

**ARS in GST**  
All Round Support

**ARS in MSME**  
All Round Support

**ARS in RERA**  
All Round Support

**ARS in Make in India**  
All Round Support

**ARS in LPO**  
All Round Support

# Union Budget 2025-26



(All Round Services To India Inc.)

*With Best Compliments From:*

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सत्यमेव जयते

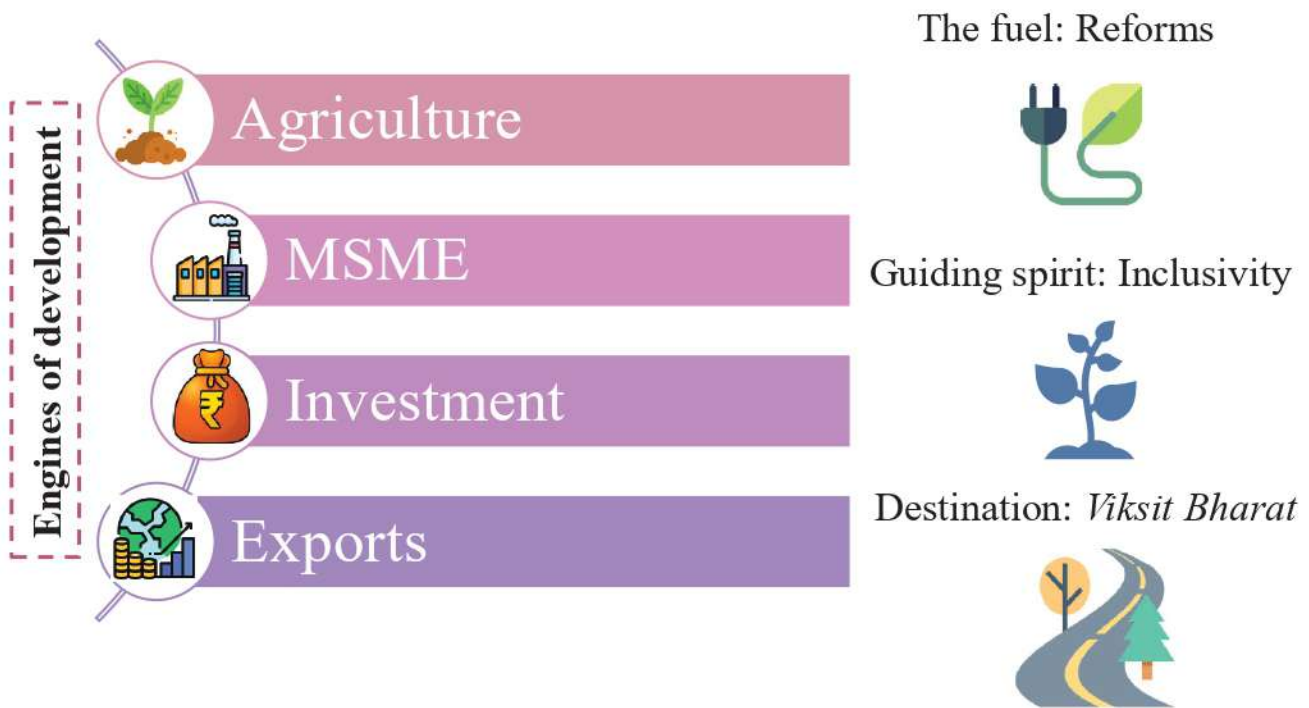
**GOVERNMENT OF INDIA**

# **Key Features of Budget 2025-2026**

***February, 2025***

**MINISTRY OF FINANCE  
BUDGET DIVISION**

# Journey of Development



*A country is not just its soil, a country is its people.*



# Development measures focusing on *Garib, Youth, Annadata and Nari*

## Spurring Agricultural Growth & Building Rural Prosperity



### Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme

To cover 100 districts and  
likely to help 1.7 crore farmers.

#### Enhanced Credit through KCC

Facilitate short term loans  
for 7.7 crore farmers,  
fishermen, and dairy  
farmers with enhanced  
loan of ₹5 lakh.

#### Mission for Cotton Productivity

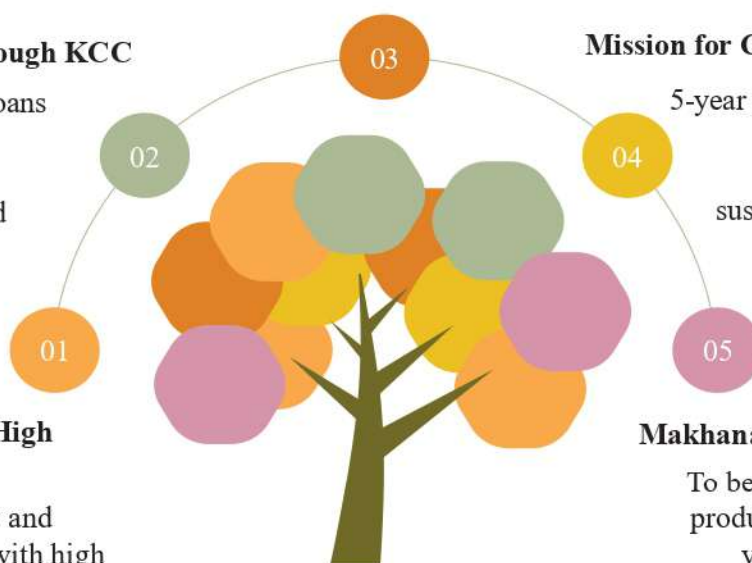
5-year mission to facilitate  
improvements in  
productivity and  
sustainability of cotton  
farming.

#### National Mission on High Yielding Seeds

Targeted development and  
propagation of seeds with high  
yield, pest resistance and  
climate resilience.

#### Makhana Board in Bihar

To be set up to improve  
production, processing,  
value addition, and  
marketing and  
organisation of FPOs.



### Aatmanirbharta in Pulses

Launch a 6-year Mission with special focus  
on Tur, Urad and Masoor, emphasising

- Development and commercial availability of climate resilient seeds
- Enhancing protein content
- Increasing productivity
- Improving post-harvest storage and management, assuring remunerative prices to the farmers.

### India Post as a Catalyst for the Rural Economy

- Rural community hub co-location
- Institutional account services;
- DBT, cash out and EMI pick-up
- Credit services to micro enterprises
- Insurance; and
- Assisted digital services.



# Development measures focusing on *Garib, Youth, Annadata and Nari*

Investing in people, economy  
and innovation



*Saksham Anganwadi and Poshan 2.0*

*Expansion of Capacity in IITs*

*Day Care Cancer Centres in all District Hospitals*

**Bharatiya Bhasha Pustak Scheme:** provide digital-form Indian language books for school and higher education.

**05 National Centres of Excellence for skilling** to be set up with global expertise and partnerships.

**Atal Tinkering Labs:** 50 Thousand Labs to be set up in government schools in next 5 years.

**Centre of Excellence in Artificial Intelligence for education** with a total outlay of ₹500 crore.

**Broadband connectivity to be provided to all government secondary schools and primary health centres** in rural areas.

**Expansion of medical education:** 10,000 additional seats with the goal of adding 75,000 seats in the next 5 years.

**PM SVANidhi:** To be revamped with enhanced loans from banks, UPI linked credit cards and capacity building support.

**Welfare of Online Platform Workers:** Registration on the e-Shram portal & healthcare under PM Jan Arogya Yojana.

# Development measures focusing on *Garib, Youth, Annadata and Nari*

## Supporting MSMEs & Furthering Make in India



**Credit Cards for Micro Enterprises:** Customised Credit Cards with a ₹ 5 lakh limit for micro enterprises registered on Udyam portal. In the first year, 10 lakh such cards will be issued.

**Scheme for first time Entrepreneurs:** For 5 lakh first-time entrepreneurs, including women, Scheduled Castes and Scheduled Tribes, a new scheme, to be launched, to provide term loans up to ₹ 2 crore during the next 5 years.



### *Manufacturing mission with the mandate to focus on*

- Ease and cost of doing business;
- Future ready workforce for in-demand jobs;
- A vibrant and dynamic MSME sector;
- Availability of technology;
- Quality products;
- Clean tech manufacturing for climate-friendly development.

### *Measures for Labour Intensive Sectors*

- **Focus Product Scheme for Footwear & Leather Sectors:** scheme is expected to facilitate employment for 22 lakh persons, generate turnover of ₹ 4 lakh crore and exports of over ₹ 1.1 lakh crore.
- **Measures for the Toy Sector:** To focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys to represent the 'Made in India' brand.
- **Support for Food Processing:** Establishment of a National Institute of Food Technology in Bihar, enhanced income for the farmers and skilling, entrepreneurship and employment opportunities for the youth.

### *Significant enhancement of credit availability with guarantee cover*

₹ in Crore	Credit guarantee cover	
	Current	Revised
MSEs	5	10
Startups	10	20
Exporter MSMEs	For Term Loans Up To ` 20 Crore	

### *Revision in classification criteria for MSMEs*



₹ in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500



# Development measures focusing on *Garib, Youth, Annadata and Nari*

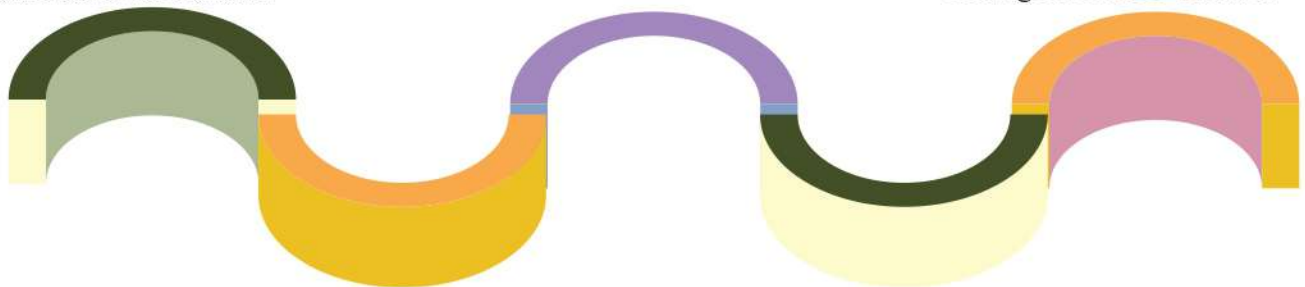
Investing in people, economy and innovation

## **Support to States for**

**Infrastructure:** With an outlay of ₹ 1.5 lakh crore, 50-year interest free loans to states for capital expenditure and incentives for reforms.

**Jal Jeevan Mission:** To achieve 100 % coverage, the mission extended till 2028 with an enhanced total outlay.

**Power Sector Reforms:** Incentivize distribution reforms and augmentation of intra-state transmission. Additional borrowing of 0.5 % of GSDP to states, contingent on these reforms.



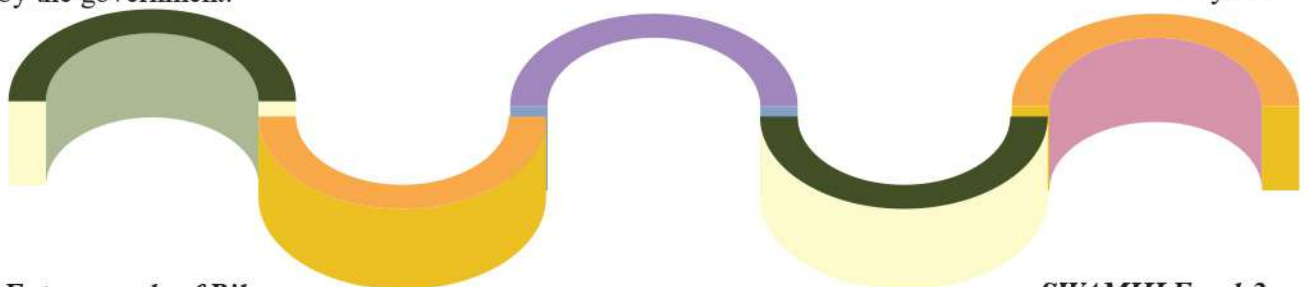
**Asset Monetization Plan 2025-30:** launched to plough back capital of ₹ 10 lakh crore in new projects.

**Urban Challenge Fund**  
₹ 1 lakh crore to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water & Sanitation'.

**Maritime Development Fund**  
with a corpus of ₹25,000 crore for long-term financing with up to 49 % contribution by the government.

**Nuclear Energy Mission for Viksit Bharat:** Amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be taken up for active partnership with the private sector.

**UDAN:** Regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years.



## **Future needs of Bihar**

Greenfield airports, Financial support for the Western Koshi Canal ERM Projects.

**SWAMIH Fund-2**  
₹ 15,000 crore for expeditious completion of one lakh dwelling units through blended finance.

Tourism for  
employment-led  
growth

Top 50 tourist destination sites to be developed in partnership with states

Performance-linked incentives to states

Introducing streamlined e-visa facilities

MUDRA loans for homestays

Intensive skill-development programmes for our youth

Ease of travel and connectivity to tourist destinations

# Development measures focusing on *Garib, Youth, Annadata and Nari*

## Investing in people, economy and innovation

### *PM Research Fellowship*

To provide ten thousand fellowships for technological research in IITs and IISc.

### *Gene Bank for Crops Germplasm*

The 2<sup>nd</sup> Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security.

### *Gyan Bharatam Mission*

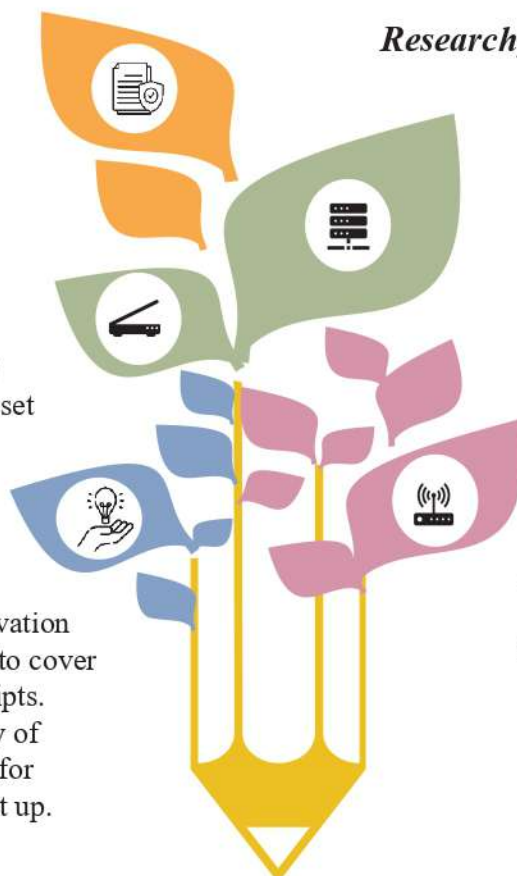
Documentation and conservation of our manuscript heritage to cover more than 1 crore manuscripts. National Digital Repository of Indian knowledge systems for knowledge sharing to be set up.

### *Research, Development & Innovation*

Allocating ₹ 20,000 crore to implement private sector driven Research, Development and Innovation initiative.

### *National Geospatial Mission*

To develop foundational geospatial infrastructure and data. Using PM Gati Shakti, facilitation of modernization of land records, urban planning, and design of infrastructure projects.



## Promoting Exports



- ➔ **Export Promotion Mission:** With sectoral and ministerial targets to facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.
- ➔ **BharatTradeNet:** A digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions. Support for integration with **Global Supply Chains**.
- ➔ **National Framework for GCC:** As guidance to states for promoting Global Capability Centres in emerging tier 2 cities.
- ➔ **Warehousing facility for air cargo:** To facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce.



# Reforms as the fuel

## Financial Sector Reforms and Development

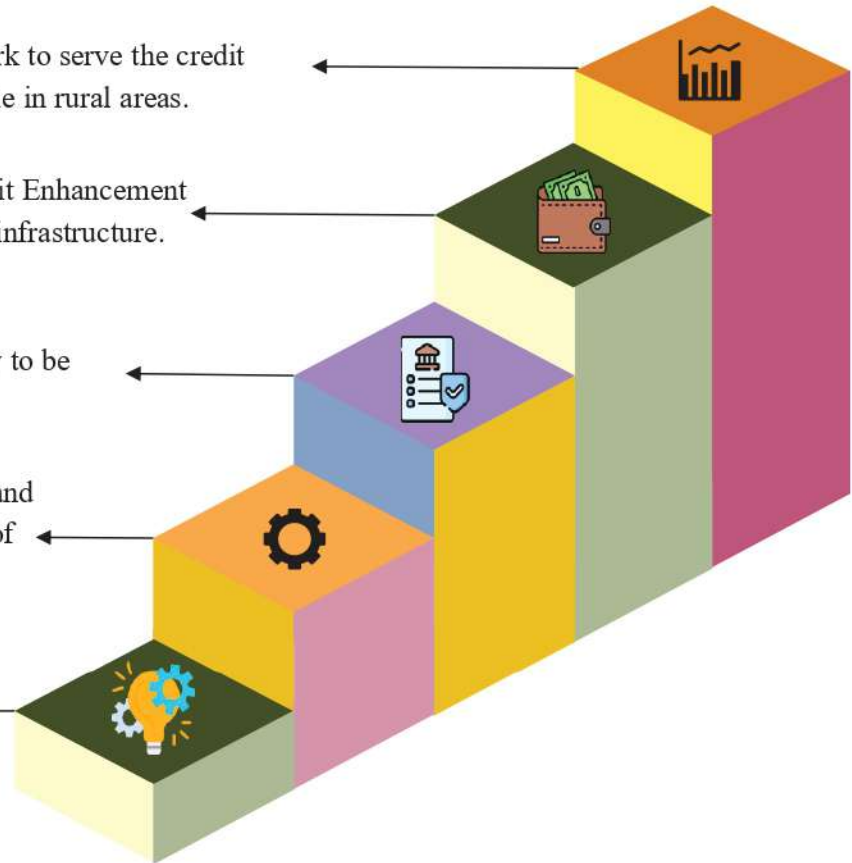
'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.

NaBFID to set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.

Revamped Central KYC registry to be rolled out in 2025.

Rationalisation of requirements and procedures for speedy approval of company mergers.

FDI limit for the insurance sector will be raised from 74 to 100 per cent.



## Tax Reforms

Changes in direct taxes and proposal to introduced the **New Income Tax Bill**

## Regulatory Reforms

Light-touch regulatory framework based on principles and trust to unleash productivity and employment

- **High Level Committee for Regulatory Reforms**
- **Investment Friendliness Index of States**
- **FSDC Mechanism:** to evaluate impact of the current financial regulations and subsidiary instructions along with a framework to enhance their responsiveness and development of the financial sector.
- **Jan Vishwas Bill 2.0:** to decriminalize more than 100 provisions in various laws.

# Indirect Tax proposals

## Rationalisation of Customs Tariff Structure for Industrial Goods



Removal of 07 tariff rates.



Apply not more than one cess or surcharge.



Apply equivalent cess to maintain effective duty incidence on most items and lower cess on certain items.

## Sector specific proposals

Make in India- Exemption to open cell for LED/LCD TV, looms for textiles, capital goods for lithium ion battery of mobile phones and EVs.

Promotion of MRO – exemption for 10 years on goods for ship building and ships for breaking, extension of time limit for export of railway goods imported for repairs.

Export promotion – duty free inputs for handicraft and leather sectors.

Trade Facilitation: Time limit fixed for finalisation of provisional assessment; new provision for voluntary declaration of material facts post clearance and duty payment with interest but without penalty; IGCR Rules amended to extend time limit to 1 year and file quarterly statement instead of monthly.



### Improved access to lifesaving medicines

Addition of:

- 36 lifesaving drugs/medicines in exempted list;
- 6 medicines in 5% duty list;
- 37 medicines and 13 new patient assistance programmes in exempt list.



(Medicines for rare diseases, cancer, severe chronic diseases)

# Direct Tax proposals

## Ease of doing business

- Introduction of a scheme for determining arm's length price of international transaction for a block period of three years.
- Expansion of scope of safe harbour rules to reduce litigation and provide certainty in international taxation.

## Personal Income Tax reforms with special focus on the middle class



## Rationalization of TDS/TCS for easing difficulties

Tax deduction limit for senior citizens doubled from ₹ 50,000 to ₹ 1 lakh.

The annual limit of ₹2.40 lakh for TDS on rent increased to ₹ 6 lakh.

## Encouraging voluntary compliance

Extension of time-limit to file updated returns, from the current limit of two years, to four years.

## Reducing compliance burden

Reduced compliance for small charitable trusts/institutions by increasing their period of registration from 5 years to 10 years.

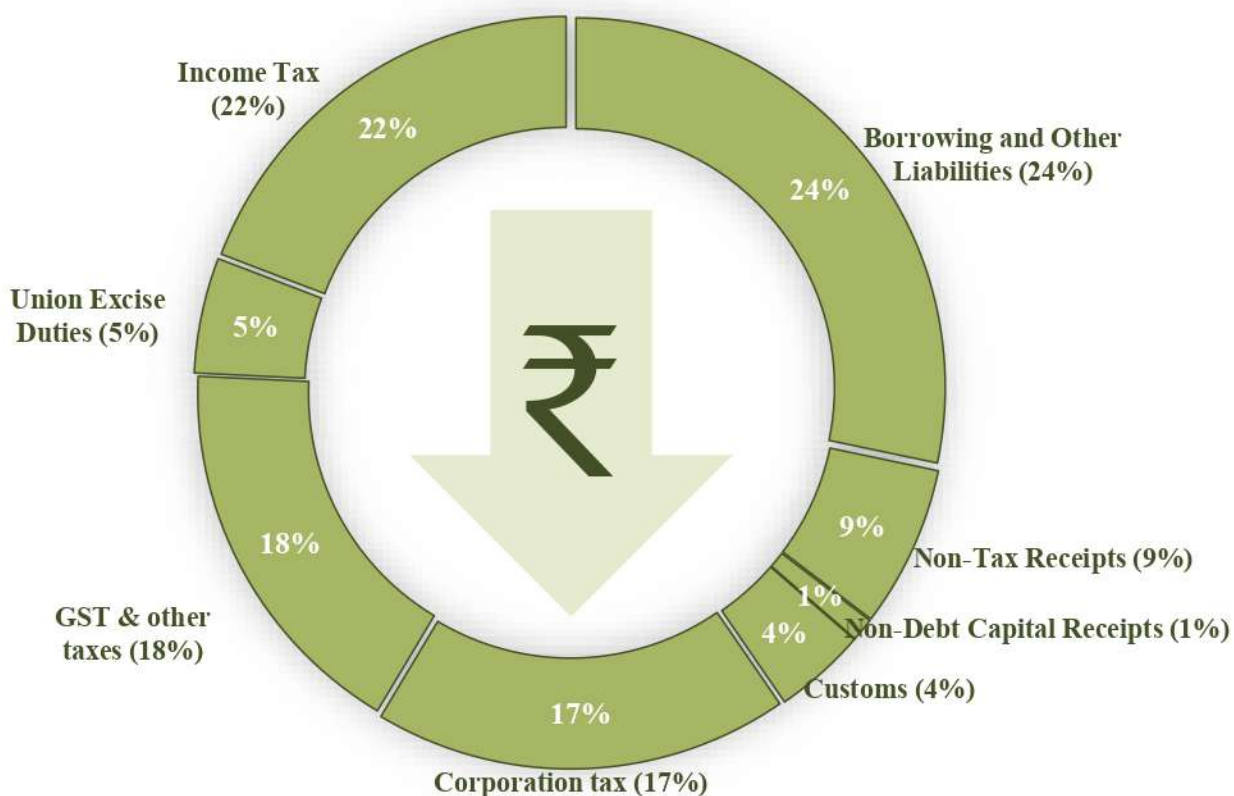
Tax payers to be allowed to claim the annual value of 02 self occupied properties (previously 01) without any conditions (previously conditions attached).

## Employment and investment

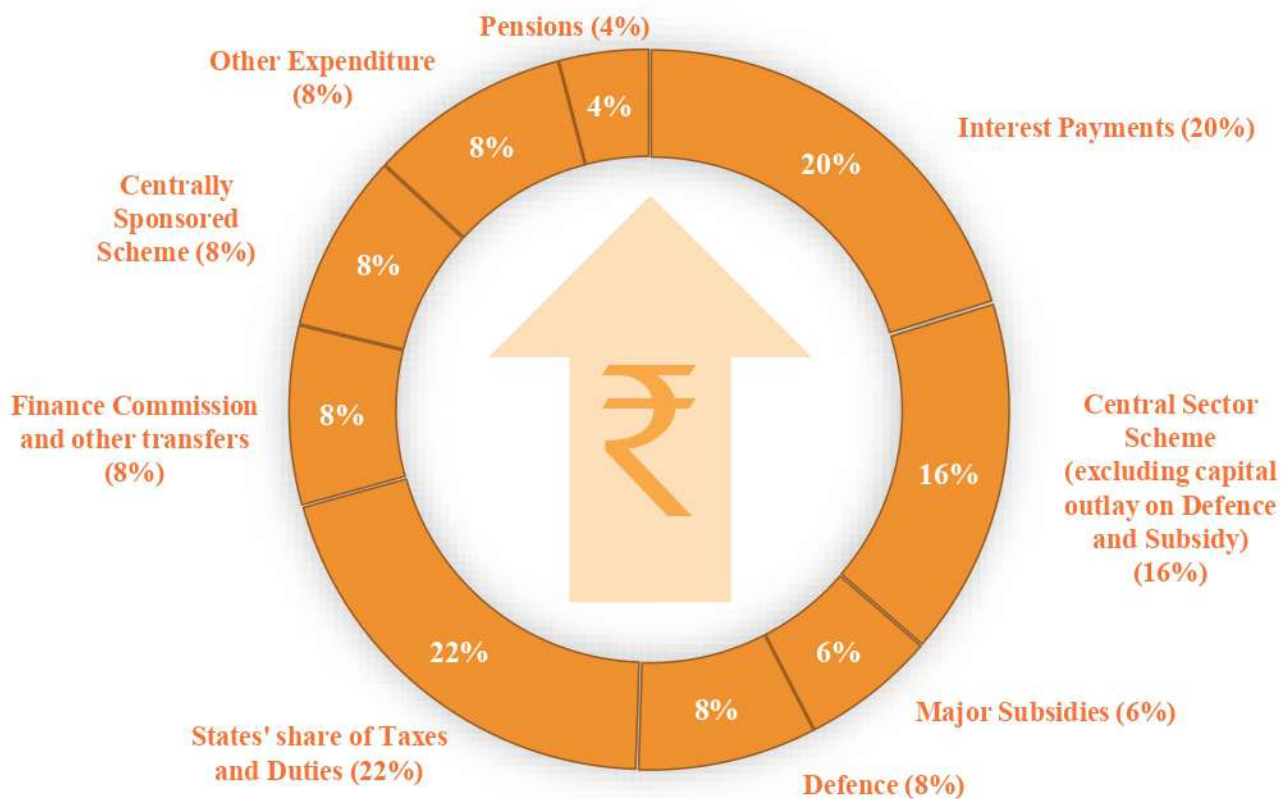
- **Tax certainty for electronics manufacturing Schemes**
- **Tonnage Tax Scheme for Inland Vessels**
- **Extension for incorporation by 5 years of Start-Ups**
- Specific benefits to ship-leasing units, insurance offices and treasury centres of global companies which are set up in IFSC
- Certainty of taxation to Category I and category II AIFs, undertaking investments in infrastructure and other such sectors, on the gains from securities.



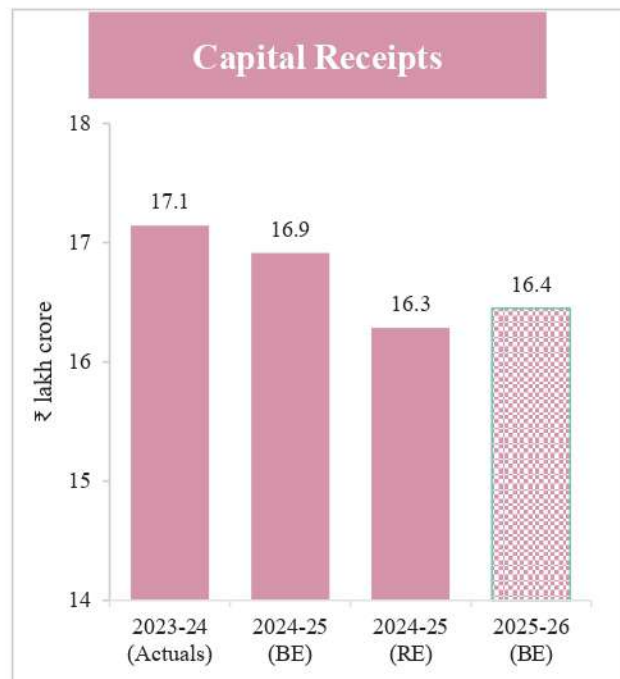
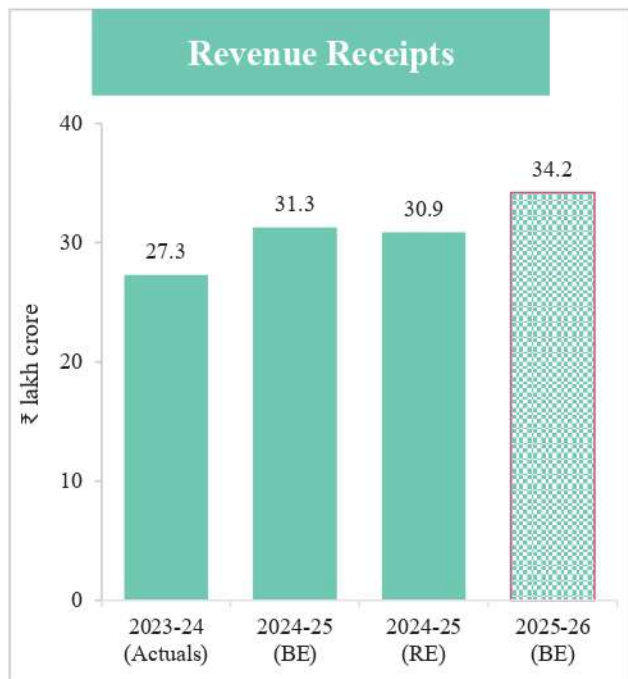
## Rupee Comes From



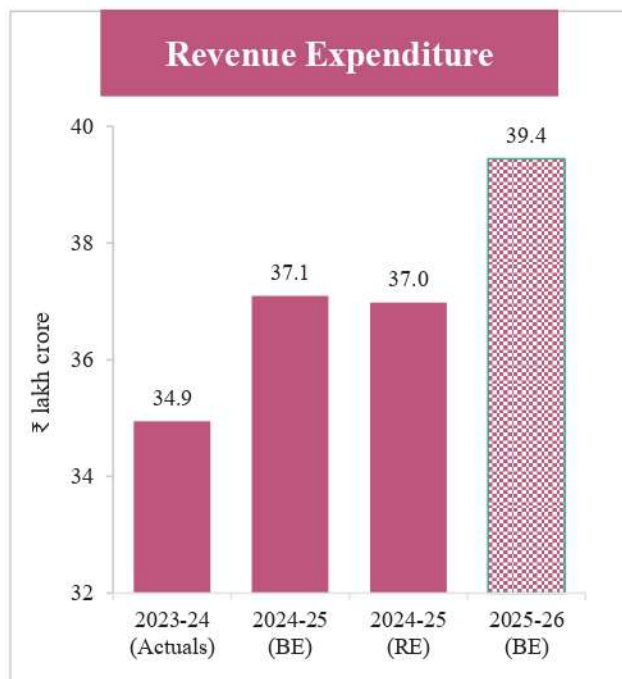
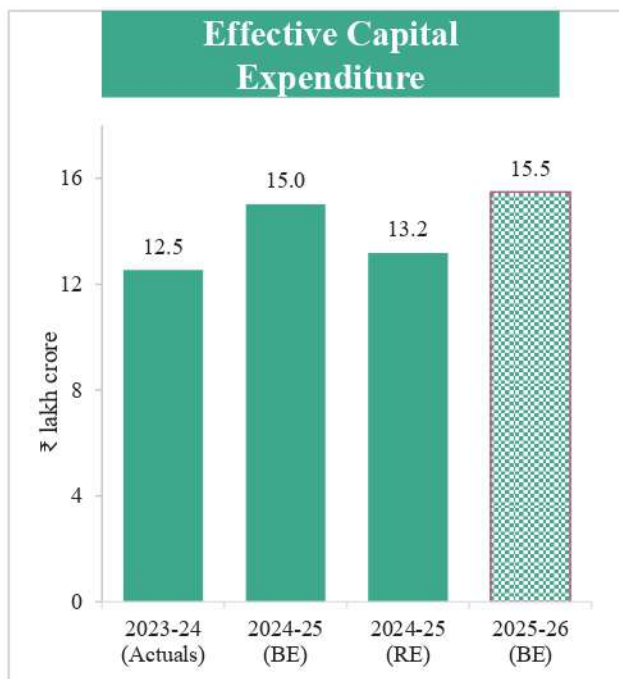
## Rupee Goes To



# Receipts

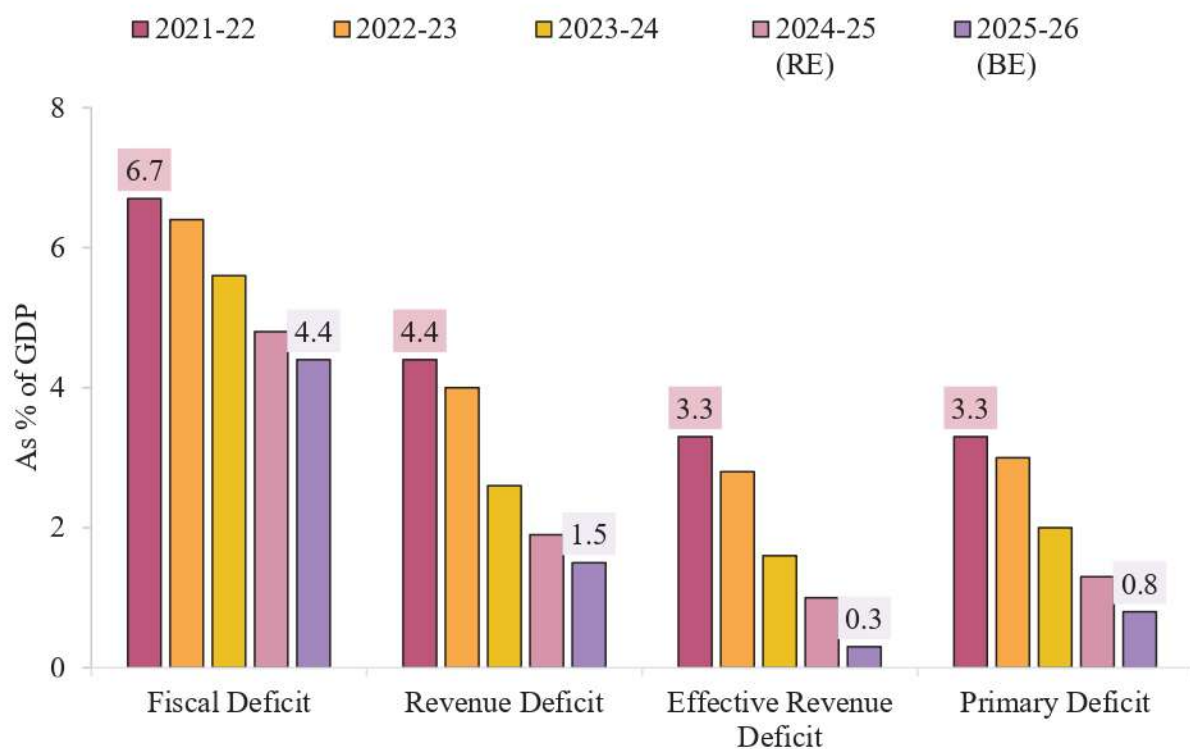


# Expenditure

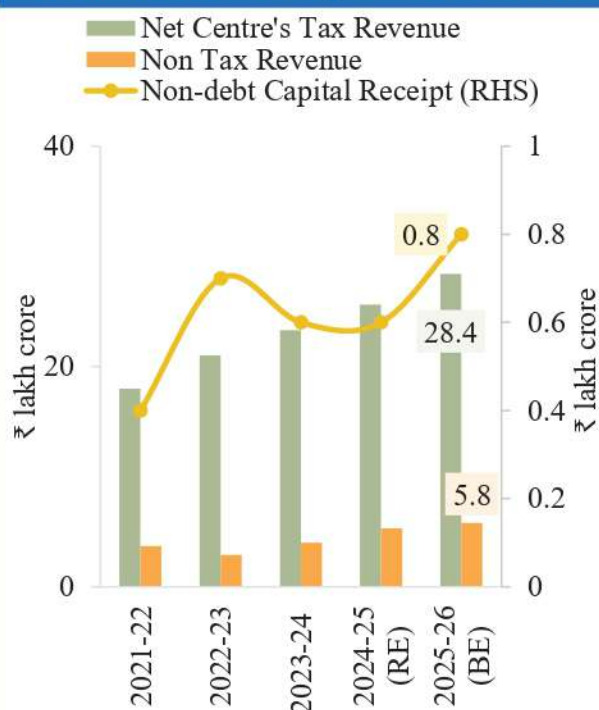


# Robust Economic Foundations

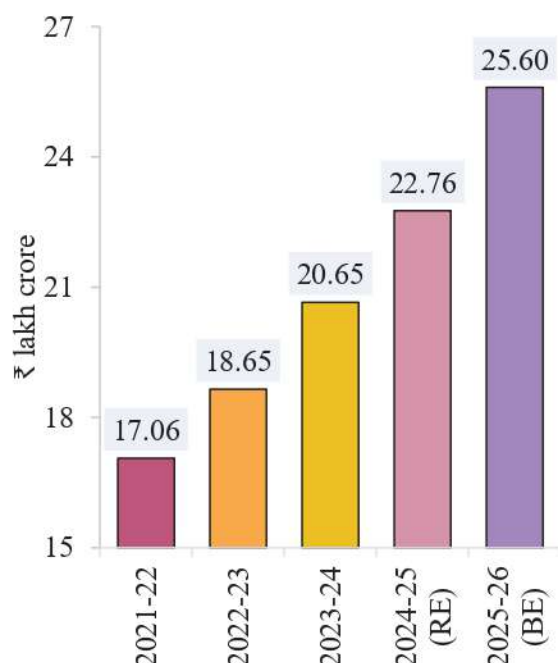
## Deficit Trends



## Trend in Net Receipt of the Centre

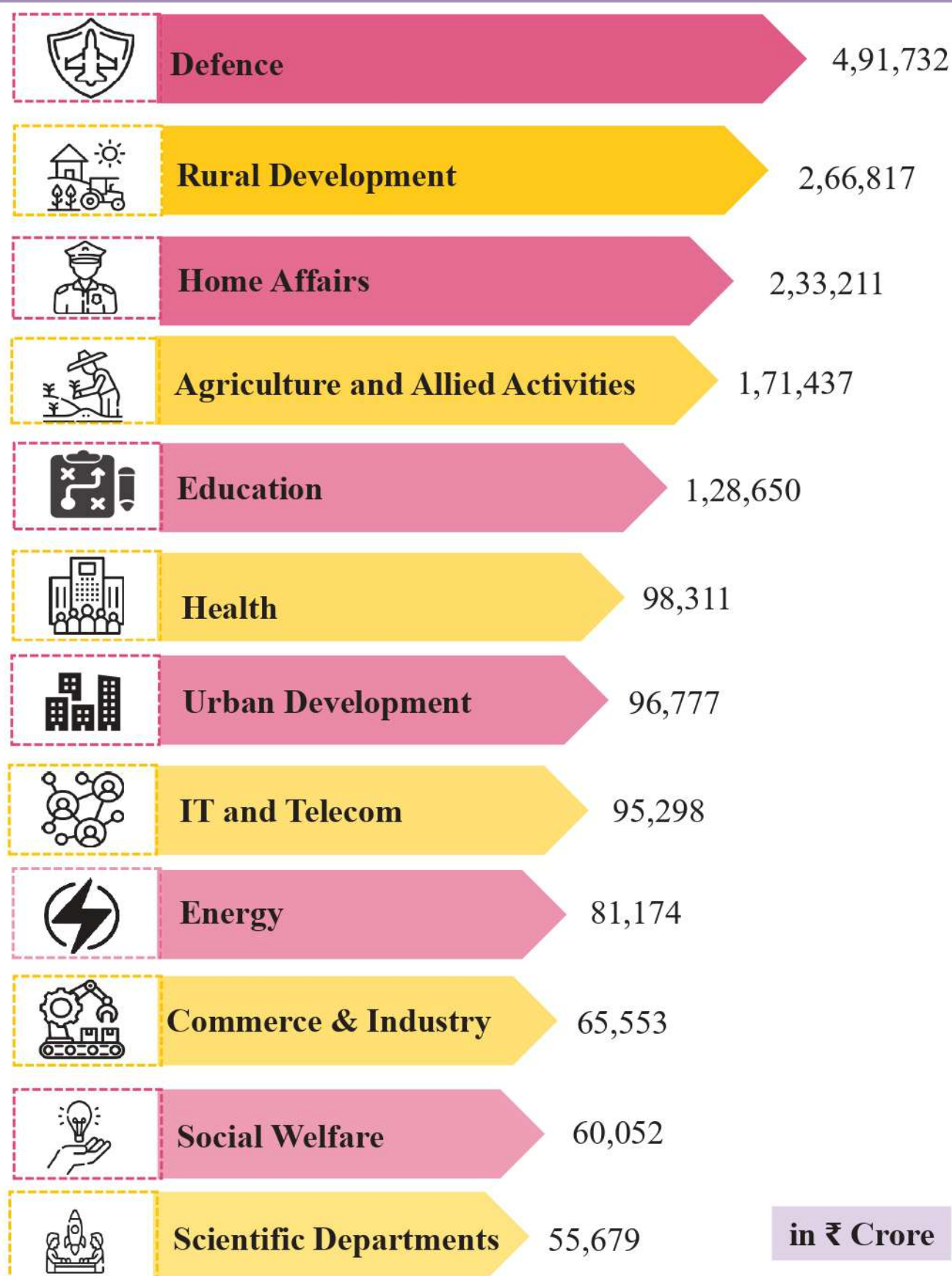


## Total Transfers to States & UTs





## Expenditure of Major Items



## **GST: Key Highlights**

1. **Retrospective Amendment to Section 17(5)(d): Resolving ITC Ambiguity on Immovable Property** [Clause 119 –Substitution of phrase “plant or machinery” with “plant and machinery”]

Presently, **Section 17(5)(d) restricts ITC** on goods or services, or both received by a taxable person for **construction of an immovable property** (other than plant or machinery) on his **own account** including when such goods or services or both are used in the course or furtherance of business.

“**Plant or Machinery**” is **nowhere defined** under the GST law. The GST law defines “**plant and machinery**” as apparatus, equipment, and machinery fixed to earth by foundation or structural support used for business but explicitly excludes land, buildings, and other civil structures.

Since GST's inception, ambiguity persisted regarding the interpretation of "plant or machinery," leading to litigation. In **Safari Retreats Pvt. Ltd.**, the **Hon'ble Orissa High Court allowed ITC** for malls constructed for leasing, **stating** that denying ITC led to **double taxation** and **contradicted GST's anti-cascading principle**.

The case reached the **Supreme Court**, which applied the functionality test, stating that if a building (like a mall or warehouse) is integral to business operations, it could qualify as "plant" and be eligible for ITC. However, the **Court upheld the constitutional validity** of ITC restrictions under **Sections 17(5)(c) & (d)** and Section 16(4), **rejecting claims of discrimination**.

To nullify this interpretation, the amendment substitutes "plant or machinery" with "plant and machinery," explicitly excluding ITC on buildings and civil structures. Additionally, an explanation ensures retrospective effect from July 1, 2017, overriding any court rulings.

*[55<sup>th</sup> GSTC: To align the provisions of section 17(5)(d) of CGST Act, 2017 with the intent of the said section, the Council has recommended amending section 17(5)(d) of CGST Act, 2017, to replace the phrase "plant or machinery" with "plant and machinery", retrospectively, with effect from 01.07.2017, so that the said phrase may be interpreted as per the Explanation at the end of section 17 of CGST Act, 2017.]*



2. **Aligning GSTR-2B Generation with Taxpayer Actions on IMS** [Clause 122 - Amendment to Section 38]:

**Section 38(1)** is being amended to **omit** the **expression “auto generated”** with respect to statement of input tax credit in the said sub-section. **Section 38(2)** is being amended by **omitting** the **expression “auto generated”** with respect to statement of input tax credit in said sub - section and also to insert the expression “including” after the words “by the recipient” in clause (b) of said sub-section to make the said clause more inclusive. A new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit.

The proposed changes effects that GSTR-2B will not be auto-generated in the GST portal. Now, the **details of inward supplies will be available** in GSTR-2B **only on the basis of action taken by taxpayer on the IMS**.

*[55<sup>th</sup> GSTC: To amend section 38 of CGST Act, 2017 and rule 60 of CGST Rules, 2017 to provide a legal framework in respect of generation of FORM GSTR-2B based on the action taken by the taxpayers on the Invoice Management System (IMS).]*

3. **Mandatory ITC Reversal for Credit Note Adjustments** [Clause 121 –Substitution of proviso to Section 34(2)]

ITC attributable to **credit note** has **to be reversed by recipient first** to enable the **reduction of output tax liability** of the supplier.

*[55<sup>th</sup> GSTC: To amend section 34(2) of CGST Act, 2017, to specifically provide for requirement of **reversal** of input tax credit as is attributable to a credit note, by the recipient, to enable the reduction of output tax liability of the supplier.]*

4. **Taxability of Vouchers** [Clause 117 & 118 – Section 12(4) and 13(4) – omitted]

The **provision for time of supply** in respect of transactions in **vouchers**, the same being neither supply of goods nor supply of services, proposed to be **omitted**.

*[55<sup>th</sup> GSTC: In a significant move to address long-standing concerns regarding the taxability of vouchers under GST, the GST Council recommended to omit sections 12(4) and 13(4) from*



01.02.2025

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*CGST Act, 2017 and rule 32(6) from CGST Rules, 2017 to resolve ambiguities in the treatment of vouchers.]*

5. **Expansion of ISD Mechanism: Inclusion of Inter-State RCM Transactions for ITC Distribution (Effective 01.04.2025)** [Clause 116 – Amendment in section 2(61) & Clause 120– Amendment in Section 20(1) and Section 20(2)]

**Section 2(61)** is being amended to **explicitly provide** for **distribution of ITC by the ISD** in respect of **inter-state supplies** on which **tax** has to be **paid on reverse charge** basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of Integrated Goods and Services Tax Act. This amendment will be **effective from 1st April 2025**.

Section 20 provides for manner of distribution of credit by ISD. **Proposal is made for consequential amendments in Section 20(1) and Section 20(2)**. The amendment will be **effective from 1st April 2025**.

Inter-state RCM transactions are being proposed to be included explicitly under the ISD mechanism. Consequentially, ISD can now distribute ITC in respect of inter-state RCM transactions.

**[55<sup>th</sup> GSTC: Amendment in provisions pertaining to Input Services Distributor (ISD) mechanism under CGST Act, 2017 and CGST Rules, 2017. To amend Section 2(61) and Section 20(1) of the CGST Act, 2017 to explicitly include inter-state RCM transactions under the ISD mechanism by including reference to supplies subject to tax under Section 5(3) and 5(4) of IGST Act, 2017 in the said provisions. Consequentially, to amend Section 20(2) of CGST Act, 2017 and Rule 39(1A) of the CGST Rules, 2017. These, amendments in CGST Act, 2017 are to be made effective from 01.04.2025.]**

6. **Conditions and Restrictions on Return Filing** [Clause 123 – Amendment in Section 39(1)]

In Sec 39(1) for the words “*and within such time*” the words “*within such time and subject to such conditions and restrictions*” shall be substituted.

The amendment introduces an enabling clause for **prescribing conditions and restrictions** on return filing, enhancing government control and compliance requirements.

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7. **Mandatory pre deposit in cases involving only demand of penalty without any demand for tax** [Clause 124 & 125 - Amendment in Section 107 and Section 112]

Forum	Amount of pre-deposit proposed
Appellate Authority	10% of the penalty demanded
Appellate Tribunal	10% of the penalty demanded

8. **Implementation of Track and Trace Mechanism for High-Risk Goods**

[Clause 127 – Insertion of new section 148A - Track and trace mechanism for certain goods]

**A new Section 148A is being inserted so as to provide** the government, based on GST Council recommendations, to specify certain goods and the persons dealing with them for a **track and trace mechanism**. This includes **affixing a unique identification mark** on such **goods**, electronically **storing relevant information**, and maintaining records. Businesses must comply by marking goods, providing necessary details, maintaining records, disclosing machinery details, and paying prescribed fees as required.

It will enhance **transparency and accountability** in the **supply chain** by enabling **real-time monitoring** of specified goods.

[Clause 126 – Insertion of **new Section 122B**: Penalty for failure to comply with track and trace mechanism]

**Penal provisions** have been **proposed** for violations of the Track and Trace Mechanism under Section 148A, ensuring stricter enforcement and compliance.

**[55<sup>th</sup> GSTC Recommendation:** GST Council approved a proposal to amend GST law enabling the government to implement track and trace mechanisms for specified goods which are prone to tax evasion.]

9. **Exclusion of SEZ and FTWZ Transactions from GST (Effective 01.07.2017)**  
 [Clause – 128 - Amendment in Schedule III]

Schedule III is being amended, w.e.f. 01.7.2017 by inserting a new clause (aa) in paragraph 8 to provide that the **supply of goods warehoused in a SEZ or in a Free Trade Warehousing Zone to any person before clearance for exports or to the**



01.02.2025

**Domestic Tariff Area** shall be **treated neither as supply of goods nor as supply of services.**

To amend **Explanation 2 of Schedule III** w.e.f. 01.07.2017 to clarify that the said explanation would be applicable in respect of clause (a) of paragraph 8 of the said Schedule.

To Insert a new explanation in Schedule III i.e. Explanation 3 to define the terms 'Special Economic Zone', 'Free Trade Warehousing Zone' and 'Domestic Tariff Area', for the purpose of the proposed clause (aa) in paragraph 8 of said Schedule.

**Excludes certain SEZ and FTWZ transactions** from GST with **retrospective effect from July 1, 2017** to align the treatment of such transactions with existing provisions for customs bonded warehouses, thereby reducing ambiguity and ensuring consistent tax treatment.

**No refund of the tax, already paid in respect of the aforesaid activities or transactions, shall be available. [Clause 129]**

*[55<sup>th</sup> GSTC Recommendation: Schedule III to the Central Goods and Services Tax Act, 2017 (CGST Act) would be amended with retrospective effect from 1 July 2017 by introducing new clause (aa) in paragraph 8 to provide that supply of goods warehoused in a Special Economic Zone (SEZ) or Free Trade Warehousing Zone (FTWZ) to any person before clearance of such goods for exports or to the Domestic Tariff Area will neither be treated as supply of goods nor as supply of services.]*

10. **Other Changes [Clause 116 – Amendment in clause (69)(c) & Insertion of new clause (116A) of Section 2]**

Sub-clause (c) of clause (69) of section 2 is being amended to replace "municipal or local fund" with "municipal fund or local fund" and to insert an Explanation after the said sub-clause, to provide for definitions of the terms 'Local Fund' and 'Municipal Fund' used in the definition of "local authority".

A new clause (116A) is being inserted in section 2 to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism.



01.02.2025

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### Customs Act: Key Highlights

Ref to Finance Bill, 2025 [Clause]	Particulars
<b>Customs Act, 1962</b>	
87	<p>(i) Section 18 of the Customs Act is being amended to insert clause 1B to provide definite time limit of two years for finalisation of provisional assessment. It also provides that this time period may be extended by the Commissioner of Customs for a further period of one year if sufficient cause is shown. Further, it also provides that, for the pending cases, the time-limit shall be reckoned from the date of assent of the Finance Bill.</p> <p>(ii) Section 18 of the Customs Act is being amended to insert clause 1C to provide time-limit of two years for finalizing provisional assessment shall remain suspended on satisfaction of any reasons stated as follows:</p> <ul style="list-style-type: none"> <li>➤ An information is being sought from an authority outside India through a legal process</li> <li>➤ An appeal in similar matter pending before the Appellate Tribunal or the High Court or the Supreme Court</li> <li>➤ An interim order of stay has been issued by the Appellate Tribunal or the High Court or the Supreme Court</li> <li>➤ the board has, in a similar matter, issued a specific direction or order to keep such matter pending</li> <li>➤ the importer or exporter has a pending application before the Settlement Commission or the Interim Board.</li> </ul>

88	<p>Section 18A has been inserted after Section 18 of the Customs Act for voluntary revision of entry post clearance so that the importers and exporters may revise any entry that is made in relation to the goods within a prescribed time and according to certain conditions as may be prescribed. It also provides for treating such entry as self-assessment and allowing payment of duty or treating the revised entry as a refund claim under section 27. Further, the proper officer may verify and re-assess where required.</p> <p>This section will not apply to following cases, namely-</p> <ul style="list-style-type: none"> <li>➤ where any audit or search, seizure or summons has been initiated</li> <li>➤ cases requiring refund where the proper officer has re-assessed or assessed the duty</li> <li>➤ any other case as may be notified</li> </ul>
89	<p>Section 27 of the Customs Act is being amended to insert a new Explanation to clarify that the period of limitation of the claim of refund consequent to the revised entry under section 18A or amendment under section 149 of the Customs Act, 1962, shall be one year from the date of payment of duty or interest.</p>
90	<p>Section 28 of the Customs Act is being amended to insert a new clause in Explanation 1, wherein, the relevant date in the case where duty is paid under the revised entry under section 18A is the date of payment of duty or interest.</p>
91	<p>Section 127A of the Customs Act, 1962 is being amended to insert clauses after clause (d) and (e) to define Interim Board, Member of the Interim Board and pending applications.</p>
92	<p>Section 127 B of the Custom Act is being amended to add proviso after sub section 5 to state 1<sup>st</sup> day of April,2025 as the last day to submit application under this section and further that pending application shall be dealt by interim board on and from its constitution from the stage at which such pending application stood immediately before its constitution.</p>
93	<p>Section 127C of the Custom Act is being amended to insert sub section (11) which state that on and from 1<sup>st</sup> day of April,2025 the powers of settlement commission mentioned in proviso of sub section (2),(3),(4),(5),(5A),(7),(8),(8A) shall be exercised by interim board and</p>

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	that of sub section (10) shall be exercised by either and to add sub section (12) to provide the time limit for extension of interim board.
94	Section 127D of the Custom Act is being amended to insert sub section (3) to clarify that the powers of Settlement Commission shall be exercised by the Interim Board and further provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.
95	Section 127F of the Custom Act is being amended to insert sub section(5) to clarify that the powers of Settlement Commission shall be exercised by the Interim Board and further provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.
96	Section 127G of the Custom Act is being amended to add proviso to clarify that the powers of Settlement Commission shall be exercised by the Interim Board and further provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.
97	Section 127H of the Custom Act is being amended to insert sub section (4) to clarify that the powers of Settlement Commission shall be exercised by the Interim Board and further provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.

**Central Excise: Key Highlights**

Ref to Financ e Bill, 2025 [Clause]	Particulars
<b>Central Excise</b>	
99	➤ Section 31 is being amended to define "Interim Board for Settlement" and "pending application".
100	➤ A new section 31A is being inserted to establish one or more Interim Boards for Settlement to process the pending applications and to provide that every pending application shall be dealt by the Interim Board from the stage at which such pending application stood immediately before its constitution.
101	➤ A proviso to sub-section (1) of section 32 is being inserted to provide that CCESC shall cease to operate on or after 1st April, 2025.
102, 103, 104, 105	➤ Sections 32A, 32B, 32C and 32D are being amended by inserting a proviso in all these sections to provide that the provisions of these sections shall not apply on or after 1st April, 2025.
106	➤ A proviso to sub-section (5) of section 32E is being inserted to provide that no new application shall be made under this section on or after 1 <sup>st</sup> April, 2025.
107	➤ Section 32F is being amended to substitute the expression "Settlement Commission" with "Interim Board" so that the specified procedure on receipt of the application under section 32E shall apply to the Interim Boards. Additionally, a new sub-section is being introduced to allow the Interim Board, within three months of its constitution, to extend the time limit for disposing of pending applications by up to twelve months from its constitution, with reasons to be recorded in writing.
108 to 115	➤ Sections 32G, 32-I, 32J, 32K, 32L, 32M, 32-O and 32P are being amended to provide that on and after 1st April, 2025, the powers and functions of the Settlement Commission under these sections shall be exercised by the Interim Boards.

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**Service Tax: Key Highlights**

Ref to Financ e Bill, 2025 [Clause]	Particulars
<b>Service Tax</b>	
130	<ul style="list-style-type: none"> <li>➤ No service tax will be charged on reinsurance services provided by insurance companies under the Weather-Based Crop Insurance Scheme and the Modified National Agricultural Insurance Scheme for the period April 1, 2011, to June 30, 2017.</li> <li>➤ If service tax was <b>wrongly collected</b> on these reinsurance services during this period, it will be <b>refunded</b>.</li> <li>➤ The refund application must be submitted <b>within six months</b> from the date the <b>Finance Bill, 2025, becomes law</b>.</li> <li>➤ Even though the <b>Finance Act, 1994 (Service Tax Chapter)</b> is <b>omitted</b>, its provisions will still apply <b>retrospectively</b> for processing refunds as if it were still in force.</li> </ul>



## Direct Taxes: Key Highlights

1. A new Income Tax Bill to be introduced next week.

### 2. **Personal Income Tax Reforms**

- **Revised tax-slab structure under new tax regime:**

Income Slab (₹)	Tax Rate
0-4 L	Nil
4-8 L	5%
8-12 L	10%
12-16 L	15%
16-20 L	20%
20-24 L	25%
>24 L	30%

- **Increased 87A Rebate:** Individuals earning up to ₹12 L annually can now enjoy full tax exemption up to Rs. 60,000/- under the new tax regime.
- Salaried individuals can also claim a standard deduction of ₹75,000, effectively making salary up to Rs. 12.75L exempt.

### 3. **Corporate Income Tax Reduction**

- Tax rate for foreign companies has been reduced from 40% to 35%.

### 4. **Rationalization of TDS/TCS:**

- TDS rate u/s 194LBC reduced from 25% (Individual or HUF) or 30% (Others) to 10%.
- Threshold limit for senior citizens u/s 194A doubled from Rs. 50,000 to Rs. 1L.
- Threshold limit for TDS on rent u/s 194-I increased from Rs. 2.4L to Rs. 6L.
- TCS rate for "Timber or any other forest produce (not being tendu leaves) obtained under a forest lease" and "Timber obtained by any mode other than under a forest lease" reduced from 2.5% to 2%.
- TCS Section 206C(1H) i.e., TCS on sale of goods will be omitted. Only TDS on purchase u/s 194Q will remain.

- Under the RBI's Liberalization Remittance Scheme, TCS threshold limit increased from ₹7 L to ₹10 L.
- Elimination of TCS on education remittances if loan obtained from specified financial institutions.
- Removal of higher TDS/ TCS for non-filers of return of income.
- Other changes in threshold limits:

Section	Current threshold	Proposed threshold
193 - Interest on securities	Nil	Rs. 10,000/-
194A - Interest other than Interest on securities	(i) Rs. 40,000/- in case of others when payer is bank, cooperative society and post office. (ii) Rs. 5,000/- in other cases	(i) Rs. 50,000/- in case of others when payer is bank, cooperative society and post office. (ii) Rs. 10,000/- in other cases
194 - Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000/-	Rs. 10,000/-
194B - Winnings from lottery, crossword puzzle, etc.	Aggregate amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
194BB - Winnings from horse race	Aggregate amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
194D - Insurance commission	Rs. 15,000/-	Rs. 20,000/-
194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-

194H - Commission or brokerage	Rs. 15,000/-	Rs. 20,000/-
194J - Fee for professional or technical services	Rs. 30,000/-	Rs. 50,000/-
194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	Rs. 5,00,000/-

## 5. Simplification of Capital Gains

- Increase in capital gains tax to FII and Specified Funds from securities not covered u/s 112A from 10% to 12.5% to ensure uniformity.
- Unit Linked Insurance Plans on which exemption u/s 10D does not apply, to be treated as capital asset and included in definition of equity-oriented funds.

## 6. Reducing Compliance Burden

- Reduced Compliance for small charitable trusts/ institutions by increasing their period of registration from 5 years to 10 years.
- Rationalization of 'specified violation' for cancellation of registration of trusts or institutions.

## 7. Ease of Doing Business

- Introduction of a scheme for determining arm's length price of international transaction for a block period of three years.
- Expansion of scope of safe harbour rules to reduce litigation and provide certainty in international taxation.

## 8. Employment and Investment

- Introduction of Presumptive Taxation scheme for non-resident providing services for electronics manufacturing facility.
- Extension of benefits of tonnage tax scheme to Inland Vessels (Sec 115VP).
- Extension for tax benefits by 5 years for start-ups (Sec 80-IAC).
- Specific benefits to ship-leasing units, insurance offices and treasury centers of global companies which are set up in IFSC.



- Certainty of taxation to Category I and Category II AIFs, undertaking investments in infrastructure and other such sectors, on the gains from securities.

#### 9. **Socio Economic Welfare Measures**

- Taxpayers to be allowed to claim annual value of 2 self-occupied properties (Previously 01) without any conditions (previously conditions attached).
- Increase in the limits on the income of the employees for the purpose of calculating perquisites.
- Deduction under Sec 80CCD for contributions made to NPS Vatsalya.
- Individuals or HUF (NPS Accounts): Withdrawals not subject to taxation subject to certain conditions w.e.f. 29.08.2024.

#### 10. **Tax Administration**

- Extension of time limit to file updated returns, from the current limit of 2 to 4 years.
- Obligation to furnish information in respect of Crypto Assets.
- Rationalization of time limits for imposing penalties.

#### 11. **Other Highlights**

- Rationalization of provisions related to carry forward of losses in case of amalgamation.
- Extension of exemption to Specified Undertaking of Unit Trust of India (SUUTI).

## All Round Support

**GST**(Goods & Services Tax), Customs, Central Excise, Service Tax, VAT, CST

**MSME** (Micro Small & Medium Enterprises) Support

**RERA/ Real Estate**- Project Registration/ Extension, Quarterly Updates, Compliance, Management of Escrow Account, Agents & Allottees Support Taxation, Legal, Accounting, Drafting, Representation

<b>Compliance(Accounting, Computation, Return Filing)</b>	<b>Corporate Training</b>
<b>Compliance Review</b>	<b>Contract Evaluation</b>
<b>Compliance Verification Support</b>	<b>Business Process Re-engineering</b>
<b>Advisory</b>	<b>Documentation &amp; Internal Control</b>
<b>Litigation Management</b>	<b>SAP Implementation Support</b>
<b>GST Implication Review</b>	<b>Compliance Process Implementation</b>
<b>GST Audit</b>	<b>Internal Financial Control &amp; Analysis</b>

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