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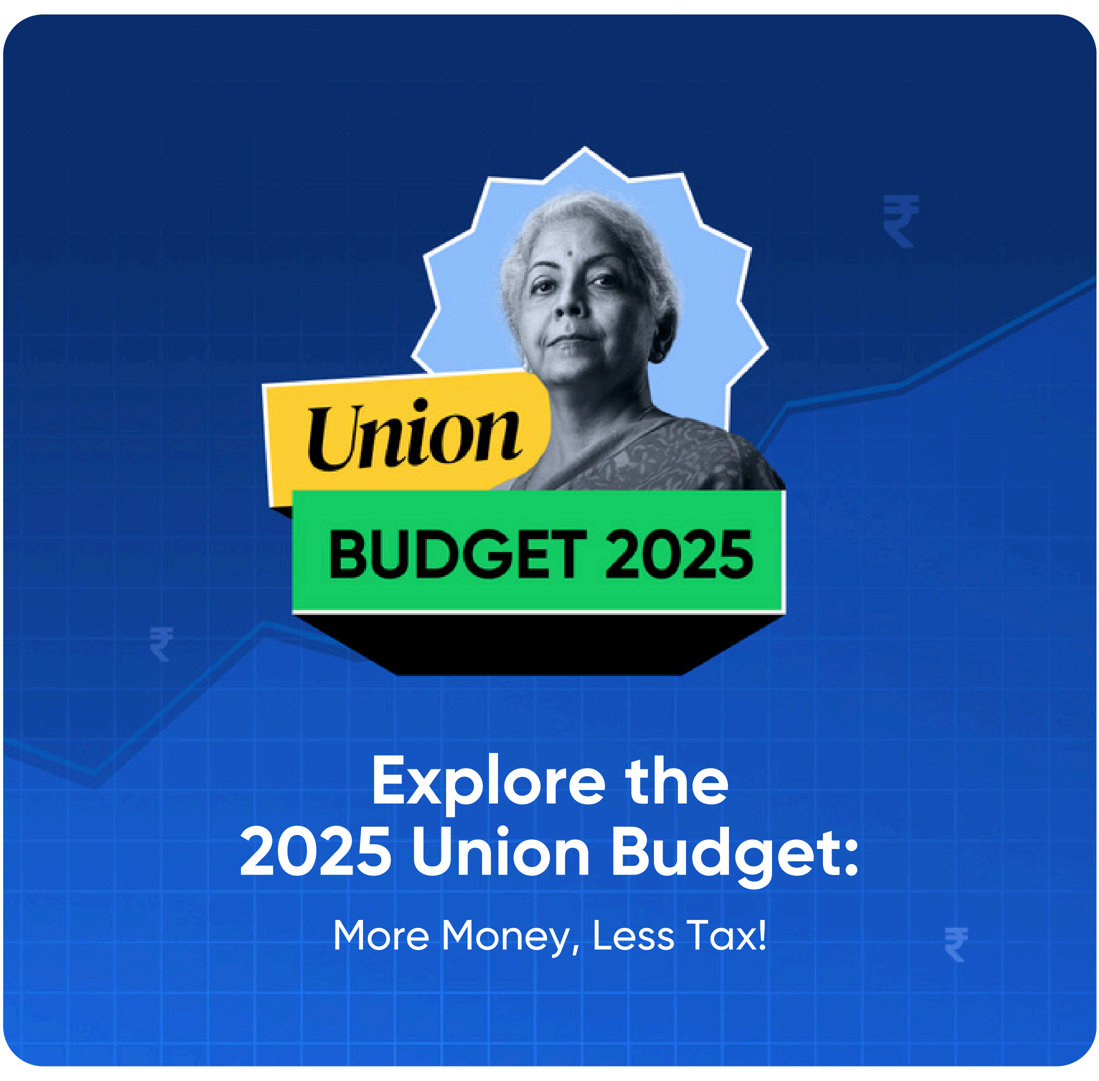


Big day, Big Relief for Middle-Class Taxpayers!

Union Finance Minister Nirmala Sitharaman has just delivered her landmark 8th Union Budget, ushering significant tax reliefs for India's middle class. Here's a quick snapshot of the major tax updates:

1. Revised Income Tax Slabs: More Money in Your Pocket!

In the New Tax Regime, zero tax on income up to ₹12 lakhs, and if you're a salaried employee, you benefit even more with an uplift to ₹12.75 lakhs due to a standard deduction of ₹75,000.

The tax slabs have been restructured as follows:

FY 2024-2025		FY 2025-2026	
Income Tax Slab	Tax Rate	Income Tax Slab	Tax Rate
Upto ₹3,00,000	0%	Upto ₹4,00,000	0%
₹3,00,000 - ₹7,00,000	5%	₹4,00,000 - ₹8,00,000	5%
₹7,00,000 - ₹10,00,000	10%	₹8,00,000 - ₹12,00,000	10%
₹10,00,000 - ₹12,00,000	15%	₹12,00,000 - ₹16,00,000	15%
₹12,00,000 - ₹15,00,000	20%	₹16,00,000 - ₹20,00,000	20%
Above ₹15,00,000	30%	₹20,00,000 - ₹24,00,000	25%
		Above ₹24 lakh	30%

What This Means for You?

Let's understand this with the help of an example if you file under the new tax regime

₹12 lakh
Salaried Income

Your total tax liability would be ₹60,000. However, the rebate fully offsets this amount, resulting in zero tax.

₹25 lakh
Salaried Income

Under the revised tax slabs, your total tax liability would be ₹3,19,800—a significant reduction of ₹1,14,400 from the previous ₹4,34,200.

2. Rationalized TDS/TCS Rates

To simplify compliance and reduce tax complexity, there have been certain changes in the TDS/ TCS thresholds:

Interest on savings account

The threshold for TDS on interest other than securities for senior citizens has increased from ₹50,000 to ₹1,00,000.

Dividends and Mutual Funds

Dividend income and mutual fund earnings now have no TDS deducted for amounts up to ₹10,000, up from a previous threshold of ₹5,000.

Professional and Technical Services

The TDS limit for professional or technical service fees has risen from ₹30,000 to ₹50,000.

Rental Income

The limit for TDS on rent has significantly increased from ₹2,40,000 to ₹6,00,000 annually, offering relief to property owners.

Overseas Remittances

The threshold for TCS on overseas remittances under the Liberalised Remittance Scheme (LRS) has been raised from ₹7,00,000 to ₹10,00,000, easing the process for larger transactions.

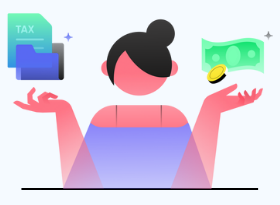
For a more detailed understanding of how these changes could affect your financial planning, read this blog.

3. Tax Benefits Extended to NPS Vatsalya Contributions

Tax Benefits under Section 80CCD(1B) of up to ₹50,000 have been extended to contributions made to NPS Vatsalya in addition to the existing NPS contribution. With this, you will now have an additional investment avenue under Section 80CCD(1B), promoting early and tax-efficient savings for minors through the NPS Vatsalaya Scheme.

"Here's a heads-up, though! This deduction is only available under the OLD tax regime."

The 2025 budget is all about enhancing your financial freedom and simplifying your tax obligations. Well don't just read about the changes, experience them firsthand!



Thanks,
Team ClearTax