

# E- PISTLE

(Monthly Newsletter)

JULY 2025

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# Income tax



# Missed TDS on rent? Tax dept is watching

Tenants may face penalties for skipping tax deducted at source (TDS), even if their house rent allowance (HRA) claim is valid.

## What's the trigger?

Many tenants who claimed HRA but didn't pay TDS on rent are receiving notices from the income tax department for FY24, and even for earlier periods

## Why the notice?

Since TDS wasn't paid, the tax department is asking tenants to verify if their HRA claim is legitimate and file an updated income tax return (ITR) if needed.

## Who is affected?

For genuine claimants, proving HRA validity isn't the issue. However, they may still be held responsible for failing to pay TDS.

## How does this work?

Tenants paying rent above a certain threshold are required to deduct TDS before making payments.

## What can tenants do?

Section 201 offers relief if the landlord has paid tax on the rent.



## Know your obligations

	Resident landlord	NRI landlord
Applicability	Monthly rent above <b>₹50,000</b>	All rent payments
TDS rate	<b>2%</b> (was <b>5%</b> until October 2024)	<b>31.20%</b>
Payment frequency	Last month of tenancy or March	Every month
Required forms	Form 26QC (annually)	e-TDS return (quarterly)
Submission deadline	7th of the following month; if in March, by 30 April	
TAN required?	No	Yes

## Penalties for non-compliance

Issue	Penalty
TDS not paid	<b>1%</b> interest per month
TDS deducted but not submitted	<b>1.5%</b> interest per month
Delay in filing Form 26QC	<b>₹200</b> per day (capped at TDS amount)

In addition, the tax department can impose a discretionary penalty equal to the unpaid TDS under Section 271C.



# BACK TO BASICS

## Indirect taxes: TDS vs TCS

The government collects taxes in two ways: directly and indirectly.

Tax deducted at source (TDS) and tax collected at source (TCS) are two forms of indirect tax collection. Here, tax is levied at the source of income or transaction if it exceeds a certain limit. Failure to deduct or collect this tax can lead to penalties and interest.

Here's how the two types of indirect taxes differ.

### What is TDS?

This tax is deducted at the source of one's income. It is done by the person, organisation or employer making the payment, or providing salary or income. The person cutting the tax deposits it with the government.

The person who receives the income after deduction is called 'deductee', while the person cutting the tax is 'deductor'. The rate at which the tax is deducted varies for different income options, such as salary, rent, interest income, commission or brokerage, purchase of property, professional fees, etc.

For instance, if you are paying a rent of ₹60,000 a month, which exceeds the threshold of ₹50,000, you will have to deduct tax at 10% before paying it to the landlord. So, you will deduct ₹6,000 and pay ₹54,000 to the landlord as rent.

### What is TCS?

This tax is collected by the person selling certain goods or services, from the buyer, under Section 206C of the Income Tax Act, 1961. The seller then deposits this tax with the government. Some of these goods include liquor, forest produce, minerals, purchase of vehicles, foreign remittances, among others, and the rate varies depending on the goods or services.

For instance, if you are travelling abroad and the tour package is ₹12 lakh, above the threshold of ₹10 lakh, then the tour operator will collect 20% tax on the excess amount. Hence, you will pay a tax of ₹40,000.



### Difference between TDS & TCS

	TDS	TCS
What is it?	Tax deducted at source of income.	Tax collected during sale of goods or services.
Who levies it?	Person or organisation making the payment.	Person selling goods or services.
When is it levied?	At the time of making payment.	At the time of sale.
Levied under Section	Section 192	Section 206C
Due date	7th of next month	Seven days from the last day of month.



# Capital gains: how indexation affects set-offs

Capital loss from property sale cannot be adjusted if indexation is used; set-off is permitted only without indexation

## What's changed

- ▶ Budget 2024 removed indexation benefit for property sales
- ▶ Grandfathering applies to property purchased before 23 July 2024\*
- ▶ LTCG tax will be calculated for both new & old tax scheme:
  - 1) **20%** with indexation (old rule)
  - 2) **12.5%** without indexation (new rule)
- ▶ Lower of the two tax amounts will apply

\*Date of Budget presentation

## Indexation: key conditions and limits

- ▶ Indexation allowed, but only under specific conditions
- ▶ Property must be acquired before 23 July 2024
- ▶ Capital loss with indexation can't be set off against capital gains
- ▶ Capital loss without indexation can be set off
- ▶ Only resident individuals and HUFs are eligible for indexation
- ▶ Not available to NRIs, companies, firms, or LLPs
- ▶ Applies to residential, commercial property and land
- ▶ Indexation on under-construction properties is not straightforward\*\*

\*\*Where work wasn't completed before 23 July 2024; Capital gains are treated as long-term if the holding period exceeds 2 years

## How indexation works

- ▶ Neutralizes impact of inflation on capital gains
- ▶ Buying price is revised upwards for inflation
- ▶ Useful when appreciation at near-inflation rate

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## Set-off and carry-forward rules

- ▶ Capital losses can be set off only against capital gains
- ▶ Long-term capital losses can be set off only against long-term capital gains
- ▶ Short-term capital losses can be set off against both short-term and long-term gains
- ▶ Unused losses can be carried forward for up to 8 financial years



## Real-world impact of indexation

	Scenario 1 When growth is low Annual growth rate @ 6%	Scenario 2 When growth is high Annual growth rate @ 12%
A) Buy price in FY02	₹1 crore	₹1 crore
B) Sale price in FY25	₹3.81 crore	₹13.55 crore
C) Indexed buy price	₹3.63 crore	₹3.63 crore
Capital gains (B-C)	₹18.97 lakh	₹9.92 crore
Tax liability with indexation (20% LTCG rate)	₹3.79 lakh	₹1.98 crore
Capital gains (B-A):	₹2.81 crore	₹12.55 crore
Tax liability without indexation (12.5% LTCG rate)	₹35.24 lakh	₹1.57 crore
Savings with old scheme/new scheme	₹31.45 lakh	₹41.54 lakh

## Setting off gains

Allowed only when loss is computed without indexation

	Allowed on loss without Indexation
A) Buy price in FY02	₹1 crore
B) Sale price in FY25	₹80 lakh
Capital loss (B-A)	-₹20 lakh
Capital gain in second property	₹1 crore
Net capital gain	₹80 lakh

Loss calculated with indexation can't be set off

	Not allowed on loss with Indexation
A) Buy price in FY02	₹1 crore
B) Sale price in FY25#	₹2.46 crore
C) Indexed buy price	₹3.63 crore
Capital loss (B-C)	-₹1.17 crore
Gain from stock sale	₹50 lakh^

Indexation is used to compute tax, not to determine gain or loss; ^Loss arising after indexation cannot be set off against capital gains from any asset class

Note: Indexation based on cost inflation index of 100 in FY02 and 363 in FY25

Assumptions: Purchase year: 2001; sale year: 2024, holding period: 23; #assumed annual growth rate of 4%

LTCG: Long-term capital gains; HUF: Hindu Undivided Family; LLP: Limited liability partnership; NRI: Non-resident Indian



# Tax benefits decoded

Planning a tax regime switch? Here's how key allowances stack up across old and new regimes

	Old regime	New regime	Cap	Documents required
HRA	Yes	No	Per Formula. eg: Can't exceed 50% of basic	Rent or lease agreement or rental receipts; Landlord's PAN
Home loan interest	Yes	No	<b>₹2 lakh</b> for self occupied*	Interest certificate
LTA	Yes	No	2 trips over 4 years	Travel tickets and boarding pass
Car lease	Yes	Yes	No	Lease agreement
Car fuel and maintenance	Yes	Yes	No (but ₹1,800-2,400 perquisite tax, in case of personal use)	Fuel bills; Maintenance/service receipts
Driver salary	Yes	Yes	No (900 per month perquisite tax, in case of personal use)	Salary slips or payment proof; Driver employment agreement
Telephone	Yes	Yes	No	Post-paid bills in employee's name
Meal card	Yes	No	<b>₹50</b> per meal	Usage statement if required
NPS	Yes	Yes	Old: <b>10%</b> of basic (Employer & Employee) , New: <b>14%</b> of basic (Employer)	Transaction statement

\*Old regime

You can claim both HRA and home loan interest if your owned home is in another city and rented out.

However, these benefits are available only if they're included in your salary structure; Home loan interest is available as a deduction against rental income in the new regime

Source: CA Vijaykumar Puri, partner, VPRP & Co LLP, Chartered Accountants, and CA Chirag Wadhwa, founder, Wadhwa Chirag & Associates, Chartered Accountants

## Regime comparison

Breakeven points for deductions and exemptions under the old vs new tax regime for 2025-26

Gross salary*	Breakeven deduction*	Tax under both (Including surcharge and cess)
₹7 lakh	₹1,50,000	0
₹8 lakh	₹2,50,000	0
₹10 lakh	₹4,50,000	0
₹14 lakh	₹5,18,750	₹81,900
₹16 lakh	₹5,68,750	₹1,13,100
₹20 lakh	₹7,08,335	₹1,92,400
₹24 lakh	₹7,87,500	₹2,92,500
₹25 lakh	₹8,00,000	₹3,19,800
₹30 lakh	₹8,00,000	₹4,75,800
₹50 lakh	₹8,00,000	₹10,99,800
₹1 crore	₹8,00,000	₹29,25,780
₹1.5 crore	₹8,00,000	₹48,52,770
₹2 crore	₹8,00,000	₹66,46,770
₹2.5 crore	₹8,00,000	₹91,74,750
₹5 crore	₹8,00,000	₹1,89,24,750

\*excluding standard deductions

If deductions plus exemptions are **more than breakeven**

**Old tax regime** ✓

If deductions and exemptions are **less than or equal to breakeven**

**New tax regime** ✓

**Example:** Mr A's salary is **₹40 lakh**

Category	Amount (₹)
HRA	10,00,000
PPF/ELSS (80C)	1,50,000
NPS (80CCD)	50,000
Medical insurance (80D)*	50,000
<b>Total</b>	<b>12,50,000</b>

\*Includes senior citizen dependent parents

**Point to remember:** The break even limits apply to deductions available exclusively under the old regime. If claiming work related allowances that are available in new regime as well, taxpayer should calculate net impact under both the regimes



**MINISTRY OF FINANCE**  
**(Department of Revenue)**  
**(CENTRAL BOARD OF DIRECT TAXES)**  
**NOTIFICATION**

New Delhi, the 1st July, 2025

**INCOME-TAX**

**S.O. 2954(E).**— In exercise of the powers conferred by clause (v) of the *Explanation* to section 48 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), Central Board of Direct Taxes, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) *vide* number S.O. 1790(E), dated the 5<sup>th</sup> June, 2017, namely:-

2. In the said notification, in the Table, after serial number 24 and the entries relating thereto, the following serial number and entries shall be inserted, namely: -

“25	2025-26	376”.
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3. This notification shall come into force on the 1st day of April, 2026 and shall accordingly apply to the Assessment Year 2026-27 and subsequent years.

[Notification No. 70/2025/F.No.370142/24/2025-TPL]

SAMUEL PITTA, Dy. Secy. (Tax Policy and Legislation)

**Note: -** The principal notification was published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) *vide* number S.O. 1790(E), dated the 5<sup>th</sup> June, 2017 and was last amended *vide* notification number S.O. 2103(E), dated the 24<sup>th</sup> May, 2024.





# Proofs Required to Claim HRA

(for Salaried Individuals)



Maintain a valid rent agreement



Pay rent through traceable methods



Rent receipts + landlord's PAN  
(if rent > ₹1 lakh/year)



Keep utility bills & supporting documents







**ALERT: FAKE INCOME TAX REFUND  
MESSAGES CIRCULATING!**



**FRAUDSTERS ARE SENDING DECEPTIVE SMS MESSAGES PRETENDING TO BE FROM THE INCOME TAX DEPARTMENT, TRICKING INDIVIDUALS INTO CLICKING ON MALICIOUS LINKS TO CLAIM FAKE TAX REFUNDS. STAY PROTECTED WITH THESE KEY PRECAUTIONS:**

- **Confirm Authenticity:** The Income Tax Department never asks for personal or banking details via SMS or email. Always verify any communication by visiting the official Income Tax website.
- **Avoid Suspicious Links:** Do not click on links from unknown messages promising tax refunds. These could be phishing attempts designed to steal your sensitive information.
- **Report Fraudulent Messages:** If you receive a suspicious SMS or email, report it immediately to **webmanager@income tax.gov.in** and **incident@cert-in.org.in** to help prevent scams.
- **Stay Updated:** Regularly check official notifications from the Income Tax Department to stay informed about the latest fraud alerts.



**STAY SAFE, STAY VIGILANT!  
ALWAYS RELY ON OFFICIAL  
SOURCES FOR TAX-RELATED  
MATTERS AND BE CAUTIOUS  
OF UNEXPECTED MESSAGES  
REQUESTING YOUR  
FINANCIAL DETAILS.**

**casagarkhera Scam !! Scam !! Scam !!**  
Fraudsters pretend to provide you Income Tax Refund th...



**F.No.225/37/2025/ITA-II**  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Central Board of Direct Taxes**

North Block, New Delhi,  
13<sup>th</sup> June, 2025

To

**All Pr. Chief Commissioners of Income-tax/ Chief Commissioners of Income-tax**  
**All Pr. Director Generals of Income-tax/ Director Generals of Income-tax.**

Madam/Sir

**Subject: Guidelines for compulsory selection of returns for Complete Scrutiny during the Financial Year 2025-26 – procedure for compulsory selection in such cases – regarding.**

Kindly refer to the above.

2. The parameters for compulsory selection of returns for Complete Scrutiny during Financial Year 2025-26 and procedure for compulsory selection in such cases are prescribed as under:

Systems Scenario code	Parameters	Procedures
CS 01	<p><b>Cases pertaining to survey u/s 133A of the Income-tax Act, 1961 (Act)-</b></p> <p>Case(s) of the assessee(s), in whose case survey u/s 133A of the Act (other than survey u/s 133A(2A) of the Act) has been conducted on or after 01.04.2023.</p>	<p>Cases shall be selected for compulsory scrutiny under this parameter by Directorate of Income-tax (Systems) with the approval of DGIT(Systems), Delhi on the basis of information of survey cases provided by CIT(Inv)(OSD), Investigation Division, CBDT.</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through the Jurisdictional Assessing Officer or the Prescribed authority.</p> <p>If these cases are lying outside Central charges, Pr. CIT/ Pr. DIT/ CIT/ DIT concerned shall ensure that such cases are transferred to Central Charges u/s 127 of the Act within 15 days of service of notice u/s 143(2) of the Act.</p>

CS 02	<p><b><u>Cases pertaining to Search &amp; seizure/ requisition on or after 01.04.2023 but before 01.09.2024:</u></b></p> <p>Case(s) of the assessee, in whose case Search u/s 132 of the Act was initiated or Requisition u/s 132A of the Act was made, on or after 01.04.2023 but before 01.09.2024.</p>	<p><b><u>For parameters CS 02 and CS 03:</u></b></p> <p>The cases shall be selected for compulsory scrutiny with prior administrative approval of Pr. CIT/ Pr. DIT/ CIT/ DIT concerned, who shall ensure that such cases are transferred to Central Charges u/s 127 of the Act within 15 days of service of notice u/s 143(2)/142(1) of the Act by the Jurisdictional Assessing Officer (JAO) concerned.</p> <p><i>(For Assessing Officers in International Taxation and Central Circle charges refer Para 5 at Page No.04.)</i></p>
CS 03	<p><b><u>Search &amp; seizure/ requisition on or after 01.09.2024 but before 01.04.2025:</u></b></p> <p>Case(s) for the Assessment Year 2025-26 of the assessee(ss), in whose case Search u/s 132 of the Act was initiated or Requisition u/s 132A of the Act was made, on or after 01.09.2024 but before 01.04.2025.</p>	
CS 04	<p><b><u>Cases related to registration/ approval under various sections of the Act, such as 12A, 12AB, 35(1)(ii)/(iia)/(iii), 10(23C)(iv)/(v)/(vi)/(via), etc.</u></b></p> <p>Cases where registration /approval under various sections of the Act such as section 12A, 12AB, 35(1)(ii)/(iia)/(iii), 10(23C)(iv)/(v)/(vi)/(via), etc.</p> <p>(i) has not been granted or has been cancelled/withdrawn by the Competent Authority on or before 31.03.2024, and</p> <p>(ii) the assessee has been found to be claiming tax-exemption/deduction in the return filed in ITR-7.</p> <p>However, where such orders of withdrawal of registration/approval have been reversed/set-aside in appellate proceedings, those cases will not be selected under this clause.</p>	<p>Cases shall be selected for compulsory scrutiny using this parameter by Directorate of Income-tax (Systems) with the approval of DGIT(Systems), Delhi on the basis of returns filed by these entities in FY 2024-25.</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p> <p>The Jurisdictional Assessing Officers shall upload the underlying documents containing specific information regarding this parameter immediately.</p>



CS 05	<p><b><u>Cases involving addition in an earlier assessment year(s) on a recurring issue of law or fact and/or law and fact:</u></b></p> <p>Where the addition in an earlier assessment year(s) on a recurring issue of law or fact and/or law and fact (including transfer pricing issue) is:</p> <p>a. exceeding Rs. 50 lakh in eight metro charges at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune;</p> <p>b. exceeding Rs. 20 lakh in charges other than eight metro charges;</p> <p>and where such an addition:</p> <p>(i) has become final, as no further appeal has been preferred against the assessment order; or</p> <p>(ii) has been upheld by the Appellate Authorities in favour of Revenue; even if further appeal of assessee is pending, against such order.</p>	<p><b><u>For Parameters at CS05 and CS 06:</u></b></p> <p>The Jurisdictional Assessing Officers (JAOs) shall prepare a list of cases falling under this parameter and the same may be submitted for the administrative approval of Pr.CIT/Pr.DIT/CIT/DIT concerned.</p> <p>The <b>consolidated</b> list of such cases shall be submitted by the Pr.CIT/Pr.DIT/CIT/DIT to the Pr.CCIT concerned.</p> <p>Pr.CCIT concerned shall forward this list of cases to the Directorate of Income-tax (Systems) latest by <b>23.06.2025</b>.</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p>
CS06	<p><b><u>Cases related to specific information regarding tax-evasion:</u></b></p> <p>Cases, in respect of which:</p> <p>(a) specific information pointing out tax-evasion for the relevant assessment year is provided by any law-enforcement agency, (Investigation Wing/ Intelligence/ Regulatory Authority/ Agency, etc.); and</p> <p>(b) the return for the relevant assessment year is furnished by the assessee.</p>	<p>The Jurisdictional Assessing Officers shall upload the underlying documents containing specific information regarding this parameter immediately.</p> <p><i>(For Assessing Officers in International Taxation and Central Circle charges refer Para 5 at Page No.04)</i></p>

3. **Clarification:** It is clarified that where return has been furnished in response to notice u/s 142(1) of the Act and such notice u/s 142(1) of the Act was issued due to the information contained in NMS Cycle/ AIS/ Statement of Financial Transactions (SFT)/ CPC-TDS information/ information received from Directorate of I&CI, such return will **not** be taken up for compulsory scrutiny. Selection of such cases for scrutiny will be done through the CASS cycle.

4. **Issuance of notice u/s 143(2) in certain cases:**

4.1 Jurisdictional Assessing Officers (JAOs) shall upload the underlying documents for access by NaFAC in the following cases which are to be completed by NaFAC on or before **31.03.2026** and Notice u/s 143(2)/142(1) of the Act calling for information shall be served on the assessee through NaFAC in these cases:

- (a) **Cases (other than search & seizure/survey) in which notices u/s 148 of the Act have been issued where return is either furnished or not furnished in response to notice u/s 148 of the Act.**
- (b) **Cases in which notices u/s 142(1) of the Act calling for return, have been issued & no returns have been furnished.**

4.2. Cases, where notices u/s 148 of the Act have been issued pursuant to **search & seizure/survey actions conducted on or after the 01.04.2021 but before 01.09.2024**, if lying outside Central Charges,

- (i) where return is furnished, the Jurisdictional Assessing Officer (JAO) concerned shall serve the Notice u/s 143(2) of the Act and Pr.CIT/Pr.DIT/CIT/DIT concerned shall ensure that such cases transfer these cases to central charges u/s 127 of the Act.
- (ii) where return is not furnished, these cases shall be transferred to central charges for further necessary action.

4.3 During the course of Search & Seizure action, information relating to some other persons, who may have one-off/ very few or limited financial transaction(s) with the main assessee group covered in the search u/s 132/132A of the Act, may be found. Such persons are not integrally connected with the core business of the main assessee searched and do not belong to the same business group. Often such persons are also not residing in the same city as that of the main assessee. In such cases, the relevant information is generally passed on to the jurisdictional AO for assessing them u/s 148 (for searches conducted/requisition made after 01.04.2021) of the Income-tax Act, 1961. It is clarified that all such non-search cases selected u/s 148 of the Act are not required to be transferred to the Central Charges unless covered by the Board's guidelines under F.No. 299/107/2013-IT(Inv.III)/1568 dated 25.04.2014.

5. **For Assessing Officers in International Taxation and Central Circle charges:**

5.1 The cases shall be selected for compulsory scrutiny by the International Taxation and Central Circle charges following the above prescribed parameters at Para 2 with prior administrative approval of Pr.CIT/Pr.DIT/CIT/DIT concerned and these selected cases for compulsory scrutiny shall continue to be handled by International Taxation and Central Circle charges respectively, as earlier.

5.2 It is further clarified that communication to NaFAC for access and/or further action after selection for Compulsory Scrutiny will not apply to the International taxation and Central charges.



## TDS Journal Entries (With Examples)

#	Transaction	Journal Entry	Notes
1	<b>TDS on Salary (Sec 192)</b> Salary ₹1,00,000, TDS ₹10,000, TDS based on slab rate	Salary Expense A/c Dr. ₹1,00,000	Deducted by employer, deposit by 7th of next month
		To TDS Payable (Salary) A/c ₹10,000	
		To Bank A/c ₹90,000	
2	<b>TDS on Rent (Sec 194-I)</b> Rent ₹50,000, TDS ₹5,000, depend on rate	Rent Expense A/c Dr. ₹50,000	Rate: 10% (building), 2% (machinery)
		To TDS Payable (Rent) A/c ₹5,000	
		To Landlord/Cash A/c ₹45,000	
3	<b>TDS on Professional Fees (Sec 194J)</b> Fees ₹20,000, TDS ₹2,000	Professional Fees A/c Dr. ₹20,000	Rate: 10% (default), 2% for technical
		To TDS Payable (194J) A/c ₹2,000	
		To Consultant A/c ₹18,000	
4	<b>TDS on Contractor (Sec 194C)</b> Amount ₹1,00,000, TDS ₹1,000	Contractor Charges A/c Dr. ₹1,00,000	1% for individual/HUF, 2% for others
		To TDS Payable (194C) A/c ₹1,000	
		To Contractor A/c ₹99,000	
5	<b>TDS on Interest (Sec 194A)</b> Interest ₹10,000, TDS ₹1,000	Interest Expense A/c Dr. ₹10,000	Threshold: ₹40,000 (₹50,000 seniors)
		To TDS Payable (194A) A/c ₹1,000	
		To Payee A/c ₹9,000	
6	<b>TDS on Commission (Sec 194H)</b> Commission ₹50,000, TDS ₹2,500	Commission Expense A/c Dr. ₹50,000	Rate: 5% for residents
		To TDS Payable (194H) A/c ₹2,500	
		To Agent A/c ₹47,500	
7	<b>TDS on Freelancers (Sec 194J/194Q)</b> Amount ₹30,000, TDS ₹3,000	Freelance Services A/c Dr. ₹30,000	PAN mandatory, else 20% TDS
		To TDS Payable (194J) A/c ₹3,000	
		To Freelancer A/c ₹27,000	
8	<b>TDS on Property Purchase (Sec 194-IA)</b> Property ₹50,00,000, TDS ₹50,000	Property A/c Dr. ₹50,00,000	Applicable if value ≥ ₹50 lakhs
		To TDS Payable (194-IA) A/c ₹50,000	
		To Seller A/c ₹49,50,000	
9	<b>TDS on Dividends (Sec 194)</b> Dividend ₹1,00,000, TDS ₹10,000	Dividend Paid A/c Dr. ₹1,00,000	TDS if dividend > ₹5,000
		To TDS Payable (Dividend) A/c ₹10,000	
		To Shareholder A/c ₹90,000	
10	<b>TDS on Foreign Payments (Sec 195)</b> Amount ₹2,00,000, TDS ₹40,000	Foreign Services A/c Dr. ₹2,00,000	DTAA rates may apply
		To TDS Payable (Sec 195) A/c ₹40,000	
		To Vendor A/c ₹1,60,000	



North Block, the 25<sup>th</sup> June, 2025

Order u/s 119 of the Income-tax Act,1961

**Subject: Relaxation of time limit for processing of valid returns of income filed electronically pursuant to order u/s 119(2)(b) of the Income-tax Act,1961 passed by Competent Authority-reg.**

It has been brought to the notice of the Central Board of Direct Taxes ('the Board') that returns of income filed in pursuance of order u/s 119(2)(b) of the Income-tax Act,1961 (the Act) condoning the delay in filing such returns, could not be processed within the prescribed time limit under second proviso to section 143 (1) of the Act due to technical reasons. Such orders u/s 119(2)(b) of the Act condoning delay in filing of return were passed by Competent Authority as specified in CBDT's Circular No.09/2015 vide F.No.312/22/2015-OT dated 09.06.2015, Circular No.07/2023 vide F.No.312/63/2023-OT dated 31.05.2023 and latest Board's Circular No.11/2024 dated 01.10.2024. Grievances have been filed regarding non-receipt of refund due to non-processing of these returns in some cases.

2. The matter has been considered by the Board and it has been decided to relax the time-frame prescribed in second proviso to sub-section (1) of section 143 of the Act in exercise of its powers under section 119 of the Act, and directs that **valid returns of income filed electronically on or before 31.03.2024 pursuant to condonation of delay u/s 119(2)(b) of the Act by the competent authority**, for which date of sending intimation under sub-section (1) of section 143 of the Act has lapsed, shall be processed now. Accordingly, intimation under sub-section (1) of section 143 of the Act in respect of processing of such ITRs shall be sent to the assessee concerned by **31.03.2026**.


3. The relaxation accorded above **shall not be applicable** to cases where any proceeding for assessment (u/s 143(3)/144/144B/153A/153C) or reassessment (u/s 147/148) or recomputation or revision of income under the Act has been completed for the relevant assessment year subsequent to filing of such returns of income.

4. All subsequent effects under the Act, including issue of refund along with interest as applicable, shall also follow in these cases. In those cases where PAN-Aadhaar linkage is not found, refund of any amount of tax or part thereof, due

under the provisions of the Act shall not be made as laid down in Circular No.03/2023 dated 28.03.2023 vide F.No.370142/14/2022-TPL.

5. The Director General of Income-tax (Systems), Bengaluru shall specify the procedures for processing of such returns filed u/s 119(2)(b) of the Act to ensure that intimation u/s 143(1) of the Act shall be sent to assessee on or before **31.03.2026**.

6. This may be brought to the notice of all for necessary compliance.

 25-06-2025  
(Dr. Indu Bala)

Deputy Secretary to the Government of India

Copy for information to:

- i. Chairman (CBDT) and all Members of CBDT
- ii. All Pr.CCsIT/DsGIT
- iii. DGIT(Systems), Delhi & DGIT (Systems), Bengaluru with request for further necessary action in the matter
- iv. Joint Secretaries/Commissioners, CBDT
- v. Pr.DGIT, Directorate of Admin & Taxpayers Services
- vi. ADG(Systems)-4 with request for uploading on department's official website
- vii. JDIT, Database Cell for uploading on IRS Officers website
- viii. Guard file

 25-06-2025  
(Dr. Indu Bala)

Deputy Secretary to the Government of India



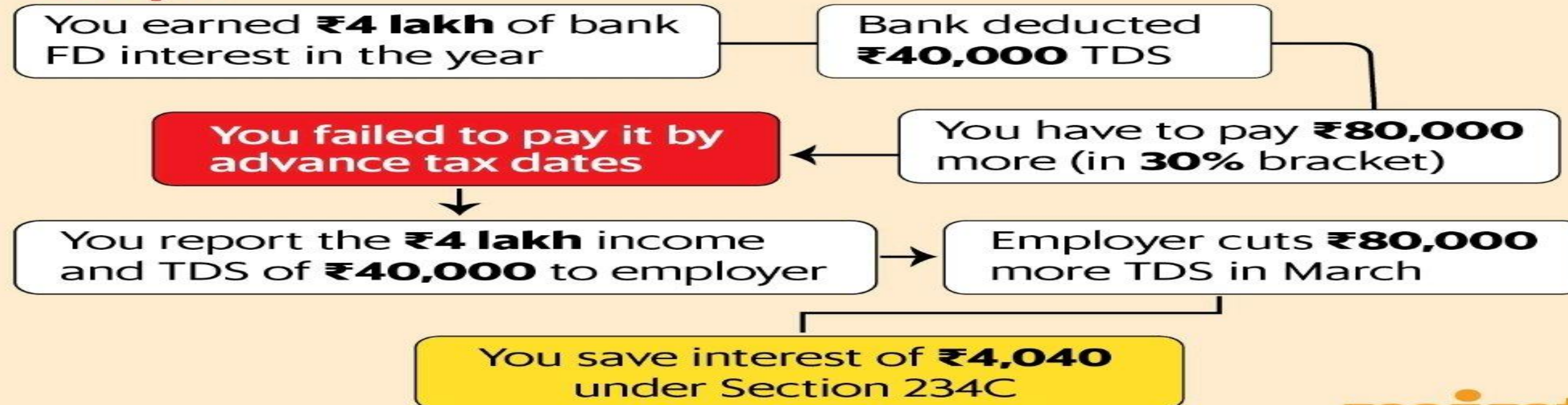
# Advance tax - How to avoid interest under Section 234C

If tax liability > ₹10,000



Date	Amount	Failure	Solution
15th June	<b>15%</b>	If you fail to pay at least <b>12%</b>	Report additional income to employer
15th Sept	<b>45%</b>	If you fail to pay at least <b>36%</b>	Do it by March
15th Dec	<b>75%</b>	If you fail to pay <b>75%</b>	Employer deducts TDS
15th March	<b>100%</b>	If you fail to pay <b>100%</b>	No interest applies

## Example





# NRI income tax filing checklist: FY25

## Documents required

- ▶ PAN card, valid visa or overseas residency proof
- ▶ Bank statements (NRE, NRO, savings)-Apr 2024 to Mar 2025
- ▶ Interest certificates, capital gains reports, dividend statements
- ▶ Investment proofs (80C, 80D, 80G, etc.) if claiming deductions
- ▶ Tax residency certificate (TRC) and Form 10F (for DTAA claims)
- ▶ Form 16 for salaried individuals



## Things to keep in mind

- ▶ NRE/FCNR interest is exempt but must be reported
- ▶ Use ITR-2 form (ITR-1 is not applicable to NRIs)
- ▶ Link aadhaar with PAN and validate bank account on the IT portal
- ▶ Dividend income taxed at 20% (Section 115A) unless DTAA applies
- ▶ Section 87A rebate not allowed for NRIs

## Common mistakes to avoid

- ▶ Forgetting to report Indian income with TDS already deducted
- ▶ Ignoring errors in AIS/TIS—must raise disagreement if mismatched
- ▶ Missing disclosure of Indian assets/liabilities if income exceeds ₹1 crore
- ▶ Using incorrect email or mobile number on the IT portal

## Deemed residency rule

If you are an Indian citizen, earn more than ₹15 lakh from Indian sources, and are not liable to tax in any other country, you will be treated as a resident but not ordinarily resident (RNOR)

GRAPHIC: PARAS JAIN/MINT

**mint**

Graphic: Paras Jain/Mint

## Determining residency

You are an NRI if:

You stayed in India for less than **182 days** during the fiscal year  
AND

You stayed in India for less than **60 days** during that fiscal year  
or  
for less than **365 days** during the preceding four fiscal years

# ADDITIONAL DISCLOSURES FOR CLAIMING DEDUCTIONS

Presenting all the major changes in ITR-1 and ITR-4 for AY 2025-26 (Old Regime) related to ITR deductions:



## HRA: House Rent Allowance

Must report place of work, basic salary, actual HRA received and rent paid.



## Section 80C

Mandatory to mention policy no. or document identification number for eligible investments.



## Section 80D

Name of insurance company and policy number.



## Section 80E

Need to report bank name, loan A/c number, sanction date, loan amount and outstanding balance for ed. loan.



## Section 80EE

Need to report bank name, loan a/c number, sanction date, loan amount and outstanding balance.



## Section 80EEB

Must disclose bank name, loan details and vehicle registration number for electric vehicle loans.



## Section 80DDB

Must specify the name of particular disease for medical treatment deduction.



## Who can opt for Section 44AD

- ▶ Resident, HUF, Partnership firms (except LLP)
- ▶ Non-technical professionals not qualified for 44ADA. Like a tutor running coaching centre

## Mandatory timeline to benefit

- ▶ Must continue for five years after opting
- ▶ If not continued for five years, will be disqualified from opting for 44AD for subsequent five years

## Who can opt for Section 44ADA

- ▶ CAs, doctors, technical consultants, lawyers, engineers, architects, IT and interior decorators
- ▶ Business of commission, brokerage and insurance can't opt for either 44ADA, nor 44AD presumptive schemes

## Timeline

No restriction to opt compulsory for 5 years

## GST compliance

GST registration is mandatory over ₹20 lakh turnover. Salaried should know about added GST compliance if they are planning to switch to consulting roles to benefit from presumptive taxation

**Mr X is a small businessman with ₹1.02 crore annual turnover**

**HIS** average gross monthly earning is ₹8.5 lakh. Monthly invoices raised: ₹10.03 lakh (includes 18% GST=₹1.53 lakh)

**HE** must deposit monthly GST before 20th of following month in which invoice is raised

**HE** has to file GST return by 11th of the following month in which invoice is raised

**Mr A can claim Input Tax Credit on the GST he pays on work related services**

Purchase	Price (in ₹)	18% GST (in ₹)
Office rent	70,000	12,600
Flight tickets*	50,000	9,000

**21,600**

**This can be offset by Mr X with the ₹1.53 lakh GST liability**

\*for simplicity, base value taken on which GST is charged  
Assuming Mr X is following monthly tax filing

**mint**



# Capital gains: how indexation affects set-offs

Capital loss from property sale cannot be adjusted if indexation is used; set-off is permitted only without indexation

## What's changed

- ▶ Budget 2024 removed indexation benefit for property sales
- ▶ Grandfathering applies to property purchased before 23 July 2024\*
- ▶ LTCG tax will be calculated for both new & old tax scheme:
  - 1) **20%** with indexation (old rule)
  - 2) **12.5%** without indexation (new rule)
- ▶ Lower of the two tax amounts will apply

\*Date of Budget presentation

## Indexation: key conditions and limits

- ▶ Indexation allowed, but only under specific conditions
- ▶ Property must be acquired before 23 July 2024
- ▶ Capital loss with indexation can't be set off against capital gains
- ▶ Capital loss without indexation can be set off
- ▶ Only resident individuals and HUFs are eligible for indexation
- ▶ Not available to NRIs, companies, firms, or LLPs
- ▶ Applies to residential, commercial property and land
- ▶ Indexation on under-construction properties is not straightforward\*\*

\*\*Where work wasn't completed before 23 July 2024; Capital gains are treated as long-term if the holding period exceeds 2 years

## How indexation works

- ▶ Neutralizes impact of inflation on capital gains
- ▶ Buying price is revised upwards for inflation
- ▶ Useful when appreciation at near-inflation rate

mint

## Set-off and carry-forward rules

- ▶ Capital losses can be set off only against capital gains
- ▶ Long-term capital losses can be set off only against long-term capital gains
- ▶ Short-term capital losses can be set off against both short-term and long-term gains
- ▶ Unused losses can be carried forward for up to 8 financial years



## Real-world impact of indexation

	Scenario 1 When growth is low Annual growth rate @ 6%	Scenario 2 When growth is high Annual growth rate @ 12%
A) Buy price in FY02	₹1 crore	₹1 crore
B) Sale price in FY25	₹3.81 crore	₹13.55 crore
C) Indexed buy price	₹3.63 crore	₹3.63 crore
Capital gains (B-C)	₹18.97 lakh	₹9.92 crore
Tax liability with indexation (20% LTCG rate)	₹3.79 lakh	₹1.98 crore
Capital gains (B-A):	₹2.81 crore	₹12.55 crore
Tax liability without indexation (12.5% LTCG rate)	₹35.24 lakh	₹1.57 crore
Savings with old scheme/new scheme	₹31.45 lakh	₹41.54 lakh

## Setting off gains

Allowed only when loss is computed without indexation

	Allowed on loss without Indexation
A) Buy price in FY02	₹1 crore
B) Sale price in FY25	₹80 lakh
Capital loss (B-A)	-₹20 lakh
Capital gain in second property	₹1 crore
Net capital gain	₹80 lakh

Loss calculated with indexation can't be set off

	Not allowed on loss with Indexation
A) Buy price in FY02	₹1 crore
B) Sale price in FY25#	₹2.46 crore
C) Indexed buy price	₹3.63 crore
Capital loss (B-C)	-₹1.17 crore
Gain from stock sale	₹50 lakh^

Indexation is used to compute tax, not to determine gain or loss; ^Loss arising after indexation cannot be set off against capital gains from any asset class

Note: Indexation based on cost inflation index of 100 in FY02 and 363 in FY25

Assumptions: Purchase year: 2001; sale year: 2024; holding period: 23; #assumed annual growth rate of 4%

LTCG: Long-term capital gains; HUF: Hindu Undivided Family; LLP: Limited liability partnership; NRI: Non-resident Indian









CBIC @cbic\_india · 21h

☞ Vide notification No. 12/2017-Central Tax dated 28th June, 2017 (as amended), a registered person having aggregate turnover up to five crores rupees in the previous financial year may not mention the number of digits of HSN Code, in a tax invoice issued by him under the said rules in respect of supplies made to unregistered persons. So, B2C supplies by a taxpayer whose turnover is upto Rs. 5 crore in the previous financial year has the option not to mention HSN code in his invoice.

☞ GSTN vide advisory dated 01st May 2025 has informed taxpayers that Table 12 of GSTR-1/1A is now bifurcated into two tabs, namely, “B2B Supplies” & “B2C Supplies”. Taxpayers need to enter HSN summary details of B2B Supplies and B2C Supplies separately under respective tab. Certain validations have been introduced to match the HSN wise value declared in Table 12 with the values declared in other tables of the return. In case of B2B supplies, the HSN summary is mandatory.

☞ In case of B2C supplies, as the HSN code is optional (vide Notification No. 12/2017-Central Tax as amended), the system has not made the B2C table mandatory i.e., system allows the HSN summary to be entered any value/ can be left blank by a taxpayer having aggregate turnover upto Rs. 5 crore in the previous Financial Year.

@FinMinIndia

#CBIC

#GSTN



## GIVING GIFTS TO EMPLOYEES? GST MAY STILL APPLY!

Under GST law:

- ✓ Gifts exceeding ₹50,000 per employee per FY → Taxable
- ✓ Even if given without consideration
- ✓ Applies to phones, vouchers, gadgets, etc.
- 📍 If ITC was claimed on the gifted item → GST reversal may be required



Be generous, but stay compliant 😊



# Selling Land or Building?

## GST May or May Not Apply



### ✓ GST NOT applicable on:

- Sale of land
- Completed buildings (after OC/completion certificate)

### ! GST @5% or 1% applies if:

- Selling under-construction property
- No OC at time of sale
- No ITC allowed on these rates!



Completion status decides your tax liability — not just the agreement





## Handling of Inadvertently Rejected records on IMS

Jun 19th, 2025

**Question 1: How can a recipient avail ITC of wrongly rejected Invoices/ Debit notes/ECO-Documents in IMS as corresponding GSTR-3B of same tax period was also filed by recipient?**

**Answer:** In such cases recipient can request to the corresponding supplier to report the same record (without any change) in same return period's GSTR-1A or respective amendment table of subsequent GSTR-1/IFF. Thus, recipient can avail the ITC basis on amended record by accepting such record on IMS and recomputing GSTR-2B on IMS. Here the recipient will get ITC of complete amended value as original record was rejected by the recipient.

However, recipient will be able to take ITC for the again furnished document by the supplier, as stated above, only in the GSTR-2B of the concerned tax-period.

**Question 2: If any original record is rejected by the recipient and supplier furnishes the same record in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF of subsequent period, till the specified time limit, then what impact it will have on supplier's liability?**

**Answer:** In case supplier had furnished an original record in GSTR-1/IFF but the same record was rejected wrongly by the recipient in IMS. In such cases supplier on noticing the same in the supplier's view of IMS dashboard or on request of recipient, may furnish the same record again (without any change) in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF in any subsequent period, till the specified time limit, then the liability of supplier will not increase. As amendment table take delta value only. Thus, in present case of same values, differential liability increase will be zero.

**Question 3: As a recipient taxpayer, how to reverse ITC of wrongly rejected Credit note in IMS as the corresponding GSTR-3B has already been filed?**

**Answer:** In such cases recipient can request the concerned supplier to furnish the same Credit note (CN) without any change in the same return period's GSTR-1A or in amendment table of subsequent period's GSTR-1/IFF. Now recipient can reverse the availed ITC based on the amended CN by accepting the CN on IMS. Hence, the recipient's ITC will get reduced with complete amended value, as soon as the recipient recomputes GSTR-2B on IMS. The reduced value is same as that of the value of original CN as in this case the complete original CN was rejected by the recipient.

**Question 4: If any original Credit note was rejected by the recipient and supplier furnishes the same credit note in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF of any future tax-period, till the specified time limit, then what impact it will have on supplier's liability?**

**Answer:** At first instant the supplier's liability will be added back in the open GSTR-3B return, because of original credit note rejection by the recipient. However, as the supplier furnishes the same credit note in GSTR-1A of same tax period or in amendment table of GSTR-1/IFF in any subsequent period, supplier's liability for this amendment will get reduced again corresponding to the value of amended CN (which in this case is same as original). Thus, net effect on liability of supplier will be only once.

Thanking You



## Distributing Free Samples? GST Still Follows You

 No consideration  $\neq$  No GST!

 Under Section 17(5):

✓ ITC blocked on goods distributed as free samples

✓ Even if purchased for business

 No GST payable on outward supply – but no ITC benefit either

 Want to promote?  
Consider discount instead of free samples!

Free for customer  
 $\neq$  Free from tax







# IMPORTANT GST FILING CHANGES FROM JULY 2025



## Locking of GSTR-3B

- GSTR-3B becomes non-editable after auto-population.
- Manual changes NOT allowed after auto-fill
- Corrections can only be made via GSTR-1A before filing GSTR-3B.
- Only one correction per period allowed.
- Manual entry allowed only for reverse charge



## 3-Year Time Limit

- Returns (GSTR-1, 3B, 4, 5, 5A, 6, 7, 8, 9) not allowed after 3 years from due date.
- All returns older than 3 years must be filed by 30 June 2025.



## Input Tax Credit (ITC)

- Errors in GSTR-1 will affect GSTR-2B and GSTR-3B ITC data.
- ITC claim deadline remains 30 November of the relevant financial year



# Very Interesting GST case and wonderful order passed by Delhi High Court (Must read)

Bogus firms filed writ petition before Delhi high court against cancellation of GST registration suo motto from back date

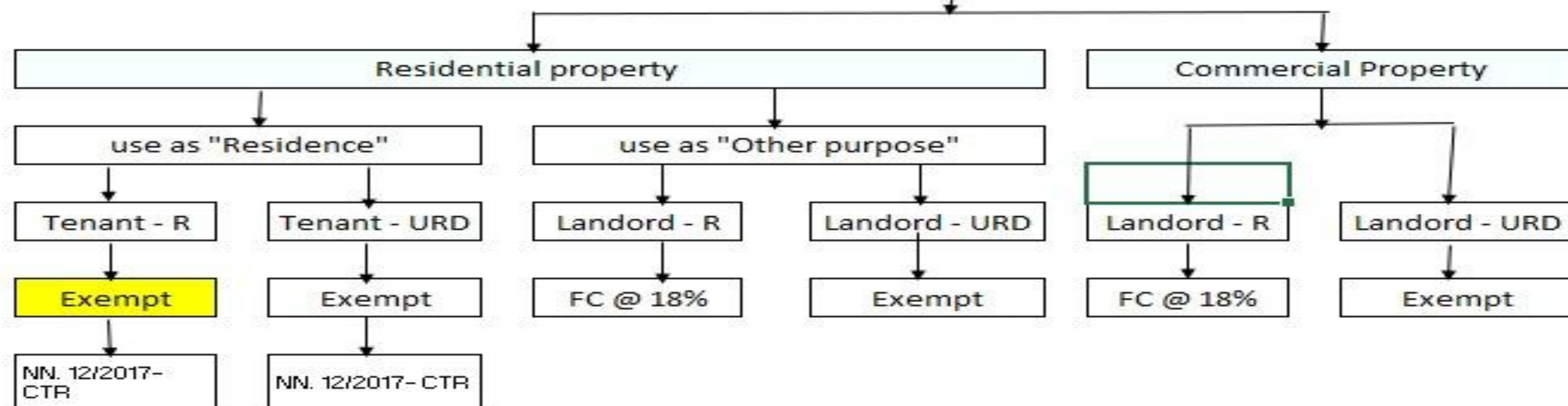
Brief of proceedings 📌

1. Four Bogus firms filed writ petition against GST cancellation from back date
2. Delhi High Court heard the matter and allowed the writ petition with the direction to GST department to cancel the GST registration from show cause notice date not from back date.
3. CGST department filed review petition before Delhi High Court that SCN attached with writ petition was forged and fabricated.
4. High court recalled its earlier order and asked the proprietor of all four firms to present in the court.
5. On 29th April 2025, Advocate Pranay Jain appeared on behalf of all four firms told court that he is no longer in touch with petitioners and only have aadhar card of all four individuals.
6. Court issued non-bailable warrant against all four proprietors and asked the Delhi Police to trace proprietor and produce in the court on next hearing
7. On next hearing, Delhi Police informed the court that all four proprietors are not traceable and further court surprised how affidavit of all four proprietors are attested/notarised and asked the Advocate Pranay Jain to hand over the Aadhar card of all four individual to the court so that the status of aadhar card needs to be ascertained.
8. Court also asked Oath Commissioner to appear in the court with original register.
9. UIDAI submitted the report in High Court and it was found that aadhar card was also forged as photograph mentioned on aadhar card handed over by Adv Pranay Jain does not match with the UIDAI records.
10. The Oath Commissioner- Ms. Shilpa Verma also appeared along with registers. According to Ms. Verma, there is usually a large crowd in her office and therefore, she is unable to recall as to whether any of the Petitioners had appeared before her or not.
11. On next hearing, one proprietor appeared in court and told he came in touch with one Mr Rajat who is a scrap dealer and handed over his aadhar card and PAN. However he does not recognize the photograph on the aadhar card having his name and address, given by Adv Pranay Jain
12. Further Ld. Counsel appearing on behalf of GST department told court that there were circulation of crores of rupees in bank account of all these four firms in a very short period.
13. On Final date of hearing, Delhi High Court held that 📌
  - a. All four petitions were filed by persons who did not have any authority on behalf of these firms
  - b. All four petitions were signed by deponents who were fictitious persons
  - c. Aadhaar Cards which were relied upon by Mr. Pranay Jain, are clearly forged and fabricated
  - d. SCN filed with writ petition were also forged and fabricated
  - e. Person controlling these firms and individuals not known to the court as of date. Same appears to be well planned conspiracy to GST fraud
  - f. Knowledge of Adv Pranay Jain is not clear who has approached him for filing writ petition before Delhi High Court
  - g. Court asked DGCI to conduct investigation and file a complaint with crime branch who shall register an FIR.

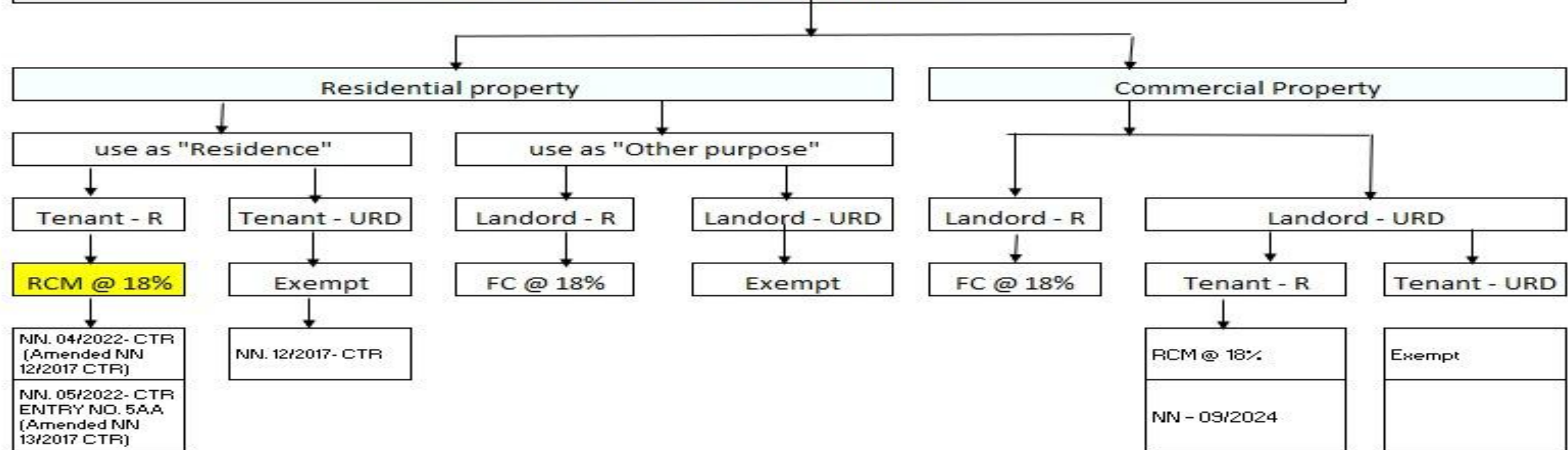
JustRead



## GST on Rent (01.07.2017 to 17.07.2022) SAC - 9963 or 9972



## GST on Rent (18.07.2022 onwards)





# PAYING FOR GOOGLE ADS, FACEBOOK MARKETING, OR SAAS TOOLS? **HERE'S THE GST YOU MIGHT BE MISSING**

---



IF YOU'RE AVAILING ONLINE SERVICES FROM FOREIGN COMPANIES (NON-RESIDENT SUPPLIERS), LIKE:



Google Ads



Meta Ads



Zoom, Canva, AWS



## **GST UNDER REVERSE CHARGE MECHANISM (RCM) APPLIES IF:**

- ✓ You're a registered person under GST
- ✓ Services are used for business purposes
- ✓ Supplier is outside India



You must self-pay IGST @18%, then claim ITC (if eligible) in the same return.



**COMMON MISTAKE:** "It's billed in USD, so no GST!" –Incorrect. You're importer of service under Sec 13.



### Section 73 – Summary Chart

Clause	Particulars	Details
73(1)	Initiation of proceedings	Proper officer may initiate if tax not paid/short paid/ITC wrongly availed/refunded (non-fraud)
73(2)	SCN issuance	Issue Show Cause Notice (SCN) at least 3 months before expiry of the time limit in 73(10)
73(3)	Communication of liability	Officer may communicate details before SCN - opportunity for voluntary compliance
73(4)	Voluntary tax payment before SCN	If tax + interest is paid before SCN, no SCN is issued (just inform officer under Form DRC-03)
73(5)	Procedure if payment made under 73(4)	Inform officer in writing of tax + interest payment; SCN not required
73(6)	Proceedings conclusion if paid before SCN	No further action if payment made under 73(4)
73(7)	Payment after SCN but within 30 days	Tax + interest paid within 30 days of SCN - no penalty, proceedings concluded
73(8)	Payment after SCN	If tax + interest is paid after 30 days of SCN but before the order, penalty under 73(11) is not imposed
73(9)	Adjudication	Officer may pass an order determining tax + interest and penalty (if applicable)
73(10)	Time limit for order	Within 3 years from the due date of annual return or refund date/ITC date, whichever applicable
73(11)	Penalty provision	If tax not paid within 30 days of order, penalty - 10% of tax or Rs 10,000, whichever is higher
73(12)	Time limit of this Section	Section 73 applies up to FY 2023-24





Updates



# Hindu Undivided Family: Key insights

Opening an HUF can lower your tax liability

## Tax on corpus transfer to HUF

Source	Transfer	Income**
HUF member	Tax-free	Taxed in transferer's hands*
Non-member	Taxed on income of over ₹50,000	Taxed in HUF's hand
Inheritance (will)	Tax-free	Taxed in HUF's hand

\*Clubbing provision: When the transferer bears the tax liability

\*\*includes capital gains



## Type of income

### Passive Income from HUF assets

► Interest, rental, capital gains, dividends, etc.

**Taxed In HUF's hands**



### Business Income from HUF's business

► Income from business

**Taxed In HUF's hands**

### Individual effort of HUF members

► Profession, freelancing

**Taxable In HUF member's hands**

## Offering an interest-free loan

Flashpoint: Differing views (read story)



## Closing an HUF

Partial partition not recognised under Income Tax Act

### Partial

One or a few members separate

**Taxed In HUF**

### Complete

All members separate

**Taxed Individually^**

For subsequent income or capital gains

^assuming a smaller HUF is not created

## Should you sell property before or after partition?

Post-partition sale is beneficial

### Section 54EC

**₹50 lakh** CG exemption via CG bonds.

### Assumptions:

Indexation benefit (adjusted for inflation): **₹2 crore (₹1 crore after split)**

Tax: LTCG **14.95%** (surcharge + cess)

### Example

#### Before HUF Split

HUF owns land worth **₹1 cr**

Sells for **₹10 crore**

Exemption: **₹50 lakh**

Taxable amount: **₹7.5 crore**

**Pay ₹1.12 crore In taxes (A)**

#### Post HUF Split

HUF owns land worth **₹1 crore**

HUF is equally split between the **two members**

**Individual tax outgo for each member**

Sells land for **₹5 crore**

Exemption: **₹50 lakh**

Taxable amount: **₹3.5 crore**

**Pay ₹52 lakh In taxes (B)**

**Taxes saved on individual sales  
(A - (B+B))  
₹8 lakh**

\*Benefit also applicable under Section 54 and 54F subject to conditions (read story)

HUF: Hindu Undivided Family; CG: Capital gains; RE: Real estate; MF: Mutual fund; LTCG: long-term capital gains

Source: CA Prakash Hegde



# How you can use HUF to save taxes

mint

## How HUF works?

### Karta (Head of HUF)

Can be oldest male or female coparcener#

Authorized to sign cheques, carry out financial transactions on HUF's behalf



Members born in family can be coparceners  
(Minimum 2 coparceners required)

### Member

Brought into family by marriage (mother/wife)

Exception:  
Adopted child is coparcener

Coparceners can demand HUF partition

**Both have share in HUF property**

Other members can't be karta or demand partition

#If father dies and there is a minor, he or she can be karta and the mother can act as manager; mother or wife can't be a karta as they are not coparcener

## Who can form HUF?

- ▶ Hindus, Buddhists, Jains and Sikhs
- ▶ Married couples with at least one child
- ▶ **To form HUF:** Submit affidavit & PAN application
- ▶ **Initial HUF capital:** Inherited property in a will, gift/loan from non-related party

## Distribution of income

Income from HUF not taxable for members

## Who does HUF benefit?

- ▶ Salaried individuals can create HUF for additional business income
- ▶ If HUF inherits property through a will, such property's income will be HUF's income
- ▶ HUF can claim exemptions, deductions separately on its income

## HUF gives additional exemptions and deductions\*

**IF** individual exhausts 80 C limit, HUF account can pay premium on members' life insurance

**HUF** can't open PPF, can contribute for its members, claim deductions under 80 C

**SECTION 54F:** Exemption allowed if individual doesn't have > 1 residential property

**RELAXATION** with HUF: If 2nd property is in HUF's name, exemption still possible

**SECTION 23(2):** Any 2 properties can be considered self-occupied with nil tax

**BENEFIT** with HUF: 2 additional HUF properties can be considered self-occupied

\*assuming individual and HUF opt for old tax regime



# How HUF can help save tax on MFs

HUF is like creating a separate individual with its PAN from a taxation perspective.

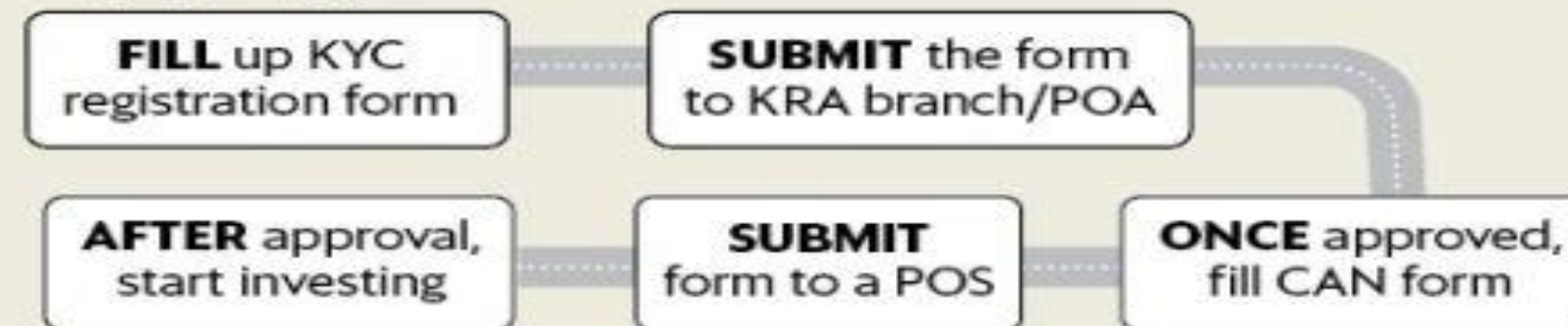


	Without HUF (A)		Assuming ₹5 lakh capital gains from HUF (B)		
	Husband	Wife	Husband	Wife	HUF
Gross salary	₹10 lakh	₹15 lakh			
Less: Standard deduction	(₹75,000)	(₹75,000)			
Taxable salary	₹9.25 lakh	₹14.25 lakh			
Capital gains (equity MF)	₹7.5 lakh	₹7.5 lakh	₹5 lakh	₹5 lakh	₹5 lakh
Salary & tax payable is constant	₹42,500	₹1,25,000	₹42,500	₹1,25,000	
LTCG tax @12.5%	₹78,125	₹78,125	₹46,875	₹46,875	₹9,375*
Health and education cess @4%	₹4,825	₹8,125	₹3,575	₹6,875	₹375
<b>Total tax</b>	<b>₹1,25,459</b>	<b>₹2,11,250</b>	<b>₹92,950</b>	<b>₹1,78,750</b>	<b>₹9,750</b>
<b>Total tax (w/o HUF)</b>	<b>₹3.36 lakh</b>		<b>Total tax (with HUF)</b>	<b>₹2.81 lakh</b>	

## How to open an account?

Example using MFU platform. Most platforms offer HUF account facilities

### Step by Step process



## Documents required

### For CAN registration

- ▶ Self attested HUF PAN card
- ▶ Self attested karta/UBO PAN card
- ▶ Bank proof

### For KYC registration

- ▶ PAN of HUF
- ▶ Deed of Declaration of HUF or list of coparceners
- ▶ Bank passbook/bank statement in the name of HUF
- ▶ Photograph, POI, POA, PAN of karta

**₹55,000**  
Tax savings  
(Total tax A-B)

\*Nil tax till ₹3 lakh income + ₹1.25 lakh exemption in capital gains)

## Corpus to HUF

- ▶ Through will or ancestral property: **No tax**
- ▶ Gift from non-members: **No tax up to ₹50,000**
- ▶ Income from existing corpus (rent, dividends etc): **Taxed with HUF**
- ▶ Contribution by member: **Income generated will be taxed to the donor**

**FACT**  
Unlike Individual accounts, opening an HUF account is an offline process



# How foreign tourists & NRIs can use UPI

Widely accepted UPI wallets are transforming travel in India for foreigners and NRIs without local bank accounts.



## Get started



**DOWNLOAD** issuer app:  
Cheq by Transcorp, First  
Rupee by IDFC Bank,  
Namaspay, or Mony.



**VISIT** the nearest  
counter for physical  
verification of your  
passport and visa\*



**WALLET** is  
issued within  
15 minutes after  
verification



**LOAD** your wallet with  
"foreign currency", using  
foreign credit/debit card, or  
forex card (loading wallet  
with INR cash isn't allowed)

## Points to remember

- ▶ Standard currency conversion charges apply for reloading and balance reversals
- ▶ Debit/credit card reloads incur additional charges
- ▶ Maximum wallet balance: **₹2 lakh**
- ▶ No limit on reloads.

## Using PPI wallet

**OPEN** the PPI app  
and select the "Scan  
& Pay" option

**SCAN** the  
merchant's UPI  
QR code.

**ENTER** your UPI  
PIN to complete  
the payment.

\*Verification counters are located at IDFC First Bank branches of fintechs such as Transcorp, Namaspay; At departure, transfer any remaining balance back to your source account; Service is for merchant payments only, not for payments to resident Indians; NRIs with Indian bank accounts can also use this feature; NPCI has enabled UPI access for NRIs with Indian bank accounts. This infographic is for NRIs who either don't have Indian accounts or prefer not to use them; For NRIs documents required for PPI wallet: Foreign residency proof and Indian passport  
PPI: Pre Payment Instrument



# How to invest in US stocks via LRS

With mutual fund investments restricted overseas, platforms like Vested Finance, INDmoney, and Appreciate offer access to US markets through the Liberalized Remittance Scheme route.

## At a glance

	Vested Finance	INDMoney	Appreciate
Number of users	300,000	2 million	50,000
Avg ticket size (INR)	₹5.5 lakh	₹25,000	₹21,000
Charges	0.25%*	0.25%	₹5 or 0.05%**

\*\$5 withdrawal charges applicable on each transaction; \*\*Whichever is higher

## Get started



## Capital gains

- ▶ Long-term capital gains (12.5%) for holdings over 24 months
- ▶ Short-term capital gains taxed according to your slab rate

## Tax compliance

Report all foreign asset details in Schedule FA of the ITR

## Global ETFs in 2024

Returns % (USD)



## Tax Implications

**Dividends:** 25% withholding tax in the US, subject to slab rates in India (can be claimed back or offset against Indian income tax liability)

**Estate duty:** Applicable in the US for assets >\$60,000

\*\*Complete digital KYC using your PAN and Aadhaar within 5-6 minutes; Open a savings account with the designated banks specified by the platform, or link your existing account; ^^Funds are held with a US-registered broker or dealer such as DriveWealth

Fund transfers between your bank account and the US wallet take 8-24 hours.

Currency conversion charges for deposits and withdrawals typically range from 1-2%

Source: iShares



# Benefits of a joint home loan

A joint loan with a female can lead to cost benefits.



## Higher loan eligibility

- ▶ Both co-applicants\* incomes are considered for loan eligibility
- ▶ Combined incomes boost loan eligibility.

## Reduced rates

- ▶ Many lenders offer a rate discount if the primary borrower is a woman. (5 to 10 bps)
- ▶ A co-applicant with a better credit score can also lower the interest rate. (vice versa)

## Home loan perks for women

Lender	Discount for Women
State Bank of India	5 bps
HDFC Bank	5 bps
Punjab National Bank	None
Union Bank of India	5 bps
Canara Bank	None
Bank of India	10-15 bps

Rates as per bank website. Term loans only.

Updated on 9 May 2025.

Some banks did not display this on their website

bps: basis points. 1 basis point equals 0.01 percentage point

\*A close relative can be a co-applicant without owning the property, but all co-owners must be co-applicants.

Source: BankBazaar



## Stamp duty

- ▶ Some states/Union territories reduce stamp duty if the joint holder is a woman
- ▶ Typically 1% discount (eg. Delhi)

## Tax benefit

- ▶ Can claim 80C (up to ₹1.5 lakh for home loan principal repayments) and 24b (up to ₹2 lakh on home loan interest repayments) deductions separately
- ▶ If only one person pays EMI, only that person can claim deductions
- ▶ However, if two people pay the EMIs, both can separately claim 80C and 24b
- ▶ Both can buy capital gains bond (54EC) of up to ₹50 lakh each from sale proceeds to avoid capital gains tax
- ▶ Precondition: Both should also be contributing to house purchase

## Capital gains exemption for joint properties

Section 54 benefits for joint properties

**SCENARIO 1:** Husband and wife sell separate properties and jointly buy one

### Wife sells house A owned by her

A's purchase price	₹80 lakh
A's sale price	₹1 crore
Capital gains	₹20 lakh

### Husband sells house B owned by him

B's purchase price	₹50 lakh
B's sale price	₹90 lakh
Capital gains	₹40 lakh

Husband and wife buy house C jointly using capital gains from A and B and both get Sec 54 benefit

**SCENARIO 2:** Husband and wife sell jointly owned property and buy two separate ones

Husband and wife contributed 40% and 60%, respectively, towards purchasing their house

Purchase price	₹1 crore
Sale price	₹1.4 crore
Capital gains	₹40 lakh

Husband gets ₹16 lakh (40%) capital gains  
Wife gets ₹24 lakh (60%) capital gains

Husband and wife use their respective capital gains to buy separate houses and both get Sec 54 benefit



# FM to push for timely tax refunds, better services

TIMES NEWS NETWORK

**New Delhi:** Finance minister Nirmala Sitharaman is expected to push tax authorities



ties to ensure the timely refund of income tax, GST, and export-related dues, while flagging the long pendency in investigation by the Directorate General of GST Investigation (DGGI).

Sitharaman is due to meet top officials of the Central Board of Indirect Taxes and Customs next Friday, followed by a similar interaction with principal chief commissioners

(CCs) of income tax on June 23. The overall thrust seems to be on improving taxpayer delivery, litigation management, and accountability of the system, said a source.

Delay in processing refunds beyond 60 days will be scrutinised, and explanations are expected to be sought from principal CCs of customs and GST, even in cases of rejections, as these tend to block funds that businesses can deploy for productive purposes, sources said.

Even in the case of income tax, where processing of returns and refunds improved over the last few years, FM is expected to put the spotlight on cases where payments we-

re held up due to non-processing of returns and rectification cases impacted by system-related issues.

The minister will also review the dwell time of cargo clearance across ports and airports, with officials from CBIC asked to share data on clearances using the risk management system and the examination timelines for every zone.

The functioning of DGGI and its investigations, which are often “open-ended,” have been an area of concern for the industry, and the finance minister’s focus on cases pending for over 180 days is seen as a clear message that govt does not want undue scrutiny.



# Closer tax scrutiny on charitable trusts, research bodies

Gireesh Chandra Prasad

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NEW DELHI

**I**ncome-tax returns of charitable trusts and research institutions that have wrongfully claimed exemptions, as well as entities and individuals that have had repeated additions to their liability, will be automatically selected for scrutiny this year.

The latest guidelines of the Central Board of Direct Taxes (CBDT) mandate senior field officers to issue notices on such income-tax returns (ITRs) until 30 June.

The guidelines are part of the direct taxes authority's efforts to improve compliance. The annual exercise is even more important this year as the government seeks to curb evasion and shore up tax revenue after forgoing ₹1 trillion in the annual budget to provide relief to the middle class.

According to data available from the CBDT, more than 314,000 associations of persons or trusts filed tax returns in 2023-24.

Queries emailed to the CBDT seeking comments remained unanswered until the time of publishing.

Charitable and religious trusts, as well as research institutions, claiming tax exemp-



The guidelines are part of the direct taxes authority's efforts to improve compliance. **MINT**

tion under the Income Tax Act's Section 11 must register again. The changes in law introduced from 1 April 2021 seek to improve compliance and avoid roving enquiries into their affairs.

The CBDT's guidelines said that cases where such registration has not been granted or has been revoked by the end of March 2024 and the institution has claimed tax exemption in 2024-25, shall be scrutinized by the department's faceless assessment centre. Cases where withdrawal of registration is set aside in appellate proceedings will be excluded.

In addition to registration, charitable and religious trusts

**TURN TO PAGE 6**



## Thinking of getting a bank locker? Key insights

### How it works

- ▶ Submit the duly filled locker application form.
- ▶ Required documents: PAN, Aadhaar, photographs and nominee details.
- ▶ Locker access is recorded and limited to the holder or authorised users.
- ▶ Banks must maintain a transparent waitlist and provide an acknowledgement.

### Agreement

- ▶ RBI requires a signed locker agreement on stamped paper.
- ▶ Always keep a signed copy for your records.\*



### Charges and security deposit

- ▶ Annual rent: ₹1,500-10,000, or more, based on size and location.
- ▶ Banks may ask applicants to open a fixed deposit equal to three years' rent plus break-open charges.

### Lost key or password?

You bear the break-open costs and must be present during the process.

### RBI locker rules (18 Aug 2021)

- ▶ **BANKS** aren't liable for contents unless loss is due to theft, fire, burglary or negligence.
- ▶ **MAXIMUM** liability is capped at 100 times the annual rent (e.g., ₹5,000 rent = ₹5 lakh cap).
- ▶ **CUSTOMERS** must insure valuables kept inside.
- ▶ **LOCKERS** are fire-resistant and monitored by CCTV; footage must be retained for 180 days.
- ▶ **IF** unused or unclaimed for **seven** years, banks may break open the locker and transfer contents to nominees or legal heirs, or dispose them of.
- ▶ **NOMINEES** or legal heirs can claim the locker within 15 days with relevant documents.

\*While RBI mandates a formal locker agreement on stamped paper, it's unclear who bears the cost or how it is implemented.

### Despite RBI guidelines, banks continue to push insurance and FDs for locker allotments.

"They told me I'd get a locker if I deposited ₹5-10 lakh."

—**Bhavik Shah**, software professional, Pune



"Locker scarcity is being used as a sales tactic; had to buy an insurance policy."

—**Kapil Marwah**, business analyst, Noida

"I was offered a locker only on buying a ₹2 lakh insurance policy."

—**Abhijit Nair**, cost engineer, Nashik



# Sebi's 'verified' UPI to deter scammers posing as brokers

TIMES NEWS NETWORK

## SAFER D-STREET

**Mumbai:** To counter the increasing menace of stock market related cyber frauds, Sebi on Wednesday said it will launch a verified payment mechanism that will show if investors transferring funds are paying to genuine Sebi-registered entities or not. The new mechanism will be able to weed out fraudulent entities that often copy or mimic genuine Sebi-registered entities to lure investors and defraud them of their money.

As part of the comprehensive facility, the UPI payment mechanism for all Sebi-registered intermediaries that collect funds from investors will have a verified sign that investors will be able to see while transferring funds. This will improve the safety and accessibility of financial transac-

▶ UPI payment mechanism for Sebi-registered intermediaries that collect funds from investors will have a **verified sign**

▶ This mechanism, which will go live from **Oct 1**, will use a **new UPI address** structure



▶ The new mechanism will be able to weed out fraudulent entities that often **pose as genuine Sebi-registered entities**

tions within the securities market, Sebi said.

The UPI payment mechanism will go live from Oct 1, Sebi chairman Tuhin Kanta Pandey, said. He added that the new mechanism will in no way affect the existing mandates and payment mechanisms like RTGS, IMPS, e-NACH, etc., that are already in use for

SIPs and other fund transfers by investments.

"This innovative mechanism is set to significantly improve the safety and accessibility of financial transactions within the securities market by providing a verified and secure payment channel," Pandey said. This mechanism will use a new UPI address structure for all Sebi-registered intermediaries. The new address will be verified at three levels: Sebi, banks, and NPCI.

In addition, Sebi is developing another new functionality called 'Sebi Check' that will allow investors to verify the authenticity of UPI IDs either by scanning a QR code or entering the UPI ID manually and confirming the bank details, including the account number and IFSC of a registered intermediary.



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