

## **Key Changes w.ef. 01.04.2025**

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## 1. Section 194T – TDS on Payment by partnership Firm /LLP to Partners

### Applicability & Effective Date

Provision	Details
Applicable Form	1 <sup>st</sup> April 2025
Purpose	To impose TDS on certain payments made by a Partnership Firm/LLP to its partners.

### Payments Covered & Not Covered

Covered Under Section 194T	Not Covered Under Section 194T
Salary	Withdrawal(Drawings)
Remuneration	Reimbursement of Expenses
Commission	-
Bonus	-
Interest on Loan/Capital Account Etc.	-

### TDS Rate & Threshold Limit

Particulars	Details
TDS Rate	10%
Threshold Limit	Rs. 20,000 Per Partner per annum
When TDS is Applicable	If aggregate Payments Exceed Rs. 20,000 in a FY.
When to Deduct TDS	Credit or actual payment to the partner whichever is Earlier

## 2. Revision in classification criteria for MSMEs

Enterprise Category	Investment Limit		Turnover Limit	
	Current	Proposed (W.e.f. 1.4.25)	Current	Proposed (W.e.f. 1.4.25)
Micro Enterprise	Rs 1 Crore	Rs.2.5 Crore	Rs. 5 Crore	Rs. 10 Crore
Small Enterprise	Rs 10 Crore	Rs.25 Crore	Rs. 50 Crore	Rs. 100 Crore
Medium Enterprise	Rs 50 Crore	Rs.125 Crore	Rs. 250 crore	Rs. 500crore

## 3. The Union Budget 2025 proposes to remove the Following Sections

i) **Omission of 206C(1H) :-** The Union Budget 2025 proposes the omission of Section 206C(1H) of the Income Tax Act, which required a Seller whose Turnover exceeds 10 Cr in previous FY must collect TCS on sale value exceed 50 Lakhs.

ii) **Omission of Section 206AB and 206CCA :-** The Union Budget 2025 proposes the omission of Sections 206AB and 206CCA of the Income Tax Act, which required higher TDS and TCS rates for non-filers of income tax returns Respectively

## 4. Section 40(b)(v)

Any remuneration paid to a **working partner**, authorized by a partnership deed and **falling after the date of the deed** in excess of the following limits will not be allowed as deduction:

Earlier		Latest	
Book Profits	Deduction	Book Profits	Deduction
On the first Rs. <b>3,00,000</b> Lakh of book profit or in case of loss	Rs. 1,50,000 or 90% of book profit, whichever is higher	On the first Rs. <b>6,00,000</b> of book profit or in case of loss	Rs. 3,00,000 or 90% of book profit, whichever is higher
On the remaining balance of book profit	60% book profit	On the remaining balance of book profit	60% book profit

**Book Profit** Book Profit is calculated in following manner:

Particulars	Amount
Profit as per P/l	xx
(+) Remuneration to Partners	xx
<b>Book Profits</b>	<b>xx</b>

### 5. Effective Basic Exemption Limit for Salaried Employees

The Union Budget 2025 introduces **revised income tax slabs for individuals/HUF/AOP/BOI** opting for the new tax regime (115BAC), effective from FY 25-26.

FY 2024-25 / AY 2025-26		FY 2025-26 / AY 2026-27	
Total Income	Tax Rate(%)	Total Income	Tax Rate (%)
Upto ₹3,00,000	NIL	Upto ₹4,00,000	NIL
₹3,00,001 to ₹7,00,000	5%	₹4,00,001 to ₹8,00,000	5%
₹7,00,001 to ₹10,00,000	10%	₹8,00,001 to ₹12,00,000	10%
₹10,00,001 to ₹12,00,000	15%	₹12,00,001 to ₹16,00,000	15%
₹12,00,001 to ₹15,00,000	20%	₹16,00,001 to ₹20,00,000	20%
Above ₹15,00,000	30%	₹20,00,001 to ₹24,00,000	25%
		Above ₹24,00,000	30%

- The **75,000/-** Standard deduction for **salaried employees** continues.
- **Rebate u/s 87A**

BASIS	OLD PROVISION (FY 2024-25)	LATEST AMENDMENT (effective from FY 25-26)
<b>Status of Person</b>	Resident Individuals	Resident Individuals
<b>Total Income (Upto)</b>	7,00,000	12,00,000
<b>Rebate u/s 87A</b>	20,000	60,000
<b>No Benefit of 87A</b>	Income that are taxed at Special Rates. e.g.- Capital Gains u/s 111A, 112A, 112 and similar prov.	

## 6. In relation to TDS deduction u/s 192 (Default regime)

Thus keeping in view each of the above provision, if a salaried employee has yearly income from salary of upto Rs.12,75,000, there would be no tax liability, since a standard deduction of Rs. 75000 is first availed and then rebate u/s 87A amounting to Rs. 60,000 would be available, thus there would be no deduction of tax at source by employer.

## 7. PSDT (Professional Tax and Sales Tax)

Under Section 4(3) of the PSDT Act, 2018, professional tax is levied only if an individual's taxable income exceeds the income tax exemption limit. For FY 2025-26, the exemption limit is Rs. 4,00,000. With a standard deduction of Rs. 75,000, professional tax is applicable if the individual's gross salary exceeds Rs. 4,75,000 (Rs. 4,00,000 + Rs. 75,000)

## 8. Change in TDS Thresholds

Section	Nature of Income	Current Threshold	Proposed Threshold w.e.f 01.04.25	Tax Rates under Old Rates %	Tax Rates under New Rates %
193	Interest on securities	Nil	₹10,000	10%	10%
194A	Interest (Other than on securities)	- ₹50,000 for senior citizens, - ₹40,000 for others when payer is bank, cooperative society, and post office - ₹5,000 in other cases	₹1,00,000 for senior citizens, - ₹50,000 for others when payer is bank, cooperative society, and post office - ₹10,000 in other cases	10%	10%
194	Dividend for individual Shareholders	₹5,000	₹10,000	10%	10%
194K	Income from units of a mutual fund	₹5,000	₹10,000	10%	10%
194B	Winnings from lottery, crossword puzzle, etc.	Aggregate exceeding ₹10,000 in a FY	₹10,000 per single instance	30%	30%
194BB	Winnings from horse race transactions	Aggregate exceeding ₹10,000 in a FY	₹10,000 per single instance	30%	30%
194D	Insurance commission	₹15,000	₹20,000	Persons other than a company: 5%	Persons other than a company :2%

				Domestic Company :10%	Domestic Company :10%
194G	Commission, Prize, etc., on lottery tickets	₹15,000	₹20,000	2%	2%
194H	Commissioner brokerage	₹15,000	₹20,000	2%	2%
194-I	Rent	₹2,40,000 (In a financial year)	₹50,000 per month or part Thereof <i>(Refer Example)</i>	Plant & Machinery & Equipment – 2%  Land, Building, Furniture & Fixture – 10%	Plant & Machinery & Equipment – 2%  Land, Building, Furniture & Fixture – 10%
194J	Fee for professional or technical services	₹30,000	₹50,000	FTS & Royalty – 2% Professional fees & others – 10%	FTS & Royalty – 2% Professional fees & others – 10%
194LA	Income by way of enhanced compensation	₹2,50,000	₹5,00,000	10%	10%
194LBC	Income in respect of investment in Securitization trusts			25% if payee is Individual or HUF and 30% otherwise	10%

Example (Section 194I)

Before 01.04.2025	After 01.04.2025
Rent of Rs.50,000 paid in FY 24-25 for the month of March 2025	However in FY 25-26 Rent of Rs.50,000 is being paid in the month of April 2025
<b>In the above case TDS not applies as rent paid for the year not exceeds Rs.2,40,000 p.a.</b>	<b>In above case TDS u/s 194 I applies as per the amended provision i.e now the limit is Rs.50,000 p.m.</b>



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