

## CIRCULAR

**Sub: Income Tax Act for deduction for the financial year 2024-25 (AY-2025-26) – Reg.**

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Income tax from salaries for the financial year 2024-25 will be deducted as per the provision of the Income Tax Act, 1961. Income Tax has to be recovered proportionately starting from the salary paid on 1<sup>st</sup> week of April of the year (i.e.) from the salary of March itself. As per the Finance Act – 2024, important points relating to personal income tax from the 'Salaries' for the financial year 2024-25(Assessment year 2025-26) are given below. Two income tax slabs are available for individuals' salaries: (1) Regular tax slabs & (2) New tax regime of section 115BA sub-section (1A). Consequent to the changes under the Finance Act 2024 (Gazette published dated 16/08/2024), the New Tax slab is the default tax slab for the current financial year with a revised rate of income tax calculation and enhanced the limit of the standard deduction [Section 16(i)/(ia)].

**NB:** A higher tax rate along with interest/penalty with due tax for FY 2024-25 will be deducted for all salaried employees/ Service Pensioners who did not link the Aadhar/PAN and whose PAN status is invalid or inoperative.

### (1) INCOME TAX SLAB for 2024-25 {NEW TAX REGIME u/s 115BAC}

Taxable Income (Rs.)	Very Senior Citizens of 80 years and above (%)	Senior Citizen (60 years and above but less than 80 years) (%)	Others (%) Below 60 years.
Up to 3,00,000	NIL		
3,00,001 to 7,00,000	5%		
7,00,001 to 10,00,000	10%		
10,00,001 to 12,00,000	15%		
12,00,001 to 15,00,000	20%		
15,00,001 & above	30%		

**In addition, Education Cess @ 4% on total Income tax shall be levied.**

**Surcharge will applicable: -**

- ✓ Nil, if Income is up to Rs.50.00 lakhs.
- ✓ 10% on total tax If, Income is more than Rs.50.00 lakhs but not more than Rs.1.00 crore.
- ✓ 15% on total tax If, Income is more than Rs.1.00 crore but not more than Rs.2.00 crore.
- ✓ 25% on total tax If, Income is more than Rs.2.00 crore and above.

(1) (i) New tax regime will be the default tax regime for the financial year 2024-25.

(ii) No Exemption and Deduction is allowed under the new tax regime. However, Standard deduction u/s 16(a) has been allowed @ 75,000/- {Enhanced to from Rs 50,000/-} under the new tax regime for salaried taxpayers from AY 2025-26. Additionally, NPS holders can avail the deduction under section 80CCD (2) under the new regime on the actual amount.

(iii) Rebate u/s 87A, a tax rebate on income of Rs 7 lakhs, has been introduced under the new tax regime. Therefore, if the salaried employee's taxable income is below 7 lakhs under the new tax regime. No tax will be deducted, and a rebate of Rs 20000/- will be allowed u/s 87A.

## (2) INCOME TAX SLABS for FY 2024-25 {OLD/ REGULAR TAX REGIME}

Taxable Income (Rs.)	Very Senior Citizens of 80 years and above (%)	Senior Citizen (60 years and above but less than 80 years) (%)	Others (%) Below 60 years.
Up to 2,50,000	NIL	NIL	NIL
2,50,001 to 3,00,000	NIL	NIL	5%
3,00,001 to 5,00,000	NIL	5%	5%
5,00,001 to 10,00,000	20%	20%	20%
10,00,001 & above	30%	30%	30%

In addition, Education Cess @ 4% on total Income tax shall be levied.

### Surcharge: -

- ✓ 10% on total tax If, Income is more than Rs.50.00 lakhs but not more than Rs. 1.00 crore.
- ✓ 15% on total tax If, Income is more than Rs. 1.00 crore but not more than Rs. 2.00 crore.
- ✓ 25 % on total tax If, Income is more than Rs. 2.00 crore but not more than Rs. 5.00 crore.
- ✓ 37 % on total tax If, income is above 5.00 crore.

(2) (i) Old /Regular tax regime will be the optional tax regime for the Financial year 2024-25 and taxpayers have to send the request for opting the same.

(ii) Standard deduction of up to Rs 50,000/- to all the salaried taxpayers.

(iii) Income tax rebate for the full amount or maximum of Rs. 12,500/- is allowed under Section 87A, if total taxable income does not exceed Rs. 5 lakhs/-.

(iv) All exemptions and deductions as per the IT Act are allowed under the old/regular tax regime. NPS Employee compulsory contribution deduction allowed u/s 80C only up to 1.5 lakh. NPS Voluntary contribution alone if any, will be allowed u/s 80CCD(1B) as actual or maximum Rs 50,000/- in addition to u/s 80C deduction of 1.5 Lakh.( Max 2 Lakh).

(3) (i) All Faculty/staff/Pensioners are hereby informed that Income tax for the financial year 2024-25 have been deducted as per the New tax regime rates (A), as a default tax regime.

**Therefore, no need to send any request or IT declaration. Since the concessional rate of Income tax, rates will only be applicable in the new tax regime and no exemption and deduction is allowed.**

**(ii)** Faculty /Staff members who want to opt for the old tax slab alone send their request for opting for the old tax slab along with income tax declaration through **workflow**.

**(iii)** Faculty/Staff members opting Old tax slab are requested to send their declaration, additional income from House property, and proposed savings under Section 80C, 80D, etc. (other eligible) only through workflow.

**(IV)** Those who are receiving the HRA and want to claim the exemption u/s 10(13A), please provide the all monthly rent receipts/Rent agreement with the full Name of the landlord, address of property, monthly rent amount paid along with a copy of the PAN of the Landlord for reporting to the Income Tax department.

**(V)** Income tax will be calculated based on the information submitted and tax will be deducted in equal monthly instalments. If it is done during the subsequent month or middle of the year, balance tax to be adjusted accordingly after considering the purpose eligible savings. In case no declaration is made, total income tax payable will be deducted in equal monthly instalments. Details furnished up to 20<sup>th</sup> of each month (FY-2024-25) only will be included for calculating the Income-tax of that and subsequent months.

**(iv)** Income tax declaration **only through work flow will be entertained**. The information can be provided in workflow under menu **Main Accounts → Tax declaration submission → select financial year as 2024-25 → option for tax slab-(Old tax slab)** and submit their IT declaration accordingly.

**(v)** IC&SR/ CCE/ other earnings payable along with salary and deductions made for Provident Fund/LIC/PLI/Medical Insurance/GTIS/Donation through salary need not be declared separately as the same will be automatically taken into account for IT computation. Income tax on ICSR earnings will be deducted on actual amount automatically as per the rate applicable, based on payment advice given by ICSR every month.

**(vi)** The proof of savings declared {Old regime only} can be submitted during the period from October 2024 to December 2024 or earlier if it is readily available. If no proof is submitted by 20<sup>th</sup> December 2024, the entire income tax due will be deducted from the salary for the months from December 2024 to February 2025.

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DEPUTY REGISTRAR (F&A)

To

All the faculty/staff members.

Income Tax Section	Nature	Maximum Deduction	Note	Applicable, if
<b>80C</b>	Investment in LIC, Deposit in NPS/PPF/FDs etc.	Rs. 1,50,000	As per 80CCE, aggregate deduction under 80C, 80CCC & 80CCD(1) is restricted to Rs 1.5 lakh	Old Regime
<b>80CCC</b>	Contribution to certain pension funds			
<b>80CCD(1)</b>	Contribution to NPS Scheme (10% of salary)			
<b>80CCD(1B)</b>	Self-contribution to NPS	Rs. 50,000	In addition to the above Rs. 1.5 lakh deduction	New Regime limits
<b>80CCD(2)</b>	Employer contribution to NPS:	14% of salary	Addition of 80C and 80CCD(1B)	
<b>80D</b>	Medical Insurance Premium	Rs. 25000 (below 60 years) , Rs 50000/- Self & Family + Parents (all of them below 60 years), Rs 1 Lakh Self & Family + Parents (above 60 years)	Medical Insurance Certificate copy required	Old Regime
<b>80DD</b>	Deduction for Medical Treatment of a Dependent with Disability	Rs 75000/- ( 40 -79 %)Normal Disability, Rs 125000/- Severe Disability (80% above)	To claim this deduction a certificate of disability is required from the prescribed medical authority.	Old Regime
<b>80U</b>	Deduction for Disabled Individuals/ Employee	Rs 75000/- ( 40 -79 %)Normal Disability, Rs 125000/- Severe Disability (80% above)	To claim this deduction a certificate of disability is required from the prescribed medical authority.	Old Regime
<b>80G</b>	Donation through DDO as per the type of donation	50% - 100% , only through DDO / IIT Madras.	Deduction ( 100 % ot 50 %)as per the type of donation	Old Regime
<b>80E</b>	Interest on education loan	100 % Interest amount	Interest paid for a period of 8 years	Old Regime