

India Budget 2025

Synopsis of Recent Policy Changes and Proposals for
Direct and Indirect Taxes, Impact and Economic Indicators

Index

03

Foreword

04

Rupee Movement

05

Budget Overview

06

Budget Proposals
Direct & Indirect Taxes

11

Commerce &
Trade Focus

13

Impact

14

Recent Policy
Changes

17

Economic Indicators

For use by clients and firm personnel only

We have taken all steps to ensure that the information contained herein has been obtained from reliable sources and that this publication is accurate. However, this publication is not intended to give legal, tax, accounting or other professional advice. We recommend appropriate advice be taken prior to initiating action on specific issues.

Foreword



Ajay Sethi
Managing Partner

E: ajay.sethi@bakertilly.in

Investing in People, Economy and Innovation

Here is the pre-budget backdrop. Domestic consumption at a high, as are business sentiments. We are on a projected GDP of around 6.5 per cent. The risk on the horizon is the delicate global geo-political situation. The other impediment, though more manageable, is the new terror child of trade wars, tariffs! And the ask – more de-regularization, less interference, and, from the somewhat ignored middle class, reduced tax burden. Let's step into the budget.

The Finance Minister built up to an impactful climax before announcing the big sop for the middle class – tax exempted for incomes up to ₹1.2 million! But the budget played out on many fields. Hidden are strategic and populist moves, with the former, thankfully, taking lead. She set the context by defining the next 5 years' focus – Tax, Power, Urban Development, Mining, Finance sector and Regulatory Reforms. While dwelling in and out of these 6 pillars, she kept in focus consumption and capex, and there has been a fair bit of wooing the private sector to join the latter. Probably the government has hit a plateau on capex, or in some areas feels lesser involvement may help. Either way, a good move. This is seen in food processing, tourism and even skill development. Nuclear energy was an interesting entry here, with a target of 100 GW by 2047, including an R&D outlay of ₹200 billion to develop 10 small modular reactors by 2033! This is indeed a futuristic move.

East and North East India were in high focus. From Urea plants, to food processing institutes, to new airports. A plan is afoot to integrate the East faster with the prosperity that's building up elsewhere. Again, seeing the growing demand for healthcare which lacks a rural outreach, she outlayed large sums for taking broadband to medical centers in rural belts. If you read

that together with the planned thrust on AI in healthcare, you will see a plan emerging – using virtual healthcare. A similar game plan is directed at Education.

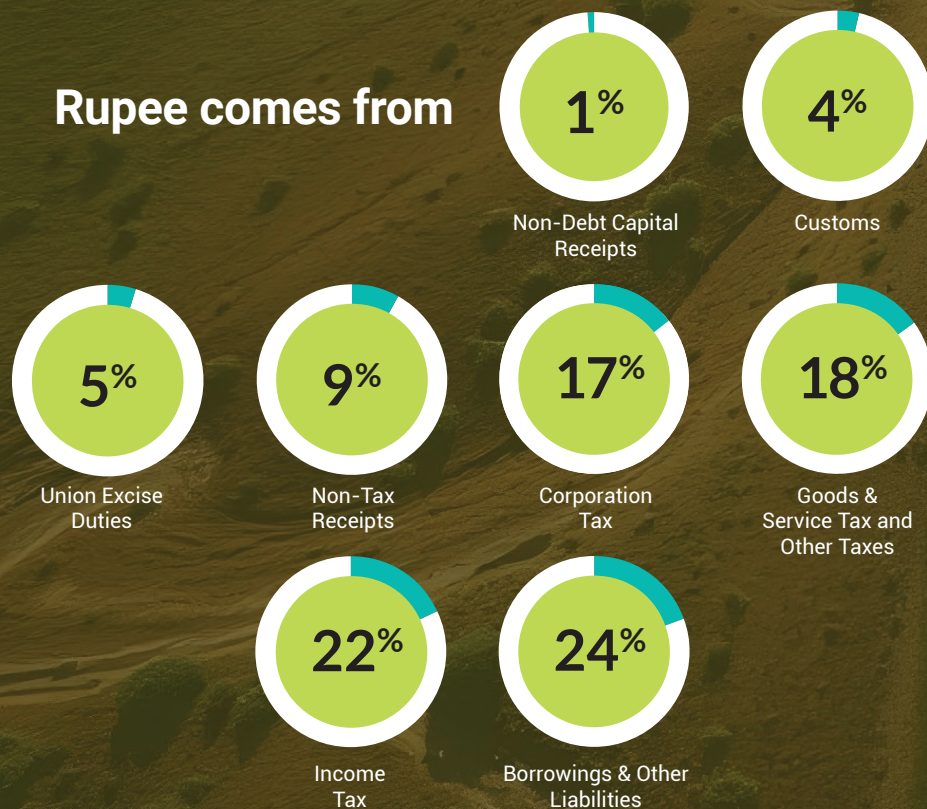
Equally, to push growth, the MSME segment has been given due attention, especially to reduce pressure on working capital, a key issue for them, besides reducing duties on agro, handicrafts, leather, medical, electronics, MRO (ship building and breaking industry, railways) to name a few. I was especially surprised, and pleased, to see a maritime development fund at ₹250 billion. While aimed at balancing geo-political dynamics affecting international water ways, it has a deeper impact. India was a great maritime trading power until the 15th century. Time to reclaim our heritage.

The insurance sector becomes highly attractive for foreign investors allowing them to hold up to 100 per cent equity, up from 74 per cent. Will there be something next while for banking? There are promised regulations to fast track mergers. The safe harbour rules, with direct bearing on foreign investors, have been liberalized. But what stood out was what wasn't there - no mention of GST reforms or rate standardization.

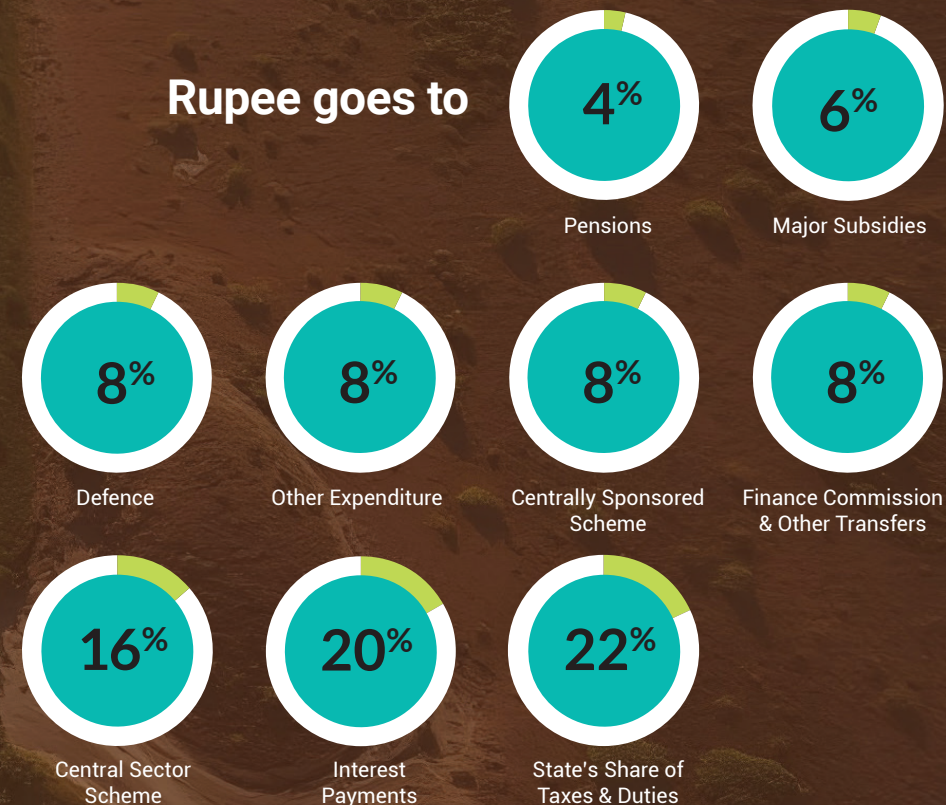
She left us pondering over the fiscal deficit of this year at 4.8 per cent and 4.4 per cent projected for next. But what got everyone to sit up straight is her proposal to release a new Income Tax code in early February, which will replace the existing Act guiding our lives since 1961. She promises it to be simple and less litigative. Besides re-learning tax compliances, could there be something more? I guess we hold our breath till next week.

Rupee Movement

Rupee comes from



Rupee goes to



Budget Overview

DIRECT TAXES

- New income tax bill to be introduced shortly
- No tax on individual income upto ₹1.2 million
- Block assessment scheme for transfer pricing cases
- Additional 24 months to update tax return
- Significant benefits to units in IFSC

INDIRECT TAXES

- Rationalisation of Customs Tariff structure
- Time limit prescribed for finalisation of provisional assessment
- Time limit extended for end use of goods imported at concessional rate of duty
- Reversal of input tax credit mandatory for taking benefit of credit note
- Retrospective amendment in the provision related to blocked credit

COMMERCE & TRADE

- In focus – Infrastructure, Trade facilitation and Innovation
- 100 GW of nuclear capacities to be developed by 2047
- FDI in Insurance sector increased to 100 per cent

SOCIAL FOCUS

- MSME classification widened
- Electricity companies to be incentivised
- National Geospatial Mission to modernise land records and urban planning

ECONOMIC INDICATORS

- GDP estimated at 6.4 per cent in FY 2024-25
- CPI based headline inflation estimated at 4.9 per cent
- Foreign exchange reserves at US\$ 635.70 billion
- Fiscal deficit for FY 2024-25 estimated at 4.8 per cent of GDP
- Increase in production of core industries including coal, natural gas, refinery products, fertilizers, steel, cement and electricity
- National level committee for regulatory reforms





Budget Proposals

Direct Taxes & Indirect Taxes

This section summarises the significant proposals on Direct and Indirect taxes made by the Finance Minister on February 1, 2025. The direct tax provisions in the Finance Bill, 2025 would ordinarily apply to the Financial Year commencing on April 1, 2025 (Assessment Year 2026-27) whereas the indirect tax provisions would apply with immediate effect, unless otherwise specified. Finance Minister is likely to propose further amendments through separate Bills.

The proposals contained in the Finance Bill are subject to ratification by the Parliament

Direct Taxes

INCOME TAX

- The basic tax slabs for individual and HUF remain unchanged in the old regime. Income slabs enhanced under the new regime i.e.,

OLD REGIME		NEW REGIME ²		
INCOME RANGE (₹)	RATE (%)	INCOME RANGE (₹)		RATE (%)
		FROM	TO	
Upto 250,000 ¹	Nil	Upto 300,000	Upto 400,000	Nil
250,001-500,000	5	300,001-700,000	400,001-800,000	5
500,001-1,000,000	20	700,001-1,000,000	800,001-1,200,000	10
		1,000,001-1,200,000	1,200,001-1,600,000	15
1,000,001 and above ³	30	1,200,001-1,500,000	1,600,001-2,000,000	20
		-	2,000,001-2,400,000	25
		1,500,001 & above ³	2,400,001 & above ³	30

¹Exemption limit for individuals reaching 60 and 80 years remains at ₹300,000 and ₹500,000 respectively

²Tax rebate limit for individuals, HUF, association of persons (other than a co-operative society), body of individuals and artificial juridical persons enhanced to ₹1.2 million under the new regime. Effectively, no tax on income upto ₹1.2 million.

³Surcharge remains at 10 per cent on income exceeding ₹5 to 10 million; 15 per cent on income exceeding ₹10 to 20 million; 25 per cent on income exceeding ₹20 to 50 million and 37 per cent on income exceeding ₹50 million. However, surcharge remains capped at 25 per cent on income exceeding ₹50 million under the new regime.

- Tax rates on partnership firms, local authority and co-operative societies remain unchanged. In case of a co-operative society, surcharge at 7 per cent on income exceeding ₹10 million and at 12

per cent on income exceeding ₹100 million respectively. In all other cases, surcharge at 12 per cent where income exceeds ₹10 million.

- Corporate tax rates remain unchanged i.e.

COMPANY	RATE (%)
Domestic ¹	
‣ Specific turnover/ gross receipts limit	25 ²
‣ Others	30
Foreign ³	35

¹Surcharge remains unchanged at 7 per cent and 12 per cent where income exceeds ₹10 million and ₹100 million respectively

²The benefit of lower rate of tax is applicable to companies with turnover or gross receipts up to ₹4 billion during financial year 2023-24

³Surcharge remains unchanged at 2 per cent and 5 per cent where income exceeds ₹10 million and ₹100 million respectively

- Concessional Tax Scheme remains unchanged for eligible manufacturing entities, although time limits not extended i.e.,

ENTITY	RATE (%)
Domestic Company and Cooperative Society ¹	
‣ New manufacturing enterprise	15 ²
‣ New manufacturing cooperative society	15 ²
‣ Others	22

¹Deductions under respective provisions of Chapter VI-A restricted for availing concessional tax rate. Surcharge at 10 per cent.

²Benefit applicable only to companies registered on or after October 1, 2019 and co-operative societies set up on or after April 1, 2023 and commenced manufacturing (including electricity generation) or production on or before March 31, 2024 with certain conditions.

INCOME FROM BUSINESS & PROFESSION

- Presumptive taxation scheme introduced for non-residents providing services or technology to domestic companies engaged in electronics manufacturing in India under a scheme notified by the Central Government. 25 per cent of gross receipts deemed as business income.

CAPITAL GAINS

- Tax rate on long-term capital gains for Foreign Institutional Investor or specified fund from transfer of unlisted shares and listed debt instruments enhanced from 10 to 12.5 per cent.

TAX INCENTIVES – INTERNATIONAL FINANCIAL SERVICES CENTRE

- Benefits extended to units in IFSC viz.
 - Exemption from capital gains and dividend to ship leasing units in IFSC.
 - Deemed dividend exemption to corporate treasury center in IFSC of companies whose parent or principal entity is listed on an international stock exchange.
 - Sum received by non-resident availing life insurance from insurance office in IFSC is exempt.
 - Relocation of retail schemes and Exchange Traded Funds to IFSC are tax neutral.

- Sunset date for tax incentives for IFSC units in investment IBUs, aircraft/ship leasing and fund relocation extended to March 31, 2030.

TAX WITHHOLDING/ TAX COLLECTION

- Tax withholding provisions rationalized. Key changes include

NATURE OF INCOME	THRESHOLD (₹)	
	FROM	TO
Interest on securities	NIL	10,000
Dividends	5,000	10,000
Interest other than securities paid by	40,000/50,000 ¹	50,000/1,00,000 ¹
<ul style="list-style-type: none"> Bank, co-operative society and post office 		
<ul style="list-style-type: none"> Any other 		
Winnings from lottery, crossword puzzle and horse race	10,000 (aggregate)	10,000 (per transaction)
Insurance commission	15,000	20,000
Commission, prize etc. on lottery tickets		
Commission or brokerage		
Rent	2,40,000 (annually)	50,000 (monthly)
Fee for professional or technical services or royalty or non-compete fee	30,000	50,000
Income in respect of certain units	5,000	10,000
Enhanced compensation on compulsory acquisition of immovable property	2,50,000	5,00,000

¹Enhanced threshold for Senior Citizens

- Withholding tax rates reduced from
 - 25 / 30 to 10 per cent on payment by a securitization trust to an investor
 - 5 to 2 per cent on insurance commission
- TCS at 0.1 per cent on sale of goods exceeding ₹5 million abolished.
- Higher tax withholding and collection rates on non-filer of tax returns stands withdrawn.
- No prosecution if the entire TCS has been paid within the due date for filing quarterly returns.

PENALTY AND PROSECUTION

- Time limit extended from 1 to 3 months for processing application for grant of immunity from penalty and prosecution.
- Timeline to impose penalties rationalized. Now, a uniform period of six months, from the end of the relevant quarter in which the connected proceedings attain finality, shall apply.

TRANSFER PRICING

- Block assessment scheme introduced to provide tax certainty in determination of arm's length price i.e.
 - Assessment for a block of 3 years
 - At the option of the taxpayer for same or similar transaction
 - Once approved, ALP is valid for 2 consecutive subsequent years
 - Does not apply to search cases

OTHERS

- Time limit to submit an updated tax return by eligible taxpayers for voluntary disclosure of additional income enhanced from 24 to 48 months from the end of assessment year, upon payment of additional tax at 60 or 70 per cent.

- Time limit for incorporation of eligible start-ups extended by 5 years i.e. upto March 31, 2030 for availing tax deduction.
- Purchase of goods from India by a non-resident solely for export do not constitute a Significant Economic Presence for such non-resident in India.
- Income of a real estate investment trust and an infrastructure investment trust on transfer of listed equity shares, equity-oriented funds and units of business trust, now taxable at a reduced rate of 12.5 per cent.
- The transition of accumulated business losses pursuant to an amalgamation or a business reorganization, presently available for 8 years from such event, is now available only from the year in which such loss was first computed for the original predecessor entity.



Indirect Taxes

CUSTOMS DUTY

- Recalibration of Customs Duty and Agriculture Infrastructure and Development Cess (‘AIDC’) rate structure.

HIGHLIGHTS

- Amendments
 - Time limit of 2 years prescribed for finalisation of provisional assessment, subject to exceptions. Further extendable by 1 year.**
 - Voluntary revision of entry post clearance of goods permitted, subject to exceptions.
 - Time period for re-exportation extended from 6 months to 1 year for specified goods imported for repairs and return. This period is further extendable by 1 more year for railway goods imported for Maintenance, Repair and Overhaul (‘MRO’) operations.
 - Time limit for end use of goods imported at concessional rate of duty for manufacture of excisable goods extended from 6 months to 1 year. Frequency of reporting relaxed.**
 - Rationalisation of Customs Tariff structure and reduction of rate slabs.**
- Exemptions
 - Social Welfare Surcharge (‘SWS’) exempted in case of specified goods.
 - Extension of Customs Duty exemption on specified goods.
 - Customs Duty exemption extended to imports of ground installations for satellites, spares and goods for use in building of launch vehicles and launching of satellites.

- Change in BCD rates of certain industries:

INDUSTRY	RATE (%)		
	From	↕	To
AQUAFARMING & MARINE EXPORTS			
‣ Frozen Fish Paste (Surimi) for use in manufacture of Surimi Analogue products, for export	30	↓	5
‣ Fish Hydrolysate for use in manufacture of aquatic feed	15	↓	5
LEATHER			
‣ Wet blue leather (hides and skins)	10	↓	0
GEMS AND JEWELLERY			
‣ Platinum Findings	25	↓	5
METAL SCRAP & LITHIUM-ION BATTERY WASTE AND SCRAP			
‣ Lead/Zinc waste and scrap	5	↓	0
‣ Cobalt powders	5	↓	0
‣ Waste and scrap of Lithium-Ion Battery	5	↓	0
IT AND ELECTRONICS			
‣ Ethernet switches Carrier grade	20	↓	10
‣ Open cell for Interactive Flat Panel Display Module with or without touch, Touch Glass Sheet and Touch Sensor PCB for the manufacture of Interactive Flat Panel Display Module	15/10	↓	5
‣ Inputs and Parts of the Open Cells for use in the manufacture of Television Panels of LED/LCD TV	2.5	↓	0
‣ 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, USB Cable and Fingerprint reader/Scanner of Cellular Mobile Phone	2.5	↓	0



EXCISE DUTY

- Effective April 1, 2025, all powers and functions vested with the Settlement Commission for disposing of pending applications will be exercised by the Interim Board.

GOODS AND SERVICES TAX

- New Provisions
 - Unique identification marking provisions for implementation of track and trace mechanism for evasion prone goods introduced, including penal provisions for any violation thereof.

INDUSTRY	RATE (%)		
	From	↕	To
AUTOMOBILE			
▸ Motor vehicles for transport of 10 or more persons	25/40	↓	20
▸ 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
▸ Motor vehicles for transport of goods	25/40	↓	20
▸ Motor cycles with engine capacity not exceeding 1600cc in CBU form	50	↓	40
▸ Motor cycles with engine capacity not exceeding 1600cc in SKD form	25	↓	20
▸ Motor cycles with engine capacity not exceeding 1600cc in CKD form	15	↓	10
▸ Motor cycles with engine capacity of 1600cc and above in CBU form	50	↓	30
▸ Motor cycles with engine capacity of 1600cc and above in SKD form	25	↓	20
▸ Motor cycles with engine capacity of 1600cc and above in CKD form	15	↓	10
TOYS			
▸ Parts of electronic toys for manufacture of electronic toys	25	↓	20

- Amendments
 - Inter-state supplies subject to reverse charge mechanism received by an Input Service Distributor (‘ISD’), now specifically covered under ISD mechanism, effective April 1, 2025.
 - Time of supply provisions in respect of Vouchers deleted, in line with the new provisions of taxability of Vouchers already notified.
 - **Reversal of input tax by the registered customer made mandatory for reduction of tax liability by the supplier in respect of any credit note issued.**
 - Pre-deposit of 10 per cent made mandatory for filing appeal against an Order of demand only for penalty.
- Retrospective Amendments
 - **Blocked credit provision in respect of supplies received for construction of immovable property other than plant “or” machinery, to now exclude plant “and” machinery, irrespective of any prior judgement, decree or order of any Court or Authority effective July 1, 2017.**
 - Supply of goods within Special Economic Zone or Free Trade Warehousing Zone before export or removal to Domestic Tariff Area shall not be considered as supply. Tax collected in the past on such supplies not to be refunded effective July 1, 2017.

Commerce & Trade Focus



MSME AND MANUFACTURING

- The investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively. **This would support MSMEs to achieve larger scale efficiencies, improved access to capital as well as technological advancements.**
- The credit guarantee cover was enhanced from ₹50 million (US\$ 0.57 million) to ₹100 million (US\$ 1.15 million) for MSMEs. For startups focused on the 27 sectors important for Atmanirbhar Bharat, it is enhanced from ₹100 million (US\$ 1.15 million) to ₹200 million (US\$ 2.30 million).
- To enhance climate friendly development and Clean Tech manufacturing, emphasis to be given on building a domestic ecosystem for solar PV cells, EV batteries, motors, controllers, electrolyzers, wind turbines, high voltage transmission equipment and grid-scale batteries. The proposed National Manufacturing Mission to support Clean Tech manufacturing, in addition to offering policy support, execution roadmaps for SMEs and large industries.

INVESTMENTS AND INFRASTRUCTURE

- Infrastructure focused ministries to build a three-year plan of projects to be implemented under the Public Private Partnership ('PPP') model. States too, would follow this approach and take support from the India Infrastructure Project Development Fund scheme to prepare PPP proposals.
- The second asset monetization plan 2025-30 is proposed to unlock ₹10 trillion (US\$ 115.34 billion) for new infrastructure projects.
- Incentivise power distribution companies through additional borrowings (subject to implementation of reforms), to strengthen the operational efficiency and financial health.

- **100 GW of nuclear capacities to be developed by 2047 for our energy transition efforts. An outlay of ₹200 billion (US\$ 2.31 billion) to be made for Research and Development ('R&D') in Small Modular Reactors, considered as a promising technology for meeting India's growing energy needs.**

INNOVATION AND TECHNOLOGY

- ₹200 billion (US\$ 2.31 billion) allocated for private sector driven R&D.
- Under PM Gati Shakti Scheme, National Geospatial Mission to be established for modernizing land records and urban planning and design of infrastructure projects.

EXPORTS & TRADE FACILITATION

- An Export Promotion Mission to be set up to invigorate India's export ecosystem. The objective is to improve export credit access, provide cross-border factoring support, and assist MSMEs in addressing non-tariff challenges in global markets. The initiative to be led by the Ministries of Commerce, MSME and Finance.
- **BharatTradeNet ('BTN'), to be set up as a digital public infrastructure, designed to act as a one-stop platform, for international trade documentation and financing solutions. This is aimed to bring in efficiency and transparency.**
- Creation of a national policy framework, to expand Global Capability Centers ('GCCs') in tier 2 cities. The framework will provide guidance to access talent pool and enhanced infrastructure in tier 2 cities, making them attractive for business.

REGULATORY & FINANCIAL REFORMS

- **Foreign Direct Investment ('FDI') in Insurance sector increased from 74 to 100 per cent. This would bring in fresh FDI, diverse products and enhance the insurance sector reach.**
- The requirements and approval process for company mergers to be streamlined. The proposed changes are likely to provide relaxation to the regulatory processes, making mergers easier and less time-consuming.
- **A high-level committee to be set up to review various permissions, regulations and licensing requirements for the non-financial sector. The objective is to focus on streamlining inspections as well as the compliance processes, to ease doing business in India.**

FISCAL MANAGEMENT

- Total receipts (other than borrowings) for FY 2024-25 are estimated at ₹31.47 trillion (US\$ 362.98 billion) while the total expenditure is estimated at ₹47.16 trillion (US\$ 543.94 billion).
- Net tax receipts for FY 2024-25 are estimated at ₹25.57 trillion (US\$ 294.93 billion).
- Fiscal deficit for FY 2024-25 is estimated to be 4.8 per cent of GDP.
- The gross and net market borrowings through dated securities during FY 2024-25 are estimated at ₹14.82 trillion (US\$ 170.93 billion) and ₹11.54 trillion (US\$ 133.10 billion) respectively.

Impact

CAPITAL MARKET

The Bombay Stock Exchange ('Sensex') closed 0.01 per cent higher at 77,505 up by 5.39 points. The National Stock Exchange ('Nifty 50') fell 0.11 per cent, down by 26.25 points to close at 23,482 points. The Sensex touched an intra-day high of 77,899 and a low of 77,006 while Nifty touched a high of 23,632 and a low of 23,318 during the day.

KEY SECTORS

AGRICULTURE & RURAL DEVELOPMENT

The Union Budget focuses on boosting crop yields, irrigation, and post-harvest storage in 100 under-performing districts, benefiting 17 million farmers. Improved warehousing and cold storage will help farmers sell at better prices, reducing distress sales and wastage. Enhanced credit and crop insurance to support investment in modern techniques, ensuring long-term income growth. The Mission for Aatmanirbharta in Pulses aims for self-sufficiency, reducing import dependency significantly, stabilizing prices, and saving foreign exchange.

INVESTMENTS AND INFRASTRUCTURE

The Asset Monetization Plan will unlock capital for transport, power, and logistics infrastructure over five years, ensuring continued expansion without raising fiscal deficits. Participation of the private players to bring in efficiency, modernization, and better management of railway stations, airports, highways, and ports, reducing congestion and lowering transportation costs. The Urban Challenge Fund will support smart cities, sanitation, and urban planning, enhancing traffic management, digital

governance, and green infrastructure. Investments in smart water and electricity grids will optimize resource use, while affordable housing and peri-urban expansion will decongest metros.

ENERGY

The Nuclear Energy Mission aims for 100 GW nuclear capacity by 2047, focusing on Small Modular Reactors ('SMRs') to enhance energy efficiency and sustainability. Nuclear power offers a stable, reliable alternative to coal and fossil fuels, supporting India's net-zero emissions goal by 2070. The entry of private players will attract Foreign Direct Investment ('FDI') and technological collaborations, fostering a robust nuclear ecosystem.

MSME AND MANUFACTURING

A comprehensive roadmap has been laid out to strengthen MSMEs, drive clean tech manufacturing, and boost industrial expansion. Previously excluded businesses can now avail of government benefits, leading to higher growth and job creation in the MSME sector. Priority sector lending from banks will increase, ensuring easier access to capital for small businesses. Domestic production of solar panels, wind turbines, and EV batteries will reduce dependence on imports from China. Through targeted support for toy manufacturing, footwear & leather industry, India will reduce dependence on Chinese imports, allowing it to capture a greater market share.

EXPORT PROMOTION

The Budget introduces key reforms to boost exports, strengthen supply chains, and reduce trade barriers. MSMEs, a major export contributor, will

benefit from eased regulations and financial support, enabling them to expand into ASEAN, Africa, and Latin America. Upgraded warehousing and air cargo infrastructure to support perishable and high-value exports, preventing wastage and increasing farm incomes. India's pharmaceutical sector to gain from faster, safer vaccine and medicine transport, strengthening its global healthcare supply chain role.

FDI IN INSURANCE

The financial sector reforms aim to attract foreign investments, reduce regulatory burdens, and enhance financial inclusion. 100 per cent FDI in Insurance will allow global insurers full ownership of their Indian subsidiaries, bringing capital inflow, better risk management, and deeper insurance penetration. Increased competition will lower premium costs and drive innovation in insurance products like parametric insurance and AI-driven risk assessments. More FDI will create jobs in actuarial science, underwriting, and customer service, while micro-insurance and crop insurance will benefit farmers, small businesses, and low-income families.

R&D AND INNOVATION

The Budget prioritizes technology, research, and innovation, positioning India as a global deep-tech hub. Quantum computing will advance drug discovery, cybersecurity, and climate modelling, while AI-driven automation will boost manufacturing, logistics, and financial services efficiency. Increased R&D funding for universities and IITs will drive breakthroughs in AI, biotech, and materials science, fostering patent growth and high-tech startups, thereby strengthening India's intellectual property ecosystem.

Recent Policy Changes

Corporate Law

Foreign Exchange Regulations

Taxation

Digital India

Miscellaneous

CORPORATE LAW

- **Procedure simplified for Mergers and Amalgamations ('M&A') involving foreign holding company (transferor) and an Indian wholly owned subsidiary company (transferee). New provisions stipulate obtaining prior RBI approval along with complying provisions related to simplified fast-track mergers.**
- The National Financial Reporting Authority ('NFRA') released a circular elucidating the duties of principal auditors and other auditors in group audit. Key points include:
 - The principal auditor is ultimately responsible for reporting on group financial statements and ensuring that significant risks of the group companies are addressed.
 - When planning to use the work of another auditor, the principal auditor should assess the professional competence of the other auditor.
 - Every principal auditor is required to perform all the procedures in fulfillment of his obligations, unless he has reasons to believe that the alternate procedures were carried out to achieve these objectives.
- The Insolvency and Bankruptcy Board of India ('IBBI') issued guidelines for the Committee of Creditors ('CoC') for more effective and time bound decision making. The aim is to address procedural delays and maximisation of value of assets of the corporate debtor.

FOREIGN EXCHANGE REGULATIONS

- Indian companies permitted to issue/transfer equity instruments through swap of equity instruments of an Indian Company or equity capital of Foreign Company, without any prior RBI approval. Prior government approval shall be required only in case where government approval is applicable.

- **RBI issued the operational framework for investment made by Foreign Portfolio Investors ('FPIs') for disinvestment and reclassification as Foreign Direct Investment ('FDI').**
- With effect from FY 2023-24, exporters must complete the Annual Remission of Duties and Taxes on Export Products Return required by the Directorate General of Foreign Trade. The program reimburses taxes and duties that aren't covered elsewhere. By March 31, 2025, exporters seeking benefits above ₹10 million must submit an ARR outlining their export claims.

TAXATION

- Switzerland revokes unilateral Most Favoured Nation benefit under India-Switzerland Tax Treaty. As of January 1, 2025, Indian residents receiving dividends from Swiss companies will face a 10 per cent withholding tax. This is an increase from the previous 5 per cent rate.
- Windfall tax abolished on crude products, aviation turbine fuel, petrol and diesel to reduce fuel prices.

DIGITAL INDIA

- **Draft rules introduced under Digital Personal Data Protection Rules to create a robust framework for protecting personal data. Data Fiduciaries must provide clear and accessible information about how personal data is processed, enabling informed consent. Citizens are empowered with rights to demand data erasure, appoint digital nominees, and access user-friendly mechanisms to manage their data.**
- Government of India to allocate satellite spectrum administratively, rather than going the auctions route. This policy aims to attract multiple companies into the satellite broadband sector, offering consumers more choices and aligning with global practices.

MISCELLANEOUS

- Amendments were introduced to improve the effluent quality standards for treated wastewater and specify the permissible limits for Total Dissolved Solids. To ensure adherence to discharge regulations and accurate reporting to official websites, Common Effluent Treatment Plants must also install Online Continuous Effluent Monitoring Systems.
- Effective from October 1, 2025, Liquid Waste Management Rules, 2024 is notified with an aim to
 - minimize liquid waste
 - manage its collection
 - treat it
 - use wastewater
 - dispose of the leftover treated wastewater
- All entities involved in generation and wastewater management are subject to these regulations, as are local bodies in both urban and rural areas. Wastewater, treatment facility sludge, and faecal sludge are the primary types of wastes covered under this legislation
- **MSMEs having a turnover exceeding ₹2.5 billion, will now have quicker access to working capital as well as improved cash flows. All such companies and Central Public Sector Enterprises are now required to mandatorily onboard the Trade Receivables Discounting System ('TReDS') platforms.** TReDS platform to act as an online marketplace, where MSMEs can sell their outstanding invoices (trade receivables) to multiple financiers at competitive rates.
- Security of Supply Arrangement signed with the United States of America, allows reciprocal priority support for defense-related goods and services along with encouraging various co-production and co-development opportunities.

FOREIGN TRADE

(April - November 2024)

MAIN TRADING PARTNERS FOR INDIA				
S. No.	Main Exports to	Share (%)	Main Imports From	Share (%)
1	USA	18.64	China	15.75
2	UAE	8.41	Russia	9.29
3	Netherlands	5.75	UAE	8.50
4	UK	3.38	USA	6.27
5	Singapore	3.32	Saudi Arabia	4.15
6	China	3.25	Iraq	4.03
7	Saudi Arabia	2.58	Indonesia	3.43
8	Bangladesh	2.52	Switzerland	3.27
9	Germany	2.41	South Korea	3.02
10	Australia	1.94	Singapore	2.94

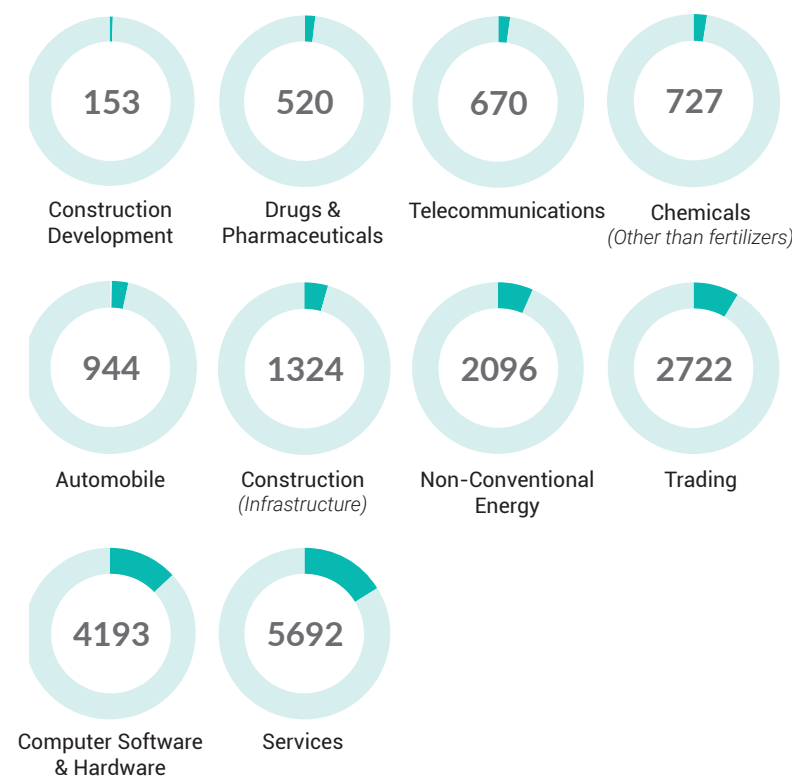
FOREIGN DIRECT INVESTMENT

(US\$ million)

FDI EQUITY INFLOWS (top ten countries)						
Rank	Country	2022-23 (Apr - Mar)	2023-24 (Apr - Mar)	2024-25 (Apr - Sep)	Cumulative Inflows (Apr 2000 - Sep 2024)	% to total Inflows (Apr 2000 - Sep 2024)
1	Mauritius	6,134	7,970	5,341	177,188	25
2	Singapore	17,203	11,774	7,531	167,474	24
3	USA	6,044	4,998	2,576	67,770	10
4	Netherlands	2,498	4,924	3,580	52,263	7
5	Japan	1,798	3,177	1,199	43,117	6
6	UK	1,738	1,216	188	35,279	5
7	UAE	3,353	2,924	3,472	21,974	3
8	Cayman Islands	772	342	235	15,501	2
9	Germany	547	505	249	14,892	2
10	Cyprus	1,277	806	808	14,258	2

SECTORAL COMPOSITION OF FDI

(Apr'24 - Sep'24) (US\$ million)



Economic Indicators

GROSS DOMESTIC PRODUCT ('GDP')

GDP growth for the FY 2024-25 is estimated at 6.4 per cent compared to 8.2 per cent in the FY 2023-24.

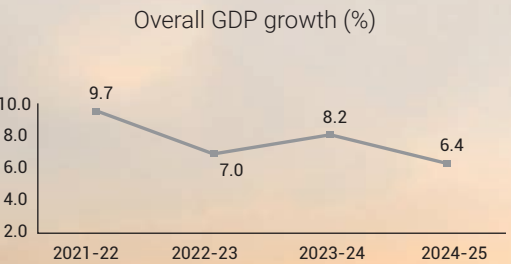


Figure for FY 2022-23 are first revised estimate
Figure for FY 2023-24 is provisional estimate
Figure for FY 2024-25 is first advance estimate

INFLATION

Headline inflation based on Consumer Price Index ('CPI') decreased from 5.4 per cent in the FY 2023-24 to 4.9 per cent in FY 2024-25.

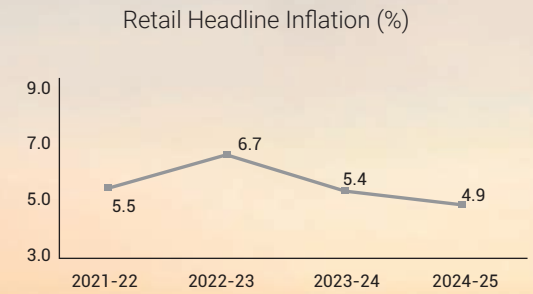


Figure for FY 2024-25 is for the period April – December

FOREIGN TRADE

Exports till September 2024 were US\$ 215.13 billion, compared to which, imports was estimated at US\$ 355.58 billion.

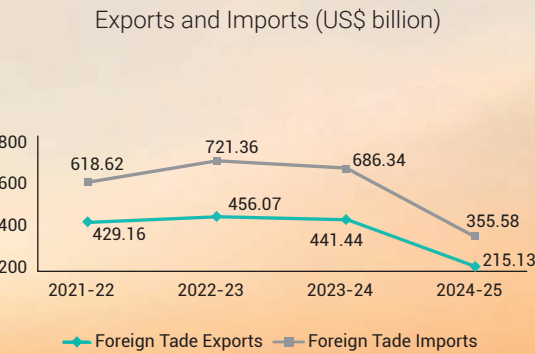


Figure for FY 2023-24 is preliminary estimate
Figure for FY 2024-25 is preliminary estimate from April - September

FOREIGN EXCHANGE RESERVES

The foreign exchange reserves stood at US\$ 635.70 billion as of December 2024.

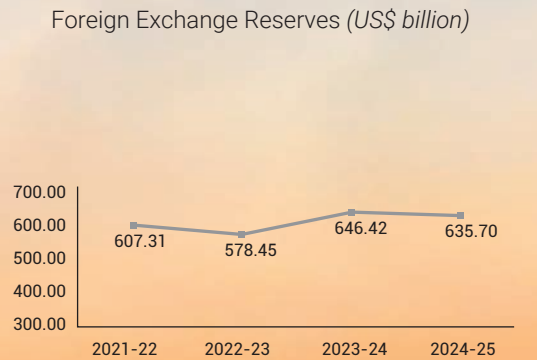


Figure for FY 2024-25 is for end of December 2024

INFRASTRUCTURE

CORE INDUSTRIES

Coal production during April to November 2024 grew by 6.4 per cent over the corresponding period of the previous year. Production of natural gas, petroleum refinery products, fertilizers, steel, cement and electricity increased, while there was a decline in production of crude oil.

Growth in Core Industries (%)

SECTOR	2021-22	2022-23	2023-24	APRIL TO NOVEMBER	
				2023-24	2024-25*
Coal	8.5	14.8	11.8	12.8	6.4
Crude Oil	-2.6	-1.7	0.6	-0.2	-2.4
Natural Gas	19.2	1.6	6.1	5.4	1.1
Refinery Products	8.9	4.8	3.6	5.0	2.7
Fertilizers	0.7	11.3	3.7	6.3	1.6
Steel	16.9	9.3	12.5	14.8	5.9
Cement	20.8	8.7	8.9	10.1	3.1
Electricity	8.0	8.9	7.1	7.7	5.3
Overall Growth	10.4	7.8	7.6	8.7	4.2

*Figures for April to November for FY 2024-25 are Provisional

POWER

Total power generation registered an increase of 5.41 per cent during April to December 2024 compared to corresponding period of the previous year, led by Nuclear power which increased by 18.55 per cent.

(billion units)

POWER SOURCE	APRIL TO DECEMBER		
	2023	2024*	GROWTH %
Thermal	980.79	1016.48	3.64
Nuclear	36.26	42.99	18.55
Hydro (Large)	114.76	125.44	9.31
RES including SHP	171.16	188.27	9.99
Bhutan Import	4.67	5.23	11.97
Total Power Generation	1,307.64	1,378.42	5.41

*Figures for April to December for FY 2024-25 are Provisional

TELECOMMUNICATIONS

India is the second-largest telecommunications market, with over 1.18 billion telephone subscribers, an overall teledensity of 84 per cent and 941 million broadband users as on December 31, 2024. The country is an overall leader in per subscriber mobile data consumption and offers the most affordable data rates across the globe. Telecom infrastructure is being strengthened through Bharat Net Project, extending broadband to villages, and enhancing mobile coverage in the North-East, border areas, and islands of Andaman & Nicobar and Lakshadweep.

RAILWAYS

Indian Railways is the fourth largest network in the world wherein the passenger traffic grew at 8 per cent year on year, while revenue earning freight displayed an increase of 5.2 per cent over previous year. To encourage tourism, 'Bharat Gaurav' trains have been introduced as theme-based tourist circuit trains, that showcase India's rich cultural heritage and magnificent historical places. The 508 km Mumbai-Ahmedabad High-Speed Rail Project, which is supported by Japan, has a revised cost estimate of ₹1.08 trillion (US\$ 12.46 billion). As of October 2024, it has achieved 47.17 per cent progress with an overall expenditure of ₹674.86 billion (US\$ 7.78 billion).

ROADS

India has a total road network of 6.34 million km, including National Highway ('NH') network of 146,195 km. NH network forms the foundation of the road transport network even though it constitutes only 2 per cent of total network but carries about 40 per cent of the overall road freight traffic.

GLOBAL CAPABILITY CENTERS ('GCCs')

The number of GCCs in India have grown from approximately 1430 in FY 2018-19 to over 1700 in FY 2023-24. As of FY 2023-24, GCCs in India employ nearly 1.9 million professionals. India has established itself as a prominent player in leveraging its vast talent pool, which accounts for 28 per cent of the global (science, technology, engineering, mathematics) STEM workforce and 23 per cent of the global software engineering talent.

Important Filing dates for the Year 2025-26

(The dates may be revised as per the notification by the regulators)

TAX

Regulatory Matter	Due Date
Corporate Tax Return	October 31st/ November 30th
Tax Audit Report	September 30th/ October 31st
Transfer Pricing Report	October 31st
TDS/TCS Returns (Tax Withholding)	Quarterly
Individual Tax Return	July 31st
GST Periodical Returns	
- Turnover > ₹50 million	Monthly
- Turnover ≤ ₹50 million	Quarterly/Monthly
GST Annual Return (GSTR-9)	
- Turnover > ₹20 million	Annually
GST Reconciliation statement and self certification by management (GSTR-9C)	
- Turnover > ₹50 million	Annually

COMPLIANCE

Regulatory Matter	Due Date
Deposit of TDS	7th of every month
Deposit of GST	
- Turnover > ₹50 million	20th of every month
- Turnover ≤ ₹50 million	20th/ 22nd/ 24th of every month/ Quarter*

*Differs according to State

CORPORATE LAW

Regulatory Matter	Due Date
Board Meeting	Four meetings every year with a gap not exceeding 120 days between two such meetings
Annual General Meeting ('AGM') (adoption of financials)	Within 6 months of end of the financial year
Annual Return with the ROC	Within 60 days from conclusion of AGM
Annual Accounts with the ROC	Within 30 days from conclusion of AGM

About us



A full service Accounting & Consulting Firm

SERVICES

- Accounting and Business Support
- Assurance
- Business Advisory
- Cyber Security
- Global Offshoring Services
- Risk Advisory
- Taxation
- Transaction Advisory

PRESENTLY POSITIONED IN THE

TOP 10 ACCOUNTING & CONSULTING FIRMS

Well structured teams with domain specialization are guided by leaders who possess expertise and experience and are present PAN India to ensure excellent client service.



70 Partners/
Directors

6000+
Clients

1200+
In-house
Professionals

18+
Indian Locations

GLOBAL PRESENCE



43,000
Staff



700
Offices



143
Territories

National Affiliates : Bhubaneswar, Chandigarh, Pune and Vishakhapatnam

New Delhi

Aurobindo Tower
81/1 Third Floor Adchini
Aurobindo Marg
New Delhi 110 017 INDIA
T +91 11 4100 9999

Sunil Arora
sunil.arora@asa.in

Ahmedabad

306-B, Pinnacle Business Centre
Corporate Road, Prahlad Nagar
Ahmedabad 380 015 INDIA
T +91 79 4891 5409

Himanshu Srivastava
himanshu.srivastava@asa.in

Bengaluru

53/B, LOLS Citadel Level 2 & 3
1st Main Road, 3rd Phase
Sarakki Industrial Layout, J P Nagar
Bengaluru 560 078 INDIA
T +91 80 4907 9600

D. Ramprasad
ramprasad.d@asa.in

Chennai

Unit No. 709 & 710
7th Floor 'BETA Wing'
Raheja Towers, New Number - 177
Anna Salai, Chennai 600 002 INDIA
T +91 44 4904 8200

DK Giridharan
dk.giri@asa.in

Gurgaon

Times Square Fourth Floor
Block B, Sushant Lok 1
Gurgaon 122 002 INDIA
T +91 124 4333 100

Sundeep Gupta
sundeep.gupta@asa.in

Hyderabad

Vasavi's MPM Grand, 11th Floor
Unit No 1204, Yella Reddy Guda
Road, Ameerpet, Hyderabad
Telangana 500 073 INDIA
T +91 40 2776 0423

Zohra Juveriya
zohra.juveriya@asa.in

Kochi

Pioneer Tower
207-208 Second Floor
Marine Drive
Kochi 682 031 INDIA
T +91 484 410 9999

P N Ramachandra Kamath
pnr.kamath@asa.in

Mumbai

Lotus Corporate Park G-1801
CTS No.185/A, Graham Firth
Compound, Western Express
Highway, Goregaon (East)
Mumbai 400 063 INDIA
T +91 22 4921 4000

Bhushan Sharma
bhushan.sharma@asa.in