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**INCOME TAX RULES FOR THE FINANCIAL YEAR 2021-2022**

**INCOME TAX SLABS:**

**Option A: Existing Tax Regime**

|  |  |  |
| --- | --- | --- |
| **TAXABLE INCOME** | **TAX RATES** | **EDUCATION CESS** |
| Upto Rs 250,000 | Nil | Education Cess is applicable @ 4% on the total tax payable |
| Rs 250,001 to Rs 500,000 | 5% of the amount by which total income exceeds Rs 2,50,000 |
| Rs 500,001 to Rs 10,00,000 | Rs 12,000 + 20% of the amount by which total income exceeds Rs 5,00,000 |
| Rs 10,00,001 and above | Rs 1,12,000 + 30% of the amount by which total income exceeds Rs 10,00,000 |
|  |  |  |

**Option B: New Tax Regime**

|  |  |  |
| --- | --- | --- |
| **TAXABLE INCOME** | **TAX RATES** | **EDUCATION CESS** |
| Upto Rs 250,000 | Nil | Education Cess is applicable @ 4% on the total tax payable |
| Rs 250,001 to Rs 500,000 | 5% of the total income that is more than Rs.2.5 lakh |
| Rs 5,00,001 to Rs 7,50,000 | 10% of the total income that is more than Rs.5 lakh |
| Rs 7,50,001 to Rs 10,00,000 | 15% of the total income that is more than Rs.7.5 lakh |
| Rs 10,00,001 to Rs 12,50,000 | 20% of the total income that is more than Rs.10 lakh |
| Rs 12,50,001 to Rs 15,00,000 | 25% of the total income that is more than Rs.12.5 lakh |
| Rs 15,00,001 and above | 30% of the total income that is more than Rs.15 lakh |
|  |  |  |

o    **Note: Except 80CCD2 and 80JJA, no savings will be considered under the option B for tax exemption.**

**Surcharge Rate:**

|  |  |
| --- | --- |
| Income limit | Surcharge Rate on the amount of income tax |
| Taxable income exceeds Rs 50 lakh but doesn’t exceed Rs 1 crore | 10% |
| Taxable income above Rs 1 crore but doesn’t exceed Rs 2 crore | 15% |
| Taxable income exceeds Rs 2 crore but doesn’t exceed Rs 5 croree | 25% |
| Taxable income exceeds Rs 5 crore | 37% |
|  |  |

**INCOME TAX EXEMPTIONS**

Applicable for employees opting for Option A: Existing Tax Regime

**1.**     **House Rent Allowance(HRA) Exempt u/s 10(13A)**

|  |  |
| --- | --- |
| a. HRA given by the employer | Whichever is lower will be eligible for exemption. |
| b. 40% of basic (Non-Metro)/50% of basic (Metro) |
| c. Rent paid in excess of 10% of the Basic |
|  |  |

**Note:**

o       Rental receipts should be from April’21 to March’22 (New joiners can submit from the month of joining).

o      Rental receipts are mandatory in all cases, irrespective of frequency of payment to Landlord (Monthly/Quarterly/Yearly) and it should be in original copy.

o       Revenue stamp of Re. 1/- should be affixed on the Rental Receipt and owner should sign across the stamp wherever the receipt amount exceeds Rs. 5000/-.

o       If Monthly rent **exceeds Rs. 8,333 p.m**, copy of the **Rental Agreement and PAN card of the landlord** has to be submitted(Agreement should be executed on Rs.100/- stamp paper before commencement of the Rent).

o       If both wife and husband are working and residing in same house the rent paid to the landlord can be claimed for H.R.A. by any one person only and not both. If your spouse is not claiming and wants you to claim H.R.A. then the **‘Spouse Declaration Form’** to be updated and submitted.

**2.**     **Income from House Property**

**a.**      To claim profit/(loss) on House property, following documents are **MANDATORY**:-

o       Sale deed, in case you are claiming the stamp duty amount for exemption.

o       Provisional Certificate of Interest and Principal paid/to be paid on housing loan to Bank / Financial institutions for the respective Financial Year.

o       PAN details of Lender (Financial institution / Bank) from whom housing loan has been taken is required.

**b.**     For Self-Occupied/Letout Properties the maximum limit to claim deduction towards Interest paid is Rs 2Lakhs.

**c.**     Section 80EE proposes an additional deduction of up to Rs. 50,000 every year in respect of interest paid on housing loan. Such deduction shall be allowed to the first time individual buyers of a residential house property, if:

o       Value of residential house property does not exceed Rs. 50 lakh;

o       Amount of loan does not exceed Rs. 35 lakh; and

o       The loan is sanctioned between 01-04-2016 and 31-03-2017.

     The proposed deduction shall be in addition to deduction of Rs. 2,00,000 allowed under section 24 of the Act.

**d.**      Those who are claiming interest on housing loan on let-out property should clearly mention as "let out" in the declaration and has to declare rental income. As per the 2017 budget amendment, the maximum eligible limit for exemption under “income/loss from house property” is Rs.2 Lakhs only.

**e.**     PRE EMI INTEREST can be claimed in five equal installments starting from the year in which the house was occupied.

**f.**      In the event of Housing loan is not fully disbursed, but the EMI payment has started, employee can claim principal repayment under sec 80 C and Interest is not eligible to claim and it will be considered as PRE EMI Interest.

**g.**       Housing loan exemption on joint property will be given based on the ownership ratio, if specifically mentioned in the sale deed. Else 50% eligibility will be allowed to each owner.

**h.**      **HRA and Housing Loan Interest benefits will not be allowed if the employee owns the house in the same city.**

**3.**     **Deductions u/s 80C, 80CCC & 80CCD1A (Maximum up to RS.1,50,000)**

**[Including Employee Contribution of PF deducted from salary]**

|  |  |  |
| --- | --- | --- |
| **Name of the Saving** | **Eligibility criteria** | **Details** |
| Contribution to 15 Years Public Provident Fund (PPF) | Self/ Children | PPF paid in respect of **Self & Minor Children are eligible for deduction.**Copy of the receipt or Passbook has to be submitted. |
| Life Insurance Premium | Self/ Spouse/ Children | Life Insurance premium(s) paid in respect of **Self, Spouse or Children are eligible for deduction.**  If single premium policy 15% of the premium paid is allowable as deduction. |
| ULIP Premium | Self/ Spouse/ Children | o       Investments paid in respect of **Self, Spouse or Children are eligible for deduction.**  o       Statements of the Fund should state that investment in the respective scheme is eligible for deduction U/S 80 C.  o       In case investment is done through SIP (Systematic investment Plan), the statement for such investment from the Bank or Mutual fund will be taken as proof (bank statement is not accepted). |
| Mutual Funds | Self | o       Statements of the Fund should state that investment in the respective scheme is eligible for deduction U/S 80C. |
| NSC VIII issue | Self/  Children | NSC purchased only **in self-name or minor child is eligible for deduction.** |
| Children Tuition Fee payment | Children | o       Tuition fee receipt issued by the School.  o       Exemption is available for the amount mentioned as “Tuition Fees/Term Fees “in the receipt.  o       The deduction is available for a maximum of two children. |
| Sukanya Samriddhi Scheme | Children (Girl Child only-Age below 10 years) | o Account pass book or certified statement form bank has to be submitted. |
| Repayment of Principal Amount towards Housing Loan | Self | Any repayment of Principal including the Principal payment in pre-construction or pre-occupancy period can be claimed |
| Stamp Duty, Registration fee the Purchase of House | Self | Stamp Duty, Registration fee and other expenses for the purchase of House **in the name of the employee**. |
| Fixed Deposits in Bank (Tax saving FD's) | Self | Any Tax Saving Fixed Deposit in Bank for a period of 5 Years or more (as notified by Central Government) |
| Pension Scheme u/s 80CCC | Self | Pension Policy premiums paid **in the name of self is allowed as deduction** |
| National Pension Scheme u/s 80CCD1A | Self | NPS paid in the name of self is allowed as deduction. |
| Time Deposit Scheme in Post Office | Self | Amount deposited in Five Year Time Deposit Scheme in post office. |
|  |  |  |

**Note:  Investments of other dependents are not allowed other than as mentioned in the above table.**

**4.**     **U/s.80CCD1B**– As per the Finance budget 2015 any individual assesse contributed to NPS will get additional exemption of Rs. 50,000/- apart from the exemptions under 80C, 80CCC & 80CCD1**(Ref. Point 3).**

**5.**     **U/s.80CCG – Investment made under an equity savings scheme(RGESS)**

o      Employee's gross total income does not exceed Rs.12 lacs.

o      The assesse should be a new retail investor.

o      50% of amount invested in the scheme and deduction cannot exceed Rs.25,000/-

**6.**     **U/s.80 D - Medical Insurance Policy**

**a.**      **Medical Insurance** **Policy premium paid for self, spouse & Children is allowed as deduction** to the extent of Rs.25,000/- p.a.

b.       Medical Insurance Policy premium paid for parents is allowed as deduction to the extent of Rs.25,000/- p.a. in excess to the above.

c.       Where any member is a senior citizen who is at least 60 years of age then Medical insurance/ medical checkups and treatments paid to the extent of Rs.50,000/- p.a. is allowed as deduction.

d.       Preventive health check-up of self, spouse, dependent children or parents eligible for a deduction of Rs.5000/- within the overall limits as prescribed above.

**7.**     **U/s. 80 DDB - Maintenance including medical treatment of a handicapped Dependent who is a person with disability**

a.        Taxpayer should be resident in India in the previous year.

b.        Deduction is available to Individual or HUF only.

c.        Deduction is available for Self/Dependent on actual expenditure on medical treatment of specified Disease or ailment as prescribed.

d.        Assesse shall have to submit certificate in form No.10-I from prescribed specialist working in Government hospital

**8.**     **U/S. 80DD – Treatment of dependent with disability**

a.        You can claim the benefit up to Rs. 75,000 based on the expense incurred for nursing, training, medical treatment, preservation, and rehabilitation of a dependent with disability (Rs. 1.25 lakh for an extreme and serious disability). Reliant can be any of your parents, children, your spouse, or siblings. You need to show or submit a supporting medical certificate.

b.        Deduction is available to Individual or HUF only.

c.        This deduction is not available to non-resident Indian (NRI).

d.        Assesse shall have to submit certificate in form No.10-IA from prescribed specialist working in Government hospital

**9.**     **U/s.80 E - Interest on Education Loan**

Deduction is allowed for the repayment of Interest on Education Loan from any financial Institution for the purpose of pursuing higher education for self, spouse or children. The deduction is available only after starting of repayment of the loan for a maximum of 7 years or till the principal amount of such loan together with interest is liquidated, whichever is earlier.

**10.**     **U/s. 80 G - Donations**

**This deduction has to be claimed while filing their return of Income Tax.**

**11.**     **U/s. 80 U -** **Deduction in case of a person with disability**

**a.**       **Employee has to claim this exemption while filing of their return of Income.**

Below are the criteria for claiming exemption:

b.        Rs. 75,000/- in case of normal disability

c.        Rs.1,25,000/- in case of severe disability (person suffering from 80% or more of one or more disabilities)

**12.**  **U/s. 87A Rebate**

o      Relief under Section 87A is available to a resident individual if his / her total taxable income does not exceed Rs. 5,00,000. For Assessment Year 2021-2022, the relief shall be allowed up to income-tax liability or Rs. 12,500 whichever is lower.

**13.** **Previous Income Details**

**Employees joining in between a financial year are required to submit their previous employee salary details i.e.  Pay slip / Form 16.**  (Details of the income under the head “Salaries” due or received and tax deducted at source from the previous employer).  This document should be duly certified by his/her former employer.

In case, this certificate cannot be provided, you are required to fill form 12B giving the declaration of income drawn from previous employer during the financial year.