

India New Tax Regime FY20-21

A guide to understanding the options on the Allsec Payroll Portal

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New Tax Regime

- New tax regime is all about reduced tax rates and reduced compliances: The new regime provides for concessional tax rates in regard to tax rates in the existing or old regime.
- As most of the exemptions and deductions are not available, the documentation required is lesser and the tax filing is easier.

Tax Slabs compared – Old vs New

Old Regime	Annual income	New Regime
Nil	Upto 2.5 Lakhs	Nil
5 %	2.5 Lakh to 5.0 Lakh	5 %
20 %	5.0 Lakh to 7.5 Lakh	10%
	7.5 Lakh to 10 Lakh	15%
30 %	10 Lakh to 12.5 Lakh	20%
	12.5 Lakh to 15 Lakh	25%
	Above 15 Lakh	30%

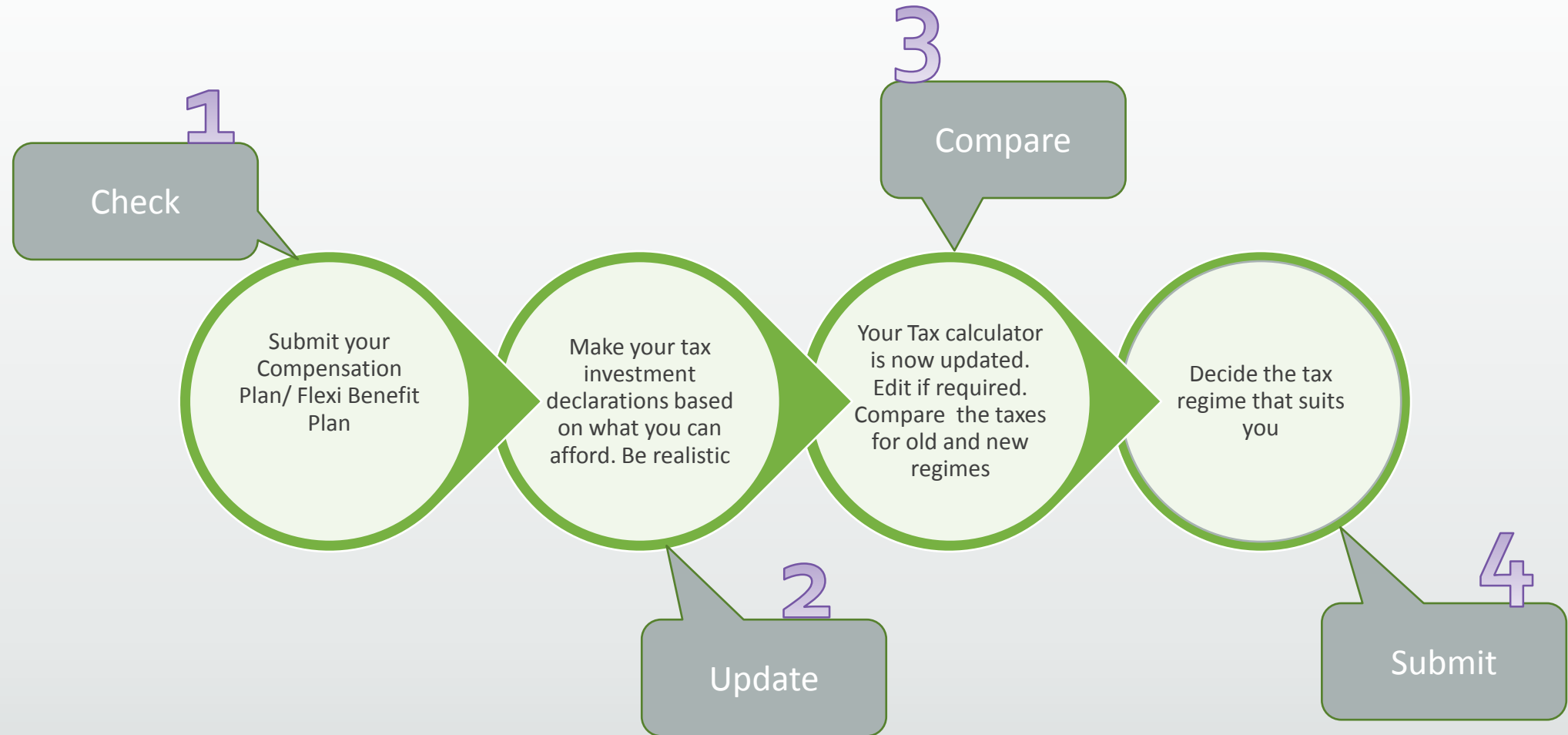
Tax Regimes compared

Old Tax Regime	New Tax regime
<ul style="list-style-type: none">• In the existing Tax Regime, you can claim all the deduction / exemption like Standard deduction, deduction for Professional Tax, HRA, LTA, Interest on Housing Loan etc.• Chapter VI A deduction (for investments in PF, LIC, NSC etc.). In this option you can modify your Investment declaration throughout the year and at the year end you need to submit the actual Investment Proofs to claim the exemption. However, employee is entitled to change the different option in next year.• Note that this declaration is for the purpose of TDS only and employee has to again select the option at the time of filing their Income Tax Return.	<p>Employee selecting this option are not eligible for claiming following deduction / exemption (as applicable).</p> <ul style="list-style-type: none">• Leave Travel Allowance• House Rent Allowance• Standard deduction• Professional Tax• Interest paid u/s 24 on self-occupied or vacant house property• Loss from house property cannot be adjusted against salary or any other head of income• Chapter VIA deductions (except Employer's contribution to National Pension Scheme) - Few deductions listed below are not allowed<ul style="list-style-type: none">Investments / Payments made u/s 80CMedical Insurance Premium u/s 80DInterest on Education Loan u/s 80EInterest for home loan u/s 80EEADonations made u/s 80GSavings bank account interest u/s 80TTA

Tax Regimes compared

Old Tax Regime	New Tax regime
If individual tax payers choose to opt for exemptions, they will be subject to the old tax regime.	The new tax slabs suits to those who do not wish to avail any deductions / exemptions under the tax regime.
For individuals earning below ₹5 lakh, there is no change in the tax rate.	The tax rates provide relief for people near the bottom of the pyramid.
<p>Deductions allowed under old tax regime:</p> <ul style="list-style-type: none">• Deduction section under 80C, 80CC, 80CCD• 80G, 80GG, 80GGA, 80GGC• 80E, 80EE, 80EEA, 80EEB• Deduction under section 80D, 80DD, 80DDB• 80IA, 80-IAB, 80-IAC, 80-IB,	<p>The government has removed over 70 exemptions and deductions from over 100 exemptions and deductions as provided in the old regime.</p> <p>Deduction / exemption like below are allowed:</p> <ul style="list-style-type: none">• Standard deduction on rent• VRS proceeds• Agricultural income• Retrenchment compensation• Income from life insurance• Leave encashment on retirement

Setup the Tax Regime in 4 easy steps



Submit your Compensation Plan

Submit your Compensation Plan or Flexi Benefit Plan if you have not already done

Step 1

Make your Tax investment Declarations

Unless you submit your tax declarations with a realistic set of investments the tax calculator cannot yield accurate results

Tax Declarations

Declaration Notes

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Print

80C - Investment Under 80C

80D - Medical Insurance

80DD - Handicapped Dependent

80E - Education Loan

80U - Self with Physical Disability

Rent

Interest on Housing Loan

Income From House and Other Source

80EE - Additional Deduction on Home Loan Interest

Previous Employment

SEC80ddb - Self and Dependant

SEC80CCD - National Pension Scheme

80EEA- Additional Deduction on Home Loan Interest

80EEB- Deduction on Electric Vehicle Loan Interest

Guidelines

Tax Component	Limit	Declarations (INR)
Life Insurance Premium		<div></div> 0
Public Provident Fund	150000	<div></div> 0
National Savings Certificates		<div></div> 0
Annuity Plan		<div></div> 0
Cumulative Term Deposit		<div></div> 0
Equity Linked Savings Scheme / Mutual Fund		<div></div> 0

Step 2

Tax Calculator – An Indicative tool

Steps 3 & 4

Tax Calculator

Tax Calculator Notes

Tax Calculator Tool

4 steps to select tax regime

1

Check your Flexi Benefit Plan

Submit your Flexi Plan if you have not already done so.

2

Update your Tax Declarations

Submit your Tax Declarations with investments that you are planning to make, on a realistic basis. Helps the tax calculator to give you better results.

3

Verify with the Tax Calculator

Check the Tax Payable box in a red enclosure to know the impact of both regimes. Check the values on the tax calculator and make changes accordingly to your income to reflect correctly

4

Decide the Tax Regime

Decide by choosing - Option Yes indicates New Tax Regime (without exemptions) , Option No indicates Old Tax Regime (with exemptions)

View Detailed Instructions

Choose your Tax Regime for Tax FY 20-21

Do you want to go with the new tax regime -
☐ Yes ☐ No

Submit

Disclaimer : Once selected the option will be frozen for this financial year and your taxes will be calculated accordingly. In case no option is selected, your taxes will be computed under older rates with eligible exemptions. Values displayed in the tax calculator are for indicative purposes only. Taxes are entirely based on what you have earned thus far and what will be earned until March next year so you are requested to take note of your actual earnings . Values displayed are indicative. Allsec or your organization is not responsible for the choice you are making.

Taxable Income		Existing Tax Rate	New Tax Rate		Existing Tax Rate	New Tax Rate		Existing Tax Rate	New Tax Rate	
Existing Tax Rate 7001218	New Tax Rate 7356348	GROSS INCOME	7356348	7356348	SEC 10 EXEMPTION	132580	0	SALARY AFTER SECTION 10	7223768	7356348
		SALARY AFTER SEC 16	7171368	7356348	TAXABLE SALARY	7171368	7356348			

Total Tax for the year		Existing Tax Rate	New Tax Rate		Existing Tax Rate	New Tax Rate		Existing Tax Rate	New Tax Rate	
Existing Tax Rate 2188318	New Tax Rate 2224397	REBATE U/S 80C	150000	0	TOTAL OTHER INVESTMENT	20150	0	TAXABLE INCOME	7001218	7356348
		ANNUAL TAX PAYABLE	2188318	2224397	BALANCE TAX PAYABLE	2188318	2224397			

Employees should key in Exemptions Under Section 10 based on bills that will be submitted and Taxable Reimbursement under Gross Income to arrive correct tax liability.

The Tax calculator and its values are indicative and aids in decision making. The actual decision to go with an appropriate tax regime is an employee's responsibility. This Tax Calculator is intended to provide you the tax liability for the new / old tax rate based on the details entered by you. As an employee you are responsible for entering the correct details to arrive at the projected income & deductions / exemption and to compute the tax liability as per the income tax act and decide on the option. Allsec or your Employer are not responsible in any manner for the values and the option selected by you.

This is where you select and Submit

Box displays the breakdown of the old and new tax regimes at each stage of your tax computation. Compare Annual Tax Liability before you submit

FAQs

What is advantage or the benefit in the new tax regime?

- If you want higher take home gross salary, then to some extent one can use this option. In other words, if one does not availing the deductions / exemptions benefits allowed under the income tax act then they too can use this new tax regime option

What are the deductions / exemptions that are not allowed in the new tax regime?

- The following deductions / exemption are not allowed if one opt for the new tax regime. A comprehensive list is expected to be published by the CBDT.
 - House Rent Allowance
 - Leave Travel Allowance
 - Certain allowances prescribed under section 10(14)
 - Standard deduction of Rs.50000/- and deduction for professional tax
 - Deduction of interest payment on housing loan for self-occupied property restrictions on set-off of loss from let out property
 - Chapter VIA deductions (except Employer's contribution to National Pension Scheme);

Whether it is mandatory to exercise the new tax regime or old tax regime?

- No. It is not mandatory to exercise either the new tax regime or the old tax regime. You can select the new tax regime if you think it is beneficial. Otherwise, no need to select any option.

FAQs

What are the deductions / exemptions that are allowed in the new tax regime?

- If The following deductions / exemption are allowed in the new tax regime. A comprehensive list is expected to be published by the CBDT.
 - Gratuity received at the time of Retirement
 - Retrenchment Compensation received
 - Amount received on Voluntary Retirement
 - Commutation of Pension
 - Employer Contribution to PF and NPS
 - Withdrawal of NPS on Closure of Account or maturity

How to determine whether the new tax regime or old tax regime is beneficial?

- You may visit Allsec Tax Calculator and Selection of Tax Regime page, key in the income and deduction / exemption details to arrive at the tax liability for both the new tax regime and old tax regime. You need to ensure the accuracy of the income and deduction / exemption details to arrive the correct tax liability. Depending on the result you may decide on which tax regime is beneficial to you.

What will happen if I don't opt for the new tax regime?

- Your tax liability will be computed based on existing old tax regime / rates.

Can I change the option in mid of the financial Year ?

- If you have not selected any option till that period, then you can opt for the new tax regime in mid of the financial year. However, if you have made any selection on the tax regime such as new tax regime or old tax regime in the Allsec ESS portal then you cannot change such option in mid of the financial year.

FAQs

Can I change the option in the next financial Year ?

- Yes. Irrespective of the option you have selected in the current financial year 2020-21, you are entitled to change to any option in the subsequent financial year 2021-22.

I have taken a home loan. After considering my rental income, property tax and NAV the final value arrived is positive. i.e. I have positive income from house property. Whether, I can declare this amount under new tax regime?

- Yes. If you have positive income from on housing loan / income from house property then you can declare such income in the new tax regime.

If I select for new tax regime, whether it is beneficial to opt for flexi benefit options or claim reimbursements?

- No. The flexi benefit / reimbursement claims (like Leave Travel Allowance) are taxable. Comprehensive list is expected to be published by the CBDT.

If I select for new tax regime, Whether it is beneficial to declare and submit tax investments?

- No. You are not required to do any declarations as the exemptions / deductions are not allowed in the new tax regime. If you have already declared, then such details will not be considered while computing your tax liability.

I have already completed by tax investment declarations and now opted for new tax regime. What will happen to investment declarations? Whether I need to remove my investment declarations?

- You are not required to remove any investment declarations that are updated prior to selecting the new tax regime. Your investment declarations will not be considered while processing payroll and computing your income tax liability.

Disclaimer

The tax calculator has indicative values based on your latest tax computation and tax investment declarations. Your actual income could vary during the year on account of various reasons.

You are required to update the actual values that you may earn during the year before finalizing your tax regime option.

Once selected the option will be frozen for this financial year and your taxes will be calculated accordingly. In case no option is selected, your taxes will be computed under older rates with eligible exemptions.

Allsec or your Employer is not responsible for the choice you are making.