

- **NPS-Vatsalya**, a plan for contribution by parents and guardians for minors will be started. When the age of majority is reached, the plan can be converted seamlessly into a normal NPS account.
- On the other hand, **long-term gains on all financial and non-financial assets** will attract a tax rate of 12.5 percent. For the benefit of the lower and middle-income classes, **the limit of exemption of capital gains on certain financial assets to ₹ 1.25 lakh per year.**
- Since now the rate of 12.5% will prevail as LTCG, **the indexation benefit will not exist.** A major blow to Property/Real Estate.
- Listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non-financial assets will have to be held for at least **two years** to be classified as long-term. **So, for non-equity assets like real estate, gold and other, the duration of long term has been revised from 36 months to 24 months.**
- **Short-term gains** on certain financial assets shall henceforth attract a tax rate of **20 per cent**, while that on all other financial assets and all non-financial assets shall continue to attract the applicable tax rate.
- Unlisted bonds and debentures, debt mutual funds and market-linked debentures, irrespective of holding period, however, will attract tax on capital gains at applicable rates.
- Any gains arising out of the sale of units of debt funds will be taxed at 20% without indexation irrespective of the holding period.

Proposed MF Taxation:

Scheme category	STCG	LTCG	Remark
Debt funds	20% on gains irrespective of holding period		No holding period
Conservative hybrid funds	20% on gains irrespective of holding period		No holding period
Fund of funds	20%	12.50%	LTCG applicable after 24 months
Multi asset allocation funds with high debt exposure	20%	12.50%	LTCG applicable after 24 months
International MFs	20%	12.50%	LTCG applicable after 24 months
Gold/silver ETFs	20%	12.50%	LTCG applicable after 24 months
Equity funds	20%	12.50%	LTCG applicable after 12months
Aggressive hybrid funds and BAFs	20%	12.50%	LTCG applicable after 12months
Listed stocks/REITs/Invits	20%	12.50%	LTCG applicable after 12months
Unlisted securities	20%	12.50%	LTCG applicable after 24 months

- **Security Transactions Tax on futures and options** of securities is proposed to be increased to 0.02 percent and 0.1 percent respectively.
- **Gold and silver ETFs to gain traction:** The government has proposed reduction of custom duty on gold and silver to 6%. So far, it was 10%.
- **No TDS on dividend reinvestment:** There will be no TDS on repurchase of units by mutual funds. This will benefit investors investing in dividend reinvestment plans.
- Tax income received on the **buyback of shares** will be taxed in the hands of the recipient.
- To improve social security benefits, the deduction of **expenditure by employers towards NPS** is proposed to be increased from 10 to 14 percent of the employee's salary.
- Indian professionals working in multinationals get **ESOPs** and invest in social security schemes and other movable assets abroad. Non-reporting of such small foreign assets has penal consequences

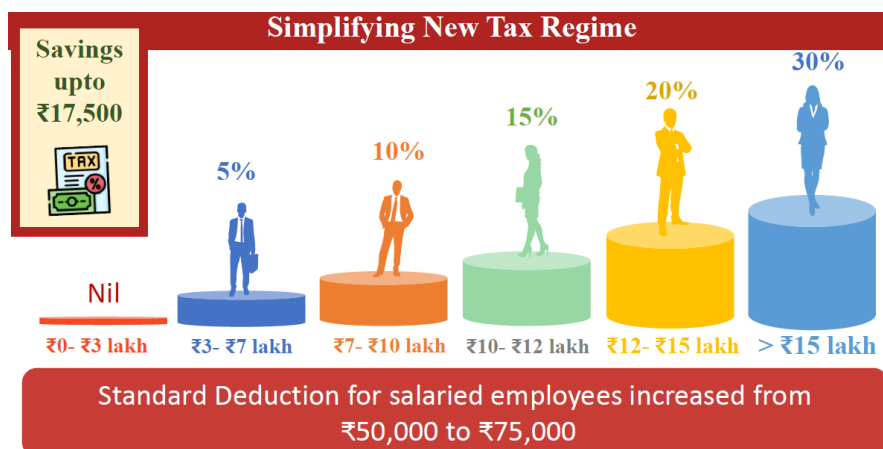
under the Black Money Act. Such non-reporting of movable assets up to ₹ 20 lakh is proposed to be de-penalised.

- The **standard deduction** for salaried employees is proposed to be increased from ₹50,000/- to ₹75,000/-.
- Deduction on **family pension** for pensioners is proposed to be enhanced from ₹ 15,000/- to ₹ 25,000/-.

Tax structure under New Tax Regime & Old Tax Regime for FY 2024-25:

July 2024 Budget - New Income Tax Slab Rates For 2024-25 / AY 2025-26			
If you are claiming deductions and exemptions			
Income Slab	Individuals (Aged below 60 Yrs)	Senior Citizens (Aged 60 Yrs and above but below 80 Yrs)	Super Senior Citizens (Aged 80 Yrs and above)
Up to Rs.2,50,000	Nil	Nil	Nil
Rs.2,50,001 to Rs.3,00,000	5%	Nil	Nil
Rs.3,00,001 to Rs.5,00,000	5%	5%	Nil
Rs.5,00,001 to Rs.10,00,000	20%	20%	20%
Rs.10,00,001 and above	30%	30%	30%
If you are NOT claiming deductions and exemptions			
Income Slab	Income Tax Rate		
Up to Rs.3,00,000	Nil		
Rs.3,00,001 to Rs.7,00,000	5% (with Tax Rebate Under Sec.87A)		
Rs.7,00,001 to Rs.10,00,000	10% (with Tax Rebate Under Sec.87A up to Rs.7 Lakh)		
Rs.10,00,001 to Rs.12,00,000	15%		
Rs.12,00,001 to Rs.15,00,000	20%		
Rs.15,00,001 and above	30%		

As a result of these changes, a salaried employee in the new tax regime stands to save up to ₹ 17,500/- in income tax.



- It is proposed that retail schemes and Exchange Traded Funds in IFSC, shall enjoy tax exemptions along similar lines as available to specified funds.

TDS will be reduced in many cases:

Section	Present TDS Rate	Proposed TDS Rate	With effect from
Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	1.4.2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	1.10.2024
Section 194G – Commission etc on sale of lottery tickets	5%	2%	1.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	1.10.2024
Section 194-IB - Payment of rent by individual or HUF	5%	2%	1.10.2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	1.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	1.10.2024
Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		1.10.2024

- The **corporate tax rate** on foreign companies is reduced to 25%.
- Govt announces that angel tax to be abolished.
- It is proposed that income from letting out of a house or part of the house by the owner, shall not be charged under the head 'profits and gains of business or profession' and will be chargeable to tax under the head 'income from house property' only.
- **Inclusion of taxes withheld outside India for purposes of calculating total income:** It is proposed to provide that income tax paid outside India by way of deduction is deemed to be income received for the purpose of computing the income of the assessee.
- The government will review the existing income tax provisions and new pension scheme (NPS). The committee will submit their report within 6 months. This indicates that we may see changes in NPS and tax norms in the next year's budget.

Please note that we have interpreted these norms based on our research. We request you to not to consider as tax advice and wait for some more time for further clarification.