

Tax Rates

1.1. In case of an Individual (resident or non-resident) or HUF or Association of Person or Body of Individual or any other artificial juridical person

| Individuals | |
|---|--------------------------------|
| <i>(Other than senior and super senior citizen)</i> | |
| Net Income Range | Rate of Income-tax |
| | Assessment Year 2022-23 |
| Up to Rs. 2,50,000 | - |
| 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% |
| Senior Citizen | |
| <i>(who is 60 years or more at any time during the previous year)</i> | |
| Net Income Range | Rate of Income-tax |
| | Assessment Year 2022-23 |
| Up to Rs. 3,00,000 | - |
| 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% |

| Super Senior Citizen | |
|--|--------------------------------|
| <i>(who is 80 years or more at any time during the previous year)</i> | |
| Net Income Range | Rate of Income-tax |
| | Assessment Year 2022-23 |
| Up to Rs. 5,00,000 | - |
| Rs. 5,00,000 to Rs. 10,00,000 | 20% |
| above Rs. 10,00,000 | 30% |
| Hindu Undivided Family (Including AOP, BOI and Artificial Juridical Person) | |
| Net Income Range | Rate of Income-tax |
| | Assessment Year 2022-23 |
| Up to Rs. 2,50,000 | - |
| 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% |

Add:

a. Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

| Rate of Surcharge | | | | |
|------------------------------------|------------------------------------|-------------------------------------|--------------------------------------|--------------------------------|
| Assessment Year 2022-23 | | | | |
| Range of Income | | | | |
| <i>Rs. 50 Lakhs to Rs. 1 Crore</i> | <i>Rs. 1 Crore to Rs. 2 Crores</i> | <i>Rs. 2 Crores to Rs. 5 Crores</i> | <i>Rs. 5 crores to Rs. 10 Crores</i> | Exceeding Rs. 10 Crores |
| <i>10%</i> | <i>15%</i> | <i>25%</i> | <i>37%</i> | 37% |

Note: The enhanced surcharge of 25% & 37%, as the case may be, is not levied, from income chargeable to tax under sections 111A, 112A and Dividend Income. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.

However, marginal relief is available from surcharge in following manner-

- i. in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- ii. in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- iii. in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 2 crore by more than the amount of income that exceeds Rs. 2 crore.
- iv. in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

b. Health and Education Cess : Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

Note: A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

1. Special tax Rate for Individual and HUFs

The Finance Act, 2020, has provided an option to Individuals and HUF for payment of taxes at the following reduced rates from Assessment Year 2022-23 and onwards:

| Total Income (Rs) | Rate |
|-----------------------------|------|
| Up to 2,50,000 | Nil |
| From 2,50,001 to 5,00,000 | 5% |
| From 5,00,001 to 7,50,000 | 10% |
| From 7,50,001 to 10,00,000 | 15% |
| From 10,00,001 to 12,50,000 | 20% |
| From 12,50,001 to 15,00,000 | 25% |
| Above 15,00,000 | 30% |

Add:

a. Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

| <i>Assessment Year 2022-23</i> | | | | |
|------------------------------------|------------------------------------|-------------------------------------|--------------------------------------|--------------------------------|
| <i>Range of Income</i> | | | | |
| <i>Rs. 50 Lakhs to Rs. 1 Crore</i> | <i>Rs. 1 Crore to Rs. 2 Crores</i> | <i>Rs. 2 Crores to Rs. 5 Crores</i> | <i>Rs. 5 crores to Rs. 10 Crores</i> | <i>Exceeding Rs. 10 Crores</i> |
| <i>10%</i> | <i>15%</i> | <i>25%</i> | <i>37%</i> | <i>37%</i> |

Note: The enhanced surcharge of 25% & 37%, as the case may be, is not levied, from income chargeable to tax under sections 111A, 112A and Dividend Income. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.

However, marginal relief is available from surcharge in following manner-

- i. in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- ii. in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- iii. in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 2 crore by more than the amount of income that exceeds Rs. 2 crore.
- iv. in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

b. Health and Education Cess : Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

Note 1: A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

Note 2: The option to pay tax at lower rates shall be available only if the total income of assessee is computed without claiming specified exemptions or deductions:

Partnership Firm/LLP

For the Assessment Year 2022-23, a partnership firm (including LLP) is taxable at 30%.

Add:

(a) **Surcharge** : The amount of income-tax shall be increased by a surcharge at the rate of 12% of such tax, where total income exceeds one crore rupees. However, the surcharge shall be subject to marginal relief (where income exceeds one crore rupees, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds one crore rupees).

(b) **Health and Education Cess** : The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge

Domestic Company

Income-tax rates applicable in case of domestic companies for assessment year 2022-23 are as follows:

| <i>Domestic Company</i> | |
|--|--------------------------------|
| | <i>Assessment Year 2022-23</i> |
| ◆ Where its total turnover or gross receipt during the previous year 2019-20 does not exceed Rs. 400 crore | 25% |
| ◆ Any other domestic company | 30% |

Add:

(a) **Surcharge** : The amount of income-tax shall be increased by a surcharge at the rate of 7% of such tax, where total income exceeds one crore rupees but not exceeding ten crore rupees and at the rate of 12% of such tax, where total income exceeds ten crore rupees. The surcharge shall be subject to marginal relief, which shall be as under:

- (i) Where income exceeds Rs. 1 crore but not exceeding Rs. 10 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- (ii) Where income exceeds Rs. 10 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore

(b) **Health and Education Cess** : The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

1. Special Tax rates applicable to a domestic company

The special Income-tax rates applicable in case of domestic companies for assessment year 2022-23 are as follows:

| <i>Domestic Company</i> | |
|-------------------------------------|--------------------------------|
| | <i>Assessment Year 2022-23</i> |
| ◆ Where it opted for Section 115BA | 25% |
| ◆ Where it opted for Section 115BAA | 22% |
| ◆ Where it opted for Section 115BAB | 15% |

Surcharge : The rate of surcharge in case of a company opting for taxability under Section 115BAA or Section 115BAB shall be flat 10% irrespective of amount of total income.

Health and Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

MAT : The domestic company who has opted for special taxation regime under section 115BAA & 115BAB is exempted from provision of MAT. However, no exemption is available in case where section 115BA has been opted.

In that case, the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 15%+(SC, wherever is applicable) (+HEC) of "Book profit" computed as per section 115JB. However, MAT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange.