

# Budget 2025: Higher 87A tax rebate, deduction on home loan, income tax slab and more, what experts demand from FM to boost consumption

## **Come out with policies for accessible home loans**

Nangia suggests the FM should come out with a new policy which makes home loans more accessible for individual taxpayers.

“Individual taxpayers expect significant relief from the government in terms of providing incentives for first-time homebuyers, along with making home loans more accessible to them,” Rakesh Nangia, Founder and Managing Partner, Nangia & Co LLP says.

Punit Shah, Partner, Dhruva Advisors agrees with Nangia and adds the interest deduction limit should be substantially increased for home loan interest, providing additional benefits to first time homebuyers and aligning tax exemption limits and deduction caps with inflation. The interest portion of the home loan EMI for the year can be claimed as a deduction from your total income up to a maximum of Rs 2 lakh under Section 24.

## **How benefits given to corporates can trickle down to the common taxpayers**

Nangia shares some ways to give benefits to corporations which can help in job creation and reduce the cost of doing business, essentially increasing investments.

**Extension of concessional tax regime to LLPs:** Presently the concessional tax regime is applicable only to domestic companies. The benefit of the reduced tax rate should be extended to LLPs as well. LLPs are subjected to a flat rate of 30 percent at present. In case the benefit of concessional tax regime is extended to LLPs, they could have an option to opt for the same and avoid alternate minimum tax (AMT) liability, as the case may be. This would provide a level-playing field to different forms of entities and also enable tax savings for LLPs.

Karbhari from HSA Advocates agrees with Nangia and adds: "On the corporate side, reducing the effective corporate tax burden further, especially for MSMEs, could lead to increased business investments and job creation. This would, in turn, enhance consumer purchasing power as more employment opportunities and higher wages create a positive economic cycle."

**Was the new tax regime only big tax relief given by the FM in the recent past?**

For people in the lower to middle income category the new tax regime was the only big tax relief given by the FM in the recent past. For the higher middle class and high net worth individuals [Budget](#) 2023 provided a big relief by introducing a cap on maximum rate of surcharge.

**Lower to middle income category:** Nangia, says, “The most notable and milestone move introduced in the recent past was in the Union Budget for FY 2020-21, which marked the launch of an entirely new tax regime. The key distinction of this regime was the substantial reduction in tax rates, provided taxpayers opted to forego the benefits of deductions typically allowed under the old system. This has led to simplification of the entire tax computation process.”