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INDIVIDUAL

TAX PLANNING FOR THE FINANCIAL YEAR 2022-23 & 2023-24

BY

DEPARTMENT OF COMMERCE

SCHOOL OF SOCIAL SCIENCE & HUMANITIES

B.S. ABDUR RAHMAN CRESCENT INSTITUTE OF SCIENCE AND TECHNOLOGY,

GST ROAD, VANDALUR, CHENNAI.



DEPARTMENT OF COMMERCE



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Income:

- Income means a receipt in the form of money or money's worth which is *derived from definite source* with some sort of regularity or expected regularity.
- Income could be classified into two, they are –
 - Active / Linear – Earnings from one's time, skill & hard work.
 - Passive / Exponential – Earnings from one's savings or investments.

Salary

- Any remuneration paid by an employer to an employee in consideration of his services is called salary.
- It includes monetary value of those benefits and facilities, which are provided by the employer and are taxable.
- Salaries include wages, allowances, fees, commission, bonus, perquisites or profits in lieu of salary, annuity / pension, gratuity, advance of salary, amount transferred from unrecognized PF to a recognized PF, PF contribution by employer in excess of the prescribed limit and leave encashment.

Perquisites

- Perquisite may be defined as any casual emolument or benefit attached to an office or position in addition to salary or wages.
- Perquisite is defined u/s 17(2) of the income tax act as including
 - Value of rent-free / concessional rent accommodation, benefits / amenity provided by the employer.
 - Any sum paid by the employer in respect of an obligation which was actually payable by the assessee.
 - Value of Sweat Equity allotted / transferred free of cost or at a concessional rate to an assessee.
 - Contribution made to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds one lakh rupees.

Arrears

- Arrears are fully taxable.
- Employee has a provision to claim exemption u/s 89(1).
 - Employee will have to compute income tax on arrears if it would have been received in the actual year.
 - Difference of income tax between payment year and actual year would be allowed for deduction from tax liability.

Tax:

- A fee charged / levied by a government on a product, income or activity.
- If tax is levied directly on personal income or corporate income it is termed as "**Direct**"

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Tax

- If tax is levied on the price of a good or service, it is termed as ***“Indirect Tax”***.

Our Direct Taxation system is based on ***“Ability to Pay”***, i.e. the more we earn, the more taxes we pay.

TaxSlabs

(For the Financial Year 2022 - 23 & Assessment Year 2023 - 24)

TAX RATE ON INDIVIDUALS UNDER OLD TAX REGIME (OPTIONAL)

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

SLAB	TOTAL INCOME	RATE OF TAX	TAX CALCULATOR
I	Upto Rs. 2,50,000/-	0 %	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 + (T.I. – 500000)*20%
IV	Above Rs. 10,00,000/-	30 %	112500+(T.I.–10,00,000)*30%

T.I-Taxable Income

(ii) Tax Calculator (Senior Citizen – Age 60 Years to 79 Years):-

SLAB	TOTAL INCOME	RATE OF TAX	TAX CALCULATOR
I	Upto Rs. 3,00,000/-	0 %	NIL
III	Rs. 3,00,001/- to Rs. 5,00,000/-	5%	(Total Income – 3,00,000)*5%
IV	Rs. 5,00,001/- to Rs. 10,00,000/-	20 %	10000 + (T.I. – 500000)*20%
V	Above Rs. 10,00,000/-	30 %	110000+(T.I.–10,00,000)*30%

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(iii) Tax Calculator (Very Senior Citizen –80 years & Above):-

SLAB	TOTAL INCOME	Rate of Tax	TAX CALCULATOR
I	Upto Rs. 5,00,000/-	0 %	NIL
II	Rs. 5,00,001/- to Rs. 10,00,000/-	20 %	(T.I. – 5,00,000)*20 %
III	Above Rs. 10,00,000/-	30 %	1,00,000+(T.I.–10,00,000)*30%

New Regime Income Tax Slab for FY 2022 - 2023 (AY 2023 – 2024)

Given below are the various tables for the Revised Income Tax Slabs and rates for the FY 2022 - 2023 and AY 2023 – 2024:

New Regime Income Tax Slab Rates for Individual

Income Tax Slab	Tax Rate
Up to Rs.2.5 lakh	Nil
Above Rs.2.50 - Rs.5 lakh	5% of the total income that is more than Rs.2.5 lakh
Above Rs.5 lakh - Rs.7.50 lakh	10% of the total income that is more than Rs.5 lakh + Rs.12,500
Above Rs.7.50 lakh - Rs.10 lakh	15% of the total income that is more than Rs.7.5 lakh + Rs.37,500
Above Rs.10 lakh - Rs.12.50 lakh	20% of the total income that is more than Rs.10 lakh + Rs.75,000
Above Rs.12.50 - Rs.15 lakh	25% of the total income that is more than Rs.12.5 lakh + Rs.1,25,000
Above Rs.15 lakh	30% of the total income that is more than Rs.15 lakh + Rs.1,87,500

Time to choose Between the New and Old Regime : You can opt for the new tax regime at the beginning of financial year. However, once chosen they cannot revert back to the old regime and can only change the option of selecting the tax regime at the beginning of the new financial year.

Note : In case of Specified Tax rate, the same shall be applicable in all cases.

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**“SPECIFIED TAX RATES” IN CERTAIN CASES (SELECTED SECTIONS ONLY)
 - OVERRIDING THE REGULAR TAX RATE**

Section	Nature of Income	Income Tax Rate
111A	Short Term Capital Gain – Listed Equities & Equity MF	15%
112	Long Term Capital Gain – Others	20%
112A	Long Term Capital Gain above Rs. 1 Lakhs – Listed Equities, Equity MF, certain ULIPs	10%
115BB	Winning from Lotteries, Crossword Puzzles or race including horse race or Card Game or Sport in India or gambling or betting in any form or nature whatsoever (Other than Online Gaming)	30%
115BBJ	Tax on Winnings from Online Gaming	30% of Net Winning

SURCHARGE (subject to Marginal Relief):-

S. No.	Quantum of Income of Assessee	Rate of Surcharge only on Income Taxable u/s 111A, 112, 112A & Dividend	Rate of Surcharge on all Other Incomes
1	Total Income upto 50 lakhs	Nil	Nil
2	Total Income > 50 Lakhs <= 1 Crore	10%	10%
3	Total Income > 1 Crore <= 2 Crore	15%	15%
4	Total Income > 2 Crores <= 5 Crore (excluding income u/s 111A, 112, 112A & Dividend)	15%	25%
5	Total Income > 5 Crores (excluding income u/s 111A, 112, 112A & Dividend)	15%	37%
6	Total Income > 2 Crores including income u/s 111A, 112, 112A & Dividend (cases not covered in S. No. 4 and 5 above)	15%	15%

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

Rebate u/s 87A upto 12,500 (If taxable income doesn't exceed Rs.5,00,000)

“TOTAL TAX PAYABLE = TAX + SURCHARGE + HEALTH & EDUCATION CESS”

Tax Deduction (on Spending)

General Tax Deduction

Investments Eligible u/s 80C

- Employee Provident Fund (EPF)
- Life Insurance Premium
- Equity Linked Savings Scheme (ELSS), notified u/s 10(23D)
- Five Years Tax Saver Bank Deposits
- Public Provident Fund (PPF)
- Suganya samridhi scheme account
- National Savings Certificate (NSC)
- Unit Linked Insurance Plans (ULIP)
- Home Loan Principal Repayment (only in case the assessee has got the possession)
- Tuition Fees Paid for Children Education, for a maximum of 2 children

Tax Deductions on Medical

80D – Medical Insurance Premium

80DD – Medical Treatment (dependent handicapped) and

80DDB – Medical Treatment (self or dependent)

Deduction u/s 80D

Medical Insurance Premium

- Upto Rs.25,000 for self / family.
- Additional of Rs.25,000 for parent(s) of the assessee.
Rs.50,000 for Medical expenditure of senior citizen (Self, Spouse & Parents) & Medical premium not paid.

Deduction u/s 80D (Flat Deduction)

Medical Treatment of Handicapped Dependent Relative

- **Normal Disability – Rs.75,000.**
- **Severe Disability – Rs.1,25,000.**

Relative – Parents, Spouse, Children, Brother and Sister.

Deduction u/s 80DDB

Medical Treatment of Specified Diseases

- Amount of deduction: Minimum of
 - (i) Actual expenses on treatment.
 - (ii) Rs.40,000 / 1,00,000**
 - ** Normal Case – 40,000
 - Senior Citizen – 1,00,000

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Deduction u/s 80U - For Handicapped Assessee

- Normal Disability – Rs.75,000.
- Severe Disability – Rs.1,25,000.

Tax Deduction on Education loan

Deduction u/s 80E – Interest on Education Loan Interest amount for a period of **8 consecutive years** starting from the year in which assessee starts paying interest

Deduction u/s 80EE

Interest on Housing Loan

Amount of deduction: Rs.50,000

Conditions:

- (i) Loan should be taken from bank / FI.
- (ii) Purchase price of house upto **50 lakhs**.
- (iii) Loan sanctioned between **1.04.2016 to 31.03.2017**.
- (iv) Loan amount upto **35 lakhs**.
- (v) Assessee does not own any residential house on the date of sanction of loan.
- (vi) First claim deduction u/s 24(b) (**upto 2 lakhs**) & remaining u/s 80EE.

Deduction u/s 80EEA

Interest on Housing Loan

Eligible Assessee – Individual other than covered in 80EE.

Amount of deduction: Rs.1,50,000

Conditions:

- (i) Loan should be taken from bank / Financial Institution.
- (ii) Stamp Duty Value of the property upto **45 lakhs**.
- (iii) Loan sanctioned between **1.04.2019 to 31.03.2021**.
- (iv) Assessee does not own any residential house on the date of sanction of loan.
- (v) First claim deduction u/s 24(b) (**upto 2 lakhs**) & remaining u/s 80EE.

Tax Deduction on Electronic Vehicle Loan

Deduction u/s 80EEB

Interest on Electric Vehicle Loan

Eligible Assessee – Individual.

Amount of deduction: Rs.1,50,000

Conditions:

- (i) Loan should be taken from bank / FI.
- (ii) Loan sanctioned between **1.04.2019 to 31.03.2023**.

Tax Deduction on Donation

Tax Deductions u/s

80G – Donations Towards Social Cause &
80GG – House Rent and H.R.A

Deductions u/s 80G – Donations

Categorization of donations u/s 80G for claiming deductions

- Donations with 100% deduction without any qualifying limit.
- Donations with 50% deduction without any qualifying limit.
- Donations with 100% deduction subject to 10% of the Adjusted Gross Total Income.
- Donations with 50% deduction subject to 10% of the Adjusted Gross Total Income.
(AGTI = Gross Total Income – Capital Gains – all deductions u/s 80CCC to 80U other than 80G)

Deduction u/s 80GG

If the assessee is *not receiving H.R.A.* and stays in a rented house, least of the following could be claimed

- 25% of the Adjusted Gross Total Income (GTI).
- Rs.5,000 per month, or
- Excess of rent paid over 10% of Adjusted Gross Total Income (GTI).

This deduction would not be applicable if the assessee, spouse or minor child of the assessee owns a residential accommodation in the location where the assessee resides or performs office duties.

Tax Deduction on Savings Account

Deduction u/s 80TTA – Interest on Savings Account

Eligible Assessee – Individual & HUF.

Amount of Deduction – Upto Rs.10,000.

Deduction u/s 80TTB – Interest on Savings Account

Eligible Assessee – Resident Senior Citizen.

Amount of Deduction – Upto Rs.50,000.

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INCOME TAX READY RECKONER FOR F. Y. 2023-24 (A.Y. 2024-2025)
[Dated 01-02-2023]

A quick review (Limited Information) of the applicable provisions under the Income Tax Act, 1961 for the F. Y. 2023-24 (A. Y. 2024-25), after incorporating amendments (only key and selective amendments) proposed by the Union Budget of 2023, are given below for ready reference and information of your information.

(A) “TAX RATE” UNDER “NEW TAX REGIME” FOR INDIVIDUAL (U/S 115BAC)

SLAB	TOTAL INCOME	RATE OF TAX	TAX CALCULATOR
I	Upto Rs. 3,00,000/-	0 %	NIL
II	Rs. 3,00,001/- to Rs. 6,00,000/-	5%	(Total Income – 3,00,000)*5%
III	Rs. 6,00,001/- to Rs. 9,00,000/-	10 %	15000 + (T.I. – 600000)*10%
IV	Rs. 9,00,001/- to Rs. 12,00,000/-	15 %	45000+(T.I.– 9,00,000)*15%
V	Rs. 12,00,001/- to Rs.15,00,000/-	20 %	90000 + (T.I. – 12,00,000) * 20%
VII	Above Rs. 15,00,000/-	30 %	1,50,000/- + (T.I. – 15,00,000) * 30%

***TI-Total Income**

ALLOWABLE DEDUCTIONS/INCENTIVES IN NEW TAX REGIME

Section	Nature	Allowable Limit	Deduction
16 (ia)	Standard Deduction to Salaried Employees	Upto Rs. 50,000/-	
16 (ii)	Entertainment Allowance	Actual amount paid	
16 (iii)	Professional Tax	Actual amount paid	

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57 (iia)	Family Pension paid to the Family Member after death of Employee by Employer	Lower of (i) Rs. 15000/- or (ii) 1/3 rd % of such Family Pension Received
80 CCD (2)	Employer Contribution to National Pension Scheme (NPS)	- For Central & State Govt Employees – Limit is 14% of of Salary; - For Other Employees – Limit is 10% of Salary;
80 CCH	Amount Deposited under the Agniveer Corpus Fund	100% Amount Deposited
87A	Rebate	25,000/- or Tax Liability whichever is lower for Resident Individuals with income upto 7,00,00/-

EXEMPTIONS ALLOWABLE UNDER NEW TAX REGIME:-

- i) Interest and final payment under PPF [u/s 10(11)]
- ii) Interest and final payment under Sukanya Samriddh Yojna [u/s 10(11A)]
- iii) Sum received from Life Insurance Policy [10(10D)] – New Policy after 01-04-2023 limit upto 5Lakhs annual premium
- iv) Payments including withdrawals from NPS [u/s 10(12A)/(12B)]
- v) Gratuity [u/s 10(10)], Commutation of Pension [u/s 10(10A)], Leave Encashment [u/s 10(10AA)], Retrenchment Compensation [u/s 10(10B)], Compensation on Voluntary Retirement or Separation [u/s 10(10C)], Non Monetary Perquisite by Employer [u/s 10(10CC)], Interest and Withdrawal from Recognised Provident Fund [u/s 10(12)], Payment from approved Superannuation Fund [u/s 10(13)]
- vi) Minimum Alternate Tax u/s 115JC is not applicable in case of Lower Tax Regime.

THE FOLLOWING DEDUCTIONS/ INCENTIVES ARE NOT ALLOWABLE IN NEW TAX REGIME:-

- i) Leave Travel Concession [u/s 10(5)]
- ii) House Rent Allowance [u/s 10(13A)]
- iii) Special Allowance other than those as may be prescribed [u/s 10(14)]
- iv) Allowances to MP/ MLAs [u/s 10(17)]
- v) Exemption of Rs. 1500/- for clubbed income of minor child [u/s 10(32)]

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- vi) Special Economic Zone [u/s 10AA]
- vii) Entertainment Allowance Deduction [u/s 16(ii)]
- viii) Professional Tax Deduction [u/s 16(iii)]
- ix) No Adjustment of Losses brought forward from earlier years and/or Additional Depreciation of earlier years is permitted.
- x) No adjustment for depreciated value of block of assets brought forward is permitted.
- xi) Loss on account of Interest on Home Loan [u/s 24(b)]**
- xii) Additional Depreciation [u/s 32(1)(ia)]
- xiii) Investment Allowance in case of Backward Area [u/s 32AD]
- xiv) Tea/ Coffee/ Rubber Development Account [u/s 33AB]
- xv) Site Restoration Fund [u/s 33ABA]
- xvi) Deduction for Scientific Research [u/s 35(1) (ii)/(ia)/(iii), 35(2AA)]
- xvii) Capital Expenditure pertaining to Specified Business [u/s 35AD]
- xviii) Agricultural Extension Project [u/s 35CCC]
- xix) Deduction u/s 80C to 80U [except Employers Contribution to NPS u/s 80CCD(2), Agniveer Corpus Fund u/s 80CCH, deduction u/s 80JJA and 80LA(1A)]**
- xx) No Adjustment of Losses brought forward from earlier years and/or Additional Depreciation of earlier years is permitted.
- xxi) No adjustment for depreciated value of block of assets brought forward is permitted.

CONDITIONS & RESTRICTIONS ON “OPTING-OUT” OF NEW TAX REGIME:-

New Tax Regime u/s 115 BAC is Default Tax Regime from FY 2023-24 onwards and provisions for Opting Out to Old Scheme are as below:-

- i) For Assesseees not having business income annual option can be exercised along with the return of income;
- ii) For Assesseees having business income one time option can be exercised before the due date for filling return of income and the same shall continue for subsequent years; Provided that for Business Assesseees the option for Old Regime can be withdrawn only once and once withdrawn such person cannot opt for old regime again.

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(B) LATE FEES FOR DELAY IN FILLING OF RETURN OF INCOME [Section 234 F]

A person who is required to furnish a return of income under section 139, fails to do so within the time prescribed in sub-section (1) of the said section, he shall pay, by way of fee, as below:-

1. If his total income is upto Rs. 5 Lakhs : Rs. 1000/-
2. If his total income exceeds Rs. 5 Lakhs
 - Return filled upto 31st Dec of A.Y. : Rs. 5000/-
 - Return filled after 31st Dec of A. Y.: Rs. 10000/-

(c) UPDATED RETURN OF INCOME [Section 139(8A)]

Any person can file an updated return within 24 months from the end of an Assessment Year, if he has not filled his return of income or has failed to disclose income. This is voluntary disclosure (other than by search u/s 132 or survey u/s 133A or Notice u/s 132 or 132A etc) of additional income, however a reduction in income already disclosed or filling of loss return or seeking a refund or increase in refund if not permitted in the Updated Return along with Additional Income Tax @ 25% of the incremental Tax & Interest computed if return is filled within 12 months from the end of Assessment Year and @ 50% of the incremental Tax & Interest computed if return is filled after 12 months and upto 24 months. [Please refer specific provision u/s 140B for exact liability]

SELECTED DEDUCTIONS AND BENEFITS UNDER INCOME TAX FOR INDIVIDUALS

Section	Nature	Deduction Upper Limit	Comments/Remarks
16 (ia)	Standard Deduction to Salaried Employees	50,000/-	No Change
23(2) and(4)	Deduction of Deemed Rent on Self Occupied House	Entire Deemed Rent of 2 Houses "not Let Out" by an Assessee	No Change

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24 (b)	Interest on Housing Loan (For Self Occupied Property)	Upto Rs. 2 Lakhs	In case of Let Out House Property the entire Interest is deductible; however by virtue of Section 71 (3A), the maximum loss of only upto Rs. 2 Lakhs can be set-off against income from other head of incomes and excess if any shall be carried forward for set-off in succeeding 8 years.
80 C	Investments in Life Insurance Premium, PF, PPF, NSC, ULIP, Tax Benefit Mutual Funds, Tution Fees (2 Child), Home Loan Principal Repayment, Notified Bonds, 5 Yr FDs etc	Upto Rs. 1.50 Lakhs	For Central Government Employees, a contribution to the specified account of the Pension Scheme referred to in Section 80CCD subject to conditions, has been included for deduction in this section.
80CCD	Investment in National Pension Scheme (NPS)	Upto Rs. 0.50 Lakhs	<ul style="list-style-type: none"> - For Central Govt Employees – Limit is 14% of Salary; - For Other Employees – Limit is 10% of Salary; - individuals other than employee - limit of investment in NPS is 20% of GTI
80 D	Mediclaim Insurance	Sr. Citizen:Rs. 50000 Others : Rs. 25000	No Change
80 E	Interest on Education Loan (Upto maximum 8 years from the year of first repayment)	Entire Interest Paid during the year	<ol style="list-style-type: none"> 1. Education Loan must be taken by that Individuals; 2. For <u>Higher</u> Education of Self, Spouse, Children or student for whom, he is a

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			legalguardian; 3.The loan is taken from any Financial Institution or approved Charitable Institution;
80 EEA	Additional Interest on Home Loan for 1 st Residential House Property	Rs. 1,50,000/-	1.Loan sanctioned between 01-04-19 to 31-03-22; 2.Stamp Duty Value of property not exceeding Rs. 45 Lakhs; 3.Deduction of Interest is only allowed once and cannot be claimed in both 24(b) and 80EEA or any other section;
80 EEB	Interest on Loan for Purchase of Electric Vehicle	Rs. 1,50,000/-	1.Loan is sanction by a Financial Institution (including NBFC) between 01- 04- 2019 to 31-03- 2023; and 2.The assessee does not own any other Electronic Vehicle on the date of sanction of loan. 3.No deduction is allowed for this interest in any other section of IT Act
80 GG	Rent Paid	Lower of Following: 1. Rs. 5000 p.m. 2. 25% of Total Income; 3. Rent Paid – 10% of Total Income	No Change

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80TTA	Interest from Savings Account	Rs. 10000/-	This is allowed to the extent of Interest earned from Savings Account. No Benefit under this section if benefit u/s 80TTB is claimed.
80TTB	Interest from Deposits in Banking Co or P.O.	Rs. 50000/-	Only for Senior Citizens (Age 60 years) without TDS Liability.
87A	Rebate	12,500/- or Tax Liability whichever is lower	Applicable only for Individuals resident in India with Total Income upto Rs. 5,00,000/-

For quires please contact

Mr.R.Sebastin, Assistant Professor, Department of Commerce. BSACIST VANDALUR,CHENNAI MOBILE:8667818834	Dr.K.Soundarapandiyan, Associate Professor & Head, Department of Commerce. BSACIST VANDALUR,CHENNAI MOBILE:9443293618	Dr.Ayub Khan Dawood, Professor and Dean, School of Social Sciences and Humanities. BSACIST, VANDALUR,CHENNAI MOBILE:9444905570
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Thank you