

Budget 2025

Key Highlights



Dhiren H Pandya & Associates LLP

Chartered Accountants

Ahmedabad - Mumbai

1st February, 2025

Dhiren H Pandya & Associates LLP

Contents

1. **Economic Performance & Budget Financials**
2. **Direct Taxes**
3. **Indirect Taxes**
 - **Goods & Services Tax / Excise**
 - **Customs**

Prepared by Dhiren H Pandya & Associates LLP, for client service and internal use only.
This document summarizes the key indicator of Budget Performance and key proposals of the Finance Bill, 2025
However, this publication is not intended to give legal, tax, accounting or other professional advice
Expert guidance may be sought before acting upon the proposals.

Economic Performance & Budget Financials

Economic Performance

Key Indicators

Particulars	2021-22	2022-23	2023-24	2024-25
Growth in %				
-GDP (factor cost, constant prices)	9.69	6.99 ^{re}	8.15 ^{pe}	6.37 ^{ae}
-Money Multiplier	5.0	5.1	5.4	5.7 ^a
-Schedule Commercial Bank Credit (Growth Rate)	8.59	15	20.16	7.98 ^a
Imports (at C.I.F , in USD billion)	618.623	721.364	686.338 ^b	355.580 ^c
Export (at F.O.B, in USD billion)	429.164	456.073	441.443 ^b	215.132 ^c
Inflation in % (Annual CPI)	6.0	6.1	4.3	3.4 ^d
Forex reserves (₹ in billion)	45988.19	47542.64	53912.55	54421.76 ^e
Net Foreign Investment (FDI/ FII/ FPI, in USD billion)	21.81	22.83	54.21 ^b	25.24 ^c
Exchange Rate(INR/USD) (annual average)	74.50	80.36	82.79	84.36 ^f

re: Revised Estimates, pe: Provisional, ae: Advance Estimates, a: as on December 27,2024, b: Preliminary, c: Preliminary (April-September 2024), d: April-December 2024 (simple average), e: as on December 2024, f: Provisional (as on November 2024)

Budget Financials

Key Budget Financials

(Rs. in Crores)

Particulars	2023-24 (Actuals)	2024-25 (B.E.)	2024-25 (R.E.)	2025-26 (B.E.)
1. Revenue Receipt	2729036	3129200	3087960	3420409
2.Capital Receipts ¹	1714411	1691312	1628527	1644936
3.Total Receipt (1+2)	4443447	4820512	4716487	5065345
4. Total Expenditure(5+6)	4443447	4820512	4716487	5065345
5. Revenue Expenditure	3494252	3709401	3698058	3944255
6. Capital Expenditure	949195	1111111	1018429	1121090
7. Revenue Deficit(5-1)	765216	580201	610098	523846
As a percentage of GDP	-2.6	-1.8	-1.9	-1.5
8.Effective Revenue Deficit(7-Grants in Aid for Creation of capital Assets)	461300	189423	310207	96654
As a percentage of GDP	-1.6	-0.6	-1.0	-0.3
9.Fiscal Deficit{4-(1+Recoveries of Loan + Other receipts)}	1654643	1613312	1569527	1568936
As a percentage of GDP	-5.6	-4.9	-4.8	-4.4
10. Primary Deficit (9-Interest Payments)	590771	450372	431587	292598
As a Percentage of GDP	-2	-1.4	-1.3	-0.8

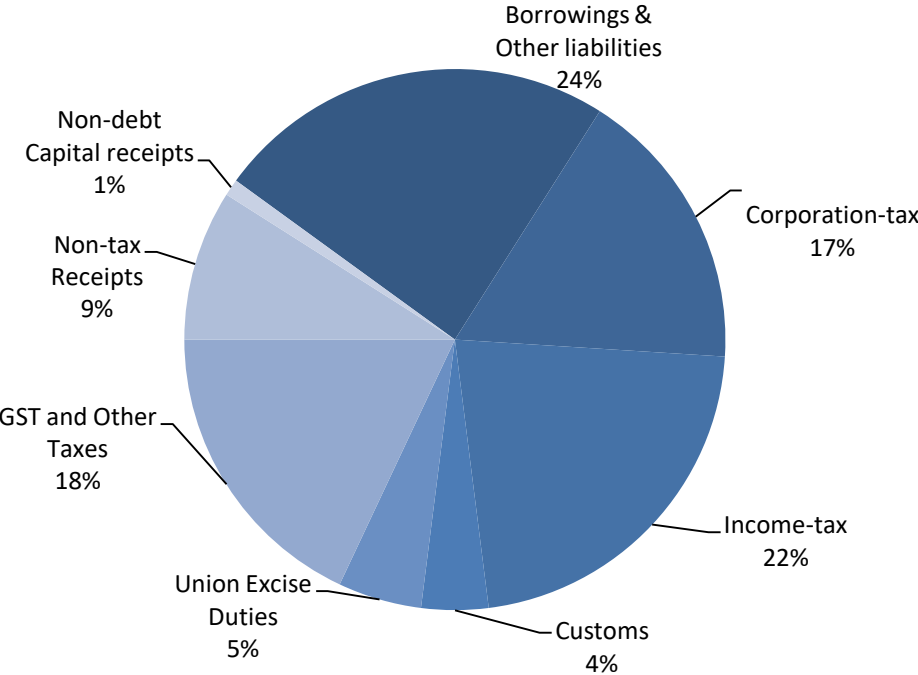
B.E. Budget Estimate, R.E. Revised Estimates

** i)The GDP for FY 2025-26 is estimated at Rs.3,56,97,923 crore which is 10.1% over the Revised estimates for FY 2024-25 of Rs.3,24,11,406 crore released by NSO ii)Individual items in this document may not sum up to the totals due to rounding off. iii) includes drawdown of cash balance.

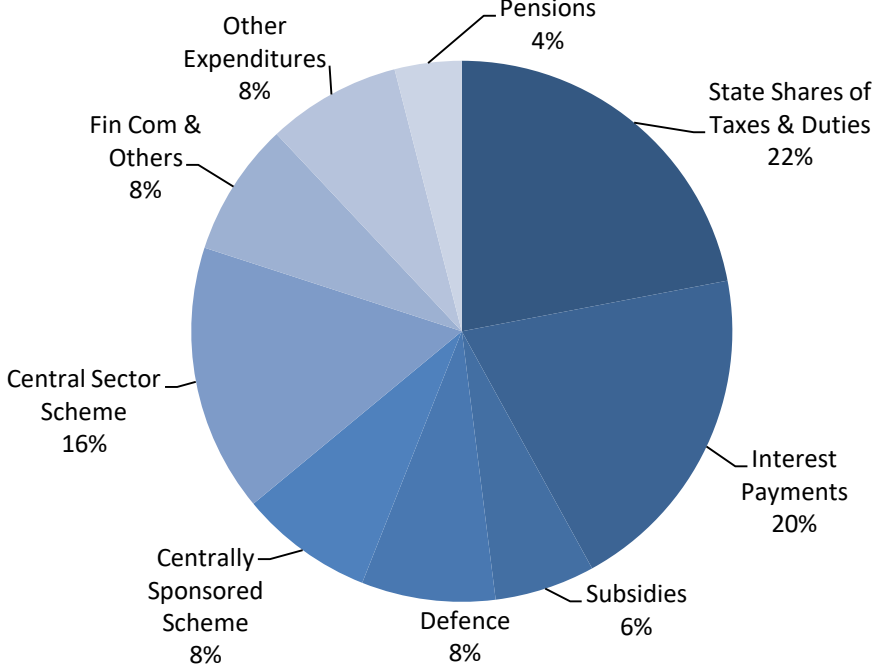
Budget Financials

Where the Rupee comes from & Where the rupee goes to

Where the Rupee comes



Where the Rupee Goes



Key Policy Announcements

Agriculture:

- ❖ **“National Institute of Food Technology”**, to promote skilling, entrepreneurship & employment for youth.
- ❖ **“Gene Bank”** for crops germplasm with 10 lakhs germplasm lines for food security
- ❖ **“PM Dhan-Dhaanya Krishi Yojana”** to develop 100 agri districts to help 1.7 crore farmers

Water & Housing:

- ❖ **“Jal Jeevan Mission”** extended to achieve 100% coverage in water supply till 2028.
- ❖ **SWAMIH Fund-2** : Rs.15000 crore for expeditious completion of 1 Lakh dwelling units through blended finance.

Key Policy Announcements

Technology & Power:

- ❖ “**National Geospatial Mission**” to develop geospatial infra. Using **PM Gati Shakti**, to modernize land records, Urban planning designs.
- ❖ “**BharatTradeNet**” a digital public infra to support Global Supply Chain
- ❖ Nuclear Energy for Viksit Bharat – to amend Atomic Energy Act & Civil liability for Nuclear Damage Act and to partner with private sector.
- ❖ Centre of Excellence in AI for education with outlay of ₹ 500 Crore.

Tourism & Development:

- ❖ **UDAN**: Regional connectivity to additional 120 destinations carrying 4 crore passenger in next 10 years.
- ❖ MUDRA loans to be granted for home stay businesses.

Key Policy Announcements

❖ Revision in classification criteria for MSMEs

₹ 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 with guarantee cover (CGTMSE)

₹ in Crore	Credit Guarantee Cover	
	Current	Revised
MSEs	5	10
Startups	10	20
Exporter MSMEs	For Term Loans Up To 20 Crore	

Direct Taxes

Rates Of Taxes

❖ Tax rates for individuals, HUF, etc. u/s 115BAC

- Changes in tax rates based on income bracket as follows:

New Regime (Existing) Income Range	Tax Rate	New Regime (Proposed) Income Range	Tax Rate
Upto 3,00,000	Nil	Upto 4,00,000	Nil
3,00,001 to 7,00,000	5%	4,00,001 to 8,00,000	5%
7,00,001 to 10,00,000	10%	8,00,001 to 12,00,000	10%
10,00,001 to 12,00,000	15%	12,00,001 to 16,00,000	15%
12,00,001 to 15,00,000	20%	16,00,001 to 20,00,000	20%
>15,00,000	30%	20,00,001 to 24,00,000	25%
		>24,00,000	30%

Rates of Taxes/Deduction

❖ Rebate u/s 87A:

- Rebate u/s 87A has been increased from Rs.25,000 to Rs.60,000 under New Tax Regime resulting in zero tax for income upto Rs. 12 lacs under new regime only for assessee income below or equal to Rs. 12 lacs.

❖ Withdrawal u/s 80CCA:

- Withdrawal by individual from National Saving Scheme (NSS) shall not be chargeable to tax as income of that previous year.
- Applicable for Individual Assessee.
- Applicable for withdrawal on or after 29th August 2024.

❖ Deduction u/s 80CCD(1B):

- Deduction u/s 80CCD(1B) (NPS) will now be allowed to the parent/guardian for deposit made on account of minor.
- However, overall deduction limit will remain maximum to Rs. 50000.

House Property / Charitable Institution

❖ Self Occupied Property:

- Annual Value of two self occupied property shall be taken as Nil without any reason. (Currently certain reasons such as employment are specified in law)

❖ Certificate of Registration:

- Charitable Trust or institution can be granted the registration for the 10 years instead of current 5 years.
- Only if total income of the said trust without giving the effect of provisions of section 11 and 12 doesn't exceed 5 crore rupees in the previous year in which the application is made.

Corporate Taxation

❖ Start - Ups Incentives:

- Start - ups incorporated on or before 01.04.2030 (earlier on or before 01.04.2025) will be provided tax incentives for 3 consecutive year out of 10 years.

❖ IFSC Incentives:

- IFSC units incorporated on or before 31.03.2030 (earlier on or before 31.03.2024) will be provided tax incentives:
 - i. At the rate 100% for first 5 consecutive years.
 - ii. At the rate 50% for next consecutive 5 years.

Transfer Pricing

❖ Transfer Pricing [w.e.f. 01-04-2026] :

- The assessee can opt for the ALP as determined by TPO u/s 92CA(3) for further **additional two previous years** on complying the conditions as specified u/s 92CA(3B).
- TPO shall pass order for acceptance of ALP.
- The AO shall compute / re-compute the income of assessee in accordance with the said ALP for two previous years as per the order of TPO.
- The Board may with the approval of Central Government issue the guidelines as specified u/s 92CA(12) for removing the difficulty in opting and determining the ALP.

Business & Profession

❖ Presumptive Income for Non Resident– Section 44BBD:

Particulars	Provision
Assessee	Non Resident engaged in business of providing services or technology in India for setting up an electronic manufacturing facility.
Taxable Income	25% of aggregate of amount paid or payable to/received or receivable by such Non Resident
Other Condition	Non Resident will not be eligible for set off of unabsorbed depreciation and brought forward losses
Applicability	w.e.f 1 st April 2026

Business & Profession

❖ Section 115AD:

- Rate of LTCG on transfer of securities(except units covered U/S 115AB) by FII :

Existing	Proposed [w.e.f. 01/4/2026]
10%	12.5%

❖ Tonnage Tax Scheme:

- W.e.f 1/4/2026 Tonnage Tax Scheme shall be applicable to Inland vessels registered under Inland Vessels Act,2021 and having a certificate as issued under Inland Vessel Act, 2021.

Tax Deducted at Source

❖ TDS – Threshold Limit Changes:

Particulars	Existing TDS Threshold (Rs.)	Proposed TDS Threshold* (Rs.)
Section 193 – Interest on Securities	Nil	10,000/-
Section 194A – Interest other than Interest on Securities	i. 50,000/- for senior citizens ii. 40,000/- in case of others when payers is bank, cooperative society & post office iii. 5,000/- in other cases	i. 1,00,000/- for senior citizens ii. 50,000/- in case of others when payers is bank, cooperative society & post office iii. 10,000/- in other cases

* With effect from 1st April 2025

Tax Deducted at Source

❖ TDS – Threshold Limit Changes:

Particulars	Existing TDS Threshold (Rs.)	Proposed TDS Threshold* (Rs.)
Section 194 – Dividend for an Individual Shareholder	5,000/-	10,000/-
Section 194K – Income in respect of Units of a Mutual Fund or Specified Company or Undertaking	5,000/-	10,000/-
Section 194B – Winning from Lottery, Crossword Puzzle, etc.	Aggregate of amounts exceeding 10,000/- during F.Y	10,000/- in respect of a single transaction
Section 194BB – Winning from Horse Race		
Section 194D – Insurance Commission	15,000/-	20,000/-
Section 194G – Income by way of Commission, Prize, etc. on Lottery Tickets	15,000/-	20,000/-
Section 194H – Commission or Brokerage	15,000/-	20,000/-

* With effect from 1st April 2025

Tax Deducted at Source

❖ TDS – Threshold Limit Changes:

Particulars	Existing TDS Threshold (Rs.)	Proposed TDS Threshold* (Rs.)
Section 194I – Rent	2,40,000/- during the F.Y	50,000/- per month or part of a month
Section 194J – Fee for Professional or Technical Services	30,000/-	50,000/-
Section 194LA – Income by way of enhanced Compensation	2,50,000/-	5,00,000/-

* With effect from 1st April 2025

Tax Deducted at Source

❖ TDS – Rate Changes:

Particulars	Existing TDS Rate	Proposed TDS Rate [w.e.f. 01-04-2025]
Section 194LBC – Income in respect of investment in securitization trust	<ul style="list-style-type: none">i. 25%, if payee is individual or a Hindi Undivided Familyii. 30%, if payee is any other person	10%, for all payees

Tax Collected at Source

❖ TCS - Tax Rate:

Particulars	Existing TCS Rate	Proposed TCS Rate [w.e.f. 01-04-2025]
Section 206C(1) – Timber or any other forest produce (not being Tendu leaves)	2.5%	2%
Section 206C(1H) – LRS remitted out of loan from Financial Institution or Education	0.5%	Nil

❖ TCS – Threshold Limit for 20% TCS:

Particulars	Existing TCS Threshold Limit (Rs.)	Proposed TCS Threshold Limit (Rs.) [w.e.f. 01-04-2025]
Section 206C(1G) – Remittance under Liberalised Remittance Scheme of the Reserve Bank of India	7,00,000/-	10,00,000/-

Tax Collected at Source

❖ TCS – Penal/Higher Rates:

- Higher TCS rates u/s 206CCA for non-fillers of Income Tax Return discontinued w.e.f. 01-04-2025.
- However, Non – furnishing of PAN will continued to attract higher rates of TCS.

❖ TCS Section 206C(1H) Applicability:

- Provision of TCS u/s 206C(1H) shall not be applicable w.e.f. 01-04-2025.

Assessment Procedure

❖ Order:

- The Order u/s 115VP(4) in respect of Tonnage Tax Scheme shall be made within 3 months from the end of quarter in which application is made, provided the application u/s 115VP(1) on/after 01-04-2026.
- The Order u/s 132(8) in respect of search and seizure shall be made with 1 month from end of quarter in which assessment or reassessment or re-computation is made.

❖ Limitation Period:

- For computing time limit u/s 144BA , 153 and 153B, the period from commencement of stay by order or injunction till date of certified copy of order vacating the stay by Jr. Pr. Commissioner or Commissioner.

Assessment Procedure

❖ Section 139(8A)-Updated Return:

- Limit for filing updated return for any Assessment Year is changed.

Existing	Proposed [w.e.f. 01/04/2026]
24 Months from the end of relevant AY	48 Months from the end of relevant AY

- However, updated return cannot be filled if show cause notice u/s 148A after 36 months from end of relevant AY is issued.
- Additional Tax payable on income furnished u/s 139(8A) :
 - 60% of tax + Interest if return furnish after 24 month from end of AY but before 36 months from end of AY.
 - 75% of tax + Interest if return furnish after 36 month from end of AY but before 48 months from end of AY.

Goods and Service Tax

Goods and Service Tax

❖ Appeals:

- Where order demands penalty but not tax, the appeal can be filed on paying 10% of the penalty amount.
- Applicable in respect of appeal to both Appellate Authority and Appellate Tribunal.

❖ Track and Trace Mechanism:

- Track and Trace mechanism to be introduced for some commodities.
- Unique identification marking and electronic storage and access of information to be introduced for certain goods.
- Penalty of higher of 1 lakh or 10% of taxable value leviable for contravention of this proposed provision.

Goods and Service Tax

❖ Sales from SEZ warehouse:

- Supply of goods warehoused in a SEZ or in a free Trade warehousing zone to any person not to be treated as supply of goods or services. (Retrospective Amendment)
- Warehoused goods must be supplied before clearance for exports or to the Domestic Tariff Area.
- However, Tax already paid on above transactions will not be refunded.

Goods and Service Tax

❖ Output Tax Liability Reduction:

- No reduction in the output tax liability of the supplier shall be allowed if the;
 - Input tax credit related to the credit note, if claimed, has not be reversed by the recipient, provide the recipient is registered person.
 - Tax burden on such supply has been passed on to any other person, in other cases.

Goods and Service Tax

❖ ITC on Plant and Machinery:

- It is clarified “Plant or Machinery” under section 17(5)(d) shall be interpreted as “Plant and Machinery”.
- Thus, ITC on building, mall, warehouse, etc. will not available to tax payer which was available as per **Chief Commissioner of Central Goods And Service Tax V. Safari Retreats Private Ltd - 2024 SCC Online SC 2691.**

Customs

Customs

❖ Import of Goods at Concessional Rate (IGCR):

- The importer will now have to file only quarterly statement instead of monthly statement.
- The maximum period for which the goods can be sent to the job work shall be one year instead of six months from the date of invoice or electronic way bill.
- The importer will now have to maintain only quarterly statement instead of monthly statement for goods sent for end use and unit transfer.

Customs – Changes in BCD

Aquafarming and Marine Exports	Existing	Proposed	Movement
Frozen Fish Paste (Surimi)	30%	5%	↓
Fish Hydrolysate (aquatic feed)	15%	5%	↓

Automobile	Existing	Proposed	Movement
Motor Vehicle for transport of 10 or more persons	25%/40%	20%	↓

* Effective from 02-02-2025

Customs – Changes in BCD

IT & Electronic Sector	Existing	Proposed	Movement
Ethernet switches carrier grade	20%	10%	↓
Open Cell for Interactive Flat Panel	15%/10%	5%	↓
Parts/sub parts for use in Printed Circuit board/Camera Module	2.5%	0%	↓
Inputs and Parts for use in LED/LCD TV	2.5%	0%	↓

* Effective from 02-02-2025

Customs – Changes in BCD

Metal Scrap & Waste	Existing	Proposed	Movement
Waste and scrap of lithium-Ion Battery	5%	0%	↓
Cobalt Powders	5%	0%	↓

Commodity	Existing	Proposed	Movement
Crust leather(hide and skins)	20%	0%	↓

* Effective from 02-02-2025

Customs – Changes in AIDC

Chemicals & Plastics	Existing	Proposed	Movement
PVC Flex Films, PVC sheets, PVC Flex Banner	0%	7.5%	↑
Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	0%	20%	↑

Customs – Changes in Validity

Medicines/Drugs	Existing	Proposed
Lifesaving drugs/medicines including their salts and easters and diagnostics test kits	Exempted till 31.03.2025	Exempted till 31.03.2029

* Effective from 02-02-2025

Budget Team

CA Dhiren H Pandya, Partner

Email: dhiren@dhpa.in

CA Varun Pandya, Partner

Email: varun@dhpa.in

CA Vaibhav Vora

Keyur Mulrajani

Khushi Patel

Poojan Panchal

CA Riya Wadhwani

Nandini Gupta

Yash Sharma

Riya Jain

CA Vandana Kewalramani

Tanay Pandya

Parth Trivedi

Bishnu Shrestha

Dhiren H Pandya & Associates LLP

Ahmedabad Office:

204, Mahalaya Complex,
Near Hotel President,
Off. C.G.Road, Navrangpura,
Ahmedabad 380009

Phone: +91 79 26426729

Mumbai Office:

205, BLDG-42, B Wing,
Azad Nagar Sangam CHS,
Azad Nagar, Andheri West,
Mumbai - 400053.

Email : info@dhpa.in

URL : <http://www.dhpa.in>

 : <http://www.facebook.com/1dhpa>