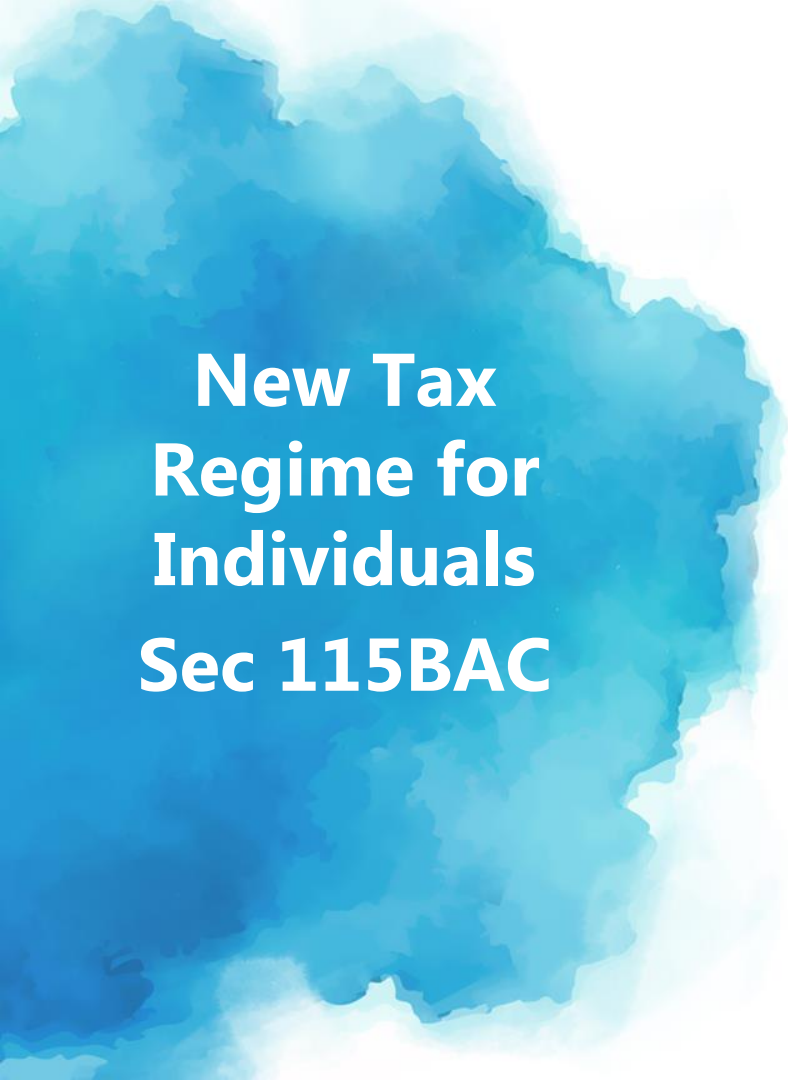


New Tax Regime for Individuals March 2020

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A decorative blue watercolor splash graphic on the left side of the slide, with various shades of blue and white, creating a soft, artistic background for the title.

New Tax Regime for Individuals Sec 115BAC

The Finance Act 2020 has introduced new section 115BAC. This section gives an option to individuals and HUF to pay taxes at alternate rates w.e.f. A.Y. 2021-22. Given this option, Individual and HUF can pay income tax at rates more beneficial to them. However, the said section provides some conditions in order to avail the option of paying taxes at the rates under this section. Below are the brief of the above new tax regime and condition to opt for the same.

Income Tax

1. The section is applicable to individuals/HUF irrespective of their residential status.
2. The section is applicable from A.Y. 2021-22 i.e. F.Y. 2020-21
3. The section provides rates at which tax shall be paid by the individuals/HUF.
4. This section don't bifurcate tax rates on the basis of age groups as it is available in earlier tax regime.
5. The tax rates applicable under this section are mentioned as below:

S. No.	Total Income	Rate of tax
1	Up to 2,50,000	Nil
2	2,50,001-500000	5%
3	5,00,001-7,50,000	10%
4	7,50,001-10,00,000	15%
5	10,00,001-12,50,000	20%
6	12,50,001-15,00,000	25%
7	Above 15,00,000	30%

Income Tax

7. The option to pay income tax at rates as mentioned in table above can be availed on fulfillment of conditions specified in sub-section 2 of Section 115BAC.
8. The conditions mainly focus on foregoing the exemptions and deductions that are available to individuals/HUF under normal tax regime.
9. Condition for Individuals/HUF having income under business or profession: Once the option under this section is availed by individual/HUF having income from business and profession, the same shall be continued to be availed in subsequent Assessment years unless they opt out of it. But the option to opt out of the section is available for only one time and cannot be exercised again in any subsequent year as long as they are having income from business or profession.
10. The individuals having income from sources other than business or profession can avail any one option for any one assessment year. There is no restriction on availing and opting out for them.

Income Tax

11. The exemptions and deductions that an individual/HUF has to forego in order to avail the option under this section are mentioned in the given table below:

S. No	Section	Nature and scope
1	10(5)	LTC
2	10(13A)	HRA
3	10(14)	Specified allowances
4	10(17)	Allowance to MP/MLA
5	10(32)	Allowance of income of Minor
6	10AA	Deductions for SEZ
7	16	Standard deduction/Entertainment allowance/Prof tax
8	24(b)	Interest on Housing Loan
9	32(1)(iia)	Additional dep on new plant and machinery
10	32AD	investment in new plant and machinery in notified backward areas
11	32AB	Deduction in respect of tea, coffee or rubber business
12	32ABA	prospecting or extraction or production of petroleum or natural gas in India
13	35(1)(ii)	Donation for scientific research
14	35(1)(iia)	Donation for scientific research to Indian co.
15	35(1)(iii)	Donation for social science and statistical research
16	35(2AA)	donation made for or expenditure on scientific research
17	35AD	Deduction in respect of capital expenditure for specified businesses
18	35CCC	Deduction for expenditure on agriculture extension project
19	57(iia)	Deduction of family pension
20	Chapter VI-A	all deductions are ineligible other than 80CCD(2) and 80JJAA
21	B/f Losses and dep	Carried forward of any loss or depreciation attributable to above deductions from any earlier assessment year
22	Loss under House property	Setting off loss under House property with any other head of income
24	80LA	Exemption shall be available to Unit in The International Financial Services Center

FAQs

Q1. Which option is best for me?

The answer to this depends on the income, deductions and exemptions available.

Q2. What is the maximum benefit or loss that can be availed or incurred if we evaluate both the options?

Tax rate beyond income of Rs 15 lakhs is 30 %. This means the maximum benefit that can be availed is upto 15 lakhs i.e. the differential of tax rates up to 15 lakhs. This has been explained by an example with a taxable income of Rs 20 lakhs

Tax slab	Tax at Normal Slabs	Tax as per 115BAC	Difference
1	2	3	2-3
Up to 2.5 lakh	-	-	-
2.5-5 Lakh	12,500	12,500	-
5-7.5 Lakh	50,000	25,000	25,000
7.5-10 Lakh	50,000	37,500	12,500
10-12.5 Lakh	75,000	50,000	25,000
12.5-15 Lakh	75,000	62,500	12,500
>15 Lakh	1,50,000	1,50,000	-
Total	2,62,500	1,87,500	75,000



In case of any question



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Thank
You!