***BUDGET 2025 ANALYSIS – DIRECT TAXES***

*Dear Friends,*

*Hon’ble Finance Minister, Mrs. Sitaraman has presented 8th Budget in a row and has become second Finance Minister after Shree Moraraji Desai , who had presented 10th Union Budgets on different time frames. Mr Desai had presented a total of 6 budgets during his tenure as finance minister from 1959 to 1964, and 4 budgets between 1967 and 1969.*

*The Union Budget was presented on 1st February, 2025 and this is the 13th Budget by Modi Government.*

*The people of India are expecting more relief in matters of taxation from Modi Government. The Trade Associations, Business Houses, Companies, Investors etc. are expecting some relaxation in rules and regulations, strict regulatory compliances and of course in applicable tax reliefs.*

*In previous years the Modi Government has focused mainly in development of infrastructure, telecommunication, information technologies, digital India, Solar energy, Oil and other important field and has brought India to such a position that , we shall be developed country till 2030. The Modi Government has also done a lot and got success in export front also , after surpassing the $700 billion benchmark, India's foreign exchange reserves moderated to $ 640.3 billion as of the end of December 2024.*

*In India middle class is the most exploited class and paying major portion of taxes.* *The number of tax returns filed by individuals has more than doubled, from 3.35 crore in 2013-14 to 7.54 crore in 2023-24. However, many individuals file zero-tax returns merely for compliance purposes.*

*The number of individuals filing zero-income tax returns has also more than doubled, from 1.69 crore to 4.73 crore during the same period. On the other hand, the number of individuals actually paying income taxes has increased from 1.66 crore in 2013-14 to 2.81 crore in 2023-24.*

*Middle Class are waling on two way swards , one of growing pace of inflation and other is payment of taxes on every stage of life. Increasing cost of living, medical , education, healthcare, travelling etc. are marking hole in pocket of middle class. In case of salaried person, the employer is sitting for deduction of tax in case person not invested in specified schemes and person some time borrowed money for investment , this cost them more than return on investment.*

*The middle class expected from Hon’ble FM relief in payment of taxes, increase of threshold limit for taxation, more reliefs in New Tax Regime and many more.*

***THE BUDGET-2025***

*The FM has done a marvellous and tremendous job for the middle class in this Budget-2025. The FM has make 1st February, 2025 as day of festival for middle class. She has increased threshold limit to Rs. 12 Lakhs in New Tax Regime ,which is a big relief. Now a person earning income of Rs. 12.75 Lakhs ( Rs. 12 Lakhs + Rs. 0.75 Lakh SD) is not liable to pay any tax. Really a big relief for us.*

***LET’S ANALYSE WHAT FM HAS GIVEN FOR MIDDLE CLASS***

1. ***The new proposed tax regime, post FM Nirmala Sitharaman's budget announcement, looks like this:***
* *Zero to Rs 4,00,000— No Tax*
* *Rs 4,00,000 to Rs 8,00,000- 5%*
* *Rs 8,00,0001 to Rs 12,00,000- 10%*
* *Rs 12,00,001 to Rs 16 lakh- 15%*
* *Rs 16,00,001 to Rs 20 lakh- 20%*
* *Rs 20,00,001 to Rs 24 lakh - 25%*
* *Above 24 lakh- 30%*

*The old tax regime, where no changes have been announced, looks like this (for those aged under 60).****Old vs New Tax Regime Slabs Comparison for FY 2024-25 (AY 2025-26)***

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| *Tax Slabs* | *Old Tax Regime* | *New Tax Regime* |
| *Up to Rs 2,50,000* | *NIL* | *NIL* |
| *Rs 2,50,001 - Rs 3,00,000* | *5%* | *NIL* |
| *Rs 3,00,001 - Rs 5,00,000* | *5%* | *5%* |
| *Rs 5,00,001 - Rs 6,00,000* | *20%* | *5%* |
| *Rs 6,00,001 - Rs 7,00,000* | *20%* | *5%* |
| *Rs 7,00,001 - Rs 9,00,000* | *20%* | *10%* |
| *Rs 9,00,001 - Rs 10,00,000* | *20%* | *10%* |
| *Rs 10,00,001 - Rs 12,00,000* | *30%* | *15%* |
| *Rs 12,00,001 - Rs 12,50,000* | *30%* | *20%* |
| *Rs 12,50,001 - Rs 15,00,000* | *30%* | *20%* |
| *Rs 15,00,000 and above* | *30%* | *30%* |

1. ***REBATE ON INCOME-TAX***

*Resident individual with total income up to Rs. 7,75,000( Rs. 7 Lakh as Income & Rs. 75,000 as Standard Deduction) do not pay any tax due to rebate under the new tax regime earlier.*

***It is proposed*** *to increase the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to Rs. 12,75,000(Rs. 12 Lakh as Income & Rs. 75,000 as Standard Deduction).*

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| ***Tax Savings:*** 1. *Earlier on income of Rs. 12,75,000 you have to pay income tax of Rs. 98,800 under New Tax Regime and Rs. 2,02,800 under Old Tax Regime.*
2. *Proposed Rebate Rs. 12,75,000/- total tax liability – NIL*
3. *Now you will save Rs. 98,800 FY 2025-2026.*
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*Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than Rs. 12,00,000.*

***COMPARISIONS: Before Budget-2025***



*Source:* *https://cleartax.in/s/old-tax-regime-vs-new-tax-regime*

1. ***RATIONALIZATION TAX DEDUCTED AT SOURCE (TDS) AND TAX COLLECTED AT SOURCE***

***(TCS) RATES:***

***•*** *To reduce multiplicity of rates and compliance burden, it is proposed to bring down certain TDS and TCS rates in certain sections as below:*

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| *Sr. No.*  | *Section of the Act* | *Present TDS/TCS**Rate* | *Proposed TDS/TCS Rate* |
| *1* | *Section 194LBC - Income in respect of investment in securitization trust.* | *25% if payee is Individual or HUF and* *30% otherwise* | *10%* |
| *2* | *Sub-section (1) of section 206C.**(i) TCS on timber or any other forest produce (not being tendu leaves) obtained under a forest lease and**(ii) TCS on timber obtained by any mode other than under a forest lease.* | *2.5%* | *2%* |
| *3* | *Sub-section (1G) of section 206C – TCS on remittance under LRS for purpose of education, financed by loan from financial institution.**SECTION 206(1G)- TCS rates differ depending on whether you use an education loan or send money from your own sources.* * *If you finance your education through a loan, the TCS rate is 0.5% for amounts that are more than INR 7,00,000.*
* *However, the TCS rate is 5% if you use your own funds.*
 | *0.5% after Rs. 7 lakhs* | *NIL****PLEASE NOTE****- the FM proposed to remove TCS on foreign remittances for education abroad as follows;** *If you finance your education through a education loan, the TCS rate is NIL.*
* *However, the TCS rate is 5% if you use your own funds.*
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* ***It is further proposed to increase certain thresholds for requirement to deduct tax at source or collect tax at source under certain sections, as below:***

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| *Sr. No.*  | *Section of the Act* | *Present TDS/TCS**Rate* | *Proposed TDS/TCS Rate* |
| *1* | *193 - Interest on securities* | *NIL* | *10,000/-* |
| *2* | *194A – Interest other than**Interest on securities* | *(i) 50,000/- for senior citizen;**(ii) 40,000/- in case of others**when payer is bank, cooperative society and post office**(iii) 5,000/- in other cases* | *i) 1,00,000/- for senior citizen**(ii) 50,000/- in case of others**when payer is bank, cooperative society and post office**(iii) 10,000/- in other cases* |
| *3* | *194 – Dividend, for an individual shareholder* | *5,000/-* | *10,000/-* |
| *4* | *194K - Income in respect of units of a mutual fund or**specified company or undertaking* | *5,000/-* | *10,000/-* |
| *5* | *194B – Winnings from lottery, crossword puzzle**etc.* | *Aggregate of amounts exceeding 10,000/-during the financial year.*  | *10,000/- in respect of a single transaction.* |
| *6* | *194BB – Winnings from horse race* |
| *7* | *194D – Insurance commission* | *15,000/-* | *20,000/-* |
| *7* | *194G - Income by way of**commission, prize etc. on lottery tickets* | *15,000/-* | *20,000/-* |
| *8* | *194H - Commission or**brokerage* | *15,000/-* | *20,000/-* |
| *9* | *194-I Rent* | *2,40,000/- during the financial year* | *50,000/- per month or part**of a month. It means if rent exceeds Rs. 6 Lakhs annually then TDS is applicable.* |
| *10* | *194J - Fee for professional or**technical services* | *30,000/-* | *50,000/-* |
| *11* | *194LA - Income by way of enhanced compensation* | *2,50,000/-* | *5,00,000/-* |
| *12* | *206C(1G) – Remittance under LRS and overseas**tour program package.* | *7,00,000/-**Please Note- Rate of TCS will be 20% on remittances above Rs. 7 Lakhs.* | *10,00,000/-**Please Note- Rate of TCS will be 20% on remittances above Rs. 10 Lakhs.* |

***4. ENCOURAGING VOLUNTARY COMPLIANCE***

*1.* ***Extending the time-limit to file the updated return:***

*• It is proposed to extend the time-limit to file the updated return from the existing 24 months to 48 months from the end of the relevant assessment year. The additional tax payable shall be 60% of the aggregate of tax and interest payable on additional income for filing updated return during the period of 24 months to 36 months from the end of relevant assessment year. Additional tax payable shall be 70% of the aggregate of tax and interest payable for filing updated return during the period of 36 months to 48 months from the end of relevant assessment year subject to certain conditions.*

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| *Budget 2022 has introduced the new section 139(8A) in Income Tax Act, 1961. Section 139(8A) enables the filing of "Updated Return" (aka ITR-U) by the taxpayers. Section 139(8A) has come into effect from 01st Apr 2022.**Updated Returns can be filed by the taxpayers who have not filed the return or have filed the returns u/s 139(1)-* * 1. *Original, 139(4)*
	2. *Belated and 139(5)*
	3. *Revised.*

*The Objective of introducing this facility is to promote voluntary tax compliance and reduce litigation.**All persons (Individual, HUF, Firms/LLP, Companies, AOP, BOI etc) are eligible to file Updated returns u/s 139(8A).* *But the taxpayers needs to meet the following criteria to file the updated returns*1. *The Updated return can be filed only if the taxpayer has not filed the return of income earlier or there are errors/omissions in original filed return.*
2. *The Updated return can be filed only if the taxpayer has to disclose any additional income which was missed earlier and should pay additional taxes.*

***Persons not eligible to file Updated Return u/s 139(8A)****All persons (Individual, HUF, Firms/LLP, Companies, AOP, BOI etc) are eligible to file Updated returns u/s 139(8A). But the updated return cannot be filed in below cases.*1. *If it is Return of Loss.*
2. *If it has the effect of decreasing the tax liability or increasing the refund.*
3. *A search has been initiated u/s 132 or books of accounts or other documents or any assets are requisitioned u/s 132(A).*
4. *A Survey has been conducted u/s 133A other than Section 133A(2A).*
5. *If any Assessment is pending or completed.*
6. *If Assessing Officer has information about the assessee under specified acts .*
7. *If any information has been received u/s 90 or 90A and same has been communicated to him before the date of furnishing updated return.*
8. *If any Prosecution proceedings have been initiated before the date of furnishing updated return.*
9. *If the taxpayer belongs to such class of persons as notified by board.*

***Penalty / Additional Tax Payable****Updated return can be filed only with the penalty. The penalty for filing Updated return is as follows*1. *Filed within 12 months from the end of relevant assessment year: Penalty is 25% of aggregate of tax and interest payable on filing of updated return;*
2. *Filed after 12 months from the end of relevant assessment year: Penalty is 50% of aggregate of tax and interest payable on filing on updated return;*
3. *Filed after 24 months from the end of relevant assessment year: Penalty is 60% of aggregate of tax and interest payable on filing on updated return;*
4. *Filed after 36 months from the end of relevant assessment year: Penalty is 70% of aggregate of tax and interest payable on filing on updated return.*

*Please Note that: the period for filing updated return has increased from 24 months to 48 months in the Budget-2025 and penalty has been increased.* |

***2. Obligation to furnish information in respect of crypto-asset:***

*• It is proposed to bring amendment in the Act to provide for that a prescribed reporting entity in respect of a crypto-asset shall furnish information in respect of a transaction in such crypto asset, in a statement as prescribed. It is also proposed to align the definition of virtual digital asset accordingly.*

*3.* ***Annual value of the self-occupied property simplified:***

*• It is proposed to provide that the annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.*

***5. PRESENTLY TAX-PAYERS CAN CLAIM THE ANNUAL VALUE OF SELF-OCCUPIED PROPERTIES AS NIL ONLY ON THE FULFILMENT OF CERTAIN CONDITIONS. CONSIDERING THE DIFFICULTIES FACED BY TAXPAYERS, IT IS PROPOSED TO ALLOW THE BENEFIT OF TWO SUCH SELF-OCCUPIED PROPERTIES WITHOUT ANY CONDITION.***

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| ***WHAT IS SELF-OCCUPIED PROPERTY?****A self occupied property is a residence owned by a taxpayer and occupied by the owner throughout the year for personal use without being rented out. To qualify, the self occupied cannot be used for any other purpose, and the owner must meet certain conditions. If the owner cannot occupy the property due to employment, business, or profession, and the property is not rented out, it may still be treated as self-occupied.** ***Home Loan Tax Benefits for Self-occupied Properties Under Section 80c***

*The tax benefit under section 80C for claiming a deduction on home loan principal repayment is restricted to Rs 1.5 lakh per annum, regardless of the number of home loans a taxpayer has availed.** ***Tax Benefits under Section 24***

*Homeowners can claim a deduction on their*[*home loan interest*](https://www.kotak.com/en/personal-banking/loans/home-loan/interest-rates.html)*on self occupied property under Section 24 of the Income Tax Act. The deduction amount is up to Rs. 2 lakhs (or Rs. 1,50,000 for the previous financial year) if the owner or their family occupies the house property.** ***Tax Benefits under Section 80EEA***

*To avail of the self occupied property tax benefits under*[*Section 80EEA*](https://www.kotak.com/en/stories-in-focus/loans/home-loan/brief-guide-about-the-section-80ee.html)*, a taxpayer can then claim a deduction of up to Rs. 2 lakh on the interest amount under Section 24(b) of the Income Tax Act.** ***Example Calculation of Tax Benefits for Self-Occupied Property***

*Suppose Karan owns a house property with a municipal value of INR 2,50,000, and he pays municipal taxes of INR 53,000. Karan also pays an interest of INR 2,88,000 on his home loan.*1. *Gross Annual Value (for self-occupied properties, GAV is considered NIL) NIL*
2. *Less: Municipal Taxes (for self-occupied properties, municipal taxes are considered) (53,000)*

***Net Annual Value (A-B) (NIL - 53,000) = NIL****Less: Interest on home loan (as per Section 24, interest is restricted to INR 2 lakh) (2,00,000)**Income from House Property (2,00,000 - NIL) = (2,00,000)* |

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| *A self-occupied house property is used for one’s own residential purposes. This may be occupied by the taxpayer’s family – parents and/or spouse and children. A vacant house property can* *also be considered self-occupied for the purpose of Income Tax.**Prior to FY 2019-20, if more than one self-occupied house property is owned by the taxpayer, only one is considered and treated as a self-occupied property and the remaining are assumed to be let out. The choice of which property to choose as self-occupied is up to the taxpayer.**From the FY 2019-20 and onwards, the benefit of considering the houses as self-occupied has been extended to 2 houses. Now, a homeowner can claim his 2 properties as self-occupied and the remaining house as let out for Income tax purposes.****PLEASE NOTE THAT:*** *now you can enjoy two properties as self-occupied properties without fulfilling any terms and conditions.* |

***6. REDUCING COMPLIANCE BURDEN.***

***1. Reduction in compliance burden by omission of TCS on sale of specified goods:***

*• To reduce compliance burden of the taxpayers, it is proposed to no tax will be collected at source on sale of specified goods of value of more than fifty lakhs.*

***2. Removal of higher TDS/TCS for non-filers of return of income****:*

*• To reduce compliance burden on the deductor/collector, it is proposed to omit section 206AB and section 206CCA of the Act.*

***3. Definition of “forest produce” rationalized:***

*• It is proposed to clarify the meaning of “forest produce” u/s 206C(1) of the Act to remove any ambiguity regarding definition of the same.*

*• It is also proposed that TCS be collected only on “any other forest produce which is obtained under a forest lease.”*

*7.* ***EASE OF DOING BUSINESS***

***1. Extension of time limit u/s 80-IAC for startups:***

*• It is proposed to extend the benefit provided under Section 80-IAC to startups for another period of five years, i.e. the benefit will be available to eligible start-ups incorporated before 01.04.2030.*

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| ***A startup is a new business that's created to develop and sell a unique product or service. Startups are often founded by entrepreneurs and are characterized by innovation, scalability, and a focus on growth.******Section 80-IAC-provides the provisions for deductions available to eligible start-ups****.**1. If an eligible start-up's gross total income includes profits and gains from its qualifying business, it is entitled to claim a deduction equal to 100% of those profits for any three consecutive assessment years. This deduction is subject to the conditions of this section.**2. The start-up may choose to claim this deduction for any three consecutive years out of the first five years since the date of its incorporation.****3. To qualify, the start-up must meet the following conditions:**** *It must not be formed by splitting or reconstructing an existing business. However, this condition does not apply if the start-up is formed due to re-establishing or reviving a business under Section 33B.*
* *It must not have acquired previously used machinery or plant. If machinery or plant used outside India is imported, it may still qualify as "new," provided that (a) it was not previously used in India, (b) it was imported into India, and (c) no depreciation was claimed on it prior to its installation by the start-up. Additionally, if previously used machinery transferred to the new business does not exceed 20% of the total value of the machinery used in the business, this condition is considered satisfied.*

***4. Sub-sections (5) and (7) to (11) of Section 80-IA apply to these deductions.****For the purpose of this section:** *"Eligible business" refers to businesses focused on innovation, research, and development, or commercialization of new services, products, or processes operated by technology or intellectual property.*
* *"Eligible start-up" means a company or limited liability partnership (LLP) that:*
* *It was incorporated between April 1, 2016, and April 1, 2019.*
* *Has a total turnover not exceeding ₹25 crore in any previous year since April 1, 2016.*
* *Has a certificate of eligibility from the Inter-Ministerial Board of Certification as notified by the Central Government.*
* *"Limited liability partnership" is as defined under Section 2(1)(n) of the Limited Liability Partnership Act, 2008.*

***PLEASE NOTE THAT:*** *the government has increased the period of incorporation before 1st April, 2030. It means any Startup incorporated before 1st April, 2030 is eligible to take benefit of this section.* |

***2. Parity in*** *r****ates of long term capital gain on transfer of securities by nonresident:***

*• It is proposed to bring parity between the taxation of capital gains on transfer of capital assets between residents and non-residents being Foreign Institutional investors, on their income by way of long-term capital gains on transfer of securities.*

***3. Simplification of tax provisions for charitable trusts/institutions:***

*• It is proposed to increase the period of validity of registration of trust or institution from 5 years to 10 years for smaller trusts or institutions.*

*• It is proposed to rationalize the definition of specified violation for cancellation of registration of trust or institution so as to not apply the same for minor default such as in-complete applications.*

*• It is also proposed to rationalize the definition of persons making substantial contribution to a trust or institution for denial of exemption.*

***4. Rationalization in taxation of business trusts:***

*• It is proposed to provide that the total income of a business trust which is charged to tax at the maximum marginal rate, shall be subject to the provisions of section 112A of the Act as well, as it is subject to provisions of section 111A and section 112 of the Act.*

***5. Harmonization of Significant Economic Presence applicability with business connection:***

*• It is proposed to provide that significant economic presence of a nonresident in India shall not include the transactions or activities which are confined to the purchase of goods in India for the purpose of export.*

***6. Bringing clarity in income on redemption of Unit Linked Insurance Policy:***

*• It is proposed to clarify that the profit and gains from the redemption of unit linked insurance policies to which exemption under section 10(10D) does not apply, shall be charged to tax as capital gains.*

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| ***TAX EXEMPTION FOR ULIP PLANS UNDER SECTION 10(10D)****According to the Finance Bill of 2021, any ULIP plan purchased on and after February 2021 which exceeds an aggregate annual premium of Rs. 2, 50,000 will not receive tax exemptions under Section 10(10D).* *However, in case of the policyholder’s death, the death benefit that a nominee receives will be entirely tax-exempt.**For life insurance policies that are not ULIP and are issued on or after April 1, 2023, one can avail tax exemption on the proceeds of the policy if premium paid for any of the year during the policy term does not exceed 10% of the sum assured.* *Additionally, for availing this exemption, the aggregate annual premium amount (for all the non-ULIP insurance policies) for the policyholder during the policy term must be below Rs. 5, 00,000.**The exemption can also be claimed (on policies issued after 1st April, 2013) if the premium paid is up to 15% of the sum assured in two situations:** *The premium is paid for a person suffering from a particular disease (as defined in Section 80DDB) or*
* *The premium is paid for a person suffering from disability (as defined in Section 80U)*

***Analysis of Amendments Proposed in Section 10(10D)****The points below throw light on a detailed analysis of Amendments proposed in Section 10(10D).****1. When Exemptions Are Not Allowed Under Section 10(10D)****Under the given instances, a person cannot avail tax exemption under Section 10(10D) of Income Tax.** *Excess Premium on Life Insurance Policy*

*Section 10(10D) states that a policy proceeds are tax-exempt if its premium is below 10% of the actual sum assured. However, if it exceeds 10%, the proceeds from that policy are not tax-exempt. This scenario is referred to as excess premium on life insurance policies.** *High Premium Life Insurance Policies*

*Sixth and Seventh Proviso to Section 10(10D) were included in Finance Bill 2023 to discuss payment of excess premiums. According to this amendment, insurance policies purchased from April 2023 with a premium amount exceeding Rs. 5 lakh for a year will not receive any tax exemption.**According to Sixth Proviso, life insurance policies with premiums above Rs. 5 lakh will not be exempt from taxation u/s 10 (10D). The Seventh Proviso addresses situations where a person has multiple policies under his name.****According to this amendment, you can avail tax exemption under Section 10(10D)*** *for all active policies under your name. However, this exemption is only available if the aggregate premium of all policies during a year of its tenure is less than Rs. 5 lakh.**If the total premium of all these policies exceeds Rs. 5 lakh in a year, then only those policies will fall under Section (10D) exemption whose sum of premium is less than the mentioned limit* |

***7. AMENDMENT OF DEFINITION OF ‘CAPITAL ASSET’:***

*• In order to bring clarity on the chargeability of income arising out of transfer of capital asset being securities held by an investment fund as referred to in section 115UB of the Act, the definition of capital asset is proposed to be amended.*

***8. RATIONALIZATION OF TRANSFER PRICING PROVISIONS FOR CARRYING OUT MULTI-YEAR ARM’S LENGTH PRICE DETERMINATION***

*• It is proposed to provide that the transfer pricing provisions for arm’s length price determination in relation to similar transactions shall now be applicable for a period of 3 years.*

*9.*  ***DEDUCTION U/S 80CCD FOR CONTRIBUTIONS MADE TO THE NPS VATSALYA:***

*• It is proposed to extend the tax benefits available to the National Pension Scheme (NPS) under sub-section (1B) of section 80CCD of the Income-tax Act, 1961 to the contributions made to the NPS.*

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| ***Additional deduction for Self-employed Individuals under Section 80CCD(1B)****Self-employed individuals, including professionals and business owners, are eligible for the deduction under Section 80CCD(1B). For the corresponding financial year, the individual must have contributed to the National Pension System (NPS) or the Atal Pension Yojana (APY).**The highest deduction available to taxpayers under Section 80CCD(1B) is Rs. 50,000. This sum is in addition to the Rs. 1.5 lakh maximum limit permitted under Sections 80C, 80CCC, and 80CCD(1). To claim this deduction, the taxpayer must get a certificate from the pension fund administrator, which must be submitted with the return to the authorities.**PLEASE NOTE: if you are investing in NPS Vatsalya Scheme of Government for your minor child then this contribution in NPS Vatsalya will also be considered in Section 80CCD(1B) under limit of Rs. 50,000/-* |

1. ***EXEMPTION FROM WITHDRAWALS FROM NATIONAL SAVINGS SCHEME (NSS):***

*• It is proposed to provide exemption to the withdrawals made from National Savings Scheme (NSS) on or after the 29th day of August, 2024, for any amount deposited under the scheme and the interest accrued thereon in respect of which a deduction has been allowed.*

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| ***PARTIAL WITHDRAWAL FROM NPS****You can withdraw up to 25% of the contribution deposited. In the entire life span, up to 3 withdrawals can be made – the first withdrawal can be exercised after 3 years of account opening. 2nd and 3rd withdrawals can be exercised any time after the previous withdrawal.* ***However, this withdrawal comes with certain conditions as mentioned.***1. ***Partial withdrawal conditions***

*Contribution deposited for availing tax benefit u/s 80CCD (1) and 80CCD 1 (B)  shall be considered for calculation of withdrawal limit.*1. *25% rule is not on the Corpus but on the contribution amount.*
2. *Subsequent withdrawal is allowed only on incremental contribution deposited by you after you have made your previous withdrawal.*
3. *Withdrawal is for some specific purpose defined by PFRDA.*

***Exit from NPS**** 1. *You can exit from the scheme after 5 years of account opening or on attaining 60 years of age, if you are in Retail NPS model.*
	2. *If you are under Corporate NPS model you can exit from the scheme after 5 years of account opening or on attaining the retirement age defined by your corporate.*

***Exit on attaining 60 years of age / retirement age defined by your corporate is treated as normal-*** *exit (exit on maturity) whereas exit from the scheme before such age is treated as pre – mature exit.**The payout in terms of amount which can be withdrawn or invested in Annuity depends on the age at which you exit the scheme.****Exit conditions on Maturity******You can withdraw up to 60% of Corpus, tax free.****You need to invest the balance amount into Annuity, which is also fully****exempt from tax.****However, pension received out of investment in Annuity is treated as income and will be****taxed appropriately.****If the Corpus is less than or equal to Rs 5 lakhs, you can withdraw the entire amount without any obligation to invest in Annuity.* |

***CONCLUSION:*** *the Budget -2025 presented today is Budget of people of India. The Government has fulfilled expectations of every people of India. It will lead and boot development and progress of India and provide more money in hands of Middle Class, which is the most deserve people in India. This will increase their purchasing and saving powers and will benefits banking and various industries. This Budget will promote entry of foreign companies and investors and increase flow of FDIs and employment in India. Overall a well crafted Budget taking care of common person and big corporate houses of India.*

***DISCLAIMER:*** *the analysis presented here is only for sharing information with readers. The views expressed here are personal views of the author, shall not be considered as professional advice in case of necessity do consult with professionals for more understanding and clarity on subject matter.*

***SOURCES:***

* 1. [*https://www.indiabudget.gov.in/doc/Key\_to\_Budget\_Document\_2025.pdf*](https://www.indiabudget.gov.in/doc/Key_to_Budget_Document_2025.pdf)
	2. [*https://www.indiabudget.gov.in/doc/bh1.pdf*](https://www.indiabudget.gov.in/doc/bh1.pdf)