



India Union Budget 2025-26

Point of view

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Transport and Logistics

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Key announcements for the sector

- Plans announced with an outlay of INR 10,000 crore to fund infrastructure development through the Public Private Partnership (PPP) route
- INR 1.5 Lakh Crore interest free loan will be provided to states for meeting state level infrastructure capital outlay
- A second Asset Monetization Plan announced to raise 10 lakh crore with an aim to bring in greater participation from the private sector corporates and investor community
- Maritime Development Fund to be set up to provide funding up to 49% of the cost with the balance to be contributed by private sector or port trusts
- Modified Ude Desh ka Aam Nagrik (UDAN) Scheme announced to enhance the connectivity outreach program
- Greenfield airport development in Bihar will likely enhance the connectivity of the state to the rest of the country and create employment opportunities
- India Post to be transformed into a logistics organization.

Tax proposals

- IFSC
 - Extension of tax exemption period for ship and aircraft leasing units to 31 March 2030
 - Exemption provided to specified persons on capital gains and dividend income in relation to IFSC unit engaged in ship leasing with effect from 01 April 2025
- Benefits of tonnage tax scheme extended to Inland vessels with effect from assessment year 2026-27
- Increased time limit available to pass order under the tonnage tax scheme to three months with effect from 01 April 2025
- Tax holiday benefit to start-ups now extended to startups incorporated before 01 April 2030
- Withholding tax thresholds for various payments broadened
- Clarity introduced in relation to the carry-forward of loss of the predecessor entity in case of amalgamation or business reorganisation effected on or after 01 April 2025
- Transfer pricing provisions for arm's length price determination in relation to similar transactions shall be applicable for a period of 3 years
- Higher TDS/TCS rate for income-tax return non-filer deductee omitted with effect from 01 April 2025

- Prosecution on account of delayed payment of TCS removed subject to conditions with effect from 01 April 2025
- Extension of time limit for processing penalty immunity application to three months with effect from 01 April 2025
- Extension of time limit for filing updated return to 48 months with effect from 01 April 2025 on payment of additional tax and interest at the applicable rates
- Retrospective amendment proposed to substitute word 'plant or machinery' to 'plant & machinery' to restrict input tax credit on construction activities
- No GST on Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area
- An opportunity to the importer or exporter of goods to revise the entry (BOE/ Shipping bill) and pay applicable taxes/ claim refund etc
- Customs duty exemption for Ships and vessels for breaking up and raw materials, components, consumables or parts, for use in the manufacture of ships/vessels extended till 31 March 2035
- BCD Tariff on all dutiable goods imported for personal use reduced to 20%.

Implications for the sector

- Infrastructure development plans likely to stimulate further investments from the private sector in infrastructure creation
- Fillip to maritime infrastructure projects in India on account of the funding assistance provided
- Specific focus on the shipping industry and attracting investments in India by providing exemptions and relaxations to non-residents and IFSC units on certain income.

KPMG in India contacts:

Prahlad Tanwar

**Global Head-Logistics &
Postal Services**

E: prahladtanwar@kpmg.com

Sameer Bhatnagar

**Partner and Global Head
of Ports (Maritime)**

E: sameerbhatnagar@kpmg.com

kpmg.com/in/socialmedia



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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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