

# DIRECT TAX

## RATES OF TAX (A.Y. 2022-23, F.Y. 2021-22)

### Individuals / HUF

(Other than Senior Citizens and Super Senior Citizens)

No Changes were made in the Tax Rates

#### **Option 1:**

EXISTING SCHEME	
Income Slab	Rate of Tax
Total Income $\leq$ 2,50,000	Nil
Total Income $>$ 2,50,000 and $\leq$ 5,00,000	5%
Total Income $>$ 5,00,000 and $\leq$ 10,00,000	Rs.12,500+20%
Total Income $>$ 10,00,000	Rs.1,12,500+30%

#### **Option 2:**

NEW SCHEME	
Income Slab	Rate of Tax
Total Income $\leq$ 2,50,000	Nil
Total Income $>$ 2,50,000 and $\leq$ 5,00,000	5%
Total Income $>$ 5,00,000 and $\leq$ 7,50,000	10%
Total Income $>$ 7,50,000 and $\leq$ 10,00,000	15%
Total Income $>$ 10,00,000 and $\leq$ 12,50,000	20%
Total Income $>$ 12,50,000 and $\leq$ 15,00,000	25%
Total Income $>$ 15,00,000	30%

***New Scheme can be availed subject to following conditions:-***

- The option shall be exercised for every previous year where the individual or the HUF has no business income

- In cases where assessee has business Income the option once exercised for a previous year shall be valid for that previous year and all subsequent years.
  
- **Following exemptions and deductions are not available:**
  - (i) Leave travel concession -section 10(5);
  - (ii) House rent allowance -section 10(13A);
  - (iii) Special Allowance-section 10(14);
  - (iv) Allowances to MPs/MLAs-section 10(17);
  - (v) Allowance for Clubbing Minor's Income - section 10(32);
  - (vi) Exemption for SEZ unit - in section 10AA;
  - (vii) Standard deduction, deduction for entertainment allowance and employment/professional tax - section 16;
  - (viii) Interest under section 24 in respect of self-occupied or vacant property;
  - (ix) Additional depreciation under section 32(1)(ia);
  - (x) Deductions under section 32AD, 33AB, 33ABA;
  - (xi) Various deduction for donation for or expenditure on scientific research contained in sub-clause (ii) or sub-clause (ia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35;
  - (xii) Deduction under section 35AD or section 35CCC;
  - (xiii) Deduction from family pension - section 57(ia);
  - (xiv) Any deduction under Chapter VIA except deduction u/s 80 CCD AND 80JJAA.
  
- **Following Losses are not allowed to be set off -**
  - (i) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in (a) above; or
  - (ii) Under the head house property with any other head of income;
  
- Such taxpayer will also not be subject to alternative minimum tax

### **Senior Citizens**

(Above 60 years but below 80 years)

Income Slab	Rate of Tax
Total Income $\leq$ 3,00,000	Nil
Total Income $>$ 3,00,000 and $\leq$ 5,00,000	5%
Total Income $>$ 5,00,000 and $\leq$ 10,00,000	Rs.10,000+20%
Total Income $>$ 10,00,000	Rs.1,10,000+30%

### **Super Senior Citizens**

(Above 80 year)

Income Slab	Rate of Tax
Total Income $\leq$ 5,00,000	Nil
Total Income $>$ 5,00,000 and $\leq$ 10,00,000	20%
Total Income $>$ 10,00,000	Rs.1,00,000 + 30%

- *Rebate U/s 87A, Rs. 12,500/- for individual resident*
- *For Total Income  $<$ 5,00,000*
- *Continued under new scheme also.*

- **Surcharge:**

Income Slab	Surcharge
Total Income = 50 Lakhs – 1 Crore	10 % of Tax
Total Income = 1 crore - 2 crore	15% of Tax
Total Income = 2 Cr. – 5 Cr	25% of Tax
Total Income $>$ 5 Crore	37% of Tax

*In case total income includes LTCG u/s 111A and STCG u/s 112A, the rate of surcharge shall not exceed 15% on such capital gain.*

- **Health and Education Cess**

Health and Education Cess (on Tax plus Surcharge) levied @ 4% to continue.

## Firms & LLP

Income	Rate of Tax
Total Income	30%

- Surcharge to be continued to be levied @ 12% of tax where, Taxable Income > 1 Crore.
- Health & Education Cess @ 4% on Tax & Surcharge to continue.

## Domestic Company

		Tax Rate
Turnover or Gross Receipts of P.Y. 2018-19	Up to Rs.400 Crore	25%
	Exceeding Rs.400Crore	30%

## Surcharge

Taxable Income	Surcharge
Up to Rs.1 Crore	Nil
Rs.1 Crore – Rs.10 Crore	7%
Exceeding Rs.10 Crore	12%

- Health and Education Cess@4% on tax & surcharge to continue.

## Concessional Rate of Tax for Companies

Type of Companies	Concessional Rate
New Manufacturing Domestic Company	15%
New Electricity Generating Company	15%
Other Domestic Companies	22%

- Surcharge at 10% and Health & Education Cess @4% shall be applicable irrespective of turnover
- No benefit of Chapter VIA deduction except 80JJA and 80M as well as exemptions
- Such companies not required to pay tax under MAT.

- *Additional depreciation will not be available*

### Cooperative Societies

Taxable Income	Existing Tax Rate	New Scheme
<b>Up to Rs. 10,000</b>	10%	22%+10% Surcharge
<b>Rs.10,000 – Rs.20,000</b>	Rs1,000 + 20%	
<b>Exceeding Rs.20,000</b>	Rs3,000 +30%	

- *The concessional tax rate of 22% for resident co-operative society is provided under section 115BAD on fulfillment of certain conditions*
- *Old regime Surcharge – 12% of tax where Income exceeds ₹ 1 cr.*
- *Health and Education Cess@4% on tax to be continued.*
- *Option to pay tax at concessional rate once exercised cannot be withdrawn.*
- *Provisions relating to AMT would not be applicable and consequently no credit of AMT would be available.*
- *Co-operative society shall not be entitled to following exemption:\_\_\_*
  - *tax holiday under section 10AA*
  - *Additional depreciation under section 32(1) (ia) etc.*

### Foreign Company

- Tax rate @ 40%
- Cess@ 4%
- Surcharge as per the following table:

Taxable Income	Surcharge
<b>Up to Rs. 1 Crore</b>	Nil
<b>Rs. 1 Crore – Rs. 10 Crore</b>	2%
<b>Exceeding Rs. 10 Crore</b>	5%

Hence a welcome relief as no additional tax introduced against wide apprehension of COVID cess being levied.