



"Laid on the pedestal of garnering reforms to provide impetus to Garib (Poor), Mahilayen (Women), Yuva (Youth) and Annadata (Farmer) and building on the same focus areas from the July 2024 budget, overall, the FM's speech has jibed well with this central theme with policy initiatives under each of these core areas. For young entrepreneurs, contrary to the one year extension each year, the announcement of a 5-year extension pushing the deadline for incorporation of start-ups all the way to April 1, 2030 to claim the tax holiday, would give them a sufficient runway to develop their groundbreaking ideas while the tax benefit remains safeguarded. Continual efforts towards streamlining of TDS rates and thresholds as part of the metamorphosis towards the new income-tax bill has certainly benefited the taxpayer community by easing compliance burden. Abolishment of TCS provisions is yet another impressive stride towards this deft initiative of TDS rationalisation which will eliminate confusion on operational aspects of overlapping provisions such as TDS and TCS on purchase/ sale of goods.

Recognising compliances as a key area of endurance, the FM has made proposals to support India's steadfast commitment towards "ease of doing business". Keeping charitable institutions as one of the beneficiary, an extension in the registration validity from 5 to 10 years is proposed for smaller charitable trusts and institutions with an annual income of less than INR 5 crore over the preceding two fiscal years. Reinforcing the tax department's commitment to a "Trust First, Scrutinize Later" approach, the Finance Minister has proposed extending the deadline for filing updated returns from two years to a four-year window. In the M&A arena, the FM announced plans to widening the scope of fast-track mergers and simplifying the entire process to accelerate deal completions. On the tax front, to close the loophole of perpetual loss carry-forward through successive amalgamations and ensure regulatory alignment, the Finance Bill proposes to prospectively provide that accumulated losses from predecessor entities can be carried forward for a maximum of 8 assessment years from the year the loss was computed by original predecessor entity.

The substantial personal income-tax reforms announced towards the end of the direct taxes section were truly worthy the climax, winning the hearts of middle class taxpayers. The proposal of a full tax rebate for those with normal incomes up to INR 12 lakh, effectively eliminating their tax liability, is a crowd-pleaser beyond any doubt. The FM's announcement of a new income tax bill offers hope for the much-needed simplification, raising expectations of the nation. Whether the new bill will unravel the current complexities and deliver on the promise of "Nyaya" with a clear, concise, and significantly shorter law, paving the way for easier understanding, greater tax certainty, and fewer legal battles, is not too far from being witnessed. This new bill is anticipated to be a cornerstone of the Government's efforts to reform the tax system."

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BUDGET BEYOND PERSONAL TAX CUTS

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Income tax rules for assessment after search cases to apply to crypto income for up to 6 previous assessment years from February 1, 2025

Sandeep Jhunjhunwala, M&A Tax Partner at Nangia Andersen LLP, says, "The intention appears to incline towards the continuous attempt to capture the wide array of innovative digital assets such as utility tokens, security tokens, crypt derivatives etc, which have been masquerading their way into this ever evolving yet not formally regulated sector in India. In an attempt to allay the current shortcoming faced by the Government due to lack of a robust regulatory framework to track activities in the crypto space, the Finance Bill 2025 proposes to introduce the obligation of reporting of such crypto-assets in a statement akin to Statement of Financial Transactions. Notification of rules corresponding to this reporting requirement would unveil contours around the reporting entity on whom the obligation is cast, the depth of information sought, monetary thresholds if any. Non-disclosure of income from VDAs under the regime introduced in the Finance Act, 2022 could expose the taxpayer to search proceedings."