

**OFFICE OF THE DIRECTOR GENERAL OF AUDIT (CENTRAL) CHENNAI
BRANCH OFFICE KOCHI**

No.OE/Kochi/IT /2020-2021/

Date:23.10.2020

CIRCULAR No. 16 /2020-21

Sub: Recovery of Income Tax for the Financial Year 2020-21-Assessment Year 2021-22 – regarding.

From 1st April 2020 onwards a new tax regime under section 115BAC is concurrently introduced to provide for a concessional rate of tax on the total income. Hence from Assessment Year 2021-22 (Financial Year 2020-2021) there are two operative tax regimes – One is the old tax regime where all the applicable deductions and exemptions are available and the tax rates are as per the rates of tax specified in the Finance Act, 2020. The second one is section 115BAC which is a new tax regime and claims of many specified deductions and exemptions have been omitted. Section 115BAC(1) of the Income Tax Act, 1961 provides an option for assesseees to opt for the rates of Income Tax applicable for Financial Year 2020-21 (AY 2021-2022) either New Tax Regime or Old Tax Regime whichever is beneficial to them. The Rates of Income Tax for the FY 2020-21 (Ay 2021-22) are furnished below;

Taxable Income Rs	Tax Rate under Old Tax Regime	Tax Rate under New Tax Regime
0-250000	0	0
250001-500000	5%	5%
500001-750000	20%	10%
750001-1000000	20%	15%
1000001-1250000	30%	20%
1250001-1500000	30%	25%
>1500000	30%	30%

Staff members should exercise an option in writing to OE Section **on or before 10.11.2020**, regarding the rates of Tax to be applied in respect of their taxable income.

Option once exercised shall be final and can be alter only at the time of filing IT Return for FY 2020-21/AY 2021-22 with Income Tax Department.

Such Officials opting for the **New Tax Regime** will have to forego the following Exemptions and Deductions:

1. The standard deduction, professional tax and entertainment allowance on salaries
2. Leave Travel Allowance (LTA)
3. House Rent Allowance (HRA)
4. Minor child income allowance
5. Helper allowance
6. Children education allowance
7. Other special allowances [Section10(14)]
8. Interest on housing loan on the self-occupied property or vacant property (Section 24)
9. Chapter VI-A deduction (80C,80D, 80E and so on) (Except Section 80CCD(2) and 80JJAA)

10. Without exemption or deduction for any other perquisites or allowances
11. Deduction from family pension income

Officials willing to remain in the Old Tax Regime are requested to furnish a statement in **Form 12BB (appended)** so as to reach OE Section before **10-11-2020** compulsorily. Details of expenditure/investments stated therein should invariably be supported by documentary evidence wherever applicable.

Some of the items of Investment/expenditure for which deduction can be claimed under various sections of IT Act are listed below.

80 C	Deduction in respect of certain deposits/payments. The maximum admissible deduction under this section is Rs.1.5 lakh Some of the investment avenues or expenses that can be claimed as tax deductions under section 80c are as below: i. PPF (<i>Public Provident Fund</i>) in the name of self, spouse or children ii. GPF (<i>General Provident Fund</i>) iii. Five year Bank or Post office Tax saving Deposits iv. <i>National Savings Certificates</i> v. ELSS (Equity Linked Saving Schemes) of Mutual Funds vi. Tuition Fees (For maximum of two children) vii. Principal repayment of Home Loan viii. NPS (<i>National Pension System</i>) ix. Life Insurance Premium (for self, spouse or children) x. SukanyaSamriddhi Account Deposit Scheme
80 CCC	Contribution to annuity plan of LIC (<i>Life Insurance Corporation of India</i>) or any other Life Insurance Company. The maximum allowable deduction under this section is ₹. 1.5 Lakh
80CC D(1)	Employees contribution to the pension scheme notified by the Central Government (NPS), subject to a maximum of 10% of salary (Salary includes Dearness Allowance but excludes all other Allowances and Perquisites)
80CC D (1B)	Shall be allowed a deduction, whether or not any deduction has been allowed under section 80CCD(1), of the deposit made in a pension scheme notified by the Central Government (NPS) which shall not exceed ₹.. 50,000.
80CC D (2)	Employers' contribution to the Pension (NPS) account of the employee shall be allowed as a deduction, subject to a maximum of 10% of salary (Salary includes Dearness Allowance but excludes all other Allowances and Perquisites). Note:- Employers contribution to the NPS account of the employee should be included under Gross salary of the employee (Section 17)
80CC E	The aggregate amount of deductions under <u>section 80C</u> , <u>section 80CCC</u> and sub-section (1) of <u>section 80CCD</u> shall not, in any case, exceed ₹..1,50,000
80 CCG	Permits a maximum deduction of ₹. 25,000 per year , for first time retail investors whose gross total income does not exceed 12 lakh rupees for investment in listed equity shares or listed units of an equity oriented fund in accordance with a scheme, as may be notified by the Central Government, 50% of investment is eligible for deduction subject to a maximum of ₹..25000, subject to further conditions specified there in.
80 D	Section 80D of the Income Tax Act permits deductions on amounts spent by any mode other than cash to effect or to keep in force an insurance on the health of the

	assessee or his family/parents, or any contribution made to the Central Government Health Scheme, or medical expenditure, subjects to limits/conditions specified therein.
80DD	Deduction in respect of maintenance including medical treatment of a dependent who is a person with disability. (a) any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or (b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in the section for the maintenance of a dependant, being a person with disability, Provides provisions for tax deductions of ₹. 75,000 for normal disability (40%) and Rs 1.25 lakh for severe disability (80% and more).
80DDB	Deduction in respect the expense incurred for medical treatment of specified disease or ailment for self or a dependant. The permitted deduction is limited to ₹. 40,000 ₹. 60,000 if the treatment is for a senior citizen, ₹..80,000 for very senior citizen
80E	Deduction in respect of interest on loan taken from any financial institution or any approved charitable institution for the purpose of pursuing higher education of self, spouse and children, deduction is admissible for 8 years.
80G	Deduction in respect of donations to certain funds, charitable institutions, etc. (eligible for deduction upto either 100% or 50% with or without restriction) subject to limits/conditions specified in the section. • 100% deductions without any limit: Donations to funds like National Defence Fund, Prime Minister's Relief Fund, National Illness Assistance Fund, etc. qualify for 100% deduction on the amount donated. • 100% deduction with qualifying limits: Donations to local authorities, associations or institutes to promote family planning and development of sports qualify for 100% deduction, subject to certain qualifying limits. • 50% deduction without qualifying limits: Donations to funds like the PMs Drought Relief fund, Rajiv Gandhi Foundation, etc. are eligible for 50% deduction. • 50% deduction with qualifying limit: Donations to religious organisations, local authorities for purposes apart from family planning and other charitable institutes are eligible for 50% deduction, subject to certain qualifying limits. The qualifying limit refers to 10% of the gross total income of a taxpayer.
80TTA	Deductions upto ₹.10,000 in respect of interest on Deposits in Savings Accounts . Where the gross total income of an assessee, includes any income by way of interest on deposits (not being time deposits) in a savings account, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee a deduction as specified hereunder, namely:— (i) in a case where the amount of such income does not exceed in the aggregate ten thousand rupees, the whole of such amount; and (ii) in any other case, ten thousand rupees.
80U	Deduction in case of a person with disability. A person, who, at any time during the previous year, is certified by the medical authority to be a person with disability, there shall be allowed a deduction of a sum of ₹..75,000 (for whom with severe disability the deduction is ₹..1.25 lakh) subject to conditions prescribed in the section.

Income under head 'other than Salary income' can be offered for TDS from salary under section 192.(2B). Loss under the head 'Income from house property', being interest on house loan (Section 24) [Maximum eligible amount ₹.30,000 for loans up to 31.3.1999, and Rs.200,000 for loans availed on or after 1.4.1999, and construction completed within three years (within five years for loan taken from FY 2017-18) from the end of the financial year in which capital was borrowed] can be allowed as deduction at TDS stage itself. In such case details may be furnished in form 12-C along with calculation of HBA interest. A certificate from the person to whom the interest is payable, specifying the amount of interest payable has also to be furnished (in case of loans availed from outside agencies/institutions). The higher rate (₹.2,00,000) is not available for loans taken for repairs/renovation.

The interest, if any, payable on capital borrowed for the period prior to the previous year in which the property has been acquired or constructed shall be deducted in equal instalments for the said previous year and for each of the four immediately succeeding previous years.

The overall limit of deduction for a year remains as ₹.2,00,000.

Over and above the deduction under Section 24 explained above,

(1) A deduction upto ₹.50,000 is admissible under Section 80EE for the AY 2020-21 and subsequent assessment years in respect of interest on loan taken during 2019-20 for the acquisition of a residential property subject to the following conditions.

- i. the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2016 and ending on the 31st day of March, 2017;
- ii. the amount of loan sanctioned for acquisition of the residential house property does not exceed thirty-five lakh rupees;
- iii. the value of residential house property does not exceed fifty lakh rupees;
- iv. the assessee does not own any residential house property on the date of sanction of loan.

(2) A deduction upto ₹.1,50,000 is admissible under Section 80 EEA for the AY 2021-22 and subsequent assessment years in respect of interest on loan taken during 2019-20 or 2020-21 for the acquisition of a residential property subject to the following conditions.

- i. the amount of loan sanctioned for acquisition of the residential house property does not exceed thirty-five lakh rupees;
- ii. the value of residential house property does not exceed forty lakh rupees;
- iii. the assessee does not own any residential house property on the date of sanction of loan;
- iv. must not claim deduction in 80EE

Medical reimbursement in excess of ₹.25,000 per annum, under section 17(2), is to be taken as perquisite and taxable.

No deduction will be allowed without proper documents.

No refund of Income Tax will be allowed at TDS stage. Hence all the officials are required to take utmost care in planning their Income Tax, and furnishing the expenditure/investments statements for the purpose of TDS.

The Budget for the financial year 2020-21 announced a standard deduction of Rs.50,000/- for salaried employees.

Apart from tax at above rate, Health and Education Cess is levied @ 4% of income-tax for the financial year 2020-21. Under Section 87A, an assessee whose total income does not exceed Rs.5 lakh shall be entitled to a tax rebate upto a maximum of Rs.12,500.

(Vide Orders of Deputy Director (CS/GST) II dated 19-10-2020)

J. K. Pao
23/10/20

वरि. लेखापरीक्षा अधिकारी/का स्था/कोच्ची
Sr.Audit Officer/OE/Kochi

To

1. Notice board
2. All Officials

FORM NO. 12BB**(See rule 26C)****Statement showing particulars of claims by an employee for deduction of tax under section 192**

1. Name and address of the employee:
2. Permanent Account Number of the employee:
3. Financial year:

Details of claims and evidence thereof

Sl. No.	Nature of claim	Amount (Rs.)	Evidence / particulars
(1)	(2)	(3)	(4)
1.	House Rent Allowance: (i) Rent paid to the landlord (ii) Name of the landlord (iii) Address of the landlord (iv) Permanent Account Number of the landlord Note: Permanent Account Number shall be furnished if the aggregate rent paid during the previous year exceeds one lakh rupees		
2.	Leave travel concessions or assistance		
	Deduction of interest on borrowing: (i) Interest payable/paid to the lender (ii) Name of the lender (iii) Address of the lender		
3.	(iv) Permanent Account Number of the lender (a) Financial Institutions(if available) (b) Employer(if available) (c) Others		
4.	Deduction under Chapter VI-A		

(A) Section 80C, 80CCC and 80CCD

(i) Section 80C

(a)

(b)

(c)

(d)

(e)

(f)

(g)

(ii) Section 80CCC

(iii) Section 80CCD

(B) Other sections (e.g. 80E, 80G, 80TTA, etc.) under Chapter VI-A.

(i) section.....

(ii) section.....

(iii) section.....

(iv) section.....

(v) section.....

Verification

I,....., son/daughter of..... do hereby certify that the information given above is complete and correct.

Place.....

Date.....

Designation

(Signature of the employee)

Full Name:.....";