



"OLD TAX
is better."



"NEW TAX
works for
me"

**Which 'tax regime'
should you
choose?**



**Let's Know
About
Income Tax (Salaried)**



**Do U want to save
Tax for
FY 2020-21?**



Introduced

New Tax Regime

Salaried individuals and pensioners would be eligible to **switch between new tax regime and old tax regime** as per their convenience **every year** provided they **don't have business income.**

Most common Exemptions and Deductions availed by Indian taxpayers (Old Regime)

House
Rent
Allowance

Standard
Deduction

Mobile and
Internet
Reimbursement

Public
Provident
Fund

ELSS (Equity
Linked
Saving
Scheme)

Employee
Provident
Fund

Life
Insurance
Premium

Principal and
Interest
component of
Home Loan

Children
Tuition
Fees

Health
Insurance
Premiums

Saving
Account
Interest

Investment
in NPS

Tax Saving Sections (Old Regime)

Investments &
Expenditure

Maximum Rs 1.5 Lakh Deduction from Income combining these 3 Sections

Section 80C

Lots of Options like PPF,
ELSS, FD, etc.

Section 80CCC

Pension Products

Section 80CCD

Central Government
Employee Pension
Scheme

NPS

Section 80CCD(IB)

Additional exemption of Rs 50,000 for investment in **NPS**

Tax Saving Sections (Old Regime)

Health and Well Being

Section 80 D

Medical Insurance for Family and Parents

Deduction Up to Rs 1,00,000

Section 80DD

Maintenance & medical treatment of disabled dependent

Deduction Up to Rs 1.25 Lakh

Section 80DDB

Treatment of certain Disease/ Ailment

Deduction Up to Rs 1,00,000

Section 80U

Physically Disabled Assesse

Deduction Up to Rs 1.25 Lakh

Loans

Section 80E

Interest payable on Education Loan

No Limit for Deduction

Section 24

Interest payable on Housing Loan & Home Improvement Loan

Deduction Up to Rs 2 Lakh for Home Loan including Rs 30,000 for Home Improvement Loan

Tax Saving Sections (Old Regime)

Donations

Section 80G

Donation to certain charitable funds, charitable institutions, etc.

Section 80GGA

Donations for scientific research or rural development

Section 80GGC

Donation to political parties

Others

Section 80GG

For Paying Rent in case of no HRA

Deduction Up to Rs 60,000

Section 80TTA

Interest received in Saving Account

Deduction Up to Rs 10,000

Section 80TTB

Interest Income for Senior Citizens only

Deduction Up to Rs 50,000

Comparison of Old v/s New Tax Slab Rates

Income Tax Slab for New FY 2020-21	New Tax Rate	Existing Tax Rate
Upto Rs 2.5 Lakhs	Exempt	Exempt
Rs 2.5- Rs 5 Lakhs	05%	05%
Rs 5- Rs 7.5 Lakhs	10%	20%
Rs 7.5 -Rs 10 Lakhs	15%	20%
Rs 10 - Rs 12.5 Lakhs	20%	30%
Rs 12.5 - Rs 15 Lakhs	25%	30%
Above Rs 15 Lakhs	30%	30%



NEW TAX REGIME

Health and Education cess at the rate of 4 per cent will be added to the income tax liability in all cases.

Individuals having taxable income of up to Rs 5 lakh will be eligible for tax rebate under section 87A up to Rs 12,500

Surcharge is levied on income above Rs 50 lakh.

An individual is eligible for deduction under section 80CCD (2). This section allows deduction on the employer's contribution to the NPS account for maximum of 10 per cent of the employee's salary (salary here means basic plus dearness allowance).

10 exemptions and deductions that tax payers will have to **forgo** if they opt for the new regime.

01

Leave travel allowance exemption which is currently available to salaried employees twice in a block of four years.

02

House rent allowance claimed as tax exempt upto certain specified limits if the individual was staying in rented accommodation

03

Standard deduction of Rs 50,000 currently available to salaried tax payers

04

Deduction available under section 80TTA/80TTB will not be available to the taxpayers.

05

The most commonly claimed deductions under section 80C will also go.

10 exemptions and deductions that tax payers will have to **forgo** if they opt for the new regime.

06

The deduction claimed for medical insurance premium under section 80D will also not be claimable

07

Tax benefits for disability under sections 80DD and 80DDB will not be claimable.

08

Tax break on interest paid on education loan will not be claimable- section 80E

09

Tax break on donations to charitable institutions available under section 80G will not be available

10

All deductions under chapter VIA (like section 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80G, 80GG, 80GGA, 80GGC etc) will not be claimable by those opting for the new tax regime.

10 income tax exemptions and deductions to **continue** under the new tax regime for FY 2020-21

01

Withdrawal by an employee from the Employees' Provident Fund (EPF) is not taxable after 5 years of continuous service.

02

The amount received on the maturity of PPF (Public Provident Fund) account and the yearly interest credited to the PPF balance.

03

Withdrawal from National Pension Scheme on maturity or premature closure up to 40% of the amount received on such withdrawal remains tax free for all.

04

Under Section 10 (10D) of the Income Tax Act, the sum assured and any bonus paid on maturity or surrender of the life insurance plan is tax free.

05

The maturity amount including interest received on the Sukanya Samriddhi Yojana will not attract any tax.

10 income tax exemptions and deductions to **continue** under the new tax regime for FY 2020-21

06

Conveyance Allowance granted to meet expenditure incurred on conveyance in performance of duties of an office.

07

Interest received from post office savings account balance up to ₹3,500 annually per individual will remain free from tax.

08

Any scholarship granted to meet education costs is tax exempt under Section 10 (16) of the Income Tax Act.

09

Gratuity received from the employer up to ₹20 lakh after rendering 5 years of continuous service.

10

Leave encashment received at the time of resignation or retirement up to ₹3 lakh.



**Let's see some illustrations
and
try to understand the affect**

Annual Income of Rs.7,50,000 (without exemption)

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	50000	10	25000
Sum		62500		37500
Education Cess @ 4%		2500		1500
Total Tax		65000		39000

Annual Income of Rs.7,50,000 (with exemption)

80 C- Rs.1.50 lacs, 80CCD (1B) - Rs.50000/-,
80D- Rs.50000/-
Old Regime- Taxable income=Rs.5,00,000/-

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	-	10	25000
Rebate (-)		-12500		37500
Sum		0		
Education Cess @ 4%		0		1500
Total Tax		0		39000

Annual Income of Rs.10,00,000 (without exemption)

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	50000	10	25000
750001 – 1000000	20	50000	15	37500
Sum		112500		75000
Education Cess @ 4%		4500		3000
Total Tax		1,17,000		78000

Annual Income of Rs.10,00,000 (with exemption)

80 C- Rs.1.50 lacs, 80CCD (1B) - Rs.50000/-,
80D- Rs.75000/-
Old Regime- Taxable income=Rs.7,25,000/-

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	45000	10	25000
750001 – 1000000	20	-	15	37500
Sum		57500		75000
Education Cess @ 4%		2300		3000
Total Tax		59800		78000

Annual Income of Rs.12,50,000 (without exemption)

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	50000	10	25000
750001 – 1000000	20	50000	15	37500
1000001 – 1250000	30	75000	20	50000
Sum		187500		125000
Education Cess @ 4%		7500		5000
Total Tax		1,95,000		130000

Annual Income of Rs.12,50,000 (with exemption)

80 C- Rs.1.50 lacs, 80CCD (1B) - Rs.50000/-,
80D- Rs.50000/-
Old Regime- Taxable income=Rs.10,00,000/-

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	50000	10	25000
750001 – 1000000	20	50000	15	37500
1000001 – 1250000	30	-	20	50000
Sum		112500		125000
Education Cess @ 4%		4500		5000
Total Tax		117000		130000

Annual Income of Rs.15,00,000 (without exemption)

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	50000	10	25000
750001 – 1000000	20	50000	15	37500
1000001 – 1250000	30	75000	20	50000
1250001 – 1500000	30	75000	25	62500
Sum		262500		187000
Education Cess @ 4%		10500		7500
Total Tax		2,73,000		1,95,000



Annual Income of Rs.15,00,000 (with exemption)

80 C- Rs.1.50 lacs, 80CCD (1B) - Rs.50000/-,
80D- Rs.50000/-
Old Regime- Taxable income=Rs.12,50,000/-

Income Tax Slab	Old Regime		New Regime	
	Tax rate	Tax	Tax rate	Tax
Up to Rs. 2,50,000	0	0	0	0
250001 – 500000	5	12500	5	12500
500001 – 750000	20	50000	10	25000
750001 – 1000000	20	50000	15	37500
1000001 – 1250000	30	75000	20	50000
1250001 – 1500000	30	-	25	62500
Sum		187500		187500
Education Cess@4%		7500		7500
Total Tax		195000		195000

Decide Before you choose the Regime (Old or New) with your own calculations depending on the exemptions and deduction.



*Thank
you*

Amit Kumar Rath
Chief Manager, faculty
SBILD, Secunderabad
Cell-9937375635