

# UNION BUDGET 2025-26

By

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# UNION BUDGET 2025-26

A  
COMPREHENSIVE  
OVERVIEW  
FOR  
BUSINESSES  
AND  
TAXPAYERS



# NOTIFICATION

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.

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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).



**Major Relief  
for the Middle  
Class**

# 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



**TDS on Interest for Senior Citizens**  
increased from ₹50,000 to **₹1 lakh**.



**TDS on Rent** threshold raised from ₹2.4 lakh to **₹6 lakh annually**, benefiting small landlords.



**TCS on Foreign Remittances (LRS)**  
threshold increased to **₹10 lakh**



**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



**Start-up Tax Benefits** extended until **March 31, 2030**, fostering innovation



**Sovereign Wealth and Pension Funds** can now invest tax-free in infrastructure projects until 2030.



# INDIRECT TAX PROPOSALS: BOOSTING DOMESTIC MANUFACTURING AND TRADE

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

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- 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)



Additional **6 medicines** with a concessional duty of 5%

# 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



**Handicraft Export Period Extended** from  
**6 months to 1 year.**



**Duty-Free Imports** for 9 new handicraft  
items to support artisans.

# 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.



THANK YOU

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*We thank you for your continued support*

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