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THE WORLDONOMICS TIMES

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DECODING THE LABYRINTH: WORLDONOMICS TIMES JULY EDITION UNVEILS THE NUANCES OF A SHIFTING GLOBAL LANDSCAPE

The global economy, a complex and ever-evolving labyrinth, presents both challenges and opportunities for nations and individuals alike. In this dynamic landscape, Worldonomics Times serves as your trusted guide, offering insightful analysis and expert perspectives through its July publication.

A Multifaceted Approach to Economic Understanding:

Worldonomics Times distinguishes itself by providing a holistic view of the economic sphere. From the sweeping trends of macroeconomics to the intricacies of specific sectors, readers gain valuable knowledge from articles penned by renowned economists and industry leaders. Whether you seek to understand how geopolitical tensions impact financial markets or explore the potential disruptions of Web3 technologies, Worldonomics Times equips you with the information you need to navigate this intricate system.

Spotlight on the Latest: Central Banks and Cryptocurrencies:

The July edition places a particular focus on the evolving relationship between central banks and cryptocurrencies. As digital assets continue to gain traction, central banks around the world are grappling with how to regulate and integrate them into the existing financial ecosystem. Worldonomics Times delves into this critical discussion, exploring potential policy approaches, the risks and opportunities associated with cryptocurrencies, and their impact on monetary policy.

Beyond the Headlines: A Spectrum of Economic Issues:

Of course, Worldonomics Times goes beyond this single topic. The publication continues to shed light on technological advancements and their profound impact on society. Articles explore the transformative potential of artificial intelligence, blockchain, and the metaverse, while also considering the ethical considerations surrounding these developments.

Championing Social Justice and Equality:

Worldonomics Times remains a platform for fostering meaningful dialogue on social issues. Articles delve into critical topics like gender equality, racial justice, LGBTQ+ rights, and the ongoing struggle to address socio-economic disparities. These pieces not only highlight the challenges faced by marginalized communities but also propose solutions for building a more just and inclusive world.

Sustainability: Charting a Course for a Greener Future:

The fight against climate change and the pursuit of sustainable development remain at the forefront of Worldonomics Times' focus. Articles showcase advancements in renewable energy technologies, innovative green practices, and the global push towards a low-carbon economy. The publication continues to explore the synergy between technology and sustainability, analyzing the rise of green hydrogen, sustainable infrastructure projects, and the role of circular economy principles.

Education: The Cornerstone of Progress:

Recognizing the critical role of education in a knowledge-based economy, Worldonomics Times continues to advocate for lifelong learning. Articles explore innovative pedagogical approaches, the effective integration of technology in education, the growing importance of vocational training, and the democratizing power of online learning platforms. The publication emphasizes the importance of empowering individuals through continuous skill development and knowledge acquisition.

Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times

New and Old Tax Regime: A New Perspective for Assessment Year 2024-25

The process of filing income tax returns for the assessment year 2024-25 has begun. Every individual taxpayer in the country, including salaried taxpayers, professionals and business persons, should file tax return before the due date. The tax liability for all types of income earned during the previous year 2023-24 is assessed in the assessment year 2024-25. Generally, TDS on incomes earned during the previous year are deducted at the source of income itself. This deduction is made based on the estimated income for the entire year, but actual income and estimated income often differ. In India, it is legally mandatory for individuals with an annual income of more than ₹5 lakh to file an income tax return, but individuals with lower incomes can get a refund on any tax deducted at the source from their previous year's income by filing a return. Those who do not file tax returns will not get any refund. Therefore, individuals with all types of incomes should file returns.

The Government of India announces tax rates for the upcoming financial year's incomes through its annual budget. These rates become effective once the budget is passed by Parliament and approved by the Honourable President. For the past few years, the central government has been proposing two different types of tax rates in the budget, termed as 'New Tax Regime' and 'Old Tax Regime'. The dual tax rates create confusion among many individual taxpayers about whether they should opt for the new tax regime or the old tax regime. The process of filing income tax returns for individual taxpayers involves various options and complexities. This article aims to clear up such doubts and make taxpayers aware.

The amendments introduced by the Annual Finance Act 2023 have ushered in a new era of optional tax regimes, providing individuals with a choice between the default tax regime (new regime) under Section 115BAC and the regular provisions of the Act (old regime). Taxpayers can switch between the old and new tax regimes annually. Taxpayers can calculate the tax under both the new and old regimes and choose the one with the lower tax liability.

Under the old regime, a tiered tax structure applies based on the taxpayer's total income. For individuals, the tax rates are:

- Zero tax on income up to ₹2,50,000
- 5% on income from ₹2,50,001 to ₹5,00,000 (Tax rebate u/s 87A)
- 20% on income from ₹5,00,001 to ₹10,00,000
- A maximum tax rate of 30% on income above ₹10,00,000

Additionally, surcharge and a 4% health and education cess increase the tax liability, particularly for high earners. Senior citizens aged between 60 to 80 years and above 80 years enjoy slightly higher tax exemptions with zero tax on income up to ₹300,000 or ₹500,000. The old tax regime may be more beneficial for individuals who heavily invest in tax-saving schemes under Sections 80C and 80D and take advantage of deductions like HRA, LTA, interest on housing loans for self-occupied property under Section 24, NPS (Section 80CCD(1B)), etc.

The new tax regime under Section 115BAC offers a simplified tax structure and concessional rates. Taxpayers choosing this regime must forgo certain exemptions and deductions but benefit from lower tax rates. The tax rates under the new regime are:

- Zero tax on income up to ₹3,00,000
- 5% on income from ₹3,00,001 to ₹6,00,000 (Tax rebate u/s 87A)
- 10% on income from ₹6,00,001 to ₹9,00,000 (Tax rebate u/s 87A for income upto ₹ 7 lakh)
- 15% on income from ₹9,00,001 to ₹12,00,000
- 20% on income from ₹12,00,001 to ₹15,00,000
- 30% on income above ₹15,00,000

Additionally, surcharge and a 4% health and education cess apply. The new tax regime offers lower tax rates and eliminates most exemptions and deductions. In many cases, the new regime is better than the old one. Under the new regime, there is a complete tax exemption on income up to ₹7 lakh, compared to ₹5 lakh in the old regime. This means that taxpayers with income up to ₹7 lakh under the new regime will not have to pay any tax at all. The surcharge rate on income above ₹5 crore has been also reduced from 37% to 25% under new tax regime.

Let's now conduct a comparative study of the similarities and differences between the old and new tax regimes.

Comparison of Old and New Tax Regimes

Surcharge Rates (On income above ₹50 lakh)

Income Range	Old Tax Regime	New Tax Regime
₹50 lakh to ₹1 crore	10%	10%
₹1 crore to ₹2 crore	15%	15%
₹2 crore to ₹5 crore	25%	25%
Above ₹5 crore	37%	25%

Note: For income from the stock market, such as dividends, short-term capital gains (STCG) under Section 111A, and long-term capital gains (LTCG) under Sections 112 and 112A, the maximum surcharge rate is 15%.

Exemptions/Deductions

Description	Old Tax Regime	New Tax Regime
House Rent Allowance (HRA)	Allowed	Not allowed
Leave Travel Allowance (LTA)	Allowed	Not allowed
Daily Allowance	Allowed	Allowed
Transport Allowance (specifically for disabled persons)	Allowed	Allowed
Telephone Expenses	Allowed	Allowed
Gratuity/ Earned Leave/ Voluntary Retirement Scheme	Allowed	Allowed
Standard Deduction for Salaried and Pensioners (Sec 16)	₹50,000	₹50,000
Professional Tax (Sec 16)	Allowed	Not allowed
Interest on housing loan for self-occupied property	Allowed	Not allowed
Rebate under Section 87A	On income up to ₹5 lakh	On income up to ₹7 lakh
Interest on housing loan for let-out property	Allowed	Allowed
Employer's contribution to NPS	Allowed	Allowed
Employee's contribution to NPS	Allowed	Not allowed
Deduction for family pension up to ₹15,000	Allowed	Allowed
Deduction under Section 80C	Allowed	Not allowed
Deduction under Section 80E (Education loan interest)	Allowed	Not allowed
Deduction under Section 80D (Health insurance)	Allowed	Not allowed
Deduction under Section 80G (Donations)	Allowed	Not allowed
Deduction under Section 80U (For disabled persons)	Allowed	Not allowed
Deduction under Section 80TTA (Savings interest up to ₹10,000)	Allowed	Not allowed
Deduction under Section 80TTB (Interest income of senior citizens up to ₹50,000)	Allowed	Not allowed
Contribution to Agniveer Corpus Fund under Section 80CCH	Allowed	Allowed
Other Chapter VI-A deductions	Allowed	Not allowed
Alternative Minimum Tax (AMT)	Allowed	Not allowed

The decision between the new tax regime and the old tax regime depends on income levels and available deductions. The new tax regime is simpler with lower tax rates, whereas the old tax regime offers opportunities for tax planning through deductions and exemptions. Considering the differences between the two regimes and the variations in taxpayers' incomes, it would be prudent for individual taxpayers to seek expert advice before filing their annual income tax returns to ensure accuracy and timeliness. The importance of filing accurate and timely returns cannot be underestimated, with the deadline being July 31, 2024. If you want to file your tax return online, please visit the filing website. After logging in, check your "Annual Information Statement (AIS)" to view and reconcile your income details before filing your tax return. Please check whether the TDS details for the last quarter from January 2024 to March 2024 have been updated. By understanding the complexities of tax laws, seeking expert advice, and exercising prudence in financial planning, we can file our income tax returns effectively.

Let's understand the above facts with the following example:

If an individual under 60 years of age has a monthly income of ₹90,000 (annual income ₹10,80,000), the total tax liability on their income for the previous year 2023-24 (assessment year 2024-25) is calculated below.

Description	**Old Tax Regime (₹)**	**New Tax Regime (₹)**
Gross income under salary head	10,80,000	10,80,000
Less: Standard Deduction	50,000	50,000
Gross Total Income	10,30,000	10,30,000
Less: Deduction u/s 80C	1,50,000	Nil
Net Income	8,80,000	10,30,000
Total Tax Liability	92,040	67,080

Calculation of tax liability under old tax regime

Tax Slab	**Tax Rate**	**Income Tax (₹)**
Up to ₹ 2,50,000	Zero	Zero
₹ 2,50,001 to ₹ 5,00,000	5%	12,500
₹ 5,00,001 to ₹ 10,00,000	20%	76,000
Above ₹ 10,00,000	30%	
Base Tax		88,500
Add: Cess @4%		3,540
Total Tax Liability		92,040

Calculation of tax liability under new tax regime

Tax Slab	Tax Rate	Income Tax (₹)
Up to ₹ 3,00,000	Zero	Zero
₹ 3,00,001 to ₹ 6,00,000	5%	15,000
₹ 6,00,001 to ₹ 9,00,000	10%	30,000
₹ 9,00,001 to ₹ 12,00,000	15%	19,500
₹ 12,00,001 to ₹ 15,00,000	20%	
Above ₹ 15,00,000	30%	
Base Tax		64,500
Add: Cess @4%		2,580
Total Tax Liability		67,080

Hence, the individual has a lower tax liability under the new tax regime. However, the suitability of each regime can vary based on individual circumstances. It is important for taxpayers to carefully evaluate their financial situation and make an informed choice.

In summary, the new tax regime appears to be more attractive than the old regime. However, you should calculate the tax under both the new and old regimes and choose the one where the tax is lower. The benefits of filing returns are well-known, and one should file an income tax return before due date. This not only helps in obtaining refunds but also increases creditworthiness, which can have multiple benefits in the future.

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