

Income Tax **for pensioners**

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Senior Citizens and Super Senior Citizens for AY 2021-2022

Returns and Forms Applicable for Senior Citizens and Super Senior Citizens for AY 2021-2022

Disclaimer:

The content on this page is only to give an overview and general guidance and is not exhaustive.

For complete details and guidelines please refer Income Tax Act, Rules and Notifications

- **Senior Citizen** is an individual resident who is 60 to 80 years any time during the previous year
- **A Super Senior Citizen** is an individual resident who is 80 years or above, at any time during the previous year.

Section 194P –wef 1/4/2021

Conditions for exempting Senior Citizens from filing income tax returns

Conditions for exemption:

- Should be of age 75 years or above
- Should be 'Resident' in the PY
- Has pension & interest income only &
- interest income accrued / earned from the same specified bank in which he is receiving his pension

1. ITR-1 (SAHAJ) –

- This return is applicable for a R & OR Individual having Total Income from any of the following sources ,up to ₹ 50 lakh
- Salary/ Pension
- One House Property
- Other sources (Interest, Family Pension, Dividend etc.)
- Agricultural Income up to ₹ 5,000

- **ITR-1 cannot be used by a person who:**

- (a) is a Director in a company
- (b) has held any unlisted equity shares at any time during the previous year
- (c) has any asset (including financial interest in any entity) located outside India
- (d) has signing authority in any account located outside India
- (e) has income from any source outside India
- (f) is a person in whose case tax has been deducted u/s 194N (TDS on cash withdrawals of more than Rs 1 crore during a FY)
- (g) is a person in whose case payment or deduction of tax has been deferred on ESOP

- **2. ITR-2 -**

- This return is applicable for Indl and HUF
- **Not having** income under the head Profits or Gains of Business or Profession
- Who is not eligible for filing ITR-1

- **3. ITR-3**

- This return is applicable for Indl & HUF
- **Having** income under the head Profits or Gains of Business or Profession
- Who is not eligible for filing ITR-1, 2 or 4

Forms Applicable

- 1. Form 15H –
- Declaration to be made by an individual (who is 60 years of age or more) claiming certain receipts without TDS
- **Submitted by:** a Resident Individual, 60 years or more of age to Bank, for not deducting TDS on interest income
- **Details to be provided in the form:** Estimated Income for the FY

- **2. Form 12BB –**

- Particulars of claims by an employee for TDS(u/s 192)
- **Provided by :**
- An Employee to his Employer(s)
- **Details provided in the form :**
- Evidence or particulars of HRA, LTC, Deduction of Interest on Borrowed Capital, Tax Saving Claims / Deductions for the purpose of calculating TDS

- **3. Form 16 –**

- Details of TDS on salary (Certificate u/s 203)
- Provided by :
- An Employee to his Employer(s)
- Details provided in the form :
- Salary paid, Deductions / Exemptions and Tax Deducted at Source for the purpose of computing tax payable / refundable

- **4. Form 16A –**

- Certificate u/s 203 for TDS on Income other than Salary
- **Provided by :**
- **Deductor to Deductee**
- **Details provided in the form :**
- Form 16A is a TDS Certificate issued quarterly that captures
- the amount of TDS,
- Nature of Payments and
- the TDS Payments deposited with the Income Tax Department

- **5. Form 26AS –**

- Annual Information Statement
- **Provided by :**
- Income Tax Department (It is available on the TRACES portal that may be accessed after logging on to e-Filing portal or Internet Banking)
- **Details provided in the form**
- TDS/TCS
- Advance Tax / Self- Assessment Tax
- Specified Financial Transactions
- Demand / Refund
- Pending / Completed Proceedings

- **6. Form 10E –**

- Form for furnishing particulars of Income for claiming **relief u/s 89(1)** when Salary is paid in arrears or advance
- **Provided by :**
- An Employee to the Income Tax Department
- **Details provided in the form •**
- Arrears / Advance Salary
- Gratuity
- Compensation on Termination
- Commutation of Pension

- **Tax Slabs for AY 2021-22**

- Senior and Super Senior Citizens can opt for the Existing Tax Regime or the New Tax Regime with lower rate of taxation (u/s 115 BAC)
- The taxpayer opting for concessional rates in the New Tax Regime will not be allowed certain exemptions and deductions (like 80C, 80D, 80TTB, HRA) available in the Existing Tax Regime.

- For **Senior Citizen** i.e. Resident Individual, 60 to 80 years of age at anytime during the previous year:
- **Existing Tax Regime**
- **SLAB RATE**
- UPTO 3 L Nil
- 3L to 5 L 5% above 3L
- 5L to 10 L 10,000+20% above 5L
- Above 10L 1,10,000+30% above 10L

- For **Super Senior Citizen** i.e. Resident Individual 80 years or more in age at anytime during the previous year:
- **Existing Tax Regime**
- **SLAB** **RATE**
- UPTO 5 L Nil
- 5L to 10 L 20% above 5L
- Above 10L 1,00,000+30% above 10L

New Tax Regime u/s 115 BAC

- | <u>SLAB</u> | <u>RATE</u> |
|----------------|------------------------|
| • UPTO 2.5 L | Nil |
| • 2.5L to 5 L | 5% above 2.5L |
| • 5L to 7.5 L | 12500+10% above 5L |
| • 7.5L to 10L | 37500+15% above 7.5L |
| • 10L to 12.5L | 75000+20% above 10L |
| • 12.5L to 15L | 125000+25% above 12.5L |
| • Above 15L | 187500+30% above 15L |

- 1. No increased basic exemption limit benefit will be available to Senior and Super Senior Citizens in the New Tax Regime.
- same rate of tax and slabs for both
- 2. The rates of Surcharge and Health & Education cess are same under both the tax regimes
- 3. Rebate u/s 87-A Resident individual whose Total Income is not more than ₹ 5,00,000 is eligible for a Rebate of 100% of income tax or ₹ 12,500, whichever is less.
- This Rebate is available in both tax regimes

Surcharge, Marginal Relief and Health & Education cess

- **Surcharge** is an additional charge levied for persons earning income above the specified limits,
- it is charged on the amount of Income Tax calculate as per applicable rates
 - 10% - Taxable Income ₹ 50 lakh to ₹ 1 crore
 - 15% - Taxable Income ₹ 1 crore to ₹ 2 crore
 - 25% - Taxable Income ₹ 2 crore to ₹ 5 crore
 - 37% - Taxable Income ₹ 5 crore & above
- Maximum Surcharge on Income by way of Dividend or Income under the provision of 111A, 112A and 115AD is 15%

- Marginal relief :
- is a relief from Surcharge, provided in cases where the Surcharge payable exceeds the additional Income that makes the person liable for Surcharge. The amount payable as Surcharge shall not exceed the amount of Income earned exceeding ₹ 50 lakhs, ₹ 1 crore, ₹ 2 crore or ₹ 5 crore respectively
- **Health & Education cess:**
- @ 4% shall also be paid on the amount of income tax plus Surcharge (if any)

- **Investments / Payments / Incomes on which I can get tax benefit**

- Section 24(b) –
- Deduction from Income from house property on interest paid on housing loan and housing improvement loan.
- In case of self-occupied property, the upper limit for deduction of interest paid on housing loan is ₹ 2 lakh.
- However, this deduction is not available for person opting for New tax Regime.

- **Interest on loan u/s 24(b) allowable is**
- **SOP , loan taken prior to 1/4/1999**
 1. Construction or purchase of HP Max 30,000/-
 2. Repair of house Max 30,000/-

SOP , loan taken after to 1/4/1999

- 1) Construction or purchase of HP Max 2L
- 2) Repair of house Max 30,000/-

Let-out, Any time

Construction or purchase of HP actual without limit

- **Tax deductions specified under Chapter VIA**
- These Deductions will not be available to a taxpayer opting for the New Tax Regime u/s 115 BAC, except for deduction u/s 80CCD(2) which will be allowable under New Tax Regime as well.

- **80C**

- Deduction towards payments made to
 - Life Insurance Premium
 - Provident Fund
 - Subscription to certain equity shares
 - Tuition Fees
 - National Savings Certificate
 - Housing Loan Principal
 - Other various items
- Combined deduction limit of ₹ 1.5

- **80CCC-**

- Annuity plan of LIC or other insurer towards pension scheme

- **80CCD (1)-**

- Pension Scheme of Central Government

- **80CCD (1B)-**

- Deduction towards payments made to Pension Scheme of Central Government,
- excluding deduction claimed under 80CCD (1)-
- Deduction Limit of ₹ 50,000

- **80CCD (2)-**

- Deduction towards contribution **made by an employer** to the Pension Scheme of Central Government
- If Employer is a PSU, State Government or others-Deduction **limit of 10% of salary**
- If Employer is Central Government - Deduction **limit of 14% of salary**

- **80D-**

- Deduction towards payments made to Health Insurance Premium & Preventive Health check up-
- For Self / Spouse or Dependent Children-
- ₹ 50,000 if any person is a Senior Citizen
- -₹ 5,000 for preventive health check up, included in above limit
- For Parents-₹ 50,000 if any person is a Senior Citizen
- -₹ 5,000 for preventive health check up, included in above limit.

- Deduction towards medical expenditure incurred on a Senior Citizen,
- if no premium is paid on health insurance coverage-
- For Self / Spouse or Dependent Children-Deduction limit is ₹ 50,000
- For Parents-Deduction limit is ₹ 50,000

- **80DD-**

- Deduction towards payments made towards Maintenance or Medical Treatment of a Disabled dependent or paid / deposited any amount under relevant approved scheme
- Flat deduction of ₹ 75,000 available for a person with Disability, irrespective of expense incurred
- The deduction is ₹ 1,25,000 if the person has Severe Disability (80% or more)

- **80DDB-**

- Deduction towards payments made towards Medical Treatment of Self or dependent for specified disease-
- Deduction limit of ₹ 40,000
- (₹ 1,00,000 if Senior Citizen)

- **80E-**

- Deduction towards interest payments made on loan for higher education of Self or relative-Total amount paid towards interest on loan taken

- **80EE-**

- Deduction towards interest payments made on loan taken for acquisition of residential house property where the loan is sanctioned between **1st April 2016 to 31st March 2017-**
- Deduction limit of **₹ 50,000** on the interest paid on loan taken

- **80EEA-**

- Deduction towards interest payments made on loan taken for acquisition of residential house property for **the first time** where the loan is sanctioned between **1st April 2019 to 31st March 2022** and
- deduction should not have been claimed u/s 80EE-
- Deduction limit of **₹ 1,50,000** on the interest paid on loan taken

- **80EEB-**

- Deduction towards interest payments made on loan for purchase of **electric vehicle** where the loan is sanctioned **between 1st April 2019 to 31st March 2023-**
Deduction limit of **₹ 1,50,000** on the interest paid on loan taken

- **80G-**

- Deduction towards Donations made to certain Funds, Charitable Institutions, etc.
- Donation are eligible for deduction under the below categories
- Without any limit 100% deduction-50% deduction
- Subject to qualifying limit 100% deduction-50% deduction

- **80GG-**

- Deduction towards rent paid for house & applicable only for whom HRA is not part of Salary
- Least of the following shall be allowed as deduction
- Rent paid reduced by 10% of Total Income before this deduction
- -₹ 5,000 per month
- -25% of Total Income before this deduction
- Form 10BA to be filed for claiming this deduction

- **80GGA-**

- Deduction towards Donations made for Scientific Research or Rural Development
- Donation are eligible for deduction under the below categories-Research Association or University, College or other Institution for
 - Scientific Research
 - Social Science or Statistical Research Association or Institution for
 - Rural Development
 - Conservation of Natural Resources or for Afforestation

- PSU or Local Authority or an Association or Institution approved by the National Committee for carrying out any eligible project
- Funds notified by Central Government for
 - Afforestation
 - Rural Development
- National Urban Poverty Eradication Fund as setup and notified by Central Government
- **No deduction shall be allowed under this Section in respect of donation made in**
- **cash exceeding ₹ 2000/- or**
- **if Gross Total Income includes Income from Profit / Gains from Business / Profession**

- **80GGC-**

- Deduction towards Donations made to Political Party or Electoral Trust- Deduction of total amount paid through any mode other than cash

- **80TTB-**

- Deduction on interest received on deposits by Resident Senior Citizens-Deduction limit of ₹ 50,000

- **80U-**

- Deductions for an individual taxpayer with Disability-
- Flat ₹ 75,000 deduction for a person with Disability, irrespective of expense incurred-
- Flat ₹ 1,25,000 deduction for a person with Severe Disability (80% or more), irrespective of expense incurred

- In addition to tax benefits applicable regardless of age of taxpayer, there are certain enhanced / additional benefits for Senior / Super Senior Citizen. The additional benefits are listed below:
- Paper filing of Income Tax Return
- Super Senior Citizens have the option to submit their ITR using Form 1 or 4 in offline / paper mode. The e-Filing option also remains available to them.

- **Relief from payment of Advance Tax**

- As per Section 208,
- every person whose estimated tax liability for the year is ₹ 10,000 or more,
- shall pay his tax in advance, in the form of Advance Tax.
- But, Section 207
- gives relief from payment of Advance Tax to a Resident Senior Citizen.
- Thus, a Resident Senior Citizen, not having any Income from Business or Profession, is **not liable** to pay Advance Tax.

- **Income tax deduction on interest on bank deposits**
- **Section 80TTB** allows tax benefits on interest earned from deposits with banks, post office or co-operative banks.
- The deduction is allowed for a maximum interest income of up to ₹ 50,000 earned by the Senior Citizen.
- Both the interest earned on saving deposits and fixed deposits are eligible for deduction under this provision.

- **u/s 194A,**

- No TDS on interest payment of up to ₹ 50,000 by the bank, post office or co-operative bank to a Senior Citizen.
- This limit is to be computed for every bank individually.

- **Tax benefits with respect to medical insurance and expenditure**

- **Section 80D,**

- Senior Citizens may avail a higher deduction of up to ₹ 50,000 for payment of premium towards medical insurance policy.
- (The limit is ₹ 25,000 in case of Non-Senior Citizens).

- **Section 80DDB**

- allows tax deduction on expenses incurred by an individual on himself or a dependent towards the treatment of specific diseases as stated in the act.
- The maximum deduction amount in case of a senior citizen is ₹ 1 lakh (₹ 40,000 for Non-Senior Citizen taxpayers).

THANK YOU

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