

## BUDGET 2026 NEWS FLASH

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*This document summarizes key provisions applicable to non-resident investors contained in the finance minister Speech and Finance Bill presented on 1st February 2026.*

*Certain policy announcements and changes to the statute carried out by the Hon'ble Finance Minister in the recent past are not brought out in this document.*

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## KEY PROPOSALS CONCERNING FOREIGN INVESTMENTS IN INDIA

The Union Budget 2026-27, presented on 1st February 2026, signals India's strategic intent to position itself as a preferred destination for global capital, technology, and talent. For non-resident investors, service providers, and businesses evaluating India opportunities, this Budget introduces transformative incentives alongside compliance simplifications that merit immediate attention. Guided by the vision of Viksit Bharat (India's initiative for Developed Nation) by 2047, the Government has recalibrated its approach toward non-residents from regulatory complexity to facilitation, from transactional engagement to long-term partnership.

For non-residents, Budget 2026-27 represents a strategic inflection point. The convergence of long-term tax incentives (particularly the 2047 cloud services exemption), MAT relief, transfer pricing certainty, compliance simplifications, and robust infrastructure investment creates a compelling value proposition. The Government has signalled clear intent: India seeks not transactional engagement but enduring partnerships with global businesses, investors, and talent. This short news flash provides brief analysis of provisions affecting non-resident operations, investment structures, and compliance obligations. We emphasize that these insights reflect proposals as announced; final provisions await Parliamentary enactment and regulatory notifications.

## 1. Key Policy Announcements

### ❖ Relaxation in Investment Limits for Persons Resident Outside India (PROI) under the Portfolio Investment Scheme

- In a significant step towards, encouraging greater foreign participation in Indian capital markets, it has been proposed to enhance foreign individual participation in Indian equity markets under the Portfolio Investment Scheme (PIS). Further, it has also been proposed to increase the individual investment limit available to a PROI under this scheme from the current ceiling of 5% to 10%, thereby allowing individual foreign investors to hold a larger stake in listed Indian companies. Additionally, the overall aggregate investment limit for all individual PROIs taken together has been proposed to be raised from the present limit of 10% to 24%.

### ❖ Foreign Exchange Management (Non-debt) Rule's Comprehensive Review

- It has been proposed to undertake a comprehensive review and rationalization of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. This review aims to establish a modern, simplified, and user-friendly regulatory framework that aligns with India's current economic priorities and facilitates ease of doing business while maintaining robust safeguards for cross-border capital flows.

### ❖ Collaboration with Indian and foreign institutions for capacity building in veterinary education, research, and training

- To scale up availability of veterinary professionals by more than 20,000, It has been proposed to roll out a loan-linked capital subsidy support scheme for establishment of veterinary and para-vet colleges, veterinary hospitals, diagnostic laboratories and breeding facilities in the private sector. Collaboration between Indian and foreign institutions will also be facilitated.

❖ High Level Committee on Banking Sector for Viksit Bharat

- Proposal for setting up a “High Level Committee on Banking for Viksit Bharat”, to comprehensively review the sector and align it with India’s next phase of growth, while safeguarding financial stability, inclusion and consumer protection.

❖ Other Key Incentive Proposals

- The Biopharma SHAKTI (Strategy for Healthcare Advancement through Knowledge, Technology and Innovation) scheme has been proposed with a budget allocation of INR 10,000 Crore.
- The Construction and Infrastructure Equipment (CIE) scheme has been proposed to bolster domestic manufacturing of technologically advanced, high-value construction and infrastructure equipment.
- The Container Manufacturing Scheme has been proposed with a budget allocation of INR 10,000 Crore to develop a globally competitive container manufacturing ecosystem.
- ISM (India Semiconductor Mission) 2.0 has been announced as the next phase of the India Semiconductor Mission. It will focus on producing equipment and materials, enhancing design capabilities, and strengthening the semiconductor manufacturing supply chain.
- The Electronics Components Manufacturing Scheme (ECMS), launched in April 2025 with an initial outlay of INR 22,919 crores, had received investment commitments that are twice the set target. Consequently, the allocation for ECMS has been increased to INR 40,000 crores.

## 2. Key Amendments to Direct Tax

### ❖ Preamble

India's direct tax law is currently in a transition phase pursuant to the enactment of the IT Act, 2025. In July 2024, the Hon'ble Finance Minister announced a comprehensive review of the IT Act, 1961 with the objective of simplification and rationalisation. This exercise was completed in record time, resulting in the IT Act, 2025, which shall come into force with effect from 1 April 2026 and apply from Tax Year 2026–27 onwards.

Accordingly, the IT Act, 1961 shall continue to govern taxation up to FY 2025–26, i.e., till 31 March 2026. The simplified Income Tax Rules and return forms under the Income Tax Act 2025 are proposed to be notified shortly, providing adequate time to taxpayers to familiarise themselves with the revised compliance framework. The redesigned forms aim to facilitate ease of compliance, particularly for ordinary taxpayers.

In the Union Budget 2026, necessary amendments have been introduced under both the IT Act, 1961 and the IT Act, 2025 to address current-year requirements and ensure a smooth and orderly transition to the new tax regime.

### ❖ **There is no change in income tax rates, including surcharge and cess, under either the IT Act, 1961 or the new IT Act, 2025.**

### ❖ Tax Holiday up to 2047 for Foreign Companies Procuring Data Centre Services in India

- In order to attract investment in data centre and promote artificial intelligence data centre framework in India. It has been proposed that any income of a notified foreign company, accruing or arising in India or deemed to accrue or arise in India, by way of procuring data centre services from a

specified data centre (set up under an approved scheme and notified by MeitY and owned and operated by an Indian company) would be exempt from tax in India (up to tax year ending on March 31, 2047), subject to certain conditions:

- Such foreign company does not own or operate any of the physical infrastructure or any resources of the specified data centre
  - Sales by such foreign company, to the extent the users are located in India, are made through a reseller entity being an Indian company
  - Such foreign company shall maintain and furnish such information in such form and manner, as may be prescribed
- The above amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

### ❖ Safe Harbour Pricing for Indian Data Centre Provider

- To enhance tax certainty and reduce transfer pricing disputes, it has been proposed to provide a safe harbour of 15% under transfer pricing provisions to the resident entity providing data centre services to a related foreign company (who is providing cloud services to any part of the world outside India).

### ❖ Fillip to Toll Manufacturing Engaged in Manufacturing of Electronic Goods

- The Finance Bill proposes to introduce a targeted incentive to bolster the toll manufacturing ecosystem, particularly in the electronics sector. It has been proposed that the Income of foreign companies from providing capital goods, equipment or tooling to Indian contract manufacturers engaged in electronic goods manufacturing in India, would be exempt from tax in India (up to tax year 2030-2031), subject to certain conditions:

- Ownership of such capital goods, equipment or tooling remains with the foreign company
  - Such capital goods, equipment or tooling is under the control and direction of the Indian contract manufacturer
  - The Indian contract manufacturer is located in a custom bonded area (i.e. a warehouse referred to in section 65 of the Customs Act, 1962)
  - The Indian contract manufacturer produces electronic goods on behalf of the foreign company for a consideration
- The proposed exemption is set to remain in effect for a period of five tax years, beginning from 1st April, 2026.

❖ Exemption to Global Income (Other Than Indian Sourced Income) for Experts Visiting India on Extended Stay

- Finance Bill 2026 proposes an exemption for certain visiting experts visiting India for longer durations. This exemption applies to individuals who have been non-residents for preceding five consecutive tax years and who visit India for the first time to render services in India under a Government-notified scheme. Under this provision, such individuals will be exempt from tax on income that accrues or arises outside India, provided that such income is not deemed to accrue or arise in India. The exemption will be available for five consecutive tax years commencing from the tax year of the individual's first visit. This benefit is subject to the condition that the individual must render services in India in connection with the notified scheme and must fulfil any other prescribed conditions as may be specified under the rules.
- The above amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years

❖ Exemption from Minimum Alternate Tax (MAT) for Non-Residents Availing Presumptive Taxation Scheme

- Under the current tax framework in India, non-resident entities that avail themselves of the presumptive scheme of taxation in respect of certain specified income streams are already exempt from the applicability of Minimum Alternate Tax. Recognising the importance of maintaining a consistent and predictable tax environment for non-resident taxpayers, the Union Budget 2026 proposes to extend this exemption from MAT to all non-residents who are liable to pay tax on a presumptive basis.
- This amendment is proposed to take effect from the 1st day of April, 2026, and will accordingly apply to tax year 2026-27 and subsequent tax years.

❖ Incentivising Prospecting and Exploration of Critical Minerals

- In a strategic move to bolster India's self-sufficiency in the procurement of critical minerals and to encourage active participation of both domestic and foreign entities in their exploration, the Union Budget 2026 proposes a meaningful tax incentive in this space. It has been proposed to include certain critical minerals in the list of minerals specified under Schedule XII of the Income Tax Act, thereby bringing the expenditure incurred on prospecting and exploration of such minerals within the scope of allowable deductions u/s 51 of the Act.
- This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

❖ Extension of Period of Deduction for IFSC Units & Rationalisation of Tax Rate

- With the objective of enhancing the global competitiveness of India's International Financial Services Centre and further consolidating its position as a premier destination for international financial activities, the Union



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Budget proposes significant enhancements to the tax incentive framework available to units operating within the IFSC. It has been proposed to extend the period of deduction available u/s 147 of the Act to 20 consecutive years out of a block of 25 years for units established in the IFSC, and to 20 consecutive years for Offshore Banking Units.

- Further, to ensure continued fiscal incentivisation even beyond the deduction period, it has been proposed that the business income earned by these units from their IFSC operations after the expiry of the said deduction period shall be taxed at a rationalised rate of 15%.
- These amendments will take effect from the 1st day of April, 2026 and apply in relation to the tax year 2026-27 and subsequent tax years.

### ❖ Rationalisation of Certain Terms for Treasury Centres in IFSC

- In a further effort to strengthen the operational and regulatory framework governing treasury centres established within the IFSC, the Union Budget 2026 proposes certain rationalisations to the deemed dividend provisions as they apply to such entities. Under the existing framework, deemed dividend provisions can create an additional layer of tax complexity for treasury centres engaged in facilitating intra-group financial transactions. To address this and to make the IFSC a more competitive and business-friendly jurisdiction for global treasury operations, it has been proposed that the provisions of deemed dividend shall not be applicable to a treasury centre in the IFSC, provided that two conditions are satisfied.
  - First, the parent entity or the principal of the group to which the treasury centre belongs must be listed in a country or territory outside India.
  - Second, both the parent or principal entity and the other group entity that is party to the transaction must be located in a country or territory outside India, as may be specified by the Central Government through a notification in the Official Gazette.

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- These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

### ❖ Enabling electronic verification and issuance of certificate for deduction of income-tax at lower rate or no deduction of income-tax

- It has been proposed to ease the compliance burden of small taxpayers by providing an online option to the payee, to apply for issuance of certificate for lower or nil deduction of income-tax which is proposed to be issued online after electronic verification.
- The amendment will take effect from the 1st day of April, 2026.

### ❖ Extension of Time to File Revised Return or Belated Return

- Under the present tax framework, taxpayers are permitted to file a revised return of income up to 31st December of the year following the relevant tax year. For persons engaged in international transactions as specified u/s 92E of the Act, the return filing period extends up to 31st October. With a view to providing greater flexibility and easing the compliance burden on taxpayers, the Union Budget 2026 proposes to extend the time available for filing a revised return up to 31st March of the year following the relevant tax year. It is important to note that this extended window is available for the revision of both original returns as well as belated returns, thereby affording taxpayers a significantly wider period to correct any omissions or errors in their previously filed returns.
- However, to maintain a degree of discipline in the return filing process, it has also been proposed that where the revision of an original return or a belated return is undertaken after 31st December, a nominal fee shall be applicable. The fee is proposed at Rs. 1,000 for taxpayers whose total income does not

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exceed Rs. 5 lakhs, and at Rs. 5,000 for taxpayers whose total income is in excess of Rs. 5 lakhs.

- The above amendment is applicable from the previous year 2025-26.

### ❖ Change in due date of filing Income-tax Return for non-auditable business and trusts

- It has been proposed to provide staggered time line for filing of tax returns due on the 31<sup>st</sup> of July. Individuals filing ITR 1 and ITR 2 shall continue to file tax returns by the 31<sup>st</sup> July and for non-audit business cases or trusts, 31<sup>st</sup> August shall be the due date. In this regard, amendments proposed in section 263(1)(c) of the Act are as under:

Sl. No.	Person	Due Date
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse). (Where the provisions of section 172 apply)	30 <sup>th</sup> November
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) Partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse). (Where the provisions of section 172 do not apply)	31 <sup>st</sup> October
3.	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force; (ii) Partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse). (Where the provisions of section 172 do not apply)	31 <sup>st</sup> August
4.	Any other assessee	31 <sup>st</sup> July

- The above amendment is applicable from the previous year 2025-26.

❖ Reduction in Multiplicity of Proceedings and Integration of Assessment and Penalty Proceedings

- Under the present tax framework, penalty proceedings are typically initiated only after the completion of assessment proceedings, a sequential approach that often results in significant delays in the finalisation of issues arising out of an assessment. This multiplicity of proceedings not only increases the number of pending appeals before various appellate authorities but also raises the cost of litigation and places an additional compliance burden on taxpayers. With a view to addressing these longstanding concerns and facilitating a faster resolution of tax disputes, the Union Budget 2026 proposes to integrate assessment and penalty proceedings into a single consolidated process, culminating in a common order. It has been proposed that before such a common order is passed, the taxpayer shall be afforded a reasonable opportunity to explain the issues arising in the course of the assessment, thereby ensuring that the principles of natural justice are duly upheld.
- Recognising that the integration of assessment and penalty proceedings into a single order may, in certain cases, result in an increase in the quantum of demand raised against the taxpayer, it has also been proposed that interest on penalty shall be kept in abeyance for the duration of the pendency of an appeal before the first appellate authority.
- The proposed amendments shall come into force in the IT Act, 2025 from 1st day of April, 2026 and shall be effective from 1st day of April, 2027, where any draft of the proposed order of assessment u/s 275 is made or assessment u/s 270 or reassessment u/s 279 is made on or after 1st of April, 2027.

❖ Rationalisation of the Prosecution Framework under the Income-Tax Act

- In a sweeping set of reforms aimed at decriminalising certain procedural lapses and bringing greater proportionality to the punishment framework under the Income-Tax Act, the Union Budget 2026 proposes a comprehensive rationalisation of the prosecution provisions. To begin with, it has been proposed to completely decriminalise the failure to produce books of account and documents, as well as the requirement of ensuring payment of tax deducted at source from the deductee in cases where payment is made in kind. These obligations, which are largely procedural in nature, shall no longer attract criminal liability, thereby reducing the risk of prosecution for taxpayers on account of technical non-compliance. Further, it has been proposed that all prosecutions under the Act shall be rationalised to simple imprisonment instead of rigorous imprisonment.
- The maximum punishment for any offence, with the exception of repeated offences, is proposed to be reduced from 7 years to 2 years of imprisonment. In cases where the maximum punishment presently prescribed is two years, it has been proposed to reduce the same to a period of up to 6 months, with or without fine, and with no minimum period of imprisonment being mandated. In a further significant development, it has been proposed that prosecution for offences under the IT Act, 2025 shall be determined on the basis of the amount of tax evaded, with the punishment being made directly proportionate to the gravity of the offence. In such cases, the requirement of a maximum term of imprisonment has been done away with, and the mandatory imposition of fine has been relaxed to an optional measure. For minor offences, it has been proposed that only a fine shall be levied as punishment, with no criminal prosecution being initiated.
- This amendment will take effect from the 1st day of April, 2026 for tax year 2026-27 and subsequent tax years.

❖ Rationalisation of Tax Rate for Special Income Charged u/s 195 of the IT Act, 2025

- Under the present tax framework, certain categories of income such as cash credits, unexplained investments, and other similar incomes are subject to a special tax rate of 60%, in addition to a penalty of 10% of the tax amount. This elevated rate of taxation, while intended to deter undisclosed or unexplained income, has been viewed by many taxpayers as being disproportionate in its application. With a view to bringing greater rationality and reasonableness to the taxation of such incomes, the Union Budget 2026 proposes to reduce the special tax rate applicable to these incomes from 60% to 30%, thereby significantly easing the overall tax burden on taxpayers in whose hands such income is assessed.
- It has also been proposed to rationalise the penalty framework applicable to such incomes. The existing penalty of 10% of tax on these special incomes is proposed to be merged with the penalty for underreporting of income in consequence of misreporting, which is currently levied at 200% of the tax amount.

❖ Relaxation of Search Assessment for Persons Other Than the Searched Person in Certain Situations

- Under the search assessment framework introduced by the Finance (No. 2) Act, 2024, where incriminating material pertaining to a person other than the searched person relates to only a single tax year, such other person is presently required to undergo the full block assessment procedure. This results in an unduly elevated compliance burden on an individual against whom no search or requisition was ever initiated. To address this disproportion, the Budget proposes to limit the block period in cases where the undisclosed income of such other person pertains to only one tax year, with a corresponding amendment to the definition of block period.

- This amendment will take effect from the 1st day of April, 2026, for search or requisition is initiated or made as the case maybe, on or after 1st day of April, 2026.

❖ Time Limit to Complete Search Assessment

- Under the present provisions, the date of initiation of search serves as the reference point for determining the limitation period for the completion of block assessments. With a view to providing adequate time to the assessing authorities to conclusively finalise such assessments, particularly in cases involving complex transactions, it has been proposed to amend Section 296 of the IT Act, 2025 so as to extend the period available for completion of block assessment from twelve months to eighteen months in the case of specified persons.
- This amendment will take effect from the 1st day of April, 2026, for search or requisition is initiated or made as the case maybe, on or after 1st day of April, 2026.

❖ Extending the Scope of Filing of Updated Returns

- The existing tax framework provides taxpayers with the facility to file an updated return of income where additional income is required to be disclosed. This facility is presently available for a period of up to four years following the relevant tax year, with an additional tax liability of 25%, 50%, 60%, and 70% applicable from the first to the fourth year respectively after the tax year in which the return of income was originally required to be filed. With a view to further reducing litigation and encouraging voluntary compliance, the Union Budget 2026 proposes to extend the scope of this facility in several significant ways. First, it has been proposed to permit taxpayers to file an updated return even in cases where reassessment proceedings have already been initiated, with the updation being enabled

at an additional tax rate of 10% over and above the rate applicable for the relevant year.

- Second, it has been proposed to allow the filing of an updated return in cases where the taxpayer seeks to reduce the amount of loss reported in the original return filed u/s 263(1) of the Act. Third, and equally significant, it has been proposed that where a taxpayer files an updated return and voluntarily reports additional income therein, no penalty shall be levied on such additional income.
- It is also proposed that amendment in the IT Act, 1961 shall come into force from 1st day of March, 2026.

❖ **Penalty Provision for Non-Furnishing of Statement or Furnishing Inaccurate Information in a Statement on Transactions of Crypto-Assets**

- With the growing significance of crypto-asset transactions in the global financial landscape and the need to ensure adequate transparency and compliance in the reporting of such transactions within India, the Union Budget 2026 proposes to introduce a structured penalty framework u/s 509 of the IT Act, 2025. The objective of this proposal is to create a clear deterrence against non-compliance in the furnishing of statements pertaining to crypto-asset transactions, as well as against the furnishing of inaccurate information in such statements. It has been proposed that a penalty of Rs. 200 per day shall be levied in cases where a statement on crypto-asset transactions is not furnished within the prescribed timeline. In cases where a statement is furnished but contains inaccurate particulars, and such inaccuracy is not corrected by the taxpayer, a penalty of Rs. 50,000 is proposed to be imposed.
- The amendment will take effect from the 1st day of April, 2026.



❖ Facility for the Associated Entity of the Person Entering into an Advance Pricing Agreement to File a Modified Return

- Under the existing framework, an entity that has entered into an Advance Pricing Agreement with the tax authorities is permitted to file a modified return of income in accordance with the terms agreed upon under such agreement. However, where the income of an associated entity of the person entering into the APA also changes as a direct consequence of the pricing arrangement, no such facility was available to the associated entity, resulting in a procedural gap and potential inconsistency in income reporting across group entities. To bridge this gap, the Union Budget 2026 proposes to extend the facility to file a modified return to the associated entity as well, where its income is impacted on account of the APA.

❖ Key Tax Law Changes for Information Technology Sectors

- IT, ITeS, KPO and contract R&D services consolidated into a single category of 'IT Services', with a uniform safe harbour margin of 15.5% (earlier rates ranged from 17% to 24%)
- The upper turnover threshold increased from INR 3000 Million to INR 20,000 Million bringing a larger set of taxpayers within the framework
- Approval mechanism will shift to an automated, rule-driven process eliminating need for examination by tax officer
- Safe harbour can be opted for up to 5 years.

❖ Component warehousing in Bonded Warehouse

- Safe harbour will be available to non-residents at a profit margin of 2% of the invoice value

### 3. Amendments to Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015

#### ❖ Immunity from Prosecution under the Black Money Act

- Under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, it is presently provided that no penalty is levied in cases involving non-disclosure of non-immovable foreign assets having an aggregate value of less than twenty lakh rupees. However, the risk of prosecution in such cases has continued to remain, creating an element of uncertainty and undue apprehension among taxpayers holding small-value foreign assets. To address this concern and to bring greater consistency between the penalty and prosecution frameworks, the Union Budget 2026 proposes to extend immunity from prosecution as well in cases where the aggregate value of undisclosed non-immovable foreign assets falls below twenty lakh rupees. Notably, this immunity is proposed to be granted with retrospective effect from 1st October, 2024, thereby providing relief to taxpayers who may have been exposed to the risk of prosecution during the intervening period.
- These amendments shall take effect retrospectively from the 1st day of October, 2024.

#### ❖ Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 (FAST-DS 2026)

- To address practical issues of small taxpayers like students, young professionals, tech employees, relocated NRIs, and such others, it has been proposed to introduce a one-time 6-month foreign asset disclosure scheme for these taxpayers to disclose income or assets below a certain size as tabulated below (effective date to be notified by the government):

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Categories	Eligibility	Amount Payable
Undisclosed foreign assets or income	Aggregate undisclosed income and asset value up to INR 1 Crore.	Aggregate of: (i) Tax - 30% of (undisclosed foreign income and FMV as on 31 March 2026 of undisclosed foreign asset); and (ii) Penalty - 100% of tax as above
Disclosed foreign income but failure to report foreign assets	Aggregate undisclosed asset up to INR 5 Crore	Fee of INR 1,00,000 (flat)

- Immunity to be granted from penalty and prosecution basis valid declaration under the FAST-DS 2026 and payment of applicable taxes
- The scheme is not applicable for the pending proceedings under PMLA or concluded proceedings under Black Money Act.

#### 4. Amendments to Indirect Tax

- ❖ Section 15(3)(b) of CGST Act: The amendment will eliminate the requirement to link post-sale discount adjustments to pre-existing agreements and invoices when adjusting supply values. Recipients must reverse Input Tax Credit (ITC) as per Section 34 of CGST Act. The effective date is yet to be notified.
- ❖ Section 34 of CGST Act: The amendment will expressly permit the issuance of credit notes for discounts claimed under Section 15(3)(b). The effective date is yet to be notified.
- ❖ Section 54(6) of CGST Act: The amendment will facilitate provisional refunds of 90% of the claimed amount within seven days for inverted duty structure refund cases. The effective date is yet to be notified.
- ❖ Section 54(14) of CGST Act: The amendment will eliminate the INR 1,000 minimum threshold requirement for export refunds processed with GST payment. The effective date is yet to be notified.
- ❖ Section 101A(1A) of CGST Act (New provision): A new sub-section will authorize the Government, based on GST Council recommendations, to designate an existing Authority or Tribunal to adjudicate appeals involving conflicting advance rulings issued by Appellate Authorities. This provision will remain valid until the National Appellate Authority is established and will become effective from April 1, 2026.
- ❖ Section 13(8)(b) of IGST Act: This provision concerning the place of supply for 'Intermediary Services' will be removed. Consequently, the place of supply for such services will default to the location where the service recipient is situated.
- ❖ The Budget has introduced various modifications to the Customs Tariff structure. These include targeted reductions in certain tariff rates, restructuring of the tariff framework without impacting overall rates, deletion of outdated or redundant entries, continuation of specific exemptions, and withdrawal of selected exemption notifications.

**5. Amendments to other regulations**

- ❖ A one-time trade facilitation measure is proposed to allow qualifying manufacturing units located in Special Economic Zones (SEZ) to sell goods in the Domestic Tariff Area (DTA) at reduced duty rates.
- ❖ The existing limit of INR 10 Lakhs on the value of goods exported via courier is being eliminated through amendments to the Courier Regulations.
- ❖ The timeframe for exporting value-added products, including textile/leather garments and leather/synthetic footwear (including shoe-uppers) manufactured using duty-free inputs, has been extended from 6 months to 1 year.