

PGRR Centre for Distance Education  
Osmania University  
M.COM (FINAL) Year  
Amendments in Taxation  
For The Assessment Year 2021-22

The rates of Tax as announced under the Finance Act 2020 for the assessment year 2020-21 are as under.

I. Assessee can choose any one of the slab rates (A or B) for their tax calculation:

A.

1. Very Senior Citizens (80 Years or more) Income:

<u>Income</u>	<u>Tax Rate</u>
Up to Rs. 5,00,000	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%
Above 10,00,000	30%

2. Resident Senior Citizens (60 years or more but not less than 80 year) Income:

<u>Income</u>	<u>Tax Rate</u>
Up to Rs. 3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

3. Other individuals, HUF, AOP /BOI

<u>Income</u>	<u>Tax Rate</u>
Up to Rs. 2,50,000	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

**SURCHARGE ON TAX FOR THE ASSESSMENT YEAR 2020-21**

**Education Cess:**

Health & Education cess at the rate of 4% on income tax in all cases shall be levied.

**Surcharge:** Surcharge: 12% of income tax, where total income exceeds Rs. 1 Crore

Cess: 4% on total of income tax + surcharge.

Income tax exemption limit for FY 2019-20 is up to Rs. 2,50,000 for individual & HUF other than those covered in Part (II) or (III)

## B. INCOME SLAB AND TAX RATES FOR F.Y. 2020-21/A.Y 2021-22

### 1. Income Tax Rate & Slab for Individuals & HUF:

1. Individual (Resident or Resident but not Ordinarily Resident or non-resident), who is of the age of less than 60 years on the last day of the relevant previous year & for **HUF**:

Taxable income	Tax (Existing Scheme)	Rate	Tax (New Scheme)	Rate
Up to Rs. 2,50,000	Nil		Nil	
Rs. 2,50,001 to Rs. 5,00,000	5%		5%	
Rs. 5,00,001 to Rs. 7,50,000	20%		10%	
Rs. 7,50,001 to Rs. 10,00,000	20%		15%	
Rs. 10,00,001 to Rs. 12,50,000	30%		20%	
Rs. 12,50,001 to Rs. 15,00,000	30%		25%	
Above Rs. 15,00,000	30%		30%	

2. Resident or Resident but not Ordinarily Resident senior citizen, i.e., every individual, being a resident or Resident but not Ordinarily Resident in India, who is of the age of 60 years or more but less than 80 years at any time during the previous year:

Taxable income	Tax (Existing Scheme)	Rate	Tax (New Scheme)	Rate
Up to Rs. 2,50,000	Nil		Nil	
Rs. 2,50,001 to Rs. 3,00,000	Nil		5%	
Rs. 3,00,001 to Rs. 5,00,000	5%		5%	
Rs. 5,00,001 to Rs. 7,50,000	20%		10%	
Rs. 7,50,001 to Rs. 10,00,000	20%		15%	
Rs. 10,00,001 to Rs. 12,50,000	30%		20%	
Rs. 12,50,001 to Rs. 15,00,000	30%		25%	
Above Rs. 15,00,000	30%		30%	

3. Resident or Resident but not Ordinarily Resident super senior citizen, i.e., every individual, being a resident or Resident but not Ordinarily Resident in India, who is of the age of 80 years or more at any time during the previous year:

Taxable income	Tax	Rate	Tax	Rate
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	(Existing Scheme)	(New Scheme)
Up to Rs. 2,50,000	Nil	Nil
Rs. 2,50,001 to Rs. 5,00,000	Nil	5%
Rs. 5,00,001 to Rs. 7,50,000	20%	10%
Rs. 7,50,001 to Rs. 10,00,000	20%	15%
Rs. 10,00,001 to Rs. 12,50,000	30%	20%
Rs. 12,50,001 to Rs. 15,00,000	30%	25%
Above Rs. 15,00,000	30%	30%

4. **Surcharge:**

- a) 10% of Income tax where total income exceeds Rs.50 lakh
- b) 15% of Income tax where total income exceeds Rs.1 crore
- c) 25% of Income tax where total income exceeds Rs.2 crore
- d) 37% of Income tax where total income exceeds Rs.5 crore

5. **Note:** Enhanced Surcharge rate (25% or 37%) is not applicable in case of specified incomes I.e. short-term capital gain u/s 111A, long-term capital gain u/s 112A & short-term or long-term capital gain u/s 115AD(1)(b).

6. **Education cess:** 4% of income tax plus surcharge

7. **Note:** A resident or Resident but not Ordinarily Resident individual is entitled to rebate under section 87A if his total income does not exceed Rs. 5, 00,000. The amount of rebate shall be 100% of income-tax or Rs. 12,500, whichever is less. rebate under section 87A is available in both scheme I.e. existing scheme as well as new scheme.

**II. Income Tax Rates for AOP/BOI/Any other Artificial Juridical Person:**

Taxable income	Tax Rate
Up to Rs. 2,50,000	<i>Nil</i>
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

**Surcharge:**

- a) 10% of Income tax where total income exceeds Rs.50 lakh
- b) 15% of Income tax where total income exceeds Rs.1 crore
- c) 25% of Income tax where total income exceeds Rs.2 crore
- d) 37% of Income tax where total income exceeds Rs.5 crore

**Note:** Enhanced Surcharge rate (25% or 37%) is not applicable in case of specified incomes I.e. short-term capital gain u/s 111A, long-term capital gain u/s 112A & short-term or long-term capital gain u/s 115AD(1)(b).

**Education cess:** 4% of tax plus surcharge

### III. Tax Rate For Partnership Firm:

A partnership firm (including LLP) is taxable at 30%.

**Surcharge:** 12% of Income tax where total income exceeds Rs. 1 crore

**Education cess:** 4% of Income tax plus surcharge

### IV. Income Tax Slab Rate for Local Authority:

A local authority is Income taxable at 30%.

**Surcharge:** 12% of Income tax where total income exceeds Rs. 1 crore

**Education cess:** 4% of tax plus surcharge

### V. Tax Slab Rate for Domestic Company:

A domestic company is taxable at 30%. However, the tax rate is 25% if turnover or gross receipt of the company does not exceed Rs. 400 crore in the previous year.

Particulars	Tax Rate(%)
If turnover or gross receipt of the company does not exceed Rs. 400 crore in the previous year 2018-19	25%
If company opted section 115BA (Note 1)	25%
If company opted for section 115BAA (Note 2)	22%
If company opted for section 115BAB (Note 3)	15%
Any other domestic company	30%

**Note 1: Section 115BA** - A domestic company which is registered on or after March 1, 2016 and engaged in the business of manufacture or production of any article or thing and research in relation to (or distribution of) such article or thing manufactured or produced by it and also It is not claiming any deduction u/s 10AA, 32AC, 32AD, 33AB, 33ABA, 35(1)(ii)/(iia)/(iii)/35(2AA)/(2AB), 35AC, 35AD, 35CCC, 35CCD, section 80H to 80TT (Other than 80JJAA) or additional depreciation, can opt section 115BA on or before the due date of return by filing Form 10-IB online. Company cannot claim any brought forwarded losses (if such loss is related to the deductions specified in above point).

**Note 2: Section 115BAA** - Total income of a company is taxable at the rate of 22% (from A.Y 2020-21), if the following conditions are satisfied:  
 - Company is not claiming any deduction u/s 10AA or 32(1)(iia) or 32AD or 33AB or 33ABA or 35(1)(ii)/(iia)/(iii)/35(2AA)/(2AB) or 35AD or 35CCC or 35CCD or section 80H to 80TT (Other than 80JJAA).  
 - Company is not claiming any brought forwarded losses (if such loss is related to the

deductions specified in above point).

- Provisions of MAT is not applicable on such company after exercising of option. company cannot claim the MAT credit (if any available at the time of exercising of section 115BAA).

**Note 3: Section 115BAB** - Total income of a company is taxable at the rate of 15% (from A.Y 2020-21), if the following conditions are satisfied:

- Company (not covered in section 115BA and 115BAA) is registered on or after October 1, 2019 and commenced manufacturing on or before 31st March, 2023.

- Company is not formed by splitting up or reconstruction of a business already in existence.

- Company does not use any machinery or plant previously used for any purpose.

- Company does not use any building previously used as a hotel or a convention center, as the case may be.

- Company is not engaged in any business other than the business of manufacture or production of any article or thing and research in relation to (or distribution of) such article or thing manufactured or produced by it. Business of manufacture or production shall not includes business of -

- Development of computer software;
- Mining ;
- Conversion of marble blocks or similar items into slabs;
- Bottling of gas into cylinder;
- Printing of books or production of cinematographic film; or
- Any other notified by Central Govt.

- Company is not claiming any deduction u/s 10AA or 32(1)(iia) or 32AD or 33AB or 33ABA or 35(1)(ii)/(iia)/(iii)/35(2AA)/(2AB) or 35AD or 35CCC or 35CCD or section 80H to 80TT (Other than 80JJAA and 80M).

- Company is not claiming any brought forwarded losses (if such loss is related to the deductions specified in above point).

- Provisions of MAT is not applicable on such company after exercising of option. company cannot claim the MAT credit (if any available at the time of exercising of section 115BAA).

#### **Surcharge:**

a) 7% of Income tax where total income exceeds Rs.1 crore

b) 12% of Income tax where total income exceeds Rs.10 crore

c) 10% of income tax where domestic company opted for section 115BAA and 115BAB

**Education cess:** 4% of Income tax plus surcharge

#### **VI. Tax Rates for Foreign Company:**

A foreign company is taxable at 40%

#### **Surcharge:**

a) 2% of Income tax where total income exceeds Rs. 1 crore

b) 5% of Income tax where total income exceeds Rs. 10 crore

**Education cess:** 4% of Income tax plus surcharge

## VII. Income Tax Slab for Co-operative Society:

Taxable income	Tax (Existing Scheme)	Rate	Tax (New Scheme)	Rate
Up to Rs. 10,000	10%			
Rs. 10,001 to Rs. 20,000	20%		22%	
Above Rs. 20,000	30%			

### Surcharge:

- 12% of Income tax where total income exceeds Rs. 1 crore
  - In case of **Concessional scheme**, surcharge rate is **10%**
- Education cess:** 4% of Income tax plus surcharge.

## SPECIAL RATES OF INCOME TAX

Section	Nature of Income	Rate of tax
111A	Short-term capital gains from transfer of securities units on which Securities Transaction Tax has been charged	15%
112/112A	Long-term capital gains	20%/10%
	Long-term Capital Gain covered by proviso to Section 112(Listed Bond/Debenture)	10%
	On Long-term Capital Gain (Listed Share/Unit)	Exempt upto 1 lakh. Excess taxable @10%
115BB	Winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever.	30%
115BBE	Unexplained amounts treated as income under sections 68, 69, 69A, 69B, 69C and 69D of the Act will be taxable @60% without granting any deduction of expenditure or allowance there against. The benefit of threshold exemption and lower slab rates for individuals and HUFs will not be available to such amounts. No set off of any loss against Section 68,69,69B,69C and 69D.	60%

115BBD A	Income by way of dividends in excess of Rs. 10 Lacs in the hands of a person other than  (i) a domestic company or  (ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (via) of clause (23C) of section 10; or  (iii) a trust or institution registered u/s 12A or 12AA  who is resident in India Further, the taxation of dividend income in excess Rs. 10 lakh shall be on gross basis i.e., no deduction in respect of any expenditure or allowance or set-off of loss shall be allowed to the assessee in computing the income by way of dividends.	10%
115BBF	Income by way of royalty in respect of a patent developed and registered in India in respect of person who is resident in India. No deduction in respect of any expenditure or allowance or set-off of loss shall be allowed to the assessee in computing the said income	10%
115BBG	Tax on income from transfer of carbon credits [See Note 1]	10%

### Minimum Alternative Tax (MAT)

A Company shall be liable to pay Minimum Alternate Tax (MAT) at **15% of book profit (plus surcharge and Health and Education cess as applicable)** where the normal tax liability of the Company is less than 15% of book profit.

### Wealth Tax

New wealth exceeding Rs. 3,00,000 is taxable at a rate of 1% with no surcharge.

### Computation of Capital gains:

Cost Inflation Index [CII]

2001-02=100; 02-03=105; 03-04=109; 04-05=113; 05-06=117; 06-07=122; 07-08=129; 08-09=137; 09-10=148; 10-11=167; 11-12=184; 12-13=200; 13-14=220; 14-15=240; 15-16=254; 16-17=264; 17-18=272; 18-19=280; 19-20=289; 20-21=301.

### Income from other sources:

**Rates of TDS are given in the following table for the Academic Year 2018-19 Individual, HIUF, AOP, BOI**

S. No	Nature of Income	Rate
1	<b>Dividends (Indian Companies)</b>	Nil
2	<b>Interest on Units of UTI</b>	Nil
3	<b>Bank Interest if amount of Interest exceeds Rs. 5000</b>	10
4	<b>Interest on securities issued by</b>	

	<b>a. Central or State Govt.</b> <b>b. Local authority or Statutory corporation</b> <b>c. Company</b>	Nil 10%
	<b>i. Listed</b> <b>ii. Unlisted</b>	10% 10%
5	<b>Winnings from lotteries, puzzles, card games.</b>	30

### Summary of Grossing Up

S. No	Nature of Income	Rate
1	Tax free Govt. Security	Interest received is gross interest no grossing up
2	Tax-free Commercial Security (Listed)	Grossing up should be done Gross interest = Net Interest x 100 90
3	Tax-free Commercial Security (Unlisted)	Grossing up should be done Gross interest = Net Interest x 100 90
4	Less-Tax Government (Listed)	Grossing up should be done Gross interest - Net Interest x 100 90
5	Less-Tax Government (Unlisted)	Grossing up should be done Gross interest - Net Interest x 100 90
6	Lottery and Puzzles	Grossing up should be done Gross interest - Net Amount Received x 100 90

### DEDUCTION FROM GROSS TOTAL INCOME SEC. 80

1. U/S 80 D: Medical Insurance Premium Maximum for all Individuals and HUF Rs. 25,000 for Senior Citizen Rs. 30,000
2. U/S 80 D: Maximum Rs. 75,000 for Service disability deduction in up to Rs.125000.
3. U/S 80 D: Entire amount paid by way of interest is deductible. This facility is extended to relatives, Spouse and children w.e.f. Assessment year 2008-09.
4. U/S 80 D: General deduction Rs. 75,000 - Rs. 1,25,000 case of server disability.
5. Deduction for contribution by Central Govt. Employer New Pension Scheme to be allowed in addition to the ceiling of Rs. 1,50,000 [ Sec. 80CCE]
6. Deduction for profits and gains of firms engaged in infrastructure development U/S 801A 5 Years 100 %, next 5 years 30%



7. Deduction for mineral oil producing undertaking in NE region disallowed in relation to blocks licensed under a contract awarded after 31-03-2011 [ Sec 801B] 25% Profits
8. Interest from infrastructure debt fund receive by non-resident foreign company to be taxable @ 5% {Sec 11 5A}
9. Dividends received from a specified foreign company by an Indian company to be taxable @ 15% [Sec 115A]
10. (a) Rate of minimum alternative tax raised to 18.5% of books profits.  
(b) MAT shall be applicable in case of profits of a SEZ unit / Developer. [Sec 1.15JB]
11. Limited liability Partnership shall be liable to pay alternate minimum tax (AMT) @ 18.5% of its adjusted total income. If the amount of income tax as per normal rates falls short of this amount Credit for MAT can be availed against normal tax in next 10 assessment year.
12. Dividend distribution tax to be payable by SEZ developer / SEZ developer SEZ units also  
[Sec 1.15.O]
13. Central Govt. may exempt any class or classes of persons from the requirement of furnishing of return.
14. A body / Authority Board/ Trust/ Commission Claiming exemption u/s 10(46) and infrastructure debt fund claiming exemption u/s 10(47) shall be required to furnish its return of income. [Sec 139(4c)]
15. TDS to be deducted @5% on interest payable to be non-resident / foreign company by an infrastructure debt fund, wef 01-06-2021. [Sec 194LB]

**Note: This information is provided for the benefit of students, who are attempting Taxation subject of M.Com Final Year for the Academic Year 2021-22. Students are required to read the Taxation books of AY 2021-22 to get the detailed information.**