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F. No. 6-7/2023-24/C&B/IISS

Dated 02/04/2024

**CIRCULAR**

Sub: Deduction of Income Tax at source from salaries for the financial year. 2024-25 (Assessment year, 2025-26) under section 192 of Income Tax act.

As per the section 192 of Income Tax Act, it is mandatory for an authority responsible for paying any income chargeable under the head "Salary" to deduct the tax at source at the rate appropriate to the estimated salary to be paid in the relevant financial year after allowing permissible deductions.

Further, you all would be aware that as per section 115 BAC inserted by Finance Act 2023, an option has been allowed to Individual and HUF tax payers to pay income tax at lower tax slabs (optional new tax regime) on total income computed without claiming specified exemptions/deductions applicable from F.Y. 2024-25 (A.Y. 2025-26). The tax rate applicable in case of an eligible assesses under the provisions of Section 115BAC of the Act would be as under: -

**# New Regime:-**

Sr. No.	Total Income ('INR')	Tax Rate (%) – New regime (Section 115BAC)	Tax Rate (%) – Old regime
1.	0 to 3,00,000	Exempt from tax	–
2.	3,00,001 to 6,00,000	5	5
3.	6,00,001 to 9,00,000	10	20
4.	9,00,001 to 12,00,000	15	20
5.	*12,00,001 to 15,00,000	20	30
6.	15,00,001 and above	30	30

# Rebate of Section 87 would be applicable to officials having annual income below 7,50,000/-

**\* Old Regime:-**

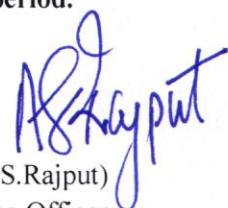
Sr. No.	Total Income ('INR')	Tax Rate (%) – Old regime
1.	0 to 2,50,000	–
2.	2,50,001 to 5,00,000	5 (Rebate under 87 Rs. 12,500/- up to 5,00,000/-)
3.	5,00,001 to 10,00,000	20
4.	10,00,001 and above	30

\* Rebate of Section 87 would be applicable to officials having annual income below 5,00,000/-

For availing the benefits of new tax regime lower rates, an individual will have to forgo the following Deductions/exemptions: -

01. The Professional tax and entertainment allowance on salaries
02. Leave Travel Allowance (LTA)
03. House Rent Allowance (HRA)
04. Minor child income allowance
05. Helper allowance
06. Children education allowance
07. Other special allowances [Section10(14)]
08. Interest on housing loan on the self-occupied property or vacant property (Section 24)
09. Chapter VI-A deduction (80C,80D, 80E and so on) (Except Section 80CCD (2) and 80JJAA)
10. Without exemption or deduction, allperquisites or allowances will be taxable.
11. Deduction from family pension income

**(For better clarity on the subject, please refer to recent amendments incorporated in Income Tax Act 1961 vide Finance Act 2020 which will prevail on this subject)** Further, refer the circular no. 370142/06/2023-TPL dated 05 April 2023 issued by CBDT (enclosed), which state that "an employee, having income other than the income under the head "profit and gains of business or profession" the new tax regime will be by the default tax regime applicable to all persons mentioned above. However, under sub-section (6) of section 115BAC of the act. A person may exercise an option to opt under sub-section (1) of section 139 of the Act. **"Accordingly, the undersigned would like to request you all to furnish the option for opting tax structure (Old/New) for the purpose of calculation of TDS for the financial year 2024-25 on the attached format on or before 25.04.2024 through e-mail. The option as exercised will be final and can't be changed during the financial year; however official concerned may opt for a change in option at the time of filing of Income tax return for that period.**



(A.S.Rajput)

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**FORMAT TO EXERCISE THE OPTION FOR TAX DEDUCTION FROM SALARY FOR THE  
FINANCIAL YEAR 2024-25 (A.Y 2025-26)**

1	Name :		
2	Designation:		
3	Permanent Account Number :		
4	Option for Tax Regime for TDS (please tick on relevant box)	<b>Old Tax Slab</b>	
		<b>New Tax Slab</b>	
		<b>Amount Rs</b>	<b>Amount Rs</b>
5	iii) Probable income from all sources including Salary/Pension, House property, Other Sources, Capital Gain during F.Y.2024-25		
6	(ii) Details of all deductions/ Exemptions to be claimed in F.Y. 2024-25 (please attach separate sheet for details)	H.L.Interest Standard Ded. P.Tax Saving	
7	<b>Balance (5-6)</b>		
8	<b>Total Tax (approximate) as per opted Tax Structure</b>		
9	Health & Education Cess @ 4%		
10	<b>Total Tax Payable (8+9)</b>		
11	<b>Tax to be deducted at Source (in 11 equal installments From April 2024 to February 2025)</b>		

Date

Place

Signature of the Official

**F. No.370142/06/2023-TPL**  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Central Board of Direct Taxes**  
**(TPL Division)**

Dated: 5<sup>th</sup> April, 2023

**Sub: Clarification regarding deduction of TDS under section 192 read with sub-section (1A) of section 115BAC of the Income-tax Act, 1961 - reg.**


Vide Finance Act, 2023, sub-section (1A) has been inserted in section 115BAC of the Income-tax Act, 1961 ( the Act) to provide for a new tax regime with effect from the assessment year beginning on or after the 1st day of April, 2024. This regime applies to an individual or Hindu undivided family or association of persons [other than a cooperative society] or body of individuals, whether incorporated or not, or an artificial juridical person. Under this new regime, the income-tax in respect of the total income of the person shall be computed at the rates provided in sub-section (1A) of section 115BAC, subject to certain conditions, including the condition that the person does not avail of specified exemptions and deductions.

2. The above mentioned new tax regime is the default tax regime applicable to all persons mentioned above. However, under sub-section (6) of section 115BAC of the Act, a person may exercise an option to opt out of this tax regime. A person not having income from business or profession can exercise this option every year.
3. Representations have been received expressing concerns regarding tax to be deducted at source (TDS) on salary income of a person under section 192 of the Act as the deductor, being an employer, would not know if the person, being an employee, would opt out from taxation under sub-section (1A) of section 115BAC of the Act or not.
4. In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby directs that a deductor, being an employer, shall seek information from each of its employees having income under section 192 of the Act regarding their intended tax regime and each such employee shall intimate the same to the deductor, being his employer, regarding his intended tax regime for each year and upon intimation, the deductor shall compute his total income, and deduct tax at source thereon according to the option exercised.

5. If intimation is not made by the employee, it shall be presumed that the employee continues to be in the default tax regime and has not exercised the option to opt out of the new tax regime. Accordingly, in such a case, the employer shall deduct tax at source, on income under section 192 of the Act, in accordance with the rates provided under sub-section (1A) of section 115BAC of the Act.


6. It is also clarified that the intimation would not amount to exercising option in terms of sub-section (6) of section 115BAC of the Act and the person shall be required to do so separately in accordance with the provisions of the sub-section.

7. This circular is in supersession of Circular No. C1 of 2020 dated 13.04.2020 and shall be applicable for TDS during the financial year 2023-24 and subsequent years.

  
Vipul Agarwal  
Director(TPL-I)

Copy to the:

1. PS/ OSD to FM/ PS/OSD to MoS(F).
2. PS to the Finance Secretary.
3. Chairman and Members, CBDT.
4. Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries, CBDT.
5. C&AG of India (30 copies).
6. JS & Legal Adviser, Ministry of Law & Justice. New Delhi.
7. Institute of Chartered Accountants of India.
8. CIT (M&TP). Official Spokesperson of CBDT.
9. Principal DGIT (Systems) for uploading on departmental website.

  
Vipul Agarwal  
Director(TPL-I)