



Union Budget 2025

Personal Income Tax Reforms with special focus on the middle class.

“ Trust First, Scrutinize Later ”

Investing in people, economy and innovation

Supporting MSMEs & Furthering Make in India



CHAUHAN & JAIN
CHARTERED ACCOUNTANTS



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01- A Income Tax Proposals- Personal Taxation

New Tax Regime – Proposals for A.Y. 2026-27

| Tax Rate | Existing Slab Rates | Proposed Slab Rates |
|----------|--------------------------------|--------------------------------|
| Nil | Upto Rs 3,00,000 | Upto Rs. 4,00,000 |
| 5% | Rs. 3,00,001 to Rs. 7,00,000 | Rs. 4,00,001 to Rs. 8,00,000 |
| 10% | Rs. 7,00,001 to Rs. 10,00,000 | Rs. 8,00,001 to Rs. 12,00,000 |
| 15% | Rs. 10,00,001 to Rs. 12,00,000 | Rs. 12,00,001 to Rs. 16,00,000 |
| 20% | Rs. 12,00,001 to Rs. 15,00,000 | Rs. 16,00,001 to Rs. 20,00,000 |
| 25% | - | Rs. 20,00,001 to Rs. 24,00,000 |
| 30% | Above Rs. 15,00,001 | Above Rs. 24,00,000 |

- Rebate increased to INR 60000 from INR 25000
- For Salaried person, no income tax would be payable upto income of Rs. 12.75 lakhs.
- No change in old tax regime
- No change in the rates of surcharge and education cess.
- Rebate will not be available on income chargeable at special rates like capital gains.



C&J's View

“Proposed Increase in Rebate Limit is expected to benefit primarily to middle class by reducing their tax liabilities. Further, it will also simplify the tax structure and reduce compliance burden for small individual taxpayers.”

01- B

Income Tax Proposals

Illustration for AY 2026-27

Existing Vs Proposed

| INCOME | Tax on Slab and rates | | Benefits | Rebate benefits | Total benefits | Tax after rebate benefit |
|-----------|-----------------------|-----------|-----------|--------------------|----------------|--------------------------|
| | Present | Proposed | Rate/Slab | Full up to Rs. 12L | | |
| 8,00,000 | 30,000 | 20,000 | 10,000 | 20,000 | 30,000 | 0 |
| 9,00,000 | 40,000 | 30,000 | 10,000 | 30,000 | 40,000 | 0 |
| 10,00,000 | 50,000 | 40,000 | 10,000 | 40,000 | 50,000 | 0 |
| 11,00,000 | 65,000 | 50,000 | 15,000 | 50,000 | 65,000 | 0 |
| 12,00,000 | 80,000 | 60,000 | 20,000 | 60,000 | 80,000 | 0 |
| 16,00,000 | 1,70,000 | 1,20,000 | 50,000 | 0 | 50,000 | 1,20,000 |
| 20,00,000 | 2,90,000 | 2,00,000 | 90,000 | 0 | 90,000 | 2,00,000 |
| 24,00,000 | 4,10,000 | 3,00,000 | 1,10,000 | 0 | 1,10,000 | 3,00,000 |
| 50,00,000 | 11,90,000 | 10,80,000 | 1,10,000 | 0 | 1,10,000 | 10,80,000 |

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01-C

Income Tax Proposals

Updated Return Period & Tax Adjustments

New Return Period : The return period has been extended to 48 months

| Particulars | Existing Provisions | Proposed Changes |
|-----------------------|--|---|
| Time Limit | Can be filed up to 2 years from the end of the relevant assessment year. | Extended to 4 years from the end of the relevant assessment year. |
| Additional Income Tax | Pay additional income-tax of as % of aggregate tax and interest is payable, if filed - Within 1 year - 25% - After 1 year but within 2 years - 50% | Pay additional income-tax of as % of aggregate tax and interest is payable, if filed - Within 1 year - 25% - After 1 year but within 2 years - 50% - After 2 year but within 3 years - 60% - After 3 years but within 4 years - 70% |

Updated Return



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01-D

Income Tax Proposals

International Tax & Transfer Pricing

| Particulars | Existing Provisions | Proposed Change |
|---|--|--|
| Harmonization of Significant Economic Presence with business connection | No exclusion | Transactions confined to the purchase of goods in India for export will be excluded from Significant Economic Presence |
| Arm's length price determination | Typically applies on a single-year basis | Allowing determination for a period of 3 years for similar transactions |



01-E Rationalisation of TDS/TCS Provisions

Applicable from 01.04.2025

TDS & TCS

| Section & Purpose | Current threshold | Proposed threshold |
|--|--|---|
| 193 – Interest on securities | Nil | Rs 10000 |
| 194A – Interest other than Interest on securities | -Rs. 50,000 for senior citizen -Rs. 40,000 in case of others When payer is bank. -For cooperative society and post office Rs. 5,000 in other cases | -Rs.1,00,000 for senior citizen -Rs. 50,000 in case of others When payer is bank. For cooperative society and post office 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/- |
| 194D – Insurance commission | Rs. 15,000/- | Rs. 20,000/- |
| 194-I Rent | Rs. 2,40,000/- during the financial year | Rs. 50,000/- per month or part of a month |
| 194J – Fee for professional or technical services | Rs. 30,000/- | Rs. 50,000/- |
| 194H – Commission or Brokerage | Rs. 15,000/- | Rs. 20,000/- |
| 194G – Income by way of commission, prize etc. on lottery tickets | Rs. 15,000/- | Rs. 20,000/- |

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Applicable from 01.04.2025

| | | |
|--|--|--|
| 194B - -Winning from lotteries crossword puzzle | Aggregate of amounts exceeding Rs. 10000 during the financial year | Rs. 10000 in respect of a single transaction |
| 194BB – Winning from horse race | | |
| 194LA Income by way enhanced compensation | Rs. 250000 | Rs. 500000 |

TDS & TCS

- **TCS on Sale of Goods U/S 206C(1h) is abolished.**
- **Threshold to collect tax at source on remittances under reserve bank's Liberalized Remittance Scheme to be raised from Rs. 7 lacs to 10 lacs.**
- **There will be no TCS applicable on remittance for the purpose of education under the Liberalized Remittance Scheme of reserve bank.**
- **Section 206AB: Higher TDS for non-fillers of Income Tax returns is removed.**
- **TCS rate for timber, forest produce will be 2% instead of 2.5%**
- **Section 206CCA: Higher TCS for non-fillers of Income Tax returns is removed.**

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01-F

Income Tax Proposals

- ➔ If Application of 12AB (Registration of Trust) is made and in past 2 years of application, Gross Income does not exceed 5 crores in each of such year then approval will be granted for 10 years instead of 5 years.
- ➔ Scheme of presumptive taxation extended for non-resident engaged in the business of establishing or operating electronics manufacturing facility or a connected facility for manufacturing or production of electronic goods, article or thing in India
- ➔ Deduction of 80CCD to NPS Vatsalya also to be allowed to parents for amount deposited in minor's NPS Vatsalya of Rs. 50,000
- ➔ In case of 2 self-occupied property, The annual value of a self-occupied property is considered NIL if the owner occupies it for residential purposes. The requirement related to employment, business, or profession at another place is now waived.
- ➔ Exemption proposed to the withdrawals from NSS by individuals from deposits, if made before 01.04.1992 with interest accrued on or after 29-Aug-2024

Other Key Direct Tax Proposals

02 Indirect Tax Proposals

Customs Duty

- A definite time limit of two years is prescribed for the finalization of the provisional Assessment (extendable up to one year if sufficient cause is shown) under the Customs Act.
- Custom duty exemption to specified life-saving drugs and medicines under the Patient Assistance Programme (PAP) run by pharmaceutical companies, subject to fulfilment of prescribed conditions. Further, exemptions/concessional rates are being extended for Polio vaccines, insulins, and other life-saving drugs.
- Custom duty exemptions on inputs and components used for manufacturing of ships to continue for another 10 years.

Goods & Service Tax

- Schedule III of CGST Act is being retrospectively amended to provide that the supply of goods warehoused in a Special Economic Zone (SEZ) or in a Free Trade Warehousing Zone (FTWZ) to any person before clearance for exports or to the Domestic Tariff Area (DTA) shall be treated neither as supply of goods nor as supply of services
- No appeals to Appellate Authority or Appellate Tribunal unless the appellant has paid a mandatory 10% pre-deposit of penalty amount in cases involving only demand of penalty without any demand for tax.
- Retrospective amendment in Section 17(5), substituting the words “Plant or Machinery” with “Plant and Machinery”, to overturn the Apex Court Judgement in the case of M/s Safari Retreats Private Limited & Ors

03-A Other Key Highlights from Budget-2025

MSME

- The budget focuses on supporting MSMEs through a new Fund of Funds with a government contribution of INR 10,000 Crore, providing startups with capital to scale operations. It also increases.
- It also increases investment and turnover limits for MSME classification, improving access to credit and driving technological up-gradation.
- These initiatives will boost the manufacturing sector, create jobs and drive economic growth.
- The overall budget outlay for the MSME sector will see a 33.8% increase from Rs.17,300 crores in the revised estimate of the last budget to almost Rs.23100 crores in the current budget.



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03-B Other Key Highlights from Budget-2025

Significant enhancement of credit availability with guarantee cover

MSME

| In Crores | Credit guarantee cover | |
|----------------|--------------------------------|---------|
| | Current | Revised |
| MSEs | 5 | 10 |
| Startups | 10 | 20 |
| Exporter MSMEs | For Term Loans up to 20 Crores | |



MSME

MICRO, SMALL & MEDIUM ENTERPRISES
सूक्ष्म, लघु एवं मध्यम उद्यम
OUR STRENGTH • हमारी शक्ति

Ministry of MSME, Govt. of India

03-C Other Key Highlights from Budget-2025

MSME

MSME CLASSIFICATION CRITERIA

| Type of Enterprise | Investment '₹' in crores | | Turnover '₹' in crores | |
|--------------------|-----------------------------|------------|---------------------------|------------|
| | Current | Proposed | Current | Proposed |
| MICRO | 1 | 2.5 | 5 | 10 |
| SMALL | 10 | 25 | 50 | 100 |
| MEDIUM | 50 | 125 | 250 | 500 |

MSME
Registration:
Eligibility Criteria
and
Requirements



03-D Other Key Highlights from Budget-2025

- ➔ Better economic Management: Fiscal deficit seen at 4.4% in FY 26
- ➔ Projected GDP growth of 6.4% for FY25 , with FY26 expected to range between 6.3- 6.8%
- ➔ Accelerating growth: Capex for FY26 10% higher at Rs. 11.2 lakh crore.
- ➔ Opening doors for foreign investment: FDI in insurance hiked to 100% with guardrails.
- ➔ Showering up revenue: Asset monetization plan to plough back Rs. 10 lakh crore between 2025-30.
- ➔ Improvements in labor market indicators, including a reduction in unemployment to 3.2%



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Thank You!!!



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