UNION BUDGET 2025-26

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UNION BUDGET 2025-26

A
COMPREHENSIVE
OVERVIEW
FOR
BUSINESSES
AND
TAXPAYERS





The Union Budget 2025-26, presented by Honorable Finance Minister Nirmala Sitharaman, reflects a forward-looking approach aimed at fostering economic growth, simplifying tax structures, and encouraging entrepreneurship.

With significant reforms in both direct and indirect taxes, the budget focuses on stimulating domestic investments, supporting the middle class, and enhancing India's global competitiveness.

This article provides an in-depth analysis of key tax proposals, their implications, and practical examples to help businesses and individuals understand the changes.

DIRECT TAX PROPOSALS: SIMPLIFICATION AND RELIEF

The direct tax proposals are designed to ease compliance, promote voluntary tax payments, and reduce the tax burden, particularly for the middle class.

One of the most noteworthy announcements is the increase in the tax exemption limit:

No Income Tax

for individuals earning up to

₹12 lakh annually

(effectively ₹12.75 lakh for salaried individuals with the standard deduction).



REVISED INCOME TAX SLABS

INCOME RANGE TAX RATE

0-4 LAKH NIL

4-8 LAKH 5%

8-12 LAKH 10%

12-16 LAKH 15%

16-20 LAKH 20%

20-24 LAKH 25%

ABOVE 24 LAKH 30%

EXAMPLE

Mr. Raj, earning ₹12 lakh annually, will now pay **zero tax** under the new regime, saving up to ₹80,000 compared to the previous structure.

SIMPLIFICATION OF TDS/TCS FRAMEWORK







Exemption from TCS for education-related remittances funded through loans.

ENCOURAGING VOLUNTARY COMPLIANCE

To promote transparency and trust:

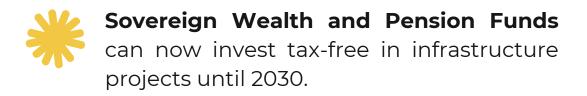
Updated Return Filing Window extended from **2 years to 4 years,** allowing taxpayers to rectify omissions without facing heavy penalties.

EXAMPLE

A business owner who missed reporting certain income for FY 2022-23 can now file an updated return until FY 2026-27

START-UP AND INVESTMENT INCENTIVES





INDIRECT TAX PROPOSALS: BOOSTING DOMESTIC MANUFACTURING AND TRADE

The indirect tax proposals aim to rationalize the tax structure, promote exports, and strengthen domestic industries.

CUSTOMS DUTY RATIONALIZATION

- HEALTHCARE SECTOR RELIEF
- BOOST TO DOMESTIC MANUFACTURING
- EXPORT PROMOTION MEASURES

CUSTOMS DUTY RATIONALIZATION



Simplified customs tariff with only 8 categories.

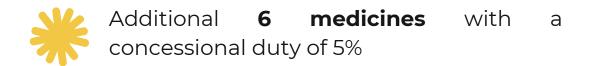


Social Welfare Surcharge Exempted on 82 tariff lines, reducing costs for certain imports.

HEALTHCARE SECTOR RELIEF



36 lifesaving drugs (for cancer, rare diseases, etc.) fully exempt from Basic Customs Duty (BCD)



BOOST TO DOMESTIC MANUFACTURING



Critical Minerals: Full exemption for cobalt powder, lithium-ion battery scrap, and 12 other minerals.



Electric Vehicles (EVs): Duty exemptions on capital goods for lithium-ion battery manufacturing.



Textile Industry: Duty exemption on shuttle-less looms for technical textiles.

EXPORT PROMOTION MEASURES





IMPACT ANALYSIS AND PRACTICAL IMPLICATIONS

FOR INDIVIDUALS:

- **Higher Disposable Income:** The increased tax exemption limit boosts savings and consumption.
- Simplified Tax Filing: Reduced compliance burden with extended return filing timelines.

FOR BUSINESSES:

- Lower Operational Costs: Reduced customs duties on critical inputs.
- **Export Competitiveness:** Easier export compliance and longer timelines.
- **Start-up Growth:** Extended tax benefits and simplified regulatory norms.

IMPACT ANALYSIS AND PRACTICAL IMPLICATIONS

FOR THE ECONOMY:

- **Increased Investments:** Tax incentives for sovereign funds and start-ups.
- **Boost to Manufacturing:** Focus on Make in India with customs duty exemptions.
- Healthcare Access: Reduced costs for life-saving drugs and medical equipment.

CONCLUSION

The Union Budget 2025-26 is a progressive step towards a more inclusive and growth-oriented economy. With reforms focusing on tax simplification, middle-class relief, and support for key industries, it promises a robust framework for sustainable development.

Businesses and individuals must adapt to these changes to maximize benefits and ensure compliance. For personalized advice and detailed tax planning strategies, feel free to connect with us.

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