

With Best Compliments From:
SUSHIL LAKHANI & ASSOCIATES LLP



INDIA BUDGET 2025



For private circulation & internal use only

This booklet summarises the important proposals included in the budget speech made by the Honourable Finance Minister on 1st February, 2025. Whilst every care has been taken in the preparation of this document it may contain inadvertent errors for which we shall not be held responsible. It must be stressed that the Finance Bill may contain proposals which have not been referred to in the budget speech and additionally, the detailed proposals are liable to amendment during the passage of the Finance Bill through Parliament. The information given in this document provides a bird's-eye view on the changes proposed and should not be relied for the purpose of economic or financial decision. Each such decision would call for specific reference of the relevant statutes and consultation of an expert.

CONTENTS

Foreword.....	02
Economic Survey – Key Highlights.....	04
Key Policy Announcements	05
Rates of Taxes	07
Personal Tax.....	13
Business Income.....	19
Capital Gains	24
Income from Other Sources	25
Trusts	26
Tax Incentives for Units in IFSC.....	28
Tax Administration and Litigation	31
Penalty and Prosecution	38
Tax Deducted at Source/ Tax Collected at Source.....	40
Overview of TDS Rates for the Assessment Year 2026-27	48
Overview of TCS Rates for the Assessment Year 2026-27	63
Goods and Services Tax.....	67
Customs	84

FOREWORD.....

The Union Budget 2025 marks a significant step forward in the Government's steadfast journey to accelerate India's growth, secure inclusive development, and invigorate the private sector. Under the visionary leadership of Hon'ble Prime Minister Shri Narendra Modi, the Budget for Fiscal Year 2025-26, continues the mission to uplift household sentiments, enhance the spending power of India's rising middle class, and unlock the vast potential that lies within our nation. With agriculture as the first engine of growth, MSMEs as the second, Investment as third and Exports as fourth engine, the Budget sets the stage for a brighter, more self-reliant future for India, ensuring that every citizen can participate in the nation's economic progress.

In the spirit of the great Telugu poet Gurajada Appa Rao, who said, "Desamante Matti Kaadoi, Desamante Manushuloi" – "A country is not just its soil, a country is its people" – this Budget focuses on empowering every citizen.

The total capital expenditure earmarked for FY 2025-26 is INR 11.2 Lakh crores. The Government's endeavour is to keep the fiscal deficit each year such that the Central Government debt remains on a declining path as a percentage of the GDP. The fiscal deficit for FY 2025-26 is estimated at 4.4 percent of the GDP.

On the direct tax front, significant changes in personal taxes have been proposed for individuals through enhanced income tax slab rates and increased rebate, and rationalization of withholding tax provisions. As a result of new tax rates clubbed with the increased rebate rate, there would be no income tax payable up to the income of INR 12 Lakhs (other than income taxable at special rates such as capital gains). This serves as a substantial financial relief among salaried individuals and the middle class. The Corporate tax rates remain unchanged and the budget does not address the implementation of OECD – Global Minimum Tax Rules in India.

A new Fund of Fund with expanded scope and new additional contribution by the Government of ₹ 10,000 crores have been proposed to setup for startups. In order to promote the startup eco-system, period of incorporation has been extended by another 5 years i.e. to 31st March 2030. Further, a major credit boost has been offered to the startup and MSME sector, amongst other significant reforms for these sectors.

For non-residents, the Finance Bill clarifies the applicability of the significant economic presence provisions with those applicable to business connection. It is also proposed to introduce a presumptive taxation scheme for non-residents providing services or technology to electronic manufacturing facilities. With an aim to boost the financial and insurance sector in India, the FDI limit for the insurance sector is proposed to be raised from 74% to 100%. This limit will apply to companies that invest the entire premium in India. Further, in the spirit of 'first develop India', the current model of Bilateral Investment Treaties is proposed to be revamped and made more investor friendly.

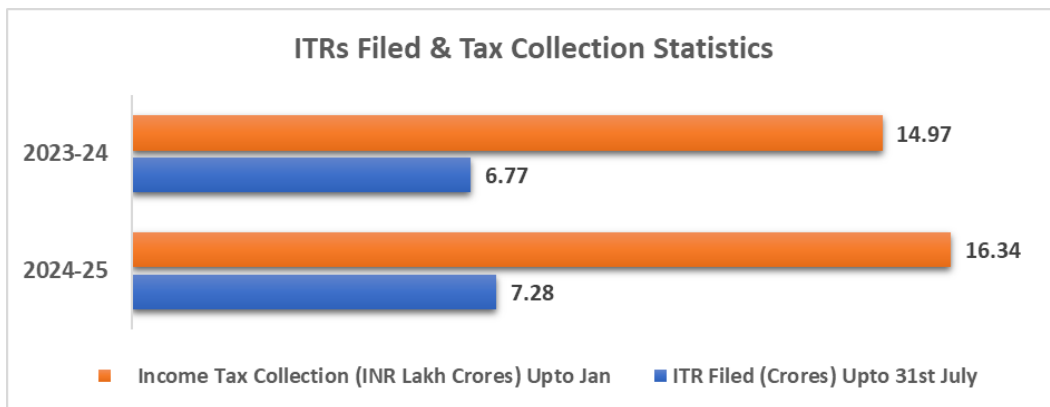
To streamline the process of transfer pricing and to provide an alternative to yearly examination, it has been proposed to introduce a scheme for determining arm's length price of international transaction for a block period of three years, subject to fulfilment of certain conditions. This is aimed to be in line with global best practices. The new tax Bill is proposed to be introduced in the next week to bring in tax certainty and reduction in litigation. The Government has also proposed to decriminalize more than 100 provisions in various laws.

On the indirect tax front, proposals relating to customs aim to rationalize tariff structure and address duty inversion. These will also support domestic manufacturing and value addition, promote exports, facilitate trade and provide relief to common people. The proposed amendments pertaining to GST align with the GST council approvals.

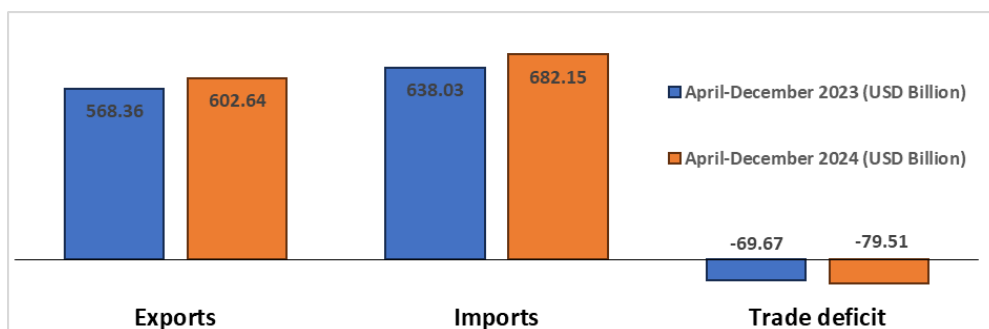
In conclusion, this Budget marks a significant step towards realizing the visions of Viksit Bharat - developed India that thrives through its people and their collective growth. Together, fueled by the transformative initiatives outlined in this Budget, we embark on a journey toward a prosperous and thriving India—one that stands strong on the global stage and ensures a better future for all.

ECONOMIC SURVEY – KEY HIGHLIGHTS

1. Annual GDP Growth Rate for FY 2024-25 was 6.4%, down from 8.2% in FY 2023-24. Estimate for FY 2025-26 stands between 6.3-6.8%.
2. Per Capita Income: INR 1,85,854 in FY 2023-24 as against INR 1,72,276 for FY 2022-23.
3. Gross GST collection (FY 2023-24) of INR 16.34 Lakh Crores – 9.10% increase.
4. Net Direct Tax collection was INR 16.90 Lakh Crores as at Jan 2025.
5. Record 7.28 Crores Income-Tax Returns filed for AY 2024-25 up to 31st July, 2024, against 6.77 Crores filed for A.Y. 2023-24. YoY increase of 7.53%.



6. CPI inflation rate (provisional) for December 2024 was 5.22% vs 5.69% in December 2023.
7. The Indian rupee hit an all-time low of INR 86.729 per US dollar on January 13, 2025.
8. FDI inflows for increased from USD 47.2 Billion to USD 55.6 Billion, increase of 17.9%.
9. Forex Reserves for FY 2024-25 9 (all-time high in Sept 2024) stood at USD 704.89 Billion.
10. Fiscal Deficit: Target of less than 5% achieved – FY 2024-25 stood at 4.9% vs 5.8% for FY 2023-24.



KEY POLICY ANNOUNCEMENTS

1. **FDI in Insurance Sector:** The FDI limit for the insurance sector will be raised from 74 to 100 per cent. This enhanced limit will be available for those companies which invest the entire premium in India.
2. **Infrastructure:** Each infrastructure-related ministry will come up with a 3-year pipeline of projects that can be implemented in PPP mode. States will also be encouraged to do so and can seek support from the IIPDF (India Infrastructure Project Development Fund) scheme to prepare PPP proposals
3. **Fast track Merger process:** Requirements and procedures for speedy approval of company mergers will be rationalized. The scope for fast-track mergers will also be widened and the process made simpler.
4. **Revision in classification of MSME:** To help MSME achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively.
5. **Fund of Funds for Startups:** The Alternate Investment Funds (AIFs) for startups have received commitments of more than ₹ 91,000 crore. These are supported by the Fund of Funds set up with a Government contribution of ₹ 10,000 crore. Now, a new Fund of Funds, with expanded scope and a fresh contribution of another ₹ 10,000 crore will be set up.
6. **Centre of Excellence in AI for education:** A Centre of Excellence in Artificial Intelligence for education is proposed to be set up with a total outlay of ₹ 500 crore.
7. **Nuclear Energy Mission for Viksit Bharat:** A Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of ₹ 20,000 crore is proposed to be set up.
8. **UDAN – Regional Connectivity Scheme:** A modified UDAN scheme is proposed to be launched to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years. The scheme will also support helipads and smaller airports in hilly, aspirational, and North East region districts.
9. **National Framework of GCC:** A national framework is proposed to be formulated as guidance to states for promoting Global Capability Centers in emerging tier 2 cities. This will suggest measures for enhancing availability of talent and infrastructure, building byelaw reforms, and mechanisms for collaboration with industry.
10. **Bilateral Investment Treaties:** To encourage sustained foreign investment and in the spirit of ‘first develop India’, the current model BIT will be revamped and made more investor-friendly.

The logo for India Budget 2025 features a stylized blue icon of a classical building with a central archway containing the Indian Rupee symbol (₹). To the right of the icon, the words "INDIA" and "BUDGET" are stacked vertically in a bold, blue, sans-serif font, with "2025" centered below them in a larger, bold, black, sans-serif font.

**INDIA
BUDGET
2025**

11. Jan Vishwas Bill 2.0 will be introduced to decriminalize more than 100 provisions in various laws.
12. Manufacturing Mission – Furthering Make in India: A National Manufacturing Mission is proposed to set up, covering small, medium and large industries for furthering “Make in India” by providing policy support, execution roadmaps, governance and monitoring framework for central ministries and states.

RATES OF TAXES

1. PERSONAL INCOME TAX (Default Tax Regime 115BAC – Amended Rates)

a) For Individuals, HUFs, AOPs, BOIs, AJP:

Existing Slab Rates (Applicable for AY 2025-26)		Revised Slab Rates (Applicable for AY 2026-27)	
Total Income	Rate	Total Income	Rate
Up to ₹ 3,00,000	0.00%	Up to ₹ 4,00,000	0.00%
₹ 3,00,001 to ₹ 7,00,000	5.00%	₹ 4,00,000 to ₹ 8,00,000	5.00%
₹ 7,00,001 to ₹ 10,00,000	10.00%	₹ 8,00,000 to ₹ 12,00,000	10.00%
₹ 10,00,001 to ₹ 12,00,000	15.00%	₹ 12,00,000 to ₹ 16,00,000	15.00%
₹ 12,00,001 to ₹ 15,00,000	20.00%	₹ 16,00,000 to ₹ 20,00,000	20.00%
Above ₹ 15,00,000	30.00%	₹ 20,00,000 to ₹ 24,00,000	25.00%
		Above ₹ 24,00,000	30.00%

b) Surcharge for Individuals, HUFs, AOPs, / BOIs, AJP:

The surcharge rates have remained unchanged. The surcharge rates are as follows:

Total Income	Rate of Surcharge	Surcharge in-respect of Income u/s 111A, 112, 112A and Dividend
Total income (including dividend income under sections 111A, 112, 112A) does not exceed ₹ 50 lakh	0%	0%
Total income (including dividend income under sections 111A, 112, 112A) exceeds ₹ 50 lakh but does not exceed ₹ 1 crore	10%	10%
Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 1 crore but does not exceed ₹ 2 crore	15%	15%
Total income (excluding dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore	25%	15%
Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore and not covered by above	15%	15%

Notes:

Assessee would be entitled to Marginal Relief.

The surcharge shall not exceed 15% in case for:

- i) Dividend Income,*
- ii) Capital Gains taxed u/s 111A, u/s 112 & u/s 112A,*
- iii) Foreign Institutional Investor - for income in the form of Dividends & Capital Gains [as referred to in S. 115AD (1)(b)] and*
- iv) An Association of Persons consisting of only companies as its members*

c) Surcharge in case of Non-Resident Individuals

The benefit of capping the surcharge at 15% for Dividend or Capitals Income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s, 115AD.

d) Rebate for Resident Individuals

With a view to reduce tax implications for Resident Individuals earning income up to ₹ 12,00,000, an amendment is proposed vide Finance Bill, 2025 to increase rebate from ₹ 25,000 to ₹ 60,000 effective from AY 2026-27. Further, individuals shall also be entitled for marginal relief where income exceeds ₹ 12,00,000.

2. PERSONAL INCOME TAX (Old Regime/Optional Regime)

The tax rates have remained the same as on the earlier year.

a) For Individuals, HUFs, AOPs, / BOIs

Total Income	Rates (%)		
	Tax Rate	Cess	Effective Rate
Up to ₹ 2,50,000	0.00	0.00	0.00
₹ 2,50,001 to ₹ 5,00,000	5.00	0.20	5.20
₹ 5,00,001 to ₹ 10,00,000	20.00	0.80	20.80
Above ₹ 10,00,000	30.00	1.20	31.20

b) Resident Senior Individuals (Age 60 years or more)

Total Income	Rates (%)		
	Tax Rate	Cess	Effective Rate
Up to ₹ 3,00,000	0.00	0.00	0.00
₹ 3,00,001 to ₹ 5,00,000	5.00	0.20	5.20
₹ 5,00,001 to ₹ 10,00,000	20.00	0.80	20.80
Above ₹ 10,00,000	30.00	1.20	31.20

c) Resident Super Senior Individuals (Age 80 years or above)

Total Income	Rates (%)		
	Tax Rate	Cess	Effective Rate
Up to ₹ 5,00,000	0.00	0.00	0.00
₹ 5,00,001 to ₹ 10,00,000	20.00	0.80	20.80
Above ₹ 10,00,000	30.00	1.20	31.20

d) Surcharge for Individuals, HUFs, AOPs, BOIs, AJP:

Total Income	Rate of Surcharge	Surcharge in-respect of Income u/s 111A, 112, 112A and Dividend
Total income (including dividend income under sections 111A, 112, 112A) does not exceed ₹ 50 lakh	0%	0%
Total income (including dividend income under sections 111A, 112, 112A) exceeds ₹ 50 lakh but does not exceed ₹ 1 crore	10%	10%
Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 1 crore but does not exceed ₹ 2 crore	15%	15%
Total income (excluding dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore but does not exceed ₹ 5 crore	25%	15%
Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore and not covered by above	15%	15%
Total income (excluding dividend income and income under sections 111A, 112, 112A) exceeds ₹ 5 crore	37%	15%

Assessee would be entitled to marginal relief

Note: The surcharge shall not exceed 15% in case for:

- (i) Dividend Income,*
- (ii) Capital Gains taxed u/s 111A, u/s 112 & u/s 112A,*
- (iii) Association of Persons consisting of only companies as its members*

e) Surcharge in case of Non-Resident Individuals (Applicable for AY 2026-27)

The benefit of capping the surcharge at 15% for Dividend or Capitals Income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s, 115AD.

f) Rebate for Resident Individuals:

The rebate u/s 87A has remained unchanged at ₹ 12,500 for resident individuals whose total income is not exceeding ₹ 5,00,000. The amount of rebate will be the lower of the following:

- Actual Tax Payable
- ₹ 12,500

3. Proposed introduction of proviso in Rule 2 of First Schedule to Income-tax Act:

Clause 87 of the Bill proposes to introduce a new proviso in Rule 2 of the First Schedule to the Income-tax Act on how profits in the life insurance business are to be computed for tax purposes.

- Existing Rule: Rule 2 of the said Schedule, states that the profits and gains of life insurance business shall be taken to be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938, in respect of the last inter-valuation period ending before the commencement of the assessment year and excluding from it such surplus or deficit included therein which was made in any earlier inter-valuation period.
- Proposed Change: The proposed new proviso will require any expenditure which is not admissible under section 37 (expenses that cannot be deducted when calculating business profits) to be added back to the profits and gains of the life insurance business.
- Effective Date: This amendment will take effect from 1st April 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

4. CO-OPERATIVE SOCIETIES

- a) In case of co-operative societies, the rates of income tax will continue to be the same as those specified for AY 2025-26. Surcharge at the rate of 7% on such income-tax will continue to be levied in case the total income of a co-operative society exceeds ₹ 1 crore but does not exceed ₹ 10 crore. Surcharge at the rate of 12% of such income-tax will continue to be levied in case of a co-operative society having a total income exceeding ₹ 10 crore.
- b) Marginal Relief will be provided in case of surcharge.
- c) On satisfaction of certain conditions, a co-operative society resident in India shall have the option to pay tax at 22% as per the provisions of section 115BAD. Surcharge would be at the rate of 10% on such tax.

5. FIRMS

In case of firms, the rates of income tax will continue to be the same as those specified for AY 2025-26. Surcharge at the rate of 12% of such income-tax will continue to be levied in case of a firm having a total income exceeding ₹ 1 crore. Marginal relief shall also be available.

6. LOCAL AUTHORITIES

In case of local authorities, the rates of income tax will continue to be the same as those specified for AY 2025-26. Surcharge at the rate of 12% of such income-tax will continue to be levied in case of a local authorities having a total income exceeding ₹ 1 crore. Marginal relief shall also be available.

7. CORPORATE TAX FOR DOMESTIC COMPANIES:

- a) In case of domestic company, the rate of income-tax shall be 25% of the total income, if the total turnover or gross receipts of the previous year 2023-24 does not exceed ₹ 400 crore and where the companies continue in section 115BA regime. In all other cases the rate of income-tax shall be 30% of the total income. However, domestic companies may opt for taxation at the rate of 22% (with surcharge of 10% irrespective of turnover/ gross receipts) under section 115BAA subject to fulfilment of conditions contained therein.
- b) Surcharge at the rate of 7% shall continue to be levied in case of a domestic company (except those opting for taxation under section 115BAA and section 115BAB of the Act), if the total income of the domestic company exceeds ₹ 1 crore but does not exceed ₹ 10 crore. Surcharge at the rate of 12% shall continue to be levied, if the total income of the domestic company (except those opting for taxation under section 115BAA and section 115BAB of the Act) exceeds ₹ 10 crore.

- c) Marginal Relief is provided in case of surcharge.
- d) For AY 2026-27, additional surcharge called the “Health and Education Cess on income-tax” shall be levied at the rate of 4% on the amount of tax computed, inclusive of surcharge (wherever applicable). No marginal relief shall be available in respect of such cess.

8. CORPORATE TAX FOR FOREIGN COMPANIES

- a) In the case of a company other than a domestic company, the rates of income-tax shall be 35% of the total income, on income other than income chargeable at special rates.
- b) In case of companies other than domestic companies, the existing surcharge of 2% shall continue to be levied, if the total income exceeds ₹ 1 crore but does not exceed ₹ 10 crore. Surcharge at the rate of 5% shall continue to be levied, if the total income of the company other than domestic company exceeds ₹ 10 crore.
- c) Marginal relief is provided in case of surcharge.
- d) For AY 2026-27, additional surcharge called the “Health and Education Cess on income-tax” shall be levied at the rate of 4% on the amount of tax computed, inclusive of surcharge (wherever applicable). No marginal relief shall be available in respect of such cess.

PERSONAL TAX

1. Increase in income thresholds for calculating Perquisites in-respect of expenditure incurred on Amenities Provided and Expenditure of Overseas Travel for Medical Treatment (Applicable from AY 2026-27)

(S.17(2))

Under the provisions of Section 15, perquisites are included as part of salaries and are taxable under the Income Tax Act.

Section 17(2) defines perquisites and includes: -

- value of any benefit or amenity granted or provided free of cost or at a concessional rate by an employer (including a company) to an employee whose income under the head “Salaries” exceeds ₹ 50,000. (S. 17(2)(iii)(c)).
- any expenditure any expenditure incurred by the employer for travel outside India on medical treatment of the employee or their family member if gross total income of employee exceeds 2 lakh (S. 17(2)(viii)(vi))

The above thresholds u/s 17(2)(iii)(c) and 17(2)(viii)(vi) were set in 2001 and 1993 respectively. Having regard to the fact that the said thresholds have remain for over 2 decades despite significant changes in living standards and economic conditions, with a view to adjust these limits to current economic realities, an amendment is proposed to remove the existing threshold and to empower the government to prescribe new rules to increase these income thresholds.

The said amendment will be effective from 1st April 2026.

2. Extension of Capital Gains Taxation to all ULIPs which are not eligible for exemption u/s 10(10D) (Effective from AY 2026-27)

(Sections 2(14), 45(1B), 112A)

Clause (10D) of section 10 provides an income-tax exemption in respect of sums received (including any bonus) under a life insurance policy. However, this exemption applies only if the annual premium does not exceed 10% (earlier 20%, refer table for details) of the actual capital sum assured.

It is pertinent to note that with a view to limit the benefit of this section, amendments were made vide Finance Act, 2021, to restrict the exemption for unit-linked insurance policies (ULIPs) issued on or after 1st February 2021, if the aggregate premium exceeds ₹ 2,50,000 per year. Accordingly, amendments were made in S. 2(14), and S. 45(1B) were introduced to tax any gains arising from ULIPs which do not qualify for exemption under Section 10(10D) by virtue of premium exceeding the set threshold of ₹ 2,50,000.

ULIPs that do not qualify for exemption under Section 10(10D) by virtue of the 4th and 5th provisos were considered as capital assets under Section 2(14), and any profit from the redemption of such ULIPs was taxed as capital gains under Section 45(1B). Further, these ULIPs were included in the definition of “equity-oriented fund” under Section 112A, allowing them to be taxed under capital gains rather than income from other sources.

Similar amendments were introduced for non-ULIP life insurance policies that do not qualify under Section 10(10D), where any income therefrom was taxed as income from other sources under S. 56(2)(xiii) in accordance with Rule 11UACA.

However, the definition of capital assets only covered those ULIPs whose premium payments exceeded ₹ 2,50,000 and did not extend to those policies that were ineligible for exemption under other provisos of Section 10(10D), such as policies where the annual premium exceeded 10% (or a higher rate as applicable) of the total sum assured.

To extend the charge to such ULIPs that were previously not included as capital assets but were ineligible for exemption under S. 10(10D), amendments have been made in S. 2(14), S. 45(1B), and S. 112A to remove the reference to the 4th and 5th provisos.

With this proposed amendment, any gains arising from the transfer of ULIPs that are not eligible for exemption under S. 10(10D) shall be taxable as capital gains under S. 45(1B) and will be taxed at the rates prescribed in S. 112A (if classified as long-term).

The amendments will take effect from 1st April 2026, applying to the AY 2026-27 onwards.

The table below summarizes the tax treatment of various life insurance policies post-amendment, –

Sr. No.	Category	Premium Limit For Exemption	Taxability
1	Life Insurance proceeds under Section 80DD(3) or 80DDA(3)	NA	Taxable
2	Life Insurance (1-Apr-2003 to 31-Mar-2012)	≤20% of sum assured	Exempt
3	Life Insurance (1-Apr-2012 to 31-Jan-2021)	≤10% of sum assured	Exempt
4	Life Insurance for disabled/ specified illness under S.80U & S.80DD (on & after 1-Apr-2013)	≤15% of sum assured	Exempt
5	ULIPs (after 1-Feb-2021)	≤ ₹ 2.5 lakh per year	Exempt
6	Non-ULIP Life Insurance (after 1-Apr-2023)	≤ ₹ 5 lakh per year	Exempt

Sr. No.	Category	Premium Limit For Exemption	Taxability
7	Policies issued by IFSC Insurance Office (from 1-Feb-2025)	No limit	Exempt
8	All Policies (on Death of Insured)	No limit	Always Exempt
9	Keyman Insurance Policy	NA	Taxable
10	ULIPs exceeding absolute premium thresholds (₹ 2,50,000)	-	Taxable as Capital Gains (S. 45(1B)) and If long-term, will be taxed u/s 112A
11	ULIPs not qualifying for Section 10(10D) for any reason	-	Taxable as Capital Gains (S. 45(1B)) and If long-term, will be taxed u/s 112A
12	Non-ULIP policies not eligible for Section 10(10D) exemption	-	Taxed under “Income from Other Sources” (S. 56(2)(xiii))

The said amendment will be effective from 1st April 2026.

3. **Crypto Asset: Expanded Definition and Increased Monitoring (S. 2(47A), 285BAA)**

Vide Finance Act, 2022, a special provision (Section 115BBH) was introduced for taxation of “Virtual Digital Asset”. Under the said section income from transfer of VDAs was taxable at a flat rate of 30% (plus surcharge and cess). For the purpose of computing income, no deductions, except for the cost of acquisition, were allowed. It is pertinent to note that even losses arising from the transfer of a VDA can neither be set off against profits from transfer of another VDA, nor can they be set off against any other income.

Further, section 194S was inserted to require TDS of 1% to be deducted where payment was made for transfer of VDA exceeding of ₹ 50,000 in case of specified person and exceeding ₹ 10,000 in case of others.

With a view to expand the definition of VDAs and to increase the reporting mechanism for collection of information of VDAs amendments are proposed by Section 2(47A) and insertion of Section 285BAA for certain reporting of in respect of Crypto-Assets.

Amendment to S. 2(47A) (Effective from AY 2026-27)

The definition of VDA, with effect from AY 2026-27 shall also include “crypto-assets”, which are defined as: “*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”

Insertion of Section 285BAA (Effective from AY 2026-27)

With a view to enhance the monitoring and collection of information surrounding “crypto-assets”, a new section 285BAA is proposed to be inserted by Finance Bill, 2025, requiring “Reporting Entities” to submit information of crypto-assets related transactions in a specified format and within a specified period.

The rules defining the reporting entities, the format, and the timeline for submission are yet to be notified. Further, the procedural requirements, including due diligence, corrective actions for inaccuracies, and power of authorities to call for information, will align with Section 285BA.

Additionally, amendment is brought in section 158B, to include Virtual Digital Asset (not just crypto-assets) in the definition of “undisclosed income”.

The said amendment will be effective from 1st February 2025.

To summarise:

Section	Amendment	Effective from
2(47A)	Inclusion of crypto-asset in the definition of VDAs	1st April 2026
285BAA	Insertion for new section for Reporting Entities to Submit Information of Crypto Transaction	1st April 2026
158B	Inclusion of VDAs in the definition of Undisclosed Income	1st February 2025

4. Conditions capping maximum premium not to apply for Life Insurance Policies issued IFSC insurance intermediary office (Applicable from AY 2025-26)

Vide Finance Bill, 2025, it is proposed to remove the conditions relating to maximum premium amount in-respect of Insurance Policies issued by IFSC intermediary office.

Thus, any sum received under the insurance policy issued by IFSC insurance intermediary office shall be eligible for deduction u/s 10(10D), subject to fulfilment of other conditions, that is premium amount should not exceed 10% of the total capital sum assured.

The said amendment will be effective from 1st April 2025.

5. Deduction in-respect of Contribution to NPS Vatsalya Scheme and Exemption for Partial Withdrawal (up to 25% for specified purposes) (Applicable from AY 2026-27)

(Section. 10 (12BA), S. 80 CCD (1B))

The Central Government has notified the NPS Vatsalya Scheme on September 18, 2024, for enabling parents and guardian to start NPS in the name of their minor children. In order to encourage the savings in the name of minor children, amendments are proposed vide Finance Bill, 2025 to grant deduction in-respect of sums deposited in the Scheme and provide exemption in-respect of partial withdrawal of sums from pension account.

The key features of the taxation are set out below: -

Deduction u/s 80CCD (1B) and Taxation on withdrawal

- a) Actual contribution, up to ₹ 50,000 allowed under section 80CCD(1B)
- b) At the time of withdrawal of deposits (in-respect of which deduction was allowed), where child is minor at the time of withdrawal:
 - i. Withdrawal of sums up to 25% of contributions, in accordance with the terms and conditions, specified under the Pension Fund Regulatory and Development Authority Act, 2013 that is for the purposes of the child's education, medical treatment, or in cases of severe disability (more than 75%) – Exempt under introduced subsection (12BA) of S. 10.
 - ii. Other sums- Taxable along with interest accrued thereon, in the year of withdrawal, except where it is on account on the death of the minor resulting in closure of the account.

The said amendment will be effective from 1st April 2026.

6. Relaxation of conditions of Section. 23(2) for Unoccupied Property (Applicable from AY 2025-26) (Section 23(2))

Income from house property is taxed under the Income-tax Act based on the annual value of the property. For removing the hardship, for taxation of self-occupied properties S. 23(2) provided that the annual value of properties can be taken as "NIL", subject to fulfilment of following conditions, and for a maximum of two houses.

The conditions for taking annual value as **NIL**

- House property is occupied by the owner for residential purposes, or
- Owner is unable to occupy the House property due to their employment, business, or profession being carried on at a different location

With a view to relax the conditions of 23(2) for unoccupied property and to simplify the provisions, vide Finance Bill, 2025 it is proposed that conditionality's attached for unoccupied property be removed. The revised conditions are as follows: -

- House property is occupied by the owner for residential purposes, or
- Owner is unable to occupy the House property due to **ANY REASON**

Thus, now individuals can take benefit of taking Annual Value as "NIL" for two unoccupied/ self-occupied house properties, even where the un-occupied property is in the same location.

The said amendment will be effective from 1st April 2025.

7. No tax on withdrawals made from National Savings Scheme on or after 29/08/2024. (Effective from 29th August, 2024 – AY 2025-26)

Under Section 80CCA(1), individuals were allowed a deduction in respect of sums deposited under National Savings Scheme until 31st March 1992.

Section 80CCA(2)(a), provided that deposits in respect of which deduction was allowed u/s 80CCA(1) and interest accrued thereon, would be taxable in the year of withdrawal.

Circular No 532/1989 provided that withdrawal on closure of NSS account due to death of the depositor shall be not chargeable to tax in the hands of the legal heirs.

Lately, Department of Economic Affairs issued a Notification dated 29th August, 2024 providing that no interest would be paid on the balances in the NSS after 1st October, 2024, which has resulted into withdrawals from the said account, prior to demise of the depositor.

In view of representations made to the Government, to reduce the hardships faced by individual taxpayers, vide Finance Bill 2025, the provisions of Section 80CCA(2) are proposed to be amended to exempt the withdrawals made by individual on or after 29th August 2024, even if withdrawn prior to the death of the depositor.

The said amendment will be effective from 29th August 2024.

BUSINESS INCOME

1. Amendment to harmonise SEP applicability with Business Connection

Explanation 1(b) to Section 9(1)(i) provides that in the case of a non-resident, no income shall be deemed to accrue or arise in India to him through or from operations which are confined to the purchase of goods in India for the purpose of export.

However, Explanation 2A to section 9(1)(i), inter alia, provides that a non-resident may create a “business connection” in India through SEP, including where such non-resident has transactions in respect of any goods with any person in India. Considering this, the exclusion under Explanation 1(b) was being contradicted by Explanation 2A, resulting in risk of constituting a business connection through SEP.

In order to bring coherence between the applicability of SEP and business connection, it is now proposed to amend Explanation 2A of section 9 so that the transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute SEP of such non-resident in India.

These amendments will take effect from 1st April 2026 (AY 2026-27).

2. Insertion of section in relation to presumptive taxation extended for non-resident providing services for electronics manufacturing facility

Sec 44BBD has been introduced to provide a presumptive taxation regime for non-resident who provides services or technology in India, for setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India. Income of the non-resident would be determined at a presumptive rate of 25% of the aggregate amount paid / payable to the non-resident or received / receivable on behalf of non-resident (thereby reducing effective tax rate to below 10%), on account of providing services or technology from this business:

- a) to a resident company which is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology; and
- b) the resident company satisfies the conditions prescribed in this behalf, shall be deemed to be profits and gains of such business.

It is pertinent to note that, in accordance with Section 90, if treaty provisions are more favourable, non-residents can claim treaty benefits subject to satisfaction of treaty entitlement requirements.

This amendment will be effective from 1st April 2026 (AY 2026-27)

3. Limitation on Carry forward of Losses of Predecessor entities in case of Amalgamation or Business Restructuring to be reckoned from the year in which said losses were computed by predecessor company (Effective from AY 2026-27)

Under the existing provisions of S. 72 A & 72AA, accumulated loss and the unabsorbed depreciation of the amalgamating company were deemed to be the loss or, as the case may be, allowance for unabsorbed depreciation of the amalgamated company for the previous year in which the amalgamation was effected (in case of other than banking companies, u/s 72A) and in the year in which scheme of arrangement was brought into force (in case of banking companies u/s 72AA)

Due to the above, losses of the predecessor companies were evergreen, as the losses were deemed as a loss of the previous year in which amalgamation was effected (or brought into force).

With a view to limit ever greening of losses, vide Finance Bill, 2025, it is proposed that for the schemes effected (or brought into force for banking companies) on or after 1st April 2025, the limitation of 8 years is required to be reckoned from the previous year in which said losses were computed by predecessor entity.

These amendments will take effect from 1st April 2026.

4. Section 80-IAC - Extension of timeline for tax benefits to start-ups

Section 80-IAC of the Act, inter alia, provides for deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive AYs out of 10 AYs, beginning from the year of incorporation, at the option of the assessee, subject to the condition that the total turnover of its business does not exceed ₹ 100 crore, is holding certificate of eligible business and is incorporated on or after 1st April, 2016 but before the 1st April, 2025.

It is proposed to amend the said section so as to extend the benefit for another period of five years, i.e. the benefit shall be available to the eligible start-ups incorporated before 1st April, 2030.

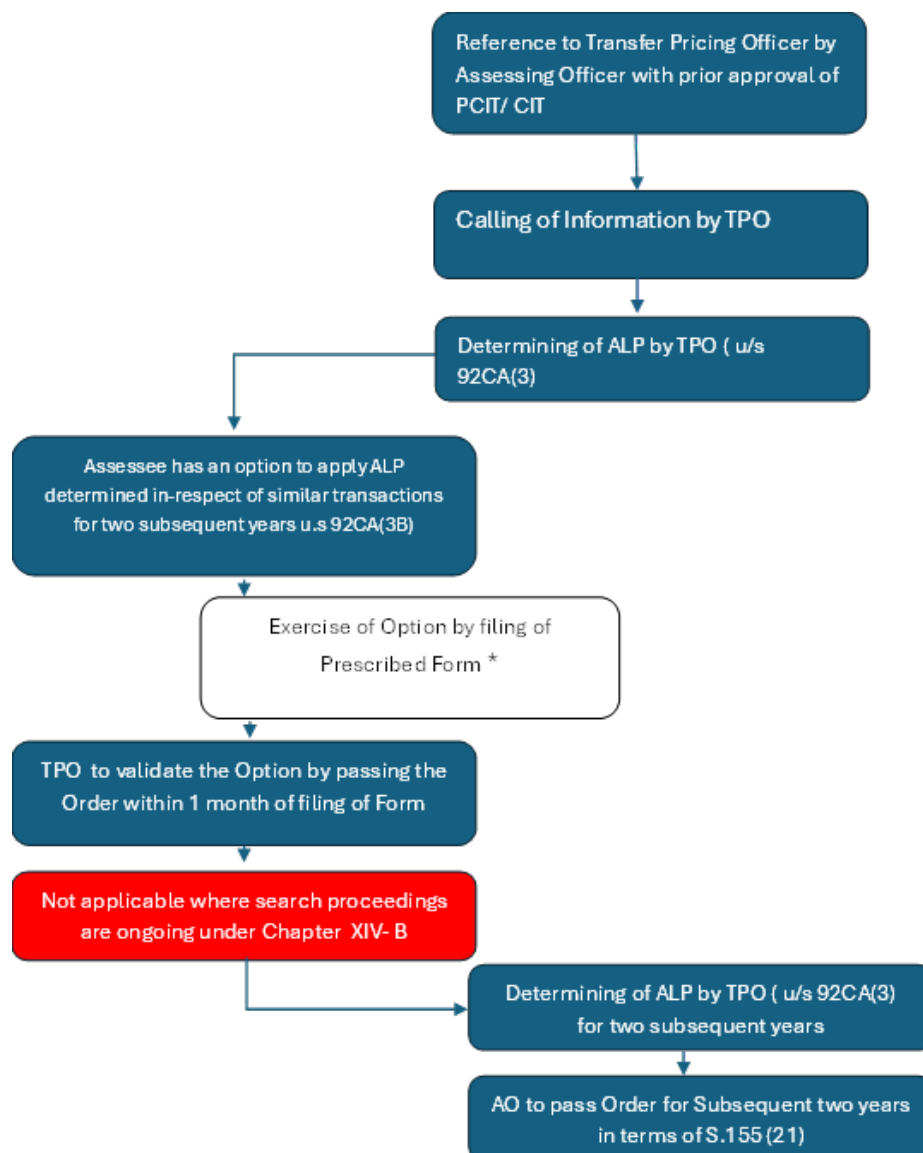
These amendments will take effect from 1st April 2025.

5. Section 92CA: Rationalisation of transfer pricing provisions for carrying out multi-year arm's length price determination

Under the current framework, the Assessing Officer ('AO') may refer the computation of Arm's Length Price ('ALP'), in relation to an International Transaction or a Specified Domestic Transaction ("SDT") entered in any previous year to the Transfer Pricing Officer ("TPO") with prior approval. Once the TPO determines ALP, the AO computes the total income of the assessee for such previous year in conformity with the ALP determined by the TPO.

However, in cases involving similar transactions across multiple years, the same ALP analysis is repeated annually, leading to compliance burden on the assessee as well as administrative burden on the TPOs. In view of the same, in such situations, it is proposed to carry out TP assessments in a block.

It is proposed to amend the provisions of section 92CA to provide that ALP determined in relation to an International Transaction or SDT for any previous year by the TPO shall also apply to the similar transaction for the two consecutive previous years immediately following such previous year in the manner set out below:



To this effect, following amendments are proposed to be made by Finance Bill, 2025–

a) Reference to TPO

- i. The assessee may exercise an option for multi-year ALP determination in a prescribed form, manner and time period.
- ii. The TPO may by an order within one month from the end of the month in which such option is exercised, declare that the option is valid subject to the prescribed conditions.
- iii. If the TPO declares that the option exercised by the assessee is valid then the ALP so determined for one year will apply to similar transactions for the next two years for which for which the TPO shall pass suitable order after due examination by passing an order.

b) Recomputation of Total Income by AO

- i. On receipt of such order from the TPO, the AO shall re-compute the total income of the assessee for such consecutive previous years in conformity with the ALP determined by the TPO / taking into account the directions issued by the DRP under sub-section 5 of the Section 144C for such previous year.
- ii. Such order shall be passed by the AO within three months from the end of the month in which the intimation or deemed intimation u/s 143(1) or order of assessment is passed.

c) Exemptions provided

- i. No reference for computation of ALP in relation to such transaction shall be made in respect of a previous year in relation to such transaction for which the option is declared valid.
- ii. If any reference is made in such scenarios, before or after the above declaration by the TPO, the provisions of section 92CA(1) shall have the effect as if no reference is made for such transaction.
- iii. The provisions of exercising option mentioned above and consequent proceedings, shall not apply to any proceedings under Chapter XIV-B [i.e. Search cases].

Further, if any difficulty arises in giving effect to the aforesaid provisions, the CBDT may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty and every such guideline issued by the CBDT shall be laid before each House of Parliament and shall be binding on the income-tax authorities and the assessee.

This amendment will take effect from 1st April, 2026 (AY 2026-27)

6. Expansion in the scope of Safe Harbour Rules for Transfer Pricing

With a view to reduce litigation and provide certainty in international transaction, Finance Minister in the budget speech proposed to expand the scope of Safe Harbour Rules ('SHR') under the transfer pricing regime. While the details of such expansion in SHR are expected to come by way of amendments in the Income tax Rules, 1962, the indications in the finance ministers budget speech reveals that the expansion in SHR may relate to following areas:

- a) for investment funds managed by fund manager based in IFSC;
- b) for non-residents involved in the business of storing components for supply to specified electronics manufacturing units.

7. Amendment to extend the benefits of tonnage tax scheme to inland vessels [Section 115V to Section 115VZA]

The tonnage tax scheme in Chapter XII-G allows qualifying shipping companies to opt for "tonnage tax" regime or continue under the normal tax regime. Presently, this option is not available to the inland water transportation industry. Under the tonnage tax scheme, income of the qualifying company is determined on the following basis:

Qualifying ship having net tonnage (as certified by relevant authority)	Amount of daily tonnage income
up to 1,000	₹ 70 for each 100 tons
exceeding 1,000 but not more than 10,000	₹ 700 plus ₹ 53 for each 100 tons exceeding 1,000 tons
exceeding 10,000 but not more than 25,000	₹ 5,470 plus ₹ 42 for each 100 tons exceeding 10,000 tons
exceeding 25,000	₹ 11,770 plus ₹ 29 for each 100 tons exceeding 25,000 tons.

To promote inland water transportation in India and to attract investments in the sector, it is now proposed to extend the benefits of tonnage tax scheme to Inland Vessels registered under Inland Vessels Act, 2021. Accordingly, it is proposed to introduce the following amendments:

- To insert the definition of 'Inland vessels' in section 115V of the Act in the same manner as provided in the Inland Vessels Act, 2021;
- To include 'Inland vessels' in section 115VD for being eligible to be a qualified ship; and
- To introduce other corresponding amendments in sections 115VB, 115VG, 115VV, 115V-I, 115VK, 115VT, 115VV, 115VX and 115VZA to extend the benefits of tonnage tax scheme to inland vessels.

These amendments will take effect from 1st April 2026 (Assessment Year 2026-27).

CAPITAL GAINS

1. Section 2(14) – Definition of Capital Assets

The Finance Bill, 2025 proposes to amend the definition of “capital assets” u/s 2(14) to specifically include “securities” held by SEBI registered investment funds referred to in Section 115UB (i.e. AIFs). As such, any income arising from the transfer of such securities will be treated only as capital gains and cannot be classified as business income or other income.

This amendment will be effective from 1st April 2026 (Assessment year 2026-2027).

2. Amendment to rationalize taxation of long-term capital gains of Business trusts [Section 115UA]

The special taxation regime for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InVITs) (collectively known as business trusts) provides pass-through status for interest income, dividend income received from special purpose vehicles, and rental income in case of REITs. Such income is taxed in the hands of the unit holders unless specifically exempted.

Further, the existing provisions of section 115UA(2) provide that the total income of a business trust is taxable at maximum marginal rate, except for capital gains covered under sections 111A and 112 of the Act. There is no reference to section 112A of the Act, which provides for tax on long-term capital gains in cases of equity shares in a company, units of an equity-oriented fund and units of a business trust.

It is now proposed to amend section 115UA(2) to provide that the total income of a business trust shall be charged to tax at the maximum marginal rate, subject to the provisions of section 111A, section 112 as well as section 112A.

This amendment will take effect from 1st April 2026 (AY 2026-27).

3. Amendment to rationalise taxation of capital gains on transfer of capital assets by non-residents [Section 115AD]

To bring parity between the tax rates applicable to specified funds/ Foreign Institutional Investors and residents, it is proposed to amend section 115AD to provide long-term capital gains on transfer of securities (other than units referred to in section 115AB), not referred to in section 112A, shall be calculated at the rate of 12.5% instead of the earlier rate of 10%.

This amendment will take effect from 1st April 2026 (AY 2026-27).

INCOME FROM OTHER SOURCES

1. Amendment to rationalise the definition of ‘dividend’ for treasury centres in IFSC

The existing provision of the Section 2(22)(e) of the Act, inter alia, provides that dividend includes any sum by way of advance or loan to a shareholder paid by a company (not being a company in which the public are substantially interested), where shareholder is the beneficial owner of shares holding not less than 10% of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest or any payment by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits.

In order to exclude borrowings between corporate treasury centres in IFSC and any group entities from the ambit of deemed dividend provisions, it is now proposed to amend section 2(22) to provide that any advance or loan between two group entities shall not be treated as ‘dividend’, where:

- one of the group entity is a “Finance company” or a “Finance unit” in IFSC set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services; and
- the ‘parent entity’ or ‘principal entity’ of such ‘group entity’ is listed on stock exchange in a country or territory outside India, other than the country or territory outside India as may be specified by the Board in this behalf.

Further, the Finance Bill seeks to empower the Board to make rules regarding the conditions for a ‘group entity’, ‘principle entity’ and the ‘parent entity’ which the said entities are required to satisfy.

This amendment will take effect from 1st April 2025.

TRUSTS

Amendments in relation to Trust's Taxation

1. Section 12AB - Rationalisation of 'specified violation' for cancellation of registration of trusts or institutions

It is proposed to amend the Explanation to sub-section (4) of section 12AB so as to provide that the situations where the application for registration of trust or institution is not complete, shall not be treated as specified violation for the purpose of the said sub-section.

These amendments will take effect from the 1st day of April, 2025.

2. Section 12AB - Period of registration of smaller trusts or institutions

To reduce the compliance burden for the smaller trusts or institutions, it is proposed to increase the period of validity of registration of trust or institution from 5 years to 10 years, in cases where the trust or institution made an application under section 12A(1) (ac)(i) to (v), and the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed ₹ 5 crores during each of the two previous year, preceding to the previous year in which such application is made.

These amendments will take effect from the 1st day of April, 2025.

3. Section 13 - Rationalisation of persons specified under section 13(3) for trusts or institutions

Section 13 contains provisions that aim to prevent the funds of a Trust from being applied for the benefit of certain persons, such as the Trustees, major donors, and their related persons.

It is proposed to amend section 13(3) to provide that,–

- a) persons referred to section 13(3)(b), shall be any person whose total contribution to the trust or institution, during the relevant previous year exceeds ₹ 1 lakh, or, in aggregate up to the end of the relevant previous year exceeds ₹10 lakh, as the case may be, increasing from the limit from ₹ 50,000.
- b) relative of any such person as mentioned in (a) above, shall not be included in persons specified in section 13(3); and
- c) any concern in which any such person as mentioned in (a) above has a substantial interest, shall not be included in persons specified in section 13(3).

These amendments will take effect from the 1st day of April, 2025.

4. Section 10(23FE) - Extension of date of making investment by Sovereign Wealth Funds, Pension Funds & others and rationalisation of tax exemptions

It is proposed to amend section 10(23FE), so as to provide that,—

- a) long-term capital gains (whether or not such capital gains are deemed as short-term capital gains under section 50AA) arising from an investment made by it in India, shall inter alia not be included in the total income of a specified person under section 10(23FE); and
- b) investment made up to 31st March, 2030 (as against 31st March 2025) shall now qualify

These amendments will take effect from the 1st day of April, 2025

TAX INCENTIVES FOR UNITS IN IFSC

1. Section 10(4D), 10(4F), 10(4H), 80LA(2)(d) and 47(viiad) - Extension of sunset dates for several tax concessions pertaining to IFSC up to 31st March, 2030

The sunset dates for commencement of operations of IFSC units for several tax concessions, or relocation of funds to IFSC, in section 10(4D), 10(4F), 10(4H), 80LA(2)(d) and section 47(viiad), is proposed to be extended to 31st March, 2030.

These amendments will take effect from the 1st day of April, 2025.

2. Section 10(10D) - Exemption on life insurance policy from IFSC Insurance offices

In order to provide parity to non-residents availing life insurance from insurance office in IFSC vis a vis other foreign jurisdiction, it is proposed to amend the section 10(10D) so as to provide that proceeds received on life insurance policy issued by IFSC insurance intermediary office shall be exempted without the condition related to the maximum premium payable on such policy [annual amount of premium or aggregate of premiums payable is above ₹ 2.5 lakhs for unit linked insurance policies, and ₹ 5 lakhs for life insurance policies other than unit linked insurance policies].

These amendments will take effect from the 1st day of April, 2025.

3. Section 10(4H) and 10(34B) - Exemption to capital gains and dividend for “ship” leasing units in IFSC

On the lines of aircraft leasing, it is proposed to extend the exemption in –

- a) Section 10(4H) to non-residents or units of IFSC engaged in ship leasing on capital gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in ship leasing.
- b) Section 10(34B) to dividend paid by a company being a unit of IFSC engaged in ship leasing, to a unit of IFSC engaged in ship leasing.

These amendments will take effect from the 1st day of April, 2025.

4. Section 10(4E) - Amendment of Section 10 related to Exempt income of Non-Residents

In order to further incentivize operations from the IFSC, it is proposed to amend section 10(4E) to provide that the income of a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the-counter

derivatives, or distribution of income on offshore derivative instruments, entered into with Foreign Portfolio Investors being an IFSC unit shall also not be included in the total income subject to certain conditions as may be prescribed.

This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

5. Section 80LA -Extension of sunset dates for several tax concessions pertaining to IFSC

Section 80LA of the Act relates to deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre (IFSC).

The said section allows the IFSC unit to claim 100% deduction of income earned during the year for any 10 consecutive assessment years out of 15 years. One such income refers to income arising from the transfer of an asset, being as aircraft or a ship, which was leased by such IFSC unit to a person, subject to the condition that the unit has commenced operation on or before the 31st March, 2025.

It is proposed to amend the said clause to extend the date of commencement of operations from 31st March, 2025 to 31st March, 2030.

This amendment will take effect from 1st day of April, 2025.

6. Amendment to simplify the regime governing fund managers based in IFSC

Section 9A *inter alia* provides that the fund management activity carried out through an eligible fund manager acting on behalf of eligible investment fund shall not constitute business connection in India, subject to the conditions mentioned therein. Section 9A(3)(c) provides for the aggregate participation or investment in the fund, directly or indirectly, by person resident in India does not exceed 5% of the corpus of the fund. Section 9A(8A) provides that the Central Government, may, by notification, specify that the conditions specified under clauses (a) to (m) of Section 9A(3) and clauses (a) to (d) of Section 9A(4) shall not apply or shall apply with such modifications, in case of an eligible investment fund and its eligible fund manager, if such fund manager is located in an IFSC, and has commenced its operations on or before 31st March, 2024.

In order to provide a specific simplified regime for fund managers based in IFSC to bring them at par with fund management entities in competing foreign jurisdictions, it is proposed to amend the provisions of Section 9A so that:

- a) The condition of Section 9A(3)(c) is rationalised for all the eligible investment funds whether or not their eligible fund managers are based in IFSC, by determining the said aggregate participation or investment in the fund as on the 1st day of April and the 1st day of October of the previous year;

- b) It is further proposed to insert a proviso to said clause stating that the condition mentioned at clause (c) shall be deemed to be satisfied, if it is satisfied within four months of the 1st day of April or the 1st day of October of such previous year, as the case may be;
- c) In view of the rationalisation above, the condition at Section 9A(3)(c) shall not be modified for any eligible investment fund and its eligible fund manager; and
- d) To extend the date of commencement of operations by investment fund managers in IFSC to 31st March 2030 under Section 9A(8A). Basis that, the other conditions (a) to (m) in Section 9A(3) may be relaxed for an eligible investment fund where the date of commencement of operations by its eligible fund manager located in IFSC for the purposes of Section 9A(8A) is on or before 31st March 2030.

These amendments shall take effect from the 1st day of April, 2025.

7. Amendment to include retail schemes and Exchange Traded Funds (ETFs) in the existing relocation regime of funds of IFSCA

The existing provision of Section 47(viiad) provides that transfer of a share or unit or interest held in an original fund in consideration for a share or unit or interest in the resultant fund, in relocation, is not considered as transfer for the purposes of calculating capital gains.

In order to further incentivize operations from IFSC, it is proposed to substitute the said definition of the expression “resultant fund” to mean a fund established or incorporated in India, which has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund, and which is located in an International Financial Services Centre and is subject to certain conditions provided therein.

The income of retail schemes and Exchange Traded Funds (ETFs) located in the IFSC and, inter alia, is regulated under the International Financial Services Centres Authority Act, 2019 was exempted under section 10(4D) of the Act vide the Finance (No.2) Act, 2024. It is now proposed to include such retail schemes or Exchange Traded Funds (ETF) within the definition of resultant fund for the purposes of Section 47(viiad) so that relocation of original funds to such funds in the IFSC is also a tax-neutral transaction.

This amendment will take effect from 1st April 2026 (AY 2026-27).

TAX ADMINISTRATION AND LITIGATION

1. Extension of Time limit for Voluntary Compliance in terms of filing Updated Return from 24 months to 48 months

(Section 139 (8A), Section. 140B)

Subsection 8A of Section 139 was inserted vide Finance Act 2022, to allow filing of updated return by the assessee up to 24 months from the end of the relevant assessment years on payment of additional income tax as specified u/s 140B.

Vide Finance Bill 2025, for enhancing the voluntary compliance, it is proposed to extend the time limit for furnishing of updated return from existing 24 months to 48 months for the purposes of furnishing updated return.

The additional income-tax payable on furnishing ITR-U is as follows:

Period after end of relevant AY where ITR-U is filed	Additional income tax (% of aggregate of tax and interest payable)
Before 12 months	25%
After 12 months but before 24 months	50%.
After 24 months but before 36 months	60%
After 36 months but before 48 months	70%

Note 1: Updated Return cannot be filed after a period of 36 months, where a notice u/s 148A has been issued, unless in order u/s 148A(d) it is decided that it is not a fit case for issuance of Notice u/s 148.

Note 2: Computation of Additional income tax

Scenario 1: Where no return of income has been filed:

Particulars		Amount	Amount
Total tax/interest/fee payable as per income tax provisions (A)			XXXX
Less			
1.	Advance tax	(XXX)	
2.	TDS/TCS	(XXX)	
3.	Relief of tax u/s 89	(XXX)	
4.	Relief/deduction of tax u/s 90 or 91	(XXX)	
5.	Relief of tax u/s 90A	(XXX)	

Particulars		Amount	Amount
6.	Tax credit u/s 115JAA (MAT) or 115JD (AMT)	(XXX)	
	Total taxes paid (B)		(XXXX)
	Balance tax payable* (A-B) (i.e. amount on which additional tax shall be payable)		XXXX

Scenario 2: Where return of income has been filed:

Particulars		Amount	Amount
	Income as per Original/Belated/Revised ITR (earlier return)		XXXX
	Add: Additional income for the purpose of updated return		XXXX
	Total income		XXXX
	Total tax/interest/fee payable as per income tax provisions (A)		XXXX
	Less:		
1.	Advance tax	(XXX)	
2.	TDS/TCS (Earlier return + on additional income)	(XXX)	
3.	Relief of tax u/s 89 (Earlier return + on additional income)	(XXX)	
4.	Relief/deduction of tax u/s 90 or 91(Earlier return + on additional income)	(XXX)	
5.	Relief of tax u/s 90A (Earlier return + on additional income)	(XXX)	
6.	Tax credit u/s 115JAA (MAT) or 115JD (AMT) (Earlier return + on additional income)	(XXX)	
7.	SA Tax paid	(XXXX)	(XXXX)
	Total taxes paid (B)		(XXXX)
	Add : Refund, if any issued in respect of earlier return (C)		XXXX
	Balance tax payable* (A-B+C) (i.e. amount on which additional tax shall be payable)		XXXX

**This amount is payable along with the additional tax and interest.*

This amendment will be effective from 1st April 2025.

2. Extension of Time-limit for passing of Order for Tonnage taxation to 3 months from the end of quarter in which application is received.

Section 115VP provides for the method and time of opting for tonnage tax scheme by a qualifying company. An application to the Joint Commissioner has to be made, and

an order must be passed in writing, granting an approval or rejection, after providing reasonable opportunity of being heard, before the expiry of 1 month from the end of month in which such application is received. In order to address the time constraints faced by Joint Commissioner for verification of information and physical inspection of ships if necessary, the Finance Bill 2025 proposes to insert a proviso to allow 3 months from the end of the quarter in which the application is received to pass the order.

This amendment shall take effect from 1st day of April 2025.

3. Amendments to the provisions of Block Assessment for search and requisition cases under Chapter XVI-B (Sections 158B to 158BI)

Section 158BA(4) provides that where any assessment under Chapter XIV-B is pending 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 thereafter, the assessment in respect of such subsequent search or requisition shall be made under the provisions of Chapter XIV-B.

It is proposed to substitute the word “pending” as the assessment is ‘required to be made’ though it may not be pending when the subsequent search is initiated.

Section 158BA(5) provides that 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 under sub-section (2) or sub-section (3), shall revive.

It is proposed to align the Section 158BA(5) with Section 158BA(2) & (3) by adding the words “re-computation”, “reference” or “order”.

Section 158BB provides for computation of income of block period. The existing provisions of Section 158BB(1) and the proposed provisions are tabulated as under:

Section	Existing	Proposed
158BB (1)(i)	Total Income disclosed in the return furnished u/s 158BC	Undisclosed Income in the return furnished u/s 158BC
158BB(1)(ii)	Total income assessed u/s 143(3) or 144 or 147 or 153A or 153C prior to date of initiation of the search or the date of requisition, as the case may be	Income assessed u/s 143(3) or 144 or 147 or 153A or 153C prior to date of initiation of the search or the date of requisition, as the case may be
158BB(1)(iii)	Total income declared in the return of income filed u/s 139 or in response to a notice u/s 142(1) or 148 and not covered under clause (i) or (ii)	Any income declared in the return of income filed u/s 139 or in response to a notice u/s 142(1) or 148 and not covered under clause (i) or (ii)

Section	Existing	Proposed
158BB(1)(iv)	If the search happens in ongoing financial year, the total income for the block period shall be income of the year (which is not yet ended) recorded in book till the date of last authorization of the search.	Total Income shall include: <ol style="list-style-type: none"> 1. Income before search – income recorded in books till 31st March. 2. Income before the search starts - in case of search initiated in the middle of year, income from 1st April till date of initiation of search. 3. Income after the search but before the last authorisation was executed – Income from date of initiation of search till last authorisation
158BB(1)(v)	Undisclosed income determined by Assessing Officer u/sub-s (2)	No Change

Section 158BB(3) provides to tax under the normal provisions any income which relates to any International Transaction or SDT, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed.

It is proposed to amend the said sub-section to provide that the income pertaining to any International Transaction or SDT shall not be considered in the income of the block period. Therefore, in the said sub-section, it is proposed to provide the reference to such income instead of evidence as provided earlier.

It is proposed to substitute the word ‘disclosed income’ with the word ‘undisclosed income’ in Section 158BB(6).

Section 158BE (1) & (3) provides for time-limit for completion of block assessment u/s 158BC and 158BD (assessment or reassessment in case of other person). The existing time limit and the proposed time limit are tabulated as under:

Particulars	Existing	Proposed
Block assessment u/s 158BC	12 months from end of the month in which the last of the authorisations for search u/s 132 or requisition u/s 132A has been executed.	12 months from end of the quarter in which the last of the authorisations for search u/s 132 or requisition u/s 132A has been executed.
Block assessment u/s 158BD	12 months from end of the month in notice u/s 158BC pursuant to section 158BD was issued.	12 months from end of the quarter in notice u/s 158BC pursuant to section 158BD was issued.

These amendments will take effect from the 1st day of February, 2025.

4. Amendments to Section 132 & 132B

Section 132

Section 132(8) provides that the books of account or other documents seized under 132(1) or 132(1A) shall not be retained by the authorised officer for a period exceeding 30 days from the date of the orders.

In order to reduce the administrative burden on AO for seeking further retention, it is proposed to allow the AO “one month from the end of the quarter in which the order of assessment or reassessment or re-computation is made”.

Further, Explanation 1(a) of Section 132, defines the circumstances in which last of the authorisation for search is to be deemed as to have been executed. In order to ensure then alignment with other provisions, it is proposed to substitute the word ‘authorisation’ by the word ‘authorisations’.

Section 132B

The Explanation 1(ii) to section 132B provides that the “execution of an authorisation for search or requisition” shall have the same meaning as assigned to it in Explanation 2 to section 158-BE.

The Finance Act, 2024 amended the provisions of section 158BE and the words “execution of an authorisation for search or requisition” are now defined in Explanation to section 158B. In line with the above amendment, it is now proposed to substitute the words, “Explanation 2 to section 158-BE” with the words “Explanation to section 158B”.

These amendments will take effect from the 1st day of April 2025.

5. Removal of date restrictions on framing the schemes in certain cases

The sections listed below empowers the Central Government to notify faceless schemes under these sections with an intention to eliminate the person-to-person interface between taxpayer and the department –

- i. Section 92CA- Reference to Transfer Pricing Officer
- ii. Section 144C- Reference to Dispute Resolution Panel
- iii. Section 253- Appeals to the Appellate Tribunal
- iv. Section 255- Procedure of Appellate Tribunal

The Finance Act, 2024 extended the time-limit for notification to 31st March 2025. It is now proposed to omit proviso to section 92CA, proviso to section 144C(14C), proviso to section 253(9), and proviso to section 255(8) which provided for cut-off date for issue of directions. Thus, Central Government may issue directions beyond the cut-off date of 31st day of March 2025, if required.

These amendments will take effect from the 1st day of April 2025.

6. Clarification regarding computation of period of stay by court.

The below mentioned sections and Rule 68 of Schedule II provides that the period during which the proceedings under respective sections is stayed by an order or injunction of any court the same shall be excluded in computing the time limit for conclusion of the proceedings-

- i. Section 144BA - Reference to Principal Commissioner or Commissioner in certain cases.
- ii. Section 153 - Time limit for completion of assessment, reassessment and re-computation
- iii. Section 153B- Time limit for completion of assessment under section 153A.
- iv. Section 158BE - Time limit for completion of block assessment
- v. Section 158BFA - Levy of interest and penalty in certain cases
- vi. Section 263 - Revision of orders prejudicial to Revenue
- vii. Section 264 - Revision of other orders

However, where the order of injunction is vacated, the question often aroused whether the period of limitation will immediately restart on date of such order even where such order was not communicated to the Income-tax Authorities. The said question was often debated/ argued before the Appellate Authorities.

In order to bring clarity, an amendment is proposed by Finance Bill, 2025, to exclude period until receipt of certified copy of order by Principal Commissioner of Income tax or Commissioner (approving panel in case of section 144BA).

Hence, the period of stay by Court shall now be computed as under: **Commencement date** - date on which stay was granted by an order or injunction of any court

End date - date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner (Approving panel in case of section 144BA of the Act).

This amendment will be effective from the 1st day of April 2025.

❖ **Section 246A – Appealable orders before Commissioner (Appeals)**

Under Section 246A of the Act reference was given to the old provisions of section 275(1A) which is on the order of imposing or enhancing penalty. Since section 275 has been amended, reference to new provision of section 275(2) has been given.

Under the old provisions of section 246A(1)(n) of the Act reference is given to an order made by a Deputy Commissioner imposing a penalty under various sections which is now omitted and consequential amendment in the relevant clause of the said section is proposed to be made to give effect to appeal before CIT(A).

This amendment will take effect from the 1st day of April, 2025.

PENALTY AND PROSECUTION

1. Sec 270AA - Immunity from imposition of Penalty.

Section 270AA provides a framework for an Assessee to apply for immunity from the imposition of penalties and prosecution under specific circumstances. The Assessee can apply to the AO for immunity if two conditions are met:

- The tax and interest due under the order of assessment or reassessment has been paid within the prescribed time frame.
- No appeal has been filed against the assessment or reassessment order.

The application must be made as per the prescribed form and manner within **one month from the end of the month in which the order is received.**

Further, the AO shall pass order accepting/rejecting such application within a period of one month from the end of the month in which application is received.

It is now proposed to amend the section 270AA(4) to extend the processing period from one month to three months from the end of the month in which application for immunity is received by the AO.

This amendment will take effect from the 1st day of April 2025

2. Section 271AAB not to apply in 'Search' cases initiated post 1st September 2024

The existing provisions of section 271AAB pertaining to penalty in respect of searches initiated after 15th December, 2016.

As per Finance Act 2024, new provisions of 'Block Assessment-Chapter XIV-B' were introduced for search cases under section 132 of Act on or after the 1st September 2024.

Although section 271AAB of the Act is clear that its provisions are not applicable to proceedings conducted under section 158BC of the Act, it is proposed to remove any ambiguous interpretation of its applicability to searches conducted on or after 1st September, 2024. Therefore, it is proposed to amend section 271AAB where the provision of **the section will not be applicable to the assessee in whose case search has been initiated under section 132 on or after the 1st day of September, 2024.**

This amendment will take effect retrospectively from the 1st September 2024(A.Y 2025-26).

3. Amendment to allow Assessing Officer ('AO') to Levy Penalty

(Section 271C, 271CA, 271D, 271DA, 271DB, and 271E)

Sections 271C, 271CA, 271D, 271DA, 271DB, and 271E provide that penalty shall be imposed by the Joint Commissioner. However, the assessment in such cases is conducted by the AO. Owing to inconsistency in the process, it is proposed to streamline and rationalise penalty proceedings, and is proposed vide Finance Bill 2025 to the said Sections to enable AO to levy penalties instead of Joint Commissioner.

It is pertinent to note that where the penalty amount exceeds the threshold specified under Section 274(2), the AO will be required to obtain prior approval from the Joint Commissioner before passing the penalty order.

These amendments will take effect from April 1, 2025.

4. Omission of redundant provision

Section 271BB was linked to section 88A, which was omitted vide Finance (No. 2) Act, 1996 with retrospective effect from 1st April 1994. In absence of such parent section, relevance penalty section in case of any failure will not exist and is therefore proposed to be omitted.

The omission will take effect from the 1st day of April 2025.

5. Section 275 – Bar of limitation for Imposing Penalties

Section 275 prescribes the time limits for imposing penalties under Chapter XXI.

The said section prescribed multiple timelines based on nature of the proceedings and the appellate authorities involved, which was adding to complexity for department in keeping a track of the applicable deadlines effectively.

In order to streamline the timeline for imposition of penalty, the Finance Bill, 2025, proposes substitute the existing provisions of section 275 to prescribe a standard time limit of 6 months from the end of the quarter in which the connected proceedings are completed, or relevant order of appeal is received or the order of revision is passed, or the notice for imposition of penalty is issued, whichever is later.

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

This amendment will take effect from the 1st day of April, 2025

TAX DEDUCTED AT SOURCE/ TAX COLLECTED AT SOURCE

1. Section 193 – Interest on securities

Section 193 of the Act prescribes tax to be deducted at source on interest payments made on securities. Currently, no threshold is prescribed for deduction of TDS on amount of interest paid or credited by the payee.

With a view to reduce the compliance burden, vide Finance Bill, 2025 it is proposed to insert the threshold limit of ₹ 10,000/- per financial year for all assessee, including Individual and HUF.

This amendment will take effect from the 1st day of April 2025.

2. Section 194 – Dividends

Section 194 of the Act provides for the deduction of tax on dividends paid by Indian companies or companies with arrangements for dividend distribution.

The current provision exempts tax deduction on dividends paid to an individual shareholder if the total dividend distributed during the financial year does not exceed ₹ 5,000. **The proposed amendment increases the threshold to ₹ 10,000.**

This amendment will simplify the process for smaller dividend payments and benefit individual taxpayers and companies by reducing administrative burdens.

This amendment will take effect from the 1st day of April 2025.

3. Section 194A – Interest other than interest on securities

Section 194A of the Income Tax Act mandates that any person, other than an individual or Hindu Undivided Family (HUF), responsible for paying interest income (excluding interest on securities) to a resident is required to deduct tax at a rate of 10%, subject to certain thresholds.

It is pertinent to note that section prescribes different thresholds for different type of payers (Bank / Post Office, etc.) and recipients (senior citizen/general public, etc.). In order to ease the tax burden on the assessee. Finance Bill 2025 proposes to increase the TDS thresholds on interest income (excluding interest on securities) for resident payees. The existing thresholds and the proposed thresholds are tabulated hereunder:

Particulars	Recipient: Senior Citizen Erstwhile	Recipient: Senior Citizen Proposed	Recipient: Other Erstwhile	Recipient: Other Proposed
Payer: Banking company/ Co-operative Bank / Post Office Deposit	50,000	100,000	40,000	50,000
Payer: Others	5,000	10,000	5,000	10,000

This amendment will take effect from the 1st day of April 2025.

4. Section 194B & 194BB

Section 194B of the Income Tax Act deals with the deduction of tax at source on winnings from lotteries, crossword puzzles, card games, gambling, and betting and Section 194BB concerns tax deduction at source on winnings from horse races.

Erstwhile, TDS was required to be deducted where the winnings (or aggregate winnings) exceeds ₹ 10,000/-. In order to ease the compliance burden, vide Finance Bill 2025 it is proposed to eliminate the aggregate threshold and to apply threshold of ₹ 10,000/- to a single transaction.

This amendment will take effect from the 1st day of April 2025.

5. Section 194D – Insurance commission

Section 194D which deals with insurance commission mandates that any person responsible for paying income by way of remuneration or commission for soliciting or procuring insurance business (including activities related to the continuance, renewal, or revival of insurance policies) are required to deduct tax at source at a rate of 5% if the amount exceeds the threshold limit of ₹ 15,000/- in a financial year.

With a view to ease the compliance burden, vide Finance Bill 2025, an amendment is proposed to increase the threshold from ₹ 15,000/- to ₹20,000/-

This amendment will take effect from the 1st day of April 2025.

6. Section 194G - Commission, etc., on sale of lottery tickets

Section 194G requires that any person responsible for paying income by way of commission, remuneration, or prize (in whatever form) to individuals involved in stocking, distributing, purchasing, or selling lottery tickets are required to deduct tax at source at a rate of 2% if the amount exceeds the threshold limit of ₹ 15,000/- in a financial year.

With a view to ease the compliance burden, vide Finance Bill 2025, an amendment is proposed to increase the threshold from ₹ 15,000/- to ₹20,000/-

This amendment will take effect from the 1st day of April 2025.

7. Section 194H - Commission or brokerage

Section 194H mandates that any person, other than an individual or Hindu Undivided Family (HUF), responsible for paying income in the form of commission (excluding insurance commission under section 194D) or brokerage to a resident are required to deduct tax at source at a rate of 2% if the amount exceeds the threshold limit of ₹ 15,000/- in a financial year.

With a view to ease the compliance burden, vide Finance Bill 2025, an amendment is proposed to increase the threshold from ₹ 15,000/- to ₹20,000/-

This amendment will take effect from the 1st day of April 2025.

8. Section 194I - Rent

Section 194-I requires any person, other than an individual or Hindu Undivided Family (HUF), who pays rent to a resident to deduct tax at source if the rental income exceeds ₹ 2,40,000 in a financial year.

The proposed amendment seeks to raise this threshold, making tax deduction applicable only when the rent exceeds ₹ 50,000 in a month (or part of a month), as against annual threshold provided earlier.

This amendment will take effect from the 1st day of April 2025.

9. Section 194J - Fees for professional or technical services

Section 194J provides for TDS on professional and technical service related fees to residents.

The current thresholds and the proposed thresholds are tabulated hereunder:

Sr. No.	Nature of payment	Current threshold to deduct TDS	Proposed threshold
1.	Fees for professional services	₹ 30,000/-	₹ 50,000/-
2.	Fees for technical services	₹ 30,000/-	₹ 50,000/-
3.	Royalty	₹ 30,000/-	₹ 50,000/-
4.	Any sum referred to in clause (va) of section 28	₹ 30,000/-	₹ 50,000/-

This amendment will take effect from the 1st day of April 2025.

10. Section 194K – Income in respect of units

Section 194K deals with the deduction of tax at source on income paid to a resident in respect of units of a mutual fund or specified undertaking. Currently, tax is deducted at 10% if the income exceeds ₹ 5,000 in a financial year.

In-line with the TDS on Dividend payments, the threshold for income from units of mutual fund is proposed to be increased from existing ₹ 5,000 to ₹ 10,000.

This amendment will take effect from the 1st day of April 2025.

11. Section 194LA - Payment of compensation on acquisition of certain immovable property.

Section 194LA provides for TDS at 10% on compensation/consideration (including enhanced compensation/consideration) on account of compulsory acquisition of immovable property (other than agricultural land) where the amount **exceeds ₹ 2,50,000/- in a financial year.**

It is proposed to increase the threshold to ₹ 5,00,000/-.

This amendment will take effect from the 1st day of April 2025.

12. Section 194LBC – Income in respect of Investment in Securitization Trust

Section 194LBC requires tax to be deducted at source on income payable by a securitization trust to an investor. The tax rates currently are 25% for individuals or Hindu Undivided Families (HUF) and 30% for other entities.

Having regard to the fact that the said sector is regulated and organized, vide Finance Bill 2025, it is proposed to reduce the TDS rates under section 194LBC from 25% and 30% to 10% to ease the burden on the taxpayers.

This amendment will take effect from the 1st day of April 2025.

13. Section 206AB - Special provision for deduction of tax at source for non-filers of income-tax return.

Section 206AB, provides deduction of tax at higher rate when the deductees specified therein is a non-filer of income-tax return. This is subject to other conditions specified in the sections.

It is proposed to omit section 206AB of the Act.

This amendment will take effect from the 1st day of April 2025.

14. **Section 206C (1)** states that every seller shall collect tax at source from the buyer of goods of certain specified nature at the rate of 2.5 % on sale of goods of the following nature: -

- Timber obtained under a forest lease
- Timber obtained by any mode other than under a forest lease
- Any other forest produce not being timber or tendu leaves.

The above provision is being made applicable to traders who are selling such produce. However, no definition was being provided for “forest produce”.

To bring clarity to the meaning of “forest produce”, it is proposed that “forest produce” shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927.

Further, it is proposed that to address the applicability of TCS on traders of forest produce, only such other forest produce (not being timber or tendu leaves) which is obtained under forest lease will be covered under TCS.

The amended rate for collection of TCS are as under: -

Sr. No	Nature of Goods	Current Rate	Proposed Rate
1.	Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	2.5 %	2 %
2.	Timber obtained by any mode other than under a forest lease	2.5 %	2 %

15. **Section 206 (1G)**

With a view to reduce the compliance burden, threshold for collection of TCS has been increased from existing ₹ 700,000/- to ₹ 10,00,000/- effective from 1st April 2025. For details on various rates applicable for TCS refer chart in subsequent pages.

This amendment will take effect from the 1st day of April 2025.

16. **Section 206C(IH)**

Having regard to the fact that the provisions of S. 194Q are applicable on the very same transaction to which S. 206C(1H) applies, it is proposed by Finance Bill, 2025 to make the section inoperative from 1st April 2025.

This amendment will take effect from the 1st day of April 2025.

17. Section 206CCA - Special provision for collection of tax at source for non-filers of income-tax return.

Section 206CCA, requires for collection of tax at higher rate when the collectee specified therein is a non-filer of income-tax return. This is subject to other conditions specified in the sections.

It is proposed to **omit section 206CCA of the Act.**

This amendment will take effect from the 1st day of April 2025.

18. Exemption from prosecution for delayed payment of TCS in certain cases

Section 276BB

As per S.276BB of the Act the assessee shall be punishable for a term of not less than 3 months but which may extend to 7 years with fine for failure to pay TCS u/s 206C of the Act which has now been proposed to provide relief to assessee subject to condition if assessee deposits TCS at any time on or before the time prescribed for filing the quarterly statement under proviso to sub-section (3) of section 206C of the Act.

This amendment will take effect from the 1st day of April 2025.

Summary of the TDS threshold rationalization under Chapter XVII-B

Sr. No	Section	Rates	Present TDS Threshold (Rs)	Proposed TDS Threshold (₹)
1.	193 - Interest on securities	10%	Nil	10,000/-
2.	194A - Interest other than Interest on securities	10%	(i) 50,000/- for senior citizen; (ii) 40,000/- in case of others when payer is bank, cooperative society and post office (iii) 5,000/- in other cases	(i) 1,00,000/- for senior citizen (ii) 50,000/- in case of others when payer is bank, co-operative society and post office (iii) 10,000/- in other cases
3.	194 - Dividend, for an individual shareholder	10%	5,000/-	10,000/-
4.	194K - Income in respect of units of a mutual fund or specified company or undertaking	10%	5,000/-	10,000/-

Sr. No	Section	Rates	Present TDS Threshold (Rs)	Proposed TDS Threshold (₹)
5.	194B - Winnings from lottery, crossword puzzle etc.	30%	Aggregate of amounts exceeding 10,000/- during the financial year	10,000/- in respect of a single transaction
6.	194BB - Winnings from horse race	30%		
7.	194D - Insurance commission	2%	15,000/-	20,000/-
8.	194G - Income by way of commission, prize etc. on lottery tickets	2%	15,000/-	20,000/-
9.	194H - Commission or brokerage	2%	15,000/-	20,000/-
10.	194-I - Rent	Rent on plant & machinery -2% Rent on land/building/furniture/fitting -10%	2,40,000/- during the financial year	50,000/- per month or part of a month
11.	194J - Fee for professional or technical services	2% /10%	30,000/-	50,000/-
12.	194LA - Income by way of enhanced compensation	10%	2,50,000/-	5,00,000/-

Summary of the TDS limit rationalization under Chapter XVII-B

Sr. No	Section	Present TDS Rate	Proposed TDS Rate
1.	Section 194LBC - Income in respect of investment in securitization trust	25% if payee is Individual or HUF and 30% otherwise	10%

Summary of the TCS threshold rationalization under Chapter XVII-BB

Sr. No.	Section	Rates	Present TCS Threshold (₹)	Proposed TCS Threshold (₹)
1.	206C (1G) – Remittance under LRS and overseas tour program package	5%	7,00,000/-	10,00,000/-

Summary of the TCS threshold rationalization under Chapter XVII-BB

Sr. No.	Section of the Act	Present TCS Rate	Proposed TCS Rate
1.	Sub-section (1) of section 206C (i) TCS on timber or any other forest produce (not being tendu leaves) obtained under a forest lease and (ii) TCS on timber obtained by any mode other than under a forest lease	2.5%	2%
2.	Sub-section (1G) of section 206C – TCS on remittance under LRS for purpose of education, financed by loan from financial institution	0.5% after ₹ 7,00,000/-	Nil

OVERVIEW OF TDS RATES FOR THE ASSESSMENT YEAR 2026-27

1. On payment to Residents (subject to notes below)

Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
				Rate (%) **		
1	192	Payment of salary	No Threshold Limit	-	-	At applicable rates
2	192A	Pre-mature withdrawal from Employee Provident Fund Scheme	Payment in excess of ₹ 50,000/-	-	-	10
3	193	Interest on securities including - (i) any debentures or securities issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act any debentures listed on recognized stock exchange in India. (ii) Any security of the Central or State Government (Note 1)	Payment in excess of ₹ 10,000/-	10	10	10
4	194	Dividends distributed by Domestic Company (Note 2 & 3)	Payment to a shareholder (being an individual) in excess of Rs 10,000/- during the financial year.	10	10	10

Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
5	194A	Interest on Bank Deposits, Co-operative society carrying on banking business and Deposits with Post Office for Senior Citizens (Note 4 & Note 5)	Payment in excess of ₹ 100,000/- per financial year (For Senior Citizens)	10	10	10
6	194A	Interest on Bank Deposits, Co-operative society carrying on banking business and Deposits with Post Office (For Others) (Note 4 & Note 5)	Payment in excess of ₹ 50,000/- per financial year (For Others)	10	10	10
7	194A	Other Interest (Note 4 & 5)	Payment in excess of ₹ 10,000/- (Erstwhile ₹ 5000) per financial year	10	10	10
8	194B	Winnings from Lotteries, crossword, puzzles, card games and other games of any sort (other than winnings from online games) (Note 6)	Payment in excess of ₹ 10,000/- in a single transaction	30	30	30
9	194BA	Winnings from Online Games (computed as per Rule 133)	No threshold limit.	30	30	30
10	194BB	Winnings from Horse Races (Note 6)	Payment in excess of ₹ 10,000/- in a single transaction	30	30	30
11	194C	Payments to Contractors (Note 5)	Payment in excess of ₹ 30,000/- per transaction or ₹ 1,00,000/- per financial year	2	2	1

Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
12	194D	Insurance Commission (Note 7)	Payment in excess of ₹ 20,000/- per financial year	5	5	5
13	194DA	Sum received for Life Insurance Policy including bonus [except exempt u/s 10(10D)]	Payment in excess of ₹ 1,00,000/- per financial year	2	2	2
14	194EE	Payments in respect of deposits under National Savings Scheme, etc. Central Government Schemes	Payment in excess of ₹ 2,500/- per financial year	10	10	10
15	194F	Payment on account of repurchase of Mutual fund Units of UTI (Note 12)	Zero	20	20	20
16	194G	Commission on Sale of Lottery Tickets (Note 7)	Payment in excess of ₹ 20,000/-	2	2	2
17	194H	Other Commission/ Brokerage (Note 7)	Payment in excess of ₹ 20,000/-	2	2	2
18	194-I (a)	Rent for Plant & Machinery, Equipment's (Note 8)	Payment in excess of ₹ 50,000/- in a month or part of the month	2	2	2
19	194-I (b)	Rent for Land or Building or Furniture or Fittings (Note 8)	Payment in excess of ₹ 50,000/- in a month or part of the month	10	10	10
20	194-I	Income by way of Rent from SPV distributed by REITs	No Threshold Limit	-	-	-
21	194-IA	Consideration for Transfer of Immovable Property (other than Agricultural Land)	Sale Consideration / Stamp Duty Value of such property exceeds ₹ 50,00,000/-	1	1	1

Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
				Rate (%) **		
22	194-IB	Income by way of Rent	Rent exceeds ₹ 50,000 p.m. or part thereof (from 1st Oct 2024 Onwards)	2	2	2
23	194-IC	Monetary Payment in respect of Joint Development Agreement	No Threshold Limit	10	10	10
24	194J	Professional Fees / Royalties/ Fees for Technical Services (Note 9 & Note 5)	Payment in excess of ₹ 50,000/- p.a.	10	10	10
25	194J	Professional Fees (for certain payees) (Note10)	Payment in excess of ₹ 50,000/- p.a.	2	2	2
26	194K	Income of units issued by Mutual funds or Unit Trust of India (Note 11)	Payment in excess of ₹ 10,000 p.a.	10	10	10
27	194LA	Consideration for Compulsory Acquisition of Immovable Property (other than Agricultural Land) (Note 12)	Payment in excess of ₹ 5,00,000/-	10	10	10
28	194LBA	Dividend distributed from SPV distributed by Business Trusts i.e., REITs & INVITs	No Threshold Limit	10	10	10
29	194LBB	Income other than business income distributed by an Alternate Investment Fund (Category I and II)	No Threshold Limit	10	10	10
30	194LBC	Income in respect of investment in Securitization Trust (Note 13)	No Threshold Limit	10	10	10

Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
				Rate (%) **		
31	194M	Payments to Contractors / Professionals (Other than those covered in 194 C & 194J)	Payment in excess of ₹ 50,00,000/- or aggregate of such payment exceeding ₹ 50,00,000/-, during a financial year	2	2	2
32	194N	Payment by a banking company/ banking institution/ post office (Note 14)	who is responsible for paying any sum, or, as the case may be, aggregate of sums, in cash, in excess of one crore rupees during the previous year, to any person (herein referred to as the recipient) from an account maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount equal to two per cent. of sum exceeding one crore rupees, as income-tax	2	2	2
33	194N	Payment by co-operative society engaged in banking business.	Threshold Limit ₹ 3 crores	2	2	2
34	194O	Credit of Amount by E-Commerce Operator to E-Commerce participant in respect of sale of goods/	Payment in excess of ₹ 5,00,000/- or aggregate of such payment exceeding ₹ 5,00,000/-, during a financial year.	0.1	0.1	0.1
35	194P	Interest paid by Specified Bank	Towards sums maintained by a Senior Citizen (above 75 yrs. of age) earning only pension income	NA	NA	See Note 15

Sr. No.	Section	Payments to Resident Payee	Criteria for Deduction	Company	Partnership Firm	Individual, HUF, AOP, BOI
				Rate (%) **		
36	194Q	Payment by Buyer of Goods (Note 16)	Towards purchase of goods having value (or aggregate value during the Financial Year) exceeding ₹ 50,00,000/-	0.1	0.1	0.1
37	194R	Payment of benefit of perquisite in respect of business or profession (Note 17)	Value or aggregate of value of the benefit or perquisite exceeds ₹ 20,000/- during the Financial Year	10	10	10
38	194S	Payment/credit of consideration for transfer of virtual digital asset by specified person (Note 18)	Threshold limit ₹ 50,000	1	1	1
39	194T	Payments to partners of firms (Note 19)	Threshold limit ₹ 20,000	10	10	10

Notes	
1	Vide Finance Bill 2025, it is proposed that the TDS u/s 193 shall be triggered where the payment of interest or aggregate amount of interest exceeds ₹ 10,000/- during the financial year. (Effective from 01/04/2025)
2	The current provision exempts tax deduction on dividends paid to an individual shareholder if the total dividend distributed during the financial year does not exceed ₹ 5,000. The proposed amendment increases the threshold to ₹ 10,000. (Effective from 01/04/2025).
3	(a) Dividends paid by certain insurance companies or insurers and certain business trusts (viz. INVITs & ReITs referred u/s/ 10(23FC)) are excluded from provisions of S. 194 (b) Dividends u/s 2(22)(f) (that is sums received by shareholder pursuant to buyback of shares u/s 68 of Companies Act, 2013 are included
4	Vide Finance Bill 2025, for interest on Bank Deposits and Deposits with Post Office, the threshold limit is increased from Rs 50,000/- to ₹ 100,000/- for senior citizens and ₹ 40,000/- to ₹ 50,000/-for others. (Effective from 01/04/2025)

Notes	
	<p>For other interest, the erstwhile threshold of ₹ 5,000/- is proposed to be increased to ₹ 10,000/-. (Effective from 01/04/2025)</p> <p>- Also applicable on payment of Interest on time deposits by co-operative banks to its members and payment of interest on Recurring Deposit</p> <p>- Computation of interest income shall be made taking into account income credited or paid by the bank (including all branches) who has adopted core banking solutions.</p>
5	<p>For the purposes of Section 194 A/ 194C, 194 H, 194 I and 194 J previously, Individual / HUF are liable to deduct TDS where their turnover / gross receipts exceed the following limits:</p> <p>a) INR 1 crore in case of Business</p> <p>b) INR 50 Lakhs in case of Profession during the financial year immediately preceding the financial year in which payment is made under the respective sections.</p>
6	<p>Erstwhile, TDS was required to be deducted where the winnings (or aggregate winnings) exceed ₹ 10,000/-. In order to ease the compliance burden, vide Finance Bill 2025 it is proposed to eliminate the aggregate threshold and to apply threshold of ₹ 10,000/- to a single transaction. (Effective from 01/04/2025)</p>
7	<p>With a view to ease the compliance burden, vide Finance Bill 2025, an amendment is proposed to be increased the threshold from ₹15,000/- to ₹20,000/- in S. 194D, S. 194G, and S. 194 H. (Effective from 01/04/2025)</p>
8	<p>Earlier TDS was to be deducted on rental income payments if the total amount exceeds ₹ 2,40,000 in a financial year. The proposed amendment seeks to increase the threshold for TDS deduction, applying it only if the rental income exceeds ₹ 50,000 in a month or part of a month, instead of annually. This change will take effect from April 1, 2025.</p>
9	<p>With a view to ease the compliance burden, vide Finance Bill 2025, an amendment is proposed to be increased the threshold from ₹30,000/- to ₹50,000/- in S. 194J. (Effective from 01/04/2025)</p>
10	<p>TDS is to be deducted u/s 194J @ 2% where the: -</p> <p>a) Payee is only engaged in the business of operation of call center.</p> <p>b) Fees are for technical services (not being a professional service)</p> <p>Any payments to a director of a company other than those which are “salaries” are specifically covered u/s 194J.</p>
11	<p>In-line with the TDS on Dividend payments, the threshold for income from units of mutual fund is proposed to be increased from existing ₹ 5,000 to ₹ 10,000. (Effective from 01/04/2025)</p>

Notes	
12	Vide Finance Bill, 2025, with a view to provide relief to taxpayers, threshold for deduction of TDS is increased ₹ 2,50,000 to ₹ 5,00,000, to ensure compliance in respect of significant sums of compensation, it is proposed and thereby reducing the burden on individuals receiving lower compensation amounts. (Effective from 01/04/2025)
13	Having regard to the fact that the said sector is regulated and organized, vide Finance Bill 2025, it is proposed to reduce the TDS rates under section 194LBC from 25% and 30% to 10% to ease the burden on the taxpayers. (Effective from 01/04/2025)
14	The provisions of Section 194N came into effect 01/09/2019. It is pertinent to note that tax is not deductible on any payments made to Government, Banking company, Co-operative society engaged in Banking business, Business correspondent/ White label automated teller machine operator of such Banking company or Co-operative society.
15	The interest paid to senior citizen (Aged 75 years or more), where the said individual is in receipt of only pension income & other income comprises of Interest received from amounts maintained by him in the same specified bank shall be covered by S. 194P. The TDS needs to be deducted after giving all deductions and rebates at rates in force.
16	The TDS is required to be deducted by the buyer towards purchase of any goods of the value (or aggregate value during the financial year) exceeding ₹ 50 lakh rupees at a rate of 0.1% Note: The provisions of this section shall not apply: i) When the total sales, gross receipts or turnover from the business carried on by buyer does not exceed ten crore in preceding Financial Year. ii) Where TDS/ TCS (except collectible u/s 206C(1H)) is deductible/ collectible under the provisions of Act.
17	TDS is required to deducted at 10% on the value of benefit or perquisite covered u/s 28(iv) paid or likely to be paid by any person to a resident in excess of ₹20,000/- during a financial year. In cases where the benefit or perquisite, as the case may be, is “wholly in kind” or “partly in cash and partly in kind but such part in cash is not sufficient to meet the TDS liability in respect of whole of such benefit or perquisite”, the ‘person responsible for providing’ such benefit of perquisite shall, before releasing it, ensure that tax has been paid in respect of the benefit or perquisite.
18	TDS is required to be deducted at a rate of 1% on the consideration of transfer of a virtual digital asset at the time of credit or payment whichever is earlier. In cases where the consideration is wholly in kind or in exchange of another virtual digital asset or “partly in cash and partly in kind but such part in cash is not sufficient to meet the TDS liability in respect of whole of such benefit or perquisite”, the ‘person responsible for paying such consideration shall, before releasing the consideration, ensure that tax has been paid in respect of such consideration for the transfer of virtual digital asset.

Notes	
	<p>“Specified person” is defined to mean :</p> <p>(a) being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case of business or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred;</p> <p>(b) being an individual or a Hindu undivided family, not having any income under the head “Profits and gains of business or profession”.</p> <p>Further, credit to a suspense account shall also be deemed to be credit to the account of person.</p>
19	With effect from 1st April 2025, Firm shall responsible for deducting TDS on any sum paid to partner in the nature of salary, remuneration, commission, bonus, interest to a partner at the time of credit (including credit to the capital account of the partner) or payment whichever is earlier.

General Considerations	
A	TDS shall be deducted u/s 206AA @ 20% (5% in case where S. 194Q is applicable) or the higher rate as provided under the Act, if PAN is not furnished by the deductee.
B	With effect from FY 2025-26, provisions of S. 206AB shall not be applicable. The said section required TDS to be deducted at a higher rate for non-filers of return. The provisions of S. 206AA shall apply if the deducted is not having a PAN.
C	No TDS is required to be deducted in case where the payee is an entity whose income is exempt u/s 10 and is not required to file returns as per Section 139. (Circular No. 18/2017)
D	Certificate for deduction at lower rate can be applied for Sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M.
E	Certificate for nil rate of tax deduction can be applied for Sections 194, 194EE, 192A, 193, 194A, 194DA, 194K, 194-I.
F	No TDS where the deductee furnishes a self- declaration in Form 15G/ 15H for deduction of tax under Sections 194, 194EE, 192A, 193, 194A, 194D, 194DA, 194-I and 194K.
G	As per Section 196, no deduction of tax shall be made by any person from any sums payable to Government, RBI, a Corporation established under Central Act, a Mutual Fund specified under section 10(23D).

2. On payments to Non-Residents (subject to notes below)

Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%)*
				On or After 23rd July 2024
1	Tax on Long Term Capital Gains	(a) For Long Term Gains referred to in S. 115E	115E	12.5
		(b) Tax on Long Term Capital Gains on Transfer of Equity Share in company or a unit of equity oriented mutual fund or a unit of Business Trust, where STT is paid, exceeding ₹ 100,000/- (₹ 125,000/- with effect from 23rd July 2024)	112A	12.5
		(c) On income by way of long-term capital gains from unlisted securities u/s 112(1)(c)(iii)	112	12.5
		(d) Any other long term capital gain (other than long term gains exempt us 10(33) & (36)), and except those included	112	12.5
2	Tax on Short Term Capital Gain	(a) On sale of shares or units of mutual funds where STT is paid	111A	20
		(b) On sale of shares or units of mutual funds where STT is not paid	45	
		(i) In case of companies		35
		(ii) In case of persons other than companies		30
3	Income by the way of Dividend	Referred to in the proviso to sub clause (A) of clause (a) of sub section (1) of Section 115A (That is from IFSC Unit)	115A	10
		Other Dividends	115A	20
4	Winning From Lotteries crossword puzzles, card games and other games of any sort	Payment in excess of ₹ 10,000/-	194B	30



**INDIA
BUDGET
2025**

Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%) *
				On or After 23rd July 2024
5	Winning From Horse Race	Payment in excess of ₹ 10,000/-	194BB	30
6	Tax on royalty or copyrights or on fees for technical services matters included in industrial policy or under approved agreements by an Indian concern or by Government of India	Where the Agreements is made or entered after 29th February 1964 and before 31st March, 1976	115A	50
		Where the Agreements is made or entered into after 31st March, 1976	115A	10
7	Tax on Interest	On borrowings in foreign currency: -		
		(a) by an Indian concern or by Government of India other than interest referred in (b) or (c) below	115A(1) (a)	20
		(b) On notified infrastructure debt fund	194LB	5
		(c) By Specified Companies or Business Trusts (REITs & InVITs) under a loan agreement or any long-term bond: i) On Long-term bond or rupee denominated bond listed only on a recognized stock exchange located in any International Financial Services Centre. (Issued on or after the 1st day of April, 2020 but before the 1st day of July, 2023)	194LC	4
		ii) Other than above	194LC	5
8	Income by way of interest from SPV distributed by Business Trusts (REITS & INVITs)	No Threshold Limit	194LBA	5

Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%) *
				On or After 23rd July 2024
9	Income by way of Rent from SPV distributed by REITs	No Threshold Limit	195	-
10	Income other than business income distributed by an Alternate Investment Fund (Category I & II)	No Threshold Limit	194LBB	Rates in Force (Refer Note:5)
11	Income in respect of Investment in Securitization Trust	No Threshold Limit	194LBC	Rates in Force (Refer Note:5)
12	Income by way of interest to FII or QFI	a) On Rupee denominated Bonds of Indian Company and Government Securities. b) On Municipal debt securities (Income arising on or after 01st April, 2020 but before 1st day of July 2023)	194LD	5
13	Payments to Non-Resident Sportsmen/Entertainer/Sports Association	Other than to a non-resident being an Indian citizen	194E	20
16	Income in respect of units of non-residents	No Threshold Limit	196A	20% or rate as per treaty (if beneficial)
17	Income from units referred to in clause (i) of sub-section (1) of section 115AB;	long-term capital gains arising from transfer of units referred to in section 115AB	196B	10
18	Income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC	long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC	196C	10

Sr. No.	Payments to Non-Resident Payee	Criteria for Deduction	Section	Rate (%) *
				On or After 23rd July 2024
19	Income of Foreign Institutional Investor	Income other than interest covered above in S. 194D & other than capital gains taxable u/s 115AD	196D	20% or rate as per treaty
20	Interest from Securities from a Specified Fund	Payment/ credit of Interest from Securities to a Specified fund (referred to in section 10(4D). Expln (C))	196D (1A)	10
21	Any other Income	(a) In case of non-resident companies		35%
		(b) In case of non-residents other than foreign companies		30%
22	Other income	(a) In case of non-resident companies	-	35%
		(b) In case of non-residents other than foreign companies	-	30%

Notes	
1	Surcharge & Cess @ 4% shall be levied additionally. (See below for surcharge)
2	If is not quoted by the deductee TDS shall be deducted at a higher rate prescribed u/s 206AA (that is higher of rates in force or rate as per provision or 20%). However, deduction of higher rate is not warranted in following scenario: -in respect of Royalties, FTS, Dividend, Interest and Capital Gains on compliance of conditions in Rule 37BC. -in respect of Interest covered u/s 194LC
3	With effect from 23rd July 2024 the indexation benefit under 2nd proviso will no longer be available.
4	No tax at source is required to be deducted under section 195 by National Technical Research Organisation ('NTRO') on payments of royalty or fees for technical services paid to non-resident or foreign company
5	TDS is to be deducted at "Rate in Force". The term "Rate in force" means rate as per Income Tax Act, 1961 or Relevant DTAA rate, whichever is more beneficial

General Considerations	
a	Certificate for deduction at lower rate can be applied for Section 195 or 197.
b	<p>With effect from 1st April 2022, TDS u/s 206AB shall be deducted at a higher of “5% “or” “Twice the Rates in Force “or” Twice the rate specified in the act “, in case of a person:</p> <p>i) Who has not filed the return of income for financial year immediately preceding the financial year in which tax is to be deducted AND</p> <p>ii) Aggregated of tax deducted at source and tax collected at source in his case exceeds ₹ 49,999/- for each of these years,</p> <p>The said section shall not apply to:</p> <p>i) A Non-resident who does not have a Permanent Establishment in India; or</p> <p>ii) Where TDS is deductible under 192, 192A, 194B, 194BB, 194LBC or 194N or</p> <p>iii) Where TDS deductible u/s 206AA is higher than S. 206AB</p>
c	Applicable Surcharge Rates:

Surcharge			
Sr. No.	Total Income	Other Income (Other than those chargeable under S. 111A, 112, 112A & Dividend)	Surcharge on tax on Income u/s 111A, 112, 112A and Dividend
(a) Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person			
(i)	- Total income (including dividend income under sections 111A, 112, 112A) does not exceed ₹ 50 lakhs	0%	0%
(ii)	- Total income (including dividend income under sections 111A, 112, 112A) exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10%	10%
(iii)	- Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15%	15%
(iv)	- Total income (excluding dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crores	25%	15%
(v)	- Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore and not covered by above	15%	15%

Surcharge			
Sr. No.	Total Income	Other Income (Other than those chargeable under S. 111A, 112, 112A & Dividend)	Surcharge on tax on Income u/s 111A, 112, 112A and Dividend
(b)	Co-Operative Society	Exceeding ₹ 1 crore	12%
(c)	Foreign Company	Exceeding ₹ 1 crore up to ₹ 10 crores	2%
(d)	Foreign Company	Exceeding ₹ 10 crores	5%

- *Surcharge for Dividend Income & Capital Gains is capped at a rate of 15%.*
- *It is pertinent to note that the benefit of capping the surcharge at 20 % for Dividend & Capital Gains income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s 115AD. -*

##- Surcharge for Individuals, HUF, AOP (other than Co-op Society), BOI or Artificial Judicial Person is capped at 25% opting for New Regime u/s 115BAC

OVERVIEW OF TCS RATES FOR THE ASSESSMENT YEAR 2026-27

Sr. No.	Nature of Goods/Contract/License /Lease	Criteria for Collection	Rate (%) *
1	Alcoholic Liquor for Human Consumption	No Threshold Limit	1
2	Tendu Leaves	No Threshold Limit	5
3	Timber and any other Forest Produce, obtained under a Forest Lease (Note: 1)	No Threshold Limit	2
4	Timber obtained by any mode other than under a Forest Lease (Note :1)	No Threshold Limit	2
5	Any other Forest produce (Note: 1)	Omitted with effected from FY 2025-26	NA
6	Scrap	No Threshold Limit	1
7	Minerals, being Coal or Lignite or iron ore	No Threshold Limit	1
8	Motor Vehicle & any other notified luxury goods (Note 2)	Payment in excess of ₹ 10,00,000/-	1
9	Cash Sale of Bullion	Payment in excess of ₹ 2,00,000/-	1
10	Cash Sale of any other goods (other than bullion and jewelry) or providing any service for Cash	Payment in excess of ₹ 2,00,000/-	1
11	Transfer of right or interest in any Parking Lot or Toll Plaza or Mining and Quarrying (other than of mineral oil) under any contract, license and lease	No Threshold Limit	2
12	Remittance of loan for Educational Purposes: Amount received by an Authorized Dealer from Buyer for Remittance out of India under the Liberalized Remittance Scheme of the Reserve Bank of India (being loan for education purpose)	NA (TCS is not collectible with effect from FY 2025-26)	0
	Remittance towards Education or Medical Treatment purposes Amount received by an Authorized Dealer from Buyer for Remittance out of India under the Liberalized Remittance Scheme of the Reserve Bank of India for education purpose other than loan or for medical treatment.	Threshold limit ₹ 10,00,000 (effective from FY 2025-26)	5

Sr. No.	Nature of Goods/Contract/License /Lease	Criteria for Collection	Rate (%) *
	Other remittances under Liberalized Remittance Scheme: Amount received by an Authorized Dealer from Buyer for Remittance out of India under the Liberalized Remittance Scheme of the Reserve Bank of India other than: - a) For Education or Medical Treatment Process b) As a Loan for Education purpose.	Threshold limit ₹ 10,00,000 (effective from FY 2025-26)	20
13	Amount received by Seller from Buyer in respect of overseas tour program package (Note 3)	Threshold limit ₹ 10,00,000 (effective from FY 2025-26)	20
14	Amount received by Seller as consideration for sale of any goods other than the goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) (Note 3)	NA (TCS is not collectible with effect from FY 2025-26, and only TDS u/s 194Q shall apply)	0

Notes

1	Vide Finance Bill 2025, it is proposed to reduce the rate of collection of TCS on sale of Timber and other Forest Produce from erstwhile 2.5% to 2% from FY 2025-26. Further, effective from FY 2025-26, TCS provisions are not applicable on sale of Other Forest Produce which are not under the Forest Lease. For definition of Forest Produce reference is invited to The Indian Forest Act, 1927.
2	No TCS shall be collected where the buyer is the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; local authority as defined in explanation to clause (20) of Section 10; a public sector company which is engaged in the business of carrying passengers.
3	The provisions of subsection (1G) shall not apply in case where: (i) Where TDS has to be deducted under any provision and has been deducted (ii) the buyer is Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein

Notes	
*	
a	<p>TCS where PAN is not furnished by Buyer or PAN is invalid</p> <p>TCS shall be deducted u/s 206CC @ twice the rate applicable or 5%, whichever is higher, if PAN is not furnished by the collected. For the purpose of Sec 206C(1H), the rate will be 1% instead of 5%</p>
b	<p>Non-filers of Return</p> <p>With effect from FY 2025-26, provisions of S. 206CC shall not be applicable. The said section required TCS to be collected at a higher rate (that is higher of “5%” OR “Twice the rate specified in the act”) for non-filers of return</p>

Surcharge			
Sr. No.	Total Income	Other Income (Other than those chargeable under S. 111A, 112, 112A & Dividend)	Surcharge on tax on Income u/s 111A, 112, 112A and Dividend
(a)	Non-Resident Individual, HUF, AOP, BOI or Artificial Judicial Person		
(i)	- Total income (including dividend income under sections 111A, 112, 112A) does not exceed ₹ 50 lakh	0%	0%
(ii)	- Total income (including dividend income under sections 111A, 112, 112A) exceeds ₹ 50 lakh but does not exceed ₹ 1 crore	10%	10%
(iii)	- Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15%	15%
(iv)	- Total income (excluding dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crores	25%	15%
(v)	- Total income (including dividend income and income under sections 111A, 112, 112A) exceeds ₹ 2 crore and not covered by above	15%	15%
(b)	Co-Operative Society	Exceeding ₹ 1 crore	12%
(c)	Foreign Company	Exceeding ₹ 1 crore up to ₹ 10 crores	2%
(d)	Foreign Company	Exceeding ₹ 10 crores	5%

- *Surcharge for Dividend Income & Capital Gains is capped at a rate of 15%.*
 - *It is pertinent to note that the benefit of capping the surcharge at 20 % for Dividend & Capital Gains income is not available to non-residents where the said income is taxable under the provisions of section 115A, 115AB, 115AC, 115ACA & 115E, while it continues to apply for income earned by Foreign Institutional Investor where the same is taxed u/s 115AD. -*
- ##- Surcharge for Individuals, HUF, AOP (other than Co-op Society), BOI or Artificial Judicial Person is capped at 25% opting for New Regime u/s 115BAC*

GOODS AND SERVICES TAX

1. AMENDMENTS IN THE CGST ACT, 2017:

Sr. No.	Ref. No.	AMENDMENT
1.	19/2024 Central Tax	As per the proviso to sub-section (2) of section 171 of the Central Goods and Services Tax Act, 2017 (12 of 2017), Rule 47A mandates that registered persons liable to pay tax under the Reverse Charge Mechanism (RCM) must issue a tax invoice within 30 days from the date of receiving goods or services.
2.	21/2024 Central Tax	As per sub-section (1) of section 128A of the Central Goods and Services Tax Act, 2017 (12 of 2017), taxpayers must clear their outstanding GST liabilities by March 31, 2025, to qualify for waivers on interest and penalties.
3.	23/2024 Central Tax	As per section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017), taxpayers required to deduct TDS under section 51 with no TDS liability (i.e., Nil returns) for a given tax period are granted a complete waiver of the late fee for delayed filing of FORM GSTR-7 under the notification.
4.	24/2024 Central Tax	As per sub-section (2) of section 23 of the Central Goods and Services Tax Act, 2017 (12 of 2017), Notification 5/2017-Central Tax has been amended. Suppliers of metal scrap (falling under Chapters 72–81 of the Customs Tariff Act) are no longer exempt from GST registration, even if their supplies are subject to reverse charge mechanism (RCM). Consequently, metal scrap suppliers are now required to obtain GST registration.
5.	25/2024 Central Tax	As per sub-section (3) of section 1, read with section 51 of the Central Goods and Services Tax Act, 2017 (12 of 2017), Amendment Notification No. 50/2018-Central Tax, TDS applies to metal scrap transactions exceeding ₹ 2,50,000. The deduction rate is 2% of the taxable value, excluding GST.
6.	05/2025 Central Tax	As per sub-section (6) of section 39, read with section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017), Notification No. 11/2017–Central Tax (Rate) has been amended to include an explanation regarding the term “specified premises.”

Sr. No.	Ref. No.	AMENDMENT
7.	02/2024 Central Tax (Rate)	As per sub-section (1) of section 9 and sub-section (5) of section 15 of the Central Goods and Services Tax Act, 2017, the GST rate on cartons, boxes, cases, milk cans, and solar cookers has been reduced from 18% to 12%. Additionally, clarification has been provided that “pre-packaged and labelled” agricultural produce is subject to GST, while bulk packages remain exempt.
8.	04/2024 Central Tax (Rate)	Under sub-sections (3) and (4) of Section 9, sub-section (1) of Section 11, sub-section (5) of Section 15, and Section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), exemptions are provided for specific services, including services offered by Indian Railways, inter-zonal services by Indian Railways, and services rendered by Special Purpose Vehicles (SPVs) to Indian Railways. Additionally, clarifications have been issued regarding accommodation services, covering student residences and similar accommodations, as well as low-value accommodations (costing ₹20,000 or less per month per person).
9.	05/2024 Central Tax (Rate)	Under sub-section (1) of Section 9 and sub-section (5) of Section 15 of the Central Goods and Services Tax Act, 2017 (12 of 2017), amendments have been made to the GST rates as follows: pharmaceutical products at 2.5%, snack products at 6%, seats for motor vehicles at 14%, and a uniform 5% tax on aircraft components.
10.	06/2024 Central Tax (Rate)	In accordance with sub-section (3) of section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017), Notification No. 06/2024-Central Tax (Rate) introduces the Reverse Charge Mechanism (RCM) on the supply of metal scrap, effective from October 10, 2024. Under this mechanism, the responsibility for paying the 18% GST on metal scrap shifts from the supplier to the buyer. This change applies to all metal scrap supplies, regardless of whether the supplier is registered or not. The primary goal is to enhance tax compliance, particularly among small or unregistered scrap dealers, by transferring the tax obligation to registered buyers, who are also eligible to claim Input Tax Credit (ITC) on the GST paid under RCM.

Sr. No.	Ref. No.	AMENDMENT
11.	07/2024 Central Tax (Rate)	In accordance with sub-sections (1), (3), and (4) of section 9, sub-section (1) of section 11, sub-section (5) of section 15, sub-section (1) of section 16, and section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the notification introduces a 2.5% GST rate (comprising 2.5% CGST and 2.5% SGST) on helicopter passenger transport services provided on a seat-share basis. This rate applies on the condition that input tax credit on the goods used in supplying the service has not been claimed.
12.	Circular 220/14/2024-GST	<p>The circular clarifies that custodial services offered by banks or financial institutions to Foreign Portfolio Investors (FPIs) do not fall under the category of services provided to “account holders” as per Section 13(8)(a) of the IGST Act. This is because custodial services, including the safekeeping of securities and maintenance of accounts for FPIs, are not linked to accounts that bear interest.</p> <p>Accordingly, the place of supply for such custodial services shall be determined based on the general rule under Section 13(2) of the IGST Act, instead of Section 13(8)(a).</p>
13.	Circular 221/15/2024 GST	Clarification has been sought on the time of supply for services related to road construction and maintenance under the NHAI Hybrid Annuity Model (HAM), where part of the project cost is paid during construction and the rest through annuities over several years.
14.	Circular 223/17/2024-GST	In view of the shift of GST back-office operations from ACES-GST to GSTN BO, the Board has amended Circular No. 1/1/2017-CT dated 26.06.2017. The functions related to Registration and Composition levy, earlier assigned to Assistant/Deputy Commissioners or Directors, are now assigned to the Superintendent of Central Tax under Section 30, Proviso to Sub-section (1) of Section 27, and Rules 6, 23, and 25 of the CGST Act.
15.	Circular 225/19/2024-GST	<p>Sub-rule (2) of Rule 28, effective from 26th October 2023, specifies that GST is applicable on 1% of the corporate guarantee amount, calculated based on the guarantee provided, not the loan disbursed. This applies to guarantees issued or renewed on or after 26th October 2023, while earlier guarantees will follow the previous valuation rule.</p> <p>GST is also payable proportionately by co-guarantors and on intra-group guarantees under the forward charge mechanism. Export of such services remains exempt from GST.</p>

Sr. No.	Ref. No.	AMENDMENT
16.	Circular 226/20/2024-GST	<p>Exporters can now claim refunds for additional IGST paid due to price revisions after export by filing FORM GST RFD-01 under the “Any other” category. Supporting documents, including shipping bills, debit notes, and proof of additional foreign exchange remittance, must be submitted.</p> <p>Refund claims must be filed within two years from the relevant date, with a minimum threshold of ₹1,000. Excess refunds must be returned if prices are reduced later.</p>
17.	Circular 227/21/2024 GST	<p>Refund applications must be filed quarterly, but can be clubbed across financial years. Refunds are capped at 50% of tax paid on inward supplies, provided suppliers file GSTR-1 and GSTR-3B. The system validates invoices, allowing only unclaimed ones. Manual applications filed before the online system remains valid.</p>
18.	Circular 228/22/2024-GST & 229/23/2024-GST	<p>Key Updates from the 53rd GST Council Meeting (June 22, 2024)</p> <ul style="list-style-type: none"> • Exemptions: GST exempted on platform tickets, retiring rooms by the Ministry of Railways, and statutory collections by RERA. • Reinsurance & Accommodation: GST regularized on reinsurance for government-funded schemes and retrocession services. Long-term accommodation services at low rates exempt from 15.07.2024. • Product Tax Rates: 12% GST on solar cookers (dual energy) and fire water sprinklers. Poultry machinery parts now classified under 8436 91 00. • Agriculture & Schemes: Packages of agricultural produce over 25 kg/liter exempt from 5% GST. Supplies of pulses/cereals under government schemes (01.07.2017-17.07.2022) regularized with no Input Tax Credit.
19.	Circular 232/26/2024-GST	<p>The circular clarifies that data hosting services provided by Indian providers to overseas cloud computing companies are not intermediary services under Section 2(13) of the IGST Act. The place of supply is not governed by Sections 13(3)(a) or 13(4) (relating to goods or immovable property). Instead, as per Section 13(2), the place of supply is the recipient’s location outside India, making such services qualify as export of services, subject to conditions under Section 2(6) of the IGST Act.</p>

Sr. No.	Ref. No.	AMENDMENT
20.	Circular 233/27/2024-GST	<p>The CBIC clarified that exporters who imported inputs without paying IGST and compensation cess under concessional Customs notifications can regularize their IGST refund claims by paying the taxes with interest later.</p> <p>A retrospective amendment (Notification No. 16/2020-CT) ensures that IGST refunds are not considered in violation of rule 96(10) if IGST and cess are paid after importation. The notification also clarifies that exemptions on Basic Customs Duty (BCD) do not affect eligibility for IGST refunds.</p>
21.	Circular 234/28/2024-GST & 235/29/2024-GST	<p>Key Updates from the 54th GST Council Meeting</p> <ul style="list-style-type: none"> • Services: <ul style="list-style-type: none"> o 18% GST on affiliation services by universities and educational boards (exempt for government schools). o DGCA-approved flying training courses exempt. o Passenger transport by helicopter taxed at 5% for seat-share and 18% for charter. o Ancillary road transport services part of Goods Transport Agency services, unless invoiced separately. o Import of services by foreign airlines exempt if no consideration. o Preferential location charges taxed as part of construction services. • Other Tax Updates: <ul style="list-style-type: none"> o Electricity utilities' support services exempt. o 18% GST on film distribution services. • Goods Tax Rates: <ul style="list-style-type: none"> o 12% GST on extruded/expanded savory snacks from 10.10.2024. <p>28% GST on Railway AC units and car seats from 10.10.2024.</p>

Sr. No.	Ref. No.	AMENDMENT
22.	Circular 237/31/2024-GST	<p>Amendment to Section 16 of the CGST Act, 2017</p> <p>The Finance (No. 2) Act, 2024 retrospectively amends Section 16 of the CGST Act, extending the time limit for availing input tax credit (ITC) for the financial years 2017-18 to 2020-21, under specific conditions. Sub-sections (5) and (6) grant the entitlement to claim ITC for these years. The amendment also introduces a special rectification procedure for cases where ITC was wrongly denied, but no refund of taxes or ITC reversed will be granted.</p>
23.	Circular 238/32/2024-GST	<p>Recent GST Amendments and Updates</p> <ul style="list-style-type: none"> • Section 128A of the CGST Act (effective 01.11.2024): Waives interest/penalty for demands under Section 73 for FY 2017-18 to 2019-20, with tax payment due by 31.03.2025. • Taxpayers must file applications, withdraw appeals, and make payments via FORM GST DRC-03 or the Electronic Liability Register. • Stricter ITC conditions: Supplier tax payment and GSTR-1 alignment required. • E-invoicing mandatory for businesses with turnover above ₹ 5 crore. • Clarifications on ITC eligibility for CSR expenses and crackdown on fake invoicing. • Shortened time limits for demand notices and procedural relaxations for small taxpayers. <p>Updates in composition scheme, late fee rationalization, GST refunds, and Aadhaar authentication.</p>
24.	Circular 242/36/2024-GST	<p>Clarification on Place of Supply for Online Services to Unregistered Recipients</p> <ul style="list-style-type: none"> • Recipient's State must be declared on tax invoices for online services, regardless of supply value. • Applies to services like online gaming, OIDAR, OTT, e-newspapers, and telecom. • Suppliers must record the recipient's State name to determine the place of supply under Section 12(2)(b) of IGST Act. <p>Non-compliance may result in penalties under Section 122(3)(e) of the CGST Act.</p>

2. AMENDMENTS IN THE IGST ACT, 2017:

Sr. No.	Ref No.	AMENDMENT
1.	05/2024 Integrated Tax (Rate)	<ul style="list-style-type: none"> • Schedule I (5% GST Rate): <ul style="list-style-type: none"> • New items added: <ul style="list-style-type: none"> o Trastuzumab Deruxtecan o Osimertinib o Durvalumab • Schedule II (12% GST Rate): <ul style="list-style-type: none"> • New entry for S. No. 32C: <ul style="list-style-type: none"> o 1905 90 30 – Extruded or expanded products, savory or salted (excluding un-fried or un-cooked snack pellets made by extrusion). • Schedule III (18% GST Rate): <ul style="list-style-type: none"> • S. No. 16: Changes the description to include “extruded or expanded products, savory or salted” alongside un-fried or un-cooked snack pellets made through extrusion. • S. No. 435A: Substitutes the entry for seats and parts of seats (other than those for aircraft or motor vehicles), excluding specific seat categories. • Schedule IV (28% GST Rate): <ul style="list-style-type: none"> • New entry for S. No. 210A: <ul style="list-style-type: none"> • 9401 20 00 – Seats of a kind used for motor vehicles.
2.	06/2024 Integrated Tax (Rate)	<p>In accordance with sub-section (3) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government, upon the recommendations of the Council, has amended Notification No. 4/2017-Integrated Tax (Rate), issued on June 28, 2017.</p> <p>The amendment adds a new entry to the Table as follows:</p>

Sr. No.	Ref No.	AMENDMENT										
		<ul style="list-style-type: none"> • S. No. 8: <ul style="list-style-type: none"> o HS Codes: 72, 73, 74, 75, 76, 77, 78, 79, 80, or 81 (representing various types of metal scrap) o Applicable to: <ul style="list-style-type: none"> ▪ Any unregistered person ▪ Any registered person <p>This change applies to transactions involving metal scrap, indicating that GST is applicable irrespective of whether the supplier is registered or not under the Integrated Goods and Services Tax framework.</p>										
3.	07/2024 Integrated Tax (Rate)	<p>In accordance with sub-sections (1), (3), and (4) of section 5, sub-section (1) of section 6, and clauses (iii), (iv), and (xxv) of section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the following amendment is made to Serial Number 8:</p> <ul style="list-style-type: none"> • Item (ivb) is added after item (iva) in the Table, with the following details: <ul style="list-style-type: none"> o Description: Transportation of passengers, with or without accompanied baggage, by air in a helicopter on a seat-share basis. o GST Rate: 5% o Condition: Input tax credit (ITC) on goods used in supplying the service is not allowed. 										
4.	08/2024 Integrated Tax (Rate)	<p>Inserted after serial number 10K with the following entries</p> <table border="1" data-bbox="512 1473 1434 1843"> <thead> <tr> <th data-bbox="512 1473 587 1552">Sr. No.</th> <th data-bbox="587 1473 715 1552">Chapter</th> <th data-bbox="715 1473 927 1552">Description</th> <th data-bbox="927 1473 1007 1552">Rate</th> <th data-bbox="1007 1473 1434 1552">Condition</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1552 587 1843">10L</td> <td data-bbox="587 1552 715 1843">99</td> <td data-bbox="715 1552 927 1843">Import of services by an Indian establishment of a foreign airline from its related entities abroad, without consideration.</td> <td data-bbox="927 1552 1007 1843">Nil</td> <td data-bbox="1007 1552 1434 1843">ST applies to transport services by the foreign airline's Indian establishment. Certification from the Ministry of Civil Aviation is required, confirming its designation under a bilateral air services agreement. Reciprocity ensures Indian airlines are not taxed similarly abroad.</td> </tr> </tbody> </table>	Sr. No.	Chapter	Description	Rate	Condition	10L	99	Import of services by an Indian establishment of a foreign airline from its related entities abroad, without consideration.	Nil	ST applies to transport services by the foreign airline's Indian establishment. Certification from the Ministry of Civil Aviation is required, confirming its designation under a bilateral air services agreement. Reciprocity ensures Indian airlines are not taxed similarly abroad.
Sr. No.	Chapter	Description	Rate	Condition								
10L	99	Import of services by an Indian establishment of a foreign airline from its related entities abroad, without consideration.	Nil	ST applies to transport services by the foreign airline's Indian establishment. Certification from the Ministry of Civil Aviation is required, confirming its designation under a bilateral air services agreement. Reciprocity ensures Indian airlines are not taxed similarly abroad.								

Sr. No.	Ref No.	AMENDMENT					
		Inserted after serial number 26 with the following entries in columns (2), (3), (4), and (5)					
		Sr. No.	Heading	Description of goods	Std. Rate	IGST	Conditions
		10L	9969 or 9986	Services related to metering, testing, connections, and billing incidental to electricity transmission and distribution.	Nil	nil	Nil
		New entries shall be added after serial number 46 in columns (2), (3), (4), and (5).					
		Sr. No.	Heading	Description of goods	Std. Rate	IGST	Conditions
		46A	9981	Research and development services against consideration received in the form of grants supplied by – a Government Entity; or a research association, university, college or other institution, notified under clauses (ii) or (iii) of subsection (1) of section 35 of the Income Tax Act, 1961.	Nil	Nil	Provided the institution is notified under Section 35(1)(ii) or (iii) of the Income Tax Act, 1961 at the time of service supply.
		After serial number 69, the following entries shall be added in columns (2), (3), (4), and (5)					
		Sr. No.	Heading	Description of goods	Std. Rate	IGST	Conditions
		69A	9992	Affiliation services provided by educational boards or councils to schools controlled by government authorities	Nil	Nil	Nil

Sr. No.	Ref No.	AMENDMENT					
		Serial number 72 and its related entries shall be replaced with the following.					
		Sr. No.	Heading	Description of goods	Std. Rate	IGST	Conditions
		72	9983 or 9991 or 9992	Any services provided by- <ul style="list-style-type: none"> • National Skill Development Corporation (NSDC). • National Council for Vocational Education and Training (NCVET). • Awarding Bodies, Assessment Agencies, and Training Bodies recognized by NCVET. In relation to- <ul style="list-style-type: none"> • Services related to the National Skill Development Programme or any other schemes by NSDC. • Services related to vocational skill development courses under the National Skill Certification and Monetary Reward Scheme. • Services related to National Skill Qualification Framework (NSQF) aligned qualifications or skills. 	Nil	Nil	Nil
5.	09/2024 Integrated Tax (Rate)	After serial number 6AA, the following serial number and entries in columns (2), (3), and (4) shall be inserted. 6AB: Service by way of renting of any property other than residential dwelling. (1) Any unregistered person (2) Any registered person.					

Sr. No.	Ref No.	AMENDMENT
6.	01/2025 Integrated Tax (Rate)	<p>The Central Government, exercising the powers under section 5(1) of the Integrated Goods and Services Tax Act, 2017, has made the following amendments to Notification No. 1/2017-Integrated Tax (Rate) dated June 28, 2017:</p> <ol style="list-style-type: none"> 1. Schedule I – 5%: New entries are inserted after S. No. 98A. 2. Schedule III – 18%: The term “Fortified Rice Kernel (FRK)” is added after “commonly known as Murki” in S. No. 15. 3. Schedule VII Explanation: Clause (ii) and its proviso are updated to specify that “pre-packaged and labelled” applies to commodities intended for retail sale, with a weight or volume not exceeding 25 kg or 25 liters, and must comply with the Legal Metrology Act, 2009.
7.	02/2025 Integrated Tax (Rate)	<p>Under sub-section (1) of section 6 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), in the schedule, after S. No. 105 and its corresponding entries, the following entry shall be inserted:</p> <p>105A</p> <p>Clause (ii) and its proviso are replaced to define “pre-packaged and labelled” as commodities intended for retail sale, not exceeding 25 kg or 25 liters, and in compliance with the Legal Metrology Act, 2009.”</p>
8.	04/2025 Integrated Tax (Rate)	<p>The Central Government, under the powers conferred by sub-section (1) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), has amended Notification No. 9/2018-Integrated Tax (Rate) dated January 25, 2018. As per the amendment, the GST rate for S. No. 4 in the table has been changed from “12%” to “18%” in column (4).</p>
9.	06/2025 Integrated Tax (Rate)	<p>Under the powers conferred by sub-sections (3) and (4) of section 5, sub-section (1) of section 6, and clause (xxv) of section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government has made the following amendments to Notification No. 9/2017-Integrated Tax (Rate) dated June 28, 2017:</p> <ol style="list-style-type: none"> 1. In the table: <ul style="list-style-type: none"> o S. No. 26A: Replaced “transmission and distribution” with “transmission or distribution.”

Sr. No.	Ref No.	AMENDMENT
		<ul style="list-style-type: none"> o S. No. 37B: Added services related to insurance provided by the Motor Vehicle Accident Fund for third-party motor vehicle insurance. o S. No. 72: Added training partners approved by the National Skill Development Corporation. <p>2. In paragraph 2:</p> <ul style="list-style-type: none"> o Item (w) is omitted, effective from April 1, 2025. o Item (zja) defines “insurer” according to the Insurance Act, 1938.
10.	07/2025 Integrated Tax (Rate)	Under sub-section (3) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government has amended Notification No. 10/2017-Integrated Tax (Rate) dated June 28, 2017. In the table, for serial number 5, the words “other than a body corporate” have been added after “Any person” in column (3).

3. AMENDMENTS IN THE UTGST ACT, 2017:

Sr. No.	Ref. No.	AMENDMENT
1.	01/2024- Union Territory Tax	Pursuant to sub-section (1) of section 22, read with section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), the CBIC issued Notification No. 01/2024 – Union Territory Tax (Rate) in January 2024. This notification amended the tax rates on specific petroleum gas items under Schedule I (2.5%), effective from January 4, 2024. Additionally, GST collections for January 2024 amounted to ₹1.72 lakh crore, reflecting a 10.4% year-on-year growth.
2.	02/2024- Union Territory Tax (Rate)	Under sub-section (1) of section 7 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), the following changes have been made: Schedule II – 6% Tax Rate Newly Added Items: <ul style="list-style-type: none"> • Cartons, boxes, and cases made of corrugated or non-corrugated paperboard. • Milk cans made of iron, steel, or aluminum.

Sr. No.	Ref. No.	AMENDMENT
		<ul style="list-style-type: none"> • Solar cookers. <p>Modification:</p> <ul style="list-style-type: none"> • The phrase “Parts thereof” has been added for brooders. <p>Schedule III – 9% Tax Rate</p> <p>Changes & Exclusions:</p> <ul style="list-style-type: none"> • Cartons, boxes, and cases (excluding specific paperboard types) are now covered. • Milk cans are removed from certain equipment categories. • Solar cookers are now listed alongside wood-burning stoves. • Aluminum milk cans are removed from the “boxes, etc.” category and placed under utensils. • Solar cookers are excluded from the “domestic purposes” category.
3.	04/2024- Union Territory Tax (Rate)	<p>Notification No. 04/2024-Union Territory Tax (Rate), issued on July 15, 2024, under the authority of sub-sections (3) and (4) of section 7, sub-section (1) of section 8, and clauses (iv) and (xxvii) of section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), amends Notification No. 12/2017-Union Territory Tax (Rate), dated June 28, 2017.</p> <p>Effective from July 15, 2024, this amendment introduces GST exemptions for certain services provided by Indian Railways to the public.</p> <ul style="list-style-type: none"> • Platform Tickets: The sale of platform tickets is now exempt from GST. • Retiring Rooms: Accommodation services in railway retiring rooms are GST-exempt. • Cloakroom Services: Baggage storage services at railway cloakrooms are no longer subject to GST. • Battery-Operated Car Services: The use of battery-operated car services at railway stations is GST-free. <p>Additionally, services exchanged between various zones and divisions within Indian Railways are also exempted from GST.</p>

Sr. No.	Ref. No.	AMENDMENT
4.	05/2024- Union Territory Tax (Rate)	<p>Notification No. 05/2024-Union Territory Tax (Rate), issued on October 8, 2024, revises Notification No. 4/2017-Central Tax (Rate) dated June 28, 2017. This amendment, effective from October 10, 2024, applies the Reverse Charge Mechanism (RCM) to metal scrap falling under Chapters 72 to 81 of the Customs Tariff Act, 1975, when supplied by unregistered persons to registered persons.</p> <p>The amendments include the following changes:</p> <p>Schedule I – 2.5%: New items added:</p> <ul style="list-style-type: none"> • (233) Trastuzumab Deruxtecan • (234) Osimertinib • (235) Durvalumab <p>Schedule II – 6%: New entry for extruded or expanded products:</p> <ul style="list-style-type: none"> • S. No. 32C: 1905 90 30 – Savory or salted snack pellets (other than un-fried or un-cooked snack pellets made through extrusion). <p>Schedule III – 9%:</p> <ul style="list-style-type: none"> • (i) Revised description for S. No. 16 to include both snack pellets and extruded/expanded savory products. • (ii) Revised entry for S. No. 435A to cover all seats (other than for aircraft or motor vehicles) under code 9401. <p>Schedule IV – 14%: New entry for seats of motor vehicles:</p> <ul style="list-style-type: none"> • S. No. 210A: 9401 20 00 – Seats for motor vehicles.
5.	06/2024- Union Territory Tax (Rate)	<p>Pursuant to sub-section (3) of section 7 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), Notification No. 06/2024-Union Territory Tax (Rate) amends Notification No. 4/2017-Union Territory Tax (Rate) dated June 28, 2017. A new entry has been added to the table after Serial No. 7, as follows:</p> <ul style="list-style-type: none"> • S. No. 8: Metal scrap (falling under Chapters 72 to 81 of the Customs Tariff Act) <p>Applicability: When supplied by an unregistered person to a registered person.</p>

Sr. No.	Ref. No.	AMENDMENT
6.	07/2024- Union Territory Tax (Rate)	<p>Under sub-sections (1), (3), and (4) of section 7, sub-section (1) of section 8, and clauses (iv), (v), and (xxvii) of section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), along with sub-section (5) of section 15, sub-section (1) of section 16, and section 148 of the Central Goods and Services Tax Act, 2017, the notification introduces the following amendments:</p> <ul style="list-style-type: none"> A new entry (ivb) is added under serial number 8, specifying that the transportation of passengers by air in a helicopter on a seat-sharing basis will be taxed at 2.5%, provided no input tax credit is claimed on goods used for the service. Additionally, item (vii) in column (3) has been updated to reflect the inclusion of the newly added item (ivb).
7.	08/2024-Union Territory Tax (Rate)	<p>Under sub-sections (3) and (4) of section 7, sub-section (1) of section 8, and clauses (iv) and (xxvii) of section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), along with sub-section (5) of section 15 and section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), a new entry has been added under Heading 9969 or 9986.</p> <p>This entry exempts services related to electricity distribution, including renting metering equipment, testing meters/transformers/capacitors, releasing electricity connections, shifting meters/service lines, and issuing duplicate bills when provided by electricity transmission and distribution utilities. These services will be taxed at a Nil rate.</p>
8.	09/2024- Union Territory Tax (Rate)	<p>Under sub-section (3) of section 7 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), entry 5AB specifies that services related to the renting of any property (excluding residential dwellings) will be subject to tax when provided by an unregistered person to a registered person.</p>
9.	01/2025- Union Territory Tax (Rate)	<p>Under sub-section (1) of section 7 of the Union Territory Goods and Services Tax Act, 2017, the Central Government has made the following amendments to Notification No. 1/2017-Union Territory Tax (Rate), effective immediately:</p>

Sr. No.	Ref. No.	AMENDMENT
		<ol style="list-style-type: none"> 1. Schedule I – 2.5% Tax Rate: <ul style="list-style-type: none"> o A new entry has been added after Serial No. 98A. 2. Schedule III – 9% Tax Rate: <ul style="list-style-type: none"> o The term “Fortified Rice Kernel (FRK)” has been added after “commonly known as Murki” in Serial No. 15. 3. Explanation after Schedule VII: <ul style="list-style-type: none"> o The definition of “pre-packaged and labelled” now includes commodities intended for retail sale, weighing no more than 25 kg or 25 liters, and requires the package or label to comply with the Legal Metrology Act.
10.	04/2025- Union Territory Tax (Rate)	<p>Under sub-section (1) of section 8 of the Union Territory Goods and Services Tax Act, 2017, the Central Government has made the following amendment to Notification No. 8/2018-Union Territory Tax (Rate), dated January 25, 2018:</p> <ul style="list-style-type: none"> • Amendment in the Table: <ul style="list-style-type: none"> o The tax rate for S. No. 4 has been revised from 6% to 9% in column (4).
11.	06/2025- Union Territory Tax (Rate)	<p>Under the Union Territory Goods and Services Tax Act, 2017, the Central Government has made the following amendments to Notification No. 12/2017-Union Territory Tax (Rate), dated June 28, 2017:</p> <p>Amendments in the Table:</p> <ul style="list-style-type: none"> • S. No. 25A: The term “transmission and distribution” has been revised to “transmission or distribution”. • New Entries after S. No. 36A: <ul style="list-style-type: none"> o S. No. 36B: Services provided by the Motor Vehicle Accident Fund for third-party motor vehicle insurance, as per section 164B of the Motor Vehicles Act, 1988, will be exempt from tax (Nil rate). • S. No. 69: A new entry (f) has been added to include training partners approved by the National Skill Development Corporation.

Sr. No.	Ref. No.	AMENDMENT
12.	07/2025- Union Territory Tax (Rate)	<p>Under the Union Territory Goods and Services Tax Act, 2017, the Central Government has made the following amendments to Notification No. 13/2017-Union Territory Tax (Rate), dated June 28, 2017:</p> <ul style="list-style-type: none"> • S. No. 4: The term “Any person” has been revised to specify “other than a body corporate.” • S. No. 5AB: The term “Any registered person” has been revised to specify “other than a person who has opted for the composition levy.”

CUSTOMS

AMENDMENTS IN CUSTOMS:

Sr. No.	Ref No.	AMENDMENT																
1.	Circular No. 11/2024 Customs	<p>The said circular effective from 01.09.2024 states that Import of Goods at Concessional Rate of Duty or for Specified End Use (IGCRS) Rules, 2022 will be fully automated for Export-Oriented Units (EOUs). EOUs will now be required to obtain an IGCR Identification Number (IIN) at ICEGATE and register their IGCR bond before filing a Bill of Entry. EOUs must register immediately, and CBIC will issue public notices and standing orders to assist in the transition.</p> <p>Circular No. 11/2024-Customs, originally scheduled to take effect on September 1, 2024, will now be effective from September 25, 2024, specifically for EOU (as per Circular No. 16/2024-Customs)</p>																
2.	Circular No. 12/2024 Customs	<p>The circular implements Sea Cargo Manifest and Transshipment Regulations (SCMTR) which begins on September 11, 2024, requiring specific ports to adopt the new digital filing format for sea cargo, with full implementation by December 1, 2024. The regulations streamline import, export, and transshipment processes, ensuring transparency and efficiency. Stakeholders must comply to avoid clearance delays.</p>																
3.	Circular No. 21/2024 Customs	<p>This circular announces that starting December 1, 2024, additional qualifiers will be mandatory in import/export declarations for synthetic or reconstructed diamonds.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">CTH</th> <th style="text-align: center;">INFO CODE</th> <th style="text-align: center;">ADDITIONAL QUALIFIER</th> <th style="text-align: center;">DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">71042110</td> <td style="text-align: center;">LGD</td> <td style="text-align: center;">LGD001</td> <td>Lab Grown Diamond- Chemical Vapour Deposition</td> </tr> <tr> <td style="text-align: center;">71042120</td> <td style="text-align: center;">LGD</td> <td style="text-align: center;">LGD002</td> <td>Lab Grown Diamond- High Pressure High Temperature</td> </tr> <tr> <td style="text-align: center;">71049110 71049120</td> <td style="text-align: center;">LGD</td> <td style="text-align: center;">LGD003</td> <td>Lab Grown Diamond- Other</td> </tr> </tbody> </table>	CTH	INFO CODE	ADDITIONAL QUALIFIER	DESCRIPTION	71042110	LGD	LGD001	Lab Grown Diamond- Chemical Vapour Deposition	71042120	LGD	LGD002	Lab Grown Diamond- High Pressure High Temperature	71049110 71049120	LGD	LGD003	Lab Grown Diamond- Other
CTH	INFO CODE	ADDITIONAL QUALIFIER	DESCRIPTION															
71042110	LGD	LGD001	Lab Grown Diamond- Chemical Vapour Deposition															
71042120	LGD	LGD002	Lab Grown Diamond- High Pressure High Temperature															
71049110 71049120	LGD	LGD003	Lab Grown Diamond- Other															
4.	Circular No. 24/2024 Customs	<p>The circular mandates additional qualifiers in import declarations in respect of coking/ non-coking coal w.e.f 15.12.2024</p>																

Sr. No.	Ref No.	AMENDMENT																																																																																																				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">COKING COAL</th> </tr> <tr> <th style="width: 15%;">HS CODE</th> <th style="width: 5%;">Info Type</th> <th style="width: 10%;">Qualifier</th> <th style="width: 70%;">Description</th> </tr> </thead> <tbody> <tr> <td rowspan="8" style="text-align: center; vertical-align: middle;">27011210, 27011910</td> <td>CCI</td> <td>ACSG15</td> <td>Not exceeding 15%</td> </tr> <tr> <td>CCI</td> <td>ACSG18</td> <td>Ash content exceeding 15% but not exceeding 18%</td> </tr> <tr> <td>CCI</td> <td>ACWG21</td> <td>Ash content exceeding 18% but not exceeding 21%</td> </tr> <tr> <td>CCI</td> <td>ACWG24</td> <td>Ash content exceeding 21% but not exceeding 24%</td> </tr> <tr> <td>CCI</td> <td>ACWG28</td> <td>Ash content exceeding 24% but not exceeding 28%</td> </tr> <tr> <td>CCI</td> <td>ACWG35</td> <td>Ash content exceeding 28% but not exceeding 35%</td> </tr> <tr> <td>CCI</td> <td>ACWG42</td> <td>Ash content exceeding 35% but not exceeding 42%</td> </tr> <tr> <td>CCI</td> <td>ACWG49</td> <td>Ash content exceeding 42% but not exceeding 49%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>CCI ACWG00 Ash content exceeding 49%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">NON-COKING COAL</th> </tr> <tr> <th style="width: 15%;">HS CODE</th> <th style="width: 5%;">Info Type</th> <th style="width: 10%;">Qualifier</th> <th style="width: 70%;">Description</th> </tr> </thead> <tbody> <tr> <td rowspan="17" style="text-align: center; vertical-align: middle;">27011100, 27011290, 27011920, 27012010</td> <td>CCI</td> <td>GC0000</td> <td>GCV exceeding 7000 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC7000</td> <td>GCV exceeding 6700 and not exceeding 7000 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC6700</td> <td>GCV exceeding 6400 and not exceeding 6700 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC6400</td> <td>GCV exceeding 6100 and not exceeding 6400 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC6100</td> <td>GCV exceeding 5833 and not exceeding 6100 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC5833</td> <td>GCV exceeding 5800 and not exceeding 5833 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC5800</td> <td>GCV exceeding 5500 and not exceeding 5800 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC5500</td> <td>GCV exceeding 5200 and not exceeding 5500 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC5200</td> <td>GCV exceeding 4900 and not exceeding 5200K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC4900</td> <td>GCV exceeding 4600 and not exceeding 4900 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC4600</td> <td>GCV exceeding 4300 and not exceeding 4600 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC4300</td> <td>GCV exceeding 4000 and not exceeding 4300 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC4000</td> <td>GCV exceeding 3700 and not exceeding 4000 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC3700</td> <td>GCV exceeding 3400 and not exceeding 3700 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC3400</td> <td>GCV exceeding 3100 and not exceeding 3400 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC3100</td> <td>GCV exceeding 2800 and not exceeding 3100 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC2800</td> <td>GCV exceeding 2500 and not exceeding 2800 K.Cal./Kg.</td> </tr> <tr> <td>CCI</td> <td>GC2500</td> <td>GCV exceeding 2200 and not exceeding 2500 K.Cal./Kg.</td> </tr> </tbody> </table>	COKING COAL				HS CODE	Info Type	Qualifier	Description	27011210, 27011910	CCI	ACSG15	Not exceeding 15%	CCI	ACSG18	Ash content exceeding 15% but not exceeding 18%	CCI	ACWG21	Ash content exceeding 18% but not exceeding 21%	CCI	ACWG24	Ash content exceeding 21% but not exceeding 24%	CCI	ACWG28	Ash content exceeding 24% but not exceeding 28%	CCI	ACWG35	Ash content exceeding 28% but not exceeding 35%	CCI	ACWG42	Ash content exceeding 35% but not exceeding 42%	CCI	ACWG49	Ash content exceeding 42% but not exceeding 49%				CCI ACWG00 Ash content exceeding 49%	NON-COKING COAL				HS CODE	Info Type	Qualifier	Description	27011100, 27011290, 27011920, 27012010	CCI	GC0000	GCV exceeding 7000 K.Cal./Kg.	CCI	GC7000	GCV exceeding 6700 and not exceeding 7000 K.Cal./Kg.	CCI	GC6700	GCV exceeding 6400 and not exceeding 6700 K.Cal./Kg.	CCI	GC6400	GCV exceeding 6100 and not exceeding 6400 K.Cal./Kg.	CCI	GC6100	GCV exceeding 5833 and not exceeding 6100 K.Cal./Kg.	CCI	GC5833	GCV exceeding 5800 and not exceeding 5833 K.Cal./Kg.	CCI	GC5800	GCV exceeding 5500 and not exceeding 5800 K.Cal./Kg.	CCI	GC5500	GCV exceeding 5200 and not exceeding 5500 K.Cal./Kg.	CCI	GC5200	GCV exceeding 4900 and not exceeding 5200K.Cal./Kg.	CCI	GC4900	GCV exceeding 4600 and not exceeding 4900 K.Cal./Kg.	CCI	GC4600	GCV exceeding 4300 and not exceeding 4600 K.Cal./Kg.	CCI	GC4300	GCV exceeding 4000 and not exceeding 4300 K.Cal./Kg.	CCI	GC4000	GCV exceeding 3700 and not exceeding 4000 K.Cal./Kg.	CCI	GC3700	GCV exceeding 3400 and not exceeding 3700 K.Cal./Kg.	CCI	GC3400	GCV exceeding 3100 and not exceeding 3400 K.Cal./Kg.	CCI	GC3100	GCV exceeding 2800 and not exceeding 3100 K.Cal./Kg.	CCI	GC2800	GCV exceeding 2500 and not exceeding 2800 K.Cal./Kg.	CCI	GC2500	GCV exceeding 2200 and not exceeding 2500 K.Cal./Kg.
COKING COAL																																																																																																						
HS CODE	Info Type	Qualifier	Description																																																																																																			
27011210, 27011910	CCI	ACSG15	Not exceeding 15%																																																																																																			
	CCI	ACSG18	Ash content exceeding 15% but not exceeding 18%																																																																																																			
	CCI	ACWG21	Ash content exceeding 18% but not exceeding 21%																																																																																																			
	CCI	ACWG24	Ash content exceeding 21% but not exceeding 24%																																																																																																			
	CCI	ACWG28	Ash content exceeding 24% but not exceeding 28%																																																																																																			
	CCI	ACWG35	Ash content exceeding 28% but not exceeding 35%																																																																																																			
	CCI	ACWG42	Ash content exceeding 35% but not exceeding 42%																																																																																																			
	CCI	ACWG49	Ash content exceeding 42% but not exceeding 49%																																																																																																			
			CCI ACWG00 Ash content exceeding 49%																																																																																																			
NON-COKING COAL																																																																																																						
HS CODE	Info Type	Qualifier	Description																																																																																																			
27011100, 27011290, 27011920, 27012010	CCI	GC0000	GCV exceeding 7000 K.Cal./Kg.																																																																																																			
	CCI	GC7000	GCV exceeding 6700 and not exceeding 7000 K.Cal./Kg.																																																																																																			
	CCI	GC6700	GCV exceeding 6400 and not exceeding 6700 K.Cal./Kg.																																																																																																			
	CCI	GC6400	GCV exceeding 6100 and not exceeding 6400 K.Cal./Kg.																																																																																																			
	CCI	GC6100	GCV exceeding 5833 and not exceeding 6100 K.Cal./Kg.																																																																																																			
	CCI	GC5833	GCV exceeding 5800 and not exceeding 5833 K.Cal./Kg.																																																																																																			
	CCI	GC5800	GCV exceeding 5500 and not exceeding 5800 K.Cal./Kg.																																																																																																			
	CCI	GC5500	GCV exceeding 5200 and not exceeding 5500 K.Cal./Kg.																																																																																																			
	CCI	GC5200	GCV exceeding 4900 and not exceeding 5200K.Cal./Kg.																																																																																																			
	CCI	GC4900	GCV exceeding 4600 and not exceeding 4900 K.Cal./Kg.																																																																																																			
	CCI	GC4600	GCV exceeding 4300 and not exceeding 4600 K.Cal./Kg.																																																																																																			
	CCI	GC4300	GCV exceeding 4000 and not exceeding 4300 K.Cal./Kg.																																																																																																			
	CCI	GC4000	GCV exceeding 3700 and not exceeding 4000 K.Cal./Kg.																																																																																																			
	CCI	GC3700	GCV exceeding 3400 and not exceeding 3700 K.Cal./Kg.																																																																																																			
	CCI	GC3400	GCV exceeding 3100 and not exceeding 3400 K.Cal./Kg.																																																																																																			
	CCI	GC3100	GCV exceeding 2800 and not exceeding 3100 K.Cal./Kg.																																																																																																			
	CCI	GC2800	GCV exceeding 2500 and not exceeding 2800 K.Cal./Kg.																																																																																																			
CCI	GC2500	GCV exceeding 2200 and not exceeding 2500 K.Cal./Kg.																																																																																																				
5.	Circular No. 25/2024 Customs	The circular permits importers to manually file IGCR-3 monthly statements until January 31, 2025, after which electronic filing will be mandatory. An Excel utility will be available by December 15, 2024 to aid electronic filing, which importers are encouraged to use for current and past filings before the deadline.																																																																																																				
6.	Circular No. 26/2024 Customs	The circular clarifies that MOOWR units can avail IGCR concessional duty benefits along with duty deferment, provided they comply with both schemes' conditions. It confirms that intermediate manufacturers supplying components for mobile phones can also claim IGCR benefits, not just final mobile manufacturers.																																																																																																				

Sr. No.	Ref No.	AMENDMENT
7.	Circular No. 27/2024 Customs	Starting January 1, 2025, the CBIC will require online payment of customs duties for several categories. Manual challans will no longer be accepted for payments like pre-deposits, Bill of Entry amendments, export obligation regularization, interest/penalty payments, advance ruling fees, and payments related to customs services. These payments must be made electronically through the ICEGATE portal, including via electronic cash ledger.

TARIFF AMENDMENTS

Sr. No.	Ref No.	AMENDMENT												
1.	Notification No. 01/2025 Customs	To streamline inspections at civilian nuclear facilities, the Indian government, under Section 25(1) of the Customs Act, 1962, has exempted equipment and consumable samples imported by International Atomic Energy Agency (IAEA) inspection teams from customs duties and integrated tax, effective immediately; this exemption applies to items listed in the Customs Tariff Act's First Schedule, provided the importer presents a certificate and detailed list from the Department of Atomic Energy.												
2.	Notification No. 02/2025 Customs	The government, exercising powers under Section 25(1) of the Customs Act, 1962, has exempted various goods related to the Long Range Surface to Air Missile System (LRSAM) from the whole of customs duty. This exemption, effective immediately.												
3.	Notification No. 41/2024 Customs	The notification amended the notification no. 50/2017-Customs, dated the 30th June, 2017. in the Table, after S. No. 606 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: - <table border="1" data-bbox="454 1512 1445 1886"> <thead> <tr> <th>S. NO</th> <th>Chapter or Heading or subheading or Tariff Item</th> <th>Description of Goods</th> <th>Standard rate</th> <th>IGST</th> <th>Condition number</th> </tr> </thead> <tbody> <tr> <td>606A</td> <td>9802 00 00</td> <td>All goods (excluding undenatured ethyl alcohol of any alcoholic strength) for use in:- (i) laboratory; or (ii) Research and Development purposes.</td> <td>10%</td> <td>-</td> <td>123</td> </tr> </tbody> </table>	S. NO	Chapter or Heading or subheading or Tariff Item	Description of Goods	Standard rate	IGST	Condition number	606A	9802 00 00	All goods (excluding undenatured ethyl alcohol of any alcoholic strength) for use in:- (i) laboratory; or (ii) Research and Development purposes.	10%	-	123
S. NO	Chapter or Heading or subheading or Tariff Item	Description of Goods	Standard rate	IGST	Condition number									
606A	9802 00 00	All goods (excluding undenatured ethyl alcohol of any alcoholic strength) for use in:- (i) laboratory; or (ii) Research and Development purposes.	10%	-	123									

Sr. No.	Ref No.	AMENDMENT																										
		<p>And in the Annexure, after Condition No. 122 and the entries relating thereto, the following condition and entries shall be inserted, namely: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">123</td> <td>If, the importer submits an undertaking before the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, that the goods so imported shall be for use in laboratory or for use in research and development purposes and shall not be sold or traded after importation and that in case of failure to comply with this condition, he shall be liable to pay, in respect of such quantity of the said goods as is proved to have not been so used for the specified purposes, an amount equal to the duty leviable on such quantity but for the exemption under this notification.</td> </tr> </table> <p>This notification shall come into force from the 1st day of August, 2024.</p>	123	If, the importer submits an undertaking before the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, that the goods so imported shall be for use in laboratory or for use in research and development purposes and shall not be sold or traded after importation and that in case of failure to comply with this condition, he shall be liable to pay, in respect of such quantity of the said goods as is proved to have not been so used for the specified purposes, an amount equal to the duty leviable on such quantity but for the exemption under this notification.																								
123	If, the importer submits an undertaking before the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, that the goods so imported shall be for use in laboratory or for use in research and development purposes and shall not be sold or traded after importation and that in case of failure to comply with this condition, he shall be liable to pay, in respect of such quantity of the said goods as is proved to have not been so used for the specified purposes, an amount equal to the duty leviable on such quantity but for the exemption under this notification.																											
4.	Notification No. 42/2024 Customs	The Government has rescinded Notification No. 26/2011-Customs, effective September 7, 2024. This cancellation, however, does not affect any actions already taken or omitted based on the previous notification before the rescission date. Therefor the exemption mentioned under that notification has been withdrawn from effective date.																										
5.	Notification No. 43/2024 Customs	<p>The notification has amended the rates for the various items reflected below:</p> <p>In Notification no.27/2011-Customs, dated the 1st March, 2011</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. NO.</th> <th style="text-align: center;">Chapter or Heading or subheading or Tariff Item</th> <th style="text-align: center;">Description of Goods</th> <th style="text-align: center;">Rate of Duty</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">0901</td> <td style="text-align: center;">Coffee</td> <td style="text-align: center;">20%</td> </tr> </tbody> </table> <p>in the Notification 50/2017-Customs, dated the 30th June, 2017</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. NO</th> <th style="text-align: center;">Chapter or Heading or subheading or Tariff Item</th> <th style="text-align: center;">Description of Goods</th> <th style="text-align: center;">Standard rate</th> <th style="text-align: center;">IGST</th> <th style="text-align: center;">Condition number</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">61</td> <td style="text-align: center;">15071000</td> <td style="text-align: center;">All goods</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">70</td> <td style="text-align: center;">15121110</td> <td style="text-align: center;">All goods</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>	S. NO.	Chapter or Heading or subheading or Tariff Item	Description of Goods	Rate of Duty	1	0901	Coffee	20%	S. NO	Chapter or Heading or subheading or Tariff Item	Description of Goods	Standard rate	IGST	Condition number	61	15071000	All goods	20%	-	-	70	15121110	All goods	20%	-	-
S. NO.	Chapter or Heading or subheading or Tariff Item	Description of Goods	Rate of Duty																									
1	0901	Coffee	20%																									
S. NO	Chapter or Heading or subheading or Tariff Item	Description of Goods	Standard rate	IGST	Condition number																							
61	15071000	All goods	20%	-	-																							
70	15121110	All goods	20%	-	-																							

Sr. No.	Ref No.	AMENDMENT																				
		<p>in the Notification 50/2017-Customs, dated the 30th June, 2017</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. NO.</th> <th style="text-align: center;">Chapter or Heading or subheading or Tariff Item</th> <th style="text-align: center;">Description of Goods</th> <th style="text-align: center;">Rate of Duty</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">7.</td> <td style="text-align: center;">1511 10 00</td> <td style="text-align: center;">All goods</td> <td style="text-align: center;">5%</td> </tr> <tr> <td style="text-align: center;">8.</td> <td style="text-align: center;">1507 10 00, 1512 11 10</td> <td style="text-align: center;">All goods</td> <td style="text-align: center;">5%</td> </tr> </tbody> </table>	S. NO.	Chapter or Heading or subheading or Tariff Item	Description of Goods	Rate of Duty	7.	1511 10 00	All goods	5%	8.	1507 10 00, 1512 11 10	All goods	5%								
S. NO.	Chapter or Heading or subheading or Tariff Item	Description of Goods	Rate of Duty																			
7.	1511 10 00	All goods	5%																			
8.	1507 10 00, 1512 11 10	All goods	5%																			
6.	Notification No. 46/2024 Customs	<p>The notification has amended the rates for the various items with Immediate effect reflected below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. NO.</th> <th style="text-align: center;">Chapter or Heading or subheading or Tariff Item</th> <th style="text-align: center;">Description of Goods</th> <th style="text-align: center;">Rate of Duty</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">6A</td> <td style="text-align: center;">1006 10 90</td> <td style="text-align: center;">Rice in the husk (paddy or rough)</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">6B</td> <td style="text-align: center;">1006 20 00</td> <td style="text-align: center;">Husked (brown) rice</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">6C</td> <td style="text-align: center;">1006 30 10</td> <td style="text-align: center;">Rice, parboiled</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">7A</td> <td style="text-align: center;">1006 30 90</td> <td style="text-align: center;">Semi-milled or wholly-milled rice, whether or not polished or glazed (other than Parboiled rice and Basmati rice)</td> <td style="text-align: center;">Nil</td> </tr> </tbody> </table>	S. NO.	Chapter or Heading or subheading or Tariff Item	Description of Goods	Rate of Duty	6A	1006 10 90	Rice in the husk (paddy or rough)	Nil	6B	1006 20 00	Husked (brown) rice	Nil	6C	1006 30 10	Rice, parboiled	Nil	7A	1006 30 90	Semi-milled or wholly-milled rice, whether or not polished or glazed (other than Parboiled rice and Basmati rice)	Nil
S. NO.	Chapter or Heading or subheading or Tariff Item	Description of Goods	Rate of Duty																			
6A	1006 10 90	Rice in the husk (paddy or rough)	Nil																			
6B	1006 20 00	Husked (brown) rice	Nil																			
6C	1006 30 10	Rice, parboiled	Nil																			
7A	1006 30 90	Semi-milled or wholly-milled rice, whether or not polished or glazed (other than Parboiled rice and Basmati rice)	Nil																			
7.	Notification No. 48/2024 Customs	<p>The Government has rescinded Notification No. 32/2022-Customs, with immediate effect. This cancellation, however, does not affect any actions already taken or omitted based on the previous notification before the rescission date. Therefor the exemption mentioned under that notification has been withdrawn from effective date.</p>																				
8.	Notification No. 75/2024 Customs (N.T.)	<p>The Customs Cargo Service provider for custody of imported goods or export goods and for handling of such goods in a customs area shall execute a bond equal to the average amount of duty involved on the imported goods and five per cent of value of export goods likely to be stored in the customs area during a period of thirty days and furnish a bank guarantee or cash deposit equivalent to five per cent of such duty.</p>																				
9.	Notification No. 05/2024-Customs (CVD)	<p>Continuation of countervailing duties (CVD) on Atrazine Technical imports from China PR. The rates of duty remain the same as those previously imposed in 2019, but the notification clarifies the specific rates for different producers and exporters:</p> <ol style="list-style-type: none"> For Xiangshui Zhongshan Biotechnology Co. Ltd. (China PR): 9.28% of CIF value. 																				

Sr. No.	Ref No.	AMENDMENT
		2. For other producers in China PR: 9.28% of CIF value. 3. For all other countries exporting to India: 11.94% of CIF value. There are no changes in the duty rates from the previous notification (No. 3/2019-Customs (CVD)), but the duties are confirmed to remain in effect for five years unless revised or revoked.
10.	Notification No. 04/2024-Customs (CVD)	Countervailing duty (CVD) on Welded Stainless-Steel Pipes and Tubes imported from China PR and Vietnam. Key Changes in Rates: 1. China PR: <ul style="list-style-type: none"> o The CVD on welded stainless steel pipes and tubes from China PR remains at 29.88% of the CIF value. 2. Vietnam: <ul style="list-style-type: none"> o Sonha SSP Vietnam Sole Member Company Limited: CVD is NIL (no duty). o Steel 568 Co., Ltd: CVD is NIL (no duty). o Gia Anh Hung Yen Co., Ltd.: CVD is 11.96%. o Other producers in Vietnam: CVD is 11.96%. 3. Other Countries (except Vietnam): <ul style="list-style-type: none"> o The CVD on imports of these goods from Vietnam to any other country is 11.96%. Duration: <ul style="list-style-type: none"> • The CVD will remain in effect for five years, unless revoked, superseded, or amended earlier. In summary, the key change in the rates is that imports from Vietnam have been split into NIL duties for specific producers (Sonha SSP and Steel 568) and 11.96% for others. The duty rate for China PR stays at 29.88%.

SUSHIL LAKHANI & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

101, Madhava , E Block,

Bandra Kurla Complex ,

Bandra East , Mumbai 400051

Tel: +91 22-45155423

E-mail: sushil@sushillakhani.com;

Website : www.sushillakhani.com