

# INCOME TAX AMENDMENTS - MAY 26

## Amendments as per FA 2025

### Chapter 1 - Salary

*Monetary Salary - std - EA PT > 400000 pa*

#### 1. Specified Employee:

Specified employee means employee drawing monetary salary of 4,00,000 p.a. or more.

Earlier this limit of 50,000 pa.

*Question Practical learn 7 perq. - only in hands specified*

#### 2. Medical treatment outside India

Traveling exp. Incurred by employer: Will not be treated as perquisite if the GTI of the employee does not exceed Rs 8,00,000 p.a. wef. FA 2025.

Earlier this limit was 2,00,000 p.a.

*medical exp + accom Travel ticket.*

Note - Travel & stay abroad of patient + 1 attendant allowed

### Chapter 2 - Income from HP

*- 2 HP - treated as SO*

*Clarification*

#### 1. GAV of 2 SO properties will be taken as nil, even if owner cannot occupy it due to any reason.

FA 2025 has classified that even if the taxpayer does not occupy the SO houses for whatever reasons, the GAV of SO houses will be NIL.

### Chapter 3 - Deduction

#### 1. Introduction of Unified Pension Scheme in line with NPS [The Taxation Law (Amendment) Act, 2025]

i. The Unified Pension Scheme (UPS) has been introduced as an option under the National Pension System (NPS) by the Central Government for the Central Government employees covered under NPS so that they may receive an assured payout after their retirement.

ii. It is a 'fund-based' payout system which relies on the regular and timely accumulation and investment of applicable contributions (from both the employee and the employer (the Central Government) for grant of monthly payout to the retiree.

iii. To align the tax treatment of the UPS with the NPS, Taxation Law (Amendment) Act, 2025 has inserted sub-section (3A) and (6) in section 80CCD and clause (12AA) and (12AB) in section 10.

iv. Section 80CCD(3A) provides that the amount standing to the credit of the assessee, being a subscriber to the UPS, in his account (for which deduction has already been claimed by him under this section) and accretions to such account, received by the assessee or his nominee, in whole or in part in any previous year on account of his superannuation or voluntary retirement or retirement under Rule 56(j) of the Fundamental Rules (not treated as penalty) shall be deemed to be the income of the assessee or his nominee and taxed in the year in which such amount is received.

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v. However, the assessee shall be deemed not to have received any amount in the previous year if such amount is transferred to the pool corpus from individual corpus on account of his superannuation, voluntary retirement or retirement. [Section 80CCD(6)].

2. **80CCD (1B)** to also include contribution to minor's A/c under NPS Vatsalya scheme.

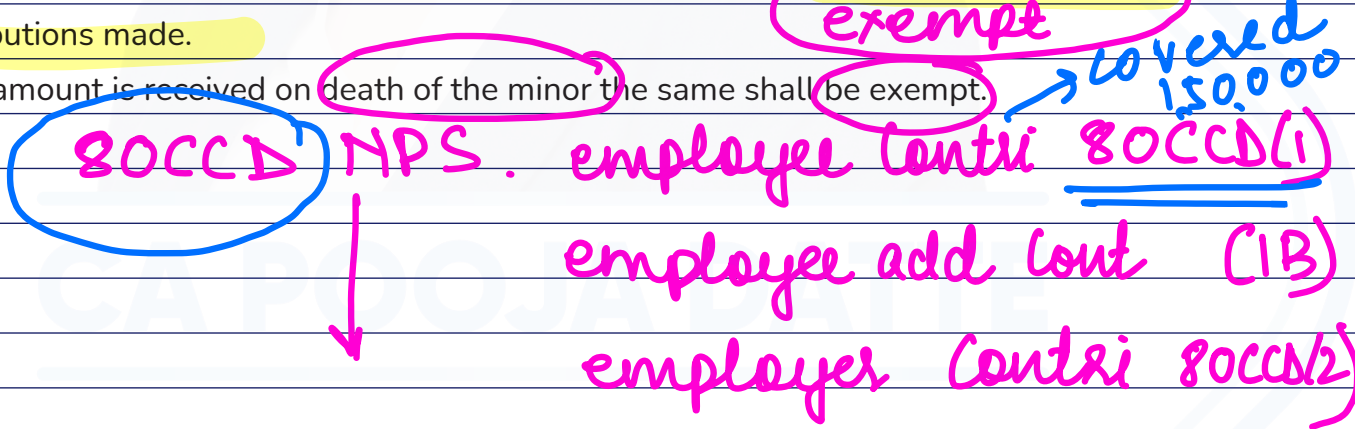
a. Section 80CCD(1B) provides for an additional deduction of upto ₹ 50,000.

This can also include contributions made to NPS Vatsalya accounts. The NPS Vatsalya Scheme, enables parents and guardians to start a National Pension Scheme (NPS) account for their children.

b. However, the aggregate deduction under section 80CCD(1B), including contributions to both regular NPS and NPS Vatsalya accounts, shall not exceed ₹ 50,000 in a financial year.

c. Any income received on partial withdrawal out of minor's account shall not be included in the total Income of parent / guardian to the extent it does not exceed 25% of the amount of contributions made.

d. If any amount is received on death of the minor the same shall be exempt.



## FA 2025

① 80CCD(1B) :- additional contri. to your A/c  
or  
Contribute in NPS Vatsalya  
minor A/c  
limit of 50,000.

② Only govt employees there is an option of VPS (Unified Pension scheme) under NPS

VPS - guaranteed Pension ① they can shift NPS corpus to VPS.

② taxability of VPS is same like NPS

③ Partial withdrawal 25% exempt NPS/VPS

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Chapter 4 - TDS

TCS

1. Reduction in rates of TCS

Sr No.	Section	Old TDS/TCS Rate	Revised TDS/TCS Rate
1.	206C(1) - <u>TCS on timber or any other forest produce</u> (not being tendu leaves) obtained under a forest lease or by any mode	2.5%	<u>2%</u>

2. New TCS rates for foreign remittance as follows. ~~750,000~~ → 10L

		Rate	No PAN
1. Remittance for education or medical treatment <i>LRS</i>	upto 10 Lakhs	NIL - no TCS	-
	Above 10 Lakhs	5% on excess of 10 L.	10%
Note - If the amt remitted is for education out of loan taken from financial institution (as referred u/s 80E) then entire amt exempt from TCS. (Ealier 0.5%) <span style="color: yellow;">★</span> FA 2025			
2. Remittance for overseas tour package <i>Overseas package</i>	upto 10 Lakhs	5%	10%
	Above 10 Lakhs	20% ✓	20%
3. Remittance for other purpose <i>LRS</i>	upto 10 Lakhs	no TCS	-
	Above 10 Lakhs	20% on amt in excess of 10 Lakhs	20%

*NO PAN TCS = twice the normal @ 20% ✓*

Remittance limit of 10L is combined for remittance for medical, education and other purpose.

i. Mr. Raja paid ₹ 12 lakhs on 1.11.2025 to M/s. Thomas Cook for a holiday package to Singapore for a week with his family, comprising of his wife and two children, being twins aged 22 years, in the last week of November. Mr. Raja also remitted ₹ 13 lakhs on 28.3.2026, out of his personal savings, under LRS through Bank of India, as gift to his sister residing in London, on the occasion of her 50th birthday. (Module) - Calculate TCS.

## INCOME TAX AMENDMENTS - MAY 26

### TDS chart

3.

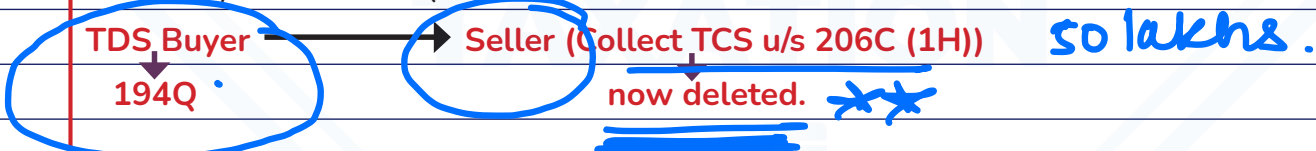
S.No.	Section	Old Threshold limit	Revised Threshold limit
1.	192 - TDS on salary	BEL. Avg. Rate	No Change
2.	192 A - TDS on PF withdrawal (No Change)	50,000 or excess Rate - 10%	No Change
3.	193 - Interest on Securities	Nil (10%)	10,000 - (10%)
4.	194 - Dividend for an individual shareholder	5,000 (10%)	10,000 - 10%
5.	194A - Interest other than Interest on securities Rate 10%	(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, cooperative society and post office (iii) ₹ 10,000 in other cases
6.	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. (Rate - 30%)
7.	194BA - TDS on online gaming	TDS - 30%	No Change
8.	194BB - Winnings from horse race	Aggregate of amounts exceeding ₹ 10,000 during the financial year	₹ 10,000 in respect of a single transaction. (Rate - 30%)
9.	194 C - 2% or 1%	30,000 per contract / 10,000 p.a.	No Change
10.	194D - Insurance commission	15,000 (Payee - Co. - 10%, Others - 2%)	20,000 (Payee - Co. - 10%, Others - 2%)
11.	194 DA <i>LIC Maturity Proceeds</i>	1,00,000 Rate 2% on Income	No Change
12.	194G - Income by way of commission, prize etc. on lottery tickets	15,000 Rate 2%	20,000 2%
13.	194H - Commission or brokerage	15,000 Rate 2%	20,000 2%
14.	194-I Rent	₹ 2,40,000 p.a. (2% / 10%)	₹ 50,000 p.m. or part of a month (2% / 10%)
15.	194 IB	50,000 p.m. Rate 2%	No change
16.	194J - Fee for professional or technical services	30,000 Rate - 10% / 2%	50,000 Rate 10% / 2%

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★	17.	194K - Income in respect <u>of units of a mutual fund</u> or specified company or undertaking	5,000 Rate - 10%	→ 10,000 Rate 10%
✳	18.	194LA - Compulsory acquisition of immovable property	2,50,000 (Rate 10%)	✳✳ 5,00,000 Rate - 10%
	19.	194 IA Purchase of property	50,00,000 TDS = 1%	No change
	20.	194 M	Rate 2% Threshold - 50 lakhs	No change
	21.	194 N	Cash withdrawal	No change
	22.	194 Q	Purchase of goods TDS = 0.1% on excess of 50 lakhs.	No change
	23.	194 R Perquisite	TDS = 10% Threshold = 10,000	No change
	24.	194 T Partners salary and interest	Threshold = 20,000 TDS = 10%	No change

### 4. TCS on sale of goods: = Deleted.

- i. With effect from April 1, 2025, of section 206C(1H), which required the collection of tax at source (TCS) on the sale of goods, in excess if 50,00,000 has been abolished.
- ii. Now, only section 194Q will now be relevant.



### 5. Removal of higher TDS/TCS for non-filers of return of income: Deleted.

Section 206AB and 206CCA which requires deduction/ collection of tax at higher rate when the deductee specified therein is a non-filer of income-tax return have been omitted. For non filer of ITR highest rates of TDS and TCS were applicable u/s 206AB & 206CCA. Now these sections have been deleted.

### 6. TCS on Motor Vehicle and Luxury Goods.

Nature of Transaction	Rate	No PAN	Collector (Seller)	Collectee (Buyer)
1. Sale of a <u>motor vehicle</u> of the value exceeding <u>10 lakhs</u>			Same as section	Any person other than
2. Any notified <u>luxury goods</u> value excluding 10 lakhs (wef 1/1/2025)	1%	5%	206C(1)	mentioned in Note - 1

# INCOME TAX AMENDMENTS - MAY 26

## Notes:

1. Public Sector Co engaged in the business of carrying passengers, CG, SG, Embassy, High comm, legation, consulate, trade representation, Local authority.
2. TCS will apply only in case of sale of motor vehicle at retail level. No TCS under this section on sale by manufactures to dealers /distributors.
3. Threshold limit of ₹ 10 lakhs has to be looked at on each individual purchase and not on aggregate purchase made during the year.
4. Notified luxury goods are : (Notification No. 36/2025 dated 22.4.2025) FA 2025

S. No.	Nature of goods
1.	Any wrist watch
2.	Any art piece such as antiques, painting, sculpture
3.	Any collectibles such as coin, stamp
4.	Any yacht, rowing boat, canoe, helicopter
5.	Any pair of sunglasses
6.	Any bag such as handbag, purse
7.	Any pair of shoes
8.	Any sportswear and equipment such as golf kit, ski-wear
9.	Any home theatre system
10.	Any horse for horse racing in race clubs and horse for polo

luxury  
goods  
notified

## Chapter 5 - Return of Income

PY 25-26, AY 26-27

V. Imp Exam

### 1. 139(8A) Updated Return



FA 2025

end of AY 31/3/27

4 yrs

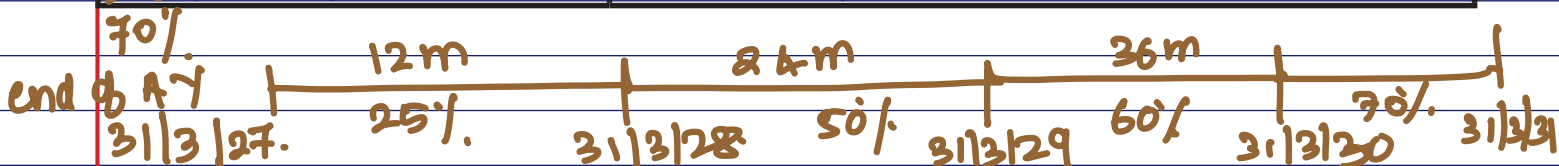
→ 31/3/31

- a. Assessee can furnish updated ITR within 48 months from end of relevant AY. Earlier this limit was 24 months.

eg. Updated ITR of 31/3/26 can be filed upto 31/3/31.

- b. Additional Tax payable along with update return is as follows

25% (Tax + Int)	Within 12 m from AY i.e. 31/3/28
50% (Tax + Int)	Offer 12 m and upto 24th from AY i.e. 31/3/29
60% (Tax + Int)	Offer 24 m and upto 36 m from AY i.e. 31/3/30
<del>70%</del> (Tax + Int)	Offer 36 m & upto 48 m from AY i.e. 31/3/31



## INCOME TAX AMENDMENTS - MAY 26

Linking Aadhaar & PAN is mandatory 139AA.

### 2. Now Aadhaar Enrollment ID not allowed

- i. As per section 139AA every person who is eligible to obtain Aadhaar Number is required to mandatorily quote Aadhaar Number.
- ii. Prior to 1/10/24 the option of quoting Aadhaar application enrollment ID was allowed.  
∴ Taxpayer could quote the enrollment ID for allotment of PAN or in the return of income.
- iii. However this has been discontinued wef 1/10/24. **So now assessee has to quote Aadhaar and not its enrollment ID.**
- iv. Accordingly every person who has been allotted PAN on the basis of Enrolment ID of Aadhaar application form filed before 1<sup>st</sup> October, 2024 has to intimate his Aadhaar Number to the prescribed authority in the prescribed manner, on or before 31<sup>st</sup> December, 2025 or such date as may be specified by the CBDT. **last date 31/12/25.**

**Aadhaar & PAN - are not linked.**

### 3. Relief to deductors/collectors from the applicability of higher TDS/TCS where the PAN becomes operative upon linkage with Aadhaar within the specified period [Circular No. 9/2025 dated 21.7.2025] then PAN becomes inoperative.

- i. Section 139AA(2) makes it mandatory for every person who has been allotted a PAN as on 1<sup>st</sup> July, 2017 to intimate his Aadhaar Number on or before 31<sup>st</sup> March, 2022, failing which the PAN would become inoperative.
- ii. However, once the person subsequently intimates his Aadhaar Number and pays the prescribed fee of ₹ 1,000 under section 234H, his PAN will become operative within 30 days from the date of such intimation.
- iii. In case of non linking PAN would become inoperative wef 1/7/2023 and then -
  - a. No refund of any amount of tax or part thereof, due under the provisions of the Act;
  - b. Interest would not be payable on such refund for the period, beginning with the date specified i.e., 1.7.2023 and ending with the date on which it becomes operative;
  - c. TDS and TCS will be deducted at higher rates. - **relaxation**

### 4. The CBDT has, vide this circular, provide relief to deductors/collectors from the applicability of higher TDS/TCS rates under section 206AA/206CC, in the following cases:

- ♦ Where the amount is paid or credited from 01.04.2024 to 31.07.2025 and the PAN is made operative (as a result of linkage with Aadhaar) on or before 30.09.2025.
- ♦ Where the amount is paid or credited on or after 01.08.2025 and the PAN is made operative (as a result of linkage with Aadhaar) within two months from the end of the month in which the amount is paid or credited.

# INCOME TAX AMENDMENTS - MAY 26

## Chapter 6 - Capital Gains

54EC

LT-Immovable Prop

6 yr

Bonds.

- I. **54EC - Reinvestment in Bonds of**
- a. National Highways Authority of India (NHAI)
- b. Rural Electrification Corporation Limited (RECL)
- c. Bonds of Power Finance Corporation (PFC)
- d. Indian Railways Finance Corporation (IRFC)

max 50 lakhs

NHAI

REC

PFC

IRFC

HUDCO.

IREDA

e. Now bonds of (HUDCO) & Bonds issued by IREDA also added in the list.

HUDCO - Housing and Urban Development Corporation Limited

IREDA - Indian Renewable Energy Development Agency

Note : Total reinvestment cannot exceed 50 lakhs and bonds should be redeemable after 5 yrs.

## Chapter 7 - PGBP

no amendment

1. Meaning of micro and small enterprise amended - Section 43B.

S.No.	Meaning
1.	<b>Micro Enterprise</b>
	Investment in Plant and Machinery or Equipment ≤ ₹ 2.5 crore <b>AND</b> Turnover ≤ ₹ 10 crore
2.	<b>Small Enterprises</b>
	Investment in Plant and Machinery or Equipment ≤ ₹ 25 crore <b>AND</b> Turnover ≤ ₹ 100 crore

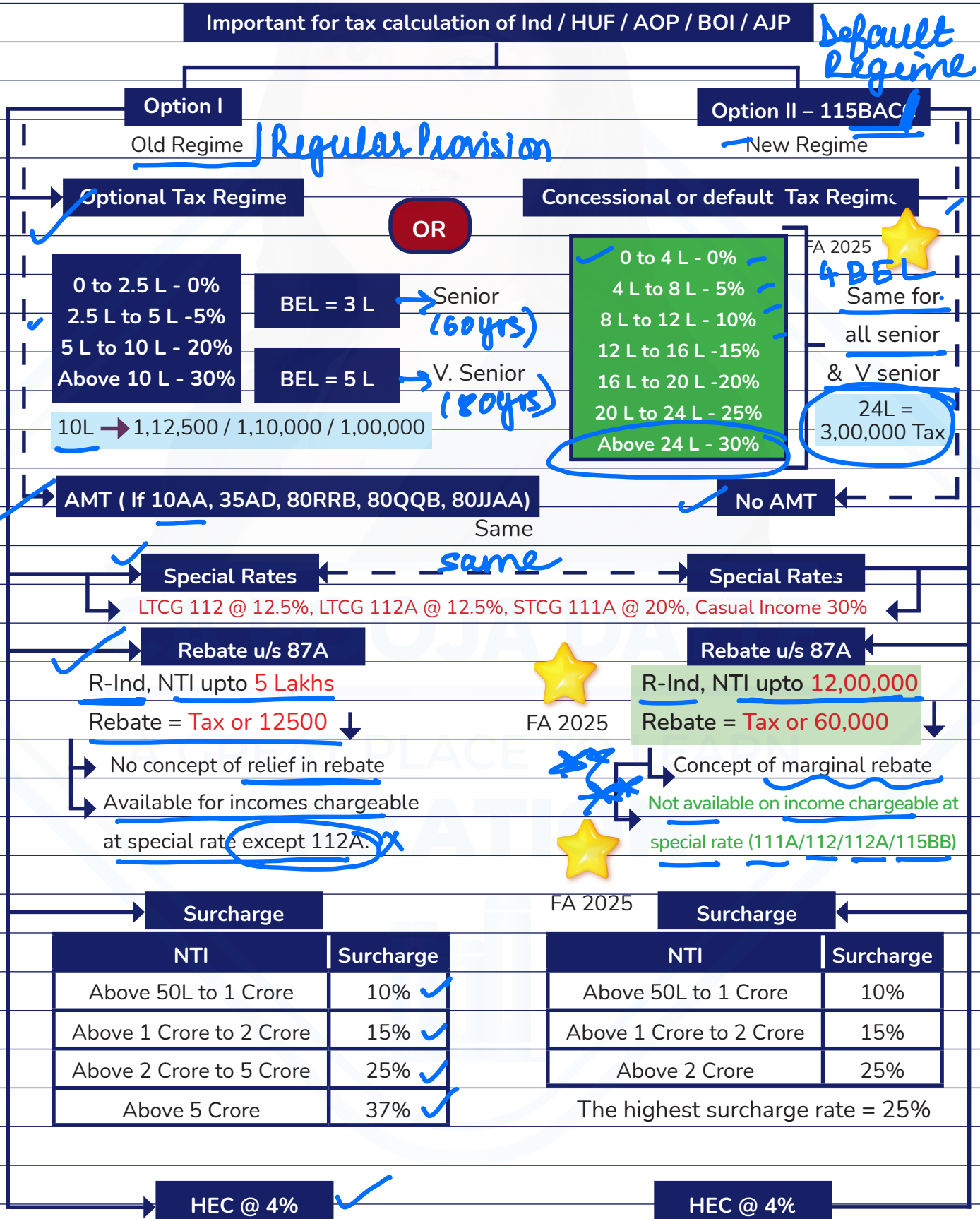
## Chapter 8 - Tax Rates for May 26 / Sept 26 and Jan 27

Check on next page

# INCOME TAX AMENDMENTS - MAY 26

## Last Day Revision - Tax Rates

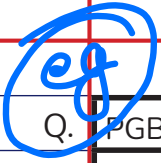
Tax rates u/s 115 BAC



Note : 1. Under option I and option II enhanced rate of surcharge of 25% or 37% would not apply to STCG u/s111A, LTCG u/s112A, LTCG u/s 112, dividend. *10% - 15%*

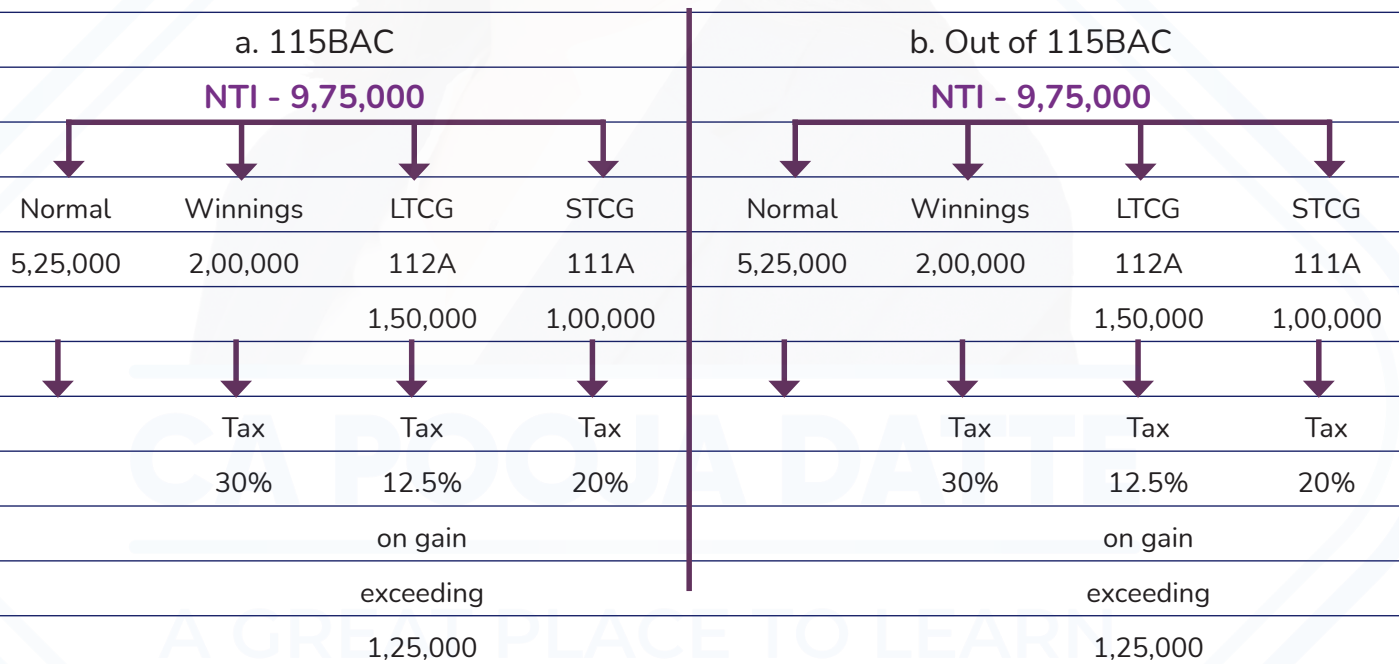
2. Partial Integration in both options available (Agri Income).

# INCOME TAX AMENDMENTS - MAY 26

Q. 

Q. PGBP	5,25,000
Wining from lottery	2,00,000
LTCG 112A	1,50,000
STCG 111A	1,00,000
GTI	9.75,000

## Compute Tax



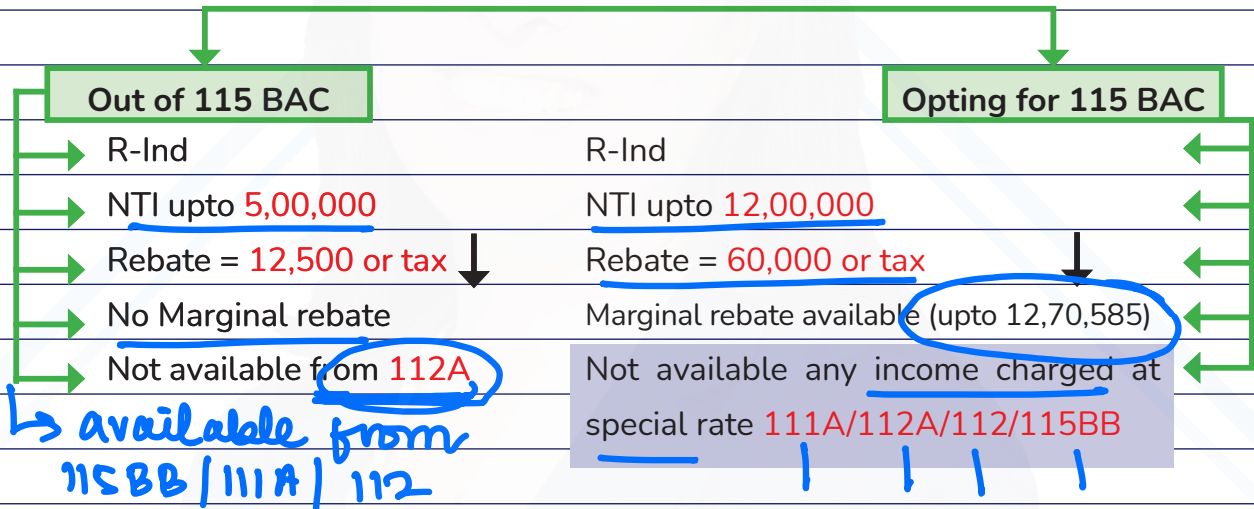
# INCOME TAX AMENDMENTS - MAY 26

## 1. Section 87A



FA 2025

### Section 87A



## 2. Special Tax Rate

Income	Tax Rate	BEL	Unexhausted BEL	VI A	Rebate 87A out of 115 BAC	Rebate 87A & 115 BAC
LTCG 112	12.5%	x	✓	x	✓	x
LTCG 112A	12.5% on gain exceeding 1,25,000	x	✓	x	x	x
STCG 111A	20%	x	✓	x	✓	x
Winnings and Casual income 115BB	30%	x	x	x	✓	x

Note : Benefit of unexhausted BEL is available to R. Ind and R. HUF.

## 3. Undisclosed income is taxed at effective rate of 78% (Tax = 60% + Surcharge 25% + HEC 4%)

115BBE

No BEL. (No Amendment)

4. **AMT**
- Benefits 35AD, 10AA, 80RRB, 80QQB & 80JJAA
  - On entire ATI Tax @ **18.5%**, no BEL, no special rates
  - Surcharge 10%, 15%, 25%, 37%
  - HEC @ 4%
  - **ATI = NTI + all 5 benefits - Dep in case of 35AD**
  - **No AMT in 115 BAC**
  - **No AMT if ATI is upto 20 lakhs**
  - **AMT credit c/f for 15 years**
- Non corporate assessee (No Amendment)

PY 25-26  
AY 26-27

INCOME TAX AMENDMENTS - MAY 26

∴ all → after 23/7/24 - 2.3

Taxation of Capital Gain: (No amendment)

exception

Taxability of Long Term Capital Gains

Generally - LT CG u/s 112

1. No BEL  
[ However benefit of unexhausted BEL available to R Ind RHUF ]
2. No VI A deduction
3. 87A Available / 115BAC 87 X
4. No Indexation on or after 23/7/24
5. Tax @ 12.5% No Indexation
6. Exception to tax rate

- (all 4 conditions) only for Tax Calculation
- a. R Ind / RHUF
  - b. Trf. Immovable prop. Land / Building
  - c. Immovable prop purchased before 23/7/24
  - d. Sale of immovable prop after 23/7/24

Only for Tax Calculation

Option I	Or	Option II
With Indexation		w/o Indexation
Tax @ 20%		Tax @ 12.5%

BEL :- Basic Exemption Limit

Section 112 A

1. Equity shares  
Equity oriented MF
2. Equity shares (Exception Bonus Share)  
STT → Purchase ✓  
STT → Sale ✓
- Equity oriented MF  
STT → Sale ✓

3. Tax @ 10% Before 23/7/24 X  
@ 12.5% on or after 23/7/24 on Gain exceeding 1,25,000

4. Indexation x
5. BEL x
- [ However benefit of unexhausted BEL available to R Ind RHUF ]

6. Chapter VI A x
7. 87A x
8. Grandfathering effect

If shares are acquired before 31/1/2018 + 112 A

COA = FMV as on 31/1/2018 or Sale consid ↓

Lower amt or Actual cost ↑

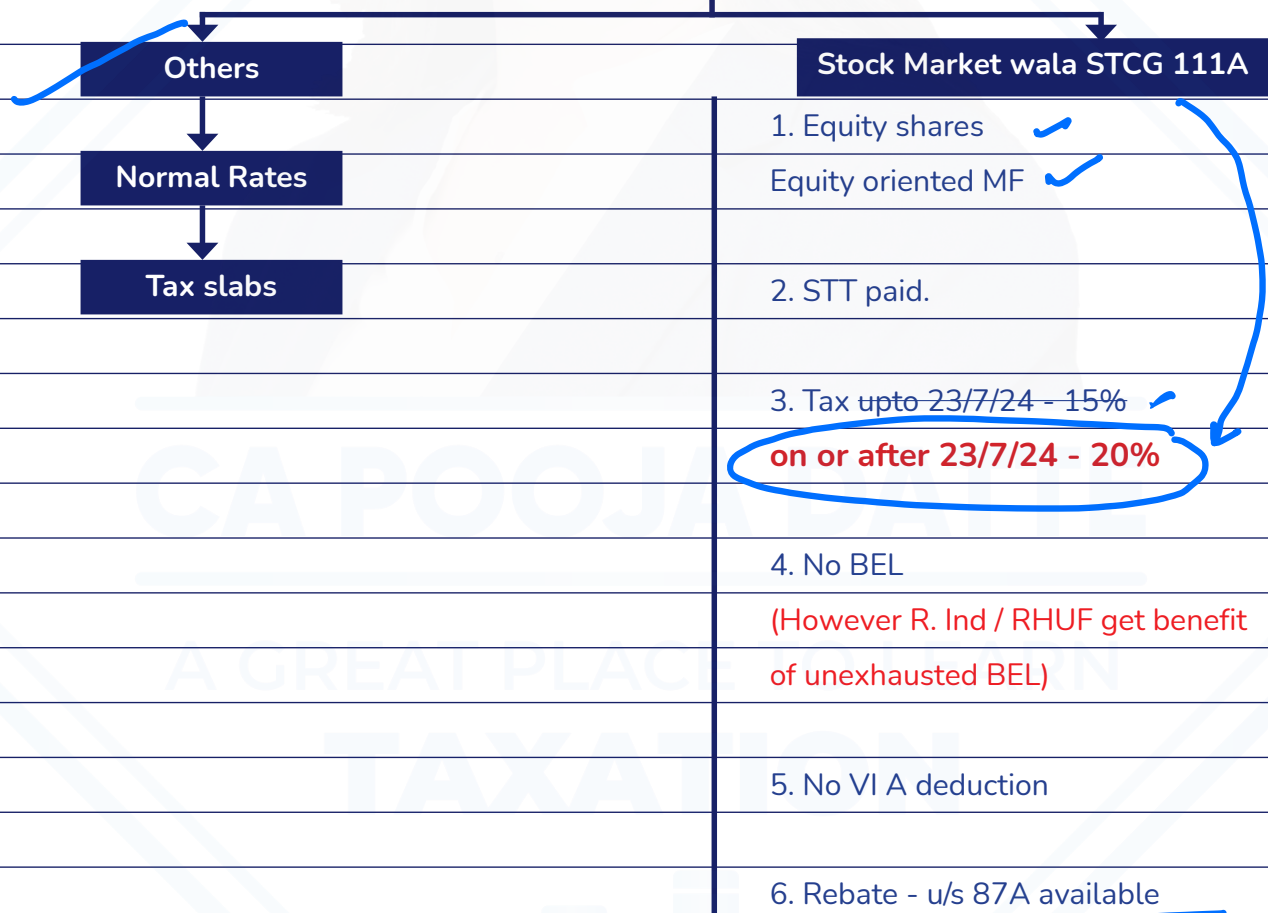
# INCOME TAX AMENDMENTS - MAY 26

FMV as on 31/1/2018 for grandfathering effect

1. Take highest price quoted on 31/1/2018.
2. If no trading on 31/1/2018 then consider FMV of latest date of trading
3. If on 31/1/2018 share are not listed then its

$$\text{FMV} = \frac{\text{COA}}{\text{Index of acquisition}} \times (\text{Index of 17-18}) 272$$

## Taxability of Short Term Capital Gains - (No amendment)



BEL :- Basic Exemption Limit

89A-115BAC-NA.

1. **Note :**  
NR gets benefit of currency conversion for shares and securities.
2. However currency conversion benefit will not be applicable to LTCG 112A.  
Also for NR LTCG on unlisted shares will be taxed @ 12.5%. without currency conversion.

## INCOME TAX AMENDMENTS - MAY 26

✓ **115BAC** - (No amendment) - *your reference*

I.	Salary	115 BAC	Old Regime
	1. Daily Allowance Constituency Allowance	x	✓
	2. HRA	x	✓
	3. LTC	x	✓
	4. Exemptions for Allowances		
	a. Travelling Allowance (T)	✓	✓
	b. Transport Allowance (T)	✓	✓
	c. Daily Allowance (D)	✓	✓
	d. Conveyance allowance for office (C)	✓	✓
	e. Other Allowances	x	✓
	5. Deductions u/s 16		
	Std Deduction	75,000	50,000
	PT	x	✓
	EA	x	✓
	6. Exemption of ₹ 50 Per meal for lunch facility	x	✓

} (TTDC Allowed)

II.	PGBP	115 BAC	Old Regime
	1. 35 AD	x	✓
	2. Additional Depreciation	x	✓
	3. Donation contribution for Scientific Research	x	✓
	4. Employers contri to NPS allowable exp	14% of salary	14% of salary

Note : If 35 AD not taken then we can claim depreciation

III.	House of Property	115 BAC	Old Regime
	1. Int on borrowed capital for SO property	x	✓
	2. Int on borrowed capital is allowed in both regime for LO/DLO properties.	✓	✓

IV.	IOS	115 BAC	Old Regime
	Std deduction for family pension	25,000 or 1/3 <sup>rd</sup> of pension	15,000 or 1/3 <sup>rd</sup> of pension

## INCOME TAX AMENDMENTS - MAY 26

V.	Clubbing	115 BAC	Old Regime
	Exemption of 1500 u/s 10 (32) for minor clubbing	x	✓
VI.	Set off	115 BAC	Old Regime
	Interhead adj of HP loss	x	Allowed only upto 2 lakhs
	Losses arising out of adjustments not allowed in 115BAC	Cannot be c/f	Can be c/f
	c/f of HP loss	x	✓
VII.	Deductions	115 BAC	Old Regime
	1. 10 AA	x	✓
	2. 80CCD(2) for non govt employee opted for 115 BAC	14% of salary	10% of salary
	3. 80CCH(2) employers contri to Agniveer Corpus	✓	✓
	4. 80JJAA	✓	✓
	5. All other deductions under chapter VI A	x	✓

CA POOJA DATTE  
A GREAT PLACE TO LEARN  
TAXATION

\* May 26 / Sept 26 / Jan 27. FA 2025  
IT Act 1961 -

\* 1st Feb 2026 - Budget  
IT Act 2025 -  
applicable from May 27 Exams.

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