

INCOME TAX AMENDMENTS (Applicable to Salaried Individuals)– AS SUGGESTED IN UNION BUDGET - FY 2023-24 (AY 2024-25)

A. TAX RATES (New Regime)

Existing tax rate for F.Y 2022-23	
Income Slabs	Rate
0 to Rs.2.5 Lakh	0%
Rs. 2.5 to Rs. 5 Lakh	5%
Rs. 5 to Rs. 7.5 Lakh	10%
Rs.7.5 to Rs. 10 Lakh	15%
Rs. 10 to Rs. 12.5 Lakh	20%
Rs. 12.5 to Rs. 15 Lakh	25%
Rs. 15 Lakh Above	30%

New income tax rate for F.Y 2023-24(Proposed)	
Income Slabs	Rate
0 to Rs. 3 Lakh	0%
Rs. 3 to Rs. 6 Lakh	5%
Rs. 6 to Rs. 9 Lakh	10%
Rs. 9 to Rs. 12 Lakh	15%
Rs. 12 to Rs. 15 Lakh	20%
Rs. 15 Lakh Above	30%

- Based on the proposed Income Tax rates for FY 2023-24 : An individual with an annual income of Rs. 9 lakh will be required to pay only Rs. 45,000/-. This is only 5 per cent of his or her income. It is a reduction of 25 per cent on what he or she is required to pay now, i.e. Rs. 60,000/-. Similarly, an individual with an income of Rs. 15 lakh would be required to pay only Rs. 1.5 lakh or 10 per cent of his or her income, a reduction of 20 per cent from the existing liability of Rs. 1,87,500/.
- The budget proposed to make the new income tax regime as the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime.
- Standard Deduction of INR 50,000* for the salaried class has been added to new tax regime resulting in **NO INCOME TAX FOR INCOME TILL INR 7.5 Lacs** (increased from the existing INR 5 Lacs – considering rebate u/s 87A).
- It is proposed to reduce the highest surcharge rate from 37 per cent to 25 per cent in the new tax regime for income above Rs. 2 crore. This would result in reduction of the maximum tax rate to 39 per cent from the present 42.74 per cent
- Rebate on tax under section 87A has increased from Rs. 12,500 to Rs. 25,000 to the assessee on total income till INR 7 Lacs.

For Example, if the income is INR 7.50 Lacs, then tax is "NIL". However, if the taxable income is increased to INR 7.60 lacs, tax will be paid according to slab:

- Total income 7.60 lakhs-0.50 Standard Deduction = 7.10 total income
- 0 to 3 lakh =NIL
- 3 to 6 Lakh= 15,000/-
- 6 to 7.10 Lakhs= 11,000/-

Total Tax Liability of INR 26,000 Plus Cess.

- No other deduction under section 80 (80C, 80D), and interest on borrowed loan for a home is allowed.
- Tax exemption limit on leave encashment on retirement of non-Govt salaried employees increased from Rs. 3 Lacs to Rs. 25 Lacs.

B. TAX RATES (Old Regime)

Old income tax regime Slab Rates for F.Y 2022-23 and 2023-24 - (NO CHANGE)	
Income Slabs	Rate
0 to Rs.2.5 Lakh	0%
Rs. 2.5 to Rs. 5 Lakh	5%
Rs. 5 to Rs. 10 Lakh	20%
Rs. 10 Lakh Above	30%

- There have been no changes in slab rate for the Financial year 2023-24
- Other deduction under section 80 (80 C, 80 D and others) are allowed with interest on home loan is also allowed for the deduction. Also, rebate u/s 87A, is applicable up to INR12,500 (for income up to INR5Lacs).



Forensics | Risk Advisory | Taxation | Process Management

+91 9891536969

info@addvals.in

www.addvals.in

GURUGRAM | DELHI | KOLKATA | VADODARA | BANGALORE

DISCLAIMER

The document you received is intended for information purposes only . The sender neither gives any guarantee nor assumes any liability (of whatever content or nature) for the information contained in the document directly or indirectly referred to by links or references named in the document. Information mentioned in the document might be protected by copyright and reproduction of such information shall only be allowed with the sender's permission.