Income Tax Guidelines for the Financial Year 2024-25

A ready reckoner for investment declarations.

This document provides information on relevant provisions of the Income Tax Act, 1961 concerning Salary Income - DEDUCTIONS AVAILABLE UNDER THE INDIAN INCOME TAX ACT FOR SALARIED EMPLOYEES

Important notes:

- Any one of the below tax structures can be applied for tax computation.
  - New Tax Regime - (page 2)
  - Traditional (Old) Tax Regime - (page 4)
- Each April, every individual employee gets an option to choose between the new and traditional (old) tax regimes. Also, if the employee chooses the "Old" tax regime, he or she cannot change their choice through payroll but can make the necessary changes while filing their ITR.
  - In case an individual fails to select any option, the New Tax Regime will be applied (as stated under the Income Tax Act & Finance Bill 2023 Section 115BAC)
- Please note that investments /payments during the year April 2024 - March 2025 alone will be considered.
- Please note Transport allowance for disabled person of Rs.3200 per month remains the same (for both new or old tax regime).
- Tax exemption towards the Employer Contribution to the Provident Fund (PF), NPS, and the superannuation fund is restricted to Rs. 7.5 Lakh per annum. Thus, anything contributed over and above Rs. 7.5 Lakh in the hand of the employee will be taxable. This applies to both the new and old tax regimes.
- For individuals contributing more than Rs. 2.5 Lakh under PF (Both EPF + VPF), then the interest earned on excess contribution will be calculated as taxable income. (Budget 2021 amendment)
- In case the investment declaration forms (online submissions) are not received by the due date, TDS will be deducted based on the assumption that there is no investment.
- In case an individual fails to file their income tax return on or before the due date, then an appropriate penalty will be imposed on such defaulting individuals by the Income Tax department.

New Tax Regime

From April 2023, all taxpayers have the option to choose the New Tax Regime with "new and reduced" tax rates for themselves, if applicable, and plan their annual investment accordingly.

TAX RATES: The same rate table applies to all individuals (irrespective of the age group). Thus there are no senior or super senior citizen limits under the new tax regime.

Income tax slab	Tax rate
0 to 3 lakh	0%
3 lakh to 6 lakh	5%
6 lakh to 9 lakh	10%
9 lakh to 12 lakh	15%
12 lakh to 15 lakh	20%
15 lakh and above	30%

Note: 4% of Health & Education cess is to be levied on the total tax payable.

Surcharge @ 10% is to be levied on the tax payable if the total income exceeds Rs.50 Lakhs but does not exceed Rs.1 crore. Marginal relief is available if applicable.

Surcharge @ 15% is to be levied on tax payable if the total income exceeds Rs.1 crore-2 crore. Marginal relief is available if applicable.

Surcharge @ 25% is to be levied on the tax payable if the total income exceeds Rs.2 crore. Marginal relief is available if applicable.

Section 87A: Rebate of Rs.25000 for individuals having total income up to Rs.7,00,000

For an assessee, (as per Section 87A) being an individual resident in India, whose net taxable income does not exceed Rs.7,00,000, the rebate shall be equal to the amount of income tax payable on the total income for any assessment year or an amount of Rs.25,000, whichever is less.

Disallowed exemptions

While you may enjoy reduced rates of tax, you as a taxpayer must forgo the below-listed exemptions and allowances. Hence, if you choose the new tax regime no deduction or exemptions would be available under the:

- All chapter VIA sections - 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EEA, 80EEB, 80G, 80IA, 80IAB, 80IAC, 80IB, 80IBA, 80Uetc. (Excluding Section 80CCD (2))
- House Rent Allowance under section 10 (13A)
- Leave Travel Concession under section 10(5)
- Special Allowance under section 10(14) (such as Children's Education Allowance, Hostel Allowance, Per diem Allowance, Uniform Allowance, etc.)
- Interest on borrowed loan for a self-occupied property (Rented property not covered) under section 24

  (Note: Interest claim for 'Let out' property remains the same)
- Entertainment allowance, Employment / Professional tax under Section 16.
- Set off of any loss, under the head "Income from house property" with any other head of income.
- Income by way of daily allowance / any other allowance received by MP, member of the state legislature, etc. under section 10(17)

Allowable exemptions

Therefore, let's understand the benefits that apply to you if you choose the New Tax Regime.

Standard Deduction

- You may claim interest paid on a home loan towards a let-out(rented) house property under section 24. However, please note that when you apply this interest to the calculations of income/loss from house property (standard deduction of 30% of rental income and all applicable taxes), if there is a net loss, the same will not be adjusted against any other source of income.
- Perquisite as defined under section 17(2) read with Rule 3A (food coupon perk is not allowed).
- Section 80CCD (2) employer contribution under the National Pension Scheme (NPS).
- Employer contribution to Provident Fund (PF), NPS, and superannuation fund restricted to 7.5 lakhs per annum.
- Gratuity.
- Travel allowance and reimbursement to the employee for official purposes.
- Leave encashment on retirement.
- Amount received on Voluntary Retirement Scheme (VRS) up to Rs.5 lakh.

Traditional Tax Regime (Old Tax Regime):

The below exemption and details continue to apply if an individual employee chooses to continue the existing (traditional/old) tax rules.

Individuals less than 60 years:

Income tax slab	Tax rate
0 to 2.5 Lakh	0%
2.5 Lakh to 5 Lakh	5%
5 Lakh to 10 Lakh	20%
10 Lakh and above	30%

Individuals to 60 - 80 years:

Income tax slab	Tax rate
0 to 3 Lakh	0%
3 Lakh to 5 Lakh	5%
5 Lakh to 10 Lakh	20%
10 Lakh and above	30%

Individuals above 80 years:

Income tax slab	Tax rate
0 to 5 Lakh	0%
5 Lakh to 10 Lakh	20%
10 Lakh and above	30%

Note: 4% of Health & Education cess is to be levied on the total tax payable.

Surcharge @ 10% is to be levied on the tax payable if the total income exceeds Rs.50 lakhs but does not exceed Rs.1 crore, marginal relief is available, if applicable.

Surcharge @ 15% is to be levied on the tax payable if the total income exceeds Rs.1 crore, marginal relief is available, if applicable.

Surcharge @ 25% is to be levied on tax payable if the total income exceeds Rs.2 crore – Rs.5 crore, marginal relief is available, if applicable.

Surcharge @ 37% is to be levied on the tax payable if the total income exceeds Rs.5 crore, marginal relief is available, if applicable.

Section 87A: A rebate of Rs.12,500 is available for individuals having net taxable income up to Rs.5,00,000. An assessee, being an individual resident in India, whose total income does not exceed Rs.5,00,000, the rebate shall be equal to the amount of income tax payable on the total income for any assessment year or an amount of Rs.12,500, whichever is less.

Allowable exemptions under the Old Tax Regime:

1. HRA Exemption u/s 10(13A):

- An employee cannot claim an HRA exemption if the employee himself/herself resides in their own house.
- An employee who does not pay rent for his/her accommodation is not eligible to claim an HRA exemption.
- Exemption under this section is allowed for those employees who pay rent for their accommodation. The exemption is restricted to a minimum of:
  - Actual HRA received.
  - Actual Rent paid less 10% of the ***salary
  - 50% in case of metro cities (Delhi, Kolkata, Chennai and Mumbai) and 40% of the ***salary in any other case.

***Salary for this purpose means, Basic, Dearness Allowance (DA) if the terms of employment and commission are based on a fixed percentage.

Please note:

HRA received, which is more than the above limits, is taxable.

Documents required to avail of HRA Deduction

a. Rent receipts given by the landlord

b. PAN, name, and address of the landlord in case the rental payment exceeds Rs.1 Lakh for the financial year.

Proof of Rent Paid should indicate details of:

a. Name and address of the landlord.

b. Address of rented premises for which rent has been paid.

c. Period for which rent is paid and the amount.

Note:

As per Form 12BB, if the Annual Rent paid by the employee exceeds Rs.1,00,000 per annum, the employee must report the PAN number and name and address of the landlord. This is mandatory.

Notification Link: http://www.incometaxindia.gov.in/communications/notification/notification30_2016.pdf

Please note:

- The PAN details that you provide in the ESS portal should be properly verified with the landlord. In case of any wrongful entry of PAN details, the company employee and the landlord will both get notices from the IT Department, Government of India, for correction and justification.

- The TDS return filed based on the details keyed in by you under the HRA tab in ADP Vista, allows the company to only enter up to 4 landlord details. Also, the TDS return form (24Q) doesn't yet allow the company to enter proper bifurcation (i.e. amount and monthly rent paid). Thus, the HRA shown by individuals might not match with the ITR income of the landlord. Please inform the landlord accordingly.

2. House Property Exemptions

Interest paid on Housing Loan for self-occupied property u/s 24

Interest paid on a housing loan availed for a self-occupied property can be set off against salary income.
To avail of this benefit:

a. House property should be in the name of the employee who claims this deduction.

b. If the capital for the acquisition/construction of a house is borrowed before 01-Apr-1999, the salary income can be set off against interest paid, subject to a maximum of INR 30,000 per annum.

c. If the capital for acquisition/construction of the house is borrowed on or after 01-Apr-1999 and the construction/purchase is completed within 5 years before the financial year ending, in which loan is taken, the salary income can be set off against interest paid subject to a maximum of INR 2,00,000 p.a.

d. If the loan taken is for reconstruction or repairs or renewal of an existing house, then the maximum deduction can be allowed only to the extent of INR 30,000 per annum.

DEEMED LET OUT:

From 2019 onwards, if an individual has more than one self-occupied house property or vacant house property, or house property occupied by the taxpayer, the individual can choose two properties of his choice as self-occupied. Any other property(ies) would be deemed as let out and notional rental income would be calculated accordingly.

Note:

The limit of Rs.2 lakhs of self-occupied house property remains unchanged. Thus, the total interest for 2 houses cannot exceed Rs.2 lakhs (irrespective of what interest one is paying, and also for the self-occupied house, you cannot carry forward the unclaimed value).

Interest paid on housing loan for the 'Let out' property u/s 24

The rent received from Let Out Property should be disclosed as an income. From the above income, the following deductions can be claimed:

a. Property tax paid during the year for the let-out property.

b. 30% of Net Annual Value (Rental Income less Property tax) can be claimed for repairs and maintenance of the house, irrespective of the expenses incurred.

c. Interest payable on housing loan for letting out property can be claimed as a deduction with no upper limits.

Adjustment of Net Loss under house property (Section 71)

As per the amendment made during the 2017 budget, the set-off of house property losses (Section 71) against any other source of income is restricted up to Rs.2 lakhs only. Thus, based on the above restriction, the overall net loss to be claimed under house property (irrespective of let out or self-occupied or any number of house properties) would be restricted to Rs.2 lac alone. No amount exceeding Rs.2 Lac would be eligible for the claim. But in case there are any unadjusted house property losses they would be eligible to carry forward and claim in the next 8 years.

Please Note:

The losses which are carried forward can be adjusted only against "Income from House property". Thus, no such losses can be adjusted against salary income.

2. House Property Exemptions

Additional deduction for Interest paid on Housing Loan for self-occupied property u/s 80EE

An individual can claim an additional benefit of Rs.50000 in case interest is paid, if he complies with the below conditions:

a. A first-time home buyer in FY 2016-17 i.e. assessee doesn't own any house property on the loan sanction date.

b. Loan was sanctioned between 1st April 2016 and 31st March 2017.

c. Loan sanction amount doesn't exceed Rs.35,00,000.

d. Value of house property doesn't exceed Rs.50,00,000.

Additional deduction for Interest paid on Housing Loan for self-occupied property u/s 80EEA

An individual can claim an additional benefit of Rs.150000 in case interest is paid, if he complies with the below conditions:

a. A first-time home buyer in FY 2019-22 i.e. assessee doesn't own any house property as on the loan sanction date.

b. Loan was sanctioned in between 1st April 2019 and 31st March 2022

c. Stamp Value of property doesn't exceed Rs.45,00,000.

Please note: The claim is allowed only if the employee has paid the interest. This is not a standard deduction. Please verify section 24 and the total interest paid before giving the claim.

Documents required for availing House Property exemptions:

a. Statement/Certificate from Financial Institution / Bank for the interest payable on home loan giving the breakup of interest and principal repayment and the date of loan sanction.

b. Completion certificate of the House Property.

c. Most importantly, in the case of a Joint Loan (Joint Names in Interest certificate), a Joint declaration is to be provided stating the amount of the claim.

d. Declaration stating that this is the first house owned and has no pending home loan in his name (To claim Section 80EE & 80EEA).

3. Deductions allowed under Section 80 C

a. Payment of Life Insurance Premiums for Self/Spouse/Children.

b. Contribution to Public Provident Fund for Self/Spouse/Children.

c. Contribution to Unit Trust of India in the name of self.

d. Investments in National Savings Certificate only in the name of self.

e. Interest accrued on National Savings Certificate (Copy of NSC Certificates of the previous years must be submitted to get a rebate on NSC accrued Interest).

f. Principal repayment on Housing Loan. Also, stamp duty and registration fees if paid for acquiring the house property.

g. Contribution (including Voluntary Cont.) to Employee Provident Fund.

h. Investments in National Savings Scheme (NSS).

i. Tax Saving Bonds / Infrastructure Bonds.

j. Investments in Tax saving Mutual Fund or Equity Linked Saving Scheme / Systematic Investment Plan (SIP).

k. Child Tuition Fees and Expenditure.

l. Tax Saving Fixed Deposits (With a minimum lock-in period of 5 Years).

m. Investment in Post Office Time Deposits (With a minimum lock-in period of 5 Years).

n. Senior Citizen Savings Scheme 2004.

o. Post Office Time Deposit Account.

p. Sukanya Samriddhi Yojana:

  a. The scheme applies to investment for girl child below 10 years.

  b. Any amount deposited in a specified post office account or any designated branch of PSU bank as an investment for a girl child restricted to 2 girl children.

  c. Minimum investment is Rs.1000/- and can be extended up to overall 80C, 80CCC, 80CCD limit of Rs. 150,000/-.

  d. The account matures when the girl reaches 21 years, though up to 50% of the corpus can be withdrawn after she is 18 or gets married.

  e. The investments made in the Scheme, the interest accruing on deposits in such account and the withdrawal from the said scheme by the rules of the said scheme will be exempt from tax. Maximum investments under the above investment schemes are restricted to INR 1,50,000 per year.

Documents required to claim deduction:

Copy of Proof of Investment made during the current financial year.

4. Investment in the Pension Scheme of LIC or any other insurer (e.g. Jeevan Suraksha of LIC or any other Pension Plan) u/s 80 CCC

Premium paid for the pension scheme is allowed as a deduction from Total Income.

Documents required:

a. Copy of current year premium receipt

5. Investment in pension scheme created by Government of India u/s 80CCD

a. Under Section 80CCD (1): Employee contribution exemption claim for notified NPS is to a maximum of 10 % of Basic Salary.

b. Note: The maximum investment limit allowed under the above sections 80C, 80CCC, and 80CCD (1) is INR 1,50,000 per year.

c. Section 80CCD (2) employer contribution under the National Pension Scheme (NPS). Please note that when taken along with employer contributions to the Provident Fund (PF) and superannuation fund, this is restricted to 7.5 lakhs per annum for tax exemption.

d. Under Section 80CCD (1B), an additional tax exemption of Rs.50,000 is to be provided for the amount invested in the National Pension Scheme. The amount of exemption is over and above the limit.

Note: To claim under the NPS scheme, all contribution needs to be made under the Tier I scheme.

Documents required to claim deduction:

a. Copy of Proof of Investment made during the current financial year.

6. Mediclaim Insurance Premium u/s 80 D

Medical Insurance premium is allowed as a deduction up to INR 25,000/- per year for self, spouse and dependent children. An additional 25,000/- is allowed as a deduction towards the premium for parents (even if they are not dependent).

In the case of senior citizens above 60 years of age, then a total amount of 50,000/- can be claimed.

S No	Immediate Family (Self, Spouse, Children)	Maximum Eligible in INR	Dependent Parents	Maximum Eligible in INR	Maximum Eligible deduction in INR (inclusive of Preventive Health)
1	Senior Citizen	50,000/-	Senior Citizen	50,000/-	50,000/- + 50,000/- = 100,000/-
2	Other than Senior Citizen	25,000/-	Senior Citizen	50,000/-	25,000/- + 50,000/- = 75,000/-
3	Other than Senior Citizen	25,000/-	Other than Senior Citizen	25,000/-	25,000/- + 25,000/- = 50,000/-

Note:

Preventive Health Checkup for self, spouse, dependent children or parents is also allowed to the extent of Rs.5,000/- per year (which is part of the overall limits)

Advance payment claim:

Where the premium amount is paid in a lump sum in the previous year to effect or to keep in force an insurance on the health of any person specified therein for more than a year: such amount shall be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount.

Medical expenses for senior citizens

- Only if the individual for whom one is claiming is 60 years and above
- Have no insurance in their name (individual or corporate)

Then up to Rs.50,000 medical expenses can be claimed after submitting necessary bills.

Documents required:

- For premium paid: The premium payment receipt
- For medical expenses: All medical bills and details.
- For Preventive health check-ups: A bill notifying that a preventive or master health check-up was done.

7. Deduction in respect of maintenance, including medical treatment, of a disabled dependent u/s 80 DD

The amount of deduction is

a. Rs.75,000 to a person with a disability (above 40% and less than 80%), and

b. Rs.1,25,000 to a person with severe disability (Above 80%)

Documents required:

a. Form 10IA and self-declaration for expenses incurred for this specific cause.

b. As per a recent amendment, a medical prescription providing all details of the disease and patient is also an allowable document for a claim instead of Form 10IA.

8. Deduction in respect of persons with disability u/s 80U.

The deduction is allowed for a person suffering from a permanent physical disability or mental retardation under Section 80U. The amount of deduction is:

a. 75,000 to a person with a disability (above 40% and less than 80%)

b. 1,25,000 to a person with severe disability (Above 80%)

Documents required:

a. Form 10IA

b. As per a recent amendment, a medical prescription providing all details of disease and patient is also an allowable document for a claim instead of Form 10IA.

9. Interest on Education Loan u/s 80E

The total amount of interest paid for self and dependents (spouse, kids and legal guardian) towards education loan taken for higher education extended to all courses pursued after the Senior Secondary Examination.

The deduction over the first 8 years from the year of repayment or until the interest is paid by the assessee in full, whichever is earlier.

Documents required to claim deduction:

a. Proof of repayment of educational loan for the amount claimed.

10. Interest on electric vehicle loan. (Section 80EEB)

An individual who has taken up a loan for the purchase of an electric vehicle from any financial institution:

- Loan sanction date is between 1 April 2019 and 31 March 2023, Such an individual can claim interest deduction on such loan payments up to Rs.1.5 lac.

Documents required to claim deduction:

a. Proof of repayment of the loan for the amount claimed

b. RC book

Allowable exemptions under the Old Tax Regime:

1. Previous Employer Income

- Only if the employee has changed company within the year i.e. between April to March, this column will be enabled.
- The current company will only consider salary after section 10 deductions and claims, previous Professional Tax and Provident Fund employer contributions will also considered.

For all other investment and house property exemptions, the employee needs to re-submit all the necessary documents.

Documents required to claim deduction:

a. The previous company F&F or tax sheet.

b. Form 12B (a self-declaration submitted).

2. Provident Fund Taxation & Perquisite calculations

	Employer Contribution	Employee Contribution
Threshold Limit for taxability	Contribution Above 7.5 Lakh (Including PF, NPS and Superannuation)	Interest taxability if individual employee **contribution exceeds 2.5 lakh (This **contribution includes VPF + EPF)
Chargeable to Income under section 10 (12)		Interest portion on contribution above the threshold limit
Taxable perquisites as per Section 17(2)(vii) of the IT Act 1961 (On Contribution)	Total contribution (Less) 7.5 lakh	
	[(Amount more than 7.5 lakh for the year / 2) X Average rate of interest] + [(Aggregate value of contribution perks under 17(2) in previous years + Total taxable perk u/s 17(2) in previous years) X Average rate of interest	