

DEVMANTRA TIMES

BUDGET EDITION

Issue No.59, Dated 2nd February, 2026

Dear Readers,

We welcome you to the Fifty-ninth edition of DevMantra Times for the month of February 2026. As we step into a brand-new budget, we extend our heartfelt gratitude for your continued support and engagement. The Union Budget 2026-27, presented by Finance Minister Nirmala Sitharaman, serves as a strategic roadmap for India's economic growth, with a focus on inclusive development, infrastructure expansion, innovation, and sustainability, the budget introduces transformativemeasures to strengthen key sectors and enhance economic resilience.

Overall, the Union Budget 2026-27 strikes a balance between growth and fiscal discipline, driving innovation, infrastructure expansion, and sustainable development. By fostering entrepreneurship and prioritizing social equity, it sets a strong foundation for a self-reliant and globally competitive India.

Why is this volume of the newsletter important for readers?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax and Companies Act, Start-up Update, notification, circulars and case laws which

may directly or indirectly impact our readers.

At DevMantra, it is our utmost priority to help our readers be informed with respect to the changes in relevant laws for a smoother compliance.

DevMantra was founded based on the unalterable premise of excellence, acuity, integrity and an unwavering commitment to delivery. These principles continue to form the edifice of our approach as an organization, to our clients, our professionals and our community, and this has served us well in our journey so far. This approach has allowed DevMantra to work with and advise the very best clients, both in India and internationally. We encourage our people to strive for excellence and innovation within a meritocratic working environment and support their entrepreneurial spirit. It is our consistent endeavor with our people, to ensure that they imbibe the culture of the firm and form part of the weft and weave of the fabric of DevMantra. Our core values remain the guiding principles for everything we do, and we would like to emphasize "Knowledge" as one of the fundamental beliefs which drive the success of our operations. As we reiterate, knowledge is our

highest priority, guiding both new learning and the reinforcement of existing knowledge. Our clients trust our expertise and putting countless hours in keeping ourselves up to date on the subject we are advising on, deserve their trust.

Regards & Best Wishes,
Editorial Team

Preamble

From 1 April 2026, the Income-tax Act, 1961 will be repealed and replaced by the Income-tax Act, 2025, marking a significant step towards modernising India's tax administration framework. The new law introduces updated compliance and enforcement mechanisms while ensuring continuity of existing tax benefits and obligations through well-defined transition provisions.

The repeal and savings clauses clarify that any income not taxed earlier, or any subsequent reversal of deductions or exemptions—irrespective of conditions—will be brought to tax. While the core principles of taxation remain largely unchanged, the legislative overhaul strengthens transparency and accountability. Certain exemptions, such as those for fast-track demergers, have been consciously excluded under the 2025 Act, signalling a

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more calibrated approach to tax incentives.

DIRECT TAX

INDIVIDUAL TAXATION

Rates and Substantive Changes

The Union Budget 2026–27 continues with the prevailing income-tax slabs and rates for individual taxpayers, without introducing any revisions. This continuation reflects the Government's intent to ensure consistency in personal taxation and to avoid any additional tax burden on individuals, thereby allowing taxpayers to plan their finances with greater certainty.

Interest received on compensation awarded under the Motor Vehicles Act, 1988 to an individual or their legal heir has been proposed to be exempt from tax, and accordingly, no tax will be required to be deducted at source on such interest income.

Further, a resident individual or Hindu Undivided Family (HUF), being the buyer of immovable property, will not be required to obtain a Tax Deduction and Collection Account Number (TAN) for deducting tax at source on consideration paid for the transfer of immovable property where the seller is a non-resident, with effect from 1 October 2026. This measure is aimed at simplifying compliance and

reducing procedural requirements for individual taxpayers.

In addition, the process for obtaining Lower Deduction Certificates (LDCs) has been streamlined. Earlier, taxpayers were required to approach the Assessing Officer, often leading to delays due to manual processing and discretionary decision-making. The introduction of a condition-based, automated and rule-driven mechanism is expected to expedite approvals, enhance transparency, and improve the overall taxpayer experience.

Income arising from any award or agreement relating to compulsory acquisition of land, carried out on or after 1 April 2026 under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, has been proposed to be exempt from tax.

Further, income accruing or arising outside India to individuals rendering services in India under a Government-notified scheme will be exempt from tax for a period of five consecutive tax years, provided such individuals were non-residents for five consecutive tax years immediately preceding the tax year of their visit for

rendering services in India.

In addition, the prosecution provisions under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 will not apply to non-disclosure of foreign assets other than immovable property, where the aggregate value of such undisclosed assets does not exceed INR 20 lakh. This amendment aligns the prosecution threshold with the existing monetary limits prescribed under the penalty provisions, thereby providing greater proportionality and certainty.



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Securities Transaction Tax

The securities transaction tax rate on Future and Option to be increased w.e.f. 1 April 2026:

Transaction	Old Rate (%)	New Rate (%)
Sale of an option in securities	0.1	0.15
Sale of an option in securities, where the option is exercised	0.125	0.15
Sale of a futures in securities	0.02	0.05

buy-backs is expected to revive buy-back activity, particularly for non-promoter shareholders, as buy-back proceeds will now be taxed as capital gains. This change addresses the earlier anomaly where the entire buy-back consideration was treated as dividend income while the cost of acquisition resulted in a capital loss for public shareholders.

The applicability of tax treaty benefits in respect of the additional tax levied on promoters' buy-back entitlement will need to be evaluated,

especially in cross-border shareholding structures. Further, minimum valuation norms are proposed to be prescribed for share buy-backs to mitigate valuation-related tax arbitrage.

Additionally, the additional tax will not apply to short-term capital gains arising on buy-back of unlisted shares, where no tax arbitrage is involved, providing relief and clarity for genuine commercial transactions.

Single Window Declaration System

Investors will be able to submit a

single declaration in Form 15G or Form 15H through the Depository (NSDL/CDSL), which will be electronically disseminated to all relevant payers, including companies and mutual funds. This consolidated mechanism eliminates the requirement for investors to furnish separate declarations to multiple payers.

Effective from 1 April 2027, the new system is expected to significantly reduce administrative effort, simplify compliance, and enhance ease of doing business for investors and payers alike.

FOREIGN ASSETS OF SMALL TAXPAYERS DISCLOSURE SCHEME, 2026 ('FAST-DS, 2026')

Small taxpayers have been provided with a time-bound opportunity to voluntarily declare undisclosed foreign assets or foreign-sourced income, subject to payment of the prescribed tax and/or fees, as outlined below:

Scheme Categories & Tax Rates

Type of undisclosed asset or income	Amount payable
Where the aggregate value of undisclosed asset located outside India and undisclosed foreign income does not exceed INR 1 crore	Aggregate of: 1. Tax at 30 per cent of value of asset located outside India as on 31 March 2026

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	2. Tax at 30 per cent of the undisclosed foreign income 3. 100 per cent of the amount calculated in 1 and 2 above
Where the value of assets located outside India does not exceed INR 5 crore, and such assets are: <ul style="list-style-type: none"> ▪ acquired from income accruing or arising outside India during non-resident status and not declared upon becoming a resident; or ▪ acquired from income that has been offered to tax in India. 	A fee of INR 1 lakh

Payment Timelines & Process

Tax determination orders will be issued electronically within one month from the end of the month in which the declaration is made. The corresponding tax payment is required to be completed within two months from the end of the month of receipt of the order, with a further extended period of two months available, subject to payment of simple interest at 1 per cent per month.

The introduction of time-bound electronic issuance and payment mechanisms is intended to reduce administrative burden, enhance certainty, and facilitate smoother compliance for taxpayers.

Eligibility & Coverage

The scheme is available to eligible persons, including residents of India, as well as non-resident and not ordinarily resident individuals who were resident in India in the year in which the foreign income was earned or the foreign asset

was acquired.

For the purposes of the scheme, undisclosed foreign assets include any financial interest or beneficial ownership in assets located outside India, such as bank accounts, investments, and other foreign holdings.

The scheme may be availed by non-filers, taxpayers who failed to disclose foreign income or assets, as well as cases where such income or assets escaped assessment under section 147 of the Income-tax Act.

Immunity & Exclusions

Upon due compliance with the scheme, full immunity from any further tax, penalty, and prosecution under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 will be granted in respect of all prior years up to 31 March 2026.

However, the immunity will not be available in specified cases, including situations involving proceeds of crime under the Prevention of Money Laundering Act, as well as cases where assessment proceedings under the Black Money Act are ongoing or have already been completed.

COMPLIANCE RELATED AMENDMENTS

Return of Income

The due date for filing the income-tax return has been extended to 31 August for certain categories of taxpayers who are not required to furnish a transfer pricing audit report. This extension applies to taxpayers deriving income from profits and gains of business or profession whose accounts are not required to be audited under the Income-tax Act, 2025 or any other law in force, as well as partners of firms whose accounts are not subject to audit under the said Act or any other applicable

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law.

Further, the time limit for filing a revised return of income has been extended to 12 months from the end of the relevant financial year, as against the existing limit of 9 months. Where a revised return is filed beyond the earlier nine-month period, a fee of INR 1,000 or INR 5,000, as applicable, will be payable.

In addition, the scope for filing an updated return has been expanded to cover additional situations. An updated return may now be filed where an original return of loss has been furnished and the updated return results in reduction of such loss or disclosure of income. Further, where reassessment proceedings have been initiated, an updated return may still be filed, subject to payment of additional tax increased by a further 10 per cent of the aggregate tax liability.

Global Mobility Non-Resident Professionals

The Budget introduces a targeted tax exemption to support first-time visiting non-resident professionals, providing relief by exempting foreign-sourced income for a period of up to five consecutive tax years. This measure is intended to reduce tax friction, facilitate cross-border mobility of skilled professionals,

and support participation in Central Government-notified schemes.

To be eligible, the individual must have been a non-resident for five consecutive tax years immediately preceding the first visit to India for rendering services under a Government-notified scheme. The exemption applies to income accruing or arising outside India for up to five consecutive tax years, beginning from the tax year of the individual's first visit to India, subject to compliance with prescribed conditions.

By shielding eligible professionals from Indian taxation on their foreign-sourced income during their initial period of engagement, the provision mitigates the risk of worldwide taxation arising from residency triggers due to extended stays in India. Overall, the policy is aimed at encouraging knowledge transfer and global expertise, while enhancing India's attractiveness as a destination for foreign professionals participating in Government supported initiatives.

CORPORATE TAX Domestic Companies

The Union Budget 2026-27 retains the current income-tax rates applicable to domestic

companies, with no changes proposed. The prevailing corporate tax framework, including concessional tax regimes available under the Income-tax Act, will continue to apply. The Health and Education Cess remains unchanged at 4%. This continuity in corporate tax rates reflects the Government's intent to ensure tax certainty and stability, thereby allowing businesses to make informed investment and operational decisions without concerns arising from changes in tax rates.

Rationalisation of Minimum Alternate Tax ('MAT') provisions

Minimum Alternate Tax (MAT) paid under the old corporate tax regime will now be treated as a final tax, and no further accumulation of MAT credit will be permitted. In addition, the MAT rate has been reduced from 15 per cent to 14 per cent of book profits.

The set-off of existing MAT credit will be available only to domestic companies opting for the new tax regime on or after 1 April 2026. Such set-off will be restricted to 25 per cent of the tax liability for the relevant year, with the balance MAT credit eligible to be carried forward and set off up to the fifteenth year immediately succeeding the year in which the credit first became allowable.

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In the case of foreign companies, MAT credit set-off will be allowed to the extent of the difference between the tax on total income and the MAT, in years where the normal tax liability exceeds MAT.

Further, non-resident taxpayers engaged in specified businesses—namely, the operation of cruise ships and the provision of services or technology for setting up an electronics manufacturing facility in India for a resident company—are proposed to be excluded from the applicability of MAT with effect from 1 April 2026.

Implications for specific entities and compliance

REIT and InvIT special purpose

vehicles (SPVs) remain at a structural disadvantage under the revised MAT framework, as their business models require them to continue under the old tax regime to preserve pass-through taxation. Transitioning to the new regime would result in dividends being taxed at the unitholder level based on applicable slab rates, thereby eroding the tax neutrality that underpins these structures. As a result, the flexibility available to other corporates in switching regimes is materially constrained for REIT and InvIT SPVs.

The revised MAT provisions underscore the need for a careful evaluation of regime transition decisions, particularly for

companies with accumulated MAT credits. While the reduction in MAT rate and the final-tax treatment under the old regime provide certainty, the restricted utilisation of MAT credit under the new regime necessitates balancing short-term cash tax impact against longer-term credit recovery. The impact is expected to be more pronounced for companies operating multi-tier structures and dividend-receiving entities, where inter-corporate cash flows and credit utilisation timelines become critical. Accordingly, companies will need to strategically assess the timing and feasibility of any regime shift to optimise MAT credit usage while managing overall tax costs.

Rationalisation of TCS Rates

Nature of Receipt	Current Rate	Proposed Rate
Sale of alcoholic liquor for human consumption	1 per cent	2 per cent
Sale of tendu leaves	5 per cent	2 per cent
Sale of scrap	1 per cent	2 per cent
Sale of minerals, being coal or lignite or iron ore	1 per cent	2 per cent
Remittances under the Liberalised Remittance Scheme (LRS) of an amount or aggregate of the amounts exceeding ten lakh rupees	a) 5 per cent for purposes of education or medical treatment. b) 20 per cent for purposes other than education or medical treatment.	a) 2 per cent for purposes of education or medical treatment. b) 20 per cent for purposes other than education or medical treatment.

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Sale of overseas tour program package including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure	c) 5 per cent of amount or aggregate of amounts up to ten lakh rupees. d) 20 per cent of amount or aggregate of amounts exceeding INR 10 lakh.	2 per cent without any threshold
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Rationalisation of TDS/TCS Provisions

Category	Current Rate/ Provision	Proposed Rate/ Provision	Key Conditions
Payment to Contractors	Ambiguity existed on classification of "supply of manpower"	Included within definition of "work" payment under contractors	Applicable rates at 1% or 2%, ends disputes between Sections 194C and 194J
Motor Accident Claims Interest	Interest exempt from TDS only if amount \leq INR 50,000/year	Exempt from TDS regardless of the amount if paid to an individual	Interest income also exempt from tax for individual or legal heir
Insurance Business Other than Life	No explicit permission to deduct expenses on which tax was not deducted/paid in subsequent years	Proposal allows deduction on such expenses in subsequent years	Rationalizes PGBP computation reducing compliance uncertainty

Guidelines issued by the Central Board of Direct Taxes (CBDT) to address difficulties in the implementation of the TDS and TCS provisions will be binding not only on the Income-tax Authorities but also on the persons responsible for deduction or collection of tax.

Buy-back Tax

The Finance Bill, 2026 proposes a change in the tax treatment of share buy-backs, whereby buy-back proceeds will be taxed as capital gains instead of dividend income, with effect from 1 April 2026. Under the earlier provisions, buy-back consideration was taxed as dividend income in the hands of

shareholders, while the cost of acquisition of shares was treated as a capital loss.

Under the revised framework, the net buy-back proceeds, being the difference between the buy-back consideration and the cost of acquisition, will be subject to capital gains tax.

For listed companies, the term "promoter" will have the meaning assigned under the SEBI regulations. In the case of unlisted companies, the definition of promoter will be aligned with the Companies Act, 2013 and will also include any person holding, directly or indirectly, more than 10 per cent of the shareholding.

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Additional tax levy for Promoters participating in the buy-back:

Particulars	Nature of Securities	Non-Promoter Rate (%)	Additional Tax for Promoters (Domestic Co.) (%)	Additional Tax for Promoters (Others) (%)	Promoter Rate (%)
Short-term capital gains	Listed securities	20	2	10	22/30
Long-term capital gains	Listed securities	12.5	9.5	17.5	22/30
Long-term capital gains	Unlisted securities	12.5	9.5	17.5	22/30

Foreign Companies / Non-Residents

The Union Budget 2026-27 has not proposed any change in the applicable income-tax rates for domestic companies. The existing corporate tax regime, including the concessional tax rates available under various sections of the Income-tax Act, continues unchanged. Health and Education Cess will also continue to be levied at 4%. By maintaining stability in corporate tax rates, the Government aims to provide certainty and predictability to businesses, enabling companies to plan investments and operations without disruption from rate-related changes.

A tax holiday has been extended until 31 March 2047 for foreign companies on income accruing

or arising in India from customers in relation to the procurement of data centre services from specified data centres located in India, as may be notified by the Government. Where such services are provided to Indian users, the benefit of the tax holiday will be available only if the foreign company supplies its services to Indian customers through an Indian reseller.

Further, income earned by a foreign company from supplying capital goods, equipment, or tools to its Indian contract manufacturer, located in a custom bonded area, for the manufacture of electronic goods on behalf of the foreign company, has been exempted from tax up to 31 March 2031.

TRANSFER PRICING

The below clarification in Income-tax Act, 1961 shall come into force with retrospective effect from 1 June, 2007. The amendment in the Income-tax Act, 2025 shall come into force with effect from 1 April, 2026

Advance Pricing Agreements

For Advance Pricing Agreements (APAs) signed on or after 1 April 2026, and applicable to assessment years commencing from that date, the eligibility to file a return or a modified income-tax return pursuant to an APA has been extended to the Associated Enterprises (AEs) of the taxpayer entering into the APA. This measure will enable such AEs to claim a refund of any excess tax paid or tax withheld on their income pursuant to the APA. The Associated Enterprises are

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required to furnish such return within three months from the end of the month in which the APA is signed.

Further, unilateral APAs for companies engaged in Information Technology services have been proposed to be fast-tracked, with an endeavour to conclude such APAs within two years, which may be extended by a further period of six months at the request of the taxpayer.

Safe Harbour rules

Under the safe harbour provisions,

software development services, Information Technology enabled services, knowledge process outsourcing services, and contract research and development services relating to software development have been clubbed into a single category of "Information Technology Services". A uniform safe harbour margin of 15.50 per cent on cost has been prescribed for this consolidated category.

Further, the turnover threshold for availing safe harbour provisions has been significantly enhanced

from INR 300 crores to INR 2,000 crores, with taxpayers being given an option to apply the safe harbour for a continuous period of five years through an automated, rule-based approval mechanism.

In addition, a new safe harbour margin of 15 per cent on cost has been introduced for resident companies providing data centre services to a foreign related entity, where such foreign entity supplies cloud services to customers located outside India.

Time limit for issuance of order by the transfer pricing officer

The time limit for issuance of an order by the Transfer Pricing Officer has been revised. Under the amended provision, the order is now required to be passed before one month prior to the month in which the limitation period expires, instead of the earlier requirement of sixty days before the expiry of the limitation period. This change is intended to realign the procedural timelines under the revised income-tax framework and accordingly the following applies under the Income-tax Act, 2025 ('the 2025 Act'):

Limitation Expires On	Due Date
31 March of any year	31 January of that year
31 December of any year	31 October of that year

Under the Income-tax Act, 1961 ('the 1961 Act') and from 1 June 2007, the computation of 60 days is revised and applies as under:

Limitation Expires On	Due Date
31 March of any year (being a leap year)	31 January of that year
31 March of any year (not being a leap year)	30 January of that year
31 December of any year	1 November of that year

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ALL ASSESSEE SOVEREIGN GOLD BONDS & DIVIDEND EXPENSES

Sovereign Gold Bonds

The capital gains exemption on redemption of Sovereign Gold Bonds (SGBs) has been restricted to original subscribers who hold the bonds continuously until maturity. Investors who acquire SGBs from the secondary market will be subject to capital gains tax on redemption.

This amendment applies uniformly to all SGBs issued by the Reserve Bank of India under the 2015 scheme and thereafter, ensuring consistency across tranches. As a result, investors will need to carefully evaluate the mode of acquisition and holding strategy for SGB investments, as tax outcomes will now differ significantly between original subscribers and secondary market purchasers.

Deductibility of Expenses Against Dividend Income

With effect from 1 April 2026, no deduction will be allowed for any expenditure, including interest or commission, against dividend income or income from mutual funds or UTI units. This amendment effectively disallows the practice of offsetting borrowing or acquisition-related costs against dividend income.

The change is intended to discourage leveraged investments in dividend-yielding instruments where interest expenses were earlier claimed as deductions. The impact of this amendment will extend to both new investments and existing portfolios that generate dividend income, requiring investors to reassess the tax efficiency of such investment structures.

ASSESSMENT/ REASSESSMENT

With retrospective effect from 1 April 2001, the authority to issue a reassessment notice has been clarified to vest with the Jurisdictional Assessing Officer. Consequently, reassessment proceedings or orders initiated pursuant to such notices, including those conducted through the National Faceless Assessment Centre, shall be deemed to be valid and in accordance with law.

Further, with effect from 1 April 2009, the extended timelines prescribed for passing final orders in assessment, reassessment, and search cases—where draft orders are referred to or are eligible to be referred to the Dispute Resolution Panel (DRP)—will prevail over the normal statutory timelines. Accordingly, such orders and proceedings shall also be regarded as valid.

With effect from 1 October 2019, an assessment order will not be treated as invalid merely due to any mistake, defect, or omission in quoting the Document Identification Number (DIN), provided the order is otherwise traceable through a computer-generated DIN in any manner.

In addition, income-tax returns will be processed for issuance of intimation without making any disallowance of tax holiday claims made by Special Economic Zone (SEZ) units, thereby ensuring continuity of benefits at the processing stage.

The scope for filing an updated return has been further expanded to allow filing even where a reassessment notice has been issued, subject to payment of incremental additional tax at 10 per cent of the aggregate of tax and interest on the additional income disclosed. Such additional income declared in the updated return will not attract any penalty.

Further, the quantum of mandatory pre-deposit for filing an appeal against assessment orders involving penalty proceedings has been reduced from 20 per cent to 10 per cent. This pre-payment will continue to be computed only on the core tax

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demand, excluding interest and penalty components.

PENALTY PROVISIONS

The provisions relating to penalty for under-reporting of income have been rationalised to provide procedural clarity. Penalty is proposed to be levied concurrently with the assessment proceedings and will form part of the demand raised. However, interest on non-payment of such penalty will be levied only after the disposal of the first appellate proceedings before the CIT(A) or the ITAT, as

applicable.

The scope of misreporting of income has been expanded to expressly include income arising from unexplained sources, such as unexplained cash credits, investments, assets, or expenditure.

Under the Income-tax Act, 1961, the provisions relating to waiver or immunity from penalty and prosecution have been extended to cases involving misreporting of income, subject to payment of 100 per cent of the additional tax attributable to such misreporting.

However, no immunity will be available in cases where prosecution proceedings have already been initiated.

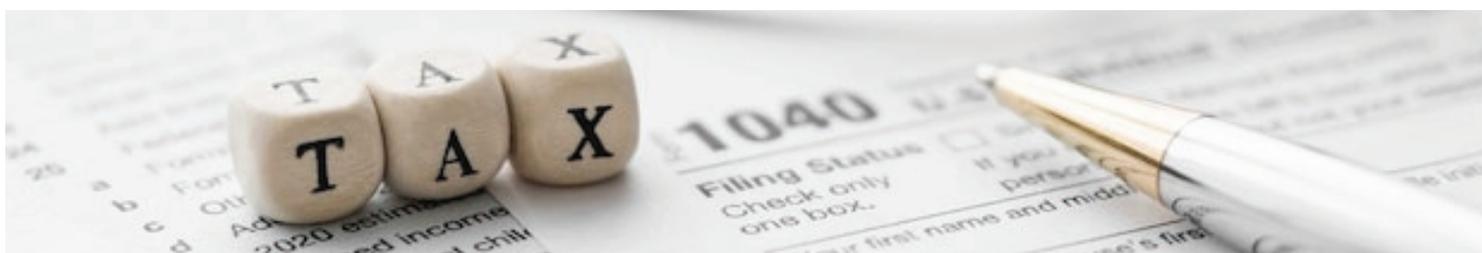
Under the 2025 Act, penalty for misreporting of income at the rate of 200 per cent of tax is now eligible for immunity subject to payment of additional tax as under:

- 100 per cent of tax on income other than unexplained income;
- 120 per cent of tax on unexplained income.

Penalty for various non-compliances has been converted into fee and will be payable without any order passed by the Income Tax Authorities:

Contravention	Fee
Non-filing of tax audit report	INR 75,000 to INR 150,000
Non-filing of Transfer Pricing Certificate	INR 50,000 to INR 100,000
Non-filing of a Statement of Financial Transactions (SFT) within the original due date	INR 50,000 to INR 100,000
Non-filing of SFT pursuant to notice issued by tax department	INR 1,000/ day, subject to maximum of INR 100,000

The power of Dispute Resolution Committee ('DRC') has been extended to waive penalty imposed.



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DECRIMINALISATION - RATIONALISATION OF PROSECUTION

Shift to Discretionary Prosecution

Routine compliance lapses will no longer result in mandatory prosecution, with the law now providing for discretionary prosecution in such cases. This change significantly reduces litigation and prosecution risk for taxpayers and their directors, particularly in instances involving minor or inadvertent defaults.

Prosecution exposure will continue to apply in serious and wilful cases, such as non-deposit of taxes deducted or collected, thereby ensuring that enforcement efforts remain focused on deliberate non-compliance. Overall, this shift addresses concerns around disproportionate penal consequences for procedural failures and brings greater balance to the compliance and enforcement framework.

Changes in Imprisonment Terms

The penal provisions relating to prosecution have been rationalised by reducing the maximum term of imprisonment for most offences to two years of simple imprisonment, which may be extended up to three years in cases involving habitual

offenders.

In cases involving tax deducted or collected but not remitted, graded penalties have been prescribed based on the quantum of default, as set out below:

- Where the tax amount is less than INR 10 lakh, only a monetary fine will be imposed, with no imprisonment.
- Where the tax amount is between INR 10 lakh and INR 50 lakh, punishment may include imprisonment of up to six months, or fine, or both.
- Where the tax amount exceeds INR 50 lakh, punishment may include imprisonment of up to two years, or fine, or both.

These changes seek to introduce proportionality in penal consequences while continuing to deter serious non-compliance.

INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)/ GIFT CITY INCENTIVES

Tax Holiday Extension & Sunset

The tax holiday available to units in the International Financial Services Centre (IFSC) has been significantly enhanced, with the 100 per cent deduction now extended to 20 consecutive years out of a block of 25 years, as against the earlier limit of 10 years out of 15 years. This extended benefit will apply to new units commencing operations on or

after 1 April 2026, provided such units are not formed by way of splitting up, reconstruction, reorganisation, or transfer of an existing business in India.

The extension of the deduction period is intended to improve the long-term attractiveness and sustainability of IFSC units, encouraging sustained investment and operational continuity in GIFT City. In addition, the sunset date for commencement of operations by offshore banking units has been extended from 31 March 2025 to 31 March 2030, thereby providing a longer window to avail tax exemptions under Schedule VI.

Post-Holiday Concessional Rate & Treasury Centres

Upon expiry of the applicable tax holiday period, the business income of IFSC units will be subject to tax at a concessional rate of 15 per cent. Other streams of income earned by IFSC units will continue to be taxed at the prevailing rates applicable from time to time.

The availability of a concessional tax rate even in the post-tax holiday phase is intended to provide a stable and competitive tax environment for IFSC units, enhancing their attractiveness vis-à-vis domestic as well as international financial centres

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and supporting the long-term viability of operations in GIFT City.

Under the existing provisions, loans between group entities are excluded from the scope of deemed dividend where one of the entities is a Finance Company or Finance Unit located in an IFSC, and the parent entity is listed on a notified foreign stock exchange.

The proposed amendment narrows this exemption by requiring the other group entity to also be located outside India in a notified jurisdiction in order to avail the benefit. In addition, the definitions of "group entity" and "parent/principal entity" have been clarified to enhance interpretational certainty and facilitate better compliance.

INDIRECT TAX

Budget Impact - Post-supply discounts and credit notes

The Budget proposes amendments to Sections 15(3)(b) and 34 of the CGST Act to streamline the valuation mechanism relating to post-supply discounts. The existing requirement that post-supply discounts must be established through prior agreements and specifically linked to relevant tax invoices is proposed to be dispensed with.

Under the amended provisions, post-supply discounts shall be excluded from the value of supply where such discounts are affected through issuance of a credit note and are accompanied by proportionate reversal of input tax credit by the recipient. These amendments, effective from a date to be notified, are expected to reduce interpretational disputes, improve ease of compliance, and better align the GST framework with prevailing commercial practices.

National Appellate Authority for Advance Ruling (NAAAR) - Interim Appellate Mechanism

The Budget proposes to amend Section 101A of the CGST Act to address the absence of an operational National Appellate Authority for Advance Ruling (NAAAR). The amendment empowers the Government to authorise an existing authority, including a Tribunal, to hear appeals under Section 101B against conflicting advance rulings issued by different State Advance Ruling Authorities. This interim arrangement, effective from 1 April 2026, seeks to bridge the long-standing appellate vacuum and provide taxpayers with an effective statutory remedy until the NAAAR is formally constituted.

Place of Supply for Intermediary Services - Shift to Destination-Based Taxation

The Budget proposes to amend the place of supply provisions for intermediary services by omitting Section 13(8)(b) of the IGST Act. Consequent to this omission, the place of supply for intermediary services will be determined in accordance with the general rule under Section 13(2), i.e., the location of the recipient of services. This amendment restores the principle of destination-based taxation and enables intermediary services provided from India to recipients located outside India to qualify as zero-rated supplies, subject to fulfilment of prescribed conditions. The amendment is effective from the date of receipt of the assent of the President of India.

Extension of Provisional Refund Mechanism to Inverted Duty Structure Cases

The Budget proposes to amend Section 54(6) of the CGST Act to extend the benefit of provisional refund of 90% of the refundable amount to cases involving accumulation of input tax credit on account of inverted duty structure, where the rate of tax on inputs exceeds the rate applicable on outward supplies. In addition, the proposal seeks to remove the minimum refund threshold of INR

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1,000 for refund claims relating to export of goods made on payment of tax. These measures, effective from a date to be notified, are

aimed at expediting refund processing, improving liquidity for taxpayers, and aligning the refund mechanism for inverted duty

structure cases with that applicable to zero-rated supplies.

Particulars	Position prior to amendment	Position after proposed amendment
Relevant provision	Section 54(6) of the CGST Act	Section 54(6) of the CGST Act (as amended)
Provisional refund for inverted duty structure	Not available	90% provisional refund permitted
Provisional refund for zero-rated supplies	Available (90% of refund amount)	Continues to be available
Processing timeline for inverted duty refunds	Post detailed verification and final sanction)	Expedited through provisional sanction
Impact on working capital	Adverse due to delayed refunds	Improved liquidity and cash flow
Minimum refund threshold for exports with payment of tax	INR 1,000	Threshold proposed to be removed
Benefit to small exporters	Limited due to threshold restriction	Enhanced access to refunds
Policy alignment	Different treatment for exports and inverted duty cases	Alignment of refund mechanisms
Effective date	Existing law	From a date to be notified



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Extension of Provisional Refund and Rationalisation of Export Refund Threshold

The Budget proposes to amend Section 54(6) of the CGST Act, 2017 to extend the facility of provisional refund of 90% of the refundable amount to cases involving accumulation of input tax credit due to inverted duty structure under Section 54(3). Further, it is proposed to amend Section 54(14) of the CGST Act to remove the minimum refund threshold of INR 1,000 in respect of refund claims relating to export of goods made on payment of tax under Section 16 of the IGST Act, 2017. These amendments, effective from a date to be notified, are intended to expedite refund disbursement, improve working capital liquidity, and address practical difficulties faced by exporters, particularly in cases involving low-value refund claims.

Custom Duty

1. Extension of Customs Jurisdiction to Indian-Flagged Fishing Vessels

The Finance Bill, 2026 proposes the insertion of a new Section 56A in the Customs Act, 1962, with the objective of extending the applicability of the Customs law framework to Indian-flagged fishing vessels operating beyond India's territorial waters.

- Under the proposed provision, Indian fishing vessels registered

under the Indian flag shall be deemed to be within the customs jurisdiction, even when operating outside the territorial waters of India.

- Fish and other marine products harvested beyond territorial waters and subsequently brought into India by such vessels shall be treated as imports into India, and are proposed to be exempt from customs duty, subject to prescribed conditions.

- Conversely, where the catch is landed at ports outside India, such supplies shall be treated as exports from India, thereby aligning their treatment with international trade principles.

- This amendment seeks to remove existing ambiguities regarding the customs treatment of high-sea fishing activities and ensures clear regulatory oversight, compliance, and monitoring of Indian maritime fishing operations.

- The proposed change is also expected to strengthen customs enforcement mechanisms and bring certainty to stakeholders engaged in deep-sea and international fishing activities.

Effective Date

The above amendment shall come into effect from the date of assent of the Finance Bill, 2026.

2. Extension of Validity Period for Customs Advance Rulings

The Finance Bill, 2026 proposes

to extend the validity period of advance rulings issued under the Customs Act, 1962 from three years to five years, thereby providing enhanced certainty and stability to importers and exporters in respect of their customs positions.

- The extended validity period will reduce the need for frequent reapplications, easing the administrative and compliance burden on taxpayers.

- This amendment is expected to improve predictability in customs assessments, enabling better long-term planning and informed decision-making for cross-border trade transactions.

- The change represents a positive trade-facilitative measure, supporting smoother customs operations and strengthened compliance frameworks.

Effective Date

The above amendment shall come into force from the date of assent of the Finance Bill, 2026.

3. Rationalization of Procedures for Transfer of Warehoused Goods

The Finance Bill, 2026 proposes to amend Section 67 of the Customs Act, 1962 by dispensing with the requirement of obtaining prior permission from the proper officer of customs for the transfer of goods from one custom bonded warehouse to another.

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- The proposed amendment is aimed at facilitating faster and more efficient movement of warehoused goods, thereby enhancing operational flexibility and supply chain efficiency.
- By eliminating procedural approvals, the change is expected to reduce administrative bottlenecks and procedural delays for importers and warehouse operators.
- The amendment represents a trade facilitation measure, streamlining warehouse operations while maintaining overall customs control.

4. Reduction in Basic Customs Duty (BCD) on Personal Imports

- Effective April 1, 2026, the Basic Customs Duty (BCD) on goods imported for personal use has been reduced from 20% to 10%.
- This reduction is expected to ease the cost of regulated personal imports, encourage formal channels, and align with broader policy goals to stimulate domestic consumption. It marks a continued effort to promote compliance while making imports more accessible for individuals.

5. Replacement of the Baggage Rules

The Baggage Rules, 2016 have been replaced by the Baggage Rules, 2026, effective from midnight, February 2, 2026.

The updated rules streamline baggage provisions, address common passenger concerns, and remove ambiguities in interpretation. This amendment aims to facilitate smoother customs clearance processes and enhance convenience for travellers, while maintaining consistent application of customs regulations.

6. Introduction of Social Welfare Surcharge (SWS) on Personal Imports

From April 1, 2026, a Social Welfare Surcharge (SWS) will be applicable on all goods imported for personal use under Heading 9804.

The surcharge is intended to augment funding for social welfare programs while maintaining transparency in customs collections. While the BCD reduction lowers the base duty, SWS introduces an additional levy for personal imports, reflecting a balance between trade facilitation and revenue considerations.

7. Extension of Customs Exemption Notifications

Certain customs exemption notifications, previously valid up to March 31, 2026, have been extended to March 31, 2028. This extension provides continuity

of duty exemptions, supporting trade stability and reducing uncertainty for importers and industries dependent on these notifications. It reflects the government's emphasis on predictable and consistent customs administration.

Customs Tariff Rationalisation:-

The Customs Tariff Act, 1975 has been amended to operationalise Basic Customs Duty (BCD) rates directly through the First Schedule, thereby reducing reliance on separate exemption notifications and simplifying duty administration.

Key Highlights:

- The amendment introduces new tariff lines for certain goods, improving classification clarity and providing greater compliance certainty for importers.
- Several existing tariff lines have been amended to align with the rationalised framework, without altering the effective duty rates, ensuring continuity in revenue collection.
- By embedding BCD rates directly in the First Schedule, the amendment minimises interpretational disputes, reduces procedural complexities, and enhances administrative efficiency for both customs authorities and traders.
- The rationalisation strengthens transparency and predictability in the application of customs duties,

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while streamlining the enforcement process.

▪ Importantly, these changes are revenue-neutral, as the effective BCD rates remain unchanged; the focus is entirely on simplifying the

tariff structure and improving operational efficiency.

Objective:

The rationalisation reflects the government's ongoing effort to create a simpler, more

transparent, and efficient customs framework, reducing compliance burdens and providing greater clarity for all stakeholders involved in cross-border trade.

KEY CUSTOMS DUTY RATE CHANGES

Sector-wise Custom Duty Amendments and Impact

Sector	Description of Goods	Customs Duty Change	Impact / Professional Remarks
Health Care	<ul style="list-style-type: none"> Seventeen specified drugs and medicines Drugs, medicines and food for special medical purposes for seven rare diseases under the National Policy for Rare Diseases (NPRD), 2021, when imported for personal use 	Exempt from Basic Customs Duty (BCD)	Reduces cost of critical and life-saving medicines; improves patient access and supports public health objectives
Energy Sector	<ul style="list-style-type: none"> Sodium antimonate for use in manufacture of solar glass Batteries for stationary energy storage applications (Battery Energy Storage Systems-BESS) 	<ul style="list-style-type: none"> BCD reduced from 7.5% to Nil (sodium antimonate) Exempt from BCD (BESS batteries) 	Supports renewable energy and storage infrastructure; lowers input cost and boosts clean energy manufacturing
Defence & Aviation Sector	<ul style="list-style-type: none"> Raw materials for manufacture of aircraft parts used for Maintenance, Repair or Overhaul (MRO) when imported by PSUs under Ministry of Defence Components / parts of aircraft for manufacture 	<ul style="list-style-type: none"> Exempt from BCD for MRO raw materials Exempt from BCD for aircraft components 	Enhances domestic defence and aviation ecosystem; improves viability of MRO operations and reduces dependence on imports

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	of aircraft and parts thereof		
Nuclear Power Sector	<ul style="list-style-type: none"> All goods for generation of nuclear power Goods required for setting up specified Nuclear Power Projects, irrespective of installed capacity 	<ul style="list-style-type: none"> BCD reduced from 7.5% to Nil (generation goods) Exempt from BCD (project imports) 	Encourages nuclear energy investments; reduces project cost and supports long-term energy security
Consumer Durables	<ul style="list-style-type: none"> Specified goods for use in manufacture of Microwave Ovens 	BCD reduced from 7.5% to Nil	Promotes domestic manufacturing under Make in India; improves cost competitiveness of locally manufactured appliances

MSME Driving Inclusive Growth and Human Capability for a Viksit Bharat

The government's Budget proposals present a forward-looking policy framework designed to sustain India's economic momentum while promoting inclusion and strengthening long-term growth foundations. Emphasized as a Yuva Shakti-driven Budget, it prioritizes decisive action over ambiguity, reform over rhetoric, and citizens over populism.

Guided by three core principles, the Budget aims to:

1. Accelerate and sustain economic growth
2. Enhance human capability to meet citizens' aspirations
3. Ensure equitable access to

resources and opportunities across regions and communities, reflecting the ethos of Sabka Saath, Sabka Vikas

The proposals integrate structural reforms, fiscal discipline, strategic public investment, and the innovative application of technology to advance the vision of a Viksit Bharat, balancing ambitious growth with inclusive development.

Harnessing Technology for Resilient Growth and Smarter Governance

The government's proposals are set against a backdrop of sustained economic growth, moderate inflation, fiscal discipline, and monetary stability, achieved through comprehensive

reforms and consistent public investment. At the same time, they recognize external uncertainties such as trade and supply chain disruptions, limited access to critical resources, and rapid technological changes reshaping production systems while increasing demand for energy, water, and minerals.

In response, the government emphasizes a continued commitment to reform through adaptive, forward-looking measures. Over 350 reforms have already been implemented, including the simplification of GST, notification of the Labour Codes, rationalization of quality control orders, and coordinated deregulation with State

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Governments. A resilient financial sector and the strategic adoption of cutting-edge technologies, including AI, are positioned as key enablers to boost governance, productivity, and risk management, ensuring India remains agile in the face of global uncertainties.

Fiscal Discipline and Strategic Spending for Sustainable Growth

Fiscal prudence continues to be a cornerstone of the Budget, underpinning India's strategy for sustainable and inclusive economic growth. The government has adopted the recommendations of the 16th Finance Commission, maintaining the vertical devolution to States at 41% and providing INR 1.4 lakh crore in grants, which include substantial allocations for local bodies, disaster management, and targeted development programs. This ensures that fiscal discipline is balanced with strategic support for states and communities, reinforcing the principles of cooperative federalism.

The debt-to-GDP ratio is projected at 55.6%, with a medium-term target of 50±1% by 2030, reflecting a steady consolidation path. The fiscal deficit for 2026-27 is estimated at

4.3% of GDP, demonstrating a careful balance between stimulating growth and maintaining macroeconomic stability.

Total expenditure is projected at INR 53.5 lakh crore, including INR 17.1 lakh crore in capital expenditure, reflecting a strong emphasis on infrastructure, public investment, and long-term growth drivers. Gross market borrowings are estimated at INR 17.2 lakh crore, supporting strategic investments without compromising fiscal health.

The Budget also emphasizes a balanced allocation across key sectors such as defence, infrastructure, social services, and interest payments, alongside transfers to States, highlighting a meticulous approach to optimizing both revenue and capital outlays. This strategic combination of fiscal prudence, targeted grants, and balanced expenditure ensures that India's growth remains resilient, inclusive, and sustainable.

Strategic Manufacturing and MSME Support to Boost Global Competitiveness

A key pillar of the Budget is the expansion of manufacturing in strategic and frontier sectors to strengthen domestic capabilities,

reduce import dependence, and enhance India's global competitiveness.

Among the initiatives:

- Biopharma SHAKTI aims to position India as a leading hub for biologics and biosimilars by developing the ecosystem, strengthening institutions, and expanding clinical trial capacity.
- India Semiconductor Mission (ISM) 2.0 focuses on advancing capabilities in semiconductor equipment, materials, design, and supply chains, supported by industry-led research and skill development.

Support will also extend to electronics components, rare earth permanent magnets, chemical clusters, capital goods, container manufacturing, and high-tech precision tool rooms established by CPSEs. The labour-intensive textile sector will benefit from an integrated programme covering fibres, cluster modernisation, handloom and handicrafts, sustainable textiles, skilling, and mega textile parks. Traditional sectors such as khadi, village industries, and sports goods will receive targeted initiatives for branding, quality enhancement, and global market access. Additionally, 200 legacy industrial clusters will be revitalized through technology and infrastructure upgrades.

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Recognizing the role of MSMEs as key growth drivers, the Budget introduces a three-pronged approach to develop "Champion MSMEs":

• **Equity Support:**

INR 10,000 crore SME Growth Fund and contributions to the Self-Reliant India Fund.

• **Liquidity Support:**

Mandating TReDS for CPSE procurement, credit guarantees for invoice discounting, linking GeM with TReDS, and securitisation of receivables.

• **Professional & Compliance**

Support:

Development of "Corporate Mitras" to provide affordable advisory services to MSMEs.

These measures aim to create a robust, innovation-driven manufacturing ecosystem, empower MSMEs, and position India as a global manufacturing powerhouse.

Empowering Services, Skills, and Human Capital for Global Competitiveness

Under the second kartavya of fulfilling citizen aspirations and building human capacity, the Budget places renewed emphasis on the services sector as a key driver of employment, exports, and economic growth. To strengthen the services ecosystem, a High-Powered Education to Employment and Enterprise Standing Committee is

proposed to identify priority areas, assess the impact of emerging technologies on the labour market, and recommend strategic measures.

Human capital initiatives span health, care services, education, creative industries, tourism, and sports:

• **Health and Care Services:**

Establishment and upgrading of institutions for Allied Health Professionals, expanded training across disciplines, and development of a comprehensive care ecosystem through NSQF-aligned programmes, aiming to train 1.5 lakh caregivers in geriatric and allied care. Regional hubs for medical value tourism will integrate healthcare, education, research, AYUSH services, and post-care facilities. The AYUSH sector will be strengthened through new institutes, upgraded pharmacies and testing laboratories, and expanded global research capacity.

• **People-Centric Measures:**

Self-Help Entrepreneur (SHE) Marts will serve as community-owned retail outlets. The Divyangjan Kaushal Yojana will provide industry-relevant training for persons with disabilities, while the Divyang Sahara Yojana ensures access to high-quality assistive devices.

Support to ALIMCO will scale production, expand R&D, and integrate AI. PM Divyasha Kendras will be upgraded into modern retail-style centres. Mental health infrastructure will be enhanced with NIMHANS 2, upgraded institutes in Ranchi and Tezpur, and expanded emergency and trauma care facilities.

• **Education and Innovation:**

Development of university townships near industrial and logistics corridors, construction of girls' hostels in STEM institutions, investment in astronomy and astrophysics infrastructure, and expansion of the orange economy through AVGC content creator labs and a new National Institute of Design.

• **Tourism and Hospitality:**

Creation of a National Institute of Hospitality, upskilling programmes for tourist guides, a National Destination Digital Knowledge Grid, sustainable nature-based trails, heritage site development, and hosting of a Global Big Cat Summit.

• **Sports Development:**

Consolidated under the Khelo India Mission, with integrated pathways for talent development, coaching, sports science, and infrastructure enhancement.

Through these initiatives, the

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Budget seeks to strengthen human capital, expand services sector capacity, and enhance India's global economic competitiveness, ensuring inclusive growth and opportunity across diverse sectors.

Strengthening Financial Markets and Long-Term Financing for Sustainable Growth

The Budget outlines measures to enhance market strength and long-term financing, combining targeted incentives with structural reforms. An INR 100 crore incentive is proposed for any single municipal bond issuance exceeding INR 1,000 crore, while the AMRUT scheme will continue to support urban infrastructure financing.

Key reforms include the restructuring of the Power Finance Corporation and Rural Electrification Corporation, along with a comprehensive review of the FEMA (Non-Debt Instruments) Rules. To deepen capital markets, the government will introduce a market-making framework and enable total return swaps, strengthening liquidity and investor confidence. Additionally, a High-Level Committee on Banking for Viksit Bharat will be established to guide sectoral reforms and

promote resilient banking practices.

On taxation, the Securities Transaction Tax (STT) on futures and options will be increased to align with market development objectives and fiscal prudence. These measures collectively aim to fortify India's financial markets, enhance access to long-term capital, and support sustainable economic growth.

Driving Inclusive Growth Through Agriculture, Empowerment, and Regional Development

Aligned with the third kartavya of inclusive growth, the Budget focuses on boosting farmers' incomes, empowering communities, and strengthening regional development through targeted, strategic initiatives.

Agriculture and Allied Sectors:

• Fisheries:

Integrated reservoir management and enhanced value chains.

• Animal Husbandry:

Entrepreneurship support, upgraded veterinary infrastructure, and skill development.

• High-Value Crops:

Focus on coconut, cashew, cocoa, sandalwood, and nuts, with programmes for orchard rejuvenation, focused cultivation, and value addition.

• Digital Support:

Bharat VISTAAR, a multilingual AI system, will integrate agricultural data to provide advisory services, enhancing farmers' decision-making.

Women and Divyangjan Empowerment:

• Women-Led Enterprises:

Support through SHE Marts, building on self-help group successes.

• Divyangjan Initiatives:

Targeted skilling, access to high-quality assistive devices, strengthened centres, and domestic manufacturing of assistive technologies.

• Mental Health:

Expansion of national institutes and trauma care facilities in district hospitals.

Regional Development:

• Purvodaya Initiative:

Development of the East Coast Industrial Corridor, tourism destinations, and promotion of electric mobility.

• Northeastern Region:

Focused initiatives, including the development of Buddhist tourism circuits, to boost regional growth and connectivity.

Through these measures, the Budget seeks to foster inclusive growth, enhance livelihoods, and create equitable opportunities

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across communities and regions, reinforcing India's long-term development vision.

Accelerating Growth Through Infrastructure, Energy Security, and Urban Development

The Budget emphasizes sustainable economic progress through targeted infrastructure investment, energy security, and planned urban development.

Infrastructure and Connectivity:

- Public capital expenditure remains a key growth driver, supported by InVITs, REITs, NIIF, and NABFID.
- An Infrastructure Risk Guarantee Fund will provide partial credit guarantees to lenders, enhancing project viability.
- Asset monetisation will accelerate via CPSE real estate recycling through dedicated REITs.
- Connectivity initiatives include new Freight Corridors, operationalisation of 20 National Waterways, ship repair ecosystem development, a Coastal Cargo Promotion Scheme, seaplane manufacturing support, and financial assistance to states under SASCI (Special Assistance to States for Capital Investment/Expenditure).

Energy Security:

- Customs duty exemptions for

capital goods used in battery storage, solar glass, nuclear power, and critical minerals processing.

- The Carbon Capture, Utilisation and Storage (CCUS) scheme aims to promote industrial decarbonisation.
- Incentives will support biogas blended CNG and clean energy initiatives.

Urban Development:

- Promotion of City Economic Regions in Tier II and III cities and temple towns.
- Development of high-speed rail corridors to enhance urban connectivity and regional economic growth.

Through these measures, the Budget seeks to strengthen infrastructure, secure energy resources, and drive planned urbanisation, laying the foundation for long-term, inclusive economic growth.

Fostering Trust-Based Governance for a Competitive and Inclusive Economy

The Budget underscores trust-based governance by streamlining customs procedures and reducing compliance burdens through greater reliance on self-declaration and risk-based systems. Key measures include:

- Extension of the duty deferral period for Tier II and III Authorised

Economic Operators.

- Advance rulings by Customs now valid for longer durations, providing certainty to businesses.
- Trusted importers benefit from minimal cargo verification, while automated notifications link cargo arrival with customs filings.
- Public capital expenditure framework has been restructured into an operator-centric system to enhance efficiency and predictability.

Beyond governance, the Budget presents a coherent strategy to sustain growth, strengthen resilience, and broaden participation in India's development journey. By integrating manufacturing-led growth, services-driven employment, infrastructure expansion, human capital development, and inclusive rural and social initiatives—all underpinned by fiscal discipline—the Budget translates aspirations into tangible achievement.

This approach lays the foundation for a competitive, inclusive economy, advancing the vision of a Viksit Bharat.



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COMPLIANCE CALENDAR

Tax Compliance Calendar for February 2026

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7 th February	January 2026 to March 2026	TDS Deposit for the month of January 2026	Deposit of Tax Deducted/Collected at Source for transactions made in January 2026.
11 th February		GSTR-1 (Outward supply return)	Filing of outward supply details for January 2026 by taxpayers with a turnover more than ₹5 crore or who opted for monthly filing.
13 th February		ISD Return	An Input Service Distributor is required to furnish monthly return of input tax distributed for the month of January, 2026
20 th February		GSTR-3B (Summary return)	A regular taxpayer having aggregate turnover more than Rs. 5 crore in the preceding financial year is required to make payment of tax and furnish monthly return for the month of January, 2026.
22 nd February		Monthly Return	A regular taxpayer having an aggregate turnover of upto Rs. 5 crore in the previous financial year, whose principal place of business is in category A States, is required to make payment of tax and furnish monthly return for the month of February, 2026
24 th February		Monthly Return	A regular taxpayer having an aggregate turnover of upto Rs. 5 crore in the previous financial year, whose principal place of business is in category B States, is required to make payment of tax and furnish monthly return for the month of January, 2026

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