RPJCO's
FOCUS

| Income Tax | Company | GST | General Knowledge

Content Contribution: CA Vaibhav Netani, Mahip Jain **Editing & Designed by**: Megha Pillai
Conceptualized by: CA Ramesh Jain

Circular 1/2024- Budget-2024 Highlights

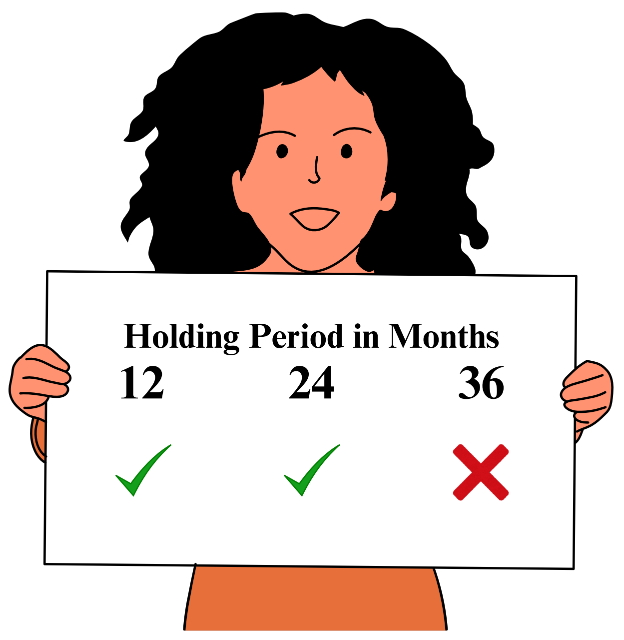
1. Updation of Slabs in the New Tax Regime:

1. No change in the tax rates of Old Tax Regime.
2. There are no changes in surcharge and educational cess.
3. There are changes in the **Slabs** of the New Tax Regime.

New Regime Tax Slabs			
Old Slabs	***Income Tax Rates***	***Proposed Slabs***	***Income Tax Rates***
Up to ₹ 3,00,000	Nil	Up to ₹ 3,00,000	Nil
₹ 3,00,001 to ₹ 6,00,000	5%	₹ 3,00,001 to ₹ 7,00,000	5%
₹ 6,00,001 to ₹ 9,00,000	10%	₹ 7,00,001 to ₹ 10,00,000	10%
₹ 9,00,001 to ₹ 12,00,000	15%	₹ 10,00,001 to ₹ 12,00,000	15%
₹ 12,00,001 to ₹ 15,00,000	20%	₹ 12,00,001 to ₹ 15,00,000	20%
Above ₹ 15,00,000	30%	Above ₹ 15,00,000	30%

2. Benefit for the Salaried Individuals

The standard deduction limit for Salaried Individuals who opt for New Tax Regime has increased to ₹ 75,000. Earlier this limit was ₹ 50,000. This increase in standard deduction along with the changes in slabs in New Tax Regime will benefit the salaried individuals and save them upto ₹ 17,500.



3. New Holding Periods for Capital Gains

- Previously, there were three different holding periods (12 months, 24 months & 36 months) to determine if an asset was a long-term capital asset or a short-term capital asset.
- Now, it's simpler with only two holding periods: For Listed Shares & Securities, it's 12 months, and for all Other Assets, it's 24 months.

3. No more Benefit of Indexation on Sale of Property?

1. The government has proposed that the LTCG will be applicable at 12.5% without indexation benefit.
2. This will be applicable to properties purchased after ***23rd July, 2024***.
3. For properties purchased before 23rd July, 2024, your can choose either of the following whichever results in lower tax liability:
   a. 12.5% LTCG tax without indexation in New Tax Regime.
   b. 20% LTCG tax with indexation in Old Tax Regime.

4. Exemption Limit increased for Equities & Mutual Fund

1. The exemption limit for long-term capital gains (LTCG) on assets such as Equities and Mutual funds has increased from **₹1 lakh to ₹1.25 lakh**.
2. This **new exemption limit will be applicable from the financial year 2024-25**.

5. Buyback- Now to be Taxed

1. Any payment made by a company to shareholders for **buying back their shares or securities will be treated as a deemed dividend**.
2. The entire buyback amount will be taxable in the hands of Shareholders as dividend income ignoring the cost of acquisition.
3. These changes will be effective from **October 1, 2024.**

6. Huge Relief for receiving Family Pension

For taxpayers opting for the new tax regime, the **deduction** of family pension has **increased from ₹15,000 to ₹25,000**.

7. Higher threshold for Foreign Asset reporting.

1. The threshold limit for **reporting Foreign Assets other than immovable property** in Schedule FA has increased from **₹ 5 lakh to ₹20 lakh**.
2. The **penalty for non-disclosure of Foreign Assets** in Schedule FA is hefty and will amount to **₹10 lakh**.

8. Made Payment to Partners - Now have to deduct TDS

1. Payments Covered: The payments include salary, remuneration, interest, bonus, and commission paid by the firm to its partners.
2. Applicable from: This section will be effective from 01-04-2025.
3. Threshold Limit: Payments exceeding ₹ 20,000 in aggregate from firm to partners in a financial year.
4. Applicable Section: Section 194T
5. A TDS rate of 10% will be applied to the specified payments made to partners.

9. Proposed Changes in the Rates of TDS/ TCS:

Section	Nature of Income	Existing TDS Rates	Proposed TDS Rates	Effective Date
194DA	Payment in respect to Life Insurance	5%	2%	01-10-2024
194F	Repurchase of Units by Mutual Fund or UTI	20%	*Omitted*	01-10-2024
194G	Commission and other payments on sale of lottery tickets	5%	2%	01-10-2024
194H	Commission and Brokerage	5%	2%	01-10-2024
194-IB	Payment of Rent by Certain Individual or HUF	5%	2%	01-10-2024
194M	Payment to contractor, commission agent, broker or professional by certain individuals or HUF who are not liable for deductions u/s. 194C, 194H and 194J	5%	2%	01-10-2024
194-O	Payment to E-commerce operators to e-commerce participant	1%	0.1%	01-10-2024
194T	Payment in the nature of salary, remuneration, commission, bonus or interest to partners of the firm.	-	10%	01-04-2025