

INDIAN
BUDGET
2025

UNION BUDGET 2025

Analysis by:

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INDIRECT TAX

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HIGHLIGHTS OF UNION BUDGET 2025

DIRECT TAX

- New Income-tax Bill, which comprehensively reviews the extant Income-tax law, will be introduced in the Budget Session;
- No change in the Corporate Tax Rate;
- Under the new tax regime, Individuals will receive an enhanced Rebate and revised Income-tax slabs, which result in no tax on Income up to ₹12 lakhs per annum;
- Standard deduction of ₹75,000 for income up to ₹12.75 lakh;
- TDS limit on interest for Senior Citizens increased from ₹50,000 to ₹1 lakh;
- TCS threshold for foreign remittances under the Liberalized Remittance Scheme (LRS) has been increased from ₹7 lakh to ₹10 lakh;
- No TCS will be collected on education-related remittances funded by loans from recognized financial institutions;
- To ease compliance, TCS will no longer apply to transactions involving the Sale of Goods;
- Thresholds for TDS/TCS increased in specific Sections, which will reduce the number of individuals/entities required to comply with these provisions;
- Similar to TDS decriminalization in July 2024, TCS delays up to the filing due date will also be decriminalized, reducing penalties for businesses;
- The time limit to file updated returns has been extended from 24 months to 48 months from the end of the relevant assessment year;

- Virtual Digital Asset to includes Crypto-Assets;
- The annual value of the property will be considered as nil for tax purposes, if the owner of a house property occupies it as their own residence, or cannot occupy it for any reason;
- The benefit u/s 80-IAC for start-ups, incorporated before 1st April, 2030, will be extended for another 5 years;
- To reduce paperwork and compliance for smaller trusts and institutions, the validity of registration for charitable trusts and institutions will be extended from 5 years to 10 years;
- Long-Term Capital Gain covered u/s 112A for Business trusts will be taxed at 12.5% (plus applicable Surcharge and Cess) and not at MMR;
- International Financial Service Centre (IFSC) – The sunset date for availing specified tax concessions has been extended. Ship leasing units, insurance company branches and treasury centres of global companies in IFSC are set for additional tax concessions;
- To align taxation of long-term capital gains between residents and non-residents (FIIs), Tax rate for long-term capital gain on transfer of securities not covered u/s 112A increased from 10% to 12.5%;
- Sunset date for investments by notified sovereign wealth funds and foreign pension funds extended to 31st March, 2030;
- Profit-linked tax deduction extended for eligible start-ups incorporated by 31st March, 2030;
- Presumptive tax regime for non-residents providing services or technology in India to electronics manufacturing facilities, deeming income at 25% of the receipts;
- Timeline for carrying forward tax losses in mergers is capped at 8 years from the year the loss is incurred;

- Time limit to pass penalty orders streamlined to six months from the end of the quarter in which the relevant order is passed;
- A new scheme to be introduced under Transfer pricing to determine arm's length price of international transactions for a block period of 3 years instead of conducting yearly examinations;
- The Safe Harbour Rules (SHR), which allow taxpayers to adopt pre-defined margins for certain international transactions, will be expanded to reduce litigation and provide tax certainty in international taxation;
- Micro enterprises registered on the Udyam portal will receive customized credit cards with a ₹5 lakh limit;
- The credit guarantee cover for micro and small enterprises raised from ₹5 crores to ₹10 crores, aiming to provide an additional ₹1.5 lakh crore in credit over the next 5 years;
- The credit guarantee cover for startups will be raised from ₹10 crores to ₹20 crores, with a reduced guarantee fee of 1% for loans in 27 key sectors crucial for Atmanirbhar Bharat;
- The credit guarantee cover for well-run exporter MSMEs will be extended for term loans up to ₹20 crores;
- The investment limit for MSMEs increased by 2.5 times and the turnover limit by 2 times, to facilitate business growth and access to better technology and capital;
- A new Export Promotion Mission will be established with sectoral and ministerial targets to facilitate easy access to export credit, cross-border factoring support, and assist MSMEs in tackling non-tariff barriers in foreign markets;
- A unified digital platform, Bharat Trade Net (BTN), will be set up to streamline international trade documentation and financing solutions. It will complement the Unified Logistics Interface Platform and align with international practices.

INDIRECT TAX

- Retrospective amendment in Section 17(5)(d) of the CGST Act proposed to be made, with effect from 1 July 2017, substituting the words "plant or machinery" with the words "plant and machinery" - nullifies the Supreme Court ruling in the case of M/s Safari Retreats Pvt Ltd to this extent;
- Introduction of the track and trace mechanism provisions for specified evasion-prone commodities by enabling affixation of unique identification marking;
- Time of supply provisions for "Voucher", which are neither supply of goods nor supply of services, are omitted;
- Legal framework introduced to implement the invoice management system, including the mandatory requirement of reversal of input tax credit by the registered recipient for a supplier to claim a reduction of output liability in case of issuance of credit notes;
- Introduction of pre-deposit amount, for filing of appeals before appellate authority and tribunal in the matters involving only penalty demands;
- Supply of goods warehoused in a special economic zone or free trade warehousing zone to any person, before clearance for exports or to the domestic tariff area will not be treated as a supply. No refund in case GST has already been paid;
- Rationalisation of custom tariff structure by removal of seven tariff rates, thereby only eight tariff rates remain, including zero duty;
- About 36 specified life-saving drugs to be exempted from BCD, 6 specified life-savings drugs to attract concessional BCD. Exemption/concession also extended to bulk drugs used to manufacture such life-saving drugs;

- Social welfare surcharge exempted on 82 tariff line items, which were subject to cess;
- BCD on carrier-grade ethernet switches reduced from 20 % to 10 %, to make it at par with non-carrier-grade;
- Exemption to specific capital goods for EV battery and mobile phone battery manufacturing;
- BCD on open cells for LED/LCD and interactive flat panel displays reduced to 5 %, while import duty on interactive flat panel displays increased from 10 % to 20 %;
- Provisional assessment must be finalised within a definitive timeline of two years, extendable by one year;
- A provision has been introduced to permit voluntary revision of entry post clearance on payment of duty and interest, if applicable, without penalties. This exemption applies in cases where a customs audit or investigation has already been initiated, and related provisions now allow for refunds arising from such revisions to be claimed within one year from the date of payment of duty or interest;

RATES OF INCOME TAX

Option I – NORMAL TAX RATES [Old Tax Regime]: -

All Resident Individual Assessee and All Non – Resident Individual Assessee (Less than 60 years), HUF, AOP (Other than a Co-Operative Society), BOI (whether incorporated or not) and Artificial Juridical Person (AJP): -

Income	Existing Slab of Income Tax Rate (AY 2025-26)	Proposed Slab of Income Tax Rate (AY 2026-27)
Up to 2,50,000	NIL	NIL
2,50,001 - 5,00,000*	5%	5%
5,00,001 - 10,00,000	20%	20%
Above 10,00,000	30%	30%

Resident Senior Citizen (60 years or more but less than 80 years): -

Income	Existing Slab of Income Tax Rate (A.Y. 2025-26)	Proposed Slab of Income Tax Rate (A.Y. 2026-27)
Up to 3,00,000	NIL	NIL
3,00,001 - 5,00,000*	5%	5%
5,00,001 - 10,00,000	20%	20%
Above 10,00,000	30%	30%

Resident Very Senior Citizen (80 years or more): -

Income	Existing Slab of Income Tax Rate (A.Y. 2025-26)	Proposed Slab of Income Tax Rate (A.Y. 2026-27)
Up to 5,00,000	NIL	NIL
5,00,001 - 10,00,000	20%	20%
Above 10,00,000	30%	30%

Notes: -

- Filing of Return of Income is not mandatory for resident individual who is of the age of 75 years or more and earns no other income except pension or interest income from any account maintained with the specified bank (Section 194P).
- There is no change in above Tax Rates applicable to Resident and Non – Resident Assessee under Old Tax Regime.

* **Rebate of Income-tax**

There is No tax on Individual having Taxable Income upto Rs. 5,00,000 (other than Special Rate Income Chargeable to Tax) as result of Rebate u/s 87A of RS. 12,500.

Option II – CONCESSIONAL TAX RATES FOR INDIVIDUAL, HUF, AOP (Other than a Co-Operative Society), BOI (whether incorporated or not) and AJP [Default Tax Option]: -

Income [in Rs.]	Existing Slab of Income Tax Rate (A.Y. 2025-26)	Proposed Slab of Income Tax Rate (A.Y. 2026-27)
Up to 3,00,000	NIL	NIL
3,00,001 - 4,00,000	5%	NIL
4,00,001 - 7,00,000	5%	5%
7,00,001 - 8,00,000	10%	5%
8,00,001 - 10,00,000	10%	10%
10,00,001 - 12,00,000 *	15%	10%
12,00,001 - 15,00,000	20%	15%
15,00,001 - 16,00,000	30%	15%
16,00,001 - 20,00,000	30%	20%
20,00,001 - 24,00,000	30%	25%
Above 24,00,000	30%	30%

Notes: -

- Concessional tax rates are subject to certain terms and conditions, which are briefly described in Section 115BAC of the Act.
- AMT shall not apply to Individual/HUF, having business Income Opting for concessional option.

*** Rebate of Income-tax**

Particulars	Existing Provision (upto A.Y. 2025-26)	Proposed Amendment (A.Y. 2026-27 onwards)
Total Income	Upto Rs. 7,00,000	Upto Rs. 12,00,000
Rebate u/s 87A	Upto Rs. 20,000	Upto Rs. 60,000

SURCHARGE

Option I – SURCHARGE IN CASE OF NORMAL TAX RATES [Old Tax Regime]: -

For Individual Assessee / Hindu Undivided Family, AOP (Other than a Co-Operative Society), BOI (whether incorporated or not) and AJP: -

Income Limit	Existing Surcharge of Income (A.Y. 2025-26)		Proposed Surcharge of Income (A.Y. 2026-27) [No Change]	
	other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A	other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A
Up to 50,00,000	NIL	NIL	NIL	NIL
50,00,001 - 1,00,00,000	10%	10%	10%	10%
1,00,00,001 - 2,00,00,000	15%	15%	15%	15%
2,00,00,001 - 5,00,00,000	25%	15%*	25%	15%*
5,00,00,001 and above	37%	15%*	37%	15%*

* In case the total income exceeds Rs. 2 Crores on account of Income from Dividend or Capital gain covered u/s 111A, 112 and 112A of the Act, then surcharge @ 15% is applicable on the total income irrespective of quantum of income other than Dividend and Capital gain.

There is no change in above Surcharge Rates.

Option II – SURCHARGE IN CASE OF CONCESSIONAL TAX RATES
[Default Tax Option]: -
For Individual Assessee / Hindu Undivided Family, AOP (Other than a Co-Operative Society), BOI (whether incorporated or not) and AJP: -

Income Limit	Existing Surcharge of Income under 115BAC (A.Y. 2025-26)		Proposed Surcharge of Income under 115BAC (A.Y. 2026-27)	
	Other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A	Other than Capital Gain covered u/s 111A & 112A	With Capital Gain covered u/s 111A & 112A
Up to 50,00,000	NIL	NIL	NIL	NIL
50,00,001 - 1,00,00,000	10%	10%	10%	10%
1,00,00,001 - 2,00,00,000	15%	15%	15%	15%
2,00,00,001 - 5,00,00,000	25%	15%*	25%#	15%*
5,00,00,001 and above	25%	15%*	25%#	15%*

*In case the total income exceeds Rs. 2 Crores on account of Income from Dividend or Capital gain covered u/s 111A, 112 and 112A of the Act, then surcharge @ 15% is applicable on the total income irrespective of quantum of income other than Dividend and Capital gain.

In case of AOP with only Companies as its members, it is proposed that the rate of Surcharge **shall not exceed 15%**. Accordingly, the Surcharge Rates for such case are proposed as below: -

Income Limit	Existing Surcharge of Income under 115BAC (A.Y. 2025-26)	Proposed Surcharge of Income under 115BAC (A.Y. 2026-27)
Up to 50,00,000	NIL	NIL
50,00,001 - 1,00,00,000	10%	10%
1,00,00,001 - 2,00,00,000	15%	15%
2,00,00,001 - 5,00,00,000	25%	15%
5,00,00,001 and above	25%	15%

INCOME TAX RATES FOR DOMESTIC COMPANY

NORMAL TAX RATES FOR DOMESTIC COMPANY (OTHER THAN COMPANIES HAVING CONCESSIONAL TAX RATE)

Turnover Limit	Existing Slab of Income Tax Rate (%) (A.Y. 2025-26)				Proposed Slab of Income Tax Rate (%) (A.Y. 2026-27)			
	Tax	Sur.	H & E Cess	Eff. Rate	Tax	Sur.	H & E Cess	Eff. Rate
A.	INCOME UP TO Rs. 1 CR.							
Up to 400 cr.*	25.00	NIL	4.00	26.00	25.00	NIL	4.00	26.00
Above 400 cr.*	30.00	NIL	4.00	31.20	30.00	NIL	4.00	31.20
B.	INCOME ABOVE Rs. 1 CR. BUT LESS THAN Rs. 10 CR.							
Up to 400 cr.*	25.00	7.00	4.00	27.82	25.00	7.00	4.00	27.82
Above 400 cr.*	30.00	7.00	4.00	33.38	30.00	7.00	4.00	33.38
C.	INCOME ABOVE Rs. 10 CR.							
Up to 400 cr.*	25.00	12.00	4.00	29.12	25.00	12.00	4.00	29.12
Above 400 cr.*	30.00	12.00	4.00	34.94	30.00	12.00	4.00	34.94

*Turnover to be checked that of Financial Year 2022-23 for Assessment Year 2025-26 and of Financial Year 2023-24 for Assessment Year 2026-27.

➤ How to Calculate Turnover?

Calculation of Turnover is not defined in the Statute and hence in our opinion, for the purpose of calculation of turnover of 400 crores in Financial Year 2023-24, it will be calculated in the same manner as specified in Guidance note on Tax Audit u/s 44AB of the Income Tax Act, 1961.

The table below shows comparison of MAT Income Tax Rates for Domestic Company (Other than those covered in Option I): -

Type of Assessee	Existing Slab of Income Tax Rate (%) (A.Y. 2025-26)				Proposed Slab of Income Tax Rate (%) (A.Y. 2026-27)			
	Tax	Sur.	H & E Cess	Eff. Rate	Tax	Sur.	H & E Cess	Eff. Rate
A.	INCOME UP TO Rs. 1 CR.							
MAT for Company[#]	15.00	NIL	4.00	15.60	15.00	NIL	4.00	15.60
MAT for Company^{\$}	9.00	NIL	4.00	9.36	9.00	NIL	4.00	9.36
B.	INCOME ABOVE Rs. 1 CR. BUT LESS THAN Rs. 10 CR.							
MAT for Company[#]	15.00	7.00	4.00	16.69	15.00	7.00	4.00	16.69
MAT for Company^{\$}	9.00	7.00	4.00	10.02	9.00	7.00	4.00	10.02
C.	INCOME ABOVE Rs. 10 CR.							
MAT for Company[#]	15.00	12.00	4.00	17.47	15.00	12.00	4.00	17.47
MAT for Company^{\$}	9.00	12.00	4.00	10.48	9.00	12.00	4.00	10.48

[#] Domestic Company other than Company being a Unit located in IFSC deriving its income wholly in convertible forex;

^{\$} Domestic Company being a Unit located in IFSC deriving its income wholly in convertible forex.

CONCESSIONAL TAX RATES FOR DOMESTIC COMPANY

Concessional Tax rate for Domestic Companies as per Section 115BAA & 115BAB on fulfilment of certain condition specified in the said Section.

Particulars	Basic Tax Rate		Surcharge	H & E Cess
	Companies other than New Companies	New Companies*		
Concessional Tax Rate	22%	15%	10%	4%
MAT	Not Applicable			

* New Manufacturing Companies and Companies engaged in business of generating electricity, set-up and registered on or after 1st October, 2019 and has commenced manufacturing or production of an article or thing on or before the 31st March 2024.

There is no change in above Tax Rates applicable to corporate entities.

INCOME TAX RATES FOR CO-OPERATIVE SOCIETY

OPTION I: - NORMAL TAX RATES

Total Income	Tax Rates
Up to Rs. 10,000/-	10%
Between Rs. 10,000/- to 20,000/-	20%
In excess of Rs. 20,000/-	30%

There is no change in the existing income tax rates as specified above.

OPTION II: - CONCESSIONAL TAX RATES

Co-Operative Societies (Section 115BAD & Section 115BAE) is given below: -

Particulars	Existing Income Tax Rates A.Y. 2025-26	Proposed Income Tax Rates A.Y. 2026-27 [No Change]
Entity carrying out Non-Manufacturing Activities	22%	22%
Entity carrying out Manufacturing Activities	15%	15%

* Surcharge @ 10% and Health and Education Cess @ 4% to be applied over above Basic Tax Rate.

There is no change in the Concessional Income tax rates as specified above.

INCOME TAX RATES FOR OTHER ASSESSEES (OTHER THAN DOMESTIC COMPANY, INDIVIDUALS, HUF, AOP, BOI, CO-OP SOCIETY ETC.)

Type of Assessee	Existing Slab of Income Tax Rate (%) (A.Y. 2025-26)				Proposed Slab of Income Tax Rate (%) (A.Y. 2026-27)			
	Tax	Sur.	H & E Cess	Eff. Rate	Tax	Sur.	H & E Cess	Eff. Rate
A.	INCOME UP TO Rs. 1 CR.							
a) Firm/LLP								
-Regular Tax	30.00	NIL	4.00	31.20	30.00	NIL	4.00	31.20
-AMT	18.50	NIL	4.00	19.24	18.50	NIL	4.00	19.24
b) Foreign Co.								
-Regular Tax	40.00	NIL	4.00	41.60	35.00	NIL	4.00	36.40
B.	INCOME ABOVE Rs. 1 CR. BUT LESS THAN Rs. 10 CR.							
a) Firm/LLP								
-Regular Tax	30.00	12	4.00	34.94	30.00	12.00	4.00	34.94
-AMT	18.50	12	4.00	21.55	18.50	12.00	4.00	21.55
b) Foreign Co.								
-Regular Tax	40.00	2	4.00	42.43	35.00	2.00	4.00	37.13
C.	INCOME ABOVE Rs. 10 CR.							
a) Firm/LLP								
-Regular Tax	30.00	12	4.00	34.94	30.00	12.00	4.00	34.94
-AMT	18.50	12	4.00	21.55	18.50	12.00	4.00	21.55
b) Foreign Co.								
-Regular Tax	40.00	5.00	4.00	43.68	35.00	5.00	4.00	38.22

HEALTH & EDUCATION CESS FOR ALL TYPES OF ASSESSEES

Types of Cess	For A.Y. 2025-26	For A.Y. 2026-27
Health & Education Cess	4%	4%

Exemption on Life insurance policy purchased from IFSC Insurance offices
[Amendment to Section 10(10D) of the Act]: -

At present, any sum received under life insurance policies, including the sum allocated by way of bonus on such policy, taken from insurance companies is exempt, subject to the fulfilment of certain conditions. To promote IFSC business, benefits are provided to customers of IFSC-based insurance companies.

Accordingly, it is proposed that any sum received under a life insurance policy purchased from IFSC insurance offices shall be exempt for policyholders, irrespective of the premium limits of Rs. 2,50,000 for ULIPs and Rs. 5,00,000 for other policies.

Above proposed amendment shall come into force A.Y. 2025-26 onwards.

Rationalisation and Simplification of provisions relating to Trust, Institutions and Funds [Amendment to Section 12AB and 13 of the Act]: -

INCOMPLETE APPLICATIONS AND CANCELLATION OF REGISTRATION

- At present, an incomplete application for registration is treated as specified violation. This may result in cancellation of registration and consequently, fair market value of the assets become chargeable to tax.
- It is now proposed that specified violation will not include the situations where the application is not complete.

PERIOD OF REGISTRATION OF SMALLER TRUSTS OR INSTITUTIONS

- At present, the trust or institution is required to apply for provisional registration which is valid for 3 years and / or final registration which is valid for 5 years and re-apply after the expiry of such time limit.
- It is now proposed to increase the validity of registration u/s 12AB for smaller trusts from 5 years to 10 years where the total income without giving effect to the provisions of Section 11 and 12 does not exceed RS. 5 crores during each of the two previous years, preceding the year in which the application is made.

RATIONALISATION OF PERSONS SPECIFIED U/S 13

- Section 13 specifies that exemption u/s 11 and 12 shall not be available if the income or property of the trust or institution is used for the benefit of any person who has made a substantial contribution.
- At present, substantial contributor includes any person whose total contribution up to the end of the relevant previous year exceeds Rs. 50,000 and his relatives and concerns.
- It is now proposed to only include substantial contributor whose contribution exceeds Rs.1,00,000 in relevant PY or exceeds Rs. 10,00,000 in aggregate over all PYs up to the relevant PY. Relatives and concerns of such substantial contributors are now excluded.

Above proposed amendments shall come into force A.Y. 2025-26 onwards.

Increase in the Income Limits of Employees for the Purpose of Calculating Perquisites [Amendment to Section 17 of the Act]: -

The existing provisions of Section 17 set income limits for excluding certain benefits from being treated as perquisites— Rs.50,000 for general benefits and Rs. 2,00,000 for employer-funded overseas medical treatment.

These thresholds, established by the Finance Acts of 2001 and 1993 respectively, have not been updated in over two decades, despite changes in economic conditions and living standards. It is proposed to amend Section 17 to empower the government to prescribe rules for increasing these income limits, ensuring broader exemption of such benefits from perquisite taxation.

It is further proposed that employer-incurred travel expenses for an employee's medical treatment will be excluded from perquisites only if the employee's gross total income, computed before including such expenditure, does not exceed the limit specified by the rules.

Above proposed amendment shall come into force A.Y. 2026-27 onwards.

Simplification of Annual Value for Self-Occupied Property [Amendment to Section 23 of the Act]: -

Section 23 of the Income Tax Act determines the annual value of house property.

Currently, if a property is self-occupied or unoccupied **due to employment, business or profession carried on at any other place**, its annual value is considered nil, but this applies to only two properties as specified by the owner.

To simplify these provisions, it is proposed to amend Section 23(2) to allow the annual value of a property to be considered nil if the owner occupies it for residence **or cannot occupy it for any reason**, while the restriction to two properties u/s 23(4) will remain unchanged.

Above proposed amendment shall come into force A.Y. 2025-26 onwards.

Extension of Presumptive Taxation Scheme for Non-Residents Providing Services for Electronics Manufacturing Facilities [Insertion of Section 44BBD of the Act]: -

To promote India as a global hub for Electronics System Design and Manufacturing, a comprehensive program has been launched for semiconductor and display manufacturing.

Non-residents will play a key role in providing technology and support services for setting up electronics manufacturing facilities in India.

To ensure certainty and foster growth in this sector, it is proposed to introduce a presumptive taxation regime for non-residents offering services or technology to resident companies involved in electronics manufacturing.

Under the new proposal, 25% of the total amount received by non-residents for such services will be considered as their profits and taxed accordingly, resulting in an effective tax rate of under 10% on gross receipts.

Above proposed amendment shall come into force A.Y. 2026-27 onwards.

Rationalization of Provisions related to Carry Forward of Losses in case of Amalgamation [Amendment to Section 72A and 72AA of the Act]: -

Section 72A and 72AA contain provisions relating to carry forward and set-off of accumulated loss and unabsorbed depreciation allowance in cases of amalgamation or business reorganization as specified therein.

At present, amalgamating companies' losses can be carried forward and set off by the amalgamated companies for 8 years from the year of amalgamation.

In order to bring clarity and parity with the Provisions of Section 72 of the Act, it is now proposed that the 8-year time limit for carry forward and set off of the losses of an amalgamating company after amalgamation **shall begin from the year immediately succeeding the year in which loss was originally incurred by the predecessor entity.**

The proposed changes shall ensure that the same rules apply for carrying forward losses in amalgamation for all the companies.

Further, for the purpose of the said provisions, meaning of "original predecessor entity" is also proposed to be inserted to mean predecessor entity in respect of the first amalgamation or first business reorganization.

The aforesaid amendments shall apply to any amalgamation or business re-organisation which is effected on or after 1st April, 2025.

This proposed amendment shall come into force from A.Y. 2026-27 onwards.

Exemption to withdrawals by Individuals from National Savings Scheme from taxation [Amendment to Section 80CCA of the Act]: -

Section 80CCA provides deductions for deposits in the National Savings Scheme (NSS), though no deductions have been allowed for deposits made after 1st April, 1992.

Currently, withdrawals of such deposits, along with accrued interest, are taxable.

However, following a notification from the Department of Economic Affairs dated 29th August, 2024, which discontinued interest payments on NSS balances after 1st October, 2024.

It is now proposed to amend Section 80CCA to exempt withdrawals made on or after 29th August, 2024.

This exemption applies to deposits and accrued interest for contributions made before 1st April, 1992, on which deductions were previously claimed.

The amendment will have retrospective effect from 29th August, 2024.

Deduction for contributions made to NPS Vatsalya [Amendment to Section 80CCD of the Act]: -

The NPS Vatsalya Scheme, launched on 18th September, 2024, allows parents or guardians to open National Pension Scheme (NPS) accounts for minors, managed by the guardian until the child attains majority.

It is proposed to extend the tax benefits u/s 80CCD to contributions made to NPS Vatsalya accounts.

Parents or guardians can claim a deduction of up to Rs. 50,000 u/s 80CCD(1B).

Withdrawals from the minor's account will be taxable unless made due to the minor's death, in which case the amount will be exempt.

Partial withdrawals for education, specified medical treatments, or severe disabilities will be tax-exempt up to 25% of contributions.

Above proposed amendment shall come into force A.Y. 2026-27 onwards.

Extension of timeline for tax benefits to start-ups [Amendment to Section 80-IAC of the Act]: -

Section 80-IAC allows eligible start-ups to claim a deduction of 100% of the profits and gains derived from their eligible business. This benefit can be availed for any three consecutive assessment years within a period of ten years from the date of incorporation.

The deduction is granted at the discretion of the assessee, provided following all specified conditions are met :

- i. The total turnover of its business does not exceed Rs. 100 Crores;
- ii. It is holding a certificate of eligible business from the Inter-Ministerial Board of Certification; and
- iii. It is incorporated on or after the 1st April, 2016 but before the **1st April, 2025**.

It is proposed to amend the aforementioned Section to extend the benefit for an additional five years, making it available to eligible start-ups incorporated on or before **1st April, 2030**.

Above proposed amendment shall come into force A.Y. 2025-26 onwards.

Rationalisation of Taxation of Capital Gains for Non-Residents [Amendment to Section 115AD and consequential Amendment to Section 112A of the Act]: -

As present, Long-term capital gains from the transfer of securities (other than units u/s 115AB) for Specified Funds and Foreign Institutional Investors (FIIs) are Taxed @ 10%.

Finance (No 2) Act, 2024 amended the tax rate from 10% to 12.5% on long-term capital gains for all assessee (resident and non-resident) w.e.f. July 23, 2024. While long-term gains u/s 112A were brought to parity with residents, other long-term gains u/s 115AD were still taxed @ 10%.

Accordingly, in order to align the Tax Rate u/s 115AD, it is now proposed to increase Tax Rate u/s 115AD from 10% to 12.5% for long-term capital gains on transfer of securities (other than units referred to in Section 115AB) not covered u/s 112A.

Above proposed amendment shall come into force from A.Y. 2026-27 onwards.

Rationalisation of Taxation of Capital Gains for Business Trusts [Amendment to Section 115UA and consequential Amendment to Section 112A of the Act]: -

At per current Provisions of this Section, total income of a business trust shall be charged to tax at Maximum Marginal Rate (MMR) unless it pertains to Short Term capital gains covered u/s 111A and Long Term Capital Gain u/s 112.

In other words, at present, Short Term Capital Gain u/s 111A and Long-term Capital Gain on other capital assets u/s 112 is taxed at 12.5%. However, this lower tax benefit is not provided for Long-Term Capital Gain covered u/s 112A.

To bring parity and provide relief to the Business Trusts as concessional capital gains tax rate, it is now proposed to tax the Long-Term Capital Gain covered u/s 112A on transfer of Listed shares and Units of Equity Oriented Mutual Fund also at 12.5%.

Above proposed amendment shall come into force from A.Y. 2026-27 onwards.

Rationalisation of Provisions for Search and Seizure [Amendment to Section 132 and 132B of the Act]: -

Section 132 of the Income Tax Act deals with search and seizure procedures, including the retention of seized books of account and documents. Currently, approval for retention must be obtained within 30 days from the date of an assessment order, which can vary for different assessee, particularly in group cases.

This has created challenges in managing deadlines and segregating documents.

To simplify this, it is proposed to amend Section 132(8) to standardize the time limit for seeking approval, which will now be one month from the end of the quarter in which the assessment order is passed.

Additionally, amendments are proposed to Section 132B to align terminology and reflect changes made by the Finance (No. 2) Act, 2024.

Specifically, the word "authorisation" will be replaced with "authorisations" in Explanation 1 of Section 132, and the referencing in Section 132B will be updated to refer to Section 158B, in line with the revised provisions for block assessments.

Above proposed amendment shall come into force w.e.f. 1st April, 2025.

Extension of time-limit to file Updated Return [Amendment to Section 139(8A) and consequential Amendment to Section 140B of the Act]: -

Particulars	Existing Provision (A.Y. 2024-25)		Proposed Amendment (A.Y. 2025-26)	
Time Limit for filing Updated Return	2 Years from the end of relevant Assessment Year		4 Years from the end of relevant Assessment Year	
Tax Rates (u/s 140B)	When the Updated Return is filed after AY	Additional Income tax (%) *	When the Updated Return is filed after AY	Additional Income tax (%)*
	Within 1 Year	25%	Within 1 Year	25%
	1 to 2 years	50%	1 to 2 years	50%
	Not allowed beyond 2 years		2 to 3 years	60%
	Not allowed beyond 2 years		3 to 4 years	70%

* Additional Income Tax is computed as a % of Aggregate of Tax and Interest.

Notes: -

- It is further proposed to provide that no updated return shall be furnished by any person where any notice to show-cause u/s 148A of the Act has been issued in his case after 36 months from the end of the relevant assessment year.
- However, where subsequently an order is passed u/s 148A(3) of the Act determining that it is not a fit case to issue notice u/s 148 of the Act, updated return may be filed upto 48 months (i4 years) from the end of the relevant assessment year.

Above proposed amendment shall come into force from A.Y. 2025-26 onwards.

Clarification regarding the commencement date and the end date of the period stayed by the Court [Amendment to Sections 144AB, 153, 153B, 158BE, 158BFA, 263, 264 and Rule 68B of Schedule-II of the Act]: -

Sections 144BA, 153, 153B, 158BE, 158BFA, 263, 264 and Rule 68B of Schedule-II of the Act, inter-alia, *provide that period during which the proceedings under respective provisions are stayed by an order or injunction of any court shall be excluded in computing the time limit for conclusion of the proceedings.*

At present, *there was an ambiguity regarding the commencement date and the end date of the period stayed by an order or injunction of any court which was required to be excluded.*

With a view to removing any ambiguity, it is now proposed to amend the said provisions of the Act, so as to *exclude the period commencing on the date on which stay was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner.*

Above proposed amendment shall come into force w.e.f. 1st April, 2025.

Reference to Dispute Resolution Panel [Amendment to Section 144C and consequential Amendment to Sections 92CA, 253 and 255 of the Act]: -

Section 144C empower the Central Government to notify a faceless scheme for the purpose of *issuance of directions* by the Dispute Resolution Panel, to impart greater efficiency, transparency and accountability.

Further, the Central Government may issue directions that, for the purpose of issuance of *directions* by the Dispute Resolution Panel, any of the provisions of the Act shall not apply or shall apply with such exceptions, modifications and adaptations as specified.

At, present, cut-off date i.e. 31st March 2025 is prescribed for Central Government to issue of directions for above purpose.

It is now proposed that **cut-off date prescribed as 31st March 2025 shall be omitted**, so as to enable the Central Government to issue directions *beyond the cut-off date of 31st March 2025, if required.*

Consequential amendments made to Section 92CA, 253 and 255 of the Act and *cut-off date prescribed as 31st March 2025 shall be omitted*, so as to enable the Central Government to issue directions *beyond the cut-off date of 31st March 2025, if required.*

Above proposed amendment shall come into force w.e.f. 1st April, 2025.

Rationalisation of Transfer Pricing provisions and Re-computation of Income
[Amendment to Section 92CA and consequential Amendment to 155 of the Act]: -

Section 92CA provides the procedure governing reference to Transfer Pricing Officer (TPO) for computation of arm's length price (ALP) in relation to international transaction or a specified domestic transaction for a previous year.

In many cases, there are similar international transactions or specified transactions for various years, *same facts* like enterprises with whom such transaction is done, proportionate quantum of transaction, location of associated enterprises etc., and *same arm's length analysis are repeated every year, creating compliance burden on the Assessee as well as administrative burden on the TPOs.*

In view of above, it is now proposed that arm's length price (ALP) in relation to international transaction or a specified domestic transaction shall be determined following a **block approach i.e. to be carried out together for the previous year and immediate next 2 years (i.e. block of 3 years)**, if option exercised by Assessee for same transaction is valid.

Following procedure shall be followed for the purpose of determining ALP:

1. Assessee shall be required to exercise an option or options for the above effect in the form, manner and within such time period as may be prescribed.
2. TPO shall pass an order **within one month from the end of the month in which such option is exercised and declare that the option is valid,** subject to the prescribed conditions.
3. If the TPO declares that the option exercised by the Assessee is valid; -
 - i. ALP determined in relation to an international transaction or a specified domestic transaction for any previous year *shall apply to the similar international transaction or the specified domestic transaction for **immediate next 2 years** following such previous year;*

ii. On receipt of such order from the TPO, *the Assessing Officer (AO) shall recompute the total income of the Assessee for such consecutive previous years;*

iii. No reference for computation of ALP in relation to such transaction shall be made.

4. These provisions shall not be applicable for *search cases*.

Consequential Amendments to Section 155 of the Act with respect to Re-computation of Income: -

Where, TPO declares that the option exercised by the Assessee is valid; -

1. *Assessing Officer (AO) shall recompute the total income of the Assessee for such consecutive previous years*, by amending the order of assessment or any intimation or deemed intimation under sec.143(1) of the Act: -

a. in conformity with the ALP so determined by the TPO u/s 92CA(4A) in respect of such transaction

b. taking into account the directions issued u/s 144C(5), if any, for such previous year

2. such re-computation shall be done *within three months from the end of the month in which the assessment is completed* in the case of the Assessee for such previous year.

3. Where the order of assessment or any intimation or deemed intimation u/s 143(1) for the said two consecutive previous years *is not made within the said three months*, such re-computation shall be *made within three months from the end of the month in which such order of assessment or any intimation or deemed intimation is made.*

Above proposed amendment shall come into force A.Y. 2026-27 onwards.

Block Assessment for Search and Requisition cases under Chapter XIV-B [Amendment to Section 158B to 158BA of the Act]: -

Vide Finance (No. 2) Act, 2024, the concept of block assessment was introduced by amending provisions of Chapter XIV B (Sections 158B to 158BI of the Act) to be made applicable where a search u/s 132 of the Act is initiated or requisition u/s 132A of the Act is made, on or after 1st September, 2024.

Salient features of proposed amendment is as under: -

Section	Existing Provisions	Proposed Provisions
158B	"undisclosed income" includes any money, bullion, Jewellery or other valuable article.....	"undisclosed income" to includes any money, bullion, Jewellery, <i>virtual digital asset</i> or other valuable article.....
158BA(2) & 158A (3)	All other regular assessments <i>for the block period shall abate.</i>	No Change
158BA(4)	Any assessment under Chapter XIV-B is <i>pending</i> in the case of an assessee, in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and <i>thereafter, the assessment in respect of such subsequent search</i> or requisition shall be made under the provisions of Chapter XIV-B	It is proposed to amend sub-section (4) of the said Section to substitute the <i>word "pending" with the words "required to be made"</i> . This would require such assessment to be carried out even while it may not be <i>technically "pending" at such stage.</i>
158BA(5)	If any proceeding initiated under Chapter XIVB has been annulled in appeal or any other legal proceeding, then, the assessment or reassessment relating to any assessment year which has abated u/s 158BA (2) or 158BA (3), <i>shall revive.</i>	It is now proposed that if any proceeding initiated under Chapter XIVB has been annulled in appeal or any other legal proceeding, then, the assessment or reassessment or <u>recomputation or reference or order</u> relating to any assessment year which has abated u/s 158BA (2) or 158BA (3), <i>shall revive.</i>

Above proposed amendment shall come into force w.e.f. 1st February, 2025.

Computation of Total Income of Block Period [Amendment to Section 158BB of the Act]: -

Section 158BB provides methodology for computation of total income of block period.

Salient features of proposed amendment are as under: -

1. It is now proposed to amend clause (i) of the sub-section (1) of the said section to substitute reference to '*total income disclosed*' with "*undisclosed income*" which has been declared in return u/s 158BC. Consequential amendment is also proposed in sub-section (6) of the said Section to reflect this change.
2. Clause (iii) of the sub-section (1) has been amended to specify that any income declared in the return of income filed u/s 139 or in response to a notice u/s 142(1) or Section 148, *prior to the date of initiation of the search or the date of requisition*, shall form part of the total income of the block period for which credit would be given while charging the tax for the said period.

The word total from 'total income' in clause (ii) and (iii) of the sub-section (1) have been omitted.
3. Clause (iv) of sub-section (1) has been amended *to provide the clarity over computation of the income pertaining to the previous year which has ended but the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or requisition, so that income pertaining to books of account maintained in normal course for the said period is taxed under the normal provisions.*
4. Section 158BB(3) of the Act proposes to tax under the normal provisions any income which relates to any international transaction or specified domestic transaction, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorizations was executed and ending with the date on which last of the authorizations was executed. This was provided as it may be difficult to assess arm's length price of part period transactions.

It is now proposed to amend said subsection to provide that *the income pertaining* to any international transaction or specified domestic transaction shall not be considered in the income of the block period. Therefore, in the said sub-section, reference to *such income* has been provided *instead of evidence* as provided earlier.

Above proposed amendment shall come into force w.e.f. 1st February, 2025.

Time Limit for completion of Block Assessment [Amendment to Section 158BE of the Act]: -

At present, Section 158BE provides the time-limit for completion of Block Assessment as *twelve months from end of the month in which the last of the authorizations for search has been executed.*

Search and seizure proceedings are more often than not conducted in a group of cases which require coordinated investigation and assessments. However, the present time-limit results in multiple time barring dates in one group of cases which leads to challenges in taking the cases to a logical conclusion.

Hence, now it is proposed that the time-limit for completion of block assessment has been made as *twelve months from end of the quarter in which* the last of the authorizations for search or requisition has been executed-

Above proposed amendment shall come into force w.e.f. 1st February, 2025.

TAX DEDUCTED AT SOURCE / TAX COLLECTED AT SOURCE

Rationalization of TDS / TCS Rates & Threshold: -

In order to promote the ease of doing business and for better compliance it has been proposed to rationalize these thresholds as following:

Section	Nature of Payments	Present thresholds	Proposed thresholds
193	Interest on Debentures issued by company in which public is substantially interested to Resident Individual/ HUF	10% (if amount exceeds Rs. 5,000)	10% (if amount exceeds Rs. 10,000)
193	Other Interest on Securities	10%	10% (if amount exceeds Rs. 10,000)
194	Dividend to Resident Individual	10% (if amount exceeds Rs. 5,000)	10% (if amount exceeds Rs. 10,000)
194A	Interest on Deposits with Bank, Co-operative Society and Post Office	Senior Citizen 10% (if amount exceeds Rs. 50,000)	Senior Citizen 10% (if amount exceeds Rs. 1,00,000)
		Others 10% (if amount exceeds Rs. 40,000)	Others 10% (if amount exceeds Rs. 50,000)
194A	Other Interest	10% (if amount exceeds Rs. 5,000)	10% (if amount exceeds Rs. 10,000)
194B / 194BB	Winnings from Lottery, Crossword Puzzle, Horse Race etc.	10% (if aggregate winnings during the FY exceeds Rs. 10,000)	10% (if winnings in respect of a single transaction exceeds Rs. 10,000)
194D	Insurance Commission	2% (if amount exceeds Rs. 15,000)	2% (if amount exceeds Rs. 20,000)
194G	Income by way of Commission, Remuneration or Prize on Lottery Tickets	2% (if amount exceeds Rs. 15,000)	2% (if amount exceeds Rs. 20,000)
194H	Commission or Brokerage other than Insurance Commission	2% (if amount exceeds Rs. 15,000)	2% (if amount exceeds Rs. 20,000)

Section	Nature of Payments	Present thresholds	Proposed thresholds
194-I	Rent	For use of – ➤ Plant & Machinery – 2% ➤ Land & Building, Furniture & Fixtures – 10% (if amount paid or credited exceeds Rs. 2,40,000 per annum)	For use of – ➤ Plant & Machinery – 2% ➤ Land & Building, Furniture & Fixtures – 10% (if amount paid or credited exceeds Rs. 50,000 per month or part of the month)
194J	Fees for professional, Technical Service, Royalty and Non-Compete Fees	For use of – ➤ Technical services – 2% ➤ Others – 10% (if amount paid or credited exceeds Rs. 30,000 per annum)	For use of – ➤ Technical services – 2% ➤ Others – 10% (if amount paid or credited exceeds Rs. 50,000 per annum)
194K	Income in respect of Units of Mutual Fund or Specified Company or Undertaking	10% (if amount exceeds Rs. 5,000)	10% (if amount exceeds Rs. 10,000)
194LA	Income by way of Compensation or Enhanced Compensation in case of Compulsory Acquisition	10% (if amount exceeds Rs. 2,50,000)	10% (if amount exceeds Rs. 5,00,000)
194LBC	Income from Investment in Securitization Trust	In case of – ➤ Individual / HUF – 25% ➤ Others – 30%	All Payee - 10%

Above proposed amendment shall come into force w.e.f. 1st April, 2025 i.e. all Tax Deductions made w.e.f. 1st April, 2025.

Relaxation of TCS on Remittance under LRS and Foreign Tour: -

Purpose of Remittance	Present	Proposed
Pursuing any education, out of loan obtained from financial institution u/s 80E	Nil upto Rs. 7 lakhs 0.5% above Rs. 7 Lakhs	Nil
Pursuing any education /Medical treatment out of loan obtained from others	Nil upto Rs. 7 lakhs 5% above Rs. 7 Lakhs	Nil upto Rs. 10 lakhs 5% above Rs. 10 Lakhs
Any other remittance under LRS or overseas tour package program	Nil upto Rs. 7 lakhs 20% above Rs. 7 Lakhs	Nil upto Rs. 10 lakhs 20% above Rs. 10 Lakhs

Above proposed amendment shall come into force w.e.f. 1st April, 2025 i.e. all Tax Collections made w.e.f. 1st April, 2025.

Removal of TCS on Sale of Goods: -

Presently, TDS u/s 194Q or TCS u/s 206C (1H) is attracted at 0.1% on purchase or sale of goods of value exceeding RS. 50 lakhs, subject to fulfilment of certain conditions, which have been separately prescribed for both TDS and TCS.

Further, where both the conditions of TDS as well as TCS are cumulatively attracted in respect of a transaction, the provisions of TDS prevail over TCS. Consequently, TCS provisions provide that

TCS would not apply where buyer has deducted tax as per the above provisions.

In order to reduce additional burden on sellers to track the TDS compliance on part of buyers and to facilitate ease of doing business, it is proposed to omit TCS provision in Section 206C (1H) of the Act.

Above proposed amendment shall come into force w.e.f. 1st April, 2025.

Removal of Higher TDS & TCS on Non-Filers: -

At present, Sections 206AB and 206CCA of the Act mandates higher rates of tax deduction and collection, respectively, on certain receipts or payments in the case of non-filers of income tax returns, which is briefly summarized hereunder:

Particulars	TDS	TCS
Higher of	a. Twice the rate specified in Act b. Twice the rates in force c. 5 %	a. Twice the rate specified in Act b. 5 %
Maximum rate	-	20 %

It is difficult for the deductor/collector, at the time of deduction/collection, to verify whether returns have been filed by the deductee/ collectee, resulting in application of higher rates of deduction/collection and increased compliance burden.

Accordingly, to address this issue and reduce compliance burden for the deductor/collector, it is proposed to omit Section 206AB of the Act and Section 206CCA of the Act.

Above proposed amendment shall come into force w.e.f. 1st April, 2025.

Time limit for passing Order by Assessing Officer granting Immunity from Penalty / Prosecution extended to 3 Months [Amendment to Section 270AA(4) of the Act]: -

Section 270AA of the Act provides procedure for **granting immunity by Assessing Officer from levy of Penalty or Prosecution** under following Sections of the Act:

- Section 270A (Penalty for under-reporting and misreporting of income);
- Section 276C (Imprisonment for willful attempt to evade tax, etc.); and
- Section 276CC (Imprisonment for failure to furnish returns of income).

Granting of such immunity is subject to fulfillment of certain conditions such as payment of tax & interest as per assessment order u/s 143(3) / 147 of the Act and no Appeal is filed against the said Orders.

Assessee is required to file an Application with Assessing Officer within period of One month from the end of the month in which Order u/s 143(3) / 147 of the Act is received by him.

At present, Assessing Officer is required to pass an Order either accepting or rejecting the said Application **within a period of One month from the end of the month in which such application requesting immunity is received by him** (Section 270AA(4) of the Act).

However, Assessee were facing challenges to represent their case within this limited period.

Therefore, it is now proposed to amend Section 270AA(4) of the Act to extend the processing period of Application received by Assessing Officer to **Three months** from the end of the month in which such an application requesting immunity is received as against current period of One month.

The said proposed amendment will give sufficient time to Assessing Officer to review Application made by Assessee on merits and Assessee will also be able to represent their case in enhanced time.

However, it is pertinent to note that the said proposed amendment does not extend time limit to file application by Assessee before Assessing Officer which is One month from the end of the month in which Order u/s 143(3) / 147 of the Act is received by Assessee.

Comparison of Existing provisions and proposed amendment is as under: -

Particulars	Existing Provisions	Proposed Amendment
Time limit for <i>passing Order by Assessing Officer</i> granting Immunity from Penalty / Prosecution	<u>within a period of One month</u> from the end of the month in which application requesting immunity is received by Assessing officer	<u>within a period of Three months</u> from the end of the month in which application requesting immunity is received by Assessing officer

Above proposed amendment shall come into force from 1st April, 2025 onwards.

Non-applicability of Section 271AAB of the Act in Search Cases initiated on or after 01st September, 2024 [Amendment to Section 271AAB(1A) of the Act]: -

At present, provisions of sub-section (1A) of Section 271AAB relates to penalty in respect of searches initiated after 15th December, 2016.

The Finance Act, 2024 introduced provisions of 'Block Assessment' (Chapter XIV-B) for Search initiated u/s 132 read with 158BC of the Act on or after 1st September, 2024.

There was ambiguity about levy of Penalty in relation to Search Cases initiated on or after 1st September, 2024 i.e. Whether penalty is leviable u/s 271AAB or 158BFA in such cases?

In order to provide clarification on above-mentioned ambiguity, it is proposed to amend Section 271AAB to provide that its provisions **shall not be applicable** to Assessee in whose case Search has been initiated u/s 132 on or after 1st September, 2024.

Above proposed amendment shall come into force w.e.f. 1st September, 2024.

Omission of Section 271BB of the Act: -

Section 271BB provides for penalty in case of failure to subscribe any amount of subscription to the units issued under any scheme referred to in Section 88A(1) of the Act to the eligible issue of capital.

However, Section 88A has already been omitted vide the Finance (No. 2) Act, 1996 with retrospective effect from 1st April, 1994.

In the absence of the parent section, relevance of the penalty Section in the case of any failure does not exist.

Therefore, it is proposed to omit the Section 271BB of the Act.

Above proposed amendment shall come into force from 1st April, 2025.

Rationalization of authority imposing certain penalties [Amendment to Section 271C, 271CA, 271D, 271DA, 271DB, 271E and Consequential Amendment to Section 246A of the Act]: -

Sections 271C, 271CA, 271D, 271DA, 271DB and 271E of the Act contains provisions for levy of Penalty for failure as per below mentioned Table:

Section	Particulars
271C	Penalty for failure to deduct tax at source
271CA	Penalty for failure to collect tax at source
271D	Penalty for failure to comply with provisions of Section 269SS
271DA	Penalty for failure to comply with provisions of Section 269ST
271DB	Penalty for failure to comply with provisions of Section 269SU
271E	Penalty for failure to comply with provisions of Section 269T

At present, above-mentioned sections provide that penalty under these sections shall be imposed by the **Joint Commissioner of Income-tax**. However, **Assessments** in such cases were made by **Assessing Officer** and not by Joint Commissioner of Income-tax.

In order to rationalize the above, it is now proposed to amend above-mentioned Sections so as to provide that **penalties under these Sections shall be levied by Assessing Officer instead of Joint Commissioner of Income-tax.**

The amendment empowers the Assessing Officer to pass penalty orders for cases assessed by him and also may result in reduction of time in passing such penalty orders.

However, Section 274 contains procedure for passing of Order imposing Penalty under Chapter XXI - Penalties Imposable.

As per Section 274(2), **Assessing Officer is required to obtain prior approval of the Joint Commissioner of Income-tax** before passing Order imposing penalty in following cases:

Assessing Officer passing Penalty Order	Amount of Penalty
the Income-tax Officer	exceeds Rs. 10,000/-
the Assistant Commissioner or Deputy Commissioner	exceeds Rs. 20,000/-

Thus, Assessing Officer shall obtain prior approval of Joint Commissioner of Income-tax before passing Penalty Order under above-mentioned Sections, where penalty amount exceeds the limits specified in Section 274(2) as tabularized above.

It is further proposed to make consequential amendment u/s 246A(1)(n) of the Act. Section 246A contains list of Appealable orders before Commissioner (Appeals).

At present, Clause (n) of Section 246A(1) covers an order made by a Deputy Commissioner imposing a penalty u/s 271C, 271CA, 271D or 271E of the Act.

It is now proposed to amend Section 246A(1)(n) to provide that an Appeal can be filed against Penalty Order passed by Assessing Officer u/s 271C, 271CA, 271D and 271E of the Act.

All the above proposed amendments shall come into force from 1st April, 2025 onwards.

Rationalization of time limits to impose penalties [Substitution of new Section for Section 275 and Consequential Amendment to Section 246A of the Act]: -

Provisions of Section 275 provides for period of limitations for imposing penalties in various cases.

At present, Section 275 provides for multiple timelines for imposition of penalties in various cases. This makes it difficult to keep track of multiple time barring dates for effective and efficient tax administration.

In order to overcome the above difficulty, it is now proposed to amend Section 275 to provide that **any order imposing a penalty** under Chapter XXI **shall not be passed after the expiry of Six months from the end of the quarter in which:**

- (i) the connected proceedings are completed (in the course of which action for the imposition of penalty has been initiated), **and no Appeal is filed**; or
- (ii) the order of revision is passed; or
- (iii) the order of JCIT(A) or CIT(A) is received by the jurisdictional Principal Commissioner or Commissioner, and **no Appeal is filed before ITAT**; or
- (iv) the order of Appeal filed before ITAT is received by the jurisdictional Principal Commissioner or Commissioner; or
- (v) the notice for imposition of penalty is issued, in any other case

as the case may be.

It is also proposed that **Penalty Order may be revised** on the basis of revised Assessment Order passed for giving effect to Appellate Order by JCIT(A)/ CIT(A)/ ITAT or Order of Revision u/s 263 or 264 of the Act.

It is also proposed that Penalty Order **cannot be revised** as above **after the expiry of Six months from the end of the quarter**, in which:

- the Appellate Order is passed by JCIT(A)/ CIT(A)/ ITAT; or
- Order of Revision u/s 263/ 264 is passed

as the case may be.

Comparison of time limits for imposing Penalties under existing provisions and proposed amendment is tabularized as under:

Sr. No.	Case Type	Time limit for imposing Penalties i.e. passing Penalty Order	
		Existing Provisions	Proposed Amendments
1	No Appeal filed against Assessment / Other Order	Later of following: <ul style="list-style-type: none"> ➤ Within end of Financial Year in which Assessment Order is passed and action for imposition of penalty is initiated Or ➤ Within 6 months from end of month in which Assessment Order is passed and action for imposition of penalty is initiated 	Within 6 months from end of Quarter in which Assessment Order is passed and action for imposition of penalty is initiated
2	Appeal filed before JCIT(A) / CIT(A) against Assessment / Other Order	Later of following: <ul style="list-style-type: none"> ➤ Within end of Financial Year in which Assessment Order is passed and action for imposition of penalty is initiated Or ➤ Within 1 Year from end of Financial Year in which Order of JCIT(A) / CIT(A) is received by PCIT / CIT 	Within 6 months from end of Quarter in which Order of JCIT(A) / CIT(A) is received by Jurisdictional PCIT / CIT (Applicable only if no further Appeal filed before ITAT)
3	Appeal filed before ITAT	Not applicable as Time Barring Period is with reference to CIT(A) or JCIT(A) Order.	Within 6 months from end of Quarter in which Order of ITAT is received by Jurisdictional PCIT / CIT
4	Assessment/ Other Order subject to Revision u/s 263 or 264	Within 6 months from end of the month in which Revision Order is passed	Within 6 months from end of Quarter in which Revision Order is passed

Consequential amendment is also proposed in Section 246A of the Act to update reference of the amended Section 275 of the Act.

Above proposed amendment shall come into force w.e.f. 1st April, 2025.

Exemption from prosecution for delayed payment of TCS in certain cases [Amendment to Section 276BB of the Act]: -

Section 276BB provides for prosecution in case of failure to pay the tax collected at source to the credit of Central Government.

At present, as per provisions of Section 276BB, if a person fails to pay the tax collected by him to the credit of Central Government, as required under the provisions of Section 206C, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months, but which may extend to seven years and with fine.

It is now proposed to amend Section 276BB to provide relief against prosecution if the payment of the tax collected at source has been made to the credit of the Central Government at any time on or before the time prescribed for filing the quarterly statement u/s 206C(3) in respect of such payment.

Comparison of Existing provisions and proposed amendment is as under: -

Non-Compliance	Existing Provisions	Proposed Amendment
Failure to pay TCS to the credit of Central Government, as required u/s 206C	<p>Assessee shall be punishable:</p> <ul style="list-style-type: none"> ➤ with rigorous imprisonment for a term which shall not be less than three months, but which may extend to seven years; and ➤ with fine 	<p>No prosecution if the payment of TCS is made to the credit of Central Government at any time on or before the time prescribed for filing the quarterly statement u/s 206C(3) in respect of such payment</p>

Above proposed amendment shall come into force from 1st April, 2025 onwards.

Obligation to furnish information in respect of crypto-asset [Introduction of New Section 285BAA of the Act]: -

Background:

- The Finance Act, 2022 introduced taxation of Virtual Digital Assets ("VDA") u/s 115BBH of the Act
- In pursuant to the same, transfer of VDA is taxed at the rate of 30% with no deduction in respect of expenditure (other than cost of acquisition)
- VDA has been defined u/s 2(47A) of the Act
- Further, to capture VDA transaction details, Section 194S was introduced in the Act to provide for deduction of tax on payment for transfer of VDA at the rate of 1% of transaction value including cases where the transaction occurs in kind or partly in cash.

India has been included in the list of 52 relevant jurisdictions for the purpose of Crypto Asset Reporting Framework ("CARF"), which is a global initiative led by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.

CARF is intended to promote the automatic exchange of information between countries to tackle emerging tax evasion risks related to cryptocurrency and digital assets.

The G20 Leader's New Delhi Declaration called for the swift implementation of the CARF.

To enable this initiative, it is now proposed introduce a new Section (285BAA) in the Act for the Reporting Entities to furnish information on transactions of Crypto Asset.

Brief Summary of the new proposed Section 285BAA is tabularized as under:

Sub Section	Particulars	Remarks
1	Reporting entity to furnish Crypto Asset transaction Information in a Statement	Central Government will prescribe following by Rules: <ul style="list-style-type: none"> ➤ Statement ➤ Period ➤ Time limit ➤ Form and Manner ➤ Income-tax Authority
2	Intimation by prescribed Income-tax Authority to rectify defects, in Statement furnished above	<u>Time Limit to rectify defect:</u> within 30 Days of Intimation or such further period as may be allowed <u>If defect not rectified:</u> Considered as inaccurate information in Statement and provisions of the Act for furnishing inaccurate information will apply
3	Serving of Notice by Prescribed Income-tax Authority to furnish Statement in case no Statement is furnished by Reporting Entity	<u>Time Limit to furnish Statement:</u> Will be mentioned in Notice but not exceeding 30 Days from the Date of service of Notice
4	In case of inaccuracy is found in information furnished by Any person or Reporting Entity, the it should suo moto inform prescribed Income-tax Authority and furnish correct Information	<u>Time Limit to inform and furnish correct Information:</u> Within 10 days of finding inaccuracy in information.
5	Central Government to prescribe by Rules	<ul style="list-style-type: none"> ➤ persons required to be registered with the Income-tax Authority ➤ nature of information ➤ manner of maintenance of information ➤ due diligence to be carried out for the purpose of identification of any crypto-asset user or owner

It is also proposed to provide that for the purposes of Section 285BAA, crypto-asset shall have the meaning assigned to it in 2(47A)(d) of the Act.

It is also proposed to amend Section 2(47A) of the Act to insert sub clause (d) to provide that the definition of virtual digital asset also includes any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not already included in the definition of virtual digital asset or not.

All the above proposed amendments shall come into force from 1st April, 2026 onwards.

New Classification Criteria for Micro Small and Medium Enterprises (MSME): -

To help MSMEs achieve higher efficiencies of scale, technological upgradation and better access to capital, **the investment and turnover limits are proposed to be revised as tabulated below: -**

Particulars	Turnover Limits (Rs. in Crores)		Investment in Plant and Machinery or Equipment (Rs. in Crores)	
	Existing	Proposed	Existing	Proposed
Micro	0-5	0-10	0-1	0-2.5
Small	5-50	10-100	1-10	2.5-25
Medium	50-250	100-500	10-50	25-125

Note: -

For classification of Enterprise as referred above, both the Turnover and Investment condition have to be cumulatively satisfied.

GOODS AND SERVICE TAX

Definition of "Local authority" [Amendment to Section 13(3) of CGST Act 2017]: -

Existing Provision	As per the existing definition, the meaning of the term "Local Authority" inter alia includes a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a Municipal or Local fund.
Proposed Amendment	It is proposed to replace the words "Municipal or Local Fund" with "Municipal Fund or Local Fund" to explicitly distinguish between the two. The amendment eliminates ambiguity by clearly differentiating between funds related to Panchayat areas (Local Funds) and Municipal/Metropolitan areas (Municipal Funds). Further, the meaning of these terms has also been inserted by way of Explanation as under:

Above Proposed amendment shall be effective from a date to be notified.

Time of Supply of Goods and Services underlying the Voucher [Amendment to Section 13(3) of CGST Act 2017]

Existing Provision	Time of supply of vouchers is prescribed u/s 12(4), which deals with the Time of Supply of Goods, and also u/s 13(4), which deals with the Time of Supply of Services.
Proposed Amendment	<p>It is now proposed to Omit the provisions related to the Time of supply of vouchers u/s 12(4) and 13(4) of CGST Act 2017.</p> <p>In Nov 2023, the Hon'ble Madras High Court in the case of Tvl. Kalyan Jewellers India Ltd. vs. Union of India held that Gift Voucher' being a debt instrument shall qualify as an 'Actionable Claim', which is neither Supply of Goods nor supply of Services under Sr. No. 6 to Schedule III of the CGST Act.</p> <p>Accordingly, there is no need of separate provisions prescribing the Time of Supply of vouchers as vouchers themselves are not taxable. The Time of Supply of underlying goods or services will be governed by general provisions. Thus, to avoid confusion, Section 12(4) and 13(4) are proposed to be deleted.</p>

Above Proposed amendment shall be effective from a date to be notified.

Block Input Tax Credit used in Construction of Immovable Property [Amendment to Section 17(5)(d) of CGST Act 2017]: -

<p>Existing Provision</p>	<p>ITC shall not be available for any goods or services received by a taxable person for the construction of an immovable property (other than plant or machinery) on his own account or when used in the course or furtherance of business.</p> <p>Further, an explanation to Section 17 defines the term "Plant and Machinery" (Not Plant or Machinery) as apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes:</p> <ul style="list-style-type: none"> (a) land, building or any other civil structures; (b) telecommunication towers; and (c) pipelines laid outside the factory premises.
<p>Proposed Amendment</p>	<p>It is now proposed to amend the Section to replace the phrase "Plant or machinery" with "Plant & Machinery", retrospectively w.e.f. 1st July, 2017, so that the said phrase may be interpreted as per the definition of Plant and Machinery in the Explanation at the end of Section 17 of CGST Act, 2017.</p> <p>Further, an explanation has been added which provides that any reference to "Plant or Machinery" shall be construed and shall always be deemed to have been construed as a reference to "Plant and Machinery".</p> <p>This explanation contains a notwithstanding clause that overrides the judgement passed by the Hon'ble Supreme Court in the case of Chief Commissioner of Central Goods and Service Tax vs. Safari Retreats (P.) Ltd. [2024] 90 GSTL 3 (SC).</p>

Above Proposed amendment shall be effective retrospectively w.e.f. 1st July, 2017.

RCM supplies under Input Service Distributor Mechanism [Amendment to Section 20 of CGST Act 2017]: -

<p>Existing Provision</p>	<p>Definition of Input Service Distributor and provision for manner of distribution under ISD mechanism was amended vide Finance Act, 2024, w.e.f. 1st April, 2025, to include invoices for services liable to tax under reverse charge for distribution of input tax credit through ISD mechanism. However, the services under reverse charge were included by reference to provision for reverse charge under CGST Act only.</p> <p>However, the provisions proposed to be effective from 1st April, 2025 were ambiguous whether ISDs could distribute ITC on inter-state reverse charge supplies or not since the reference in amended provisions of ISD were made to the provision for Reverse Charge under CGST Act only and no reference was made to provision for Reverse Charge under IGST Act.</p>
<p>Proposed Amendment</p>	<p>The definition and provision for manner of distribution under ISD mechanism have been now proposed to be amended by insertion of reference to Section 5(3) & 5(4) of the IGST Act also, expressly allowing ISDs to distribute ITC on Inter- State supplies also that are subject to reverse charge mechanism (RCM).</p> <p>The amendment has removed the anomaly and given clarity in this regard that inter-state and intra-state transactions under reverse charge are at par in context of ISD mechanism.</p>

Above Proposed amendment shall be effective from a date to be notified.

Condition of ITC reversal by recipient on Credit Notes [Amendment to Section 34 of CGST Act 2017]: -

<p>Existing Provision</p>	<p>Proviso to Section 34(2) of CGST Act 2017 states that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.</p>
<p>Proposed Amendment</p>	<p>The condition to reduce Output Tax Liability of the Supplier has been expanded & shall not be permitted: -</p> <ul style="list-style-type: none"> ➤ In cases of Registered Recipient (B2B) <p>Where ITC has been availed by the Registered Recipient, it is proposed that no reduction in output tax liability shall be allowed to the supplier wherein ITC has not been reversed by such recipient.</p> <ul style="list-style-type: none"> ✓ In cases of Unregistered Recipient (B2C) <p>It is proposed that reduction in Output Tax Liability of the supplier shall not be permitted if the incidence of tax has been passed on to any other person and Tax collected is not refunded back to Unregistered Person.</p>

Above Proposed amendment shall be effective from a date to be notified.

Introduction of Invoice Management System (IMS) [Amendment to Section 38 of CGST Act, 2017]: -

Existing Provision	Currently, for return filing mechanism, the details of outward supplies are required to be furnished by the suppliers in their GSTR-1 and an auto-generated Statement containing details of Input Tax Credit based on such details furnished by the suppliers is made available to the recipient in Form GSTR-2B.
Proposed Amendment	It is proposed to amend the Section to replace the Auto-generated Statement with a Statement of Input Tax Credit containing the details of transactions furnished by suppliers based upon the action taken by the taxpayers (recipients) on such details. Thus, the basis of GSTR-2B is being revised and enabling provision in the Act has been brought with the proposed amendment.

The above amendment is on account of introduction of Invoice Management System facility.

Filing of GSTR-3B [Amendment to Section 39 of CGST Act, 2017]: -

Existing Provision	Currently, registered persons (except certain categories of persons) are required to furnish returns i.e. GSTR 3B which inter alia includes the details of inward and outward supplies, ITC availed, tax payable and tax paid which has to be filed electronically in such form and manner and within the time limit as prescribed.
Proposed Amendment	It is now proposed to amend the Section to empower the Government to provide for restrictions and conditions for filing Form GSTR-3B. After amendment, GST portal will permit filing of Form GSTR-3B only after generation of Form GSTR-2B on the portal which will be generated on basis of actions taken by the recipient on Invoice Management System. Govt. can prescribe additional conditions or restrictions for filing Form GSTR-3B as it deems fit in future.

Pre-Deposit for Appeals against Penalty Orders [Amendment to Section 107(6) and Section 112(8) of the CGST Act, 2017]: -

Section 107(6) and Section 112(8) of the CGST Act are to be amended to provide for mandatory pre-deposit in cases involving only demand of penalty. A comparison of existing and proposed pre-deposit rates is tabulated below:

Penalty levied	Commissioner (Appeals)		Appellate Tribunal	
	Existing Provision	Proposed Amendment	Existing Provision	Proposed Amendment
Relating to detention/seizure of goods and/or conveyance in transit	25%	10%	Nil	10%
In other cases	Nil	10%	Nil	10%

Track and Trace Mechanism [New Provision Inserted]: -

- Section 148A of the CGST Act is to be introduced to empower the Government to notify specified goods and related persons/class of persons for implementation of the 'Track and Trace Mechanism'.
- The goods specified under Track and Trace mechanism will be notified separately.
- This marking may be in the form of a digital stamp, digital mark, or any other similar form and would be non-removable.
- The mechanism provides the Government with electronic storage and access to information contained within these markings.
- Under this mechanism, the person who is in possession of such specified goods is liable to:
 - Affix the unique identification marking on the specified goods or their packaging.
 - Furnish relevant information and maintain records within the stipulated time.
- Further, manufacturers of such specified goods must provide details of the machinery installed at their business premises, including identification, capacity, and operational duration.
- The cost involved in the execution of the Track and Trace mechanism like generation and affixation of unique identification marking is required to be paid by persons who is in possession of such specified goods.
- **Penalty for Non-Compliance of Track and Trace Mechanism:**
 - Non-compliance of Track and Trace Mechanism shall be subject to a penalty equal to an amount of one lakh rupees or 10 % of the tax payable on such goods, whichever is higher.
 - Such penalty shall be in addition to any penalty imposed in miscellaneous provision of the Act.

Supply of Goods warehoused in a SEZ/FTWZ [Amendment to Schedule III of CGST Act, 2017]: -

Existing Provision

Entry 8(a) to Schedule III of CGST Act, 2017 contains an entry for Supply of warehoused goods to any person before clearance for home consumption. For the purposes of this entry, the term "warehoused goods" has been defined to have the same meaning as assigned to it in the Customs Act, 1962.

The existing entry in Schedule III only covered supply of custom bonded goods before clearance for home consumption. However, the scope of this entry is limited to goods stored in a custom bonded warehouse since the expression "warehoused goods" is given the meaning as assigned to it in the Customs Act, 1962 and thereunder, it is defined that "warehoused goods" means goods deposited in a public warehouse licensed u/s 57 or a private warehouse licensed u/s 58 or a special warehouse licensed u/s 58A. Thus, the scope of existing entry does not cover supply of goods in a warehouse in Special Economic Zone or in a Free Trade Warehousing Zone before clearance.

Proposed Amendment

It is proposed to amend **Entry 8(a)** of Schedule III **retrospectively w.e.f. 01st July, 2017**.

Supply of goods warehoused in **a Special Economic Zone or in a Free Trade Warehousing Zone** to any person before clearance for exports or to the Domestic Tariff Area have been added to Schedule III so as to exclude such supplies from the ambit of Goods and Services Tax.

With proposed amendment, the supplies from a warehouse in Special Economic Zone or in a Free Trade Warehousing Zone before clearance for home consumption or exports have been expressly covered in Schedule III and excluded from scope of supply. To give proper effect to the amendment, the applicability of meaning of "warehoused goods" in Explanation has been limited to the previous entry only which was meant for public/private bonded or special warehouses.

An express provision has been inserted to provide that **no refund shall be available of tax** which has been collected on such supplies but not leviable considering retrospective effect of the proposed amendment.

CUSTOMS

Time limit for Finalisation of Provisional Assessments: -

- Section 18 of the Customs Act is to be amended to provide a structured time limit of 2 years for finalization of provisional assessments; further extendable up to 1 year on approval of the Principal Commissioner/ Commissioner of Customs.
- This time limit for finalization of assessments pending as on date, shall be reckoned from the date on which the Finance Bill receives the assent of the President.
- In certain cases of pending appeals, interim stay etc., the timeline shall be reckoned from the date of conclusion of such proceedings.

Post clearance revision on voluntary basis: -

- Section 18A is to be introduced in the Customs Act, to provide for a facility for importers and exporters for voluntary revision of the Bill of entry / Shipping bill within the prescribed time and manner. Post revision, importer or exporter shall re-assess the duty and:
 - In case of short payment or levy/non-payment or levy, pay the differential duty with interest (without penalty) or
 - In case of excess payment, refund of excess duty shall be granted.
- The proper officer will be empowered to re-assess or verify the revised entry, subject to risk evaluation criteria.
- Such facility of revision shall not be available in cases where:
 - An audit, search, seizure or summon has been initiated; or
 - The proper officer has reassessed the duty and the revision would result in a refund.

Sunset of the Settlement Commission: -

Mechanism of Settlement Commission, prescribed u/s 127 of the Customs Act to be discontinued with effect from 1st April, 2025. For applications filed till 31st March, 2025, and pending, powers of Settlement Commission to be carried out by an Interim Board for Settlement.

IGCR: -

- Importers to file statement in Form IGCR-3 on a quarterly basis instead of the present monthly filing.
- The time limit for which goods imported under IGCR can be sent to job-workers enhanced from 6 months to 1 year from the date of invoice or electronic waybill.
- Time limit for fulfilling end use of the goods extended from 6 months to 1 year.

Customs- Rate Changes (to be effective from 2nd February, 2025): -

- The proposed changes in duties of customs aim at rationalizing tariff structure and address issues concerning duty inversion. Key proposals are thus aligned towards:
 - Removal of seven (7) Tariff rates. Consequently, the Tariff rates of 25%, 30%, 35%, 40% have been rationalised to 20%, whereas the rates of 150%, 125%, 100% rationalised to 70%. There will remain eight (8) tariff rates including a zero rate.
 - Levy of only one cess or surcharge on imports. Thereby, exemption is proposed from the levy of SWS on various items, and consequent levy of AIDC is proposed to broadly maintain effective duty incidence.

➤ **Key BCD (Tariff) rate changes: -**

Chapter / Tariff Heading / Tariff Item	Particulars	Old rate	New rate
6401 to 6405	Footwear	35%	20%
7113, 7114	Articles of Jewellery, Goldsmiths etc.	25%	20%
8524 / 8529	Open 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%
8529	Inputs and Parts of the Open Cells for use in the manufacture of Television Panels of LED/ LCD TV	2.5%	NIL
8541 42 00	Solar Cell	25%	20%
8541 43 00 8541 49 00	Solar Module and Other Semi-Conductor device and photovoltaic cells	40%	20%
8702, 8704	Motor vehicles for transport of 10 or more people, Motor vehicles for the transportation of goods	40%	20%
8703	Motor cars and other motor vehicles principally designed for transport of persons and electrically operated vehicle	125%	70%
8711	Motorcycles and cycles fitted with an auxiliary motor with or without sidecar	100%	70%
9028 30 10	Electricity meters for alternating current (Smart meter)	25%	20%
9401	Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof	25%	20%
9403	Other furniture and parts thereof	25%	20%
9804 00 00	All dutiable goods imported for personal use	35%	20%

➤ **Key items on which SWS has been exempted: -**

Chapter / Tariff Heading / Tariff Item	Particulars
6401 to 6405	Footwear
7113, 7114	Articles of Jewellery, Goldsmiths
8541 42 00	Solar Cell
8541 43 00 8541 49 00	Solar Module and Other Semi-Conductor device and photovoltaic cells
8702, 8704	Motor vehicles for transport of 10 or more people, Motor vehicles for the transportation of goods
8703	Motor cars and other motor vehicles principally designed for transport of persons and electrically operated
8711	Motorcycles and cycles fitted with an auxiliary motor with or without sidecar
9028 30 10	Electricity meters for alternating current (Smart meter)
9401	Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof
9403	Other furniture and parts thereof
9804 00 00	All dutiable goods imported for personal use

➤ **Key AIDC rate changes: -**

Chapter / Tariff Heading / Tariff Item	Particulars	Old rate	New rate
6401 to 6405	Footwear	NIL	18.5%
7113	Articles of Jewellery, Goldsmiths	NIL	1% /1.4%
85414200	Solar Cell	NIL	7.5%
85414300 85414900	Solar Module and Other semi-conductor device and photovoltaic cells	NIL	20%
8702, 8704	Motor vehicles for transport of 10 or more people, Motor vehicles for the transportation of goods	NIL	5% / 20%
8703	Motor cars and other motor vehicles principally designed for transport of persons and electrically operated	NIL	40%
8703	Used motor vehicle	NIL	67.5%
8711	Motorcycles and cycles fitted with an auxiliary motor with or without sidecar	NIL	40%
9028 30 10	Electricity meters for alternating current (Smart meter)	NIL	7.5%
9401	Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof	NIL	5%
9403	Other furniture and parts thereof	NIL	5%

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