

Form 16 Nomenclatures and Definitions-

Your Form 16 Consists of Part A- Part B and Annexures:

Part A- Consists of Quarterly Gross Income and Tax Deduction followed by Monthly details of tax Deduction.

Part B- Consists of Income Details and Exemptions u/s 10 and Deductions under Sec 80C, 80CCD, Sec 24 and Other chapters of Sec 80.

Annexure- Consists of Details of Salary Breakup reported u/s 17(1), Form 12BA- giving details of all the perks charged u/s 17(2), Break up of details of exemptions given u/s other sec 10, Break up Deduction considered u/s 80C, Break up Deduction considered u/s 80D.

For Old Regime:

1. **Salary as per provisions contained in sec 17(1)-** This section will include all the salary components except Reimbursements in form of driver salary, fuel, Maintenance. NPS Deduction through Employer will also be a part of the Gross amount. The breakup of the amount considered u/s 17(1)- will be available in the Annexure Section under the heading Break up of Salary.
2. **Value of perquisites u/s 17(2) (as per Form No.12BA, wherever applicable)-** This section will include Gift Perks, ESOP Perks, Car Perks, Loan Perks, Furniture Perks, Tax Borne by the Employer, Perks on Employer contribution to PF +NPS in excess of Rs 7.5 lacs. The breakup of the perquisite will be available in Form 12BA.
3. **Travel concession or assistance under Section 10(5)-** LTA Reimbursement paid through salary – gets added in the salary and the exemption is given under this section.
4. **Cash equivalent of leave salary encashment under section 10 –** This Section Depicts any payment received as leave encashment towards unused leave balances at the time of retirement/resigning from the job shall be exempt as per Sec 10.
5. **House Rent Allowance under Section 10(13A)-** This section will include exemption pertaining to Rent paid.
6. **Standard deduction under section 16(ia) –** This is a default deduction applied for Old Regime wherein a deduction of Rs 50000 allowed to lower the taxable income.
7. **Tax on Employment Under Sec 16(iii) –** A Deduction allowed on the amount paid on account of employment tax or professional tax.
8. **Total amount of any other exemption under Section 10:** This will include Exemption for Meal Vouchers, Exemption for Remote Working Allowance, Professional Pursuit, Books and

Journals, Tax Borne by the Employer. The breakup of the amount will be available in Annexure under Details of Others Sec 10.

9. **Income (or admissible loss) from house property reported by employee offered for TDS-** While computing income chargeable to tax under the head "Income from house property" in case of a let-out property, the taxpayer can claim deduction under section 24(b) on account of interest on loan taken for the purpose of purchase, construction, repair, renewal or reconstruction of the property.

In case of Self Occupied, a deduction of Rs 2 Lac Per Annam is allowed for interest outgo on loan taken for purchase of the property

10. **Gross total income-** Gross salary is the salary without any deduction plus any perquisites that is received by the tax payer. The total income is chargeable under salaries. Gross total income is the amount on which the taxes are calculated.

Deductions U/s Chapter VIA

11. **Deduction in respect of life insurance premia, contributions to PF-** Section 80 C of income tax Act allows cumulative tax savings of Rs 1.5 LAC of multiple instruments like PF, PPF, ELSS, LIC, SCSS, SSY, FD, NSC, ULIP – wherein a combined deduction is reduced from taxable income.
12. **Deduction in respect of Contribution to Certain Pension Funds-** Section 80CCC of the Income Tax Act of 1961 allows for annual deductions of up to Rs.1.5 lakh for contributions made by an individual to designated pension plans provided by life insurance. The deduction is limited by Section 80C.
13. **Deduction in respect of contribution by taxpayer to pension scheme under section 80CCD (1B) -** Self contributions or employee contributes to NPS Fund with a maximum ceiling limit of Rs 50K PA is allowed as a deduction above the Section 80CCD(1) limit
14. **Deduction in respect of contribution by Employer to pension under Section 80CCD (2)-** Employer contributions to NPS up to 10% of salary + dearness allowance if any with the maximum ceiling limit of Rs 50K PA is allowed as a deduction above Section 80 CCD(2)

15. **Deduction in respect of health insurance premia under section 80 D**- Employee can claim a deduction of Rs.25,000 under this section on insurance for self, spouse and dependent children. An additional deduction for insurance of parents is available up to Rs 25,000, if they are less than 60 years of age. If the parents are aged above 60, the deduction amount is Rs 50,000,
In case, both taxpayer and parent(s) are 60 years or above, the maximum deduction available under this section is up to Rs.1 lakh.
16. **Deduction in respect of interest on loan taken for higher Education under section 80E**- This Deduction is allowed on interest pay-outs towards your education loan only with no upper limit. You will tax benefit on the entire amount of interest paid but principle amount will be excluded.
17. **Deduction in respect of interest on deposits in savings account under section 80TTA** - provides a deduction of up to Rs 10,000 on the income earned from interest on savings made in a bank, co-operative society or post office.
18. **Total of amount deductible under any other provision(s) of Chapter VIA**- This contain various Sub Section of Sec 80 Others wherein the employee can claim deductions from gross total income on account of various expenditure, donations & for Disability

80DD: Deduction in respect of maintenance including medical treatment of a dependent who is a person with disability. The maximum deduction limit under this section is Rs 75,000 where the disability is more than 40% & less than 80 % Rs 125000 where the disability is more than 80 %

80DDB- Deduction in respect of expenditure up to Rs 40,000 on medical treatment of specified disease can be claimed by an individual or a dependent shall mean spouse, children, parents, siblings.

80EE: Deduction in respect of interest up to Rs 50,000 on loan taken for residential house property wherein the loan value of house should be 50 lac or less & loan taken for the house must be Rs 35 LAC & loan must be sanctioned between 01.04.2016 to 31.03.2017

80EEA: Deduction in respect of interest up to Rs 1.5 lakh on loan taken for certain house property (on affordable housing).- Similar to Section 80EE, in order to claim a deduction under Section 80EEA, over & above 2 lac under Sec 24(b) the loan should be sanctioned during the period 1st April 2019 and 31st March 2022. Stamp duty value of the house property should be Rs 45 lakh or less.

80EEB: Deduction in respect of interest up to Rs 1.5 lakh on loan taken for purchase of electric vehicle.- Section 80EEB of the Income Tax Act allows you to claim tax savings of up to Rs 1.5 lakh on interest paid on a loan made specifically to purchase an electric car. You can claim tax deduction benefits only if the loan is approved between 1 January 2019 and 31 March 2023.

80GGC: Full deductions in respect of donations to Political Party, provided such donations are non cash donations.- Contributions or donations to political parties or electoral trusts in cash **not eligible** for tax deductions of Section 80GGC. Contributions or donations should be made to political parties through legitimate banking portals, such as internet banking, credit cards, debit cards, cheques, demand drafts etc. to claim deductions under Section 80GGC..

19. **Total taxable income** - This column refers to the employee's net income after considering deductions under Chapter VI-A. Tax is calculated on this amount.
20. **Tax on Total Income** – This column refers to Base tax as per applicable slab
21. **Rebate under section 87A,** - This Column specifies the tax rebate, If the total income of a person doesn't exceed Rs. 5,00,000/- then a tax rebate of 100% of the tax amount will be available to the person under this column subject to a maximum amount of Rs. 12,500/-
22. **Surcharge, wherever applicable** -This column refers to the additional tax in the form of a surcharge applicable if income exceeds a certain benchmark limit (currently 50lac, 1cr, 2cr and 5cr).
23. **Health and Education Cess-** This column refers to 4% tax levied on the income Plus Surcharge. This is uniform irrespective which ever which income tax slab one falls in. There will be no cess if Income tax liability is zero
24. **Tax payable-** This is total Sum or the consolidated amount of tax inclusive of Base Tax, Surcharge & Cess
25. **Relief under section 89** -This column refers to any relief allowed against the arrear of salary received in the previous year.
26. **Net Tax Payable** – Similar to Tax Payable if any relief under Section are provided the Net of tax payable – Relief will be in this column.

For New Regime:

1. **Salary as per provisions contained in sec 17(1)-** This section will include all the salary components except Reimbursements in form of driver salary, fuel, Maintenance. NPS Deduction through Employer will also be a part of the Gross amount. The Gross will also be reduced by Exemption for Remote Working Allowance availed if any. The breakup of the amount considered u/s 17(1)- will be available in the Annexure Section under the heading Break up of Salary.
2. **Value of perquisites u/s 17(2) (as per Form No.12BA, wherever applicable)-** This section will include Gift Perks, ESOP Perks, Car Perks, Loan Perks, Furniture Perks, Tax Borne by the Employer, Perks on Employer contribution to PF +NPS in excess of Rs 7.5 lacs. The breakup of the perquisite will be available in Form 12BA.
3. **Total amount of any other exemption under Section 10:** This section will have details of the Tax Borne by the Employer.