

EXAMPLE | விடுதலைக் கணக்கு | Suggested: Basics of Share Market | Stock market for beginners | ... i

1 2 3

ACTUAL HOUSE-RENT ALLOWANCE PAID BY THE EMPLOYER		40% (50% IN METRO CITIES) OF EMPLOYEE'S SALARY		ACTUAL HOUSE RENT PAID minus 10% OF SALARY	
HOUSE RENT ALLOWANCE					
MONTHLY HRA	₹ 10,000	MONTHLY	YEARLY	ACTUAL RENT PAID	
YEARLY HRA	₹ 120,000	BASIC	₹ 20,000 ₹ 2,40,000	MONTHLY RENT	₹ 10,000
		DA	₹ 5,000 ₹ 60,000	YEARLY RENT	₹ 1,20,000
		SALARY	₹ 25,000 ₹ 3,00,000	10% OF BASIC + DA	₹ 30,000
₹ 120,000		50% OF BASIC + DA		₹ 90,000 ✓	

Scroll for details ▼

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HRA calculation: which ever is lower

87A Rebate = Net taxable income less than 5,00,000

Surcharge on income tax : Net taxable income more than 50,00,000(50 lakh)

Mandatory cess on income tax : 4 percent

RAJA Working in Bank | HOW TO CALCULATE INCOME TAX STEP BY STEP | IN TAMIL | வருமான வரி காக்கல் | Example 1 i

Total gross salary Rs 7,00,000

GROSS TOTAL SALARY	₹ 7,00,000	
HRA exemption	₹ 75,000	
Standard deduction (16 ia)	₹ 50,000	
Income from bank deposits	₹ 25,000	
GROSS TAXABLE INCOME	₹ 6,00,000	
EPF + PPF savings (80C)	₹ 1,00,000	
Medical insurance (80D)	₹ 10,000	
Net Taxable income	₹ 4,90,000	

Scroll for details ▼

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87A REBATE
 Less than ₹5,00,000

₹ 12,000 Rebate
NO INCOME TAX

X
No income tax

Thinking தொழில்

PAVITHRA an IT employee

NET TAXABLE INCOME

Example 2 i

Total gross salary Rs 12,00,000

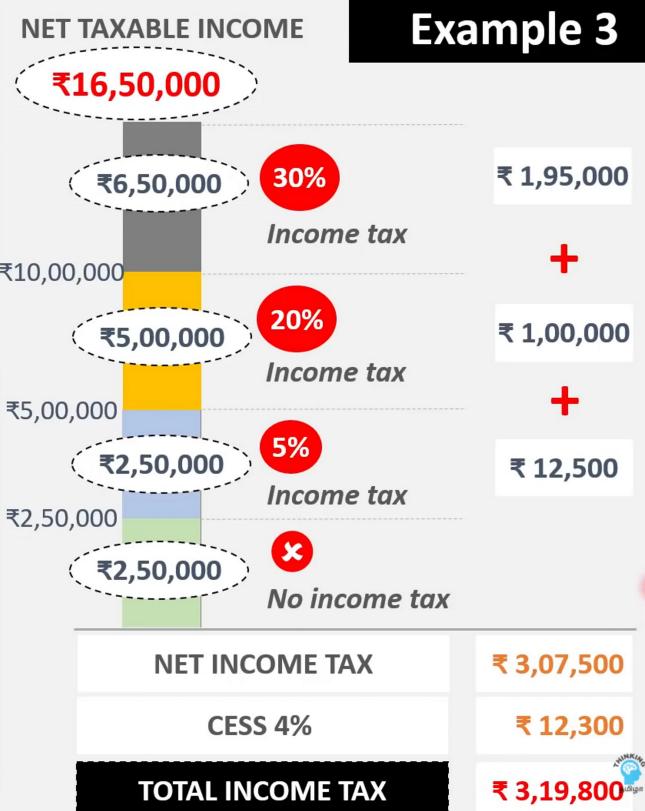
GROSS TOTAL SALARY	₹ 12,00,000
HRA exemption	₹ 75,000 -
Standard deduction (16 (ia))	₹ 50,000 -
Income from bank deposits	₹ 25,000 +
GROSS TAXABLE INCOME	₹ 11,00,000
EPF + PPF savings	₹ 1,60,000
EPF + PPF (80 C deductions)	₹ 1,50,000 -
Medical insurance for self (80D)	₹ 25,000
Medical insurance for parents (80D)	₹ 35,000
Deduction under Sec 80D	₹ 50,000 -
Net Taxable income	₹ 9,00,000



KARTHIK a Project Manager

Total gross salary Rs 20,00,000

GROSS TOTAL SALARY	₹ 20,00,000
HRA exemption	₹ 1,50,000 -
Standard deduction (16 (ia))	₹ 50,000 -
Income from bank deposits + Rent	₹ 75,000 +
GROSS TAXABLE INCOME	₹ 18,75,000
EPF + PPF savings	₹ 2,00,000
EPF + PPF (80 C deductions)	₹ 1,50,000 -
Medical insurance for self (80D)	₹ 25,000
Medical insurance for parents (80D)	₹ 65,000
Deduction under Sec 80D	₹ 75,000 -
Net Taxable income	₹ 16,50,000



	₹ 7,50,000		₹ 12,00,000		₹ 18,00,000	
	OLD	NEW	OLD	NEW	OLD	NEW
Gross total income	₹ 7,50,000	₹ 7,50,000	₹ 12,00,000	₹ 12,00,000	₹ 18,00,000	₹ 18,00,000
HRA exemption	₹ 50,000	-	₹ 75,000	-	₹ 1,00,000	-
Standard deduction	₹ 50,000	-	₹ 50,000	-	₹ 50,000	-
EPF, PPF, ELSS	₹ 1,00,000	-	₹ 1,50,000	-	₹ 1,50,000	-
Medical insurance	₹ 25,000	-	₹ 25,000	-	₹ 25,000	-
Net Taxable income	₹ 5,25,000	₹ 7,50,000	₹ 9,00,000	₹ 12,00,000	₹ 1,25,000	₹ 18,00,000
Total Income tax	₹ 17,500	₹ 37,500	₹ 96,200	₹ 1,19,600	₹ 2,65,200	₹ 2,88,600
Net income after tax for the individual	₹ 7,32,500	₹ 7,12,500	₹ 11,03,800	₹ 10,80,400	₹ 15,34,800	₹ 15,11,400

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10 minutes in Tamil - தமிழில் 10 நிமிடம்

CC HD



INDIVIDUALS WITH POOR SAVING HABIT

	₹ 7,50,000		₹ 12,00,000		₹ 18,00,000	
	OLD	NEW	OLD	NEW	OLD	NEW
Gross total income	₹ 7,50,000	₹ 7,50,000	₹ 12,00,000	₹ 12,00,000	₹ 18,00,000	₹ 18,00,000
HRA exemption	₹ 50,000	-	₹ 75,000	-	₹ 1,00,000	-
Standard deduction	₹ 50,000	-	₹ 50,000	-	₹ 50,000	-
EPF, PPF, ELSS	-	-	-	-	-	-
Medical insurance	-	-	-	-	-	-
Net Taxable income	₹ 6,50,000	₹ 7,50,000	₹ 10,75,000	₹ 12,00,000	₹ 16,50,000	₹ 18,00,000
Total Income tax	₹ 44,200	₹ 37,500	₹ 1,44,000	₹ 1,19,600	₹ 3,19,800	₹ 2,88,600
Net income after tax for the individual	₹ 7,05,800	₹ 7,12,500	₹ 10,56,000	₹ 10,80,400	₹ 14,80,200	₹ 15,11,400

10 minutes in Tamil - தமிழில் 10 நிமிடம்



New Tax Regime Vs Old Tax Regime | Best Tax Regime | புதிய முறை vs பழைய...

OLD TAX REGIME

NEW TAX REGIME

Press Esc to exit full screen

Net Taxable Income Slabs

Tax rate

Upto ₹ 2.5 Lakhs

0%

₹ 2.5 Lakhs - ₹ 5 Lakhs

5%

₹ 5 Lakhs - ₹ 10 Lakhs

20%

> ₹ 10 Lakhs

30%

30%

Net Taxable Income Slabs

Tax rate

Upto ₹ 2.5 Lakhs

0%

₹ 2.5 Lakhs - ₹ 5 Lakhs

5%

₹ 5 Lakhs - ₹ 7.5 Lakhs

10%

₹ 7.5 Lakhs - ₹ 10 Lakhs

15%

₹ 10 Lakhs - ₹ 12.5 Lakhs

20%

₹ 12.5 Lakhs - ₹ 15 Lakhs

25%

> ₹ 15 Lakhs

30%



2:05 / 11:54

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OLD TAX REGIME

NEW TAX REGIME



Tax Exemptions



- Leave Travel Allowance
- House Rent Allowance
-

Tax Deductions



- Standard Deduction (Rs 50,000)
- 1.5 Lakh (Section 80C, 80CCC and 80CCD(1) – EPF, PPF, ELSS etc.
- Medical insurance
- Interest on housing loan up to 2 lakhs (for self occupied)
-

Tax Exemptions



- Leave Travel Allowance
- House Rent Allowance
-

Tax Deductions



- Standard Deduction (Rs 50,000)
- 1.5 Lakh (Section 80C, 80CCC and 80CCD(1) – EPF, PPF, ELSS etc.
- Medical insurance
- Interest on housing loan up to 2 lakhs (for self occupied property)
-



Very few deductions available

e.g. Interest on housing loan for rented property



3:17 / 11:54

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வீடு முதலீடு செய்தால் 9.85 லட்சம் வருவாய் வரை வரி இல்லை | Inco... 🕒 ➡️ 🌐

Sec 80C, 80CCD (1B)	EPF, PPF, LIC, NPS, SSY... Additional deduction towards contribution in NPS account	₹ 1,50,000
Sec 80D	Medical insurance for self & family Medical insurance for parents	₹ 50,000
Sec 80DD, DDB	Disabled dependent Medical expenditure for specific diseases	₹ 25,000 - 50,000
Sec 80E	Interest on education loan	₹ 25,000 - 50,000
Sec 24, 80EE, 80EEA	Interest on home loan	₹ 75,000 – 1,25,000
Sec 80G, 80GGC	Donations	₹ 40,000 – 1,00,000
Sec 80TTA, 80TTB	Interest income exemption	No limit



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10 நிமிடம்

₹ 4,85,000 +



50% of 100% of contribution

₹ 10,000

For senior citizens ₹ 50,000

Sec 80C - Investment types

<u>Guaranteed Return</u> Low Risk	<u>Market linked</u> Medium-High Risk	<u>Insurance linked</u>	<u>Others</u>
 Employee provident fund(EPF)	 National pension Scheme (NPS)	 Term Insurance	 Housing loan principal repayment
 Public provident fund(PPF)	 Equity Linked Savings Scheme (ELSS)	 Endowment plans with Life insurance	 Children's tuition fee
 Tax Saving deposits, Senior citizen's savings scheme, NSC	 Infrastructure bonds	 Unit Linked Insurance Plans (ULIP)	
 Sukanya Samridhi Yojana			



EMPLOYEE PROVIDENT FUND (EPF)

INVESTMENT CORPUS (EPF)

Interest earned
YoY

EMPLOYEE PENSION SCHEME (EPS)

No Interest, pension
after retirement

EMPLOYEE DEPOSIT LINKED INSURANCE (EDLI)

No returns, only
Life insurance

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Scroll for details

CC HD

THINKING
Simpler



EPF Act, 1952

EMPLOYEE PROVIDENT FUND(EPF) is mandatory for



EMPLOYEE

Basic +
Dearness Allowance < Rs 15000/month

Optional if Basic + DA > Rs 15000/month



EMPLOYER

Mandatory if more than
20 employees

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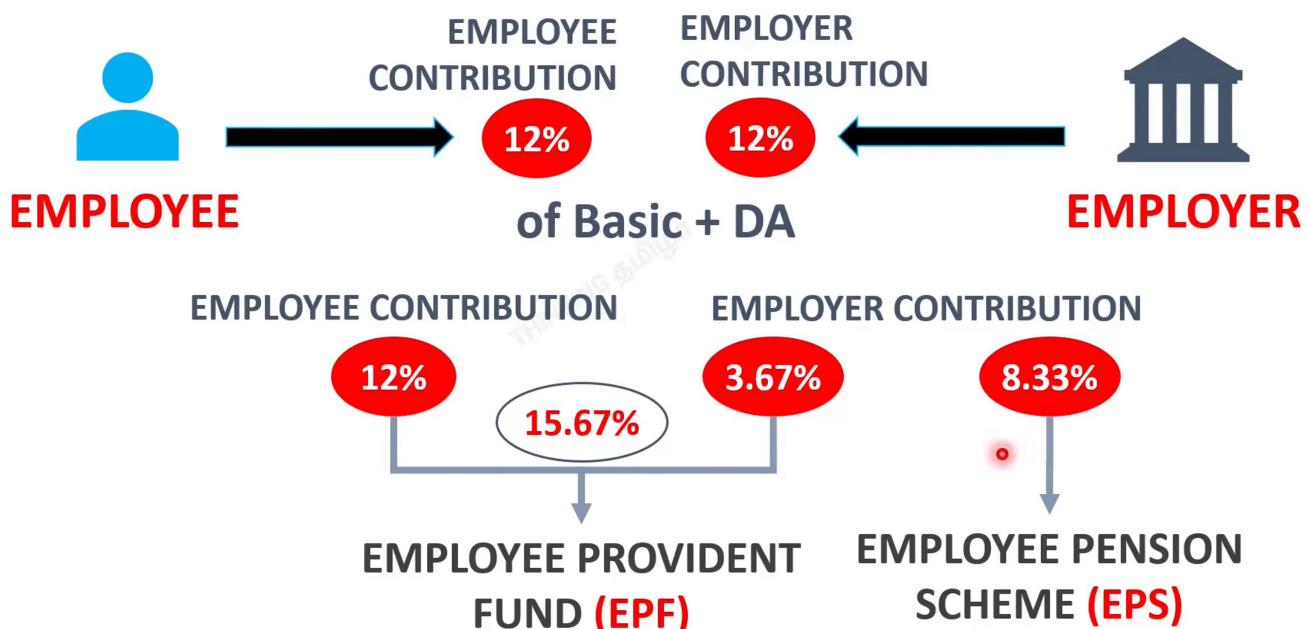
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EMPLOYEE PROVIDENT FUND(EPF)

HOW IT WORKS?

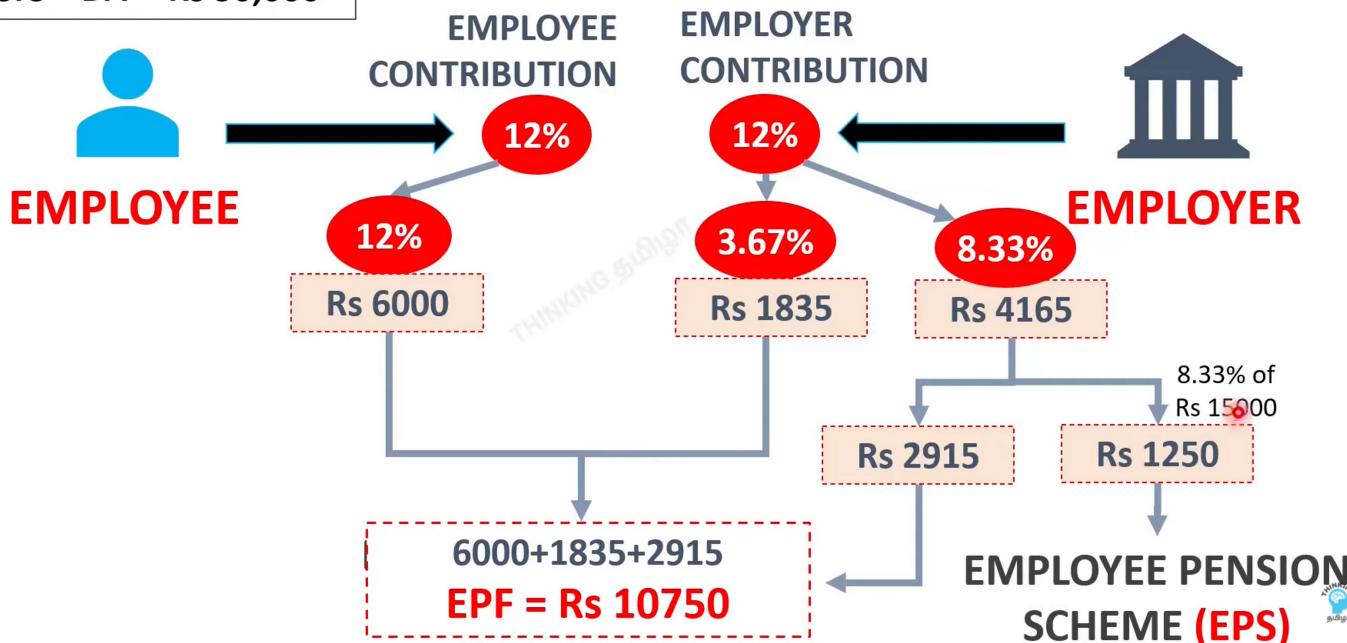


EMPLOYEE PROVIDENT FUND(EPF)

Example – 2B

BASIC + DA 12% of actuals

BASIC + DA = Rs 50,000



EPF vs PPF

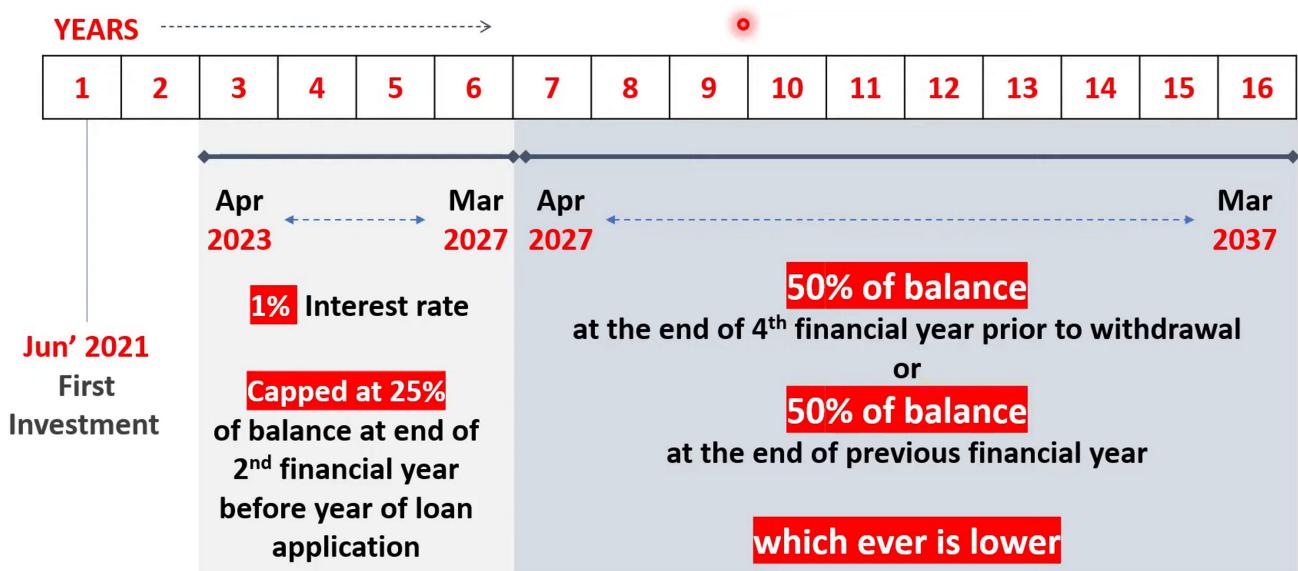
	EPF	PPF
Rate of interest <i>(As on Jun 2021)</i>	8.5%	7.1%
Lock-in	On retirement 58 years age	15 years
Risk	Low	Lowest
Taxation	EEE	EEE
Unique feature	Employer contribution	Cannot be attached in case of loan

PPF-15 years lockin period.After 15 years It can be extensible every 5 years with or without contributions



Public Provident Fund (PPF)

Withdrawal



EPF vs PPF

	EPF	PPF
Rate of interest <i>(As on Jun 2021)</i>	8.5%	7.1%
Lock-in	On retirement 58 years age	15 years
Risk	Low	Lowest
Taxation	EEE	EEE
Unique feature	Employer contribution	Cannot be attached in case of loan

EEE-Exempt(Investment) exempt(Interest earned) exempt(Withdrawn)

