

New Income Tax Rules w.e.f 1st April 2023

The Government has made some new rules which are applicable from 1st April 2023 i.e from the new financial year which are described below:

1. New Tax Regime:

The New Tax Regime shall be treated as Default Regime. The taxpayers shall still have the option to choose from the prior regime (OLD TAX REGIME).

2. Change in Income Tax Exemption Limit:

The Tax limit has been enhanced from Rs 5Lakhs to Rs 7 Lakhs which means individuals up to Rs 7 Lakh income shall be exempted and need not to make any investment to claim tax slab exemption.

3. Standard Deduction:

No change in Standard Deduction of Rs 50,000 to employees in the previous Tax regime. For pensioner, such standard deduction has been extended in new tax regime.

4. Income Tax Slab:

The income tax slab has been changed as under:

0-3 Lakhs: Nil

3-6 Lakhs:5%

6-9 Lakhs:10%

9-12 Lakhs:15%

12-15 Lakhs :20%

Above 15 Lakhs: 30%

5. Leave Travel Allowance:

The Leave encashment limit for non-government employees has been increased from Rs 3 Lakhs to Rs 25 Lakhs.

6. Taxation on Debt Mutual Funds:

The Debt Mutual Gain shall be treated as Short Term Gain and will be taxed accordingly.

7. Life Insurance Policy:

Where the Life Insurance Premium paid above Rs 5lakhs then such proceeds from the policy shall be taxable. But new income tax rule shall not be applicable on ULIPS.

8. Senior Citizens:

Maximum Deposit Limit has been increased from Rs 15 Lakhs to Rs 30 Lakhs.

9. E-GOLD Receipt:

No Tax on conversion of physical gold to e-gold receipt.

10. Tax on Lottery, Online Gaming:

The TDS Limit has been removed and all receipts from Online gaming, lottery, etc shall be taxable at 30% and TDS will be deducted at the time of receiving the winning amount.

11. Gifts Received by Resident but not Ordinary Resident:

Any gifts received by Resident but not ordinary resident above Rs 50,000 shall be taxable.

12. Restriction on Claim U/s 54 and 54F:

Sale amount investment under section 54 and 54F has been restricted to 10 crores and any gain above this shall be taxed at 20% (with indexation benefits).

13. UPI Transaction Fee:

1.10% shall be charged on UPI Transactions above Rs 2000 for using PPI (Prepaid Payment Instruments) not for other customers.

14. Sale of Gold Jewellery:

The Jewellery with 6 digit hallmark unique identification (HUID) will be sold.

15. Pan and Aadhaar Link:

Pan and Aadhaar linkage date has been extended to 30th June 2023.