

Highlights of Budget 2026 : Tax Proposals





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DIRECT TAXES



INDIRECT TAXES



OTHER SOCIAL AND ECONOMICAL ASPECTS



DIRECT TAXES



Income Tax Slab Rates

No change is proposed in applicable Income tax slab rates

A) Tax Slabs for Individuals/HUF

New Regime		Old Regime	
Total Income (Rs)	Income Tax Rate (%)	Total Income (Rs)	Income Tax Rate (%)
Up to 4,00,000	Nil	Up to 2,50,000	Nil
4,00,001 – 8,00,000	5%	2,50,001 – 5,00,000	5%
8,00,001 – 12,00,000	10%	5,00,001 – 10,00,000	20%
12,00,001 – 16,00,000	15%	Above 10,00,000	30%
16,00,001 – 20,00,000	20%		
20,00,001 – 24,00,000	25%		
Above 24,00,000	30%		

- No tax is payable by Resident Individuals upto Rs 12 Lakhs of **normal rate income** in new scheme considering rebate.
- No tax is payable upto Rs 5 lakhs net income under old scheme.

B) Tax Slabs for Partnership Firm / LLP : 30%

C) Tax Slabs for Corporate entities (new regime) : 22%





Individual Income Tax - New Tax Regime



Total Income	New Tax regime
Income (in Rs.)	Tax (in Rs.)
12,00,000	Nil
16,00,000	1,20,000
20,00,000	2,00,000
24,00,000	3,00,000
50,00,000	10,80,000

- Note: Health and Education cess @4% would be levied additionally on above tax calculation.
- Surcharge would be applicable, if total income exceeds ₹ 50 lakhs.
- No rebate is available on income from capital gains (special rate incomes), hence income from share market would be taxable at applicable rates, if total income exceeds ₹ 4 lakhs.



Changes in return filing due dates

Particulars	Due Date
Assessee not having business income	31 st July of the next year
Assessee having Income from Business or Profession	31 st August of the next year
Assessee whose accounts are required to get audited	31 st October of the next year
Company	31 st October of the next year

- Due date applicable to partner of a firm/LLP whose accounts are **not** required to get to audited would be 31st August of the next year.
- Due date applicable to partner of a firm/LLP whose accounts are required to get to audited would be 31st October of the next year.



Changes in TDS/TCS

Rationalisation in TCS rates

Nature of receipt	Proposed TCS rate
Sale of Scarp, minerals (being coal or lignite or iron ore)	2%
Remittance under the Liberalised Remittance Scheme (LRS) above ₹10 lakhs	<ul style="list-style-type: none">• 2% for purposes of education and medical treatment• 20% for other purposes
Sale of Overseas tour programme package including travel or accommodation	2%

TAN not required for deduction of TDS on purchase of Immovable property from Non-resident

It is proposed to remove the requirement to obtain tax deduction and collection account number (TAN) by a resident individual or HUF, where the seller of the immovable property is a non - resident. In such scenario, the taxpayer would be able to pay TDS through PAN.



Revised Return

It is proposed to extend time limit for filing revised return upto twelve months i.e. upto 31st March of the next year. (Currently time limit is upto 31st December of the next year)

Revised returns filed after 31st December, but before 31st March of the next year would attract following additional fees

- Income upto ₹5 lakhs - ₹1,000
- Income above ₹5 lakhs - ₹5,000

Updated Return

- It is proposed to allow filing of updated return where updated return has an effect of reducing the loss amount as compared to previous return
- It is proposed to allow filing of updated return where reassessment proceedings have been initiated within specified time period. **In such scenario, additional tax liability of further 10% would be applicable as compared to normal additional tax payable.**



MAT Taxation and Credit

- MAT (Minimum Alternate Tax) is applicable to the corporates paying taxes under old tax regime.
- The tax rate of MAT has been reduced to 14% of book profit from the existing 15%.
- Tax paid under MAT is proposed to be the final tax, and no further credit would be allowed.
- Set-off of existing MAT credit would be allowed under new tax regime.

Removal of ICDS Requirement

- It is proposed to constitute a Joint Committee of Ministry of Corporate Affairs and Central Board of Direct Taxes for incorporating the requirements of Income Computation and Disclosure Standards (ICDS) in the Indian Accounting Standards (IndAS) itself. Separate accounting requirement based on ICDS will be done away with from the tax year 2027-28.

Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 (FAST-DS, 2026)

- One time scheme proposed for small tax payers to voluntarily report undisclosed foreign income or assets held by resident tax payers.

Particulars	Penalty
Person holding undisclosed foreign income and undisclosed foreign asset. (Applicable upto 1 crore INR)	<ul style="list-style-type: none"> • Tax - 30% of undisclosed Income & 30% of FMV of undisclosed asset as on 31/03/2026. • Penalty - 100% of above tax amount
Person holding undisclosed asset (However income was disclosed) (Applicable upto 5 crore INR)	<ul style="list-style-type: none"> • Fee of 1 lakh rupees.



Submission of Lower TDS declaration to Depository

It is proposed to allow filing of the declaration to the depository for no/lower deduction of TDS. The depository shall then provide such declaration to the respective companies or mutual funds responsible for paying Interest/Dividend.

Rationalisation of fees for failure/delay to furnish Tax Audit report

- Fees for delay upto one month = ₹75,000
- Fees for delay more than one month = ₹1,50,000

(The above fees would replace earlier penalty provisions which was - 0.5% of turnover or ₹ 1,50,000 whichever lower)

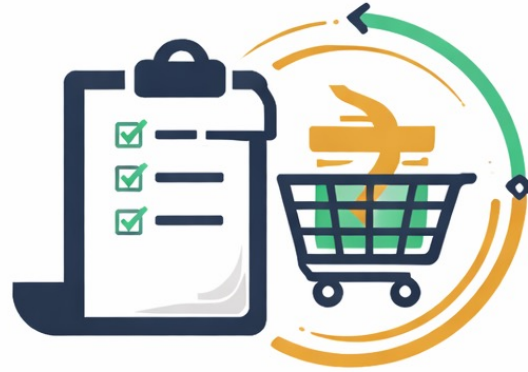
Appeal Pre-deposit

- It is proposed to reduce quantum of pre-deposit for filing Income tax appeal to 10%. The pre-deposit would be calculated only on core tax demand. (Earlier it was 20%).

Tax on Buy Back of Securities

- Buy back of Securities is proposed to be taxed as capital gains, to the taxpayers at following rates.

Particulars	LTCG	STCG
Normal shareholder	12.5%	<ul style="list-style-type: none">• Listed shares – 20%• Others – Slab Rate
Promoter (other than company)	30%	<ul style="list-style-type: none">• Listed shares – 30%• Others – Slab Rate
Promoter (Company)	22%	22%



INDIRECT TAXES



Goods and Services Tax

- It is proposed to enable grant of provisional refund (90% of the claim amount) within & 7 days for refund on account of Inverted duty structure.

Customs Act

- It is proposed to remove the requirement of prior approval of the proper officer for movement of goods from one bonded warehouse to another bonded warehouse.
- Validity of Advance rulings is proposed to be extended from 3 years to 5 years.
- Basic Custom Duty has been reduced for various items used in various industries such as Renewable energy, Aviation, Drugs and Medicines, Electronics, etc.
- Rates of all dutiable goods imported for personal use is proposed to be reduced to 10% (Earlier it was 20%).



SOCIAL & ECONOMIC ASPECTS

1 STT on Futures and Options

It is proposed to increase STT on Futures and Options as follows:

- Futures - 0.05%
- Options - 0.15%

2 Fiscal Deficit

Fiscal Deficit for the year 2026-27 is estimated to be 4.3 percent of GDP.

3 Khelo India Mission

It is proposed to launch a Khelo India Mission to transform the Sports Sector over the next decade.

4 Three Kartavyas

Finance Minister emphasized on Three Kartavyas while presenting the Budget

1. To accelerate and sustain economic growth
2. To fulfil aspirations of people and build their capacity
3. To align with vision of sabka sath, sabka vikas

Thank You!

For more information, visit our website: www.kpkothari.com


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