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From tax reforms, energy security to financial inclusion: Expectations soar ahead of Union Budget



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Article Content:

Experts stress the need for tax reforms, incentives for women entrepreneurs, and addressing environmental challenges with cleaner energy solutions. The upcoming Budget is seen as crucial for balancing economic growth with social progress.

Amid economic slowdown and global uncertainties, Finance Minister Nirmala Sitharaman will present the Union Budget 2025 on February 1. Stakeholders called for tax relief to ease burdens on individuals and businesses along with measures to promote sustainable energy solutions, financial inclusivity and empower women entrepreneurs.

The government, in the ensuing Budget session of Parliament, is likely to introduce a new income tax bill that seeks to simplify the current I-T law, make it comprehensible and reduce the number of pages by about 60 per cent.

Suyash Gupta, Director General of the Indian Auto LPG Coalition said that the 2025-26 Union Budget presents a critical opportunity to tackle India's dual challenges of energy security and environmental health.

With over 33 crore vehicles contributing to severe air pollution, Gupta highlighted the need for sustainable alternatives, citing Auto LPG as a viable solution.

He called for reducing GST on Auto LPG from 18% to 5% to enhance its affordability and encourage wider adoption. Gupta also urged consistent incentives for Original Equipment Manufacturers (OEMs) to produce more LPG variants and stressed the importance of investing in Auto LPG infrastructure.

"A cleaner, greener future is achievable if we address energy security and pollution challenges together," he said.

Shravan Shetty, Managing Director of Primus Partners, pointed out the government's challenge of balancing increased expenditure with a reduced fiscal deficit.

He noted the limited scope for further growth in indirect tax collection, which has already benefited from GST-driven industry formalisation. Shetty suggested improving the direct tax system through greater adoption of the new tax regime and broader compliance.

With only 10.4 crore taxpayers, he underlined the significant potential to expand the tax base and increase direct tax revenue.

Kumarmanglam Vijay, Partner at JSA Advocates & Solicitors, mentioned that with a new Direct Tax Code being developed to replace the Income-tax Act, 1961, major structural changes in direct taxation are unlikely in the upcoming budget. However, he anticipates potential benefits for individual taxpayers, such as increased tax slabs to help counter inflation.

Vijay recommended extending low tax rates to companies establishing new manufacturing units in 2025-26 to create jobs. He also proposed exempting long-term capital gains tax and dividends on investments in listed shares to align individual shareholders with mutual fund investors. He also suggested creating a separate long-term investment account to encourage such investments.

Dimple Motwani, Co-Founder of Posh Pitara expressed hope for a Union Budget that actively addresses the challenges faced by women entrepreneurs.

Motwani also highlighted the need for government-backed skill development programs and mentorship networks to empower women to innovate and compete globally. She added that an inclusive budget promoting women's entrepreneurship would contribute significantly to India's economic and social progress.

"The upcoming Budget is expected to provide tax relief while balancing the government's need to maintain revenue. Taxpayers are hoping for an enhanced rebate for lower-income individuals and an increase in the basic exemption limit under both tax regimes to help offset inflation. To help conserve taxpayers' resources, the turnover limit for taxation on a presumptive basis under Sections 44AD (for businesses) and 44ADA (for professionals) should be increased," Dhruv Chopra, Managing Partner, Dewan P.N. Chopra & Co was quoted by CNBC TV18 as saying.

Idhima Kansal, Director of Rosemoore said that women taxpayers are looking forward to measures that could reduce their tax burden in the upcoming Union Budget 2025. She pointed out that focusing on female taxpayers under the new tax regime would enhance financial empowerment, enabling women to manage their investments more effectively.

Kansal suggested higher exemptions for investments in retirement plans, education loans, and housing ETFs tailored for women as well as tax relief for restructuring expenses to promote workforce participation. She also proposed relaxed taxation policies for women-owned businesses and expanded Section 80C benefits to boost financial inclusivity.

Mamta Shekhawat, Founder of Gradding.com, highlighted the growing participation of women in India's tax system, with over 22 million women filing returns in 2023-24. Shekhawat outlined key expectations, including greater financial inclusivity, tax relief for working women and gender-sensitive measures.

Parliament's Budget Session will held from January 31 to April 4, with Finance Minister Nirmala Sitharaman set to table her eighth straight budget on February 1.

In line with the convention, the session will start with President Droupadi Murmu's address to a joint sitting of the Lok Sabha and Rajya Sabha on January 31 followed by the tabling of the economic survey.