

# FIN-O-SCOPE

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Image Source– <https://d70qr9v5jzjw.cloudfront.net/budget11.jpeg>

## "Budget Buzz: The Air is Thick with Expectations for 2025"

### INTRODUCTION -

As the countdown to Union Budget 2025 begins, the air is thick with anticipation. This isn't just about numbers—it's about shaping India's future. From bold tax relief proposals to calls for infrastructure investments, the nation's voices are diverse and dynamic. With businesses, individuals, and policymakers all weighing in, the conversation is one of great significance. Will this budget deliver on its promises to boost the economy, ease financial burdens, and lay the groundwork for long-term growth? In this newsletter, we've brought together a curated collection of news, expert opinions, and sector-specific insights—your one-stop guide to all things Budget 2025. Explore the discussions, perspectives, and expectations that will shape the nation's fiscal future!



## Top Trends

- The government plans to integrate AI tools in tax audits, aiming for smarter fraud detection and efficient processes in Budget 2025.
- EdTech startups are advocating for tax breaks and digital infrastructure, envisioning a future where education is more accessible across India.

# Top Trends

- With rising financial stress, experts suggest revised tax slabs could bring much-needed relief for the middle class this year.
- GTRI's recommendation for streamlined customs duties could lower import costs and boost local manufacturing.
- Spain's 100% property tax for non-EU buyers and UK's tax hikes on businesses offer lessons for India's fiscal policies.
- Economists highlight that capital expenditure generates a stronger economic impact compared to direct tax cuts.
- The real estate sector seeks industry status and tax rebates, hoping to drive growth and affordability.
- MSMEs, contributing a third of India's GDP, are pushing for credit access and tax incentives to fuel economic growth.

## KEY INSIGHTS FOR UNION BUDGET 2025:-

### • **Direct Tax Mopup Rises 16% in FY25**

Key Insight: India's direct tax collections have risen by 16% to Rs 16.9 lakh crore in FY25 so far. This robust growth is setting the stage for potential measures in Budget 2025 to counter the ongoing economic slowdown.

Source: *Economic Times* (Published: January 12, 2025)

Direct Tax Mopup Rises 16% in FY25

### • **Budget 2025: Govt to Counter Slowdown with Tax Relief**

Key Insight: The government may unveil measures to counter the economic slowdown in the upcoming Union Budget, including potential tax relief to help revive growth. Experts suggest that the focus should be on boosting consumption and increasing disposable income for the common man.

Source: *Economic Times* (Published: January 11, 2025)

Budget 2025: Govt to Counter Slowdown with Tax Relief

### • **India Inc.'s Key Demands for Budget 2025**

Key Insight: India's corporate sector is calling for tax relief, more infrastructure investments, and simplified compliance. Industry leaders suggest that these measures will help improve business sentiment and support economic recovery.

Source: *Economic Times* (Published: January 9, 2025)

India Inc.'s Key Demands for Budget 2025

### • **GTRI's Call for Simplified Customs Duty Structure**

Key Insight: The Global Trade Research Initiative (GTRI) advocates for simplifying customs duty structures to make imports more affordable, reduce costs for manufacturers, and boost local manufacturing in India.

Source: *Economic Times* (Published: January 2025)

GTRI's Call for Simplified Customs Duty Structure

### • **Real Estate Sector's Budget 2025 Expectations**

Key Insight: The real estate sector is seeking an industry tag, single-window clearance, and tax rebates on housing loan interest to drive growth and affordability in the housing market.

Source: *Economic Times* (Published: January 2025)

Real Estate Sector's Budget 2025 Expectations

### • **EdTech Startups Push for Tax Exemptions & Infrastructure Support**

Key Insight: EdTech startups are calling for tax exemptions and investments in skill development and digital infrastructure. These measures would help foster innovation in education and make learning more accessible.

Source: *Economic Times* (Published: January 8, 2025)

EdTech Startups Push for Tax Exemptions & Infrastructure Support

- **Stable Tax Regime Crucial for Stock Markets & Businesses**

Key Insight: Experts stress the importance of maintaining a stable tax regime to boost confidence in stock markets and businesses. Any drastic tax changes may lead to market volatility and create uncertainty for investors.

Source: *Economic Times* (Published: January 2025)

Stable Tax Regime Crucial for Stock Markets & Businesses

- **Income Tax Slabs Review and Tax Relief for the Middle Class**

Key Insight: Tax experts suggest that Budget 2025 should consider reviewing income tax slabs and providing tax relief for the middle class. This would help alleviate financial stress and promote greater economic participation.

Source: *Economic Times* (Published: January 2025)

Income Tax Slabs Review and Tax Relief for the Middle Class

- **The Need for a Separate Tax Benefit for Term Insurance**

Key Insight: Insurance industry leaders are requesting a separate tax benefit for term insurance policies and an increase in health premium deduction limits to encourage people to invest more in long-term financial security.

Source: *Economic Times* (Published: January 2025)

The Need for a Separate Tax Benefit for Term Insurance

- **AI Integration in Income Tax Audits**

Key Insight: The upcoming Finance Bill for Budget 2025 is expected to include provisions for AI integration in income tax audits. This would improve audit efficiency and enhance fraud detection, streamlining the entire process.

Source: *Economic Times* (Published: January 2025)

AI Integration in Income Tax Audits

- **Multiplier Effect and Government Spending on Capex**

Key Insight: Experts argue that the government should focus more on capital expenditure (CapEx) rather than tax cuts to stimulate the economy. Higher CapEx would generate a more significant multiplier effect and provide long-term economic benefits.

Source: *Economic Times* (Published: January 2025)

Multiplier Effect and Government Spending on Capex

## 1. GLOBAL PERSPECTIVES & INTERNATIONAL REACTIONS

### Spain's Proposed 100% Tax on Non-EU Property Buyers:

Spain has proposed a drastic tax hike for foreign property buyers from non-EU countries. This potential policy change might trigger discussions on how India's property tax regime could be adjusted, especially regarding foreign investments in real estate.

Source: *Economic Times* (Published: December 2024, *Economic Times*)

## Top Trends

- Editorials call for focusing on basic necessities—roti, kapda, and makaan, reflecting grassroots economic priorities.
- Experts advocate for increased capital expenditure over tax cuts to drive long-term economic growth and create robust infrastructure.
- Speculation grows around the government's plans to deliver pro-people initiatives, targeting housing, healthcare, and food security.
- Calls for separate tax benefits for term insurance and increased health premium deductions spotlight the growing focus on financial security.
- A stable tax regime is being touted as crucial for maintaining investor confidence and ensuring steady market performance.
- Budget 2025 may aim to address India's urban challenges, including infrastructure gaps in Tier 2 and Tier 3 cities.



# Top Trends

- The budget could explore targeted schemes for female entrepreneurs, reflecting a push for inclusivity in economic growth.
- With India leading in digital transactions, there's hope for further incentives to expand digital payment ecosystems.
- Expectations include increased focus on renewable energy and sustainability-driven initiatives to combat climate change
- International tax lessons from the UK, Spain, and the US could inspire India's fiscal strategies for competitiveness.
- Beyond tax rebates, real estate stakeholders are urging innovative schemes for affordable housing in urban areas.
- The use of AI to flag frauds and improve compliance is anticipated to redefine how tax administration operates.

## **US and EU Companies' \$3.5bn Tax Payments in Russia:**

US and EU companies paid a significant \$3.5bn in taxes on their Russian profits in 2023. This raises questions about how India might structure taxes for foreign businesses operating within its borders, particularly in light of shifting international tax norms.

Source: *Economic Times* (Published: December 2024, Economic Times)

## **UK Tax Hikes Impact Business Confidence:**

Tax hikes in the UK have had a dampening effect on business confidence, a lesson India's policymakers may want to heed when considering fiscal reforms in the upcoming Union Budget.

Source: *Economic Times* (Published: December 2024, Economic Times)

## **2. INDIAN DEVELOPMENTS AND EXPECTATIONS FOR UNION BUDGET 2025**

### **Direct Tax Collections Rise by 16%:**

India's direct tax collections have increased by 16%, reaching Rs 16.9 lakh crore, signaling a stronger revenue base for the government. This improvement opens the door for potential tax relief in the upcoming budget, balancing fiscal growth with taxpayer needs.

Source: *Economic Times*, January 12, 2025 (Published: January 12, 2025, Economic Times)

### **India Inc. Outlines Key Budget Demands:**

India Inc. has presented a wishlist for Budget 2025, urging for tax relief for businesses, simplified customs duties, and measures to stimulate local manufacturing and enhance competitiveness.

Source: *Economic Times*, January 2025 (Published: January 2025, Economic Times)

### **EdTech, Real Estate, and MSME Demands:**

The EdTech sector is pushing for tax exemptions to promote digital infrastructure and skill development. The real estate sector seeks industry status, single-window clearances, and tax rebates, while MSMEs are calling for enhanced credit access and tax incentives.

Source: *Economic Times*, January 2025 (Published: January 2025, Economic Times)

## **3. EXPERT OPINIONS & ANALYSIS**

### **Tax Relief for Salaried and Non-Corporate Taxpayers :**

Tax experts suggest that the Union Budget should focus on relief measures for salaried individuals and non-corporate taxpayers, who are under significant financial pressure.

Source: *Economic Times*, January 2025 (Published: January 2025, Economic Times)

### **Capital Expenditure vs. Tax Cuts (Neelkanth Misra) :**

Economist Neelkanth Misra advocates for prioritizing capital expenditure (capex) over direct tax cuts, suggesting that capex offers a better economic multiplier effect.

Source: *Economic Times*, Budget 2025 Insights (Published: January 2025, Economic Times)

### **Stable Tax Regime Crucial for Investor Confidence :**

Experts recommend a stable tax regime to maintain investor confidence in the stock markets and ensure long-term economic growth.

Source: *Economic Times*, Budget Townhall (Published: January 2025, Economic Times)

## **4. EDITORIALS AND SECTORAL DEMANDS**

### **TNIE Shadow Budget: Focus on Roti, Kapda, Aur Makaan:**

In its shadow budget, experts stress the importance of addressing basic needs like food, clothing, and shelter, and providing more accessible public services in the upcoming Budget.

Source: *The New Indian Express* (Published: January 2025, The New Indian Express)

### **Review of Income Tax Rates:**

There are calls for reviewing income tax slabs, especially for the middle class, to provide much-needed relief amid rising inflation and other economic challenges.

Source: *Economic Times*, Budget 2025 (Published: January 2025, Economic Times)

### **Insurance and EdTech Sector Demands:**

The insurance sector is seeking additional tax benefits for term insurance policies, and EdTech demands support for digital infrastructure and increased investment in education.

Source: *Economic Times*, Budget 2025 (Published: January 2025, Economic Times)

### **India's ABCDE Wishlist for Economic Growth:**

India's ABCDE wishlist outlines priorities for Budget 2025:

- A for agriculture reforms and rural infrastructure.
- B for boosting local manufacturing with incentives.
- C for comprehensive tax reforms, especially for SMEs.
- D for digital infrastructure development.
- E for environmental sustainability initiatives.
- These priorities reflect a comprehensive strategy for sustainable growth across sectors.
- Source: *Economic Times*, ABCDE Wishlist (Published: January 2025, Economic Times)

## **Top Trends**

- Indian startups, especially in tech and education, are hoping for relief measures to foster innovation and entrepreneurship.
- The revision of gold import figures ahead of the budget hints at possible changes in import policies for precious metals.
- Industry demands for revised import duties aim to enhance competitiveness and reduce reliance on imports.
- Programs addressing skill development and youth employment could play a pivotal role in shaping India's workforce.
- The Union Budget 2025 might prioritize streamlining credit access and introducing tax exemptions for small and medium enterprises to boost their competitiveness

# Top Trends

- The travel and tourism industry is advocating for special incentives to promote domestic and inbound tourism, tapping into India's vast cultural heritage.
- Experts suggest allocating funds for vocational training programs, enabling youth to acquire job-ready skills in high-demand sectors.
- Industry players are hoping for production-linked incentives (PLI) to enhance solar and wind energy production capacity.
- The government may introduce reforms targeting the taxation of e-commerce and digital platforms, ensuring a level playing field for all stakeholders.

## 5. WHAT TO EXPECT FROM THE FINANCE BILL AND BUDGET 2025

### AI Integration in Income Tax System:

The Finance Bill is expected to include provisions for integrating AI technology into the income tax system, making audits and fraud detection more efficient.

Source: *Economic Times*, January 2025 (Published: January 2025, Economic Times)

### Gold Import Figures and Fiscal Planning:

India is revising its gold import figures, which could have significant implications for its trade deficit and fiscal balance ahead of the Union Budget.

Source: *Economic Times*, January 2025 (Published: January 2025, Economic Times)

## 6. CONCLUSION AND CALL TO ACTION

As we approach Union Budget 2025, the anticipation continues to grow across sectors, with business leaders, economists, and analysts eagerly awaiting the government's response to the demands of India Inc., the middle class, and critical sectors like MSMEs, EdTech, and real estate. Stay tuned for real-time updates, expert insights, and in-depth coverage as India charts its fiscal future.

**Follow us for the latest updates as we move closer to the big day!**

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