

Union Budget 2025

Direct Tax Reforms: Providing a major relief, the Individual Tax Slab Rates under the new tax regime have been amended as Under: -

- No Tax payable up to Income of Rs. 12 lacs.
- Education Cess @ 4% would be applicable on Tax payable on income up to Rs. 1 crore.

Annual Income (INR)	Slab Rates Under Existing Tax structure	Annual Income (INR)	Slab Rates Under New Tax structure
0 to 3,00,000/-	NIL	0 to 4,00,000/-	NIL
300,001/- to 700,000/-	5%	400,001/- to 800,000/-	5%
700,001/- to 10,00,000/-	10%	800,001/- to 12,00,000/-	10%
10,00,001/- to 12,00,000/-	15%	12,00,001/- to 16,00,000/-	15%
12,00,001/- to 15,00,000/-	20%	16,00,001/- to 20,00,000/-	20%
More than INR 15,00,000/-	30%	20,00,000/- to 24,00,000/-	25%
		Above INR 24,00,000/-	30%

- Surcharge @ 10% would be applicable on Tax payable on Income of Rs. 1 crore or above and education cess @ 4% on Tax payable including surcharge
- Rationalization of Tax Deduction at Source (TDS) by reducing number of rates and thresholds above which TDS is deducted.
 - The limit for tax deduction on interest for senior citizens doubled from the present INR 50,000 to INR 1 lakh.
 - The annual limit of INR 2.40 lakh for TDS on rent increased to INR 6 lakh.
 - The threshold to collect tax at source (TCS) on remittances under RBI's Liberalized Remittance Scheme (LRS) increased from INR 7 lakh to INR 10 lakh.
 - TCS on Remittances on foreign Education Loan funded through specified Financial Institutions has been removed.
 - The provisions of the higher TDS deduction will apply only in non-PAN cases.
 - Delay of payment of TCS up to the due date of filing statement, decriminalised.
 - Compliance burden for small charitable trusts/institutions, reduced by increasing their period of registration from 5 years to 10 years.
 - The benefit of claiming the annual value of self-occupied properties as nil will be extended for two such self-occupied properties without any condition.
 - To eliminate the time-consuming litigation and compliance procedures and to facilitate business, a new income tax bill has been proposed to be announced in the coming week.
 - Time Limit to file updated Income Tax Return has been increased to Four years

starting April,2025.

- Introduction of a safe harbour for tax certainty for non-residents who store components for supply to specified electronics manufacturing units.
- Presumptive taxation regime announced for non-residents who provide services to a resident company that is establishing or operating an electronics manufacturing facility.

Indirect Tax Reforms:

- Seven tariff rates further removed. This is over and above the seven tariff rates removed in 2023-24 budget. After this, there will be only eight remaining tariff rates including 'zero' rate
- Apply appropriate cess to broadly maintain effective duty incidence except on a few items, where such incidence will reduce marginally.
- Levy not more than one cess or surcharge. Therefore, Social Welfare Surcharge on 82 tariff lines that are subject to a cess, exempted
- 36 lifesaving drugs and medicines fully exempted from Basic Customs Duty (BCD).
- 6 lifesaving medicines to attract concessional customs duty of 5%.
- Specified drugs and medicines under Patient Assistance Programmes run by pharmaceutical companies fully exempted from BCD;
- 37 more medicines added along with 13 new patient assistance programmes.
- Cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals fully exempted from BCD.
- Two more types of shuttles-less looms fully exempted textile machinery;
- BCD rate on knitted fabrics revised from "10% or 20%" to "20% or 115 per kg, whichever is higher.
- BCD on Interactive Flat Panel Display (IFPD) increased from 10% to 20%.
- BCD on Open Cell and other components reduced to 5%.
- BCD on parts of Open Cells exempted.
- Exemption of BCD on raw materials, components, consumables or parts for the manufacture of ships extended for another ten years. The same dispensation to continue for ship breaking.
- BCD on Carrier Grade ethernet switches reduced from 20% to 10%.
- Time period for export of handicraft goods extended from six months to one year, further extendable by another three months, if required. Nine items added to list of duty-free inputs.
- BCD on Wet Blue leather fully exempted.
- Crust leather exempted from 20% export duty.
- BCD on Frozen Fish Paste (Surimi) for manufacture and export of its analogue products reduced from 30% to 5%.
- BCD on fish hydrolysate for manufacture of fish and shrimp feeds reduced from 15% to 5%

Measures for Trade Facilitation:

- Time limit fixed for provisional assessment under Customs. For finalizing the provisional assessment, time- limit of two years fixed, extendable by a year.
- A new provision introduced to enable importers or exporters, after clearance of goods, to voluntarily declare material facts and pay duty with interest but without penalty.
- Time limit for the end-use of imported inputs in the relevant rules extended from six months to one year.
- Such importers to file only quarterly statements instead of a monthly statement

Products become Cheaper:

- Mobile phones: 28 additional goods for mobile phone battery production to come in list of exempted capital goods.
- 36 Lifesaving drugs and medicines to be added to the list of medicines fully exempted from Basic Customs Duty.
- EV batteries
- Wet Blue leather
- Carrier-grade ethernet switches
- 12 Critical minerals
- Open cell
- LED/LCD
- Medical Equipments
- Basic Customs Duty exempted on raw materials for manufacturing ships for another 10 years.
- Marine products
- Cobalt products
- Zinc, lithium-ion battery scrap

Products become Costlier:

- Flat panel display
- Knitted Fabrics

MSME & Starts Ups:

- The benefit available to start-ups now extended to start ups incorporated before 1.4.2030
- To help them achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs has been revised as under:

INR/Crore

Criteria	Micro Enterprises		Small Enterprises		Medium Enterprises	
	Current	Revised	Current	Revised	Current	Revised
Investment in Plant and Machinery or Equipment	1 Crore	2.5 Crore	10 Crore	25 Crore	50 Crore	125 Crore
Annual turnover	5 Crore	10 Crore	50 Crore	100 Crore	250 Crore	500 Crore

- **Credit Cover to MSMEs:** To improve access to credit, the credit cover will be enhanced. For micro and small enterprises, it will be increased from Rs 5 crore to Rs 10 crore. For startups, it will be increased to Rs 10 crore. For well-run exporter MSME, term loans of Rs 20 crore will be granted

Exports:

- **Export Promotion Mission:** An Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance to be set up.
- **BharatTradeNet:** 'BharatTradeNet' (BTN) for international trade to be set-up as a unified platform for trade documentation and financing solutions.
- **National Framework for GCC:** A national framework to be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities.

Other Key Points of the Budgets:

- **Focus Product Scheme for Footwear & Leather Sectors:** To enhance the productivity, quality and competitiveness of India's footwear and leather sector, a focus product scheme announced to facilitate employment for 22 lakh persons, generate turnover of INR 4 lakh crore and exports of over INR 1.1 lakh crore.
- **Credit Cards for Micro Enterprises:** Customized Credit Cards with INR 5 lakh limit for micro enterprises registered on Udyam portal, 10 lakh cards to be issued in the first year.
- **Fund of Funds for Startups:** A new Fund of Funds, with expanded scope and a fresh contribution of INR 10,000 crore to be set up.
- **Scheme for First-time Entrepreneurs:** A new scheme for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs to provide term-loans upto INR 2 crore in the next 5 years announced.
- **Support for Food Processing:** A National Institute of Food Technology, Entrepreneurship and Management to be set up in Bihar.

- **Manufacturing Mission – Furthering “Make in India”:** A National Manufacturing Mission covering small, medium and large industries for furthering “Make in India” announced.
- **India Post Offices:** To be transformed into large public logistic organization with 1.5 lakh rural post offices to become catalyst for rural economy.

Investing in People:

- **Saksham Anganwadi and Poshan 2.0:** The cost norms for the nutritional support to be enhanced appropriately for 8 crores children.
- **Atal Tinkering Labs:** 50,000 Atal Tinkering Labs to be set up in Government schools in next 5 years.
- **Broadband Connectivity to Government Secondary Schools and PHCs:** Broadband connectivity to be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.
- **Bharatiya Bhasha Pustak Scheme:** Bharatiya Bhasha Pustak Scheme announced “to help students understand subjects in their language” provide digital-form Indian language books for school and higher education.
- **National Centres of Excellence for Skilling:** 5 National Centres of Excellence for skilling to be set up with global expertise and partnerships to equip our youth with the skills required for “Make for India, Make for the World” manufacturing.
- **Expansion of Capacity in IITs:** Additional infrastructure to be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students.
- **Centre of Excellence in AI for Education:** A Centre of Excellence in Artificial Intelligence for education to be set up with a total outlay of INR 500 crore.
- **Expansion of medical education:** 10,000 additional seats to be added in medical colleges and hospitals next year, adding 5 to 75000 seats in the next 5 years.
- **Day Care Cancer Centres in all District Hospitals:** Government to set up Day Care Cancer Centres in all district hospitals in the next 3 years, 200 Centres in 2025-26.
- **Strengthening urban livelihoods:** A scheme for socio-economic upliftment of urban workers to help them improve their incomes and have sustainable livelihoods announced.
- **PM Svanidhi:** Scheme to be revamped with enhanced loans from banks, UPI linked credit cards with INR 30,000 limit, and capacity building support.
- **Social Security Scheme for Welfare of Online Platform Workers:** Government to arrange for identity cards, registration on e-Shram portal and healthcare under PM Jan Arogya Yojna, for gig- workers.
- **Jal Jeevan Mission** to be extended till 2028 with enhanced outlay, with focus on quality of infrastructure.
- **Urban Challenge Fund** of Rs 1 lakh crore to be set up, to finance up to 25 per cent of bankable projects
- **National Manufacturing mission:** Government to set up **National Manufacturing mission** covering small, medium, large industries. It will also support clean-tech, build ecosystem for solar cells, EV batteries, high voltage transmission equipment

Agriculture:

- **Prime Minister Dhan-Dhaanya Krishi Yojana** – PM Dhan Dhanya Krishi Yojana will bolster irrigation and will cover 100 districts. This programme will help 1.7 crore farmers in building rural prosperity and will launch in partnership with states. The goal is to generate ample opportunities - employment in agriculture through skill, investment and technology in rural areas. It will improve availability of short-term and long-term credit
- In collaboration with states, a Comprehensive Program for Vegetables & Fruits and millets amid rising demands will be introduced to encourage production, effective supplies, processing, and competitive prices for farmers.
- To enhance makhana production, processing, value addition, and marketing, a Makhana Board would be established in Bihar.
- A National Mission on high-yielding seeds will be launched.
- A five-year mission for significant improvements in cotton productivity and sustainability will be launched to promote extra-long staple cotton varieties.
- Loan Limits under Kisan Credit Card raised to INR 5 lakhs from 3 lakhs, benefiting Farmers, Fishermen and dairy Farmers.
- the government will bring in enabling framework for sustainable harnessing of fisheries from Indian exclusive economic zones and high seas with special focus on Andaman & Nicobar, and Lakshadweep islands.
- Urea Plant with annual capacity of 12.7 lakh metric tons to be set up in Assam

Investing in the Economy:

ACCOUNTABILITY BEYOND NUMBERS

- **Support to States for Infrastructure:** An outlay of INR1.5 lakh crore proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.
- **Asset Monetization Plan 2025-30:** Second Plan for 2025-30 to plough back capital of INR 10 lakh crore in new projects announced.
- **Urban Challenge Fund:** An Urban Challenge Fund of INR 1 lakh crore announced to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation', allocation of INR 10,000 crore proposed for 2025-26.
- **Nuclear Energy Mission for Viksit Bharat:** Amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act to be taken up. Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of INR 20,000 crore to be set up, 5 indigenously developed SMRs to be operational by 2033.
- **Shipbuilding:** The Shipbuilding Financial Assistance Policy to be revamped. Large ships above a specified size to be included in the infrastructure harmonized master list (HML).
- **Maritime Development Fund:** A Maritime Development Fund with a corpus of INR 25,000 crore to be set up, with up to 49 % contribution by the Government, and the balance from ports and private sector.

- **UDAN – Regional Connectivity Scheme:** A modified UDAN scheme announced to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years. Also, to support helipads and smaller airports in hilly, aspirational, and North East region districts.
- **Greenfield Airport in Bihar:** Greenfield airports announced in Bihar, in addition to the expansion of the capacity of Patna airport and a brownfield airport at Bihta.
- **Western Koshi Canal Project in Mithilanchal:** Financial support for the Western Koshi Canal ERM Project in Bihar.
- **Mining Sector Reforms:** A policy for recovery of critical minerals from tailings to be brought out.
- **SWAMIH Fund 2:** A fund of INR 15,000 crore aimed at expeditious completion of another 1 lakh dwelling units, with contribution from the Government, banks and private investors announced.
- **Tourism for employment-led growth:** Top 50 tourist destination sites in the country to be developed in partnership with states through a challenge mode.

Investing in Innovation:

- **Research, Development and Innovation:** INR 20,000 crore to be allocated to implement private sector driven Research, Development and Innovation initiative announced in the July Budget.
- **Deep Tech Fund of Funds:** Deep Tech Fund of Funds to be explored to catalyze the next generation startups.
- **PM Research Fellowship:** 10,000 fellowships for technological research in IITs and IISc with enhanced financial support.
- **Gene Bank for Crops Germplasm:** 2nd Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security.
- **National Geospatial Mission:** A National Geospatial Mission announced to develop foundational geospatial infrastructure and data.
- **Gyan Bharatam Mission:** A Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors to be undertaken to cover more than 1 crore manuscripts announced.

Other Reforms:

- **FDI in Insurance Sector:** The FDI limit for the insurance sector to be raised from 74 to 100 per cent, for those companies which invest the entire premium in India.
- **Credit Enhancement Facility by NaBFID:** NaBFID to set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.
- **Grameen Credit Score:** Public Sector Banks to develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.
- **Pension Sector:** A forum for regulatory coordination and development of pension products to be set up.