DKM
EXPERIENCED. EQUIPPED. TRUSTWORTHY

Legislative Update: SYNOPSIS OF FINANCE BILL 2025

Dear Esteemed Clients

Finance Bill 2025 is introduced by Ministry of Finance on 1st February 2025.
Synopsis of the relevant clauses **applicable to salaried employees** are given below:

I. Change in slab and rates in New Tax Regime as per S.115BAC from FY 2025-26 :

Total Income	Rate of tax
Up to 400000	NIL
400001- 800000	5%
800001- 1200000	10%
1200001-1600000	15%
1600001- 2000000	20%
2000001 - 2400000	25%
Above 2400000	30%

- Surcharge and Health & Education Cess will remain applicable at existing rates.

II. Old Tax Rates: Existing tax slab rates under OLD tax regime will remain applicable in FY 2025-26 also wherever opted by employee.

III. Increase in limit of Total Income for Rebate u/s 87A under New Tax Regime:

Existing limit of Total Income up to Rs.7 lakh for Rebate u/s 87A is proposed to be increased to 12 Lakhs and hence the limit of Tax Rebate shall be increased from Rs.25000 to Rs.60000.

- Tax rebate is NOT available on tax on Incomes chargeable at special rates i.e. capital gains etc.

IV. Increase in the limits on the income of the employees for the purpose of calculating perquisites u/s 17(2) is proposed:

It is proposed that S.17 may be amended so that benefits received by employees would be exempt from being treated as perquisites and the expenditure incurred by the employer for travel outside India on the medical treatment of employee / his family member would not be treated as a perquisite. Amendments shall be prescribed later by Ministry of Finance.

V. Deduction under S. 80CCD for contributions made to NPS Vatsalya for Minor children (From FY 2025-26):

It is proposed to extend the tax deduction under S. 80CCD (1B) for the contributions made to the NPS Vatsalya Accounts for MINOR children.

- Deduction shall be available upto overall limit of Rs.50000 available u/s 80CCD (1B).
- The amount on which deduction has been allowed under S.80CCD (1B) for contribution in minor's account or any amount accrued thereon, will be charged to tax when such amount is withdrawn.

VI. Annual value of the self-occupied property simplified:

S.23(2) provides that where house property is occupied by owner for his residence OR *owner cannot actually occupy it due to his employment, business or profession carried on at any other place,* in such cases, the annual value of such house property shall be taken to be 'NIL'.

It is proposed to amend section so as to provide that the annual value of the property consisting of a house or any part thereof shall be taken as NIL, if the owner occupies it for his own residence or *cannot actually occupy it due to any reason*.

- S. 23(4) which allows this benefit for 2 house properties shall continue to apply as earlier.

VII. Extension of Time Limit to file UPDATED Return u/s 139(8A):

It is proposed to extend the time-limit to file the updated return from existing 24 months to 48 months from the end of relevant assessment year.

- Rate of additional income-tax payable for updated return filed after expiry of 24 months and upto 36 months from the end of the relevant assessment year shall be 60% of aggregate of tax and interest payable.
- The additional income-tax payable for updated return filed after expiry of 36 months and upto 48 months from the end of the relevant assessment year shall be 70% of aggregate of tax and interest payable.

EXPERIENCED. EQUIPPED. TRUSTWORTHY

VIII. Rationalization of tax deducted at source (TDS) rates:

Threshold limits of various TDS sections have been proposed to be increased. Few relevant are mentioned below:

TDS Section	Nature of Income	Existing Threshold (Rs.)	Proposed Threshold (Rs.)
193	Interest on Securities	NIL	10000
194	Dividend	5000	10000
194A	Interest other than Int. on Securities	50000 for senior citizen	100000 for Senior citizen
		40000, in case of others when PAYER is Bank/Post Office	50000, in case of others when PAYER is Bank/Post Office
		5000 in other cases	10000 in other cases
194K	Income from units of a mutual fund	5000	10000

IX. Rationalization of TCS provisions:

The Threshold to collect TCS on Remittances under RBI's Liberalized Remittance Scheme (LRS) is proposed to be increased from Rs.7 Lakh to Rs.10 Lakh.

- It is also proposed to remove TCS on remittances if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education.