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PMLA

An Extended Arm to Combat
Money Laundering

BUDGET 2025

Deep Dive

SEARCH & SEIZURE

Power to Investigate and
Crub Tax Evasions

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PMLA

AN EXTENDED ARM
TO COMBAT MONEY
LAUNDERING

THE BLACK MONEY...
INTROSPECTING
PMLA, 2002



MONEY LAUNDERING

Imagine a world where criminals could turn their dirty money earned through corruption, drug trafficking, or fraud into gleaming skyscrapers, luxury yachts, or even entire businesses. Sounds straight out of a movie, doesn't it? Unfortunately, this isn't just fiction. This shadowy practice, known as **money laundering**, poses one of the biggest threats to the global financial system.

TO COUNTER THIS THREAT
INTRODUCED ← PMLA ACT-2002



THE CRIME

THAT HIDES IN PLAIN SIGHT

At first glance, money laundering seems like something that happens far away in boardrooms or secretive bank accounts in exotic offshore havens. But here's the catch it could be closer than you think. Ever wondered why some shady businesses that don't seem profitable are still running? Or why someone would buy an obscure piece of art for millions? These are often tricks to "clean" dirty money, making it look like it came from a legal source.

MONEY LAUNDERING IS A THREE-STEP PROCESS:



PLACEMENT

The "dirty" money enters the financial system, often broken into smaller amounts to avoid suspicion.



LAYERING

The money is shuffled through multiple transactions- fake business deals, overseas transfers, or investments—to hide its origins.



INTEGRATION

The "clean" money re enters the economy, looking as legitimate.

A TYPICAL MONEY LAUNDERING SCHEME

COLLECTION OF DIRTY MONEY



1 PLACEMENT

Wire Transfer



The "dirty" money enters the financial system.

LAYERING 2



Transfer funds between various Offshore / Onshore Banks

3 INTEGRATION



Purchase of Luxury Assets
Financial Investments
Commercial / Industrial Investments

COMMON METHODS OF MONEY LAUNDERING



STRUCTURING (Smurfing)

- Dividing large sums of cash into smaller, less noticeable amounts to deposit incrementally into bank accounts
- Avoiding detection by financial authorities



TRADE-BASED LAUNDERING:

- Manipulating trade transactions to transfer value across borders, often by over- or under-invoicing, misrepresenting goods, or engaging in multiple layers of transactions
- Obscure the origin of illicit funds



SHELL COMPANIES

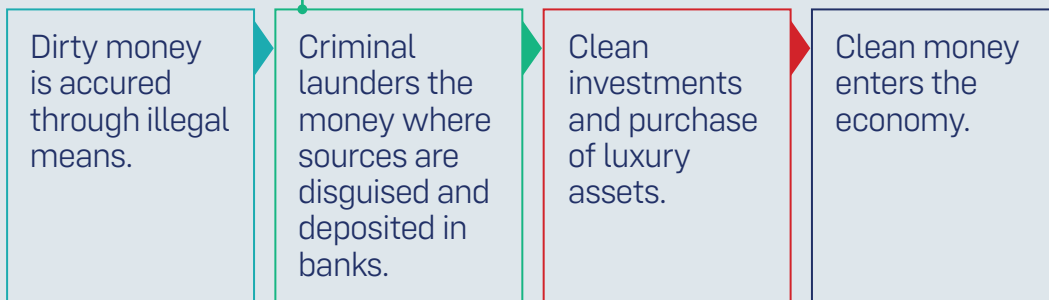
- Establishing businesses that exist only on paper, with no genuine operations
- Disguise illegal funds through seemingly legitimate transactions



REAL ESTATE

- Using illicit funds to purchase property, which is later sold or rented
- Effectively converting illegal money into legitimate assets

HOW MONEY LAUNDERING WORKS



INTRODUCTION OF **PMLA**:

Recognizing the serious threat posed by money laundering, the Indian government introduced the **Prevention of Money Laundering Act (PMLA)** in 2002. This wasn't just another piece of legislation; it was introduced to combat financial crime.

Under the PMLA, money laundering is defined as any attempt to disguise the origins of money earned through illegal means. But what makes it powerful is its **no-nonsense approach**:

ZERO TOLERANCE

If Caught:

Minimum 3 years of rigorous imprisonment, which can extend up to 7 years.



NO SAFE HAVENS

ED:

Sharpest investigative agencies is authorized to seize properties and assets linked to money laundering.



OBJECTIVES OF **PMLA:**

A comprehensive legislative framework aimed at combating the flow of illicit funds and ensuring the integrity of the financial system.

PREVENTION
DETECTION
CONFISCATION
INTERNATION
COOPERATION



KEY PROVISIONS OF **PMLA**:

PMLA ACT-2002

i

OFFENCES

ii

PENALTIES

iii

ATTACHMENT &
CONFISCATION

iv

REPORTING
REQUIREMENTS

v

DESIGNATED
AUTHORITIES

vi

APPEALS

I. OFFENCE OF MONEY LAUNDERING

A person is considered guilty of money laundering if they are found to have directly or indirectly attempted, knowingly assisted, participated, or actually engaged in any of the following activities involving proceeds of crime:

- Concealment
- Possession
- Acquisition
- Use
- Portraying it as untainted property, or
- Claiming it as untainted property



II. PENALTIES UNDER THE PREVENTION OF MONEY LAUNDERING ACT, 2002

- 1. Arrest Without Written Communication of Grounds (Article 22(1) of the Constitution and Section 19(1) of the PMLA)**
 - Penalty: Arrest without proper written communication of grounds is considered a violation of constitutional and statutory provisions, potentially leading to disciplinary actions against the officers involved and judicial reprimands. Courts may declare such arrests illegal and order the release of the detainee, with possible compensation for wrongful arrest.
- 2. Failure to Report Suspicious Transactions (Section 12):**
 - Penalty: Fine up to ₹1,00,000 for each failure to comply with the reporting obligations.
- 3. Non-Compliance with the Provisions of the Act (Section 13):**
 - Penalty: Fine ranging from ₹10,000 to ₹1,00,000 for each failure or contravention.
- 4. Dealing with Property Derived from Money Laundering (Section 4):**
 - Penalty: Imprisonment for a term not less than 3 years, extendable to 7 years, and a fine.
- 5. Providing False Information (Section 50):**
 - Penalty: Fine, and in certain cases, imprisonment for up to 6 months.
- 6. Failure to Maintain Records (Section 12):**
 - Penalty: Fine up to ₹1,00,000 for each non-compliance.
- 7. Offenses by Companies (Section 70):**
 - Penalty: Both the company and responsible individuals can be punished as per the relevant sections of the Act.
- 8. Tipping Off (Section 66):**
 - Penalty: Imprisonment up to 3 years or a fine, or both, for disclosing information related to investigations.

Under the Prevention of Money Laundering Act, anyone found guilty of money laundering can face strict punishment. This includes at least 3 years of rigorous imprisonment, which can go up to 7 years, along with a fine. However, if the money involved comes from serious crimes listed in the law, the maximum imprisonment can be increased to 10 years, which underscore the legislative intent to impose harsher punishments for grave offences involving proceeds of crime.

III. ATTACHMENT & CONFISCATION OF PROPERTY

Attachment

The Enforcement Directorate (ED) can temporarily attach property if it suspects that it is derived from criminal activities. The attachment can be valid for up to 180 days. The attachment does not prevent the person with a claim or right to the property from using it.

Confiscation

The ED can confiscate property without a hearing under certain circumstances. The Adjudicating Authority can confirm the provisional attachment after hearing the officer and the aggrieved party. The attachment remains effective until a final order of confiscation or release is passed.

Restoration

The Special Court can direct the restoration of confiscated property to a claimant if they have a legitimate interest in the property. The claimant must act in good faith, suffer a loss, and not be involved in the money laundering offense. Claimants must submit their claims within 30 days of the notice publication date. The Special Court can extend the deadline by 30 days if the claimant had sufficient cause.



IV. REPORTING REQUIREMENTS

The law mandates that all financial institutions maintain records, verify customer identities, and report suspicious transactions to the Financial Intelligence Unit (FIU-IND). This creates a network of accountability, where everyone plays a part in keeping the system clean.

Every reporting entity shall—

- (a) Maintain a record of all transactions, including information relating to transactions covered under clause (b), in such manner as to enable it to reconstruct individual transactions;
 - (b) Furnish to the Director within such time as may be prescribed, information relating to such transactions, whether attempted or executed, the nature and value of which may be prescribed;
 - (e) Maintain record of documents evidencing identity of its clients and beneficial owners as well as account files and business correspondence relating to its clients.
- (2) Every information maintained, furnished or verified, save as otherwise provided under any law for the time being in force, shall be kept confidential.
 - (3) The records referred to in clause (a) of sub-section (1) shall be maintained for a period of five years from the date of transaction between a client and the reporting entity.
 - (4) The records referred to in clause (e) of sub-section (1) shall be maintained for a period of five years after the business relationship between a client and the reporting entity has ended or the account has been closed, whichever is later.
 - (5) The Central Government may, by notification, exempt any reporting entity or class of reporting entities from any obligation under this Chapter.



V. DESIGNATED AUTHORITIES UNDER THE ACT

For the purposes of this Act, the following classes of authorities shall be established:

- (a) Director, Additional Director, or Joint Director,
- (b) Deputy Director,
- (c) Assistant Director,
- (d) Any other officers appointed for the purposes of this Act.

Powers of Authorities Regarding Summons, Document Production, and Evidence:

1. For the purposes of Section 12, the Director shall have powers similar to those of a civil court under the Code of Civil Procedure, 1908, including:
 - Discovery and inspection,
 - Enforcing attendance and examining individuals under oath,
 - Compelling production of records,
 - Receiving evidence via affidavits,
 - Issuing commissions to examine witnesses and documents,
 - Any other matters prescribed.
2. The Director, Additional Director, Joint Director, Deputy Director, or Assistant Director may summon any person to give evidence or produce records during investigations or proceedings under the Act.
3. Those summoned must attend in person or through authorized agents, and are required to speak truthfully and produce requested documents.
4. Proceedings under sub-sections (2) and (3) are considered judicial proceedings under Sections 193 and 228 of the Indian Penal Code.
5. Officers may impound and retain documents produced during proceedings, subject to Central Government rules. However, Assistant Directors or Deputy Directors must record reasons for impounding records and cannot retain them for more than three months without Joint Director approval.

Recovery of fine or penalty

In cases where a fine or penalty imposed on a person under Section 13 or Section 63 remains unpaid for a period exceeding six months from the date of its imposition, the Director, or any officer authorized by them, may initiate recovery proceedings. The recovery will follow the same procedures outlined in Schedule II of the Income-tax Act, 1961, which pertains to the recovery of arrears. In this process, the Director or the authorized officer will possess all the powers of a Tax Recovery Officer, as specified in the aforementioned Schedule, to enforce the recovery of the outstanding amount.



VI. APPEALS TO THE APPELLATE TRIBUNAL

1. Any person or the Director, if aggrieved by an order issued by the Adjudicating Authority under the Act, can appeal to the Appellate Tribunal unless otherwise specified in sub-section (3).
2. Reporting entities affected by an order issued by the Director under Section 13(2) of the Act may also appeal to the Appellate Tribunal.
3. Appeals must be filed within 45 days from the date the order of the Adjudicating Authority or the Director is received. Appeals should follow the prescribed format and include the required fees. The Appellate Tribunal may allow appeals filed after this period if sufficient reasons for the delay are provided and the appellant is given an opportunity to be heard.
4. Upon receiving an appeal, the Appellate Tribunal, after hearing all parties, may confirm, modify, or overturn the order in question.
5. A copy of the Tribunal's decision will be sent to all parties involved and to the concerned Adjudicating Authority or Director.
6. The Tribunal aims to resolve appeals as quickly as possible, ideally within six months from the date the appeal is filed.

This provision ensures a structured and fair process for challenging decisions under the Act

Appeal to High Court

Any person aggrieved by a decision or order of the Appellate Tribunal may appeal to the High Court within 60 days of receiving the order, on any question of law or fact. The High Court may extend this period by up to an additional 60 days if sufficient cause for the delay is shown.

The Stories Behind the Headlines

The PMLA doesn't just exist in the dry pages of law books. It has been making waves in real-world cases involving high-profile individuals, billion-dollar scams, and international money trails.

He act doesn't only go after the "big fish." Small businesses, banks, and even individuals are under the scanner.

Appeal to High Court

In an interconnected world, crime knows no borders. That's where PMLA flexes its muscles as a global player. It doesn't just target domestic offenders but also tackles **trans-border crimes**, ensuring India is aligned with international anti-money laundering standards. Whether it's tracking funds flowing from international trafficking rings or tracing illicit wealth stashed abroad, the act gives India the tools to fight back on the global stage.

The Debate: A Double-Edged Sword?

While the PMLA is undoubtedly a game-changer, it hasn't escaped criticism. Some argue that its sweeping powers could be misused, particularly the ability to attach properties and detain suspects. Others point out that compliance can be a nightmare for small businesses, who sometimes struggle to navigate the complex reporting requirements.

But here's the thing: laws like the PMLA aren't just about punishment—they're about creating a culture of transparency and trust in the economy. By making it harder for criminals to exploit loopholes, the act ultimately helps businesses and citizens alike.

Why Should You Care?

You might wonder, "How does this law affect me?" The truth is, money laundering isn't just about billionaires and offshore accounts—it impacts us all. It inflates real estate prices, destabilizes markets, and weakens the economy. Every rupee laundered is a blow to honest taxpayers and law-abiding citizens.

The PMLA ensures that India doesn't become a safe haven for illicit wealth. Whether you're an entrepreneur, an investor, or just someone who dreams of a fairer society, this act works to protect the economy you're part of.

A Future Free of Dirty Money

The PMLA isn't perfect, but it's a bold step in the right direction. It sends a clear message: you can't hide behind clever accounting or shell companies forever. As enforcement agencies get sharper and international cooperation improves, the world for money launderers is shrinking.

The future of the Prevention of Money Laundering Act (PMLA) lies in leveraging technology like AI and blockchain for real-time monitoring, strengthening international cooperation, and addressing emerging threats like cryptocurrency misuse. Periodic reforms will ensure adaptability, transparency, and efficiency, enabling PMLA to remain a vital tool in combating evolving financial crimes and safeguarding economic integrity.

SEARCH, SEIZURE & SURVEY

POWERS TO
INVESTIGATE AND
CURB TAX EVASIONS

A LEGAL MOVE TO CURB CORRUPTION BY THE INDIAN GOVERNMENT! TIME AND AGAIN, THE INDIAN GOVERNMENT HAVE TAKEN INITIATIVES TO DISCOURAGE HOARDING OF ILLEGAL MONEY. 'SEARCH AND SURVEY OPERATIONS ARE CONDUCTED BY THE INCOME TAX DEPARTMENT WHEN THEY SUSPECT AN ASSESSEE TO HAVE HOARDED BLACK MONEY. OUT OF ALL THE VIABLE WAYS TO RESTRICT ILLEGAL WEALTH, SEARCH, SEIZURE AND SURVEY OPERATIONS HAVE BEEN THE MOST CRUCIAL WEAPON.

WHAT IS BLACK MONEY?

Illegal funds on which taxes
have not been paid.

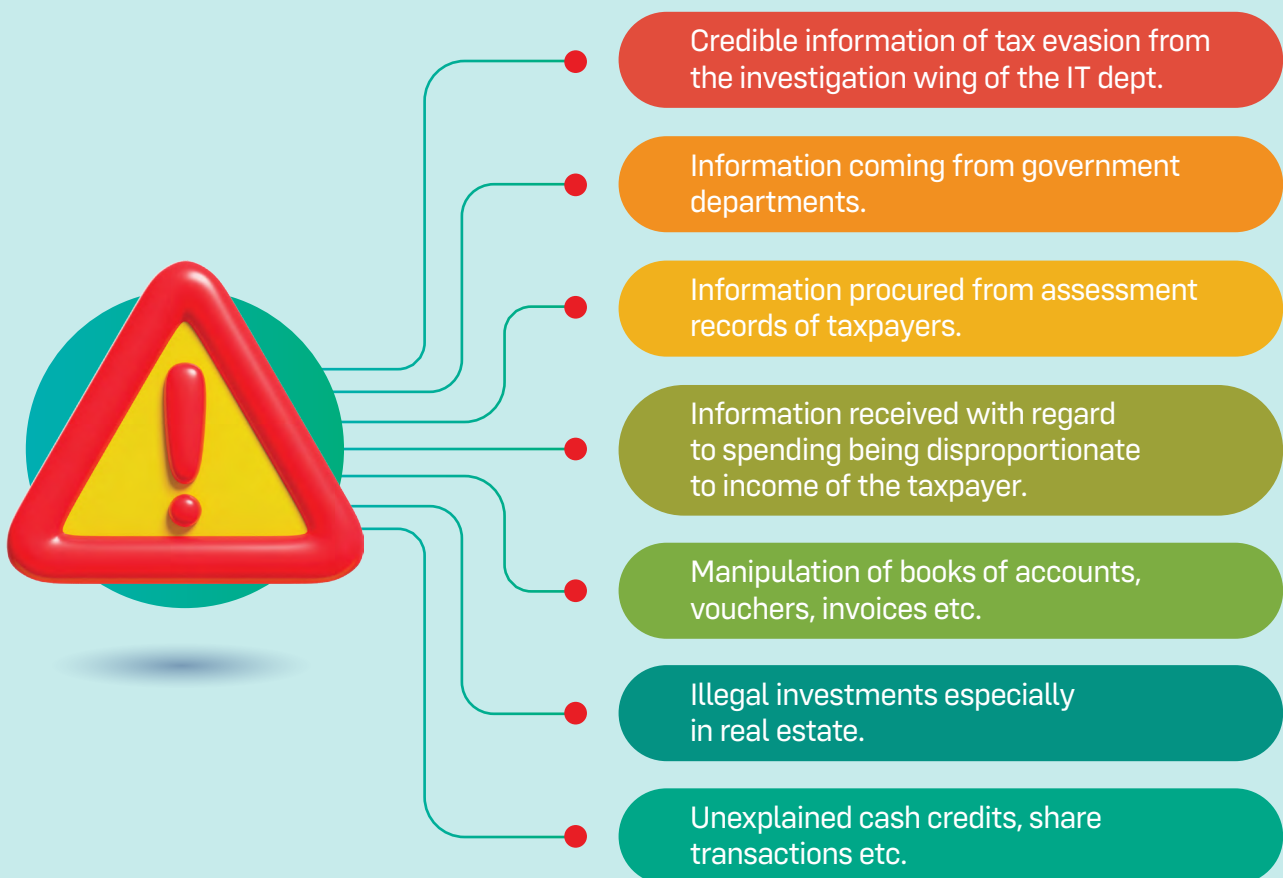
↕
Unaccounted/Unexplained
money hoarded and
concealed from the
tax authorities.



WHEN DOES SEARCH HAPPEN?

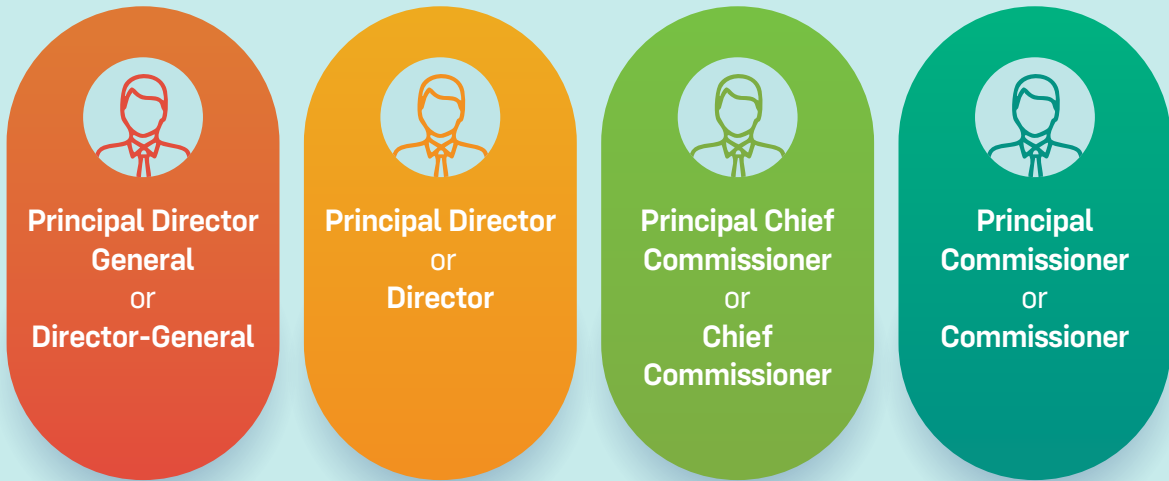
Authority and power to conduct search and seizure operations is strident and caustic power authorized by law to be taken recourse to when the conditions mentioned under different clauses of Section 132 (1) of the Act are satisfied.

A RAID GETS TRIGGERED UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:



WHO CAN CONDUCT?

A search or Seizure u/s 132 shall be conducted by any of the following:



- Principal Director General or Director-General
- Principal Director or Director
- Principal Chief Commissioner or Chief Commissioner
- Principal Commissioner or Commissioner

Or may authorize any of the following:



- Additional Director or Additional Commissioner
- Joint Director or Joint Commissioner
- Assistant Director or Deputy Director
- Assistant Commissioner or Deputy Commissioner
- Income-Tax Officer

CIRCUMSTANCES UNDER SEARCH AND SEIZURE

The jurisdictional facts that have to be established before a search under Section 132 (1) of the Act can be authorized are that

The authority is in possession of some credible information, other than surmises and conjectures.

Reason to believe that the conditions stipulated in clauses (a), (b) and (c) of sec 132 (1) qua the person searched exist; and (iii).

The said information has nexus to such belief.

132(1) : The authorizing officer will do so, if he has a “reason to believe” that:

132(1)(a)

Summon u/s 131(1) or a notice u/s 142(1) served to produce books of accounts or other documents And

Failed or omitted to produce or cause to be produced the said books of accounts or other documents.

132(1)(b)

Summon u/s 131(1) or a notice u/s 142(1) has been or might be issued is not likely to produce or caused to be produced any books of account or any other document; or

132(1) (c)

If any bullion, jewelry, money is in possession of a person or any other valuable article/ thing and that kind of property represents wholly/partly income or the property which has not been disclosed or it would not be disclosed.

Taxpayer being searched does not have the right to get access to information based on which the search has been initiated by the department.

POWERS OF TAX AUTHORITIES DURING A SEARCH



Carry out personal search of a person who is suspected to have secreted some item as mentioned in (1) above. Seize the items as mentioned in (1) above.



Break open the locks, where the keys are unavailable.



Make a note or inventory of the valuables found during the search.



Place marks of identification and take extracts or copies of the books of account and other documents.



Enter and search any building, place, etc. where he has a reason to suspect that the books of account, other documents, money, bullion, jewellery or other valuable article or thing representing undisclosed income is kept.

The officer authorized to carry out the raid can

ASSETS THAT CAN BE SEIZED



Undeclared cash, jewellery



Books of accounts, challan, diaries, etc.

The authorized officials can seize the following types of assets



Computer chips and other data storage devices



Documents relating to property, deed of conveyances, etc.

ASSETS THAT CANNOT BE SEIZED



Stock-in-trade (except cash) of a business.



Assets, Jewellery, or cash which are disclosed before the Income Tax and Wealth Tax Department



Assets declared in books of account

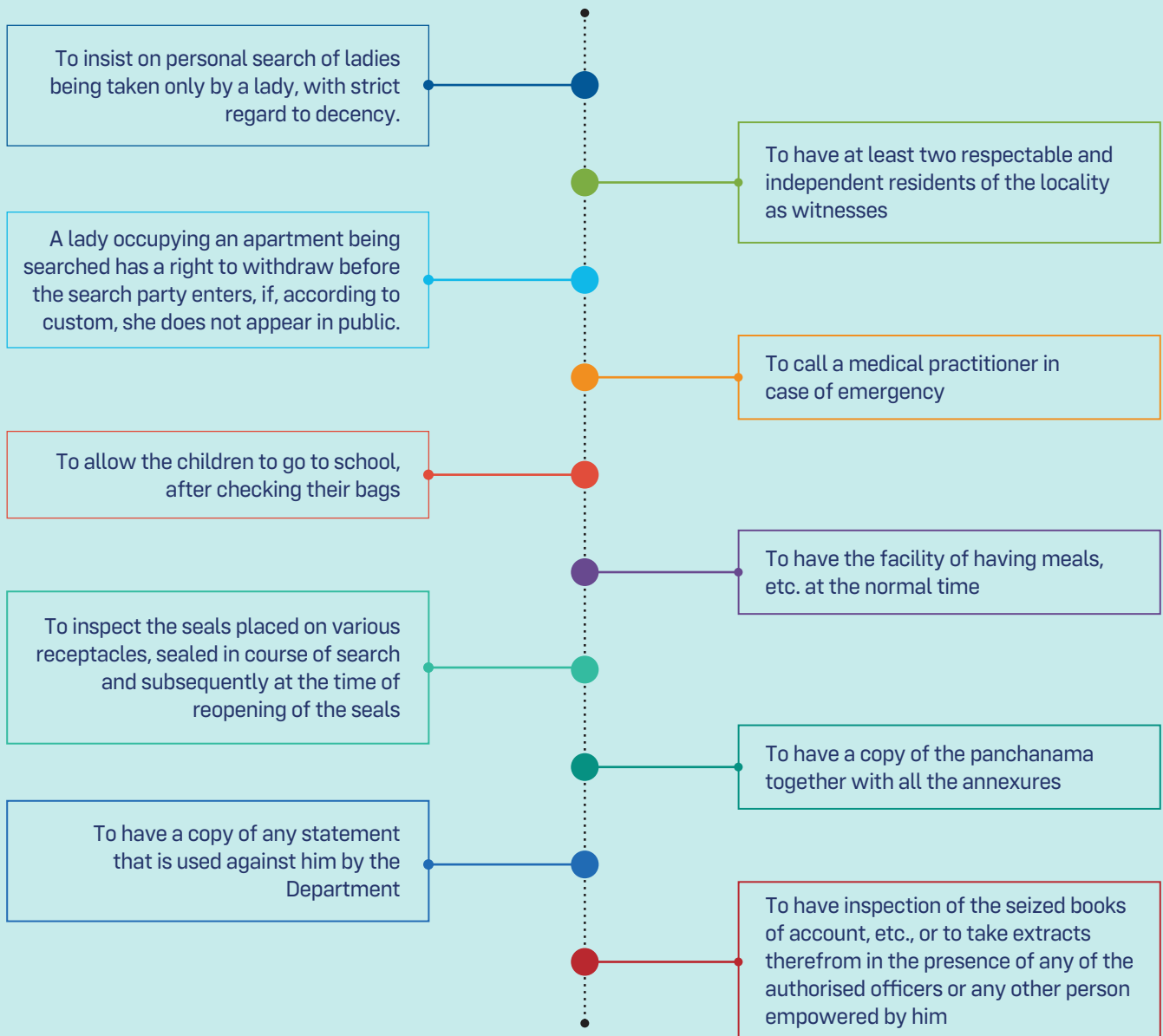


Gold up to 500 gm for each married lady and 250 gm for each unmarried woman and 100gm per male member



Cash which are duly explained

RIGHTS OF A PERSON DURING SEARCH:



An aggrieved person can file a writ petition before the High Court challenging the raid if he feels that the action of the department was unfair

DUTIES OF A PERSON DURING SEARCH:

To allow free and unhindered ingress into the premises

To identify all receptacles in which assets , books of account and documents are kept and to hand over keys to the authorised officer

To identify and explain the ownership of the assets, books of account and documents found in the premises

To identify every individual in the premises and to explain their relationship to the person being searched. If misled, it is an offence punishable u/s 416 of IPC.

Not to allow or encourage the entry of any unauthorised person into the premises.

Not to remove any article from its place without the knowledge of the authorised officer. If he destroys any document of evidence, he shall be punishable with imprisonment or fine or both, u/s 204 of the IPC.

To answer all queries truthfully to the best of his knowledge. Being legally bound by an oath, If he makes a false statement, he shall be punishable with imprisonment or fine or both u/s 181 of the IPC.

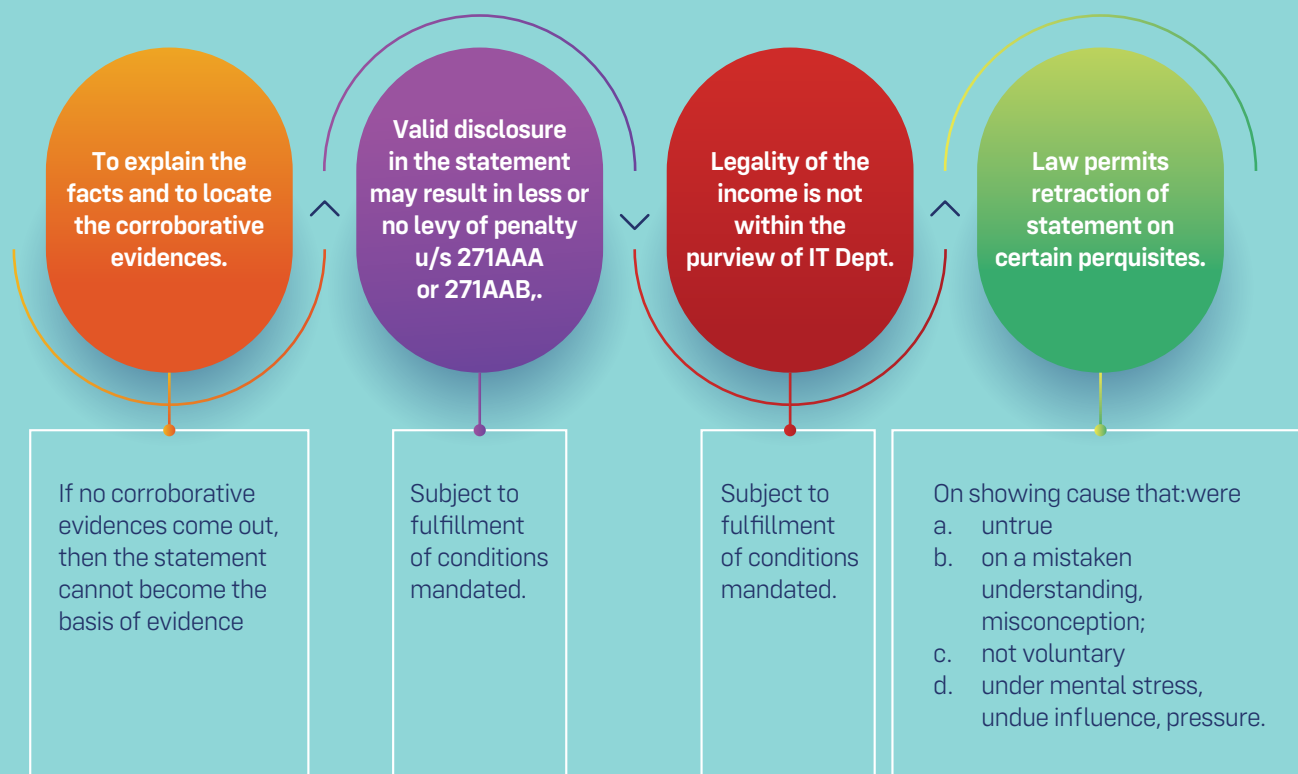
If he provides false evidence or which he knows or believes to be false, he is liable to be punished u/s 191 of the IPC.

To affix his signature on the recorded statement, inventories and the panchanama.

To ensure that peace is maintained throughout the search process, and to cooperate with the search party in all respects .

STATEMENT OF OATH

A statement u/s 132(4) is recorded, by the officer :



APPRAISAL REPORT

The search authority prepares an appraisal report and forwards it to the A.O which contains the indicative details and suggests the line of investigation and possibility of launching prosecution proceedings:

Findings of search u/s 132 and 133A of the Act.

Analysis of seized materials, books and records.

Inventory of Assets found and seized.

Deciphering of incriminating Materials.

Details of undisclosed income, assets.

Summary of important statements recorded.

CHANGES RELATING TO INCOME TAX SEARCH AND SEIZURE ASSESSMENTS BROUGHT IN THE STATUTE BY VIRTUE OF THE FINANCE ACT, 2021

The Finance Act, 2021 has suitably amended by inserting a sunset clause, as the they shall cease to operate for searches initiated on or after 01st April, 2021.

Search Conducted before 01/04/2021	Search Conducted on or after 01/04/2021
Section 153A to 153D of IT Act, 1961.	Section 147 r.w.s 148, 148A, 149, 151 of the IT Act, 1961.
No requirement of recording satisfaction for initiating proceedings u/s 153A. Satisfaction has to be recorded before issuance of notice u/s 153C to such "other person".	A notice to be issued u/s 148 , when there is information which suggests that the income chargeable to tax has escaped. Prior approval of specified authority is required.
No time limit for issue of notice.	Notice shall be issued before the expiry of 3 years from the end of the relevant assessment year.
6 immediately preceding AY's relevant to the previous year in which search is conducted.	3 AY's immediately preceding the AY relevant to the PY in which the search is initiated or requisition is made or any material is seized or requisitioned or survey is conducted.
Assessment has to be made in relation to the search in relation to incriminating material during the search.	AO is empowered to assess or reassess the income in respect of any issue which has escaped assessment and which comes to his notice subsequently in the course of the proceedings.
A return filed under Section 153A takes the place of the original return under Section 139, for the purposes of all other provisions of the Act.	A return filed under Section 148 takes the place of the original return under Section 139, for the purposes of all other provisions of the Act.

2

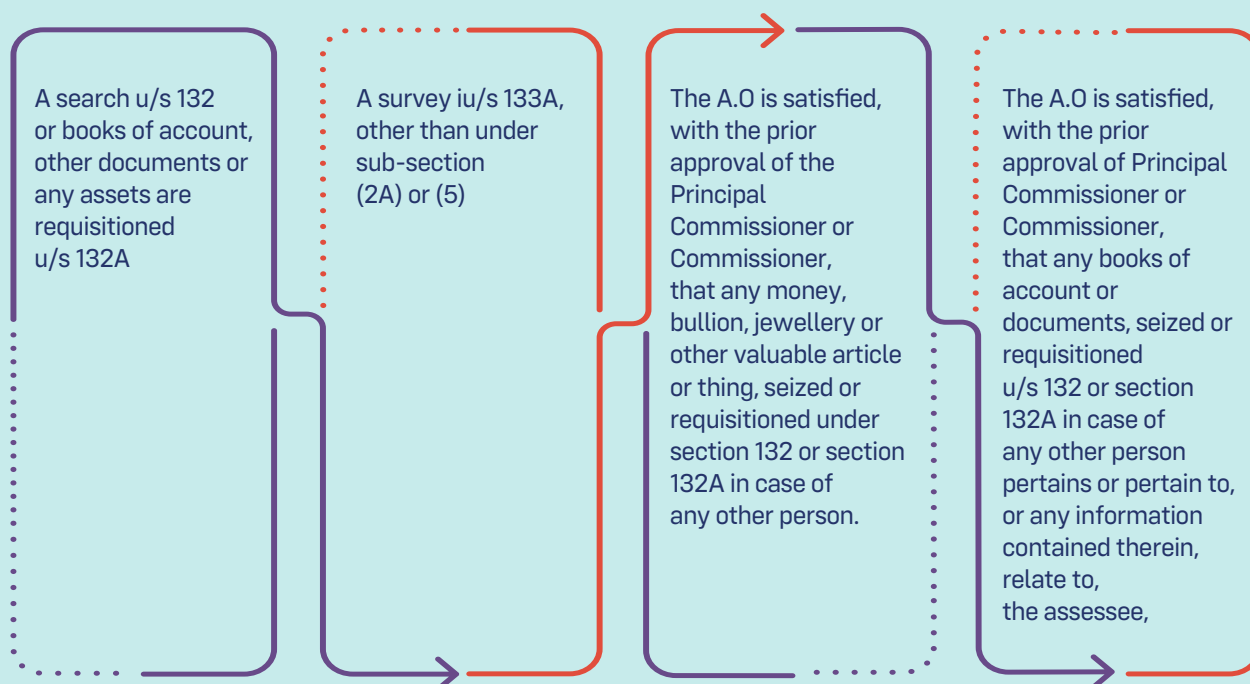
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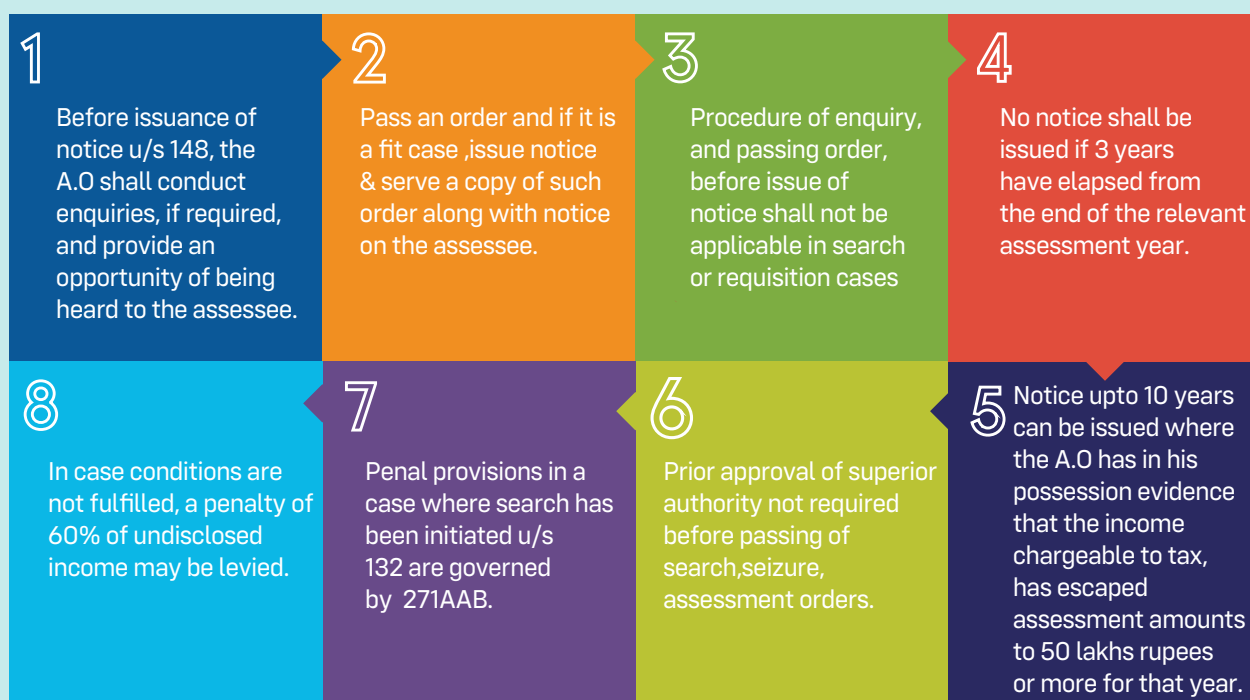
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NEW REGIME OF INCOME TAX SEARCH, SURVEY & SEIZURE ASSESSMENTS

Under the newly substituted Section 148, Explanation 2 has been brought into place to cover the following w.e.f 01/04/2021:



148 NOTICE PRE REQUIREMENTS



WHAT IS
**UNREGULATED
DEPOSIT
SCHEMES?**

AN 'UNREGULATED DEPOSIT SCHEME' MEANS A SCHEME OR ARRANGEMENT UNDER WHICH DEPOSITS ARE ACCEPTED OR SOLICITED BY A DEPOSIT TAKER BY WAY OF A BUSINESS (AND NOTABLY NOT FOR PURPOSES OF BUSINESS), AND SUCH DEPOSIT IS NOT REGULATED BY ANY SECTORAL REGULATOR OR MINISTRY.

SCHEMES AND ARRANGEMENTS

A one-off transaction cannot be considered as URDS. To qualify as UDS, it should first be a Scheme or Arrangement.

SCHEME

Large-scale systematic plan or arrangement for attaining some particular object or putting a particular idea into effect.

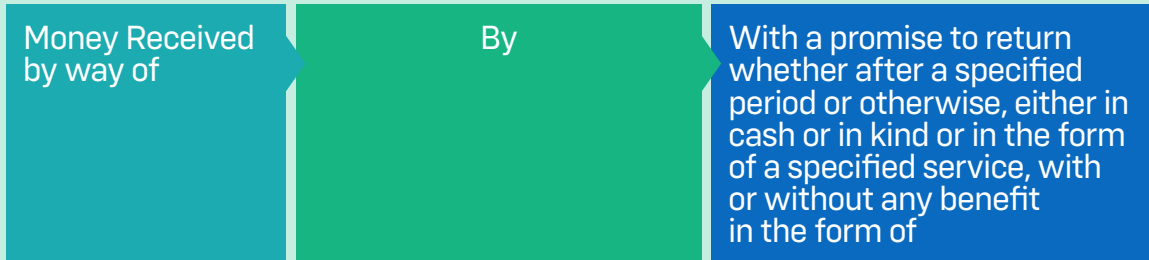


ARRANGEMENT

A plan or preparation for a future event.



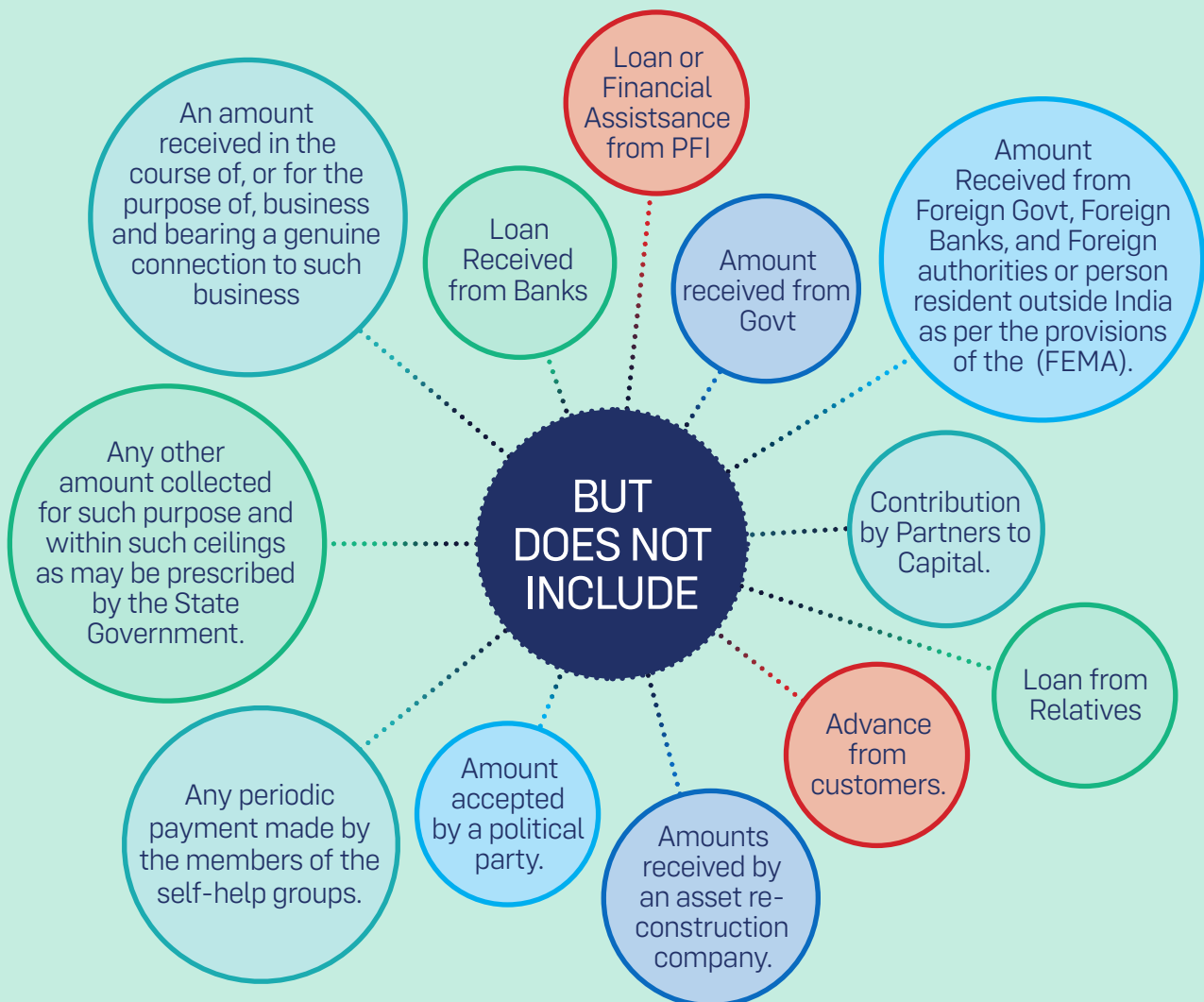
WHAT IS DEPOSIT?



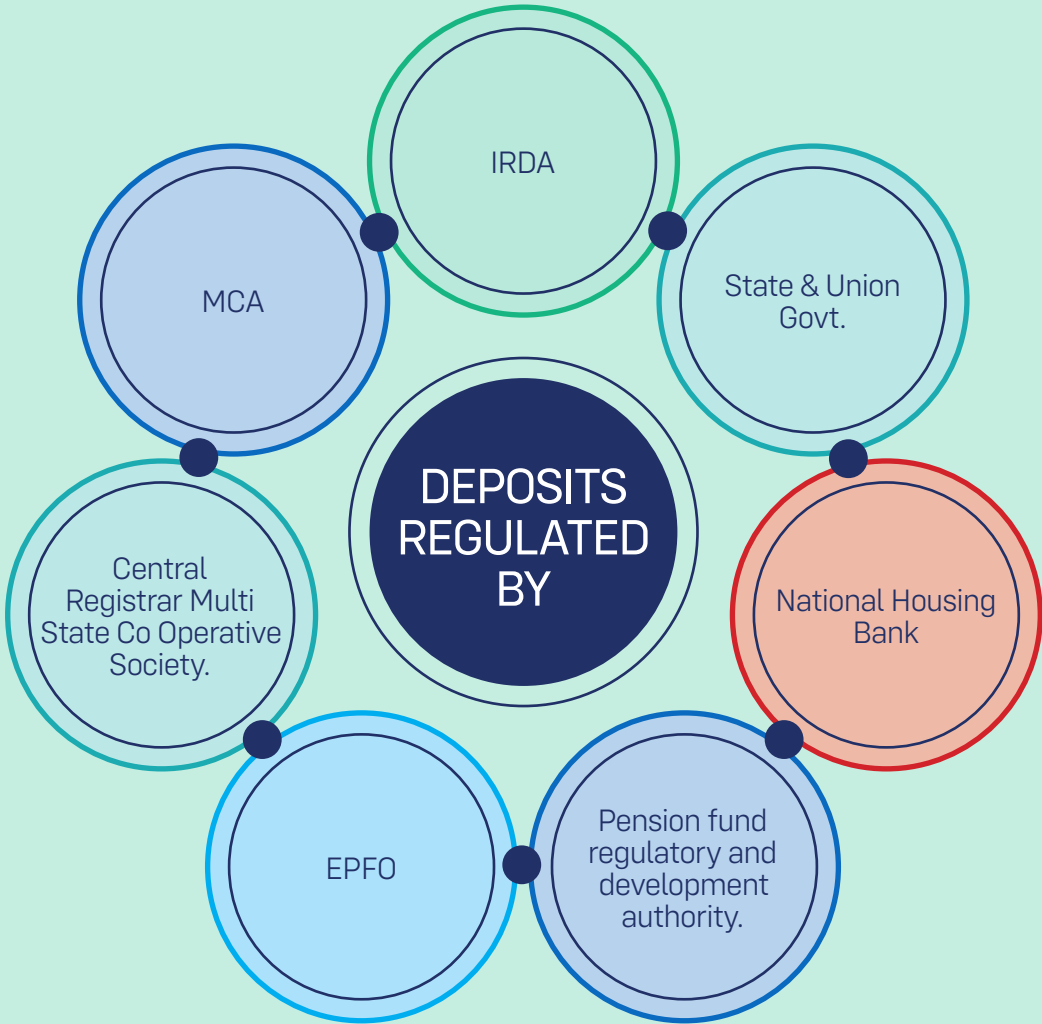
- Advance
- Loan
- Or in any other form

- Any Individual/group of Individuals
- Proprietorship concern
- LLP
- Company
- AOP
- Trust/Society
- Any Other Arrangement
- But doesnot include
- Government Comapnies
- Banks

- Interest
- Bonus
- Profit
- In any other form



WHICH ONES ARE REGULATED SCHEME?



DEEMED URDS



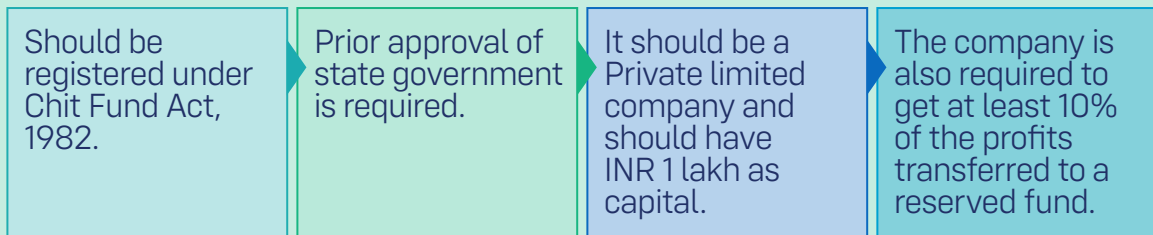
Does Ban applicable only for accepting Deposits?

Act Bans the deposit taker from

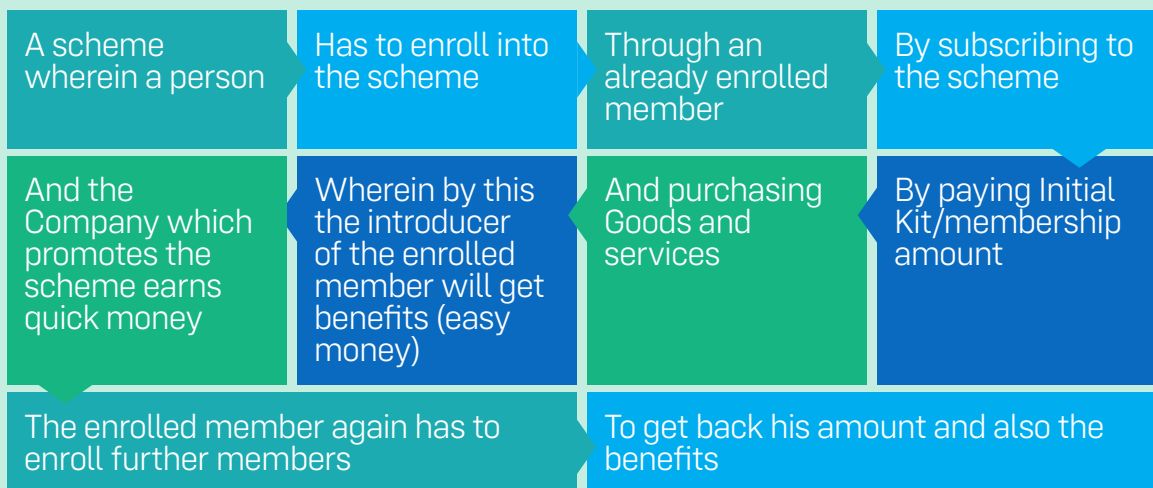
- Promoting
- Operating
- Issue any advertisement soliciting participation
- Enrolment
- Accepting deposits
- In pursuance of an URDS

LEGITIMACY OF VARIOUS DEPOSIT SCHEME

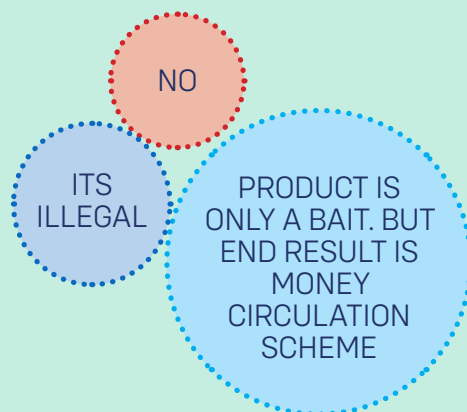
CHIT FUND



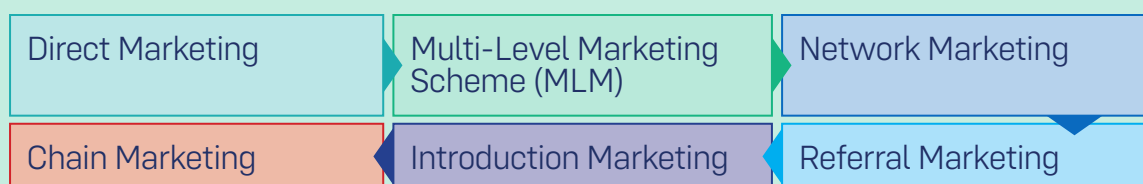
MONEY CIRCULATION SCHEMES



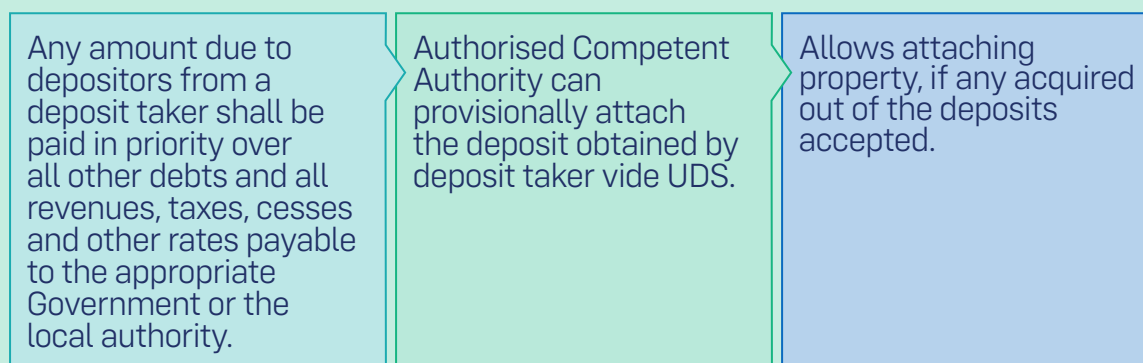
Is Product Based Schemes Legal?



Various names of Money Circulation Schemes



WHAT ARE THE RESTITUTION AVAILABLE FOR DEPOSITORS BY THIS ACT



OFFENCES AND PENALTIES

OFFENCE	FINE	IMPRISONMENT
Solicit deposits	2 Lakhs to 10 Lakhs	1 Year to 5 Years
Accept deposits	3 Lakhs to 10 Lakhs	2 Years to 7 Years
Fraud in repayment of deposits accepted UNDER URDS	5 Lakhs to 200% of aggregate funds collected	3 years to 10 Years
Fraud in repayment or rendering promised services under RDS	5 lakhs to higher of 25 crore or 3 times the amount of profit made out of such fraud	Upto 7 Years
Wrongful inducements	Upto 10 Lakhs	1 Year to 5 years
Repeated offenders	10 Lakhs to 50 Crores	5 Years to 10 Years
Failure to file intimation by deposit taker	Upto 5 Lakhs	-



NRI
**NON RESIDENT
INDIVIDUALS**

WHEN EXPLORING THE TOPIC OF NON-RESIDENT INDIVIDUALS (NRI), THE MOST CRITICAL STARTING POINT IS UNDERSTANDING THE CRITERIA THAT DETERMINE NRI STATUS, AS IT FORMS THE BASIS FOR TAX, LEGAL, AND FINANCIAL TREATMENT IN INDIA. THE DETERMINATION OF RESIDENTIAL STATUS FOR AN INDIVIDUAL IS ASSESSED BASED ON THE NUMBER OF DAYS SPENT IN INDIA DURING A FINANCIAL YEAR (APRIL 1 TO MARCH 31) AND THE PREVIOUS YEARS.

NON RESIDENT INDIVIDUALS

When exploring the topic of Non-Resident Individuals (NRI), the most critical starting point is understanding the criteria that determine NRI status, as it forms the basis for tax, legal, and financial treatment in India.

The determination of residential status for an individual is assessed based on the number of days spent in India during a financial year (April 1 to March 31) and the previous years.



1

GENERAL RULE FOR RESIDENCY

An individual is considered a **Resident of India** if they satisfy either of the following conditions:

- They are physically present in India for **182 days or more** in the financial year.
- They are physically present in India for **60 days or more** in the financial year and **365 days or more** in the preceding four financial years.

2

EXCEPTIONS FOR NRI STATUS

To ensure fair treatment for individuals working abroad or frequently traveling, the following exceptions apply:

- **Indian citizens or Persons of Indian Origin (PIOs)** visiting India:
 - For those whose total income in India does not exceed **₹15 lakh**, the 60-day threshold is extended to **182 days**.
 - If income exceeds ₹15 lakh, the threshold is **reduced to 120 days**.
- **Crew members of Indian merchant ships or Indian citizens leaving India for employment:**
 - They are treated as NRIs if their stay in India is **less than 182 days**, regardless of income.

3

ADDITIONAL CATEGORIES

(AMENDMENTS BY FINANCE ACT, 2020)

- An individual earning more than ₹15 lakh from Indian sources will be considered a **Resident but Not Ordinarily Resident (RNOR)** if they spend 120–182 days in India and were NRIs in the preceding financial years.
- **Deemed Residency Clause:** Indian citizens earning over ₹15 lakh from Indian sources and not tax residents in any other country are considered Indian residents under a special provision.

Now that we've covered the basics of what categorizes an individual as an NRI, let's dive into the legal factors they should be aware of regarding Indian taxation and the legal compliances to be adhered to when investing in the country.

Addressing the elephant in the room, the compliances outlined by the Foreign Exchange Management Act plays a major role in this context.

The Foreign Exchange Management Act, 1999 (FEMA) is the cornerstone of regulations governing financial transactions involving foreign exchange and cross-border dealings in India.

Purpose of FEMA

- FEMA aims to facilitate external trade, promote orderly development and maintenance of the Indian foreign exchange market, and define guidelines for capital and current account transactions
- For NRIs, it provides a structured framework to manage cross-border financial transactions and investments without contravening Indian laws
- Outlines the permissible transactions and activities they can undertake concerning investments, remittances, and property ownership in India

Banking Regulations

NRIs must adhere to specific rules regarding banking and financial accounts in India, governed by the **Foreign Exchange Management Act (FEMA)**.

Accounts NRIs Can Hold:

NRE (Non-Resident External) Account: Repatriable; allows to park foreign earnings in Indian currency. Interest earned is tax-free.

NRO (Non-Resident Ordinary) Account: Non-repatriable; allows managing income earned in India (e.g., rent, dividends). Interest is subject to TDS.

FCNR (Foreign Currency Non-Resident) Account: Allows deposits in foreign currency; both principal and interest are fully repatriable.

Restrictions:

NRIs cannot continue holding regular resident savings accounts and must convert them to NRE or NRO accounts.

Taxation Laws

NRIs are taxed differently from resident Indians under the **Income Tax Act, 1961**:

Taxable Income for NRIs:

Income earned or accrued in India, such as:

- Salaries received in India.
- Rental income from property in India.
- Interest on NRO accounts.
- Capital gains from Indian investments.

Exemptions:

- Income from **NRE accounts** and certain specified bonds may be tax-free.
- Global income is not taxed unless the individual qualifies as a Resident or RNOR.

Double Taxation Avoidance Agreement (DTAA): Treaties between India and other countries allow NRIs to avoid double taxation on the same income.

FEMA on Investments

NRIs are allowed to invest in various financial instruments and sectors under FEMA guidelines:

Real Estate

- NRIs can purchase residential or commercial property but are restricted from buying agricultural land, plantations, or farmhouses unless inherited or gifted.

Equity and Securities

- NRIs can invest in Indian stocks and mutual funds through the Portfolio Investment Scheme (PIS).
- Investments must be made using funds in an NRE or NRO account.

Government Bonds and NPS

- FEMA permits NRIs to invest in government schemes like the National Pension System (NPS).

Property Ownership and Transactions

NRIs are allowed to buy, own, and sell certain types of properties in India:

Permissible Property Purchases

- Residential or commercial property (unlimited number).
- Cannot purchase agricultural land, plantation property, or farmhouses unless inherited.

Repatriation Rules

- Sale proceeds of properties purchased using foreign funds can be repatriated, subject to limits (typically USD 1 million per financial year).

Registration & Documentation

- Proper documentation, including PAN (Permanent Account Number), passport, and proof of funds, is mandatory for property transactions.

Purchasing Agricultural Land: Special Permissions

NRIs wishing to purchase agricultural land must seek special permission from the RBI. This involves:

- Approval Requirement: NRIs need RBI approval for any agricultural land purchase
- Purpose Justification: The purpose of the purchase must be clearly stated and intended for genuine agricultural use
- Regulatory Compliance: The RBI evaluates the NRI's citizenship status, planned agricultural activity, and adherence to local land ownership laws

Failing to obtain the necessary permissions can result in penalties, including land confiscation and fines.

Inheritance and Succession Laws

Inheritance of Property:

NRIs can inherit any property in India, including agricultural land, from relatives

Tax Implications:

Inheritance itself is not taxed, but income from inherited assets (e.g., rent or capital gains) is taxable in India

Will and Succession:

It's essential for NRIs to have a clear Will in place for Indian assets to avoid legal disputes. Indian succession laws (based on religion) will apply if no Will is in place

Investments

Authorized Dealers (ADs):

- All transactions related to NRI investments must be conducted through authorized dealers (ADs) like banks or financial institutions
- ADs ensure compliance with FEMA (Foreign Exchange Management Act) regulations.
- Choose a reputable AD with experience in handling NRI investments

Investment Limits

NRIs (Non-Resident Indians) can invest in various asset classes in India, subject to certain limits and regulations. Here's a breakdown of the key investment limits:

Equity Investments

Direct Equity:

NRIs can invest in Indian companies listed on stock exchanges. The overall investment limit is 10% of the paid-up capital of a company. This can be increased to 24% with special resolution approval from the company's shareholders.

Mutual Funds:

NRIs can invest in both equity and debt mutual funds. There are no specific limits, but investments are subject to overall portfolio investment limits.

Debt Investments

Fixed Deposits:

NRIs can invest in fixed deposits offered by Indian banks. There are no specific limits, but interest earned is taxable.

Debt Mutual Funds: Similar to equity mutual funds, there are no specific limits for NRI investments in debt mutual funds.

Government Bonds:

NRIs can invest in government bonds issued by the Indian government

Corporate Bonds:

NRIs can invest in corporate bonds issued by Indian companies

NRIs must comply with FEMA regulations for all financial transactions in India, including investments and remittances.

Investments:

- Allowed to invest in Indian stocks, mutual funds, and bonds via the Portfolio Investment Scheme (PIS)
- Can also invest in government schemes such as National Pension System (NPS)

Repatriation Limits:

- Limits exist for transferring funds abroad from inherited assets or property sales

Visa and OCI Card Regulations

NRI Visa Rights:

NRIs typically hold foreign passports and require visas for long-term stays in India

OCI (Overseas Citizen of India) Card:

- Grants lifelong visa-free travel to India
- Allows similar rights as NRIs in property ownership and investments but not voting rights or government job eligibility

Legal Representation in India

NRIs may need local representation for various purposes, such as property management, taxation, or legal disputes.

Power of Attorney (PoA):

- An NRI can appoint a trusted individual to manage affairs in India.
- Specific PoAs are preferred for property transactions and banking.

Investment Exclusions for NRIs

Listed below are the activities that are excluded for NRI investment:

Atomic Energy

Development of Integrated Township

Tea Sector

Courier Services

Postal Services

Lottery Business

Gambling and Betting

Housing and Real Estate Business

Petroleum Refining, Natural Gas, LNG Pipelines

Atomic Minerals

Retail Trading

Operation and Establishment of Satellite

Broadcasting

Agriculture and Plantations

Print Media

Investing companies in the Infrastructure and Services Sector

Asset Reconstruction Companies

Defence and Strategic Industries



AI-ARTIFICIAL INTELLIGENCE

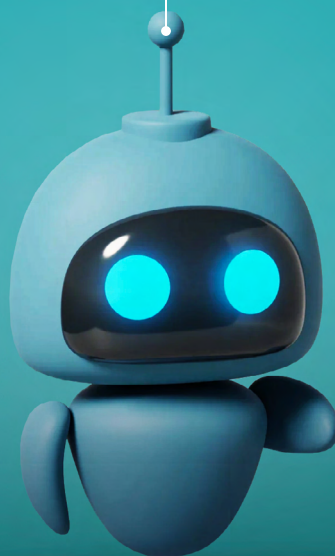
AMALGAMATION OF
INTELLIGENT MACHINES-
AI THE FUTURE

AI ODYSSEY

STEP INTO THE CAPTIVATING WORLD OF ARTIFICIAL INTELLIGENCE, WHERE ALGORITHMS DANCE WITH DATA, ROBOTS REDEFINE TASKS, AND ETHICAL CONSIDERATIONS ECHO THROUGH INNOVATION. EXPLORE THE SYMPHONY OF HUMAN INGENUITY AND MACHINE INTELLIGENCE, WITNESSING THE TRANSFORMATIVE POWER OF AI IN RESHAPING INDUSTRIES AND PUSHING THE BOUNDARIES OF WHAT'S POSSIBLE.

WHAT IS ARTIFICIAL INTELLIGENCE?




Artificial Intelligence (AI) refers to the development and implementation of computer systems and algorithms that can perform tasks typically requiring human intelligence.



TIME SEQUENCE OF AI

1950s	Inception of AI	Alan Turing introduces the idea of machines exhibiting intelligent behavior, laying the foundation for AI.
1956	Dartmouth Conference	The term "Artificial Intelligence" is coined, marking the official birth of AI as a distinct field at the Dartmouth Conference.
1970s -	AI Winter	Funding and interest decline due to overhyped expectations, leading to a period known as the "AI winter."
1980s - 1990	Neural Networks and Connectionism	Renewed interest in AI with a focus on neural networks and connectionism, inspired by the structure of the human brain.
2010s	Present: Deep Learning Resurgence	Breakthroughs in deep learning, especially with deep neural networks, lead to significant advancements, making AI a prominent force in various applications.

REPRESENTATION OF AI

SIRI	Tesla Autopilot	Google Translate
AI-powered virtual assistants use natural language processing to understand and respond to user queries.	AI driven self-driving cars to interpret the environment, make decisions, and navigate safely.	AI-powered translation tools use machine learning to translate text between different languages, improving accuracy over time.
		

PILLERS OF AI

MACHINE LEARNING

Subset of AI where systems learn from data, which Function: Algorithms improve performance without explicit programming.

NATURAL LANGUAGE PROCESSING (NLP)

AI's ability to understand and interact with human language. Applications: Speech recognition, language translation, chatbots.

SPEECH RECOGNITION

Subset of ML using neural networks to process complex data. Applications: Image and speech recognition, natural language understanding.

ROBOTICS

AI guides and controls autonomous machines. Applications: Manufacturing, healthcare, exploration.



FUTURE APPLICATIONS OF AI IN BUSINESS

AI is set to transform business operations significantly by enhancing data analysis, customer service, and process automation. In business and finance, AI will enable deeper insights from data, leading to more accurate forecasts and personalized marketing. AI-driven chatbots and virtual assistants will improve customer support and efficiency, while automation will streamline tasks like supply chain management and financial reporting. Additionally, AI will strengthen risk management through real-time monitoring and predictive modeling. As AI advances, its adaptive capabilities will further boost business growth and innovation.

1. Predictive Analytics and Business Intelligence

- **Market Forecasting:**

AI will improve market forecasting by analyzing historical data, market trends, and external factors, providing businesses with accurate predictions.

- **Customer Insights:**

AI will enable businesses to gain deeper insights into customer behavior and preferences, allowing for more targeted marketing strategies and improved customer satisfaction.

2. Supply Chain Optimization

- **Demand Forecasting:**

AI will enhance demand forecasting, helping businesses optimize inventory levels and reduce costs.

- **Logistics Management:**

AI-powered systems will optimize logistics and transportation, improving delivery times and reducing operational inefficiencies.

3. Product Development and Innovation

- **Idea Generation:**

AI will assist in generating new product ideas by analyzing market trends and customer feedback.

- **Prototyping:**

AI-powered simulations will accelerate the prototyping process, reducing time-to-market for new products

FUTURE APPLICATIONS OF AI IN FINANCE

AI is set to reshape the finance industry with its transformative applications. In financial analysis, AI will automate data processing and predictive modeling, leading to more accurate market forecasts and investment strategies. Risk management will benefit from real-time anomaly detection and threat prediction, enhancing financial security. AI will also revolutionize trading through high-frequency and algorithmic strategies, while personalized AI financial advisors will offer tailored investment advice. Enhanced fraud detection will identify suspicious activities and protect assets more effectively. Overall, AI promises increased efficiency and innovation in finance, reshaping how institutions operate and serve clients.

1. Automated Trading

- **Algorithmic Trading:**

AI algorithms will continue to enhance algorithmic trading, analyzing vast amounts of market data and executing trades at optimal times.

- **High-Frequency Trading:**

AI will drive high-frequency trading strategies, capitalizing on minute price fluctuations in real-time.

2. Personalized Financial Services

- **Robo-Advisors:**

AI-powered robo-advisors will provide personalized investment advice based on individual financial goals and risk tolerance.

- **Customer Experience:**

AI will enhance customer experience by providing personalized financial products and services, tailored to individual needs.

3. Risk and Compliance

- **Regulatory Compliance:**

AI will streamline regulatory compliance by automating the monitoring and reporting of financial transactions.

- **Credit Scoring:**

AI-driven credit scoring models will assess creditworthiness more accurately, enabling better risk management.

TRENDS IN AI ADOPTION AND INVESTMENT IN BUSINESS AND FINANCE (2022-2023)



BENEFITS OF AI

Efficiency

AI can perform tasks faster and more accurately than humans, leading to increased productivity and efficiency.

Cost Savings

By automating processes and improving efficiency, AI can help organizations reduce operational costs.

Automation

AI can automate repetitive and mundane tasks, allowing humans to focus on more complex and creative endeavors.

Predictive Analytics

AI algorithms can analyze patterns and trends in data to make predictions, aiding in forecasting and planning.

Decision-making

AI systems can analyze vast amounts of data to make informed and data-driven decisions in real-time.

Innovation

AI fosters technological advancements and innovation by enabling the development of new solutions and capabilities.



CHALLENGES AND ETHICAL CONSIDERATIONS

Security Concerns

AI systems are vulnerable to hacking and can be exploited for malicious purposes.

Privacy Protection

Safeguarding individuals' privacy rights in the collection and use of data for AI applications.

Lack of Transparency

Some AI algorithms operate as "black boxes," making it difficult to understand their decision-making processes.

Human Oversight

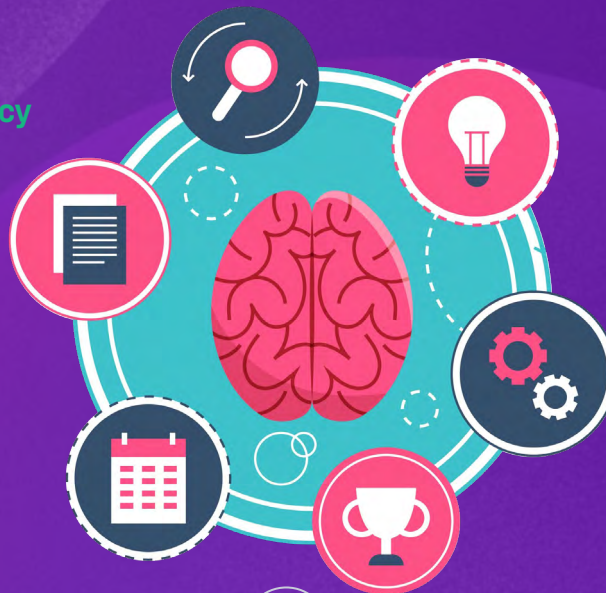
Maintaining human control and oversight to prevent the misuse or unintended consequences of AI systems.

Data Privacy

AI often relies on vast amounts of personal data, raising concerns about privacy and unauthorized access.

Societal Impact

Assessing and addressing the broader societal impact of AI on communities, employment, and social structures.



Conclusion

In the ever-evolving realm of technology, the fusion of intelligent machines into the fabric of our existence marks a revolutionary chapter. AI's impact is profound, from data analysis to robotic tasks, reshaping industries and daily life. This integration isn't just a toolbox; it's a paradigm shift in human-machine collaboration. As we navigate this transformative journey, the narrative of AI unfolds with promises, challenges, and ethical considerations, underscoring the powerful fusion of intelligent machines shaping our future.

DECODING BUDGET 2025

AS YET ANOTHER BUDGET SEASON UNFOLDS, IT IS IMPERATIVE TO DELVE INTO THE PIVOTAL UPDATES AND COMPREHEND THE ESSENCE OF BUDGET 2025.

BUDGET 2025

Quoting Telugu poet and playwright Shri Gurajada Appa Rao's famous saying, '**A country is not just its soil; a country is its people.**' - the Finance Minister presented the Union Budget 2025-26 with the theme "Sabka Vikas" stimulating balanced growth of all regions.

In line with this theme, the Finance Minister outlined the broad Principles of Viksit Bharat to encompass the following:

Zero-poverty

Access to high-quality, affordable, and comprehensive healthcare

Empowering women, targeting 70% participation in economic activities

Hundred per cent good quality school education

Promoting 100% skilled labor with meaningful employment

Supporting farmers in making India the "food basket of the world"



Budget Estimates 2025-26

Now that the framework is set, it's time to examine the financial estimates and forecasted results to truly understand the scope and ambition behind this budget. The budget estimates are as follows:



With these numbers in mind, let's delve deeper into the key sectors:

1st Engine of Development: Agriculture

Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme

To boost productivity, promote crop diversification, enhance post-harvest storage, improve irrigation infrastructure, and ensure both long-term and short-term credit access

Building Rural Prosperity and Resilience

Addressing underemployment in agriculture through skill development, technological advancements, and rural investment.

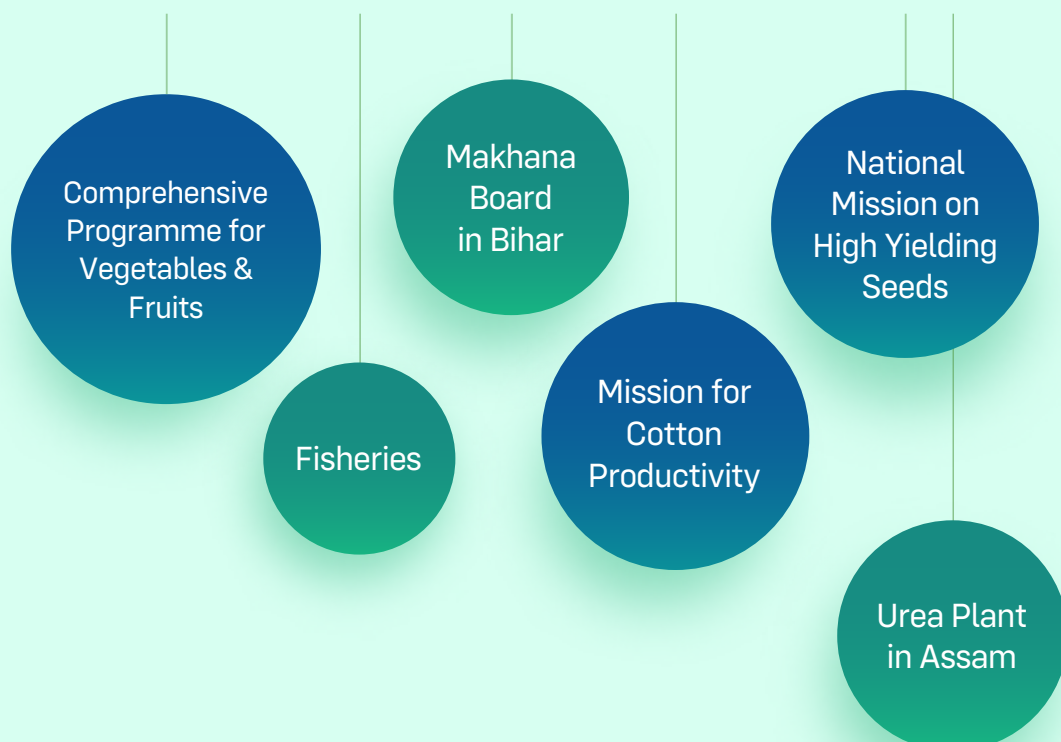
Aatmanirbharta in Pulses

Emphasizing key pulses like Tur, Urad, and Masoor, with central agencies committed to procuring surplus stock from farmers over the next four years.

Enhanced Credit through KCC

increase in loan limits under the Kisan Credit Card scheme, from ₹3 lakh to ₹5 lakh, offering easier access to credit for farmers.

To further uplift agriculture, the budget outlines Comprehensive Programmes such as :

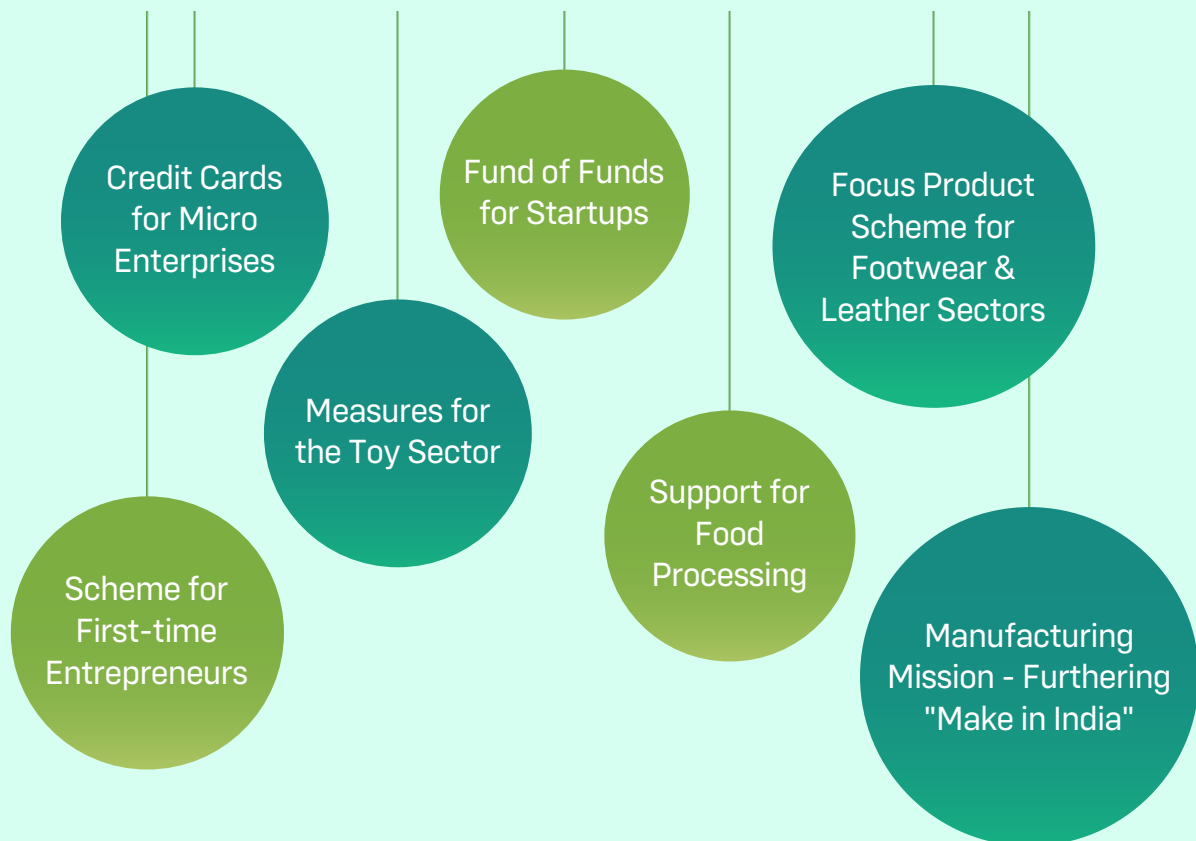


2nd Engine of Development: MSME

Revision in classification criteria for MSMEs

₹ in Crore	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

This year's budget has laid out a series of measures designed to fuel MSME's, the lifeblood of India's economy, contributing 45% to exports such as:



3rd Engine of Development: Investment

Investment is the driving force behind a thriving nation—powering its people, economy, and innovation.

PEOPLE	ECONOMY	INNOVATION
<ul style="list-style-type: none">• Saksham Anganwadi and Poshan 2.0• Atal Tinkering Labs• Broadband Connectivity to Government Secondary Schools and PHCs• Bharatiya Bhasha Pustak Scheme• National Centres of Excellence for Skilling & for AI Education• Expansion of Capacity in IITs & Medical Education• Day Care Cancer Centres in all District Hospitals• Strengthening urban livelihoods• PM SVANidhi• Social Security Scheme for Welfare of Online Platform Workers	<ul style="list-style-type: none">• Public Private Partnership & support for state in Infrastructure• Asset Monetization Plan 2025-30• Jal Jeevan Mission• Urban Challenge & Maritime Development Fund• Nuclear Energy Mission for Viksit Bharat• Shipbuilding• UDAN - Regional Connectivity Scheme• Greenfield Airport in Bihar• Western Koshi Canal Project in Mithilanchal• SWAMIH Fund 2• Mining Sector Reforms• Tourism for employment-led growth	<ul style="list-style-type: none">• Research, Development and Innovation• Deep Tech Fund of Funds• PM Research Fellowship• Gene Bank for Crops Germplasm• National Geospatial Mission• Gyan Bharatam Mission

With these transformative investments, India is not just preparing for the future—it is shaping it.

4th Engine of Development: Exports

Exports are the lifeblood of a thriving economy, driving growth, job creation, and global competitiveness. To strengthen India's position in international trade, the government will launch :

Export Promotion Mission setting sectoral and ministerial targets with the Commerce, MSME, and Finance Ministries

Ease access to export credit, cross-border factoring, and MSME support for overcoming non-tariff barriers

The BharatTradeNet (BTN), a unified digital platform for trade documentation and financing

Will align with global standards and complement the Unified Logistics Interface Platform

National Framework for GCC

Help tier-2 cities attract investment by enhancing talent availability, infrastructure, and regulatory reforms.

Air cargo infrastructure, especially for high-value perishables, will be upgraded

With streamlined customs and screening protocols for greater efficiency.

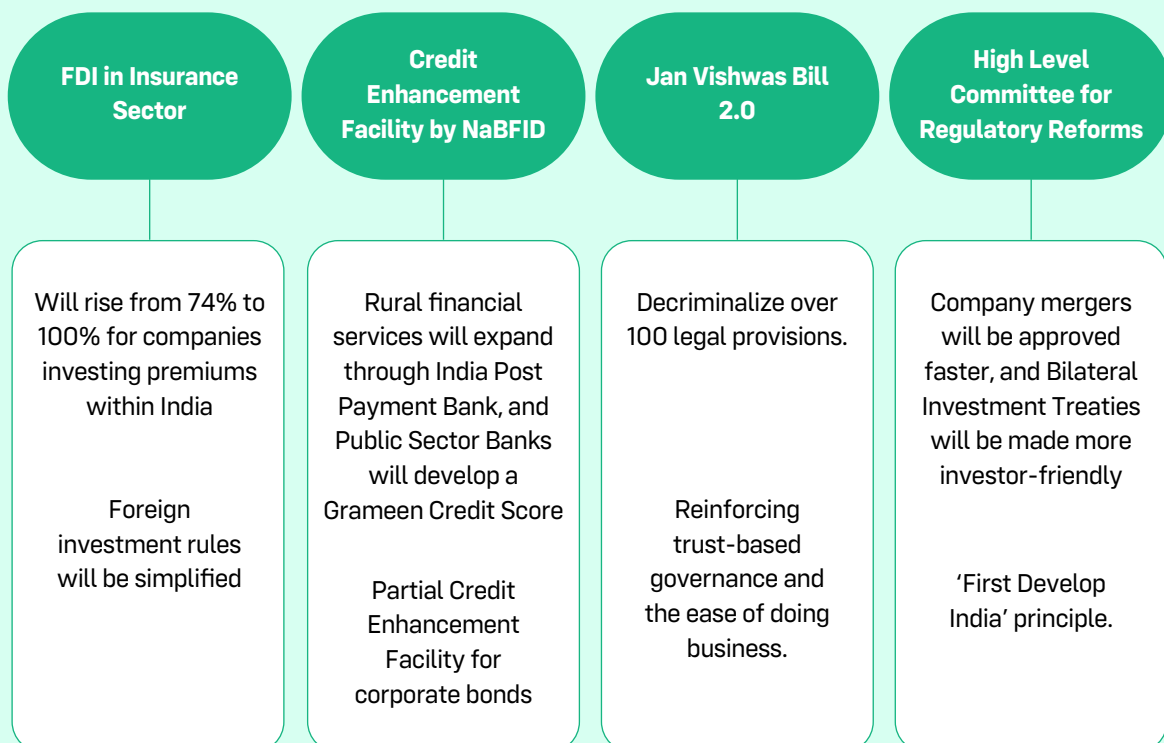
Reforms as fuel

The engines being set in place, reforms have been established to fuel the engine ablaze. Over the past decade, the government has transformed tax compliance with



"trust first, scrutinize later" approach
ensuring a fair and taxpayer-friendly system.

To drive investment, streamline regulations, and enhance financial inclusion, the government is introducing bold reforms such as :

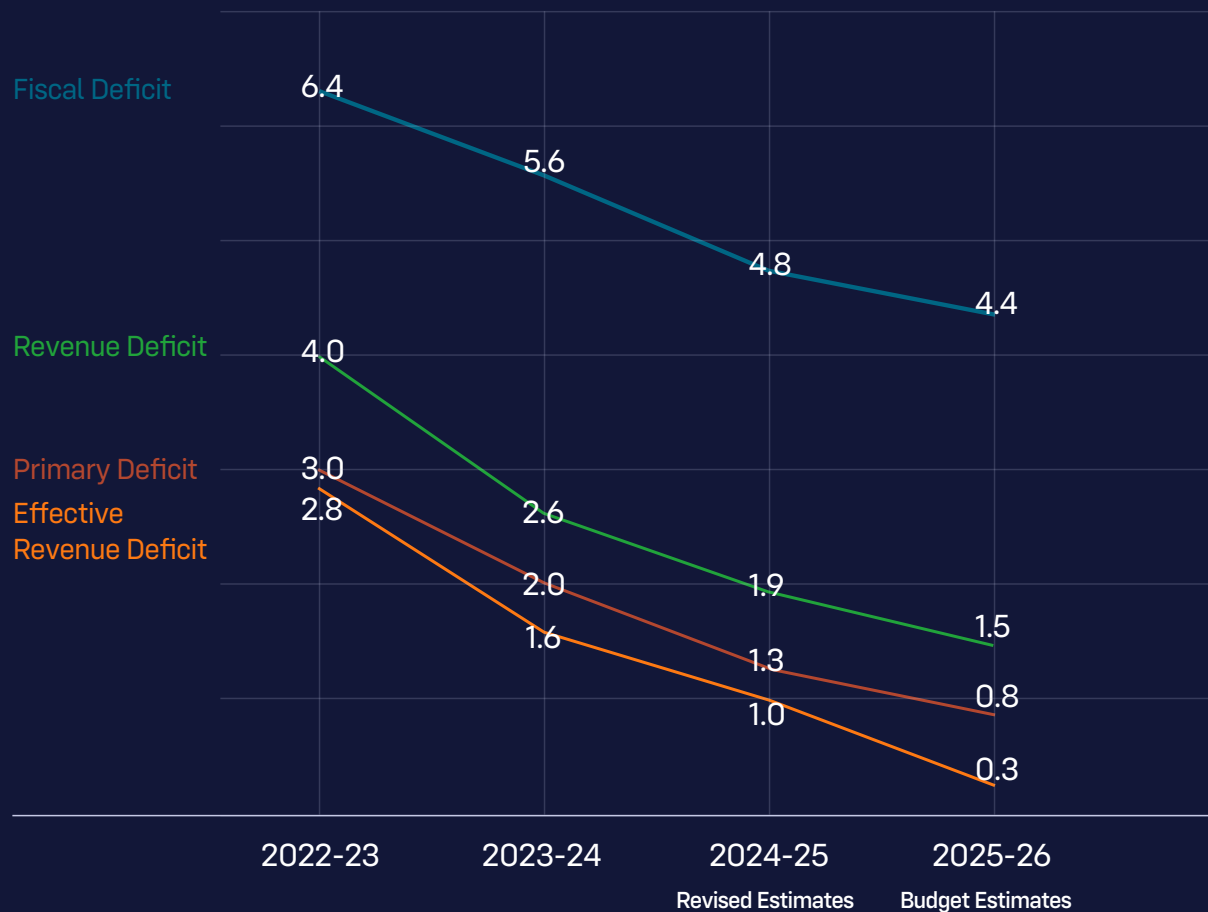


Fiscal Policy

The Government endeavors to keep the fiscal deficit each year such that the Central Government debt remains on a declining path as a percentage of the GDP and the detailed road-map for the next 6 years. Revised Estimate 2024-25 of fiscal deficit is 4.8 per cent of GDP, while the Budget Estimates 2025-26 is estimated to be 4.4 per cent of GDP.

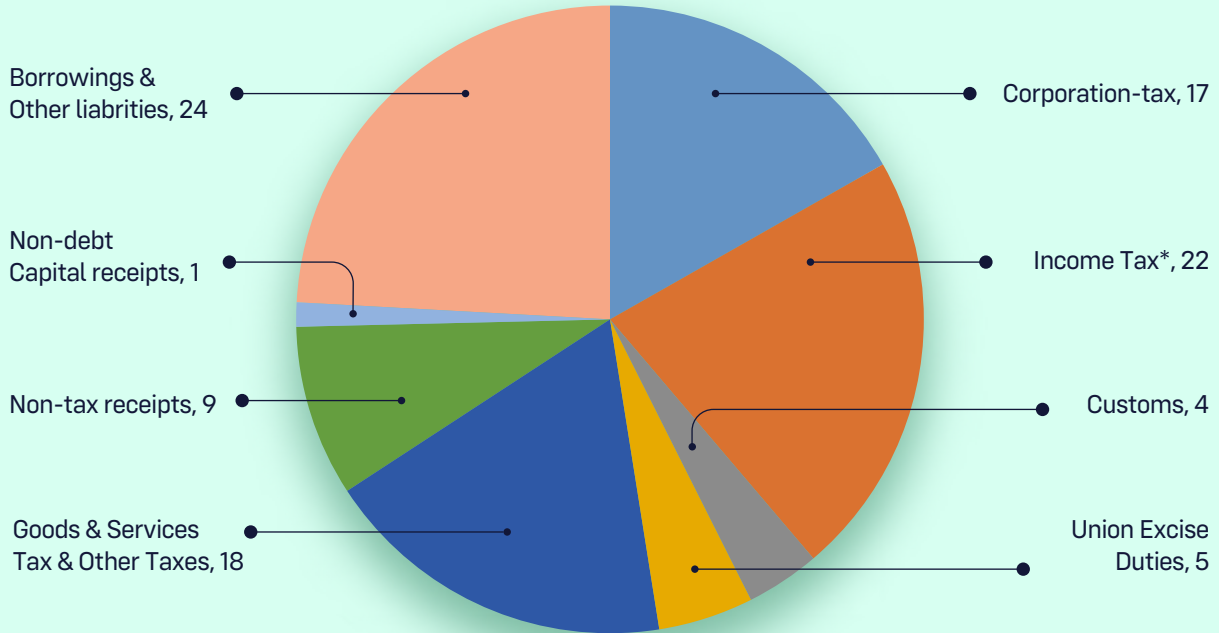
UNION BUDGET 2025-26

Trends in Deficit % of GDP

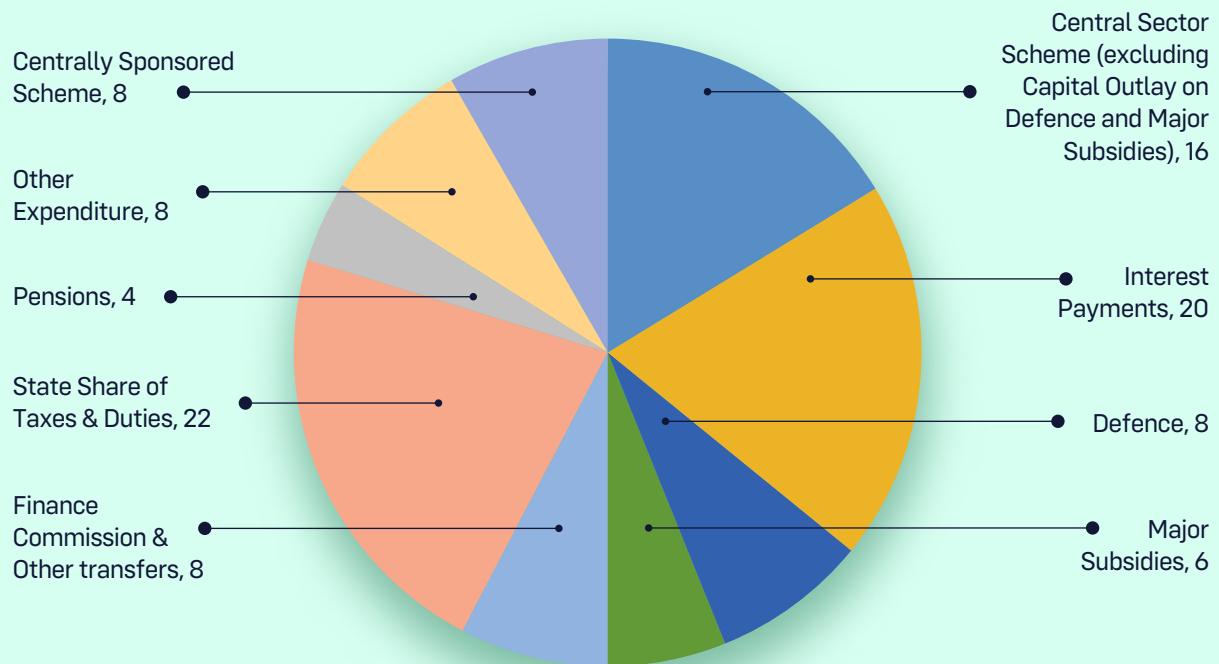


Budget (2025-26)

Rupee Comes From

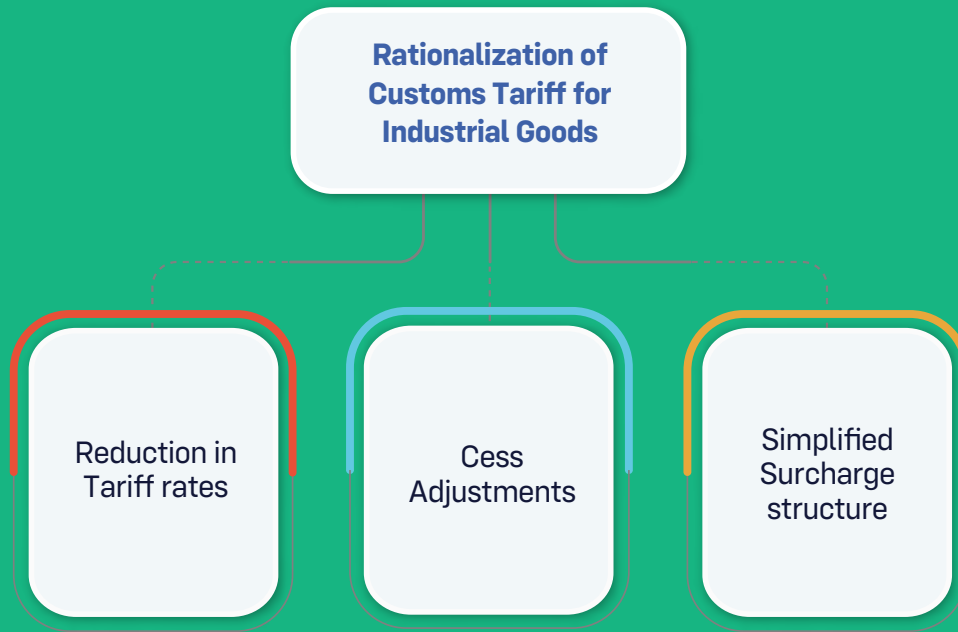


Rupee Comes Goes to:

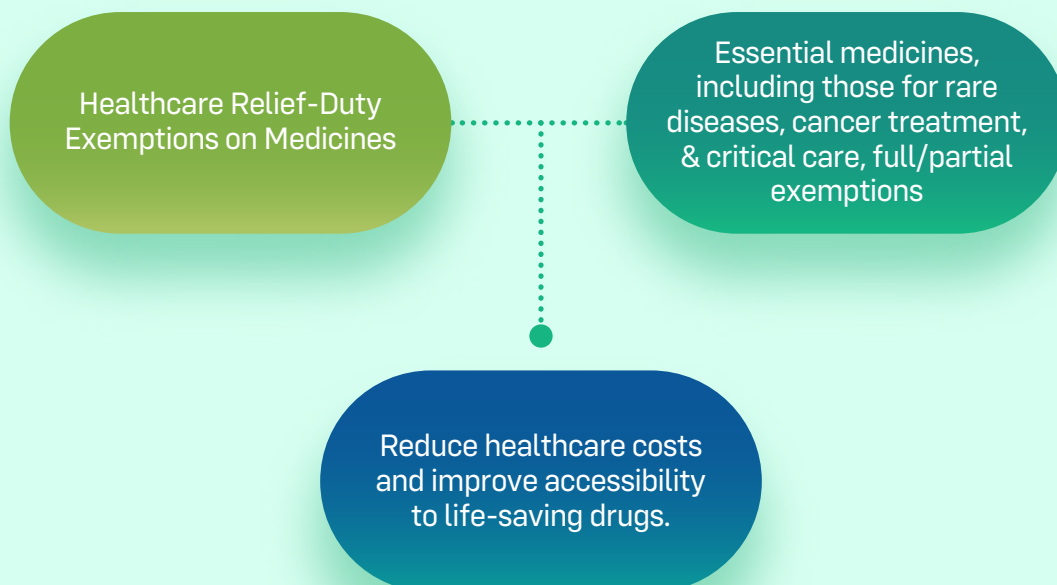


Indirect Tax

Customs



Relief on import of Drugs/Medicines



Boosting Domestic Value Addition



Export Promotion Initiatives

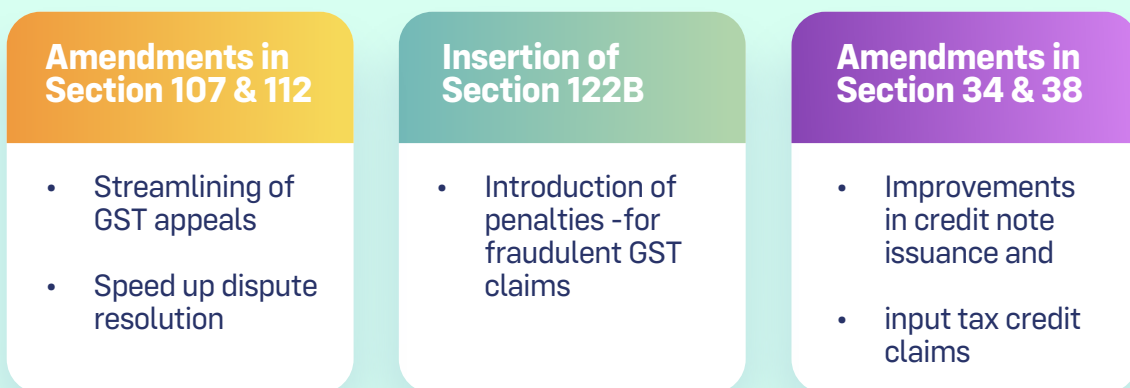


Key Customs Reforms for Trade Facilitation to enhance ease of doing business & attract more foreign investment



GST

Amendments in the CGST Act, 2017



Direct Tax

New income tax bill



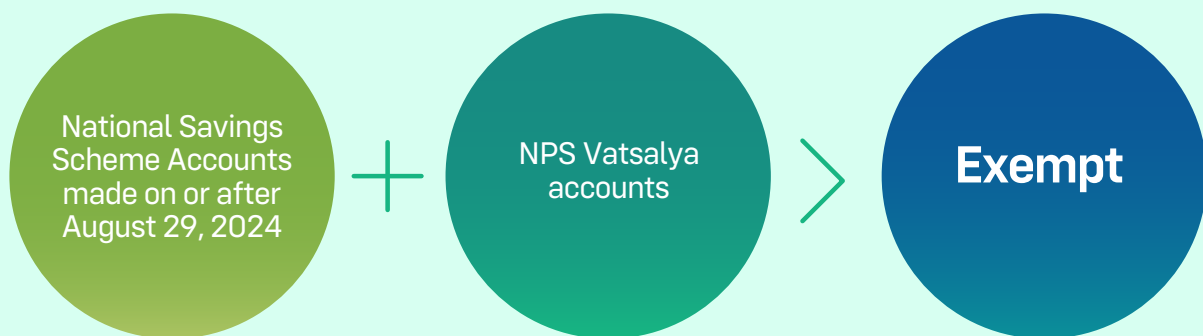
Personal Tax: Changes in Tax Structure Under the New Tax Regime 2025

A key highlight of this year's budget is the relief and empowerment extended to individuals, especially the middle-class salaried workforce. A standout measure is the income tax exemption for those earning up to ₹12.75 lakh annually under the new tax regime, along with an increase in the standard deduction to ₹75,000.

INCOME TAX SLAB RATE

Income	Tax%
0-4 lakh	Nil
4-8 lakh	5%
8-12 lakh	10%
12-16 lakh	15%
16-20 lakh	20%
20-24 lakh	25%
> 24 lakh	30%

Savings Scheme Exemptions



Exemption in respect of the self-occupied property relaxed

2 residential house properties may be claimed as self-occupied without any conditions.

Tonnage Tax Scheme

Extended to inland vessels registered under the Indian Vessels Act, 2021, promoting inland water transport.

w.e.f 1 April 2025, the time-limit for approving application under the tonnage tax scheme is increased to 3 months from the end of the quarter in which such application is received.

Penalties and prosecution

The time-limit for :

processing a taxpayer's application seeking immunity from imposition of penalty

prosecution in case of under-reporting of income is proposed

to be extended to three months from the end of the month, in which, the taxpayer's application is received by the tax authority

No prosecution for delay in deposit of TCS where the same is paid before the due date of filing quarterly TCS return

Uniformity in time-limit for passing penalty order, to be passed within 6 months from the end of the quarter, in which, the order for the relevant proceedings is passed/received by the specified tax authority.

Others

The 3 year tax holiday benefit available for start-ups has been extended to start-ups set-up on or before 31 March 2030.

Assessing Officer empowered to levy certain penalties that could earlier be imposed by JCIT.

The time-limit for the conclusion of certain specified proceedings under the ITA is to be computed by excluding the period commencing from the date of the order granting stay until the date on which the certified copy of the order vacating the stay is received by the specified tax authority.

Definition of virtual digital asset is expanded to include any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions.

Rationalisation of block assessment provisions for search and requisition made on or after 1 September 2024, especially in respect of international or specified

domestic transaction. It is also proposed to include the term "virtual digital asset" as one of the assets enumerated in the definition of "undisclosed income".

Effective 1 April 2025, the time-limit for filing the updated tax return to be increased from 3 years to 5 years from the end of relevant financial year.

ITR-U filed within	Additional tax
12 months from the end of the relevant AY	25% of additional tax (tax + interest)
24 months from the end of the relevant AY	50% of additional tax (tax + interest)
36 months from the end of the relevant AY	60% of additional tax (tax + interest)
48 months from the end of the relevant AY	70% of additional tax (tax + interest)

TDS/TCS Rationalization for Better Financial Flexibility:

Omission of TCS on the sale of goods

A seller is required to collect TCS at 0.1 % of the sale value exceeding INR5 million, subject to certain conditions if no TDS was done.

the provisions of TCS are proposed to no longer apply from 1 April 2025

Removal of higher TDS/TCS for non-filers of income tax return

There is a requirement for a higher rate of TDS/TCS for specified payees/payers (respectively) who have not filed their income tax returns.

removed w.e.f 1 April 2025 to reduce the compliance burden associated with verifying whether returns have been filed by the specified payee/payer.

The TDS rate on income payable by a securitisation trust to a resident investor is proposed to be reduced to 10 % from the existing 25 % (for an individual and HUF)/30 % (others).

To provide greater relief to taxpayers, the Budget has doubled the TDS exemption limit on interest earned by senior citizens—from ₹50,000 to ₹1 lakh. Rent-related TDS thresholds have also been raised significantly, now applying only to annual rents exceeding ₹6 lakh, up from ₹2.4 lakh.

TDS & TCS

Effective from April 01, 2025

S. No.	Section	Present	Proposed
1	193- Interest on securities	Nil	10,000
2	194A - Interest other than Interest on securities	(i) 50,000/- for senior citizen; (ii) 40,000/- in case of others when payer is bank, cooperative society and post office (iii) 5,000/- in other cases	(i) 1,00,000/- for senior citizen; (ii) 50,000/- in case of others when payer is bank, cooperative society and post office (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	5,000	10,000
5	206C(1G) – Remittance under LRS and overseas tour program package	7,00,000	10,00,000
6	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
7	194D - Insurance commission	15,000	20,000
8	194G – Income by way of Commission, prize etc. on lottery tickets	15,000	15,000
9	194H – Commission or Brokerage	15,000	15,000
10	194-I - Rent	2,40,000 (in a FY)	6,00,000 (in a FY)
11	194J - Fee for professional or technical services	30,000	50,000
12	194LA - Income by way of enhanced compensation	2,50,000	5,00,000

Non-Resident Taxation

Tax on LTCG

12.5% for all taxpayers, both residents and non-residents, from July 23, 2024.

Amend Section 115AD

12.5% for LTCG from the transfer of securities (excluding certain units under Section 115AB) that are not covered under Section 112A

Section 9 amended

if an NRI's activities in India are limited solely to purchasing goods for export, it will not be considered a significant economic presence and not deemed as earned in India.

A new section, 44BBD

presumptive taxation regime for non-residents offering services or technology to Indian companies in the electronics manufacturing sector.

International Taxation

A significant reform in transfer pricing assessments:

Applicability

- From 2025-26-onwards
- Taxpayer must exercise the option for the following two consecutive previous years in addition to the year under consideration
- TPO will validate the option and pass an order by the end of the next month in which the option was exercised, subject to conditions

Determination of ALP (once option validated)

- The ALP determined in relation to an international transaction or a specified domestic transaction for any previous year will apply to similar transactions for the immediate next two years.
- No new reference for ALP computation will be made for such transactions for the years covered by the block period. If made, it will be considered as if no reference is made for such a transaction.

Recomputation of income

- The AO will recompute total income based on the TPO's determination of ALP within three months from the end of the month in which the assessment is completed.
- DRP directions, if any, will also be considered in such a recomputation.

Exclusions and clarifications

- These provisions will not apply to proceedings under search cases.
- CBDT may issue guidelines to resolve difficulties, subject to government approval

Easing Compliance for Charitable Trusts and Institutions

To simplify compliance for small charitable trusts and institutions:

Period of registration

Extended from 5 years to 10 years, provided, total income in 2 preceding years does not exceed ₹5 crore

Changes to Section 12AB

Minor errors in registration applications will no longer result in automatic cancellation
Reforms, effective from April 1, 2025,

Business Trusts

Amendment to integrate Section 112A into the taxation structure of business trusts, ensuring consistency with other investment instruments. This revision will come into effect on April 1, 2026, impacting the assessment year 2026-27 and subsequent years.

Navigating Loss Carryforward in Amalgamation Transactions

Limit the carry forward period to 8 years

starting from when the loss was first computed for the original predecessor entity

not from the year of the latest amalgamation

Conclusion

The Budget 2025-26 is more than a financial statement—it is a bold vision for India's future. With a strategic focus on inclusive growth, innovation, and sustainability, it lays the groundwork for a nation that is self-reliant, competitive, and future-ready. Thoughtful tax rationalization and targeted welfare initiatives uplift the middle class and marginalized communities, reinforcing the government's commitment to equitable progress. The foundation is set, the momentum is strong, and together, we will carve the path to a new era.

The only question that remains:

How fast will we get there?



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