

TAX RATES

In this part you can gain knowledge about the normal tax rates applicable to different taxpayers. For special tax rates applicable to special incomes like long term capital gains, winnings from lottery, etc. refer “Tax Rates” under “Tax Charts & Tables”.

Old Tax Regime for Individual & HUF:

Old Tax Regime is the default tax regime for the taxpayers for the Assessment year 2023-24. However, for the Assessment Year 2024-25, the taxpayer has to exercise the option under section 115BAC(6) to avail the benefit of old tax regime.

The normal tax rates applicable to a resident individual will depend on the age of the individual. However, in case of a non-resident individual the tax rates will be same irrespective of his age. For the purpose of ascertainment of the applicable tax slab, an individual can be classified as follows:

- Resident individual below the age of 60 years.
- Resident individual of the age of 60 years or above at any time during the year but below the age of 80 years.
- Resident individual of the age of 80 years or above at any time during the year. Non-resident individual irrespective of the age.

Individuals		
<i>(Other than senior and super senior citizen)</i>		
Net Income Range	Rate of Income-tax	
	Assessment Year 2024-25	Assessment Year 2023-24
Up to Rs. 2,50,000	-	-
Rs. 2,50,000 to Rs. 5,00,000	5%	5%
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%
Senior Citizen		
<i>(who is 60 years or more at any time during the previous year)</i>		
Net Income Range	Rate of Income-tax	
	Assessment Year 2024-25	Assessment Year 2023-24
Up to Rs. 3,00,000	-	-
Rs. 3,00,000 to Rs. 5,00,000	5%	5%
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%
Super Senior Citizen		
<i>(who is 80 years or more at any time during the previous year)</i>		

Net Income Range	Rate of Income-tax	
	Assessment Year 2024-25	Assessment Year 2023-24
Up to Rs. 5,00,000	-	-
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%

Hindu Undivided Family (Including AOP, BOI and Artificial Juridical Person)		
Net Income Range	Rate of Income-tax	
	Assessment Year 2024-25	Assessment Year 2023-24
Up to Rs. 2,50,000	-	-
Rs. 2,50,000 to Rs. 5,00,000	5%	5%
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

<i>Rate of Surcharge</i>				
<i>Assessment Year 2024-25</i>			<i>Assessment Year 2023-24</i>	
<i>Range of Income</i>			<i>Range of Income</i>	
Rs. 50 Lakhs to Rs. 1 Crore	Rs. 1 Crore to Rs. 2 Crores	Rs. 2 Crores to Rs. 5 Crores	Exceeding Rs. 5 crores	Exceeding Rs. 5 crores
10%	15%	25%	37%	10%
				15%
				25%
				37%

Note:

- 1) The enhanced surcharge of 25% & 37%, as the case may be, is not levied from income chargeable to tax under sections 111A, 112, 112A and 115AD. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.
- 2) The maximum rate of surcharge on tax payable on dividend income shall be 15%.
- 3) The surcharge rate for AOP with all members as a company, shall be capped at 15%.
- 4) The surcharge rate is nil if the total income of a 'specified fund' as referred to section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a). [For assessment year 2024-25]

However, marginal relief is available from surcharge in following manner-

- in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 2 crore by more than the amount of income that exceeds Rs. 2 crore.
- in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

Health and Education Cess : Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

Note: The Health and Education Cess is nil if the total income of a 'specified fund' as referred to section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a). [For assessment year 2024-25]

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

Notes:

- In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT shall be at the rate of 9% instead of existing rate of 18.50%.
- The rate of AMT shall be 15% instead of existing rate of 18.5% in case of a co-operative society.

Note: A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

Non-resident individual/HUF

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 2,50,000	<i>Nil</i>	<i>Nil</i>
Rs. 2,50,000 – Rs. 5,00,000	5% of (total income minus Rs. 2,50,000) [*]	4% of income-tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income minus Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income minus Rs. 10,00,000)	4% of income-tax

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

					<i>Rate of Surcharge</i>				
<i>Assessment Year 2024-25</i>					<i>Assessment Year 2023-24</i>				
<i>Range of Income</i>					<i>Range of Income</i>				
<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Exceeding Rs. 5 Crores</i>		<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Exceeding Rs. 5 Crores</i>	
10%	15%	25%	37%		10%	15%	25%	37%	

However, marginal relief is available from surcharge in following manner-

- a) in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- b) in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- c) in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 2 crore by more than the amount of income that exceeds Rs. 2 crore.
- d) in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

Health and Education Cess: Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

Notes:

- In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT shall be at the rate of 9% instead of existing rate of 18.50%.
- The rate of AMT shall be 15% instead of existing rate of 18.5% in case of a co-operative society.

New tax regime Rate for Individual, HUFs, AOP, BOI and AJP

New tax regime (also known as alternative tax regime) is optional for the Assessment Year 2023-24. An individual or HUF has to exercise the option under section 115BAC(5) to avail its benefit.

However, for the Assessment Year 2024-25, the new tax regime is the default tax regime for the Individual or HUF. Further, the benefit of new tax regime has also extended to Association of Persons (AOP)/Body of Individuals (BOI) and Artificial Juridical Person (AJP) w.e.f. Assessment Year 2024-25. If one to opt-out from default new tax regime, he has to exercise the option under section 115BAC(6).

The tax rates under the new tax regime are as under:

(a) For Assessment Year 2023-24:

<i>Net Income Range</i>	<i>Tax rate</i>
Up to 2,50,000	Nil
From 2,50,001 to 5,00,000	5%
From 5,00,001 to 7,50,000	10%
From 7,50,001 to 10,00,000	15%
From 10,00,001 to 12,50,000	20%
From 12,50,001 to 15,00,000	25%
Above Rs. 15,00,000	30%

(b) For Assessment Year 2024-25:

<i>Net Income Range</i>	<i>Tax rate</i>
Upto Rs. 3,00,000	Nil
From Rs. 3,00,001 to Rs. 6,00,000	5%
From Rs. 6,00,001 to Rs. 9,00,000	10%
From Rs. 9,00,001 to Rs. 12,00,000	15%
From Rs. 12,00,001 to Rs. 15,00,000	20%
Above Rs. 15,00,000	30%

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

<i>Range of Income</i>		
<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Exceeding Rs. 2 crores</i>
10 %	15%	25 %

Notes: The maximum rate of surcharge on tax payable on dividend income or capital gain referred to in Section 111A, Section 112, Section 112A or Section 115AD shall be 15%.

However, marginal relief is available from surcharge in following manner-

- e) in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- f) in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- g) in case where net income exceeds Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs.2 crore by more than the amount of income that exceeds Rs. 2 crore.

Health and Education Cess : Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

AMT :

The assessee opting for this scheme have been kept out of the purview of Alternate Minimum Tax (AMT). Further the provision relating to the computation, carry forward and set off of AMT credit shall not apply to these assessees.

Note:

- (a) For Assessment Year 2023-24, a resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.
- (b) From Assessment Year 2024-25, a maximum rebate of Rs. 25,000 is allowed under section 87A, If the total income of an individual, who is opting for the new tax scheme under Section 115BAC(1A), is up to Rs. 7,00,000. Further, if the total income of the resident individual (opting section 115BAC(1A) exceeds Rs. 7,00,000 and the tax payable on such income exceeds the difference between the total income and Rs. 7,00,000, he can claim a rebate with marginal relief to the extent of the difference between the tax payable on such total income and the amount by which it exceeds Rs. 7,00,000
- (c) If an assessee has opted for new tax regime, the provisions of AMT shall not be applicable.

Conditions to be satisfied:

The option to pay tax at lower rates shall be available only if the total income of assessee is computed without claiming following exemptions or deductions:

- a) Leave Travel concession [Section 10(5)]
- b) House Rent Allowance [Section 10(13A)]
- c) Official and personal allowances (other than those as may be prescribed) [Section 10(14)]
- d) Allowances to MPs/MLAs [Section 10(17)]
- e) Allowances for income of minor [Section 10(32)]
- f) Deduction for units established in Special Economic Zones (SEZ) [Section 10AA];
- g) Standard Deduction [Section 16(ia)] **[Allowable for Assessment Year 2024-25]**
- h) Entertainment Allowance [Section 16((ii))]

- i) Professional Tax [Section 16(iii)]
- j) Interest on housing loan [Section 24(b)]
- k) Additional depreciation in respect of new plant and machinery [Section 32(1)(iia)];
- l) Deduction for investment in new plant and machinery in notified backward areas [Section 32AD];
- m) Deduction in respect of tea, coffee or rubber business [Section 33AB];
- n) Deduction in respect of business consisting of prospecting or extraction or production of petroleum or natural gas in India [Section 33ABA];
- o) Deduction for donation made to approved scientific research association, university college or other institutes for doing scientific research which may or may not be related to business [Section 35(1)(ii)];
- p) Deduction for payment made to an Indian company for doing scientific research which may or may not be related to business [Section 35(1)(iia)];
- q) Deduction for donation made to university, college, or other institution for doing research in social science or statistical research [Section 35(1)(iii)];
- r) Deduction for donation made for or expenditure on scientific research [Section 35(2AA)];
- s) Deduction in respect of capital expenditure incurred in respect of certain specified businesses, i.e., cold chain facility, warehousing facility, etc. [Section 35AD];
- t) Deduction for expenditure on agriculture extension project [Section 35CCC];
- u) Deduction for family Pension [Section 57(iiia)] **[Allowable for Assessment Year 2024-25]**
- v) Deduction in respect of certain incomes other than specified under Section 80JJAA, 80CCD(2), 80CCH(2) for the contribution made by the central government to the Agniveer Corpus Fund (**Allowable for Assessment Year 2024-25**) and deduction under section 80LA for Unit located in IFSC [Part C of Chapter VI-A].

Total income of the assessee is calculated after claiming depreciation under section 32, other than additional depreciation, and without adjusting brought forward losses and depreciation from any earlier year (if such loss or depreciation pertains to any deduction under the aforesaid sections). Further, loss under the head house property can't be set off against other heads of Income. Moreover, such loss and depreciation will not be carried forward.

If the assessee has any unabsorbed depreciation, relating to additional depreciation, which has not been given full effect, the corresponding adjustment shall be made to WDV of the block of assets in the prescribed manner

In case the assessee has business or professional income, this option shall be exercised on or before the due date for furnishing the returns of income. Once the assessee has exercised the option for any previous year, it cannot be subsequently withdrawn for the same or any other previous year. The option once exercised for any previous year can be withdrawn only once in subsequent previous year (other than the year in which it was exercised) and thereafter, he shall never be eligible to exercise this option again except where such person ceases to have any business income.

An assessee having income other than income from a business or profession can opt for the old tax scheme every year. In other words, he has the option to opt out of the old tax scheme every year if he has opted for it in the preceding year.

Where an assessee earning income from a business or profession has opted for the old tax scheme, he can withdraw from the old tax scheme only once for a previous year other than the year in which it was exercised. Once such an option has been exercised, the assessee shall never be eligible to exercise such an option again, except where such person ceases to have any income from business or profession.

Where a person has income from business or profession, he has to exercise the option for the old tax scheme, in a prescribed manner, on or before the due date for furnishing the return of income under Section 139(1). Whereas a person having income (other than income from business or profession) has to exercise the option along with the return of income to be furnished under Section 139(1).

Normal tax rates applicable to a firm

A firm is taxed at a flat rate of 30%. Apart from tax @ 30%, Health and Education Cess is levied @ 4% of income-tax.

Surcharge : Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income-tax plus surcharge.

The Health and Education Cess is nil if the total income of a 'specified fund' as referred to section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a). [For assessment year 2024-25]

However, marginal relief is available from surcharge in such a manner that in the case of a person having a net income of exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

AMT : In the case of a non-corporate taxpayers to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

Normal Tax rates applicable to a domestic company

Income-tax rates applicable in case of domestic companies for assessment year 2023-24 and 2024-25 are as follows:

<i>Domestic Company</i>	<i>Assessment Year 2023-24</i>	<i>Assessment Year 2024-25</i>
- Where its total turnover or gross receipt during the previous year 2020-21 does not exceed Rs. 400 crore	25%	NA
- Where its total turnover or gross receipt during the previous year 2021-22 does not exceed Rs. 400 crore	NA	25%
- Any other domestic company	30%	30%

Surcharge : In addition to tax at above rate, surcharge is levied @ 7% on the amount of income-tax if net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and @ 12% on the amount of income-tax if net income exceeds Rs. 10 crore. In a case where surcharge is levied, health and

education cess of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a company whose net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore, the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

In case of a domestic company whose net income exceeds Rs. 10 crore, marginal relief is available from surcharge in such a manner that the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax and surcharge on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore.

Health and Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

Note: The Health and Education Cess is nil if the total income of a ‘specified fund’ as referred to section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a). [For assessment year 2024-25]

MAT : In the case of a corporate taxpayer to whom the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 15% (+HEC) of "Book profit" computed as per section 115JB. However, MAT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange. For provisions relating to MAT refer tutorial on “MAT/AMT” in tutorial section.

Special Tax rates applicable to a domestic company

The special Income-tax rates applicable in case of domestic companies for assessment year 2023-24 and 2024-25 are as follows:

<i>Domestic Company</i>	<i>Assessment Year 2023-24</i>	<i>Assessment Year 2024-25</i>
- Where it opted for Section 115BA	25%	25%
- Where it opted for Section 115BAA	22%	22%
- Where it opted for Section 115BAB	15%	15%

Surcharge : The rate of surcharge in case of a company opting for taxability under Section 115BAA or Section 115BAB shall be flat 10% irrespective of amount of total income.

Health and Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

The Health and Education Cess is nil if the total income of a ‘specified fund’ as referred to section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a).

[For assessment year 2024-25]

MAT : The domestic company who has opted for special taxation regime under section 115BAA & 115BAB is exempted from provision of MAT. However, no exemption is available in case where section 115BA has been opted.

Normal tax rates applicable to a foreign company

A foreign company is taxed at a flat rate of 40%. Apart from tax @ 40%, Health and Education Cess is levied @ 4% of income-tax.

Surcharge : In addition to tax at above rate, surcharge is levied @ 2% on the amount of income-tax if net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and @ 5% on the amount of income-tax if net income exceeds Rs. 10 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a foreign company whose net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

In case of a foreign company whose net income exceeds Rs. 10 crore, marginal relief is available from surcharge in such a manner that the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax and surcharge on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore.

MAT : In the case of a corporate taxpayer to whom the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 15% (+HEC) of "Book profit" as per section 115JB. However, as per Explanation 4 to section 115JB as amended by Finance Act, 2016 with retrospective effect from 1/4/2001, it is clarified that the MAT provisions shall not be applicable and shall be deemed never to have been applicable to an assessee, being a foreign company, if—
 (i) the assessee is a resident of a country or a specified territory with which India has an agreement referred to in sub-section (1) of section 90 or the Central Government has adopted any agreement under sub-section (1) of section 90A and the assessee does not have a permanent establishment in India in accordance with the provisions of such agreement; or [As amended by Finance Act, 2016] (ii) the assessee is a resident of a country with which India does not have an agreement of the nature referred to in clause (i) and the assessee is not required to seek registration under any law for the time being in force relating to companies. For provisions relating to MAT refer tutorial on "MAT/AMT" in tutorial section.

Note: In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of MAT shall be at the rate of 9% instead of existing rate of 15%.

Normal tax rates applicable to a Co-operative societies

<i>Net income range</i>	<i>Rate of income-tax</i>
Up to Rs. 10,000	10%
Rs. 10,000 - Rs. 20,000	20%
Above Rs. 20,000	30%

Apart from tax at above rate, Health and Education Cess is levied @ 4% of income-tax.

Note: The Health and Education Cess is nil if the total income of a ‘specified fund’ as referred to section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a). [For assessment year 2024-25]

Surcharge : Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore . In a case where surcharge is levied, HEC of 4% will be levied on the amount of income-tax plus surcharge.

Note: From Assessment Year 2023-24 onwards, the rate of surcharge in the case of co-operative societies having income between 1 crore to 10 crores is reduced from 12% to 7%.

However, marginal relief is available from surcharge in such a manner that in the case of a person having a net income exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

Similarly, if the net income exceeds Rs. 10 crore, the amount payable as income-tax and surcharge shall not exceed the total income payable as income-tax and surcharge on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 15% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on “MAT/AMT” in tutorial section.

In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 15%.

Special tax rates applicable to a Co-operative societies

For Resident co-operative societies

The Finance Act, 2020 has inserted a new section 115BAD in Income-tax Act to provide an option to the co-operative societies to get taxed at the rate of 22% *plus* 10% surcharge and 4% cess. The resident co-operative societies have an option to opt for taxation under newly section 115BAD of the Act w.e.f. Assessment Year 2022-23. The option once exercised under this section cannot be subsequently withdrawn for the same or any other previous year.

If the new regime of Section 115BAD is opted by a resident co-operative society, its income shall be computed without providing for specified exemption, deduction or incentive available under the Act. The societies opting for this section have been kept out of the purview of Alternate Minimum Tax (AMT). Further, the provision relating to computation, carry forward and set- off of AMT credit shall not apply to these assessees.

The option to pay tax at lower rates shall be available only if the total income of co-operative society is computed without claiming following exemptions or deductions:

- a) Deduction for units established in Special Economic Zones (SEZ) [Section 10AA];
- b) Additional depreciation in respect of new plant and machinery [Section 32(1)(iia)];
- c) Deduction for investment in new plant and machinery in notified backward areas [Section 32AD];
- d) Deduction in respect of tea, coffee or rubber business [Section 33AB];
- e) Deduction in respect of business consisting of prospecting or extraction or production of petroleum or natural gas in India [Section 33ABA];
- f) Deduction for donation made to approved scientific research association, university college or other institutes for doing scientific research which may or may not be related to business [Section 35(1)(ii)];

- g) Deduction for payment made to an Indian company for doing scientific research which may or may not be related to business [Section 35(1)(ii)];
- h) Deduction for donation made to university, college, or other institution for doing research in social science or statistical research [Section 35(1)(iii)];
- i) Deduction for donation made to National Laboratory or IITs, etc. for doing scientific research which may or may not be related to business [Section 35(2AA)];
- j) Deduction in respect of capital expenditure incurred in respect of certain specified businesses, i.e., cold chain facility, warehousing facility, etc. [Section 35AD];
- k) Deduction for expenditure on agriculture extension project [Section 35CCC];
- l) Deduction in respect of certain incomes other than specified under Section 80JJAA [Part C of Chapter VI-A].

Where a co-operative society exercises option for availing benefit of lower tax rate under section 115BAD, it shall not be allowed to claim set-off of any brought forward losses or depreciation attributable to any restricted exemption or deduction in the Assessment Year for which the option has been exercised and for any subsequent Assessment Year.

For new manufacturing resident co-operative Societies

The Finance Act, 2023 introduced a new tax scheme under section 115BAE for the resident co-operative societies engaged in the manufacturing or production of an article or thing. This new scheme will be applicable from the assessment year 2024-25. If a co-operative society opts for this scheme, then income will be taxable at a concessional rate of 15%.

However, any income derived from non-manufacturing or production activities will be taxed at the rate of 22%.

The option to pay tax at lower rates shall be available only if the total income of co-operative society is computed without claiming following exemptions or deductions:

- (a) Deduction for units established in Special Economic Zones (SEZ) [Section 10AA];
- (b) Additional depreciation in respect of new plant and machinery [Section 32(1)(ii)];
- (c) Deduction in respect of tea, coffee, or rubber business [Section 33AB];
- (d) Deduction in respect of business consisting of prospecting or extraction or production of petroleum or natural gas in India [Section 33ABA];
- (e) Deduction for the donation made to an approved scientific research association, university, college, or other institute for doing scientific research which may or may not be related to business [Section 35(1)(ii)];
- (f) Deduction for payment made to an Indian company for doing scientific research which may or may not be related to business [Section 35(1)(ii)];
- (g) Deduction for donation made to a university, college, or other institution for doing research in social science or statistical research [Section 35(1)(iii)];
- (h) Deduction for donations made to National Laboratory or IITs, etc., for doing scientific research which may or may not be related to business [Section 35(2AA)];
- (i) Deduction in respect of capital expenditure incurred in respect of certain specified businesses, i.e., cold chain facility, warehousing facility, etc. [Section 35AD];
- (j) Deduction for expenditure on agriculture extension project [Section 35CCC];
- (k) Deduction under Chapter VI-A other than specified under Section 80JJAA.

Where a co-operative society exercises option for availing benefit of lower tax rate under section 115BAE, it shall not be allowed to claim set-off of any brought forward losses or depreciation attributable to any restricted exemption or deduction in the Assessment Year for which the option has been exercised and for any subsequent Assessment Year.

The tax calculated on the total income shall be further increased by the surcharge. The surcharge shall be levied at the rate of 10% of tax on total income. Further, the amount of income tax and the surcharge shall be increased by health and education cess calculated at the rate of 4% of such income tax and surcharge.

From the assessment year 2024-25, the co-operative societies opting for the new tax scheme under Section 115BAE have also been given an exemption from the payment of AMT.

The eligible co-operative society has to exercise the option in the prescribed manner on or before the due date for furnishing the first return of income under Section 139(1) for any previous year relevant to the assessment year commencing on or after 01-04-2024. Once such an option is exercised, it shall apply to subsequent assessment years. The manner of exercising the option shall be prescribed by the CBDT.

Further, Where it appears to the Assessing Officer that, owing to the close connection between the co-operative society and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the society more than the ordinary profits, the Assessing Officer shall, in computing the profits and gains of such society for the purposes of this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

In case the aforesaid arrangement involves a specified domestic transaction, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in Section 92F.

The profits in excess of the amount of the profits determined by the Assessing Officer shall be deemed to be the income of the co-operative society and charged to tax at the rate of 30%.

Normal tax rates applicable to local authorities

A local authority is taxed at a flat rate of 30%. Apart from tax @ 30%, Health and Education Cess is levied @ 4% of income-tax and surcharge.

Surcharge : Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore. In a case where surcharge is levied, HEC of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a person having net income exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.



MCQ on tax rates

Q1. The normal tax rates applicable to a resident individual will depend on the _____.

- (a) Age of the individual (b) Gender of the individual

Correct answer : (a)

Q2. The basic exemption limit in case of a resident individual of the age of below 60 years is Rs.

Correct answer : (b)

Q3. The basic exemption limit in case of a resident individual of the age of 60 years or above but below 80 years is Rs _____.

Correct answer : (c)

Q4. The basic exemption limit in case of a resident individual of the age of 80 years or above is Rs _____.

Correct answer : (d)

Q5. The basic exemption limit in case of a non-resident individual irrespective of his age is Rs

- (a) Rs. 2,00,000 (b) Rs. 2,50,000
(c) Rs. 3,00,000 (d) Rs. 5,00,000

Correct answer : (b)

Q6. The basic exemption limit in case of a Hindu Undivided Family is Rs

Correct answer : (b)

Q7. In the case of an individual surcharge @ 37% is levied on the amount of income-tax if the net income exceeds Rs. _____

Correct answer : (c)

Q8. A resident individual, opted for old tax regime, (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs_____, whichever is less.

Correct answer : (b)

Q9. In the case of a non-corporate taxpayer who is subject to provisions of Alternate Minimum Tax (AMT), tax payable by it cannot be less than ___% (+SC+EC+SHEC) of "adjusted total income" computed as per section 115JC.

- (a) 15
 (c) 18.5

Correct answer : (c)



Income Tax Department

Department of Revenue, Ministry of Finance, Government of India

Q10. A resident individual, opted for new tax regime, (whose net income does not exceed Rs. 7,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs_____, whichever is less.

Correct answer : (d)