classmate
Date
Page 1

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GROSS TOTAL INCOME

As per section 14, income of a person is classified under the following five heads:

1. Salaries
2. Income from house property
3. Profits and Gains of business or profession
4. Capital Gains
5. Income from other sources.

Aggregate income under these heads is called "GROSS TOTAL INCOME" after adjusting clubbing provisions, set off & carry forward of losses.

TOTAL INCOME: of an assessee is gross total income as reduced by permissible deductions under Chapter VI A of Income-tax Act i.e. u/s 80C to 80U.

Steps to calculate total income and tax liability

Step 1: Determine the Residential Status of the assessee to find out which income is to be included in computation of total income.

Step 2: Classify the income under each of the five heads of Income

	₹	₹
1. Income from salaries		
Salary / Bonus / Commission etc.	....	
Taxable Allowances	....	
Taxable value of perquisites	....	
Gross Salary	....	
Less: Deductions under section 16	....	
Net Income from salaries		....

2. Income from House Property
Net annual value of house property ....
Less: Deductions under section 24 ....
Income from House Property ....

3. Profits and gains of business or Profession
Net Profit as per Profit & Loss Account ....
Add: Amounts which are debited to P&L A/c but are not allowable as deduction under IT Act. ....
....

Less: Expenditure which are not debited to P&L A/c but are allowable as deduction under IT Act ....
....

Less: Income which are credited to P&L A/c but are exempt under sec. 10 or are taxable under other heads of income ....
....

Add: Those incomes which are not credited to P&L A/c But are taxable under the head PGBP ....
Profits and Gains of Business or Profession ....

4. Capital Gains
Amount of Capital Gains (as computed) ....
Less: Exemptions under section 54, 54B, 54D, 54EC etc. ....
Income from Capital Gains ....

5. Income from Other Sources
Gross Income ....
Less: Deductions under section 57 ....
Income from other sources ....

TOTAL [i.e. (2) + (2) + (3) + (4) + (5)] ....

Less: Adjustment on account of set-off & carry forward of losses	.....
GROSS TOTAL INCOME	.....
Less: Deductions available under Chapter VIA (Sections 80C to 80U)	....
TOTAL INCOME OR NET INCOME [rounded off u/s 288A]	.....

Computation of Tax Liability

Tax on net income	....
Less: Rebate under section 87A [in the case of a resident individual having net income not exceeding ₹5lakh]	...
Income-tax after rebate under section 87A	....
Add: Surcharge	...
Tax and Surcharge	....
Add: Health and education cess [4% of tax & surcharge]	...
Less: Rebate under sections 86, 89, 90, 90A and 91	...
Tax	....
Less: Pre-paid taxes	
→ Tax-paid on self-assessment	...
→ Tax deducted or collected at source	...
→ Tax paid in advance	...
Tax liability [rounded off u/s 288B]	....

Tax rates for the assessment year 2020-21

There are three categories of individual taxpayers:

1. Individuals below the age of 60 years which includes residents as well as non-residents

2. Resident senior citizen (60 years and above but below 80 years of age)

3. Resident super senior citizens (above 80 years of age)

→ Income tax slab rates for individuals below the age of 60 years:

Net Income Range	Income tax Rates
Upto ₹ 2,50,000	Nil
₹ 2,50,000 – ₹ 5,00,000	5% of (total income minus ₹ 250000)
₹ 5,00,000 – ₹ 10,00,000	₹12,500 + 20% of (total income minus ₹ 500000)
Above ₹ 10,00,000	₹ 1,12,500 + 30% of (total income minus ₹ 10,00,000

→ For a resident senior citizen (who is 60 years or more at any time during the previous but less than 80 years on the last day of previous year)

Net Income Range	Income-tax Rates
Upto ₹ 3,00,000	Nil
₹ 3,00,000 – ₹ 500000	5% of (total income minus ₹ 300000)
₹ 5,00,000 – ₹ 10,00,000	20% of (total income minus ₹ 500000) + ₹ 10,000
Above ₹ 10,00,000	30% of (total income minus ₹ 10,00,000) + ₹ 1,10,000

→ For a resident super senior citizen (who is 80 years or more at any time during the previous year)

Net income range	Income-tax Rates
upto ₹ 5,00,000	Nil
₹ 500,000 - ₹ 10,00,000	20% of (total income minus ₹500000)
Above ₹ 10,00,000	₹ 1,00,000 + 30% of (total income minus ₹ 10,00,000)

Notes:

1. Rebate under section 87A: can be availed by
   Resident individual having net income not exceeding ₹ 5,00,000.
   Amount of Rebate = 100% of Income tax OR ₹ 12,500 } whichever is less.

   It is deductible from income-tax before calculating health & education cess.

2. Surcharge

Range of Income	Surcharge
~~[illegible]~~	
More than 50 lakhs - but not more than 1 crore	10% of Income tax
" " 1 crore - " " " " 2 crore	15% " " "
" " 2 crore " " " " 5 crore	25% " " "
" " 5 crore	37% " " "

3. Health & education cess (HEC): It is 4% of income-tax & surcharge.

4. The income tax slab rates for any non-resident individual, HUF, AOP/BOI/artificial juridical person are same as for individual below the age of 60 years.