Salary & Tax Related Information

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Old Tax Regime V/s New Tax Regime : Introduction

From FY 2020-21, Income tax department gave two choices to taxpayers (Employee):

1. Old Tax Regime

2. New tax Regime

New Tax regime wherein most of the deductions and exemptions would not be applicable in case if employee opting for New Tax Regime. Any employee who does not want to invest in the specified eligible instruments for tax saving ,may consider opting for the new tax regime. However, it is advisable to go through with both the tax regime **(details available in next slides)** and compare your tax liability and then go for New tax Regime.

Option can be exercised once in a every year and any regime which is beneficial can be adopted by the Employee (except for those who have income from business or profession).Employee can also change option at the time of filing Income tax Return. By default, Old tax Regime is applicable to all the employees.

Theoretically, the new tax regime might be offering lower tax rates and lesser complications but taking into consideration the overall tax benefits that one can avail under the available exemptions and deductions, the new tax regime doesn't seem attractive as one would end up paying a higher tax amount as compare to Old Tax regime. Well, the choice remains subjective here.

New Tax Regime : More slabs, Lower Tax Rate but no way to reduce taxes

The New Tax Regime is useful for those tax payers who don't want to do Investment for Tax saving and neither any Housing Loan and nor paying House Rent, Mediclaim etc. and even tax exemption is not available for EPF

Taxable Income Slab(₹)	Tax Rates as per New Tax Regime
0 – 2,50,000	0%
2,50,000 – 5,00,000	5%
5,00,000 – 7,50,000	10%
7,50,000 – 10,00,000	15%
10,00,000 – 12,50,000	20%
12,50,000 – 15,00,000	25%
15,00,000 & above	30%

* 4% of Income Tax is levied as Health and Education Cess.
* 10% of Income Tax is levied as Surcharge where the net income is more than 50 Lakh but not more than 1 crore rupees.
* 15% of Income Tax is levied as Surcharge where the net income is more than 1 crore rupees.
* An assessee, being an individual resident in India, whose Net income does not exceed Rs.5,00,000, shall be entitled to a deduction, from the amount of Income Tax on their total income with which they are chargeable for any assessment year, of an amount equal to 100% of such Income Tax or an amount of Rs.12500 whichever is less. (sec. 87A of Income tax Act, 1961)

New Tax Regime : More slabs, Lower Tax Rate but no way to reduce taxes

The new tax regime is different from the existing system in two aspects.

- Firstly, the tax slabs have increased, accompanied by lowering of rates in the sub-Rs 15 lakh range.
  (Refer previous slide to know tax slab and rates applicable in New tax Regime)

- Secondly, any employee opting to be taxed under the new tax regime from FY 2021-22 onwards will have to give up certain exemptions and deductions. Here is the list of exemptions and deductions that an employee will not claim tax benefit while choosing the new tax regime.

Exemptions are not available if you opt for New Tax Regime		
Sec. 80C Investment Like PF, LIC,NSC, Tax saving FD's, ELSS, Tax saving Mutual Funds, Tution Fees Etc.	**Major Deductions under Chapter VIA (U/s 80DD, 80DDB, 80E, 80EE,80EEA etc.**	**LTA (Leave Travel Allowance Benefit (U/s 10(5)**
Standard Deduction of Rs.50000	**Tax Benefit on Medical Insurance Premium Paid U/s 80D**	**NPS own contribution up to Rs.50000 u/s 80CCD(1B) is also not available**
HRA Benefit	**Professional Tax you have to pay but tax exemption is not available**	**Children Education Allowance and other Allowance U/s10(14)**
Housing loan Benefit	**Donation u/s 80G are also not available for Tax benefit**	

- Only in respect of NPS Corporate Scheme U/s 80CCD(2) and Daily allowance or Per diem allowance which employee has actually spent to perform official duties are available to claim tax benefit in New Tax regime.

New Tax Regime : How to apply for New Tax Regime

- An employee has to inform to employers that he wants to opt for New Tax Regime.
- By default, Old Tax Regime will be applicable to the employees.
- Option for New tax regime is available to the employees at the beginning of the every FY by selection of New Tax Regime at iConnect Portal or at the time of Joining to new Joinee at below mentioned Path.

  iConnect > Self Service >> Taxation >>> Edit Tax Eligibility

- Once Option for New Tax Regime has been exercised and approved by payroll team then the employee will not be eligible to modify the option for the financial year and TDS will be calculated as per the New Tax Regime. However employee can move to old tax regime at the time of filing Income tax return.
- Employee can see the status of his request to opt for New Tax Regime at below mentioned path in iConnect.

  iConnect > Self Service >> Taxation >>> View Tax Eligibility

- Employee can see tax computation based on New Tax Regime at below mentioned path in iConnect.

  iConnect > Self Service >> Taxation >>> Tax Projection >>>> Tax regime >>>>> New Tax Regime

Old Tax Regime : High Rates but lot of options to reduce taxes

Old Tax regime means same Tax slab which is applicable to us during last Financial Year. Old tax Regime has less number of Tax Slab so tax rates are high, but there are a lot of ways to reduce your tax liability by claiming Tax exemption through submission of Tax saving Documents which is not available in New Tax Regime.

Taxable Income Slab(₹)	Tax Rates as per Old Tax Regime
Up to Rs. 2,50,000	**NIL**
Rs.2,50,001 to Rs.5,00,000	**5% of (Total Income – Rs.2,50,000) ***
5,00,001 to Rs. 10,00,000	**Rs.12,500+ 20% of (Total Income – 5,00,000)***
Above Rs.10,00,000	Rs.1,12,500 + 30% of (Total Income – Rs.10,00,000) *

* 4% of Income Tax is levied as Health and Education Cess.

* 10% of Income Tax is levied as Surcharge where the net income is more than 50 Lakh but not more than 1 crore rupees.

* 15% of Income Tax is levied as Surcharge where the net income is more than 1 crore rupees.

* An assessee, being an individual resident in India, whose Net income does not exceed Rs.5,00,000, shall be entitled to a deduction, from the amount of Income Tax on their total income with which they are chargeable for any assessment year, of an amount equal to 100% of such Income Tax or an amount of Rs.12500 whichever is less. (sec. 87A of Income tax Act, 1961)

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Basic Salary

This is the amount which is used as a base amount in Income Tax for various purposes e.g. Employer's PF contribution up to 12% of Basic salary is exempt from tax, rent paid minus 10% of Basic salary is one of the criteria for HRA exemption U/S 10 (13A) of the Income Tax Act etc. The Basic Salary is treated as a taxable income for all employees.

Provident Fund

Employees Contribution:
This is a part of the CTC and contributed from the employee's salary as a part of investment under section 80C of the Income Tax Act.
Tax benefit U/s 80C on Employee's own PF contribution is not available to employee if he/she has opted New Tax Regime.
Employer's Contribution:
Also a part of the total CTC, but not a part of the salary, it is calculated @ 12% of the Basic Salary. Employer's Contribution is not part of salary so its not come under calculation of taxable salary.
Document Required:
No documents are required as this is deducted and deposited by the employer themself.

Employer's contribution to EPF, NPS over Rs 7.5 lakh proposed to be taxed

As per Budget 2020, the contribution towards the National Pension Scheme (NPS), recognized provident fund and superannuation fund will be capped at Rs.7.5 lakh per annum, with effect from 1 April 2020. Contributions of employers beyond Rs.7.5 lakh per annum will be considered as a perquisite of the employee and taxed accordingly. The budget document also proposed that any accretion in the form of interest, dividend, or any other amount of similar nature as listed in the previous years to the balance at the credit of the fund can be treated as perquisite with respect to the employer's contribution; this amount must be included in the total income.

House Rent Allowance

* This deduction falls under section 10(13A) of the Income Tax Act, 1961 and Rule 2A of the Income Tax Rules 1962. The deduction is subject to one of the LEAST of the following:

1) Rent Paid – 10% of Basic salary
2) 40% of Basic Salary
3) Actual Amount received as House Rent Allowance (As per pay slip/CTC)

The lowest will become tax-free and the rest, if any, shall be taxable.

* Exemption is not available where an employee lives in their own house, or in a house for which they do not pay any rent.

* HRA Benefit is not available to employee if he/she has opted New tax Regime.

How To Claim HRA Exemption

- You must physically reside in the house, mentioned by you, while claiming HRA exemption.
- You must sign a valid agreement with the landlord.
- If your monthly rent payment is more than Rs. 8333 then it is mandatory to get the PAN card number of the landlord and report it to the employer to claim HRA exemption.
- In case PAN number is not available, then your landlord must be willing to give you a declaration to this effect. Along with the declaration, you also need to obtain 'Form 60' dully filled by your landlord, in case PAN is not available.
- It is mandatory to furnish rent receipts to the employer in order to claim HRA exemption a monthly rent paid which is more than Rs. 3000 per month.
- If Rent payment per month is more than Rs.15000 then Rent payments should be made via banking channels instead of cash payments. If you are paying rent in cash then payroll team has right to not allow you to claim tax benefit in respect of HRA.
- Under section 194IB, the government has made it mandatory for a tenant to withhold taxes @ 5% on rental payments, over and above Rs. 50,000 per month and to deposit it within the prescribed time and have the tax deducted at the source (TDS).

Children’s Education Allowance

- A sum of Rs. 100 per child per month up to 2 children will be exempted from tax.
- Tuition fees is covered U/s 80C which is in detailed subsequently in the document.
- Note: an employee who does not have any eligible children and whose CTC does indicate this amount, the same will be paid and treated as taxable income.
- Children Education Allowance exemption is not available to employee if he/she has opted New tax Regime.

Documents Required	**Photocopy of fees paid to School/college at a minimum Rs. 100 per month**

Food Coupons

- This is subject to a maximum of Rs. 2200 per month which will be exempted from tax.
- Note: an employee who does not opt for the Food Coupon Scheme, the same will be paid and treated as taxable income.

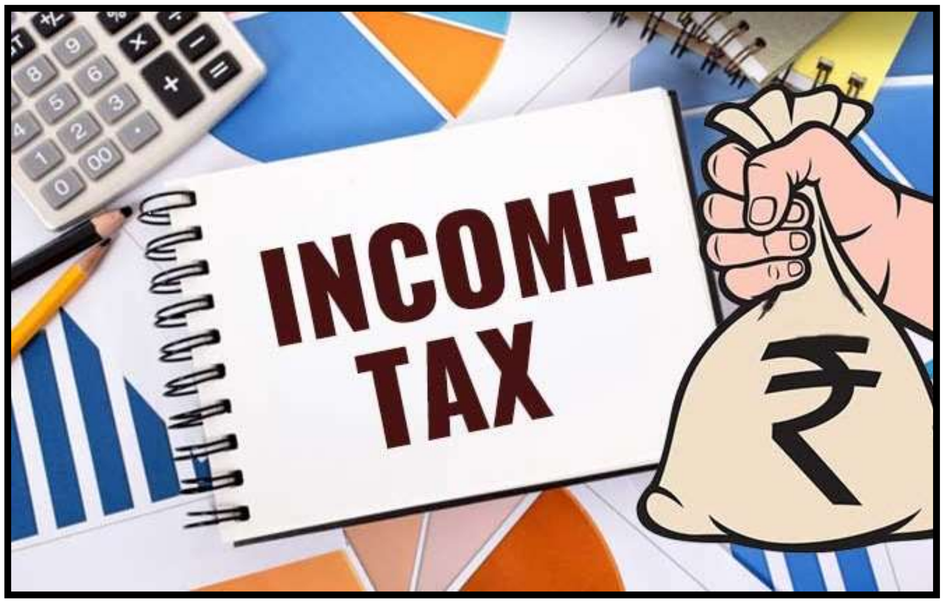
Transport Allowance & Medical Reimbursement Has Been Replaced With Standard Deduction

- From FY 2018-19 onwards there will be no tax exemption provided for Medical Reimbursement and Transport Allowance.
- There will be a Standard Deduction of Rs. 50,000 subtracted from the salary income before calculation of taxable income.

The good thing about Standard Deduction is that "No proof is required for claiming it."

Incentives, Statutory Bonus & Special Allowance

- Incentives, Performance Linked Incentive Statutory Bonus & Special Allowance are taxable components.



LTA

- It is an optional annual component (equal to one months basic salary) that is payable only in the month of March of every financial year.
- If you opt for LTA component then it will become part of your CTC by adjusting your special allowance component amount and you will be eligible to claim tax exemption by submitting eligible documents.
- As per company policy, an employee can claim tax exemption on LTA at every alternate financial year.
- Leave Travel allowance will be exempted U/S 10(5). For more details you can refer to the general guidelines related to LTA on the YOU portal.
- Documents required are Travel Tickets/Bills, LTA Declaration and LTA Template.
- LTA exemption is not available to employee if employee has opted New tax Regime.

Only 2 journeys in a block of 4 years are exempted

Exemption on the aforesaid basis is available only for 2 journeys performed in a block of 4 calendar years. The different blocks are:

- 2014-2017 (i.e., January 1, 2014 to December 31,2017);
- 2018-2021 (i.e., January 1, 2018 to December 31,2021); Current Block

Conditions for claiming LTA exemption:

- Actual journey is a must to claim the exemption.

- Only domestic travel is considered for exemption i.e., travel within India. Therefore, no international travel is covered under LTA.

- Exemption is available for travel of an employee alone or with their family (employee's spouse, children and wholly or mainly dependent parents, brothers and sisters of employee).

LTA eligible exemption:

- Exemption is available only on the actual travel costs i.e., air, rail or bus fare incurred by the employee. No expenses such as local conveyance, sightseeing, hotel accommodation, food etc. are eligible for exemption.

- Exemption is limited to LTA amount provided by the employer.

Multi Destination Journey:

- Income tax provision provides exemption w.r.t travel cost incurred on leave to any place in India. Conditions w.r.t mode of transport also makes reference to place of 'origin' to place of destination' and route must be shortest available route.
- Therefore, if an employee is travelling to different places in a single vacation, exemption can only be availed for travel cost eligible from place of origin to farthest place in the vacation by shortest possible route.

LTA Exemption For Vacation On Holidays:

- Employee should be on vacation for the period for which he/she is claiming LTA exemption

Carryover Of Unclaimed LTA:

- In case an employee has not availed exemption with respect to one or two journeys in any of the block of 4 years, he is allowed to carryover such exemption to the next block provided he avails this benefit, in the first calendar year of the immediate succeeding block.

Exemption W.R.T Various Mode Of Transport

S. No.	Scenario	Eligible Exemption
1	Place of journey and destination are not connected by any recognized public transport system	Amount equivalent to the air-conditioned first class rail fare, for the distance of the journey by the shortest route, as if the journey had been performed by rail
2	Place of journey and destination are not connected by rail (partly/fully) but connected by other recognized public transport	Amount restricted to 1st class or deluxe class fare by the shortest route to the place of destination
3	Place of journey and destination are connected by rail	Amount spent for any mode of transport other than by air restricted to air-conditioned first class rail fare by the shortest route to the place of destination
4	Journeys performed by air	Amount is restricted to air economy fare of the national carrier (Indian Airlines or Air India) by the shortest route to the place of destination

Deductions Under Section 80C

- This section is introduced w.e.f. AY 2006-2007. Now everyone is eligible to get tax advantage on their eligible investments. The limit under this section is Rs. 1,50,000 only

- This is irrespective of how much you earn and under which tax bracket you fall under. Also, there are no sub-limits under this overall amount and it is simply deducted out of your taxable income

- If one desires, one can invest the entire amount in any one or more of the eligible investments. The choice is up to you as how you want to reach this limit

- If employee has opted New Tax Regime then tax benefit on Investment U/s 80C are not available to employee. Employee can't claim tax benefit on LIC,PPF, Sukanya Scheme, Tuition fees, Tax saving FD's, tax saving mutual funds etc.

Investments that fall under Section 80C

- Life Insurance Premium for individual, policy must be in self or spouse's or any child's name. Insurance premium cannot exceed the maximum ceiling as mentioned below:

Particulars	Policy on the life of a person with disability or severe disability or on the life of a person suffering from disease or ailment as given in section 80 DDB	Policy on the life any other person
If policy is issued before April 1, 2012	20% of sum assured	20% of sum assured
If Policy is issued during 2012-13	10% of sum assured	10% of sum assured
If policy is issued on or after April 1, 2013	15% of sum assured	10% of sum assured

Investments that fall under Section 80C

- Contribution made under Employee’s Provident Fund Scheme.
- Contribution to PPF for individual, can be in the name of self/spouse, any child & for HUF, it can be in the name of any member of the family. There is no maximum ceiling under the Income Tax Act. However, under the provision of PPF Scheme, the maximum contribution is Rs. 1,50,000.
- Subscription to any notified savings certificate, Unit Linked Savings certificates. e.g. NSC VIII issue.
- Contribution to Unit Linked Insurance Plan of LIC Mutual Fund or Unit Trust of India.
- Contribution to notified deposit scheme/Pension fund set up by the National Housing Scheme.

- Certain payment made by way of installment or part payment of loan taken for purchase/construction of residential house property.

- Condition has been laid that in case the property is transferred before the expiry of 5 years from the end of the financial year in which possession of such property is obtained, the aggregate amount of deduction of income, so allowed for various years, shall be liable to tax in that year.

- Contribution to notified annuity Plan of LIC (e.g. Jeevan Dhara and Jeevan Akshay) or Units of UTI/notified Mutual Fund. If in respect of such contribution, deduction u/s 80CCC has been availed of rebate u/s 88 would not be allowable.

- Subscription to units of a Mutual Fund notified u/s 10(23D).

- Stamp duty, registration fee and other expenses paid towards transfer of residential house property during the current FY.

- Amount deposited in 5 years time in the Deposit Scheme of the post office. It doesn’t include recurring deposit scheme.
- Fixed deposit for 5 year or more in schedule bank in accordance with scheme framed and notified by the Central Government. FD amount should be minimum for Rs.100 or in multiple of 100.
- Subscription to equity shares/debentures forming part of any approved eligible issue of capital made by a public company or public financial institutions.
- Tuition fees paid at the time of admission or otherwise to any school, college, university or other educational institution situated within India for the purpose of full time education of any two children.

Under Section 80CCC

- This section provides a deduction to an individual for any amount paid or deposited by them in any annuity plan of Life Insurance Corporation of India or any other insurer.

- The maximum amount deductible under section 80CCC is Rs. 1,50,000.

- However, the aggregate deduction under sections 80C, 80CCC and 80CCD(1) cannot exceed Rs.1,50,000. (as per section 80CCE).

Under Section 80CCD (National Pension Scheme)

- This section provides a deduction to an individual for any amount paid or deposited by them in their account under a pension scheme notified by the central government annuity plan of Life Insurance Corporation of India or any other insurer.(NPS)
- No deduction available in respect to employee's contribution which is in excess of 10% of Basic salary of the employee.
- If Employee has opted New Tax Regime then tax benefit U/s 80CCD(1) and 80CCD(1B) is not available to employee.

Contribution towards NPS by Employee (sec 80CCD(1):

- Employee can contribute to NPS. Employee can claim tax benefit upto 10% of Basic salary or maximum of Rs. 1,50,000 whichever is less under section 80CCD(1).

Contribution towards NPS by Employee (sec 80CCD(2):

- Employer can contribute to NPS. Employee will be eligible for tax benefit in respect to employers contribution up to 10% of Basic salary.

Contribution up to Rs. 50,000 towards NPS u/s Sec 80CCD(1B):

- The additional deduction of Rs.50000 is available whether (or not) any exemption is claimed by an employee u/s Sec 80CCD(1) in respect to any contribution made by the employee themself under the NPS.

Under Section 80CCD (National Pension Scheme)

- The aggregate deduction under sections 80C, 80CCC and 80CCD(1) cannot exceed Rs. 1,50,000 (as per section 80CCE)

Section	Particular	Limit	Covered in 80CCE overall limit of 1.5 Lakhs
80CCC	Contribution to Pension Policy	150000	Yes
80CCD(1)	Employee Contribution in Pension Scheme	150000	Yes
80CC(1B)	Employee Contribution in Pension Scheme	50000	No(It's a additional benefit)
80CCD(2)	Employer Contribution in NPS	Contribution of up to 10% of Salary (Basic + DA), without any cap in terms of absolute value, is eligible for tax deduction u/s 80CCD (2)	No

Under Section 80D (Mediclaim Policy)

Deduction under this section is available to an individual or a HUF. A deduction of Rs. 25,000 can be claimed for insurance of self, spouse and dependent children. An additional deduction for insurance of parents is available to the extent of Rs. 25,000

- if they are less than 60 years of age or Rs. 50,000 (has been increased in Budget 2018 from Rs. 30,000) if parents are more than 60 years old.
- Therefore, the maximum deduction available under this section is to the extent of Rs. 100,000
- To get deduction under section 80D one should satisfy the following conditions :-
- Mediclaim Insurance is paid by the employee
- Payment should be made out of income chargeable to tax.
- Employee with New Tax Regime option are not eligible to claim tax benefit on Medical Insurance premium paid by him.

- Payment should be made by any mode other than cash. However payment on account of preventive health check-up can be made by any mode (including cash).
- The aggregate payment on account of preventive health checkup of self , spouse and dependent children , father and mother cannot exceed Rs.5000.
- Family includes employee himself or herself , spouse and dependent children.
- Parents include father and mother (dependent or otherwise).Parents of spouse not included.
- In case of single premium health insurance policies having cover of more than one year, it is proposed that the deduction shall be allowed on proportionate basis for the number of years for which health insurance cover is provided, subject to the specified monetary limit

Health Insurance Policy Premium & Section 80D Tax benefits for FY 2020-21 / AY 2021-22			
Scenarios	**Health insurance premium paid for & Maximum tax deduction limits**		**Total Deduction under Section 80D**
	Self, Spouse & Dependent Children	**Parents (whether dependent or not)**	
No one in your family has attained 60 years of age	upto Rs 25,000	upto Rs 25,000	Rs 50,000
The eldest member in Your family (yourself,spouse and dedpendent children) is less than 60 years & Your Parents (either mother or father) are above 60 years of age)	upto Rs 25,000	upto Rs 50,000	Rs 75,000
The eldest member in Your family (yourself,spouse and dedpendent children) has attained 60 years & Your Parents (either mother or father) are above 60 years of age)	upto Rs 50,000	upto Rs 50,000	Rs 1,00,000

U/S 80DD (Medical Treatment/Contribution To Fund For Maintenance Of Handicapped Dependent)

- Deduction in respect to any expenditure incurred for medical treatment (including nursing), training and rehabilitation of a dependent being a person with disability.
- A fixed deduction of Rs. 75,000 will be eligible. In case of Severe disability (Disability over 80%) Rs.1,25,000 will be available.
- Certificate issued from a government doctor (who is a physician, a surgeon, an oculist or a psychiatrist) which is issued in 2019-20 financial year. If the certificate date is before the beginning of this financial year then the exemption will not be given.
- Dependent means the spouse, children, parents, brothers and sisters of the individual.
- Employee with New Tax Regime option are not eligible to claim tax benefit under this section.

U/s 80DDB (Medical treatment in case of specified ailments or disease)

- Maximum deduction eligible u/s 80DDB is Actual expenses incurred or Rs.40,000 whichever is less (Rs.1,00,000 in case of patients above 60 years).
- Documents to be submitted are Form10I certified by the Government doctor, medical bills if expenses are incurred or Photo Copy of Policy (if Amount is contributed to fund) and a declaration from giving employee for proof of age of the patient.
- Medical Treatment should be availed for Self or Dependent.
- Dependent means the spouse, children, parents, brothers and sisters of the individual.
- Specified Diseases are Dementia ; Dystonia Musculorum Deformans ; Motor Neuron Disease; Ataxia; Chorea ; Hemiballismus ; Aphasia ; Parkinson's Disease ; Malignant Cancers ; Full Blown Acquired immunodeficiency Syndrome (AIDS) ; Chronic Renal failure ; Hematological disorders ; Hemophilia ; Thalassemia.
- Employee with New Tax Regime option are not eligible to claim tax benefit under this section

U/s 80E (Interest on Education Loan)

To get deduction U/s 80E the following conditions are to be satisfied:

- The deduction is available to an individual.
- Any amount paid by way of interest on loan taken by the individual from any financial institution or any approved charitable institution for the purpose of pursuing his higher education or for the purpose of higher education of their Spouse, Children or for student for whom the tax payer is a legal guardian.
- Higher education means all fields of studies (including Vocational studies) pursued after passing the senior secondary Examination or its equivalent from any school, board or university recognized by the Central Government or State Government or Local Authority or by any other authority authorized by the Central Government or State Government or Local Authority to do so.
- The deduction is allowed in the assessment year relevant to previous year, in which the individual starts paying the interest on the loan and continue up to seven succeeding assessment year or up to when the individual can pay the Interest in full.
- Employee with New Tax Regime option are not eligible to claim tax benefit on Education Loan.

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U/s 24(b) House Loan Tax Benefit

The provision has been amended to exempt notional income pertaining to 2 self-occupied residential house properties. The following provisions will be applicable from FY.2019-20 as follows:

- If a person occupies only one house property for his own residential purposes, annual value of such property will be nil (as earlier). Interest on borrowed capital will be deductible up to Rs. 2,00,000 (subject to a few conditions).

- If a person occupies 2 house properties for his own residential purposes, annual value of both the properties will be taken as nil. Aggregate interest on capital borrowed for the purpose of purchase/construction of these properties, will be deductible up to Rs. 2,00,000 (subject to similar conditions as were applicable earlier).

- If a person occupies more than two house properties for his own residential purposes, only two properties (according to his own choice) will be treated as self-occupied properties and other houses will be “deemed to be let out”. In the case of two self-occupied properties (as selected by the assessee), annual value will be nil and aggregate interest on borrowed capital will be deductible up to Rs. 2,00,000 (subject to similar conditions as were applicable earlier). In the case of “deemed to be let out” properties, taxable income will be calculated as if such properties are let out properties.

- Employee with New Tax Regime option are not eligible to claim tax benefit on Housing Loan.

House Loan Tax Benefit

Tax Benefits	On Principal Repaid	On Interest Paid
1st and 2nd Home - Self Occupied	Up to Rs.1.50 Lakh	Up to Rs. 2 Lakh if loan taken on or after 01-Apr- 1999 otherwise Rs.30000
1st and 2nd Home - Vaccant due to Different place of service and staying not in own House	Up to Rs.1.50 Lakh	Up to Rs. 2 Lakh if loan taken on or after 01-Apr- 1999 otherwise Rs.30000
1st or 2nd Home or both - Rented	Up to Rs.1.50 Lakh	Up to Rs. 2 Lakh if loan taken on or after 01-Apr- 1999 otherwise Rs.30000 Any excess amount of Interest will be carry forward to next assessment year for setoff
Under Construction	None	The interest paid can be claimed in equal parts in five financial years starting from the year in which the construction completed or year of acquisition. However it cannot be beyond maximum ceiling limit.
Housing Loan taken for Reconstruction, repairs or renewals of House property	None	Up to Rs.30000 only.

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Set Off Of Loss Under The Head "Income From House Property" Against Any Other Head Of Income

Any set-off of loss [as per Sec. 71 (3A)] under the head "Income from house property" against any other head of income shall be restricted to Rs. 2 lakh for any assessment year. However, the unabsorbed loss shall be allowed to be carried forward for set-off in 8 subsequent assessment years.

For example: Salary of X is Rs. 4,000,000. X annually gets bank FD interest of Rs. 3,00,000 and owns property A in Nagpur which is self-occupied. Annual interest on loan taken to acquire this property is Rs. 2,80,000. Besides, X owns Property B, residential, let out, computed income: Rs. 2,10,000 and Property C [let out, computed income: Rs. (-) 430,000.

Particulars		FY 2019-20
Salary		4,000,000
Income from house property-		
- Property A – Self Occupied (Interest: Rs. 280000, limited to Rs. 200000)	(-) 200,000	
- Property B – Let out	210,000	
- Property C – Let out	(-) 430,000	
Total	(-) 420,000	(-) 200,000
Income from other sources		300,000
Total income		4,100,000
House property loss to be carried forward to next 8 assessment years		220,000

Employee with New Tax Regime option are not eligible to setoff Loss from house property for the current year with income from Salary.

U/S 80EE (Interest On Loan Taken For Residential House Property)

- This deduction is available in FY 2017-18 if the loan has been taken in FY 2016-17.
- The deduction under this section is available only to an individual who is a first time home owner.
- The value of the property purchased must be less than Rs. 50 lakh and the home loan must be less than Rs.35 lakh.
- The loan must be taken from a financial institution and must have been sanctioned between 01 April 2016 to 31 March 2017.
- Through this section, an additional deduction of Rs. 50,000 can be claimed on home loan interest.
- This is in addition to deduction of Rs. 2,00,000 allowed under section 24 of the Income Tax Act for a self-occupied house property.
- Employee under New tax Regime option are not eligible to claim tax benefit U/s 80EE.

U/S 80EEA (Deduction for Interest paid on home Loan for affordable housing

- The deduction under this section is available only to an individual who is a first time home owner.
- Housing loan must be taken from a financial institution or a housing finance company for buying a residential house property.
- Stamp duty value of the house property should be Rs 45 lakhs or less.
- The individual taxpayer should not be eligible to claim deduction under the existing Section 80EE.
- Conditions with respect to the carpet area of the house property. These conditions have been specified in the memorandum to the finance bill, but not mentioned in section 80EEA:
  - ❑ Carpet area of the house property should not exceed 60 square meter (645 sq ft) in metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region)
  - ❑ Carpet area should not exceed 90 square meter (968 sq ft) in any other cities or towns.
  - ❑ Further, this definition will be effective for affordable real estate projects approved on or after 1 September 2019
- Through this section, an additional deduction up to Rs.1,50,000 can be claimed on home loan interest.
- This is in addition to deduction of Rs. 2,00,000 allowed under section 24 of the Income Tax Act for a self-occupied house property.
- Employee with New Tax Regime Option are not eligible to claim tax benefit U/s 80EEA.

U/s 80TTA (Deduction in respect of Interest on deposit in saving account)

- Interest from bank savings account is taxable, even though there is no tax deduction at source (TDS). The good news is that since 2012-13 under Section 80TTA interest up to Rs. 10,000 in one financial year is exempt from tax. It means that if you have an average balance of Rs. 2.5 lakh in your savings account during a financial year (on which most banks give interest @4% pa), the interest would be tax free.

- This section is not applicable to your Interest earning on Fixed Deposits as well as Recurring Deposits.

- Employee with New tax Regime option are not eligible to claim tax exemption up to Rs.10000 in respect of Interest on deposit in saving account.

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More than what you think.

General Comments

- In order to claim exemption/rebate, one needs to produce/ upload on iConnect proper documents and supporting. Please note that nothing should be taken for granted or assumed and exemption/rebate can only be extended once the Payroll team approved the document on iConnect Portal.

- The exemption will be provided upon submission of proper Bills / vouchers / Invoice / receipts etc. as the case may be and subject to eligibility as per provisions of the Income Tax Act, 1961.
- The above rules are subject to change by the Government from time to time. Though the budget comes out periodically, the Income tax department issues notification from time to time. Moreover, decision of various high courts / Supreme Court also governs the practice of granting any particular exemption/ rebate and binding in nature. We shall certainly inform you if there is any major change due to this factor.

- Please note that all the above mentioned items may not be applicable to all employees; as the applicability relates to grade and individual compensation package. Employees should refer to their individual Salary/CTC letters to know their compensation break up and eligibility.

- In case of any discrepancies in components the management reserves all rights to amend the components.

- The information contained herewith is not to be construed as a legal or accounting advice, these are general laws and the applicability will depend upon the individuals overall investments/family income etc. This information is not a substitute for employee seeking advice from their own tax consultant.

Support/Assistance

For any Information or Clarifications, you can write us at

Payroll-heldesk.india@yash.com or etaxdoc_helpdesk@yash.com

In case of any escalations, you can write us at **payroll_offshore@yash.com**

THANK YOU

Payroll Team