



Varaiya and Shah LLP

Chartered Accountants

Highlights of Direct tax proposals-Finance Bill 2025

- **Tax Rates:**

- Slab rates under the NEW regime for individual, HUF, Body of Individuals & Artificial Juridical Person:

It is proposed that the following slab rates shall be applicable for determining the income tax payable by an individual, HUF, BOI and AJP for financial year 2025-26.

Sr. No.	Total Income	Tax Rate
1	Upto Rs. 4,00,000	Nil
2	From Rs. 4,00,001 to Rs. 8,00,000	5%
3	From Rs. 8,00,001 to Rs. 12,00,000	10%
4	From Rs. 12,00,001 to Rs. 16,00,000	15%
5	From Rs. 16,00,001 to Rs. 20,00,000	20%
6	From Rs. 20,00,001 to Rs. 24,00,000	25%
7	Above Rs. 24,00,000	30%

The standard deduction for income by way of salary will continue to be Rs. 75,000 under the new regime.

No tax is payable under New regime if total income is upto Rs. 12,00,000/- as the rebate is proposed to be increased from Rs. 25,000/ to Rs. 60,000/-.

- Slab rates under the OLD regime for individual, HUF, BOI & AJP:

However, if a person opts for taxation under the old regime, following slab rates shall be applicable for F.Y.2025-26 **(same as F.Y.2024-25)**

(i) an individual who is not a senior citizen:

Sr. No.	Total Income	Tax Rate
1	Upto Rs. 2,50,000	Nil
2	From Rs. 2,50,001 to Rs. 5,00,000	5%
3	From Rs. 5,00,001 to Rs. 10,00,000	20%
4	Above Rs. 10,00,000	30%

(ii) In case of an individual who is a senior citizen:

Sr. No.	Total Income	Tax Rate
1	Upto Rs. 3,00,000	Nil
2	From Rs. 3,00,001 to Rs. 5,00,000	5%
3	From Rs. 5,00,001 to Rs. 10,00,000	20%
4	Above Rs. 10,00,000	30%

(iii) In case of an individual who is a super senior citizen:

Sr. No.	Total Income	Tax Rate
1	Upto Rs. 5,00,000	Nil
2	From Rs. 5,00,001 to Rs. 10,00,000	20%
3	Above Rs. 10,00,000	30%

- There are no changes proposed in the rate of income-tax payable by firms and companies and hence it will continue to be the same.
- Further, the special tax rates applicable in case of short-term capital gains, long-term capital gains will also continue to be the same.
- There are no changes proposed in the rate of surcharge and health and education cess and hence same will continue to be the same.

- **Income from House Property:**

It is proposed to consider the annual value of owned property to be Nil (maximum 2 properties) if owner occupies it for his own residence or cannot occupy it due to any reason. Now no specific reasons required for non-occupation.

- **TDS Rates/Provisions:**

- It is proposed to reduce the rate of TDS u/s 194D with respect to payment of insurance commission from 5% to 2% effective from 1st April 2025.
- Now higher rate of TDS will apply only when the payee is non PAN holder. The condition of non filer of tax return is to be deleted.

- Further, the threshold limits are proposed to be as under:

Section	Current Threshold	Proposed Threshold
193 - Interest on securities	Nil	Rs. 10,000/-
194A - Interest other than Interest on securities	(i) Rs. 50,000/- for senior citizen; (ii) Rs. 40,000/- in case of others when payer is bank, cooperative society and post office; and (iii) Rs. 5,000/- in other cases	(i) Rs. 1,00,000/- for senior citizen; (ii) Rs. 50,000/- in case of others when payer is bank, cooperative society and post office; and (iii) Rs. 10,000/- in other cases
194 - Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000/-	Rs. 10,000/-
194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
194BB - Winnings from horse race		
194D - Insurance commission	Rs. 15,000/-	Rs. 20,000/-
194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
194H - Commission or 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 - Fee for professional or technical services	Rs. 30,000/-	Rs. 50,000/-
194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	Rs. 5,00,000/-

Re: TCS

- **It is proposed to delete provision applicable to TCS on sale of goods exceeding Rs. 50 lakhs u/s 206C(1H) at the rate of 0.1%. This amendment will be applicable from 1st April, 2025.**
- Threshold for TCS on remittance under LRS and for overseas tour proposed to be increased from 7lakhs to 10lakhs (WEF 01-04-2025)
- TCS on remittance under LRS for education, finance by loan from financial institutions proposed to be deleted (WEF 01-04-2025)
- **Updated Return:**

Earlier assessee could file updated returns upto two previous years. It is proposed to increase this period upto a period of four years.

Meaning of Updated Returns:

Any person (whether or not he has filed return) can file updated return [to say disclose income not shown earlier or say to withdraw claim of deduction/exemption wrongly shown earlier] subject to certain conditions.

Further, additional tax will be payable as under:

Period	Additional Tax and Interest
Tax return filled up to 12 months from end of the Assessment Year	25% of additional tax and interest
Tax return filled after 12 months but before 24 months from the end of the Assessment Year	50% of additional tax and interest
Tax return filled after 24 months but before 36 months from the end of the Assessment Year	60% of additional tax and interest
Tax return filled after 36 months but before 48 months from the end of the Assessment Year	70% of additional tax and interest

- **Registration of trusts/ charitable institutions u/s. 12AB:**

In order to reduce compliance burden by small trust and charitable institutions, it is proposed to extend the period of registration from 5 years to 10 years provided the total income of the trust or institution does not exceed Rs. 5 crores during each of the previous 2 years, preceding the previous year in which registration application is made.

Further, incomplete application for registration of trust or institution is no longer considered as specified violation. Thus maturity / redemption will be treated as Capital Gain.

Validity of certificate u/s. 80 G will continue to be 5 years.

- **Miscellaneous:**

- It is proposed to classify taxable Unit Linked Insurance Plan (ULIP) as capital asset and included in the definition of equity oriented fund. Thus
- Maturity/redemption will be treated as capital gain.
- The date for commencement of operations in IFSC units for several tax concessions is proposed to be extended to 31st March, 2030. Further there are various amendments proposed to incentivise ease of doing business in IFSC.
- The applicability of beneficial provisions with respect to a start-up is proposed to be extended upto 31st March, 2030.

Please contact us for any further information.

Thanking You,

We, at Varaiya & Shah LLP

Date: 04th February, 2025

Varaiya & Shah LLP

315, "The Jewel", 3rd Floor,
Next to Roxy Cinema,
Mama Parmanand Marg,
Opera House, Mumbai - 400 004.
Tel No.: 022 4970 6690\91\92
Email: admin@vnsca.co.in

