

# ITR FORMS

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# ITR I

Return Forms	Brief Description
ITR I	<p>Also known as SAHAJ is applicable to a ordinarily Resident individual having salary or pension income or income from one house property (not a case of brought forward loss or loss to be carried forward) or income from other sources (not being lottery winnings and income from race horses and in come chargeable to tax at special rates). However, an individual who is a director in a company or has held equity shares of an unlisted company shall not be eligible to use ITR -I.</p> <p>Further, the ITR-I shall not be available to a taxpayer in whose case the tax has been deducted on cash withdrawal under Section 194N or tax has been deferred in respect of ESOPs allotted by an eligible start-up.</p>

# ITR 2

Return Forms	Brief Description
ITR 2	It is applicable to an individual or an Hindu Undivided Family not having income chargeable to income-tax under the head “Profits or gains of business or profession”

# ITR 3

<b>Return Forms</b>	<b>Brief Description</b>
ITR 3	It is applicable to an individual or a Hindu Undivided Family who has any income chargeable to tax under the head business or profession

# ITR 4

<b>Return Forms</b>	<b>Brief Description</b>
ITR 4	Also known as SUGAM is applicable to individuals or Hindu Undivided Family or partnership firm who have opted for the presumptive taxation scheme of section 44AD/44ADA/44AE.

# ITR 5

<b>Return Forms</b>	<b>Brief Description</b>
ITR 5	This Form can be used by a person being a firm, LLP, AOP, BOI, artificial juridical person referred to in section 2(31)(vii), cooperative society, local authority Private Discretionary Trust, Society registered under Society Registration Act, 1860, trust other than trusts eligible to file ITR 7, estate of deceased person, estate of an insolvent, business trust and investment fund. However, a person who is required to file the return of income under section 139(4A) or 139(4B) or 139(4C) or 139(4D) shall not use this form (i.e., trusts, political parties, institutions, colleges.)

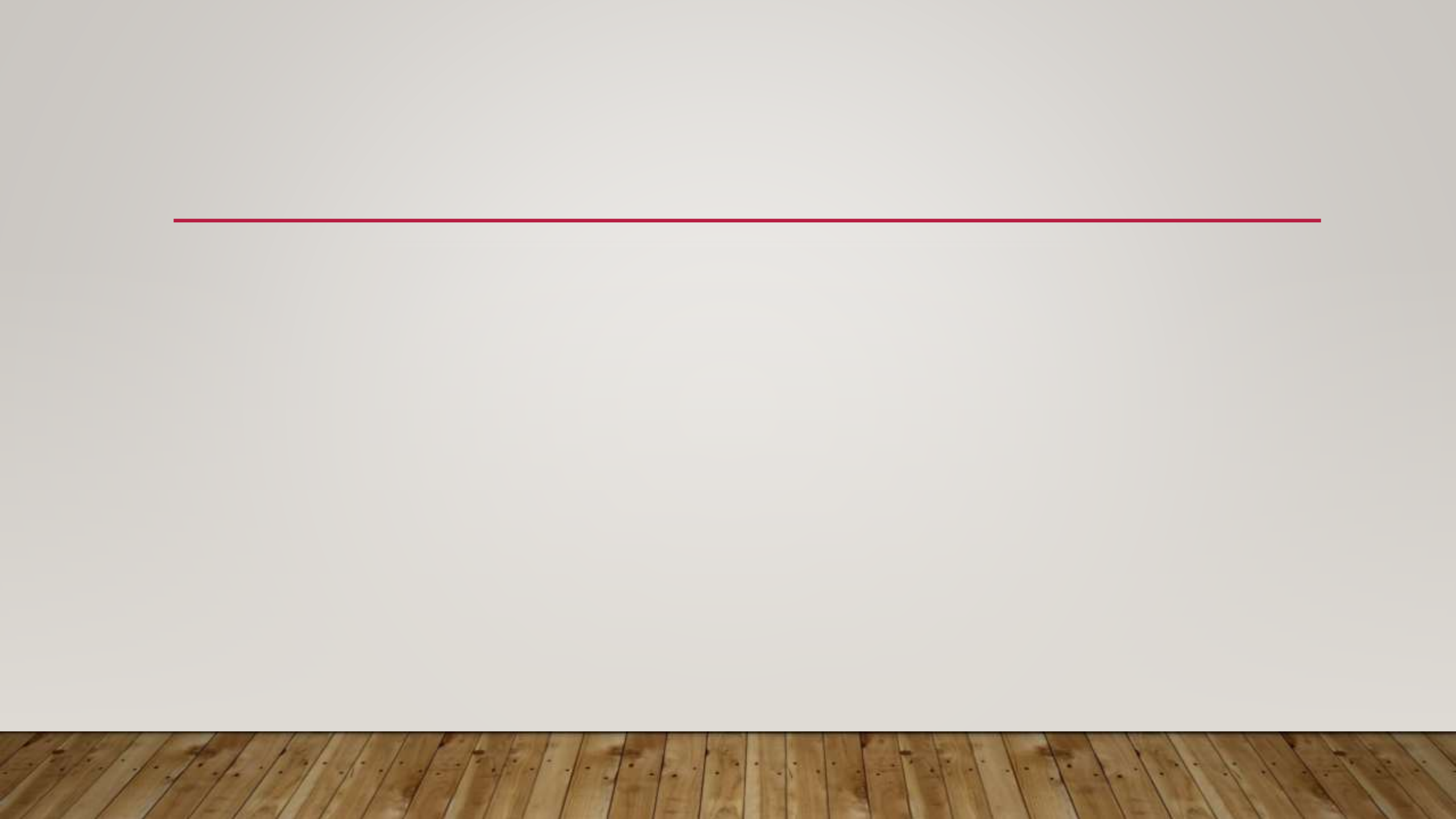
# ITR 6

<b>Return Forms</b>	<b>Brief Description</b>
ITR 6	It is applicable to a company, other than a company claiming exemption under section 11 (exemption under section 11 can be claimed by charitable/religious trust).

# ITR 7

<b>Return Forms</b>	<b>Brief Description</b>
ITR 7	It is applicable to a persons including companies who are required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) (i.e., trusts, political parties, institutions, colleges.).





**An over view of Computation of Income Tax on Salary  
Income of the Govt. Servants and TDS under Section 192**

# Nature of Income Tax

- Income Tax is a Direct Tax;
- It is an income based Tax;
- Payer and sufferer of tax is one and the same;
- It is a Progressive Tax;
- Previous year income is assessed in the assessment year;
- Every person who earns taxable income is an assessee;
- A person is required to self assess his tax and File his IT returns.

# Different Heads (Sources) of Income

What are the different Heads of income according to Income-Tax Act ? (Sec 14 of IT Act 1961)

There are 5 different Heads. The income under each Head will be charged to income tax. Thus the tax will be computed on the basis of Gross Total Income.

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- 1) Income from Salary including allowances, value of perquisites, profits in lieu of salary and Pension.
- 2) Income from House Property, whether residential, commercial or let out.
- 3) Income from Profits and Gains of Profession or Business
- 4) Income from Capital Gains-Short & Long term
- 5) Income from Other Sources including Bank Interest, Interest on Securities, Lotteries, Cross word Puzzles, Races, Games, Gift received in excess of Rs.50,000 in cash + kind from unrelated persons.

**Among the above heads Loss from house property can be deducted and income from other sources can be added to the income from salary**

## Previous Year and Assessment Year

A Financial Year is called “ Previous Year” in Income Tax Act. The income of “previous year “ is assessed to tax in the succeeding year. Such succeeding year is called “Assessment Year” .Otherwise the year in respect of the income on which the tax is **levied** is called the Previous Year.

To illustrate, Finance Act 2016 prescribes tax rates for F/Y2016-2017, which is also referred as Assessment Year 2017-18.and for F/Y 2018-19 AY is 2019-20 and for 2020-21 it is 2021-22 and for 2021-22 it is 2022-23

Income Tax is deducted at Source (TDS) or paid in Advance before the commencement of the Asst Year i.e. In the Previous year following the concept of ....

PAYE i.e.. Pay As You Earn

#### 4. Who is an Assessee ?

**ASSESSEE [ Section 2(7) ] Assessee'** means a Person by whom any Tax or any other sum of money is payable under this Act. ... Any person who entitled to refund of Tax under this Act

A DDO is an **Assessee in default** who is responsible for deduct Tax at source from the salary income of other employees working under him

# What is Salary

As per section 15 of the Act, the following incomes are chargeable to income-tax under the head "Salaries"-

- (a) any salary due from an employer or a former employer to an assessee in the previous year. whether paid or not;
- (b) any salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him;
- (c) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year

## What is Salary ?

- Any amount received by an Employee from an Employer is known as Salary. To receive / give salary, there has to be an Employee- Employer relationship.

Salary is chargeable to tax on Due or Receipt basis whichever is earlier

### What is Gross Salary according to Income- Tax Act ? (Section 17)

#### - Gross Salary Means -

- \* **Basic Salary or Wages, Bonus, Pension, Gratuity (beyond exempted limit), Leave Salary or encashment, Advance salary, Salary Arrears, Fee or commission, Remuneration for extra work, Ex-gratia, Award for excellence etc.**
- \* **Allowances such as House Rent Allowance, Dearness Allowance, Over time Allowance, City Compensatory Allowance, Children's Education Allowance, Conveyance Allowance, Fixed Medical Allowance and any other special Allowances.**
- \* **Contribution made by the Govt. to the account of employee under New Pension Scheme**



## **Perquisites(Rule3)**

**Rent Free Accommodation, amount spent or paid by the employer on behalf of the employee in respect of Gas, Electricity, Water Charges, Children's School Fee, Club Fees, gifts above (Rs 5000), Med allowance(sec. 17(2)) (Generally not given to the state govt. employees. If given to be taken in to account)**

**\* Benefits received in place of salary which includes Retrenchment Compensation (Amount given to an employee when his service are no longer required).**

## **Pension**

**\* Received from former Employer is taxable as “salaries”. However, Family Pension is taxed as income from other sources and the employer is not required to deduct on such family pension of the employee.**

**Commuted Pension is fully exempt from tax for Govt. Employees. Uncommuted pension is taxable.**

## Normal Rates of Tax applicable for Financial Year 2022-23(As per Finance Act 2019 to be deducted u/s192 of the IT Act-1961 under the head “Salaries”

Annual Net Income from all sources (After all permissible exemptions & deductions)	Income- tax Rates (in percentage on Taxable Income)
Up to 2,50,000	-----Nil-----
2,50,001 – 5,00,000 But Rs 12500/-income tax rebate is allowed only to tax payers in this bracket up to RS 5,00,000 (section:87A)	5% of the amount exceeding 2,50,000 (5,00,000 – 2,50,000 = 2,50,000 X 5%) = Rs:12500
5,00,001 – 10,00,000	Rs:12500+20% on the amount exceeding 5,00,000 [10,00,000 – 5,00,000 =5,00,000 X 20% = 1,00,000] =1,12,500+4% Health &Education cess Rs.4500 = 117000
10,00,001 & above	Rs:1,12,500+30% on the amount exceeding 10,00,000 +4% Health&Education cess on net income tax payable.

- # Slab begins from 3,00,001, for Senior Citizens & for very Senior Citizens begins from 5,00,001.
- Surcharge applicable for the total income exceeding rupees fifty lakh

## Concessional Rate of Tax

The concessional rates of tax provided under section (15BAC ) are subject to the condition that the total income of the individual is;

a) Without any exemption or deduction specified under clause (i) of sub-section (2) of section 115BAC.

b) Without set off of any loss specified in clause (ii) of sub-section (2) of section 115BAC.

c) Without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force, as specified in the clause (iv) of sub-section (2) of section 115BAC

## New Concessional Rates of Income Tax u/s 115BAC A.Y. 2023-24 (F.Y. 2022-23)

Income Tax Slab	Tax Rate
Up to Rs.2.5 lakhs	Nil
From Rs.2,50,001 to Rs.5,00,000	5% of the total income that is more than Rs.2.5 lakh + 4% cess ie.12,500Section 87A applicable)
From Rs.5,00,001 to Rs.7,50,000	10% of the total income that is more than Rs.5 lakh + 4% cess
From Rs.7,50,001 to Rs.10,00,000	15% of the total income that is more than Rs.7.5 lakh + 4% cess
From Rs.10,00,001 to Rs.12,50,000	20% of the total income that is more than Rs.10 lakh + 4% cess
From Rs.12,50,001 to Rs.15,00,000	25% of the total income that is more than Rs.12.5 lakh + 4% cess
Income above Rs.15,00,001	30% of the total income that is more than Rs.15 lakh + 4% cess

# Intimation to DDO for deduction of tax at concessional rate

Any employee intending to opt for the concessional rates of tax under section 115BAC of the Act. may intimate the deductor, being DDO of such intention for each previous year and upon such intimation, the deductor shall compute his total income. and make TDS thereon in accordance with the provisions of section 115BAC. If such intimation is not made by the employee. the employer shall make TDS without considering the provision of section 115BAC of the Act. The intimation so made to the deductor shall be only for the purpose of TDS during the previous year and can not be modified during that year. (CBDT Circular No. ci of 2020 dated 13.04.2020)

### Salary from more than one employer

- *Section 192(2)* The employee shall be required to furnish the details of salary received and the deductions made of the previous employer in writing and duly verified by him and by the previous employer.
- The present employer shall take in to account and make TDS on the aggregate of such salary

### Salary Paid in Arrears

- In case of salary paid in arrears/advance and also family pension relief under section 89 read with rule 21A may be sought in Form No 10E duly verified by the employee.
- An application is made to the DDO and the DDO will take in to account the same for computing the relief on the basis of particulars and make deduction accordingly

## Adjustment for Excess or Short fall of Deduction

- The provisions of Section 192(3) allow the DDO to make adjustments for any excess or shortfall in Tax deduction arising out of any previous deduction or failure to deduct during the financial year.

## Information regarding any other head

- Section 192(2B) enables a taxpayer to furnish particulars of income under any head other than "Salaries" (not being a loss under any such head other than the loss under the head '**Income from house property**' (to the extent of Rs 2.00 lakh) received by the employee for the same financial year and of any tax deducted at source thereon. The particulars may now be furnished in a simple statement, which is properly signed and verified by the employee.
- Loss under any other head cannot be considered by DDO for calculating the amount of tax to be deducted

Some income not included under the head salaries of Govt. employees (common exemptions)

Travel concession on leave, retirement etc.

Contribution to New Pension Scheme up to 14%

Death Cum Retirement Gratuity

Commutated pension

Leave encashment during retirement

Medical reimbursement

TA and DA and such other allowance to meet the expenditure of tour and transport while on duty



Basic Salary	810600	Rent Paid (Working in Bangalore)	1,50,000
D A with arrears	1 12300	Bank SB interest	3500
HRA	194504	KGID premium	36000
EL encashment (included in the above)	33,775	Insurance (LIC prem)	30684
Personal Pay	72000	NPS contribution	88912
CCA	3600	GIS contribution	5520
Honorarium	3000	Sukanya Samradhi Yojana	20000
FD investment(more than five yrs)	20000	Charity (CMs fund)	3552
FD interest received	1800	Tuition fee	8600
Med Insure GIC self &family	25000		
Income tax TDS	52300	Int on Edu. loan	22600
P T	2400		

# Salary and Non salary Income

Salary Income	Amount	Income from Other Source	Amount
Basic	810600	F.D Interest	1800
DA	112300	S.B Interest	3500
HRA	194504	Honorarium	3000
CCA	3600		
EL Encash (included above)	(33775)		
P P	72000		
M.A.	00		
Other Allowance	00		
<b>Total</b>	<b>1193004</b>	<b>Total</b>	<b>8300</b>

# EXEMPTIONS

## House Rent Allowances

**--Income Tax(IT) Deduction of House Rent Allowances (HRA).-----**

**Under Section 10(13A) read with Rule (2A)**

House Rent Allowance or HRA is an allowance given by the employer to the employee for taking care of his rental or accommodation expenses. Employer can choose to offer HRA in salary package irrespective of whether you live in a rented accommodation or in your own house.

**-----Eligibility for HRA exemption-----**

- To be eligible for HRA exemption, you must first receive HRA in your salary and live in a rented accommodation for which you pay the rent.
- Your rent should be More than 10% of your salary.
- If you live in a house you own, you will not be eligible for HRA exemption.

## Calculation of HRA exemption

The actual HRA that is exempt from tax is the lowest of the following three

1. Actual HRA received from employer
2. 50% of salary in case of metros or 40% in case of non-metros.
3. Actual rent paid minus 10% of salary.(ie. Rent paid over and above 10%of the salary)

## Definition of salary

In the context of tax exemption for House Rent Allowances, salary is defined as sum total of basic and dearness allowances ( if it is part of retirement benefit) (Plus Commission if any)

2A.6-1 Meaning of 'salary' - In terms of Explanation (ii) to rule 2A, 'salary' shall include dearness allowance if the terms of employment so provide. Thus, 'salary' shall not include other allowances & perquisites. The following points must also be noted : **Where dearness pay is treated as 'pay' for purposes of pension, gratuity and compensatory allowances including house rent allowance**, the term 'salary' will include such dearness pay also for purposes of calculating the exempt portion of HRA—CBDT Circular No. 90, dated 26-6-1972

### Example for (HRA) calculation

**Let us calculate the salary first,  
(Assumed DA is part of pensionary benefit)**

- Salary = Rs.922900 per annum. (Basic=810600+DA 112300.=922900)
- 1. Actual HRA received = Rs.194504
- 2. Since Mr. A is based in Bangalore we will take 40% of his salary, which comes to 40% of 922900 = Rs.369160
- 3. Actual Rent paid = Rs.150000 and 10% of salary is=  $0.10 \times 922900 = \text{Rs}92290$
- 4. The difference comes to  $\text{Rs.}150000 - 92290 = \text{Rs. } 57710$

The minimum of these is Rs. 57710. So Rs. 57710 of HRA is exempt from tax. The rest which is  $194504 - 57710 = \text{Rs. } 136794$  is taxed.

## Other Considerations of HRA

- Rent receipts need to be produced as proof to your employer to show that you are indeed paying rent and to claim HRA. And if the aggregate rent paid in any financial year exceeds 1 lakh rupees then details of land lord should be furnished in form no 12BB
- DDOs empowered to obtain evidence of proof or particulars of the prescribed claim (including claim for set-off of loss) under section 192(2D)  
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- It is stated that the DDO can take into account any loss only under the head —Income from house property up to Rs 2 lakh (Interest on HB Loan)||.
- Loss under any other head cannot be considered by the DDO for calculating the amount of tax to be deducted at source from the income from salary.

# Furnishing of Information in Form no 12BB

- Calculation of TDS on the salary income should be done in the financial year (Previous Year) for the purpose of assessment year of income tax. "The person responsible for paying "for the purpose of Sec192 is the DDO in case of central government and state government (Sec 204(iv)) employees.
- **Rule 26C.** (1) *The assessee shall furnish to the “person responsible for making payment” under sub-section (1) of section 192, the evidence or the particulars of the claims referred to in sub-rule (2), in Form No.12BB for the purpose of estimating his income or computing the tax deduction at source.*

# Calculation of Income tax on the Income from Salary

Name of the Government Servant : Mr A  
Designation : Dy Director Public Inst  
Name and Address of the Office : Bangalore  
Permanent Account No(PAN) : ABCPM4512K  
Financial Year : 2022-23  
Assessment Year : 2023-24



Serial No	Particulars	Amount (Rs) Old Slab	Amount (Rs) New Slab
1	Total Salary Income including all allowances (1-4-2022 to 31-03-2023)	<b>1193004</b>	<b>1193004</b>
2	House Rent Allowance Exemption (Least of the following three items. u/s 10(13)(a) of the IT Act 1961 a) Actual HRA Received <u>194504</u> b) Rent paid in excess of 10% of the Salary for the period in which the rent is paid (Salary=Basic+DA ) <u>57710</u> c) 40% of the Basic+DA <u>369160</u> (50% in case of Metro cities) (Assumed DA is part of pensionary benefit)	(-)57710	No Exemption
3	Amount of Income from Salary after deducting para (2) from (1)	<b>1135294</b>	<b>1193004</b>
4	Deductions Under Section 16 a) Standard Deduction u/s 16 (ia) Rs 50,000 b) Professional Tax u/s 16(iii) Actual paid Rs 2400 c) Entertainment allowance Maxm: 5000 Rs Nil	(-) 52400	Not deductible
5	Income from Salary after deducting para 4 from 3	<b>1082894</b>	<b>1103004</b>

Serial No	Particulars	Amount (Rs)	Amount (Rs)
6	A) Income from other sources like Interest from savings bank account and interest from NSC etc	8300	8300
7	Amount of total Income from Salary Para 5+6A-6B	1091194	1201304

Serial No	Particulars	Amount (Rs)	Amount (Rs)
8	Deductions Under Chapter VI A Section 80D to 80U ( All Deductions are subject to Certain Conditions under respective sections , Please refer the respective section of the Income Tax Act 1961 & Rules for details)		
i	<p><b><u>Section 80D</u></b>  Medical Insurance Premium paid through cheque to GIC or any other authorized Insurance company for availing the following benefit</p> <p>1) Self and Family Rs 25000  2) Additional premium for Parents Rs 25000  (If one of the Parents is Senior Citizen it is Rs 50000)  4) If MI premium is not paid medical expenses up to Rs 50,000 when the self or family is senior citizen</p> <p>This includes Preventive Health Checkup maximum Rs 5000  The maximum deductions available from all of the above shall not exceed Rs 1,00,000 in the financial year if one of the family and parents are Sr Citizen. All payment in non-cash mode other than preventive health check up. <b>Rs: 25000 (for self and family)</b></p>	25000	Not deductible

Serial No	Particulars	Amount (Rs)	Amount (Rs)
ii	<p><b><u>Section 80E</u></b>  Interest on loan borrowed from Financial Institutions/Charitable Institutions for Higher Education of the Government servant or his/her children (Education above 12<sup>th</sup> Standard) <b>Rs 22600</b></p>		
iii	<p><b><u>Section 80G</u></b>  Charity paid to the Funds with the purpose mentioned under this section. The payment above Rs 2000 should have been paid through cheques <b>Rs 3552</b></p>		
iv	<p><b><u>Section 80TTA</u></b>  Interest earned on the balance of amount in Savings Account up to a maximum of( Rs 10,000) <b>Rs 3500</b></p>	54652	Not Deductible

Serial No	Particulars	Amount (Rs)	Amount (Rs)
9	<p><b><u>Deduction under Section 80C (Documents shall be produced for the amounts other than those deducted from Salary)</u></b></p> <p>1) Contribution to the Emp Grp Insurance Scheme(GIS) <b>Rs 5520</b></p> <p>2) Contribution to KGID Policy premiums <b>Rs 36000</b></p> <p>3) Contribution to LIC Policies premiums(Maximum: 10% and 20% of the sum assured after 1/4/2012 and before 1/4/2012respectively <b>Rs: 30684</b></p> <p>4) Tuition Fees up to 2 children <b>Rs 8600</b></p> <p>5) Fixed Deposits of More than 5 years in Post Office or Banks <b>Rs : 20000</b></p> <p>6) Amount invested in Sukanya Samrudhi Yojana <b>Rs 20000</b></p>	<p>Total 209716 out of which Rs 150000 is allowed</p>	<p>Not deductible</p>

Serial No	Particulars	Amount (Rs)	Amount (Rs)
10	<p><b><u>Deductions under Section 80CCC</u></b></p> <p>Amount invested in the Pension Funds of the LIC or other Insurance Funds (up to Rs 1,50,000 per year ) Nil</p>		
11	<p><b>Deductions under Section 80CCD(1a) <span style="float: right;">88912</span></b></p> <p>Amount invested in the National Pension System approved by the Central Government subject to a limit of 10% of the salary (Salary includes Dearness Allowance if the terms of employment so provide excluding all other allowances and perquisites)</p> <p><b>Employers Contribution up to 14% is fully exempted u/s 80CCD(2)</b></p> <p>-----</p>		
12	<p><b>The Amount of 9+ 10+11 should not exceed Rs 1,50,000</b></p>		
13	<p><b><u>Employees Voluntary Contribution (Tier I) Deductions under Section 80CCD(1B)</u></b> Amount invested in National Pension Scheme at the rate of 10% or more up to Rs 50,000</p>	00	Not deductible

Serial No	Particulars	Amount (Rs)	Amount (Rs)
14	Total Taxable Salary Income(7-8-12-13)(Rounded off to nearest 10 rupees)	886542	1201304

# Tax calculation on Taxable Income

IT slab	Slab Rate	Tax amount	IT slab (New)	Slab rate	Tax amount
Taxable Salary	886542		Taxable Salary	12,01,304	
0-2.5L	Nil	00	0-2.5 L	Nil	00
2.5to 5L	5%	12,500	2.5to 5L	5%	12,500
5 to 10L	20%	77,308	5to 7.5L	10%	25,000
Above 10L	30%	00	7.5 to 10L	15%	37,500
Total Tax		89,808	10 to 12.5 L	20%	40,261
H&E Cess	4% on Tax amt	3,592	12.5 to 15L	25%	00
Total Tax Liability		93,400	Total Tax		1,15,261
TDS		52,300	H&E Cess	4%	4,610
Tax to be paid		<b>41100</b>	Total Tax Liability		1,19,871
			TDS		52,300
			Tax to be paid		<b>67,571</b>



# Verification

I, ..... son/daughter of ..... do hereby certify that the information given above is complete and correct.....

(Signature of the employee)

Full Name:

Designation

Place:

Date:

## Certificate for House Rent Paid

I certify that I am residing in the rented house  
I pay a monthly rent of Rs .....for the house I reside  
as tenant (if the rent paid is above 1 lakh furnish rent receipt  
and the PAN no of the house owner)

PAN no of the house owner.....

Date :

Place:

Signature  
Designation

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Basic Salary	10,50,600	House Bldg Loan (principal)	65,750
D A	2,62,650	Interest on HBL	95,800
HRA	1,68,096	KGID premium	36,000
FD investment(more than five yrs)	30,000	Insurance (LIC prem)	20,684
FD interest received	2,400	GPF	1,20,000
		GIS contribution	5520
Income tax TDS	12300		
P T	2400		
Bank SB interest	3,800		

# Salary and Non salary Income

Salary Income	Amount	Income from Other Source	Amount
Basic Salary	10,50,600	F.D Interest	2,400
D A with arrears	2,62,650	S.B Interest	3,800
HRA	1,68,096		
<b>Total</b>	<b>14,81,346</b>	<b>Total</b>	<b>6,200</b>

# Calculation of Income tax on the Income from Salary

Name of the Government Servant : Mr B  
Designation : Dy Director Public Inst  
Name and Address of the Office : Bangalore  
Permanent Account No(PAN) : ABCPM4515K  
Financial Year : 2022-23  
Assessment Year : 2023-24

Serial No	Particulars	Amount (Rs) Old Slab	Amount (Rs) New Slab
1	Total Salary Income including all allowances (1-4-2022 to 31-03-2023)	<b>14,81,346</b>	<b>14,81,346</b>
2	House Rent Allowance Exemption (Mr B is residing in the own house therefore HRA exemption is not admissible)	Nil	No Exemption
3	Amount of Income from Salary after deducting para (2) from (1)	<b>14,81,346</b>	<b>14,81,346</b>
4	Deductions Under Section 16 a) Standard Deduction u/s 16 (ia) Rs 50,000 b) Professional Tax u/s 16(iii) Actual paid Rs 2400 c) Entertainment allowance Maxm: 5000 Rs Nil	(-) 52400	Not deductible
5	Income from Salary after deducting para 4 from 3	14,28,946	<b>14,81,346</b>

Serial No	Particulars	Amount (Rs)	Amount (Rs)
6	A) Income from other sources like Interest from savings bank account and interest from NSC etc	6,200	6,200
7	Amount of total Income from Salary Para 5+6A-6B	14,35,,146	14,87,546
8	Interest on House Building Loan *(see note)	95,800	Not Deductible
	Amount after deducting 8 from 7	13,39,346	14,87,546
9	<b><u>Section 80TTA</u></b> Interest earned on the balance of amount in Savings Account up to a maximum of( Rs 10,000) ( Rs 3500)	3500	Not Deductible
	Amount after deducting 9 from 8	13,35,846	14,87,546

## Conditions for claim of deduction of interest on borrowed capital for computation of Income from House Property -section 24(b)

1. The deduction is allowed only in case of house property which is owned and is in the occupation of the employee for his own residence. In case the house property is not occupied by the employee in view of his place of the employment being at other place, then his residence in that other place should not be in a building belonging to him.
2. The acquisition or construction of the house should be completed within 5 years from the end of the FY in which the capital was borrowed. Hence, it is necessary for the DDO to have the completion certificate of the house property against which deduction is claimed either from the builder or through self-declaration from the employee.
3. Any prior period interest may be deducted in equal installments for the FY in question and subsequent four years.



# The amount of interest allowed

Sl No	Purpose of borrowing capital	Date of borrowing capital	Maximum deduction (Rs)
1	Repair or Renewal or Reconstruction of the house	Any time	30000
2	Acquisition or Construction of the house	Before 01.04.1999	30000
3	Acquisition or Construction of the house	On or after 01.04.1999	150000(up to 2014-15) 200000 w.e.f. AY 2015-16
4	Aggregate deduction of Sl No 1 and 3 of the table above shall not exceed Rs 2,00,000 from the Financial Year 2019-20		

The employee has to furnish before the DDO a certificate from the person to whom any interest is payable on the borrowed capital specifying the amount of interest payable. In case a new loan is taken to repay the earlier loan, then the certificate should also show the details of Principal and Interest of the loan so repaid.

Serial No	Particulars	Amount (Rs)	Amount (Rs)
10	<p><b><u>Deduction under Section 80C (Documents shall be produced for the amounts other than those deducted from Salary)</u></b></p> <p>1) Contribution to the Emp Grp Insurance Scheme(GIS) <b>Rs 5520</b></p> <p>2) Contribution to KGID Policy premiums <b>Rs 36000</b></p> <p>3) Contribution to LIC Policies premiums(Maximum: 10% and 20% of the sum assured after 1/4/2012 and before 1/4/2012respectively <b>Rs: 20684</b></p> <p>4) General Provident Fund: <b>Rs 120000</b></p> <p>5) Fixed Deposits of More than 5 years in Post Office or Banks <b>Rs : 30000</b></p> <p>6) Principal Amount of House Building Loan : <b>65750</b></p>	<p>Total 277954 out of which Rs 150000 is allowed</p>	<p>Not deductible</p>

Serial No	Particulars	Amount (Rs)	Amount (Rs)
14	Total Taxable Salary Income(7-8-12-13)(Rounded off to nearest 10 rupees)	11,85,846	14,87,546

# Tax calculation on Taxable Income

IT slab	Slab Rate	Tax amount	IT slab (New)	Slab rate	Tax amount
Taxable Salary	11,85,846		Taxable Salary	14,87,546	
0-2.5L	Nil	00	0-2.5 L	Nil	00
2.5to 5L	5%	12,500	2.5to 5L	5%	12,500
5 to 10L	20%	1,00,000	5to 7.5L	10%	25,000
Above 10L	30%	55,754	7.5 to 10L	15%	37,500
Total Tax		1,68,254	10 to 12.5 L	20%	50,000
H&E Cess	4% on Tax amt	6,730	12.5 to 15L	25%	59,387
Total Tax Liability		1,74,984	Total Tax		1,84,387
TDS		00	H&E Cess	4%	7,375
Tax to be paid		<b>1,74,984</b>	Total Tax Liability		1,91,762
			TDS		00
			Tax to be paid		<b>1,91,762</b>

# Verification

I, ..... son/daughter of ..... do hereby certify that the information given above is complete and correct.....

(Signature of the employee)

Full Name:

Designation

Place:

Date:

## Certificate for House Rent Paid

I certify that I am residing in the rented house  
I pay a monthly rent of Rs .....for the house I reside  
as tenant (if the rent paid is above 1 lakh furnish rent receipt  
and the PAN no of the house owner)

PAN no of the house owner.....

Date :

Place:

Signature  
Designation

# Tax calculation on Taxable Income

IT slab	Slab Rate (Ex)	Tax amount	IT slab (New)	Slab rate	Tax amount
Taxable Salary	8,50,000		Taxable Salary	8,50,000	
All Deductions	98,400 *	Deductible	All Deductions	98,400*	Not Deductible
Net taxable salary	7,51,600		Net taxable salary	8,50,000	
0-2.5L	Nil	00	0-2.5 L	Nil	00
2.5to 5L	5%	12,500	2.5to 5L	5%	12,500
5 to 10L	20%	50,320	5to 7.5L	10%	25,000
--	--	--	7.5 to 10 L	15%	15,000
Total Tax		62,820	Total Tax		52,500
H&E Cess	4% on Tax amt	2,512	H&E Cess	4% on Tax amt	2,100
Tax Liability		65,333	Tax Liability		54,600

Rebate under Section 87A is not admissible as the taxable income exceeds Rs 5 lakhs

Deductions: PT:2400+SD:50,000+HRA 6000 + 80C 40,000=98,400\*

# Tax calculation on Taxable Income

IT slab	Slab Rate	Tax amount	IT slab (New)	Slab rate	Tax amount
Taxable Salary	8,50,000		Taxable Salary	8,50,000	
All Deductions	2,08,400*	Deductible	All Deductions	2,08,400*	Not Deductible
Net taxable salary	6,41,600		Net taxable salary	8,50,000	
0-2.5L	Nil	00	0-2.5 L	Nil	00
2.5to 5L	5%	12,500	2.5to 5L	5%	12,500
5 to 10L	20%	28,320	5to 7.5L	10%	25,000
-	-	-	7.5 to 10L	15%	15,000
Total Tax		40,820	Total Tax		52,500
H&E Cess	4% on Tax amt	1633	H&E Cess	4% on Tax amt	2,100
Tax Liability		42,453	Tax Liability		54,600
Rebate under Section 87A is not admissible as the taxable income exceeds Rs 5 lakhs					
Deductions: PT:2400+SD:50,000+HRA 6000 + 80C1,50,000=2,08,400*					



# Tax calculation on Taxable Income

IT slab	Slab Rate	Tax amount	IT slab (New)	Slab rate	Tax amount
Taxable Salary	8,50,000		Taxable Salary	8,50,000	
All Deductions	2,73,400*	Deductible	All Deductions	2,73,,400*	Not Deductible
Net taxable salary	5,76,600		Net taxable salary	8,50,000	
0-2.5L	Nil	00	0-2.5 L	Nil	00
2.5to 5L	5%	12,500	2.5to 5L	5%	12,500
5 to 10L	20%	15,320	5to 7.5L	10%	25,000
			7.5 to 10L	15%	15,000
Total Tax		27,820	Total Tax		52,500
H&E Cess	4% on Tax amt	1,113	H&E Cess	4% on Tax amt	2,100
Tax Liability		28,933	Tax Liability		54,600

Rebate under Section 87A is not admissible as the taxable income exceeds Rs 5 lakhs

Deductions: PT:2400+SD:50,000+Med ins. 6000 + House loan int : 65,000+ 80C 1,50,000=2,73,400

## Miscellaneous

The above information are not exhaustive. It is only as a guide to understand the common provisions relating to deductions of tax from salaries of state govt. employees. For further information the trainees may refer to various provisions of The Income Tax Act 1962, the Income Tax Rules 1962, The relevant Finance Acts and Taxation and other Laws (Relaxation and Amendment of Certain Provisions) Act 2020 and relevant circulars/notifications

Eg: Circular No 4/2022 dated 15<sup>th</sup> March 2022 and also refer websites [www.finmin.nic.in](http://www.finmin.nic.in)&[www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)

**THANKS**

# Tax Deduction at Source

# Income Tax Calculation on Salary Income.

- Compulsory Deduction of Tax at Source
- DDOs Duties and Responsibilities
- Sources of Income
- Income tax rate for the financial year 2022-23 Assessment Year 2023-24
- Definitions of important terms
- HRA Exemptions
- Deductions and Rebates
- Tax Calculations from salary Income

## Compulsory Deduction of Tax at Source

As per section 192 (1) of the Act, any person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee under the head of Salary income for that financial year.

# DDO's Duties and Responsibilities

(w.r.t. to TDS under IT Act on salary income)

- DDO has to obtain a valid TAN number and obtain PAN of all the deductees
- DDO has to compute the tax of every employee
- Deduct the Tax at Source and pay to Government
- Obtain the records for Deductions/Rebates
- File the Quarterly TDS Returns
- Issue Certificate of Deductions complete in all respects within prescribed time
- Keep the record of Computation of IT with relevant documents
- Reply to the notices of the department
- A DDO is an assessee in default

