



IT Savings Declaration Guidelines FY 2021-22

exciting times...infinite possibilities..

Based on the new budget, taxpayers (employees) has given the option to choose between the old regime and the new regime to calculate income tax.

The old regime has older tax rates which allows availing existing income tax exemptions and deductions components as in the previous financial year.

The new tax regime offers lower tax rates and new tax slabs and simultaneously removes tax exemptions/ deductions including Flexible Benefit Plan except the FBP NPS allows salaried individuals to claim deductions U/s 80CCD (2) up to 10% of their salary which includes the basic pay and dearness allowance or is equal to the contributions made by the employer towards the NPS.

Similarities in Old and New Regime

The following calculations are common for both the old and new regime:

- ☐ Rebate under the section 87A: Taxpayers who have an annual income up to Rs 5 lakh, will continue to get a tax rebate of Rs 12,500 on the tax calculated.
- ☐ Health, Education Cess, and Surcharge Rates remain the same.

IT DECLARATION



Under the old regime, taxpayers will continue to enjoy the same benefits and deductions as before. Under the new regime, tax rates are lower than before, provided taxpayer let goes of the following exemptions and deduction;

- ✓ Under section 16 - Standard Deductions, Entertainment allowances, Employment/ Professional tax.
- ✓ House Rent Allowance (HRA)
- ✓ All chapter VIA section - 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EEA, 80EEB, 80G etc {Excluding Section 80CCD(2)}
- ✓ Leave Travel Concession (LTA)
- ✓ Under section 10(14) - Special Allowance such as Children education allowance, Hostel Allowance, Transport Allowance, Uniform Allowance, etc
- ✓ Under section 24 - Interest on borrowed loan for a self-occupied property.
- ✓ Set off of any loss, under the head “Income from house property” with any other head of income

Additional Changes in Budget 2021-22

- ✓ Section 80EEA extended: Loan date is extended from 31st March 2021 to 31st March 2022. An individual can claim additional interest of Rs.1.5 Lac (over and above existing Rs. 2 Lac), if the individual has taken a loan between 1st April 2019 and 31st March 2022.
- ✓ If the Employer’s contribution towards PF, NPS or any recognised superannuation exceeds INR 7,50,000 per annum, the excess amount would be treated as perquisite and will become taxable.

Income Tax Slabs for FY 2021-22 (AY 2022-23)

Existing Tax Regime
(Deductions Allowed)

General Public (Below 60 Years of Age)	
Income Tax Slab	Tax
Up to Rs. 2.5 Lakhs	Nil
Rs. 2.5 – 5 Lakhs	5%
Rs. 5 – 10 Lakhs	20%
Above Rs. 10 Lakhs	30%

Senior Citizens (60 to 80 Years of Age)	
Income Tax Slab	Tax
Up to Rs. 2.5 Lakhs	Nil
Rs. 2.5 – 5 Lakhs	5%
Rs. 5 – 10 Lakhs	20%
Above Rs. 10 Lakhs	30%

Very Senior Citizens (More than 80 Years of Age)	
Income Tax Slab	Tax
Up to Rs. 2.5 Lakhs	Nil
Rs. 2.5 – 5 Lakhs	Nil
Rs. 5 – 10 Lakhs	20%
Above Rs. 10 Lakhs	30%

New Tax Regime
(Most Deductions **not** Allowed)

Income Tax Slab	Tax
Up to Rs. 2.5 Lakhs	Nil
Rs. 2.5 – 5 Lakhs	5%
Rs. 5 – 7.5 Lakhs	10%
Rs. 7.5 – 10 Lakhs	15%
Rs. 10 – 12.5 Lakhs	20%
Rs. 12.5 – 15 Lakhs	25%
Above Rs. 15 Lakhs	30%

Income Tax Slab	Tax
Up to Rs. 3 Lakhs	Nil
Rs. 3 – 5 Lakhs	5%
Rs. 5 – 7.5 Lakhs	10%
Rs. 7.5 – 10 Lakhs	15%
Rs. 10 – 12.5 Lakhs	20%
Rs. 12.5 – 15 Lakhs	25%
Above Rs. 15 Lakhs	30%

Income Tax Slab	Tax
Up to Rs. 2.5 Lakhs	Nil
Rs. 2.5 – 5 Lakhs	Nil
Rs. 5 – 7.5 Lakhs	10%
Rs. 7.5 – 10 Lakhs	15%
Rs. 10 – 12.5 Lakhs	20%
Rs. 12.5 – 15 Lakhs	25%
Above Rs. 15 Lakhs	30%

Surcharge on Income Tax
(applicable in both regimes)

Less than 50 lakh	50 Lakh to 1 crore	1 crore to 2 crore	2 crore to 5 crore	More than 5 crore
0%	10%	15%	25%	37%

↳ Health & Education Cess of 4%

↳ Tax Rebate of Rs 12,500 for income up to Rs 5 lakhs u/s 87A

Exemption Towards House Rent Allowances



An employee is entitled to claim the exemption towards HRA U/s.10(13A) when all the following conditions are fulfilled:

- ✓ The allowance from the employer must be specific to meet expenditure on payment of rent.
- ✓ The residential accommodation occupied by the employee is not owned by him.
- ✓ The actual payment of rent should exceed 10% of his salary.
- ✓ Receipt can be for a particular month or for a whole quarter along with Copy of Rental Agreement.
- ✓ Name of landlord and address of rented property is mandatory on rent receipt along with Pincode.
- ✓ Only Rent amount will be eligible for exemption purpose. (Other incidental expenses like Electricity / Water / maintenance are not allowed).
- ✓ Rent paid only for the current financial year will be considered for HRA exemption (April'2021–March'2022).
- ✓ If annual rent paid by the employee exceeds Rs.1,00,000/- per annum (Rs.8,333/Month), it is mandatory for the employee to provide copy PAN of the landlord to the employer.

****Note : Copy of Rental Agreement is mandatory to avail HRA Exemption.**



Exemption towards Leave Travel Assistance (LTA)



LTA exemption can be claimed where the employer provides LTA to employee for expenses incurred for travel within India by the employee and their family. Such exemption is limited to the extent of actual travel costs incurred by the employee. The total cost of the holidays is not covered, only the travelling cost is covered.

“Family”, in relation to an individual, means—

- ✓ *the spouse and children of the individual ; and*
- ✓ *the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.*

Eligible employees can avail LTA exemption twice in the block of four calendar years. The current block is 2018 to 2021. However, employees are allowed to carry one unclaimed LTA to next year as well.

Mode of Travel & Amount Exempted under LTA Rules

- ✓ **By Air** – Economy Air fare of National carrier by the shortest route or the amount spent which ever is less will be exempt.
- ✓ **By Rail** – A.C. first class rail fare by shortest route or amount spent which ever is less will be exempt.
- ✓ **Place of origin and destination place of journey connected by rail but journey performed by other mode of transport** – A.C. first class rail fare by shortest route or amount spent which ever is less.
- ✓ **Place of origin & destination not connected by rail(partly/fully) but connected by other recognized Public transport system** – First class or deluxe class fare by shortest route or amount spent which ever is less.
- ✓ **Place of origin & destination not connected by rail(partly/fully) and not connected by other recognized Public transport system also** – AC first class rail fare by shortest route (as the journey had been performed by rail) or the amount actually spent ,which ever is less.

In case employee wants to avail LTA Exemption – please fill up and submit the proof as per the guidelines under “Leave Travel Assistance.doc” attached

Chapter VI-A Deductions



SECTION	PARTICULARS	AVAILABLE LIMIT
80C	Public Provident Fund, 5 Year Bank Fixed Deposits, ELSS Mutual Fund, National Savings Certificate, National Pension Scheme, Insurance Premium, NABARD Bonds, Housing Loan Principal Repayment, Payment of Tuition fees for Children, Sukanya Samriddhi Account Scheme etc.	Rs.1,50,000/-
80CCD(1B)	Deduction for self-contribution towards National Pension Scheme (NPS) which is over and above of the Maximum Limit of Rs.1,50,000/- U/s 80C.	Rs.50,000/-**

Chapter VI-A Deductions



SECTION	PARTICULARS	AVAILABLE LIMIT
80D	Payment of Medical Insurance Premium <ul style="list-style-type: none"> ✓ Rs.25,000 /- on Self, Spouse & Dependent Children ✓ Rs.25,000/-on Parents attained age of below 60 Yrs / Rs.50,000/- on Parents are 60 Yrs & Above (Sr.Citizen). 	Rs.50,000 / Rs.75,000
80DD	<p>Deduction for Rehabilitation of Handicapped Dependent Relative (If Disability is more than 40% but less than 80%) -Max Limit –Rs.75,000 .</p> <ul style="list-style-type: none"> ✓ Medical treatment for dependent Handicap (If Disability is more than or equal to 80%) -Max Limit –Rs.1,25,000 /-. ✓ Dependent can be parents, spouse, children or siblings. Also the dependent should not have claimed any deduction for self 40% or more. ✓ Individuals would need disability certificate issued by state or central government medical board to claim deduction . ✓ Any expenditure for Medical, Nursing & Rehabilitation incurred on dependent suffering from permanent disability including blindness, mental retardation, autism, cerebral palsy or multiple disabilities . 	Rs.75,000 / Rs.1,25,000

Chapter VI-A Deductions



SECTION	PARTICULARS	AVAILABLE LIMIT
80DDB	Deduction for Medical Expenditure on Self or Dependent Relative.	
	<ul style="list-style-type: none"> ✓ Actual expenditure incurred on Medical treatment of Self or dependent or a member of HUF suffering from terminal diseases like Cancer, AIDS, Renal failure etc (Age below 60 Yrs). ✓ For Senior Citizens(self or dependent on whom expenditure on medical treatment is taken) (Age 60 Yrs & above). 	<p>Rs.40,000/-</p> <p>Rs.1,00,000/-</p>
80E	Interest on Loan taken for Higher Education	Actual Interest paid during the financial year

Chapter VI-A Deductions



SECTION	PARTICULARS	AVAILABLE LIMIT
80EE	Interest payable on loan taken by an individual from any financial institution for the purpose of acquisition of a residential house property subject to certain condition.	Rs.50,000/-
80EEA	Interest payable on loan taken by an individual, who is not eligible to claim deduction under section 80EE, from any financial institution for the purpose of acquisition of a residential house property subject to certain condition.	Rs.1,50,000/-
80EEB	Interest payable on loan taken by an individual from any financial institution for the purpose of purchase of an electric vehicle subject to certain condition	Rs.1,50,000/-
80GG	Deductions is respect of rent paid individual has not been in receipt of any House rent Allowances from his employer specifically granted to him which qualifies for exemption under section 10(13A) of the Act	The Deduction shall be the least of the following: <ul style="list-style-type: none"> ✓ Actual Rent paid minus 10 percent the adjusted total income. ✓ 5,000/- per month. ✓ 25% of Adjusted Total Income.

Chapter VI-A Deductions



SECTION	PARTICULARS	AVAILABLE LIMIT
80TTA	Interest on deposits in saving account with a banking company, a post office, co-operative society engaged in banking business, etc.	Rs.10,000/-
80TTB	Interest on all kind of deposits with a banking company, a post office, co-operative society engaged in banking business, etc. will be allowed to a resident senior citizen, aged 60 years and above at any time during a Financial Year.	Rs.50,000/-
80U	Deduction in case of person with a disability. <ul style="list-style-type: none"> ✓ If disability is > 40% but < 80% . ✓ If disability is more than or equal to 80%. 	Rs.75,000/- Rs.1,25,000/-

Interest on Housing Loan U/s 24(b) & Income/Loss from House Property



SECTION	PARTICULARS	AVAILABLE LIMIT
24 (b)	Home loan interest paid during financial year is eligible for deduction. As per Finance Act 2017, the maximum limit of interest paid on house property has been capped at Rs.2 lakh, whether or not the house is self occupied or rented out. (Earlier if the house property is Rented out, there was no maximum limit in deducting interest paid on housing loan from the income of the tax payer.).	Rs.2,00,000/-



For any queries ,write to us at

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