



JAGATPUR P.G. COLLEGE, VARANASI
(Affiliated TO M G K V P VARANASI)



SUBJECT : **COMMERCE**

CLASS : **B.Com**

YEAR : **III YEAR**

NAME OF THE PAPER : **Ist Paper Income Tax Law & Accounts**

TOPIC : **Computation of Total Income of
Individual & Tax liability**

Key Words : Deductions u/s 80 C to 80 U

Deduction Regarding Expenses

Deductions Regarding Some Incomes

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1. From Gross total Income Deductions shall be allowed under sections 80 C to 80 U
2. The Aggregate Amount of Deductions u/s 80C to 80 U shall not exceed the gross total income. However deductions are not allowed against S.T.C.G. specified in section III A and Long term capital Gains.

1. Deductions Regarding in Respect of Certain Payments

Following Deductions shall be Allowed in computing total Income of Individual :

1. Deduction in Respect of Life Insurance Premium, contribution to Provident Fund etc.- Sec 80 C

Quantum of Deduction upto Rs.1,50,000

2. Deduction in Respect of Contribution to Certain Pension

Funds – Sec – 80 CCC

3. Deduction in Respect of Medical Insurance Premia – Sec-80 D

Quantum of Deduction – for self and family spouse and Dependent

Children Upto – 25,000

If any members is a senior Citizen the amount of Deduction – Rs. 50,000

4. Deduction in Respect of Maintenance including Medical Treatment of a Dependent who is a person with disability – Sec.80 DD

Quantum of Deduction – Far Disability Rs, 75,000

far Severe Disability- 1,25,000

5. Deduction in Respect of Donations to certain funds, Charitable Institution etc. Sec. 80 G

Quantum of Deduction –

- i) 100% of qualifying Amount
- (ii) 50% of qualifying amount

Qualifying Amount = Gross total Income – Deductions

6. Deduction in Respect of Rent Paid – Sec-80 GG.

Least of the following will be deducted

- 1. Excess of Rent Paid over 10% of total income-
- 2. 25% of total Income
- 3. Rs. 5000 P.M

(B) Deductions in Respect of Certain Incomes

Following deduction shall be allowed in computing total Income of Individual :

- 1. Deduction in Respect of Royalty Income
- Sc- 80 QQB
- 2. Deduction in Respect of Interest on saving Account-
- Sec. 80TTA

Quantum of Deduction – Whole of such income on Rs. 10,000 in Aggregate whichever is less

- 3. Deduction in the case of a person with disability -Sec.80U

Quantum of Deduction

- i. Disability – Rs. 75,000
- ii. Severe Disability-1,25,000

Format of Computation to total Income of an Individual

- i. Income from salary
 - ii. Income from House Property
 - iii. Income from Business & Profession
 - iv. Income from capital Gains
 - Long Term Capital Gains
 - Short Term Capital Gains
 - v. Income From other Sources
- Gross total Income

Less : Deduction u/s 80 C to 80 U

Total Income

Computation of Tax Liability of Individuals

Rate of Income Tax - (i) Individual – Senior Citizen

(Resident in India) who is of the Age of

60 year or more but less than 80 years

On 3,00,000	Nil
Next on 2,00,000	5%
Next on 5,00,000	20%
Next Balance	30%

2. Super Senior Citizen (Resident in India, who is the Age of 80 years or More

On Rs. 5,00,000	Nil
Next on Rs. 5,00,000	20%
Next Balance	30%

(iii) Other Individual –

On Rs. 2, 50,000	Nil
Next on Rs.2,50,000	5%
Next on Rs.2,50,000	20%
Balance	30%

Rebate of Income Tax – In the case of an Individual Resident in India, whose total income does not exceed Rs. 5,00,000 shall be entitled to Deduction from the amount of Income tax Payable upto Rs. 12,500 – Sec 87A

Surcharge – If total Income exceed (more than) one crore- 10% surcharge

Format of Computation of total Income & Tax liability of Individual is as under

(A) Special Rate Casual Income – Lottery -	30%
ShortTerm Capital Gains u/s 111A @	15%
Long Term Capital Gains u/s 112-	
Other I.T.C.G. -	20%
Tax on other Income (Normal Rate)	
on other Income (Normal Rate)	
Rs. 250000	Nil
On Next Rs. 250000 @	5%
On Next Rs. 250000	20%
On Next Rs. 5,00,000 @	
On Balance @	30%
Add- Surcharge	-
Add. Health & Education less & 4%	-

Less- Deductions at Source

Tax Paid in Advance –

Tax Payable

Rounded off

With Agricultural Income

Total Income

Add- Agricultural Income

Aggregate Income

Related Questions

1. Explain the Rules of Deduction in respect of Rent Paid by the employees.
2. State the Rates of Income Tax for Individual
3. What is Deduction in Respect of Donations

References

- 1) H.C. Mehrotra- Income tax law & Accounts
- 2) R.K. Jain- Income Tax Law & Accounts

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