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### Financial changes from April 1, 2025; What's changing from today; tax rebate, higher TDS, TCS- LIST

Tax Changes From April 2025: Dhruv Chopra, Managing Partner at Dewan P. N. Chopra & Co., shares insights on top updates and their implications for taxpayers from April 1, 2025. Tax Changes From April 1, 2025: As FY26 kicks off on April 1, 2025, a wave of tax and financial reforms is set to reshape the landscape for individuals and businesses alike. From enhanced relief on foreign education expenses to revised NPS deductions, TCS, and TDS norms, taxpayers must recalibrate their financial strategies. A fresh income tax exemption up to a specified limit brings welcome relief to many.

Dhruv Chopra, Managing Partner at Dewan P. N. Chopra & Co., sheds light on these critical changes and their impact on taxpayers.

### Tax Changes From April 2025: Major Changes effective from April 1

- **Increased Tax Rebate for Individuals:** Under the new tax regime, taxpayers will enjoy a higher rebate under Section 87A, resulting no tax payable on income up to Rs. 12 lakh. The rebate amount has been increased to Rs. 75,000, providing relief to middle-income taxpayers.
- **Residential Property Benefits:** Taxpayers can claim Nil value for up to two self-occupied residential properties without needing to meet any specific conditions.

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- **Education Abroad:** For students pursuing education abroad, Tax Collected at Source (TCS) will not apply to foreign remittances if the education is funded through a loan from a financial institution.
- **NPS Deduction for Minor Children:** Parents and guardians opting for the old tax regime can claim an additional deduction of Rs. 50,000 under Section 80CCD for contributions to the National Pension System (NPS) on behalf of a minor child.
- **Equalisation Levy Abolished:** The 6% equalisation levy on online advertisements made through foreign digital platforms will not be required which simplifies compliance for businesses.
- **TDS for professional and technical services:** The threshold limit for TDS under Section 194J, will be increased to Rs50,000, up from the previous limit of Rs 30,000, which aims to reduce the compliance burden for smaller service providers.
- **Extended Time for Updated Returns:** The time limit for filing updated tax returns will be extended from 2 years to 4 years, with an additional penalty applicable.
- **TCS on Sale of Goods:** To avoid duplication of compliance and reduce burden of sellers, Section 206C(1H) for collection of tax on sale of goods is removed.

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- **Removal of higher TDS/TCS for non-filers:** Considering the challenges faced by the tax deductors and collectors, provision for deduction/collection of tax at higher rates against non-return filers is abolished.
- Lastly, as per Finance Budget 2024, partnership firms will be required to withhold tax at a rate of 10% on remuneration, interest, or bonuses exceeding Rs. 20,000 paid to partners.

### Other money related rules getting modified from April 1

From April 1, no major modifications in other money-related rules are set to take effect. While the Budget announced an increase in FDI limits for the insurance sector, the same has not yet been notified, leaving the industry awaiting formal implementation.

### What Common People Need to Know

- **No Tax on Income Up to Rs. 12 Lakh:** Under the new tax regime, no tax is payable on income up to Rs. 12 lakh, thanks to the increased rebate under Section 87A.
- **Residential Property Claim:** Taxpayers can now declare two residential properties as self-occupied with no tax liability, without fulfilling any specific conditions.
- **Foreign Education Relief:** No TCS will apply on foreign remittances for education purposes if the remittance is backed by an educational loan from a financial institution.

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- **Additional NPS Deduction:** Parents contributing to NPS for their minor child can claim an additional deduction of Rs. 50,000 under Section 80CCD in the old tax regime.
- **Online Advertisement Levy Removed:** Businesses will no longer need to deduct a 6% equalisation levy for online advertisement payments made to foreign platforms.
- **TDS for professional and technical services:** The TDS threshold under section 194J has been raised to Rs 50,000, up from Rs 30,000, easing the compliance burden for smaller service providers.
- **Extended Return Filing:** Taxpayers have the option to file updated returns for up to 4 assessment years with an additional penalty, providing greater flexibility for compliance.
- **TCS on Sale of Goods:** Section 206C(1H), mandating TCS on goods sales, is removed to reduce compliance burdens and avoid duplication for sellers.
- **Higher TDS/TCS for Non-Filers:** The provision for higher TDS/TCS rates on non-return filers is abolished, easing the challenges faced by tax deductors and collectors.
- **TDS for Partnerships:** Partnership firms will be required to withhold tax at a rate of 10% on remuneration, interest, or bonuses exceeding Rs. 20,000 paid to partners.