

## Income Tax Rates

(For Individuals, HUFs, Association of Persons, Body of Individuals)

ASSESSMENT YEAR 2011-2012

RELEVANT TO FINANCIAL YEAR 2010-2011

### **I TAX RATES FOR INDIVIDUALS OTHER THAN II & III BELOW**

|                      |                                                    |
|----------------------|----------------------------------------------------|
| Upto 1,60,000        | - Nil                                              |
| 1,60,000 to 5,00,000 | - 10% of the amount exceeding 1,60,000             |
| 5,00,000 to 8,00,000 | - Rs.34,000 + 20% of the amount exceeding 5,00,000 |
| 8,00,000 & above     | - Rs.94,000 + 30% of the amount exceeding 8,00,000 |

### **II TAX RATES FOR RESIDENT WOMEN BELOW 65 YEARS**

|                      |                                                    |
|----------------------|----------------------------------------------------|
| Upto 1,90,000        | - Nil                                              |
| 1,90,000 to 5,00,000 | - 10% of the amount exceeding 1,90,000             |
| 5,00,000 to 8,00,000 | - Rs.31,000 + 20% of the amount exceeding 5,00,000 |
| 8,00,000 & above     | - Rs.91,000 + 30% of the amount exceeding 8,00,000 |

### **III TAX RATES FOR INDIVIDUAL RESIDENTS AGED 65 YRS AND ABOVE**

|                      |                                                    |
|----------------------|----------------------------------------------------|
| Upto 2,40,000        | - Nil                                              |
| 2,40,000 to 5,00,000 | - 10% of the amount exceeding 2,40,000             |
| 5,00,000 to 8,00,000 | - Rs.26,000 + 20% of the amount exceeding 5,00,000 |
| 8,00,000 & above     | - Rs.86,000 + 30% of the amount exceeding 8,00,000 |

There is no surcharge in the case of every individual, Hindu undivided family, Association of persons and body of individuals.

### **EDUCATION CESS**

The amount of Income-tax shall be increased by Education Cess of 3% on Income-tax.

## **EXEMPTIONS/DEDUCTIONS FROM SALARY**

### **1. VOLUNTARY RETIREMENT – 10(10C)**

Amount received or receivable (ie., in instalments) by an employee on his voluntary retirement in accordance with any scheme of Voluntary Retirement is exempt to the extent of Rs.5,00,000, provided the VRS is in accordance with Rule 2BA of IT Rules. However no 89(1) relief can be claimed.

### **2. HOUSE RENT ALLOWANCE EXEMPT U/S.10(13A) – Read with Rule 2A of IT Rules 1962**

- a) Actual HRA received : Rs.xxxx
  - b) Rent paid in excess of 10% of Salary : Rs.xxxx
  - c) 50% of Salary in Metro Cities or  
40% of Salary in other cities : Rs.xxxx
- Least of a), b), c) is exempt.

**NOTE:** Here Salary means Basic Salary as well as DA if the terms of employment so provide.

### **3. CONVEYANCE ALLOWANCE:**

Any allowance granted to meet the expenditure incurred wholly, necessarily and exclusively on conveyance in performance of the duties of office and so certified by the employer is exempt u/s.10(14).

### **4. TRANSPORT ALLOWANCE:**

Any allowance granted to an employee to meet the expenditure for the purpose of commuting between the place of his residence and the place of his duty to the extent upto Rs.800/- per month is exempt u/s.10(14).

#### 5. MEDICAL REIMBURSEMENT:

An amount of Rs.15,000 or the actual amount reimbursed by the employer whichever is less is exempt u/s.17(2).

#### 6. PROFESSION TAX :

Profession Tax levied by the State Government is allowable as a deduction from Gross Salary provided it has been paid.

#### DEDUCTIONS FROM HOUSE PROPERTY

**1. DEDUCTION U/S.23(1) :** For let out property, amount actually paid by the owner towards taxes levied by any local authority in respect of the property is deductible from Annual value(taxes pertaining to any previous years).

**2. DEDUCTION U/S.24(a) :** For let out property, deduction of 30% of the Net Annual Value is allowed. No separate deduction for Repairs, Collection Charges, Insurance Premium, Annual Charge and Ground Rent.

#### 3. INTEREST ON BORROWED LOAN(U/S.24(b)):

##### FOR SELF OCCUPIED PROPERTY

a. If Property is acquired or constructed with loan taken after 01/04/99 and construction is completed within 3 years from the end of the financial year in which the capital was borrowed – Rs.1,50,000 or actual interest paid/payable whichever is less is deductible.

b. If new housing loan is taken for repayment of old loan (old loan taken after 1/4/99) – Rs.1,50,000 or actual interest paid/payable whichever is less is allowed as deduction.

c. If Property is acquired or constructed with loan taken before 01/04/99, Rs.30,000 or actual interest paid/payable whichever is less is allowed as deduction.

d. If loan taken for Repairs, renewal, reconstruction of property, Rs.30,000 or actual interest paid/payable which ever is less is allowed as deduction.

**FOR LET OUT PROPERTY,** actual interest paid/payable can be claimed as deduction.

**ONLY OWNER OF THE HOUSE PROPERTY CAN AVAIL THE ABOVE DEDUCTIONS.**

#### CAPITAL GAINS:

With effect from 01/10/2004, Long Term Capital Gains arising on sale of equity shares or unit of equity oriented fund through recognized stock exchange is exempt if such transaction is chargeable to Securities Transaction Tax (u/s.10(38)).

Short Term Capital Gains arising on sale of equity shares or unit of equity oriented fund through recognized stock exchange is subject to tax at the rate of 10% if such transaction is chargeable to Securities Transaction Tax.

#### EXEMPTION U/S.54EC:

The Capital Gain arising out of sale of long term capital asset can be invested in National Highways Authority of India, Rural Electrification Corporation Limited, within six months from the date of sale subject to a ceiling of Rs.50 lakh during any financial year.

(Lock-in period is 3 years)

Cost Inflation Index for the F.Y.2010-11 is 711.

#### STANDARD DEDUCTION FOR FAMILY PENSION U/S.57(ia):

An amount of Rs.15,000 or 33⅓% of family pension whichever is less is allowed as deduction. If an assessee receives arrears of family pension, then Relief u/s.89(1) can be claimed by him.

Family Pension received by the widow or children or nominated heirs, as the case may be, of a member of the armed forces(including para-military forces) of the union, where the death of such member has occurred in the course of operation is exempt.

**EXEMPTIONS – OTHER SOURCES**Any income by way of Dividends from company, Income received in respect of units from the Unit Trust of India, Income received in respect of the units of a mutual fund are exempt.

**DEDUCTIONS FROM GROSS TOTAL INCOME (CHAPTER VIA):**

| Sl.No.   | I.T. Sec.      | Nature of Deduction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Amount of deduction                                                                   |
|----------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1.<br>a. | 80 CCE<br>80 C | Limit on Deduction u/s.80C, 80CCC & 80CCD<br>Life Insurance Premia, PF, PPF, NSC, ELSS, Units of Mutual Fund referred to u/s.10(23D), Tuition Fees(max. 2 Children), Repayment of Principal of Housing loan, Bank Fixed Deposit of 5 yrs period, notified Bonds of NABARD, Deposit in an account under Senior Citizens Savings Scheme rules, 5 year time deposit in an account under Post Office Time Deposit Rules, 1981 etc.                                                                                                                                                                                                                                                                                                                                                                                      | <b>Maximum overall Deductions allowed u/s. 80C, 80CCC &amp; 80CCD is Rs. 1,00,000</b> |
| b.       | 80 CCC         | Premium paid towards approved Pension Fund (like LIC's Jeevan Suraksha) max. 1 lakh.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                       |
| c.       | 80 CCD         | Contribution to Central Government Pension Schemes. Upto 10% of salary with matching contribution from Government.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                       |
| 2.       | 80 CCF         | Amount paid/deposited as subscription to long-term infrastructure bonds being notified by the Central Government.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Rs. 20,000</b>                                                                     |
| 3.       | 80 D           | (a) Medical Insurance Premium paid by an individual/HUF by any mode of payment other than cash to effect or keep in force an insurance on the health of the assessee(self) or his family(spouse & dependent children) for policies taken from General Insurance Corporation /other approved Insurance Regulatory and Development Authority or any contribution made to the Central Government Health Scheme.<br>(b) Medical Insurance Premium paid by an individual/HUF by any mode of payment other than cash to effect or keep in force an insurance on the health of his/her parent or parents for policies taken from General Insurance Corporation /other approved Insurance Regulatory and Development Authority or any contribution made to the Central Government Health Scheme.<br>(c) For Senior Citizens | <b>Upto Rs.15,000</b><br><br><b>Upto Rs.15,000</b><br><br><b>Upto Rs.20,000</b>       |
| 3.       | 80 DD          | (a) Any expenditure for Medical, Nursing & Rehabilitation incurred on dependant suffering from permanent disability including blindness, mental retardation, autism, cerebral palsy or multiple disabilities<br>(b) Deposits under LIC, UTI's Scheme & other IRDA approved insurers for the benefit of physically handicapped dependent                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Rs.50,000</b><br><b>(Rs.1,00,000 if the disability is severe exceeding 80%)</b>    |

|    |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                            |
|----|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 4. | 80 DDB | (a) Actual expenditure incurred on Medical treatment of Self or dependant or a member of HUF suffering from terminal diseases like Cancer, AIDS, Renal failure etc.<br>(b) For Senior Citizens(self or dependent on whom expenditure on medical treated is taken)                                                                                                                                                                                               | <b>Upto Rs.40,000</b><br><br><b>Upto Rs.60,000</b>                                                         |
| 5. | 80 E   | Interest on loan taken from Financial/Charitable Institutions for Self/Spouse/Children for pursuing Higher Education (for a max. period of 8 yrs)                                                                                                                                                                                                                                                                                                               | <b>Actual Interest repaid</b>                                                                              |
| 6. | 80 G   | (a) Donations made to National Defence Fund, Prime Minister's Relief Fund, approved Funds of reputed Educational Institutions, National Trust for Welfare of persons with Autism, Cerebral Palsy etc.<br>(b) Donations made to Jawaharlal Memorial Fund, PM's Drought Relief fund, Any approved Charitable Institution/Trust, Religious Institutions, a corporation established by the Government for promoting interest of the members of a Minority Community | <b>100% of Donation</b><br><br><b>50% of Donation restricted to 10% of Adjusted Gross Total Income</b>     |
| 7. | 80 GG  | Deduction in respect of rents paid, provided the assessee is not in receipt of HRA and no house is owned by self, spouse, minor child or HUF in the place of work subject to filing of declaration in Form No.10BA                                                                                                                                                                                                                                              | <b>25% of income or rent paid in excess of 10% of income or ceiling of Rs.24,000 p.a whichever is less</b> |
| 8. | 80 U   | Persons suffering from Permanent Physical Disability as specified in Rule 11D                                                                                                                                                                                                                                                                                                                                                                                   | <b>Rs.50,000 (Rs.1,00,000 in case of severe disability)</b>                                                |

#### FRINGE BENEFIT TAX (FBT)

In view of discontinuance of Fringe Benefit Tax from A.Y.2010-11 onwards, the value of specified fringe benefit and amenity is not chargeable to tax in the hands of employer. Consequently under sub-clause (vi) of Sec.17(2), provides that the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the employee is a perquisite chargeable to tax in the hands of the employee.

**PENALTY U/S.271F:** If a person who is required to furnish a return of income as required under section 139(1) or by the proviso to that sub-section, fails to furnish such return before the end of the relevant assessment year, shall be liable to pay by way of penalty a sum of Rs.5,000.

**INTEREST U/S.234A:** Where in any financial year, the return of Income of any assessment year u/s.139(1) or 139(4) or in response to a notice u/s.142(1), is furnished after the due date as specified in sub-section 1 of section 139, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one percent for every month or part of a month comprised in the period commencing on the date immediately following the due date.

**INTEREST U/S.234B:** Where an assessee who is liable to pay advance tax(where tax liability exceeds Rs.10,000 after TDS) under section 208 has failed to pay such tax or, where the advance tax paid by such assessee under the provisions of section 210 is less than 90% of the assessed tax, the assessee shall be liable to pay simple interest at the rate of one percent for every month or part of a month comprised in the period from the 1st day of April following the financial year.

**INTEREST U/S.234C:** Where an assessee other than a Company, who is liable to pay advance tax (where tax liability exceeds Rs.10,000 after TDS)under section 208 has failed to pay such tax or,  
**1)** The advance tax paid by the assessee on his current income on or before the 15th day of September is less than 30% of the tax due on the returned income or the amount of such advance tax

paid on or before the 15th day of December is less than 60% of the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one percent per month for a period of three months on the amount of the shortfall from 30% or, as the case may be, 60% of the tax due on the returned income.

**2)** The advance tax paid by the assessee on his current income on or before the 15th day of March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one percent on the amount of the shortfall from the tax due on the returned income.

**DUE DATES FOR FILING RETURN OF INCOME :** All Individuals/HUF/Firms deriving Income from Salary, House Property, Capital Gains, Business or Other Sources and not covered under section 44AB are required to file the Return of Income by 31st July of the assessment year. All Tax Audit Cases covered under section 44AB & Companies are required to file the Return of Income by 30th September of the assessment year.

**MODE OF FILING INCOME-TAX RETURNS :** All Individuals, HUFs & Partnership Firms who are required to get their accounts audited u/s.44AB are required to compulsorily file their income-tax return in ITR-4 electronically with or without digital signature. All companies are required to compulsorily file their income tax return electronically in ITR-6 with Digital signature.

**PERMANENT ACCOUNT NUMBER:** Every assessee is required to obtain 10 Alpha numeric Permanent Account Number (PAN) and quote the same in his returns, challans & correspondence. PAN can be obtained by applying in new Form No.49A at the designated Service Centres of UTITSL OR NSDL(Log on to our website). PAN is essential for processing the Return of Income and for giving credit for taxes paid. If a person who is required to quote his Permanent Account Number fails to do so or intimates or quotes false number, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of Rs.10,000.(S.272B)

**To Know Your PAN, visit our website.**

**For PAN Grievances :** UTITSL - e-mail - isw.bangalore@utitsl.co.in

NSDL - e-mail - tininfo@nsdl.co.in

**TAX PAYMENTS:** Advance tax payments and Self-assessment tax payments have to be made in Challan No.280. The BSR Code and the Serial No. on the counterfoil of the challan has to be quoted in the return of income.

**Due date for filing of return of income:**

|     |                                                                                                                                                                                   |                               |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| (1) | Where the assessee is a company                                                                                                                                                   | By 30 <sup>th</sup> September |
| (2) | Where the assessee is a person, other than a company:                                                                                                                             |                               |
|     | (a) (i) who is required to get his accounts audited under the Income-tax Act or any other law, or                                                                                 | By 30 <sup>th</sup> September |
|     | (ii) where the report of an account is required to be furnished u/s. 80HHC or 80HHD, or                                                                                           | By 30 <sup>th</sup> September |
|     | (iii) where the prescribed certificate is required to be furnished u/s. 80R/80RR/80RRA(1), or                                                                                     | By 30 <sup>th</sup> September |
|     | (iv) a co-operative society, or                                                                                                                                                   | By 30 <sup>th</sup> September |
|     | (v) in the case of a working partner [as defined in Explanation 4 to section 40(b)] of a firm whose accounts are required to be audited under the Income-tax Act or any other law | By 30 <sup>th</sup> September |
|     | (b) deriving income from business or profession and is not required to get his accounts audited as stated in (2)(a) above                                                         | By 31 <sup>st</sup> July      |
| (3) | In any other case other than (1) & (2)(a) & (2)(b) above                                                                                                                          | By 31 <sup>st</sup> July      |

**Due date for payment of advance tax:**

**Companies:**

|                |                            |
|----------------|----------------------------|
| 15th June      | 15 % of the estimated tax  |
| 15th September | 45 % of the estimated tax  |
| 15th December  | 60 % of the estimated tax  |
| 15th March     | 100 % of the estimated tax |

**Other than Companies:**

|                |                            |
|----------------|----------------------------|
| 15th September | 30 % of the estimated tax  |
| 15th December  | 60 % of the estimated tax  |
| 15th March     | 100 % of the estimated tax |