

Overview of Income Tax and GST Rules (India – 2025)

1. Introduction

Taxation in India forms the backbone of government revenue. Broadly, taxes are classified into two types: **Direct Taxes** (like Income Tax) and **Indirect Taxes** (like Goods and Services Tax). The Income Tax Department administers direct taxes under the Income-tax Act, 1961, while GST is governed by the Central Goods and Services Tax Act, 2017.

2. Income Tax Overview

Income tax applies to all individuals, HUFs, firms, LLPs, and companies earning income in India. For FY 2024–25 (AY 2025–26), taxpayers can choose between the old and new tax regimes. The following are the **new regime tax slabs**:

Income Range (■)	Tax Rate (New Regime)
Up to 3,00,000	Nil
3,00,001 – 6,00,000	5%
6,00,001 – 9,00,000	10%
9,00,001 – 12,00,000	15%
12,00,001 – 15,00,000	20%
Above 15,00,000	30%

Deductions under sections such as 80C (Investments), 80D (Medical Insurance), and 80G (Donations) are available primarily under the old regime. Return filing is mandatory for income above the exemption limit, and e-filing can be done at incometax.gov.in.

3. Goods and Services Tax (GST) Overview

GST is a comprehensive, destination-based tax on the supply of goods and services. It replaced multiple indirect taxes like VAT, Service Tax, and Excise Duty. GST has three components: **CGST** (Central), **SGST** (State), and **IGST** (Integrated).

Registration is mandatory if annual turnover exceeds ■40 lakh (goods) or ■20 lakh (services). Businesses must file monthly/quarterly returns such as GSTR-1, GSTR-3B, and annual GSTR-9. Input Tax Credit (ITC) allows taxpayers to offset tax paid on purchases against output tax liability.

Category	Typical Rate
Essential goods (food, books)	0% / 5%
General goods and services	12% / 18%
Luxury items, tobacco, etc.	28% + cess

4. Key Compliance Tips

- Maintain digital records for at least 8 years.
- Reconcile GSTR-2B with purchase registers monthly.
- File income tax and GST returns before due dates to avoid penalties.
- Regularly review notifications and circulars from CBIC and CBDT.

5. Useful Links & Resources

- Income Tax Portal: <https://www.incometax.gov.in>
- GST Portal: <https://www.gst.gov.in>
- CBIC Updates: <https://cbic.gov.in>
- Helpline: 1800-103-4786 (Income Tax), 1800-1200-232 (GST Helpdesk)