## Aditya Birla Sun Life **Mutual Fund**







# **CATEGORY**

**HIGH NET** 

**INDIVIDUALS** 

**WORTH** 

# POSITIVE

- Previously, taxpayers could claim only one II. self-occupied property as nil for tax purposes. They can now claim up to two self-occupied properties as nil
- Extension of the time limit to file an updated IT return from 24 months to 48 months from the end of the relevant assessment year
- Income of a business trust (REIT and InVIT) from a long-term capital asset, such as an equity share in a company, a unit of an equity-oriented fund, or a unit of a business trust will be taxed as per rates under Section 112A and not at the maximum marginal rate
- Certainty of taxation on Category I and II AIFs undertaking investments in infrastructure and other such sectors for gains from securities
- Profit and gains from the redemption of ULIPs post-applicable exemptions, will be taxed as capital gains at 12.5%, on par with equity-oriented funds that were previously taxed at slab rates
- Tax collected at source (TCS) on rent has increased from Rs 2,40,000 per annum to Rs 50,000 per month or part of a month
- Reduction in basic customs duty on articles of jewellery and parts from 25% to 20%
- The threshold for collecting TCS on remittances under the RBI's Liberalised Remittance Scheme (LRS) has increased from Rs 7 lakh to Rs 10 lakh
- TCS has been removed on remittances for education purposes, where such remittance from a loan taken from a specified financial institution. Earlier, TCS was charged at 0.50% on such a remittance above Rs. 7 lakhs

## SME UWNERS



Investment and turnover limits for classification as MSMEs have been enhanced to 2.5x and 2.0x, respectively, to help MSMEs

### Investment limits (Rs crore)

| Туре    | Current | Revised |
|---------|---------|---------|
| Micro   | 1       | 2.5     |
| Creatil | 10      | 25      |

## **NEGATIVE**

- Requirement to furnish additional information to tax authorities in respect of a transaction in virtual digital asset, within such time, in such form and manner and to such income tax authority, as may be prescribed
- Rate of additional income-tax payable for an updated return filed after the expiry of 24 months and up to 36 months from the end of the relevant assessment year will be 60% of the aggregate of tax and interest payable and 70% in case the updated return is filed after 36 months and up to 48 months

# HOW TO BEAT THE BUDGET

- Portfolio diversification strategies can be adopted by investing in asset classes such as REITs, InVITs and AIFs to take advantage of tax benefits
- Promoting sector-specific exports will help MSMEs expand their footprint, earn valuable foreign exchange and strengthen the economy
- Utilise the benefit of MSMEs by getting registered on the Udyam portal to avail leverage on credit, and an increased limit of credit guarantee cover Startups can avail of a reduced guarantee fee for credit guarantee cover

#### Small 10 25 Medium 50 125

### Investment limits (Rs crore)

| Туре   | Current | Revised |
|--------|---------|---------|
| Micro  | 5       | 10      |
| Small  | 50      | 100     |
| Medium | 250     | 500     |

The credit guarantee cover has been increased for micro and small enterprises, startups and exporting MSMEs:

i. Micro and small enterprises: Credit guarantee cover has been enhanced from Rs 5 crore to Rs 10 crore, leading to an additional credit of Rs 1.5 lakh crore over the next five years

Startups: Credit guarantee cover has been ii. enhanced from Rs 10 crore to Rs 20 crore, while reducing the guarantee fee from 1.5% to 1.0% for loans in 27 focus sectors

Exporter MSMEs: Credit guarantee cover has iii. been provided for term loans up to Rs 20 crore

- Customised credit cards for micro enterprises registered on the Udyam portal will be introduced with Rs 5 lakh limit and 10 lakh cards will be issued in the first year
- A new scheme will be launched to support 5 lakh first-time entrepreneurs, including women, scheduled castes and scheduled tribes, by providing term loans of up to Rs 2 crore in the next five years
- A new fund of funds (FoF) will be set up, having a fresh and expanded scope of Rs 10,000 crore, marking a significant step for the Indian startup and investment ecosystem
- Plans to explore setting up an FoF for the deep tech sector to catalyse the next generation of startups in the country
- India will establish an export promotion mission driven jointly by the ministries of commerce, MSME and finance to facilitate easy access to export credit, provide cross-border factoring support, and help MSMEs tackle non-tariff measures in overseas markets
- Manufacturing Mission will be launched for furthering the Make in India initiative
- Initiatives have been launched to focus on the following areas:
  - i) Ease and cost of doing business
  - A vibrant and dynamic MSME sector ii)
  - A future-ready workforce for in-demand jobs iii)
  - Access to technology iv)
  - V) Quality products
  - vi) Clean technology manufacturing for climate-friendly development
- Start-ups can claim a 100% of profits from an eligible business for three of ten consecutive years. This tax benefit has been extended to startups incorporated before April 1, 2030, giving them 5 more years to claim the benefit, previously limited to startups incorporated on or before April 1, 2025
- The TDS deduction threshold for professional and technical service fees has been increased from Rs 30,000 to Rs 50,000

## YOUNG **SALARIED** PROFESSIONALS

- The basic tax exemption limit under the new regime is now Rs 4 lakh (up from Rs 3 lakh). The rebate has increased to Rs 60,000 (from Rs 25,000), making
- Rate of additional income tax payable for an updated return filed after the expiry of 24
- For individuals not covered under NPS, one can avail the



- income up to Rs 12 lakh tax-free (previously Rs 7 lakh).
- Change in tax slabs under the new regime

| Total income                  | Rate of tax |
|-------------------------------|-------------|
| Up to ₹4,00,000               | Nil         |
| From ₹4,00,001 to ₹8,00,000   | 5%          |
| From ₹8,00,001 to ₹12,00,000  | 10%         |
| From ₹12,00,001 to ₹16,00,000 | 15%         |
| From ₹16,00,001 to ₹20,00,000 | 20%         |
| From ₹20,00,001 to ₹24,00,000 | 25%         |
| Above ₹24,00,000              | 30%         |

- The government has proposed extending Section 80CCD tax benefits, currently available for NPS contributions, to investments made in NPS Vatsalya accounts
- The threshold limit for TDS on dividend income or income from mutual fund units has increased from Rs 5,000 to Rs 10,000. As a result, there will be no TDS on investors earning dividend income of up to Rs 10,000
- Profit and gains from the redemption of ULIPs post applicable exemptions will be taxed as capital gains at 12.5% at par with equity-oriented funds, which were previously taxed at slab rates.
- TDS exemption limit for rent has been raised from Rs 2.4 lakh per annum to Rs 50,000 per month, which means individuals or entities receiving rent will no longer have to deduct TDS on rental payments.
- TCS on remittances under the RBI's LRS will be applied when the total amount of remittances exceeds Rs 10 lakh per financial year (from Rs 7 lakh earlier).
- Expenditure on travel incurred by the employer for medical treatment of an employee shall be excluded from perquisites only if the employee's gross total income, as computed before including the said expenditure does not exceed such amount as may be provided by rules
- Extension in time limit to file an updated IT return from 24 months to now 48 months from the end of the relevant assessment year

RETIRED INDIVIDUALS



- The basic tax exemption limit under the new regime is now Rs 4 lakh (up from Rs 3 lakh). The rebate has increased to Rs 60,000 (from Rs 25,000), making income up to Rs 12 lakh tax-free (previously Rs 7 lakh).
- Change in tax slab under the new regime

| Total income                  | Rate of tax |
|-------------------------------|-------------|
| Up to ₹4,00,000               | Nil         |
| From ₹4,00,001 to ₹8,00,000   | 5%          |
| From ₹8,00,001 to ₹12,00,000  | 10%         |
| From ₹12,00,001 to ₹16,00,000 | 15%         |
| From ₹16,00,001 to ₹20,00,000 | 20%         |
| From ₹20,00,001 to ₹24,00,000 | 25%         |
| Above₹24,00,000               | 30%         |

- Increase in the interest exemption threshold limit from Rs 50,000 to Rs 1,00,000 for interest income (excluding securities).
- The TDS threshold limit for interest on securities has increased from Rs 5000 to Rs 10000
- Starting August 29, 2024, individuals will be able to withdraw their savings from the National Savings Scheme accounts without facing any tax, as these accounts will no longer accrue interest.

months and up to 36 months from the end of the relevant assessment year shall be 60% of the aggregate of tax and interest payable and 70% in case updated return is filed after 36 months and up to 48 months.

et benefit of NPS Vatsalya under Section 80CCD to secure their children's financial future

An increase in disposable income can be invested across asset classes to achieve diversification

- Rate of additional income tax payable for an updated return filed after the expiry of 24 months and up to 36 months from the end of the relevant assessment year shall be 60% of the aggregate of tax and interest payable and 70% in case updated return is filed after 36 months and up to 48 months
- An increase in disposable income can be invested across asset classes to achieve diversification and also to increase the retirement corpus

- Previously, taxpayers could claim only one self-occupied property as nil for tax purposes. Under the Union Budget 2025, they can claim up to two self-occupied properties as nil
- Profit and gains from the redemption of ULIPs post applicable exemptions will be taxed as capital gains at 12.5% at par with equity-oriented funds, which were previously taxed at slab rates
- TDS exemption limit of rent has been raised from Rs 2.4 lakh per annum to Rs 50,000 per month, which means individuals or entities receiving rent will no longer have to deduct TDS on rental payment
- The threshold limit of TDS on dividend income/income with respect to units of mutual funds has increased from Rs 5,000 to Rs 10,000. With this, there will be no TDS on investors having dividend income of up to Rs 10,000
- 36 lifesaving drugs and medicines have been added to the list of fully BCD-exempted medicines.
- Extension in time limit to file an updated IT return from 24 months to now 48 months from the end of the relevant assessment year

### HOMEMAKERS



- The TDS exemption limit for rent has been raised from Rs 2.4 lakh per annum to Rs 50,000 per month. which means individuals or entities receiving rent will no longer have to deduct TDS on rental payment
- Reduction in BCD on the following products:
  - 1. Footwear from 35% to 20%

2. Articles of jewellery and parts thereof – from 25% to 20%

- 3. Furniture and parts thereof from 25% to 20%
- 4. Dutiable personal use goods from 35% to 20%

5. 36 life-saving medicines, including those for cancer and rare diseases, are now fully exempt from BCD

- The government has proposed extending Section 80CCD tax benefits, currently available for NPS contributions, to investments made in NPS Vatsalya accounts
- TCS on remittances under the RBI's LRS will be applied when the total amount of remittances exceeds Rs 10 lakh per financial year (from Rs 7 lakh earlier)
- Previously, taxpayers could claim only one self-occupied property as nil for tax purposes. Under the Union Budget 2025, they can now claim up to two self-occupied properties as nil
- Starting August 29, 2024, individuals will be able to withdraw their savings from National Savings Scheme accounts without facing any tax, as these accounts will no longer accrue interest
- Increase in BCD on the following products:

1. Knitted fabrics - 20%/10% to 20% or Rs 115/kg, whichever is higher

2. Flat panel displays - 10% to 20%

An increase in disposable income can be invested into alternate avenues such as jewellery to achieve diversification

Source : Based on the Union Budget speech by the Hon'ble Finance Minister on 1st February 2025.

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