

Union Budget 2025



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FCA, FCS, FCMA, LL.B, MIMA, DISA, IP

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FINANCE BILL 2025

■ Aims to initiate transformative reforms across six domains:

- 1. Taxation;*
- 2. Power Sector;*
- 3. Urban Development;*
- 4. Mining;*
- 5. Financial Sector; and*
- 6. Regulatory Reforms*

FINANCE BILL 2025

- Over past 10 years, implemented several reforms for convenience of tax payers:
 - *Faceless assessment,*
 - *Taxpayers charter,*
 - *Faster returns,*
 - *Almost 99 % returns being on self-assessment, and*
 - *Vivad se Vishwas scheme. – till now 33000*

UNION BUDGET 2025

- New Income Tax Bill ...coming soon
- **TRUST FIRST... SCRUTINY LATER**
- New Tax Regime Rates
- Simplification of Charities & TDS
- IFSC
- Timelines rationalization & extensions

TAX RATES – S. 115BAC (1A)

Tax Rate	Total Income AY 2026-27	Total Income AY 2025-26
0%	Up to 4,00,000	Up to 3,00,000
5%	4,00,001 to 8,00,000	3,00,001 to 7,00,000
10%	8,00,001 to 12,00,000	7,00,001 to 10,00,000
15%	12,00,001 to 16,00,000	10,00,001 to 12,00,000
20%	16,00,001 to 20,00,000	12,00,001 to 15,00,000
25%	20,00,001 to 24,00,000	
30%	Above 24,00,000	Above 15,00,000

- **Rebate u/s 87A increased from Rs 25k to Rs 60k (resident Ind.)**
- **Rebate u/s 87A would not be applicable to special rate taxes**
- **Loss in Tax contribution by Rs. 1 Lac Cr.**

TAX RATES – BENEFIT

Income	Tax on Slabs and rates		Benefit of	Rebate benefit	Total Benefit	Tax after rebate Benefit
	Present	Proposed	Rate /Slab	Full upto Rs 12 lacs		
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
16 lac	1,70,000	1,20,000	50,000	0	50,000	1,20,000
20 lac	2,90,000	2,00,000	90,000	0	90,000	2,00,000
24 lac	4,10,000	3,00,000	1,10,000	0	1,10,000	3,00,000
50 lac	11,90,000	10,80,000	1,10,000	0	1,10,000	10,80,000

INDIA GROWTH

- India fastest growing economy of world – 6 -7% growth rate
- US 2.7%; China 4.9%
- US added USD 787 billion; China 895 billion USD
- India 256 billion USD
- FY 2023-24 – 8.09 Cr. ITR
- FY 2023-24 – 4.90 Cr.– Zero Tax ITRs
- If these .. 12 L –283 billion USD

MSME

	12.10.2006		1.7.2020		1.4.2025	
	Mfg (Plant & Mach.)	Services (Equip.)	Invest.	Turnover	Invest.	Turnover
Micro	< 25L	< 10 L	< 1 Cr	< 5 Cr	< 2.5 Cr	< 10 Cr
Small	25L to 5 Cr	10L to 2 Cr	< 10 Cr	< 50 Cr	< 25 Cr	< 100 Cr
Medium	5 Cr to 10 Cr	2 Cr to 5 Cr	< 50 Cr	< 250 Cr	< 125 Cr	< 500 Cr

NUCLEAR POWER

- 2 Atomic Acts to be amended
 - The Atomic Act 1962
 - Civil Liability for Nuclear Damage Act 2010
- India – 2nd Asian Nation to build Nuclear power plant in 1969 at Tarapur.. after Japan
- Hoped to build 10000 MW by 2000.. Currently 8200 MW
- China 58000 MW, South Korea 32000 MW, UAE which started less than a decade ago – 5300 MW
- In Budget after amendments India's target 100000 MW by 2047

TDS RATE CHANGE

Section	Nature of Payment	Existing Rate Upto 31.03.2025	Proposed Rate From 01.04.2025
194 LBC	Income in respect of investment in Securitization Trust	25% (Individual/ HUF) 30% (Other Persons)	10%
3 rd Proviso to 206C (1G)	TCS on LRS for education purpose taken by Loan from Financial Institutions as per s. 80E	0.50%	Nil

TDS/TCS THRESHOLD CHANGE

Section	Nature of Payment	Existing Threshold Upto 31.03.2025	Proposed Threshold From 01.04.2025
193	Interest on Securities	Nil	10,000
194	Dividends	5,000	10,000
194 B	Winnings from lottery or crossword puzzle	10,000 (Aggregate during FY)	10,000 (Limit per Transaction)
194 BB	Winnings from horse race	10,000 (Aggregate during FY)	10,000 (Limit per Transaction)
194 D	Insurance Commission	15,000	20,000
194 G	Commission, etc., on sale of lottery tickets	15,000	20,000
194 H	Commission or Brokerage	15,000	20,000
194 I	Rent	2,40,000 (For full year)	50,000 (Per month or part of month)
194 J	Fees for professional or technical services	30,000	50,000
194 K	Income in respect of units	5,000	10,000
194 LA	Payment of compensation on acquisition of certain immovable property	2,50,000	5,00,000
206C(1G)	Remittance under LRS & Overseas Tour Program	700000	1000000

TDS THRESHOLD CHANGE – S. 194A

S. No	Payer	For Other Persons		For Senior Citizens	
		Current threshold	Proposed threshold	Current threshold	Proposed threshold
1.	Banking Companies	40,000	50,000	50,000	1,00,000
2.	Co-operative bank	40,000	50,000	50,000	1,00,000
3.	Any Deposit with Post office	40,000	50,000	50,000	1,00,000
4.	Any Other Case	5,000	10,000	5,000	10,000
5.	Cooperative society referred to in clause (v) and clause (viia) of section 194A(3)	40,000	50,000	50,000	1,00,000

TDS / TCS

- TCS u/s 206C (1) amended to reduce the TCS rate from 2.5% to 2% on:
 - *Timber or any other forest produce (excluding tendu leaves) obtained under a forest lease*
 - *Timber obtained by any mode other than under a forest lease*
- Now Forest produce obtained under a forest lease only would be covered under TCS, as the item 'any other forest produce not being timber or tendu leaves' is omitted.

TDS / TCS

- Earlier the term "forest produce" was not defined.
- Now, "forest produce" shall have the same meaning as defined in:
 - *Any State Act in force, or*
 - *The Indian Forest Act, 1927*
- S. 206C (1H) is omitted. TCS no longer on sale of goods exceeding ₹50 L - only TDS u/s 194Q will apply.
- Ss. 206AB / 206CCA omitted. TDS / TCS will no longer be applied at higher rates for non-filers of ITR.

DEDUCTIONS & EXEMPTIONS

- S. 80CCA - Withdrawing funds from the National Savings Scheme (NSS)
- No interest is paid on NSS balances from October 1, 2024.
- Amendment would exempt withdrawals made on or after August 29, 2024, for deposits made before April 1, 1992.
- Both deposit & Interest !!
- TDS u/s 194EE !! – 4.4.2025 notification

DEDUCTIONS & EXEMPTIONS

- **S. 80-IAC – extend benefit of deduction for another period of 5 years for start-ups incorporated before 01.04.2030. Earlier for Start-ups incorporated before 01.04.2025.**
- **S. 10(23FE) to be amended to exempt LTCG (whether or not such capital gains are treated as STCG u/s 50AA) arising from investment by Sovereign Wealth Funds and Pension Funds made in India. Further date of investment shall be extended from 31st March 2025 to 31st March 2030.**

DEDUCTIONS & EXEMPTIONS

- Following benefits already available to NPS Contribution u/s 80CCD now extended to NPS Vatsalya Scheme.
 - *Deduction to be allowed to parents/ guardian's maximum upto Rs 50,000/-.*
 - *Where deduction has earlier been claimed and amount is subsequently withdrawn - tax thereon.*
 - *In case of the minor's death, the withdrawal amount isn't taxed as the guardian's income.*
- Where there is a partial withdrawal for education, medical treatment, or disability of Minor Child, tax exemptions on partial withdrawals shall not be included in total income of parent/guardian to extent it does not exceed 25% of amount of contributions made by him u/s 10(12BA)

CHARITIES

- Trusts registered u/s 12A(1) (ac) (i to v) and whose TI of each of 2 yrs does not exceed Rs. 5 crs. preceding to PY in which such application is made, period of validity extended from 5 to 10 yrs.
 - (i) *Trust is already existing registered u/s 12A , within 3 months from 1st April, 2021;*
 - (ii) *Trust or institution is registered u/s 12AB and period of said registration is due to expire, at least 6 months prior to expiry of said period;*
 - (iii) *Trust has been provisionally reg. u/s 12AB at least 6 months prior to expiry of period of provisional reg. or within 6 months of commencement of its activities, whichever is earlier;*
 - (iv) *Reg. of trust has become inoperative due to first proviso to s. 11(7), at least 6 months prior to commencement of AY from which the said reg. is sought to be made operative;*
 - (v) *Trust or institution has adopted or undertaken modifications of objects which do not conform to conditions of reg., within 30 days from date of said adoption or modification;*
 - (vi) *in any other case, where activities of trust or institution have—*
 - (A) not commenced, at least one month prior to the commencement of the PY relevant to the AY from which the said registration is sought;
 - (B) commenced and no income or part thereof of the said trust or institution has been excluded from the total income on account of applicability of..., or s. 11/12, for any PY ending on or before the date of such application, at any time after the commencement of such activities.

CHARITIES

- Provided that where the application is filed beyond the time allowed in sub-clauses (i) to (vi), the Pr. Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, condone such delay and such application shall be deemed to have been filed within time
- Rs. 5 Crs. – Corpus Donation !!
- 80G !!!
- Explanation (g) to section 12AB (4) amended to clarify that an incomplete application will not be treated as a specified violation for cancellation of registration.
- “(g) the application referred to in clause (ac) of sub-section (1) of section 12A ~~is not complete or it~~ contains false or incorrect information”

CHARITIES

- S. 13 - persons who have made substantial contributions (over ₹50,000 in aggregate in lifetime of the trust), their relatives, or concerns in which they have a substantial interest. Now:
 - *Persons whose total contribution exceeds ₹1 lakh in the relevant year or ₹10 lakh cumulatively.*
 - *Relatives of these contributors will not be included in the specified persons under section 13.*
 - *Concerns in which such persons have a substantial interest will also not be included in the specified persons u/s 13.*

SALARIES – S. 17(2)

Clause	Aspect	Current Limit	Proposed Limit
(iii)	Benefits or amenity granted or provided free of cost or at concessional rate	50,000 (GTI)	Limit as may be prescribed
(viii)	Medical travel expense for employee or his family outside India	200,000	

HOUSE PROPERTIES

- Section 23(2) - annual value of 2nd self-occupied house property will be taken as nil, if the 2nd house property could not be occupied due to any reason.
- Earlier the reason for not occupying the 2nd house property was mentioned as due to employment, business or profession carried on at any other place

CAPITAL GAINS

- Tax on LTCG derived from transfer of securities other than equity share in company or unit of equity-oriented fund or unit of business trust u/s 115AD increased from 10% to 12.5%.
- S. 2(14) amended to clarify that securities held by investment funds u/s 115UB (AIFs) are capital assets, and consequently income from their transfer would be treated as capital gains from AY 2026-27
- S. 115UA shall now also include Section 112A apart from Ss. 111A and 112 for the purpose of taxation of business trusts (InvIT & REIT) at lower rates in case of income arises from CG. Other Incomes are taxable at MMR

CAPITAL GAIN

- Income on redemption of ULIP would be treated as CG and following clarifications have been made:
 - *ULIPs which are not exempt u/s 10(10D) shall be treated as a Capital Asset*
 - *Income arising from redemption of ULIPs on which the exemption of Section 10(10D) does not apply are taxable as Capital Gain u/s 45*
 - *For purpose of clause (a) of Explanation to s. 112A, the definition of equity-oriented funds shall also include ULIPs on which the exemption u/s 10(10D) is not applicable.*

ITR - U

Time Period	Rate of Additional tax	Effective Tax Rate (assuming 30% bracket)
Upto 12 months from the end of relevant AY	25%	37.5%
After expiry of 12 months and upto 24 months	50%	45%
After expiry of 24 months and upto 36 months	60%	48%
After expiry of 36 months and upto 48 months	70%	51%
Post 36 months (If notice u/s 148A issued)	ITR U cannot be filed	

- 90 L ITR-U filed in last 2 years

S. 143(1)

- Through Bill Amendment
- Checking any inconsistency in the return with respect to the information in the return of any preceding previous year, as may be prescribed.
- Inconsistencies are yet to be prescribed.
- However, an example could be where taxpayer has made a claim of any credit in previous return but the corresponding figures are not the same in the current return.

CARRY FORWARD / SET-OFF LOSSES

- Sections 72A /72AA - Carry- forward and set-off of accumulated losses and unabsorbed depreciation in cases of business amalgamation or reorganization.
- Currently, accumulated losses of the predecessor entity can be carried forward by the successor entity.
- Proposed amendment will limit the carry forward period to 8 assessment years from the year the loss was first calculated for predecessor for amalgamation or business reorganization
- Applicable on amalgamation or business reorganization effected on or after 1st April 2025.
- Unabsorbed Depreciation !!

PENALTIES

- **Section 270AA** - Immunity from penalties under certain conditions, pay the taxes due and file a valid declaration in Form 68. Earlier, a taxpayer had to apply for immunity within 1 month of receiving an order, and AO had one month to decide. Now, deadline for AO to process the application is extended to 3 months.
- **Section 275** is being substituted to provide that penalties shall be imposed under this section within 6 months from the end of the quarter in which the legal process (appeal or review) is completed. Now post ITAT order !!!
- **Section 271AAB** for undisclosed income found during searches initiated after December 15, 2016. Omitted w.e.f. 1.9.24.
- **Section 271BB** omitted because it no longer serves any purpose. (Subscription to units u/s 88A)

PENALTIES

- Currently, if someone fails to pay TCS on time - rigorous imprisonment u/s 276BB. Now no prosecution if TCS is paid before the due date for filing the quarterly statement
- Currently, penalties u/ss 271C, 271CA (Failure to deduct or collect tax at source), 271DA (S. 269 ST), 271DB (S. 269 SU – electronic mode), 271D & 271E (S. 269 SS/T) are imposed by JCIT, even though AO handles assessment. From now on, AO will be responsible for imposing penalties under these sections. However, if penalty amount exceeds a certain limit, AO will need to get approval from JCIT before imposing penalty [in accordance with Section 274(2)]
 - *By ITO – if penalty exceed Rs. 10k*
 - *By ACIT / DCIT – if penalty exceed Rs. 20k*

IFSC – SUNSET DATES EXTENDED

Section	About	Existing Date	Proposed Date
80LA(2)(d)	Deductions in respect of certain incomes of Offshore Banking Units and IFSC	31.03.2025	31.03.2030
10(4D)	Income from transfer of Capital Asset located in IFSC	31.03.2025	31.03.2030
10(4F)	Royalty or Interest Income of a Non-Resident paid by IFSC	31.03.2025	31.03.2030
10(4H)	Income from transfer of shares by a non-resident or IFSC	31.03.2026	31.03.2030
47(viiad)(b)	Relocation of original fund to resultant fund	31.03.2025	31.03.2030

IFSC

- Non-residents receiving proceeds on such policy issued by IFSC insurance intermediary office - exempt u/s 10(10D) even if maximum premium paid in a year exceeds Rs. 5 Lacs or on ULIP exceeding Rs. 2.5 Lac a year.
- Non-residents or units of IFSC engaged in ship leasing (aircrafts were already covered) exempted from income being capital gain on transfer of equity shares u/s 10(4H).
- Non-residents or units of IFSC engaged in ship leasing (aircrafts were already covered) exempted from dividend paid u/s 10(34B).
- S. 2(22)(e) amended to exclude loans between group entities, where one is a finance company/unit in an IFSC and the parent entity is listed abroad, from being treated as dividends with effect from 1st April 2025

VIRTUAL DIGITAL ASSETS

- Statement for Crypto assets - Tax is charged at 30% on crypto assets like cryptocurrency, with no deductions allowed except for the cost of the asset. Also, 1% tax is deducted when buying or selling crypto. It is proposed to introduce u/s 285BAA to track crypto transactions by periodic filing of crypto transactions.
- It is proposed to update the definition of "virtual digital assets" to make sure that all crypto-assets are included, even if they weren't specifically listed before by amending definition u/s 2(47A).
- S. 2(47A) - 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 such asset is included in other clauses

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Q. can a defense non public fund apply for CSR-1as they dont have 80G and 12A registration under income tax act

Answered By [CA PRAMOD JAIN](#)

Question added **5 hours** ago [Income Tax](#) By [CA DEVENDER SAINI](#), CA, CHANDNI CHOWK

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