

# GRC BULLETIN

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## CBDT

CBDT Circular No. 3/2025: Guidelines for TDS  
on Salaries (FY 2024-25)

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## TAX LAWS

### Authority

Central Board of Direct Taxes (CBDT),  
Department of Revenue, Ministry of Finance

### Circular Date

Feb 20, 2025

### Circular Number

03/2025

### Effective Date

Feb 20, 2025

# CBDT CIRCULAR NO. 3/2025: GUIDELINES FOR TDS ON SALARIES (FY 2024-25)

*Applicability: Applicable to all persons responsible for paying salary income and required to deduct income tax at the source under Section 192 of the Income-tax Act, 1961.*

The Central Board of Direct Taxes (CBDT) released Circular No. 3/2025, containing revised guidelines on Tax Deduction at Source (TDS) on salaries under Section 192 of the Income Tax Act, 1961, which will be effective for the financial year 2024-25. The circular includes amendments brought about by the Finance (No. 1) Act, 2024, Finance (No. 2) Act, 2024, and Finance Act, 2023.

### Key Changes in Circular No. 3/2025

#### 1. Amended Forms

- Form 24Q - Has an additional column (388A) showing other TDS/TCS deductions.
- Form 16 - Modified to show changes in tax deductions and perquisite reporting.

#### 2. Salary and Perquisites

- Perquisites - Rent-free or concessional housing given by employers will be taxed according to revised rules in Section 17(2).
- Definition of Salary - Now covers contributions to the Agniveer Corpus Fund under the Agnipath Scheme.

### Income Tax Slabs – New Tax Regime (NTR)

For taxpayers who choose the new tax regime (Section 115BAC):

INCOME RANGE	TAX RATE
Up to ₹3,00,000	Nil
₹3,00,001 – ₹7,00,000	5%
₹7,00,001 – ₹10,00,000	10%
₹10,00,001 – ₹12,00,000	15%
₹12,00,001 – ₹15,00,000	20%
Above ₹15,00,000	30%

- Rebate under Section 87A: People with an income up to ₹7 lakh pay nothing.



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### Leave Encashment Exemption

- Government employees can now avail of tax exemption up to ₹25 lakh on leave encashment at retirement (CBDT Notification No. 31/2023).

### Surcharge Rates – Old Tax Regime (OTR)

- 10% for income between ₹50 lakh to ₹1 crore.
- 15% for income between ₹1 crore to ₹2 crore.
- 25% for income ranging from ₹2 crore to ₹5 crore (excluding specific capital gains).
- 37% for income over ₹5 crore (excluding specific capital gains).
- 15% for income in excess of ₹2 crore, if it has capital gains under Sections 111A, 112, or 112A.

### Penalty for TDS Non-Compliance

- Section 271C: If the tax deduction is not made, a penalty may be applied.
- Section 276B: Failure to deposit deducted tax could lead to jail (3 months – 7 years) as well as a penalty.

### Impact on Employees & Employers

- Employers need to make proper tax deductions based on revised slabs and surcharge rates.
- Employees need to decide between new and old regimes depending on deductions and exemptions.
- Companies need to adhere to TDS timelines to prevent legal repercussions.

**SOURCE:** [Click Here for more details](#)

## Head Quarters:

Vasudha, 2nd Floor, No. 2, 38th Main Rd,  
Rose Garden, JP Nagar Phase 6, J. P. Nagar,  
Bengaluru, Karnataka 560078

Ph: 080 41673023

Email: [info@ricago.com](mailto:info@ricago.com)

Website: [www.ricago.com](http://www.ricago.com)

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