



# Benefits for Senior Citizens and Very Senior Citizens under Income tax Act, 1961



**Higher Basic  
exemption limit**

**Higher deduction  
for Medical  
Insurance Premium**

**Higher deduction  
limit for interest  
from Banks and  
Post Office**

**and many more...**



# BENEFITS FOR SENIOR CITIZEN

## Who is a Senior Citizen and a very Senior Citizen?

A Senior Citizen is a resident Indian who is of the age of 60 years and above and a very Senior Citizen is a resident Indian who is of the age of 80 years or above at any time during the respective financial year.

## Higher Exemption Limit for senior and very senior citizens?

For ordinary individual tax payers the basic exemption limit, upto which he is not required to pay any tax is presently fixed at Rs. 2.50 lakhs for A.Y. 2020-21. However, for Senior Citizens the basic exemption limit is fixed at a higher figure of Rs. 3 lakhs. Very Senior Citizens do not have to pay any tax or file return upto Rs 5 lakhs of annual total income.



## Exemption from payment of advance tax

Every person whose estimated tax liability for the year is ₹10,000 or more, is liable to pay advance tax. However, a senior citizen need not to pay any advance tax, provided he does not have any income under the head "Profits and Gains of Business or Profession".

## Benefits of Standard Deduction

From AY 2020-21, a standard deduction upto Rs. 50,000 against salary income can be claimed by an individual u/s 16 of IT Act, 1961. Accordingly, senior citizen who is in receipt of pension income from his former employee can claim a deduction up to Rs. 50,000/- against such salary income.

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## What are the tax rates applicable for AY 2020-21 and 2021-22?

In respect of AY 2021-22, a senior citizen can opt for either old or new tax regime as under:

### Old regime (also applicable for AY 2020-21)

Income Slab	Income Tax
Upto 3,00,000 (5,00,000)	Nil
Above Rs. 3,00,000/- to Rs. 5,00,000/-	5% (if taxable income is upto Rs. 5 lacs, the tax liability is Nil on account of tax relief u/s 87A) (Nil for very senior citizens)
Above Rs. 5,00,000/- to Rs. 10,00,000/-	20%
Above Rs. 10,00,000/-	30%
Surcharge (subject to Marginal Relief)	If taxable income is more than 50 lacs (then percentage vary from 10% to 37%)
Health & Education Cess	4% of (income Tax + Surcharge).

### New Personal Income Tax Regime (optional for AY 2021-22 onwards)

Income Slab	Income Tax
Upto 3,00,000	Nil
Above Rs. 3,00,000/- to Rs. 5,00,000/-	5%
Above Rs. 5,00,000/- to Rs. 7,50,000/-	10%
Above Rs. 7,50,000/- to Rs. 10,00,000/-	15%

# UNDER INCOME TAX ACT, 1961

Above Rs. 10,00,000/- to Rs. 12,50,000/-	20%
Above Rs. 12,50,001/- to Rs. 15,00,000/-	25%
Above Rs. 15,00,000/-	30%
Surcharge (subject to Marginal Relief)	If taxable income is more than 50 lacs (then percentage vary from 10% to 37%)
Health & Education Cess	4% of (income Tax + Surcharge).

## Higher Deduction limit for Medical Insurance Premium

For AY 2020-21, the maximum limit for deduction u/s 80D in respect of payment made for health insurance premium in respect of a senior citizen has been allowed at ₹ 50,000/- as

against that allowed to other individuals at ₹ 25,000/-. Deduction upto ₹ 50,000/- is also allowed for medical expenses incurred on the health of a Senior Citizen provided no



amount is paid for health insurance of such person. For claiming this deduction, it is mandatory that the health insurance premium/ medical expenses are paid by any mode other than cash.

## Higher Deduction limit in respect of expenses incurred for Medical Treatment of a specified disease or ailment

For general taxpayers, the amount of deduction available in respect of expenses incurred for medical

treatment of specified disease or ailments of self or dependent relatives u/s 80DDB is ₹ 40,000. However, in case the expenses are incurred by the taxpayer in respect of a dependent senior citizen, the entitlement is ₹ 1 lakh in a year from A.Y. 2019-20 onwards.

## Higher Deduction limit for interest earned from Bank and Post Office

Individual taxpayers other than senior citizens are allowed maximum deduction of Rs. 10,000 u/s 80TTA in respect of interest income from saving bank accounts. However, from AY 2019-20 onwards, a senior citizen can claim deduction upto Rs. 50,000 u/s 80TTB in respect of interest income earned on not only savings bank accounts but also on interest income earned on any bank deposits or any deposit with post office or cooperative banks. Further, if such interest income earned by him during the year is less than Rs. 50,000, the payer bank/ post office will not deduct any tax from such interest income.



## Eligibility to file Income Tax Return manually

A very senior citizen aged 80 years or more filing his return of income in Form SAHAJ (ITR-1) or SUGAM (ITR-4) and having total income of more than Rs 5 lakhs or having a refund claim can file his return of income in paper mode. For such

individuals, electronic filing of ITR 1 or ITR 4 (as the case may be) is not mandatory. However, he may opt for e-filing, if he chooses to do so.

## Form No. 15H for Non-deduction of TDS

A senior citizen may submit form no. 15H to the deductor for non-deduction of TDS on certain incomes referred to in that section, if the tax on his/her estimated total income of the concerned year comes at nil.

## Income tax provision on Transfer of Capital asset under 'Reverse Mortgage Scheme'.

The transfer of a residential house property by way of a reverse mortgage as per the Reverse Mortgage Scheme made and notified by the Central Government for senior citizens, is not liable to be taxed as Capital Gain (nor under any other head of income).



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