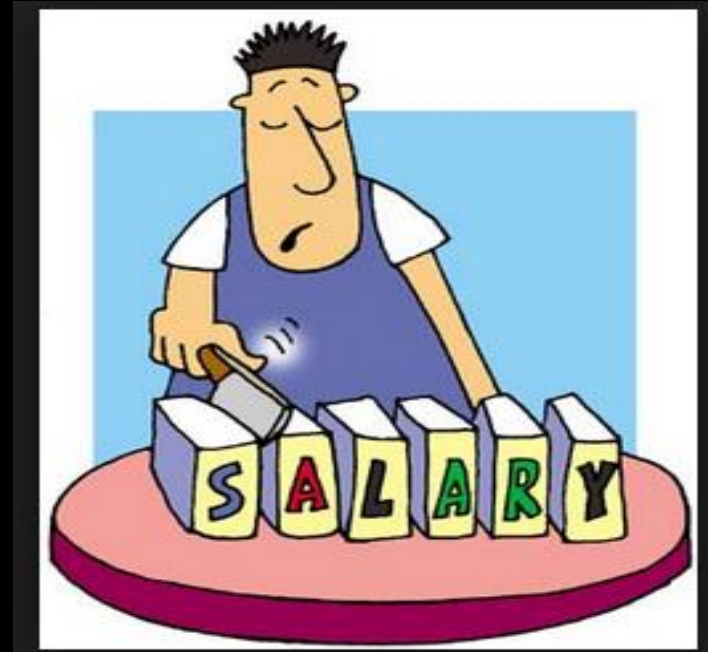


Issues in Taxation of Salaries

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Agenda

- Old Regime and New Regime
- Issues in Taxation of Salary Components
- ESOP's Taxation
- Income from House Property
- Previous Employment Income
- General Precautions-As Employer
- Issues in 24Q4



New Vs Old Regime

- An employee Can choose rates of taxation
- Old rates with Existing Tax benefits
- New & Reduced rates of Taxation if Several tax benefits are foregone
- Choosing the Regime

Income Tax Slab-Old Regime



Taxable Income less than or equal to 500,000 – Nothing is taxable as rebate e
tax

Income range: Tax rates

- | | |
|--------------------------------|---------------------------------------|
| ➤ Up to INR 250,000: | NIL |
| ➤ INR 250,000 to INR 500,000 | 5% |
| ➤ INR 500,001 to INR 1,000,000 | 20%+12,500 on Income up to Rs 500,000 |
| ➤ Above INR 1,000,000 | 30%+112,500 on income up to 1,000,000 |
- Surcharge @ 10% if Taxable income exceeds Rs 50 Lakhs but less than Rs 1 crore, if Taxable income is above Rs 1 crore and below then 15% and 2 crores to 5 crores 25% and **above 5 crores 37%**
 - Health and Education Cess of 4% would be levied on the net tax payable irrespective of Income slab of the employee.
 - No Marginal Relief available so the tax is either Nil or starts with 13000

TAX SLABS -New Regime

Taxable Incomes	Tax Rates
From INR 0 to INR 3,00,000	Nil
From INR 3,00,001 to INR 6,00,000	5%
From INR 6,00,001 to INR 9,00,000	INR 15,000+10% of amount exceeding INR 600,000
From INR 9,00,001 to INR 12,00,000	INR 45,000+15% of amount exceeding INR 900,000
From INR 12,00,001 to INR 15,00,000	INR 90,000+20% of amount exceeding INR 1,000,000
Above 15 lakhs	INR 150,000+30% of amount exceeding INR 1,500,000

- **Taxable Income less than or equal to Rs. 700,000 – Nothing is taxable as rebate equal to tax. Amount of Rebate is Rs. 25,000. Marginal Relief is available.**
- **Surcharge @ 10% if Taxable income exceeds Rs. 50 Lakhs but less than Rs. 1 Crore, if taxable income is above Rs. 1 Crore to 2 Crores then surcharge is @ 15%.**
- **From 2 Crores and above it is 25%**

Deductions/Exemptions Not Available to salaried employee in New Regime

1. Leave Travel concession
2. House rent allowance
3. Professional tax U/s 16(iii)
4. Sodexo meal Coupons
5. Loss from Self Occupied House Property cannot be set off
6. Deductions U/s 80C, 80CCC, (Provident Fund, Life Insurance, ELSS etc) , NPS (Except through Employer which is upto 10% of Basic).
7. All Deductions under Chapter VI-A i.e 80D, 80DD, 80DDB, 80E etc
8. 80TTA interest on Savings Bank Account

**Deductions/Exemptions that would still
be available for Individuals under the
New Regime:**

- Sec 10(10)- Death–cum-retirement gratuity received
- Sec 10(10A)- Commuted value of pension received
- Sec 10(10CC)- Tax paid by employer on non-monetary perquisite
- Sec 24- Interest on Home Loan on rented out properties only- Restricted to Positive Income
- Sec 80CCD(2)- Contribution of employer to pension scheme of Central Government (NPS and EPF)
- Standard Deduction is also allowed

Which is Better ?

- Professional Tax is automatic.
- Many of us stay either in Rented House or in our Own house where EMI's are paid.
- PF is mandatory.
- Principal repayment of Housing Loan, Tuition fees, Life Insurance +PF will cover 1.50 lakhs
- 80D of Up to Rs 50000 is generally available.
- LTA claim is generally available
- Interest on SB account is there in every case.
- Investments are made not only for Tax Savings but also as Financial safety of self and family.

Finally

If we can get Tax benefit on more than Rs.4,25,000 including Standard Deduction, Professional Tax, Interest on Housing Loan /House Rent, Investments etc. we can continue in Old Regime.

Structure Once selected has to be followed with Employer for rest of the year. Can be changed at the time of Filing.



ISSUES IN TAXATION OF PAY COMPONENTS-HRA

- PAN Number of Landlord
- Rent Paid for the House which is not in the city of Employment
- TDS U/s 194IB- House Rent exceeds Rs 50000 per month @ 5% of Month in March
- Payment of Rent to Non Residents
- Withdrawals in Bank account
- Notices U/s 133(6) received by Employers



ISSUES IN TAXATION OF PAY COMPONENTS-MISC

- Notice Period Buy out
- Taxation of Recoveries
- Leave Encashment & Gratuity
- Gifts
- Medical BILLS
- Work from Home Equipments

ESOP's

- Can be RSU's or under ESPP
- Taxable as perquisite at the time of Vesting
- Taxable as capital Gains-STCG or LTCG at time of sale
- Declaration of Figures in ITR-Schedule FA
- Dividends and Interest earned on Stock Units
- Form 67A



Income from House Property

Only Loss that can be adjusted by Employer

- Pre EMI Interest
- Construction of Property to be Completed in year of claim & occupancy certificate to be obtained
- Joint Loans
- Maximum Loss that can be allowed is 200000
- B/f Loss as per last year Submission



Previous Employment Income

- Not Mandatory for Employee to submit but Preferable
- Employer Cannot change any figures in Tax computation made by Previous employer
- Regime cannot be changed by Changing the employment.

General Precautions as Employer

- Aadhar PAN Linking of Every Employee
- PAN Number or PAN Card
- Previous employment income- Deductions and TDS adjustment
- Tax on Non Monetary Perquisite



Issues in Filing 24Q4

- Inclusion of Data in earlier quarter where there is no TDS
- Name A . Or extra space
- Previous Employment Income
- Tax calculation –Rounding off of Salary and TDS
- Filing of Returns through Private/NSDL Software
- Selection of Regime-Whether opting for Taxation U/s 115 BAC or Whether Opting out of Taxation U/s 115 BAC (1A) yes/no- If New Regime NO and Old Regime Yes.





for Patient hearing

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