INCOME TAX COMPLIANCE AND TAX PLANNING FOR SALARIED EMPLOYEES

Ideally everyone should plan their tax saving from start of the financial year but often people tend to overlook this matter. Salaried employees must remember these common tax issues and how to deal with the same.

As per section 15 of the IT ACT 1961, salary shall be chargeable to tax in the year of Accrual or Receipt whichever falls earlier.

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| **TOTAL INCOME** | **TAX RATE** | |
|  | INCOME TAX | CESS ON TAX |
| Upto Rs.2,50,000/- | NIL | NIL |
| Rs.2,50,010 to 5,00,000 | 10% | 3% |
| Rs.5,00,010 to 10,00,000 | 20% | 3% |
| Above Rs.10,00,000 | 30% | 3% |

1. Salaried Employees shall be chargeable to tax as per the new tax slab rates for the AY 2015-16.

\*\* In case of Resident Senior Citizens of the Age 60-80 Years and above 80 Years, income up to Rs. 3,00,000/- and Rs.5,00,000/- is exempt respectively. The rest of the slab is same as that of individual above.

\*\*Where the Aggregate Income exceeds Rs 1 crore, tax amount shall be increased by Surcharge at the rate of 10%. However Marginal relief is applicable in appropriate cases.

\*\*Rebate u/s 87A is applicable for Resident Individual whose Total Income does not exceed Rs.5 lakhs. Rebate= Rs.2000 or 100% of Tax Payable, whichever is lower.

1. Salaried individual should obtain FORM 16 from his/her employer which discloses the details of salary, allowances, various perquisites allowed to him, and **Tax deducted** by the Employer for filing income tax return.
2. There are various **Tax Saving Opportunities** available for Individuals, one could invest their savings and also reduce their tax burden.

The list of some deductions that can be availed are-

* **80C-** Person can avail deductions up to Rs.150000/- where payment is made for
  + Life Insurance Premium is paid for Self Spouse,& Children,
  + Tuition fees for children up to a maximum of 3 children,
  + Investment in 5years Fixed Deposit and National Saving Certificates, PPF

and various other

* **80CCC-** Investment in LIC or other Insurance Pension Plan maximum of Rs.100000/- can be availed.
* **80CCD-** Where the contribution to approved Pension Plan is made, salaried individual shall be allowed deduction **as “Least of Amount paid or 10% of Salary.**

* **80D-** Individual can opt for Medical Insurance policy where deduction upto Rs.15000/20000(Senior Citizen) + Max Rs.5000 for Preventive Health Checkup is allowed.
* **80EE-**Interest on Loan taken for Residential House Property maximum of Rs1,00,000/- subject to certain conditions.
* **80G-** When Donation to:

Notified Funds are made:- 100% or 50% of Donation depending on the fund

Other Donations:-Qualifying Amt= 10% of Adjusted Gross Total Income shall be

allowed as deduction.

* **80TTA-** Interest earned on Savings Bank A/c and Post Office A/c shall be allowed as deduction subject to maximum of **Rs.10,000/-“**

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