

PGRR Centre for Distance Education
Osmania University
B.COM (FINAL) Year
Amendments in Taxation
For The Assessment Year 2022-23

The rates of Tax as announced under the Finance Act 2022 for the assessment year 2022-23 are as under.

TAX RATES

Normal tax rates for Individual & HUF:

The normal tax rates applicable to a resident individual will depend on the age of the individual. However, in case of a non-resident individual the tax rates will be same irrespective of his age. For the purpose of ascertainment of the applicable tax slab, an individual can be classified as follows:

- Resident individual below the age of 60 years.
- Resident individual of the age of 60 years or above at any time during the year but below the age of 80 years.
- Resident individual of the age of 80 years or above at any time during the year.
- Non-resident individual irrespective of the age.

Individuals		
<i>(Other than senior and super senior citizen)</i>		
Net Income Range	Rate of Income-tax	
	Assessment Year 2023-24	Assessment Year 2022-23
Up to Rs. 2,50,000	-	-
Rs. 2,50,000 to Rs. 5,00,000	5%	5%
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%
Senior Citizen		
<i>(who is 60 years or more at any time during the previous year)</i>		
Net Income Range	Rate of Income-tax	
	Assessment Year 2023-24	Assessment Year 2022-23
Up to Rs. 3,00,000	-	-
Rs. 3,00,000 to Rs. 5,00,000	5%	5%
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%
Super Senior Citizen		
<i>(who is 80 years or more at any time during the previous year)</i>		
Net Income Range	Rate of Income-tax	

	Assessment Year 2023-24	Assessment Year 2022-23
Up to Rs. 5,00,000	-	-
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%
Hindu Undivided Family (Including AOP, BOI and Artificial Juridical Person)		
Net Income Range	Rate of Income-tax	
	Assessment Year 2023-24	Assessment Year 2022-23
Up to Rs. 2,50,000	-	-
Rs. 2,50,000 to Rs. 5,00,000	5%	5%
Rs. 5,00,000 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

<i>Rate of Surcharge</i>									
<i>Assessment Year 2023-24</i>					<i>Assessment Year 2022-23</i>				
<i>Range of Income</i>					<i>Range of Income</i>				
<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Rs. 5 crore s to Rs.10 Crores</i>	<i>Exceedin g Rs. 10 Crores</i>	<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore toRs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Rs. 5 crore s to Rs.10 Crores</i>	<i>Exceedin g Rs. 10 Crores</i>
10%	15%	25%	37%	37%	10%	15%	25%	37%	37%

Note:

- 1) The enhanced surcharge of 25% & 37%, as the case may be, is not levied, from income chargeable to tax under sections 111A, 112A and 115AD. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.
- 2) From Assessment Year 2023-24 onwards:
 - o *The maximum rate of surcharge on tax payable on dividend income or capital gain referred to in Section 112, shall be 15%.*
 - o *The surcharge rate for AOP with all members as a company, shall be capped at 15%.*

However, marginal relief is available from surcharge in following manner-

- a) in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- b) in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- c) in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 2 crore by more than the amount of income that exceeds Rs. 2 crore.

- d) in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

Health and Education Cess : Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

Notes:

- W.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT shall be at the rate of 9% instead of existing rate of 18.50%.
- W.e.f. Assessment Year 2023-24, the rate of AMT shall be 15% instead of existing rate of 18.5% in case of a co-operative society.

Note: A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

Non-resident individual/HUF

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 2,50,000	<i>Nil</i>	<i>Nil</i>
Rs. 2,50,000 – Rs. 5,00,000	5% of (total income <i>minus</i> Rs. 2,50,000) [*]	4% of income-tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income-tax

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

<i>Rate of Surcharge</i>									
<i>Assessment Year 2023-24</i>					<i>Assessment Year 2022-23</i>				
<i>Range of Income</i>					<i>Range of Income</i>				
<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Rs. 5 crores to Rs.10 Crores</i>	<i>Exceeding Rs. 10 Crores</i>	<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Rs. 5 crores to Rs.10 Crores</i>	<i>Exceeding Rs. 10 Crores</i>
<i>10%</i>	<i>15%</i>	<i>25%</i>	<i>37%</i>	<i>37%</i>	<i>10%</i>	<i>15%</i>	<i>25%</i>	<i>37%</i>	<i>37%</i>

However, marginal relief is available from surcharge in following manner-

- in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 2 crore by more than the amount of income that exceeds Rs. 2 crore.
- in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

Health and Education Cess: Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

Notes:

- W.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT shall be at the rate of 9% instead of existing rate of 18.50%.
- W.e.f. Assessment Year 2023-24, the rate of AMT shall be 15% instead of existing rate of 18.5% in case of a co-operative society.

Special tax Rate for Individual and HUFs

The Finance Act, 2020, has provided an option to Individuals and HUF for payment of taxes at the following reduced rates from Assessment Year 2021-22 and onwards:

Total Income (Rs)	Rate
Up to 2,50,000	Nil
From 2,50,001 to 5,00,000	5%
From 5,00,001 to 7,50,000	10%
From 7,50,001 to 10,00,000	15%
From 10,00,001 to 12,50,000	20%
From 12,50,001 to 15,00,000	25%
Above 15,00,000	30%

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

Range of Income				
Rs. 50 Lakhs to Rs. 1 Crore	Rs. 1 Crore to Rs. 2 Crores	Rs. 2 Crores to Rs. 5 Crores	Rs. 5 crores to Rs. 10 Crores	Exceeding Rs. 10 Crores
10%	15%	25%	37%	37%

Notes: The maximum rate of surcharge on tax payable on dividend income or capital gain referred to in Section 111A, Section 112, Section 112A or Section 115AD shall be 15%.

However, marginal relief is available from surcharge in following manner-

- e) in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- f) in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- g) in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs.2 crore by more than the amount of income that exceeds Rs. 2 crore.
- h) in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not

exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

Health and Education Cess : Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

AMT :

The assessee opting for this scheme have been kept out of the purview of Alternate Minimum Tax (AMT). Further the provision relating to the computation, carry forward and set off of AMT credit shall not apply to these assesseees.

Note: A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

Conditions to be satisfied:

The option to pay tax at lower rates shall be available only if the total income of assessee is computed without claiming following exemptions or deductions:

- a) Leave Travel concession [Section 10(5)]
- b) House Rent Allowance [Section 10(13A)]
- c) Official and personal allowances (other than those as may be prescribed) [Section 10(14)]
- d) Allowances to MPs/MLAs [Section 10(17)]
- e) Allowances for income of minor [Section 10(32)]
- f) Deduction for units established in Special Economic Zones (SEZ) [Section 10AA];
- g) Standard Deduction [Section 16(ia)]
- h) Entertainment Allowance [Section 16(ii)]
- i) Professional Tax [Section 16(iii)]
- j) Interest on housing loan [Section 24(b)]
- k) Additional depreciation in respect of new plant and machinery [Section 32(1)(iia)];
- l) Deduction for investment in new plant and machinery in notified backward areas [Section 32AD];
- m) Deduction in respect of tea, coffee or rubber business [Section 33AB];
- n) Deduction in respect of business consisting of prospecting or extraction or production of petroleum or natural gas in India [Section 33ABA];
- o) Deduction for donation made to approved scientific research association, university college or other institutes for doing scientific research which may or may not be related to business [Section 35(1)(ii)];
- p) Deduction for payment made to an Indian company for doing scientific research which may or may not be related to business [Section 35(1)(iia)];
- q) Deduction for donation made to university, college, or other institution for doing research in

- r) Deduction for donation made for or expenditure on scientific research [Section 35(2AA)];
- s) Deduction in respect of capital expenditure incurred in respect of certain specified businesses, i.e., cold chain facility, warehousing facility, etc. [Section 35AD];
- t) Deduction for expenditure on agriculture extension project [Section 35CCC];
- u) Deduction for family Pension [Section 57(ia)]
- v) Deduction in respect of certain incomes other than specified under Section 80JAA, 80CCD(2) and deduction under section 80LA for Unit located in IFSC [Part C of Chapter VI-A].

Total income of the assessee is calculated after claiming depreciation under section 32, other than additional depreciation, and without adjusting brought forward losses and depreciation from any earlier year (if such loss or depreciation pertains to any deduction under the aforesaid sections). Further, loss under the head house property can't be set off against other heads of Income. Moreover, such loss and depreciation will not be carried forward.

If the assessee has any unabsorbed depreciation, relating to additional depreciation, which has not been given full effect, the corresponding adjustment shall be made to WDV of the block of assets in the prescribed manner

In case the assessee has business or professional income, this option shall be exercised on or before the due date for furnishing the returns of income. Once the assessee has exercised the option for any previous year, it cannot be subsequently withdrawn for the same or any other previous year. The option once exercised for any previous year can be withdrawn only once in subsequent previous year (other than the year in which it was exercised) and thereafter, he shall never be eligible to exercise this option again except where such person ceases to have any business income.

If assessee does not have business or professional income, the option must be exercised along with the return of income for every previous year. If an assessee, after opting for Section 115BAC, claims any of prescribed deduction or allowance in any previous year, then the option to pay tax at concessional rate shall become invalid for that year.

Normal tax rates applicable to a firm

A firm is taxed at a flat rate of 30%. Apart from tax @ 30%, Health and Education Cess is levied @ 4% of income-tax.

AMT : In the case of a non-corporate taxpayers to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

Note: 1. This information is provided for the benefit of students, who are attempting Taxation subject of M.Com Final Year for the Academic Year 2022-23. Students are required to read the Taxation books of AY 2022-23 to get the detailed information.

2. Rules Assessment Year 2022-23 is applicable those who are writing Exams in the months of April/May 2023.