

HR/Inter Office Memo No.- Proposed Savings/ Tax Declaration Form/01

Dt. 24/04/2020

Circular

**Subject: Proposed Savings Declaration for Financial Year 2020-21 relevant to Assessment Year 2021-22**

1. Under **Section 192** of Income Tax Act, 1961, deduction of Income tax equivalent to 1/12th of the annual estimated Income tax is required to be made at source by the employer every month based on the estimated annual income keeping in view deduction/rebates admissible to employees under the Act failing which, penalty provision is there in Income Tax Act.

2. In Finance Act, 2020, the government has introduced a **new** income tax regime under **Section 115BAC** that comprises a significant change in the tax slabs rates. Taxpayers have been provided with an option whether they want to pay taxes according to the new regime or if they want to continue paying taxes according to the existing regime.

**3. Old Tax Regime:**

Under the Old regime, the tax shall be calculated considering all deductions and exemptions allowed under Income Tax Act, 1961, which were hitherto available. The slab rates are mentioned in **Annexure 1B**.

**4. New Tax Regime:**

Under the New Tax Regime, tax shall be calculated as per the slab rates as mentioned in **Annexure 1C**. In this regime, the tax rates are kept lower but no exemptions/deductions are allowed. Major deductions which have been abolished in this tax regime are as per **Annexure 1**:

1. Chapter VI deductions.
2. LTC.
3. NPS.
4. Superannuation.
5. HRA.
6. Standard deduction of Rs.50,000.
7. Deduction on account of interest under the head “House Property”.

5. It is mandatory for every employee to **choose one** of the two options so that the tax can be computed and deducted accordingly. This option can be exercised **only once in financial year** and cannot be changed within that financial year.

6. It is, therefore, desired that option may please be exercised and submitted through this IT declaration form latest by **28th April,2020**

7. Employees, opting for old tax regime, are also **required to furnish** the details of **proposed savings** to be made during the financial year 2020-21 simultaneously under the Head IT- declaration. The following points may be kept in mind while furnishing details of proposed savings under old tax regime;

a. For claiming benefits of Accrued interest on House Building Advance:

(i) Loan taken from Banks/FI's: - Benefits will be available only after uploading of Possession certificate, Provisional/accrued Interest certificate and PAN of Lending organisation/ financial institutions.

(ii) Loan taken from Govt facilitated Medium: - Benefits will be available only after uploading of Possession certificate, accrued interest amount and PAN of Lender (XXXXXX1234X).

b. For claiming Proposed HRA exemption, where the aggregate rent paid by employees during the Financial year 2019-20 exceeds Rs. 1,00,000/-, Copy of PAN of Landlord, Rent Agreement; is Mandatory.

c. In case of any other income (Other than income from House Property) and Income tax deducted from any other source, employee needs to furnish the details as per the enclosed format as **Annexure 1A**.

8. Keeping in view the short time and lock down restrictions, those employees who are not able to exercise option of choosing Tax Regime by 28th April, 2020, their salary for the month of April, 2020 shall be **processed under old tax regime only** as a special case. However, it is mandatory to give option and saving details, if old tax regime is chosen, before 15th May 2020 positively failing which their salary for May 2020 will not be processed.
9. Employees choosing **new tax regime are not required** to provide details of savings.
10. **No manual declaration**, except for details mentioned at Para 7 (c), shall be accepted. The manual declaration for other income shall be accepted from 3rd May 2020 onwards as and when the lockdown opens.

Sd/-  
(abcd)  
Accounts/ Taxation/ HR head

Note: All the employees are requested to choose the option of TAX REGIME (OLD or NEW) Compulsorily. **Annexure 1B and Annexure 1C attached below**

Copy to:-

CEO – taxation/ accounts/ HR

**Annexure\_1** – Head-wise summary of Investments/expenses not eligible for claiming as deduction/exemption if choose to pay tax as per new rates

<b>Sl.No.</b>	<b>Deductions/Exemptions</b>	<b>Head of income</b>
1	10(5) Leave Travel Allowance (LTA)	Salary
2	10(13A) House Rent Allowance (HRA)	
3	10(14) Allowances covered (for eg allowance)	
4	10(17) Allowances to MPs/MLAs	
5	16(ia) Standard deduction of Rs 50,000	
6	16(ii) Entertainment allowance (to government employees)	
7	16(iii) Tax on employment (i.e. Professional Tax - PT)	
8	Various Any exemption/deduction for allowances/perquisite	
9	24(b) Interest on housing loan (Self occupied/Vacant Property – Sec 23(2) )	House Property
10	57(ia) Family Pension	OtherSource
11	10(32) Deduction for clubbing of income of minor Child	
12	10AA Units in SEZ Business	PGBP
13	32(1)(ia) Additional Depreciation	
14	32AD Investment in new plant or machinery in notified backward areas in certain	
15	33AB Tea/Coffee/Rubber development account	
16	33ABA Site Restoration Fund	
17	35(1)(ii) Sum paid to research association or to a university/college/other institution to be used for scientific research	
18	35(1)(ia) Sum paid to a company for scientific research purpose	
19	35(1)(iii) Sum paid to research association or to a university/college/other institution to be used for social science or statistical research	

20	35(2AA) Sum paid to National laboratory/a university/an Indian Institute of Technology/specified person for scientific research part of approved programme	
21	35AD Capital expenditure on specified business	
22	35CCC Expenditure on agricultural extension project	
23	80C LIC Premium, Children Tuition Fees, PF contribution, Principal component of	Chapter – VIA deductions
24	80CCC Contribution to certain pension funds	
25	80CCD (1) Employee’s contribution to national pension scheme	
26	80D Health Insurance Premium/Medical Expenditure/Preventive Health-check	
27	80DD Maintenance/medical treatment of dependent disabled person	
28	80DDB Medical treatment of specified diseases	
29	80E Interest on loan taken for higher education	
30	80EE Interest on loan taken for residential house property.	
31	80EEA Interest on loan taken for residential house property (if not eligible to claim	
32	80EEB Interest on loan taken for purchase of electric vehicle	
33	80G Donation institutions to certain funds/charitable	
34	80GG Rent paid (if not eligible deduction u/s 10(13A)) to claim HRA	
35	80GGA Donations development for scientific research/rural	
36	80GGC Contributions to political parties	
37	80-IA Deduction in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development	Chapter – VIA deductions (Having Business Income)
38	80-IAB Deduction in respect of profits and gains by an undertaking or enterprise	
39	80-IAC Eligible Start-up	
40	80-IB Deduction in respect of profits and gains from certain industrial undertakings	
41	80-IBA Deductions in respect of profits and gains from housing projects	

## Annexure- 1A

Disclosure of Income Details (Other Than Salary and House Property Income) for computation Income Tax for the F.Y. 2020-21 (A.Y. 2021-22).

Name:

Designation:

Employee number:

Department:

PAN:

EL/Mobile Number:

S.No.	Description	Investment amount (in Rupees)	Remarks
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Previous Employment Details

1. Gross taxable salary
2. Income tax deducted (LPC to be enclosed)
3. PF/EPF/GPF (LPC to be enclosed)
4. Others if any  
Income details (Other than Salary)  
Pension to be received

Interest Income FY 2020-21

Any Other Income FY 2020-21

Signature of Employee.

## Annexure- 1B

Taxation Slab Rates as per Finance Act, 2020: -

Under OLD Tax Regime (1B): -

Income	Tax Rates
Up to ₹2,50,000	NIL
₹2,50,001 to ₹5,00,000	5%
₹5,00,001 to ₹10,00,000	₹12,500 + 20% of total income exceeding ₹ 5,00,000
Above ₹10,00,000	₹1,12,500 + 30% of total income exceeding ₹10,00,000

## Annexure- 1C

Taxation Slab Rates as per Finance Act, 2020: -

Under NEW Tax Regime (1C): -

Income	Tax Rates for FY 2020-21
Up to Rs 2.5 lakh	Nil
Rs 2.5 lakh to Rs 5 lakh	5% of the total income that is more than Rs.2.5 lakh
Rs 5 lakh to Rs 7.5 lakh	10% of the total income that is more than Rs.5 lakh
Rs 7.5 lakh to Rs 10 lakh	15% of the total income that is more than Rs.7.5 lakh
Rs 10 lakh to Rs 12.5 lakh	20% of the total income that is more than Rs.10 lakh
Rs 12.5 lakh to Rs 15 lakh	25% of the total income that is more than Rs.12.5 lakh
Rs 15 lakh and above	30% of the total income that is more than Rs.15 lakh