Income Tax Rates for FY 2015-16

Personal Income Tax is calculated on the basis of each individual’s Net Taxable income, which is the sum of all taxable items of compensation, viz. allowances and perquisites. The taxability of various items of compensation has been outlined in the section on Compensation Elements.

**Income Tax Calculation:**

***Gross Taxable Income (GTI) Income Tax***

Less than Rs.250, 000 Nil

Greater than Rs.250, 000 but less than Rs.500, 000 10% of the amount by which GTI exceeds Rs.250, 000

Greater than Rs.500,000 but less than Rs.10,00,000 Rs.25,000 + 20% of the amount by which GTI exceeds Rs.500,000 (1,00,000/-)

Greater than Rs.10,00, 000 Rs.125, 000 + 30% of the amount by which GTI exceeds Rs.10,00, 000

3% Educational cess is applicable on total tax amount for all individuals.

**a**) If the Total Income is not exceeding Rs. 5 lacs, Tax rebate Rs. 2000/- will be available on the tax amount. Suppose if Your Income Tax is Rs.18000/- and after Deducting Rs.2000/- your Tax liability will be Rs.16,000/-.

**b)** If the total income is one crore or above, 10% surcharge on Income Tax will be added to your Income Tax.

Deductions under chapter VI

The Income Tax act allows for certain deductions *(available under Chapter VI i.e. Section 80 C to 80 U)*. Here are the details of the same.

**Deductions under Chapter VI – Sec 80C:**

1. Life Insurance Premium
2. Provident Fund
3. Public Provident Fund
4. National Saving Certificates (VIII Issue)
5. Interest on NSC purchased earlier
6. Unit Linked Insurance Plan
7. National Saving Scheme
8. Children Education Allowance
9. Mutual Funds
10. Principle repayment of Housing Loan (including stamp duty, registration fee & other expenses for the purpose of transfer of such house property)
11. Any sum deposited in a 10 or 15 year account under Post Office Savings Bank
12. Home Loan account scheme of the National Housing Bank
13. Fixed Deposits for a period of 5 Years

Tax exemption can be claimed a maximum amount of Rs.150, 000/- If you invest from serial No 1 to 13 in any one or more of the listed saving schemes.

Overall you can invest maximum to Rs. 1,50,000/- per annum under section 80c to avail the tax-benefit.

Deductions under Chapter VI – other Sections

1. 80D – Medical Insurance up to Rs.15,000/-(Rs.20,000/- in case of senior citizens)
2. 80DD – Medical Treatment for Handicapped Dependents up to Rs.50,000/- and, with severe disability, up to Rs.100,000/-
3. 80DDB – Medical Treatment for specified diseases up to Rs.40,000/- (60,000/- in case of senior citizens)
4. 80E – Interest on Educational Loan
5. 80U – Deduction in case of Permanent Physical disability up to Rs.50,000/-, and with severe disability up to Rs.100,000/- .
6. Section 80CCG – Rajiv Gandhi Equity Savings Scheme, First Time Equity Investors can invest up to Rs. 50,000/- in approved stocks and mutual funds and claim income tax deduction on 50 per cent of the amount under Section 80CCG of the Income Tax Act.
7. Section 24 Interest on Housing Loan in case of Self Occupied house is exempted from tax to the maximum of Rs.200, 000/- per annum

Health insurance premium paid by you as part of your payroll would be considered automatically for tax exemption under section 80D.

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