



ALL INDIA FEDERATION OF TAX PRACTITIONERS

# Old Taxation Regime Vs. New Taxation Regime Analysis of Sec. 115BAC

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# Coverage of New Tax Regime

Sec. 115BAA	Domestic Companies
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Sec. 115BAB	New Manufacturing Domestic Companies
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Sec. 115BAC	Ind., HUF, AOP/BOI, AJP
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Sec. 115BAD	Resident co-operative Societies
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Partnerships/LLPs are the only entity left out.



# New Tax Regime- Basics

- Rates are given in the Section itself.
- Cess and Surcharge – as per Finance Act
- Various exemptions, deductions, incentives not available.
- Essentially a “lower rate-no deduction” regime.

# New Tax Regime for Individual and HUF : Sec. 115BAC

# New Tax Regime-Sec. 115BAC : Till AY 23-24



- Introduced by FA 2020- Applicable from AY 21-22
- Was applicable for Individual and HUFs only.
- Was an “opt-in” mechanism- Assessee required to specifically opt for the new regime.
- Sec. 87A rebate was common for old and new regime- available upto Rs. 5,00,000 income, maximum rebate Rs. 12500.

# New Tax Regime-In New Avatar : From AY 24-25



- Applicable for Individual, HUF and also for AOP/BOI and AJP.
- Applicable by default. One has to “opt-out” to go for the old regime.
- Separate 87A rebate mechanism- with increased limit and with marginal relief.
- Standard Deduction for salaried assessee-not available earlier-is now allowed.
- Maximum Surcharge restricted to 25%. Applicable if income exceeds Rs. 2 Crores.



# New Tax Regime- Salient Points

- Tax rates are same across all age groups of individuals.
- Applicable for Residents as well as non residents.
- Overrides all other provisions of the act
- But is subject to provisions of Chapter XII- Sec. 110 to Sec. 115BBI :
  - *Notwithstanding anything contained in this Act but subject to the provisions of this Chapter*
  - All income taxable at special rates e.g. Capital Gains/Lottery Income/VDA Income shall be taxed at those special rates only.

# New Tax Regime- Deductions Not Available

- Salary
  - LTA
  - HRA
  - Professional Tax
- House Property
  - Housing Loan interest for SOP
  - Set off of any loss under the head house property
- All Chapter VIA Deductions except
  - Sec. 80CCD (2)/80CCH(2)- Employer's contribution to NPS/Agniveer Fund
  - Sec. 80JJAA
- Business Income
  - SEZ Exemption u/s. 10AA
  - Additional Depreciation
  - Scientific Research Donations
  - Capital Exp. Deduction to Specified Business (Sec. 35AD)
- Clubbing/Other Sources
  - Daily Allowance/Constituency Allowance received by M.P.s/MLAs
  - Rs. 1500 deduction for clubbing of minor child income.

# Old Vs. New- A Quick Comparison : Non Senior Citizen



Income Before Deductions	Tax @ New Regime	Corresponding Income in old regime	Deductions required to Break even
2500000	450000	2125000	375000
2000000	300000	1625000	375000
1500000	150000	1125000	375000
1200000	90000	887500	312500
900000	45000	662500	237500



# 87A Rebate for New Regime

- Not available to everybody covered under new tax regime. Available only to Individual, Resident in India.
- Rebate available if income is upto Rs. 7,00,000
- Max. rebate –Rs. 25,000.
- Marginal Relief allowed
  - If income exceeds Rs. 7,00,000, tax payable shall not be more than excess of income over Rs. 7,00,000.



# Exercising the Options

- Assessee not having any income from business or profession,
  - option is to be exercised on a year by year basis,
  - along with furnishing of ITR of every year.
- Assessee having income from business or profession,
  - option is to be exercised **on or before the due date of furnishing of ITR**
  - once exercised, it will remain applicable for all subsequent years
  - It may be withdrawn only once after which it shall never be available.
  - Withdrawal is not permissible in the year in which it is exercised.

Missing the  
due date  
would be  
costly

# Issues



- What is the basic exemption limit now – 2,50,000 or 3,00,000?
- What is the MMR now- with Surcharge of 25% or with surcharge of 37% ?
- Whether discretionary trusts/AOPs with undefined share would be taxed at MMR (U/s. 164/167B) or as per Sec. 115BAC?

**Knowledge and Happiness –  
Only Two Things Increase By Sharing**

**Thank You**

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