Budget speech – 2025 proposing amendments for fiscal year 2025-26 (applicable for AY 2025-26)

| **Proposal** | **Key Details** | **Objective** | **Action for Taxpayers** | **Para No.** |
| --- | --- | --- | --- | --- |
| **New Income-Tax Bill** | - New bill to simplify tax laws, reduce litigation, and provide tax certainty.  - Will be half the size of the current law in terms of chapters and words. | Simplify tax administration and reduce compliance burden. | Taxpayers should prepare for a simplified tax regime and stay updated on new provisions. | 134 |
| **TDS/TCS Rationalization** | - Increase TDS threshold for senior citizens' interest income from ₹50,000 to ₹1 lakh.  - Increase TDS threshold on rent from ₹2.4 lakh to ₹6 lakh.  - Increase TCS threshold on LRS remittances from ₹7 lakh to ₹10 lakh.  - Remove TCS on education remittances from specified loans. | Reduce compliance burden for small taxpayers and ease difficulties in TDS/TCS compliance. | Senior citizens and small taxpayers should review updated thresholds to reduce TDS/TCS liabilities. | 137, 138 |
| **Omitting TCS provisions where both TDS and TCS are applicable** | * Omit TDS in cases where both TDS and TCS provisions are applicable * Higher TDS rates are applicable in Non – PAN cases | Reduce complexities | Review you TDS and TCS obligations accordingly. | 139 |
| **Voluntary Compliance** | - Extend the time limit to file updated returns from 2 years to 4 years. | Encourage voluntary compliance and reduce litigation. | Taxpayers with omitted income should file updated returns within the extended timeline. | 141 |
| **Reducing Compliance Burden** | - Increase registration period for small charitable trusts from 5 to 10 years.  - Allow nil annual value for two self-occupied properties without conditions. | Reduce compliance burden for charitable trusts and homeowners. | Charitable trusts and homeowners should review updated provisions to reduce compliance efforts. | 142, 143 |
| **Ease of Doing Business** | - Introduce a 3-year block period scheme for determining arm's length price in transfer pricing.  - Expand safe harbour rules for international taxation.  - Exempt withdrawals from old NSS accounts and align NPS Vatsalya with NPS rules. | Provide tax certainty and reduce litigation for businesses and individuals. | Businesses should adopt the 3-year block period scheme for transfer pricing; individuals should review NSS/NPS benefits. | 144, 145, 146 |
| **Digitalization of Tax Processes** | - Digitalize all tax processes, including appellate orders, over the next 2 years. | Promote paperless and efficient tax administration. | Taxpayers should prepare for digital compliance and utilize online platforms for tax processes. | 147 |
| **Vivad Se Vishwas Scheme** | - Nearly 33,000 taxpayers have settled disputes under the scheme. | Resolve pending tax disputes and reduce litigation. | Taxpayers with pending disputes should consider settling under the Vivad Se Vishwas Scheme. | 148 |
| **Employment and Investment** | - Introduce presumptive taxation for non-residents servicing electronics manufacturing units.  - Extend tonnage tax scheme to inland vessels.  - Extend start-up incorporation period to 1.4.2030.  - Extend IFSC benefits to 31.3.2030.  - Provide tax certainty for AIFs.  - Extend investment date for Sovereign and Pension Funds to 31.3.2030. | Promote investment, employment, and infrastructure development. | Start-ups, AIFs, and investors should leverage extended timelines and tax benefits for growth. | 149-155 |
| **Personal Income Tax Reforms** | - Increase tax-free income limit to ₹12 lakh (₹12.75 lakh for salaried with standard deduction).   |  |  | | --- | --- | | **Income slab** | **Tax Rate** | | ₹ 0-4 lakh | Nil | | ₹ 4-8 lakh | 5 per cent | | ₹ 8-12 lakh | 10 per cent | | ₹ 12-16 lakh | 15 per cent | | ₹ 16-20 lakh | 20 per cent | | ₹ 20- 24 lakh | 25 per cent | | Above ₹ 24 lakh | 30 per cent | | Reduce tax burden on the middle class, boost consumption, savings, and investment. | Taxpayers should calculate their tax liability under the new slabs and plan finances accordingly. | 156-160 |
| **Revenue Impact** | - Revenue forgone: ₹1 lakh crore (direct taxes) and ₹2,600 crore (indirect taxes). | Provide relief to taxpayers while maintaining fiscal discipline. | Taxpayers should utilize the tax benefits to improve disposable income and savings. | 161 |