

Income Tax Amendments

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May 26, Sept 26 & Jan 27

Chapter 1 - Basics of Income Tax

2. The Finance Act -

- Finance bill is introduced by Finance Minister of India in the parliament during budget session i.e. 01st Feb.
- When bill is passed by both houses of parliament & gets assent of the president, it becomes **Finance Act**.
- Amendments in Income Tax Act are introduced through Finance Act

Finance Act contains 4 parts

↓
FA 2025 *

Part I

Part II

Part III

Part IV

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Rates applicable for current Assessment Year
(A.Y. 2025-26)*
(P.Y. 2024-25)*

↓
Rates at which tax is deductible at source for current F.Y.
(F.Y. 2025-26)*

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Rates for calculating TDS deductible from salaries & for calculating advance tax for F.Y. 2025-26*
under old tax regime

↓
Rules for computing net agricultural income.

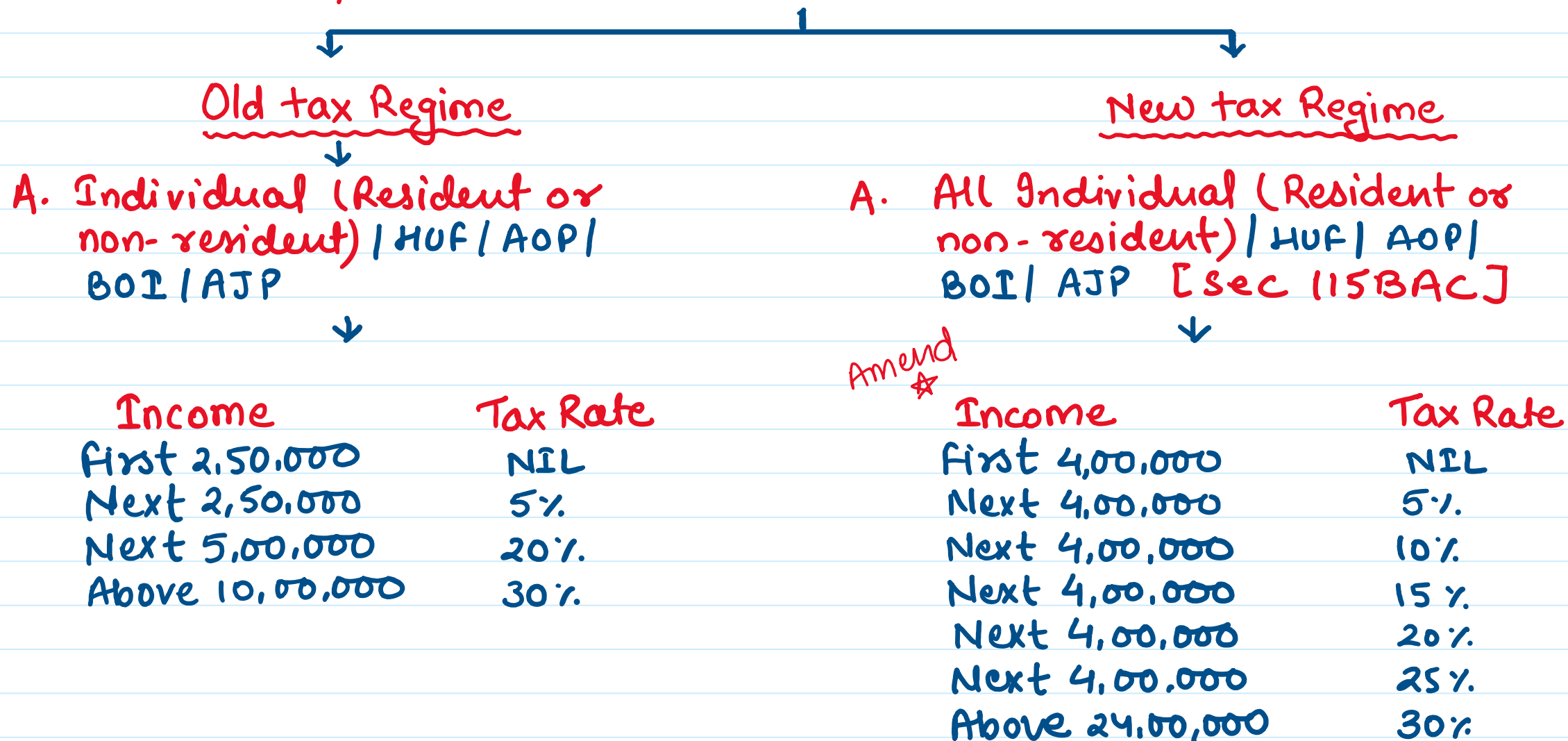
* Amend

Chapter 2 - Computation of Total Income & Tax Liability

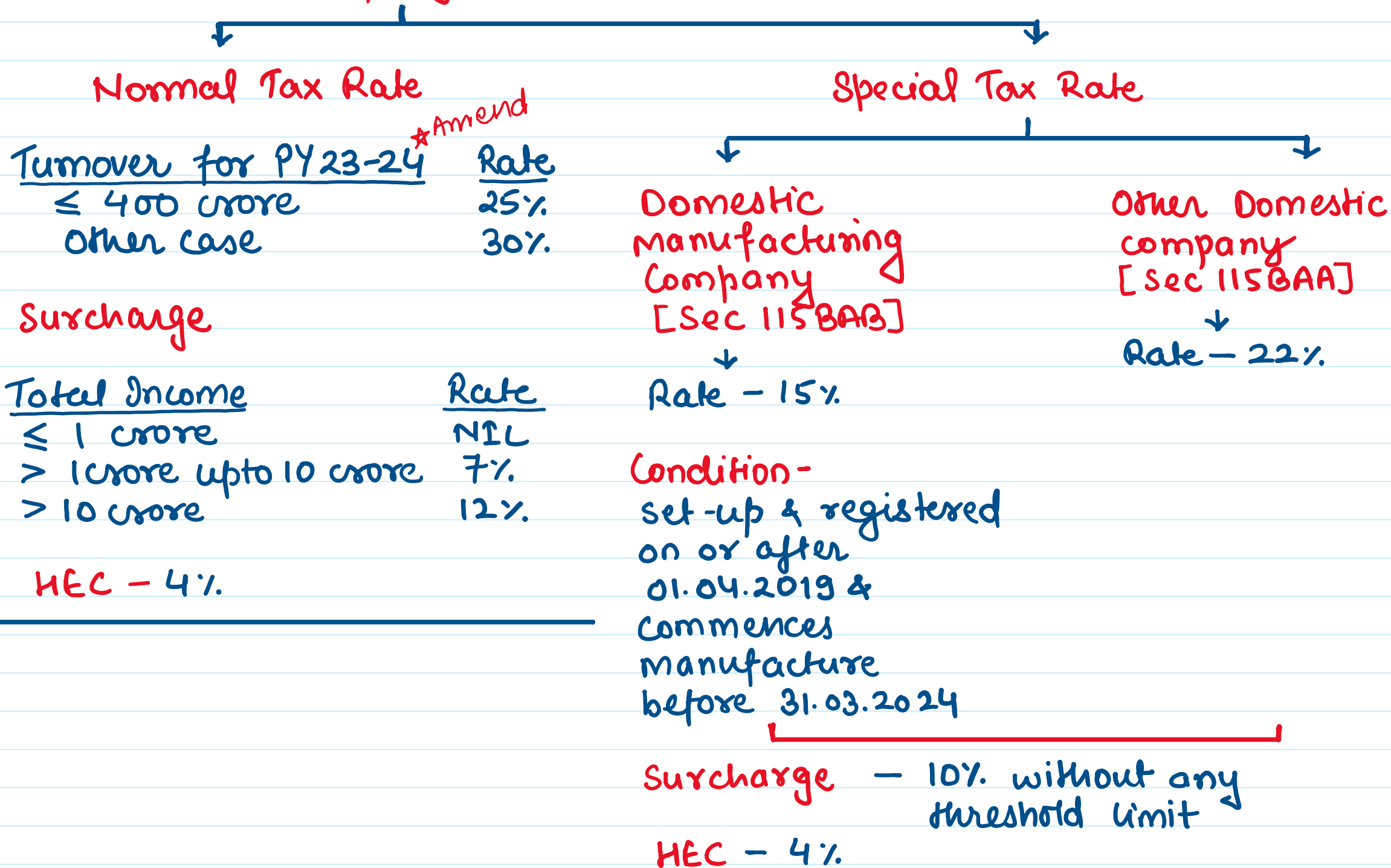
TP:3 Rates of tax, surcharge and cess [Prescribed under Finance Act + Income tax Act, 1961]



1. Individual / HUF / AOP / BOI / Artificial Juridical Person



5. Domestic Company



TP:5 Rebate u/s 87A

- ① The person should be **RESIDENT Individual**.
- ② Rebate shall be provided on tax before HEC.

Two Regime

OLD Tax Regime

- i) Total Income **upto ₹ 5 Lakhs**
- ii) Rebate equals to
 - a) Tax payable on TI
 - b) 12,500
 Whichever is lower
- iii) Rebate shall not be allowed on tax payable on LTCG u/s. 112A.

No Rebate if Total Income is more than ₹5,00,000.

NEW Tax Regime ^{★ Amend}

- i) Total Income **upto ₹12 Lakhs**
- ii) Rebate equals to
 - a) Tax payable on TI
 - b) 60,000
 Whichever is lower
- iii) ^{★ Amend} Rebate shall not be allowed on tax payable on special income i.e. LTCG u/s 112, 112A, STCG u/s 111A, casual income etc.

However, if total Income is more than ₹12,00,000 & tax payable on total Income is more than excess Income over ₹12,00,000
Then, **Rebate equals to**

- Step 1:** Calculate tax on total Income before HEC
- Step 2:** Income over ₹12,00,000
- Step 3:** Step 1 - Step 2 = Rebate

Chapter 4 - Income from House Property [Sec 22 to 27]

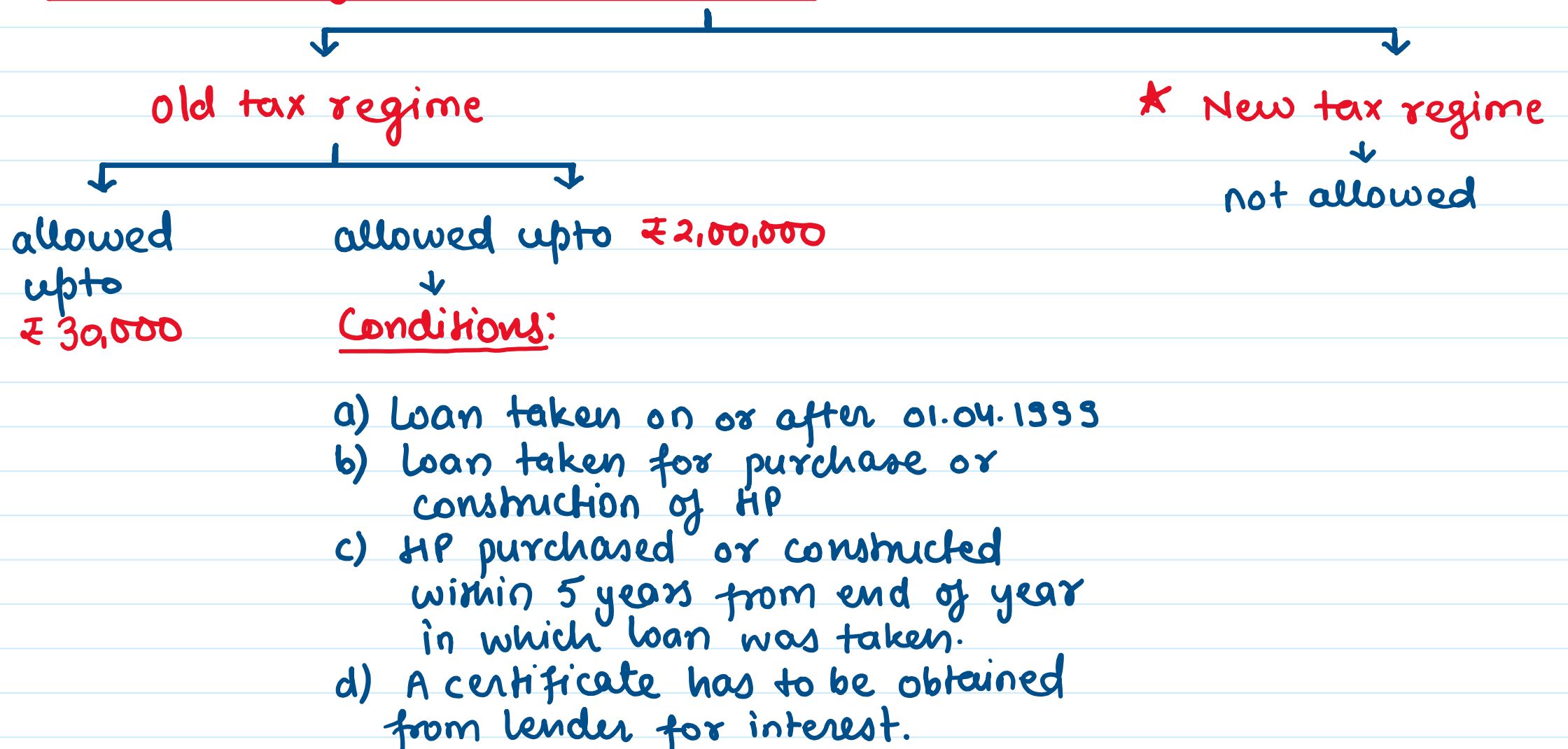
TP:9 Computation of 'GAV' and 'Treatment of Interest' in various cases.

Case 3: GAV in case of self-occupied property or unoccupied property
[Sec 23(2)]

↳ NAV = NIL

↓
Due to
any reason
★ Amend

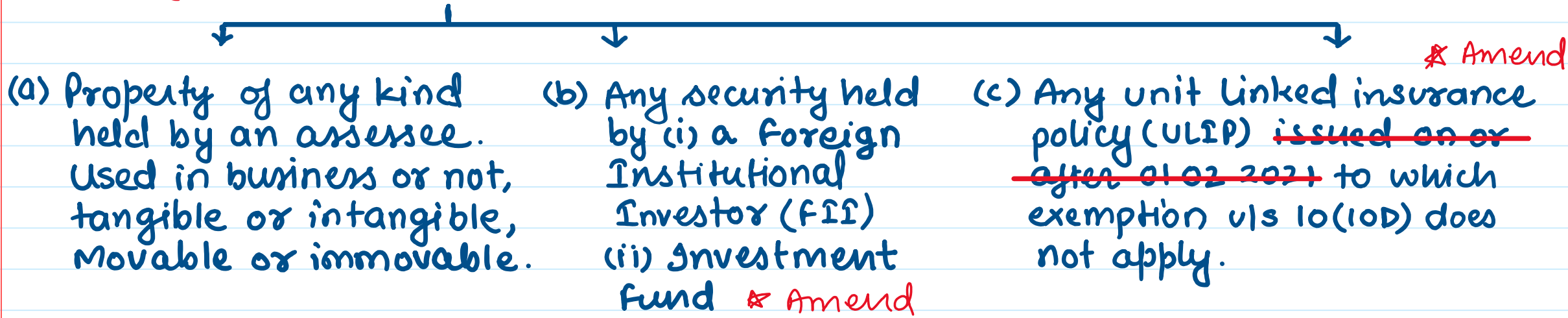
Treatment of Interest u/s. 24(b):



Note: Maximum loss from one or more self-occupied HPs cannot exceed ₹30,000 or ₹2,00,000 as the case may be.

Chapter 5 - Income under head Capital Gains [sec 45 to 55]

TP:2 Meaning of Capital Asset [sec 2(14)]



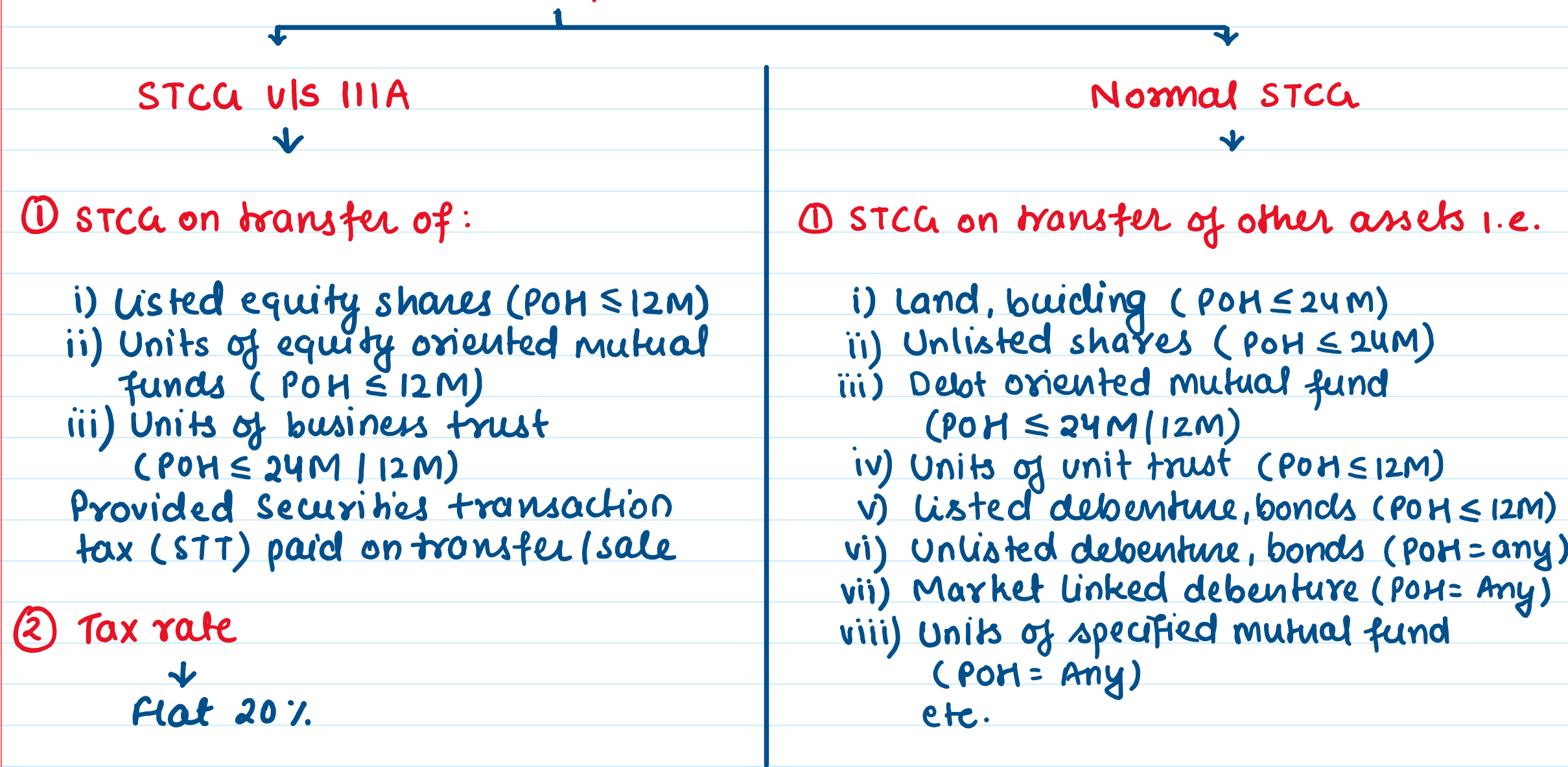
TP:3 Short-term capital Asset [sec 2(24A)]

	Category of Investment	Period of holding to qualify for short term capital asset
1.	Listed securities, listed units of business trust, listed debt oriented mutual fund, units of UTI, Equity oriented mutual fund, Zero coupon bonds	Upto 12 months
2.	Unlisted shares, Immovable property, gold and other assets	upto 24 Months

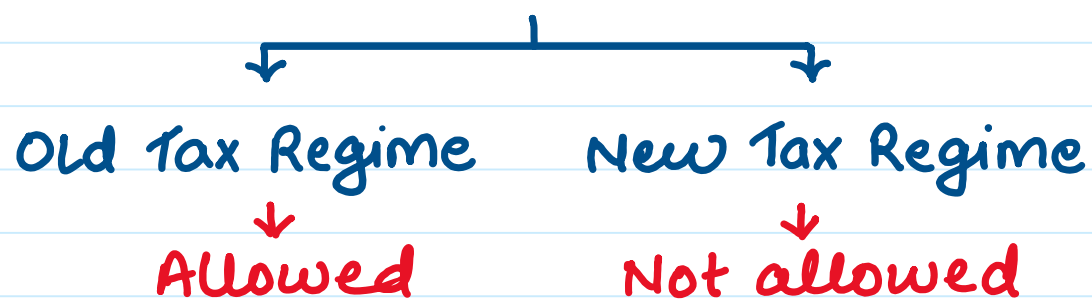
Note : Following assets are always short term capital Asset [sec 50AA]

- ① Market Linked debentures
- ② Specified mutual funds
- ③ Unlisted bonds or debenture

TP:6 Tax rate on short term capital Gain



⑤ Rebate u/s 87A (to resident)



TP: 7 Tax rate on long term capital Gain

LTCA u/s 112A

① LTCA on transfer of:

- i) Listed equity shares (POH > 12M)
(Provided STT paid at the time of purchase and sale)
- ii) Units of equity oriented mutual funds (POH > 12M)
(Provided STT paid on sale)
- iii) Units of business trust
(POH > 24M / 12M)
(Provided STT paid on transfer)

② Rate of tax

First 1,25,000 → NIL
Above 1,25,000 → 12.5%.

★ Amend

CII for FY25-26 → 376

LTCA u/s 112

① LTCA on transfer of other assets i.e.

- i) Land, building (POH > 24M)
- ii) Unlisted shares (POH > 24M)
- iii) Debt oriented mutual fund
(POH > 24M / 12M)
- iv) Units of unit trust (POH > 12M)
- v) Listed debenture, bonds (POH > 12M)
etc.

② Rate of tax

(A) Resident Individual / HUF / Domestic company

↓
12.5%
(without indexation) ★

★ Read this along with Note 1

(B) Non-Resident / Foreign company

↓
12.5%
(without indexation)

(C) Other Resident

↓
12.5%
(without indexation)

However in case of transfer of:

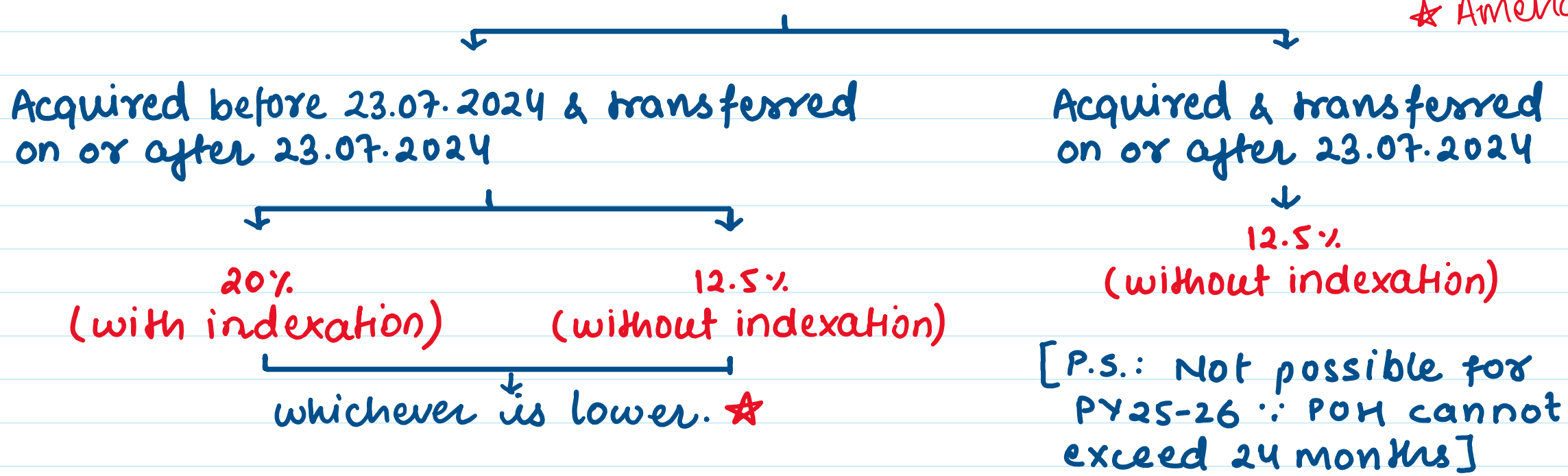
- a) listed securities (other than unit)
- b) Zero coupon bond

↓
12.5% (without indexation) 10% (without indexation)
↓
whichever is more beneficial.

④ Benefit of indexation

↓
Not allowed

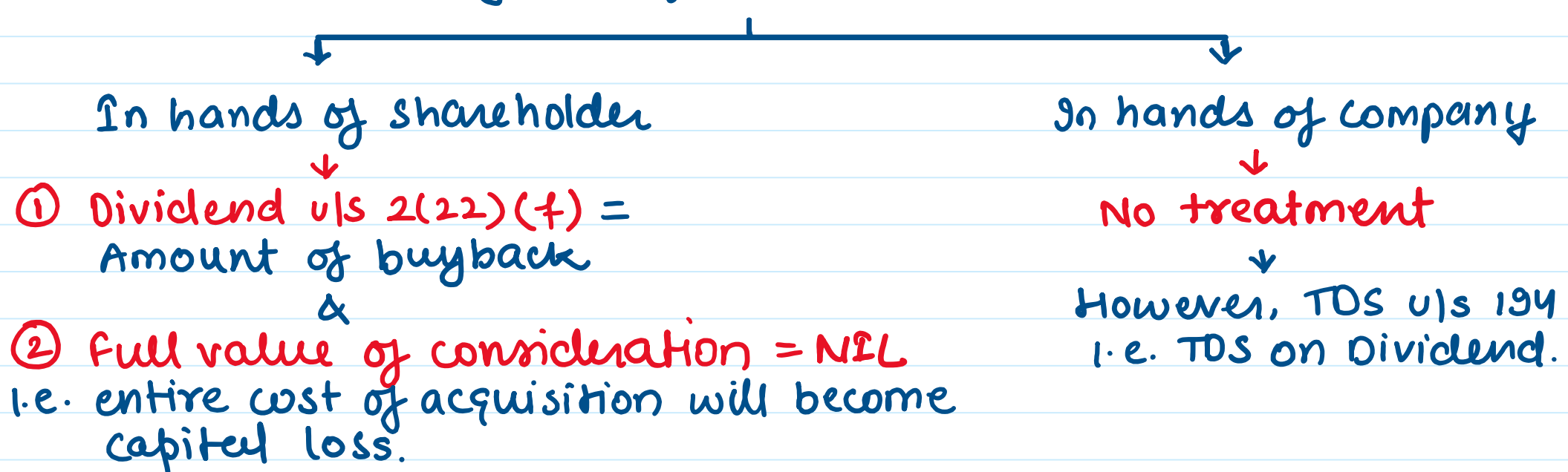
amp. Note ① In case of LTCG on sale of Land & building in hands of Resident individual / HUF ★ Amend



★ It is important to note that LTCG income shall be computed without indexation only (on or after 23.07.2024). However, tax shall be beneficial of 20% (with indexation) or 12.5% (without indexation).

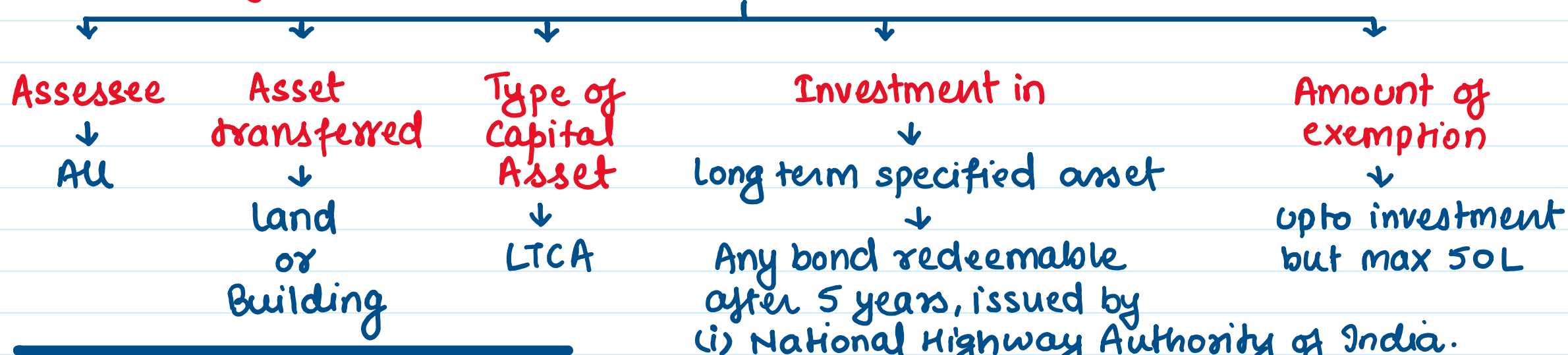
TP: 16 Buyback of shares or specified securities [sec 46A] ★ Amend

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when company calls back its shares from shareholders and cancels those shares, it is called buyback of shares.



TP: 25 Exemptions from capital gain [sec 54 to 54F]

④ On making investment in certain bonds [sec 54EC]



Extension of time for acquiring new property [sec 54H]

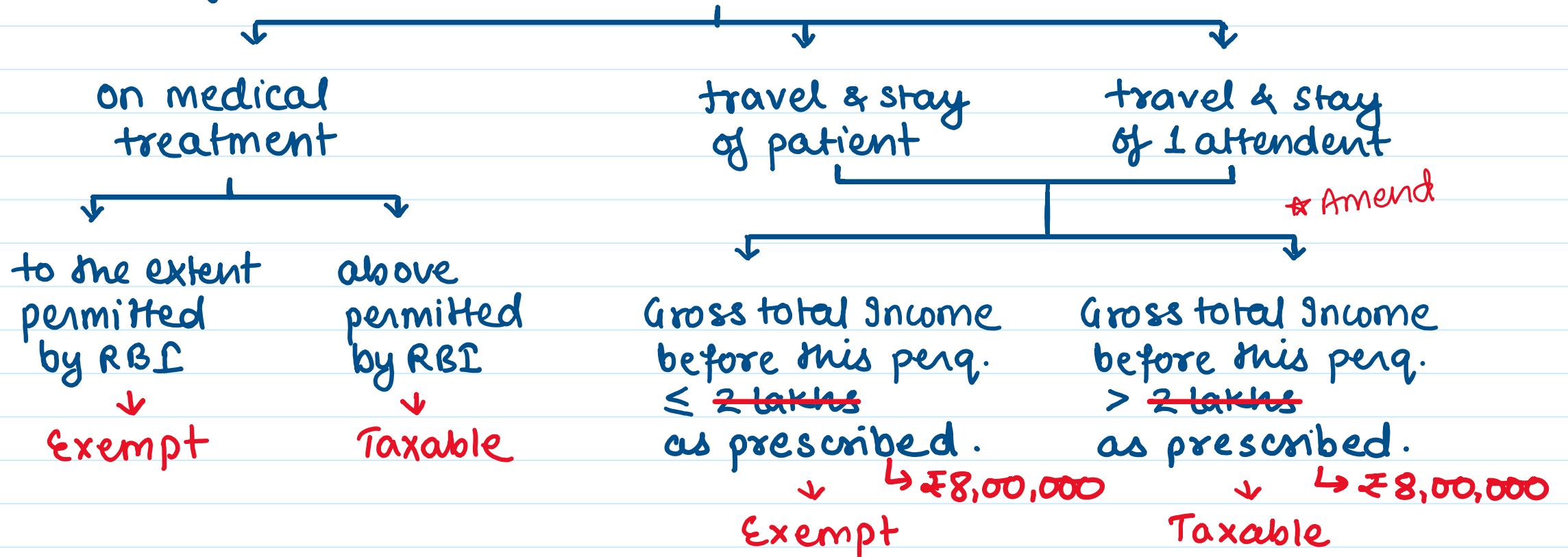
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If the asset has been acquired compulsorily by govt., then period of investment shall be determined from date of payment instead of date of compulsory acquisition.

★ Amend

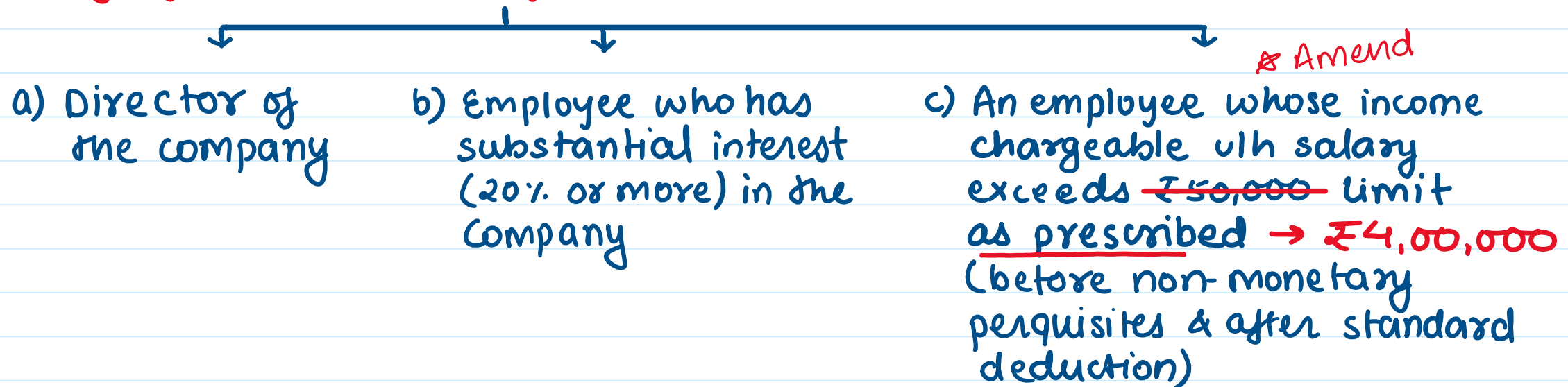
Chapter 8 - Income under head salary [sec 15 to 17]

(19) Medical facilities

(iv) Medical treatment expenditure incurred or reimbursed by employer on treatment outside India.

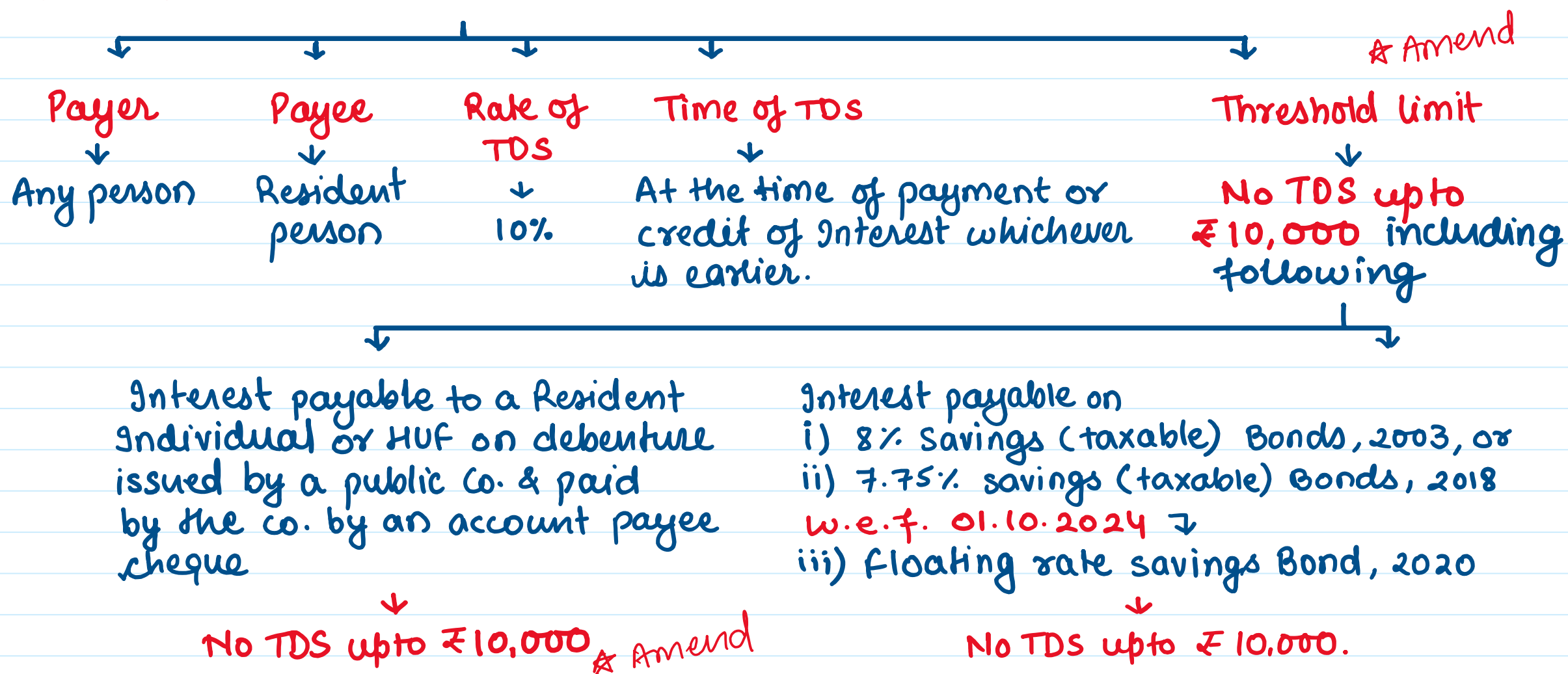


(2) Meaning of specified employees

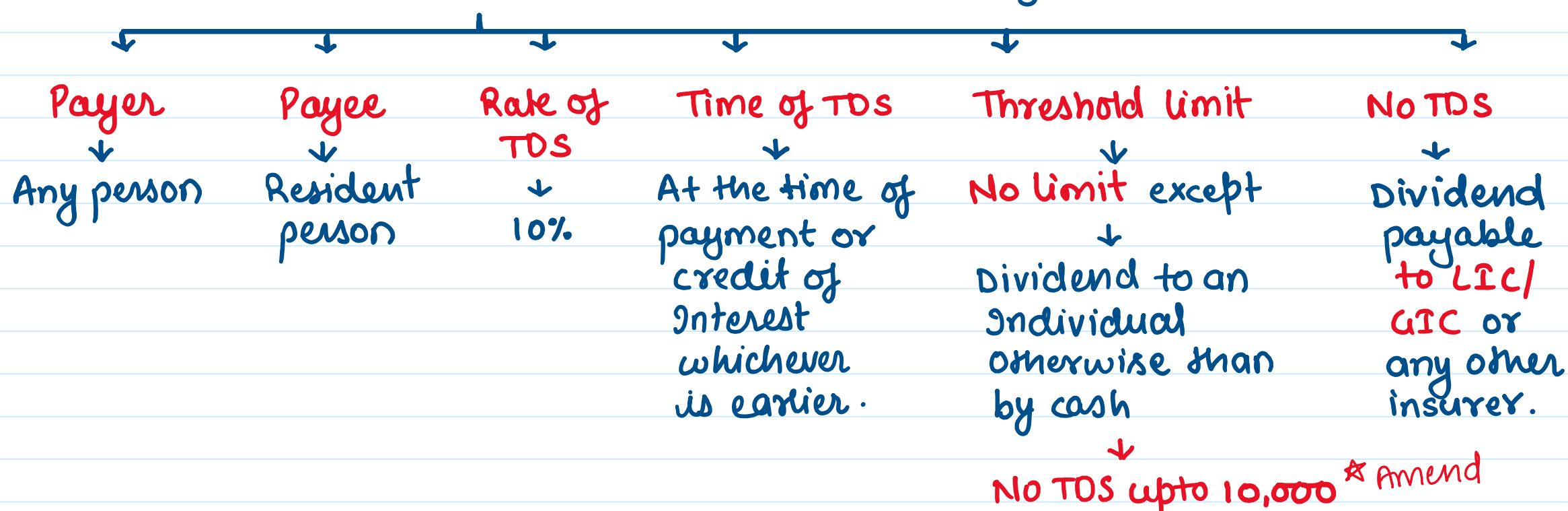


Chapter 9 - TDS, TCS and Advance tax [sec 190 to 219]

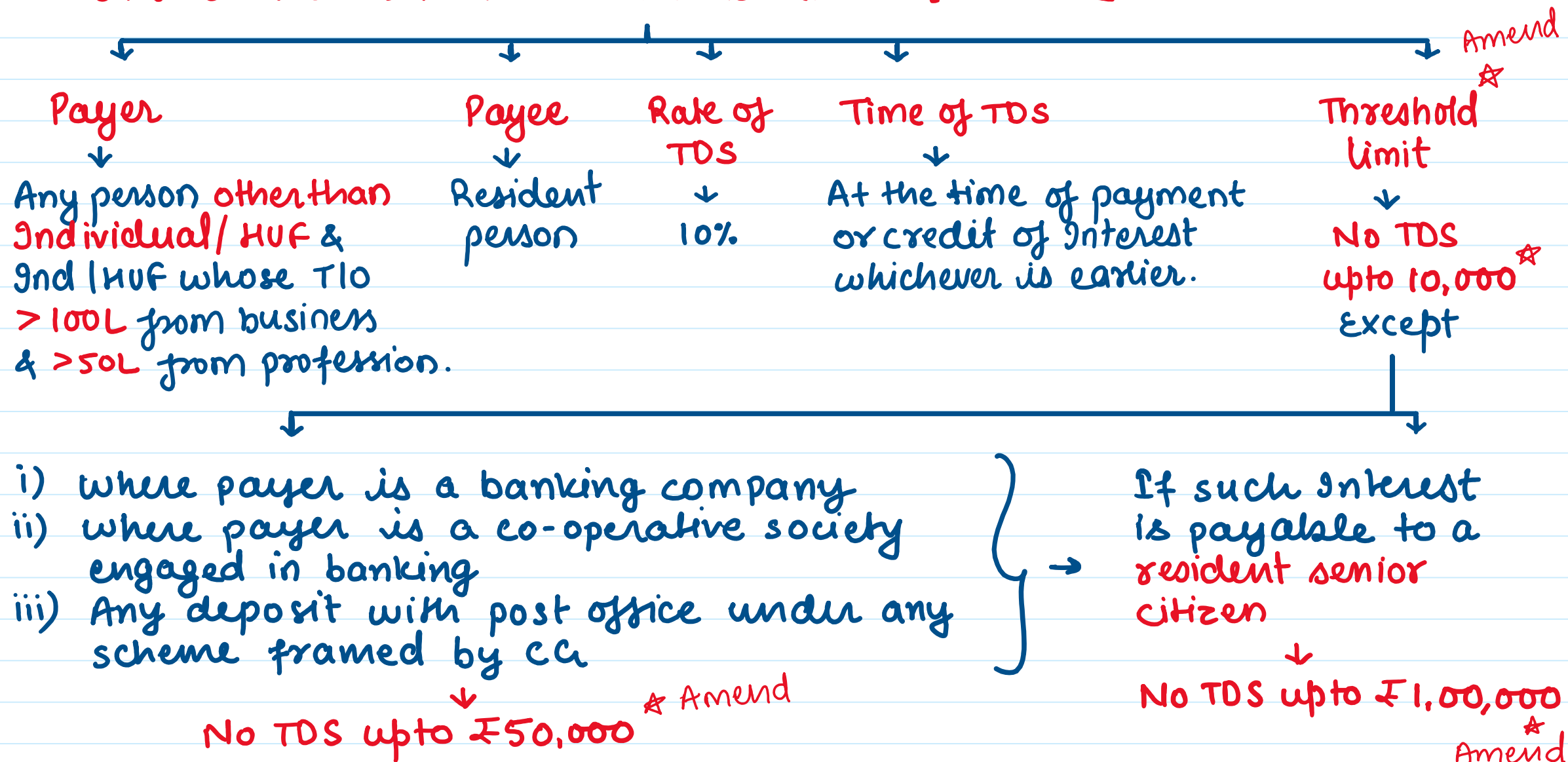
TP:4 TDS on Interest on securities [sec 193]



TP:5 TDS on Dividend [sec 194] (Dividend includes buyback w.e.f. 01.10.2024)



TP:6 TDS on Interest other than interest on securities [sec 194A]



TP:7 TDS on winning from lottery, cross word puzzles, card games or other games of any sorts or gambling or betting [sec 194B]

Payer	Payee	Rate of TDS	Time of TDS	Threshold limit
Any person	Any person (R or NR)	30%	At the time of payment	Single transaction amount >10,000 in a FY. ^{Amend *}

Note 1: If any such winning is in kind, winning shall be released only after collecting the amount of tax.

Note 2: Any loss or expense shall not be allowed to be set-off and therefore, TDS shall be made on winning amount before set-off.

TP:9 TDS on winning from horse races [sec 194BB]

Payer	Payee	Rate of TDS	Time of TDS	Threshold limit
Any person (book maker)	Any person (R or NR)	30%	At the time of payment	Single transaction amount >10,000 in a FY. ^{Amend *}

Note 1: TDS has to be made even if book maker credits such winning in installment of less than 10,000.

Note 2: Any loss or expense shall not be allowed to be set-off and therefore, TDS shall be made on winning amount before set-off.

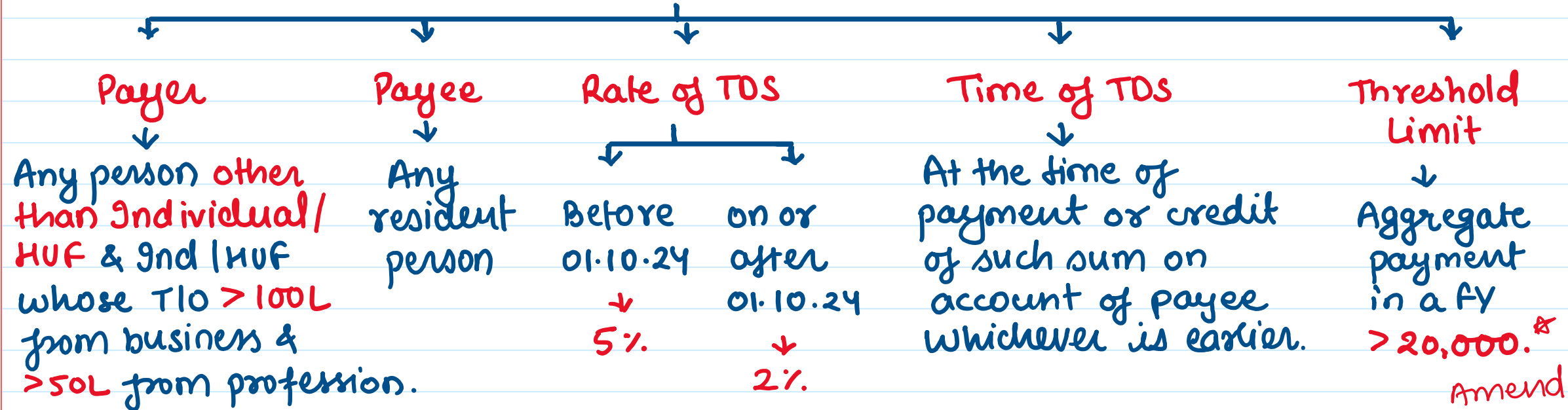
TP:11 TDS on payments of Insurance Commission [sec 1940]

Payer	Payee	Rate of TDS	Time of Deduction	Threshold Limit
Any person	Any resident person	Payee is Domestic Company Payee is non-corporate resident person Rate = 10% Rate = 5%	At the time of payment or credit of such sum whichever is earlier.	Aggregate payment in a FY >20,000 ^{Amend *}

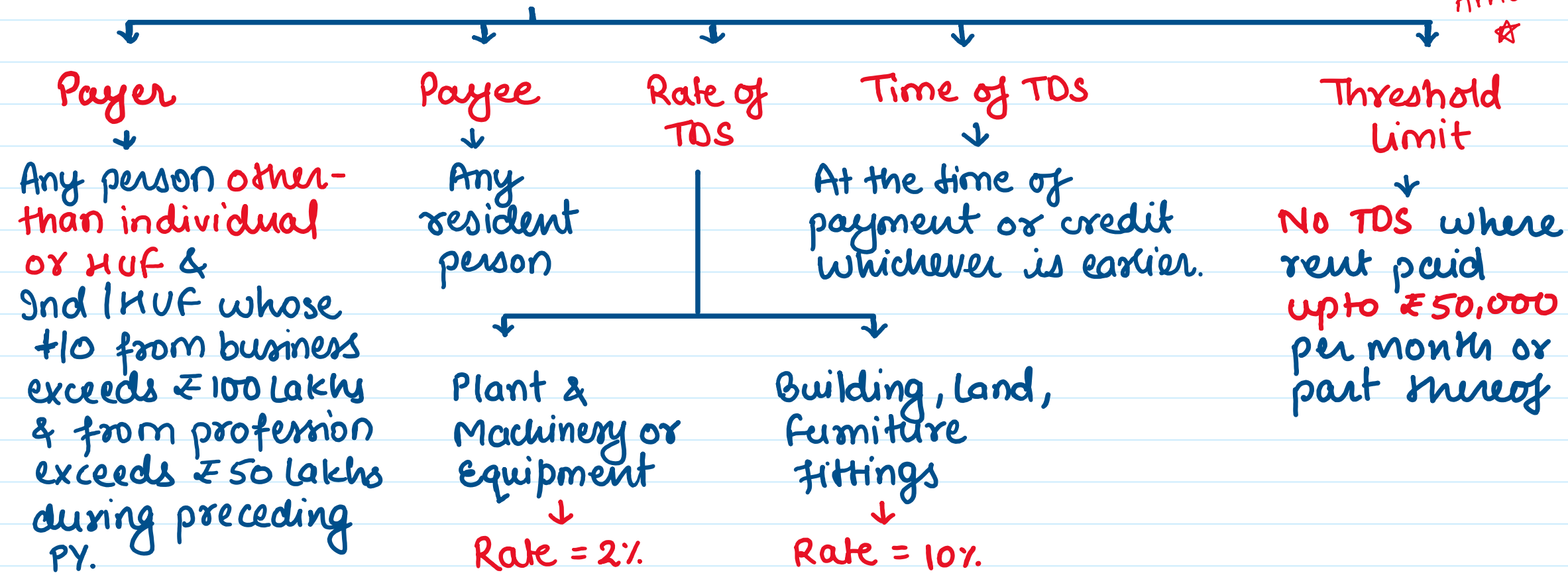
TP:12 TDS on payments of commission etc. on sale of lottery tickets [sec 194G]

Payer	Payee	Rate of TDS	Time of TDS	Threshold Limit
Any person	Any person stocking, distributing, purchasing, or selling lottery tickets	Before 01.10.24 on or after 01.10.24 5% 2%	At the time of payment or credit of such sum on account of payee whichever is earlier.	Aggregate payment in a FY >20,000 ^{Amend *}

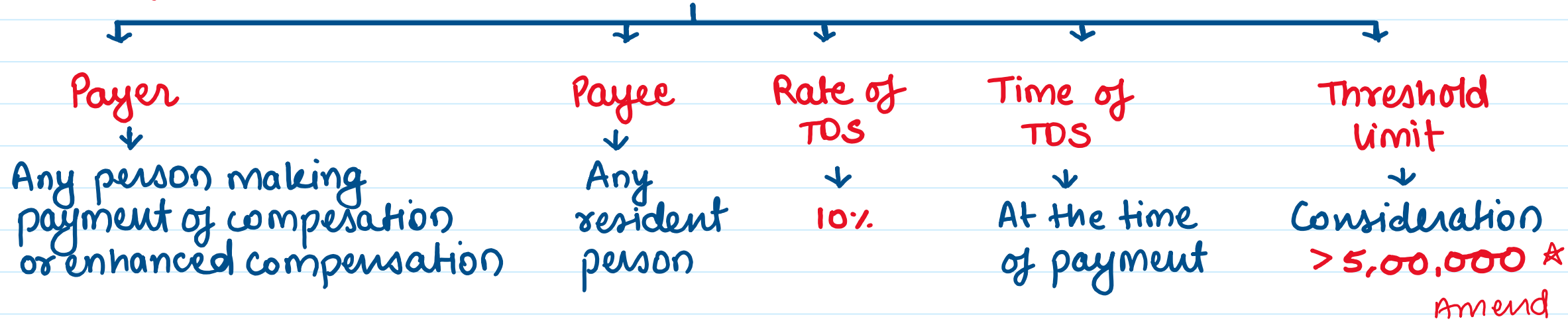
TP:13 TDS on payments of commission or brokerage (other than above) [sec 194H]



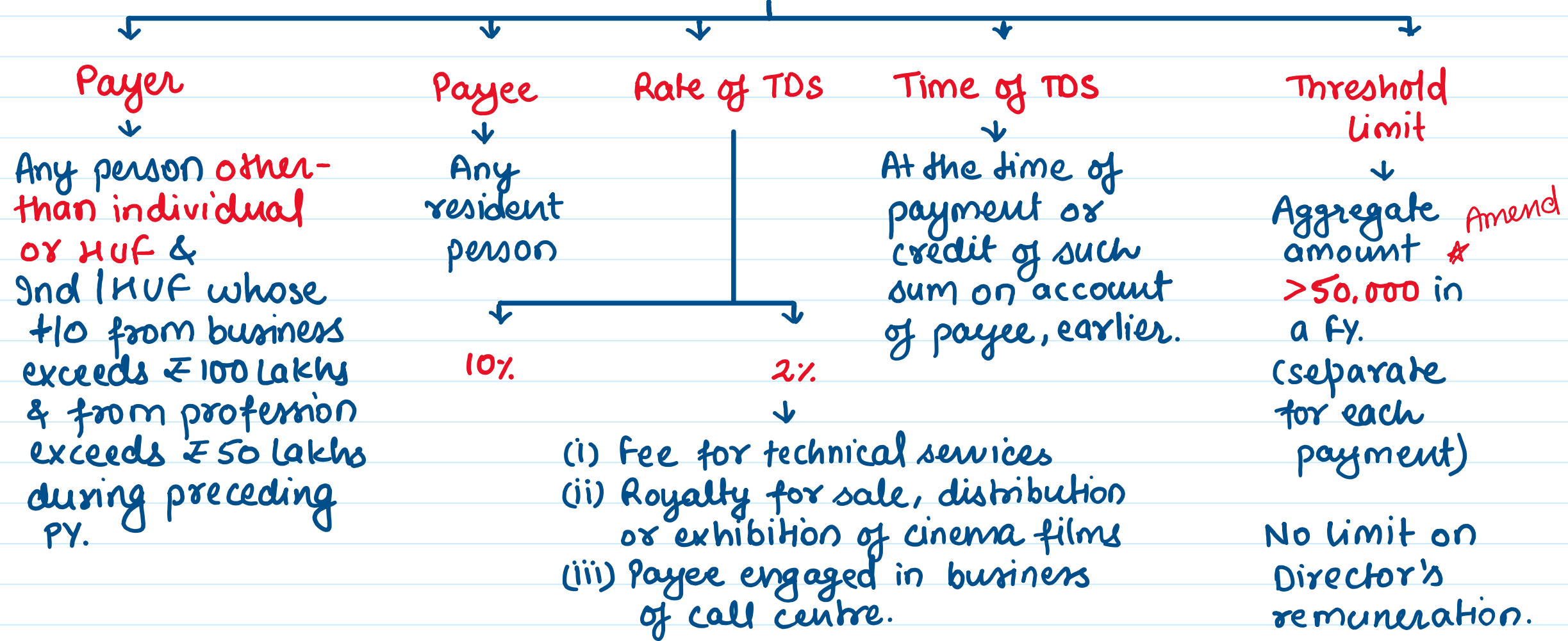
TP:15 TDS on payments of Rent [sec 194-I]



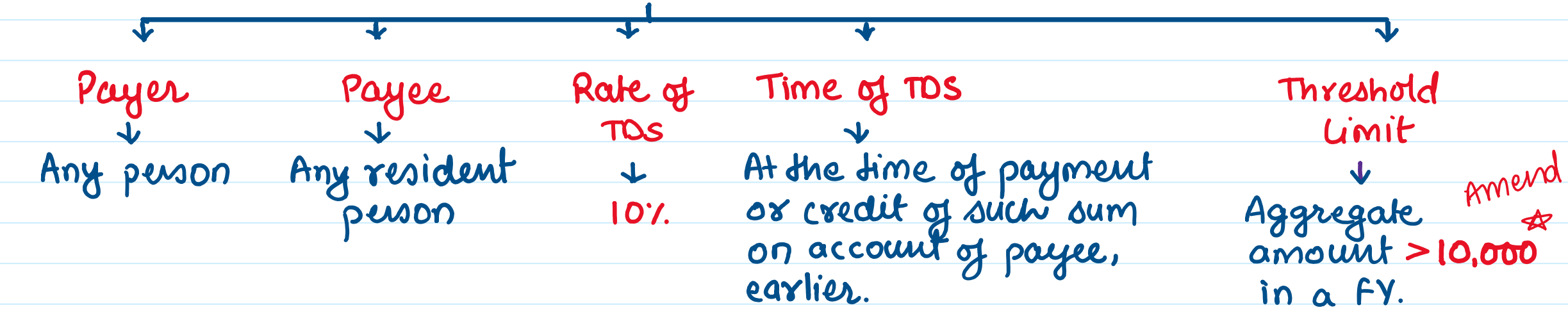
TP:18 TDS on payments of compesation on compulsory acquisition of certain immovable property other than any agri land [sec 194LA]



TP:19 TDS on payments of (i) fees for professional services, (ii) fees for technical services, (iii) Royalty (iv) Non-compete fees (v) Director's remuneration [sec 194J]

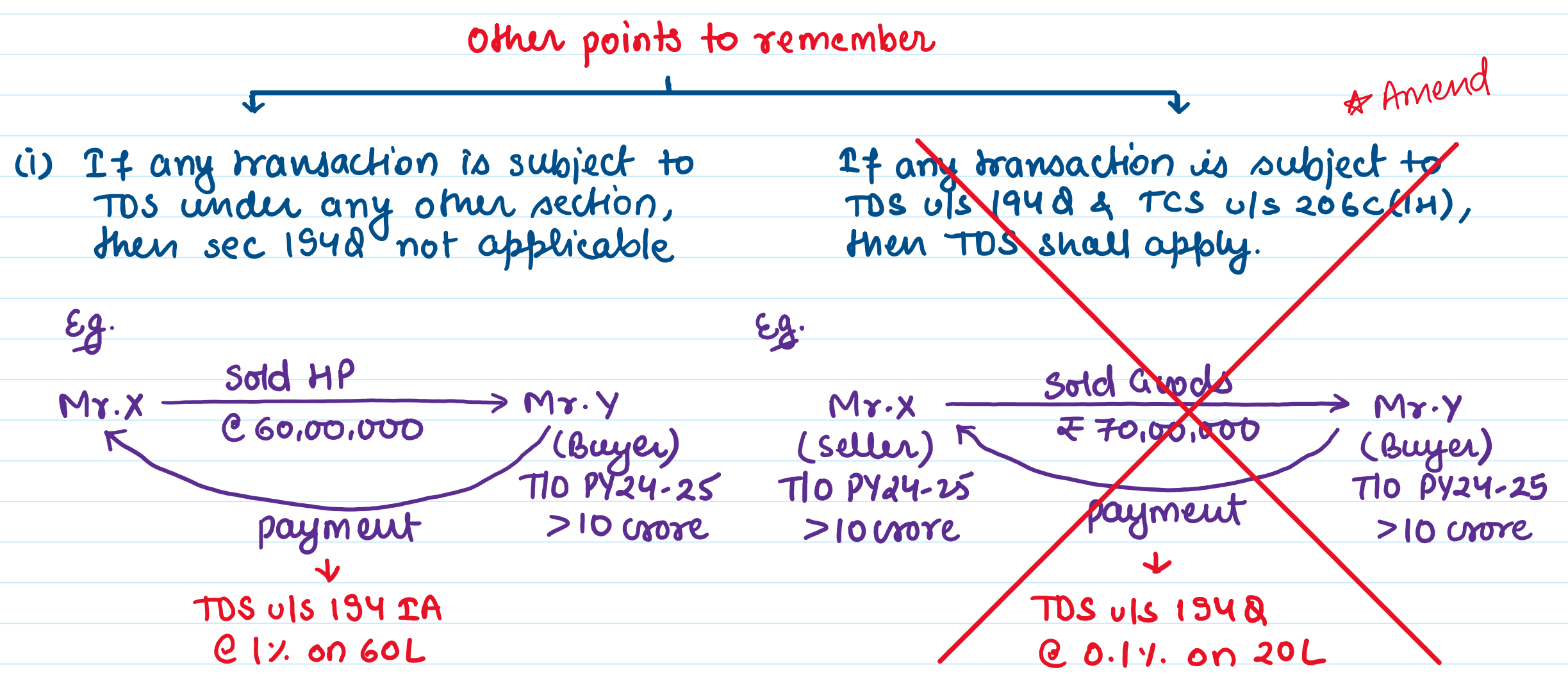


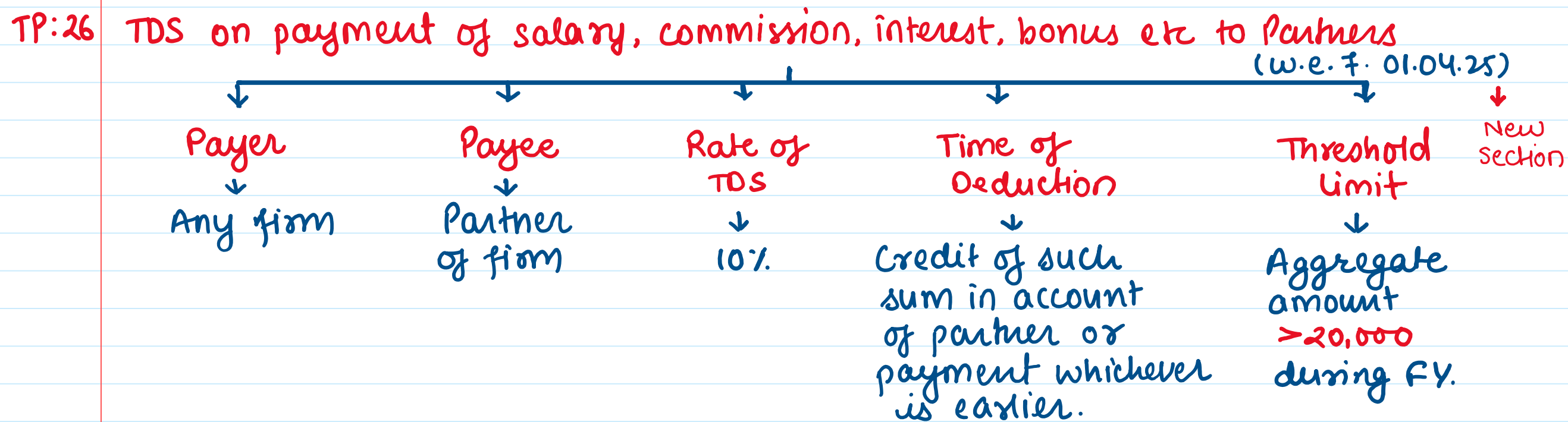
TP:20 TDS in respect of income from units [sec 194K]



Note: TDS shall not be deducted, if the income is in nature of capital gains.

TP:24 TDS on purchase of goods [sec 194Q]





TP: 36 TDS for non-filers of income tax return [sec 206AB]

where tax is required to be deducted at source (other than 192, 192A, 194B, 194BA, 194BB, 194-2A, 194-2B, 194M or 194N) on payment made to **specified person**, then TDS shall be made at higher of following:

- i) at twice the rate prescribed in provision or
- ii) at twice the rate in force
- iii) 5%.

Note: If both sec 206AA & 206AB are applicable, then deduct tax at higher of two rates provided in both section.

Meaning of specified person

means a person who has not furnished last PY return for which due date u/s 139(1) has expired and aggregate TDS or TCS is 50,000 or more in said PY

→ Omitted w.e.f. 01.04.2025 * Amend

Tax Collected at Source (TCS) [sec 206C to 206CCA]

TP:38 TCS on Liquor, Tendu leaves, Timber Scrap etc. [sec 206C(1)]

Seller

Means CA, SA, local authority, corporation established under any act, any company, firm, co-operative society and an Ind/HUF whose Tlo exceeds 1 crore from business or ₹50 lakhs from profession during preceding FY.

Buyer

Means a person who buys any such goods but **does not** include -
i) PSU, CA, SA, embassy, high commission and a club
ii) Buyer purchased goods for **personal consumption**.

Nature of Goods

Percentage

(i) Alcoholic Liquor for human consumption	1%
(ii) Tendu leaves	5%
(iii) Timber or <u>any other forest produce</u> obtained under a forest lease ^{* Amend}	2% ^{* Amend}
(iv) Timber obtained by any mode other than under a forest lease	2% ^{* Amend}
(v) Any other forest produce not being timber or tendu leaves	2.5% ^{* Amend}
(vi) Scrap	1%
(vii) Minerals, being coal or lignite or iron ore	1%

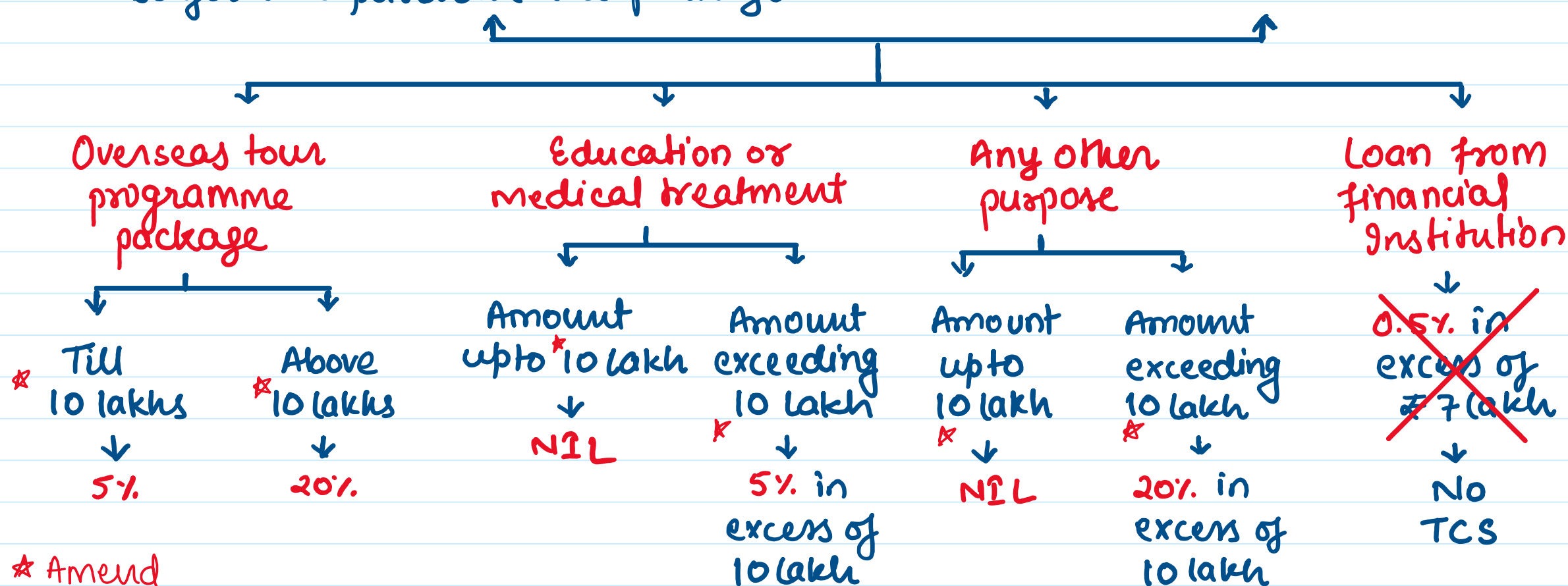
TP:41 TCS on foreign remittance [sec 206C(1A)]

Seller

- Authorised dealer, who receives amount from buyer under liberalised Remittance scheme (LRS) for remittance
- Seller of an overseas tour programme package, who receives amount from buyer who purchase the package

Buyer

Any person **other than** CA, SA, embassy, high commission, legation, commission, consulate, local authority, NR in India who does not have PE in India



TP: 40 TCS on sell of motor vehicle & Notified Goods [sec 206C(1F)]

Seller



Means CA, SG, local authority, corporation established under any act, any company, firm, co-operative society and an Ind/HUF whose Tlo exceeds 1 crore from business or ₹ 50 lakhs from profession during preceding PY.

Buyer



Means a person who buys motor vehicle but **does not** include -

- i) CA, SG, embassy, high commission
- ii) local authority
- iii) PSU which is engaged in business of carrying passengers.
- iv) Sale by manufacturer to dealers & distributors.



(i) Motor vehicle exceeding value ₹ 10 lakh

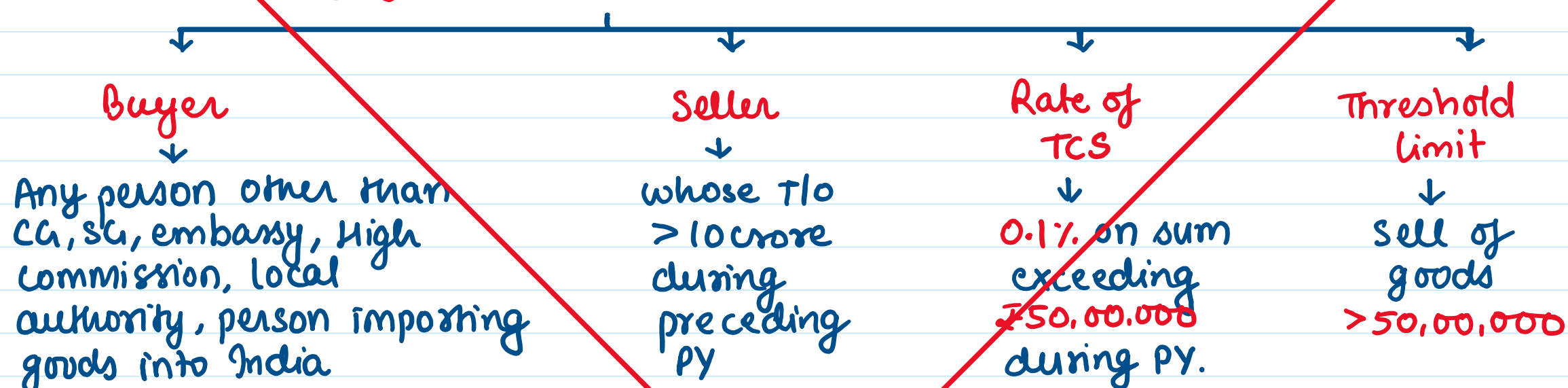
★ (ii) Notified Goods exceeding value ₹ 10 lakh } → 1%

Amend



- (a) Any wrist watch
- (b) Any art piece such as antiques, painting, sculpture
- (c) Any collectibles such as coin, stamp
- (d) Any yacht, rowing boat, canoe, helicopter
- (e) Any pair of sunglasses
- (f) Any bag such as handbag, purse
- (g) Any pair of shoes
- (h) Any sportswear and equipment such as golf kit, ski-wear
- (i) Any home theatre system
- (j) Any horse for horse racing in race club and horse for polo.

TP: 42 TCS on sale of goods [sec 206C(1H)]



Note: ① As per sec 206CC, if payer does not provide PAN, TCS shall be collected at higher of following rates:

- Twice the rate applicable.
- 1%.

② Other points to remember

- | | |
|--|---|
| <p>(i) If any transaction is subject to TCS under any other section, then sec 206C(1H) not applicable.</p> <p>(ii) Sec 206C(1H) not applicable in case of export of goods.</p> | <p>If any transaction is subject to TDS u/s 194D & TCS u/s 206C(1H), then TDS u/s 194D shall apply.</p> |
|--|---|

→ Not applicable w.e.f. 01.04.2025 * Amend

TP: 43 TCS for non-filers of income tax return [sec 206CCA]

where tax is required to be collected at source on payment received by any person from **specified person**, then TCS shall be collected at higher of following:

- at twice the rate prescribed in provision or
 - 5%.
- However, maximum rate shall not exceed 20%.

Note: If both sec 206CC & 206CCA are applicable, then collect tax at higher of two rates provided in both section.

Meaning of specified person

means a person who has not furnished last PY return for which due date u/s 139(1) has expired and aggregate TDS or TCS is 50,000 or more in said PY.

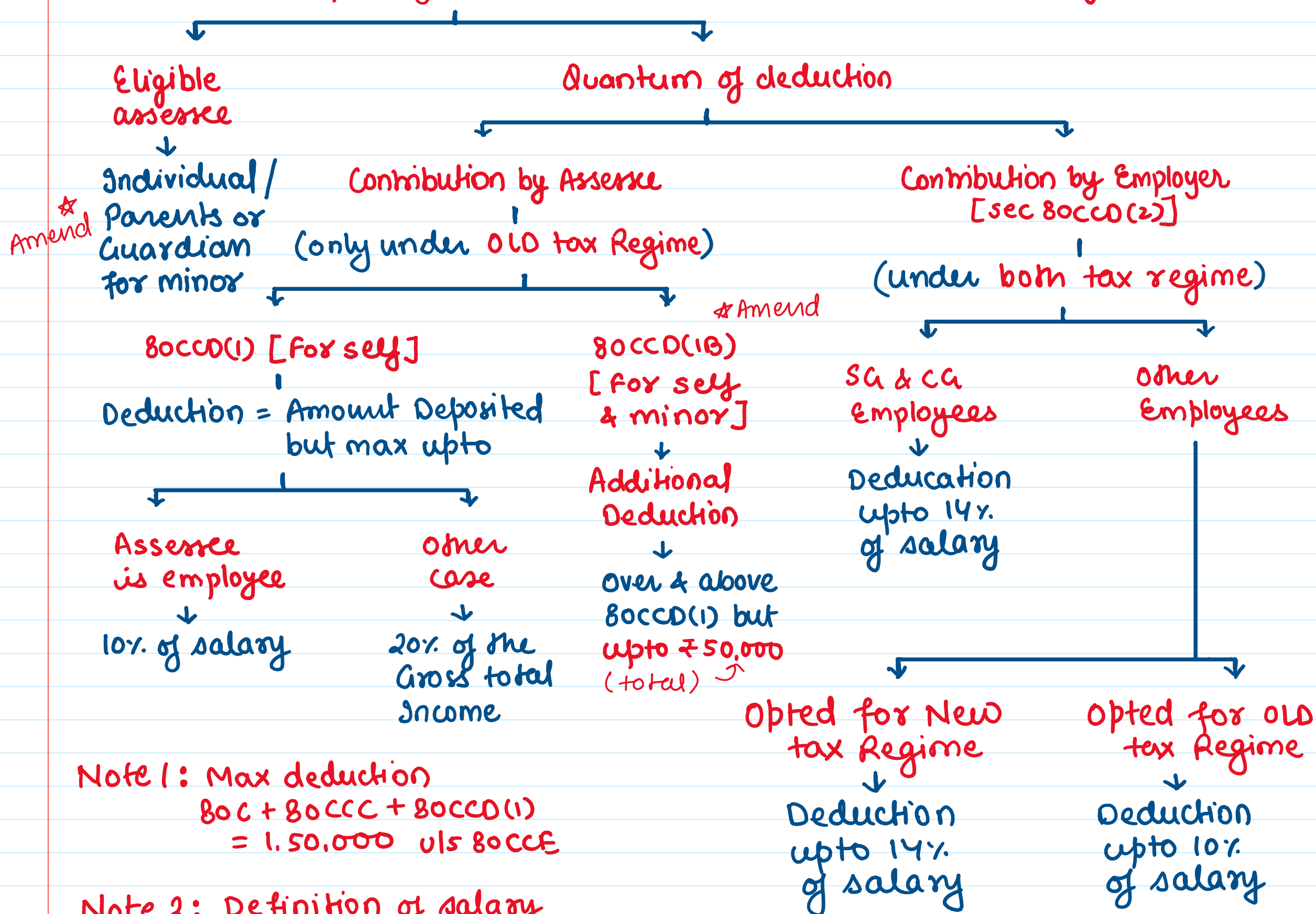
However, shall not include

- a NR who does not have PE in India.
- person not required to furnish return.

→ Omitted w.e.f. 01.04.2025 * Amend

Chapter 10 - Deductions from Gross Total Income [sec 80C to 80U]

TP: 5 Deduction in respect of contribution to pension scheme notified by CG [sec 80CCD]



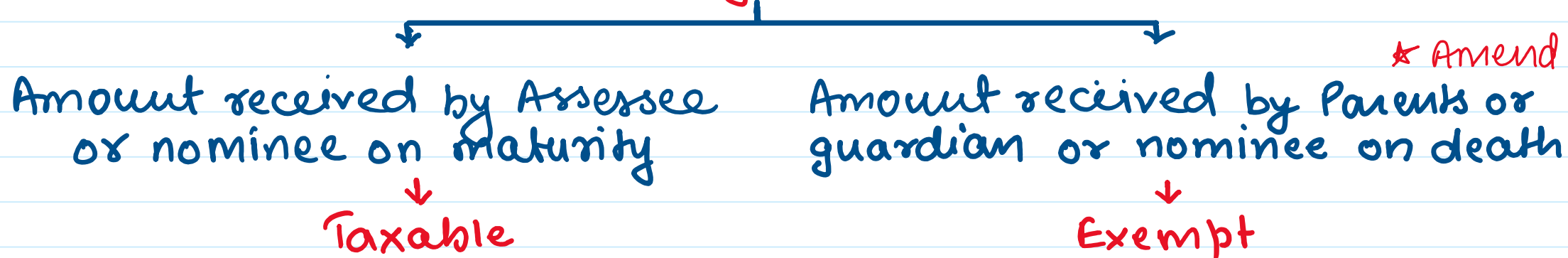
Note 1: Max deduction
 $80C + 80CCC + 80CCD(1)$
 $= 1,50,000$ u/s 80CCE

Note 2: Definition of salary

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Salary = Basic pay + Dearness allowance (if in terms of employment)

Maturity taxation



Chapter 13 - Filing Return of Income [sec 139 to 140B]

TP: 8 Updated Return of Income [sec 139(8A)]

Q1. Who can file? → Every person whether original return [uls 139(1), 139(4), 139(5)] filed or not.

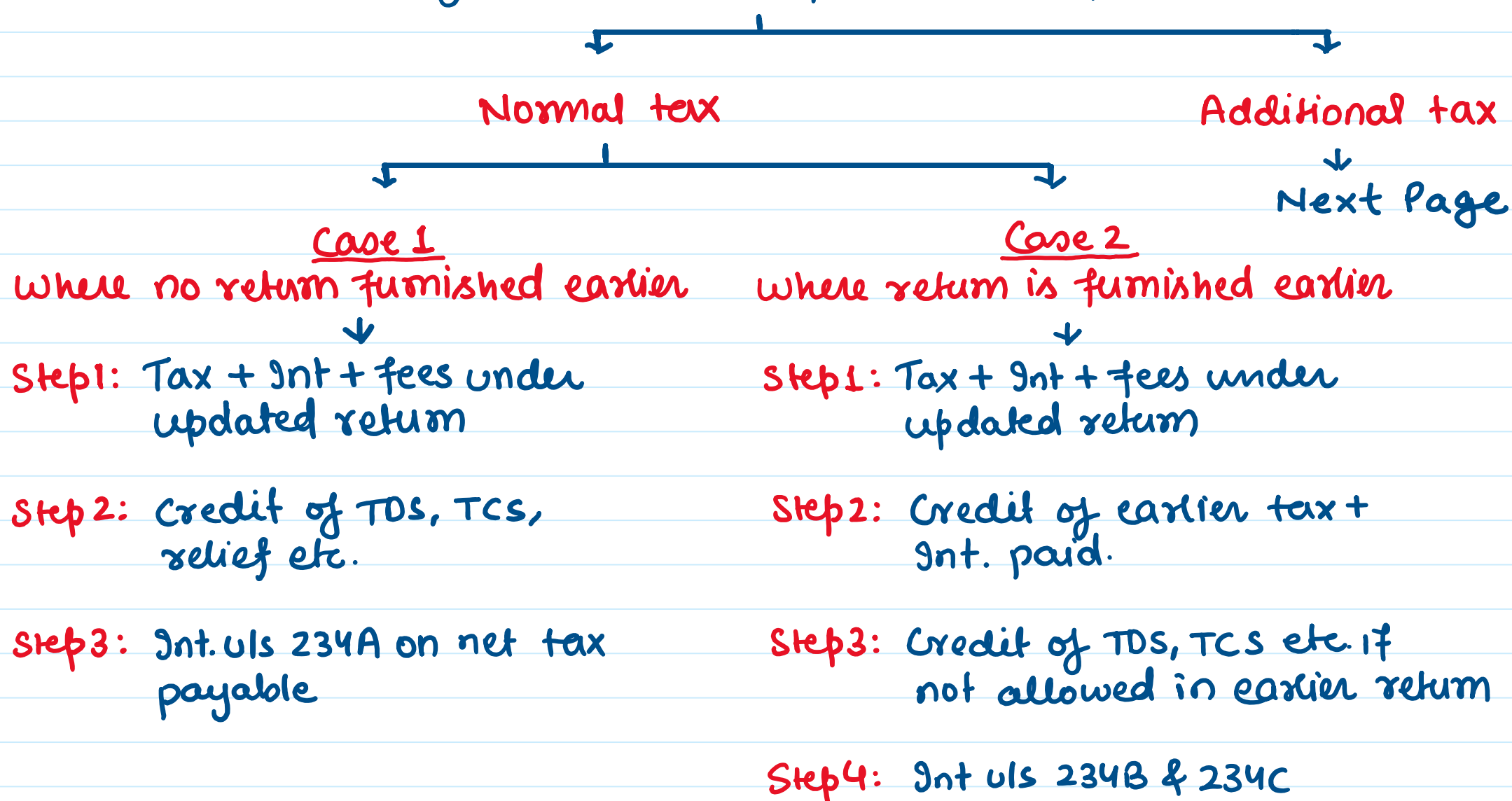
Q2. Time period to file return? → within ^{Amend} 48 months from end of relevant assessment year.
i.e. updated return for A.Y. 26-27 can be filed upto 31.03.2031.

Q3. When updated return can not be filed? → Following cases

- Updated return has loss
- Updated return results in decreasing total tax liability
- Updated return results in refund
- Updated return results in increase in refund as compared to original return
- Where updated return has been submitted for a particular AY.
- Where any type of proceedings is pending or has been completed by department for particular AY.
- ^{Amend} Where show cause notice u/s 148A has been issued, no updated return can be filed after 36 Months from end of relevant AY. However, UR can be issued if case is not fit to issue sec 148.

TP: 9 Tax on updated return of Income [sec 140B]

Two kinds of tax need to be paid under updated return



Additional tax



Case 1

Return furnished within 12 months from end of relevant AY.



Additional tax = 25% of Aggregate of tax + Int.

Case 2

Return furnished after expiry of 12 months but within 24 months



Additional tax = 50% of Aggregate of tax + Int.

Case 3

* Amend

Return furnished after expiry of 24 months but within 36 months



Additional tax = 60% of Aggregate of tax + Int.

Case 4

* Amend

Return furnished after expiry of 36 months but within 48 months



Additional tax = 70% of Aggregate of tax + Int.