

Annexure to Part B

Amendments relating to Direct Taxes

(i) Personal Income-tax reforms with special focus on middle class

1. Substantial relief is proposed under the new tax regime with new slabs and tax rates as under: -

Total income	Rate of tax
Upto ₹ 4,00,000	Nil
From ₹ 4,00,001 to ₹ 8,00,000	5 per cent
From ₹ 8,00,001 to ₹ 12,00,000	10 per cent
From ₹ 12,00,001 to ₹ 16,00,000	15 per cent
From ₹ 16,00,001 to ₹ 20,00,000	20 per cent
From ₹ 20,00,001 to ₹ 24,00,000	25 per cent
Above ₹ 24,00,000	30 per cent

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2. Rebate on income-tax

- Resident individual with total income up to ₹ 7,00,000 do not pay any tax due to rebate under the new tax regime. It is proposed to increase the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to ₹ 12,00,000. Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than ₹ 12,00,000.
- A few examples for calculation of tax benefit are given in the table below:

Income	Tax on Slabs and rates		Benefit of	Rebate benefit	Total Benefit	Tax after rebate Benefit
	Present	Proposed				
8 lac	30,000	20,000	10,000	20,000	30,000	0
9 lac	40,000	30,000	10,000	30,000	40,000	0
10 lac	50,000	40,000	10,000	40,000	50,000	0
11 lac	65,000	50,000	15,000	50,000	65,000	0
12 lac	80,000	60,000	20,000	60,000	80,000	0
16 lac	1,70,000	1,20,000	50,000	0	50,000	1,20,000
20 lac	2,90,000	2,00,000	90,000	0	90,000	2,00,000
24 lac	4,10,000	3,00,000	1,10,000	0	1,10,000	3,00,000
50 lac	11,90,000	10,80,000	1,10,000	0	1,10,000	10,80,000

(ii) Rationalization of TDS/TCS for easing difficulties

1. Rationalization tax deducted at source (TDS) and tax collected at source (TCS) rates: www.sandipanedu.in

- To reduce multiplicity of rates and compliance burden, it is proposed to bring down certain TDS and TCS rates in certain sections as below:

No	Section of the Act	Present TDS/TCS Rate	Proposed TDS/TCS Rate
1.	Section 194LBC - Income in respect of investment in securitization trust	25% if payee is Individual or HUF and 30% otherwise	10%
2.	Sub-section (1) of section 206C (i) TCS on timber or any other forest produce (not being tendu leaves) obtained under a forest lease and (ii) TCS on timber obtained by any mode other than under a forest lease	2.5%	2%
3.	Sub-section (1G) of section 206C – TCS on remittance under LRS for purpose of education, financed by loan from financial institution	0.5% after ₹ 7 lakhs	Nil

- It is further proposed to increase certain thresholds for requirement to deduct tax at source or collect tax at source under certain sections, as below:

.No	Section of the Act	Present TDS /TCS Threshold (Rs)	Proposed TDS /TC Threshold (Rs)
1.	193 - Interest on securities	Nil	10,000/-
2.	194A - Interest other than Interest on securities	(i) 50,000/- for senior citizen; (ii) 40,000/- in case of others when payer is bank, cooperative society and post office (iii) 5,000/- in other cases	(i) 1,00,000/- for senior citizen (ii) 50,000/- in case of others when payer is bank, co-operative society and post office (iii) 10,000/- in other cases
3.	194 - Dividend, for an individual shareholder	5,000/-	10,000/-
4.	194K - Income in respect of units of a mutual fund or specified company or undertaking	5,000/-	10,000/-
5.	194B - Winnings from lottery, crossword puzzle etc.	Aggregate of amounts exceeding 10,000/- during the financial year	10,000/- in respect of a single transaction
6.	194BB - Winnings from horse race		
7.	194D - Insurance commission	15,000/-	20,000/-
8.	194G - Income by way of commission, prize etc. on lottery tickets	15,000/-	20,000/-
9.	194H - Commission or brokerage	15,000/-	20,000/-
10.	194-I Rent	2,40,000/- during the financial year	50,000/- per month or part of a month

11.	194J - Fee for professional or technical services	30,000/-	50,000/-
12.	194LA - Income by way of enhanced compensation	2,50,000/-	5,00,000/-
13.	206C(1G) – Remittance under LRS and overseas tour program package	7,00,000/-	10,00,000/-

(iii) Encouraging voluntary compliance

1. Extending the time-limit to file the updated return:

- It is proposed to extend the time-limit to file the updated return from the existing 24 months to 48 months from the end of the relevant assessment year. The additional tax payable shall be 60% of the aggregate of tax and interest payable on additional income for filing updated return during the period of 24 months to 36 months from the end of relevant assessment year. Additional tax payable shall be 70% of the aggregate of tax and interest payable for filing updated return during the period of 36 months to 48 months from the end of relevant assessment year subject to certain conditions.

2. Obligation to furnish information in respect of crypto-asset:

- It is proposed to bring amendment in the Act to provide for that a prescribed reporting entity in respect of a crypto-asset shall furnish information in respect of a transaction in such crypto asset, in a statement as prescribed. It is also proposed to align the definition of virtual digital asset accordingly.

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

- It is proposed 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.

(iv) Reducing compliance burden