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Section 115BAC(1A) - New Regime

- ❖ No income tax payable up to **Rs.12 lakhs** on income subjected to normal tax rate under new income tax regime after considering Rebate provisions.
- ❖ This limit will be **Rs.12.75 lakhs** for the salaried person considering **Standard Deduction of Rs. 75,000**.
- ❖ Tax Savings in New Regime

| Total Income | Tax AY 2025-26 | Tax AY 2026-27 | Tax Savings |
|--------------|----------------|----------------|-------------|
| 10,00,000 | 52,000 | - | 52,000 |
| 12,00,000 | 83,200 | - | 83,200 |
| 15,00,000 | 1,45,600 | 1,09,200 | 36,400 |
| 20,00,000 | 3,01,600 | 2,08,000 | 93,600 |
| 25,00,000 | 4,57,600 | 3,43,200 | 1,14,400 |

TAX RATES for AY 2026-27

| Particulars | New Regime | | | | Old Regime | |
|---|------------------------|------|------------------------|------|-----------------------|------|
| | Old Rates (AY 2025-26) | | New Rates (AY 2026-27) | | Existing Rates | |
| | Slab | Rate | Slab | Rate | Slab | Rate |
| Individuals | < 3,00,000 | - | < 4,00,000 | - | < 2,50,000 | - |
| | 3,00,001 to 7,00,000 | 5% | 4,00,001 to 8,00,000 | 5% | 2,50,001 to 5,00,000 | 5% |
| | 7,00,001 to 10,00,000 | 10% | 8,00,001 to 12,00,000 | 10% | 5,00,001 to 10,00,000 | 20% |
| | 10,00,001 to 12,00,000 | 15% | 12,00,001 to 16,00,000 | 15% | > 10,00,000 | 30% |
| | 12,00,001 to 15,00,000 | 20% | 16,00,001 to 20,00,000 | 20% | | |
| | >15,00,000 | 30% | 20,00,001 to 24,00,000 | 25% | | |
| | | | > 24,00,000 | 30% | | |
| Partnership firm | | | | | All income | 30% |
| Domestic Company with turnover less than Rs. 400 crores in FY 2023-24 | | | | | All income | 25% |
| Other Domestic Companies | | | | | All income | 30% |
| Foreign Companies | | | | | All income | 35% |

Rebate u/s 87A

- ❖ Tax Rebate increased from Rs. 25,000 to **Rs. 60,000**

- ❖ Incomes eligible for Rebate
 1. Salary/Pension
 2. Rental Income
 3. Income from Other Sources (Interest, Dividend, Family Pension etc)
 4. STCG on property (Slab Rate)
 5. Business Income (includes Intra Day, F&O)
 6. Professional Income

- ❖ Incomes not eligible for Rebate
 1. Short Term Capital Gain u/s 111A
 2. LTCG u/s 112
 3. LTCG u/s 112A
 4. Crypto Income
 5. Online Gaming
 6. Lottery Winnings

Marginal Relief

- ❖ Marginal relief concept is also applicable on rebate if total income exceeds Rs. 12 Lakhs
- ❖ Rebate = Tax on Total Income - Extra Income above Rs. 12 Lakhs
- ❖ Example:

| Resident Assessee | Case I | Case II | Case III |
|--------------------------|-----------------|-----------------|-----------------|
| Total Income | 12,10,000 | 12,50,000 | 12,75,000 |
| Tax as per 115BAC | 61,500 | 67,500 | 71,250 |
| (-) Rebate u/s 87A | 51,500 | 17,500 | - |
| | (61,500-10,000) | (67,500-50,000) | (71,250-75,000) |
| Tax after Rebate | 10,000 | 50,000 | 71,250 |

Implications in Section 44AD

Turnover Limit

Upto AY 2023-24 - Rs. 2 Crore

From AY 2024-25 -

- i. If the aggregate amounts received during the previous year in cash/bearer or crossed cheque/draft does not exceed 5% of total turnover - Rs. 3 Crore
- ii. In any other case - Rs. 2 Crore

Section 44AD calculation for Resident Individuals

| Turnover | 8% Presumptive Income | 6% Presumptive Income |
|-----------------|--------------------------|--------------------------|
| Rs. 1.50 Crores | Rs. 12 Lakhs (No Tax) | Rs. 9 Lakhs (No Tax) |
| Rs. 2 Crores | Rs. 16 Lakhs | Rs. 12 Lakhs (No Tax) |

TDS Amendments

| Section | Income | Current Threshold | New Threshold | TDS Rate |
|---------|--|-------------------------------------|--|------------------------|
| 193 | Interest on securities | Nil | Rs. 10,000 | 10% |
| 194A | If payer in Bank, Co-operative Society or Post Office i. For Senior Citizen ii. For Others For other Interest | ₹ 50,000 ₹ 40,000 ₹ 5,000 | ₹ 1,00,000 ₹ 50,000 ₹ 10,000 | (Mandatory) 10% |
| 194 | Dividend | ₹ 5,000 | ₹ 10,000 | 10% |
| 194B | Lottery Commission | ₹ 10,000 in a Financial Year | ₹ 10,000 in a Single Transaction | 10% |
| 194BB | Lottery Winnings | | | 10% |
| 194D | Insurance Commission | ₹ 15,000 | ₹ 20,000 | 2% |
| 194H | Commission | ₹ 15,000 | ₹ 20,000 | 2% |
| 194I | Rent | ₹ 2,40,000 in a Financial Year | ₹ 50,000 per month (6 Lakh p.a) | 10% |
| 194J | Professional Charges | ₹. 30,000 | ₹ 50,000 | 10% |
| 194LA | Compensation on Land Acquisition | ₹ 2,50,000 | ₹ 5,00,000 | |

TCS Amendments

1. Sec 206C – TCS on Timber from a leased forest

- TCS rate reduced from 2.5% to 2%

2. Sec 206C(1H) – TCS on Sale of Goods

- Discontinued from 01.04.2025
- Only TDS u/s 194Q for purchase will be continued

3. TCS on Foreign Remittance

| Nature of Payment | Rate of TDS | Current Threshold Limit. | New Threshold Limit | Removed |
|--|---------------------------|--------------------------|---------------------|--|
| Sec. 206C(1G) – Foreign Remittance under LRS of RBI ➤ If remittance for education or medical treatment ➤ If remittance for education out of loan taken from banks & financial institutions in India ➤ Other remittance | 5% 0.5% 20% | > 7 Lakhs in a FY | > 10 Lakhs in a FY | No TCS if remittance is for education and from bank loan |
| Sec. 206C(1G) –Overseas Tour Package | 20% | Above 7 Lakhs | No Change | |

Updated Return - Sec 139(8A)

- The time limit to file updated return has been extended from 2 years to **4 years** from end of an assessment year
- For the FY 2025-26 **Belated return** can be filed till **31st December 2026** and **Updated return** along with additional tax can be filed till **31st March 2030**
- **Additional tax** to be paid for Updated Return as follows:

| Delay Period | Additional Tax to be Paid | |
|-----------------|---------------------------|---------------|
| | Old Provision | New Provision |
| Upto 12 months | 25% | 25% |
| 12 to 24 Months | 50% | 50% |
| 24 to 36 Months | Cannot be filed | 60% |
| 36 to 48 Months | | 70% |

Sec 206AB & Sec 206CCA Removed

- Sec 206AB – Higher Rate of TDS to be deducted if the deductee has not filed Income tax return for the last two years and the total of tax deducted is more than Rs.50,000 in those years
- Sec 206CCA – Higher Rate of TCS to be deducted if the deductee has not filed Income tax return for the last two years and the total of tax collected is more than Rs.50,000 in those years
- Both of these sections were removed from 01.04.2025
- Higher rate of TDS in case if the deductee has not linked his PAN and Aadhar is still live

Sec 12AB - Registration of Charitable Trusts and Institutions

□ Extension of Registration Validity:

- For trusts or institutions with a **total income not exceeding ₹ 5 crores** (before applying exemptions under Sections 11 and 12), the **registration validity** period has been extended from 5 years to **10 years**.

□ Clarification on 'Specified Violation':

- The amendment clarifies that an incomplete application for registration will not be treated as a 'specified violation' under sub-section (4) of Section 12AB. This ensures that trusts or institutions are not penalized with registration cancellation solely due to incomplete applications.

- Definition of **substantial contributors/Donors** changed. Now only those persons will be covered in this category who has given donation of more than **₹ 1 lakhs in a year** or total **₹ 10 lakhs till date**

Sec 80IAC - Deduction for Startups

- ✓ Previously, to qualify for this benefit, startups needed to be incorporated between April 1, 2016, and March 31, 2025
- ✓ The recent amendment extends the incorporation deadline by five years, allowing startups incorporated until **March 31, 2030**, to avail tax incentive.
- ✓ **Turnover Limit:** The total turnover of the business should **not exceed ₹100 crore** in any of the previous financial years

Revision in MSME Classification Criteria

- ❖ The investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively
- ❖ The existing criteria for MSME Classification and the revised classification are as follows:

| Category | Current | | New | |
|----------|------------|-----------|------------|-----------|
| | Investment | Sales | Investment | Sales |
| Micro | 1 Crore | 5 Crore | 2.50 Crore | 10 Crore |
| Small | 10 Crore | 50 Crore | 25 Crore | 100 Crore |
| Medium | 50 Crore | 250 Crore | 125 Crore | 500 Crore |

- ❖ Now most of the Creditors may fall under Micro and Small Category and Payments have to be made to them **within 15 days** to claim the same as expense as per **Section 43B(h)** of the Income tax Act, 1961

Section 194T - TDS on Partners' Remuneration

Applicable from 1st April 2025 (FY 2025-26)

1. Applicable Payments:

- Salary
- Remuneration
- Commission
- Bonus
- Interest on any account (including loans or capital accounts)

2. Threshold for TDS Deduction:

- TDS is required if the aggregate of the specified payments to a partner **exceeds ₹20,000 in a financial year.**

3. TDS Rate:

- The applicable TDS rate is 10% on the total amount of specified payments.

4. Timing of TDS Deduction:

- TDS must be deducted at the earlier of:
 - The time of crediting the sum to the partner's account (including the capital account) in the firm's books, or
 - The time of actual payment to the partner.

Exclusions:

- Repayment of a partner's capital account balance is not subject to TDS under this section.