Tax FAQs

India

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Contents

The content of this document is current as of 1 December 2024. The content is next expected to be updated by 1 February 2026.

General India tax queries

1. When is it mandatory to file the tax return in India?

Filing of an income-tax return is mandatory in India if during the relevant tax year, the individual:

- Has total income in excess of the basic exemption limit prescribed under the Indian income-tax laws; or
- Is resident in India and at any time during the tax year holds a foreign asset as a beneficial owner or otherwise or has signing authority in any foreign account or is a beneficiary of any foreign asset; or
- Has deposited an amount (or aggregate of amount) in excess of INR 10,000,000 in one or more current accounts maintained with a bank or a co-operative bank; or
- Has incurred aggregate expenditure in excess of INR 200,000 for himself/herself or any other person for travel to a foreign country; or
- Has incurred aggregate expenditure in excess of INR 100,000 towards payment of electricity bill; or
- Fulfils other conditions such as:
  - If total sales, turnover or gross receipts, in the business exceeds INR 6,000,000 during the previous year
  - If total gross receipts in profession exceeds INR 1,000,000 during the previous year
  - If the aggregate of TDS deducted and TCS collected during the previous year is equal to or more than INR 25,000 (INR 50,000 in case of resident individual who is of the age of 60 years or more at any time during the previous year) or
  - If the deposit in one or more savings bank account of the person, in aggregate is equal to or more than INR 5,000,000
- However, below are some exceptions to the requirement of filing the return of income in India:
  - NR Indians (i.e., Indian citizens and persons of Indian origin who are NR) who have only investment income or long-term capital gains on foreign-exchange assets need not file returns if the required tax is withheld at source.
  - A resident senior citizen who is 75 years or older at any time during the previous year is not required to file a tax return for that year if he/she has only pension income and specified interest income in the tax year, subject to prescribed conditions.

2. What are the due dates for filing the income tax return for Individuals?

- For an individual (whose books of accounts are not required to be audited) — 31 July of the following tax year (i.e., 31 July 2025 for the tax year 2024–25).
- For an individual whose books of accounts are required to be audited/an individual who is a partner of a firm whose books of accounts are required to be audited — 31 October of the following tax year (i.e., 31 October 2025 for the tax year 2024–25).
- For an individual (including an individual who is a partner of a firm) who (/which) is required to furnish a transfer pricing report — 30 November of the following tax year (i.e., 30 November 2025 for the tax year 2024–25).

3. What are the implications of not furnishing the return of income within the due date?

If there is a delay in furnishing the return of income beyond the due date for filing the original return of income, the taxpayer will be required to pay a late filing fee of INR 5,000. However, if the total income of the person does not exceed INR 500,000, the late filing fees shall not exceed INR 1,000. Further, if there are any outstanding taxes payable, and the return of income is not filed within the due date prescribed for filing the original return of income, then the individual will be required to pay a simple interest of 1% per month on the outstanding taxes for every month/part of the month of delay from the date immediately following the due date till the date of filing the return of income. If, however, no return is furnished, the interest shall be levied till the date of assessment by the tax authority.

In addition to late filing fees mentioned above, there are a few other implications of not filing a return of income within the due date listed as below:

- Taxpayers cannot carry forward any losses under the heads "profits or gains from business/profession" and "capital gains". However, the losses under the head 'income from house property' can be carried forward in the case of belated returns.
- Taxpayers cannot switch tax regimes while filing a belated return.

4. Can a return of income be revised or filed after the due date?

Yes, taxpayers can file their tax return after the due dates specified above. However, such belated return cannot be filed beyond 31 December of the following tax year (i.e., 31 December 2025 for the tax year 2024–25) or completion of assessment, whichever is earlier.

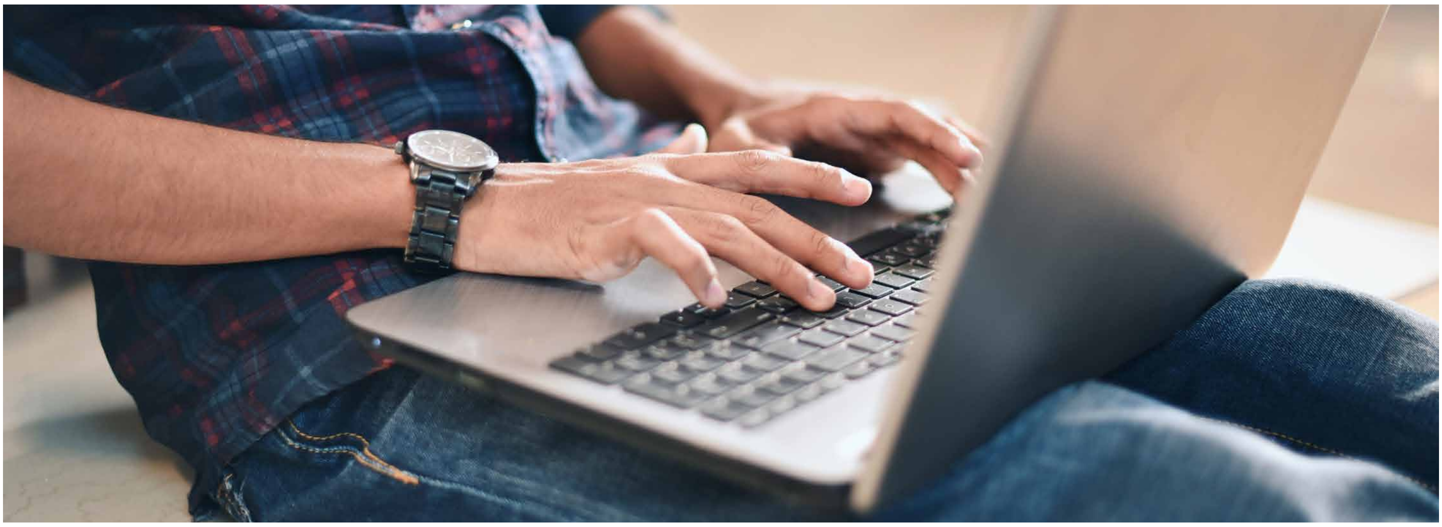
Further, if the taxpayer discovers any omission or any wrong statement in the return of income filed, then a revised return can be filed within 31 December of the following tax year (i.e., 31 December 2025 for the tax year 2024–25) or completion of assessment, whichever is earlier.

5. What is an updated return and when it can be filed?

An updated return is a return of income that can be filed by a taxpayer after the due date for filing a belated or revised return of income for a specific tax year has passed (i.e., after 31 December of the following tax year). Further, an updated return can be filed within 36 months from the end of relevant financial year. For instance, an updated return can be filed on or before 31 March 2024 for the tax year 2020–21.

However, there are restrictions placed on when an updated return can be filed. Some of the instances where an updated return cannot be filed are as under:

- If there are losses to be reported in the return or the return results in a tax refund or increase in the refund
- If a search has been initiated or books of account or other documents or any assets are requisitioned
- If a survey has been conducted against the taxpayer
- A notice has been issued to the effect that any money, bullion, jewellery or valuable article or thing, seized or requisitioned in the case of any other person belongs to the taxpayer
- If a notice has been issued to the effect that any books of account or documents, seized or requisitioned in case of any other person belongs to the taxpayer
- If an updated return has already been filed
- If the assessment or reassessment or re-computation or revision is pending or has been completed
- If the assessing officer has information about the taxpayer under specified Acts and the same has been communicated to him
- If any prosecution proceedings have been initiated
- Any information regarding any tax evasion or tax avoidance for the relevant tax year has been received under an agreement entered into by Indian Govt. with the Foreign Govt. or under an agreement entered into by any specified association in India with the specified association in the specified foreign territory and such information has been communicated to him
- The taxpayer belongs to a specified class of persons



Tax Residency

6. What are the various categories of residential status in India and how is it determined?

Tax residency of an individual in India is determined based on the number of days (physical presence) an individual has stayed in the country. For India tax purposes, an individual can be:

- Non-resident (NR)
- Resident
- Resident but not ordinarily resident (RNOR)

Conditions to be evaluated to determine residency:

An individual is treated as a resident in India during a tax year (i.e., 01 April to 31 March), if he/she satisfies any one of the following two basic conditions:

1. Stays in India during the tax year for 182 days or more, or
2. Stays in India for 60 days or more during the tax year and 365 days or more during the 4 tax years immediately preceding the relevant tax year

If an individual does not satisfy either or both the basic conditions mentioned above, he/she will be an NR in India.

However, as an exception, the 60 days in the second condition above will be substituted with 182 days in the following cases:

- An Indian citizen who leaves India for the purposes of employment overseas
- An Indian citizen who leaves India as a member of the crew of an Indian ship – as defined in the Merchant Shipping Act, 1958
- An Indian citizen/person of Indian origin (PIO) who being outside India comes on a visit to India. If the 'total income' other than the income from foreign sources of such individual is more than INR 15 Lakhs, 60 days shall be replaced with 120 days. Such person whose stay is between 120 to 182 days will qualify as RNOR.

Further, a resident individual will be treated as an RNOR if he/she satisfies either of the additional conditions mentioned below:

- He/she has been an NR in India in 9 out of the preceding 10 tax years, or
- He/she has been in India for 729 days or less during the preceding 7 tax years

Deemed Residency – An individual being a citizen of India, having total income other than income from foreign sources exceeding INR 15 lacs during the tax year shall be deemed to be resident in India in that tax year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature. Such person will qualify as RNOR.

7. What is the impact of residential status on an individual's taxability in India?

The scope of taxation in India is determined basis the residential status of an individual. The taxability in India can be summarized as follows:

1. Resident – Global income is taxable in India i.e.,

- Income received or deemed to be received in India
- Income accruing or arising in India or deemed to accrue or arise in India
- Income accruing or arising outside India

2. RNOR

- Income received or deemed to be received in India
- Income accruing or arising in India or deemed to accrue or arise in India
- Income accruing or arising outside India which is derived from business controlled in or profession setup in India

3. NR

- Income received or deemed to be received in India
- Income accruing or arising in India or deemed to accrue or arise in India

Some examples of the incomes which are deemed to accrue or arise in India are as follows:

- Income accruing or arising directly or indirectly from:
  - Any business connection (including "Significant economic presence") in India
  - Through any property situated in India
  - Through any asset or source of income in India
  - Through transfer of capital asset situated in India subject to certain specific exclusions

- Salary income, if it is earned for services rendered in India
- Salaries payable by the Government to a citizen of India for services rendered outside India
- Dividend paid by an Indian company outside India
- Interest, royalty and fees for technical services payable by specified persons subject to prescribed conditions
- Any sum of money in excess of INR 50,000 received outside India by a Non-resident individual without consideration from a person resident in India on or after 05 July 2019.

8. How is the residential status of an Individual determined in case he/she is a resident of two jurisdictions?

An individual may qualify as a resident of two jurisdictions at the same time under the tax laws of each jurisdiction, and thereby regarded as a dual tax resident. In such a scenario, there may be a possibility that the income of the individual may be taxed in both the jurisdictions thereby leading to double taxation.

In order to avail relief from double taxation of income, an individual may resort to the Double Taxation Avoidance Agreement (DTAA) that India has signed with the other country of residence. Based on the provisions of the DTAA, the residency and the consequent taxability of income in the hands of the individual can be determined.

Investment income

9. What are the rates of withholding tax on dividend and interest income?

The dividend and interest incomes earned by a resident individual is subject to withholding taxes if it exceeds the specified thresholds. The current withholding tax rate applicable for resident individuals is 10% on these incomes.

In case of NR individuals, the current withholding tax rate is 20% for the dividend income (10% for dividend received from unit in IFSC). However, the tax rate for interest income varies between 5%–30%, depending upon fulfilment of certain specified conditions/borrowing by certain specified parties.

10. What is the maximum applicable surcharge on dividend income?

The maximum rate of surcharge on the tax payable on dividend income is 15%.

Rental income

11. What income is taxable under the head "Income from House Property"?

Income derived/loss from any building or lands appurtenant thereto of which the individual is the owner, is covered under the head "Income from house property". The house property may be self-occupied by the individual or may be let-out. Computation of income from house property is required in a specific manner as prescribed in the Indian tax law.

12. What are the deductions available against the income from house property?

Irrespective of whether the house property is self-occupied or let-out, individuals are entitled to claim deductions towards the interest payable on any capital borrowed for the purpose of acquisition or construction of the house property.

In addition to the above, the owner of a let-out property can also claim the following deductions:

- Amounts paid towards the taxes levied by local authorities in respect of the property.
- Standard deduction calculated at the rate of 30% of the net annual value of property (after deducting taxes levied by local authorities).

13. Are there any limits on the deduction that can be claimed for interest on housing loan?

If the property is self-occupied, the deduction towards the interest payable on housing loan cannot exceed INR 30,000 under the regular (or old) tax regime. However, if all the following conditions are satisfied, then the limit in respect of interest on such borrowed capital will be INR 200,000 instead of INR 30,000.

- Capital is borrowed on or after 01 April 1999
- Capital is borrowed for acquisition or construction and not for repair, renewal, Reconstruction
- Acquisition or construction of the house property is completed within five years from the end of the financial year in which the capital was borrowed
- The lender certifies that the capital borrowed/housing loan was taken for the purpose of acquisition or construction of the house

There are no such limits on the deduction for interest on housing loan payable for a let-out property and entire interest paid during a tax year is eligible for deduction under both the tax regimes.

Further, any interest payable during the period the property is under construction shall be allowed as a deduction in 5 equal instalments starting from the year in which the construction of the property is completed.

14. What is a deemed let-out house property?

Under the Indian income-tax laws, an individual is entitled to hold two house properties as self-occupied. A house property is considered to be self-occupied where, the individual is in the actual occupation of such property for the purpose of his/her own residence, or where, such individual cannot actually occupy such property for the reason that his/her employment, business or profession is carried out at any other place — requiring/leading to such individual residing in a property which is not owned by him/her.

If the individual owns more than two house properties, then only two properties can be claimed as self-occupied, and the other properties will be 'deemed to be let-out' during the relevant tax year. The amount for which the property might reasonably be expected to be let out (i.e., fair rent) has to be considered as the rental income from such house property and offered to tax.

15. What are the tax implications for Non-residents on renting out a property in India?

The tax implications for NRIs on renting out a property are similar to resident taxpayers.

While paying rent to an NRI landlord, the tenants are required to deduct withholding taxes at the rate in force as increased by applicable surcharge and health and education cess. The NRI landlord may apply beneficial provision (including lower rate of tax) of a tax treaty as applicable. The taxes so withheld can be used by the landlord to offset the final tax liability arising at the time of filing the India income tax return. The landlord also has an option to apply for lower/nil withholding tax certificate to reduce the taxes withheld at source and avoid excess withholding of taxes.

Capital gains

16. What constitutes "Capital Gains" in India?

Any profits or gains arising from the transfer of a capital asset constitutes 'Capital Gains' in India. Capital gains are usually taxed in the tax year in which the transfer of the asset takes place.

As per the Indian income-tax laws, property of any kind such as land, buildings, shares, debentures, jewellery etc., held by an individual falls under the ambit of capital assets. Stock in trade, personal effects, rural agricultural land and certain specified bonds are specifically excluded from the coverage under capital asset.

17. What is the holding period for an asset to qualify as long term or short-term capital asset?

Capital gains in India can be classified as short-term capital gain or long-term capital gain basis the nature of asset and its relevant period of holding.

With effect from 23 July 2024, any asset held by an individual for a period not exceeding 24 months is a short-term capital asset (36 months until 22 July 2024) and any asset which does not qualify as a short-term capital asset is a long-term capital asset. However, there are certain exceptions with regard to the above period of holding for assets such as immovable property, listed securities and units of a business trust etc.

The period of holding for various types of assets to qualify as short-term or long-term capital assets before and after the amendment effective 23 July 2024 is summarized below:

Holding period for assets sold before 23 July 2024

Type of Asset	Period of holding	Category
Capital assets (apart from assets enumerated below)	36 months or less	Short Term
	More than 36 months	Long Term
Immovable property Unlisted equity/preference shares in a company (including foreign company)	24 months or less	Short Term
	More than 24 months	Long Term
Listed Indian equity/preference shares Listed securities (Like debentures, bonds, derivatives etc.) Units of equity oriented mutual funds, zero coupon bonds (listed or unlisted)	12 months or less	Short Term
	More than 12 months	Long Term
Specified/debt/other mutual funds acquired on or after 01 April 2023	No period of holding	Short Term

Holding period for assets sold on or after 23 July 2024

Type of Asset	Period of holding	Category
Capital assets (apart from assets enumerated below)	24 months or less	Short Term
	More than 24 months	Long Term
Listed Indian equity/preference shares Listed securities (Like debentures, bonds, derivatives etc.) Units of equity oriented mutual funds, zero coupon bonds (listed or unlisted) Units of a listed business trust	12 months or less	Short Term
	More than 12 months	Long Term
Specified/debt/other mutual funds acquired on or after 01 April 2023	No period of holding	Short Term

18. How is capital gain computed?

Capital gains on transfer of a capital asset is computed as follows:

Particulars	Amount
Sale consideration	XXXX
Less: Expenses on transfer	(XXXX)
Net sale consideration	**XXXX**
Less: Cost of acquisition of the asset*	(XXXX)
Less: Cost of improvement, if any*	(XXXX)
Capital Gain/(loss)	**XXXX**

*In case of transfer of long-term capital asset which took place before 23 July 2024, the cost of acquisition and cost of improvement will be adjusted against inflationary rise in the value of the asset based on the Cost Inflation Index (CII) notified by the Central Government of India. Such adjustment is however, allowed, subject to certain exclusions.

19. What are the tax implications for Non-residents on sale of property in India?

The manner of computation of Capital Gains arising on sale of property remains the same for Non-residents, however, the benefit of indexation of cost of acquisition and cost of improvement is available to Non-residents only for immovable properties sold prior to 23 July 2024.

In addition to the above, the purchaser of property is required to withhold taxes at source on the income chargeable to tax at the rates in force which is increased by applicable surcharge and health and education cess. The NR seller may apply beneficial provision of a tax treaty as applicable. The seller has an option to apply for lower/nil withholding tax certificate to reduce the taxes withheld at source and avoid excess withholding of taxes.

20. At what rates are capital gains charged to tax in India?

The tax rates applicable on the capital gains is dependent upon the type of capital gain arising from the transfer of the asset. A summary of the applicable tax rates for capital gains for various assets is given below:

Category of Gain	Type of Asset	Tax rates*	
		Before 23 July 2024	On or after 23 July 2024
Short-term	Immovable property, foreign shares, unlisted Indian shares/equity shares not subject to securities transaction tax (STT)	Applicable tax rates	Applicable tax rates
Short-term	Equity shares, units of equity-oriented fund and units of business trust which are subject security transaction tax	15%	20%
Long-term	Immovable property, foreign shares, unlisted Indian shares/equity shares not subject to securities transaction tax (STT)	20%	12.5%**
Long-term	Equity shares, units of equity-oriented fund and units of business trust which are subject security transaction tax	10% on gains exceeding INR 1,00,000	12.5% on gains exceeding INR 1,25,000
Long-term	Listed securities (other than a unit) or zero-coupon bond (without adjusting the cost for inflation)	10%	12.50%
Short-term	Debt mutual funds	Applicable tax rates	Applicable tax rates
Long-term	Debt mutual funds	20%	Please see Q21 below

*Surcharge at applicable rates based on the income of the individual (i.e.,10%/15%/25%/37%) and health and education excess at 4% will be levied in addition on the above taxes. However, surcharge on long-term capital gains and short-term capital gains on sale of equity shares, units of equity oriented fund and units of business trust which are subject security transaction tax is capped at 15%.

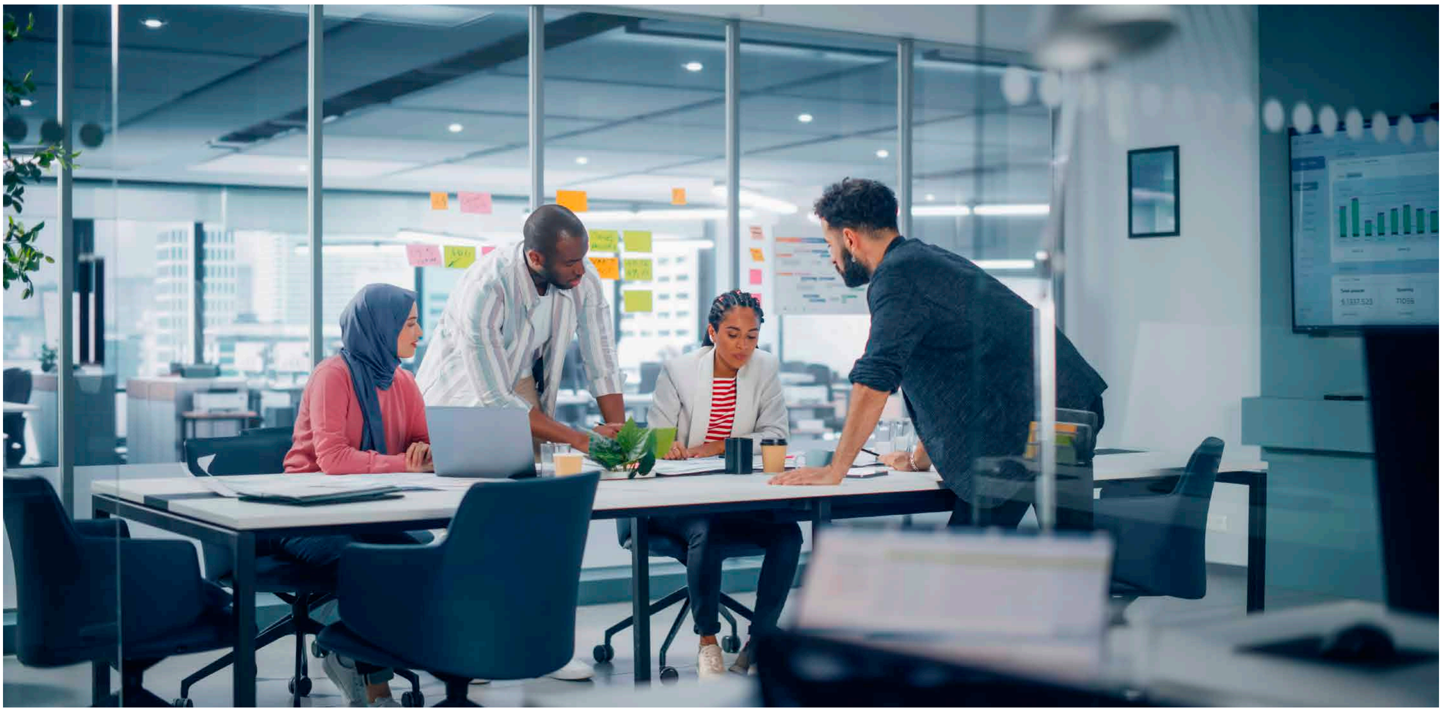
**For a resident individual or HUF tax on transfer of land or building or both acquired before 23 July 2024 shall be lower of (i) 12.5% of capital gains without giving effect to indexation; or (ii) 20% of capital gains after considering the benefit of indexation

Note: There are special rates of tax available for NR individuals with respect to specified assets and subject to certain conditions.

21. At what rates are capital gains on mutual funds charged to tax in India?

The rate of tax for capital gains on mutual funds depends on various factors such as the type of fund (Equity, Debt, Hybrid), date of acquisition and sale etc. Below is the summary of the tax rates applicable from tax year 2024-25 onwards:

Type of mutual funds	Period of holding to qualify as LTCG	Tax rate	
		STCG	LTCG
Equity oriented mutual funds	More than 12 months	20%	12.50%
Specified/Debt oriented mutual funds			
A. Acquired prior to 1 April 2023			
‣ Sold between 1 April 2024 and 22 July 2024	More than 36 months	Slab rate	20%
‣ Sold on or after 23 July 2024	More than 24 months	Slab rate	12.50%
B. Acquired post to 1 April 2023 and sold on any date thereafter	No period of holding	Slab rate	
Hybrid mutual funds			
‣ Sold between 1 April 2024 and 22 July 2024	More than 36 months	Slab rate	20%
‣ Sold on or after 23 July 2024	More than 24 months	Slab rate	12.50%
Other mutual funds (Gold, Silver, International Equity/Debt etc.)			
A. Acquired prior to 1 April 2023			
‣ Sold between 1 April 2024 and 22 July 2024	More than 36 months	Slab rate	20%
‣ Sold on or after 23 July 2024	More than 24 months	Slab rate	12.50%
B. Acquired post to 1 April 2023			
‣ Sold between 1 April 2024 and 31 March 2025	No period of holding	Slab rate	N/A
‣ Sold from 01 April 2025 onwards	More than 24 months	Slab rate	12.50%



22. What are the various exemptions that can be claimed against capital gains?

The exemptions that can be claimed against capital gains depends on the type of asset transferred and is subject to satisfaction of the prescribed conditions. Also, the exemptions are available only in case of transfer of a long-term capital asset. The most common exemptions are as outlined below:

Capital asset transferred	New capital asset to be purchased	Quantum of exemption
Residential house property	Residential house property**	Cost of new residential house or capital gains (whichever is lower)
Agricultural land	Agricultural land	Cost of new agricultural land or capital gains (whichever is lower)
Land or building or both	Bonds issued by REC/NHAI and other specified bonds	Amount of investment or capital gains (whichever is lower) subject to a limit of INR 5 million
Any long-term capital asset (other than a residential house)	Residential house property**	Cost of new asset x Capital Gain/Net consideration or capital gains (whichever is lower)

* Surcharge at applicable rates based on the income of the individual (i.e.,10%/15%/25%/37%) and health and education excess at 4% will be levied in addition on the above taxes. However, surcharge on long-term capital gains and short-term capital gains on sale of equity shares, units of equity-oriented fund and units of business trust which are subject security transaction tax is capped at 15%.

** With effect from tax year 2023–24, if the new asset purchased is a residential house property, the cost of the new residential house property is restricted to INR 10 million.

Note: There are special rates of tax available for NR individuals with respect to specified assets and subject to certain conditions.

Other income

23. What are the incomes taxable under the head "Income from Other Sources"?

This is a residuary head of income. Incomes which do not fall under any other heads of income specified under the Indian income-tax laws are classified under this head. Interest from savings bank accounts, term deposits, dividends, gifts received in excess of INR 50,000 in value (subject to certain conditions and exceptions), winnings from lottery, games, crossword puzzles etc. will be taxed under this head.

24. Are any deductions available against the income taxable under other sources?

Expenses incurred for earning these incomes can be claimed as a deduction from such income. The expenses must have been wholly and exclusively incurred for earning such incomes and are allowable subject to certain conditions.

25. Is there a gift tax for Non-residents in India?

Currently, there is no gift tax in India. However, the following are considered as taxable income of NRIs if such income accrues or arises or deems to accrue or arise in India (subject to certain specific exclusions):

- Any sum of money received without consideration in excess of INR 50,000 by a Non-resident (subject to certain exclusions).
- Any other property received without consideration or for inadequate consideration will be taxable as per the prescribed rules.

Deductions

26. What are the most common deductions from total income available to Individuals in India?

There are several deductions available to individuals based on the expenses incurred by them/investments made by them in a tax year under the old tax regime. Some of the most common deductions have been captured in the table below:

Deduction towards	Maximum deduction (INR)
Payment of life insurance premium, contribution to EPF/Public Provident Fund/National Pension System, tuition fees, repayment of housing loan etc.	1,50,000
Individual's contribution towards notified pension scheme (additional deduction)	50,000
Employer's contribution to notified pension scheme	10% of salary
Medical insurance premium paid for	
▸ Self, spouse and family – age less than 60 years	25,000
▸ Self, spouse and family – age 60 years and above	50,000
▸ Parents – age less than 60 years	25,000
▸ Parents – age 60 years and above	50,000
▸ Preventive health check-up	5,000
Interest paid on loan taken for higher education	No limit
Interest on loan taken for purchase of electric vehicle	150,000
Interest from savings account offered to tax (for taxpayers aged less than 60 years)	10,000
Interest from deposits offered to tax (for taxpayers aged 60 years and above)	50,000

In addition to the above, deduction towards charitable donations, expenses incurred on medical treatment for self and dependents, maintenance of dependents with disabilities etc. are available under the Indian income-tax laws.

* Under Concessional Tax Regime, taxpayers can avail a deduction of 14% of their salary, corresponding to the employer's contribution to a specified pension scheme.

Social security/Employee Provident Fund

27. Who is required to mandatorily contribute to social security (Employee Provident Fund) in India?

Indian employees who work for an establishment to which the Employee Provident Fund (EPF) Act applies and have a monthly pay of less than INR 15,000 per month should mandatorily contribute towards EPF. However, an employee who is an International Worker (IW) is mandatorily required to contribute towards EPF irrespective of their salary.

An IW may be an Indian employee or a foreign national. An IW is defined to be:

- An Indian employee having worked or going to work in a foreign country with which India has entered into a social security agreement (SSA) and being eligible to avail the benefits under the social security programme of that country, by virtue of the eligibility gained or going to gain, under the said agreement.
- An employee other than an Indian employee, holding other than an Indian passport working for an establishment in India to which EPF Act applies.

However, IWs contributing to the social security programme of their home country and have obtained a Certificate of Coverage (COC) under the terms of the SSA signed between India and their home country will be ‘excluded employees’ and will not be required to contribute to EPF in India.

28. What is the rate of contribution towards the Employee Provident Fund (‘EPF’) in India?

Both employer and employees are required to contribute 12% (each) of the employees’ monthly pay towards EPF.

29. When is EPF contribution taxable?

EPF contribution is generally not taxable as income. However, if the employer’s aggregate contribution towards the specified funds (i.e., EPF, National Pension System and superannuation fund) exceeds INR 750,000 in a tax year, then such excess contribution along with accretions on such excess contribution will be taxable as a perquisite in the hands of the employees.

Further, if the employer contributes to EPF in excess of 12% of the salary of the employee, such excess contributions will be taxable as salary of the employee.

30. When can the accumulated EPF balance be withdrawn?

An employee can withdraw the accumulated EPF balance in the following cases:

- On retirement from service after the age of 55 years
- On retirement on account of permanent and total incapacitation to work due to bodily or mental infirmity duly certified by a medical officer/practitioner
- On permanent migration abroad
- On termination of service in case of retrenchment or voluntary scheme of retirement

IWs may withdraw their accumulated EPF balance:

- Upon retirement from service at any time after attaining the age of 58 years. However, in case the IWs are covered under the SSA between India and their home country, they can withdraw the accumulated EPF balance on ceasing of their employment in India.
- On retirement on account of permanent and total incapacitation to work due to bodily or mental infirmity duly certified by a medical officer/practitioner.

31. When is withdrawal of accumulated EPF balance taxable in India?

If an employee withdraws the accumulated EPF balance before completing five years of continuous service in India, the same will be taxable in India.

Conversely, if an employee completes continuous service of five years or more, the entire accumulated EPF balance will be exempt from taxation in India. However, if the employee contribution to EPF exceeds INR 250,000 in any tax year on or after 01 April 2021, then the interest accrued on such excess contribution will be taxable.

Income tax rates

32. What is the income-tax rates applicable for individuals in India?

Indian Revenue Authorities levy tax on individual taxpayers on progressive tax rates i.e., the applicable tax rates depend on the taxable income range of the individuals. These rates may vary from year to year. At present, there are two tax regimes available in India for individual taxpayers to choose from – the regular (or old) tax regime and the new concessional tax regime (CTR).

With effect from tax year 2023–24, the CTR is the default tax regime for individual taxpayers, and individual taxpayers can opt for the regular tax regime, if it is beneficial for them. Similar to previous years. This option can be exercised any time before due date of filing the India tax return. However, the taxpayers having income from business or profession and having opted for the regular tax regime can withdraw from such regime only once. Once withdrawn, the taxpayer shall never be allowed to opt for regular tax regime until the business or profession ceases.

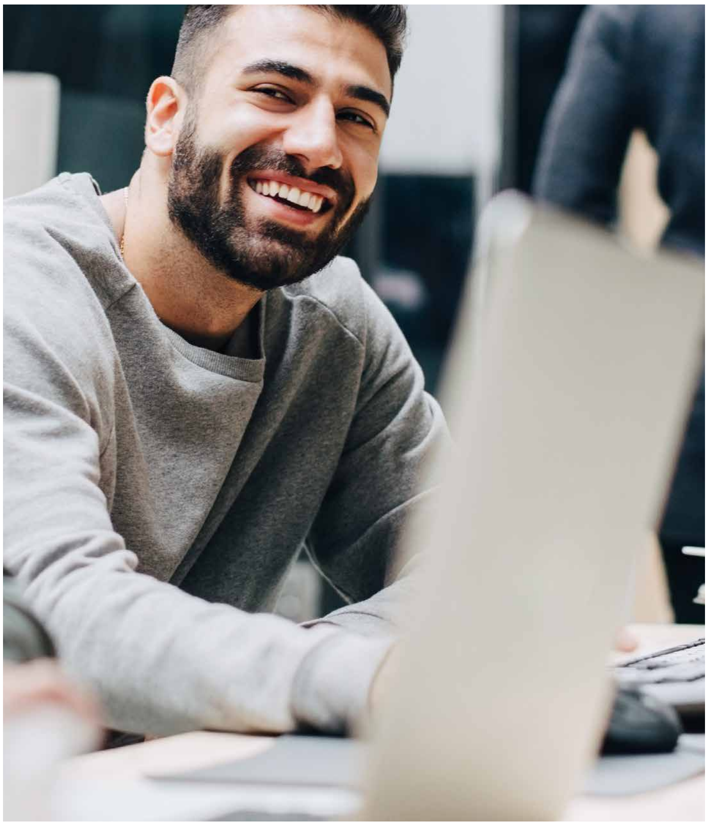
Under the CTR, taxpayers they are required to forgo certain exemptions and deductions otherwise available to them under the regular tax regime.

Below are the income-tax rates applicable to individuals (residents below 60 years of age, NR and NOR) for the tax year 2024–25:

Income range (in INR)	Rates
Up to 250,000*	Nil
250,001 to 500,000	5%
500,001 to 1,000,000	20%
Above 1,000,000	30%

Note: In case of resident individuals who are senior citizens (i.e., above 60 years of age), the basic exemption limit is increased to INR 300,000. Similarly, for super senior citizens (above 80 years of age, the basic exemption limit is INR 500,000.

Further, below are the income-tax rates applicable under the new CTR for the tax year 2024-25:



Further, below are the income-tax rates applicable under the new CTR for the tax year 2024–25:

Income range (in INR)	Rates
Up to 300,000	Nil
300,001 to 700,000	5%
700,001 to 1,000,000	10%
1,000,001 to 1,200,000	15%
1,200,001 to 1,500,000	20%
Above 1,500,000	30%

Note: These tax rates are applicable to all individuals irrespective of their age.

In addition to the taxes computed as per the slabs mentioned above, an additional surcharge will be levied on the income-tax of the individuals if their total income exceeds INR 5,000,000. The rates of surcharge are as below:

Income (in INR)	Under existing tax regime	Under new CTR
Above 5,000,000 but less than 10,000,000	10%	10%
Above 10,000,000 but less than 20,000,000	15%	15%
Above 20,000,000 but less than 50,000,000	25%	25%
Above 50,000,000	37%	25%

A Health and Education charge is levied at the rate of 4%, for all individuals on the income-tax and surcharge (if applicable).

33. Who should pay advance tax in India? What are the timelines?

An individual whose estimated tax liability in a tax year is in excess of INR 10,000 (after reducing the taxes withheld at source and eligible tax reliefs) is liable to pay advance tax. The advance tax alibility is required to be discharged in four instalments as below:

Due date	Amount payable
On or before 15th June	15% of such advance tax
On or before 15th September	45% of such advance tax
On or before 15th December	75% of such advance tax
On or before 15th March	100% of such advance tax

However, a resident senior citizen aged 60 years or above and not having any income from business or profession is not required to pay any advance tax in India.

34. What are the implications for non-payment of advance tax within the due dates?

Any default – delay or shortfall in deposit or non-payment of advance tax as per the prescribed instalments on or before the due dates will attract interest as below:

- If the advance tax remitted by the taxpayer is less than 90% of the tax due for a tax year, simple interest at the rate of 1% per month on shortfall for every month or part of a month from the 1st day of April following such tax year up to the date of payment of tax.
- If the advance tax is not paid as per the instalments prescribed, simple interest is payable by the taxpayer at the rate of 1% per month on the amount of shortfall from the rates prescribed above.

Disclaimer

The FAQs set-out in the foregoing pages are based on the India income-tax and social security regulations prevailing as on 1 December 2024 and our interpretation of the same. These laws may undergo a change in the future. Further, these FAQs are intended for general guidance only and should not be construed to be our advice in any manner. We recommend that you seek specific advice before proceeding with any transaction and we will take no responsibility of the outcome of any transaction undertaken by anyone relying on the above FAQs.

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