

# 8 TRANSFORMATIONAL REFORMS OF 2025: A CFO & FOUNDER'S GUIDE

FROM GST 2.0 TO THE NEW INCOME TAX ACT, 2025 HAS REDEFINED THE COST OF DOING BUSINESS IN INDIA.



Presented By:

**FINVAL RESEARCH AND CONSULTANCY**

Swipe to see how these changes impact your P&L.



# REFORM 1 – THE INCOME TAX ACT, 2025

The Reform:

Replaces the 1961 Act with a modern code effective April 2026.

- ✓ • Zero tax threshold raised to ₹12 lakh under the new regime.
- ✓ • Abolition of the Equalisation Levy on digital services.
- ✓ • Sunset dates for startup tax exemptions extended to March 2030.
- ✓ • Multi-year arm's length pricing introduced to reduce transfer pricing litigation.

**Impact: Massive reduction in compliance litigation; high-growth startups retain tax-free status longer.**



# REFORM 2 – GST 2.0 (THE TWO-SLAB OVERHAUL)

The Reform:

Consolidation of multiple tiers into a streamlined 5% and 18% structure.

- ✓ • Essential items, textiles, and handicrafts moved to the 5% slab.
- ✓ • Standard goods and most auto parts consolidated at 18%.
- ✓ • Introduction of a simplified Input Tax Credit (ITC) process.
- ✓ • A 40% "sin tax" remains for luxury and demerit goods.

- **Impact: Working capital efficiency improves for MSMEs as tax disputes over classifications drop.**



# REFORM 3 – NATIONAL LABOUR CODES ROLLOUT

## The Reform:

29 legacy laws merged into 4 modern codes (Wages, Industrial Relations, Social Security, and Safety).

- ✓ • Single registration, single license, and single annual return framework.
- ✓ • Standardized definition of "wages" across all codes to end payroll ambiguity.
- ✓ • Fixed-term employment (FTE) legalized for seasonal scaling.
- ✓ • National floor wage established to reduce cross-state wage migration.

**Impact: Compliance costs per factory drop by an estimated 60–70%; predictable labor costs for mid-size firms.**



# REFORM 4 – MSME SUPPORT & DEFINITION OVERHAUL

The Reform:

Turnover and investment thresholds raised to allow firms to grow without losing benefits.

- ✓ • "Small Company" turnover limit raised to ₹100 crore.
- ✓ • Investment limits for MSME classification increased by 2.5x.
- ✓ • Credit guarantee cover (CGTMSE) doubled from ₹5 crore to ₹10 crore.
- ✓ • Customized credit cards for micro-enterprises with a ₹5 lakh limit.

- **Impact:** Allows "Middling" companies to scale operations while retaining subsidized credit and procurement access.

## What is MSME- Definition, Benefits & Process of Registration



सत्यमेव जयते

# MSME

MICRO, SMALL & MEDIUM ENTERPRISES

सूक्ष्म, लघु एवं मध्यम उद्यम

OUR STRENGTH • हमारी शक्ति

Ministry of MSME, Govt. of India



# REFORM 5 – JAN VISHWAS 2.0 (DECRIMINALIZATION)

## The Reform:

Amends dozens of laws to remove jail terms for minor technical and procedural errors.

- ✓ • 200+ minor economic offenses converted from criminal to civil penalties.
- ✓ • Removal of imprisonment for late filings or procedural lapses in the Companies Act.
- ✓ • First-time violations now result in "Improvement Notices" rather than immediate fines.
- ✓ • Designation of Adjudicating Officers to handle penalties outside of courts.

- **Impact:** Eliminates the "personal liability" fear for Directors/CFOs, fostering a trust-based business climate.



# REFORM 6 – 100% FDI IN INSURANCE & FINANCIAL CODE

## The Reform:

Full foreign ownership allowed in insurance;  
introduction of a unified Securities Market Code.

- ✓ • Insurance FDI limit raised from 74% to 100%.
- ✓ • Unified Securities Market Code Bill streamlines SEBI and RBI regulations.
- ✓ • Faster FIPB clearance timelines for cross-border investments.

- **Impact: Unlocks ~\$8–12 billion in capital; provides better risk-management products for businesses.**



# REFORM 7 – VIKSIT BHARAT G-RAM-G ACT

The Reform:

Replaces MGNREGA with a framework focused on durable asset creation.

- ✓ • Guaranteed workdays increased from 100 to 125 per household.
- ✓ • Employment linked to village infrastructure (roads, irrigation, storage).
- ✓ • Introduces a 60-day pause during peak harvest to ensure farm labor availability.

- **Impact:** Stabilizes rural demand and consumption, creating a more resilient supply chain for consumer goods firms.



# REFORM 8 – THE SHANTI ACT (STRATEGIC ENERGY & TECH)

The Reform:

Opens the nuclear energy sector to private and foreign joint ventures.

- ✓ • Ends the state monopoly on building and operating nuclear power plants.
- ✓ • Focus on Small Modular Reactors (SMRs) for industrial clean energy.
- ✓ • Streamlined R&D-to-market pathways with increased innovation grants.

- **Impact: Long-term energy security and cheaper green power for energy-intensive industries.**



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# THE 2025 RESET: GROWTH WITH LESS FRICTION

INDIA'S 8.2% GDP GROWTH IS A DIRECT RESULT OF THESE STRUCTURAL SHIFTS.

How is your 2026 strategy adapting? Let's discuss in the comments.

