



ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)



Takeaways of Union Budget 2025

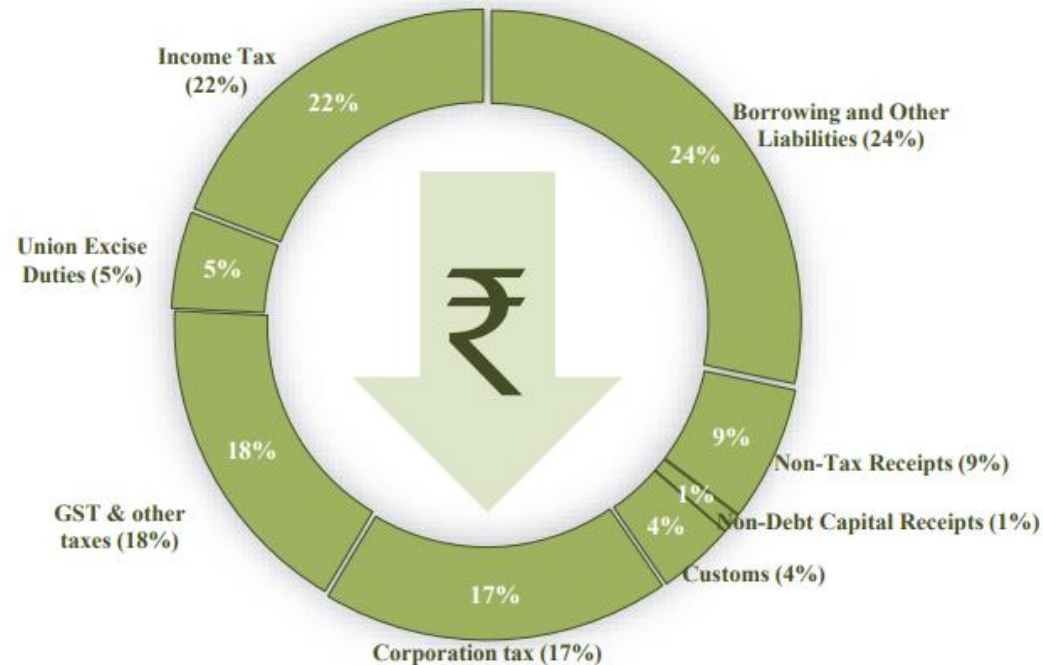
Tax Research Department

Principles of Vikshit Bharat:

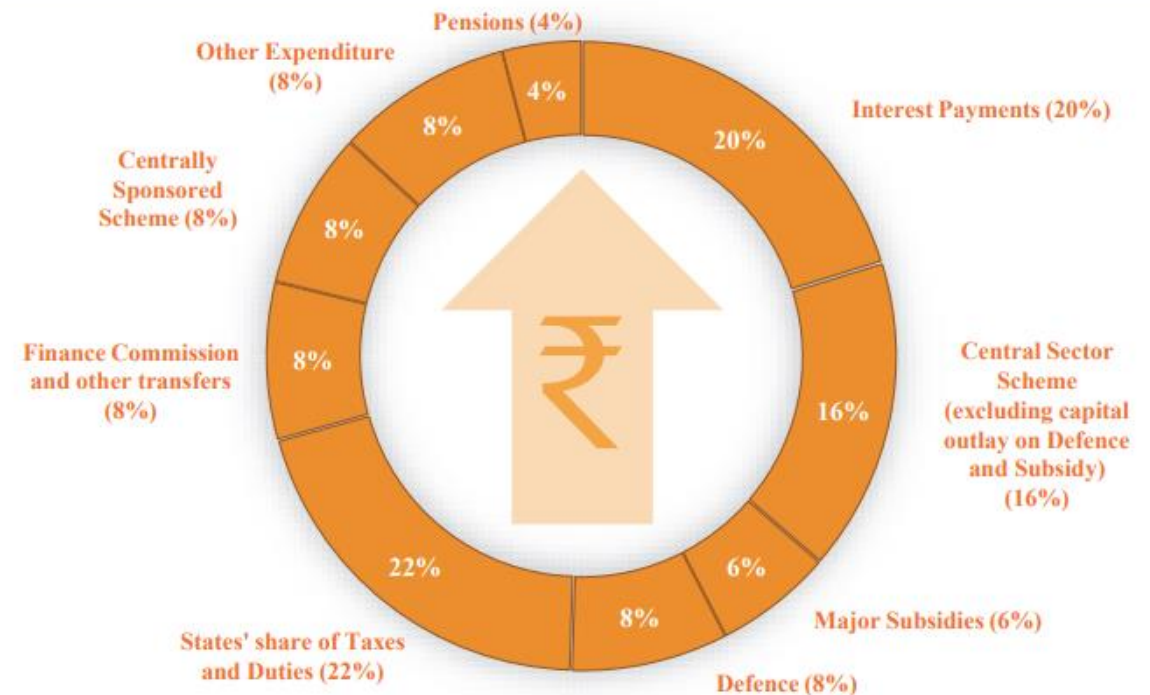
- Zero-poverty;
- Hundred per cent good quality school education;
- Access to high-quality, affordable, and comprehensive healthcare;
- Hundred per cent skilled labor with meaningful employment;
- Seventy per cent women in economic activities; and
- Farmers making our country the 'food basket of the world'.

Budget Breakdown 2025:

Rupee Comes From



Rupee Goes To



Engines of Union Budget 2025:

- Agriculture
- MSME
- Investments
- Exports

Discussions on the Engines of Union Budget 2025



AGRICULTURE

Agriculture:



Spurring agricultural growth and building rural prosperities

1. Develop agriculture through 'PM Dhan-Dhaanya Krishi Yojana' covering 100 districts and benefiting 1.7 crore farmers.
2. Facilitating production through 'Mission for Aatmanirbharta in edible oils and pulses', 'Makhana Board' to be established in Bihar, 'Mission on high yielding seeds' & 'Mission for cotton productivity'
3. Enhance credit for 7.7 crore farmers, fishermen and dairy through Kisan Credit Card with increased credit limit to Rs. 5 lakh from Rs. 3 lakh.
4. Aatmanirbharta in Urea by opening 3 dormant plants in Eastern region & setting up a new plant of 12.7 lakh metric tons in Assam.
5. Repositioning of 1.5 lakh rural post offices & 2.4 lakh Dak Sevaks to act as a catalyst for rural economy



MSME

MSME:



1. Credit Support for MSMEs:

Credit cards with a Rs. 5 lakh limit for Udyam-registered micro enterprises (10 lakhs cards will be issued in the first year) and loans up to Rs. 2 crore for 5 lakh first-time entrepreneurs (including women, SCs, and STs) over five years.

2. Measures for Labor Intensive Sectors:

- The Footwear & Leather scheme is expected to generate 22 lakh jobs, achieve a turnover of Rs. 4 lakh crore, and drive exports beyond Rs.1.1 lakh crore.
- For the Toy sector, the focus will be on cluster development, skill enhancement, and the production of high quality, innovative, and sustainable toys under the 'Made in India' brand.
- Support for the Food Processing sector includes the establishment of a National Institute of Food Technology in Bihar, initiatives to enhance farmers' incomes and the creation of opportunities for skilling, entrepreneurship, and youth employment

MSME:



3. Manufacturing Mission:

Aims to enhance ease and cost-effectiveness in business while fostering a future-ready workforce, a dynamic MSME sector, technological availability, quality products and clean tech manufacturing for climate friendly development.

4. Credit Guarantee Cover Enhancement:

MSMEs - Increased from Rs. 5 crore to Rs. 10 crore, Startups - Increased from Rs. 10 crore to Rs. 20 crore and for Exporter MSMEs - Term loans above Rs. 20 crore



INVESTMENT

Investment:

This encompasses the government's commitment to investing in people, in the economy and in innovation.

This would include:

1. Investing in People
2. Investing in Economy
3. Investing in Innovation

Investment: Investing in People

- The government launched schemes to nutritional support to children, pregnant women and adolescent girls.
- Atal Tinkering Labs and digital Indian language books in schools will foster curiosity, innovation and improve subject comprehension.
- National Centres of Excellence for Skilling will be established with global expertise and partnerships to prepare youth for "Make for India, Make for the World."
- Education: A Centre of Excellence in Artificial Intelligence for education will be set up. Infrastructure in the newly started 5 IITs will be expanded to accommodate more students, and additional seats will be added in medical colleges and hospitals.

Investment: Investing in People

- PM SVANidhi Scheme will be revamped with enhanced loans, UPI-linked credit cards with Rs. 30,000 limits, and capacity-building support to provide relief to street vendors from high-interest loans.
- Social Security Scheme for Gig Workers will include government-issued ID cards, registration on the e-Shram portal, and healthcare under PM Jan Arogya Yojana
- 200 Day Care Cancer Centres will be established in District Hospitals by 2025-26

Investment: Investing in Economy

- **Infrastructure:**

Rs. 1.5 lakh crore proposed for 50Y interest-free loans to states for capex, Jal Jeevan Mission extended (rural water infrastructure), and the Urban Challenge Fund set up for infrastructure growth in smart cities and urban corridors.

- **Asset Monetization Plan 2025-30:**

This plan aims to generate Rs. 10 lakh crore by monetizing government-owned assets with proceeds reinvested into new infrastructure projects.

- **Power Sector Reforms:**

States are permitted to borrow an additional 0.5% of GSDP to incentivize electricity distribution reforms and expand intra-state transmission capacity.

Investment: Investing in Economy

- **Nuclear Energy Mission:**

To achieve 100 GW target by 2047, Rs. 20,000 crore allocated for the research and development of small modular reactors, with at least 5 reactors operational by 2033 and amendments to existing acts.

- **Maritime Development Fund:**

Rs. 25,000 crore corpus for long-term financing, with up to 49% government contribution, to promote competition and support maritime development.

- **UDAN:**

Regional connectivity to 120 new destinations, aiming to serve 4 crore passengers over the next 10 years.

Investment: Investing in Economy

- Bihar:

Development of greenfield airports and financial support for canal projects.

- SWAMIH Fund-2:

Rs. 15,000 crore to expedite the completion of 1 lakh housing units through blended finance.

- Tourism for employment led growth:

Development of 50 tourist destinations, PLI for states, streamlined e-visas, MUDRA loans for homestays, and promotion of medical tourism



Investment: Investing in Innovation

- Rs. 20,000 Cr allocated to implement a private sector-driven Research, Development and Innovation initiative.
- PM Research Fellowship: 10,000 fellowships will be provided for technological research in IITs and IISc.
- The 2nd Gene Bank with 10 L germplasm lines will be established to ensure future food and nutritional security.
- National Geospatial Mission will be launched to develop foundational geospatial infrastructure.
- Gyan Bharatam Mission will focus on surveying, documenting, and conserving India's manuscript heritage, alongside establishing a National Digital Repository of Indian Knowledge Systems.



EXPORTS

Exports:



The following new schemes and initiatives reflect the government's commitment to promote exports, as the fourth engine towards Vikshit Bharat.

- **Setup of Export Promotion Mission:**

In collaboration with Ministries of Commerce, MSME, and Finance; aims to facilitate easy access to export credit, cross-border factoring, and support to MSMEs to tackle non-tariff measures in overseas markets.

- **Setup of BharatTradeNet (BTN):**

A digital public infrastructure for international trade, acting as a unified platform for trade documentation and financing solutions; this will complement the existing Unified Logistics Interface Platform.

Exports:



- **National Framework for GCCs:**

Established as a guidance to states for promoting GCCs in emerging Tier-2 cities; it will include measures to enhance infrastructure and talent, and build mechanisms in collaboration with industry.

- **Warehousing Facility for Air Cargo:**

Upgrade of infrastructure and warehousing for air cargo, streamlining inefficiencies in cargo screening and customs protocols and making the process more user-friendly.

- **Integration with Global Supply Chains:**

To support domestic manufacturing for global supply chain integration, it aims to leverage “Industry 4.0” by forming facilitation groups for key sectors, enhancing the electronic equipment industry and empowering skilled youth.

Discussions on the Tax Proposals:

DIRECT TAX

Direct Tax Proposals:

- Personal Income-tax reforms (Tax Rates):

Big Relief for Tax payers, could boost consumption The budget has proposed new tax slabs under the new regime. This move enhances disposable income, and could encourages spending, and promotes economic growth Basis the new tax slabs, income up to Rs. 12.75 lakh will now be tax free (after considering the standard deduction of Rs. 75,000)

Proposed Tax Slabs under New Regime

Sr.No.	Total Income (in Rs.)	Rate of Tax
1	Upto 4,00,000	Nil
2	4,00,001 to 8,00,000	5%
3	8,00,001 to 12,00,000	10%
4	12,00,001 to 16,00,000	15%
5	16,00,001 to 20,00,000	20%
6	20,00,001 to 24,00,000	25%
7	Above 24,00,000	30%

Direct Tax Proposals:

- Personal Income-tax reforms (other aspects):

- Self-Occupied Properties:

Previously annual value of a self-occupied property was taken as nil if it was occupied by the owner for his own residence or if he cannot reside therein due to reasons of his business, profession or employment. As per the proposed change, the condition of not being able to reside therein due to his business or employment or profession has been done away with. The new proposal allows two properties (Self-occupied) to be valued as Nil, providing tax relief to middle-class homeowners and reducing their tax burden

- Omission of TCS on sale of specified goods:

In an effort to prevent compliance difficulties, it is proposed that the seller will not be required to collect the tax at source (TCS) on transactions related to the sale of goods

Direct Tax Proposals:

- **Rationalisation of TDS:**

With the purpose of improving ease of doing business and better compliance by taxpayers, the budget has proposed to rationalize certain rates of TDS and to increase threshold limit for applicability of the TDS provisions. TDS thresholds have been rationalized across different incomes like Interest, Dividend, Rent, Commission, Professional services, Lottery, Horse Race etc. The major change has come in TDS limit for senior citizens which is increased from Rs. 50,000 to Rs. 1,00,000 on Interest from Savings/Fixed Deposits.

- **ULIPs**

Tax treatment of Unit Linked Products have become more favorable - ULIP below INR 2.5 lakh with 10 times cover still subject to zero taxation, while ULIPs other than that were taxed on maximum marginal rate in case the cover was less or more than 10 times prior to 2021, now LTCG will apply irrespective of the cover. ULIPs to which exemption under clause (10D) of section 10 does not apply, shall be included in the definition of equity oriented fund [clause (a) of Explanation to section 112A]

Discussions on the Tax Proposals:

INDIRECT TAX

Indirect Tax Proposals: GST

- **Retrospective amendment in respect of construction based blocked input tax credit provisions:**

Retrospective substitution of the wordings 'plant OR machinery' with 'plant AND machinery' in Section 17(5)(d) of the CGST Act, 2017 with effect from 1 July 2017.

- **Amendment in ISD definition to include inter-state RCM**

Amendment of definition of Input Service Distributor provided under Section 2(61) of the CGST Act, 2017 thereby explicitly bringing under purview the inter-state inward supplies of services attracting reverse charge by including reference of Sections 5(3) and 5(4) of the IGST Act, 2017 with effect from 1 April 2025.

Indirect Tax Proposals: GST

- **Amendment in respect of functionality of Invoice Management System**

It is proposed to amend section 38 of the CGST Act, 2017 to provide enabling provisions to implement Invoice Management System (IMS)

- **Enabling provisions for 'Track and Trace Mechanism'**

It is proposed to insert section 148A to enable provision to implement 'Track and Trace Mechanism' of specified commodities. The mechanism would inter-alia facilitate affixation of Unique Identification Marking on such goods, electronic storage and access of information contained by prescribed persons. Besides, the notified persons shall be liable to furnish details and maintain due records in a prescribed form and manner.

- **Reduction in pre - deposit for Appeals on Penalty-Only Orders**

It is proposed to reduce the percentage of pre-deposit requirement for filing an appeal before authorities in respect of an order passed which involves only penalty amount

Indirect Tax Proposals: Customs

- A new sub-section (1B) is being inserted in Section 18 to provide definite time limit of two years for finalisation of provisional assessment which can be extended by another one year. It also provides that, for the pending cases, the time-limit shall be reckoned from the date of assent of the Finance Bill.
- Sub-section (1C) is being inserted in Section 18 providing certain grounds where time limit of two years shall remain suspended

- **Customs Tariff Rationalization:**

Budget has proposed to remove seven customs tariff rates for industrial goods over and above the seven tariff rates removed in Budget 2023-24. This has reduced the total number tariffs to eight, including the 'zero' rate. Additionally, the social welfare surcharge has been exempted on 82 tariff lines that are subject to cess.



Discussions on Sector Specific Reforms

Sector Specific Reforms:

- **Pharma & Healthcare**: 36 life-saving drugs exempted from customs duty; 6 more at 5%. Patient assistance programs gain duty-free status for 37 drugs.
- **EVs & Batteries**: Duty exemptions on cobalt, lithium-ion waste, and 12 critical minerals. 35 capital goods for EV batteries and 28 for mobile batteries also exempted.
- **Textiles**: Two shuttle-less looms fully exempted. Knitted fabric duty revised to 20% or ₹115/kg, whichever is higher.
- **IT & Electronics**: Higher duties on finished electronics; lower on components. IFPD duty raised to 20%, LCD/LED TV parts cut to 5%. Mobile components fully exempted.

Sector Specific Reforms:

- **Shipping & Telecom**: Shipbuilding duty exemptions extended 10 years. Carrier Grade Ethernet switch duty cut from 20% to 10%.
- **Marine & Aquaculture**: Frozen Fish Paste duty slashed from 30% to 5%, Fish Hydrolysate from 15% to 5% to boost seafood exports.
- **Leather & Handicrafts**: Wet Blue Leather duty removed. Crust Leather export duty scrapped. Handicraft export period extended from 6 to 12 months.
- **Renewable Energy & Solar**: Solar module duty cut from 40% to 20%, solar cells from 25% to 20%. AIDC on solar modules increased.

Sector Specific Reforms:

- **Space Industry**: Full duty exemption on goods for satellite launches, reducing costs for the space sector.
- **Key Chemical Tariff Cuts**: Glycerol crude duty lowered from 30% to 20%. Phosphoric acid reduced from 20% to 7.5%.
- **Ease of Doing Business**: Customs Act sets a two-year deadline for assessments. Importers can self-declare post-clearance without penalties. Input usage deadline extended to one year.



ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

THANK YOU!

Tax Research Department

The Institute of Cost Accountants of India
CMA Bhawan

12 Sudder Street Kolkata: 700 016

Phone: 033 4036 4714

Email: trd@icmai.in