

Dipen D Shah & Associates
CHARTERED ACCOUNTANTS

**IMPORTANT
FINANCIAL
CHANGES
STARTING
APRIL 1, 2025**

A. Income Tax Changes:

- i. New tax slabs and rates will be implemented, with individuals earning up to ₹12 lakh annually no longer required to pay income tax.
- ii. A standard deduction of ₹75,000 will apply to salaried individuals, making up to ₹12.75 lakh salary tax-free under the new tax regime.

B. UPI Rule Changes:

UPI payments from inactive numbers will no longer be possible. Mobile numbers linked to UPI that have been inactive for a long period must be updated with banks before April 1 to avoid losing access to UPI services.

C. Credit Card Rule Changes:

Reward points structures for certain credit cards will change. Specifically, changes will affect SBI SimplyCLICK and Air India SBI Platinum credit card holders, as well as Axis Bank Vistara Credit Card users due to the merger of Vistara with Air India.

D. Unified Pension Scheme (UPS):

The UPS, introduced in August 2024, will replace the old pension scheme starting from April 1. It will affect around 23 lakh central government employees, offering a pension equivalent to 50% of the last 12 months' average basic salary for those with at least 25 years of service.

E. GST Rule Changes:

The GST portal will implement mandatory multi-factor authentication (MFA) for taxpayers, enhancing security. Additionally, E-Way Bills (EWBs) can only be generated for documents not older than 180 days.

F. Changes in Saving Account and FD Interest Rates:

Several banks are going to change the interest rates on savings accounts and FDs starting from April 1. Banks like SBI, HDFC Bank, Indian Bank, Punjab & Sind Bank, and IDBI Bank have revised their FD and special FD interest rates. You can check the interest rates that will be applicable from April 1 on the respective bank's website.

G. Bank Minimum Balance Changes:

Banks like SBI, PNB, and Canara Bank will update their minimum balance requirements. Customers failing to maintain the required balance will face penalties starting from April 1.

H. PAN–Aadhaar Link Required for Receiving Dividends:

If your PAN–Aadhaar link is not updated, starting from April 1, you will not receive dividends on stocks. Additionally, TDS on capital gains will increase, and you will not receive any credit in Form 26AS.

I. Demat–Mutual Fund Account Rules to be Stricter:

SEBI has made the rules for opening mutual fund and demat accounts stricter. According to the new rules, all investors are required to update their KYC and nominee details again. If you fail to do so, your demat account may be frozen. However, you can reactivate a frozen account.

J. GST Rule Changes in the New Financial Year:

The Indian government is going to make significant changes in the GST (Goods and Services Tax) rules in the new financial year. From April 1, 2025, the Input Service Distributor (ISD) system will be implemented. This change aims to ensure proper tax revenue distribution among states.

K. LPG Gas Cylinder Prices to Change:

As you know, LPG gas cylinder prices are reviewed at the beginning of each month and are then adjusted accordingly. From April 1, oil companies may change the prices of domestic and commercial gas cylinders, which will directly affect your pocket. The prices are determined based on international oil prices and the exchange rate between the dollar and rupee.

L. Fixed Deposits (FD) Will Be More Beneficial:

If you invest in Fixed Deposits (FD), here's some good news for you. From April 1, banks will not deduct TDS (Tax Deducted at Source) on interest up to ₹1 lakh on FD, RD, and similar savings schemes. This limit has been specifically set for senior citizens, who previously had a limit of ₹50,000, which has now been increased to ₹1 lakh. Additionally, other investors have also received relief, with their limit increased from ₹40,000 to ₹50,000. This means that if a senior citizen earns up to ₹1 lakh in interest from FD in a year, no TDS will be deducted on it. The limit for senior citizens has been directly doubled, providing them with significant benefits.

M. TDS /TCS limit revision:

For the financial year 2025-26, starting April 1, 2025, the threshold limits for TDS (Tax Deducted at Source) and TCS (Tax Collected at Source) under certain sections of the Income Tax Act have been increased. This means that TDS and TCS will only be applicable if the transaction exceeds these revised limits, reducing the compliance burden on smaller transactions.

N. TDS on Partner's Remuneration Section-194T:

Section 194T was introduced in Budget 2024 to increase the tax base and compliance of partnership firms and LLPs. Section 194T requires firms and LLPs to deduct TDS at the rate of 10% if the payments made to partners are more than Rs. 20,000 in a financial year. This section covers all commissions, remuneration, bonuses, salary, or interest payments to partners.

O. Removal Of TCS On Sale Of Goods:

Previously, the seller had to collect a TCS under section 206C(1H) on the sale of goods if the aggregate value of goods sold exceeded Rs. 50 lakhs with other conditions. This created compliance issues with section 194Q where the buyer had to deduct TDS on the purchase of goods with the same conditions.

P. Omission Of Sections 206AB & 206CCA:

- i. Sections 206AB & 206CCA required a higher TDS and TCS rates for Non-filers i.e, individuals who do not file tax returns. It was a burden on the deductors and collectors to identify such non-filers and furnish returns within the specified due date.
- ii. From April 1, 2025 both the sections will be removed. Hence, there is no need now for businesses to verify if the person has filed tax returns or not in order to determine the TDS or TCS rates. This simplifies compliance and reduces the burden of the businesses.

These financial and taxation updates are crucial for smooth planning. Make sure to adjust your finances and tax strategies accordingly to avoid any penalties.

 **Remember, these changes kick in starting April 1, 2025!**

Thank you



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