



**Shah & Shah**  
CHARTERED ACCOUNTANTS

# UNION BUDGET 2025

# FOREWORD

It is with great responsibility and deep personal commitment, we present this Budget Analysis Summary for the fiscal year 2025–2026. This budget is not just a set of financial allocations; it is a vision for a more prosperous, inclusive, and resilient future for all of us. As we navigate an ever-evolving economic landscape, foremost priority of the government remains the well-being and progress of people. Very well said “A Country is not just its soil; a country is its people” The Budget 2025–2026 has been carefully crafted with a keen awareness of the challenges and aspirations of our nation. Government understands the concerns of families, businesses, and communities as they strive to adapt to changes in inflation, technological advancements, and environmental sustainability. This budget is response—a balanced approach to economic stability, job creation, and sectoral advancements in infrastructure, healthcare, education, and digital transformation.

The Budget speech and objective of the Government shows collective efforts to ensure prudent fiscal management while prioritizing crucial sectors that drive growth and uplift livelihoods. With a strong emphasis on innovation and digitalization, not just improving governance and service delivery but also paving the way for future generations to succeed. Additionally, commitment to sustainability remains unwavering, with significant investments in environmental conservation and renewable energy.

As we embark on the implementation of this budget, we invite each one of you—government agencies, businesses, and citizens—to join hands in making India’s shared vision a reality. Together, we can transform challenges into opportunities and build a nation that thrives on unity, progress, and innovation.

We extend our heartfelt gratitude to all those who have contributed their insights, expertise, and dedication in shaping this budget. Hard work and commitment serve as the foundation for the policies that will drive national growth.

With optimism and determination, we step into a new fiscal year, confident that the Budget 2025–2026 will set the course for a stronger, more resilient, and more prosperous nation.

**Team: Shah & Shah | Chartered Accountants**

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# UNION BUDGET 2025

## A Visionary Path Towards India's Economic Development

The Union Budget 2025 presented by the Hon'ble Finance Minister Smt. Nirmala Sitharaman ji sets a visionary path for India's economic development. The budget focuses on the theme of **"Next Generation Reforms,"** aiming to bolster economic growth, improve productivity, and enhance the efficiency of markets and sectors. We see the next five years as a unique opportunity to realize **'Sabka Vikas'**, stimulating balanced growth of all regions. The budget emphasizes key sectors such as agriculture, micro, small, and medium enterprises (MSMEs), investment, and exports as essential drivers for job creation and self-reliance.

### **WHAT UNION BUDGET MEANS FOR 98% OF THE TOTAL TAXPAYER?**

Only one line answer – tax slab rate for my income and benefits I will get.

Focusing solely on tax slab rates and benefits is a limited perspective, as personal income tax changes form a small part of the Union Budget. The real impact lies in the government's vision, fiscal management, and economic direction outlined in the budget speech. Our analysis, based on key budget documents, provides a comprehensive understanding for everyone.





# Key Engines of Development

## 1. Agriculture



Significant investments are planned in agriculture, including the Prime Minister Dhan-Dhaanya Krishi Yojana, which aims to develop Agri-districts across 100 regions. A National Mission on High-Yielding Seeds will also be launched to enhance productivity and resilience.

- National Mission on High Yielding Seeds for better productivity.
- PM Dhan-Dhaanya Krishi Yojana for Agri-districts development.
- Aatmanirbharta in Pulses to ensure self-sufficiency in Tur, Urad, Masoor.
- Enhanced Credit via Kisan Credit Card (KCC) – ₹5 lakh limit for farmers.

### Analysis Of Shah & Shah :

- Boosts farm productivity & food security.
- Enhances rural incomes through institutional credit.
- Strengthens India's agricultural self-reliance.

### Comparison with Previous Budgets :

- 2023-24 & 2024-25 focused on PM-KISAN expansion & Agri-Tech integration.
- 2025-26 sees a shift towards self-sufficiency in pulses & climate-smart farming.

## 2.MSME

### Significant support to MSMEs by various measures such as :

- customised credit cards with a INR 5 Lakh limit for micro enterprises registered on Udyam portal
- Scheme for first time entrepreneurs with specific focus on women and SCs & STs to provide term loans up to INR 2 crore for next 5 years
- Manufacturing mission with mandate to focus on ease of doing business
- Measure for Labour intensive sectors and much more.

#### Revision in classification criteria for MSMEs (₹ in Cr)

| Particulars        | Investment |         | Turnover |         |
|--------------------|------------|---------|----------|---------|
|                    | Current    | Revised | Current  | Revised |
| Micro Enterprises  | 1          | 2.5     | 5        | 10      |
| Small Enterprises  | 10         | 25      | 50       | 100     |
| Medium Enterprises | 50         | 125     | 250      | 500     |

#### Significant enhancement of credit availability with guarantee cover (₹ in Cr)

| Particulars    | Credit guarantee cover        |         |
|----------------|-------------------------------|---------|
|                | Current                       | Revised |
| MSEs           | 5                             | 10      |
| Startups       | 10                            | 20      |
| Exporter MSMEs | For Term Loans Up To 20 Crore |         |

### Comparison with Previous Budgets :

| Year    | MSME Credit Availability |
|---------|--------------------------|
| 2023-24 | 7.5 Lakh Crore           |
| 2024-25 | 8.9 Lakh Crore           |
| 2025-26 | 10 Lakh Crore            |

### Analysis Of Shah & Shah :

- Enhances MSME credit access.
- Boosts job creation in manufacturing.
- Supports 'Make in India' with cluster-based policies.

### Comparison with Previous Budgets :

- 2023-24 & 2024-25: Focused on collateral-free loans under CGTMSE
- 2025-26: Expands MSME classification and credit guarantees.

### 3.Investment



Significant investments are proposed in infrastructure, including a 3-year pipeline of projects in public-private partnership (PPP) mode. An outlay of ₹1.5 lakhs crore is allocated for interest-free loans to states for capital expenditure. The budget also emphasizes the establishment of National centres of Excellence for skill development and innovation to support manufacturing initiatives.

- ₹1 Lakh Crore Urban Challenge Fund for city redevelopment.
- Jal Jeevan Mission Extended to 2028 for 100% water supply.
- ₹10 Lakh Crore Asset Monetization Plan for infrastructure funding.
- ₹1.5 Lakh Crore Interest-Free Loans to States for capital projects.

#### Analysis Of Shah & Shah :

- Accelerates real estate & infra growth in tier-2/3 cities.
- Supports state-level capital projects without fiscal stress.
- Boosts regional connectivity for economic decentralization.
- Sizeable investment in people, economy and innovation

#### Comparison with Previous Budgets :

- 2023-24 & 2024-25 emphasized National Infrastructure Pipeline (NIP) execution.
- 2025-26 focuses on urban redevelopment & private investment via monetization.

## 4.Export



Exports are positioned as a vital growth engine, with plans to enhance MSME participation in international markets. The budget aims to bolster MSMEs as a crucial growth engine by enhancing their access to export markets through an Export Promotion Mission. The government plans to implement a Bharat TradeNet (BTN) platform for streamlined trade documentation and financing solutions.

National framework for Global Capability centres in emerging tier 2 cities and warehousing facilities for air cargo.

### Analysis Of Shah & Shah :

- Easy access to export credit, cross boarder factoring support
- Support to MSMEs to tackle non-tariff measures in overseas markets
- With creation of Bharat TradeNet, support for integration with Global supply chains

### Comparison with Previous Budgets :

- 2023-24 & 2024-25 emphasized on roadmap for pursuit of viksit bharat by focusing on Youth, Farmer, Poor and Women
- 2025-26 focuses on export promotion mission, create support for global supply chain and infrastructure



KEY COMPARATIVE INSIGHTS

| Category                  | 2023-24          | 2024-25                | 2025-26               |
|---------------------------|------------------|------------------------|-----------------------|
| Fiscal Deficit (% of GDP) | 6.7%             | 5.9%                   | 4.4%                  |
| Capital Expenditure       | ₹10 Lakh Cr      | ₹13.7 Lakh Cr          | ₹15.5 Lakh Cr         |
| Agriculture Focus         | PM-KISAN         | Agri-tech & FPOs       | Pulses Aatmanirbharta |
| MSME Support              | CGTMSE Loans     | Collateral-free Credit | Higher Credit Limits  |
| Urban Infra               | Smart Cities 2.0 | Infra Monetization     | ₹1 Lakh Cr Urban Fund |
| Digital Economy           | ONDC, UPI Growth | Fintech Sandbox        | 100% FDI in Insurance |
| Tax Reforms               | 5% Standard GST  | TDS Rationalization    | New Income Tax Bill   |

FINAL VERDICT OF SHAH & SHAH ON THIS  
TRANSFORMATIONAL BUDGET 2025-26 IS AS FOLLOWS

1

**GROWTH-ORIENTED**

HEAVY INFRASTRUCTURE  
& MSME BOOST

3

**PEOPLE-CENTRIC**

MIDDLE-CLASS TAX RELIEF &  
RURAL EMPOWERMENT

2

**FISCAL DISCIPLINE**

GRADUAL DEFICIT REDUCTION

4

**SELF-RELIANCE FOCUS**

AGRICULTURE & MANUFACTURING  
INCENTIVES



# DIRECT TAX

## Tax Reforms:

Commitment of Tax Department to “trust first, scrutinize later”

Proposed to introduce New Income tax Bill in the parliament Next week.

The New Income Tax Bill will be clear and direct in text with close to half of the present law, in terms of both chapters and words. It will be simple to understand for taxpayers and tax administration, leading to tax certainty and reducing litigation.

### TAX SLAB RATES

(FOR INDIVIDUAL, HUF, AOP (OTHER THAN A CO-OPERATIVE SOCIETY)

OR BOI ARE REVISED – NEW TAX REGIME :

#### CURRENT

| Total Income (in ₹)  | Rate of tax |
|----------------------|-------------|
| Upto ₹3 Lakh         | Nil         |
| ₹3 Lakh to ₹7 Lakh   | 5%          |
| ₹7 Lakh to ₹10 Lakh  | 10%         |
| ₹10 Lakh to ₹12 Lakh | 15%         |
| ₹12 Lakh to ₹15 Lakh | 20%         |
| Above ₹15 Lakh       | 30%         |

#### PROPOSED

| Total Income (in ₹)  | Rate of tax |
|----------------------|-------------|
| 0-4 Lakh             | Nil         |
| ₹4 Lakh to ₹8 Lakh   | 5%          |
| ₹8 Lakh to ₹12 Lakh  | 10%         |
| ₹12 Lakh to ₹16 Lakh | 15%         |
| ₹16 Lakh to ₹20 Lakh | 20%         |
| ₹20 Lakh to ₹24 Lakh | 25%         |
| Above ₹24 Lakh       | 30%         |

- Now, Rebate under Section 87A is claimed up to income of Rs.12 lacs (Other than Special Rate of income) in new Tax regime.
- Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than 12,00,000.
- For salaried taxpayers having salary till 12.75 lacs no tax is payable by them. (i.e. due to standard deduction of Rs.75000).

## No changes are made in Old regime tax slab rates

| Total Income(in Rs.) | Rate of tax |
|----------------------|-------------|
| Up to ₹2.5 Lakh      | Nil         |
| ₹2.5 Lakh to ₹5 Lakh | 5%          |
| ₹5 Lakh to ₹10 Lakh  | 20%         |
| Over ₹10 Lakh        | 30%         |

### Amendment in Section 80CCD :

**NPS Vatsalya:** It allows parents and guardians to open a National Pension Scheme (NPS) account for their children (minors up to 2 Children).

Deduction shall now be allowed to the parent/guardian under the old taxation regime for amount deposited in the account of any minor Child (up to 2 children) under the NPS-Vatsalya up to INR 50,000.

### Amendment in Section 80CCA :

**National Saving Scheme:** Allows Individual or HUF to claim deductions for amounts deposited in NSS. No interest shall be paid on balances on or after October 1, 2024 (Notification) and now it is proposed that withdrawals from NSS deposits made on or before April 1, 1992 along with accrued interest are exempt from tax.

### Amendment in Section 80IAC :

Eligible Startups to avail tax benefits incorporated before 1st April,2030 can claim deduction under this section earlier it was till April 1, 2025 only. So, it extended by five years.

# TDS & TCS RELATED AMENDMENTS

| Sr.No. | Section  | Present rate  | Proposed rate   |
|--------|--|---|---|
| 1      | 193- Interest on securities  | Nil   | 10,000  |
| 2      | 194A - Interest other than Interest on securities  | (i) 50,000/- for senior citizen;<br>(ii) 40,000/- in case of others when payer is bank, cooperative society and post office<br>(iii) 5,000/- in other cases | (i) 1,00,000/- for senior citizen<br>(ii) 50,000/- in case of others when payer is bank, cooperative society and post office<br>(iii) 10,000/- in other cases |
| 3      | 194 - Dividend, for an individual shareholder  | 5,000   | 10,000  |
| 4      | 194K - Income in respect of units of a mutual fund or specified company or undertaking   | 5,000   | 10,000  |
| 5      | 194B - Winnings from lottery, crossword puzzle etc. 194BB - Winnings from horse race   | Aggregate of amounts exceeding 10,000/- during the financial year   | 10,000/- in respect of a single transaction   |
| 6      | 194D - Insurance Commission  | 15,000  | 20,000  |
| 7      | 194G - Income by way of commission, prize etc. on lottery tickets  | 15,000  | 20,000  |
| 8      | 194H - Commission or Brokerage   | 15,000  | 20,000  |
| 9      | 194-I Rent   | 2,40,000/- during financial year  | 50,000/- per month or part of month   |
| 10     | 194J - Fee for professional or technical services  | 30,000  | 50,000  |
| 11     | 194LA - Income by way of enhanced compensation   | 2,50,000  | 5,00,000  |
| 12     | 206C(1G) – Remittance under LRS and overseas tour program package  | 7,00,000  | 10,00,000   |
| 13     | Section 194LBC invst in securitization trust   | Individual/HUF 25% Otherwise 30%  | 10%   |
| 14     | 206C(1)<br>(i) TCS on timber or any other forest produce (not being tendu leaves) obtained under a forest lease and<br>(ii) TCS on timber obtained by any mode other than under a forest lease | 2.50%   | 2%  |
| 15     | Sub-section (1G) of section 206C – TCS on remittance under LRS for purpose of education, financed by loan from financial institution   | 0.5% after 7 lakhs  | Nil   |

- Earlier, Sellers must collect 0.1% TCS on sales and Buyer must deduct 0.1% TDS on purchases. But now provisions related to collection of TCS will be no longer applicable and only TDS under section 194Q will be applicable. (With effect from April 1, 2025)
- Higher rate of TDS was applicable in case of Non – Filers of ITR and Inoperative PAN. Now it is proposed that higher TDS will be applicable in case of NON – pan only.

# OTHER AMENDMENTS IN DIRECT TAX

## Time-limit to file the updated return u/s 139(8A) is extended :

The time-limit to file the updated return is increased from the 24 months to 48 months from the end of the relevant assessment year with additional Tax Liability:

| Additional Tax         |     |
|------------------------|-----|
| Filed within 12 months | 25% |
| Filed within 24 months | 50% |
| Filed within 36 months | 60% |
| Filed within 48 months | 70% |

Presumptive taxation Scheme is now extended for non-resident engaged in providing services or technology in India for the purpose of setting up an electronic manufacturing facility or in connection with manufacturing or producing electronic goods, articles or thing in India: Section 44BBD is introduced with effect from AY 2026-2027.

### Eligible Assesseses :

Non-Resident providing services or technology to Indian Companies engaged in electronic manufacturing facility or connected facility in India under scheme notified by the Central Government in the Ministry of Electronics and Information Technology.

A Sum equal to 25% of total receipts shall be the deemed as profits and gains of such Non-resident from this business. Benefits of unabsorbed Depreciation and brought forward loss shall not be allowed to the assessee.

## Simplification of Tax provisions for Charitable Trust/ institutions :

The validity of registration is extended from 5 years to 10 years in a case where total income of such trust does not exceed INR 5 crores during each of the two previous years, preceding the previous year in which such application is made for registration. (Effective from AY 2026-2027)



# INDIRECT TAX

## Proposed Amendments to CGST Act

The Budget has proposed the following amendments to the Goods and Services Tax (GST) laws to enhance trade facilitation and improve compliance:

To Overrule Judgement of Honourable Supreme Court in famous case of Safari Retreats Private Limited :

- Section 17(5)(d) is proposed to be amended with retrospective effect by substituting word "Plant or Machinery" to "Plant and Machinery" notwithstanding anything to contrary contained in any judgement, decree or order of any court or local authority.
- It will result in denial of ITC on construction of Immovable Property unless it is qualified as Plant and Machinery. It means ITC can be claimed only if both the conditions are complied with.

Amendment in Few Definitions :

Section 2(61) Input Service Distributor

Proposed:

- A provision is proposed for the distribution of Input Tax Credit (ITC) by the Input Service Distributor (ISD) in respect of inter-state supplies, where tax is payable on a reverse charge basis, with effect from 1st April 2025.

Section 2(69)(C)

Proposed:

- Definitions of "Local Fund" and "Municipal Fund" will be included in the definition of "local authority" under the GST law.

Section 2(116A) Unique Identification Marking

- A new clause is proposed to define the term "Unique Identification Marking" for the purpose of implementing the Track and Trace Mechanism under GST.
- A mark that is unique, secure, and non-removable, for the implementation of a track and trace mechanism.
- Penalties amount INR 1 Lakh or 10% of the tax payable on the goods involved in the violation is also proposed in cases of contraventions related to the implementation of the Track and Trace Mechanism.

## Other Amendments :

### 1.Reversal of Input Tax Credit in Case of Credit Note

- A provision is proposed to require the reversal of the corresponding Input Tax Credit (ITC) availed in respect of a credit note, if such ITC was utilized for reducing the tax liability of the supplier.

### 2.Mandatory Pre-Deposit for Penalty Appeals

- A mandatory pre-deposit of 10% (earlier it was 25%) of the penalty amount is proposed for filing appeals before the Appellate Authority, in cases where only a penalty is imposed, without any demand for tax.

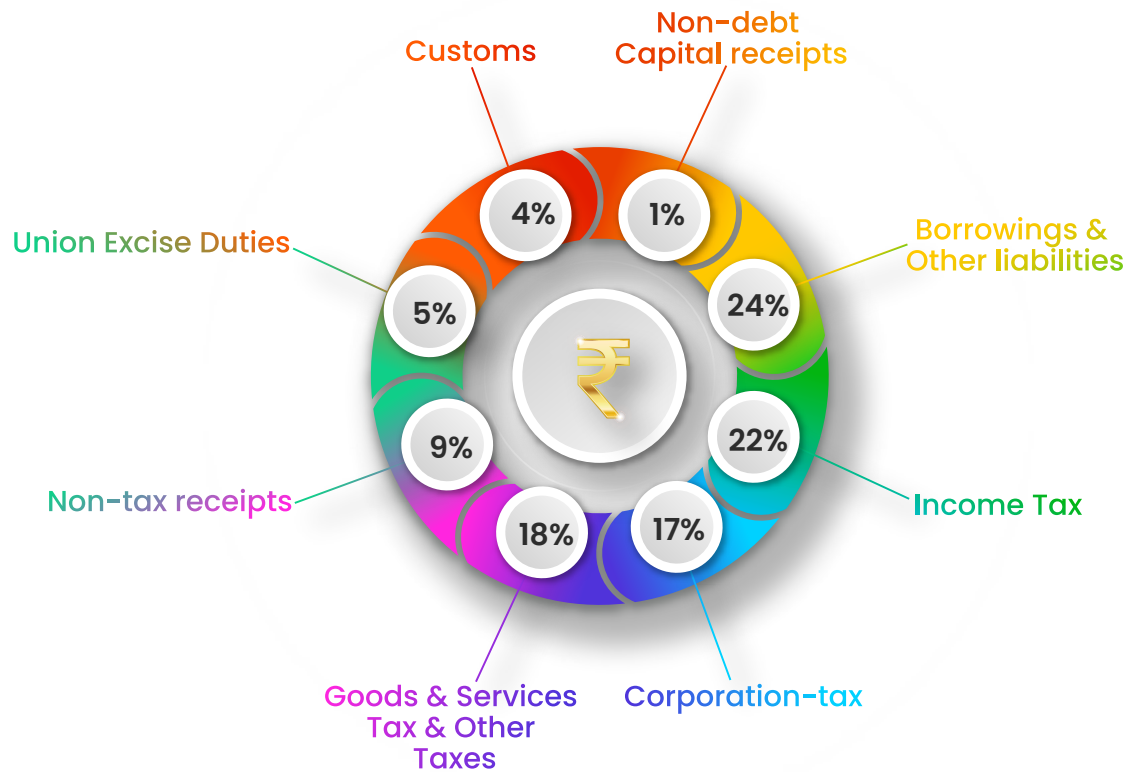
### 3.Treatment of Supply of Goods in Special Economic Zones (SEZ) and Free Trade Warehousing Zones (FTWZ)

- A provision is proposed in Schedule III of the CGST Act, 2017, clarifying that the supply of goods warehoused in a Special Economic Zone (SEZ) or in a Free Trade Warehousing Zone (FTWZ), to any person before clearance for export or to the Domestic Tariff Area (DTA), shall not be considered as a supply of goods or services.
- No refund of tax already paid will be available for such transactions.
- This provision will be applicable from 1st July 2017.

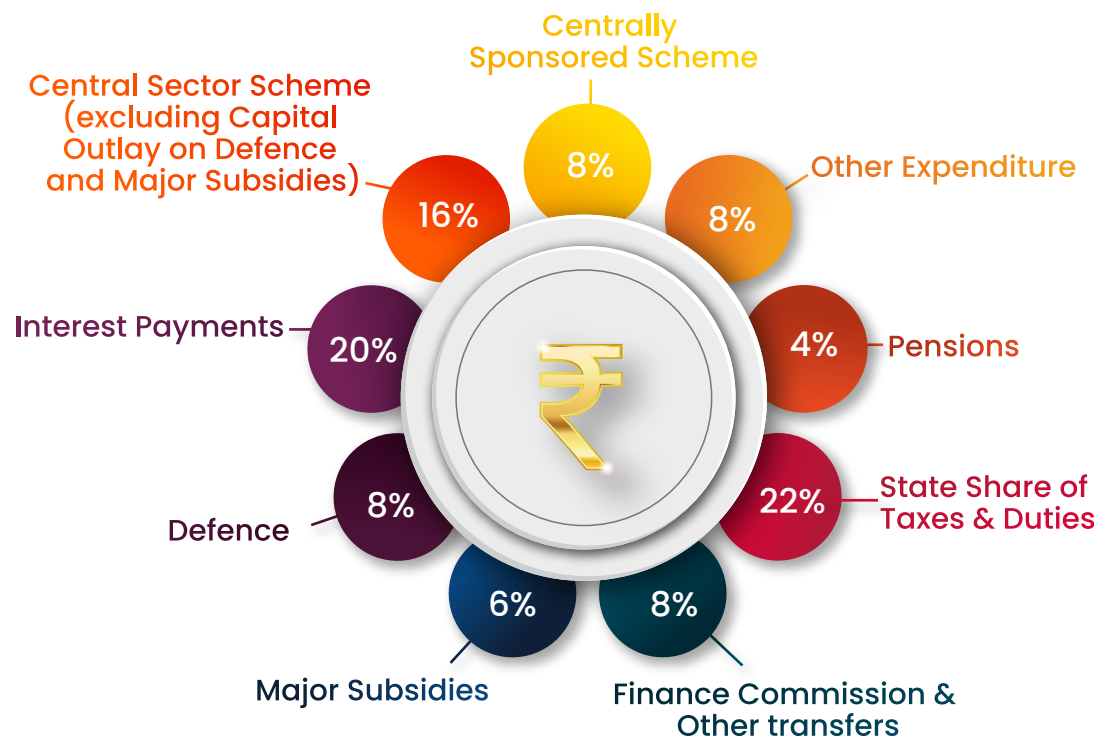
*These amendments will come into effect on a date to be notified in coordination with the States, based on the recommendations of the GST Council.*



## RUPEE COMES FROM



## RUPEE GOES TO



### NOTES:

- 1. Total receipts & expenditure are inclusive of states' share of taxes and duties which have been netted in the table given earlier.
- 2. Figures have been rounded off

## BUDGET AT GLANCE

(₹ in Cr)

| Particulars                                      | 2023-24<br>Actuals | 2024-25<br>Budget<br>Estimates | 2024-25<br>Revised<br>Estimates | 2025-26<br>Budget<br>Estimates |
|--|--------------------|--------------------------------|---------------------------------|--------------------------------|
| 1. Revenue Receipts (2+3)                        | 2729036            | 3129200                        | 3087960                         | 3420409                        |
| 2. Tax Revenue (Net to Centre) <sup>1</sup>      | 232751             | 2583499                        | 2556960                         | 2837409                        |
| 3. Non Tax Revenue                               | 401785             | 545701                         | 531000                          | 583000                         |
| 4. Capital Receipts (5+6+7)                      | 1714411            | 1691312                        | 1628527                         | 1644936                        |
| 5. Recovery of Loans                             | 26646              | 28000                          | 26000                           | 29000                          |
| 6. Other Receipts                                | 33122              | 50000                          | 33000                           | 47000                          |
| 7. Borrowings and Other Liabilities <sup>2</sup> | 1654643            | 1613312                        | 1569527                         | 1568936                        |
| 8. Total Receipts (1+4)                          | 4443447            | 4820512                        | 4716487                         | 5065345                        |
| 9. Total Expenditure (10+13)                     | 4443447            | 4820512                        | 4716487                         | 5065345                        |
| 10. On Revenue Account of which                  | 3494252            | 3709401                        | 3698058                         | 3944255                        |
|  |                    |                                |                                 |                                |
| 11. Interest Payments                            | 1063872            | 1162940                        | 1137940                         | 1276338                        |
| 12. Grants in Aid for creation of Capital assets | 303916             | 390778                         | 299891                          | 427192                         |
|  |                    |                                |                                 |                                |
| 13. On Capital Account                           | 949195             | 1111111                        | 1018429                         | 1121090                        |
| 14. Effective Capital Expenditure (12+13)        | 1253111            | 1501889                        | 1318320                         | 1548282                        |
| 15. Revenue Deficit (10-1)                       | 765216             | 580201                         | 610098                          | 523846                         |
|  | -2.6               | -1.8                           | -1.9                            | -1.5                           |
| 16. Effective Revenue Deficit (15-12)            | 461300             | 189423                         | 310207                          | 96654                          |
|  | -1.6               | -0.6                           | -1                              | -0.3                           |
| 17. Fiscal Deficit[9-(1+5+6)]                    | 1654643            | 1613312                        | 1569527                         | 1568936                        |
|  | -5.6               | -4.9                           | -4.8                            | -4.4                           |
| 18. Primary Deficit (17-11)                      | 590771             | 450372                         | 431587                          | 292598                         |
|  | -2                 | -1.4                           | -1.3                            | -0.8                           |

- RE 2024-25 is reduced by ₹ 12,764 crore on account of net amount payable by centre to the states for prior years.
- Includes drawdown of Cash balance.

### Notes :-

- The GDP for FY 2025-26 is estimated at ₹ 356,97,923 crore, which is 10.1% over the Revised Estimates for the FY 2024-25 of ₹ 324,11,406 crore released by NSO.
- Individual items in this document may not sum up to the totals due to rounding off.
- Figures in parentheses are as a percentage of GDP.

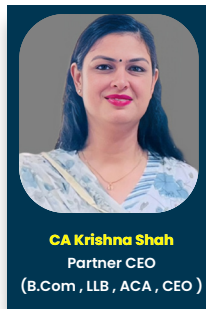
***Heartfelt thanks to all the dedicated staff members whose hard work and commitment made the preparation of the budget book a success. Your efforts are truly appreciated!***



# Team Shah & Shah Chartered Accountants



**CA Tejas Shah**  
Founding Partner  
(B.Com, FCA, DISA)



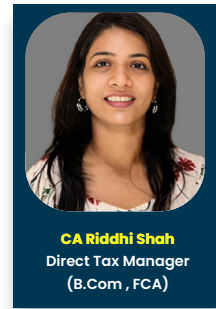
**CA Krishna Shah**  
Partner CEO  
(B.Com, LLB, ACA, CEO)



**CA Smit Shah**  
Partner  
(B.Com, FCA)



**CA Mukeshchandra Shah**  
Senior Partner  
(B.Com, FCA)



**CA Riddhi Shah**  
Direct Tax Manager  
(B.Com, FCA)



**CA Bhargav Shah**  
Indirect Tax Manager  
(B.Com, FCA)



**CA Parv Jain**  
Audit Assurance Manager  
(B.Com, ACA)



**CA Bhavik Jain**  
Accountant &  
Advisory Manager  
(B.Com, ACA)

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1. Audit & Assurance
2. Company & Corporate Law
3. Income Tax
4. Indirect Tax
5. International Compliance
6. Incorporation services
7. Bookkeeping

#### Advisory

1. Transaction Advisory
2. Direct Tax Advisory
3. Indirect Tax Advisory
4. Investment & Wealth management advisory
5. Virtual CFO service advisory
6. Payroll processing advisory
7. Management advisory
8. Estate planning advisory
9. Overseas operations

### : Disclaimer :

The information stated above is based on the "Union Budget 2025" announcement. To the best of our knowledge, the information contained herein is accurate and reliable as of the date of publication; however, we do not assume any liability whatsoever for the accuracy and completeness of the above information.