respectively. Thus, there is a need to adjust these limits accordingly to take into account changes in standard of living and economic conditions.
- Therefore, it is proposed to amend the provisions of Section 17 of the Act to prescribe rules (will be prescribed once approved) to increase the limit of the gross total income of the employees such that-
    - Amenities and benefits received by employees as per section 17(2)(iii)(c) of the Act would be exempt from being treated as perquisites.
    - the expenditure incurred by the employer for travel outside India on the medical treatment of such employee or his family member as provided under proviso to Section to 17(2) not treated as perquisite.

C. Exemption from Taxation for Withdrawals made by Individuals on or after 29th August 2024 from National Savings Scheme (NSS)– Section 80CCA

- Section 80CCA, provides for deduction to an individual, or a Hindu undivided family, for any amount deposited in the National Savings Scheme **which was thereafter discontinued on or after April 1, 1992**.
- Section 80CCA (2) provided that where such amount, together with the interest accrued is withdrawn, it shall be deemed to be the income of the Assessee and shall be chargeable to tax. Further, Circular No 532 issued on 17.03.1989 provided that the withdrawal on closure of account due to death of the depositor was not chargeable to tax in the hands of the legal heirs.
- Furthermore, Department of Economic Affairs vide notification dated August 29, 2024, **provided that no interest would be paid on the accumulated balances under this scheme after October 1, 2024.**
- In order to provide relief to the individual taxpayers facing hardship and compelled to withdraw the accumulated balances, it is proposed to amend Section 80CCA to provide exemption on the withdrawals made from such deposits for which deduction was allowed on or after August 29, 2024.

D. Deduction Under Section 80CCD For Contributions Made To NPS Vatsalya

NPS Vatsalya Scheme officially launched on September 18, 2024, was exclusively for minors to be operated by parents and guardians till they attain majority. When a minor attains 18 years, the account will continue to be operational, transferred to the child's name with the accumulated corpus and will be shifted into the NPS-Tier 1 Account - All Citizen Model or other non-NPS scheme account.

- It is proposed to extend the tax benefits available to the National Pension Scheme under Section 80CCD of the Act to the contributions made to the NPS Vatsalya accounts, as follows:
  - A deduction to be allowed to the parent/guardian's total income of the amount paid or deposited in the account of any minor under the NPS to a maximum of INR 50,000 overall as mandated under Section 80CCD(1B);
  - The amount on which deduction has been allowed under 80CCD(1B) or any amount accrued thereon, will be charged to tax when such amount is withdrawn and where deposit was made in the account of a minor; andmandated under Section 80CCD(1B);
  - The amount on which deduction has been allowed and is received on closure of the account due to the death of the minor shall not be deemed to be the income of the parent/guardian;
- It is also proposed to insert a clause (12BA) in section 10 of the Act, which provides that any partial withdrawal made out of the minor's account, shall not be included in the total income of the parent/guardian to the extent it does not exceed 25 per cent of the contributions made by him and in accordance with the terms and conditions, specified under the Pension Fund Regulatory and Development Authority Act, 2013 and the regulations made thereunder.

E. Annual Value Of The Self-occupied House Property

- Section 23(2) of the Act provides that where house property is in the occupation of the owner for the purposes of his residence or owner cannot actually occupy it **due to his employment, business or profession carried on at any other place**, in such cases, the annual value of such house property shall be taken to be 'NIL'.
- In order to simplify the provisions, it is proposed to amend the aforesaid section 23(2) of the Act such that the annual value of a self-occupied property is now to be taken as 'NIL', if it is occupied by the owner for his own residence or if he cannot occupy it **due to any reason**. Thus, restrictions of limited reasons have been removed
- **However, the limit of two properties under Section 23(4) will continue to apply as earlier.**

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II. Rationalization Of TDS/TCS Rates

A. TDS Threshold Rationalization

To rationalize the TDS thresholds, the following changes are proposed:

SL No.	Section	Current Threshold	Proposed Threshold
1	193 - Interest on securities	INR 5,000 (Payment of Debenture interest to Individual & HUF)	INR 10,000
2	194 - Dividend for an individual shareholder	INR 5,000	INR 10,000
3	194A - Interest other than interest on securities	(i) INR 50,000- for senior citizen (ii) INR 40,000 in case of others (Where payer is bank, cooperative society and post office) (iii) INR 5,000- in other cases	(i) INR 1,00,000- for senior citizen (ii)INR 50,000- in case of others (Where payer is bank, cooperative society and post office) (iii) INR 10,000- in other cases
4 5	194B - Winnings from lottery, crossword puzzle, etc. 194BB - Winning from horse race	Aggregate of amounts exceeding INR 10,000 during the FY	INR 10,000 in respect of a single transaction
6 7	194D - Insurance Commission 194G - Commission etc., on sale of lottery tickets	INR 15,000	INR 20,000
8	194H - Commission or brokerage	INR 15,000	INR 20,000
9	194I – Rent	INR 2,40,000 during the FY	INR 50,000 per month/ part of month
10	194J - Fee for professional or technical services	INR 30,000	INR 50,000
11	194K – Income in respect of units (mutual fund/specified company or undertaking)	INR 5,000	INR 10,000
12	194LA - Payment of compensation on acquisition of certain immovable property	INR 2,50,000	INR 5,00,000

B. TDS Rate Rationalization

To rationalize the TDS rate, the following change is proposed:

Section	Current TDS Rate	Proposed TDS Rate
194LBC - Income in respect of investment in securitization trust paid to resident	(i) 25% - Individual and HUF (ii0 30% - Any other person	10%

C. TCS Rationalization

a) Definition of "forest produce" rationalized

- Under Section 206C (1) of the Act, TCS at 2.5 per cent is required to be collected on sale of forest produce not being timber or tendu leaves. However, no definition was provided in the Act for "forest produce" which was creating difficulties in application of the relevant provisions of the Act. 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.

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

- In order to facilitate ease of doing business and reduce compliance burden on the deductors/collectors, Sections 206AB and 206CCA, which mandated higher TDS/TCS for non-filers of income tax returns, have been omitted effective April 1, 2025.

b) Reduction in compliance burden by omission of TCS on sale of specified goods

- Section 206C(1H) mandates TCS @0.1% on sales exceeding INR 50 lakhs, while Section 194Q requires TDS @ 0.1% on purchases above the same threshold.
- Further, Section 206C(1H) provides that the provision will not apply, if the buyer is liable to deduct TDS under any other provision of this Act on the goods purchased from the seller and has deducted such amount.
- It becomes difficult for the seller to check whether the buyers have ensured the compliance of TDS deduction under 194Q of the Act.
- In order to facilitate ease of doing business and reduce compliance burden on the taxpayers, it has been proposed that provisions under section 206C(1H) will not be applicable from April 1, 2025.

d) Exemption from prosecution for delayed payment of TCS in certain cases

- Section 276BB provides that where any person fails to pay the tax collected at source to the credit of the Central Government, he shall be punishable with rigorous imprisonment for a term not less than three months, but which may extend to seven years and with fine.

  It is proposed that the prosecution shall not be initiated in case the payment of tax collected at source has been made before the due date for filing the TCS return for that quarter.

e) TCS Threshold Rationalization

- Section 206C(1G) mandates TCS on remittances under RBI's LRS. The threshold for TCS collection by authorized dealers is proposed to increase from INR 7,00,000 to INR 10,00,000 per FY.
- Further, TCS will not apply to remittances made as loans from financial institutions under Section 80E.

III. INCENTIVES FOR INTERNATIONAL FINANCIAL SERVICES CENTRE UNITS

International Financial Services Centre (IFSC) is a jurisdiction that provides financial services to non-residents and residents, to the extent permissible under the current regulations, in any currency except Indian Rupee. In order to promote the development of world-class financial infrastructure in India, several tax concessions have been provided to units located in IFSC, under the Act, over the past few years.

In order to promote and further incentivize the IFSC units, it is proposed to make the following amendments:

A. Extension of sunset dates for several tax concessions pertaining to IFSC

- The sunset dates for the commencement of operations of IFSC units for several tax concessions, or relocation of funds to IFSC in sections 80LA(2)(d), clause (4D), clause (4F), clause (4H) of section 10 and clause (viiad) of section 47 of the Act is proposed to be extended from March 31, 2025 to March 31, 2030.

B. Exemption on life insurance policy from IFSC Insurance offices

- Section 10 (10D) provides exemption to sum received under a life insurance policy including the sum allocated by way of bonus on such policy, subject to the conditions specified therein.
- The said provisions are also applicable to insurance policies issued by IFSC Insurance Offices.

- Provisos (fourth, fifth, sixth and seventh provisos) to the said clause, inter alia, provide that the exemption under the said clause is not available if annual amount of premium or aggregate of premiums payable is above Rs. 2.5 lakhs for unit linked insurance policies, and Rs. 5 lakhs for life insurance policies other than unit linked insurance policies.
- In order to provide parity to non-residents availing life insurance from insurance office in IFSC vis a vis other foreign jurisdiction, it is proposed to amend the clause (10D) of section 10 so as to provide those proceeds received on life insurance policy issued by IFSC insurance intermediary office shall be exempted without the condition related to the maximum premium payable on such policy as mentioned above.

C. Exemption from capital gains and dividends for ship leasing units in IFSC

- It is proposed to extend the horizon of exemption in Section 10(4H) and section 10(34B) for non-residents or units of an IFSC on capital gains tax from the transfer of equity shares of a domestic company located in IFSC, as well as on dividends paid by companies that are units of an IFSC, engaged in ship leasing business also, as already provided to aircraft leasing businesses.

D. Rationalization of definition of 'dividend' for treasury centres in IFSC

- Borrowings by the corporate treasury centre in IFSC from any group entities could trigger deemed dividend provisions in the hands of the shareholder and result into litigations at a later stage. Thus, to promote ease of doing business, the provisions of section 2(22) are proposed to be amended so as not to include any advance or loan between two group entities, where one entity is a "Finance company" or "Finance unit" in an IFSC acting as a global or regional treasury centre and the parent entity is listed on a stock exchange outside India (except in specified countries or territories), in the definition of dividend.

E. Simplified regime for fund managers in IFSC

- Section 9A provides that the fund management activity carried out through an eligible fund manager acting on behalf of eligible investment fund shall not constitute business connection in India, subject to the conditions mentioned therein.
- Further, it also provides that the eligible investment fund shall fulfil the condition that the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed five per cent of the corpus of the fund.

- It is proposed to have a simplified regime for the fund managers in IFSC at par with other foreign jurisdictions.
- Accordingly, it is proposed to determine the aggregate participation or investment in funds as on April 1 and October 1 of the previous year and if the aforesaid condition is not satisfied on either of the said days, then it shall be provided that it will satisfy the same within four months of the said days.
- Further, the date of commencement of operations by fund manager located in IFSC is proposed to be extended from March 31, 2024 to March 31, 2030.

F. Amendment of Section 10 related to Exempt income of Non-Residents

- It is proposed to amend Section 10 (4E) to exempt the income of a non-resident on account of 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 Foreign Portfolio Investors being an IFSC unit.

G. Extension of date of making investment by Sovereign Wealth Funds, Pension Funds & others and rationalization of tax exemptions

- Section 10(23FE) of the Act provides for the exemption to specified persons viz. Sovereign Wealth Funds (SWF), Pension Funds (PF) from income in the nature of dividend, interest, long-term capital gains or certain other incomes arising from an investment made by it in India.
- It is proposed that long-term capital gains, whether or not such capital gains are deemed to be short-term or long-term capital gains under section 50AA of the Act, **shall not be included in the total income of such specified persons.**
- Further, the deadline for investment is proposed to be extended from March 31, 2025, to March 31, 2030.

H. Inclusion of retail schemes and Exchange Traded Funds (ETFs) in the existing relocation regime of funds of IFSCA

- The existing provisions of clause (viiad) of Section 47 of the Act provide that any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund shall not be regarded as transfer for the purposes of calculating capital gains.
- The Explanation to the clause inter-alia, provides that "resultant fund" means a fund established or incorporated in India, which has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund, is located in any International Financial Services Centre and is subject to certain conditions provided therein.
- It is proposed to include such retail schemes or Exchange Traded Funds (ETF) within the definition of resultant fund for the purposes of clause (viiad) of section 47 of the Act so that relocation of original funds to such funds in the IFSC is also a tax-neutral transaction.

IV. SIMPLIFICATION OF TAX PROVISIONS FOR CHARITABLE TRUSTS/INSTITUTIONS

A. Rationalization of 'Specified violation' for cancelling of Charitable Trusts /Institutions Registration

- Section 12AB (4) governs the provisions for approval and cancellation of registrations for charitable trusts/institutions seeking exemption under section 11 and 12 of the Act whereby the Principal Commissioner shall pass an order in writing cancelling the registration of such trust/institution on satisfaction that one or more specified violations have taken place.
- Explanation to Section 12AB(4), provides that incomplete and incorrect information in the application furnished for registration is considered as a 'specified violation.'
- In order to prevent rejection of application only due to minor mistakes in filing the application, it is proposed that incomplete applications for registration should not be classified as a 'specified violation' under this provision.

B. Extended Period of Registration for Smaller Trusts or Institutions

- Section 12AB provides for registration of trust or institution for a period of 5 years or provisional registration (where activities have not commenced at the time of filing application for registration) for a period of 3 years.
- At the expiry of such registration or provisional registration, or in case of provisional registration, if the activities of the trust or institution have commenced, the trust or institution is required to make application for further registration.
- In order to reduce the compliance burden for the smaller trusts/institutions, it is proposed to increase the period of validity of registration of trust/institution from 5 years to 10 years, in case where trust or institution made an application under sub-clause (i) to (v) of the clause (ac) of sub-section (1) of section 12A and the total income of such trust or institution (without considering exemptions under Sections 11 and 12) does not exceed INR 5 Crores during each of the two previous years preceding to the previous year in which such application is made.

C. Rationalization of person specified under section 13(3) for Trusts or Institutions

- Section 13 of the Act provides restriction on exemption under section 11and 12 and exclude any income from the total income of trust of institution, if such income or any property of the trust or the institution is used or applied, directly/ indirectly for the benefit of any person as specified under Section 13(3) of the Act.
- As per Section 13(3), specified person includes the following:
  - Any person (other than founder, author or trustee, member or manager) who has made substantial contribution to the trust or institution in the relevant previous year with total contribution exceeding INR 50,000;
  - Any relative of any such person as aforesaid;
  - Any concern in which any such person as aforesaid has a substantial interest.
- In order to remove difficulty in furnishing the details and to provide ease in compliance, it is proposed to Increase the threshold for 'substantial contribution' from INR 50,000 to INR 100,000 or, in aggregate exceeding INR 10,00,000 up to the end of the relevant previous year.
- Further, relatives and concerns where such person holds substantial interest to be excluded from the definition of Specified Persons.

V. INTERNATIONAL TAXATION RATIONALIZATION

A. Scheme Of Presumptive Taxation Extended For Non-residents Providing Services For Electronics Manufacturing Facility

- In order to ensure tax certainty and to promote Electronics System Design and Manufacturing facilities in India, it is proposed to provide a presumptive taxation regime for non-residents engaged in business of providing services or technology, to a resident company establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology and satisfies such conditions as prescribed in the rules.
- It is proposed to introduce a new section 44BBD, which deems 25 % of aggregate amount received/ receivable by, or paid/ payable to, the non-resident on account of providing services or technology as taxable profits of non-resident.
- This will result in an effective tax payable of less than 10% on gross receipts, by a non-resident company

B. Harmonization of Significant Economic Presence Applicability with Business Connection

- It is proposed to amend Explanation 2A of Section 9 so that the transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence of such non-resident in India.
- This will bring it in coherence with the Explanation 1 to clause (i) of sub-section (1) of section 9 for business connection

C. Rationalization of Taxation of Capital Gains on Transfer of Capital Assets by Non-residents

- To bring in parity, the tax rates of non-residents with the resident taxpayers on long-term capital gains, the provisions of section 115AD of the Act are proposed to be amended to tax the long-term capital gains from the transfer of securities (other than units referred to in section 115AB of the Act), not referred to in section 112A of the Act in the hands of the Foreign Institutional Investors (FIIs) and specified funds @12.5%.

VI. TRANSFER PRICING RATIONALIZATION

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

- To reduce the burden on the Assessee as well as the administrative burden on the TPOs, cases where there are similar international transactions or specified domestic transactions for various years with similar facts, the Government has proposed to introduce block TP Assessment for 3 years. The process, as suggested, in the finance bill is as follows:

  A) The Assessee shall be required to exercise the option of block assessment.

  B) The TPO shall within one month from the end of month in which the option is exercised, declare if the option exercised by the Assessee is valid or not;

  C) If the option exercised by the Assessee is declared to be valid, the ALP in relation to such similar transaction(s) shall also be determined for two consecutive previous years immediately following such previous year;

  D) The said findings will be then considered by the AO to recompute the total income of the Assessee.

VII. RATIONALISATION OF OTHER TAX PROVISIONS

A. Extension of Benefits of Tonnage Tax Scheme To Inland Vessels

- In order to promote inland water transportation in the country and to attract investment in the sector, it is proposed to extend the benefits of tonnage tax scheme to Inland Vessels registered under Inland Vessels Act, 2021.
- Accordingly, inland vessels have been included in section 115VD for being eligible to be a qualified ship.

B. Amendments in Block Assessment Provisions for Search and Requisition Cases Under Chapter XIV-B

- **Inclusion of Virtual Digital Assets (VDAs) in Undisclosed Income:** VDAs are now considered undisclosed income if not properly declared.
- **Changes to Abatement & Revival of Proceedings:**
  - **Abatement:** All pending assessments at the time of search or requisition will abate.
  - **Revival:** If a block assessment is annulled on appeal, prior assessments can be revived.

- **Modification in Handling Subsequent Search Cases:** Clarifies that even non-pending but required assessments must be completed before new block assessments.
- **Refinement in Computation of Block Period Income:** Adjustments in income definitions to align with undisclosed income concepts. Income from recently ended financial years (before the search) is taxed under normal provisions if recorded in books.
- **Exclusion of International & Specified Domestic Transactions:** These transactions will now be assessed under regular assessment provisions instead of block assessment.
- **Rationalization of Time Limits:** Block assessments must now be completed within 12 months from the end of the quarter of the last search/requisition, ensuring better coordination in group cases.
- **Effective Date:** These amendments take effect from February 1, 2025.

C. Non-Applicability of Section 271AAB

- The Finance Act, 2024 introduces Block Assessment provisions for searches initiated under Section 132 on or after September 1, 2024. While Section 271AAB deals with penalties for searches initiated after December 15, 2016, its applicability to searches conducted under the new block assessment regime could lead to ambiguity.
- To eliminate any misinterpretation, Section 271AAB is proposed to be amended, explicitly stating that it will not apply to searches initiated under Section 132 on or after September 1, 2024. This amendment will be effective from September 1, 2024.

D. Amendments proposed in sections 132 and 132B for rationalising provisions

To streamline the process of retaining seized books of account and documents, the following amendments have been proposed:

- **Revised Time Limit for Retention Approval:** The current requirement for obtaining approval for retaining seized documents varies across cases, leading to administrative inefficiencies. It is proposed that the approval for retention must now be obtained within one month from the end of the quarter in which the assessment, reassessment, or recomputation order is passed.
- **Clarification on Execution of Search Authorization:** Section 132 Explanation 1 currently defines when the last of the search authorisation is deemed to have been executed. To ensure consistency with other provisions, the term "authorisation" will be replaced with "authorisations" to cover multiple search instances.
- **Update to Reference in Section 132B:** Explanation 1 to Section 132B refers to the term "execution of an authorisation for search or requisition" as defined in Section 158BE. With the introduction of the block assessment regime via the Finance (No. 2) Act, 2024, this definition has now been incorporated under Section 158B. Consequently, Section 132B will be updated to refer to Section 158B instead of Section 158BE.

E. Rationalization Of Provisions Related To Carry Forward of losses in case Of Amalgamation

- Sections 72A and 72AA of the Income Tax Act govern the carry forward and set-off of accumulated losses and unabsorbed depreciation allowance in cases of amalgamation or business reorganization. These provisions ensure a smooth transition of losses to the successor entity while maintaining compliance with tax laws.
- **Key Changes in the Proposed Amendment:** The accumulated loss of the amalgamating or predecessor entity will be treated as the loss of the amalgamated or successor entity. The carry forward of such losses shall not exceed eight assessment years from the assessment year in which the loss was originally computed for the predecessor entity.

F. Amendment of Definition of 'Capital Asset

- The provisions of section 2(14) of the Act, which define capital assets, are proposed to be amended and include any security held by investment funds referred to in Section 115UB which has invested in such security in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 in the definition of Capital Assets.

G. Obligation To Furnish Information Regarding Crypto Asset

- The taxation of Virtual Digital Assets (VDA) was introduced under Section 115BBH of the Income Tax Act through the Finance Act 2022. Under this provision, any transfer of VDA is taxed at a rate of 30%, with no deductions allowed except for the cost of acquisition.

Proposed Amendments

1. **Expansion of VDA Definition:** Section 2(47A) of the Act is proposed to be amended to explicitly include crypto assets as Virtual Digital Assets. The definition will cover any digital representation of value that relies on cryptographically secured distributed ledgers or similar technologies to validate and secure transactions.
2. **Introduction of Section 285BAA** – Obligation to Furnish Information on Crypto Assets A new compliance requirement is proposed under Section 285BAA, mandating reporting and information submission for crypto assets.
3. **Reporting Requirement:** Prescribed reporting entities must furnish statements on crypto assets within the specified timeframe and format.
4. **Defective Statements:** If a submitted statement is found defective, the Income Tax Authority will notify the assessee, providing 30 days to rectify the defect.
5. **Failure to Furnish Statements:** If the assessee fails to submit the required statement, a notice will be issued requiring compliance within 30 days of service.

5\. **Correction of Errors:** If an assessee discovers an inaccuracy in the submitted statement, they must inform the Income Tax Authority and provide the correct information within 10 days.

H. Shift of Penalty Imposition to Assessing Officer & Omission of Section 271BB

- Currently, penalties under Sections 271C, 271CA, 271D, 271DA, 271DB, and 271E are imposed by the Joint Commissioner, even though assessments are made by the Assessing Officer (AO). To streamline the process, the amendment proposes that the AO will now impose these penalties, but must seek Joint Commissioner's approval if the penalty exceeds the limit under Section 274(2).

  Additionally, Section 271BB, which penalized failure to subscribe to eligible capital issues under Section 88A, is being omitted since Section 88A was repealed in 1996.

I. Clarity on Taxation of Income from Redemption of Unit Linked Insurance Policies (ULIPs)

To streamline taxation on ULIPs that do not qualify for exemption under Section 10(10D), the following changes are proposed:

- Such ULIPs will be considered capital assets under Section 2(14).
- Profits from redemption of these ULIPs will be taxed as capital gains under Section 45(1B).
- These ULIPs will be classified as equity-oriented funds under Section 112A for capital gains taxation.

K. INTRODUCTION OF NEW INCOME TAX BILL

- The new Income-Tax Bill to be issued which will be clear and direct in text so as to make it simple to understand for taxpayers and tax administration, leading to tax certainty and reduced litigation.

J. Rationalization of Taxation for Business Trusts

To align the taxation of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) under Section 115UA, the following amendment is proposed:

- Business trusts currently receive pass-through taxation for interest, dividend, and rental income, taxable in the hands of unit holders.
- Under Section 115UA (2), income is taxed at the maximum marginal rate, considering Sections 111A and 112.
- Section 112A (on long-term capital gains from equity and business trust units) was missing from the provision.

The amendment includes Section 112A, ensuring that long-term capital gains from business trust units are taxed appropriately.

VIII. RATIONALIZATION/EXTENSION OF TIME LIMITS

A. Extension Of Timeline For Tax Benefits To Start-ups

Section 80-IAC is proposed to be amended to extend the date of incorporation from March 31, 2025 to March 31, 2030 to be an eligible start-up to claim the deduction.

B. Rationalization Of Time Limit to Impose Penalties

Section 275 of the Income Tax Act prescribes multiple timelines for imposing penalties, depending on the nature of the case. These varying deadlines make it difficult for tax administrators and taxpayers to track penalty imposition dates effectively. To address this challenge and enhance efficiency, the government has proposed amendments to Section 275. It is proposed that A penalty order shall not be passed beyond six months from the end of the quarter in which the relevant proceedings are completed. The time limit shall also apply if the appellate order is received by the jurisdictional Principal Commissioner or Commissioner. The same six-month period applies when an order of revision is passed, or a notice for penalty imposition is issued.

C. Clarification regarding commencement date and the end date of the period stayed by the Court

The proposed amendment clarifies the start and end dates of the period stayed by a court order under various sections of the Income Tax Act. It specifies that the exclusion period begins on the date when the stay order or injunction is granted and ends on the date when the jurisdictional Principal Commissioner or Commissioner receives the certified copy of the order vacating the stay. This amendment aims to remove ambiguity and ensure consistency in calculating time limits for concluding proceedings.

D. Extension of Exemption to Specified Undertaking of Unit Trust of India (SUUTI)

The Specified Undertaking of Unit Trust of India (SUUTI) was established under the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, as the successor to the erstwhile Unit Trust of India (UTI). Its primary role is to liquidate government liabilities related to the former UTI. Under Section 13(1) of the UTI Repeal Act, 2002, SUUTI was exempted from income tax until March 31, 2023. This exemption was later extended to March 31, 2025 by the Finance Act, 2023.

Given that SUUTI's responsibilities, including scheme redemptions, payments, and litigation, are expected to extend beyond March 31, 2025, a further extension is proposed. The amendment seeks to extend the tax exemption period until March 31, 2027, ensuring that no income tax or any other tax is levied on income, profits, or gains related to SUUTI during this period.

E. Increasing Time Limit for Orders Under Section 115VP

- Section 115VP of the Income-tax Act allows qualifying companies to opt for the tonnage tax scheme by applying to the Joint Commissioner. Currently, the Joint Commissioner must approve or reject the application within one month from the end of the month in which it was received.
- To address the challenge of limited time for verification, including reviewing documents, conducting physical inspections, and granting an opportunity to be heard, the amendment extends the time limit for passing orders. For applications received on or after April 1, 2025, the order must be passed within three months from the end of the quarter in which the application was received.

F. Exclusion of Court Stay Period for Calculating Time Limit Under Section 206C

Currently, under Section 206C(7A) of the Income-tax Act, a person cannot be deemed an assessee in default for failure to collect tax after six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which a correction statement was delivered, whichever is later.

To ensure fair assessment, the amendment proposes to exclude periods where proceedings were stayed by a court order when calculating this time limit. It aligns Section 206C(7A) with Section 153, which governs similar exclusions.

G. Removal of Time Limit for Notifying Faceless Schemes

The government has been implementing faceless schemes under Sections 92CA, 144C, 253, and 255 to enhance electronic processing, reduce taxpayer interactions, and improve efficiency. Initially introduced in 2020 and 2021, the deadline for notification was extended twice, most recently to March 31, 2025, due to implementation challenges. To ensure flexibility, it is now proposed to remove the deadline altogether, allowing the Central Government to issue notifications beyond March 31, 2025, as needed.

H. Extending The Processing Period Of Application Seeking Immunity From Penalty And Prosecution

Section 270AA allows taxpayers to apply for immunity from penalty or prosecution within one month of receiving an order. Currently, the Assessing Officer (AO) must decide on the application within one month from its receipt. To address challenges faced by taxpayers, it is proposed to extend the AO's processing period to three months from the end of the month in which the application is received.

I. Extension of Time Limit for Filing Updated Return

- Currently, Section 139(8A) allows taxpayers to file an updated return within 24 months from the end of the relevant Assessment Year (AY) with an additional tax of:
  - **25% if filed within 12 months**
  - **50% if filed within 24 months**
- The proposed amendment extends the time limit to 48 months, with an increased additional tax of:
  - **25% if filed within 12 months**
  - **50% if filed within 24 months**

Additionally, no updated return can be filed if a show cause notice under Section 148A is issued after 36 months. However, if an order under Section 148A (3) determines that reassessment is not required, an updated return may still be filed up to 48 months.

COVERAGE OF GOODS & SERVICES TAX PROPOSALS

The Goods and Services Tax (GST) framework is undergoing significant amendments aimed at improving compliance, streamlining processes, and addressing loopholes that have been identified over the years. The latest legislative changes introduce modifications in the definition of Input Service Distributor (ISD), the implementation of a Track & Trade mechanism for specific goods, amendments in the reversal of Input Tax Credit (ITC), and changes in supply-related provisions.

BELOW IS A DETAILED ANALYSIS OF THE KEY AMENDMENTS AND THEIR IMPLICATIONS.

1. Amendments to Input Service Distributor (ISD) Mechanism

The definition of ISD has been amended to allow for the distribution of ITC concerning inter-state procurements where tax is payable under the reverse charge mechanism. Additionally, corresponding changes have been made to the manner in which ITC is distributed by ISD.

2. Introduction of the Track & Trade Mechanism

A new Track & Trade mechanism has been introduced for certain evasion-prone goods.

The key aspects of this mechanism are:

- The government will notify the specific goods, persons, or classes of persons subject to these provisions.
- A Unique Identification Marking (UIM) system will be established, requiring specified commodities to have secure, non-removable digital stamps, digital marks, or other unique identifiers.
- Assessees under this provision will be responsible for affixing the UIM, reporting details of the specified goods, and maintaining records of machinery and production.
- The cost associated with deploying this system will be borne by the notified persons dealing with such goods.
- **A stringent penalty is introduced for non-compliance, amounting to INR 100,000 or 10% of the tax payable on such goods, whichever is higher.**
- **This mechanism is designed to curb tax evasion and enhance traceability in the supply chain.**

3. Reversal of ITC on Credit Notes

corresponding to a credit note, if availed by the registered recipient. This ensures that the supplier's tax liability reduction due to a credit note aligns with the ITC reversal by the recipient. In cases where the supply is made to an unregistered recipient, the supplier can only reduce their tax liability if the tax incidence has not been passed on to another party.

4. Changes in Communication of ITC and Inward Supplies

Provisions related to the communication of details of inward supplies and ITC have been revised. The reference to auto-generated statements has been removed, indicating a possible shift towards a more flexible mechanism for reporting and verification.

5. Time of Supply for Vouchers

The provisions concerning the time of supply for vouchers (for goods or services) issued by a supplier have been omitted. This amendment simplifies compliance and eliminates ambiguity in the determination of tax liability on such transactions.

6. Retrospective Amendment in ITC Eligibility for Plant and Machinery

A retrospective amendment to Section 17(5)(d) of the CGST Act, effective from July 1, 2017, replaces the phrase "plant or machinery" with "plant and machinery." This amendment aims to resolve legal ambiguities and is binding regardless of any prior court judgments or rulings.

➤ **7. Mandatory Pre-Deposit for Penalty Appeals**

To streamline the appellate process, a mandatory pre-deposit of 10% of the penalty amount is required for appeals involving only penalty disputes before the Appellate Authority. An additional 10% pre-deposit will be required for appeals before the Appellate Tribunal in such cases. This change ensures a commitment to the appeal process while discouraging frivolous litigation.

➤ **8. Treatment of Goods Warehoused in SEZs and FTWZs**

Supply of goods warehoused in a Special Economic Zone (SEZ) or Free Trade Warehousing Zone (FTWZ) to any person before export clearance or transfer to the Domestic Tariff Area (DTA) will be treated neither as a supply of goods nor as a supply of services under Schedule III of the CGST Act. The definitions of SEZ, FTWZ, and DTA will be aligned with their meanings in the SEZ Act, 2005. **This amendment is retrospectively effective from July 1, 2017, but any GST collected before this amendment will not be refunded.**

➤ **9. Explanation for 'Warehoused Goods' Under Schedule III**

An explanation defining 'warehoused goods' under Schedule III of the CGST Act will be applicable retrospectively from July 1, 2017, clarifying their tax treatment.

COVERAGE OF CUSTOMS PROPOSALS

The recent amendments in the Customs Act, 1962, aim to enhance efficiency, improve compliance, and streamline customs procedures. These changes cover a broad spectrum, from provisional assessment of duty to customs tariff modifications.

BELOW IS A DETAILED BREAKDOWN OF THE KEY LEGISLATIVE CHANGES AND THEIR IMPLICATIONS.

1. Provisional Assessment of Duty

➤ **A. Time Limit for Finalization of Provisional Assessment:**

- The proper officer may provisionally assess the duty on goods.
- A time limit of **two years** has been specified for the finalization of the provisional assessment.
- This period may be extended by **one year** if sufficient cause is shown and reasons are recorded in writing.
- For **pending cases**, the time limit shall be reckoned from the **date of assent of the Finance Bill.**

B. Cases When the Time Limit of Two Years Shall Not Apply:

If the duty cannot be finally assessed within two years, the proper officer must inform the importer/exporter of the reasons. The two-year period will then be counted from when the reason ceases to exist. Such reasons include:

- Information sought from an authority outside India through a legal process.
- Pending appeal in a similar matter of the same or another person before the Appellate Tribunal, High Court, or Supreme Court.
- Interim stay order issued by the Appellate Tribunal, High Court, or Supreme Court.
- Specific direction or order issued by the Board to keep the matter pending.
- Pending application before the Settlement Commission or Interim Board by the importer/exporter.

2. Voluntary Revision of Entry Post Clearance by Importers and Exporters

- A new provision allows importers and exporters to voluntarily revise any entry made concerning the goods within a **prescribed time** and **conditions.**
- The revised entry will be treated as **self-assessment**, enabling payment of duty or filing a **refund claim** under the Customs Act.
- The proper officer is empowered to **verify and reassess** the revised entry.
- Certain cases will be **excluded** from this provision.

3. Other Key Amendments:

- **Limitation period for refund claims** based on revised entries is **one year** from the date of duty or interest payment.
- **Relevant date for recovery of duties** in cases where duty is paid under the revised entry is the **date of payment of duty or interest.**

Settlement of Cases and Empowerment of Interim Board:

Key Definitions Introduced:

- **Interim Board:** The Interim Board for Settlement constituted under **Section 31A of the Central Excise Act, 1944.**
- **Pending application:** An application filed under **Section 127B** before **April 1, 2025**, meeting the following conditions: (1) Allowed under **Section 127C**. (2) No order under **Section 127C(5)** was issued before **March 31, 2025.**

➤ **End Date for Filing Applications to the Settlement Commission:**

- No new applications can be made to the **Settlement Commission** on or after **April 1, 2025.**
- Every **pending application** shall be dealt with by the Interim Board from the stage where it stood before the **Interim Board** was constituted.
- The **Settlement Commission** ceases to operate from April 1, 2025.

- **Time Limit for Extension by the Interim Board:**

- Effective **April 1, 2025**, specified provisions will apply to **pending applications** with modifications.
- The **Interim Board** may extend the **time limit** for issuing orders within three months from its constitution, but not beyond **twelve months.**

- **Powers of the Interim Board:**

- From **April 1, 2025**, the powers of the **Settlement Commission** will be exercised by the **Interim Board** in cases relating to:
- **Provisional attachment** to protect revenue.
- **Power and procedure** of the Settlement Commission.
- **Inspection of reports.**
- **Granting immunity** from prosecution and penalty.

➤ **Amendments to IGCR (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2017:**

- The time limit for **fulfilling** end-use has increased from **six months to one year.**
- Importers now need to file **quarterly** statements instead of **monthly statements.**

COVERAGE OF EXCISE DUTY PROPOSALS

The Finance Bill, 2025, introduces significant amendments to the Central Excise Act, 1944, which will take effect from April 1, 2025. These amendments primarily focus on restructuring the mechanism of settlement under the Act by introducing the concept of the "Interim Board for Settlement."

1. Definition of Interim Board for Settlement and Pending Applications

A crucial amendment is made to Section 31 to define the terms:

- **Interim Board for Settlement:** The new body responsible for handling pending applications in place of the Settlement Commission.
- **Pending Application:** Applications already submitted under the settlement provisions before the constitution of the Interim Board.

ANSHIT SINGHAL & ASSOCIATES CHARTERED ACCOUNTANTS

2. Establishment of Interim Board for Settlement

- A new Section 31A is inserted to establish one or more Interim Boards for Settlement. These boards will process the pending applications and will handle them from the stage they were at before the constitution of the Interim Board.

3. Ceasing of CCESC Operations

- A proviso to sub-section (1) of Section 32 is inserted, stating that the Customs and Central Excise Settlement Commission (CCESC) shall cease to operate on or after April 1, 2025. This marks a significant structural change in the dispute resolution mechanism under the Central Excise Act.

4. Provisions Related to Settlement Applications to Cease

- Sections **32A, 32B, 32C, and 32D** are amended by inserting a proviso stating that the provisions of these sections shall not apply on or after April 1, 2025. This effectively removes these provisions related to settlement applications post the said date.

5. Restriction on Filing of New Settlement Applications

- A proviso is inserted to sub-section **(5) of Section 32E,** stating that no new application shall be made under this section on or after April 1, 2025. This amendment ensures that no fresh settlement applications can be filed beyond the specified date.

6. Transition of Settlement Commission to Interim Board

- Section 32F is amended to substitute the term "Settlement Commission" with "Interim Board", ensuring that the specified procedure for handling applications under Section 32E applies to the new board. Additionally, a new sub-section is introduced, allowing the Interim Board to extend the disposal time for pending applications by up to twelve months from its constitution, provided the reasons are recorded in writing. This provision ensures a smooth transition of cases from the Settlement Commission to the Interim Board.

7. Transfer of Powers and Functions to Interim Boards

- Several sections, including **32G, 32-I, 32J, 32K, 32L, 32M, 32-O, and 32P,** are amended to state that from April 1, 2025, the powers and functions previously exercised by the Settlement Commission under these sections shall now be exercised by the Interim Boards.

AMENDMENTS TO THE DUTY RATES

A. Increase in Tariff rate for BCD to be effective from February 02,2025, unless otherwise specified:

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
		Textile		
1	6004 10 00 6004 90 00 6006 22 00 6006 31 00 6006 32 00 6006 33 00 6006 34 00 6006 42 00 6006 90 00	Knitted Fabrics	20%/10%	20% or Rs115/kg, whichever is higher
IT & Electronics sector				
2	8528 59 00	Interactive Flat Panel Displays (Completely Built Units)	10%	20%

B. Decrease in Tariff rate for BCD to be effective from May 01,2025, unless otherwise specified:

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
1	25151100 2515 12	Marble and travertine, crude or roughly trimmed, merely cut into blocks, slabs and other	40%	20%
2	2516 11 00 2516 12 00	Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	40%	20%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
3	2933 59	Other compounds containing a pyrimidine ring (whether or not hydrogenated) or piperazine ring in the structure	10%	7.5%
4	3302 10	Synthetic flavouring essences and mixtures of odoriferous substances of a kind used in food and drink industries	100%	20%
5	3406	Candles, tapers and the like	25%	20%
6	3822 90	Reference Materials	30%	10%
7	3824 60	Sorbitol other than that of sub- heading 2905 44	30%	20%
8	3920	Other, plates, sheets, films, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials	25%	20%
9	3921	Other plates, sheet, film, foil and strip of plastics	25%	20%
10	6401	Waterproof Footwear with outer soles and Uppers of Rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes	35%	20%
11	6402	Other footwear with outer soles and uppers of rubber or plastics	35%	20%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
12	6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	35%	20%
13	6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	35%	20%
14	3406	Other Footwear	35%	20%
15	6802 10 00 6802 21 10 6802 21 20 6802 21 90 6802 23 10 6802 23 90 6802 29 00 6802 91 00 6802 92 00 6802 93 00	Worked monumental or building stone	40%	20%
16	7113	Articles of Jewellery and parts thereof	25%	20%
17	7114	Articles of goldsmiths' and silversmiths' ware's and parts thereof	25%	20%
18	7404 00 12 7404 00 19 7404 00 22	Copper Waste and Scrap	2.5%	Nill
19	8002	Tin Waste and Scrap	5%	Nill
20	8101 97 00	Tungsten Waste and Scrap	5%	Nill
21	8102 97 00	Molybdenum Waste and Scrap	5%	Nill
22	8103 30 00	Tantalum Waste and Scrap	5%	Nill

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
23	8105 30 00	Cobalt Waste and Scrap	35%	Nill
24	8106 90 10	Waste and Scrap of Bismuth and Bismuth alloys	35%	Nill
25	8109 31 00, 8109 39 00	Zirconium Waste and Scrap	10%	Nill
26	8110 20 00	Antimony Waste and Scrap	2.5%	Nill
27	8112 13 00	Beryllium Waste and Scrap	5%	Nill
28	8112 41 20	Rhenium Waste and Scrap	10%	Nill
29	8112 61 00	Cadmium Waste and Scrap	5%	Nill
30	8541 42 00	Solar Cells	25%	20%
31	8541 43 00 8541 49 00	Solar Module and Other semiconductor devices and photovoltaic cells	40%	20%
32	8702	Motor vehicles for transport of 10 or more persons	40%	20%
33	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702)	125%	70%
34	8704	Motor vehicles for transport of goods	40%	20%
35	8711	Motorcycles and cycles fitted with an auxiliary motor with or without side-car	100%	70%
36	8712 00 10	Bicycles	35%	20%
37	8903	Yachts and other vessels for pleasure or sports; rowing boats and canoes	25%	20%
38	9028 30 10	Electricity meters for alternating current (Smart meter)	25%	20%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
39	9401	Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof	25%	20%
40	9403	Other furniture and parts thereof	25%	20%
41	9404	Mattres ssupports, articles of bedding and similar furnishing etc.	25%	20%
42	9405	Luminaries and lighting fittings including searchlights and spotlights and parts thereof etc.	25%	20%
43	9503 00 91	Parts of electronic toys	70%	20%
44	9802 00 00	Laboratory Chemicals	150%	70%
45	9803 00 00	All dutiable articles, imported by a passenger or a member of a crew in his baggage	100%	70%
46	9804 00 00	All dutiable goods imported for personal use.	35%	20%

C. Decrease in Tariff rate without change in existing effective rate of duty to be effective from May 01,2025, unless otherwise specified:

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
1	1520 00 00	Glycerol Crude, glycerol waters, glycerol lye	30%	20%
2	2603 00 00	Copper Ores and concentrates	2.5%	Nill

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
3	2605 00 00	Cobalt Ores and concentrates	2.5%	Nill
4	2609 00 00	Tin Ores and concentrates	2.5%	Nill
5	2611 00 00	Tungsten Ores and concentrates	2.5%	Nill
6	2613 00 00	Molybdenum Ores and concentrates	2.5%	Nill
7	2615 10 00	Zirconium Ores and concentrates	2.5%	Nill
8	2615 90 10	Vanadium Ores and concentrates	2.5%	Nill
9	2615 90 20	Niobium or Tantalum Ores and concentrates	2.5%	Nill
10	2617 10 00	Antimony Ores and Concentrates	2.5%	Nill
11	2711 12 00	Liquefied Propane	15%	2.5%
12	2711 13 00	Liquefied Butane	15%	2.5%
13	27 11 19 10	LPG (for non-automotive purpose)	15%	5%
14	2711 19 20	LPG (for automotive purpose)	15%	5%
15	2711 19 90	Other liquified petroleum gas	15%	5%
16	2809 20 10	Phosphoric Acid	20%	7.5%
17	2810 00 20	Boric Acid	27.5%	7.5%
18	3824 99 00	Other – Prepared Binders, chemical products and preparations of chemical or allied industries	17.5%	7.5%
19	7210 12 10	OTS/MR type-flat rolled products of thickness less than 0.5 mm	27.5%	15%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
20	7210 12 90	Other flat rolled products of thickness less than 0.5 mm	27.5%	15%
21	7219 12 00	Hot-rolled products in coils of thickness greater than or equal to 4.75 mm, but not exceeding 10mm	22.5%	15%
22	7219 13 00	Hot-rolled products in coils of thickness greater than or equal to 3 mm but less than 4.75 mm	22.5%	15%
23	7219 21 90	Flat rolled products of stainless steel of width 600 mm or more - Other nickel chromium austenitic type	22.5%	15%
24	7219 90 90	Flat rolled products of stainless steel of width 600 mm or more - Other sheets and plates	22.5%	15%
25	7225 11 00	Flat-rolled products of other alloy steel - grain oriented, silicon electrical steel	20%	15%
26	7307 29 00	Other tube or pipe fittings of stainless steel	25%	15%
27	7307 99 90	Other fittings of iron or steel, non- galvanised	25%	15%
28	7308 90 90	Other structure and parts of structures of iron and steel	25%	15%
29	7310 29 90	Others-tanks and drums etc.	25%	15%
30	7318 15 00	Other screws and bolts whether or with nuts or washers	25%	15%
31	7318 16 00	Threaded nuts	25%	15%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
32	7318 29 90	Other non-threaded articles	25%	15%
33	7320 90 90	Other springs and leaves of iron/steel	25%	15%
34	7325 99 99	Other cast articles of iron or steel	25%	15%
35	7326 19 90	Others - forged or stamped articles of iron or steel but not further worked	25%	15%
36	7326 90 99	Miscellaneous other articles of iron/steel	25%	15%
37	8001	Unwrought Tin	5%	Nill
38	8101 94 00	Unwrought tungsten, including bars and rods obtainedsimply by sintering	5%	Nill
39	8102 94 00	Unwrought molybdenum, including bars and rods obtained simply by sintering	5%	Nill
40	8103 20	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	5%	Nill
41	8105 20 20	Cobalt, unwrought	5%	Nill
42	8106 10 10	Bismuth, unwrought	5%	Nill
43	8109 21 00	Unwrought zirconium, powders, containing less than 1 part hafnium to 500 parts zirconium by weight	10%	Nill
44	8110 10 00	Unwrought antimony, powders	2.5%	Nill
45	8112 12 00	Beryllium unwrought, powders	5%	Nill
46	8112 31	Hafnium unwrought, waste and scrap, powders	10%	Nill
47	8112 41 10	Rhenium unwrought	10%	Nill
48	8112 69 10	Cadmium unwrought, Powders	5%	Nill
49	8112 41 10	Cadmium, wrought	5%	Nill

D. Change in Basic Custom Duty effective from February 02,2025, unless otherwise specified:

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
		Aquafarming & Marine Exports		
1	0304 99 00	Frozen Fish Paste (Surimi) for use in manufacture of Surimi Analogue products, for export	30%	5%
2	2301 20	Fish Hydrolysate for use in manufacture of aquatic feed	15%	5%
		Leather		
3	4104 11 00 4104 19 00 4105 10 00 4106 21 00 4106 31 00 4106 91 00	Wet blue leather (hides and skins)	10%	Nill
		Gems and Jewellery Sector		
4	7113	Platinum Findings	25%	5%
		Metal Scrap & Lithium-Ion Battery Waste and Scrap		
5	7802	Lead waste and scrap	5%	Nill
6	7902	Zinc waste and scrap	5%	Nill
7	8105 20 30	Cobalt powders	5%	Nill
8	8549 13 00 8549 14 00 8549 19 00	Waste and scrap of Lithium-Ion Battery	5%	Nill

D. Change in Basic Custom Duty effective from February 02,2025, unless otherwise specified:

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
		IT and Electronics Sector		
9	8517	Ethernet switches Carrier grade	20%	10%
10	8524 8529	FOpen cell for Interactive Flat Panel Display Module with or without touch, Touch Glass Sheet and Touch Sensor PCB for the manufacture of the Interactive Flat Panel Display Module.	15% / 10%	5%
11	8529	Inputs and Parts of the Open Cells for use in the manufacture of Television Panels of LED/LCD TV.	2.5%	Nill
12	Any chapter	Inputs or Parts/sub-parts for use in the manufacture of the Printed Circuit Board Assembly, Camera module and connectors of cellular mobile phones and inputs and raw materials for use in the manufacture of specified parts of cellular mobile phones i.e on Wired Headset, Microphone and Receiver, USB Cable and Fingerprint reader/Scanner of Cellular Mobile Phone.	2.5%	Nill
13	Any chapter	Add 35 capital goods for use in the manufacture of lithium-ion battery of EVs and 28 capital goods for use in the manufacture of lithium-ion battery of mobile phones in the list of exempted capital goods	As applicable	Nill

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
		IT and Electronics Sector		
14	Any chapter	To amend entry S. No. 6D of Notification No. 57/2017-Customs and incorporate 'any chapter' in column (2) for goods used to manufacture mechanics of mobile phone	As applicable	10%
		Automobile		
15	8702	Motor vehicles for transport of 10 or more persons	25%/40%	20%
16	8703	Motor cars and other motor vehicles with CIF value more than US $40,000 or with engine capacity more than 3000 cc for petrol run vehicles and more than 2500 cc for diesel run vehicles or with Both	100%	70%
17	8704	Motor vehicles for transport of goods	25%/40%	20%
18	8711	Motor cycles with engine capacity not exceeding 1600cc in CBU form	50%	40%
19	8711	Motor cycles with engine capacity not exceeding 1600cc in SKD form	25%	20%
20	8711	Motor cycles with engine capacity not exceeding 1600cc in CKD form	15%	10%
21	8711	Motor cycles with engine capacity of 1600cc and above in CBU form	50%	30%
22	8711	Motor cycles with engine capacity of 1600cc and above in SKD form	25%	20%
23	8711	Motor cycles with engine capacity of 1600cc and above in CKD form	15%	10%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
		Toys		
24	9503 00 91	Parts of electronic toys for manufacture of electronic toys	25%	20%

E. Change in Excise Duty effective from February 02,2025, unless otherwise specified:

25	4104 41 00 4104 49 00 4105 30 00 4106 22 00 4106 32 00 4106 92 00	Crust leather (hides and skins)	20%	Nill

F. Change in Agriculture Infrastructure And Development Cess (AIDC) effective from February 02,2025, unless otherwise specified:

S. No.	Heading, sub- heading, tariff item	Commodity	Rate of Duty	
			From	To
1	2515 11 00 2515 12	Marble and travertine, crude or roughly trimmed, merely cut into blocks, slabs and other	Nill	20%
2	2516 11 00 2516 12 00	Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	Nill	20%
3	3406	Candles, Tapers and the like	Nill	7.5%
4	3920 or 3921	PVC Flex Films, PVC Flex Sheets, PVC Flex Banner	Nill	7.5%
5	6401	Waterproof Footwear with outer soles and Uppers of Rubber or Plastics	Nill	18.5%
6	6402	Other Footwear With Outer Soles And Uppers of Rubber or Plastics	Nill	18.5%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
7	6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	Nill	18.5%
8	6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	Nill	18.5%
9	6405	Other Footwear	Nill	18.5%
10	6802 10 00 6802 21 10 6802 21 20 6802 21 90 6802 91 00 6802 92 00	Marble Slab	Nill	20%
11	7113	Platinum findings	Nill	1.4%
12	8541 42 00	Solar Cells	Nill	7.5%
13	8541 43 00 8541 49 00	Solar Module and Other semiconductor devices and photovoltaic cells	Nill	20%
14	8702	Motor vehicles for transport of 10 or more persons	Nill	20%
15	8702	Motor vehicles for transport of 10 or more persons when imported under S. No. 524 (1) (b) of the notification No. 50/2017- Customs	Nill	5%
16	8702	Motor vehicles for transport of 10 or more persons when imported under S. No. 524 (2) of the notification No. 50/2017- Customs	Nill	20%
17	8703	Used Motor vehicles	Nill	67.5%
18	8702	Motor cars and other motor vehicles principally designed for the transport of persons in other than Completely Knocked Down and Semi Knocked Down form with CIF value exceeding USD 40,000	Nill	40%

S. No.	Tariff item	Commodity	Rate of Duty	
			From	To
19	8704	Motor vehicles for transport of goods	Nill	20%
20	8704	Motor vehicles for transport of goods when imported under S. No. 525 (1) (b) of the notification No. 50/2017-Customs	Nill	5%
21	8704	Motor vehicles for transport of 10 or more persons when imported under S. No. 525 (2) of the notification No. 50/2017- Customs	Nill	20%
22	8711	Used motorcycles and cycles fitted with an auxiliary motor with or without side-car	Nill	40%
23	8712 00 10	Bicycles	Nill	1.5%
24	8903	Yachts and other vessels for pleasure of sports	Nill	7.5%
25	9028 30 10	Electricity meters for alternating current (Smart meter)	Nill	7.5%
26	9401	Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof	Nill	5%
27	9403	Other furniture and parts thereof	Nill	5%
28	9404	Mattress supports, articles of bedding and similar furnishing etc.	Nill	5%
29	9405	Luminaries and lighting fittings including searchlights and spotlights and parts thereof etc.	Nill	5%
30	9503 00 91	Parts of electronic toys	Nill	20%
31	9503 00 91	Parts of electronic toys for manufacture of electronic toys (S. No. 591 of notification No. 50/2017- Customs dated 30.06.2017)	Nill	7.5%
32	9802 00 00	Laboratory Chemicals (other than those attracting 10% BCD for specified end use)	Nill	70%

G. Change in Social Welfare Cess (SWS) effective from February 02,2025, unless otherwise specified:

S. No.	Description Following goods are being exempted from levy of Social Welfare Surcharge
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 Leathers
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 40,00
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

H. The details of exemptions/concessional rates of custom duty being extended with or without modifications:

S. No.	Description	Entry No	End date
1	Ships and vessel for breaking up	S. No. 555A	31.3.2035
2	Raw materials, components, consumables or parts, for use in the manufacture of ships/vessels	S. No. 559	31.3.2035
3	Bulk drugs for manufacture of drugs or medicines [A separate entry is being created for Drugs, medicines, diagnostic kits specified in List 3 with modifications in the list]	S. No. 166	31.3.2029
4	Bulk drugs used in the manufacture of polio vaccine and Monocomponent insulinst]	S. No. 166A	31.3.2029
5	Bulk drugs used in the manufacture of life saving drugs or medicines [A separate entry is being created for Drugs, medicines, diagnostic kits specified in List 4 with modifications in the list]	S. No. 167	31.3.2029
6	Drugs, Medicines or Food for Special Medical Purposes (FSMP) used for treatment of rare disease	S. No. 167A S. No. 607B	31.3.2029
7	Good specified in List 36 imported by testing agencies specified in List 37, for the purpose of testing and/or certification	S. No. 532A	31.3.2029
8	CrudeGlycerin for use in manufacture of Epichlorohydrin	S. No. 81A	31.3.2027
9	Denatured ethyl alcohol for use in manufacture of industrial chemicals	S. No. 104B	31.3.2027
10	Fish meal for use in manufacture of aquatic feed	S. No. 104C	31.3.2027
11	Goods for the manufacture of telecommunication grade optical fibres or optical fibre cables	S. No. 168, S. No. 341, S. No. 341A	31.3.2027
12	Textile machinery (with addition of two new machinery)	S. No. 460 S. No. 460A S. No. 460B S. No. 460C S. No. 460D	31.3.2027
13	Parts and components for use in manufacturing of textile machineries	S. No. 460E	31.3.2027
14	Goods for use in the manufacture of Open cell of LCD and LED TV panel	S. No. 515B	31.3.2027
15	Seeds for use in manufacturing of rough Lab-Grown Diamonds [IGCR condition removed]	S. No. 345B	31.3.2026
16	Parts of wind operated electricity generators, for the manufacture or the maintenance of wind operated electricity generators [The entry has also been modified]	S. No. 405	31.3.2026
17	Permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity generators	S. No. 406	31.3.2026

I. The details of exemptions/concessional rates of custom duty is being allowed to lapse with effect from 01.04.2025:

S. No.	S. No. of 50/ 2017- Customs	Description
1	489AA	Heat Coil for use in the manufacture of Electric Kitchen Chimneys falling under tariff item 84146000

J. Modifications in Certain Entries:

S. No.	S. No. of 50/ 2017- Customs	Description
1	489AA	9 new categories of items, including sea shells and adhesives, are added to the list of duty-free items used in manufacture of handicrafts for export and time period for export is increased to 1 year, which can be further extended to 3 months
2	539	BCD exemption is being extended to imports of ground installations for satellites and payloads and its spares and consumables of such installations.
3	539A	BCD exemption is being provided on goods for use in the building of launch vehicles and launching of satellites.

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New Delhi | Noida | Haryana

VISIT US

B-20, Sector-1, Noida, 201301, Uttar Pradesh, India

info@asasso.in 0120-3272284

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