

TAX PLANNING VS TAX EVASION

TAX PLANNING	TAX EVASION
LEGITIMATE WAYS TO MINIMISE TAX LIABILITY	ILLEGAL WAYS TO AVOID TAX LIABILITY
E.g. Invest in PPF to reduce taxable income	E.g. Not to declare income and evade tax on the same

TAX SLABS FOR INDIVIDUALS

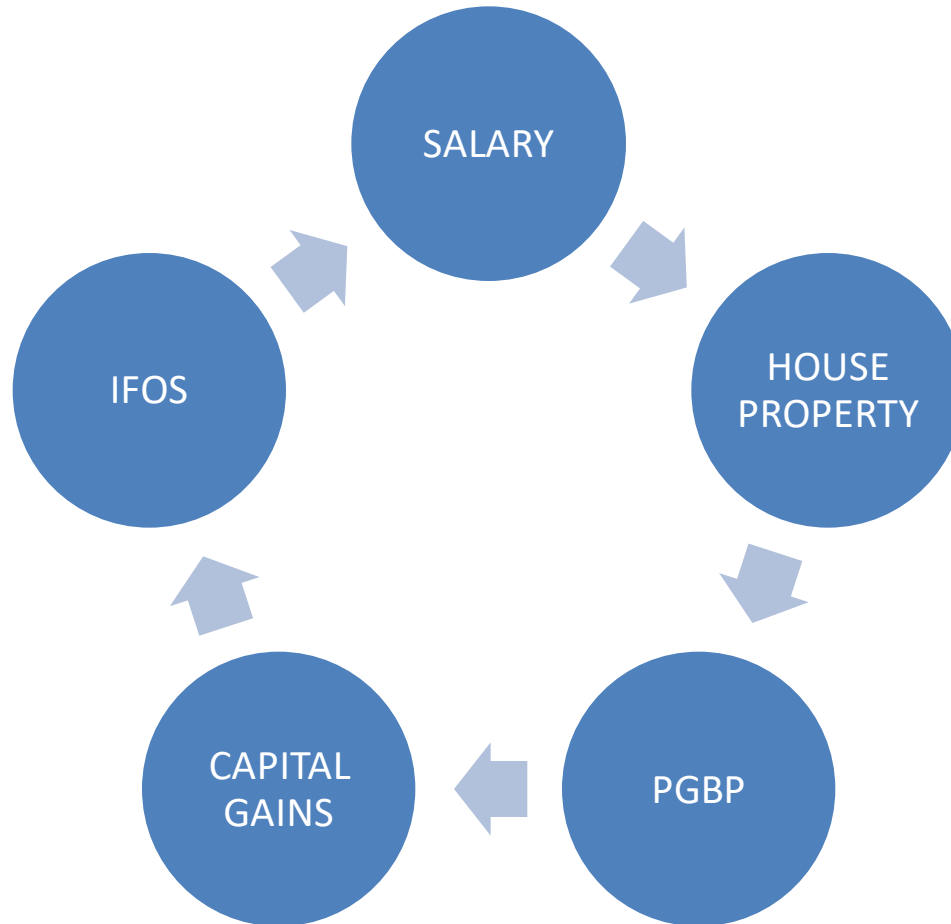
(A.Y. 2023-24)

OPTION –I (TRADITIONAL SLAB) *		OPTION –II (NEW SLAB) [FOR ALL AGE]	
UPTO RS. 2,50,000	NIL	UPTO RS. 2,50,000	NIL
2,50,001-5,00,000	5%	2,50,001-5,00,000	5%
5,00,001-10,00,000	20%	5,00,001-7,50,000	10%
ABOVE 10,00,000	30%	7,50,001-10,00,000	15%
* Enhanced basic exemption limit of Rs. 3L and Rs. 5L is available for Individual (Resident) aged '60 years or above' and '80 years or above' respectively.		10,00,001-12,50,000	20%
		12,50,001-15,00,000	25%
		ABOVE 15,00,000	30%

OPTION I VIS-A-VIS OPTION II

DEDUCTION / EXEMPTION	OPTION I	OPTION II
LTC	Y	N
HRA	Y	N
EXEMPTION FOR OTHER ALLOW.	Y	N
16 (SALARY)	Y	N
24(b) Int. on hsg loan	Y	N
Family Pension [57(iia)]	Y	N
80C to 80U	Y	N
80CCD(2) EMPLOYERS CONT TO NPS	Y	Y

FIVE HEADS OF INCOME



SALARY

PARTICULARS	RS	RS
BASIC SALARY	XX	
BONUS	XX	
TAXABLE ALLOWANCES	XX	
TAXABLE PERQUISITES	XX	
TAXABLE RETIREMENT BENEFITS	XX	
GROSS SALARY		XX
LESS: DEDUCTIONS U/S 16:-		
a) Standard Deduction	(50,000)	
b) Entertainment Allowance	(XX)	
c) Professional Tax	(XX)	(XX)
TAXABLE SALARY		XX

IMP EXEMPTIONS FROM ALLOWANCES

ALLOWANCE	EXEMPTIONS
CHILDREN EDUCATION ALLOWANCE	UPTO RS 100 PM PC (MAX 2 CHILD)
HOSTEL EXPENDITURE ALLOWANCE	UPTO RS 300 PM PC (MAX 2 CHILD)
HRA	MAXI UPTO 40%/50% OF SALARY
UNIFORM ALLOWANCE	UPTO ACTUAL EXPENDITURE

HOUSE PROPERTY

PARTICULARS	RS	RS
GROSS ANNUAL VALUE (GAV)		XX
LESS:- MUNICIPAL TAXES		(XX)
NET ANNUAL VALUE (NAV)		XX
LESS: DEDUCTIONS U/S 24:-		
a) Standard Deduction @ 30% OF NAV	(XX)	
b) INTEREST ON HOUSING LOAN	(XX)	
[LO – NO LIMIT ; S/O 30000/200000]		(XX)
INCOME FROM HOUSE PROPERTY		XX

CAPITAL GAINS

- COST OF IMPROVEMENT IN CAPITAL ASSET CAN BE CLAIMED AS DEDUCTION.
- Exemption u/s 54:- Sale of Residential House Property and Purchase of new Residential House Property (Amount of Investment or LTCG w.e. is less is exempt)
- Exemption u/s 54F:- Sale of any capital asset other than Residential House Property and Purchase of new Residential House Property (Amount of Investment or Net Consideration w.e. is less is exempt)
- Exemption u/s 54EC:- Sale of any Long Term Capital Asset and Purchase of Infrastructure bonds of NHAI or RECL (Amount of Investment or LTCG w.e. is less is exempt)

IMPORTANT DEDUCTIONS YOU SHOULD NOT MISS

- SECTION 80C- CONTRIBUTIONS AND PAYMENTS
- SECTION 80D- MEDICLAIM
- SECTION 80E- INTEREST ON LOAN TAKEN FOR HIGHER EDUCATION
- SECTION 80G- DONATION
- SECTION 80TTA- INTEREST ON SAVINGS ACCOUNT
- SECTION 80TTB- INTEREST ON SB/FD FOR SENIOR CITIZENS (RESIDENT)

SECTION 80C - contributions

- CONTRIBUTION TO PPF/RPF
- LIFE INSURANCE PREMIUM/ULIP
- TUITION FEES OF CHILD (MAX 2 CHILD, IN INDIA)
- SUBSCRIPTION TO NSC
- REPAYMENT OF PRINCIPAL COMPONENT OF HOUSING LOAN
- 5 YEAR TERM DEPOSIT WITH SCHEDULED BANK
- CONTRIBUTION TO SUKANYA SAMRIDDHI SCHEME
- DEPOSIT INTO 5 YEAR SENIOR CITIZEN SAVINGS SCHEME
- MAXIMUM DEDUCTION: RS 1,50,000/- p.a.

Section 80D – Mediclaim

- The maximum limit is Rs. 25,000 p.a. in aggregate [Rs. 50,000 in case **individual/spouse/child** are above 60 years of age]
- Additional Rs. 25,000 is allowed for health insurance policy of **parents**. [Rs. 50,000 in case parents are above 60 years of age].
- Payment must be by any mode OTHER THAN CASH.

Section 80G donation

- 100% or 50% OF
AMOUNT DONATED
(NOT IN KIND)

80TTA- INTEREST ON SB ACCOUNT

- UPTO RS.10,000/- P.A.

SECTION 80TTB INTEREST ON SB/FD

- ONLY TO SENIOR
CITIZEN RESIDENT
- UPTO RS 50,000/- P.A.