

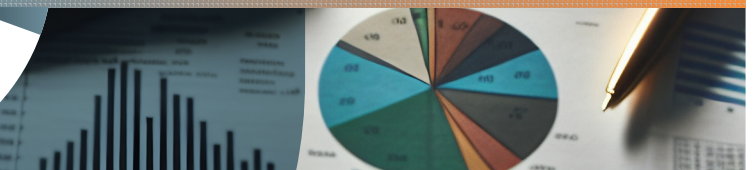
SNAPSHOT





DIRECT TAX

at a glance



Non-Corporate Assesseees

Regular Tax Regime:

- No changes have been proposed in basic exemption limit, slab rates and surcharge applicable to individual or HUF under the regular tax regime.

New Tax Regime:

- Tax Slab Rates:** Tax slab rates under new tax regime u/s 115BAC w.e.f. AY 2026-27 proposed to be revised as follows:-

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

- Rebate:** 100% rebate of Income Tax allowed u/s 87A to resident individuals proposed to be increased from existing limit of total income of ₹7 lacs to ₹12 lacs computed under new tax regime u/s 115BAC. Above rebate shall not be available against any income chargeable at special rates like capital gains u/s 111A, 112 etc.
- Co-operative Society:** Tax rates for co-operative society both under regular tax regime as well as u/s 115BAD and 115BAE remains unchanged.

Firms & Local Authorities

- Tax rates for firms & local authorities remains unchanged.

Enhancement in limit of income of employees for computing perquisites [Sec. 17(2)]:

- Presently, Sec. 17(2) provides that the amenities and benefits received from the employer are not treated as perquisites in the hands of employees having salary income upto ₹50,000. Further, the expenditure incurred by the employer for travel outside India on the medical treatment of an employee or his family member are not treated as perquisites in the hands of employees having Gross Total Income upto ₹2,00,000.
- In order to give relief to the employees to not to treat the above amenities or benefits as

perquisites, it is proposed to increase the above limit, which shall be prescribed in due course.

Contribution made to NPS Vatsalya Scheme for minor eligible for deduction [Sec. 80CCD]:

- Sec. 80CCD allows for a deduction for the contributions made to the National Pension Scheme either by an employer and an employee or by any assessee. It is proposed to widen the scope of Sec. 80CCD(1B) to include deduction upto ₹50,000 to the assessee being parent/guardian of the minor under old taxation regime, for amount deposited in the account of minor under NPS Vatsalya Scheme. Overall cap of ₹50,000 (cumulatively for self and such minor child) shall continue to apply.

Exemption on withdrawals by individuals from National Savings Scheme (NSS) [Sec. 80CCA]:

- Presently, the amount withdrawn from the NSS Account in respect of deposits made prior to 01-04-1992 on which deduction u/s 80CCA was allowed, is taxable in the year of such withdrawal. It is now proposed that the amount along with interest accrued thereon, withdrawn from the NSS Account on or after 29-08-2024, shall not be chargeable to tax in the case of individual assessee.

Simplification in the provisions for determination of annual value of Self Occupied House Property [Sec. 23(2)] (w.r.e.f AY 2025-26):

- Hitherto, Sec. 23(2) provides that the annual value of the property consisting of a house or any part thereof shall be taken as Nil, if the owner occupies it for his own residence or cannot actually occupy it due to his employment, business or profession carried on at any other place and has to reside at that other place in a building that does not belong to him. In order to simplify the provisions, it is proposed to cover all those cases where the house property cannot be actually occupied due to any reason.

Income on redemption of Unit Linked Insurance Policy (ULIP) [Sec. 2(14), Sec. 45(1B) & Sec. 112A]:

- It is proposed to amend sub-clause (c) of Sec. 2(14) to treat ULIPs as capital asset in all cases where exemption u/s 10(10D) is not available because of any reason, instead of earlier provision of treating it as capital asset only when exemption u/s 10(10D) is not available due to invocation of fourth and fifth proviso thereof [i.e. when premium or aggregate premium exceeds ₹2.50 lacs].

- Consequential amendment has also been proposed in Sec. 45(1B) [charging section for capital gain of such ULIPs] and clause (a) of Explanation to Sec. 112A [defining equity oriented fund to cover such ULIPs].

Corporate Assesseees

Corporate Tax Rates:

- Corporate Tax Rates for domestic companies both under old and new tax regime proposed to remain unchanged. Corporate Tax Rate for foreign companies also remain unchanged.

Rationalisation of provisions related to carry forward of losses in case of amalgamation [Sec. 72A & 72AA]:

- Hitherto as per Sec. 72A & Sec. 72AA, losses of the amalgamating entity are allowed to be carried forward by the amalgamated entity for a fresh period of 8 years from the end of the assessment year in which the process of amalgamation is effected.
- It is proposed that the said losses shall be carried forward by the amalgamated entity for not more than 8 Ays immediately succeeding the AY in which such loss was first computed by the original amalgamating entity.
- Thus, post amendment, the benefit of carry forward of losses for a fresh period of 8 Ays succeeding the year of amalgamation shall no longer be available.

Other Relevant Proposals

New Income Tax Bill to be introduced:

- New Income Tax Bill to be introduced by next week.

Extension of time limit for incorporation of eligible start-ups for claiming tax benefits [Sec. 80IAC]:

- Presently, start-ups incorporated before 01-04-2025 are eligible for 100% deduction of profits & gains for 3 consecutive assessment years. It is proposed to extend the tax benefits to eligible startups which gets incorporated before 01-04-2030.

Extension of time limit for filing updated return [Sec. 139(8A)]:

- Presently, an assessee has an option to file an updated return beyond the due date prescribed for filing original or revised return at any time within 24 months from the end of assessment year in certain circumstances to ensure voluntary

compliance on payment of additional income tax @25% / 50%. It is now proposed to extend the time limit for filing such updated return to 48 months with payment of additional income tax @60% / 70%, depending on the period of delay.

Rationalisation of provisions relating to Charitable Trusts & Institutions [Sec. 12AB & Sec. 13]:

- It is proposed to amend clause (g) of Explanation to Sec. 12AB(4) so as to provide that minor default viz. incompleteness of application form filed u/s 12A(1)(ac) for registration of trust or institution shall not be treated as specified violation leading to cancellation of registration of Trust.
- It is proposed to insert proviso to Sec. 12AB(1) so as to increase the period of registration from 5 years to 10 years for smaller charitable trusts or institutions, whose total income before exemption u/s 11 & 12 does not exceed ₹5 Crs in each of 2 preceding PYs.
- It is proposed to amend Sec. 13(3) which defines specified person as referred u/s 13(1)(c) and Sec. 13(2), so as to increase the monetary limit of substantial contribution to the trust or institution from old limit of ₹50,000 upto the end of PY to new limit of ₹1 lac during the relevant PY or in aggregate upto ₹10 lacs upto the end of PY. Further, any relative of such substantial contributor or any concern in which substantial contributor has substantial interest will also not be treated as specified person.

Rationalisation in taxation of Business Trusts [Sec. 115UA]:

- It is proposed to amend Sec. 115UA(2) to include reference of Sec. 112A so as to avoid capital gains referred u/s 112A from being taxed at MMR in the hands of Business Trust, in line with earlier exclusions made for Sec. 111A and Sec. 112.

Modification in the definition of 'Capital Asset' [Sec. 2(14)]:

- Presently, there is some uncertainty on whether income arising from sale of securities held by Investment Funds as specified in Sec. 115UB shall be taxable as business income or capital gain.
- To settle this anomaly, it is proposed to amend the definition of 'capital asset', to provide that securities held by such Investment Funds shall be treated as 'capital asset' and hence income arising on sale of such securities shall be taxable under the head 'Capital Gains'.

- Consequentially, the income shall be pass through to be taxed in the hands of the unit holders & not the investment fund

Extension of last date of making investment by Specified Person for claiming exemption [Sec. 10(23FE)]:

- In order to boost long term investment in India's infrastructure development by Specified Persons [notified Sovereign Wealth Funds, Pension Funds & others fulfilling prescribed conditions], cut-off date of making investment has been proposed to be extended from 31-03-2025 to 31-03-2030 for availing exemption u/s 10(23FE). It is also proposed that Long term capital gains (whether deemed as short term capital gain u/s 50AA) arising from investment in unlisted bond/debenture shall continue to be exempt.

International Tax and Transfer Pricing

Tax Incentive to IFSC:

- Sunset date for commencement of operations of following IFSC units have been proposed to be extended to 31-03-2030:-
 - U/s 10(4D) by an investment division of a banking unit of a non -resident in an IFSC from 31-03-2025.
 - U/s 10(4F) by a unit of an IFSC obtaining an aircraft or ship on lease from 31-03-2025.
 - Sec. 10(4H) has been proposed to be amended to provide that any income of a non-resident or a unit of an IFSC, engaged primarily in the business of leasing of an aircraft or a ship, by way of capital gains arising from the transfer of equity shares of another unit of an IFSC which is also engaged primarily in the business of leasing of an aircraft or a ship which has commenced operations on or before 31-03-2030 (Extended from 31-03-2026).
 - U/s 80LA by a unit engaged in the operation of an aircraft or a ship from 31-03-2025.
 - Timeline for relocation of assets of an original fund to a resultant fund under Clause (c) to Explanation to Sec. 47(viiad) has been extended from 31-03-2025.
- Sum received under Life Insurance Policy including bonus issued by IFSC Insurance Intermediary Office is proposed to be exempt u/s 10(10D) without any restriction of maximum premium payable on any unit linked or life insurance policy.

- Exemption available u/s 10(4H) to non-residents or units of IFSC engaged in aircraft leasing business, on capital gains tax on transfer of equity shares of domestic companies being unit of IFSC engaged in similar business is now proposed to be extended to ship leasing business.
- Further, exemption u/s 10(34B) proposed to be extended to dividend paid by company being a unit of an IFSC engaged in ship leasing business to another unit of IFSC engaged in same business.
- Deemed dividend u/s 2(22) is proposed not to apply where any advance or loan is taken between two group entities where one of the group entity is "Finance Company" or "Finance Unit" in IFSC set up as a Treasury Centre and the Parent or Principal Entity of such group entities is listed on stock exchange in a country outside India (other than as specified by the Board).
- Any transfer by a shareholder or unit holder or interest holder in a relocation of capital asset being a share, unit or interest held by him in an original fund in consideration for such share, unit or interest in the Resultant fund is not regarded as 'transfer' u/s 47(viiad). The definition of 'Resultant Fund' in terms of Explanation to Sec. 47(viiad) has been proposed to be amended to include a retail scheme or an exchange traded fund which is regulated under the IFSCA (Fund Management) Regulations, 2022.

Harmonisation of 'Significant Economic Presence' applicability with 'Business Connection' [Sec. 9]:

- Second proviso to explanation 2A to Sec. 9(1) (i) is proposed to be inserted w.e.f. AY 2026-27 to exclude non-resident's activity of purchase of goods in India for export from the ambit of 'Significant Economic Presence' to align with the similar exclusion contained in Explanation 1 to Sec. 9(1)(i) in relation to 'Business Connection'.

Presumptive Taxation Scheme extended for non-residents providing services for electronics manufacturing facility [Sec. 44BBD]:

- Sec. 44BBD is proposed to be inserted to provide presumptive taxation scheme to non-resident engaged in providing services or technology in India to specified resident companies for the purpose of setting up electronics manufacturing facility or in connection with manufacturing of electronic goods, deeming profits @ 25% of the amount received or receivable.

Introduction of Block TP Assessment [Sec. 92CA & Sec. 155(21)]:

- Sec. 92CA is proposed to be amended providing the assessee the option(s) to determine the ALP of similar transactions for the consecutive two PYs immediately following such PY based on the ALP determined for such PY.
- Form, manner & time period of exercise of option(s) to be prescribed.
- The assessee cannot apply for the aforesaid option(s) for any proceedings under search cases -Chapter XIV-B.
- Further, Sec. 155(21) is proposed to be inserted to provide that AO shall re-compute the total income for such consecutive PYs by amending the assessment order/intimation/deemed intimation.

Rationalisation of capital gain taxation for Specified Funds & FIIs [Sec. 115AD]:

- Sec. 115AD is proposed to be amended to tax long term capital gain, arising on transfer of securities (other than units referred to in Sec. 115AB) not referred to in Sec. 112A, in the hands of Specified Funds & FIIs @ 12.50% (presently 10%).

Relaxation under TCS provisions [Sec. 206C(1G)]:

- Sec 206C(1G) is proposed to be amended to increase TCS exemption limit in respect of remittance under LRS & overseas tour program package from ₹7 Lacs to ₹10 Lacs. It is also proposed that TCS shall not be applicable on remittance under LRS for purpose of education, financed by loan from specified financial institution.

Extension of benefits of Tonnage Tax Scheme to inland vessels [Chapter XII-G]:

- It is proposed to extend the benefits of Tonnage Tax Scheme to inland vessels.

Increasing time limit for passing an order w.r.t. application filed under Tonnage Tax Scheme [Sec. 115VP]:

- It is proposed to increase the time limit for passing order under Tonnage Tax Scheme to three months from the end of the quarter in which application for opting Tonnage Tax Scheme is received by JCIT.

General and Administrative

Rationalization of TDS threshold limit [w.e.f. 01-04-2025]:

- TDS threshold limits are proposed to be amended as below:

Sl. No.	Section	Threshold Limit	
		Present	Proposed
1.	Sec. 193 - Interest on securities	A. Debentures of widely held company - ₹5,000/-	₹10,000/-
		B. Other cases - Nil	
2.	Sec. 194 - Dividend to an individual shareholder	₹5,000/-	₹10,000/-
3.	Sec. 194A - Interest other than Interest on securities	A. When payer is bank, cooperative society and post office	
		(i) In case of senior citizen - ₹50,000/-	(i) In case of senior citizen - ₹1,00,000/-
		(ii) In case of others - ₹40,000/-	(ii) In case of others - ₹50,000/-
		B. Other cases - ₹5,000/-	B. Other cases - ₹10,000/-
4.	Sec. 194B - Winning from lottery, crossword puzzle	Aggregate of amounts exceeding ₹10,000/- during the financial year	₹10,000/- in respect of a single transaction
5.	Sec. 194BB - Winning from horse race		
6.	Sec. 194D - Insurance Commission	₹15,000/-	₹20,000/-

Sl. No.	Section	Threshold Limit	
		Present	Proposed
7.	Sec. 194G - Income by way of commission, prize, etc. on lottery tickets	₹15,000/-	₹20,000/-
8.	Sec. 194H - Commission or brokerage	₹15,000/-	₹20,000/-
9.	Sec. 194I - Rent	₹2,40,000/- during the financial year	₹50,000/- per month or part of a month
10.	Sec. 194J - Fee for professional or technical services	₹30,000/-	₹50,000/-
11.	Sec. 194K - Income in respect of units of a mutual fund or specified company or undertaking	₹5,000/-	₹10,000/-
12.	Sec. 194LA - Income by way of enhanced compensation	₹2,50,000/-	₹5,00,000/-

Reduction of TDS on income from securitisation trust [Sec. 194LBC]:

- It is proposed that TDS on income payable by a securitisation trust to an investor in respect of investment in a securitisation trust be reduced from 25% (Individual & HUF) and 30% (others) to 10%.

Rationalisation of definition of 'Forest Produce' for TCS [Sec. 206C(1)]:

- Hitherto, 'Forest Produce' is not defined for TCS purpose. To provide clarity, it is proposed that 'Forest Produce' shall have the same meaning as defined in the respective State Act for the time being in force, or in the Indian Forest Act, 1927.
- TCS rate also proposed to be reduced on Timber or any other forest produce (other than tendu leaves) from 2.5% to 2%.

Reduction in compliance burden by omission of TCS on sale of specified goods [Sec. 206C(1H)]:

- Sec. 194Q requires deduction of TDS on the purchase of goods, if the value or aggregate value exceeds ₹50 lacs. Similarly, Sec. 206C(1H) provides for levy of TCS on the sale of goods, where the value or aggregate value exceeds ₹50 lacs, provided no TDS is done u/s 194Q. This results in possibility of both TDS and TCS being applied on the same transaction as it becomes difficult for seller to check whether TDS u/s 194Q is made. To reduce compliance burden, it is proposed to omit sub-section (1H) of Sec. 206C.

Reduction in compliance burden on tax deductor/ collector [Sec. 206AB & 206CCA]:

- Presently, Sec. 206AB and 206CCA requires higher TDS/TCS for non-filers of income tax

returns. To reduce compliance burden, the said provisions is proposed to be omitted.

Non applicability of Penalty provisions in respect of searches conducted on or after 01-09-2024 [Sec. 271AAB] (w.e.f. 01-09-2024):

- Hitherto, Sec. 271AAB provides for levy of penalty on undisclosed income unearthed during the course of search.
- Vide Finance (No. 2) Act 2024, a separate Sec. 158BFA has been inserted for levy of penalty @50% in search cases. In order to remove any ambiguous interpretation of its applicability, it is proposed to bring clarity that the provisions of Sec. 271AAB shall not apply to cases where search has been initiated on or after 01-09-2024.

Extension of limitation period for passing order of immunity from penalty or prosecution [Sec. 270AA]:

- It is proposed to amend Sec. 270AA(4) so as to extend the time limit of passing order of accepting or rejecting immunity applications for penalty or prosecution from existing 1 month to 3 months from the end of the month in which application is received by the Assessing Officer, with a view to remove hardships faced by tax payers in representing their case.

Rationalisation of time limit for imposition of Penalty [Sec. 275]:

- Sec. 275 is proposed to be replaced to rationalise the time limit for imposition of penalty. Under the existing provision, there is different time limit for imposition of penalty depending on the status of appeal pending before ITAT or CIT (Appeals).

- The proposed amendment provides that no penalty orders shall be passed after the expiry of six months from the end of the quarter in which certain events like completion of connected proceedings, receipt of the order of appeal by the jurisdictional Principal Commissioner or Commissioner, passing of a revision order, or the issuance of a notice for the imposition of a penalty occur.

Rationalisation of the provisions for imposing Penalty [Sec. 271C, 271CA, 271D, 271DA, 271DB and 271E]:

- Hitherto, Sec. 271C, 271CA, 271D, 271DA, 271DB and 271E provides for levy of penalty by the Joint Commissioner. It is proposed to amend the aforesaid sections to provide for levy of penalty by the AO in place of Joint Commissioner. The AO shall take prior approval of the Joint Commissioner where penalty amount exceeds ₹10,000/- [in case of orders passed by Income Tax Officer] or ₹20,000/- [in case of orders passed by the Assistant or Deputy Commissioner] as required u/s 274(2).
- Sec. 271BB which provides for levy of penalty in case of failure to subscribe to eligible units issued under a scheme referred in erstwhile Sec. 88A proposed to be omitted as the said section had already become redundant on omission of Sec. 88A vide Finance (No.2) Act, 1996.

Rationalisation of Prosecution provisions [Sec. 276BB]:

- In order to align with the prosecution provisions of Sec. 276B applicable in case of default in deposit of tax deducted, it is proposed to amend Sec. 276BB [Prosecution for failure to pay tax collected at source to the credit of the Central Government] to provide that if tax collected at source in a quarter is deposited within the time limit prescribed for filing TCS statement of that quarter, then in such case, prosecution proceedings shall not be initiated.

Clarification in computing time limits where proceedings are stayed [Sec. 144BA, 153, 153B, 158BE, 158BFA, 263, 264 and Rule 68B of Schedule-II]:

- To remove the ambiguity in calculating the period to be excluded when legal proceedings are stayed by a court order, it is proposed to exclude the period from the date on which stay is granted by any court to the date the jurisdictional Principal

Commissioner (or Approving Panel in Sec. 144BA cases) receives the certified copy of the order vacating the stay.

Exemption to Specified Undertaking of UTI (SUUTI) extended [Sec. 13(1)]:

- SUUTI was created as successor of erstwhile Unit Trust of India. As per Sec. 13(1) of UTI Repeal Act, 2002 it is exempt from payment of income tax till 31-03-2025. It is now proposed to extend the exemption till 31-03-2027.

Rationalization of the provisions of block assessment for search & requisition cases [Sec. 158B, 158BA, 158BB & 158BE] (w.e.f. 01-02-2025):

- It is proposed to enlarge the definition of 'undisclosed income' to include within its scope 'virtual digital assets'.
- Presently, where any assessment is 'pending' in the case of an assessee in whose case a subsequent search or requisition is initiated, such assessment shall be duly completed and thereafter assessment in respect of search or requisition shall be made. It is proposed to substitute the word assessment 'pending' with assessment 'required to be made'.
- It is proposed to rationalize the methodology of computation of total income of the block period as follows:-
 - Income of the previous year which has ended but the due date of furnishing the return of income has not expired prior to the date of initiation shall be computed on the basis of the income shown in the books of accounts maintained for the relevant period.
 - Income for the period commencing from 1st day of the previous year in which search is initiated and preceding the date of initiation of search and income from the date of initiation of search and ending on the date of execution of last of authorization of search shall be computed on the basis of the income shown in the books of accounts maintained for the relevant period.
 - The term 'disclosed income' proposed to be replaced with 'undisclosed income' which is declared in the return filed pursuant to search
- Income pertaining to any international or specified domestic transaction for the period beginning from the 1st day of the previous year in which

last of the authorization of search was executed shall not be considered in the income of the block period.

- It is proposed to increase the time limit for completion of block assessment from 12 months from the end of the 'month' in which last of the authorization of search was executed to 12 months from the end of the 'quarter' in which last of the authorization of search was executed.

Extension of time limit for retention of books of accounts, etc. in search cases [Sec. 132 & 132B]:

- It is proposed to increase the time limit for retention of books of accounts or other documents seized in search cases from 30 days from the date of the order of assessment, re-assessment or re-computation to one month from the end of the quarter in which the order of assessment, re-assessment or re-computation is made.

Removing the cut-off date for issuing directions to implement faceless schemes:

- It is proposed to omit restriction specifying the cut-off date of 31-03-2025 for issuing directions

to implement faceless scheme w.e.f. 01-04-2025 in the following sections:-

- Proceedings before Transfer Pricing Officer as referred u/s 92CA ;
- Proceedings before Dispute Resolution Panel u/s 144C ;
- Filing of appeal before ITAT u/s 253 ;
- Appellate proceedings before ITAT u/s 255.

Obligation to furnish information in respect of Crypto-Asset [Sec.285BAA]:

- For swift implementation of Crypto Asset Reporting Framework (CARF) as adopted in G20 Declaration, new Sec. 285BAA is proposed to be introduced making obligatory for the prescribed reporting entities to furnish information on crypto asset u/s 285BAA. The Rules with respect to nature & manner of furnishing information and due diligence to be carried out for identification of any Crypto-Asset user or owner will be notified. Further, clause (d) to Sec. 2(47A) is proposed to be inserted to define and include 'Crypto Asset' within the ambit of "Virtual Digital Asset".





INDIRECT TAX

at a glance

Indirect Tax Proposals

Customs Act, 1962

Provisional assessment of duty- Providing definite time limit

- A new sub-section (1B) is being inserted in Section 18 of the Customs Act, 1962 so as to provide definite time limit of two years for finalisation of provisional assessment. This time period may be extended by the Commissioner of Customs for a further period of one year if sufficient cause is shown. Further, for the pending cases, the time-limit shall be reckoned from the date of assent of the Finance Bill.

Incentivising Voluntary Compliance

- A new section 18A is being inserted in the Customs Act, 1962 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.

Customs, Central Excise and Service Tax Settlement Commission to be made inoperative

- Customs, Central Excise and Service Tax Settlement Commission (CCESC) shall cease to operate on or after 1 April, 2025. Pending applications shall be processed by Interim Boards which will be established to deal with the pending application from the stage at which the applications stood immediately before its constitution. The Interim Board have been allowed to extend the time limit for disposing of pending applications up to 12 months from its constitution, with reasons to be recorded in writing.

Customs Tariff Act, 1975

- Seven tariff rates will be removed, in addition to the seven already eliminated in the 2023-24 Budget.
- A total of 36 essential life-saving drugs and medicines will now be included in the list of items that are fully exempt from Basic Customs Duty (BCD). An additional 6 life-saving medicines will now be subject to a concessional customs duty rate of 5% instead of the standard rate, making these essential treatments more accessible.

Further, the government has extended full Basic Customs Duty exemption to 37 additional medicines and 13 newly introduced patient assistance programs.

- The timeframe for exporting handicrafts has been increased from six months to one year, which is further extendable by another three months.
- Wet Blue leather will now be completely exempt from Basic Customs Duty (BCD).
- The Basic Customs Duty on Frozen Fish Paste (Surimi) has been lowered from 30% to 5%.
- The deadline for exporting foreign-origin goods imported for railway repairs has been extended from six months to one year, which is further extendable by another one year.
- Cobalt powder and waste, lithium-ion battery scrap, lead, zinc, and 12 other essential minerals will now be exempt from Basic Customs Duty (BCD).
- Two additional types of shuttle-less looms have been included in the list of textile machinery that is fully exempt from customs duties.
- Parts of open cells will now be exempt from Basic Customs Duty, supporting the electronics manufacturing sector.
- A total of 35 new goods for electric vehicle (EV) battery production and 28 additional items for mobile phone battery manufacturing will be added to the list of exempted capital goods.
- The exemption of Basic Customs Duty on raw materials, components, consumables, and parts used in ship manufacturing will continue for another 10 years.
- The Social Welfare Surcharge will be removed on 82 tariff lines that are subject to a cess.

Goods and Services Tax Act (GST)

Amendment to provide for distribution of ITC by ISD for inter-state supplies on which tax has been paid on Reverse charge basis

- This amendment to be made effective from 1st April, 2025 explicitly provides for distribution of Input Tax Credit by Input Service Distributor in respect of inter-state supplies on which tax has been paid on Reverse charge basis. Necessary amendment in this regard are being made in Section 2(61) and Section 20 of the CGST Act.

Mandatory Pre-deposit for filing appeals in cases involving only demand of penalty without any demand of tax

- Provisions relating to appeal before Appellate Authority and Appellate Tribunal in relation to cases involving only demand of penalty without any demand for tax are being amended to include mandatory pre-deposit for appeals before the said authorities. The mandatory pre-deposit before both the authorities is prescribed as 10%.

Mechanism of Track and Trace for specified commodities

- New section 148A is being inserted to provide for an enabling mechanism for Track and Trace for specified commodities. Under this mechanism, the government may, in respect of specified commodities, provide a system for enabling the affixation of unique identification markings and for electronic storage and access of information contained therein.

Amendment pertaining to Schedule III of the CGST Act

- Schedule III of the CGST Act is being amended w.e.f. 01-07-2017 by inserting a new clause (aa) in paragraph 8 of Schedule III of the CGST Act, to provide that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance of exports or to the Domestic Tariff Area shall be

treated neither as supply of goods nor as supply of services. It is also been clarified that no refund of tax already paid will be available for the aforesaid activities or transactions referred to above.

Amendments in pursuance to 55th GST Council Meeting

- Section 12(4) and Section 13(4) pertaining to Time of Supply provisions of vouchers are being deleted as transactions involving vouchers will not be considered to be a supply of goods or services.
- Retrospective amendment made to Section 17(5)(d) to substitute the words "plant or machinery" with the words "plant and machinery" notwithstanding anything to the contrary contained in any judgement, decree or order of any court or any other authority.

Service Tax

Special provision for retrospective exemption from service tax:

- Retrospective exemption of service tax is proposed for reinsurance services provided or agreed to be provided by insurance companies under Weather Based Crop Insurance Scheme (WBCIS) and Modified National Agricultural Insurance Scheme (MNAIS) during the period commencing from the 1st day of April, 2011 and ending with the 30th day of June, 2017 (both days inclusive).



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Gachibowli
Hyderabad - 500 032
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19C, Sarat Bose Road,
Kolkata - 700 020
Tel: +91 98318 93398

Devarati, 1st Floor,

8, Dr. Rajendra Road,
Kolkata - 700 020
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42, Free Press House,
Nariman Point,
Mumbai - 400021
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409, 4th Floor,
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Shantivan, Borivali (East),
Mumbai - 400 066
Tel: +91 22 4016 9305

New Delhi

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Okhla Industrial Estate
New Delhi - 110 020
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Shivdarshan Chambers,
Opposite Hotel Jayashree,
457, Market Yard Road,
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Near Railway Underpass,
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