

INCOME TAX RATES F. Y. 2019-20 (A.Y. 2020-21)

A quick review (Limited Information) of the applicable Income tax Rates income tax act after incorporating amendments by the Budget of 2019 are given below for ready reference and information of our clients :-

(A) RATE OF INCOME TAX FOR F. Y. 2019-20 (A.Y. 2020-21)

(i) Tax Calculator (General Category & Women) :-

SLAB	TOTAL INCOME	Rate	TAX CALCULATOR
I	2,50,000/-	No Tax	NIL
II	Rs.2,50,001/- to Rs.5,00,000/-	5%	(Total Income – 2,50,000) * 5%
III	Rs.5,00,001/- to Rs.10,00,000/-	20%	12500 + (Total Income 500000) * 20%
IV	Above Rs.10,00,000/-	30%	112500+(Total Income – 10,00,000) *30%

(ii) Tax Calculator (Senior Citizen – Age 60 Years or more):-

SLAB	TOTAL INCOME	Rate	TAX CALCULATOR
I	3,00,000/-	No Tax	NIL
II	Rs.3,00,001/- to Rs.5,00,000/-	5%	(Total Income –3,00,000) *5%
III	Rs.5,00,001/- to Rs.10,00,000/-	20%	10000 + (Total Income -500000) *20%
IV	Above Rs.10,00,000/-	30%	110000+(Total Income– 10,00,000) * 30%



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Surcharge –

Total Income Up to Rs. 50 Lakhs – NIL

Total Income >50 Lakhs<=1 Crore –10%

Total Income >1 Crore<=2 Crore – 15%

Total Income > 2 Crore<=5 Crore – 25%

Total Income > 5 Crore – 37%

Education & Health Cess – 4% of the Income Tax & Surcharge.

Please note that Individual taxpayers having taxable annual income up to Rs.5 lakhs will get full tax rebate and therefore will not be required to pay any income tax. Accordingly, even persons having gross income up to Rs.6.50 lakhs may not be required to pay any income tax if they make investments in provident funds, specified savings, insurance etc. to the extent of Rs.1,50,000/-

SOME RELEVANT AMENDMENTS INTRODUCED BY BUDGET 2019 IN INCOME TAX ACT FOR INDIVIDUALS

1.Standard deduction has been increased from Rs.40,000/- to Rs.50,000/- for all salaried employees. Now salaried class will enjoy a flat deduction of Rs.50,000 from their taxable income.

2.Levy of Income Tax on Notional rent on 2nd Self Occupied House has been made exempt which was taxable earlier.

3.Deduction for interest paid on home loan for affordable housing

A new Section 80EEA has been inserted to provide for deduction of up to **Rs. 1.50 lakhs for interest on loan** taken from any financial institution for acquisition of a residential house property whose stamp duty value **does not exceed Rs.45 lakhs**.

Condition:

- Housing loan must be taken from a financial institution or a housing finance company for buying a residential house property.
- Stamp duty value of the house property should be Rs 45 lakhs or less.
- The individual taxpayer should not be eligible to claim deduction under the existing Section 80EE.
- The taxpayer should be a first-time home buyer. The taxpayer should not own any residential house property as on the date of sanction of the loan.
- Loan should be sanctioned during the financial Year 2019-20.

Section 80EEA has been introduced to further extend the benefits allowed under Section 80EE for low-cost housing. Earlier, Section 80EE had been amended from time to time to allow a deduction for interest paid on housing loan for the FY 2013-14, FY 2014-15, and FY 2016-17.



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4. Deduction in respect of interest paid on loan taken for the purchase of electric vehicle

A new section 80EEB has been inserted to provide for a deduction of **Rs. 1.5 lakhs in respect of interest on loan** taken for **purchase of an electric vehicle from any financial institution.**

5. Furnishing of return of income shall be mandatory under Section 139 if an individual has deposited

- Rs. 1 crore or more in current account, or
- he has incurred expenditure of Rs. 2 lakhs or more on foreign travel, or
- he has incurred expenditure of Rs. 1 lakh or more on electricity consumption.

6. Income-tax return can be filed using Aadhaar Number, if person hasn't been allotted PAN. If a person has linked his Aadhaar number with PAN, he may also furnish his Aadhaar number in place of PAN in the Income-tax return.

7. PAN allotted to a person shall be deemed to be invalid, if he failed to intimate the Aadhaar to the Dept.

8. A new Section 194N has been inserted to require deduction of tax at source at the rate of **2% if aggregate of cash withdrawn during the financial year** from any account maintained with a banking company or cooperative bank or post office **exceeds Rs. 1 crore.**

9. In case of failure to file an Income-tax return, the prosecution proceedings are initiated under Section 276CC if the tax payable by the assessee is Rs. 3,000 or more. This threshold limit has been increased to Rs. 10,000.

10. A taxpayer has been allowed to withdraw 60% of total amount from NPS as tax free. Currently, the exemption is allowed only up to 40% of the total corpus amount

11. Deduction of up to 10% of salary is allowed under Section 80CCD in respect of contribution made by an employer to NPS. The limit has been proposed to be increased to 14% of salary in case of Central Government's employees.

12. Threshold limit for deduction of tax on interest earned on Bank Deposits/ Post office Deposits has been raised from Rs.10,000/- to Rs.40,000/-

13. Threshold limit for deduction of tax on rent has been raised from Rs.1,80,000/- to Rs.2,40,000/-