

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 260

TO BE ANSWERED ON MONDAY, FEBRUARY 05, 2024/MAGHA 16, 1945 (SAKA)

TAX REBATE

260. SHRI LALLU SINGH:
DR. BHARATIBEN DHIRUBHAI SHIYAL:
DR. ARVIND KUMAR SHARMA:
SHRI SHANKAR LALWANI:
SHRI TAPIR GAO:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the recent amendment which has been brought by the Government to offer a tax rebate to individuals with an income upto Rs. 7 lakhs; and
- (b) the reasons for which this amendment has been introduced and the way in which it is likely to impact the tax streams of the Government?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) With effect from assessment year 2024-25, an assessee, being an individual resident in India whose income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, 1961 (the Act), shall be entitled to a rebate of 100% of the amount of income-tax payable on a total income not exceeding Rs. 7 lakh. This is as per section 87A of the Act.

Prior to this amendment, the limit was Rs. 5 lakh.

(b) Section 115BAC of the Act has put in place a new tax regime w.e.f. assessment year 2021-22 to provide an option to individual and HUF taxpayers for paying income-tax at the lower rates subject to certain conditions including that they do not avail specified tax exemptions or deductions. This is in line with the stated policy of the Government to simplify the direct tax regime by removing exemptions and incentives while at the same time reducing the rates of taxes. Accordingly, the tax rates have been gradually reduced while phasing out exemptions and incentives available.

In line with the stated policy, to encourage a shift to the new regime, Finance Act, 2023 has reduced the rates and provided 100% rebate for incomes upto Rs. 7 lakh while at the same time making the new regime the default tax regime for certain categories of persons.

As regards tax streams of the Government, as per the latest figures of direct tax collection (for the financial year 2023-24 up to 31.01.2024), personal income-tax has grown at a rate of 27.6% with respect to the collection for the same period last year. Reductions in rates, along with other measures put in place have resulted in increase in compliance and in turn robust / buoyant tax collections.
