INCOME TAX

COMPLIANCE HANDBOOK
F.Y.2021-22 (A.Y.2022-23)

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by

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1 Income Tax Rates:

A For Individuals and HUF:

Old Tax Regime			
General / NRI	**Senior Citizen** **Age - 60 yrs to 79 yrs**	**Super Senior Citizen** **Age - 80 yrs and above**	**Rate**
Upto Rs.2,50,000	Upto Rs.3,00,000	Upto Rs.5,00,000	Nil
Rs.2,50,001 to Rs.5,00,000	Rs.3,00,001 to Rs.5,00,000	-	5%
Rs.5,00,001 to Rs.10,00,000	Rs.5,00,001 to Rs.10,00,000	Rs.5,00,001 to Rs.10,00,000	20%
Above Rs.10,00,001	Above Rs.10,00,001	Above Rs.10,00,001	30%

New Tax Regime	
General / NRI / Senior / Super Senior Citizen	**Rate**
Upto Rs.2,50,000	Nil
Rs.2,50,001 to Rs.5,00,000	5%
Rs.5,00,001 to Rs.7,50,000	10%
Rs.7,50,001 to Rs.10,00,000	15%
Rs.10,00,001 to Rs.12,50,000	20%
Rs.12,50,001 to Rs.15,00,000	25%
Above Rs.15,00,001	30%
This option to pay tax at lower rates shall be available only if the total income of assessee is computed without claiming specified exemptions or deductions	

In addition to above:		
a) Rebate u/s 87A will be provided to a resident individual whose Net Income < Rs.5,00,000.	Actual Tax Payable or Rs.12,500/- whichever is less	
b) Surcharge on Tax	Taxable Income > Rs.50 Lakhs but < Rs.1 Crore	10%
	Taxable Income > Rs.1 Crore but < Rs.2 Crores	15%
	Taxable Income > Rs.2 Crores but < Rs.5 Crores	25%
	Taxable Income > Rs.5 Crores but < Rs.10 Crores	37%
	Taxable Income > Rs.10 Crores	37%
	Note: The enhanced surcharge of 25% & 37%, as the case may be, is not levied, from income chargeable to tax under sections 111A, 112A and 115AD. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%	
c) Health and Education Cess	4% on (Tax + Surcharge)	

1 Income Tax Rates: (Contd...)

Marginal relief on Surcharge	
Taxable Income > Rs.50 Lakhs but < Rs.1 Crore	Amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs.50 Lakhs by more than the amount of income that exceeds Rs.50 Lakhs
Taxable Income > Rs.1 Crore but < Rs.2 Crores	Amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs.1 crore by more than the amount of income that exceeds Rs.1 crore
Taxable Income > Rs.2 Crores but < Rs.5 Crores	Amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs.2 crores by more than the amount of income that exceeds Rs.2 crores
Taxable Income > Rs.5 Crores	Amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs.5 crores by more than the amount of income that exceeds Rs.5 crores

Standard deduction of Rs.50,000 from Salary income is available for Employees

B For Co-Operative Societies:

Old Tax Regime	
Amount	**Rate**
Upto Rs.10,000	10%
Rs.10,001 to Rs.20,000	20%
Above Rs.20,000	30%
In addition to above:	
a) Surcharge if Taxable Income > Rs.1 Crore	12% on Tax
	Marginal relief where income exceeds Rs.1 Crores, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds Rs.1 Crores
b) Health and Education Cess	4% on (Tax + Surcharge)

New Tax Regime	
Amount	**Rate**
Any Income	22%
In addition to above:	
a) Surcharge	12% on Tax
b) Health and Education Cess	4% on (Tax + Surcharge)
This option to pay tax at lower rates shall be available only if the total income of co-operative society is computed without claiming specified exemptions or deductions	
The option once exercised under this section cannot be subsequently withdrawn for the same or any other previous year	

1 Income Tax Rates: (Contd...)

C For AOP / BOI / Other Artificial Juridical Person:

Amount	Rate
Upto Rs.2,50,000	Nil
Rs.2,50,001 to Rs.5,00,000	5%
Rs.5,00,001 to Rs.10,00,000	20%
Above Rs.10,00,001	30%
Surcharge & Cess: On same as applicable to Individuals & HUF as mentioned in 1A	

D For Firms / LLP / Local Authorities:

Nature of Assesse		Rate
Firms / LLP / Local Authorities		30%
In addition to above:		
a) Surcharge if Taxable Income > Rs.1 Crore	12% on Tax	
	Marginal relief where income exceeds Rs.1 Crores, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds Rs.1 Crores	
b) Health and Education Cess	4% on (Tax + Surcharge)	

E For Domestic Companies:

Normal Tax Rate		
Turnover criteria		**Rate**
Where its total turnover or gross receipt during the previous year 2019-20 does not exceed Rs. 400 crore		25%
Any other domestic company		30%
In addition to above:		
a) Surcharge if Taxable Income > Rs.1 Crore	Taxable Income > Rs.1 Crore but < Rs.10 Crores	7%
	Taxable Income > Rs.10 Crores	12%
	The surcharge shall be subject to marginal relief	
b) Health and Education Cess	4% on (Tax + Surcharge)	

Special Tax Rate		
		Rate
Where it is opted for section 115BA		25%
Where it is opted for section 115BAA		22%
Where it is opted for section 115BAB		15%
In addition to above:		
a) Surcharge	10% on Tax	
b) Health and Education Cess	4% on (Tax + Surcharge)	
The domestic company who has opted for special taxation regime under Section 115BAA & 115BAB is exempted from provision of MAT. However, no exemption is available in case where section 115BA has been opted		

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1 Income Tax Rates: (Contd...)

F For Foreign Companies:

Nature of Income		Rate
Royalty received from Government or an Indian concern in pursuance of an agreement made with the Indian concern after 31.03.1961, but before 01.04.1976, or fees for rendering technical services in pursuance of an agreement made after 29.02.1964 but before 01.04.1976 and where such agreement has, in either case, been approved by the Central Government		50%
Any other Income		40%
In addition to above:		
a) Surcharge if Taxable Income > Rs.1 Crore	Taxable Income > Rs.1 Crore but < Rs.10 Crores	2%
	Taxable Income > Rs.10 Crores	5%
	The surcharge shall be subject to marginal relief	
b) Health and Education Cess	4% on (Tax + Surcharge)	

E Capital Gain Tax Rates:

Particulars	Capital Gain Tax Rates	
	STCG	**LTCG**
Sale transaction of equity share / units of an equity oriented fund covered under STT	15%	10%*
Sale Transaction other than above:		
Individuals / HUF /Co-Operative Societies	Slab Rates	20% / 10% #
Firms / LLP / Local Authority / Domestic Companies	30%	
Foreign Companies	40%	

* If the amount of LTCG (Including LTCG on Units of Mutual Funds) in a year exceeds Rs.1,00,000/-, the excess amount above Rs.1,00,000/- is taxable at the rate of 10%
20% with indexation or 10% without Indexation for units/ Zero Coupon bonds whichever is beneficial to the assessee
Unlisted shares of company would be treated as short-term capital asset if it is held for a period of 24 months or less
Long term capital on sale of listed mutual funds (other than equity oriented funds) will be taxed at the flat rate of 20%
The Period of holding of Immovable Property (being land or building or both) is 24 months for calculating LTCG
As per Sec.10(38), the long term capital gain arising on sale of equity shares shall be exempt only if, the Securities Transaction Tax has been paid at the time of acquisition of those shares.
The Cost of Acquisition of shares would be higher of the following: i) actual cost at which shares are bought ii) lower of the following: a) highest price of securities as on 31/01/2018 b) full value of consideration

Amendments in Finance Bill 2019:
Amendment of Section 54 - now you can sell two residential houses and invest in two residential housesto claim exemption u/s 54

2 Partners Remuneration u/s 40(b):

Book Profit	Amount deductible
Loss	Maximum Rs.1,50,000/-
Less than Rs.3,00,000/-	Rs.1,50,000/- or 90% of book profit, whichever is more
Above Rs.3,00,000/-	90% of Rs.3,00,000/- and 60% of balance book profit

3 Tax Audit Requirements:

Category of Persons	Threshold
Business	
Carrying on business (not opting for presumptive taxation scheme)	Total sales, turnover or gross receipts exceed Rs.1 Crore in the FY
Carrying on business eligible for presumptive taxation under Section 44AE, 44BB or 44BBB	Claims profits or gains lower than the prescribed limit under presumptive taxation scheme
Carrying on business eligible for presumptive taxation under Section 44AD	Declares taxable income below the limits prescribed under the presumptive tax scheme and has income exceeding the basic threshold limit
Carrying on the business and is not eligible to claim presumptive taxation under Section 44AD due to opting out for presumptive taxation in any one financial year of the lock-in period i.e. 5 consecutive years from when the presumptive tax scheme was opted	If income exceeds the maximum amount not chargeable to tax in the subsequent 5 consecutive tax years from the financial year when the presumptive taxation was not opted for
Carrying on business which is declaring profits as per presumptive taxation scheme under Section 44AD	If income exceeds the maximum amount not chargeable to tax in the subsequent 5 consecutive tax years from the financial year when the presumptive taxation was not opted for
Carrying on business which is declaring profits as per presumptive taxation scheme under Section 44AD	If the total sales, turnover or gross receipts does not exceed Rs 2 crore in the financial year, then tax audit will not apply to such businesses.
Profession	
Carrying on profession	Total gross receipts exceed Rs.50 Lakhd in the FY
Carrying on the profession eligible for presumptive taxation under Section 44ADA	1. Claims profits or gains lower than the prescribed limit under the presumptive taxation scheme 2. Income exceeds the maximum amount not chargeable to income tax

3 Tax Audit Requirements: (Contd...)

In case of loss	
In case of loss from carrying on of business and not opting for presumptive taxation scheme	Total sales, turnover or gross receipts exceed Rs.1 Crore
If taxpayer's total income exceeds basic threshold limit but he has incurred a loss from carrying on a business (not opting for presumptive taxation scheme)	In case of loss from business when sales, turnover or gross receipts exceed Rs.1 Crore, the taxpayer is subject to tax audit under 44AB
Carrying on business (opting presumptive taxation scheme under section 44AD) and having a business loss but with income below basic threshold limit	Tax audit not applicable
Carrying on business (presumptive taxation scheme under section 44AD applicable) and having a business loss but with income exceeding basic threshold limit	Declares taxable income below the limits prescribed under the presumptive tax scheme and has income exceeding the basic threshold limit

4 HRA Deduction for Salaried Employees:

The deduction available is the least of the following amounts:

(i) Actual HRA received

(ii) 50% of [Basic salary + DA] for those living in metro cities (40% for non-metros)

(iii) Actual rent paid less 10% of (Basic salary + DA)

5 Deductions under House Property:

A Standard Deduction:

Standard Deduction is 30% of the Net Annual Value in case of Rental / Deemed Rental premises
This 30% deduction is allowed even when the actual expenditure on the property is higher or lower

B Deduction of Interest on Home Loan for the property:

Type of Property	Purchase / Construction Loan	Other Loans
Self Occupied	Maximum Rs.2,00,000/-	Maximum Rs.30,000/-
Rental Property	No limit; Actual interest can be claimed	

Pre Construction Interest is allowed in 5 equal installments starting from the year in which the house is purchased or the construction is completed subject to the maximum limit mentioned above

6 Deductions under Chapter VIA:

Deduction	Particulars	Eligible Deduction
Section 80C	Payment towards Life Insurance Premium	Rs.1,50,000 or Actual Investment, whichever is lower
	Provident Fund	
	Repayment of Housing Loan (Principal Component)	
	National Savings Certificate (Accrued Interest)	
	National Savings Certificate (New Deposits)	
	Unit Linked Insurance Premium (ULIP)	
	Cumulated Time Deposits	
	Investments made in Debentures/Shares of Companies as approved by CBDT	
	Educational Expenses (including payment of Educational fees for self, spouse and children)	
	Equity Linked Savings Scheme or Mutual Funds approved by CBDT	
	Sukanya Samridhi Scheme	
Section 80CCC	Pension Fund	
Section 80CCD(1)	National Pension Scheme and Atal Pension Yojana	
Section 80CCD(1B)	Additional Deduction for National Pension System Contribution	Rs.50000/- (This is over and above the limit of Rs.150000/-)
Section 80CCD(2)	Deduction in respect of employer contribution to pension scheme of Central Government	10% of basic Salary plus Dear Allowance
Section 80D	Mediclaim (Payment by any mode other than cash)	Rs.25,000 for all taxpayers. Rs.50,000 in case of Senior Citizen.
	Additional deduction for payment of Mediclaim for parents	Rs.25,000 for Non-Senior citizen parents. Rs.50,000 for Senior Citizen parents
Section 80DD	Maintenance of Dependent with Disability	Rs.75,000 in case of disability. Rs.1,25,000 in case of severe disability.
Section 80DDB	Medical Treatment of Dependent – Senior Citizen or Very Senior Citizen	Rs.40,000 in case of Non Senior Citizen. Rs.1,00,000 in case of Senior Citizen.
Section 80E	Interest on Loan on Higher Education	Amount of interest paid during the previous year upto 8 Assessment Years or until the interest referred is paid full, whichever is earlier.
Section 80EE	Interest on loan for Residential House Property	Upto Rs.50,000/- over and above Rs.2 Lakhs limit u/s 24. (Loan should be sanctioned between 01.04.2016 to 31.03.2017; Value of House < Rs.50 Lakhs; Loan Amount, Rs.35 Lakhs)
Section 80EEA	Interest on loan taken for residential house property under affordable housing scheme purchased in the F.Y.2019-20	Upto Rs.1,50,000/- over and above Rs.2 Lakhs limit u/s 24
Section 80G	Donation	50% /100% of Donation or 10% of adjusted GTI, whichever is lower
Section 80GG	Rent	Lower of:
		Rent paid less 10% of Adjusted Total Income
		25% of the Adjusted Total Income
		Rs.5,000/- per month

6 Deductions under Chapter VIA: (Contd…)

Deduction	Particulars	Eligible Deduction
80GGC	Contributions given by any person to political parties	No limit
Section 80U	Person with Disability	Rs 75,000/- in case of a person with disability and Rs. 1,25,000/- in case of a person with severe disability.
Section 80TTA	Interest on Deposit in Saving Bank Account	Upto Rs. 10,000/- for Individuals & HUF
Section 80TTB	Interest on Deposits	Upto Rs. 50,000 shall be allowed to resident individuals who are senior citizens.

7 TDS Rate Chart

Section	Nature of Payment	Threshold (Rs.)	Individual / HUF	Others
192	Salaries	Basis on Slab		
192A	Premature withdrawal from EPF	50,000	10%	N.A.
193	Interest on Securities	10,000	10%	10%
194	Dividends	2,500	10%	10%
194A	Interest (Banks)	40,000	10%	10%
	Interest (Others)	5,000	10%	10%
	(For Senior Citizens, the limit is Rs.50,000/-)			
194B	Winning from Lotteries	10,000	30%	30%
194BB	Winning from Horse Race	10,000	30%	30%
194C	Contractor – Single Transaction	30,000	1%	2%
	Contractor – During the F.Y.	1,00,000	1%	2%
	Transporter (44AE) declaration with PAN	0	0	0
194D	Insurance Commission (15G – 15H allowed)	15,000	5%	10%
194DA	Life insurance Policy	1,00,000	5%	5%
194E	Non-Resident Sportsmen or Sports Association	0	20%	20%
194EE	NSS	2,500	10%	10%
194F	Repurchase Units by MFs	0	20%	20%
194G	Commission – Lottery	15,000	5%	5%
194H	Commission / Brokerage	15,000	5%	5%
194I	Rent of Land and Building – F&F	2,40,000	10%	10%
	Rent of Plant / Machinery / Equipment	2,40,000	2%	2%
194IA	Transfer of certain immovable property other than agriculture land	50,00,000	1%	1%
194IB	Rent by Individual / HUF (wef 01.06.2017)	50,000 per month	5%	N.A.
194J	Professional Fees / Technical Fees / etc.	30,000	10%	10%
	Payment to Call Centre Operator	30,000	2%	2%
194K	Payment of any income in respect of Units of Mutual fund as per section 10(23D) or Units of administrator or from a specified company	0	10%	10%
194LA	Compensation on transfer of certain immovable property other than agricultural land	2,50,000	10%	10%
194LB	Income by way of interest from from infrastructure debt fund	0	5%	5%
194N	Cash Withdrawal - If IT return not filed	20,00,000	2%	2%
	Cash Withdrawal - If IT return is filed	1,00,00,000	2%	2%

8 TCS Rate Chart

Section	Nature of Payment	Rate
206C	Scrap	1%
	Alcoholic Liquor for human consumption	
	Minerals, being coal or lignite or iron ore (applicable from July 1, 2012)	
	Sale of motor vehicle of the value exceeding Rs. 10 Lacs (wef 01.06.2016)	
	Parking Lot, Toll Plaza, Mining and Quarrying	2%
	Timber obtained under a forest lease or other mode	2.50%
	Any other forest produce not being a timber or tendu leave	
	Tendu Leaves	5%

9 Due Dates for Payment of Advance Tax

Due Date	% of Tax
15th June	Upto 15%
15th September	Upto 45%
15th December	Upto 75%
15th March	100%

10 Due Dates for Payment of TDS

Month	Due Date
April to February	7th day of the succeeding month
March	30th April

11 Due Dates for TDS Return Filing

Quarter	Due Date
Q1 (April to June)	31st July
Q2 (July to September)	31st October
Q3 (October to December)	31st January
Q4 (January to March)	31st May

12 Due Dates for Income Tax Return Filing

Category	Due Date
Individuals, HUF, BOI, AOP. (Taxpayers with no audit requirement.)	31st July
Company, Taxpayers whose accounts need to be Audited, Working partner (whose firm's books need to be Audited)	30th September
Assessees involved in transactions u/s 92E	30th November

13 Interest Rates under Income Tax Act

Sec	Description	Period	Rate (Per Month or part)
234A	Delay in submission of IT Return	From Due Date to Date of submission of return	1%
	Non - Submission of IT Returns	From Due Date to Date of completion of assessment	
234B	Failure to pay 90% of assessed tax as Advance Tax	From 1st April of A.Y. to Date of submission of return	
234C	Deferring Advance Tax	From Due Date to Due date of next instalmen	
201(1A)	Failure to deduct TDS	From required date for deduction to actual date of deduction	1%
	Failure to deposit TDS in time	From actual date of deduction to actual date of deposit	1.50%
206C(7)	Failure to collect TCS	From required date for collection to the actual date of collection	1%

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