

1 February 2025

Tax Alert - Key announcements  
of Union Budget 2025



# Union BUDGET 2025-26

## Media & Entertainment

### Confluence of Innovation and Growth!

*New income-tax bill to unveil next week ....*

*Picture abhi baki hai mere dost*



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*Sachin Shah*

The Indian Media & Entertainment (M&E) sector continues to emerge as a powerhouse of cultural and economic significance, with the government playing a pivotal role in steering its trajectory towards an ambitious vision for future. As we approach 2025-26, the industry stands at the cusp of a transformative era, fuelled by digitalization, changing content consumption patterns, and supportive government policies.

With an impressive CAGR of 8.3%, the M&E sector is poised to expand its global footprint, leveraging cutting-edge technologies and creative storytelling to captivate audiences both domestically and internationally.

Consumption in India has been under stress in the last few quarters as consumers tightened their purse strings amid stubborn inflation and modest wage growth. In the budget proposals announced on 1 February 2025, the proposed tax cuts will largely benefit the middle class and increase their disposable income, further fuelling demand across essential and aspirational categories. This is going to be a helpful factor in accelerating the demand for various M&E businesses.

#EYonBudget2025

# How does the budget impact M&E sector?

## Highlights

### Education empowers!

- In addition to three existing CoEs in AI for agriculture, health, and sustainable cities, additional CoE announced for education with total outlay of INR 500 crores
- Youth upskill - Five National CoEs will be set up with global expertise and partnerships to cover curriculum design, training of trainers, a skill certification framework and periodic reviews
- A Bharatiya Bhasha Pustak Scheme to be implemented to provide digital-form Indian language books for school and higher education. This will create opportunity for ed tech and e-publishing businesses

### Start-ups Gain Again!

- A Deep Tech Fund of Funds will be explored to catalyze the next generation start-ups as a part of this Government initiative. Also, credit guarantee cover is proposed to be enhanced for eligible start-ups thereby providing a soft cover to expand their businesses

### Tourism treats!

- Top 50 tourist destination sites in the country will be developed in partnership with states. Following measures proposed for facilitating employment-led growth:
  - Organizing intensive skill-development programmes for youth
  - Providing MUDRA loans for homestays
  - Improving ease of travel and connectivity to tourist destinations
  - Providing performance-linked incentives to states for effective destination management including tourist amenities, cleanliness, and marketing efforts
  - Introducing streamlined e-visa facilities along with visa-fee waivers for certain tourist groups
- Medical Tourism and Heal in India will also be promoted in partnership with the private sector along with capacity building and easier visa norms
- The above will help to boost the growth of tourism and related businesses

### GCC capability strengthened

- National framework to be formulated as guidance to states for promoting GCCs in emerging tier 2 cities



Education empowers!  
CoE with outlay of 500  
crores



Tourism treats!  
50 tourist sites to be  
developed

## Wait and watch !

- As was expected, the Hon'ble FM announced that the new income-tax bill is likely to be introduced next week. The new bill will have the following features:
  - Expected to be clear and direct in text
  - Concise to half of the present provisions, in terms of chapters and words
  - Simple to understand for taxpayers and tax administration

## Status Quo

- No change in corporate tax rates
- No change in capital gain tax rate
- No new levies/ charges
- No update on timelines for implementation of OECD Pillar 1 and 2
- 6% EQL on cross border digital advertisement spends continues

## Key Corporate-tax proposals

- Harmonisation of SEP provisions (effective from 1 April 2025)
  - Non-residents having BC in India are taxable in India. BC included SEP which, inter-alia, included "transactions in respect of any goods carried out by non-resident with any person in India"
  - To bring in coherence with existing exclusion under "BC", it has now been proposed that transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute SEP of such non-resident in India

**This is a welcome clarification for non-residents who are sourcing goods from India for the purpose of exports.**

- Extension of timeline for tax benefits to eligible start-ups
  - Currently, eligible start-ups are allowed 100% deduction of profits and gains from their eligible business for three consecutive assessment years out of ten, starting from the year of incorporation. For a start-up to qualify as an eligible start-up, it is currently required to be incorporated before 1 April 2025
  - Given the significance of growth of start-ups in the Indian economy, it is proposed to extend this benefit for an additional five years i.e. start-ups incorporated before 1 April 2030 will be eligible for the benefit

**This will provide an impetus to the start-up economy and foster growth of new start-ups**

## Rationalization of TDS thresholds (effective from 1 April 2025)

- Winning from lotteries, puzzles, games, gambling, or betting and winning from horse races is currently subject to TDS, where the aggregate amount of winnings exceed INR 10,000 in a FY
- It is proposed to apply threshold of INR 10,000 for a single transaction instead of the aggregate threshold. Where the amount of single transaction does not exceed INR 10,000, no tax is proposed to be deducted

## Abolishment of TCS on sale of specified goods (effective from 1 April 2025)

- Sellers receiving goods over INR 50 Lakhs in a FY are required to undertake TCS at 0.1% from the buyer on the amount exceeding threshold of INR 50 Lakhs. Additionally, buyers are required to undertake TDS at 0.1% on payment to resident seller for goods exceeding INR 50 Lakhs in a FY
- To facilitate ease of doing business and reduce compliance burden on the taxpayers, TCS provision is proposed to be abolished. TDS obligation on the buyers will continue to apply

## **New reporting obligation for VDA (effective from 1 April 2026)**

- Definition of VDA 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”
- Reporting obligation introduced to furnish information to the tax department
- The Government will issue rules to prescribe:
  - Person who will have an obligation to report;
  - Nature of information and manner in which such information shall be maintained; and
  - Due diligence to be carried out by such person for identifying crypto-asset user or owner

## **Transfer pricing block assessment (effective from**

- Currently, ALP is determined by TPO on a year-on-year basis
- Proposal to provide an option to the taxpayer to elect for ALP determination for a block of 3 years
  - TPO has the option to accept or reject the application of the tax payer
  - Rules and timelines to be prescribed

## **Expansion of scope of Safe Harbour Rules**

- With a view to reducing litigation and providing certainty, the scope of Safe Harbour Rules is proposed to be expanded
  - Rules detailing the expanded coverage to be prescribed

## **Concluding thoughts**

The Government continues to make a sincere attempt towards rationalisation and simplification of the tax provisions, without introducing any additional levies/ charges - a welcome step towards a Viksit Bharat.

The focus for this year's budget proposals clearly seems to be putting more money in taxpayers' hands through tax cuts, creating more jobs while stress on fiscal discipline remains.

Let's all wait to see how the Government meets the expectation of unveiling a more simplified new income tax code in the coming week. More updates will follow ...

## Glossary

AY - Assessment Year

Act - Income-tax Act, 1961

ALP - Arm's Length Price

BC - Business Connection

BEPS - Base Erosion and Profit Shifting

CoE - Centres of Excellence

CAGR - Compound Annual Growth Rate

EQL - Equalisation Levy

GCC - Global Capability Centre

M&E - Media & Entertainment

OECD - Organisation for Economic Co-operation and Development

SEP - Significant Economic Presence

TCS - Tax Collected at Source

TDS - Tax Deducted at Source

TPO - Transfer Pricing Officer

FA - Finance Act

VDA - Virtual Digital Asset



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

#EYonBudget2025



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