

TOOL KIT - TAX RATES

(1) SPECIAL RATES OF TAX [prescribed under Income Tax Act, 1961] - Under both Schemes

Income	Tax Rates	
	Prior to 23.07.2024	w.e.f 23.07.2024
STCG u/s 111A	15%	20%
LTCG u/s 112	20%	12.5%
LTCG u/s 112A over and above ₹ 1,25,000	10%	12.5%

(2) Tax Rate under default regime u/s 115BAC(1A)

INCOME	TAX RATE	Surcharge
Upto ₹3,00,000	NIL	NIL
₹3,00,001 to ₹7,00,000	5%	NIL
₹7,00,001 to ₹10,00,000	10%	NIL
₹10,00,001 to ₹12,00,000	15%	NIL
₹12,00,001 to ₹15,00,000	20%	NIL
Above ₹15,00,000	30%	0%/10%/15%/25%

- (3) Tax rates on foreign companies reduced to 35% from earlier 40%.
(No changes in cess /surcharge)**

SALARIES

(1) Standard Deduction u/s 16(ia)

A standard deduction of ₹ 50,000 or the amount of salary, whichever is lower, is to be provided to the employees. [For those opting for new regime u/s115BAC - ₹ 75,000]

PGBP

Sec 28: Chargeability (Explanation 3 inserted)

Explanation 3.— It is hereby clarified that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head "PGBP" and shall be chargeable under the head "Income from HP."



Sec 37(1): General Deductions

'Explanation 3.--For the removal of doubts, it is hereby clarified that the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred by an assessee,--

- (i) for any purpose which is **an offence** under, or which is **prohibited by, any law for the time being in force, in India or outside India; or**
- (ii) **to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or**
- (iii) **to compound an offence under any law for the time being in force, in India or outside India or**
- (iv) **to settle proceedings initiated in relation to contravention under such law as may be notified by the CG in the Official Gazette in this behalf**

Section 40(b): Payment of salary, bonus, commission etc to the partner

✚ On first ₹6,00,000 of book profit	➔ ₹3,00,000 or 90% of book profit whichever is more
✚ On balance	➔ 60%
Book Loss	₹3,00,000 i.e Amount paid to working partners or ₹3,00,000 whichever is lower

CAPITAL GAINS

(1) **Cost Inflation Index (CII) for FY 2024-2025: 363**

(2) **“Short-term capital asset [Sec 2(42A)]”**

means a capital asset held by an assessee for not more than 24 months.

Provided that in the following cases the period shall be 12 months instead of 24 months.

- (i) A share held in a company (listed);
- (ii) A unit of the Unit Trust of India or a unit of a Mutual Fund specified u/s 10(23D) (listed).
- (iii) A zero coupon bond.
- (iv) Any other security listed in a recognised stock exchange in India.

Section 2(29A)

“Long-term capital asset” means a capital asset which is not a short-term capital asset.

(3) **Short Term Capital Gain u/s 111A – Tax Rates**

On transfer which took place	Tax rate	Calculated on amount exceeding
Before 23 rd July 2024	15%	N.A (exemption limit if remaining can be utilised)
On or after 23 rd July 2024	20%	

(4) **Long Term Capital Gain – Tax Rates**

On capital assets other than listed securities – Sec 112		
On transfer which took place	Tax rate	Calculated on amount exceeding
Before 23 rd July 2024	20%	N.A (exemption limit if remaining can be utilised)
On or after 23 rd July 2024	12.5%	

On listed securities – Sec 112A		
On transfer which took place	Tax rate	Calculated on amount exceeding
Before 23 rd July 2024	10%	₹ 1,25,000 (exemption limit if remaining can be utilised)
On or after 23 rd July 2024	12.5%	

(5) **W.e.f 23rd July 2024 Indexation benefit has been removed.**

(6) Capital Gains on buy back etc of shares & other securities [Sec 46A]

Provided that where the shareholder receives any consideration of the nature referred to in Sec 2(22)(f) from any company, in respect of any buy-back of shares, that takes place on or after the 1st Oct 2024, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil.

Provided that Sec 10(34A) shall not apply with respect to any buy back of shares by a company on or after the 1st Oct 2024.

(7) Transactions not regarded as transfer [Section 47]

- (1) Any transfer of a capital asset **by an individual or HUF** under a **gift or will or an irrevocable trust**.

(8) Special provision for Land or Building or both (Residential/Commercial) acquired before 23rd July, 2024 [2nd proviso to Sec 48] [Grand Fathering provision]

For any immovable property acquired before 23rd July 2024, assessee being an Individual or HUF, has been given an option:

- (1) Option 01: Pay tax on LTCG @20% with indexation benefit
 (2) Option 02: Pay tax on LTCG @12.5% without indexation benefit

Important Note:

While computing capital gains no indexation will be given. It is only while computing tax the above two options to be checked. So ALWAYS calculate CG without giving indexation benefit.

- Above option is only w.r.t Immovable Property. For other assets assessee has to pay tax @12.5% without indexation benefit.
- Also for any immovable property acquired on or after 23rd July 2024, tax has to be paid @12.5% without any indexation benefit.

(9) Section 50AA: CG in case of Market Linked Debentures (Always STCG)

Notwithstanding anything contained in Sec 2(42A) or sec 48, where the capital asset

- a) is a **Specified mutual fund** acquired on or after 1st April 2023 or **Market Linked Debenture** or
 b) is an **unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after 23rd July 2024**

the **full value of consideration** received or accruing as a result of the transfer or redemption or maturity of such debenture or unit or bond **as reduced by**

- (i) **the cost of acquisition of the debenture or unit or bond; and**
 (ii) **the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,**

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset



No deduction shall be allowed of STT

Explanation.— For the purposes of this section

“Market Linked Debenture” means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by the SEBI.

“Specified Mutual Fund” means a mutual fund where not more than 35% of its total proceeds is invested in the equity shares of domestic company. The % of shares is to be computed with reference to annual average of the daily closing figures.

IFOS

Deductible expenses [Section 57]

S.NO	Particulars	Deduction
1.	Dividends [other than Sec 2(22)(f)]	Only Interest expense however max 20% of dividend income
2.	Family Pension	Sum equal to - 1/3 rd of such income or - ₹ 15,000 [old regime] / ₹ 25,000 [new regime] Whichever is less.

Deemed Dividend [Section 2(22)]

Dividend includes – to the extent of accumulated profits whether capitalised or not-

(a) to (e) same as earlier

(f) any payment by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013

Sec 56(2)(viib) - Shares issued at premium

Deleted

DEDUCTIONS

Sec 80CCD: Deduction in respect of contribution to pension scheme of CG

Particulars	Deductible Amount
<i>Employers contribution</i> <ul style="list-style-type: none"> To pension fund of new pension trust – Taxable 	If employer is CG or SG - 14% of Salary If employer is other than CG or SG - <ul style="list-style-type: none"> For Old regime - 10% of Salary For new regime - 14% of Salary

Sec 80G: Deduction for Donations

Category (1) 100% deduction without any qualifying amount:

National Sports Development Fund set up by the CG also included.

ASSESSMENT

Section 139AA: Quoting of AADHAR Number

- Where person does not have Aadhar Number, he should quote the Enrolment ID [not applicable on or after 1st Oct 2024].
- Every person who has been allotted PAN on the basis of Enrolment ID of Aadhaar application filed prior to the 1st day of October, 2024, shall intimate is Aadhaar number to such authority in such form and manner, as may be prescribed, on or before a date to be notified by CG.

TDS

TDS Rate Change

Section	Tax Rates	
	Prior to 01.10.2024	w.e.f 01.10.2024
Sec 194DA: TDS on non-exempt payments made under life insurance policy	5%	2%
Sec 194G – TDS on lottery commission	5%	2%
Sec 194H – TDS on Commission/Brokerage	5%	2%
Sec 194IB – TDS on Rent by certain Individual/HUF	5%	2%
Sec 194M – TDS on payment by Individual / HUF for contract work or by way of fees for professional services or commission or brokerage	5%	2%

Sec 193: TDS on Interest on Securities

TDS deductor	Payer of Interest
Rate	10%
Exemption Limit	If interest is upto ₹ 5000
Other points	Nothing in this clause shall apply to the interest exceeding ₹ 10,000 payable during the financial year on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 or Floating Rate Savings Bonds, 2020 (Taxable) or any other notified security of the govt

Sec 194: TDS On Dividend including deemed dividend u/s 2(22)(a) to (f)

TDS Deductor	Paid by domestic company to resident shareholder.
Rate	10%
Exemption Limit	Upto ₹5,000

Sec 194C: Payments to Contractors

Other points	<p>Contract for this purpose shall include every type of contract e.g. Advertising contract, Broadcasting and telecasting including production of programmes for such broadcasting or telecasting, Carriage of goods and passengers by any mode of transport other than by railways, Catering, Contract for construction, Contract for courier services, manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate but does not include</p> <p>(i) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person other than customer or associate of such customer</p> <p>(ii) any sum referred in Sec 194J(1)</p>
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Sec 194-IA: Payment for purchase of immovable property

Other points

- Where there is more than one transferor or transferee in respect of any immovable property, then the **consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors** for transfer of such immovable property

Sec 206C(1) - TAX COLLECTED AT SOURCE

Sellers of certain goods are required to collect tax from the buyers at the specified rates. The specified percentage for collection of tax at source is as follows:

S.N	Nature of Goods	%
	Sec 20C(1F):	
8	<ul style="list-style-type: none"> Till 31.12.2024: Sale of a motor vehicle of the value exceeding ₹10 lakhs (per vehicle) to consumer (and not dealer) W.e.f 01.01.2025: Sale of a motor vehicle or ANY OTHER GOODS as may be specified by CG of the value exceeding ₹10 lakhs 	1%

Sec 197: Certificate for Deduction at Lower Rate

Sec 194Q is now also covered here. So certificate for deduction at lower rate can be issued w.r.t Deduction of tax on purchase of goods.

Similar amendments brought w.r.t TCS u/s 206(1H).