

SALIENT FEATURES OF INCOME TAX RULES FOR THE FINANCIAL YEAR ENDING ON  
31<sup>ST</sup> MARCH, 2024

**STANDARD DEDUCTION U/S 16**

As per the amended Section 16 of the Income-tax Act, 1961, [A taxpayer having income chargeable under the head "Salaries" shall be allowed a deduction of Rs 50,000/- or the amount of salary, whichever is less, for computing his taxable income.] The income chargeable under the head "Salaries" shall be computed after making a deduction of fifty thousand rupees or shall be computed on the amount of the salary of individual whichever is less.

**DEDUCTION OF INTEREST ON HBL U/S 24**

Income chargeable under the head "Income from house property" shall be computed after making the following deductions, namely: –

- (a) a sum equal to thirty per cent of the annual value;
- (b) where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital:

**Provided** that in respect of property referred to in sub-section (2) of section 23, the amount of deduction shall not exceed thirty thousand rupees:

**Provided further** that where the property referred to in the first proviso is acquired or constructed with capital borrowed on or after the 1st day of April, 1999 and such acquisition or construction is completed within three years from the end of the financial year in which capital was borrowed, the amount of deduction under this clause shall not exceed **Rs. 2,00,000 (Rupees two lakh)**.

*Explanation.* – Where the property has been acquired or constructed with borrowed capital, the interest, if any, payable on such capital borrowed for the period prior to the previous year in which the property has been acquired or constructed, as reduced by any part thereof allowed as deduction under any other provision of this Act, shall be deducted under this clause in equal instalments for the said previous year and for each of the four immediately succeeding previous years:

**Provided also** that no deduction shall be made under the second proviso unless the assessee furnishes a certificate, from the person to whom any interest is payable on the capital borrowed, specifying the amount of interest payable by the assessee for the purpose of such acquisition or construction of the property, or, conversion of the whole or any part of the capital borrowed which remains to be repaid as a new loan.

*Explanation.* – For the purposes of this proviso, the expression "new loan" means the whole or any part of a loan taken by the assessee subsequent to the capital borrowed, for the purpose of repayment of such capital.

**DEDUCTION U/S 80C**

Under section 80C deduction would be available from gross total income. The investment eligible under section 80C are given hereunder, these includes Life Insurance premium (paid for self, spouse and children), contribution to Provident Fund, purchase of Infrastructure Bond, payment of Tuition Fee for any two children, repayment of Principal Amount of Housing loan, contribution towards NSC (including accrued interest for first five years), specified bond of NABARD, specified plan of Mutual Fund etc. There are no sectorial caps in the new section and assessee is free to invest in any one or more of the eligible instrument, within the overall ceilings. From assessment year 2009-10 Term Deposit for a period of 5 years or more with a scheduled Bank by an individual/HUF will also be eligible for including it in gross qualifying amount for the purpose of section 80C.

Amount deductible under section 80C is equal to 100% of the qualifying investment or 1,50,000/- whichever is lower.

*From Assessment Year 2013-14 the provisions of sub-section (2) shall apply only to so much of any premium or other payment made on an insurance policy, other than a contract for a deferred annuity, issued on or after the 1<sup>st</sup> day of April, 2012 as is not in excess of 10% (ten percent) of actual capital sum assured.*

But from assessment year 2014-15, in case of following categories premium paid upto 15% of sum assured shall be allowed. The following categories are:-

- 1) Insurance on the life of any person, who is a person with disability or a person with severe disability as referred to in section 80U.
- 2) Insurance on the life of any person, suffering from disease or ailment as specified in the rules made under section 80DDB.

### **DEDUCTION U/S 80CCC**

This section provides a deduction to an individual for any amount paid or deposited by him in an annuity plan of LIC or an insurer other than LIC for receiving pension from a Fund referred to in Section 10 (23AAB) the deduction u/s 80CCC in respect of annuity plan of LIC or any other insurer is Rs. 1,50,000/- however aggregate amount of deduction u/s 80C, 80CCC & 80 CCD cannot exceed Rs. 1,50,000/-.

### **DEDUCTION U/S 80CCD**

#### **“Deduction in respect of contribution to National Pension System**

An individual who is employed by Central Government (on or after 1<sup>st</sup> January 2004) will have to join NPS on compulsory basis.

- Deduction is available for any amount paid under a pension scheme notified by Central Government.
- Deduction for the employer's contribution in the hand of concerned employee is available in the year in which contribution is made (not exceeding of 14% of salary\*).
- Deduction is available for the employee's contribution (not exceeding of 10% of salary\*).
- U/s 80CCE the aggregate amount of deduction u/s 80C, 80CCC & 80CCD cannot exceed Rs. 1,50,000/-. The ceiling is not applicable (from A.Y. 2012-13) in respect of employer's contribution towards NPS and assessee's contribution towards NPS u/s 80CCD(1B) (from A.Y. 2016-17).
- U/s 80CCD(1B) any individual assessee can avail deduction for additional contribution up to Rs. 50,000/- towards NPS with effect from A.Y. 2017-18. The combined ceiling of Rs. 1,50,000/- u/s 80CCE is not application for this additional contribution.

\*Salary will include Dearness Allowance, if the terms of employment so provide, and commission (if calculated as a percentage of turnover achieved by an employee) but excludes all other allowances and perquisites.”

## DEDUCTION U/S 80D

### **Deduction in respect of Medical Insurance Premium**

The maximum deductible amount and other relevant points are given below:-

For whose benefit payment can be made	Individual	
	Assessee, Spouse, & dependent Children	Assessee's parents
a. Payment for medical insurance premium (mode of payment other than cash) /contribution to CGHS.	25,000	25,000
b. Payment of medical insurance premium for resident Sr. Citizen – (mode of payment other than cash)	50,000	50,000
c. Payment made for preventive health check up.	5,000	5,000
d. Medical expenditure on the health of Resident senior citizen for whom no amount is paid to effect/keep in force an insurance on health. ( mode of payment other than cash )	50,000	50,000

#### **Explanation of above points (clause):**

- (a) The whole of the amount paid, to effect (to keep) in force an insurance on the health of the assessee or his family or any contribution made to the Central Government Health Scheme or such other scheme as may be notified by the Central Government on this behalf or any payment made on account of preventive health check-up of the assessee or his family which does not exceed the aggregate twenty-five thousand rupees.
- (b) The whole of the amount paid, to effect (to keep) in force an insurance on the health of the parent or parents of the assessee or any payment made on account of preventive health check-up of the parent or parents of the assessee which does not exceed the aggregate twenty-five thousand rupees.
- (c) The whole of the amount paid on account of medical expenditure incurred on the health of the assessee or any member of his family which does not exceed the aggregate fifty thousand rupees; and
- (d) The whole of the amount paid on account of medical expenditure incurred on the health of any parent of the assessee, which does not exceed the aggregate fifty thousand rupees.

**Provided** that the aggregate of the sum specified under clause (a) and clause (c) or the aggregate of the sum specified under clause (b) and clause (d) shall not exceed fifty thousand rupees.

### **SECTION 80DD (Maintenance including Medical Treatment of Handicapped Dependent)**

A maximum limit of Rs. 75,000/- has been provided for amount of expenditure incurred in respect of maintenance (including Nursing, Training & Repartition of handicapped dependent) of handicapped dependents (being a dependent person with disability) in the scheme framed on this behalf by LIC or any other insurer. A higher deduction of Rs. 1,25,000/- is provided if person having disability of 80% or above. To claim the deduction under this section, the taxpayer shall have to furnish a copy of certificate issued by the medical authority or any hospital or institution as prescribed by Central Government along with the return of the income.

**Note:** Deduction under section 80DD is not admissible if Handicapped dependent is claiming deduction under section 80U.

### **SECTION 80DDB (Deduction in respect of Medical Treatment)**

Expenditure actually incurred for the medical treatment for the individual himself or to his dependent relatives or to any member of H.U.F. in respect of disease or ailments which may be specified in the rules. Diseases in the rules are cancer, Neurological diseases, chronic renal failure, Haemophilia, Thalassaemia, AIDS, etc. Maximum deduction of Rs. 40,000/- . If, to whom treatment given is senior citizen, maximum deduction of Rs. 1,00,000/- is allowed. The assessee shall have to submit a certificate in the prescribed form from such specialist as may be prescribed in government hospital. Any amount received from insurer shall be deducted while ascertaining the amount of exemption. Senior citizen means an individual who obtained the age of 60 years any time during the concerned financial year.

### **SECTION 80E (Repayment of Loan taken for Higher Education)**

Deduction in respect of interest on loan taken from financial institution or approved charitable institution, assesses for any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognized by the Central Government or State Government or local authority or by any other authority authorized by the Central Government or State Government or local authority to do so; of himself or his relatives or any student for whom individual is guardian. For assessment year 2023-24 entire payment of interest is deductible. The deduction is available for a maximum of 8 years or till the interest is paid, whichever is earlier. Relative includes spouse and children of the individual. Government has extended its cover to all the field of studies including vocational studies.

### **SECTION 80EE (Deduction in respect of interest on loan taken for residential house property)**

1. In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential property.
2. The deduction under this section shall not exceed Rs. 50,000/- (fifty thousand rupees) and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2017 and subsequent assessment years.
3. The deduction under this section following conditions must be satisfied:
  - a. Loans have been sanctioned by the financial institution during the year beginning on the 1st day of April 2016 & ending on 31st March 2017 or thereafter.
  - b. The amount of loan sanctioned for acquisition of residential house property does not exceed Rs. 35.00 lacs.
  - c. The value of residential house property does not exceed Rs. 50,00,000.
  - d. The assessee does not own any residential house property on the date of sanction of the loan.
4. Where a deduction under this section is allowed for any interest referred to this section, deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

### **SECTION 80EEA (Deduction in respect of interest on loan taken for certain house property)**

1. In computing the total income of an assessee, being an individual not eligible to claim deduction under section 80EE, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property.

2. The deduction shall not exceed Rs. 1,50,000/- (one lakh and fifty thousand rupees) and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2020 and subsequent assessment years.
3. The deduction under this section following conditions must be satisfied:
  - a. The loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2022.
  - b. The stamp duty value of residential house property does not exceed forty-five lakh rupees.
  - c. The assessee does not own any residential house property on the date of sanction of loan.
4. Where a deduction under this section is allowed for any interest referred to this section, deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

#### **SECTION 80EEB (Deduction in respect of interest on loan taken for purchase of electric vehicle)**

1. In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of purchase of an electric vehicle.
2. The deduction under sub-section (1) shall not exceed one lakh and fifty thousand rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2020 and subsequent assessment years.
3. The deduction under sub-section (1) shall be subject to the condition that the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2023.
4. Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

#### **SECTION 80G**

No deduction is to be made for computing TDS from the salary income in respect of any donations for charitable purposes. The tax relief admissible u/s 80G in respect of such donations will have to be claimed by the employee at the time of filing of income tax return. However, in case of, where contributions are made to the Jawaharlal Nehru Memorial Children Fund, The Indira Gandhi Memorial Trust, Rajeev Gandhi Foundation, 50% of such contribution may be deducted in computing the total income of the employee. Similarly the donations to the National Defence Fund set up by Central Govt., Prime Minister's National Relief Fund. The Prime Minister's Armenia Earth Quake Relief Fund, The Africa (Public Contributions India) Fund, The National Foundation for Communal Harmony & the Chief Minister's Earth Quake Relief Fund, Maharashtra, will be eligible for 100% deduction. It is to be noted that all eligible donations, without any limit, will be deductible under the provisions of section 80G Circular No. 724 dated September, 29 1995.

*No deduction shall be allowed under this section in respect of donation of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.*

## **SECTION 80GGA**

This section provides for donations made to University, College or other institutions to be used for research in social science or statistical research. This provision has been amended to include a research institution which has its object undertaking of research in social science or statistical research & which for the time being is approved for the purposes of section 35(1)(ii) and /or (iii). Accordingly, any sum paid to such research association which are approved for this purpose, will be eligible for deduction under this section.

Donations of any sum made to any organizations or institutions which are approved under section 35CCA, 35CCA(2A), 35AC(2), 35AC, 35CCB(2), 35CCB(1), 35CCA(1)(c), 35CCA(1)(d) are also eligible for deduction under this section.

*No deduction shall be allowed under this section in respect of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash from assessment year 2014-15.*

## **SECTION 80GGC**

In computing the total income of an assessee, being any person, except local authority and every artificial juridical person wholly or partly funded by the Government, there shall be deducted any amount of contribution made by him, in the previous year, to a political party or *an electoral trust* provided that no deduction shall be allowed if contribution is made by cash.

## **DEDUCTION U/S 80U**

A deduction of Rs. 75,000/- is allowed to the person having disability of 40% or above (who is totally blind or who suffers from permanent physical disability). A high deduction of Rs. 1,25,000/- is provided for person having disability of 80% or above. To claim deduction under this section, the taxpayer shall have to furnish a copy of the certificate issued by the medical authority along with the returns of income.

## **DEDUCTION U/S 80TTA- Interest on deposits in saving accounts:**

Where the gross total income of an assessee, being an individual or HUF, includes any income by way of interest on deposits in a saving accounts with a banking company, a co-operative societies, or a post office, deduction up to Rs. 10,000/- shall be allowed.

➤ *No deduction shall be allowed on interest of fixed deposit under this section.*

## **DEDUCTION U/S 80TTB-Interest on deposits in case of senior citizens.**

Where the gross total income of an assessee, being a senior citizen, includes any income by way of interest on deposits with a banking company, a co-operative societies, or a post office, deduction up to Rs. 50,000/- shall be allowed.

## **EXEMPTION U/S 10 (13A)- HOUSE RENT ALLOWANCES**

Exemption in respect of house rent allowance is regulated by rule 2A and the following is exempted from tax:

- a. An amount equal to 50% of salary, where the residential house is situated at Mumbai, Kolkata, Delhi or Chennai and amount equal to 40% salary where the residential house is situated at any other place.
- b. House Rent Allowance received by the employee in respect of the period during which the rental accommodation is occupied by the employee during the previous year.
- c. The excess of rent paid over 10% of salary.

## **OTHER ALLOWANCE EXPENSES**

- 1- Children allowance- upto @Rs. 100/- p.m. per children for two children (Sec 10(14)).
- 2- Hostel Expenditure- Allowance upto @Rs. 300/- p.m. per children for two children (Sec 10(14)).
- 3- Compensation on VRS uptoRs. 5,00,000/- (Sec 10C) subject to fulfilment of terms and conditions prescribed under this section.
- 4- Any allowance to meet the cost of helper engaged for the purpose of office.

## **Rebate under section 87A**

After computing the tax on total income, rebate uptoRs. 12,500/- shall be allowed as per following rules.

An assessee, being an individual resident in India, whose total income does not exceed Rs. 5,00,000 (Rupees five lakh only), shall be entitled to a deduction from amount of income tax (as computed before allowing the deductions under this chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred percent of such income tax or an amount of twelve thousand five hundred rupees whichever is less.

**Note: -Further, other deductions /rebates will be applicable in accordance with the income tax act as amended from time to time.**

## **Here Total Income means:**

Total income of an assessee is gross total income as reduced by amount deductible under sections from 80C to 80U. As all total income is gross total income from all the sources, hence interest on loan from house property which is eligible for deduction shall also be deducted from the income while determining the Total Income.

## **DEPOSIT OF TDS TO GOVERNMENT ACCOUNT:**

It must be ensured that TDS deducted is deposited to the account of Central Government through e-payment mode by 7<sup>th</sup> day of the following (next) month. If Tax deducted is deposited belated (late) then interest @1.50% p.m. for every belated month or part of the month shall be charged by Income Tax Department.

## **Following points should also be considered:**

1. In case, where no PAN no. is available, TDS @20% or actual tax amount whichever is higher shall be deducted.
2. PAN no. must be verified by the DDO with PAN card of employee.

## INCOME TAX RATES

Following are the rates of income tax deduction [as per the Gazette of India notification published on March 28, 2021]:

(a) **For resident individuals and women other than Senior Citizen.**

Upto Rs. 2,50,000/-	:	Nil
From Rs. 2,50,001/- to Rs. 5,00,000/-	:	5% of the amount by which the total Income exceed Rs. 2,50,000/-
From Rs. 5,00,001/- to Rs. 10,00,000/-	:	Rs. 12,500/- plus 20% of the amount by which the total income exceeds Rs. 5,00,000/-
From Rs. 10,00,001/- to Rs. 50,00,000/-	:	Rs. 1,12,500/- plus 30% of the income by which the total income exceeds Rs. 10,00,000/-
From Rs. 50,00,001/- to Rs. 1,00,00,000/-	:	Rs. 13,12,500/- plus 30% of the income by which the total income exceeds Rs. 50,00,000/-
Above Rs. 1,00,00,000/-	:	Rs. 28,12,500/- plus 30% of the income by which the total income exceeds Rs. 1,00,00,000/-

(b) **For Senior Citizen (age limit 60-80 years)**

UptoRs. 3,00,000/-	:	Nil
From Rs. 3,00,001/- to Rs. 5,00,000/-	:	5% of the amount by which the total Income exceed Rs. 3,00,000/-
From Rs. 5,00,001/- to Rs. 10,00,000/-	:	Rs. 10,000/- plus 20% of the amount by which the total income exceeds Rs. 5,00,000/-
From Rs. 10,00,001/- to Rs. 50,00,000/-	:	Rs. 1,10,000/- plus 30% of the income by which the total income exceeds Rs. 10,00,000/-
From Rs. 50,00,001/- to Rs. 1,00,00,000/-	:	Rs. 13,10,000/- plus 30% of the income by which the total income exceeds Rs. 50,00,000/-
Above Rs. 1,00,00,000/-	:	Rs. 28,10,000/- plus 30% of the income by which the total income exceeds Rs. 1,00,00,000/-



(c) **For Senior Citizen (age limit 80 or above)**

Upto Rs. 5,00,000/-	:	Nil
From Rs. 5,00,001/- to Rs. 10,00,000/-	:	20% of the amount by which the total income exceeds Rs. 5,00,000/-
From Rs. 10,00,001/- to Rs. 50,00,000/-	:	Rs. 1,00,000/- plus 30% of the income by which the total income exceeds Rs. 10,00,000/-
From Rs. 50,00,001/- to Rs. 1,00,00,000/-	:	Rs. 13,00,000/- plus 30% of the income by which the total income exceeds Rs. 50,00,000/-
Above Rs. 1,00,00,000/-	:	Rs. 28,00,000/- plus 30% of the income by which the total income exceeds Rs. 1,00,00,000/-

**SURCHARGE ON INCOME-TAX**

- (a) Education Cess @3% and Health Cess @1% on above tax amount to be charged in addition to above tax amount as per rule of Income Tax act. 1961.
- (b) Surcharge @10% shall be imposed if Total income exceeds Rs. 50 lakh but not exceeding Rs. 1 crore as per rule of Income Tax act. 1961.
- (c) Surcharge @15% shall be imposed if Total income exceeds Rs. 1 crore as per rule of Income Tax act. 1961.
- (d) Surcharge @25% shall be imposed if Total income exceeds Rs. 2 crore as per rule of Income Tax act. 1961.

Following are the rates of income tax deduction (As per the Finance Act, 2023, w.e.f. 1-4-2024)

**TABLE**

<b>Sl. No.</b>	<b>Total Income</b>	<b>Rate of Tax</b>
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 6,00,000	5 %
3.	From Rs. 6,00,001 to Rs. 9,00,000	10 %
4.	From Rs. 9,00,001 to Rs. 12,00,000	15 %
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 %
6.	Above Rs. 15,00,000	30 %

**F. No.370142/06/2023-TPL**  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Central Board of Direct Taxes**  
**(TPL Division)**

Dated: 5<sup>th</sup> April, 2023

**Sub: Clarification regarding deduction of TDS under section 192 read with sub-section (1A) of section 115BAC of the Income-tax Act, 1961 - reg.**

Vide Finance Act, 2023, sub-section (1A) has been inserted in section 115BAC of the Income-tax Act, 1961 ( the Act) to provide for a new tax regime with effect from the assessment year beginning on or after the 1st day of April, 2024. This regime applies to an individual or Hindu undivided family or association of persons [other than a cooperative society] or body of individuals, whether incorporated or not, or an artificial juridical person. Under this new regime, the income-tax in respect of the total income of the person shall be computed at the rates provided in sub-section (1A) of section 115BAC, subject to certain conditions, including the condition that the person does not avail of specified exemptions and deductions.

2. The above mentioned new tax regime is the default tax regime applicable to all persons mentioned above. However, under sub-section (6) of section 115BAC of the Act, a person may exercise an option to opt out of this tax regime. A person not having income from business or profession can exercise this option every year.

3. Representations have been received expressing concerns regarding tax to be deducted at source (TDS) on salary income of a person under section 192 of the Act as the deductor, being an employer, would not know if the person, being an employee, would opt out from taxation under sub-section (1A) of section 115BAC of the Act or not.

4. In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby directs that a deductor, being an employer, shall seek information from each of its employees having income under section 192 of the Act regarding their intended tax regime and each such employee shall intimate the same to the deductor, being his employer, regarding his intended tax regime for each year and upon intimation, the deductor shall compute his total income, and deduct tax at source thereon according to the option exercised.

5. If intimation is not made by the employee, it shall be presumed that the employee continues to be in the default tax regime and has not exercised the option to opt out of the new tax regime. Accordingly, in such a case, the employer shall deduct tax at source, on income under section 192 of the Act, in accordance with the rates provided under sub-section (1A) of section 115BAC of the Act.

6. It is also clarified that the intimation would not amount to exercising option in terms of sub-section (6) of section 115BAC of the Act and the person shall be required to do so separately in accordance with the provisions of the sub-section.

7. This circular is in supersession of Circular No. C1 of 2020 dated 13.04.2020 and shall be applicable for TDS during the financial year 2023-24 and subsequent years.



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Director(TPL-I)

Copy to the:

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