

## Short Notes

### Income-Tax Law and Practice-I

#### Introduction:

P/Y 2024-2025

A/Y 2025-2026

#### WHAT IS TAX

U/S 4 Tax is a compulsory contribution or payment of money by the various persons to the government. The tax collected is used for the public purposes. As per Sec 2(43) Tax means incomes tax chargeable under the provisions of Income Tax Act.

Tax is a financial charge implied by the govt on income, commodity or activity. It is major sources of revenue to the govt.

Features: -1) it is a compulsory payment of money by the people to the govt. 2) The tax collected by the govt is used for public purposes. 3) These tax amount cannot be used for providing services to the payers.

Objectives: - 1) To generate revenue for govt plans & Expenditures 2) To achieve social & economic development. 3) To prevent the concentration of Wealth 4) To reduce unequal distribution of wealth. 5) To solve Unemployment problems.

#### WHAT IS INCOME TAX

U/S 2 (43) Income tax is a direct tax which is payable by a person on his total income earned in the previous year. It is a tax which is computed on the total income of a person for the previous year.

Income Tax is the direct tax which is paid on the income earned or received by a person. It is the tax levied by the central govt on the incomes of individuals, HUF, Firms & Association.

#### FEATURES

**It is a Direct Tax** 2) it is a Annual Tax 3) The basis of charge is the Income (Sec 4) 4) It is incurred on the total income of a person relating to the P/Y. 5) It is levied by the Central Govt during the assessment Year at Prescribed Rates.

#### Components of Income Tax

- 1) Income tax Act 1961 2) Finance Act 3) Income Tax 1962 4) Circulars, Notification, Orders & Instructions given by CBDT 5) Court Decisions.

#### What is Direct Tax

Direct Tax is a tax which is directly collected from a person who is liable to pay it. These taxes cannot be postponed to one person to another person. It is one where the burden of tax is directly on the payers. Ex: - Wealth Tax, Income Tax. Interest Tax.

### What is Indirect Tax

Indirect Tax is a tax which is not directly collected from a person but it is paid by another person. It is the tax paid by the person others than the person who utilize the product or services. Ex: - Sales Tax, Excise Duty, Custom Duty, service Tax, VAT.

### What is income under the income Tax

U/S 2 (24) as per the Provisions Income Tax act income of person includes followings

a) Profit & Gains b) Dividend c) Value of any perquisites or Profit in Lieu of salary d) Voluntary contribution received by a trust e) bonus, salary, commission & allowances f) capital Gains g) Winning from lotteries, card games & horse race h) sum received from contribution to provident Funds i) Value of any perquisites arising from business or professions.

### What is Previous Year

Sec (3) Previous year is the year in which the income is earned. It means the financial year ending on 31<sup>st</sup> march immediately preceding the assessment year. It is also called income year to the assessee because the income is earned by the assessee in this year. Current Previous year is 2013-14.

### What is Assessment Year (A/Y)?

A/Y section 2(9) of the income tax 1961, A/Y means a period of 12 months commencing from 1<sup>st</sup> April every year ending on 31 march of next year. It is also called as income Tax year because the tax is payable by the assessee in this year. It is financial year to the government. Current Assessment Year is 2014-15.

### What is Assessment

Section 2 (8) of the Income tax act 1961, Assessment is computation 2 stage or steps.

- Computation of total income of assessee in p/y,
- The determination of his tax liability,

### Who is Assessee?

Section 2 (7) term Assessee means a person by whom any tax or other sum of money is payable under the income tax act 1961.

Assessee means & includes the following persons-

- A person who is liable to pay income tax.
- A person who is liable to pay interest, penalty etc under the provisions of the act.
- A person against whom legal action is taken.
- A person who is liable to pay tax on behalf of others like foreigner, deceased person, insolvent person, minor etc.

- e) A person who has failed to deduct income tax while making payments like salary, rent, interest, dividend etc.

### Who is Person?

Section 2 (31) of the income tax act 1961, the term person includes, a) Individual- a natural human being

- b) H U F-it consists of all persons lineally descended from a common ancestor & includes their wives & unmarried daughters.  
 c) Firm-Association of two or more persons.  
 d) Companies-any Indian Co or Foreign Co.  
 e) A Local Authority-Municipal Committee, district Board etc,  
 f) Every artificial, juridical person, not falling within any of the above categories.

### Who is Deemed Assessee?

Sec 2(7) A person who is liable to pay tax on behalf of another person on that another person's income called deemed or representation assessee.

Ex: - Agent of Non-Resident, guardian of Minor Child & Manager of Idiot.

**Give four examples of Deemed Assessee.**

- a) Guardian of a Minor b) An agent of Non-Resident assessee.

### What do you mean by Assessee in Default

A person is deemed to be an assessee in default if he fails to fulfil his statutory obligations

### Who are the assessee covered under presumptive tax system

- a) Guardian of minor b) The trustee of a trust. c) Agent of a Non-resident. d) Manager of Idiot person.

### Who is liable to pay Income Tax

Every person in respect of his Income exceeding a specified limit is liable to pay income tax.

**State any two examples of income taxes in the same year receipt.**

- a) Income of Non-Resident from shipping business sec 172.  
 b) Income of person leaving index.

### Define Total Income

U/S 2 (45) of income tax act 1961, Total Income of an assessee means the gross total income as reduced by the amount deductible under Sec 80C to 80U. It is the taxable income on which the tax is calculated at prescribed rates.

**What do you mean by Gross Total Income (GTI)**

U/S 80B(5) of income tax act 1961, Total Income means a person's income computed as per the provisions of the Act before making any deduction under Sec 80C to 80U. it is the sum total of incomes under 5 heads of income computed as per income Tax provisions, the aggregate of 5 heads of incomes are called Gross total Income.

**What is Total Income**

Section 2 (45) total Income of an assessee means the gross total income as reduced by the amount permissible as deduction under section 80 C to 80 U it is the taxable income on which the tax is calculated at prescribed rates.

**What do you mean by Casual Money**

These are the income which is earned causally during the previous year without any effort. It is an accidental income depends upon happening or non-happening of event. Any income received by an assessee which is unexpected & irregular in nature is called casual income. Casual income is wind fall income received without any stipulation.

- a) Winning from lotteries, Horse Race.
- b) Card games, Gambling & Betting

**What is the treatment of agriculture income in India**

Agriculture income is exempt from IT U/S 10 (1). The net Agriculture income is aggregate with total income of non-agriculture for determining the rate of tax applicable total income.

**What is Agricultural Income? What is its tax treatment?**

According to section 2 (1A) of the IT Act 1961, agricultural income includes any rent or revenue derived from land which is situated in India used for agricultural purpose.

Agricultural income is exempt from IT section 10 (1) the net agricultural income is aggregate for determining the rate of tax applicable to total income.

**Agricultural incomes includes**

- i) Any rent or revenue derived from land which is situated in India & is used for agricultural purposes.
- ii) Any income derived from such and by
  - a) Agricultural
  - b) the performance by the cultivator or receiver of rent in kind or any process ordinary employed by a cultivator
  - c) The sale by a cultivator or receiver of rent in kind of the produce raised.

**Conditions to be satisfied for Agricultural Income**

- a) Rent or revenue should be derived from land
- b) Such land is one which is situated in India
- c) Such land is used for agricultural purposes.

### Concept of agricultural income

- a) Rent of land b) Revenue income derived from Agricultural
- c) Income from making the produce fit to be taken to market
- d) Income from sale of produce e) income from Building.

### Which of the following are the agricultural incomes

- a) Dividend received from a company engaged in agriculture,
- b) Income from land let out for agricultural purpose,
- c) Interest received on arrears of rent from agricultures,
- d) Income from farm house.

### Give four examples of Agricultural Income.

- a) Income from sale of agricultural Produce
- b) Rent from lending of agricultural equipment's & machineries.
- c) Rent from lending of house, godown, sheds, constructed etc.,
- d) Any salary or wage received for mgt of agricultural land.
- e) Income from orchards f) Income from Floriculture,
- g) Income from Horticulture h) Rent from Agricultural land.

### Give four examples of Non- Agricultural Income.

- a) Income from poultry forming b) Income from dairy forming,
- c) Income from fisheries d) Income from stone quarries,

**What are the Heads of Income?** As per Sec 5 of It Act income of a person is computed on the following heads.

Heads of Income	Sections	Deductions
Income from Salary	15-17	16
± Income from house Property	22-27	24
Income business & Profession Income	28-44D	37
from Capital Gain	45-55	54
Income from Other Sources.	56-59	57

**Slab Rates of Income Tax (OLD)**

<i>Below 60 Years (All Individuals)</i>	<i>Above 60 Years Below 80 Years (Senior Citizens)</i>	<i>Above 80 Years (Super Senior Citizens)</i>
Up to 2,50,000-Null	Up to 3,00,000	Null
Next 2,50,000-10%	Next 2,00,000-10%	Null
Next 5,00,000-20%	Next 5,00,000-20%	Next 5,00,000-20%
Balance amt -30%	Balance amt -30%	Balance amt -30%
Education Cess	Fixed-3%      Surcharge-1%	Fixed-3%      Surcharge- 1%

**What is Central Board Direct Tax (CBDT)?**

It has been constituted by the central government under the central board of Revenue Act 1963. It consists of a maximum no of 5 members of which one is appointed as the chairman. The Board works under the ministry of finance of the govt of India.

## CHAPTER-2 RESIDENTIAL STATUS

### Who is resident individual?

An individual is said to be resident in India in any previous year, he is he satisfy any of the two basic conditions and both the subsequent conditions. State the types of Residential Status?

- i) Resident in India
- ii) Not Ordinary resident in India
- iii) Non-Resident in India

### Who is an Ordinarily Resident

U/S 6(1) If an individual satisfies any one of the basic conditions and fulfil both additional conditions then he is said to be ordinarily resident.

### Who is Not- ordinarily Resident

U/S 6 (6) by satisfying one or be both of the basic condition of an individual satisfied one or none of the additional condition then he is said to be resident but not ordinary a resident.

### Who is non-resident

U/S 2 (30) If an individual does not satisfy any one of the basis conditions, then he is said to be non-resident.

### Who is Non-Resident Individual

Section 2 (30) of the IT Act If any individual does not satisfy any one of the basis conditions

### Describe the Basis Conditions of an individual

- a) An individual has been for 182 day or more during the p/y or
- b) An individual has been for in India for 60 days or more during the p/y and 365 days or more (aggregate) during four years preceding the relevant p/y.
- c)

### Describe the Additional Conditions of an individual

- a) He has been resident in India for at least 730 days or more (aggregate) during 7 years immediately preceding the relevant p/y and
- b) He has been resident in India for at least 2 out of 10 years immediately procedure the relevant p/y.



### What are the Important Conditions to be considered in determination of Residential Status

As per the Sec 6(4) of the Income Tax Residential Status is determined in the following rules.

- 1) Relevant Previous Year Means the year in which the residential status is to determine.
- 2) It is not necessary to stay continuous at one place in India during the relevant previous year.
- 3) It is not necessary to stay in India at one place during the previous year.
- 4) Both the day of Arrival & the day departure are considered he is in India.
- 5) Sunday & Holiday is also considered for residential status.
- 6) Foreign tour for official purpose can't be considered for residential status.

### What is Resident HUF? When the HUF is said to be resident

U/S 6 (2) of the IT Act a HUF is said to be resident in India in any previous year. If the control & management of its affairs is situated in India either wholly or partly in that previous year.

### What is Non-Resident Firm

U/S 2 (30) of IT Act a firm is said to be Non-Resident in India if the control and management of its affairs is situated outside India.

### How do you determine the resident status of company

- a) A company is said to be resident status in India in p/y.
- b) It is an Indian company.
- c) The control & management of its affairs is situated in India during the p/y

As per U/S 6 (3) of the Income Tax 1961

- a) A company is said to be non-resident when it does not satisfy the above-mentioned conditions U/S 2 (3).

### State the provision of IT Act regarding residential status of an individual of India citizen visiting India.

If an individual stayed in India for a period of 182 days or more during relevant previous year, he is resident of India otherwise he is resident.

**Mr. Ashok has started business on 1-10-2021 state the period of p/y and a/y relevant to business.**

P/y --- 2021-2022      A/y --- 2022-2023; Period -1-10-2022 --- 31-3-2023-----6 months period.

**Which is the period of P/Y for the A/Y 2021-2022 for business newly started on 10<sup>th</sup> June -2009?**      P/Y 2021-2022, A/Y 2022-2023



**What are the incomes are exempted under the Residential Status** U/S 10 of the IT Act  
Following are the exempted incomes which are not considered in computation of total income of an assessee in Residential Status.

- 1) Indian Agricultural Income Sec 10(1)
- 2) Interest on post office SB A/c. Sec 10 (15)
- 3) Share of income received from HUF Sec 10 (2A)
- 4) Past untaxed foreign Income.
- 5) Salary received from UNO.
- 6) Past untaxed foreign income brought into India during the previous year.
- 7) Profits earned in the past brought into India are exempt.
- 8) The words Sent, Remitted, Brought, past untaxed, transfer, Donation, Gift are not considered in total income.

## Exempted Incomes or Tax-Free Income

### 1) What do you mean by Tax Free Incomes?

As per Section 10 of income Tax Act 1961 has enumerates incomes which are tax free, their incomes are called exempted Incomes. These are applicable to all Individual & HUF who are entitled to pay the tax.

Sec.10 provides for exemption in respect of various categories income. In computing total income of a previous year of any person, any income falling within any of the following provisions of Section 10 shall not be Included.

### 2) What do you mean by fully tax free incomes?

Fully tax-free incomes are those incomes which are totally tax free without any limit. Hence, they are not included in the gross total income of an assessee. 3) State any two examples of fully tax-free incomes

- a) Agricultural Incomes u/s 10(1)
- b) Receipts from HUF as member u/s 10 (2)

### 4) What do you mean by partly Tax-free Incomes?

Partly tax-free incomes are those incomes which are tax free u/s 10 subject to certain limits, if such incomes are within the limits, then they are fully tax free. If such incomes are exceeding the limits, then actual amount received exceeding the limits are taxable.

### 5) State any two examples as partly tax-free incomes? a) Leave Travel

Concession

- b) Death-Cum- Gratuity u/s 10(10)

### 6) Give two examples of interest on notified government securities exempt u/s 10(15)

- a) Interest on National Savings Annuity Certificates (12Years)
- b) Interest on Special Bearer Bonds, 1991
- c) Interest on Post Office Savings Bank Account

### 7) How do you treat encashment of leave salary of an employee while in service?

Encashment of leave salary by an employee while in service is fully taxable whether he is Govt employee of non-govt Employee.

### 8) State the limits of exemption u/s 10(10) for gratuity in case of nongovernment employee covered by payment of gratuity act. 1972.

- a) Actual Gratuity Received
- b) Maximum Rs 20,00,000

- c)  $15/26 \times \text{Last Drawn Salary} \times \text{No of Years of Service}$  (Whichever is Less is Exempted)
- 9) State the limits of exemption u/s 10(10) for gratuity in case of nongovernment employee not covered by payment of gratuity act. 1972.
- d) Actual Gratuity Received
- e) Maximum Rs 20,00,000
- f)  $\frac{1}{2} \times \text{Average Salary} \times \text{No of Years Completed Service}$  (Whichever is Less is Exempted)
- 10) State the limits of exemption u/s 10(10A) for commutation of pension in case of non-government employee if they received gratuity
- a) Actual commutation of Pension Received
- b)  $\frac{1}{3}$  of Commuted value of full Pension (Whichever is Less is Exempted)
- 11) State the limits of exemption u/s 10(10A) for commutation of pension in case of non-government employee if they did not received gratuity
- c) Actual commutation of Pension Received
- d)  $\frac{1}{2}$  of Commuted value of full Pension (Whichever is Less is Exempted)
- 12) State the limits of exemption u/s 10(10A) for encashment of Leave salary after retirement in case of Non-Govt Employees.
- a) Actual encashment of Leave salary received
- b) Maximum Rs 3,00,000
- c)  $10 \times \text{Average Salary}$
- d)  $\text{Average Salary} \times \text{No of Days Un-availed Leave} / 30 \text{ Days}$  (Whichever is Less is Exempted)
- 13) State the limits of exemption u/s 10(13A) for House Rent Allowance
- |   |     |     |
|---|-----|-----|
| a) Actual Received HRA                              | XXX |     |
| b) 50% of Salary (Calcutta, Madras, Bombay & Delhi) | XXX |     |
| 40% of Salary (Other Cities)                        |     |     |
| c) Actual Rent Paid-10% of Salary                   | XXX | XXX |

**EXEMPTED INCOMES OR TAX-FREE INCOMES U/S 10**

EXEMPTED INCOMES	SECTIONS
Agricultural Income Received in India	10 (1)
Receipts from HUF as member	10 (2)
Share of Profit from Partnership Firm	10 (2A)
Leave Travel Concession to an Individual	10 (5)
Perquisites or allowances paid outside India	10 (7)
Death-Cum-Retirement Gratuity	10 (10)
Voluntary Retirement Compensation	10 (10C)
Commutation of Pension	10 (10A)
Encashment of Leave Salary	10(10AA)
Amount received under Life Insurance	10 (10D)
Payment to RPF	10 (12)
House Rent Allowances	10 (13A)
Special allowances too employees.	10 (14)
Interest on Govt Securities	10 (15)
Educational Scholarships	10(16)
Minor Child Income included in individual income	10 (32)
Capital gain on Transfer of UTI Fund	
Income from Units of Mutual Funds	10 (33)
Long term capital gain on transfer of agriculture Income	10(35)
	10(37)

**What is Death cum Gratuity? How you treat in Income Tax?** As per U/S 10 (10)

Gratuity is a lump sum payment to employee by his employer in consideration or appreciation of his past services at the time of termination of contracts of service.

Gratuity can be received by the employee by himself at the time of retirement or the legal heir on the event of the death of the employee

<b>For Government Employees</b>	For Central Govt or State Govt or Local Authorities employees Gratuity is Fully Exempt.
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For Non-Government Employees	<p><b>Gratuity Covered Under Payment of Gratuity Act 1972.</b>  <b><u>Least of the following U/S 10 (10A)</u></b>          Actual Received          Maximum Limit-20,00,000  <math>15/26 \times \text{Services} \times \text{Last Drawn Salary}</math>          Services includes excess of 6 months will be considered as 1 year.  <b>Salary=B/S+DA.</b></p> <p><b>Gratuity Not Covered Under Payment of Gratuity Act.1972</b>  <b><u>Least of the Following U/S 10(10A)</u></b>          Actual Received          Maximum Limit-20,00,000  <math>1/2 \times \text{completed Year Of Services} \times</math>          Average 10 months' Salary          Service includes only completed year service.  <b>Salary=B/S + DA+ Commission</b></p>
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#### Important Points: -

- 1) Where an individual received Retirement Gratuity from more than one employer, he can claim exemption in respect of the them.
- 2) However, the maximum amount of exemption should not exceed Rs.20, 00,000.
- 3) When Gratuity is received from more than one employer during different periods of time, the, maximum exemption claimed by the assessee in his life should not exceed Rs.20,00,000

**What are the provisions for calculation of commutation of Pension? (2008)** As per U/S 10 (10A) Pension is a Periodical payment made by the employer after the retirement or death of the employee as a reward for past service. **Commuted Pension:** When employee gets the lump sum for his periodical pension, it is called as commuted pension. **Un-commuted Pension**

When employee receives his pension periodically instead of lump sum it is known as un commuted pension.

For GOVERNEMENT employees	In the case of Central& state Government employees, local authority the commutation value of pension is fully exempt.
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For Non-GOVERNEMENT Employees	Is fully taxable <b><u>If the employee received gratuity</u></b> 1/3 of the commuted value of pension is exempt or Actual Received ( <b>Whichever is Less is Exempted</b> ) <b><u>If the employee not received gratuity</u></b> ½ of the commuted value of pension is exempt or Actual Received ( <b>Whichever is Less is Exempted</b> )
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### Discuss the taxability of Leave Encashment Salary?

As per U/S 10 (10AA) Encashment Leave Salary that employee will receive the cash for leaves surrender which are not taken by the employees and may get the equivalent payment in cash. Then the amount received will be eligible for exemption. The amount of exemption is based on his employment.

For Government Employees	In the case of Central & state Government employees, local authority the entire amount is fully exempt.
For Non Govt Employee	<b>Least of the following is Exempt u/s 10 (10AA)</b> Actual amount Received Maximum Limit Rs 3,00,000 10 Months Average Salary Average Salary X No of Days Unveiled Leave/ 30 Days

### CALCULATION OF NO OF DAYS UN-AVAILED LEAVE

Total Number of Days of Leave Credited (Maximum 30 days per year)	XXXX
Less: Total Number of Days of Leave Availed	XXXX
<b>Number of Days Un-availed Leave</b>	<b>XXXX</b>

**What are the exemptions available in case of House Rent Allowance? (2007)** As Per U/S 10 (13A) House rent allowances is given to an employee to enable him to meet expenditure incurred by way of rent paid for the residential accommodation occupied by him.

The HRA is exempted from tax if it is spent reasonably for his housing accommodation. If he is living in his own house, no Exemption is available.

**CALCULATION OF HRA U/S 10(13A)**

Actual Received		XXX
Less: - Least of the following		
1) Actual Received HRA	XXX	
2) 50% of Salary (Calcutta, Madras, Bombay & Delhi)	XXX	
Or 40% of Salary		
3) Actual Rent Paid-10% of Salary	XXX	XXX
Taxable amount of HRA	XXX	

**NOTES: - Salary for HRA = Basic salary + DA + Commission**

**Circumstances when an employee is not entitled for HRA exemption U/S 10 (13A)**

- 1) When the assessee stays in his own house.
- 2) When he does not pay any rent or incur any expenditure towards rent.
- 3) When the rent paid is less than 10% of salary.



## INCOME FROM SALARY U/S 15-17

### 1) What is Salary?

U/S 17(1) Salary means any payment made by the employer to the employee for the service rendered by employee as per the contract of employment. Salary for the purposes includes the following amounts received by an employee.

Basic Salary, Pension, Gratuity, Bonus, Fees & Commission

Advance Salary, Arrears of Salary, Leave Salary, Employees' contribution to RPF excess of 12% of Salary & Interest 9.5% of salary.

### 2) What is the Deductions Available under Income from Salary? (2011) As per U/S 16 of the IT Act Following are three deductions are allowed out of employees Gross Salary

#### 1) Standard Deductions U/s 16 (ia)

If the employee opts to be taxed U/s 115 BAC-No Deduction is allowed for standard Deductions

**If the employee does not opts to be taxed U/s 115 BAC-Maximum Rs 50,000 is allowed for standard Deductions**

#### 2) ENTERTAINMENT ALLOWANCES U/S 16 (ii)

Entertainment allowances is given by the employer to the employees along with the salary for meeting some particular expenses for the performing his office duties.

It is applicable only to central & state Government employees Least of the following

1) Actual Received      XXX

2) Statutory Limits

(Whichever is Less is Considered) Maximum Limits Rs. 5000

**SALARY=Basic Salary**

3) 20% of salary      XXX

If the employee opts to be taxed U/s 115 BAC-No Deduction is allowed for standard Deductions

**If the employee does not opts to be taxed U/s 115 BAC-Actual Deduction is allowed for standard Deductions**

#### 3) PROFESSIONAL TAX U/S 16 (II)

Professional tax is paid by the employee or by his employer on behalf of employee. It is fully deductible from gross salary.

If the employee opts to be taxed U/s 115 BAC-No Deduction is allowed for standard Deductions

If the employee does not opt to be taxed U/s 115 BAC-Actual Deduction is allowed for standard Deductions

### 3) What are allowances U/s 10 (14).

An allowance is a fixed amount of money given by the employer to an employee along with salary for meeting the particular expenses for performing his official duties or personal duties.

### 4) What are the Fully Taxable Allowances & partly Taxable Allowances U/s 10(14) & 2BB?

Fully Taxable Allowances	Partly Taxable Allowances
Dearness Allowances	House Rent Allowances
City Compensatory Allowances	Travelling Allowances
Overtime allowances	Daily Allowances
Warden Allowances	Helper Allowances
Family Allowances	Research Allowances
Medical Allowances	Uniform Allowances
Lunch or Tiffin Allowances	Conveyance Allowances.
Special Allowances	

### 5) What are the allowances exempted up to Specified Limit U/S Rule 2BB (2)?

Allowances	Maximum Limit
House Rent Allowances	A/R, 50% Or 40% of Salary, Rent Paid-10% of Salary (whichever is less)
Children Education Allowances	Rs.100 PM for 2 children
Hostel Allowances	Rs.300 PM for 2 children
Entertainment Allowances	A/R, Rs.5000, 20% of Salary
Transport Allowances	(whichever is less) Rs.800 Pm for all Individuals. Rs.1600 Pm for physically handicapped person.
Highly Attitude Allowances	Rs. 800 pm
Border Area Allowances	Rs.200pm to 1300pm
Compensatory field Area Allowances	Rs. 1200pm
Underground allowances Hill Area Allowances	Rs. 800 pm Rs. 300pm to 7000pm.

### 6) What are the fully Exempted Allowances? a) Government Employees in service.

b) Individuals outside India

c) Allowances to high court & Supreme /court Judges.

d) Allowances to United Nation Organization Employees.

### 7) What is Perquisites? (2010)

As per U/S 17(2) Perquisites means any benefit (in cash or in kind) attached to any office given by the employer to employee in addition to the salary or wages during the previous year.

The word a perquisite is derived from French a word “perks” which means personal advantages. Perquisites may be in the form of cash or in any kind.

### 8) What are the Taxable Perquisites in IT Act?

As per Rule 3 & Sec 17(2) following are the Taxable Perquisites.

- Rent free Accommodation
- Concessional Rent
- Monetary Obligations of the employee given by the employer.
- Any sum payable by the employer directly to the employees funds for an assurance of the life of the assessee.
- The value of any other fringe benefits or amenity as per IT.

### 9) What is the tax-free perquisites in IT?

Name of Perquisites	Exempted Amount
Medical Facility or Medical Reimbursement	Exempted up to Rs.15000
Training of Employees	Fully Exempted
Use of health club, Sports & other Facilities	Fully Exempted
Telephone Expenses (including Mobile Phone)	Fully Exempted
LIC premium paid by the employer on an accident Policy	Fully Exempted
Food or Tiffin	
Loans to employees	Rs.50 per Meal
Education facilities	Exempted up to Rs.20,000
Use of Laptops & computers	Rs.1000Pm per Child
Leave travel concessions	Exempted
Gift, Voucher or Token	Exempted
	Exempted up to Rs.5000

### 10) What are the provisions for Rent Free Accommodation? (2010)

Type of Accommodation	Population	Rates
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Unfurnished Accommodation	Less than 10 lakhs	7.5% of Salary
	More than 10 lakh & less than 25 lakh	10% of salary
	More than 25 lakhs	15% of Salary

**Salary=Basic Salary+DA+Bonus+Commission+Fees+Taxable Allowances**

**Calculation of Value of Rent-Free Accommodation**

7.5%/10%/15% Actual Rent or Employer Contribution XXX  
(whichever is less)

Add: - 10% of Cost of Furniture XXX

Value of RFA XXX

**11) What are the provisions in valuation of Motor Car Rule No.3?**

Expenses paid By	Purposes	Exempted Amounts
Expenses Paid by the Employer	Used for Partly Office purposes & Partly Private Purposes	Engine Capacity Exceeds 1.6CC per Ltr (Big Car) Cost of car 2400Pm+900PM driver Salary Engine Capacity Exceeds 1.6CC per Ltr (Small Car) Cost of Car 1800Pm+900PM Driver Salary.
Expenses Paid by the Employee	Used fir Partly for Office purposes & Partly Private Purposes	Engine Capacity Exceeds 1.6CC per Ltr (Big Car) Cost of car 900Pm+900PM driver Salary Engine Capacity Exceeds 1.6CC per Ltr (Small Car) Cost of Car 600Pm+900PM Driver Salary.

**12) What are the taxable perquisites in the hand of specified Employees?**

- 1) Sweeper, Gardner & Watchman.
- 2) Free use Gas. Electricity & water for house hold purposes.
- 3) Free educational facilities exempt up to Rs.1000PM.
- 4) Perquisites of value of Motor Car.
- 5) Provision of free transport facilities.

**13) What is provident fund?**

Provident fund is a scheme where the employee contributes a sum of money from his monthly salary towards savings.

The employee will also contribute sum amount to the account of employee. The interest earned on these funds is credited to the PF A/c itself. This amount will be payable to the employee of the time of retirement or in the case of Death.

**14) What are Statutory Provident Funds?**

As per Provident fund Act, 1925 these Provident funds are maintained by the Govt or Semi-Govt departments like local authorities, railway, Universities.

Contributions	Exemption Limit
Employees Contribution	Qualify for Deduction U/S 80C
Employer contribution	Fully Exempt
Interest Credited	Fully Exempt
Refund	Fully Exempt

**15) What are Recognized Provident Funds?**

As per the Employee Provident Fund Act, 1952 these funds are recognized by the Commissioner of Income Tax under the Income Tax Act. These PF are maintained by the banks, companies & other Industrial Undertakings.

Contributions	Exemption Limit
Employees Contribution	Qualify for Deduction U/S 80C
Employer contribution	Exempted up to 12% of Salary
Interest Credited	Exempted up to 9.5% of Salary
Refund	Fully Exempt

**16) What are the Unrecognised Provident Funds? (2011)**

Unrecognized P.F are those funds which are not recognized by the commissioner of IT. These funds are maintained by same business concerns.

Contributions	Exemption Limit
Employees Contribution	Not Qualify for deductions
Employer contribution	Exempt
Interest Credited	Is not Considered
Refund	Transfer to Income from Other sources.

**17) What are Public Provident Funds? (2010)**

These funds are constituted by the Govt which is open for any persons including self-employed persons like Doctors, Advocates, and Accountant Traders.

Contributions	Exemption Limit
Employees Contribution	Qualify for deductions U/s 80C.
Employer contribution	Exempt
Interest Credited	Is not Considered Exempt.
Refund	

**18) What is Profit in lieu of Salary?(2008)**

As per U/S 17(3) profit in lieu of salary includes the following receipts are receives from present or former employer

- 1) Compensation due or received for terminations of the employment or modify the terms conditions of employment.
- 2) Amount received from unrecognized provident fund on maturity the employer contributions & Interest there on.
- 3) Sum received on Key man Insurance Policy
- 4) Sum received prior or after employment.

**19) State two examples of Profit-in-lieu of salary?**

- i) Taxable amount of Gratuity
- ii) Taxable amount of commutation of pension
- iii) Taxable amount of encashment of leave salary after retirement

**20) What is Pin Money?**

Pin Money is like a pocket money paid by spouse to her husband or wife.

**21) What is Key man insurance policy? How do you treat?**

A life insurance taken by employer on the life of employee of any pension connected with business is called key man insurance policy.

**22) Who is Specified Employee?(2007) (2011)**

Specified employee is a person whose income exceeds Rs.50, 000 including of Basic salary, DA, Bonus, Commission, Fees, Allowances Perquisites.



**23) What is meaning of Salaries for Different Purposes?**

Different Purposes	Different Meaning
Entertainment Allowances	Basic Salary
Gratuity covered under Act	Basic Salary+DA
Gratuity not covered under Act	
House Rent Allowances	
Recognized Provident Funds	Basic Salary+DA+Commission
Value of Rent Free Accommodation	B/S+DA+Commission
Value of Concession Rent	+ Bonus+Fees& All Allowances.

**State any two perquisites taxable in case of all Assessee?**

- i) Value of Rent Free Accommodation
- ii) Value of Perquisites of Motor Car

**State any two perquisites taxable in case of specified assessee only.**

- i) Free Domestic Servants ii) Gas, Electricity and Water
- iii) Free Education

**State any two Free or Exempted Perquisites.**

- i) Telephone Facilities
- ii) Leave Travel Concessions
- iii) Free Refreshment

**What is Dearness Allowances? How it is treated in Income tax Act?** Dearness allowance is an additional payment made by the employer to his employee for meeting increased cost of living. It is calculated as certain percentages on basic salary

**How do you treat entertainment allowance under the income tax Act?** Entertainment allowances are granted by employer to his employees for entertaining the customers of employer. It is fully taxable in gross salary and allowed as deduction u/s 16 (ii) only to government employees.

**How do you treat the employers' contribution to RPF?**

Employer contribution to RPF is exempt up to 12% of salary and the excess contribution of employer to RPF over 12% of salary is taxable



**What is salary for HRA?**

For HRA salary means Basic Salary, Dearness Allowances (ERB) and Commission ( %)

**What is the Salary for RFA?**

For RFA salary Means Basic Salary, DA, Bonus, Fees, DP, and All Taxable Allowances.

**How do you treat interest credited to RPF?**

Interest credited to RPF is exempt up to 9.5% p.a. excess interest credited to RPF over 9.5% p.a. is taxable under the head salary u/s 17(1)

**How do you treat conveyance allowance?**

Conveyance allowance granted by employer to employee for discharging office duties is fully exempt u/s 10(14) but however the unspent amount of conveyance allowance is taxable under the head salary u/s 17(1)

**State any two examples of employees obligations paid by employer u/s 17(2) (IV)**

- i) Hotel bills of employee paid by the employer ii)
- Club bills of employee paid by the employer

**What are the items included in Gross Salary?**

- i) Salary u/s 17(1) ii)
- Perquisites u/s 17(2) iii)
- Allowances

**IMPORTANT POINTS:-**

- 1) D.A, C.C.A, medical allowance, lunch/Tiffin allowances, project allowance, overtime allowances.
- 2) Children education allowances is exempt up to rs.100 per child per month.
- 3) Hostel allowances for children is exempt up to Rs. 300 per child per month.
- 4) Conveyance allowances & transport allowances is not considered when it is used for office purposes.
- 5) HRA is not available to assessee if he is lives in his own house & employee is not paying any rent.
- 6) Maximum limit for E.A is Rs.5,000
- 7) Salary for HRA is 40% or 50% based on location of house.
- 8) Contribution by employer to SPF,URPF& interest on thereon are fully exempt.
- 9) Employer's contribution to RPF is exempt upto 12.5% & interest on RPF is 9.5%.
- 10) Employees contribution to SPF,RPF& PPF are qualify for deduction u/s 80C.

- 11) Medical expenses reimbursed paid directly by employer in excess of Rs.15,000.
- 12) Free Domestic servants, free Gas, electricity & water bill, Free education facility is exempt.
- 13) Education cost is exempt is Rs.1000pm.
- 14) Amount of life insurance premium paid by employer on the policy of the employee is fully taxable.
- 15) Interest on loan taken from employer is exempt upto Rs.20,000.
- 16) Gift is exempt up to Rs.5000.
- 17) Telephone facility provided for residence of the employee is exempt.
- 18) TDS from salary is to be added back to salary.
- 19) Advance & arrears salary included in Gross salary.
- 20) Club fees paid by the employee is not considered.

## Income from House Property u/S 22-27

### 24) What is income from House Property?

Income from house property means income property earned or deemed to be earned by the owner of the house property during the previous year. Income of property refers to annual value of building & land attached to the building owned by the Assessee. Where it is let out or self-occupied for the residence or commercial purposes but not used for his own business.

### 25) What is Gross Annual Value?

Gross annual means the sum for which the building might reasonably be expected to let from year to year.

### 26) What is annual value of House property?

Annual value is the value of property consisted of building or land attached to the building of which assessee is the owner chargeable to tax under the head income from house property after claiming deductions under section 24. Income earning capacity of the building is called annual value. Annual value depends upon municipal value, fair rent, standards rent & actual rent.

### 27) What is house property?

House property means property of building or land attached to the building.

### 28) What is Building?

The word building includes residential house, place, apartments, bungalow, offices, storage, factory, music hall, lecturer hall & hall & another public auditorium. It does not include incomplete building.

### 29) What is Land Appurtment there to?

Land appurtment to building in the form of approach roads, sheds, compounds attached to the building. It may be in the form of car parking, connecting roads, play grounds, gardens.

### 30) What is Let Out Property (LOP)?

U/S 23 (1) (a) It means the property let out for residential purpose by the owner for getting rent. The owner of such property is liable to pay to tax on income earned from house property during the previous year.

**31) Self-occupied property (SOP)?**

U/S 23 (2) (a) It means an individual or HUF can occupy one house for self-residence & annual value is taken as a nil. Interest on loan taken for construction of the house is allowed for the deduction U/s 24.

**32) What is Deemed let out property? (2008)**

u/s 23(4) If the assessee retains more than one house for his residential purpose he can select one house as a self-occupied & the remaining house is treated as Deemed Let out.

**33) What is municipal Value?**

It is the annual value of the property fixed by the municipal authority for the purpose of charging municipal tax.

**34) What is Fair Rental Value?**

It is the estimated value determined by the assessing officers of income tax for the purpose of paying the tax based on same locality or similar rent of property in the nearest place.

**35) What is standard rent? (2010)**

It is the rent fixed by the rent controller under rent controlled act. It is the maximum rent as the owner can claim from the tenant.

**36) What is Actual Rent?**

Actual rent is the rent in which property is fixed by an agreement between landlord & tenant. It is the fixed amount taken by the owner from the let out property.

**37) What is unrealized Rent?**

U/S 25A It means rent in which the owner would not collect the amount from the tenant for the let-out period. Unrealized rent is deductible from actual rental value.

**38) What is vacancy period?**

It means the period for which the property is not occupied by a tenant. The rent of vacancy period is deductible from gross annual value.

**39) What is Defacto Rent?**

It is actual rent should be calculated after giving deduction for expenses relating owners obligations with house property like Light, power, pumps, electricity, vehicle parking, garden etc.

**40) How do you treat arrears of rent realized?**

When the assessee receives any arrears of rent from the tenant, which was not charged to tax earlier, it treated as income from house property of the previous year in which it is received subject to 30% standard deduction u/s 24

**41) How do you consider house used for own business?**

If any house property is occupied by an assessee for the purpose of his own business assessable to tax under the head of income from business or profession.

**42) What is municipal Tax?**

It means all the property tax, house tax health cess, beggar cess, library cess & other charges charged on the property of the assessee by the local authority. Municipal tax paid by the owner of the let out property is deductible from annual value.

**43) What are deductions under Section 24? (2010)**

Following are the deductions are allowed to deduct from annual Value.

**1) Standard Deduction U/S 24 (a)**

30% of the annual value of let out property is deductible.

**2) Interest on Loan Taken for Construction u/s 24 (b) (2007)**

Interest on loan paid or payable during the P.Y. is deductible if the building is completed & the loan is taken for the purchase, construction, acquisition, repairs, renovation or reconstruction of the house. Interest on Loan includes

- a) 1/5 of the Pre-Construction Period.
- b) Interest of the Previous Year.

**44) What are the maximum limits in case of interest on housing loan or Sop?**

U/S 16 (ii) The maximum limit in case of interest on housing loan or Sop is Rs.300000 when asset was purchased before 1-4-1999. However if the house is purchased or constructed on after 1-4-99 and such purchase or acquisition completed within 3 years the maximum deduction will be Rs.1,50,000.

**45) Computation of Gross Annual Value?**

Step-1 Municipal Value or Fair Rent (Whichever is More)

Step-2 Step 1 or Standard Rent (whichever is Less)

Step-3 Step 2 or Actual Rent (Whichever is More)

**46) Specimen for computation of Income from house Property?****Computation of Income from House Property**

Gross Annual Value		XXX
Less: Municipal Tax		XXX
Annual Value		XXX
Less: <u>Deductions U/s 24</u>	XXX	
Standard Deductions (30% on annual value)		
Interest On loan for Construction		XXX
Pre-construction Period Interest	XXX	
Previous year Interest	XXX	
		XXX
Income From House Property----->		XXX

**IMPORTANT POINTS:-**

- 1) Local taxes & Municipal Taxes are deductible only if it is paid by the owner during the previous year.
- 2) Municipal taxes due are not deductible. Taxes paid on LOP by tenant are not deductible. The taxes paid on SOP are not deductible.
- 3) Standard deduction U/s 24(i) is compulsory 30% on Annual Value of the house property.
- 4) Pre-construction period interest on loan taken for construction for LOP is 1/5 of the Total Interest.
- 5) No Maximum Limit for deduction on Lop & DLOP for Interest on Loan taken for construction.
- 6) For SOP Maximum Limit for In interest on loan taken on or after 1-4-1999 is Rs.1,50,000& if the Loan is taken before 1-4-1999 is Rs.30,000.the house is completed within 3 years from the end of the financial year.
- 7) Unrealized Rent of Previous year is deducted from Actual Rent before Comparison.
- 8) If subsequently unrealized rent is recovered after 2000-01. It is taxed after deducting standard @ 30%.
- 9) If the property is elf occupied for part f year & let out for the remaining period,, ERV should be taken for full year as if the property is let out for full year. All the concessions of Sop are not Available.

Municipal taxes of earlier is also considered for deduction in the GAV.

## TAX DEDUCTION AT SOURCE

### Introduction

The concept of TDS was introduced with an aim to collect tax from the very source of income. As per this concept, a person (deductor) who is liable to make payment of specified nature to any other person (deductee) shall deduct tax at source and remit the same into the account of the Central Government. The deductee from whose income tax has been deducted at source would be entitled to get credit of the amount so deducted on the basis of Form 26AS or TDS certificate issued by the deductor.

### Rates for deduct of tax at source

Taxes shall be deducted at the rates specified in the relevant provisions of the Act or the First Schedule to the Finance Act. However, in case of payment to non-resident persons, the withholding tax rates specified under the Double Taxation Avoidance Agreements shall also be considered

### Rates for tax deduction at source \*

[For Assessment year 2024-25]

Particulars	TDS Rates (in %)
1. In the case of a person other than a company	
1.1 where the person is resident in India-	
<b>Section 192:</b> Payment of salary	Normal Slab Rate
<b>Section 192A:</b> Payment of accumulated balance of provident fund which is taxable in the hands of an employee.	10
<b>Section 193:</b> Interest on securities	
a) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	10
b) any debentures issued by a company where such debentures are listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;	10
c) any security of the Central or State Government;	10



[i.e. 8% Savings (Taxable) Bonds, 2003 and 7.75% Saving (Taxable) Bonds, 2018]	
d) interest on any other security	10
<b>Section 194:</b> Income by way of dividend	10
<b>Section 194A:</b> Income by way of interest other than "Interest on securities"	10
<b>Section 194B:</b> Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort, or from gambling or betting of any form or nature whatsoever.	30
<b>Section 194BA:</b> Income by way of winnings from any online game	30
<b>Section 194BB:</b> Income by way of winnings from horse races	30
<b>Section 194C:</b> Payment to contractor/sub-contractor	
a) HUF/Individuals	1
b) Others	2
<b>Section 194D:</b> Insurance commission	5
<b>Section 194DA:</b> Payment in respect of life insurance policy	5
w.e.f. 1/9/2019, the tax shall be deducted on the amount of income comprised in insurance pay-out	
<b>Section 194EE:</b> Payment in respect of deposit under National Savings scheme	10
<b>Section 194F:</b> Payment on account of repurchase of unit by Mutual Fund or Unit Trust of India	20
<b>Section 194G:</b> Commission, etc., on sale of lottery tickets	5
<b>Section 194H:</b> Commission or brokerage	5
<b>Section 194-I:</b> Rent	
a) Plant & Machinery	2
b) Land or building or furniture or fitting	10
<b>Section 194-IA:</b> Payment on transfer of certain immovable property other than agricultural land	1
<b>Section 194-IB:</b> Payment of rent by individual or HUF not liable to tax audit	5
<b>Section 194-IC:</b> Payment of monetary consideration under Joint Development Agreements	10
<b>Section 194J:</b> Fees for professional or technical services:	2
i) sum paid or payable towards fees for technical services	2
ii) sum paid or payable towards royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films;	10
iii) Any other sum	

<b>Note:</b> With effect from June 1, 2017 the rate of TDS would be 2% in case of payee engaged in business of operation of call center.	
<b>Section 194K:</b> Income in respect of units payable to resident person	10
<b>Section 194LA:</b> Payment of compensation on acquisition of certain immovable property	10
<b>Section 194LBA(1):</b> Business trust shall deduct tax while distributing, any interest received or receivable by it from a SPV or any income received from renting or leasing or letting out any real estate asset owned directly by it, to its unit holders.	10
<b>Section 194LBB:</b> Investment fund paying an income to a unit holder [other than income which is exempt under <a href="#">Section 10(23FBB)</a> ]	10
<b>Section 194LBC:</b> Income in respect of investment made in a securitisation trust (specified in <i>Explanation</i> of <a href="#">section 115TCA</a> )	25 in case of Individual or HUF  30 in case of other person
<b>Section 194M:</b> Payment of commission (not being insurance commission), brokerage, contractual fee, professional fee to a resident person by an Individual or a HUF who are not liable to deduct TDS under <a href="#">section 194C</a> , <a href="#">194H</a> , or <a href="#">194J</a> .  Tax shall be deducted under <a href="#">Section 194M</a> with effect from 1/09/2019 when aggregate of sum credited or paid during a financial year exceeds Rs. 50 lakh.	5
<b>Section 194N:</b> Cash withdrawal during the previous year from one or more account maintained by a person with a banking company, co-operative society engaged in business of banking or a post office: i) in excess of Rs. 1 crore# ii) in excess of Rs. 20 lakhs*  * for those persons who have not filed return of income (ITR) for three previous years immediately preceding the previous year in which cash is withdrawn, and the due date for filing ITR under <a href="#">section 139(1)</a> has expired. The deduction of tax under this situation shall be at the rate of:  a) 2% from the amount withdrawn in cash if the aggregate of the amount of withdrawal exceeds Rs. 20 lakhs during the previous year; or b) 5% from the amount withdrawn in cash if the aggregate of the amount of withdrawal exceeds Rs. 1 crore during the previous year. # The threshold limit of Rs. 1 crore is increased to Rs. 3 crores if the withdrawal of cash is made by co-operative society.	2  2/5
<b>Section 194-O:</b> Payment or credit of amount by the e-commerce operator to e-commerce participant	1
<b>Section 194P:</b> Deduction of tax by specified bank in case of senior citizen having age of 75 or more	Tax on total income as per rate in force

<b>Section 194Q:</b> Payment for purchase of goods of the aggregate value exceeding Rs. 50 lakhs  Note: TDS is deductible on sum exceeding Rs. 50 lakhs	0.1
<b>Section 194R:</b> Deduction of tax in case any benefit or perquisite is provided and aggregate value of such benefit/perquisite exceeds Rs. 20,000  Note: Benefit or perquisite should be arising from business or the exercise of a profession by such resident.	10
<b>Section 194S:</b> Payment on transfer of Virtual Digital Asset  Note: No tax shall be deducted under this provision in the following circumstance:  + If the consideration is payable by any person (other than a specified person) and its aggregate value does not exceed Rs. 10,000 during the financial year.  + if the consideration is payable by a specified person and its aggregate value does not exceed Rs. 50,000 during the financial year.  Specified person means:  (a) An individual or a HUF, whose total sales, gross receipts or turnover does not exceed Rs. 1 crore in case of business or Rs. 50 lakhs in case of a profession, during the financial year immediately preceding the financial year in which virtual digital asset is transferred;  (b) An individual or a HUF who does not have any income under the head profits and gains of business or profession.	1
Any Other Income	10
<b>1.2 where the person is not resident in India*-</b>	
<b>Section 192:</b> Payment of Salary	Normal Slab Rate
<b>Section 192A:</b> Payment of accumulated balance of provident fund which is taxable in the hands of an employee.	10
<b>Section 194B:</b> Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort or from gambling or betting of any form or nature whatsoever.	30
<b>Section 194BA:</b> Income by way of winnings from any online game	30
<b>Section 194BB:</b> Income by way of winnings from horse races	30
<b>Section 194E:</b> Payment to non-resident sportsmen/sports association	20
<b>Section 194EE:</b> Payment in respect of deposits under National Savings Scheme	10
<b>Section 194F:</b> Payment on account of repurchase of unit by Mutual Fund or Unit Trust of India	20

<a href="#">Section 194G</a> : Commission, etc., on sale of lottery tickets	5
<a href="#">Section 194LB</a> : Payment of interest on infrastructure debt fund	5
<a href="#">Sec. 194LBA(2)</a> : Payment of the nature referred to in <a href="#">Section 10(23FC)(a)</a>	5
<a href="#">Section 194LBA(2)</a> : Payment of the nature referred to in <a href="#">Section 10(23FC)(b)</a>	10
<a href="#">Section 194LBA(3)</a> : Payment of the nature referred to in <a href="#">section 10(23FCA)</a> by business trust to unit holders	30
<a href="#">Section 194LBB</a> : Investment fund paying an income to a unit holder [other than income which is exempt under <a href="#">Section 10(23FBB)</a> ].	30
<a href="#">Section 194LBC</a> : Income in respect of investment made in a securitisation trust (specified in <i>Explanation</i> of <a href="#">section 115TCA</a> )	30
<a href="#">Section 194LC</a> : Payment of interest by an Indian Company or a business trust in respect of money borrowed in foreign currency under a loan agreement or by way of issue of long-term bonds (including long-term infrastructure bond)	5 or 4* or 9**  * In case where interest is payable in respect of Long-term Bond or Rupee Denominated Bond listed on recognised stock exchange located in IFSC  ** Where money borrowed from a source outside India by issuing a long-term bond or rupee-denominated bond on or after 01-04-2023, which is listed only on a

	recognised stock exchange located in an IFSC
<b>Section 194LD:</b> Payment of interest on rupee denominated bond of an Indian Company or Government securities to a Foreign Institutional Investor or a Qualified Foreign Investor	5
<b>Section 195: Payment of any other sum to a Non-resident</b>	
a) Income in respect of investment made by a Non-resident Indian Citizen	20
b) Income by way of long-term capital gains referred to in <a href="#">Section 115E</a> in case of a Non-resident Indian Citizen	10
c) Income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-Section (1) of <a href="#">Section 112</a>	10
d) Income by way of long-term capital gains as referred to in <a href="#">Section 112A</a>	10
e) Income by way of short-term capital gains referred to in <a href="#">Section 111A</a>	15
f) Any other income by way of long-term capital gains [not being long-term capital gains referred to in clauses <a href="#">10(33)</a> , <a href="#">10(36)</a> and <a href="#">112A</a>	20
g) Income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in <a href="#">Section 194LB</a> or <a href="#">Section 194LC</a> )	20
h) Income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of <a href="#">Section 115A</a> of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of <a href="#">Section 115A</a> of the Income-tax Act, to a person resident in India	20
i) Income by way of royalty [not being royalty of the nature referred to point h) above] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	20
j) Income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	20
k) Any other income	30

<b>Section 196B:</b> Income from units (including long-term capital gain on transfer of such units) to an offshore fund	10
<b>Section 196C:</b> Income from foreign currency bonds or GDR of an Indian company (including long-term capital gain on transfer of such bonds or GDR)	10
<b>Section 196D:</b> Income of foreign Institutional Investors from securities (not being dividend or capital gain arising from such securities) <b>Note:</b> Tax shall be deducted at the rate provided under DTAA if same is lower than the existing TDS rate of 20%.	20
<b>2. In the case of a company-</b>	
<b>2.1 where the company is a domestic company-</b>	
<b>Section 193:</b> Interest on securities	
a) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	10
b) any debentures issued by a company where such debentures are listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;	10
c) any security of the Central or State Government; [i.e. 8% Saving (Taxable) Bonds, 2003 and 7.75% Saving (Taxable) Bonds, 2018]	10
d) interest on any other security	10
<b>Section 194:</b> Dividend	10
<b>Section 194A:</b> Income by way of interest other than "Interest on securities"	10
<b>Section 194B:</b> Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort or from gambling or betting of any form or nature whatsoever.	30
<b>Section 194BA:</b> Income by way of winnings from any online game	30
<b>Section 194BB:</b> Income by way of winnings from horse races	30
<b>Section 194C:</b> Payment to contractor/sub-contractor	
a) HUF/Individuals	1
b) Others	2
<b>Section 194D:</b> Insurance commission	10
<b>Section 194DA:</b> Payment in respect of life insurance policy w.e.f. 1/9/2019, the tax shall be deducted on the amount of income comprised in insurance pay-out	5
<b>Section 194EE:</b> Payment in respect of deposit under National Savings scheme	10

<b>Section 194F:</b> Payment on account of repurchase of unit by Mutual Fund or Unit Trust of India	20
<b>Section 194G:</b> Commission, etc., on sale of lottery tickets	5
<b>Section 194H:</b> Commission or brokerage	5
<b>Section 194-I:</b> Rent	
a) Plant & Machinery	2
b) Land or building or furniture or fitting	10
<b>Section 194-IA:</b> Payment on transfer of certain immovable property other than agricultural land	1
<b>Section 194-IC:</b> Payment of monetary consideration under Joint Development Agreements	10
<b>Section 194J:</b> Fees for professional or technical services:	2
iv) sum paid or payable towards fees for technical services	2
v) sum paid or payable towards royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films;	10
vi) Any other sum	
<b>Note:</b> With effect from June 1, 2017 the rate of TDS would be 2% in case of payee engaged in business of operation of call center.	
<b>Section 194K :</b> Income in respect of units payable to resident person	10
<b>Section 194LA:</b> Payment of compensation on acquisition of certain immovable property	10
<b>Section 194LBA(1):</b> Business trust shall deduct tax while distributing, any interest received or receivable by it from a SPV or any income received from renting or leasing or letting out any real estate asset owned directly by it, to its unit holders.	10
<b>Section 194LBB:</b> Investment fund paying an income to a unit holder [other than income which is exempt under <a href="#">Section 10(23FBB)</a> ].	10
<b>Section 194LBC:</b> Income in respect of investment made in a securitisation trust (specified in <i>Explanation</i> of <a href="#">section 115TCA</a> )	10
<b>Section 194M:</b> Payment of commission (not being insurance commission), brokerage, contractual fee, professional fee to a resident person by an Individual or a HUF who are not liable to deduct TDS under <a href="#">section 194C</a> , <a href="#">194H</a> , or <a href="#">194J</a> .  Tax shall be deducted under <a href="#">Section 194M</a> with effect from 1/09/2019 when aggregate of sum credited or paid during a financial year exceeds Rs. 50 lakh.	5%
<b>Section 194N:</b> Cash withdrawal during the previous year from one or more account maintained by a person with a banking company, co-operative society engaged in business of banking or a post office:	2
iii) in excess of Rs. 1 crore	2/5
iv) in excess of Rs. 20 lakhs*	



<p>* for those persons who have not filed return of income (ITR) for three previous years immediately preceding the previous year in which cash is withdrawn, and the due date for filing ITR under <a href="#">section 139(1)</a> has expired. The deduction of tax under this situation shall be at the rate of:</p> <p>a) 2% from the amount withdrawn in cash if the aggregate of the amount of withdrawal exceeds Rs. 20 lakhs but not exceeding Rs. 1 crore during the previous year; or</p> <p>b) 5% from the amount withdrawn in cash if the aggregate of the amount of withdrawal exceeds Rs. 1 crore during the previous year.</p>	
<b>Section 194-O:</b> Payment or credit of amount by the e-commerce operator to e-commerce participant	1
<b>Section 194P:</b> Deduction of tax by specified bank in case of senior citizen having age of 75 or more	Tax on total income as per rate in force
<b>Section 194Q:</b> Payment to resident for purchase of goods of the aggregate value exceeding Rs. 50 lakhs  Note: TDS is deductible on sum exceeding Rs. 50 lakhs	0.1
<b>Section 194R:</b> Deduction of tax in case any benefit or perquisite is provided and aggregate value of such benefit/perquisite exceeds Rs. 20,000  Note: Benefit or perquisite should be arising from business or the exercise of a profession by such resident.	10
<b>Section 194S:</b> Payment on transfer of Virtual Digital Asset  Note: No tax shall be deducted under this provision in the following circumstance:  + If the consideration is payable by any person (other than a specified person) and its aggregate value does not exceed Rs. 10,000 during the financial year.  + if the consideration is payable by a specified person and its aggregate value does not exceed Rs. 50,000 during the financial year.  Specified person means:  (a) An individual or a HUF, whose total sales, gross receipts or turnover does not exceed Rs. 1 crore in case of business or Rs. 50 lakhs in case of a profession, during the financial year immediately preceding the financial year in which virtual digital asset is transferred;  (b) An individual or a HUF who does not have any income under the head profits and gains of business or profession.	1
Any Other Income	10
<b>2.2 where the company is not a domestic company*-</b>	

<a href="#">Section 194B</a> : Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort or from gambling or betting of any form or nature whatsoever.	30
<a href="#">Section 194BA</a> : Income by way of winnings from any online game	30
<a href="#">Section 194BB</a> : Income by way of winnings from horse races	30
<a href="#">Section 194E</a> : Payment to non-resident sports association	20
<a href="#">Section 194G</a> : Commission, etc., on sale of lottery tickets	5
<a href="#">Section 194LB</a> : Payment of interest on infrastructure debt fund	5
<a href="#">Section 194LBA(2)</a> : - Payment of the nature referred to in <a href="#">Section 10(23FC)(a)</a>	5
<a href="#">Section 194LBA(2)</a> : Payment of the nature referred to in <a href="#">Section 10(23FC)(b)</a>	10
<a href="#">Section 194LBA(3)</a> : Business trust shall deduct tax while distributing any income received from renting or leasing or letting out any real estate asset owned directly by it to its unit holders.	40
<a href="#">Section 194LBB</a> : Investment fund paying an income to a unit holder [other than income which is exempt under <a href="#">Section 10(23FBB)</a> ].	40
<a href="#">Section 194LBC</a> : Income in respect of investment made in a securitisation trust (specified in <i>Explanation</i> of <a href="#">section 115TCA</a> )	40
<a href="#">Section 194LC</a> : Payment of interest by an Indian Company or a business trust in respect of money borrowed in foreign currency under a loan agreement or by way of issue of long-term bonds (including long-term infrastructure bond)	5 or 4* or 9**  * In case where interest is payable in respect of Long-term Bond or Rupee Denominated Bond listed on recognised stock exchange located in IFSC  ** Where money borrowed from a source outside India by issuing a

	long-term bond or rupee-denominated bond on or after 01-04-2023, which is listed only on a recognised stock exchange located in an IFSC;
<b>Section 194LD:</b> Payment of interest on rupee denominated bond of an Indian Company or Government securities to a Foreign Institutional Investor or a Qualified Foreign Investor	5
<b>Section 195: Payment of any other sum</b>	
a) Income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of <a href="#">Section 112</a>	10
b) Income by way of long-term capital gains as referred to in <a href="#">Section 112A</a>	10
c) Income by way of short-term capital gains referred to in <a href="#">Section 111A</a>	15
d) Any other income by way of long-term capital gains [not being long-term capital gains referred to in clauses <a href="#">10(33)</a> , <a href="#">10(36)</a> and <a href="#">112A</a>	20
e) Income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in <a href="#">Section 194LB</a> or <a href="#">Section 194LC</a> )	20

f) Income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of <a href="#">Section 115A</a> of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of <a href="#">Section 115A</a> of the Income-tax Act, to a person resident in India	20
g) Income by way of royalty [not being royalty of the nature referred to in point f) above] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
A. where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50
B. where the agreement is made after the 31st day of March, 1976	20

h) Income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
A. where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50
B. where the agreement is made after the 31st day of March, 1976	20
i) Any other income	40
<b>Section 196B:</b> Income from units (including long-term capital gain on transfer of such units) to an offshore fund	10
<b>Section 196C:</b> Income from foreign currency bonds or GDR of an Indian company (including long-term capital gain on transfer of such bonds or GDR)	10
<b>Section 196D:</b> Income of foreign Institutional Investors from securities (not being dividend or capital gain arising from such securities)  Note: Tax shall be deducted at the rate provided under DTAA if same is lower than the existing TDS rate of 20%.	20

\* The rate of TDS shall be increased by applicable surcharge and Health & Education cess.

### How to pay Tax Deducted/Collected at source?

Tax deducted or collected at source shall be deposited to the credit of the Central Government by following modes:

- 1) Electronic mode: E-Payment is mandatory for
  - a) All corporate assesses; and
  - b) All assesses (other than company) to whom provisions of section 44AB of the Income Tax Act, 1961 are applicable.
- 2) Physical Mode: By furnishing the Challan 281 in the authorized bank branch





**Salaried, freelancers and businesses**– If your **total tax liability is Rs 10,000 or more** in a financial year you have to pay advance tax. The advance tax applies to all taxpayers, salaried, freelancers, and businesses.

**Senior citizens**– People aged 60 years or more, and do not run a business, are **exempt from paying advance tax**. So only senior citizens (60 years or more) having business income must pay advance tax

**Presumptive income for businesses**–The taxpayers who have opted for the presumptive taxation scheme under section 44AD have to pay the whole amount of their advance tax **in one instalment on or before 15 March**. They also have the option to pay all of their tax dues by 31 March.

**Presumptive income for professionals**– Independent professionals such as doctors, lawyers, architects, etc. come under the presumptive scheme under [section 44ADA](#). They have to pay the whole of their advance tax liability in one instalment on or before 15 March. They can also pay the entire amount by 31 March.

### Advance Tax Due Dates For FY 2023-24

FY 2023-24 for both individual and corporate taxpayers

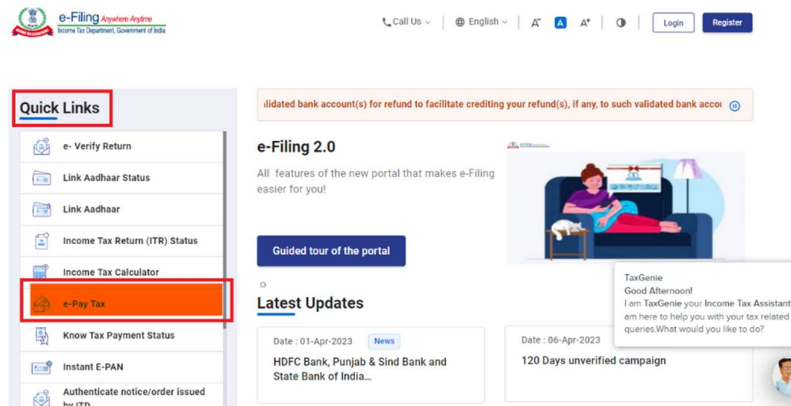
Due Date	Advance Tax Payment Percentage
On or before 15th June	15% of advance tax
On or before 15th September	45% of advance tax (-) advance tax already paid
On or before 15th December	75% of advance tax (-) advance tax already paid
On or before 15th March	100% of advance tax (-) advance tax already paid

**For taxpayers who have opted for Presumptive Taxation Scheme under sections 44AD & 44ADA – Business Income**

Due Date	Advance Tax Payment Percentage
On or before 15th March	100% of advance tax

### How to Pay Advance Tax Online?

1. Visit the [e-filing portal](#) of the Income Tax Department of India
2. On the left side of the home page, there is a 'Quick Links' section, click on the '**e-Pay Tax**' option. You can also search for 'e-Pay Tax' in the search bar.



3. On this page, enter your **PAN** and re-enter to confirm it. Then, enter your **mobile number** and click on 'Continue'.

4. Now enter the 6-digit **OTP** received on your mobile number and 'Continue'.

5. Select the first box labelled as 'Income Tax' and click on 'Proceed'

6. Select the 'Assessment Year' as 2024-25 and 'Type of Payment' as 'Advance Tax (100)' and click on 'Continue'.

7. Enter all the tax details

8. Select the **payment method** and the **bank** and press 'Continue'.

9. Preview the challan details and click on '**Pay Now**'. You may also '**Edit**' these details if required.

Preview

Payment Details

Assessment Year: Financial Year: Tax Applicable (Major Head): Type of Payment (Minor Head):  
Income Tax (Other than Companies) (001)

Payment Mode: Net Banking

Bank Name: HDFC Bank

Tax Break up Details

(a) Tax: ₹ 0

(b) Surcharge: ₹ 0

(c) Cess: ₹ 0

(d) Interest: ₹ 0

(e) Penalty: ₹ 0

(f) Others: ₹ 0

Total (a + b + c + d + e + f): ₹ 0

In words: Rupees Ten Only

< Back Pay Later Pay Now

13. After completing the payment, you will get an acknowledgement on the next screen. You can see the BSR code and challan serial number on the right side of the challan. Save a copy of this tax receipt for future reference. You will need to enter the BSR code and challan number in your tax return.

13. After completing the payment, you will get an acknowledgement on the next screen. You can see the BSR code and challan serial number on the right side of the challan. Save a copy of this tax receipt for future reference. You will need to enter the BSR code and challan number in your tax return.

### What is Advance Tax Late Payment Interest?

Interest on advance tax:

**1. Non-payment of advance tax will attract interest under 234B:** As per Section 234B, you must pay at least 90% of the total taxes as advance tax by 31st March. Failure to make advance tax payments will result in an interest @ 1% on the unpaid amount.

**2. Delay in payment of advance tax will attract interest under 234C:**

Particulars	Rate of Interest	Period of Interest	Amount on which interest is calculated
If Advance Tax paid by 15th June is less than 15%	1% per month	3 months	15% of Amount* (-) tax paid before June 15
If Advance Tax paid by 15th September is less than 45%	1% per month	3 months	45% of Amount* (-) tax paid before September 15

If Advance Tax paid by 15th December is less than 75%	1% per month	3 months	75% of Amount* (-) tax paid before December 15
If Advance Tax paid by 15th March is less than 100%	1% per month	1 month	100% of Amount* (-) tax paid before March 15

#### Example for Advance Tax Calculation

We will explain the calculation by way of an example. Ajay is a freelancer earning income from the profession of interior decoration. For the FY 2022-23, Ajay estimates his annual gross receipts at Rs 20,00,000. Ajay estimates his expenses at Rs 12,00,000. Ajay has deposited Rs 40,000 in PPF account. Ajay has also paid Rs 25,000 towards the LIC premium. Further, Ajay has paid Rs 12,000 towards the medical insurance premiums. Professional receipts of Ajay are subject to TDS. Ajay estimates a TDS of Rs 30,000 on certain professional receipts for the FY 2022-23. Besides professional receipts, Ajay estimates an interest of Rs 10,000 on fixed deposits held by him. Ajay's advance tax liability would be as below:

INCOME ESTIMATION FOR ADVANCE TAX	AMOUNT (Rs)	AMOUNT (Rs)
Income from profession:		
Gross receipts	20,00,000	
Less: Expenses	12,00,000	8,00,000
Income from other sources:		
Interest from fixed deposit		10,000
GROSS TOTAL INCOME		8,10,000
Less: Deduction under section 80C		
Contribution to PPF	40,000	
LIC premium	25,000	

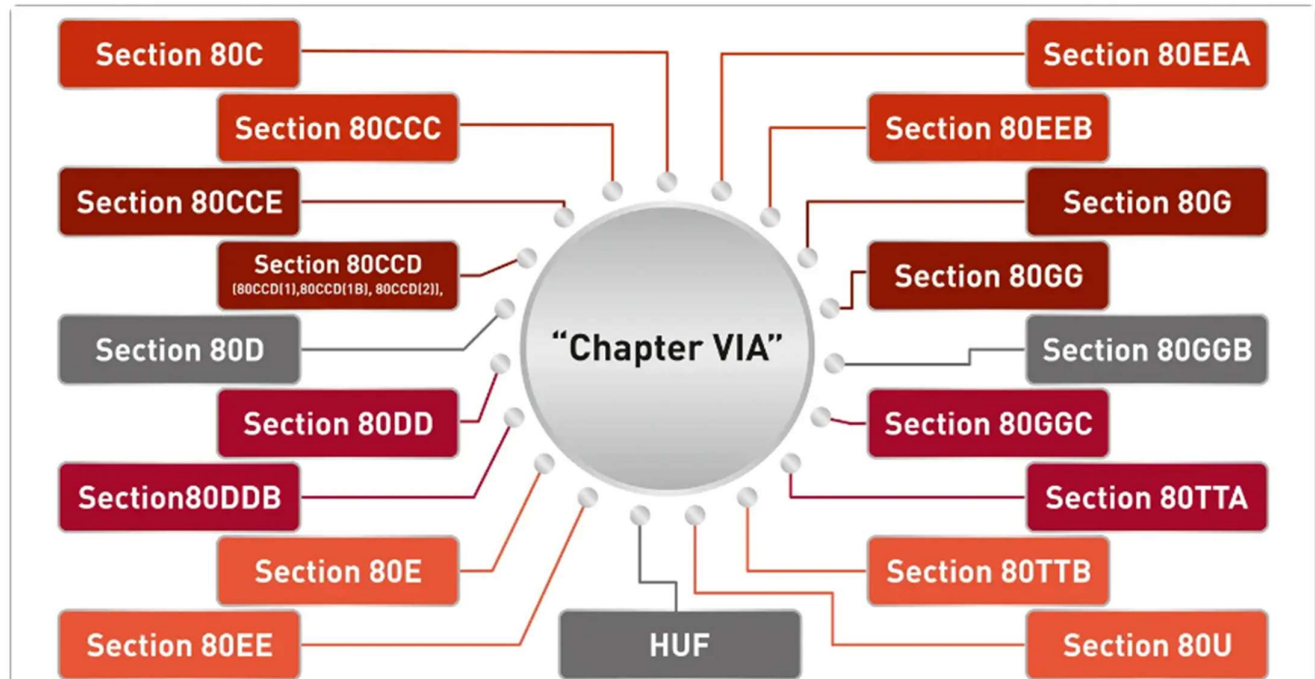
	65,000	
Deduction under section 80D	12,000	77,000
TOTAL INCOME		7,33,000
TAX PAYABLE		59,100
Add: Education cess @ 4%		2,364
		61,464
Less: TDS		30,000
TAX PAYABLE IN ADVANCE		31,464

#### ADVANCE TAX PAYMENTS

Due date	Advance tax payable	Amount (Rs)
15th June	15% of Advance tax	4,700
15th September	45% of Advance tax	14,100
15th December	75% of Advance tax	23,600
15th March	100% of Advance tax	31,400

## DEDUCTION U/S 80C TO 80U

### Section 80 Deduction List



### Section 80C – Deductions on Investments

Section 80C is one of the most popular and favorite sections amongst taxpayers as it allows them to reduce taxable income by making tax-saving investments or incurring eligible expenses.

- **Who can claim Section 80C deduction?** Section 80C deduction can be claimed by **Individuals and HUFs**
- **Maximum deduction allowed under section 80C?:** every year from the taxpayer's total income. Companies, partnership firms, and LLPs cannot avail the benefit of this deduction.  
**Note:** The maximum deduction under Section 80C, 80CCC and 80CCD (1) put together is



Rs 1.5 lakhs. However, you may claim an additional deduction of Rs 50,000 allowed u/s 80CCD(1B)

### Deduction limits under Section 80C, 80CCC, 80CCD(1), 80CCE, 80CCD(1B)

Sections	Eligible investments for tax deductions	Maximum Deduction
80C	Investment made in Equity Linked Saving Schemes, PPF/SPF/RPF, payments made towards Life Insurance Premiums, principal sum of a home loan, SSY, NSC, SCSS, etc.	Rs 1,50,000
80CCC	Payment made towards pension funds	Rs 1,50,000
80CCD(1)	Payments made towards Atal Pension Yojana or other pension schemes notified by government	<b>Employed:</b> 10% of basic salary + DA <b>Self-employed:</b> 20% of gross total income
80CCE	Total deduction under Section 80C, 80CCC, 80CCD(1)	Rs 1,50,000
80CCD(1B)	Investments in NPS (outside Rs 1,50,000 limit under Section 80CCE)	Rs 50,000

80CCD(2)	Employer's contribution towards NPS (outside Rs 1,50,000 limit under Section 80CCE)	<b>Central government employer:</b> 14% of basic salary + DA <b>Others:</b> 10% of basic salary + DA
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Here are some investment options that are allowed as deduction u/s 80C. They not only help you with saving taxes but also help you grow your money. A quick comparison of the options is tabulated below:

### Section 80C Deductions List

Investment options	Average Interest	Lock-in period for
ELSS funds	12% – 15%	3 years
NPS Scheme	8% – 10%	Till 60 years of age
ULIP	8% – 10%	5 years
Tax saving FD	Up to 8.40%	5 years
PPF	7.90%	15 years
Senior citizen savings scheme	8.60%	5 years (can be extended for other 3 years)

National Savings Certificate	7.9%	5 years
Sukanya Samriddhi Yojana	8.50%	Till girl child reaches 21 years of (partial withdrawal allowed when she reached 18 years)

Sometimes, you may have deductions or investments eligible for 80C but haven't submitted proof to your employer. This may cause excess TDS deductions. You can still claim these deductions while e-filing, as long as you have the proofs with you.

### Section 80TTA – Interest on Savings Accounts

- **Who can claim Section 80TTA deduction?:** Section 80TTA deduction can be claimed by **Individuals and HUFs**.  
Resident Senior Citizens cannot claim deduction under 80TTA but they can claim the deduction under 80TTB.
- **Maximum deduction allowed under section 80TTA?:** Rs 10,000 **Note:** [Section 80TTA](#) does not include interest from fixed deposits, recurring deposits, or interest income from corporate bonds.

### Section 80TTB – Interest From Deposits Held by Senior Citizens

- **Who can claim Section 80TTB deduction?:** Section 80TTA deduction can be claimed by **Resident Senior Citizens (age 60 or more)**.  
Resident Senior Citizens cannot claim deduction under 80TTA but they can claim the deduction under 80TTB.
- **Maximum deduction allowed under section 80TTB?:** Rs 50,000  
**Note:** Interest from banks can be either savings, fixed deposits or recurring

As a result, the threshold limit for TDS deduction under Section 194A for senior citizens has been enhanced to Rs. 50,000. Therefore, if their interest income is below Rs 50,000, TDS will not be deducted.

### Section 80GG – Income Tax Deduction on House Rent Paid

- **Who is eligible to claim deduction under [Section 80GG](#)?** Those who do not receive HRA in their salary structure but live in rented accommodations.

- **Conditions for claiming Section 80GG:**

- Taxpayer must be an individual
- Taxpayer must be living on rent and paying rent
- The taxpayer should not have self-occupied residential property in any other place. Also, the taxpayer, their spouse or minor child or their HUF should not own any residential accommodation in the place where they currently reside.
- File Form 10BA

- **How much deduction is available Under Section 80GG?**

The least of the following is available as deduction:

- Rent paid (-) 10% of adjusted total income\*
- Rs 5,000/- per month
- 25% of adjusted total income\*

\*Adjusted Gross Total Income =

**Gross Total Income**

**Less:**

- LTCG, if any, included in total gross income
- STCG u/s 111A
- Deductions u/s 80C to 80U except deduction under section 80GG
- Incomes of NRIs and foreign companies are taxed at a special tax rate, such as incomes u/s 115A, 115AB, 115AC, or 115AD.

An [online ITR e-filing](#) software like that of ClearTax can be extremely easy as the limits are auto-calculated. So, you do not have to worry about making complex calculations.

### Section 80E – Interest on Education Loan

- **Who is eligible to claim deduction under [Section 80E](#)?** An individual can claim deduction of interest paid on education loan taken for pursuing higher education.
- The education loan can be taken for the taxpayer, their spouse or children or for a student for whom the taxpayer is a legal guardian.
- [80E deduction](#) is available for a maximum of **8 years** (beginning the year in which the interest starts getting paid) or till the entire interest is paid, whichever is earlier. There is no ceiling limit on the amount of interest that can be claimed.

### Section 80EEA – Interest on Home Loan For First-Time Home Owners

This is Section 80EEA, which provides taxpayers with an extra deduction for paying interest on a house loan. Whereas Section 24 exempted interest on home loans up to Rs 2 lakh, this section exempts home buyers who take out a home loan and pay interest on the loan an additional Rs 1.5 lakhs. Read in detail [here](#).

cleartax

## CONDITIONS FOR CLAIMING 80EEA

01

The individual should not own any residential house on the date of sanction of loan

02

Stamp Duty Value of house  $\leq$  Rs 45 lakhs

03

Not eligible to claim deduction u/s 80EE

04

Loan should be sanctioned by a between 1st April 2019 and 31st March 2022

### FY 2017-18 and FY 2016-17

This deduction is available in FY 2017-18 if the loan has been taken in FY 2016-17.

The deduction under [section 80EE](#) is available only to home-owners (individuals) having only one house property on the date of sanction of the loan. The value of the property must be less than Rs 50 lakh and the home loan must be less than Rs 35 lakh. The loan taken from a financial institution must have been sanctioned between 1 April 2016 and 31 March 2017.

There is an additional deduction of Rs 50,000 available on your home loan interest on top of the deduction of Rs 2 lakh (on the interest component of home loan EMI) allowed under section 24.

### FY 2013-14 and FY 2014-15

During these financial years, the deduction available under this section was a first-time house worth Rs 40 lakh or less. You can avail this only when your loan amount during this period is Rs 25 lakh or less. The loan must be sanctioned between 1 April 2013 and 31 March 2014. The aggregate deduction allowed under this section cannot exceed Rs 1 lakh and is allowed for FY 2013-14 and FY 2014-15.

### Section 80D – Deduction on Medical Insurance Premium

Policy for?	Deduction for self & family	Deduction for parents	Preventive Health check-up	Maximum Deduction
Self & Family (below 60 years)	25,000	-	5,000	25,000
Self & Family + Parents (all of them below 60 years)	25,000	25,000	5,000	50,000
Self & Family (below 60 years) + Parents (above 60 years)	25,000	50,000	5,000	75,000



Self & Family + Parents (above 60 years)	50,000	50,000	5,000	1,00,000
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You (as an individual or HUF) can claim a deduction of Rs.25,000 under [section 80D](#) on insurance for self, spouse and dependent children. An additional deduction for insurance of parents is available up to Rs 25,000, if they are less than 60 years of age. If the parents are aged above 60, the deduction amount is Rs 50,000.

In case, both taxpayer and parent(s) are 60 years or above, the maximum deduction available under this section is up to Rs.1 lakh.

Example: Rohan's age is 65 and his father's age is 90. In this case, the maximum deduction Rohan can claim under section 80D is Rs. 100,000.

From FY 2015-16 a cumulative additional deduction of Rs. 5,000 is allowed for preventive health check.

### Section 80DD – Deduction for Medical Treatment of a Dependent with Disability

- [Section 80DD](#) deduction is available to a **resident individual or a HUF**
- **Deduction:** Expenditure incurred on medical treatment (including nursing), training and rehabilitation of **handicapped dependent relative**

Disability	Level of Disability	Amount of Deduction
------------	---------------------	---------------------

Normal Disability	40% - 79%	Rs 75,000
Severe Disability	80% or more	Rs 1,25,000

- Payment or deposit to specified scheme for maintenance of handicapped dependent relative.
- To claim this deduction a certificate of disability is required from the prescribed medical authority.

### Section 80DDB – Deduction for Medical Treatment etc

- **Who is eligible to claim Section 80DDB deduction?:** 80DDB deduction is available to a **resident individual or a HUF**. You can get a deduction for any money you spend on medical treatments for yourself or your dependents. If you're a part of a Hindu Undivided Family (HUF), you can also get a deduction for medical expenses spent on these specific ailments for any member of the HUF.
- **Quantum of deduction under 80DDB?:**

Age	Amount of deduction
< 60 years	Amount paid or 40,000, whichever is less
60 and above	Amount paid or 1,00,000, whichever is less

- **For reimbursement claims:** Any reimbursement of medical expenses by an insurance company or employer shall be reduced from the quantum of deduction the taxpayer can claim under this section. Also, remember that you need to get a prescription for such medical treatment from the concerned specialist to claim such a deduction. Read our detailed article on [Section 80DDB](#).

### Section 80U – Deduction for Disabled Individuals

Disability	Level of Disability	Amount of Deduction
Normal Disability	40% - 79%	Rs 75,000
Severe Disability	80% or more	Rs 1,25,000

A deduction of Rs.75,000 is available to a resident individual who suffers from a physical disability (including blindness) or mental retardation. In case of severe disability, one can claim a deduction of Rs 1,25,000.

### Section 80G – Income Tax Benefits Towards Donations for Social Causes

The various donations specified in u/s [80G](#) are eligible for deduction up to either 100% or 50% with or without restriction.

From FY 2017-18, any donations made in cash exceeding Rs 2,000 will not be allowed as a deduction. Donations above Rs 2000 should be made in any mode other than cash to qualify for an 80G deduction.

*a. Donations with 100% deduction without any qualifying limit*

- National Defence Fund set up by the Central Government
- Prime Minister's National Relief Fund
- National Foundation for Communal Harmony
- An approved university/educational institution of National eminence
- Zila Saksharta Samiti constituted in any district under the chairmanship of the Collector of that district
- Fund set up by a State Government for the medical relief to the poor
- National Illness Assistance Fund
- National Blood Transfusion Council or to any State Blood Transfusion Council
- National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities
- National Sports Fund
- National Cultural Fund
- Fund for Technology Development and Application
- National Children's Fund
- Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund with respect to any State or Union Territory
- The Army Central Welfare Fund or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund, Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996
- The Maharashtra Chief Minister's Relief Fund during October 1, 1993 and October 6, 1993
- Chief Minister's Earthquake Relief Fund, Maharashtra

- Any fund set up by the State Government of Gujarat exclusively for providing relief to the victims of earthquake in Gujarat
- Any trust, institution or fund to which Section 80G(5C) applies for providing relief to the victims of earthquake in Gujarat (contribution made during January 26, 2001 and September 30, 2001) or
- Prime Minister's Armenia Earthquake Relief Fund
- Africa (Public Contributions — India) Fund
- Swachh Bharat Kosh (applicable from financial year 2014-15)
- Clean Ganga Fund (applicable from financial year 2014-15)
- National Fund for Control of Drug Abuse (applicable from financial year 2015-16)

*b. Donations with 50% deduction without any qualifying limit*

- Jawaharlal Nehru Memorial Fund
- Prime Minister's Drought Relief Fund
- Indira Gandhi Memorial Trust
- The Rajiv Gandhi Foundation

*c. Donations to the following are eligible for 100% deduction subject to 10% of adjusted gross total income*

- Government or any approved local authority, institution or association to be utilized for the purpose of promoting family planning
- Donation by a Company to the Indian Olympic Association or to any other notified association or institution established in India for the development of infrastructure for sports and games in India or the sponsorship of sports and games in India

*d. Donations to the following are eligible for 50% deduction subject to 10% of adjusted gross total income*

- Any other fund or any institution which satisfies conditions mentioned in Section 80G(5)
- Government or any local authority to be utilised for any charitable purpose other than the purpose of promoting family planning
- Any authority constituted in India for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns, villages or both
- Any corporation referred in Section 10(26BB) for promoting the interest of minority community
- For repairs or renovation of any notified temple, mosque, gurudwara, church or other places.

### Section 80GGB – Company Donation to Political Parties

[Section 80GGB](#) deduction is allowed to an Indian company for the amount contributed by it to any political party or an electoral trust. A deduction is allowed for donations done by any mode of payment other than cash.

### Section 80GGC – Deduction on Donations By a Person to Political Parties

- **What is [Section 80GGC](#) Deduction?** 80GGC provides deduction for any amount **donated to a political party or an electoral trust**. You can avail this deduction only if you pay by any mode other than cash.
- **Who can claim deduction under section 80GGC?** Only an **individual** taxpayer can claim deduction under section 80GGC. It is not available for companies, local authorities and an

artificial juridical person wholly or partly funded by the government. They may claim the deduction under Section 80GGB.

### Section 80RRB – Deduction on Income via Royalty of a Patent

80RRB Deduction for any income by way of royalty for a patent, registered on or after 1 April 2003 under the Patents Act 1970, shall be available for **up to Rs.3 lakh or the income received, whichever is less**. The taxpayer must be an individual patentee and an Indian resident. The taxpayer must furnish a certificate in the prescribed form duly signed by the prescribed authority.



## Section 80 Deductions Summary Table

Section	Deduction on	Allowed Limit (maximum) FY 2022-23
80C	<p>Investment in PPF</p> <ul style="list-style-type: none"> <li>– Employee's share of PF contribution</li> <li>– NSCs</li> <li>– Life Insurance Premium payment</li> <li>– Children's Tuition Fee</li> <li>– Principal Repayment of home loan</li> <li>– Investment in Sukanya Samridhi Account</li> <li>– ULIPS</li> <li>– ELSS</li> <li>– Sum paid to purchase deferred annuity</li> <li>– Five year deposit scheme</li> <li>– Senior Citizens savings scheme</li> <li>– Subscription to notified securities/notified deposits scheme</li> <li>– Contribution to notified Pension Fund set up by Mutual Fund or UTI.</li> <li>– Subscription to Home Loan Account scheme of the National Housing Bank</li> <li>– Subscription to deposit scheme of a public sector or company engaged in providing housing finance</li> <li>– Contribution to notified annuity Plan of LIC</li> <li>– Subscription to equity shares/ debentures of an approved</li> </ul>	Rs. 1,50,000

Section	Deduction on	Allowed Limit (maximum) FY 2022-23
	<p>eligible issue</p> <p>– Subscription to notified bonds of NABARD</p>	
80CCC	For amount deposited in annuity plan of LIC or any other insurer for a pension from a fund referred to in Section 10(23AAB)	
80CCD(1)	Employee's contribution to NPS account (maximum up to Rs 1,50,000)	
80CCD(2)	Employer's contribution to NPS account	Maximum up to 10% of salary

Section	Deduction on	Allowed Limit (maximum) FY 2022-23
80CCD(1B)	Additional contribution to NPS	Rs. 50,000
80TTA(1)	Interest Income from Savings account	Maximum up to 10,000
80TTB	Exemption of interest from banks, post office, etc. Applicable only to senior citizens	Maximum up to 50,000
80GG	For rent paid when HRA is not received from employer	Least of : – Rent paid minus 10% of total income – Rs. 5000/- per month – 25% of total income
80E	Interest on education loan	Interest paid for a period of 8 years
80EE	Interest on home loan for first time home owners	Rs 50,000
80D	Medical Insurance – Self, spouse, children Medical Insurance – Parents more than 60 years old or (from FY 2015-16) uninsured parents more than 80 years old	– Rs. 25,000 – Rs. 50,000

Section	Deduction on	Allowed Limit (maximum) FY 2022-23
80DD	Medical treatment for handicapped dependent or payment to specified scheme for maintenance of handicapped dependent – Disability is 40% or more but less than 80% – Disability is 80% or more	– Rs. 75,000 – Rs. 1,25,000
80DDB	Medical Expenditure on Self or Dependent Relative for diseases specified in Rule 11DD – For less than 60 years old – For more than 60 years old	– Lower of Rs 40,000 or the amount actually paid – Lower of Rs 1,00,000 or the amount actually paid
80U	Self-suffering from disability : – An individual suffering from a physical disability (including blindness) or mental retardation. – An individual suffering from severe disability	– Rs. 75,000 – Rs. 1,25,000
80GGB	Contribution by companies to political parties	Amount contributed (not allowed if paid in cash)
80GGC	Contribution by individuals to political parties	Amount contributed (not allowed if paid in cash)
80RRB	Deductions on Income by way of Royalty of a Patent	Lower of Rs 3,00,000 or income received

You need to give evidence of your investments to your employer by the end of the financial year. This helps your employer calculate your taxable income and the amount of tax to deduct from your salary. If you forget to submit the proof of investments to your employer, you can still claim those investments when you file your income tax return. Just make sure the investments were made before the end of the financial year, i.e 31st March 2023

*I have made an 80C investment on 30 April 2022. For which year can I claim this investment as a deduction?*

You can claim deduction for the investments made in the ITR of that financial year. So, let's say you made an investment on April 30, 2022, you can claim it as a deduction when filing your taxes for the FY 2022-2023.

*I have availed a loan from my employer for pursuing higher education. Can I claim the interest paid on such a loan as a deduction under Section 80E?*

You can only get a deduction on the interest you paid for an education loan under Section 80E if you borrowed the money from a bank or other financial institution to fund your higher education. If you took a loan from your employer, you won't be able to claim the interest deduction under Section 80E.

*Is there any restriction or maximum limit up to which I can claim a deduction under Section 80E?*

Law has not prescribed any upper limit for deduction under Section 80E. Hence, the actual interest paid during a year can be claimed as deduction.

*Can a company or a firm take benefit of Section 80C?*

The provisions of Section 80C apply only to individuals or a Hindu Undivided Family (HUF). Hence, a company or a firm cannot take benefit of Section 80C.

*I have been paying life insurance premiums to a private insurance company. Can I claim an 80C deduction for the premium paid?*

You can get a deduction under Section 80C when you pay life insurance premiums to any insurance company approved by the Insurance Regulatory and Development Authority of India, whether they are public or private. So, the premiums you pay for insurance can also help you claim an 80C deduction.

*In which year can I claim a deduction of the stamp duty paid for the purchase of a house property*

You can go ahead claiming the stamp duty for the purchase of a house in the year in which the payment is made towards stamp duty under Section 80C.

*Can a company claim a deduction for donations made under Section 80G*

Any taxpayer making donations towards specified institutions, funds, etc. will be eligible to claim a deduction under Section 80G.

*I am paying medical insurance premiums for a medical policy taken in my name, my wife and my children's. I am also paying the premium on a medical policy taken in the name of my parents who are above 60 years. Can I claim a deduction for both premiums paid?*

The premium you have paid on the policy taken for yourself, your spouse and your children is eligible for a deduction under Section 80D up to a maximum of Rs 25,000. In addition to this, you will also be eligible to claim a deduction of premium paid on the policy taken for your senior citizen parents up to a maximum of Rs 50,000. Hence, you can claim both premiums paid as deduction under Section 80D.

*Is my FD interest exempt under Section 80TTB?*

If you are a resident senior citizen above 60 years of age, then your interest income from a Fixed Deposit is allowed as deduction under Section 80TTB.

*What do you mean by 80C deduction under chapter VI A?*

The income tax department allows taxpayers to claim deductions, i.e. reducing the taxable income if taxpayer makes certain investments or eligible expenditures allowed under Chapter VI A. 80C allows a deduction for the investment made in PPF, EPF, LIC premium, Equity linked saving scheme, principal amount payment towards home loan, stamp duty and registration charges for the purchase of property, Sukanya Smriddhi Yojana (SSY), National saving certificate (NSC), Senior citizen savings scheme (SCSS), ULIP, tax saving FD for 5 years, Infrastructure bonds etc.

*Can you claim HRA under section 80?*

Yes, if you do not receive HRA as a part of a salary component, the Rent paid can be claimed as deduction under section 80GG. However the maximum amount of deduction allowed is Rs 60,000 per annum.

*What is 80GG in income tax? What is rent paid under 80GG ?*

80GG allows you to claim deduction for rent paid even if your salary does not include HRA component or by self employed individuals having income other than salary. The condition is that you should not own any residential accommodation in the place of residence to claim deduction under 80GG.

*What is section 80CCD ?*

80CCD allows a deduction for contributions to national pension schemes as notified by the central government. The deduction is allowed for contributions made by an employee, employer or voluntary self contribution. Overall limit of deduction allowed in section 80C is Rs 1.5 lakh plus an additional deduction of Rs 50,000 u/s 80CCD(1B) on contribution made to NPS or Atal pension yojana.

*What is section 80CCD(1)?*

Section 80CCD (1) is a deduction for employees as well as self-employed for making contributions to the National Pension scheme. An employee can claim deduction under 80CCD(1) at a maximum of 10% of basic salary plus dearness allowance. For self employed, the limit for deduction is 20% of their income subject to Rs 1.5 lakh maximum limit of section 80C.

*What is section 80CCD(2)?*

Section 80CCD deals with tax deductions available to employers with respect to contributions made to the pension scheme for its employees. i.e. if your employer contributes to its employees pension account, deduction, maximum upto 20% of total income of the employer can be availed.

*What is section 80TTB?*

Section 80TTB provides deduction up to Rs 50,000 on interest income earned on fixed deposit or savings account specifically to Senior citizens.

*What is rebate u/s 87A?*

A rebate under section 87A is one of the income tax provisions that help low income earning taxpayers reduce their income tax liability. Taxpayers earning an income below a certain limit have the benefit of paying ally lower taxes. A Taxpayer can claim the benefit of rebate under section 87A for FY 2022-23 and 2023-24 only if the following conditions are satisfied:

- You are a resident individual
- Your total income after reducing the deductions under chapter VI-A (Section 80C, 80D and so on) does not exceed Rs 5 lakh in an FY.

The tax rebate is limited to Rs 12,500. This means, if your total tax payable is less than Rs 12,500, then you will not have to pay any tax. However, if you opt for the new regime from FY 2023-24, the rebate threshold has been increased to Rs 7 lakh.

Do note that the rebate will be applied to the total tax before adding the health and education cess of 4%.

*Who is eligible for rebate u/s 87A?*

A Taxpayer can claim the benefit of rebate under section 87A for FY 2022-23 and 2023-24 only if the following conditions are satisfied:

- You are a resident individual which means HUF and firms cannot claim this rebate.
- Your total income after reducing the deductions under chapter VI-A (Section 80C, 80D and so on) does not exceed Rs 5 lakh in an FY
- However, if you opt for the new regime from FY 2023-24, the rebate threshold has been increased to Rs 7 lakh.