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Budget 2025 Highlights:

- **Increased Tax Exemption Limit:** Under the new tax regime, individuals with annual incomes up to ₹12 lakh are exempt from paying income tax. For salaried taxpayers, this limit is effectively ₹12.75 lakh due to a standard deduction of ₹75,000.
- **Higher Standard Deduction:** The standard deduction for salaried individuals has been increased from ₹50,000 to ₹75,000, providing additional tax relief.
- **No rebate on Special rate income:** Taxpayer opting for new tax regime, shall have no rebate on special rate income even if total income is below 12 lakhs.
- **Enhanced Tax Deduction for Senior Citizens:** The tax deduction limit for senior citizens has been doubled from ₹50,000 to ₹1 lakh, offering greater financial relief to the elderly.
- **Increased TDS Limit on Interest Income:** The threshold for Tax Deducted at Source (TDS) on interest income has been raised from ₹40,000 to ₹50,000, reducing the compliance burden for taxpayers.
- **Higher TDS Limit on Rent:** The threshold for TDS on rent has been increased from ₹2.40 lakh annually to ₹50,000 monthly, simplifying tax processes for landlords.
- **Extended Timeframe for Filing Updated Returns:** The time limit to file updated income tax returns has been extended from two years to four years, providing taxpayers with more flexibility.
- **Nil Annual Value for Two house:** Government has allowed Nil Annual value for two self occupied or not occupied property for any reason. Earlier it is allowed only in specific cases.
- **Budget 2025 has tweaked the taxation for certain ULIPs:** According to the amendment, ULIPs' proceeds that are not exempt under Section 10 (10D) will now be considered capital assets. Further, it would be included under the definition of equity-oriented funds. Hence, any gains from ULIP proceeds, which are not exempt under Section 10 (10D), will be taxed as capital gains. The short-term gains will be taxed at 20%, and the long-term gains will be taxed at 12.5% without indexation benefit.

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Revised Tax Slabs under the New Tax Regime:

Old Tax Regime		New Tax Regime			
Tax Slabs	Tax Rates	Tax slabs for FY 2024-25	Tax Rates	Tax slabs for FY 2025-26	Tax Rates
Up to 2,50,000*	Nil	Up to 3,00,000	Nil	Up to 4,00,000	Nil
2,50,001 - 5,00,000	5%	3,00,001 - 7,00,000	5%	4,00,001 - 8,00,000	5%
5,00,001 - 10,00,000	20%	7,00,001 - 10,00,000	10%	8,00,001 - 12,00,000	10%
Above 10,00,000	30%	10,00,001 - 12,00,000	15%	12,00,001 - 16,00,000	15%
		12,00,001 - 15,00,000	20%	16,00,001 - 20,00,000	20%
		Above 15,00,000	30%	20,00,001 - 24,00,000	25%
				Above 24,00,000	30%

* In case of Senior Citizen, Income up to 3,00,000 and in case of Super Senior Citizen, Income up to 5,00,000 is taxable at Nil rate under old tax regime. Next slabs should be modified accordingly.

National Pension Scheme 80CCD(2) - Allowed only in New Tax Regime:

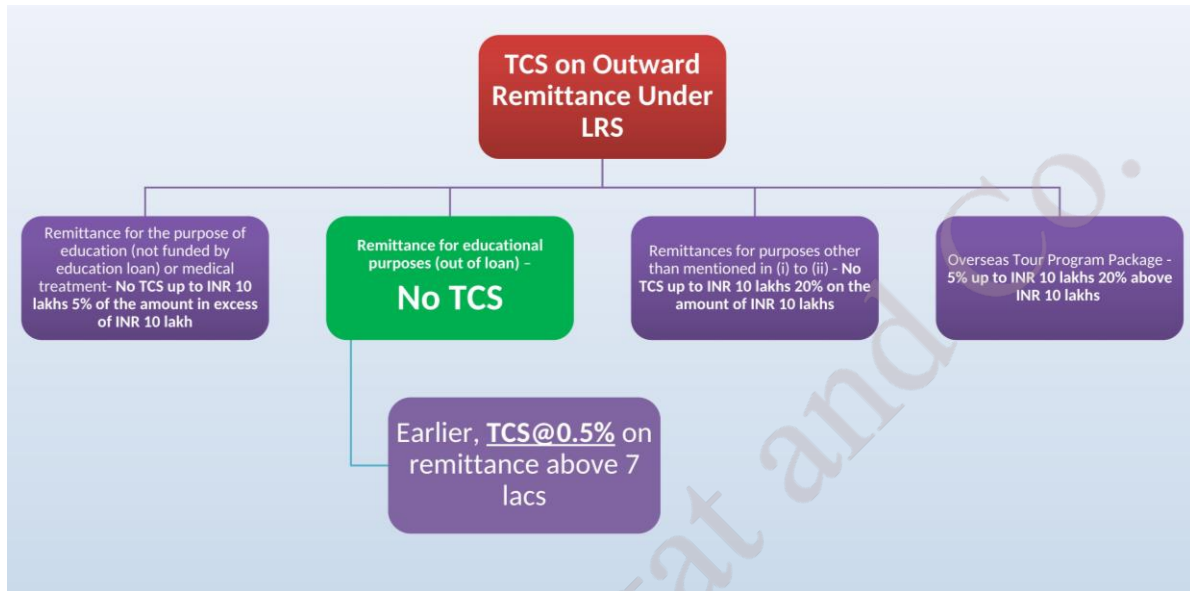
To encourage a market-linked pension scheme, the government, in its 2024 budget, has announced an increase in the deduction limit for employer contributions to the National Pension Scheme. Previously capped at **10% of the basic salary**, this limit has now been raised to **14% of the basic salary w.e.f 1st April 2025**, providing greater incentives for retirement savings.

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TDS on Outward Remittance under LRS:



TDS Threshold and Rates:

Section	Nature of income	Current Threshold	Proposed Threshold
193	Interest on securities	Nil	Rs. 10,000
	Interest payable to resident individual/HUF on any debenture issued by public company	Rs. 5,000	Rs. 10,000
194	Dividend	Rs. 5,000 for individual shareholder	Rs. 10,000 for individual shareholder
194A	Interest other than interest on Securities	<ul style="list-style-type: none"> Rs. 50,000 for senior citizen Rs. 40,000 in case of others if payer is a bank, cooperative society and post office Rs. 5,000 in other cases 	<ul style="list-style-type: none"> Rs. 1,00,000 for senior citizen Rs. 50,000 in case of others if payer is a bank, cooperative society and post office Rs. 10,000 in other cases
194B	Winning from Lotteries, Crossword Puzzles, gambling, betting, etc. (except online games)	Aggregate of amounts exceeding Rs. 10,000 during the financial year	Rs. 10,000 in respect of a single transaction

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Section	Nature of income	Current Threshold	Proposed Threshold
194BB	Winning from horse race	Aggregate of amounts exceeding Rs. 10,000 during the financial year	Rs. 10,000 in respect of a single transaction
194D	Insurance commission	Rs. 15,000	Rs. 20,000
194G	Commission and other payments on sale of lottery tickets	Rs. 15,000	Rs. 20,000
194H	Commission and Brokerage	Rs. 15,000	Rs. 20,000
194-I	Rent	Rs. 2,40,000 during the financial year	Rs. 50,000 per month or part of a month
194J	Royalty and fees for professional or technical services	Rs. 30,000	Rs. 50,000
194K	Income in respect of units of mutual fund	Rs. 5,000	Rs. 10,000
194LA	Compensation on account of compulsory acquisition of an immovable property (other than agriculture land)	Rs. 2,50,000	Rs. 5,00,000

Updated Return:

Currently, taxpayers can file an updated tax return under Section 139(8A) **within 24 months** from the end of the relevant assessment year. However, the Finance Bill 2025 proposes to extend this deadline to **48 months**, providing taxpayers with additional time to rectify or update their tax filings.

Date of Filing Updated Return	Additional Tax Payable
Within 12 months from the end of relevant assessment year	25% of aggregate of additional tax and interest
After 12 months and up to 24 months from the end of relevant assessment year	50% of aggregate of additional tax and interest
After 24 months and up to 36 months from the end of relevant assessment year	60% of aggregate of additional tax and interest
After 36 months and up to 48 months from the end of relevant assessment year	70% of aggregate of additional tax and interest

Other Changes:

It is proposed that higher TDS deduction will be applicable in only case of Non-PAN.

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