

Income Tax Amendments

Finance Act 2024

(Applicable for May 2025 / Sep 2025 & Jan 2026 Attempt)

Chapter 1: Basic Concepts

1. Revised Tax Rates under Default Tax Regime

Total Income	Tax Rate
Up to ₹3,00,000	Nil
From ₹3,00,001 to ₹7,00,000	5%
From ₹7,00,001 to ₹10,00,000	10%
From ₹10,00,001 to ₹12,00,000	15%
From ₹12,00,001 to ₹15,00,000	20%
Above ₹15,00,000	30%

2. New Rates for Capital Gains Tax

Particulars	Upto 22/7/2024	W.E.F 23/7/2024
LTCG u/s 112	20%	12.5%
LTCG u/s 112A	10%	12.5%
STCG u/s 111	15%	20%

3. Exemption on LTCG u/s 112A has been increased from ₹1,00,000 to ₹1,25,000.

Chapter 3A: Salary

Standard deduction u/s 16(ia) has been increased from ₹50,000 to ₹75,000 under Default Tax Regime

Chapter 3C: PGBP

- Section 28:** Any income from letting out of residential house shall be charged under head House Property [not PGBP]
- Section 37:** Settlement amounts being paid to settle contraventions shall be disallowed.
- Amount of deduction pertaining to Employer's contributions to NPS has been increased from 10% to 14%
- Section 40(b)** Revised limit of remuneration to partners

Book Profit	Allowable remuneration
First ₹6,00,000	Higher of ₹3,00,000 or 90% Book Profit
Balance	60% of Balance BP

Chapter 3D: Capital Gains

1. Short Term Capital Asset

Particulars	Effect	Upto 22/7/2024	W.E.F 23/7/2024
Listed Securities	No Change	12 Month	12 Month
Units Of Equity Oriented MF	No Change	12 Month	12 Month
Zero Coupon Bond	No Change	12 Month	12 Month
Unlisted Shares	No Change	24 Month	24 Month
Land & Building	No Change	24 Month	24 Month
Unlisted Debentures	Change	36 Month	24 Month
Other Capital Assets	Change	36 Month	24 Month

2. Benefit of indexation shall not be available for long term capital assets transferred on or after 23/07/2024.

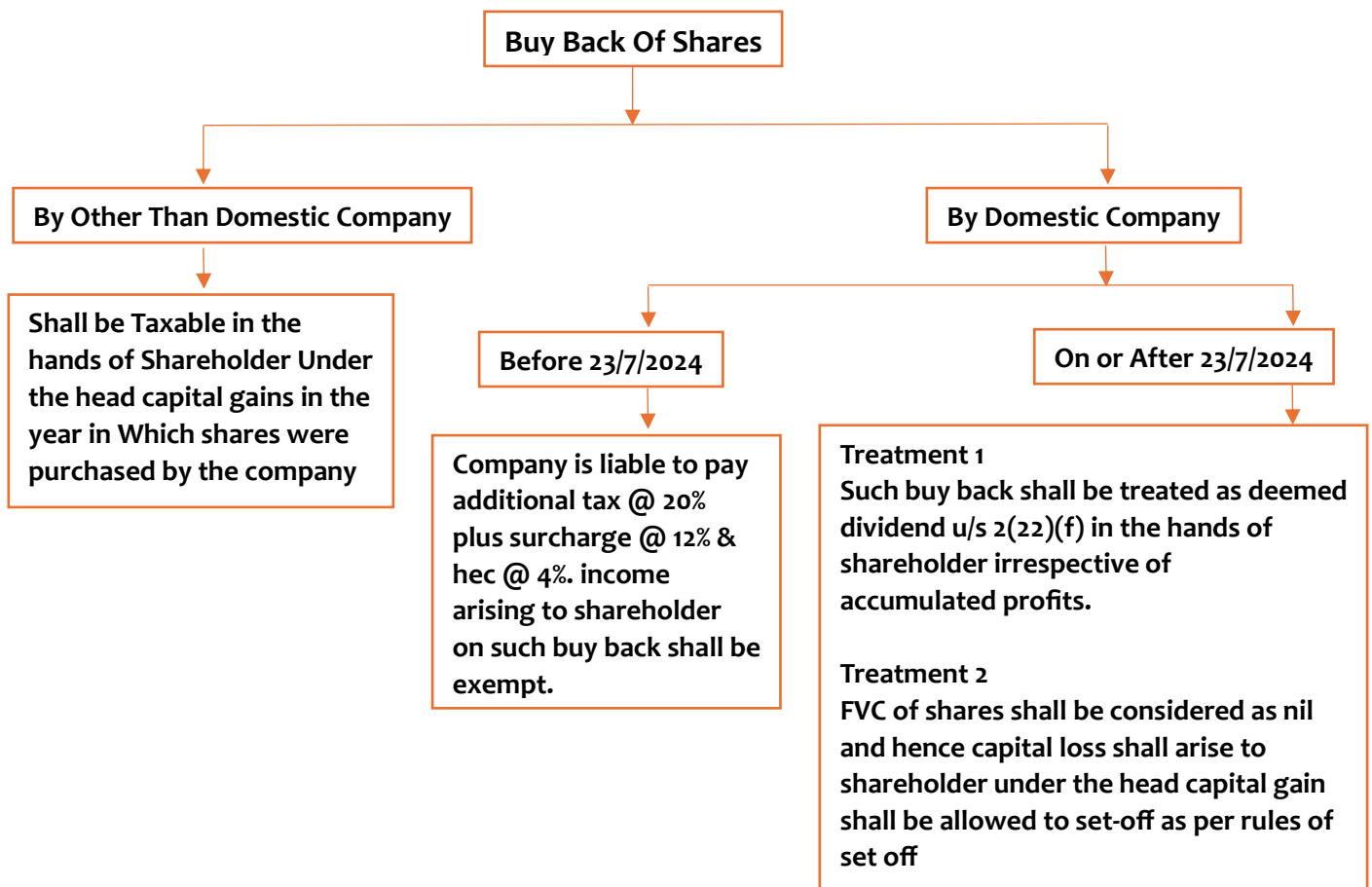
Transfer Upto 22/7/2024		Transfer W.E.F. 23/7/2024	
Particulars	Amount	Particulars	Amount
FVC	-	FVC	-
Less: Transfer Expenses	-	Less: Transfer Expenses	-
Net Consideration	-	Net Consideration	-
Less: Indexed COA	-	Less: COA	-
Less: Indexed COI	-	Less: COI	-
LTCG	-	LTCG	-

3. Assessee has option to avail Indexation Facility to pay tax under old rates if following conditions are satisfied:
- Transferor is resident individual or HUF.
 - Long term capital gain arises on transfer of Land, Building or both (whether residential or commercial).
 - The above asset was acquired before 23/07/2024.
 - The above asset is transferred on or after 23/07/2024.
4. Capital gains from transfer of unlisted debentures and unlisted bonds shall be deemed to be short term irrespective of their holding period provided acquired on or after 23/07/2024.

Chapter 3E: Other Sources

- Provisions of Section 56(2)(viib) has been omitted [Consideration received by closely held co. for issue of shares exceeding its FMV]
- Deduction for Family Pension will be lower of $\frac{1}{3}^{\text{rd}}$ of Total Pension or `25,000 only in case of Default Tax Regime.

3. Buy Back of Shares



Particulars	
No of shares of A Ltd bought in 2020 By Mr B @ ₹ 40 per share	100
Total cost of acquisition (100 x ₹ 40)	₹ 4,000
No of shares bought back in November 2024 by A Ltd @ ₹ 60 per share	20 shares
Income taxable as deemed dividend u/s 2(22)(f) [₹ 60 per share x 20 shares]	₹ 1,200
Long-Term Capital Loss on such buyback as per Section 46A (Value of consideration - COA) {Nil – (₹ 40 x 20 shares)}. Such LTCL can be set-off against other LTCG or it can be carried forward to the next year for set-off against other LTCG.	₹ 800
No of shares sold in December 2025 by Mr B @ ₹ 70 per share	50 Shares
Chargeable LTCG in PY 2025-26 after set-off of Long-Term Capital Loss (₹ 1,500 – ₹ 800)	₹ 700

Chapter 6: Deductions

1. **Assessee - Individual**
2. **Assessee's own contribution**
 - **Section 80CCD(1)**

- a) Salaried EE = EE's Contribution subject to maximum 10% Of RBS
- b) Other Individual = Assessee's Contribution subject to maximum 20% of GTI

➤ **Section 80CCD(1B)**

An additional deduction of upto ₹ 50,000 is allowed over and above u/s 80CCD (1)

Note: Always claim deduction under 80CCD(1B) first and then balance under 80CCD (1)

3. **ER Contribution to EE's NPS [Section 80CCD(2)]**

- a) Amount contributed by ER is Added to Gross Salary
- b) Also Deduction is allowed for such contribution subject to maximum 10% Of RBS
(14% of RBS in case contribution is made by CG/SG)
However, Deduction is allowed for such contribution subject to maximum 14% of RBS (In case of Default Tax Regime to both Govt. and Non-Govt. Employees)

Chapter 7A: TDS

1. Section 192 has been amended to allow deductors to take TCS into consideration while calculating TDS liability u/s 192
[w.e.f. 01/10/2024]
2. Any sum referred u/s 194J does not fall within definition of 'Work' for the purpose of TDS u/s 194C.
3. Where there is more than more than one transferor of any immovable property, consideration shall be the aggregate of amounts paid or payable by all transferees to all transferors for the purpose of Section 194-IA
4. Revised TDS Rates:

Sections	Up to 30 th Sep 2024	From 01 st Oct 2024
194DA	5%	2%
194G	5%	2%
194H	5%	2%
194-IB	5%	2%
194M	5%	2%
194O	1%	0.1%

Chapter 8: Returns

Concept of quoting Aadhar Enrollment Number has been ceased [Quote Aadhar Only w.e.f. 01/10/2024]