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## **NRIs – Tax rates and other benefits in India**

### **Q 1: What are the tax rates applicable to NRIs under old tax regime and new tax regime in India?**

#### **(i) Overview**

- NRIs, like resident individuals, have the option to choose between the old and new income tax regimes.
- The new tax regime is the default option. However, NRIs generally can choose to follow the old regime if it is beneficial for him, for which the said return needs to be filed by the due date.
- NRIs are taxed on certain types of income (e.g., capital gains, dividends) at special rates, while the remaining income is generally taxed at slab rates.

#### **(ii) Basic Exemption Limit:**

- New Regime: INR 4,00,000 from Financial Year 2025-26 onwards. This exemption limit was INR 3,00,000 for Financial Year 2024-25.
- Old Regime: INR 2,50,000 for Financial Year 2025-26 and 2024-25.

#### **(iii) Comparison of Slab Rates for Financial Year 2025-26 and Financial Year 2024-25:**

##### **Financial Year 2025-26: New Tax Regime:**

Income Range (INR)	Tax Rate
Up to 4,00,000	Nil
4,00,001 to 8,00,000	5%
8,00,001 to 12,00,000	10%

12,00,001 to 16,00,000	15%
16,00,001 to 20,00,000	20%
20,00,001 to 24,00,000	25%
Above 24,00,000	30%

#### Financial Year 2025-26: Old Tax Regime

Income Range (INR)	Tax Rate
Up to 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

- Under the old regime, deductions and exemptions (e.g., under Sections 80C, 80D, HRA, LTA, interest on housing loan for self - occupied property) are allowed which are not allowed under the new regime.
- If an NRI does not have significant investments or expenses that qualify for deductions under the old regime, the new tax regime may be more beneficial due to lower tax rates.
- NRIs are advised to calculate their tax liability under both regimes to determine the most beneficial option.

#### Financial Year 2024-25: New Tax Regime:

Income Range (INR)	Tax Rate
Up to 3,00,000	Nil
3,00,001 to 7,00,000	5%
7,00,001 to 10,00,000	10%
10,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%
Above 15,00,000	30%

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## Financial Year 2024-25: Old Tax Regime

Income Range (INR)	Tax Rate
Up to 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

In addition to the income tax compute as per the above schedule, applicable surcharge and cess is applicable under both regimes.

### **Q 2: What is the applicability of surcharge and cess for NRIs?**

Surcharge and cess are additional charges levied on the basic income tax amount. These apply to NRIs under specific income scenarios, similar to resident Indians. However, they are not applicable to tax rates under the relevant Double Taxation Avoidance Agreement (DTAA). Below are the details:

#### 1. Surcharge:

Surcharge is an additional tax levied on the income tax amount if the total taxable income of the NRI in India exceeds certain thresholds.

The surcharge rates for Financial Year 2025-26 and 2024-25 are as follows:

Income Range (INR)	Tax Rate
Up to 50,00,000	Nil
50,00,001 to 100,00,000	10%
100,00,001 to 200,00,000	15%
200,00,001 to 500,00,000	25%

Above 500,00,000	37%
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- Special Rule for applicability of surcharge:

If total income exceeds INR 2 crore, the surcharge on capital gains from the sale of specified equity shares, equity-oriented mutual funds and other long term capital assets is capped at 15%. Additionally, the highest surcharge rate of 37% is reduced to 25% under the new tax regime.

## 2. Health and Education Cess:

Health and Education Cess is levied at 4% on the total of income tax plus surcharge. This cess applies to all taxpayers, including NRIs, regardless of their income level.

### **Q 3: What is the rebate under section 87A, and to whom is it available?**

The rebate under Section 87A is exclusively available to resident individuals and cannot be availed by non-residents. Additionally, marginal relief may apply in certain cases under the new tax regime. The income details for which rebate under section 87A is available to resident individuals are as follows:

Net Taxable Income (INR)	Range
Up to 12,00,000	New regime for Financial Year 2025-26
Up to 7,00,000	New regime for Financial Year 2024-25
Up to 5,00,000	Under old regime

The information provided herein is for general guidance and informational purposes only. The applicability of laws, regulations, and tax provisions may have some additional requirement and may vary significantly depending on the specific circumstances of each case. Therefore, it is strongly recommended to consult a qualified tax expert or legal professional for personalized advice tailored to your unique situation. We disclaim any liability for decisions made or actions taken based solely on the content provided, as it does not constitute professional advice or a

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