

Income Tax Calculation Examples

Example 1:

Annual Income = Rs. 750000 = Rs. 7.5 lakhs

Income Tax Slab	Tax Rate	Income Split	Income Tax to add
Up to Rs. 2.5 lakhs	NIL	Up to Rs. 2.5 lakhs	0
> Rs. 2.5 lakhs to Rs. 5 lakhs	5%	5 – 2.5 = 2.5 lakhs	5% of 2.5 lakhs = Rs. 12500
> Rs. 5 lakhs to Rs. 10 lakhs	20%	7.5 – 5 lakhs = 2.5 lakhs	20% of 2.5 lakhs = Rs. 50000
> Rs. 10 lakhs	30%		0
Total Income Tax			12500+50000 = Rs. 62500
Surcharge			0
Health & Education Cess			4% of (62500+0) = Rs. 2500
Total Tax			62500+0+2500 = Rs. 65000

Example 2:

Annual Income = Rs. 450000 = Rs. 4.5 lakhs

Income Tax Slab	Tax Rate	Income Split	Income Tax to add
Up to Rs. 2.5 lakhs	NIL	Up to Rs. 2.5 lakhs	0
> Rs. 2.5 lakhs to Rs. 5 lakhs	5%	4.5 – 2.5 = 2 lakhs	5% of 2 lakhs = Rs. 10000
> Rs. 5 lakhs to Rs. 10 lakhs	20%		0
> Rs. 10 lakhs	30%		0
Total Income Tax			Rs. 10000
Surcharge			0
Health & Education Cess			4% of (10000+0) = Rs. 400
Total Tax			10000+0+400 = Rs. 10400

Example 3:

Annual Income = Rs. 5500000 = Rs. 55 lakhs

Income Tax Slab	Tax Rate	Income Split	Income Tax to add
Up to Rs. 2.5 lakhs	NIL	Up to Rs. 2.5 lakhs	0
> Rs. 2.5 lakhs to Rs. 5 lakhs	5%	5 – 2.5 = 2.5 lakhs	5% of 2.5 lakhs = Rs. 12500
> Rs. 5 lakhs to Rs. 10 lakhs	20%	10 – 5 = 5 lakhs	20% of 5 lakhs = Rs. 100000
> Rs. 10 lakhs	30%	55 – 10 = 45 lakhs	30% of 45 lakhs = Rs. 1350000
Total Income Tax			12500+100000+1350000= Rs. 1462500
Surcharge			10% of 1462500 = Rs. 146250
Health & Education Cess			4% of (1462500+146250) = Rs. 64350
Total Tax			1462500+146250+64350= Rs. 1673100