

VAC: Financial Literacy

Personal Tax - Basic Concepts

- 1. Budget on 01-02-2022 for FY 2022-23 (AY 2023-24)**
- 2. Income Period: Fin Year 2022-23 (01-04-22 to 31-03-23)**
- 3. Previous Year 2022-23 (Assessment Year 2023-24)**
- 4. Assessee: Individual / Firm / Company / Local Authority**
- 5. Income Tax Return, Assessment, Assessing Officer**
- 6. Age as on 01-04-2023: Non-Senior/ Senior / Super Sr.**
- 7. Basic Exemption Limit Rs. 2,50,000/3,00,000/5,00,000**
- 8. Basic Exemption Limit- New Regime (Any Age) Rs. 2,50,000**
- 9. Residential Status: Resident / Non-Resident**
- 10. Five Heads of Income (Sources of Income)**
- 11. Deductions / Exemptions**

Personal Tax Heads of Income

1. **Salary:** Pension too; Cash or Kinds; Allowances; Deductions
2. **House Property:** Self-Occupied/Let-out/Deemed to be Let Out
3. **Capital Gains:** Short Term/Long Term; Shares/Gold/House
4. **Business / Profession:** Gross Turnover/Receipts; Expenses
5. **Other Sources:** Family Pension/Intt/Div/Lease Rent/Gifts

GROSS TOTAL INCOME (GTI) = Total of all Sources

Section 10-Exempted Incomes not included in Gross Total Income

Less Deductions: LIC/PPF/PF/NSCs/Med Ins/Donations/Disability

TOTAL TAXABLE INCOME = Gross Total Income - Deductions

Tax on Total Income: Normal Slab Rates / Special Tax Rates

Five Heads of Income (GTI)

Salary/Pension: Cash or in Kinds (Perquisites-House, Car....)

- Gross Salary: Basic Salary + Dearness Allowance + House Rent Allowance + Travelling Allowance + LTA + Bonus + Commission...
- Less Exemptions: House Rent Allowance (Rent paid)
- Less Standard Deduction: Max Rs. 50000

House Property: Self-Occupied Residential House Property

- Interest on H. Loan taken for Purchase/Construction Max Rs. 200000

Other Sources: Residuary Head

- Family Pension (Standard Deduction Lower of Rs. 15000 or 1/3)
- Saving Bank Interest (Deduction u/s 80TTA Max Rs. 10000)
- Fixed Deposit/Term Deposit Interest (Bank/Post Office/Comp..)
- Income from Winning Lottery/TV Games (Taxable @ 30%)
- Interest on Senior Citizen Saving Scheme / Post office (MIS)
- Dividend / Income from Sub-Letting / Swimming Pool

Deductions u/s 80C to 80U

Section 80C: Prov Fund/PPF/National Saving Schemes/ Five years Tax Saver Bank FDR/Tuition Fees /Repayment of Housing Loan-Principal Amount/LIC Premium (Max Limit Rs. 150000)

Section 80CCD(1B): Employee/Individual Contribution to New Pension Scheme (Max Limit Rs. 50000) - Over and Above Limit of Rs. 150000 u/s 80C

Section 80D: Medical Insurance Prem; Preventive Health Check-Up Max Rs. 5000 allowed; Max Limit Rs. 25000; Rs. 50000 (Senior Citizen)

Self, Spouse, Dependent Children/ Parents (Dependency not linked)

Section 80E: Interest on Education Loan for Self/Spouse/Dependents

Section 80G: PM Cares Fund/Temple/Gurdwara/Church/Religious or Charitable Institutions, etc (100% or 50%)

Section 80TTA: Saving Bank Interest (Non-Sr Citizen) Max Rs. 10000

Section 80TTB: Interest from Bank or Post Office Savings/Fixed Deposit (Not included-Interest from Companies or Interest from Income Tax Refund) Maximum Limit Rs. 50000 (Sr Citizen)

FL - Personal Tax (Basic Exemption Limit - Old Regime) Fin. Year 2022-23 (AY 2023-24) Age as on 01-04-2023

Born Before 01-04-1963

**Not Attaining age of 60 years
by 01-04-2023**

Rahul Gandhi's DOB 19-06-1970

**Resident Non-Senior Citizen
Exemption Limit Rs. 2,50,000**



**Born on 01-04-1963 or Before
but after 01-04-1943**

**Attaining Age of 60 years or more
but Less than 80 yrs by 01-04-2023**

Narendra Damodardas Modi's DOB 17-09-1950

**Resident Senior Citizen
Exemption Limit Rs. 300,000**



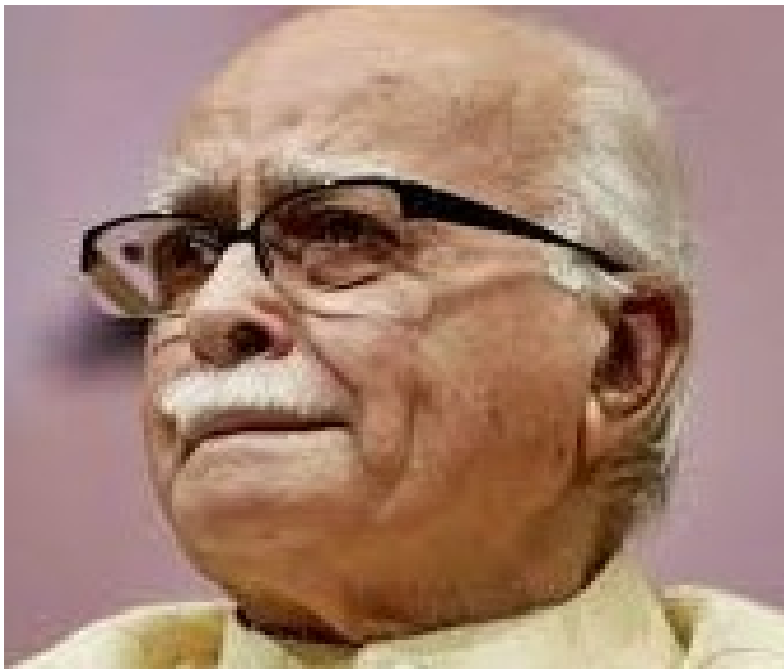
FL - Personal Tax (Basic Exemption Limit - Old Regime) Fin Year 2022-23 (AY 2023-24) Age as on 01-04-2023



Born on 01-04-1943 or Before
Attaining the age of 80 years
by 01-04-2023

Lal Krishna Advani's DOB 08-11-1927

Resident Super Senior Citizen
Exemption Limit Rs. 5,00,000



Born on 01-04-2023 or Before

Attaining any Age by 01-04-2023

Imran Ahmad Khan Niazi's DOB 05-10-1952

Non-Resident
Exemption Limit Rs. 2,50,000



For Individuals FY 2022-23 (AY 2023-24) Old Tax Rates Regime

Resident Non-Senior:	Basic Exemption Rs. 2,50,000
Resident Senior:	Basic Exemption Rs. 3,00,000
Resident Super Senior:	Basic Exemption Rs. 5,00,000
Non-Resident:	Basic Exemption Rs. 2,50,000

Tax Slabs

Exemption Limit	to	Rs. 5,00,000	5 %
Rs. 500,001	to	Rs. 10,00,000	20%
Above		Rs. 10,00,000	30 %

Surcharge (Marginal Relief available)

<i>Taxable Income exceeding Rs. 50 Lakhs</i>	<i>10%</i>
<i>Taxable Income exceeding Rs. 100 Lakhs</i>	<i>15%</i>
<i>Taxable Income exceeding Rs. 200 Lakhs</i>	<i>25%</i>
<i>Taxable Income exceeding Rs. 500 Lakhs</i>	<i>37%</i>

Max Surcharge 15% (Dividend, Income U/S 111A, 112 and 112A)

Health & Education Cess (on Tax & Surcharge) 4%

Max. Tax Rebate Rs 12,500 if income upto Rs 5,00,000 (Sec 87A)
(Rebate u/s 87A not available for Non-Resident Assessee)

For Individuals FY 2022-23 (AY 2023-24) Optional-New Tax Rates Regime

Basic Exemption Limit for all Resident / Non-Resident Individuals (Any Age) Rs. 250,000

Both Regimes: Surcharge 10%, 15%, 25%, 37% Health & Education Cess @ 4%

Both Regimes: Maximum Surcharge 15% (Dividend, Income U/S 111A, 112 and 112A)

Both Regimes: Rebate u/s 87A to Resident (Max Rs. 12500, if Taxable Income Upto Rs. 500,000)

Option to Choose New Tax Rates Regime but with sacrifice of Deductions u/s 115BAC

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. 15,00,000 30%

Not Allowed

- **Housing Loan Interest Rs. 2,00,000, Family Pension's Standard Deduction Rs. 15000 or 1/3**
- **HRA u/s Sec 10(13A); Standard Deduction Rs. 50,000; No Deductions from 80C to 80U**
- **Sec 80C Rs 1,50,000; 80CCD (1B) Rs. 50,000 **But Employer's NPS 80CCD (2) Allowed****

Optional-New Tax Rates Regime Tax Rates for FY 2022-23 (AY 2023-24)

Deductions / Exemptions not allowed under New Tax Rates Regime

- Sec 16: Standard Deduction Rs. 50000, Tax on Employment
- Sec 24: Intt. on Loan-Self-Occupied Resi House Property Max Rs. 200,000
- Sec 10(13A): House Rent Allowance (House taken on Rent)
- Sec 10(14): Children Education Allowance Rs. 100 per month/Child, Hostel Allowance Rs. 300
- Sec 10(32): Income of Minor Child Rs. 1500 per child
- Sec 57(ii)(a): Standard Deduction on Family Pension 1/3 or Rs. 15000 whichever is lower
- Sec 80C / 80CCC / 80CCD (1): Max Limit Rs. 150000 Sec 80CCD (1B): Max Limit Rs. 50000
- Sec 80D: Rs. 25000 (Non Senior) and / or Rs. 50000 (Senior Citizen)
- Sec 80DDB: Rs. 40000 (Non Senior) Rs. 100000 (Sr Citizen)
- Sec 80E: Interest on Education Loan taken for Higher Education
- Sec 80EEA: Additional Deduction for Housing Loan Rs. 150,000
- Sec 80EEB: Interest of Loan taken for Electric Vehicles
- Sec 80G / 80GGA / 80GGC: Donations to PMRF, Charitable, Political Donation
- Sec 80GG: Deduction in respect of Rent Paid (Not in receipt of HRA)
- Sec 80TTA: Rs. 10000 for Saving Bank Intt Sec 80TTB: Rs. 50000 for Bank / Post office

New Tax Rates Regime (Alternative Tax Regime) u/s 115BAC

- **Budget-2022 for Fin Yr 2022-23 (Assessment Yr 2023-24)**
- **Exemption Limit for all Individuals (Any Age) Rs. 2,50,000**
- **Lower Tax Rates as Compared to Old Tax Rates Regime**
- No Standard Deduction Rs. 50,000 on Salary /Pension
- No Standard Deduction Rs. 15000 or 1/3 on Family Pension
- No House Rent Exemption (Rent Paid)
- No Housing Loan Interest taken for Purchase/ Construction for Self Occupied Residential House Rs. 2,00,000
- **No Deduction allowed under Section 80C to 80U**
- *Allowed Employer's Contribution to New Pension Scheme 80CCD(2)*
- *Allowed Rebate u/s 87A (Max Rs. 12500) to Resident Individuals if Taxable Income not exceeding Rs. 5,00,000*