



SHIVANK CHHAPARIA & CO.
CHARTERED ACCOUNTANTS

Budget Snapshot

Key Proposals under Finance Bill, 2025

Presented on 01-02-2025

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TAX STRUCTURE



Proposals in Tax Structure

Slab Structure for Individuals, HUF, AOP, BOI, Artificial Juridical Person

under New Tax Regime u/s 115BAC [Default Regime]
[w.e.f. A.Y. 2026-27]

Total Income	Tax Outgo
Upto 4 Lacs	NIL
From 4,00,001 to Rs. 8,00,000	5% in Excess of Rs. 4 Lacs
From 8,00,001 to Rs. 12,00,000	20,000 + 10% in Excess of Rs. 8 Lacs
From 12,00,001 to Rs. 16,00,000	60,000 + 15% in Excess of Rs. 12 Lacs
From 16,00,001 to Rs. 20,00,000	120,000 + 20% in Excess of Rs. 16 Lacs
From 20,00,001 to Rs. 24,00,000	200,000 + 25% in Excess of Rs. 20 Lacs
Above Rs. 24 Lacs	300,000 + 30% in Excess of Rs. 24 Lacs

Note :-

1. Standard deduction u/s 16(ia) of Rs. 75,000/- on salary income.
2. Deduction u/s 80JJAA on 'Additional Employee Cost' is also available for Tax-audit assesseees.
3. Rebate u/s 87A is allowed upto Rs. 60,000/- implying NIL tax liability for total income upto Rs. 12 Lacs for resident individuals.
4. Surcharge on Total Income which :-
 - a) Includes dividend, STCG u/s 111A, LTCG u/s 112/112A above Rs. 50 Lacs : 10%
 - b) Includes dividend, STCG u/s 111A, LTCG u/s 112/112A above Rs. 100 Lacs : 15%
 - c) Excludes dividend, STCG u/s 111A, LTCG u/s 112/112A above Rs. 200 Lacs: 25%
 - d) Excludes dividend, STCG u/s 111A, LTCG u/s 112/112A above Rs. 500 Lacs: 37%
5. Health & Education Cess @ 4% on above.
6. The rebate u/s 87A shall **NOT** be available on income which are taxed at special rate such as capital gain and lotteries.
7. Marginal relief is also available where total income is slightly higher than Rs. 12 Lacs. This relief is covered when total income is approx. Rs. 12.70 Lacs
8. No change in tax structure for same class of assesseees under old regime.

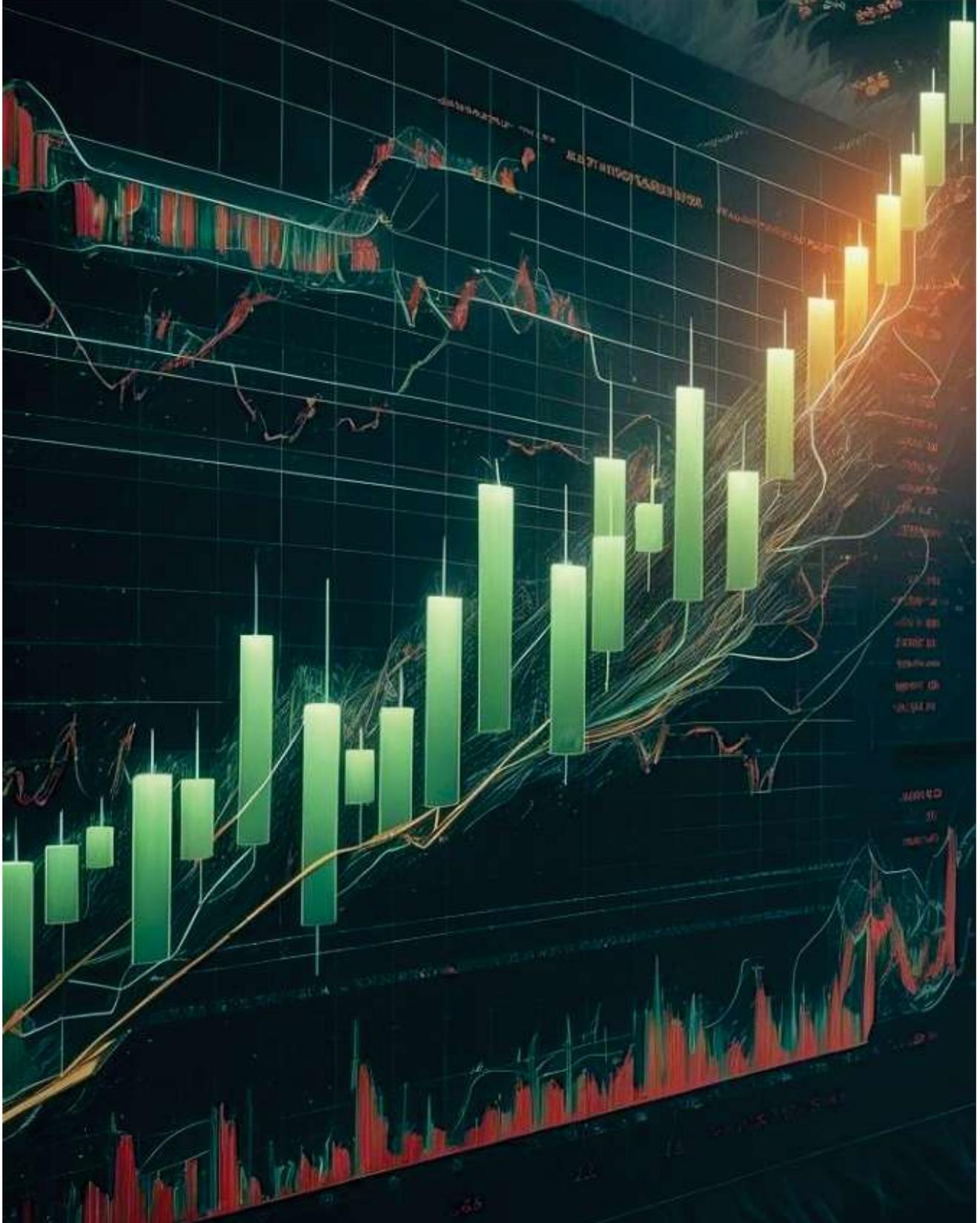
New Income Tax Bill, 2025 – Emerging the Spirit of “NYAYA”



"Trust First, Scrutinize Later"

1. During the presentation of first Union Budget under Modi 3.0 Government, the Hon'ble FM announced a "Comprehensive Review of the Income-tax Act, 1961".
2. Fast forward seven months since the announcement, during the Budget Speech for 2025-26, the Hon'ble FM has now announced that a simplified and concise direct tax statute would be tabled by next week.
3. The previous two budget speeches indicate that this new statute may reduce disputes and litigation and may open doors to transforming a six-decade old tax statute.

PROPOSALS SUPPORTING MSME & STARTUPS



Supporting MSMEs & Start-ups

(A) Proposals for MSMEs

1. Revision in classification criteria for MSMEs

[All Fig in INR Crores]

Category	Present Definition		Revised Definition	
	WDV of Plant & Machinery	Turnover in Preceding F.Y.	WDV of Plant & Machinery	Turnover in Preceding F.Y.
Micro	1	5	2.5	10
Small	10	50	25	100
Medium	50	250	125	500

- Credit guarantee cover to MSMEs proposed to be enhanced from Rs. 5 Crs to Rs. 10 Crs.
- It is proposed to grant term loans of upto Rs. 20 Crs to Exporter MSMEs.
- Customised Credit Cards with a limit of ₹ 5 lakh for “micro” enterprises registered on Udyam portal. Out of which, 10 lakh such cards will be issued in the first year.
- For 5 lakh first-time entrepreneurs, including women, SC/ST, a new scheme, to be launched, to provide term loans up to ₹ 2 crore during the next 5 years.

(B) Proposals for Start-ups – Assessee being Company or LLP

- Extension of sunset clause allowing incorporation till 31-03-2030 to avail tax holiday u/s 80-IAC.
- Credit guarantee cover to Start-ups proposed to be enhanced from Rs. 10 Crs to Rs. 20 Crs.
- Setting up a new Fund of Funds with expanded scope and a fresh contribution of another Rs. 10,000 Crs.
- A Deep Tech Fund of Funds will also be explored to catalyze the next generation startups as a part of this initiative.

PROPOSALS UNDER TDS & TCS



Proposals on TDS

Higher threshold on various TDS provisions -

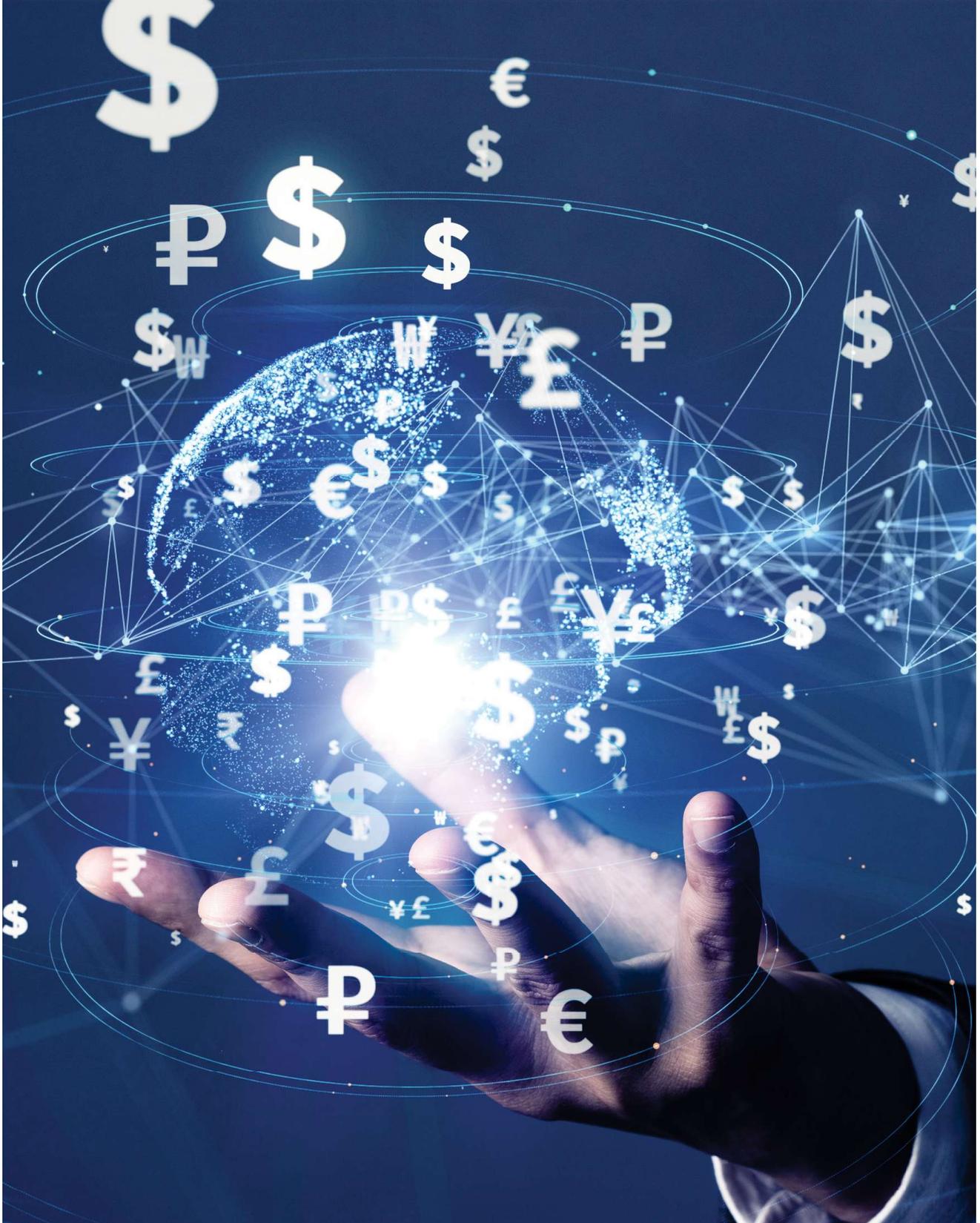
Sl. No.	Section & Nature of Payment	Rate	Present Threshold Limit	Proposed Threshold Limit w.e.f. 01-04-2025
1.	193 – Interest on Securities	10%	NIL	Rs. 10,000/-
2.	194A – Interest other than Interest on Securities: i) For Senior Citizen with payer being Bank, Co-operative Society, Post Office ii) For Non-Senior Citizen with payer being Bank, Co-operative Society, Post Office iii) For any assessee Other Cases	10%	Rs. 50,000/- Rs. 40,000/- Rs. 5,000/-	Rs. 1,00,000/- Rs. 50,000/- Rs. 10,000/-
3.	194 – Dividend for an individual shareholder	10%	Rs. 5,000/-	Rs. 10,000/-
4.	194K – Income From Mutual Fund	10%	Rs. 5,000/-	Rs. 10,000/-
5.	194B – Winnings from lottery, Cross Word Puzzle etc.	30%	Aggregate of amounts exceeding Rs. 10,000/- during the Financial Year.	Rs. 10,000/- Per Transaction
6.	194BB – Winnings from horse race.	30%	Aggregate of amounts exceeding Rs. 10,000/- during the Financial Year.	Rs. 10,000/- Per Transaction

Sl. No.	Section & Nature of Payment	Rate	Present Threshold Limit	<u>Proposed Threshold Limit</u> <u>w.e.f. 01-04-2025</u>
7.	194D – Insurance Commission	10%	Rs. 15,000/-	Rs. 20,000/-
8.	194G - Commission etc on sale of lottery tickets	2%	Rs. 15,000/-	Rs. 20,000/-
9.	194H - Payment of commission or brokerage	2%	Rs. 15,000/-	Rs. 20,000/-
10.	194-IB - Payment of rent by certain individuals or HUF	10%	Rs. 2,40,000/- p.a.	Rs. 50,000/- <i>Per Month/Part thereof</i>
11.	194J – Payment of Fees for Professional Services	10%	Rs. 30,000/-	Rs. 50,000/-
12.	194J – Payment of Fees for technical services	2%	Rs. 30,000/-	Rs. 50,000/-
13.	194J – Payment of Royalty	2%	Rs. 30,000/-	Rs. 50,000/-
14.	194J - Any sum referred to in clause (va) of section 28	10%	Rs. 30,000/-	Rs. 50,000/-
15.	194LA – Enhanced compensation on compulsory acquisition of land	10%	Rs. 2,50,000/-	Rs, 5,00,000/-

Proposals on TCS

1. TCS U/s 206C(1) – For TCS on timber or any other forest produce (not being tendu leaves) obtained under forest lease and timber obtained by any mode other than under a forest lease it is proposed to reduce the rate of TCS from 2.5% to 2.00% **w.e.f. 01-04-2025.**
2. TCS U/s 206C(1H) on Sale of Goods is proposed to be omitted **w.e.f. 01-04-2025.**
3. TCS U/s 206C(1G) – For TCS on remittance under LRS for purpose of education, financed via loan from a financial Institution is proposed to be waived from the present rate of 0.5% **w.e.f. 01-04-2025.**
4. TCS u/s 206C(1G) on LRS on various transactions is proposed to be enhanced from Rs. 7 Lacs to Rs. 10 Lacs **w.e.f. 01-04-2025.**
5. Removal of higher TDS/TCS for non-filers of return of income with omission of Sec.206AB & Sec. 206CCA of the Act **w.e.f. 01-04-2025.**
6. Exemption from prosecution for delayed payment of TCS where payment of tax has been made before filing of quarterly return **w.e.f. 01-04-2025.**

PROPOSALS FOR IFSC & NON RESIDENTS



Fostering Opportunities & Concessions for IFSC & Non-Residents

International Financial Services Centre (IFSC) is a jurisdiction that provides financial services to non-residents and residents, to the extent permissible in any currency except Indian Rupee.

To foster the growth of financial infrastructure in IFSC, various tax concessions have been extended over the years and further amendments are proposed **w.e.f. 01-04-2025 (AY 26-27)**

Sr. No.	Proposal & Incentives
1.	<p><u>Extension of Sunset Dates for Tax Concessions</u></p> <p>The sunset dates for multiple tax concessions or relocation of funds applicable to IFSC such as 31.03.2025/2026 under the existing provisions are proposed to be extended to 31-03-2030</p>
2.	<p><u>Exemption on Life Insurance Policies Issued by IFSC Insurance Offices</u></p> <p>For non-residents procuring life insurance policies via IFSC Insurance Offices vis-à-vis policies from foreign jurisdictions, it is proposed to amend to allow exemption u/s 10(10D) for proceeds from life insurance policies issued by IFSC insurance intermediaries, irrespective of quantum of premium.</p>
3.	<p><u>Relaxation from Deemed Dividend u/s 2(22)(e) for IFSC Treasury Centers</u></p> <p>Any advance or loan extended between group entities shall not be treated as "dividend" as per Sec. 2(22)(e) provided –</p> <ul style="list-style-type: none"> (i) Borrower entity is a "Finance Company" or a "Finance Unit" in IFSC established as a global or regional corporate treasury center for undertaking treasury activities or treasury services. (ii) The parent or principal entity of such a group entity must be listed on a stock exchange outside India, except in jurisdictions as may be specified by the Board.
4.	<p><u>Extension of Presumptive Tax Scheme for Non-Residents Providing Services to Electronics Manufacturing Facilities</u></p> <p>Option of declaring tax @ 25% of aggregate receipts received/receivable by non-resident on fulfilment of following conditions –</p> <ul style="list-style-type: none"> (i) Services are offered to resident assessee engaged in the business of establishing or operating electronics manufacturing facility under a government-notified scheme. (ii) Services offered are in the nature of technological support and related services for the establishment of the electronic manufacturing facilities

MISCELLANEOUS PROPOSALS



Miscellaneous Proposals

Sr. No.	Key Proposals										
1.	<p data-bbox="347 432 1195 464"><u>Option to File Updated ITR up to 48 months from End of AY</u></p> <table border="1" data-bbox="477 499 1219 1020"> <thead> <tr> <th data-bbox="477 499 857 600">Filing of ITR u/s 139(8A)</th> <th data-bbox="857 499 1219 600">Additional Tax & Interest</th> </tr> </thead> <tbody> <tr> <td data-bbox="477 600 857 705">Within 12 months from end of A.Y.</td> <td data-bbox="857 600 1219 705">25%</td> </tr> <tr> <td data-bbox="477 705 857 810">Within 12 – 24 months from end of A.Y.</td> <td data-bbox="857 705 1219 810">50%</td> </tr> <tr> <td data-bbox="477 810 857 915">Within 24 – 36 months from end of A.Y.</td> <td data-bbox="857 810 1219 915">60%</td> </tr> <tr> <td data-bbox="477 915 857 1020">Within 36 – 48 months from end of A.Y.</td> <td data-bbox="857 915 1219 1020">70%</td> </tr> </tbody> </table> <p data-bbox="347 1058 1370 1157">A taxpayer shall not be permitted to file more than one updated return for same year. However, one updated return may be filed for each distinct assessment year separately.</p>	Filing of ITR u/s 139(8A)	Additional Tax & Interest	Within 12 months from end of A.Y.	25%	Within 12 – 24 months from end of A.Y.	50%	Within 24 – 36 months from end of A.Y.	60%	Within 36 – 48 months from end of A.Y.	70%
Filing of ITR u/s 139(8A)	Additional Tax & Interest										
Within 12 months from end of A.Y.	25%										
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Within 24 – 36 months from end of A.Y.	60%										
Within 36 – 48 months from end of A.Y.	70%										
2.	<p data-bbox="347 1199 1370 1262"><u>Rationalization of Provisions Relating to Carry Forward of Losses in Case of Amalgamation</u></p> <p data-bbox="347 1304 1370 1472">To align with Sec. 72, it is proposed that losses from the predecessor entity carried forward by the successor entity to be eligible for carry forward for up to 8 assessment years from the year in which the loss was originally computed by the predecessor. This aims to prevent the perpetual carry forward of losses through successive amalgamations. w.e.f. 01-04-2025</p>										
3.	<p data-bbox="347 1514 1279 1545"><u>Clarification on Computation of Stay Period in Legal Proceedings</u></p> <p data-bbox="347 1577 1370 1713">It is proposed that period of “stay” granted by Court shall be considered from the date the stay was granted by the Court or injunction of any court until the date the certified copy of the order vacating the stay is received. (w.e.f. 01-04-2025)</p>										
4.	<p data-bbox="347 1755 1370 1818">It is proposed that REIT & InVIT Business Trust to be eligible for tax at special rate u/s 112, 112A and 111A (w.e.f. AY 2026-27)</p>										

Sr. No.	Key Proposals
5.	<p><u>Exclusion of Stay Period in Computing Time Limit for Orders u/s 206C</u></p> <p>It is proposed to amend Sec. 206C(7A) to exclude period of court stays from the time limit calculation by aligning it with the provisions of Sec. 153 of the Act w.e.f. 01-04-2025.</p>
6.	<p><u>Rationalization of 'Specified Violation' for Cancellation of Registration of Trusts or Institutions</u></p> <p>Minor defaults in application completeness under Sec. 12AB(4) could lead to cancellation and the imposition of tax on accreted income under Chapter XII-EB of the Act. To address this, the amendment proposes that an incomplete application for registration shall no longer be treated as a specified violation under this provision w.e.f. 01-04-2025.</p>
7.	<p><u>Amendment to Registration Period for Smaller Trusts or Institutions under Section 12AB (w.e.f. 01-04-2025)</u></p> <p>It is proposed that the period or validity of registration of smaller trust or institution registered under Sec. 12AB be extended from 5 years to 10 years for those who -</p> <ul style="list-style-type: none">(i) Made an application under sub-clause (i) to (v) of clause (ac) of Sec 12A, and(ii) The total of income without giving effect to the provisions of Sec. 11 and 12 does not exceed Rs.5 crores for the two preceding years
8.	<p><u>No Tax on Two Houses</u></p> <p>It is proposed to amend Sec. 23(2) to treat annual value of up to two self-occupied properties at NIL where –</p> <ul style="list-style-type: none">(i) One of the property is used for own residence(ii) Other property remains unoccupied for <u>any reason</u> <p>The said amendment is also proposed from AY 2025-26 onwards.</p>
9.	<p><u>Exemption on withdrawal from National Savings Scheme (NSS)</u></p> <p>It is proposed to amend with retrospective effect dated 29-08-2024 to allow exemption on withdrawal from NSS such component of deposit which was made prior to 01-04-1992.</p>

Sr. No.	Key Proposals															
10.	<p data-bbox="347 344 1219 380"><u>Tax on Redemption of Unit Linked Insurance Policies (ULIPs)</u></p> <table border="1" data-bbox="386 411 1308 936"> <thead> <tr> <th data-bbox="391 417 542 474">Scenario</th> <th data-bbox="542 417 902 474">Particulars</th> <th data-bbox="902 417 1304 474">Taxability on Proceeds</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 474 542 569">I.</td> <td data-bbox="542 474 902 569">Basic Insurance Policy (Premium > 10% of sum assured)</td> <td data-bbox="902 474 1304 569">Income from Other Sources</td> </tr> <tr> <td data-bbox="391 569 542 674">II.</td> <td data-bbox="542 569 902 674">ULIP issued before 01.02.2021</td> <td data-bbox="902 569 1304 674">Exempt U/s 10(10D)</td> </tr> <tr> <td data-bbox="391 674 542 806">III.</td> <td data-bbox="542 674 902 806">ULIP issued after 01.02.2021 (Premium p.a. < Rs 2.50 Lacs)</td> <td data-bbox="902 674 1304 806">Exempt U/s 10(10D)</td> </tr> <tr> <td data-bbox="391 806 542 932">IV.</td> <td data-bbox="542 806 902 932">Unit Linked Insurance Policy after 01.02.2021 (Premium p.a. > Rs 2.50 Lacs)</td> <td data-bbox="902 806 1304 932">Capital Gain.</td> </tr> </tbody> </table> <p data-bbox="347 972 1365 1041">The proposed amendments aim to clarify taxation of income arising from the redemption of ULIP w.e.f. A.Y. 2026-27 –</p> <ol data-bbox="391 1073 1365 1346" style="list-style-type: none"> 1. Where exemption under Sec. 10(10D) is not applicable such ULIPs shall be classified as ‘Capital Assets’ under Sec. 2(14), 2. Any profits or gains from the redemption of such ULIPs shall be taxed under the head ‘Capital Gains’ as per Sec. 45(1B) 3. These ULIPs shall be included within the definition of ‘equity-oriented funds’ under Explanation (a) to Sec. 112A. 	Scenario	Particulars	Taxability on Proceeds	I.	Basic Insurance Policy (Premium > 10% of sum assured)	Income from Other Sources	II.	ULIP issued before 01.02.2021	Exempt U/s 10(10D)	III.	ULIP issued after 01.02.2021 (Premium p.a. < Rs 2.50 Lacs)	Exempt U/s 10(10D)	IV.	Unit Linked Insurance Policy after 01.02.2021 (Premium p.a. > Rs 2.50 Lacs)	Capital Gain.
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