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Varaiya and Shah LLP

Chartered Accountants

Tax Alert

New Regime of Income tax applicable from F.Y.2023-24

This message as regards "New Regime of Income tax" is meant ONLY for Individual, HUF, AOP (except co-op housing society) BOI, artificial juridical person. It is effective from F.Y.2023-24 (Assessment year 2024-25).

The above referred categories of tax return filers can opt for "New Regime of Income tax" from F.Y.2023-24 (Assessment Year 2024-25) whereby the rates of tax will be as under:

| Sr No. | Total income | Rate of tax |
|--------|---|-------------|
| 1 | Upto Rs. 3,00,000 | Nil |
| 2 | From Rs. 3,00,001 to Rs. 6,00,000 | 5% |
| 3 | From Rs. 6,00,001 to Rs. 9,00,000 | 10% |
| 4 | From Rs. 9,00,001 to 12,00,000 | 15% |
| 5 | From Rs. 12,00,001 to Rs. 15,00,000 | 20% |
| 6 | Above Rs. 15,00,000 (plus surcharge) | 30% |

1. But the above mentioned assesses exercising this option, SHALL NOT be eligible to claim following deductions / exemptions:

- i. travel concession/assistance from employer/former employer
 - ii. rent allowance from employer in respect of residential accommodation
 - iii. any special allowance granted by employer to meet expenses incurred in performance of office duties
 - iv. Rs. 1500/- deduction available per child in case of clubbing of income of minor children
 - v. deductions in respect of newly established units in SEZ
 - vi. entertainment allowance from employer
 - vii. profession tax paid by employee
- (Standard deduction of Rs. 50,000/- would be available to employee)**

- viii. interest on borrowing for acquiring/ constructing/repairing property
- ix. ***any deduction under chapter VI A like LIC/PPF/ELSS or bank interest or donation or PF contribution (except PF by employer or contribution by Central Government to assessee's Agniveer Corpus Fund)***
- x. brought forward business loss or unabsorbed depreciation

2. The above option of new tax regime shall be exercised:

- i. by person, having business income, on or before due date of filing Income tax return and once exercised, shall apply to subsequent assessment years
 - ii. by person not having business income, along with return of income
3. Person having business income and exercising option of new regime, can withdraw the option only once and thereafter shall never be eligible to exercise option except when he ceases to have business income.
4. Person NOT having business income can change option year to year.

Thus depending upon your Income structure, you can decide whether to go for "Old Regime" or "New Regime".

Please contact us for any further assistance.

Thanking You,
We, at Varaiya & Shah LLP

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Varaiya & Shah LLP

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