Income Tax Rate for Individuals–FY-2018-19(AY 2019-20)

Individuals are required to file income tax return each year if they have taxable income of more than Rs.2.5 lakhs. The income tax rate AY 2019-20 or FY 2018-19 for salaried individuals is as follows.

Note: Financial year starts from 1st April and ends on 31st March. For example, the financial year 2018 – 19 would be 1st April 2018 to 31st March 2019. Assessment year is the year immediately following the financial year wherein the income of the financial year is assessed. Hence, in the assessment year 2019 – 20 the income tax for the period from 1st April 2018 to 31st March 2019 would be assessed.

Income Tax Rate AY 2019-20 | FY 2018-19 – Individuals less than 60 years

Taxable income	Tax Rate
Up to Rs. 2,50,000	*Nil*
Rs. 2,50,000 to Rs. 5,00,000	5 %
Rs. 5,00,000 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

Income Tax Rate AY 2019-20 | FY 2018-19 – Individuals betwen 60 years and 80 years

Taxable income	Tax Rate
Up to Rs. 3,00,000	*Nil*
Rs. 3,00,000 to Rs. 5,00,000	5%
Rs. 5,00,000 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

Income Tax Rate AY 2019-20 | FY 2018-19 – Individuals above 80 years

Taxable income	Tax Rate
Up to Rs. 5,00,000	*Nil*
Rs. 5,00,000 – Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

In addition to the Income Tax amount calculated, based on the above-mentioned tax slabs, individuals are required to pay Surcharge and Cess.

- **Surcharge: 10% of income tax, where total income exceeds Rs.50 lakh up to Rs.1 crore.**

- **Surcharge: 15% of income tax, where the total income exceeds Rs.1 crore.**

- **Health & Education Cess: 4% of Income Tax. (Newly introduced through 2018 Budget)**

Why Should Individuals File Income Tax Return?

Under the Income Tax Act, all individuals below the age of 60 years are required to file income tax return if total income exceeds Rs. 2.5 lakhs. In the case of individuals over the age of 60 years, but below 80 years, income tax filing is mandatory if total income exceeds Rs.3 lakhs. Individuals over the age of 80 years are required to file income tax return if the total income exceeds Rs.5 lakhs.

Penalty for Not Filing Income Tax Return

Not filing your Income Tax Return would result in :

- **Receiving a notice from Income Tax department**
- **Not being able to obtain refund of excess TDS Deducted.**
- **Penalty interest of 1% per month or part thereof will be charged until the date of payment of taxes. For returns of FY 2017-18 and onwards, penalty of Rs 5,000 will be charged for returns filed after due date but before 31st December. If returns are filed after 31st December, a penalty of Rs 10,000 shall apply. However, penalty will be Rs 1,000 for those with income upto Rs 5 Lakhs.**
- **Not being able to set off Losses. Losses incurred (other than house property loss) will not be allowed to be carried forward to subsequent years, to be set off against the future gains.**

Due Date for Filing Income Tax Return for Salaried Individuals

The income tax return of a salaried individual is due on 31st July.

Which ITR Form should a salaried individual use?

Salaried Individuals may have to file ITR-1 or ITR-2 based on certain criteria as detailed below :

Form ITR-1

Form ITR-1 must be used when the source of income is limited to Salary/Pension, One House Property and other sources (Excluding winning from lottery and race horses).

Form ITR-1 should not be filed for below cases :

- **Income that exceeds Rs. 50 Lakhs**
- **Assessee has Taxable Capital Gains**
- **Assessee has any of the below sources of income :**
    - **Income from foreign assets**
    - **Agricultural income that exceeds Rs. 5000**
    - **Income from Business or Profession**
    - **Income from more than one house property**

Form ITR-2

Form ITR-2 must be filed by individuals who are not eligible to file ITR-1, because of following reasons :

- **Income exceeding Rs. 50 Lakhs**
- **Having foreign assets / income**
- **Having agricultural income which is more than Rs. 5,000**
- **Having taxable capital gains**
- **Having income from business or profession as a partner**
- **Having more than one house property**

Form ITR-2 should not be filed by any individual who has income under the head of Business or Profession from a proprietorship. ITR-2 form can also not be filed by a company or LLP or other types of legal entity.

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Income Tax Deductions and Exemptions

Deductions under the Income Tax Act

Government allows taxpayers to claim an income tax deduction to reduce the tax burden on them. The amount eligible for tax deduction is reduced from the total taxable income of a taxpayer, also known as adjusted gross income. There are different kinds of income tax deductions available for taxpayers. Check the details below:

Income Tax Deductions and Exemptions for different income group

1) Salaried Individuals: Salaried individuals can claim a standard deduction up to Rs 40,000. (This limit was increased to Rs 50,000 in the Interim Budget Session 2019. The increased limit of deduction will be applicable from FY 2019-20.) Details of other deductions available under section 80C to section 80U of the Income Tax Act are provided below.

2) Senior Citizens: The section 80D of the I-T Act allows senior citizens to claim tax deductions up to Rs 50,000 for Health Insurance expenditure. Under the section 80DDB of Income Tax Act, senior taxpayers can claim up to Rs 1 lakh on expenditure occurred due to critical illness. For more details, check the table below.

Income Tax Deductions allowed under section 80C to 80U of Income Tax Act

I-T Section	Tax deduction limit	Type of investment/expense/income
80C	Maximum Rs. 1,50,000 (aggregate of 80C, 80CCC and 80CCD)	PPF, EPF, Bank FD's, NSC, LIC premium, tuition fees
80CCC	Maximum Rs. 1,50,000 (aggregate of 80C, 80CCC and 80CCD)	Pension funds
80CCD	Maximum Rs. 1,50,000 (aggregate of 80C, 80CCC and 80CCD)	Govt pension funds
80TTA	Up to Rs. 10,000 per year	Interest on bank savings account
80CCG	50% of amount invested subject maximum of Rs. 25,000	Equity saving schemes
80CCF	Up to Rs. 20, 000	Long term infrastructure bonds
80D	Premium up to Rs 25,000 in case of HUFs/individuals and up to Rs 30,000 for senior citizens	Medical insurance premium and Health check up
80E	No limit defined	Interest on repayment of Education loan
80EE	Maximum Rs. 50,000	Interest on the loan payable for acquiring a residential house property
80G	Differs with the amount of donation	General donations of any recognized society
80GGA	Depends on quantum of donation	Donations to Scientific Research or Rural development
80GGB	Depends on quantum of donation	Donations to political parties
80GG	Rs. 5000 per month or 25% of total income whichever is less	Rent paid if HRA is not received

Tax deductions available under Section 80C of Income Tax Act

Both individuals and HUFs (Hindu Undivided Families) can claim tax deductions of a maximum amount upto Rs 1.5 lakh per year under section 80C. The deductions are allowed on following investments and expenses:

1) PPF: Taxpayers can invest a maximum of Rs 1.5 lakh in a year on PPFs. The maturity and withdrawal amount are also tax-free.

2) NSC: Taxpayers can claim a deduction on National Savings Certificate only for the year they are purchased. Taxpayers can claim a deduction on interest gained each year, however, the maturity amount is fully taxable.

3) FD: Tax deductions can be claimed on interest earned on fixed deposits with tenure of five years or more. Senior citizens can claim a tax deduction of up to Rs. 50,000 on interest income on deposits with banks.

4) Life insurance policy: Taxpayers can claim a tax deduction for the premium paid for a life insurance policy

5) EPF: Govt allows taxpayers to claim a deduction for the contribution made in employee provident fund (EPF).

6) ELSS: Taxpayers are allowed to claim a tax deduction for the investment made in any unit of equity-linked mutual fund schemes.

7) Principal amount paid for a home loan: Govt allows taxpayers to claim a deduction on the principal amount paid for the home loan.

8) Tuition fees: Govt allows taxpayers to claim a deduction for the tuition fees paid, however, the fees should be paid by cheque only.

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