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# UNION BUDGET 2025

## Key Economic Indicators

- ▶ GDP is expected to grow between **6.3 – 6.8%** in FY 2026
- ▶ Retail Inflation at **5.4%** in FY 2024, compared to **6.7%** in FY 2023
- ▶ Unemployment rate declined to **3.2%** in 2023-24 (July-June)
- ▶ Fiscal Deficit at **6.6%** of GDP in FY 2025, compared to **5.6%** in FY 2023
- ▶ RBI kept the repo rate unchanged at **6.5%** during the first nine months of FY 2025
- ▶ Current Account Deficit, moderated slightly to **1.2%** of GDP in Q2 of FY 2025
- ▶ Gross FDI inflows amounted to **US\$ 55.6 billion** in FY 2024, a yoy growth of **17.9%**
- ▶ Foreign Portfolio Investment flows have been volatile on account of global geopolitical and monetary policy developments
- ▶ External Debt to GDP ratio rose slightly to **19.4%** at the end of September 2024
- ▶ CAPEX grows at **8.2%** in July–November 2024
- ▶ Consistent decline in Gross NPA to a low of **2.6%** at the end of September 2024
- ▶ FOREX at **US\$ 634.6 billion** as on 3 January 2025 as compared to **US\$ 616.7 billion** at the end of January 2024



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## Key Economic Reforms

- ▶ Expansion of credit guarantee schemes to support MSMEs, start-ups, and exporters
- ▶ Focus on **labour-intensive sectors** to drive job creation and entrepreneurship
- ▶ **National Manufacturing Mission:** Supporting small, medium, and large industries under 'Make in India' through policy, execution, and governance frameworks
- ▶ **Sector-Specific Initiatives:**
  - Maritime Development Fund: ₹25,000 crore to modernize ports and shipping
  - Footwear & Leather Scheme to generate 22 lakh jobs, ₹4 lakh crore turnover, and ₹1.1 lakh crore exports
  - Toy Industry Scheme to make India a global toy manufacturing hub
  - Food Technology Institute in Bihar to strengthen food processing in the Eastern region
- ▶ **Tourism Growth:** Development of India's top 50 tourist destinations
- ▶ **Nuclear Energy Mission:** ₹20,000 crore for Small Modular Reactors (SMRs) with five reactors operational by 2033
- ▶ **Skill Development & AI:**
  - National Centres of Excellence in partnership with global leaders.
  - ₹500 crore AI Centre of Excellence to drive education innovation.





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## Key Direct Taxes Proposals

- ▶ A new **Income-tax Bill** will be introduced to reinforce the principle of “trust first, scrutinize later”
- ▶ Substantial relief is proposed under the **new tax regime with new slabs and tax rates** as under: -
  - Up to ₹4,00,000 – Nil
  - ₹4,00,001 – ₹8,00,000 – 5%
  - ₹8,00,001 – ₹12,00,000 – 10%
  - ₹12,00,001 – ₹16,00,000 – 15%
  - ₹16,00,001 – ₹20,00,000 – 20%
  - ₹20,00,001 – ₹24,00,000 – 25%
  - Above ₹24,00,000 – 30%
- ▶ **No tax** for resident individuals earning up to **₹12 lakh under the new regime**
- ▶ **Updated Return Filing:** Time limit extended from 24 to 48 months - Additional tax:
  - 60% for 24-36 months
  - 70% for 36-48 months
- ▶ **Self-Occupied Property: Annual value deemed nil**, even if the owner cannot occupy it due to any other reason
- ▶ **Omission of Sections 206AB & 206CCA** to ease compliance for deductors/collector
- ▶ **Trust Registration Validity:** Increased from 5 years to 10 years for small trusts
- ▶ **Start-up tax benefits** extended until 2030 under Section 80-IAC
- ▶ **Transfer Pricing Rules Extended:** Arm’s Length Price (ALP) provisions applicable for a fixed period of 3 years



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## Key Indirect Taxes Proposals

- ▶ **Time limit of 2 years** provided for finalization of provisional assessment under Customs Act
- ▶ **Exemption** from BCD on 36 drugs for **cancer and rare diseases**
- ▶ Reduction in **tariff rates on marbles, footwear, jewelry, parts of electronic toys, metal scrap, cobalt and lithium ion waste and scrap**
- ▶ **Rationalization** of imposition of simultaneous cess and surcharge – proposal to exempt 82 tariff items from Social welfare surcharge that are subject to **cess**
- ▶ Increase in **agriculture infrastructure and development cess on footwear, solar cells, motor vehicles, and parts of electronic toys**
- ▶ Exemption from **Social welfare surcharge on furniture, toys, footwear, mattress**
- ▶ Customs, Central Excise and Service Tax Settlement Commission to be **abolished** from 01-04-2025
- ▶ Amendment for **removal of time of supply** for taxability of **vouchers** under GST
- ▶ Amendment in GST Act to substitute '**plant or machinery**' with '**plant and machinery**' in Section 17 (5)(d) **retrospectively w.e.f. 01-07-2017**
- ▶ Mandatory **reversal of ITC** by the recipient for **reduction of output tax liability** by the supplier against **credit notes** issued under GST Laws

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