

Union Budget 2024 Personal taxation



New tax regime

- Individual taxpayers opting for the new tax regime will benefit from wider income slabs, an increased standard deduction from salary income and an enhanced deduction for the corporate New Pension Scheme (NPS) contribution from FY2024–25.
- Standard deduction from salary income has been increased to INR 75,000 from INR 50,000.
- The 5 percent income slab now goes up to INR 7,00,000, in place of INR 6,00,000 and the 10 percent income slab goes up to INR 10,00,000 in place of INR 9,00,000.
- Deduction for employer's contribution to NPS enhanced to 14 percent of salary in private sector.
- The changes in income slabs and the increase in the standard deduction from salary will reduce the total tax outflow of salaried individuals by up to INR 17,500.

Capital gains

- Holding period thresholds have been rationalised to classify assets as long-term and short-term. Listed financial assets will be held for 12 months to qualify as long-term and other assets for 24 months to qualify as long-term.
- Short-term capital gains tax on certain listed financial assets has been increased to 20 percent from the present rate of 15 percent.
- Long-term capital gains exemption on certain listed financial assets has been increased to INR 1,25,000 from INR 1,00,000.
- Long-term capital gains tax is proposed to be set at 12.5 percent in respect of all the categories of assets.
- Indexation benefit has been withdrawn for all assets.
- Unlisted bonds and debentures, debt mutual funds and market-linked debentures will continue to be taxed at applicable rates irrespective of the holding period.
- These changes are effective from 23 July 2024

TDS and TCS

- Tax Collected at Source (TCS) from an employee can be considered by his/her employer, while computing the Tax Deducted at Source (TDS) from his/her salary income, with effect from 1 October 2024.
- Delay in payment of TDS has been decriminalised from 1 October 2024, if the TDS is paid within the due date for filing the eTDS Return.
- TDS rate on rent (exceeding INR 50,000 per month) paid to resident individuals has been reduced to 2 percent from 5 percent, with effect from 1 October 2024.
- The applicability of TDS on the purchase of immovable property by buyers will be determined based on the total amount payable by all buyers to all sellers from 1 October 2024.
- Purchase of goods for an amount exceeding INR 1 million will attract TCS from 1 January 2025.
- The interest rate for delayed payments of TCS is now brought on par with TDS at 1.5 percent.
- Taxes withheld outside India to be considered as income while computing income subject to tax.

Relief on non-reporting of foreign assets

- Non-reporting of foreign assets (other than immovable property), such as employee stock options, balances in social security schemes and bank accounts, with the aggregate value of up to INR 2 million by individuals has now been de-penalised under the Black Money (Undisclosed foreign income and assets) and Imposition of Tax Act, 2015.