

FAQ on Tax Regime – FY 20-21

Sl. No	Question	Answer
1	How can I elect tax regime for the FY2020-21	Please Log on Excelity (ESS) portal https://ess.excelityglobal.com/ and look for My Transactions -> Investment declaration FY 2020-21 link. Fill your investments details. Check the Tax simulator, then choose Old or New tax regime
2	What is the effective date of this tax regime change and what will happen to my investment declaration made in the month of April'2020	The tax regime change will have retrospective effect from April'2020, For employee selecting Old Tax regime - Investment declaration made in April'2020 will be considered. For employees selecting New Tax regime - Investment declaration will not be considered as per the income tax guidelines
3	Does the employee have an option to change the Tax regime during the FY	No. Tax Regime once opted cannot be changed and will remain for the Financial Year 2020-21
4	What will happen if employee does not select the tax regime as per timelines given?	The old tax regime will be considered automatically by system if any employee missed to opt for the tax regime.
5	Will there be a reduction in tax amount if an employee opts new tax regime	Tax computation is based on the taxable income and as per respective tax slabs. The applicable taxes arising out of employee's taxable income will be deducted.
6	What will happen if I opt for old tax regime	Income tax computation will happen based on the existing tax model by accepting investment proof and providing required exemptions under Section 10, Chapter VI A etc.,
7	What will happen if I opt for New tax regime	Income Tax calculated based on New Tax Rates without considering any investment declaration/exemptions and statutory deductions. There is no need to submit Investment declaration for the current Financial year as the option is not available for new tax regime.
8	What will happen to my Flexi reimbursement components and Sodexo, if I opted for new tax regime	It will be rolled back to transport allowance of your salary structure with retro effect from April'2020 and will be paid as taxable in the monthly payroll.

9	What will happen to Fuel & Maintenance and Chauffeur reimbursement for the CLP opted employees, if they choose new tax regime?	CLP opted by employees who have chosen New tax regime are entitled to receive tax benefit as in the past without any change. They also can allocate for Fuel, Maintenance and Chauffeur allowances in the flexi components and continue to avail tax benefit on the reimbursement bills. All other reimbursement will be rolled back to transport allowance.
10	Is Investment declaration window being available for employees opted new tax regime	No. As per the guidelines any individual opting to be taxed under the new tax regime from FY 2020-21 onwards will not have an option to make any investments to reduce the taxable income.
11	Is an employee provided with an opportunity to opt for Tax regime in subsequent month if he missed to opt it during the scheduled window?	No. Since the window is opened once in a year and for any reason an employee missed opting for the same, the old tax regime will continue by default for the full financial year
12	Are there any changes in old tax regime	There are no major changes in old tax regime and its same as the last FY
13	Will there be a tax rebate for employees less than 5L in New tax regime	Yes, there will be a tax rebate of Rs.12500 for all the employees whose taxable income is less than 5L
14	Is Standard deduction of Rs 50000.00 is allowed in New tax regime	No. As per the guidelines any individual opting to be taxed under the new tax regime from FY 2020-21 will have to give up certain exemptions and deductions.
15	Do I get tax exemption on insurance premium paid through employer if I am in New tax regime	No. As per the guidelines any individual opting to be taxed under the new tax regime from FY 2020-21 will have to give up certain exemptions and deductions.
16	What will happen If new joiner was in Old tax regime with the previous employment and opted New tax regime in DXC	Tax computation would be based on the tax regime he is selecting in the present organization. The income consolidation in the current organization will happen based on submission of Tax computation sheet of the old organization. However, the necessary exemptions arising out of old tax regime for his income in the old organization will not be considered in the current organization
17	What will happen If new joiner was in New tax regime with the previous employment and opted Old tax regime in DXC	Tax computation is based on the tax regime employee is selecting in the present organization. The income consolidation in the current organization will happen based on submission of Tax computation sheet of the old organization.