

1 February 2025

Tax Alert - Key announcements  
of Union Budget 2025



# Union BUDGET 2025-26

## Metal & Mining | Bolstering Domestic Manufacturing and Value Addition

Strategic focus on critical minerals to Propel Domestic Manufacturing and Strengthen the Make In India Initiative



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The Honourable Finance Minister, in the 8th consecutive budget, lays down a well-defined strategy to focus manufacturing in India and promote employment generation in the country. The announcements were made to make reforms in Mining sector including for critical minerals and formation of State Mining Index.

Key policy measures proposed includes -

- Mining sector reforms, including those for minor minerals, proposed to be encouraged through sharing of best practices and institution of a State Mining Index
- A policy for recovery of critical minerals from tailings has proposed to be brought out
- The Government committed to set up an Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance. It will facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets
- Requirements and procedures for speedy approval of company mergers to be rationalized. The scope for fast-track mergers will also be widened and the process made simpler
- The Government signed Bilateral Investment Treaties with two countries in 2024. To encourage sustained foreign investment and in the spirit of 'first develop India', the current model BIT will be revamped and made more investor-friendly

Key tax proposals related to the Metal & Mining sector have been discussed in this alert.

#EYonBudget2025

# How does the budget impact Metal and Mining sector?

## Key amendments

### Direct tax

#### Tax Rates

- No change in corporate tax rates for domestic and foreign companies

#### Increase time limit to file updated tax return

- Time limit to file updated tax return is increased from 2 years from the end of the assessment year to 4 years:
  - 60% additional tax payable if filed after 2 years but within 3 years from the end of the assessment year
  - 70% additional tax payable if filed after 3 years but within 4 years from the end of the assessment year

#### Rationalization of carry forward of losses in case of amalgamation

- Losses in case of amalgamation will be available for carry-forward and set-off in the hands of amalgamated company only for the residuary period instead of current 8 years. Applicable for amalgamations becoming effective on or after 1 April 2025

#### Presentive taxation for non-residents who providing services for electronics manufacturing facility

- New presumptive taxation regime proposed deeming 25% of gross receipts as taxable income (effective tax rate less than 10% of gross receipts) for non-residents providing services or technology to
  - a resident company establishing or operating an electronics manufacturing facility or
  - a connected facility for manufacturing or producing electronic goods under a notified scheme

*(effective from financial year 2025-26)*

#### Harmonisation of Significant Economic Presence applicability with Business Connection

- Non-resident not to constitute a 'significant economic presence' in India if its operations are confined to the purchase of goods in India for the purpose of export
- (effective from financial year 2025-26)*

#### Rationalisation of tax withholding (TDS) and tax collection (TCS) provisions *(effective from 1 April 2025)*

- No requirement to collect TCS on sale of goods
- No requirement to collect TCS on LRS remittance by way of loan from financial institutions for education
- No requirement to deduct or collect tax at higher rate where deductees have not filed tax returns
- Delay in deposit of TCS collected till the date of filing TCS statement is de-criminalised. In the last budget, similar provision was introduced with respect to TDS
- No changes in the TDS rates, however, changes are done in the threshold limits

#### Incentives to IFSC

- Extension of sunset date of commencement of operations to 31 March 2030, for several tax incentive available to IFSC units being in aircraft leasing, ship leasing, investment division of IBU and relocation of fund
- In case of listed overseas group, relaxation from deemed dividend granted for any loan or advance between two group entities, one being a Finance Company or Unit in IFSC set-up as Global / Regional Treasury Centre
- Incentives on capital gains and dividend exemptions available to aircraft leasing is extended to ship leasing units in IFSC

# How does the budget impact Metal and Mining sector?

## Key amendments

### Indirect tax

#### Customs

- Government aims to rationalize tariff structure and address duty inversion with an intent to support domestic manufacturing, promote exports and facilitate trade
- Removal of multiple tariff rates in order to bring it down to eight tariff rates which also includes 'zero' rate
- Social Welfare Surcharge exempted on 82 tariff line items
- Full exemption from BCD to cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals
- Time-limit prescribed for finalising provisional assessment, except in certain specified cases. Such time limit shall be two years, further extendable by one more year
- Enable importers or exporters post clearance of goods to voluntarily revise any entry, treating it as self-assessment and allowing payment of duty or treating the revised entry as a refund claim, subject to fulfilment of conditions and timelines as may be prescribed
- Time limit for the end-use of imported inputs under IGCR, extended from six months to one year and periodicity of returns will now be quarterly instead of monthly
- Settlement Commission is being abolished and an Interim Board is being introduced to dispose off pending applications as on 31 March 2025

## Highlights

**Definite Time-limit prescribed for finalising the provisional assessment**



**Full exemption from BCD to certain critical minerals**



**Voluntary revision of the entry post clearance will require payment duty with interest and without penalty or excess duty will be refunded**

# How does the budget impact Metal and Mining sector?

## Customs (Contd.)

### Revised BCD rate (With effect from 1 May 2025)

Sr. No.	Chapter, Heading, sub-heading, tariff item	Description of Goods	Existing BCD Rate (%)	Revised BCD Rate (%)
1	7113	Articles of jewellery and parts	25%	20%
2	7114	Articles of goldsmiths' or silversmiths' wares and parts thereof	25%	20%
3	7106	Precious metals - containing 99.9% or more by weight of silver	NA*	10%
4	7108	Precious metals - containing 99.5% or more by weight of gold	NA*	10%
5	7110	Precious metals - containing 99% or more by weight of platinum	NA*	10%
6	7404 00 12 7404 00 19 7404 00 22	Copper Waste and Scrap	2.5%	Nil
7	Chapter 80, 81	Certain Critical minerals	Multiple Rates	Nil
8	Chapter 80, 81	Waste & Scrap of various critical minerals	Multiple Rates	Nil
9	Chapter 26	Ores & concentrates of various minerals (Copper, Cobalt, Tin etc.)	2.5%	Nil
10	Chapter 72	Iron & Steel- Multiple tariff items	27.5%, 22.5%, 20%	15%
11	Chapter 73	Articles of Iron & Steel- Multiple tariff items	25%	15%

\*Insertion of new tariff items

### Effective BCD reduced vide Notification No. 50/2017-Customs

Sr. No.	Chapter, Heading, sub-heading, tariff item	Description of Goods	Existing Rate	Revised Rate
1	7113	Platinum findings	25%	5%
2	8105 2030	Cobalt powders	5%	Nil
3	7802	Lead waste and scrap	5%	Nil
4	7902	Zinc waste and scrap	5%	Nil

# How does the budget impact Metal and Mining sector?

## Customs (Contd.)

### Exemption from SWS

Sr. No.	Chapter, Heading, sub-heading, tariff item	Description of Goods
1	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units, and gold coins having gold content not below 99.5%, imported by the eligible passenger (ii) Gold in any form other than (i), including tola bars and ornaments, but excluding ornaments studded with stones or pearls
2	71	Silver, in any form including ornaments, but excluding ornaments studded with stones or pearls, imported by the eligible passenger

### Imposition of AIDC

Sr. No.	Chapter, Heading, sub-heading, tariff item	Description of Goods	Rate
1	7113	Platinum findings	1.4%

### Goods and Services Tax (GST)

- Phrase 'Plant or Machinery' has proposed to be amended to 'Plant and Machinery' in clause (d) of the Section 17(5) of the CGST Act subsequent to the Apex Court ruling in case of Safari Retreats retrospectively from 1 July 2017 and overriding any contrary judgement passed
- Reduction in output GST liability of the supplier on issuance of credit note is made subject to reversal of availed input tax credit attributable to the said credit note by the recipient
- Input Service Distributor now enabled to distribute ITC in respect of inter-state reverse charge supplies from 1 April 2025
- Requirement of pre-deposit of 10% and 20% in case of filing appeals before appellate authority and tribunal respectively against orders levying only penalty
- Supply of goods warehoused in SEZ or FTWZ area before clearance for export or to DTA shall be treated as neither supply of goods nor supply of services retrospectively from 1 July 2017.
- Enabling legal provisions for IMS proposed in Act from the date to be notified
  - IMS facility was introduced by GSTN on 1 October 2024 on optional basis while hard locking of the GSTR-3B on GSTN has been deferred
- System proposed for 'Track and Trace Mechanism' introduced requiring Unique Identification Marking on specified goods/ class of persons to be notified - non compliance will attract additional penalty of INR 2 lakhs or 10% of tax payable on such goods, whichever is higher

## Impact analysis

The Budget 2025-26 will encourage domestic manufacturing, supply chain integration and sustainability-driven growth. Mining sector reforms, including those for minor minerals, policy for recovery of critical minerals from tailings, will help strengthening value chain in India. The reduction of import duties on critical minerals, including its waste & scrap, will help domestic manufacturing industries.

The significant amount of budgetary allocation towards capital expenditure, including interest free loan to States for capex and shipbuilding financial assistance policy, will help in accelerating demand for metal industry. With second phase of PLI scheme announced for Speciality steel sector it may provide requisite fillip to select category of flat & long product steel segment including electrical steel.

Important reforms, including customs tariff rationalization, framework allowing voluntary revision of customs duty / refund on imports / exports, time bound closure of provisional assessment will facilitate trade, ease of doing business and unlock block funds.

# Glossary

CBDT - Central Board of Direct Taxes

EGR - Electronic Gold Receipts

FB - Finance Bill

MAT - Minimum Alternate Tax

MSME - Micro, Small and Medium Enterprise

MSME Act- Micro, Small and Medium Enterprise Development Act 2006

NR - Non-resident

ITL - Income Tax Act 1961 read with Income Tax Rules 1962

PE - Permanent Establishment

WHT - Withholding taxes

AIDC - Agriculture Infrastructure and Development Cess

BCD - Basic Customs Duty

CESTAT - Customs, Excise and Service Tax Appellate Tribunal

CGST Act - Central Goods and Services Tax Act, 2017

GST - Goods and Services Tax

IGST - Integrated Goods and Services Tax

ITC - Input Tax Credit

SWS - Social Welfare Surcharge

APA - Advance Pricing Agreement

FRBM - Fiscal Responsibility and Budget Management

Gol - Government of India

GST - Goods and Services Tax

GTR - Gross tax revenues

IPD - Implicit price deflator

CIT(A) - Commissioner of Income Tax (Appeals)

SDT - Specified Domestic Transaction

TP - Transfer Pricing

TPO - Transfer Pricing Officer

IGCR - Import of Goods at Concessional Rate of Duty

AIDC - Agriculture Infrastructure and Development Cess

IMS - Invoice Management System



For details on other sectors and solutions visit our website [Union Budget 2025](#)

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