

Main Tax Changes in Govt Budget 25-26 dt 1.2.25

1. No change in corporate tax rate. 25% up to Turnover =< 400 crs in FY 23-24. Option to get taxed at 22% continues. SC at 7%, 10% or 12% depending upon total income. Cess at 4%.
2. TDS Rates
 - No change in TDS on salary (except for TDS for persons under New Regime), on purchase of immovable property, TDS on contracts
 - Sec 193 – Interest on Securities – NO TDS for income up to 10000 (wef 1.4.25).
 - Sec 194A – TDS on Interest income – For Sr. Citizens – NIL TDS up to 1 L from Rs 0.5 L. Others – 0.5 L from 0.4 L ,
 - Sec 194 – Dividend received by Individual Shareholder- NIL TDS 10000 from 5000.
 - Sec 194 H- Commission or Brokerage – NIL TDS -20000 from 15000.
 - Sec 194 I – Rent – Nil TDS on Rent paid by other than Indv/ HUF – 50000 p m from 2.4 L per a .
 - Sec 194 J – Professional Services – NIL TDS – 50000 from 30000.
 - Above TDS changes to take effect from 1.4.25
 - TCS u/s 206 C (1H) @ 0.1% to be collected from buyer omitted on seller of goods wef 1.4.25.
 - Requirement of higher TDS for non- filers of income withdrawn (Sec 206AB & 206 CCA- wef 1.4.25)
 - No TCS on remittance outside India for Education purpose out of educational Loans availed (Sec 206C(1G)- wef 1.4.25)
3. No deemed dividend in case of loans between 2 group entities if one is finance company and parent entity is listed in stock exchanges outside India as may be specified. (Sec 2(22) - Wef 1.4.25).
4. Trust – Period of approval increased to 10 yrs. from 5 yrs. (Sec 12A –AY25-26, FY 24-25)
5. Some changes done in disclosure of Contribution in a Trust (Sec 13 - AY25-26, FY 24-25)
6. Losses of amalgamating entity to be carried forward by amalgamated entity up to eight yrs. which includes the period of carried forward already done by amalgamating entity. (Sec 72 A – AY 26-27, FY 25-26).
7. Powers to impose penalty under some sections of I T Act given to AO instead of Joint Commissioner.
8. GST
 - Sec 17(5) (d) amended to insert (and) in place of (or) and now it is plant and machinery – wef 1.7.27 – To over-ride judgment in safari retreat case (SC) – Tax input credit in case of commercial properties construction for leasing may not be available .(to check – which component of cost on which input credit may be claimed)
 - 10% mandatory deposit in case of demand of only penalty and not including tax before filing appeals (Sec 107(6) and Sec 112(8))
 - Enabling Provision made for Track and Trace mechanism.(Sec 148A)
9. Personal Tax in new regime – Minimum exemption limit raised to 4 L from 3 L. Slab Rates Changes done. SC remains at 10% (>50 L to 1Cr) , 15% (>1Cr to 2 crs) , Tax rebate u/s 87A raised to income up to 12 L from 7 L or tax deduction raised to 60000 from 25000 whichever is less .
10. Valuation of Perquisites – Limit of salary of 50000(annual) to be prescribed as per rules from time to time and and tax free limit of medical expenses including travel by employer

for travel outside India for employees (excluding Director) having gross salary income of up to Rs 2 L to be prescribed as per rules from time to time. (Sec 17 –FY 25-26, AY 26-27).

11. Update Tax Return can be filed within 4 yrs of relevant AY .- Sec 139 – wef 1.4.25
12. Deduction for NPS contribution – Contribution to NPS Vatsalya Account included – 80 CCD (FY 25-26 AY 26-27)
13. Withdrawal of Deposit including Interest under NSS Scheme made till 31.3.1992- Exempt – wef 29.8.24
14. Changes in custom duty rates
 - Marble, granite – 20% from 40%
 - Smart meter – 20% from 25%
 - All dutiable goods for personal use- 20% from 35%