

**ANANDRAM SARDA & ASSOCIATES**

CHARTERED ACCOUNTANTS  
HYDERABAD, INDIA

*"Indispensable Business Partner"*

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# THE UNION BUDGET 2026-27 KEY HIGHLIGHTS



# UNION BUDGET 2026

Union Finance Minister Smt. Nirmala Sitharaman presented Union Budget 2026 on 1<sup>st</sup> February 2026.

The Income Tax Act, 2025 will come into effect from 1st April 2026, with simplified rules and redesigned forms to make compliance easier for taxpayers.

This Budget is framed with a clear focus on action over ambivalence, reform over rhetoric and people over populism. It charts India's economic trajectory towards Viksit Bharat.

Driven by Yuva Shakti and guided by the vision of Sabka Saath, Sabka Vikas, the Budget prioritises productivity, resilience and people's capacity.

# DIRECT TAXATION

**No change in Individual Tax Rates, the slab is same as applicable for FY 2025-26**

Income	Rate of Tax
<b>New Tax Regime</b>	
₹ 0-4 Lakh	Nil
₹ 4-8 Lakh	5%
₹ 8-12 Lakh	10%
₹ 12-16 Lakh	15%
₹ 16-20 Lakh	20%
₹ 20-24 Lakh	25%
Above ₹ 24	30%

Income	Rate of Tax
<b>Old Tax Regime</b>	
₹ 0-2.5 Lakh	Nil
₹ 2.5-5 Lakh	5%
₹ 5-10 Lakh	20%
Above ₹ 10 Lakh	30%

- For Senior Citizen basic tax exemption limit is ₹3Lakh
- For Super Senior Citizen basic tax exemption limit is ₹5Lakh

**Note : 1. The total income limit for rebate under section 87A is ₹12,00,000 under new regime.  
2. No change in Surcharge and Health & Education Cess.**

# DIRECT TAXATION

## Key Highlights



Employer deductions for employee contributions to EPF & ESIC funds allowed if credited up to the due date of filing the income tax return, instead of the respective due dates.



Interest received on compensation awarded under the Motor Vehicles Act, 1988 to an individual or legal heir will be exempt from income tax.



No tax shall be deducted at source in respect of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal to an individual.



Small taxpayers can apply online for a lower or nil TDS certificate, enabling faster approval or rejection based on prescribed conditions.



Resident individuals and HUFs purchasing immovable property from a non-resident seller will no longer be required to obtain TAN for TDS deduction. TDS from a non-resident can be paid thru Buyer's PAN.

# DIRECT TAXATION

## Due dates for filing of income tax return

Category of Taxpayer	ITR Form/Nature	Earlier due date	Revised due date
Individuals & HUFs (Non-audit cases)	ITR-1 & ITR-2	31 <sup>st</sup> July	31 <sup>st</sup> July
<b>Business &amp; Professional and Partners (Non-audit cases)</b>	<b>ITR-3, ITR-4, ITR-5 &amp; ITR-6</b>	<b>31<sup>st</sup> July</b>	<b>31<sup>st</sup> August</b>
Taxpayers liable to Audit and Partners	Audit Cases	31 <sup>st</sup> October	31 <sup>st</sup> October
Taxpayers with Transfer Pricing Audit	TP Cases	30 <sup>th</sup> November	30 <sup>th</sup> November

The time limit for filing a revised income-tax return is extended to 31<sup>st</sup> March, with a fee if filed after 31<sup>st</sup> December.

# DIRECT TAXATION

## Key changes related to Updated Return



Filing of an updated return will be allowed to **reduce the amount of loss claimed in an original return.**



Filing of an **updated return will be allowed even after issuance of a reassessment notice**, with an **additional 10% tax on top of prescribed rates.**

# DIRECT TAXATION

## Rationalising Penalty And Prosecution



Sections 49 and 50 of the Black Money Act are proposed to be amended to **exclude prosecution for undisclosed foreign assets (except immovable property) valued up to ₹20 lakh, effective retrospectively from 1st October 2024.**



Small and technical tax defaults related to Income Tax, will no longer lead to prosecution; criminal action will focus only on serious tax offences.



**Penalties for technical and procedural defaults** such as failure to get accounts audited, furnish audit reports, or file financial transaction statements are proposed to be **converted into mandatory fees**, reducing litigation and disputes.

# DIRECT TAXATION

## Rationalisation of Penalties into Fee under Income Tax Act

Default	Existing Penalty	Proposed Fee (Mandatory)
Failure to get accounts audited	Penalty: Lower of 0.5% of turnover/gross receipts or ₹1,50,000	Graded fee of ₹75,000 or ₹1,50,000 depending on period of delay
Failure to furnish Transfer Pricing Audit report u/s 172	Fixed penalty of ₹1,00,000	Graded fee of ₹50,000 or ₹1,00,000 based on delay
Failure to furnish Statement of Financial Transaction (SFT) / reportable account	Penalty of ₹500 per day	Mandatory fee (instead of discretionary penalty)
Continued failure after notice u/s 508(7)	Penalty of ₹1,000 per day (no cap)	Maximum cap of ₹1,00,000

➡ Earlier department rarely issued notices for penalty, but now it will be mandatory to pay fee along with return of income.



# DIRECT TAXATION

## Boosting Investment through Focused Tax Exemptions



Foreign companies will get income-tax exemption on income from procuring data centre services in India from specified data centers up to 31 March 2047.



Foreign companies supplying capital goods, equipment, or tooling to Indian electronic contract manufacturers in customs bonded areas will get an income-tax exemption up to tax year 2030–31.



Non-residents opting for presumptive taxation for cruise ship operations and electronics manufacturing support services will be exempt from MAT from tax year 2026–27 onwards.



Non-resident individuals visiting India to render services under a notified Government scheme will get a 5-year tax exemption on foreign-source income.

# DIRECT TAXATION

## MAT Reforms to Support Transition to New Tax Regime

MAT rate reduced from 15% to 14% of book profit.

Under the old tax regime, MAT will be treated as final tax and no new MAT credit will be allowed.

MAT credit set-off permitted only in the new tax regime for domestic companies, limited to 25% of tax liability.

For foreign companies, MAT credit set-off allowed only to the extent normal tax exceeds MAT in that year.

# DIRECT TAXATION

## Rationalisation of TCS rates w.e.f. 1<sup>st</sup> April, 2026

Nature of Receipt	Existing Rate	Proposed Rate
Sale of alcoholic liquor for human Consumption	1%	2%
Sale of tendu leaves	5%	2%
Sale of scrap	1%	2%
Sale of minerals, being coal or lignite or iron ore	1%	2%
Remittance under the LRD of - exceeding ten lakh rupees	(a) 5% for purposes of education or medical treatment; (b) 20% for purposes other than above.	(a) 2% for purposes of education or medical treatment; (b) 20% for purposes other than above.
Sale of “overseas tour programme package”	(a) 5% of amount or aggregate of amounts up to ten lakh rupees; (b) 20% of amount or aggregate of amounts exceeding ten lakh rupees.	2%

# DIRECT TAXATION

## Other Amendments



Capital gains exemption on redemption of Sovereign Gold Bonds will be available only to original subscribers who hold the bonds till maturity.



Buy-back of shares will be taxed as capital gains for non-promoter investors. However, individual promoters will pay 30% tax and corporate promoters will pay 22% tax.



From 1 April 2027, investors can file a single no-TDS declaration with the depository for listed securities held in demat, which will be shared with person responsible for paying such income. The reporting timelines shifted from monthly to quarterly.



IFSC units will be eligible for 100% deduction for 20 consecutive years out of 25 years, while Offshore Banking Units (OBUs) will get 100% deduction for 20 consecutive years, and business income after the deduction period for both will be taxed at 15%.



No deduction will be allowed for interest expenditure incurred to earn dividend income or income from mutual fund units.

# SECURITIES TRANSACTION TAX

## Changes in STT rates w.e.f. 1<sup>st</sup> April, 2026

Transaction	Earlier STT Rates	Proposed STT Rates
On sale of an option in securities	0.10%	0.15%
On sale of an option where the option is exercised	0.125%	0.15%
On sale of a future in securities	0.02%	0.05%

# MINI AMNESTY SCHEME

## The Foreign Assets Of Small Taxpayers Disclosure Scheme, 2026 (FAST-DS 2026)



This scheme allows eligible small taxpayers to voluntarily disclose undisclosed foreign assets and undisclosed foreign income by paying prescribed tax and additional amount or fee, with immunity from prosecution.



The Govt. will not notify the effective date of the scheme.



This scheme will remain open for Six months from effective date.

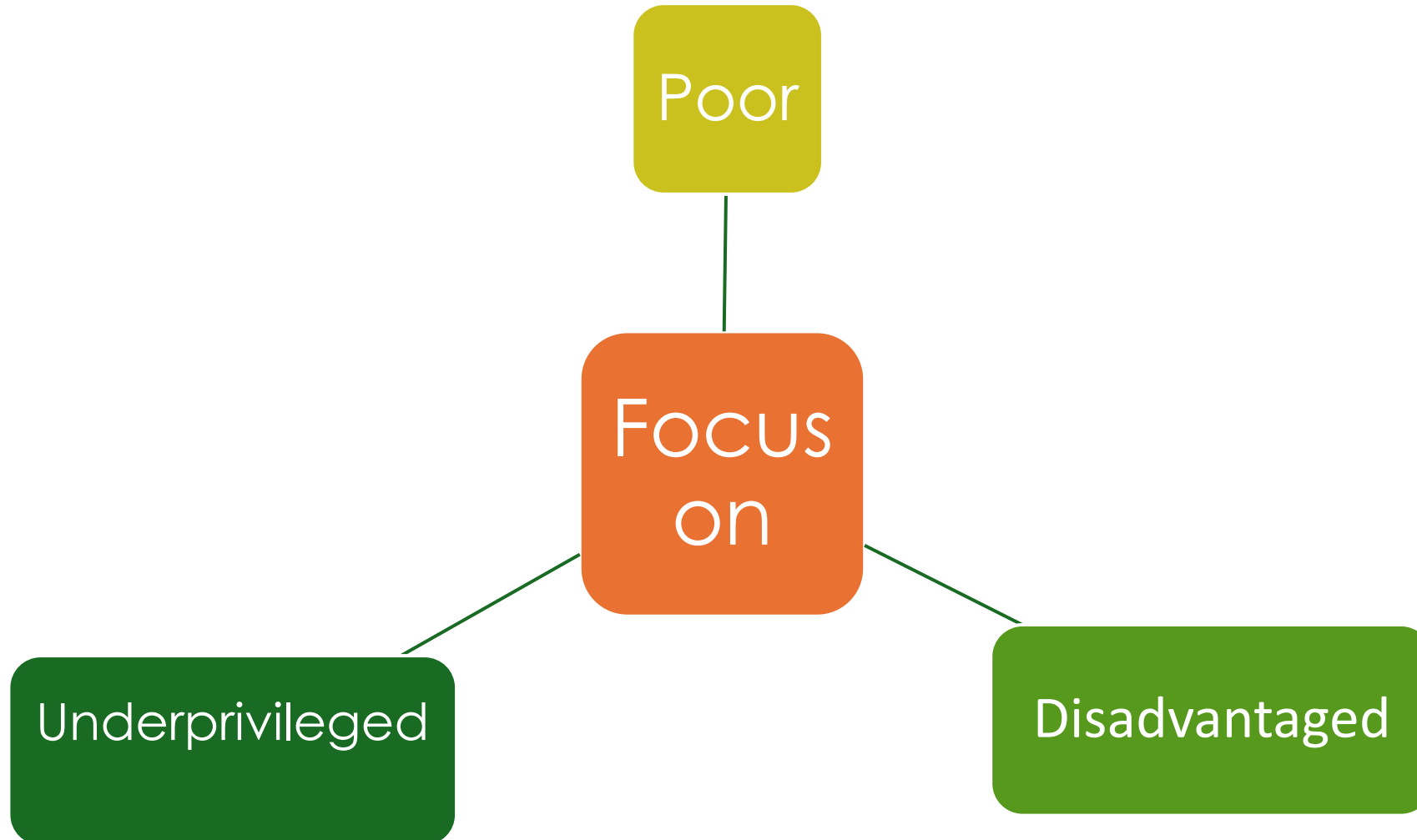
# MINI AMNESTY SCHEME

## The Foreign Assets Of Small Taxpayers Disclosure Scheme, 2026 (FAST-DS 2026)

Nature of Undisclosed Foreign Assets or Income	Amount Payable	Conditions
Undisclosed asset located outside India <b>or</b> undisclosed foreign income	<ul style="list-style-type: none"><li>• Tax @ <b>30%</b> of FMV of foreign asset as on 31<sup>st</sup> March 2026 and foreign income</li><li>• <b>Additional amount @ 100% of tax</b></li></ul>	Aggregate value of undisclosed foreign asset and income <b>does not exceed ₹1 crore</b>
Foreign asset acquired during <b>non-resident period</b> but not disclosed after becoming resident <b>OR</b> asset acquired from income already taxed in India but not reported	Fixed fee of ₹1 lakh	Value of such foreign asset <b>does not exceed ₹5 crore</b>

# DEVELOPMENT MEASURES

## Yuva Shakti-driven Budget





# DEVELOPMENT MEASURES

## **1<sup>st</sup> Kartavya : Accelerate and sustain economic growth**

- Enhancing productivity and competitiveness
- Building resilience to volatile global dynamics.

## **2<sup>nd</sup> Kartavya : Fulfil aspirations of our people**

- Build people's capacity
- Making them strong partners in India's path to prosperity.

## **3<sup>rd</sup> Kartavya : Vision of Sabka Sath, Sabka Vikas**

- Ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation.

# SUSTAINING ECONOMIC GROWTH

## Manufacturing & Industrial Growth

Strategic & Frontier Sectors: Biopharma SHAKTI, India Semiconductor Mission 2.0, Electronics Components Scheme.

Textile & Handicrafts: Integrated programmes, Mega Textile Parks, Mahatma Gandhi Gram Swaraj initiative.

Chemical & Construction Equipment: 3 dedicated chemical parks, hi-tech tool rooms, infrastructure equipment modernization.

Other Key Initiatives: Container manufacturing, rare earth magnets, affordable sports goods production.

Legacy Clusters: Scheme to revive 200 legacy industrial clusters

# SUSTAINING ECONOMIC GROWTH

## Support Measures for Manufacturers & MSMEs

### Equity Support

- Dedicated ₹10,000 crore SME Growth Fund.
- Top up the Self-Reliant India Fund (2021) with ₹2,000 crore.

### Professional Support

- Government to facilitate Professional Institutions to develop 'Corporate Mitras' especially in Tier-II and Tier- III towns, to help MSMEs meet compliance requirements at affordable costs.

### Liquidity Support through TReDS

- Make **TReDS the mandatory settlement platform** for CPSEs buying from MSMEs.
- Provide **credit guarantee via CGTMSE** for invoice discounting on TReDS.
- **Link GeM with TReDS** to enable faster and cheaper financing.
- Use **TReDS receivables as asset-backed securities** to boost liquidity and create a secondary market.

# SUSTAINING ECONOMIC GROWTH

## Service Sector

**Focus on Health & Care:** Establishment of five Medical Value Tourism Hubs, upgrading Allied Health Professional institutions across ten disciplines, and training 1.5 lakh multiskilled caregivers. Expansion of AYUSH institutes, pharmacies, and the WHO Traditional Medicine Centre.

**Education & Skills:** Creation of University Townships near industrial/logistic corridors, girls' hostels in STEM institutions, four upgraded telescope facilities, and a new National Institute of Design. Promotion of AVGC labs in 15,000 schools and 500 colleges.

**Tourism & Culture:** National Destination Digital Knowledge Grid, ecologically sustainable trails (mountain, turtle, bird-watching), development of 15 archaeological sites, upskilling 10,000 guides, and establishing a National Institute of Hospitality. Hosting of Global Big Cat Summit.

**Sports & Orange Economy:** Launch of Khelo India Mission for integrated talent pathways, coaching, sports science, and infrastructure development. Support for creative and design sectors to expand employment and global competitiveness.

**Tax Reforms for Services Sector:** Clubbing IT services under one category with 15.5% safe harbour margin, raising threshold from ₹300 crore to ₹2,000 crore, automated approvals, fast-tracking unilateral APAs, tax holidays for foreign cloud service providers, and safe harbour provisions for related entities.

# SUSTAINING ECONOMIC GROWTH

## Financial Sector

Setting up of High Level Committee on Banking for Viksit Bharat to align with India's next growth phase.

Incentive of ₹100 crore for single issuance of municipal bonds of more than ₹1000 crore. Current Scheme under AMRUT will continue.

Restructuring Power Finance Corporation (PFC) and Rural Electrification Corporation (REC).

Comprehensive Review of the Foreign Exchange Management (FEMA) (Nondebt Instruments) Rules.

Introduction of Market making framework and total return swaps on corporate bonds.

# STRENGTHENING THE FOUNDATIONS OF GROWTH



**Infrastructure:** Focus on large-scale public infrastructure, Dedicated Freight Corridors, waterways, seaplane connectivity, and Infrastructure Risk Guarantee Fund to support investment and private sector confidence.



**Energy Security & Stability:** Support for nuclear power, lithium-ion batteries, solar glass, critical minerals, biogas CNG, and Carbon Capture Utilization and Storage (CCUS) to ensure long-term, sustainable energy.



**Urbanisation – City Economic Regions:** Development of Tier II & III cities and temple towns, 7 high-speed rail ‘growth connectors’, and modern urban planning to harness city agglomeration benefits.

# PEOPLE CENTRIC DEVELOPMENT

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**Care Ecosystem:** Training of 1.5 lakh multiskilled caregivers covering geriatric and allied services.

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**Women Empowerment:** Establishment of **Self-Help Entrepreneur (SHE) Marts** as community-owned retail outlets.

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## **Empowering Divyangjan:**

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1. Divyangjan Kaushal Yojana – industry-relevant training for dignified livelihoods.
  2. Divyang Sahara Yojana – timely access to high-quality assistive devices; ALIMCO supported for scaling production & AI integration.
  3. Strengthening PM Divyasha Kendras as modern retail-style centres.
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## **Mental Health & Emergency Care:**

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1. Setting up NIMHANS-2 and upgrading National Mental Health Institutes.
  2. Establishment of Emergency and Trauma Care Centres in district hospitals.
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# TRUST BASED GOVERNANCE



Extended duty-deferral: Tier 2 and Tier 3 Authorised Economic Operators (AEOs) get 30 days (up from 15) to pay customs duties.



Recognition of trusted importers: Longstanding, reliable supply chains are given reduced cargo verification.



Simplified customs processes: Bill of Entry filing by trusted importers triggers automatic customs notification.



Advance ruling extension: Validity of customs advance rulings increased from 3 to 5 years.



Warehouse modernization: Customs warehousing is transformed into a warehouse operator-centric system with self-declarations.



# BUDGET ESTIMATES 2026-27

## Receipt & Expenditures

- Receipts - ₹ 34.96 Lakh Crore
- Total expenditures - ₹ 50.65 Lakh Crore
- Estimated tax receipts - ₹ 28.37 Lakh Crore

## Borrowings

- Gross market borrowings – 11.54 Lakh Crore
- Gross market borrowings – 14.82 Lakh Crore

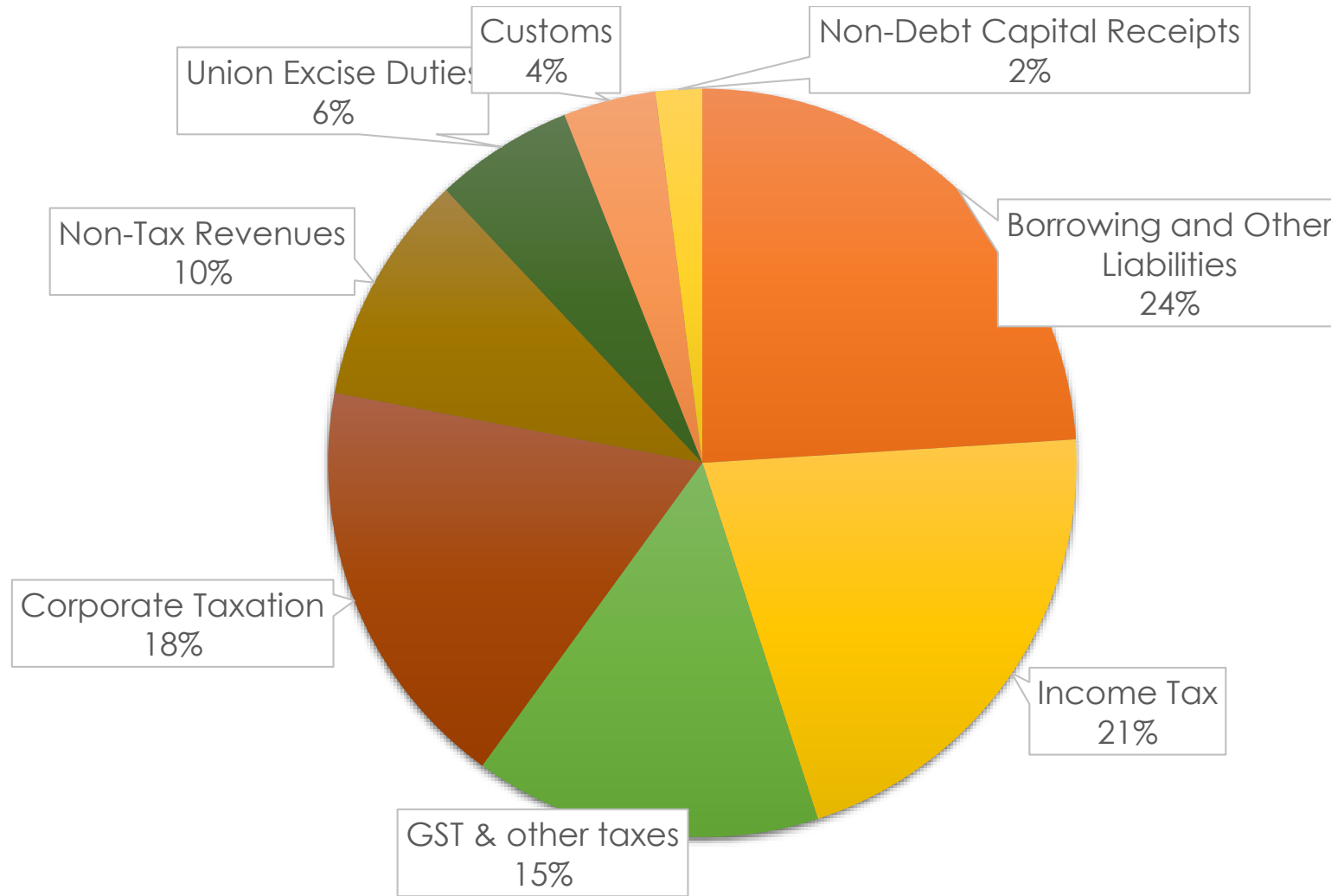
## Fiscal Deficit

- Fiscal Deficit is estimated to be – 4.30 % of GDP

## GDP

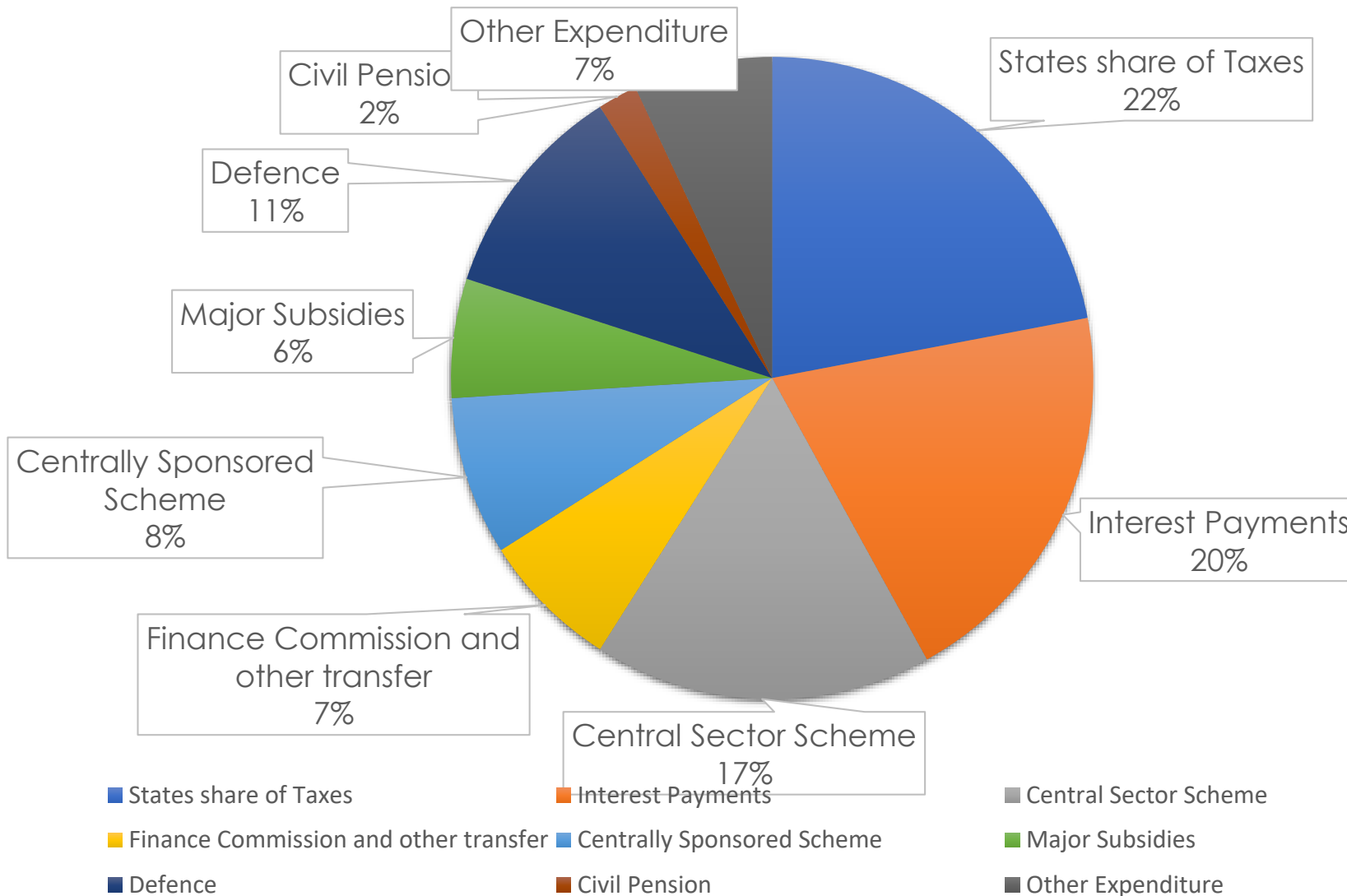
- India's real GDP is expected to grow at 7.4%

# INFLOW OF FUNDS



■ Borrowing and Other Liabilities ■ Income Tax ■ GST & other taxes ■ Corporate Taxation ■ Non-Tax Revenues ■ Union Excise Duties ■ Customs ■ Non-Debt Capital Receipts

# OUTFLOW OF FUNDS



# About Us



A forward thinking and progressive firm of Chartered Accountants dedicated to delivering the highest quality professional services.



Our team possesses advanced knowledge and extensive expertise in tax, accounting, auditing, finance, advisory, corporate law, exchange control regulations, management consultancy, corporate strategies, and leadership.



At the heart of our expertise lies our ability to provide top-notch Virtual CFO Services.



Leveraging our wealth of experience, we are confident in our ability to provide strategic advice and support to startups across diverse industries.



We excel in delivering offshore accounting, tax, and payroll services to foreign professional accounting firms, primarily focusing on the USA, the UK, Australia and Canada.

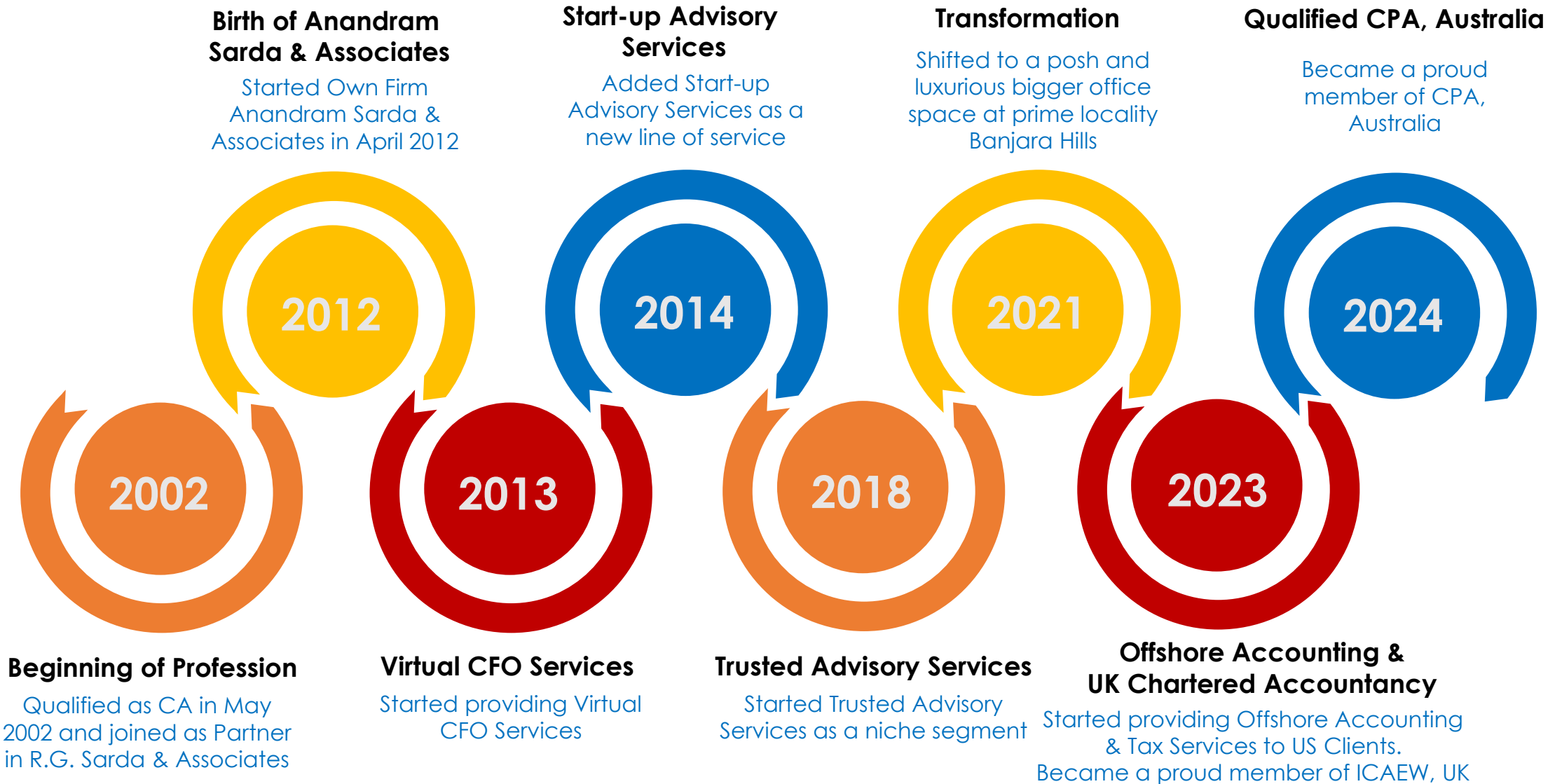


We offer comprehensive support for establishing businesses in India and guide the most suitable organizational structure, considering current and future business needs.



As a trusted partner, we are committed to your success. We will guide you through every step of your financial journey, ensuring you feel secure and in good hands.

# Professional Journey



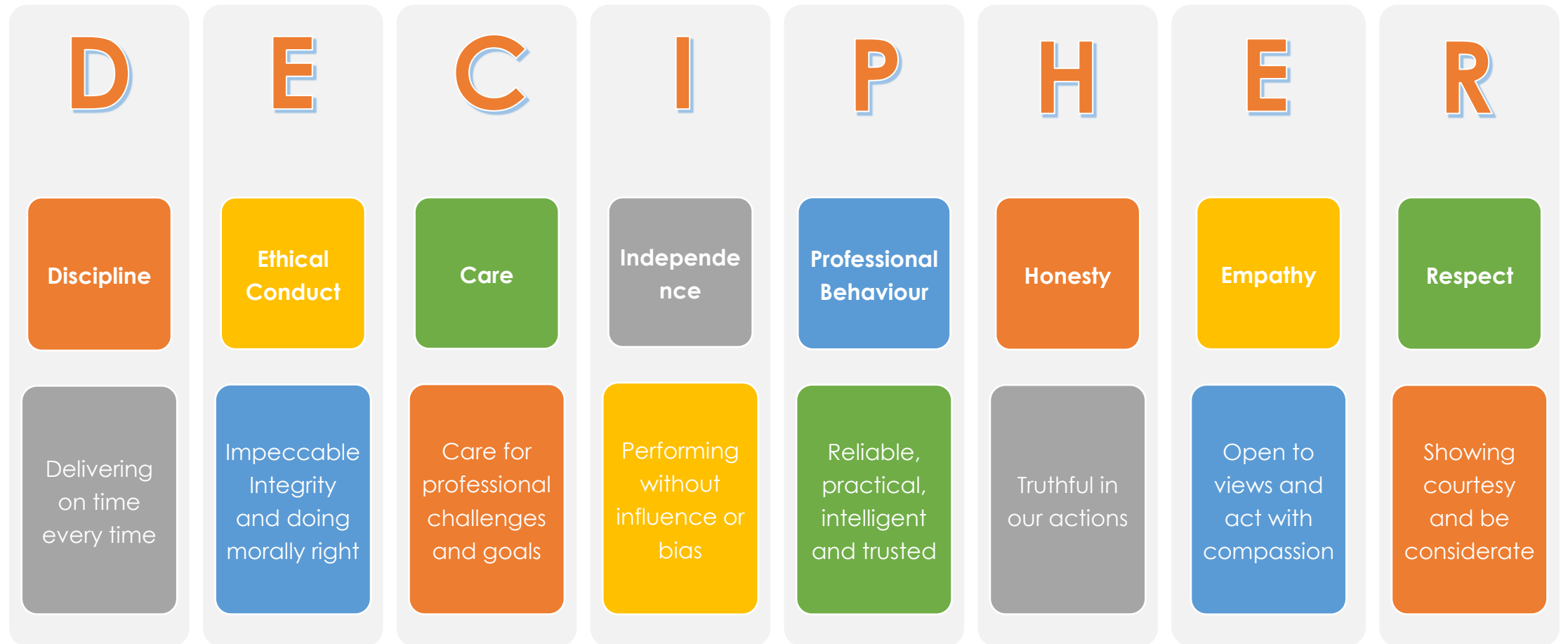
# Vision

Be synonymous with Trust and Excellence in professional services by raising the bar of services and surpassing client expectations always.

# Mission

Empowering clients to achieve sustainable growth through a trusted partnership, leveraging best financial practices, tax optimization, timely compliance, and proactive advice.

# Core Values



# Core Objectives



Providing excellent professional services, advice and solutions to Clients beyond expectations.



Performing assignments with a “Client Focused” approach.



Creating enduring Value for Clients.



Delivering “Peace of Mind” to Clients through superior client experience.



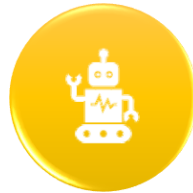
Maintaining long-term sustainable and mutually beneficial relationships with Clients.



Implementing employee-friendly policies and promoting equal opportunity & inclusiveness for creating a positive work environment.



Harnessing talent and building a robust team through knowledge sharing, learning, training and recreational activities.



Embracing technology, developing digital skills, and adapting to technological changes.



# Key Services and Solutions Offered

Virtual CFO

Offshore  
Accounting &  
Tax

Start-up  
Advisory

Trusted  
Advisory

India Entry  
and Business  
Set-up

Audit &  
Assurance

Taxation

Strategic  
Planning &  
Consultancy

Corporate  
Secretarial

Exchange  
Control/FEMA

Payroll  
Management

Management  
Consultancy

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