



ADLAKHA KUKREJA  
GROUP

Budget  
2025

# Key Highlights of Union Budget 2025

This presentation outlines key highlights from the 2025 Budget, focusing on direct and indirect tax changes.

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# Direct Tax Changes

## Income Tax Rates

The Budget proposes new income tax slabs for Assessment Year 2026-27, with changes in the existing tax regime. The new slabs offer a lower tax rate for the first ₹4 lakh and a higher rebate under Section 87A, up to ₹60,000.

## Zero income tax till Rs 12 Lakh Income under New Tax Regime

Proposed Tax Slabs in New Tax Regime	Rate of Tax
Upto Rs. 4,00,000	Nil
From Rs. 4,00,001 to Rs. 8,00,000	5%
From Rs. 8,00,001 to Rs. 12,00,000	10%
From Rs. 12,00,001 to Rs. 16,00,000	15%
From Rs. 16,00,001 to Rs. 20,00,000	20%
From Rs. 20,00,001 to Rs. 24,00,000	25%
Above Rs. 24,00,000	30%

# Tax benefit for different categories of taxpayers

Total Income	Tax as per existing rates (Finance (No.2) Act, 2024)	Tax as per proposed rates	Benefit of Rate/Slab (4) = (3) - (2)	Rebate Benefit (5)	Total Benefit (6) = (4) + (5)	Tax Payable under new regime (7)
8 lac	30,000	20,000	10,000	20,000	30,000	0
9 lac	40,000	30,000	10,000	30,000	40,000	0
10 lac	50,000	40,000	10,000	40,000	50,000	0
11 lac	65,000	50,000	15,000	50,000	65,000	0
12 lac	80,000	60,000	20,000	60,000	80,000	0
13 lac	1,00,000	75,000	25,000	0	25,000	75,000
14 lac	1,20,000	90,000	30,000	0	30,000	90,000
15 lac	1,40,000	1,05,000	35,000	0	35,000	1,05,000
16 lac	1,70,000	1,20,000	50,000	0	50,000	1,20,000
17 lac	2,00,000	1,40,000	60,000	0	60,000	1,40,000
18 lac	2,30,000	1,60,000	70,000	0	70,000	1,60,000
19 lac	2,60,000	1,80,000	80,000	0	80,000	1,80,000
20 lac	2,90,000	2,00,000	90,000	0	90,000	2,00,000
21 lac	3,20,000	2,25,000	95,000	0	95,000	2,25,000
22 lac	3,50,000	2,50,000	1,00,000	0	1,00,000	2,50,000
23 lac	3,80,000	2,75,000	1,05,000	0	1,05,000	2,75,000
24 lac	4,10,000	3,00,000	1,10,000	0	1,10,000	3,00,000
25 lac	4,40,000	3,30,000	1,10,000	0	1,10,000	3,30,000
50 lac	11,90,000	10,80,000	1,10,000	0	1,10,000	10,80,000



# Measures to Promote Investment and Employment

## Incentives to International Financial Services Centre

### 1 Extension of Sunset Dates

Tax concessions and relocation of funds to IFSC extended to March 31, 2030.

### 3 Exemption to Capital Gains and Dividend

Exemption extended to ship leasing units in IFSC, similar to aircraft leasing.

### 2 Exemption on Life Insurance Policies

Proceeds from IFSC insurance intermediary offices exempt from tax.

### 4 Rationalisation of Definition of 'Dividend'

Advances or loans between group entities in IFSC not treated as 'dividend' if parent entity is listed outside India.



# Continued..

## 5 Relaxed Conditions

Conditions for eligible investment funds and their managers in IFSC rationalized, with relaxed conditions for funds managed by IFSC-based managers starting operations by March 31, 2030.

## 6 Inclusion of Retail Schemes and ETFs

Retail schemes and Exchange Traded Funds (ETFs) in IFSC included in the tax neutral relocation regime for funds.

## 7 Exempt Income of Non-Residents

Income from non-deliverable forward contracts, offshore derivative instruments, and over-the-counter derivatives entered into with Foreign Portfolio Investors in IFSC exempt from tax.

## 8 Extension of Investment Date

Investment deadline for Sovereign Wealth Funds and Pension Funds extended to March 31, 2030.



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# Simplification and Rationalisation

## TCS u/s Sec 206C (1H) removed

The Budget simplifies tax collection at source (TCS) by removing the requirement for sellers to collect TCS on sales exceeding ₹50 lakh.

## TCS – Forest Produce

Only forest produce (excluding timber & tendu leaves) obtained under a forest lease will be subject to TCS at the rate of 2% (earlier 2.5%).

## No higher rates for TDS/TCS

Omission of Sections 206AB and 206CCA, thereby removing the higher TDS/TCS provisions for non-filers with effect from April 1, 2025.



# Simplification and Rationalization

## Virtual Digital Assets

From February 1, 2025, virtual digital assets will be considered undisclosed income, block assessment time limits will extend to 12 months, and Section 158BA rules will be aligned.

## ULIP Tax Treatment

ULIPs with premiums exceeding ₹2.5 lakh (not eligible for 10D exemption) will be classified as Capital Assets under Sec 2(14) and included under Equity-Oriented Funds under Sec 112A.

# Impact on Businesses and Individuals

## Start-up Incentives

The Finance Bill 2025 extends the tax benefits for start-ups under Section 80-IAC by allowing eligibility for start-ups incorporated up to April 1, 2030.

## Capital Gains Tax

The Finance Bill 2025 proposes to align the tax rate for long-term capital gains (LTCG) on securities for non-residents with residents, increasing it from 10% to 12.5%.



# Changes in TDS Thresholds

S. No	Section	Current Threshold	Proposed Threshold
1	193 - Interest on securities	Nil	Rs. 10,000/-
2	194A - Interest other than Interest on securities	(i) Rs. 50,000/- for senior citizen; (ii) Rs. 40,000/- for others (when payer is bank, cooperative society and post office); (iii) Rs. 5,000/- in other cases	(i) Rs. 1,00,000/- for senior citizen; (ii) Rs. 50,000/- for others (when payer is bank, cooperative society and post office); (iii) Rs. 10,000/- in other cases
3	194 - Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
4	194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000/-	Rs. 10,000/-
5	194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
6	194BB - Winnings from horse race	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
7	194D - Insurance commission	Rs. 15,000/-	Rs. 20,000/-
8	194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
9	194H - Commission or brokerage	Rs. 15,000/-	Rs. 20,000/-
10	194-I - Rent	Rs. 2,40,000/- during the financial year	Rs. 50,000/- per month or part of a month
11	194J - Fee for professional or technical services	Rs. 30,000/-	Rs. 50,000/-
12	194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	Rs. 5,00,000/-





# Socio Economic Welfare Measures

## 1 Increased Income Limits for Employee Perks

Income limits for calculating employee perks will increase to match changes in the cost of living and economy.

## 3 Exemption from Taxation for NSS Withdrawals

Exemption from taxation for withdrawals made by individuals from the National Savings Scheme (NSS) for deposits made before April 1, 1992.

## 2 Tax Deduction for NPS Vatsalya Accounts

Parents or guardians contributing to NPS Vatsalya accounts can claim a tax deduction of up to ₹50,000 under Section 80CCD.

## 4 Taxpayers Allowed 2 Self-Occupied Properties

Taxpayers can claim the annual value of two self-occupied properties without any conditions.





# Tax Administration



## Crypto Reporting

A new section (285BAA) makes it mandatory for reporting entities to share details of crypto transactions with the income tax department.



## Updated Returns

The time limit to file updated returns (ITR-U) has been extended from 24 months to 48 months from the end of the relevant assessment year.



## Time Limits

The Budget extends the time limit for passing orders under the tonnage tax scheme and for approving the retention of seized books and documents.



## TCS Deadline Extension

The time limit rules for tax collection at source (TCS) under Section 206C have been updated. Now, delays due to court cases and other exclusions will be considered while calculating deadlines.



# Key Changes in Tax Administration

## 1 SUUTI Exemption Extension

The income tax exemption for the Specified Undertaking of Unit Trust of India (SUUTI) has been extended. Instead of expiring on March 31, 2025, it will now be valid until March 31, 2027.

## 2 Penalty Imposition

The power to impose penalties under various tax sections (271C, 271CA, 271D, 271DA, 271DB, and 271E) will now rest with the Assessing Officer instead of the Joint Commissioner.

## 3 Processing Time Extension

The processing time for applications requesting immunity from penalties and prosecution has been extended. Instead of one month, authorities will now have up to three months from the date of receiving the application to process it.



# Indirect Tax Changes

## ITC Distribution

From April 1, 2025, the distribution of input tax credit (ITC) for inter-state supplies where tax is paid on a reverse charge basis will be routed through the Input Service Distributor (ISD).

## SEZ Warehousing

The supply of goods warehoused in Special Economic Zones (SEZs) or Free Trade Warehousing Zones (FTWZs) before clearance for export or domestic tariff area is not treated as a supply of goods or services.  
Effective Retrospectively from 1<sup>st</sup> July 2017.  
No Refund will be granted for the taxes already paid.

1

2

3

4

## Pre-Deposit for Appeals

A 10% mandatory pre-deposit is required for appeals involving only penalty demands (without tax demands).

## Track and Trace Mechanism Sec 116A

The Budget introduces a Unique Identification Marking (UIM) system to monitor the movement of specified goods throughout their supply chain.



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# Input Service Distributor (ISD) Mechanism

## Key Changes

The amendment clarifies that both intra-state and inter-state Reverse Charge Mechanism transactions will be covered under the ISD framework.

## Objective

The objective is to explicitly include inter-state RCM transactions under the ISD mechanism, addressing a previously existing limitation.

# Clarifying the Scope of Local Authority

## Definition Expansion

The amendment clarifies the scope of Local Authority by explicitly defining "local fund" and "municipal fund," removing ambiguities and uncertainties related to these terms.

## Impact

This amendment aims to provide a clearer understanding of the entities that fall under the definition of Local Authority, ensuring consistent application of the GST regime.



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# Track and Trace Mechanism for Goods



## Unique Identification Marking

The amendment introduces a Track and Trace Mechanism for evasion-prone commodities, using a Unique Identification Marking (UIM) system to ensure better compliance and control.



## Penalty for Non-Compliance

In case of non-compliance, a penalty as per Section 122B will apply.



## Enhanced Traceability

This system will establish a legal framework to facilitate traceability throughout the supply chain, ensuring better compliance and control.



# Time of Supply for Vouchers

## 1 Clarification on Vouchers

The amendment aligns with the Council's clarification that vouchers are neither goods nor services, eliminating the need for determining their Time of Supply under GST.

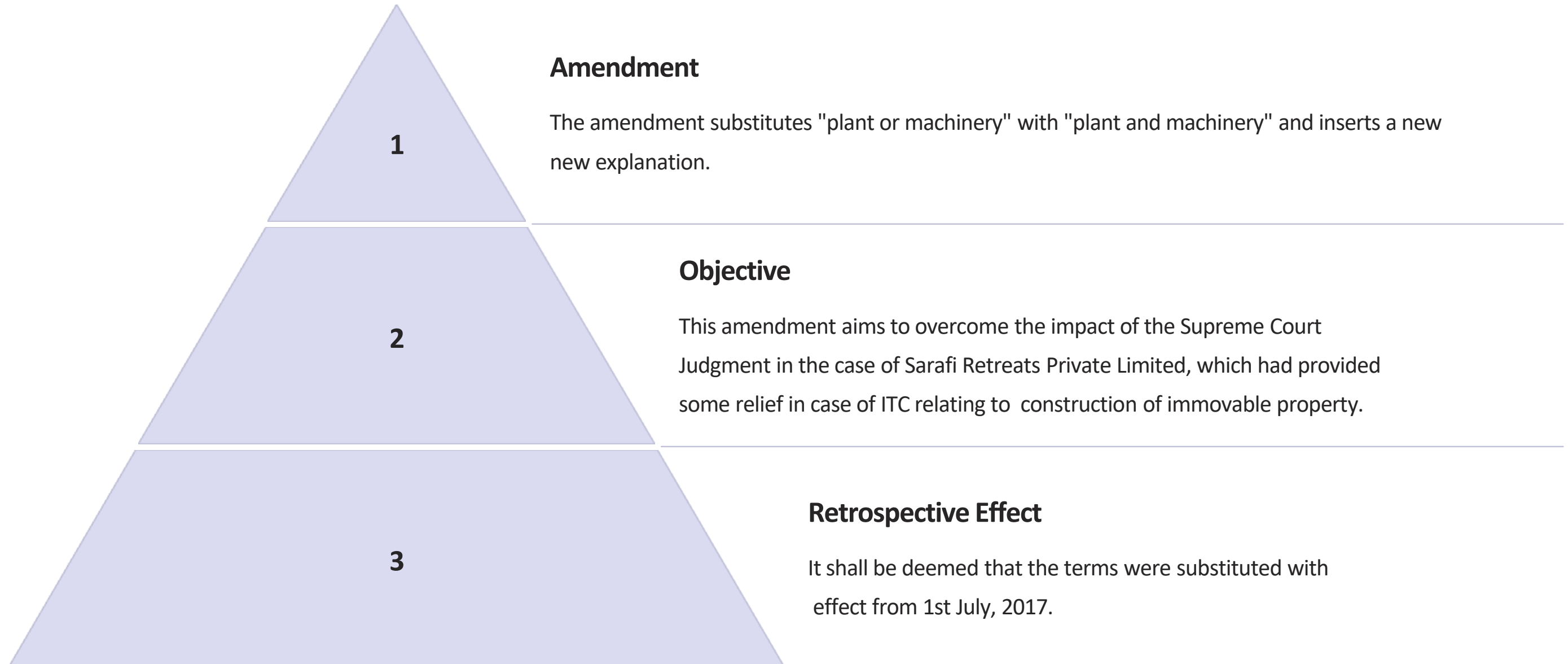
## 2 Taxable Services

When vouchers are distributed on a principal-to-agent basis, the commission, fee, or any other amount charged by the agent for such distribution remains taxable under GST.

## 3 Ancillary Services

Ancillary services related to vouchers, such as advertising, co-branding, marketing and promotion, customization, technology support & customer support, will be subject to GST on the amount charged for these services.

# Input Tax Credit (ITC) on Plant and Machinery





# Reversal of ITC in Case of Credit Note Issuance

1

## Amendment

The amendment explicitly states that when a credit note is issued against an invoice where the recipient has availed ITC, the supplier can reverse output tax only if the recipient also reverses the corresponding ITC.

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2

## Objective

This amendment aims to ensure fairness and transparency in ITC reversal, aligning the supplier's and recipient's obligations.

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3

## Impact

This amendment will require both the supplier and recipient to coordinate their actions when credit notes are issued, ensuring a consistent approach to ITC reversal.



# Streamlining Invoice Management and GSTR-2B

1

## Invoice Management System

Several clerical amendments have been made to Section 38 to introduce enabling provisions for streamlining the Invoice Management System and GSTR-2B, ensuring better compliance, accuracy, and efficiency in ITC reconciliation.

2

## GSTR-2B

The amendment aims to enhance the accuracy and efficiency of ITC reconciliation by streamlining the process of communicating details of inward supplies and input tax credit.

3

## Impact

These amendments will contribute to a more robust and efficient GST ecosystem, facilitating smoother compliance and reducing administrative burden.



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# Customs

1

## Provisional Assessments

A definite time limit of two years is set for finalizing provisional assessments by the proper officer.

2

## Voluntary Post-Clearance Revision

Importers and exporters can now voluntarily revise customs entries within a prescribed time.

3

## Tariff Rate Changes

The Budget introduces new tariff items and adjusts existing rates, including reductions for textiles, marine and agri sectors, and increases for marble and granite, footwear, and solar cells.

4

## Import Concessions

The Budget exempts certain items from import duties, including inputs for handicrafts, medicines and food for special medical purposes, and drugs imported under the Patient Assistance Program.



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# Disclaimer

Budget 2025 proposals presented by the finance minister before the parliament are analyzed in this Document. It should not be relied upon as a substitute for detailed advice or a basis for formulating business decisions.

The proposals are subject to amendment as the Finance Bill is yet to be passed by the Parliament.

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