



advocates & solicitors

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# Union Budget 2026

## Analysis of Tax Proposals

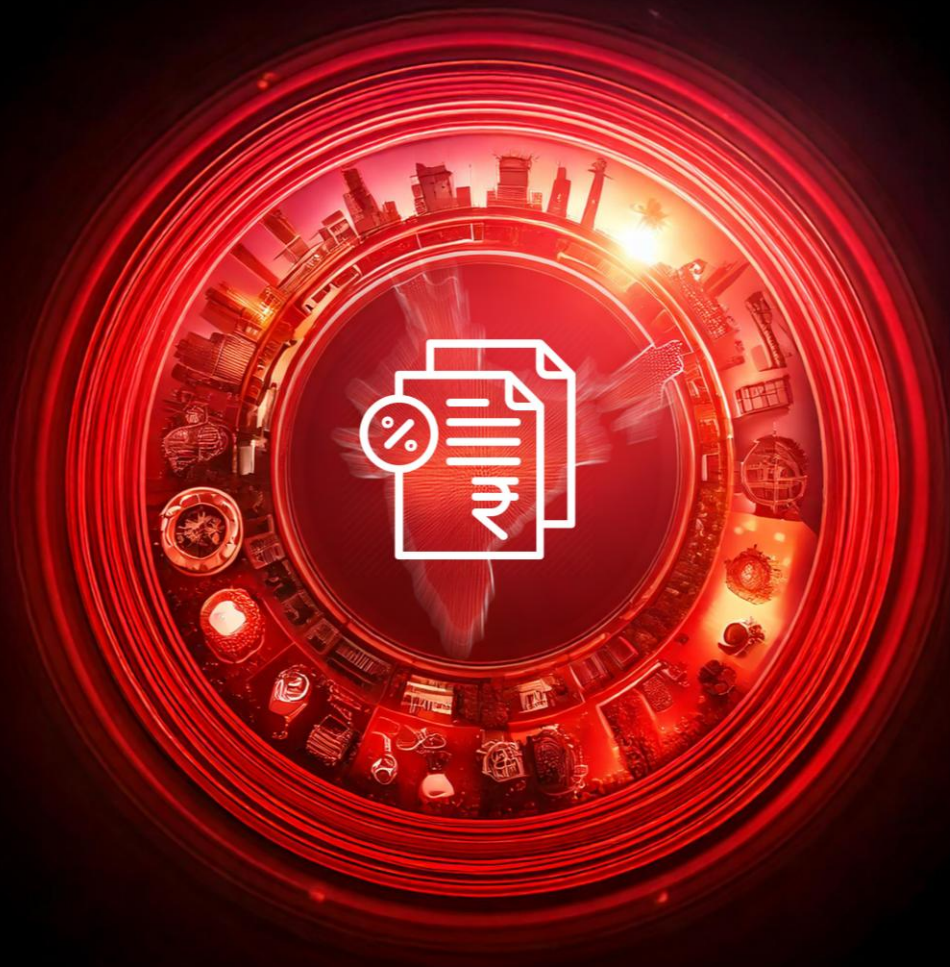
February 2, 2026

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# Direct Tax Proposals





## Tax Rates

### Key proposals

No change has been proposed in the standard rates of income tax for any category of taxpayers.

#### STT rates

It is proposed to increase the rate of STT as under:

SI No	Taxable securities transaction	Current rate	Proposed rate	Payable by
1.	Sale of an option in securities	0.1%	0.15%	Seller
2.	Sale of an option in securities, where option is exercised	0.125%	0.15%	Purchaser
3.	Sale of a futures in securities	0.02%	0.05%	Seller

#### Unexplained credits, investments, expenditure etc.

Currently, addition of income owing to unexplained credits, investments, assets, expenditure, and amounts borrowed or repaid through negotiable instruments or hundi is subject to tax at the rate of 60%. Additionally, a penalty of 10% of the tax is also levied where such unexplained income is determined under the IT Act 2025.

It is proposed to rationalise the tax rate on such income to 30% and align the penalty treatment with the penalty for misreporting of income.

## Reintroduction of capital gains tax on buyback

### Key proposals

Buyback of shares for all shareholders will now be taxed as capital-gains instead of being treated as dividend income. Further, 'promoters' (as defined in the IT Act 2025) would be subject to an additional income tax depending on the nature of capital gains which are as under:

Capital Gains	Promoter is a domestic company	Promoter is not a domestic company
Short-term capital gains on listed shares	2%	10%
Long-term capital gains	9.5%	17.5%

## Minimum Alternate Tax

### Key proposals

MAT rate reduced to 14% from 15% of the book profits. It is proposed that MAT paid under the old tax regime to be treated as final tax and no new MAT credit will be allowed in this respect. Existing MAT credit can be set off only under the new tax regime, subject to following limits:

**Domestic companies:** Restricted to 25% of the tax liability of any relevant financial year and remaining credit will be carried forward to subsequent years.

**Foreign companies:** When normal tax exceeds MAT, set-off allowed only to the extent of the difference between tax on total income and MAT.

## Non-resident taxation

### Key proposals

1. It is proposed that the following exemptions would be introduced under the IT Act 2025 for foreign companies:
  - a) Exemption on any income accruing or arising or deemed to accrue or arise in India by way of procuring data centre services from a notified data centre which is owned and operated by an Indian company. This exemption will be available up to March 31, 2047, subject to specified conditions. Critically, one of the conditions is that foreign company should not own or operate physical infrastructure or resources of such data centre. Additionally, all the sales by such foreign company to users in India should be made through an Indian reseller company.
  - b) Exemption on income arising in India from providing capital goods, equipment or tooling to a contract manufacturer located in custom bonded warehouse and producing electronic goods on behalf of such foreign company, subject to some conditions. This exemption is available till March 31, 2031.
2. Foreign companies and non-residents involved in the business of operating of cruise ships and providing services or technology for setting up an electronics manufacturing facility in India to a resident company will not be subject to MAT.

## Transfer pricing provisions

### Key proposals

1. Key enhancements proposed to be made in India's transfer pricing safe harbour regime for IT/services exporters are as under:
  - a) revenue threshold increased from INR 300 crore (Indian Rupees three hundred crore) to INR 2,000 crore (Indian Rupees two thousand crore);
  - b) uniform margin of 15.5% for software development services, IT enabled services, knowledge process outsourcing services and contract research and development services relating to software development;
  - c) automated rule-based approval process and the margin can be continued for a period of 5 (five) years at taxpayer's choice;

The relevant rules will be notified by Central Board of Direct Taxes separately.

2. Unilateral APA for IT services companies are proposed to be fast tracked with an endeavour to conclude these within 2 (two) years which can be extended by a further period of 6 (six) months on taxpayer's request.
3. It is proposed that an associated enterprise (i.e. related party) of the person who has entered into an APA will also be allowed to modify or file a return of income subject to such return being filed or modified within a period of 3 (three) months from the end of the month in which the APA is entered into.
4. There has been a considerable amount of litigation with regard to the manner of computation of 60 (sixty) days given to the TPO to pass an order computing the arm's length price. It is proposed to clarify that notwithstanding the judicial precedents the 60 (sixty) days period will be computed in the prescribed

manner where specific dates have been provided. This will come into effect retrospectively from June 1, 2007.

5. It is proposed that the definition of 'accountant' would be rationalised for the purposes of Safe Harbour Rules to enable home-grown accounting and advisory firms to become global leaders.

## International Financial Services Centre

### Key proposals

1. Presently units in the IFSC are entitled to a 100% deduction of income for 10 (ten) consecutive years out of 15 (fifteen) years and OBUs in IFSC are entitled to a 100% deduction of income for 10 (ten) consecutive years. It is proposed to increase the period of deduction to 20 (twenty) consecutive years out of 25 (twenty-five) years for units in IFSC and 20 (twenty) consecutive years for OBUs. It is also proposed that the business income of these units from IFSC after the expiry of period of deduction will be taxed at rate of 15%.
2. It is proposed that deemed dividend tax will not be applicable in case of advances or loans between group entities where: (a) one of the entities is a finance company or finance unit in an IFSC; (b) the other group entity is located outside India; and (c) the parent/principal entity of the group is listed on a notified foreign stock exchange.

## Amendments to taxation of Non Profit Organizations

### Key proposals

1. IT Act 2025 imposes tax on accumulated income when a registered NPO merges with a non-registered entity. To ease restructuring, a new rule proposes exempting mergers between registered NPOs sharing same or similar objects, provided they meet specific conditions. This amendment aligns with the provisions of IT Act 1961. The tax on accreted income applies if an NPO merges with any non-registered entity, or a registered NPO with similar goals but fails prescribed conditions, or a registered NPO with different objects.
2. It is proposed that NPOs would be permitted to file belated returns.
3. Under the IT Act 2025, registered non-profits with general public utility may conduct limited business activities such as workshops, product sales, venue rentals, or fee-based services but only up to the lesser of 20% of total receipts. These activities must directly support the core mission and require separate books of account. Currently, exceeding these limits risked cancellation of the registration as NPO plus other implications. The proposed amendment removes this risk of cancellation of registration.

## Withholding/collection of taxes

### Key proposals

1. TCS on remittances for education and medical treatment under the LRS of an amount or aggregate of the amounts exceeding INR 10,00,000 (Indian Rupees ten lakh) has been reduced to 2%.
2. TCS on sale of overseas tour programs has been reduced to 2% without any threshold criteria.
3. Manpower supply payments will now attract TDS similar to payments towards 'works contract'.

4. Resident individuals and Hindu Undivided Families will be exempt from obtaining Tax Deduction and Collection Account Number for undertaking TDS on payments to non-residents for acquiring immovable property.
5. It is proposed that certain small taxpayers would be enabled to e-file applications for lower/nil tax deduction certificates.

## Ease of Compliance

### Key proposals

#### 1. Rationalising due dates for filing of return of income:

It is proposed to extend the due date for filing return of income to August 31, following the tax year ended March 31.

- a) taxpayers having income from profits and gains of business or profession whose accounts are not subject to audit or transfer pricing provisions under the IT Act 2025 or under any other law in force; and
- b) partner of a firm whose accounts are not subject to audit or transfer pricing provisions under the IT Act 2025 or under any other law in force.

Due dates for other categories of taxpayers remain same.

It is also proposed to extend the due date for filing of the revised return of income to March 31, following the end of the tax year (i.e. within 12 (twelve) months) subject to payment of a nominal fee of INR 1,000 (Indian Rupees one thousand) or INR 5,000 (Indian Rupees five thousand) depending on the income of the taxpayers.

#### 2. Updated returns permitted for reduction of losses

Currently, taxpayers are allowed to file an updated return of income only where they disclosed an additional income. Filing a return of income declaring a loss is not permitted.

It is now proposed that taxpayers will be allowed to file an updated return of income if such an updated return has the effect of reducing the amount of loss previously claimed in the return filed by the taxpayer.

#### 3. Updated returns allowed to be filed after initiation of assessment proceedings

Presently, updated return of income is not allowed to be filed in cases where any proceedings for assessment or reassessment or re-computation or revision of income is pending or have been completed for the relevant tax year.

It is now proposed to allow filing of an updated return of income by taxpayer even after receipt of a reassessment notice. In such cases, the additional income-tax payable will be increased by 10% of the aggregate of tax and interest payable on account of furnishing the updated return.

## Reassessment and Block Assessments related changes

### Key proposals

1. Ongoing litigation has emerged over jurisdiction for issuing notices under Section 148 of IT Act 1961 and conducting pre-assessment inquiries under Section 148A of IT Act 1961, especially after introduction of the faceless regime. Taxpayers have challenged reassessment proceedings, arguing that the NaFAC lacks authority and that these powers belong solely to the jurisdictional AO. Courts have upheld such challenges

as fundamental jurisdictional defects, not mere procedural lapses. To eliminate this ambiguity and curb litigation, clarificatory amendments have been proposed to both the IT Act 1961 and IT Act 2025, explicitly stating that 'Assessing Officer' refers to the jurisdictional AO, excluding NaFAC.

2. It is proposed to restrict assessments for 'other persons' (third parties whose information surfaces during a search) to just 1 (one) tax year when their undisclosed income relates only to that specific year, thereby replacing the broader block assessment covering multiple prior years.
3. A clarificatory amendment has been proposed to provide that the date on which search was initiated or requisition was made would be the reference point for purpose of computation of the limitation period for the block assessment. Further, the limitation period for completion of such assessments is proposed to be increased from 12 (twelve) months to 18 (eighteen) months.

## Relief under Black Money Act

### Key proposals

#### 1. Relaxation of conditions for prosecution under the Black Money Act

The Black Money Act provides for stringent prosecution provisions in case of non-disclosure of foreign income and assets by residents.

It is proposed that minor non-disclosures, other than relating to immovable property, where the aggregate value of the assets does not exceed INR 20,00,000 (Indian Rupees two million) would be excluded from prosecution provisions.

The above change is proposed to come into effect retrospectively from October 1, 2024.

#### 2. Disclosure of foreign assets held by small taxpayers.

In order to facilitate voluntary compliance and enable resolution of legacy cases of small taxpayers, it is proposed to introduce a time-bound scheme for declaration of foreign assets and foreign-sourced income, with payment of tax or fee based on the nature and source of acquisition and grant of limited immunity from penalty and prosecution under the Black Money Act, excluding cases involving prosecution or proceeds of crime.

The above change will come into effect on a date to be notified by the Central Government.

## Penalty and prosecution provisions

### Key proposals

1. It is proposed that penalties will be levied for failure to file the prescribed statement, furnishing inaccurate information, or failing to rectify inaccuracies in statement with respect to transactions in crypto-assets.
2. It is proposed to rationalise the following penalties into a fee:
  - a) penalty for failure to get accounts audited has been omitted and replaced with a graded fee of INR 75,000 (Indian Rupees seventy-five thousand) and INR 1,50,000 (Indian Rupees one lakh fifty thousand) depending upon the period of delay;
  - b) penalty for failure to furnish a transfer pricing report is proposed to be amended with a graded fee of INR 50,000 (Indian Rupees fifty thousand) and INR 1,00,000 (Indian Rupees one lakh) depending upon the period of delay; and



- c) penalty for failure to furnish statement of financial transaction or reportable account is proposed to be converted to a fee.

Further, an upper limit of INR 1,00,000 (Indian Rupees one lakh) is also proposed to be introduced in existing penalties under the IT Act 2025.

3. It is proposed that a common order would be passed for both assessment and penalty for under-reporting and misreporting of income to avoid multiple proceedings.
4. It is proposed to decriminalise certain offences under IT Act 2025 as well as IT Act 1961, with punishments proportionate to the crimes. Key changes include:
  - a) changing rigorous imprisonment to simple imprisonment where applicable;
  - b) capping maximum punishment at 2 (two) years (from 7 (seven) years) for first offences and 3 (three) years for subsequent ones;
  - c) introducing new gradations for tax evasion amounts with corresponding punishments;
  - d) prescribing only fines for tax evasion up to INR 10,00,000 (Indian Rupees ten lakh);
  - e) adding fines in lieu of or alongside imprisonment; and
  - f) fully decriminalising certain offences.
5. It is proposed to expand the scope of immunity from penalty or prosecution to such cases where under-reporting of income is in consequence of misreporting. However, taxpayers would be required to pay an additional income-tax in such cases.
6. Also, the quantum of pre-payment for obtaining stay of recovery of tax demands is proposed to be reduced from 20% to 10%.

## Others

### Key proposals

#### 1. **Non-allowability of interest as deduction against dividend income**

It is proposed that going forward interest expenditure would not be deductible against dividend income.

#### 2. **Limitations on exemption of capital gains on redemption of sovereign gold bond**

It is proposed to exempt capital gains tax on sovereign gold bond redemptions only to original subscribers who held such bonds continuously until maturity.

#### 3. **Allowing expenditure on prospecting of critical minerals as deduction**

Deferred deduction available in respect of costs incurred in the year of commercial production and 4 (four) previous years for prospecting of certain critical minerals is proposed to be extended to the following minerals:

- a) beryllium bearing minerals;
- b) glauconite;
- c) Graphite;
- d) indium bearing minerals;
- e) lithium bearing minerals;
- f) niobium bearing minerals;

- g) potash;
- h) rhenium bearing minerals; and
- i) tantalum bearing minerals.

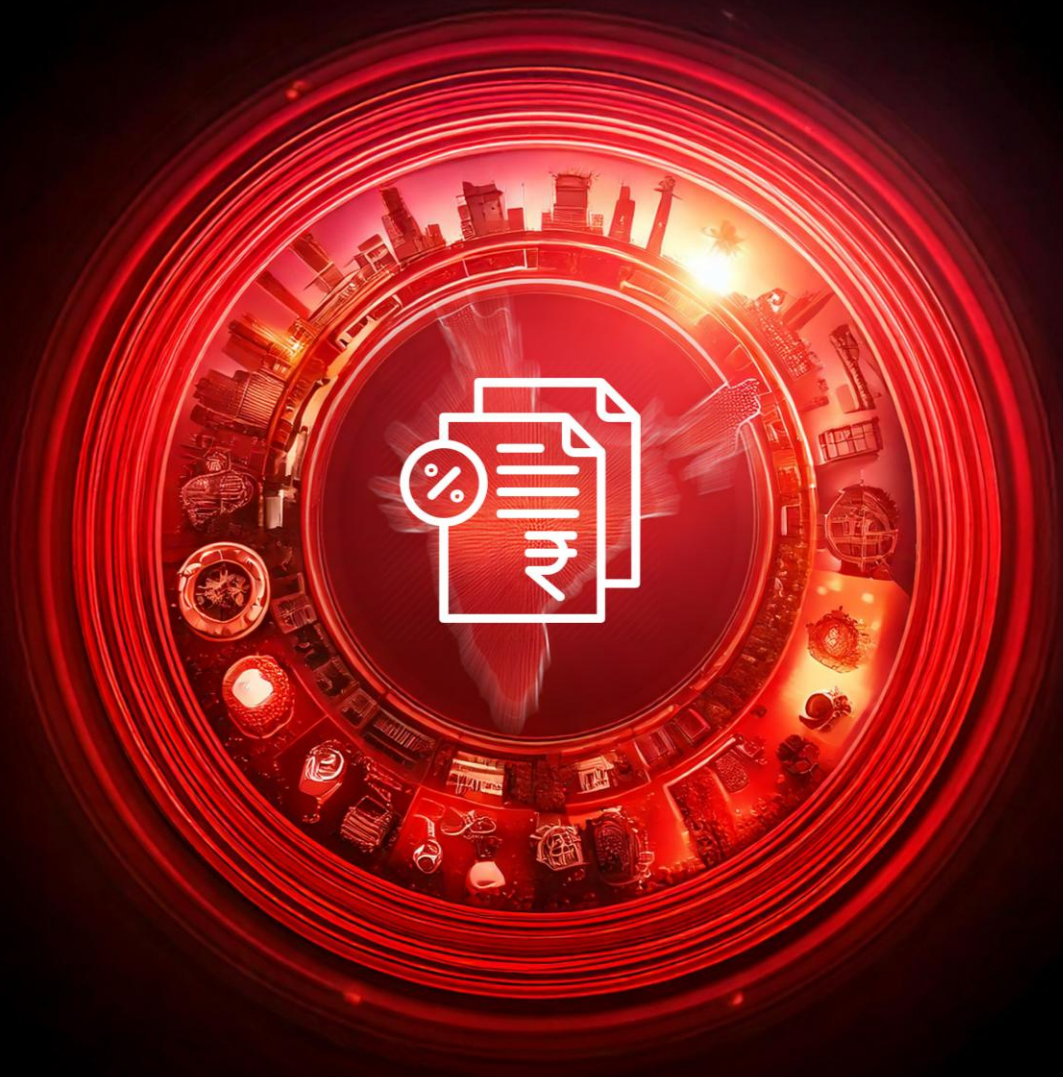
**4. Deductions for employee contribution**

Employee contributions towards provident fund and superannuation fund deducted by the employer and deposited on or before the due date of filing of tax returns now deductible for computing taxable income of employer.

**5. Impact on validity of notices, summons, etc. due to defects in Document Identification Number (DIN)**

To clarify the legislative intent and to prevent annulment of proceedings on mere technical grounds, it is proposed that no assessment, notice, summons or other proceeding will be invalid or deemed to be invalid on account of any mistake, defect or omission relating to a computer-generated DIN. This is proposed to come into effect retrospectively from October 1, 2019.

# Indirect Tax Proposals



## Goods and Services Tax

### Key proposed amendments to CGST Act

#### 1. Amendment to valuation provisions - Section 15

As per Section 15(3) of the CGST Act, post-sale discount was required to be specified in the agreement for excluding the value of such discounts from the value of supply. This requirement has now been removed. As per the amendment, GST adjustments can now be undertaken by way of a credit note issued under Section 34 (*provision pertaining to credit and debit notes*) of the CGST Act, for pre-agreed as well as post-sale discounts.

Corresponding amendment has been proposed in Section 34 of the CGST Act.

#### 2. Amendment to refund provisions – Section 54

The benefit of provisional refund of 90% of total amount of refund claimed, provided to zero-rated exports under Section 54(6) of the CGST Act now also extended to refunds arising on account of inverted duty structure.

Restriction for sanctioning refunds of amount less than INR 1,000 (Indian Rupees one thousand) to be removed.

#### 3. Amendment to the provision pertaining to NAAAR – Section 101A

Section 101A of the CGST Act provides for constitution of NAAAR for hearing matters relating to conflicting decisions rendered by Advance Ruling Authorities of 2 (two) or more States. As per the amendment, sub-section 1A has been inserted empowering any existing authority, including a tribunal to hear such matters till the time the NAAAR is constituted (based on recommendation of the GST Council).

This provision is proposed to be inserted with effect from April 1, 2026.

### Key proposed amendments to the IGST Act

#### 1. Amendment to the provisions on place of supply - Section 13

Clause (b) of sub-section (8) of Section 13 of the IGST Act has been proposed to be omitted, in line with the recommendation provided in the 56<sup>th</sup> GST Council Meeting. This omission will align the place of supply for Intermediary services with the recipient's location, thereby granting export status to 'intermediary services'.



## Customs and Central Excise

### Key changes proposed to the Customs Act: Non-tariff

#### 1. Treatment of penalty as charge for non-payment of duty

Clause (i) to Section 28(6) of the Customs Act to be amended with the stated objective of removing the negative connotation currently associated with the term 'penalty'. Pursuant to the amendment, any penalty paid under Section 28(5) of the Customs Act for conclusion of proceedings would be deemed to be a 'charge for non-payment of duty', rather than a punitive impost.

#### 2. Applicability of Advance Ruling

Section 28J to be amended to extend the validity of an advance ruling from 3 (three) years to 5 (five) years.

In respect of any advance ruling which is still in force at the time of receiving the President's assent to the Finance Bill, 2026, the Authority upon a request by the applicant, extend the validity for 5 (five) years from the date of the ruling.

#### 3. Removal of goods from one warehouse to another

Section 67 of the Customs Act is proposed to be amended to remove the requirement of obtaining prior permission from a proper officer for transferring goods from one warehouse to another, subject to conditions/procedure laid down by the Central Government.

#### 4. Deferred duty payment benefit extended to 'Eligible Manufacturer Importers'

Deferred duty payment benefit has been extended to 'Eligible Manufacturer Importers'. Provided that the class of 'Eligible Manufacturer Importer' will be permitted to make deferred payment of import duty up to March 31, 2028.

#### 5. Baggage Rules, 2016 revamped under Baggage Rules, 2026

The new Baggage Rules, 2026 introduce a simplified and uniform framework for duty-free personal effects, general allowance, temporary imports, and transfer-of-residence benefits. The General Free Allowance has been raised to INR 75,000 (Indian Rupees seventy-five thousand) for residents and Indian-origin visitors, while foreign tourists receive a separate INR 25,000 (Indian Rupees twenty-five thousand) limit. Jewellery allowances have been enhanced, with female passengers now eligible for 40 grams duty-free. A new provision permits passengers aged 18 (eighteen) years and above to bring one laptop/notepad duty-free.

Annexure II (*list of personal and house-hold articles which may be brought on transfer of residence*) has been significantly expanded.

#### 6. Customs Baggage (Declaration and Processing) Regulations, 2026 to replace Passenger's Baggage (Levy of Fees) Regulations, 1966, the Baggage (Transit to Customs Stations) Regulations, 1967 and the Customs Baggage Declaration Regulations, 2013 (with effect from February 2, 2026)

The Baggage Regulations, 2026 formally replaces and consolidates 3 (three) legacy frameworks the Passenger's Baggage (Levy of Fees) Regulations, 1966, the Baggage (Transit to Customs Stations) Regulations, 1967, and the Customs Baggage Declaration Regulations, 2013.

The new regime makes electronic filing mandatory, requiring passengers to declare both accompanied and unaccompanied baggage through ICEGATE or the Atithi app. It introduces standardised Customs Baggage Declaration forms and clearly formalises the Green and Red Channel procedures for passengers with or without dutiable goods. Passengers can now file declarations in advance, with the option to update details before arrival. Customs processing will shift to technology-enabled, risk-based verification, reducing blanket physical checks and improving passenger facilitation.

## Key changes proposed to the Customs Act - tariff

### 1. Insertion of new tariff headings with effect from May 1, 2026

Category – heading	Description of goods	Rate of BCD (%)
<b>2106</b> (Compound preparations for making beverages)	2106 90 51 ---- Compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume exceeding 0.5% vol., determined at 20 °C	150
	2106 90 59 ---- Other	50
<b>2202</b> (Waters, (...) other non-alcoholic beverages, not including fruit, nut or vegetable juices of heading 2009)	--- Fruit pulp or fruit juice based drinks	
	2202 99 21, ---- Cranberry products	10
	2202 99 29 ---- Other	30
	--- Beverages containing milk	
	2202 99 31---- Cranberry products	10
	2202 99 39 ---- Other	30
<b>3302</b> Odoriferous substances under	--- Other:	
	2202 99 91 ---- Cranberry products	10
	2202 99 99 ---- Other	30
	--- Synthetic Flavoring Essence –	
	3302 10 11 ---- Compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume exceeding 0.5 % vol., determined at 20 °C	20
	3302 10 19 ---- Other	10
<b>8415</b> Parts of air conditioning system –	--- Other	
	3302 10 91 ----- Compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume exceeding 0.5 % vol., determined at 20 °C	20
	3302 10 99 ---- Other	10
<b>8529</b> Parts for use with Television or Radio Apparatus – CTH	- Parts	20
	8415 90 10 --- Separately presented indoor units or outdoor units for split-system air conditioning machines	10
	8415 90 90 --- Other	
<b>8529</b> Parts for use with Television or Radio Apparatus – CTH	8529 10 93 ---- Other, for apparatus of headings 8525 to 8527	10
	8529 90 30 --- Other, for apparatus of headings 8525 to 8527	10

**2. Change in rate of BCD**

Category – heading	Description of goods	Existing rate (%)	Revised rate (%)	With effect from
9804	All dutiable goods, imported for personal use	20	10	April 1, 2026
2841 90 00	Sodium antimonate for use in manufacture of solar glass	7.5	Nil	February 2, 2026
8401 30 00 and 8401 40 00	All goods (including Control and Protector Absorber Rods, and Burnable Absorber Rods) for generation of nuclear power	7.5	Nil	
8501 10 20, 8504 31 00, 8516 80 00, 8516 90 00	Specified goods for use in the manufacture of Microwave Ovens falling under tariff item 8516 50 00	As Applicable	Nil	
2815 20 00	Potassium hydroxide	Nil	7.5	

**3. New exemptions granted with effect from February 2, 2026**

- a) Capital goods used for manufacturing batteries of battery energy storage systems.
- b) Raw materials for manufacture of parts of aircraft for maintenance, repair, and operations contracts, provided that the goods are imported by public sector undertaking under the Ministry of Defence (subject to end user condition).
- c) Components, parts, engines for manufacture of aircraft and parts thereof.
- d) Goods required for setting up of specified nuclear power projects, irrespective of capacity, granted up to September 30, 2035 (validity period of exemption already granted to 400 MW nuclear power plant extended from September 30, 2027 to September 30, 2035).
- e) 17 (seventeen) new drugs/medicines (under Chapter 30) such as Ribociclib, Serplulimab, Ponatinib, Darolutamide.
- f) Medicines for personal use for treating 7 (seven) rare diseases such as Primary Hyperoxaluria, Primary Immune Deficiency Disorders.

**4. Exemption withdrawn on the following items**

- a) Exemptions ending on February 2, 2026:
  - i) Ethylene vinyl acetate (EVA).
  - ii) Rubber pneumatic tyres used in aircraft.
  - iii) Specified screws, bolts, nuts.
  - iv) Coffee roasting, brewing, vending machines for use in manufacture or processing of coffee.
  - v) CD-ROMS of educational nature.
  - vi) Loco simulators.
  - vii) Copper ores and concentrates.

## b) Exemptions ending on March 31, 2026:

- i) LPG supplied by SEZ unit to DTA unit for use in the manufacture of polyisobutylene, subject to specific conditions.
- ii) Silicon for use in the manufacture of un-diffused silicon wafers used in solar cells/modules.
- iii) Metal parts used in the manufacturing of electrical insulators.
- iv) Pipes and tubes.
- v) Permanent magnets for the manufacture generators used in wind operated electricity generators.
- vi) Television equipment, cameras, filing equipment, parts of video-games for manufacture thereof.
- vii) Castor oil cake and castor de-oiled cake.

## c) Exemptions ending on March 31, 2027:

- i) Gold and Gold dore bar.
- ii) Silver and Silver dore bars.
- iii) Gold and silver jewelry, subject to specific conditions.

**5. Exemption extended on the following items**

## a) Extended upto March 31, 2028:

- i) Electrical energy supplied to DTA from SEZ.
- ii) Specified goods used for the manufacture of enzyme-linked immunosorbent assay (ELISA) Kits.
- iii) Specified goods for use in the manufacture of sheets or backsheet, which are used in the manufacture of solar photovoltaic cells or modules.
- iv) Goods for the manufacture of medical implants and parts.
- v) Molds, tools and dyes, for the manufacture of parts of electronic components or electronic equipment.
- vi) Forged steel rings for manufacture of special bearings for use in wind operated electricity generators.
- vii) Copper wire or refined copper for manufacture of photovoltaic ribbon for solar photovoltaic cell or modules.
- viii) Open cell for use in the manufacture of LCD and LED TV panels.
- ix) Lithium-ion cell for use in electric motor vehicles, cell phones, and parts thereof.
- x) Parts and raw materials for manufacture of goods to be supplied in connection with the purposes of offshore oil exploration or exploitation.
- xi) Specified goods when imported by a specified person, in relation with various petroleum operations or coal bed methane operations.
- xii) Dies for drawing metal, when imported after repairs from abroad, in exchange of similar worn-out dies exported out of India for repairs.
- xiii) Parts and components for use in the manufacture of goods like Micro ATMs, Fingerprint reader/scanner, Iris scanner, miniaturized POS card reader.
- xiv) Magnetron of up to 1.5 KW used for the manufacture of domestic microwave ovens.



## b) Sunset clause omitted for unconditional exemption:

- i) Parts suitable for use solely or principally with television/ radio apparatus (headings 8525, 8526 or 8527).
- ii) All goods falling under CTH 8901 and 8906 such as cruise ships, boats, ferry-boats, cargo ships, barges and similar vessels for transport of persons or goods (excluding vessels and other floating structures as are imported for breaking up).

6. **Simplification of tariff structure (with effect from May 1, 2026)**

- a) Simplification of Customs Tariff structure for specified goods by omission of exemption entry and amendment/insertion of corresponding entry in Tariff Schedule which includes goods such as natural graphite, sands of all kinds, makhana, roasted nuts and seeds, quartz, coal, briquettes, crude petroleum, plans and drawing for architectural, industrial, commercial purposes, nuclear reactors.
  - b) The effective rate of duty remains the same.
  - c) Consequential amendments also made to the social welfare surcharge and agriculture infrastructure and development cess notifications, wherever necessary.
7. Value limit of duty-free imports enhanced for specified goods imported for use in processing of sea food products meant for export enhanced from 1% to 3% of free on board value of export, with an extension of period from March 31, 2026 to March 31, 2028.

## Special Economic Zone

Concerns have been raised by manufacturing units in the SEZs with respect to capacity utilization due to global trade disruptions. To address such concerns, a special one-time measure has been proposed to facilitate sales by eligible manufacturing units in SEZs to the DTA at concessional rates of duty, subject to quantity of such sales being limited to be prescribed proportion of their exports.

## Abbreviations

Title	Title
<b>APA</b>	Advance Pricing Agreement
<b>AO</b>	Assessing Officer
<b>BCD</b>	Basic customs duty
<b>Black Money Act</b>	Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015)
<b>CGST Act</b>	Central Goods and Services Tax Act, 2017
<b>Customs Act</b>	Customs Act, 1962
<b>CBU</b>	Completely built unit
<b>CKD</b>	Completely knocked-down unit
<b>DIN</b>	Document Identification Number
<b>DTA</b>	Domestic tariff unit
<b>ICEGATE</b>	Indian Customs Electronic Data Interchange Gateway

<b>Title</b>	<b>Title</b>
<b>IFSC</b>	International Financial Services Centre
<b>IGST Act</b>	Integrated Goods and Services Tax Act, 2017
<b>INR</b>	Indian Rupees
<b>IT</b>	Information Technology
<b>IT Act 1961</b>	Income-tax Act, 1961
<b>IT Act 2025</b>	Income-tax Act, 2025
<b>ITC</b>	Input tax credit
<b>ISD</b>	Input Service Distributor
<b>LRS</b>	Liberalised Remittance Scheme
<b>GST</b>	Goods and Services Tax
<b>MAT</b>	Minimum Alternative Tax
<b>NAAAR</b>	National Appellate Authority for Advance Ruling
<b>NPO</b>	Non-Profit Organisation
<b>SEZ(s)</b>	Special Economic Zone(s)
<b>STT</b>	Securities Transaction Tax
<b>NaFAC</b>	National Faceless Assessment Centre
<b>TDS</b>	Tax Deducted at Source
<b>TCS</b>	Tax Collection at Source
<b>TPO</b>	Transfer Pricing Officer
<b>OBU</b>	Offshore Banking Unit

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19 Practices and  
40 Ranked Lawyers



7 Ranked Practices,  
21 Ranked Lawyers



15 Practices and  
20 Ranked Lawyers



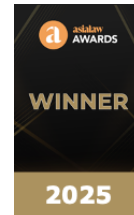
13 Practices and  
49 Ranked Lawyers



20 Practices and  
24 Ranked Lawyers



8 Practices and  
10 Ranked Lawyers  
Highly Recommended in 5 Cities



**Regional Legal Expertise Awards  
(APAC) of the Year**  
Energy Firm Competition/  
Antitrust Firm



Among Best Overall  
Law Firms in India and  
14 Ranked Practices



Recognised in World's 100 best  
competition practices of 2026



Ranked Among Top 5 Law Firms in  
India for ESG Practice

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9 winning Deals in  
IBLJ Deals of the Year

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15 A List Lawyers in  
IBLJ A-List - 2025



Asia M&A Ranking  
2024 – Tier 1

For more details, please contact [km@jsalaw.com](mailto:km@jsalaw.com)





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