



# UNION BUDGET 2025 - 26

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## TAX HIGHLIGHT



The Hon'ble Finance Minister Ms. Nirmala Sitharaman presented the Finance Bill, 2025 (**the Finance Bill**) on February 01, 2025 in the Parliament. We are enumerating key policy initiatives and changes under the specified Indirect and Direct Tax Laws.

## Direct Tax

### 1. Changes in Tax Slabs:

#### ► **Tax slabs for Individual, HUF, AOP, BOI, artificial juridical person under the New Tax Regime for AY 2026-2027**

It is proposed that the following tax rates will be applicable under the New Tax regime for Individual, HUF, AOP, BOI, artificial juridical person, which are as under:

<b>Total Income</b>	<b>Rate of Tax</b>
Upto Rs. 4,00,000	Nil
From Rs. 4,00,000 – Rs. 8,00,000	5 percent
From Rs. 8,00,001 – Rs. 12,00,000	10 percent
From Rs. 12,00,001 – Rs. 16,00,000	15 percent
From Rs. 16,00,001 to Rs. 20,00,000	20 percent
From Rs. 20,00,001 to Rs. 24,00,000	25 percent
Above Rs. 24,00,000	30 percent

#### ► **Tax rates under Old Tax regime for Individual, HUF, AOP, BOI, artificial juridical person for AY 2026-2027**

It is proposed that the following tax rates will be applicable under the Old Tax regime for Individual, HUF, AOP, BOI, artificial juridical person, which are as under:

<b>Total Income</b>	<b>Rate of Tax</b>
Upto Rs. 2,50,000	Nil
From Rs. 2,50,001 to Rs. 5,00,000	5%
From Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

► **Tax rates under Old Tax regime for senior citizen resident of India and age 60 years or above**

<b>Total Income</b>	<b>Rate of Tax</b>
Upto Rs. 3,00,000	Nil
From Rs. 2,50,001 to Rs. 5,00,000	5%
From Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

► **Tax rates under Old tax regime for super senior citizen resident of India and age of 80 years or above**

<b>Total Income</b>	<b>Rate of Tax</b>
Upto Rs. 5,00,000	Nil
From Rs.5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

There is no change in income tax rates of co-operative societies, firms, local authorities and companies.

► **Rebate under Section 87A**

Under the New Tax regime, the rebate has been significantly increased from Rs. 25,000 to Rs. 60,000. This means that individuals with an income of up to Rs. 12,00,000 will now be eligible for a complete tax rebate, resulting in zero tax liability.

## 2. Changes in TDS and TCS (w.e.f April 1, 2025)

### ► TDS Threshold rationalization

S.No	Section	Current threshold	Proposed threshold
1	193 - Interest on securities	Nil	Rs. 10000
2	194A - Interest other than Interest on securities	(i) Rs. 50,000/- for senior citizen; (ii) Rs. 40,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 5,000/- in other cases	(i) Rs. 1,00,000/- for senior citizen (ii) Rs. 50,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 10,000/- in other cases
3	194 - Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
4	194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000/-	Rs. 10,000/-
5	194B - Winnings from lottery, crossword puzzle, etc  194BB – winnings from horse races	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
6	194D – Insurance commission	Rs. 15,000/-	Rs. 20,000/-
7	194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
8	194H - Commission or brokerage	Rs. 15,000/-	Rs. 20,000/-

9	194-I Rent	Rs. 2,40,000/- during the financial year	Rs. 50,000/- per month or part of a month
10	194J - Fee for professional or technical services	Rs. 30,000/-	Rs. 50,000/-
11	194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	Rs. 5,00,000/-

► **TDS Rate Reduction for Section 194LBC**

- ✓ It is proposed to reduce the TDS rate under Section 194LBC from 25% / 30% to **10%**.

► **Rationalisation of definition of "Forest Produce"**

- ✓ The term "**forest produce**" will be defined as per any State Act in force or the **Indian Forest Act, 1927**.
- ✓ TCS will apply only to **forest produce obtained under a forest lease**, excluding timber and tendu leaves.

► **Amended TCS Rates:**

- ✓ TCS rate of 2% proposed on timber or any other forest produce (excluding tendu leaves) obtained under a forest lease
- ✓ TCS rate of 2% proposed on timber obtained by any mode other than under a forest lease

► **Omission of TCS on Sale of Specified Goods:**

**TCS provisions under section 206C(1H) will not apply on sale of specified goods if the buyer is liable to deduct TDS under section 194Q.**

**3. Changes in provisions applicable to Trusts or Institutions (w.e.f 1.4.2025)**

**3.1 Rationalisation of 'Specified Violation' for Cancellation of Registration of Trusts or Institutions**

It is proposed that the explanation to sub-section (4) of section 12AB be amended to clarify that incomplete registration applications will no longer be considered a "specified violation" for the purpose of registration cancellation

### **3.2 Period of Registration for Smaller Trusts or Institutions**

It is proposed to extend the registration validity from 5 years to 10 years for trusts or institutions that meet the following criteria:

- ✓ They have applied under certain specified clauses of section 12A.
- ✓ Their total income (excluding sections 11 and 12) does not exceed Rs. 5 crores in each of the two preceding years.

### **3.3 Rationalization of Persons Specified under Sub-section (3) of Section 13 for Trusts or Institutions**

The following changes are proposed to simplify the provisions:

- ✓ The threshold for substantial contributions to the trust or institution will be raised to Rs. 1 lakh in the relevant year or Rs. 10 lakh in aggregate.
- ✓ Relatives of persons making substantial contributions will no longer be included in the specified persons.
- ✓ Concerns in which these persons have substantial interest will also be excluded

## **4. Harmonization of Significant Economic Presence (SEP) Applicability with Business Connection**

It is proposed that transactions confined to the purchase of goods in India for export will not be considered significant economic presence, aligning significant economic presence with the exclusion for business connection under section 9. This amendment will clarify that income arising from the purchase of goods for export will not be deemed to accrue in India, even if there is a significant economic presence.

These amendments will take effect from the 1<sup>st</sup> day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

## **5. Amendment of Definition of 'Capital Asset'**

The amendment proposes that any security held by investment funds (as specified under section 115UB) and invested following SEBI regulations will be treated as a capital asset. Thus, income from the transfer of such securities will be classified as capital gains.

The amendment will take effect from 1st April 2026 and will apply to the assessment year 2026-27 and subsequent years.

## **6. Extension of Timeline for Tax Benefits to Start-ups (w.e.f 1.4.2025)**

The tax benefits for eligible start-ups will be extended for an additional five years, making the eligibility period applicable for start-ups incorporated before 1st April 2030.

## **7. Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility**

In order to position India as the global hub for Electronics System Design and Manufacturing, a comprehensive program for the development of semiconductors and display manufacturing ecosystem in India was approved by Government of India. Ministry of Electronics and Information Technology has notified Schemes for setting up of such facilities in India. In this context, it has been represented that non-residents will be providing support in setting up of such electronics manufacturing facilities by deploying the technology and providing support services.


A presumptive taxation regime is proposed for non-residents engaged in providing services or technology to resident companies setting up or operating electronics manufacturing facilities, or related facilities for producing electronic goods in India. These facilities must comply with schemes notified by the Central Government through the Ministry of Electronics and Information Technology and meet the prescribed conditions.

It is, therefore, proposed, to insert a new section 44BBD, which deems twenty-five per cent of the aggregate amount received/ receivable by, or paid/ payable to, the non-resident, on account of providing services or technology, as profits and gains of such non-resident from this business. This will result in an effective tax payable of less than 10% on gross receipts, by a non-resident company.

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

## **8. Extension of benefits of tonnage tax scheme to inland vessels**

To promote inland water transportation in the country and to attract investments in the sector, it is proposed to extend the benefits of tonnage tax scheme to Inland Vessels registered under Inland Vessels Act, 2021. Accordingly, inland vessels have been included in the section 115VD for being eligible to be a qualified ship. Further, inland vessels have been defined in section 115V of the Act in the same manner as provided in the Inland Vessels Act, 2021. Other corresponding amendments have been made to extend the tonnage tax scheme to inland vessels.



These amendments will take effect from the 1<sup>st</sup> day of April, 2026 and shall, accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

#### **9. Extending the time limit to file the updated returns (w.e.f. 1.4.2025)**

To further encourage voluntary compliance, it is proposed to amend Section 139 (8A) to extend the time limit for filing an updated return from 24 months to 48 months after the end of the relevant assessment year. The additional income tax for updated returns filed between 24 and 36 months after the assessment year will be 60% of the total tax and interest payable, while for returns filed between 36 and 48 months, the additional tax will be 70%.

Additionally, it is proposed that no updated return will be allowed if a notice under section 148A of the Act has been issued to the person after 36 months from the end of the relevant assessment year. However, if an order is later issued under sub-section (3) of section 148A determining that a notice under section 148 is not warranted, an updated return can be filed up to 48 months from the end of the relevant assessment year.

#### **10. Certain penalties to be imposed by the Assessing Officer (w.e.f 1.4.2025)**

Section 271BB of the Act deals with the penalty for failure to subscribe to an eligible issue of capital. This section allows the Joint Commissioner to impose a penalty of 20% of the amount not subscribed within six months, as specified in section 88A of the Act. However, since section 88A was omitted by the Finance (No. 2) Act, 1996, with retrospective effect from April 1, 1994, the penalty provision in section 271BB is no longer relevant. Therefore, it is proposed to omit section 271BB.

#### **11. Extending the processing period of application seeking immunity from penalty and prosecution (w.e.f 1.4.2025)**

It is proposed to amend sub-section (4) of section 270AA to extend the processing period to three months from the end of the month in which the immunity application is received by the Assessing Officer.

#### **12. Removing date restrictions on framing the schemes in certain cases (w.e.f. 1.4.2025)**

It is proposed to remove the end date for notifying faceless schemes under sections 92CA, 144C, 253, and 255 of the Act, allowing the Central Government to issue directions beyond March 31, 2025, if necessary.



### 13. Exemption from prosecution for delayed payment of TCS in certain cases (w.e.f 1.4.2025)

It is proposed to amend section 276BB to specify that prosecution will not be initiated against a person covered under this section if the tax collected at source is paid to the credit of the Central Government on or before the due date for filing the quarterly statement, as per the proviso to sub-section (3) of section 206C, for that particular payment.

### 14. Obligation to furnish information in respect of crypto-asset (w.e.f 1.4.2026)

Section 285BAA is proposed to enforce the obligation to furnish information on crypto-assets. Key provisions include:

1. **Reporting Requirement:** Prescribed reporting entities must submit transaction details in a prescribed format to the income tax authority.
2. **Correction of Defects:** If a submitted statement is defective, the entity has 30 days to rectify it; failure results in penalties.
3. **Non-Compliance Notice:** If an entity fails to furnish a statement, the tax authority may issue a notice demanding compliance.
4. **Inaccuracy Disclosure:** Entities must report any inaccuracies in their statements and correct them within the prescribed time.
5. **Government Regulations:** The Central Government may specify registration, information maintenance, and due diligence requirements for crypto-asset users and owners.


Additionally, Section 2 (47 A) is amended to expand the definition of VDAs to include all crypto-assets relying on cryptographic technology.

### 15. Increasing time limit available to pass order under section 115VP (w.e.f 1.4.2025)

The amendment extends the time limit for applications received on or after April 1, 2025. The new deadline requires the order to be passed within **three months from the end of the quarter** in which the application was received.

### 16. Excluding the period such as court stay etc. for calculating time limit to pass an order (w.e.f 1.4.2025)

Sub-section (7A) of **Section 206C** sets a time limit for deeming a person as an assessee in default for failure to collect tax. The current limit is **six years** from the end of the financial year in which tax was collectible or **two years** from the end of the financial year in which a correction statement was filed, whichever is later.



To ensure fair computation of this time limit, the amendment proposes applying relevant provisions of **Section 153**, which allow for exclusions (e.g., periods when proceedings were stayed by a court).

## **17. Rationalization of transfer pricing provisions for carrying out multi-year arm's length price determination**

Transfer pricing rules ensure that international and specified domestic transactions are conducted at an arm's length price (ALP). However, repetitive annual assessments for similar transactions create compliance and administrative burdens.

To address this, a block assessment approach is proposed, where the Arm length price (ALP) determined for one year will apply to the next two consecutive years for similar transactions. Key amendments include:

### **1. Option for Multi-Year ALP:**

- Assessee can opt for this provision in a prescribed manner and timeframe.
- The Transfer Pricing Officer (TPO) must validate the option within one month.

### **2. Application of ALP Across Years:**

- Once validated, the same ALP applies to the next two years for similar transactions.
- The TPO will assess and confirm the ALP for these years in a single order.
- The Assessing Officer (AO) will recompute the total income accordingly.

### **3. Restriction on Reassessment:**

- Once ALP is determined for a transaction, no fresh reference to the TPO will be made for the next two years.
- Any reference made despite this rule will be treated as if it was never made.

These amendments streamline transfer pricing compliance and take effect from April 1, 2025.

## **Recomputation of Income Under Section 155**

A new sub-section (21) is being added to Section 155 to facilitate recomputation of income when the Transfer Pricing Officer (TPO) determines the arm's length price (ALP) for a transaction and validates the assessee's option for applying it to the next two consecutive years. Key provisions include:

### 1. Recomputation of Income:

- The Assessing Officer (AO) must recompute total income for these two years based on the ALP determined by the TPO.
- The AO must also consider directions issued under Section 144C (5), if applicable.

### 2. Timeframe for Recomputation:

- Must be completed within three months from the end of the month in which the assessment is completed for the relevant year.
- If no prior assessment order exists, recomputation must be done within three months from the date of intimation or deemed intimation.

### 3. Application of Other Provisions:

- The first and second provisos of Section 92C(4) will also apply to this recomputation.

These amendments will take effect from April 1, 2026, applying to Assessment Year 2026-27 and onwards.

## 18. Removal of Higher TDS/TCS for Non-Filers of Income Tax Returns (w.e.f 1.4.2025)

To simplify the process, it is proposed to omit Sections 206AB and 206CCA, removing the higher TDS/TCS requirement for non-filers of income tax returns.

## 19. Increase in the limits on the income of the employees for the purpose of calculating perquisites

The existing provisions of clause (2) of section 17 provide, *inter-alia*, that 'perquisite' includes the value of any benefit or amenity granted or provided free of cost or at concessional rate by any employer (including a company) to an employee whose income under the head "Salaries" as a monetary benefit does not exceed fifty thousand rupees. The Finance Act 2001 determined this upper limit on income.

Further, the proviso to clause (2) of section 17 provides that any expenditure incurred by the employer for travel outside India on the medical treatment of an employee or any member of the employee's family shall not be included in 'perquisite', subject to the condition that the gross total income of such employee does not exceed two lakh rupees. This upper limit on income was determined by the Finance Act, 1993.

Since these limits were set **over 20-30 years ago**, they no longer reflect current economic conditions.

Proposed Amendment in Section 17 :-

Increase the income limits to ensure that:

- Benefits and amenities remain exempt from perquisite taxation.
- Employer-paid overseas medical travel expenses are not treated as perquisites.

The amendment will be effective from April 1, 2026, applicable from Assessment Year 2026-27 onwards.

## **20. Deduction under section 80CCD for contributions made to NPS Vatsalya**

The NPS Vatsalya Scheme, launched on September 18, 2024, allows parents/guardians to open National Pension Scheme (NPS) accounts for minors. The account will be managed by the guardian until the minor turns 18, after which it will be transferred to the child's name.

### **Proposed Tax Benefits under Section 80CCD:**

1. Deduction for Contributions: Parents/guardians can claim a deduction up to ₹50,000 for contributions made to the minor's NPS account under Section 80CCD (1B).
  2. Taxation on Withdrawal:
    - If withdrawn, the previously deducted amount and accrued earnings will be taxable.
    - However, if the account is closed due to the death of the minor, the amount received will not be taxable for the guardian.
  3. Exemption for Partial Withdrawals:
    - Withdrawals for education, medical treatment, or severe disability (above 75%) of the minor will be tax-free up to 25% of contributions, under new clause (12BA) in Section 10.
- This amendment will take effect from April 1, 2026 applicable for Assessment Year 2026-27 onwards.

## **21. Exemption to withdrawals by Individuals from National Savings Scheme from taxation**

Section 80CCA allows deductions for deposits in the National Savings Scheme (NSS) but has been discontinued for deposits made after April 1, 1992. Currently, withdrawals (including interest) from pre-1992 deposits are taxable.

### **Proposed Amendment:**

1. Exemption for Withdrawals: Individuals withdrawing deposits (with accrued interest) on or after August 29, 2024, will be exempt from taxation.
2. Rationale:
  - A Department of Economic Affairs Notification (Aug 29, 2024) discontinued interest payments on NSS balances from October 1, 2024, compelling withdrawals.
  - To ease financial hardship, these withdrawals are now made tax-free.
3. Retrospective Effect: The amendment is applicable from August 29, 2024.

### **22. Simplification of Annual Value for Self-Occupied Property(w.ef.1.4.2025)**

Simplifies the rule by stating that any self-occupied house (or part of it) will have nil annual value upto the limit of 2 house properties, irrespective of the reason for non-occupation.

### **23. Amendments to Block Assessment under Chapter XIV-B**

#### **1. Introduction of Block Assessment:**

- The concept of block assessment, applicable from **1st September 2024**, has been introduced for cases where a search (section 132) or requisition (section 132A) is initiated.

#### **1. Inclusion of Virtual Digital Assets (VDA):**


- The term "virtual digital asset" will be added to the definition of "undisclosed income" under section 158B.

#### **2. Amendment to Abatement Provisions:**

- Sections 158BA(2), (3), and (5) will be amended to include the terms "recomputation," "reference," and "order," ensuring alignment in the treatment of pending assessments and annulled proceedings.

#### **3. Subsequent Search or Requisition:**

- Amendments to section 158BA(4) will clarify that assessments must be completed before initiating assessments for subsequent searches or requisitions, even if the initial assessment is not pending.

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4. **Computation of Total Income in Block Period (Section 158BB):** Changes to section 158BB will:
- Substitute "total income disclosed" with "undisclosed income."
  - Include income declared prior to the initiation of a search as part of block period income.
  - Clarify tax treatment for income related to transactions for which the return is due after the search date.
5. **Taxation of International Transactions (Section 158BB(3)):** Income from international or specified domestic transactions will not be considered part of the block period income.
6. **Extension of Time-Limit for Block Assessment (Section 158BE):** The time-limit for completing block assessments will be extended to **12 months** from the end of the quarter in which the last authorisation for search or requisition is executed, replacing the previous monthly time-limit.

These amendments will be effective from **1st February 2025**.

#### **24. Non-applicability of Section 271AAB (w.e.f 1.9.2024)**

It is proposed that **section 271AAB** will **not apply** to cases where a search is initiated under **section 132 on or after 1st September 2024**.

#### **25. Amendments proposed in sections 132 and 132B for rationalizing provisions w.e.f 1.4.2025)**

It is suggested that the approval retention deadline be extended to one month from the end of the quarter in which the assessment or reassessment order is passed.

- Explanation 1 of section 132 defines the circumstances under which the last authorization for a search is considered executed. It is proposed to change the word "**authorisation**" to "**authorisations**" to align with other sections.

Changes in Section 132B:

- Explanation 1 of section 132B defines the execution of a search or requisition authorization. Since the concept of block assessment was introduced under **Chapter XIV-B** of the Act (via Finance (No. 2) Act, 2024), the definition of "execution of authorization" was updated. To reflect this, clause (ii) of Explanation 1 to section 132B will be amended to refer to **section 158B** instead of **section 158BE**.

## 26. Time limit to impose penalties rationalized ( w.e.f 1.4.2025)

The proposal is to amend section 275 to simplify the penalty imposition process. The new rule would set a uniform limit for passing a penalty order: **six months from the end of the quarter** in which the connected proceedings are completed, the appellate order is received, the revision order is passed, or the penalty notice is issued, depending on the situation. Section 246A will also be amended to reflect the changes in section 275.

## 27. Clarification on Commencement and End Date of the Period Stayed by the Court (w.e.f 1.4.2025)

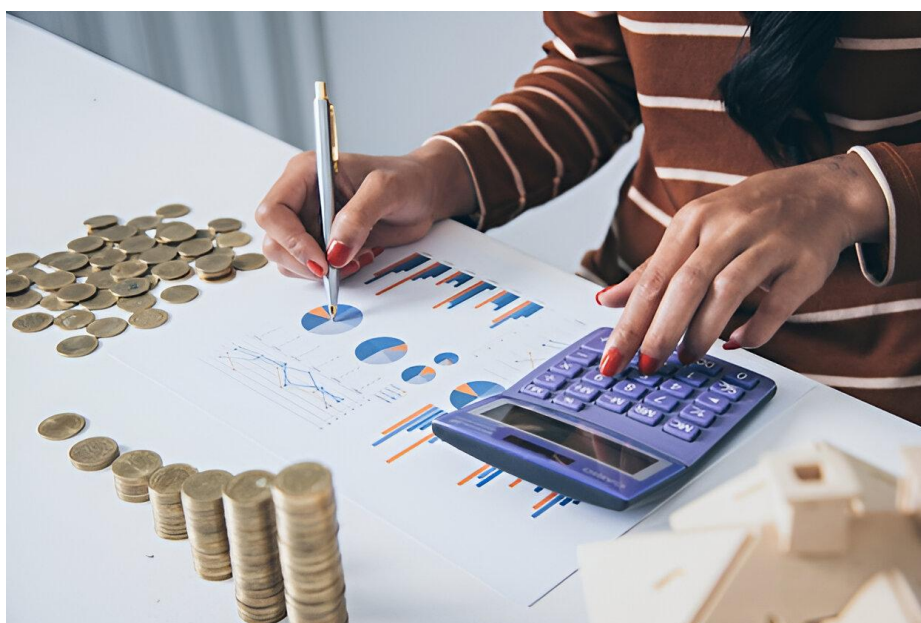
It is proposed that the period of stay will be excluded from the time limit starting from the date the stay was granted by the court order, and ending on the date the jurisdictional Principal Commissioner or Commissioner (or Approving Panel in case of section 144BA) receives the certified copy of the order vacating the stay.

## 28. Rationalisation of Provisions Related to Carry Forward of Losses in Amalgamation

It is proposed to amend Sections 72A and 72AA to ensure that losses carried forward from a predecessor entity due to amalgamation will also be subject to the 8-year limit, preventing the indefinite carry forward of such losses.

### Effective Date:

These amendments will apply to amalgamations or business reorganizations taking place on or after **1<sup>st</sup> April 2025**, and will take effect from **1st April 2026**.



## 1. Goods & Services Tax (GST)

### Changes coming into force on enactment of the Finance Bill

#### 1.1. The Central Goods and Services Tax Act, 2017 (the CGST Act)

##### ▶ Changes in definitions under the CGST Act

- ✓ Definition of Input Service Distributor (ISD) amended w.e.f. April 1, 2025, to provide for distribution of input tax credit (ITC) by ISD wrt interstate supplies on which tax has to be paid on reverse charge basis.
- ✓ Explanation inserted to include the definitions of 'Local Fund' and 'Municipal Fund' in the definition of "local authority".
- ✓ New sub-clause inserted to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism.

##### ▶ Time of Supply

- ✓ The provisions relating to time of supply of vouchers to be deleted.

##### ▶ Blocked Credit

- ✓ The words "plant and machinery" to be substituted by words "plant or machinery" in Section 17(5) of the CGST Act retrospectively w.e.f. July 1, 2017.

##### ▶ ISD

- ✓ Manner of distribution of ITC by ISD wrt interstate supplies on which tax is paid on reverse charge basis introduced w.e.f. April 1, 2025.

##### ▶ Credit Note

- ✓ Registered recipient in respect of credit note, to reverse ITC, if ALREADY availed.

##### ▶ Appeals

- ✓ Pre-deposit reduced from 25% to 10% of penalty amount in case of appeals to be filed before the First Appellate Authority wrt cases where dispute is only regarding penalties and not the actual tax demand.



- ✓ 10% mandatory pre-deposit of penalty amount for filing appeals before the Appellate Tribunal in cases involving only demand of penalty without any demand of tax.

### ▶ **Track and trace mechanism for certain goods**

- ✓ New Section to be inserted to provide for an enabling mechanism for specified evasion-prone commodities. Further, a new Section is also to be inserted to prescribe penalty on contravention of such provisions.

### ▶ **Amendment in Schedule III**

- ✓ Retrospective amendment in paragraph 8 of Schedule III w.e.f. July 1<sup>st</sup>, 2017 to clarify that supply of goods warehoused in Special Economic Zone (SEZ) or Free Trade Warehousing Zone (FTWZ), before clearance for export or the domestic tariff area, will neither be treated as a supply of goods nor supply of services under GST.
- ✓ Further, Explanation 3 to be inserted w.e.f. July 1<sup>st</sup>, 2017 in Schedule III to define the terms 'Special Economic Zone', 'Free Trade Warehousing Zone' and 'Domestic Tariff Area'.

## **2. Customs**

### **2.1. The Customs Act, 1962 (the Customs Act)**

#### **Changes coming into force on enactment of the Finance Bill, 2025**

- (i) New sub-section to be inserted in Section 18 to provide time limit of 2 years for finalization of provisional assessment, which may be further extended by 1 year.
- (ii) New Section 18A to be inserted for voluntary revision of entry post clearance so that the importers and exporters may revise any entry. Such entry will be treated as self-assessment and will allow payment of duty or treating the revised entry as a refund claim. The period of limitation of the claim of refund consequent to revised entry shall be 1 year from the date of payment of duty or interest.
- (iii) New provision to be inserted to clarify that powers of Settlement Commission to order provisional attachment shall be exercised by the Interim Board and shall mutatis mutandis apply to Interim Board as they apply to the Settlement Commission.

- (iv) New sub-section and proviso to be inserted to provide that the powers and functions of Settlement Commission shall be exercised or performed by the Interim Board.

## 2.2. The Customs Tariff Act, 1975 (the Customs Tariff Act)

### A. The following amendments in the First Schedule to the Customs Tariff Act , to come into force w.e.f. May 1, 2025,:

S.No.	Chapter/ Heading/ sub-heading	New Tariff entry/ item to be created
1.	1006 30	Based on process (parboiled, others) and on variety (rice recognized by Geographical Identification Registry, basmati, others)
2.	2008 19	'Makhana' products (popped, flour and powder, others) and consequent re-numbering of existing entries
3.	2710 91	Waste oils containing different levels of concentration of levels of polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs)
4.	Chapter 28	For identification of certain dual-use chemical for non-pesticidal use
5.	Chapter 29	For identification of certain dual-use chemical for non-pesticidal use and certain goods covered by International Conventions
6.	Chapter 38	For identification of certain technical-grade pesticides and certain goods covered by International Conventions
7.	7106, 7108 and 7110	To distinguish precious metals – containing 99.9% or more by weight of silver, containing 99.5% or more by weight of gold, containing 99% or more by weight of platinum under

8.	8112	To align with WCO HS 2022.
9.	sub-heading note 2 to Chapter 85	To align with WCO HS 2022

**B. Changes in rate of Custom Duty (w.e.f. February 2, 2025)**

S. No.	Heading/sub-heading tariff item	Commodity/ Description	Existing Rate	Revised rate	Rate Movement
<b>Metal Scrap &amp; Lithium-Ion Battery Waste and Scrap</b>					
1.	7802	Lead waste and scrap	5%	Nil	↓
2.	7902	Zinc waste and scrap	5%	Nil	↓
3.	8105 20 30	Cobalt powders	5%	Nil	↓
4.	8549 13 00 8549 14 00 8549 19 00	Waste and scrap of Lithium-Ion Battery	5%	Nil	↓
<b>IT and Electronics Sector</b>					
1.	8517	Ethernet switches Carrier grade	20%	10%	↓
2.	8524 8529	Open cell for Interactive Flat Panel Display Module with or without touch, Touch Glass Sheet and Touch Sensor PCB for the manufacture of the Interactive Flat Panel Display Module.	15%/10%	5%	↓
3.	8529	Inputs and Parts of the Open Cells for use in the manufacture of Television Panels of LED/LCD TV.	2.5%	Nil	↓
4.	Any chapter	Inputs or Parts/sub-parts for use in the manufacture of the Printed Circuit Board Assembly, Camera module and connectors of cellular mobile phones and inputs and raw materials for use in the manufacture of specified parts of cellular mobile phones i.e on Wired Headset, Microphone and Receiver,	2.5%	Nil	↓

		USB Cable and Fingerprint reader/Scanner of Cellular Mobile Phone.			
5.	Any chapter	Add 35 capital goods for use in the manufacture of lithium-ion battery of EVs and 28 capital goods for use in the manufacture of lithium-ion battery of mobile phones in the list of exempted capital goods	As applicable	Nil	↓
6.	Any chapter	To amend entry S. No. 6D of Notification No. 57/2017-Customs and incorporate 'any chapter' in column (2) for goods used to manufacture mechanics of mobile phone	As applicable	10%	↓
<b>Automobile</b>					
1.	8702	Motor vehicles for transport of 10 or more persons	25%/40%	20%	↓
2.	8703	Motor cars and other motor vehicles with CIF value more than US \$40,000 or with engine capacity more than 3000 cc for petrol run vehicles and more than 2500 cc for diesel run vehicles or with both	100%	70%	↓
3.	8704	Motor vehicles for transport of goods	25%/40%	20%	↓
4.	8711	Motor cycles with engine capacity not exceeding 1600cc in CBU form	50%	40%	↓
5.	8711	Motor cycles with engine capacity not exceeding 1600cc in SKD form	25%	20%	↓
6.	8711	Motor cycles with engine capacity not exceeding 1600cc in CKD form	15%	10%	↓
7.	8711	Motor cycles with engine capacity of 1600cc and above in CBU form	50%	30%	↓
8.	8711	Motor cycles with engine capacity of 1600cc and above in SKD form	25%	20%	↓
9.	8711	Motor cycles with engine capacity of 1600cc and above in CKD form	15%	10%	↓
<b>Toys</b>					
1.	9503 00 91	Parts of electronic toys for manufacture of electronic toys	25%	20%	↓

### C. Changes in rate of Basic Customs Duty in First Schedule to the Customs Tariff Act

<b>Decrease in Tariff rate (to be effective from May 01, 2025 unless otherwise specified)</b>					
1.	7404 00 12 7404 00 19 7404 00 22	Copper Waste and Scrap	2.5%	Nil	↓
2.	8002	Tin Waste and Scrap	5%	Nil	↓
3.	8101 97 00	Tungsten Waste and Scrap	5%	Nil	↓
4.	8102 97 00	Molybdenum Waste and Scrap	5%	Nil	↓
5.	8103 30 00	Tantalum Waste and Scrap	5%	Nil	↓
6.	8105 30 00	Cobalt Waste and Scrap	5%	Nil	↓
7.	8106 90 10	Waste and Scrap of Bismuth and Bismuth alloys	5%	Nil	↓
8.	8109 31 00, 8109 39 00	Zirconium Waste and Scrap	10%	Nil	↓
9.	8110 20 00	Antimony Waste and Scrap	2.5%	Nil	↓
10.	8112 13 00	Beryllium Waste and Scrap	5%	Nil	↓
11.	8112 41 20	Rhenium Waste and Scrap	10%	Nil	↓
12.	8112 61 00	Cadmium Waste and Scrap	5%	Nil	↓
13.	8541 42 00	Solar Cells	25%	20%	↓
14.	8541 43 00 8541 49 00	Solar Module and Other semiconductor devices and photovoltaic cells	40%	20%	↓
15.	8702	Motor vehicles for transport of 10 or more persons	40%	20%	↓
16.	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702)	125%	70%	↓
17.	8704	Motor vehicles for transport of goods	40%	20%	↓

18.	8711	Motorcycles and cycles fitted with an auxiliary motor with or without side-car	100%	70%	↓
19.	9802 00 00	Laboratory Chemicals	150%	70%	↓
20.	9803 00 00	All dutiable articles, imported by a passenger or a member of a crew in his baggage	100%	70%	↓
21	9804 00 00	All dutiable goods imported for personal use.	35%	20%	↓
<b>Tariff rate changes (without change in existing effective rate of duty) to be effective from May 01, 2025 unless otherwise specified</b>					
1.	1520 00 00	Glycerol Crude, glycerol waters, glycerol lye	30%	20%	↓
2.	2603 00 00	Copper Ores and concentrates	2.5%	Nil	↓
3.	2605 00 00	Cobalt Ores and concentrates	2.5%	Nil	↓
4.	2609 00 00	Tin Ores and concentrates	2.5%	Nil	↓
5.	2611 00 00	Tungsten Ores and concentrates	2.5%	Nil	↓
6.	2613 00 00	Molybdenum Ores and concentrates	2.5%	Nil	↓
7.	2615 10 00	Zirconium Ores and concentrates	2.5%	Nil	↓
8.	2615 90 10	Vanadium Ores and concentrates	2.5%	Nil	↓
9.	2615 90 20	Niobium or Tantalum Ores and concentrates	2.5%	Nil	↓
10.	2617 10 00	Antimony Ores and Concentrates	2.5%	Nil	↓
11.	2711 12 00	Liquefied Propane	15%	2.5%	↓
12.	2711 13 00	Liquefied Butane	15%	2.5%	↓
13.	27 11 19 10	LPG (for non-automotive purpose)	15%	5%	↓
14.	2711 19 20	LPG (for automotive purpose)	15%	5%	↓
15.	2711 19 90	Other liquified petroleum gas	15%	5%	↓
16.	2809 20 10	Phosphoric Acid	20%	7.5%	↓
17.	2810 00 20	Boric Acid	27.5%	7.5%	↓
18.	3824 99 00	Other – Prepared Binders, chemical products and preparations of chemical or allied industries	17.5%	7.5%	↓

19.	7210 12 10	OTS/MR type-flat rolled products of thickness less than 0.5 mm	27.5%	15%	↓
20.	7210 12 90	Otherflat rolled products of thickness less than 0.5 mm	27.5%	15%	↓
21.	7219 12 00	Hot-rolled products in coils of thickness greater than or equal to 4.75 mm, but not exceeding 10 mm	22.5%	15%	↓
22.	7219 13 00	Hot-rolled products in coils of thickness greater than or equal to 3 mm but less than 4.75 mm	22.5%	15%	↓
23.	7219 21 90	Flat rolled products of stainless steel of width 600 mm or more - Other nickel chromium austenitic type	22.5%	15%	↓
24.	7219 90 90	Flat rolled products of stainless steel of width 600 mm or more - Other sheets and plates	22.5%	15%	↓
25.	7225 11 00	Flat-rolled products of other alloy steel grain oriented, silicon electrical steel	20%	15%	↓
26.	7307 29 00	Othertube or pipe fittings of stainless steel	25%	15%	↓
27.	7307 99 90	Other fittings of iron or steel, non-galvanised	25%	15%	↓
28.	7308 90 90	Otherstructure and parts of structures of iron and steel	25%	15%	↓
29.	7310 29 90	Others-tanks and drums etc.	25%	15%	↓
30.	7318 15 00	Other screws and bolts whether or with nuts or washers	25%	15%	↓
31.	7318 16 00	Threaded nuts	25%	15%	↓
32.	7318 29 90	Other non-threaded articles	25%	15%	↓
33.	7320 90 90	Othersprings and leaves of iron/steel	25%	15%	↓
34.	7325 99 99	Other cast articles of iron or steel	25%	15%	↓
35.	7326 19 90	Others - forged or stamped articles of iron or steel but not further worked	25%	15%	↓
36.	7326 90 99	Miscellaneous other articles of iron/steel	25%	15%	↓
37.	8001	Unwrought Tin	5%	Nil	↓
38.	8101 94 00	Unwrought tungsten, including bars	5%	Nil	↓

		and rods obtained simply by sintering			
39.	8102 94 00	Unwrought molybdenum, including bars and rods obtained simply by sintering	5%	Nil	↓
40.	8103 20	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	5%	Nil	↓
41.	8105 20 20	Cobalt, unwrought	5%	Nil	↓
42.	8106 10 10	Bismuth, unwrought	5%	Nil	↓
43.	8109 21 00	Unwrought zirconium, powders, containing less than 1 part hafnium to 500 parts zirconium by weight	10%	Nil	↓
44.	8110 10 00	Unwrought antimony, powders	2.5%	Nil	↓
45.	8112 12 00	Beryllium unwrought, powders	5%	Nil	↓
46.	8112 31	Hafnium unwrought, waste and scrap, powders	10%	Nil	↓
47.	8112 41 10	Rhenium unwrought	10%	Nil	↓
48.	8112 69 10	Cadmium unwrought, Powders	5%	Nil	↓
49.	8112 69 20	Cadmium, wrought	5%	Nil	↓

#### **D. Amendment in Customs Duty Exemptions**

Customs Duty exemption of Basic Custom Duty (**BCD**) on import of the following specified goods prescribed under Notification No. 50/2017 dated June 30, 2017 extended:

<b>S.No.</b>	<b>Goods</b>	<b>S. No. of N.50/17-Cus</b>	<b>End date</b>
1.	Ships and vessel for breaking up	S.No.555A	March 31,2035
2.	Raw materials, components, consumables or parts, for use in the manufacture of ships/vessels	S. No. 559	March 31,2035
3.	Bulk drugs for manufacture of drugs or medicines [A separate entry is being created for Drugs, medicines, diagnostic kits specified in List 3 with modifications in the list]	S. No. 166	March 31,2029



4.	Bulk drugs used in the manufacture of polio vaccine and Monocomponent insulins	S. No.166A	March 31,2029
5.	Bulk drugs used in the manufacture of life saving drugs or medicines [A separate entry is being created for Drugs, medicines, diagnostic kits specified in List 4 with modifications in the list]	S. No. 167	March 31,2029
6.	Drugs, Medicines or Food for Special Medical Purposes (FSMP) used for treatment of rare disease	S. No.167A S. No.607B	March 31,2029
7.	Good specified in List 36 imported by testing agencies specified in List 37, for the purpose of testing and/or certification	S. No.532A	March 31,2029
8.	Crude Glycerine for use in manufacture of Epichlorohydrin	S. No. 81A	March 31,2027
9.	Denatured ethyl alcohol for use in manufacture of industrial chemicals	S. No.104B	March 31,2027
10.	Goods for the manufacture of telecommunication grade optical fibres or optical fibre cables	S. No. 168, S. No. 341, S. No. 41A	March 31,2027
11.	Parts of wind operated electricity generators, for the manufacture or the maintenance of wind operated electricity generators [The entry has also been modified]	S. No. 405	March 31,2026
12.	Permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity generators	S. No. 406	March 31,2026

#### **E. Other amendments in various Notifications**

<b>S.No.</b>	<b>Notification No.</b>	<b>Brief Description</b>
1.	S No. 257A – N No. 50/17-Cus	9 new groups of items such as sea shell, adhesive etc., added to the list of duty-free items for use in manufacture of handicrafts for export. The time period for export of handicraft items, increased from 6 months to 1 year, further extended by another three months.
2.	S No. 539 - N No. 50/17-Cus	BCD exemption extended to imports of ground installations for satellites and payloads and its spares and consumables of such installations.
3.	S No. 539A- N No. 50/17-Cus	BCD exemption provided to goods for use in the building of launch vehicles and launching of satellites

4.	Notification No. 16/2017-Customs dated April 20, 2017	37 new drugs and 13 patient assistance programmes added to the list of specified drugs and medicines from the whole of the Customs Duty leviable thereon subject to their being supplied free to cost to patients under Patient Assistance Programme (PAP) run by the pharmaceutical companies.
5.	Notification No. 153/94-Customs dated July 13, 1994	Currently, articles of foreign origin can be imported into India for maintenance, repair and overhauling subject to their export within six months extendable to 1 year. The duration for export in the case of railway goods imported for such purpose has been increased from 6 months to 1 year further extendable by 1 year

## F. **Social Welfare Surcharge (SWS)**

Certain goods exempted from levy of SWS (w.e.f. February 2, 2025)

- (i) PVC Flex Films including Flex Banner and PVC flex Sheets under headings 3920 or 3921.
- (ii) Solar Cells
- (iii) All dutiable goods imported for personal use and not exempted under any prohibition in respect of imports thereof under the Foreign Trade (Development and Regulations) (FTDR) Act, 1992.
- (iv) Solar Module and Other semiconductor devices and photovoltaic cells
- (v) Laboratory Chemicals under CTH 9802 00 00 (other than those attracting 10% BCD for specified end use)
- (vi) Dutiable articles imported by passenger or member of crew in his baggage classified under heading 9803





## GURUGRAM

Plot Number 5, 6, 7, Udyog Vihar, Phase IV,  
Sector 18, Gurugram, Haryana - 122015, India  
Phone: 91-124-4666400  
Fax: 91-124-4666401

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## NEW DELHI

E-337, East of Kailash,  
New Delhi - 110065, India  
Phone: 91-22-66025000  
Fax: 91-22-66025001

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## MUMBAI

Unit No.- 101, 10th Floor Sakhar Bhawan, Plot  
No. 230 Ram Nath Goenka Marg, Nariman  
Point, Mumbai - 400021, India  
Phone: 91-22-66025000  
Fax: 91-22-66025001