

HOW TO COMPUTE TAX LIABILITY

Example : Total Income Rs. 4,00,000

[Assume : Assessee is resident individual & 30 yrs of age in PY]

<u>Income</u>	<u>Tax Rate</u>	<u>Tax Liability</u>
upto 2,50,000	NIL	NIL
next 1,50,000	5%	7500
	<u>Gross Tax Liability</u>	<u>7500</u>
Less: Rebate u/s 87A		<u>(7500)</u>
		NIL
Add: Health & Education Cess @ 4%		<u>NIL</u>
	<u>Net Tax Liability</u>	<u>NIL</u>

upto 2,50,000	NIL	Income	4,00,000	
2.5 to 5 lakh	5%		Less:	(2,50,000)
5 to 10 lakh	20%		Remaining	1,50,000
Above 10 lakh	30%			

Difference of next slab

OR

Remaining Income

whichever is less

TAX REBATE U/S 87A

Tax rebate will be provided if all of the following conditions are satisfied :

- (1) The assessee is an individual
- (2) He is resident in India.
- (3) His total income is upto Rs. 5,00,000.

Amount of Rebate

- | | | |
|-------------------------|---|----------------------|
| (1) Gross Tax Liability | } | whichever is
less |
| OR | | |
| (2) Rs. 12,500 | | |

Example : Total Income Rs. 14,60,750/-

<u>Income</u>	<u>tax rate</u>	<u>tax liability</u>	
Upto 2,50,000	NIL	NIL	
next 2,50,000	5%	12,500	
next 5,00,000	20%	1,00,000	
last 4,60,750	30%	1,38,225	
		250725	
(-) Rebate u/s 87A		NIL	260750
		250725	OR
(+) Health & edu. ces @ 4%		10029	260754
Upto 2,50,000	NIL ✓	14,60,750	
2,50,000 to 5lakh	5% ✓	less: (2,50,000)	
5lakh to 10lakh	20% ✓	12,10,750	
Above 10 lakh	30% ✓	less: (2,50,000)	
		96,0,750	
		less: (5,00,000)	
		4,60,750	

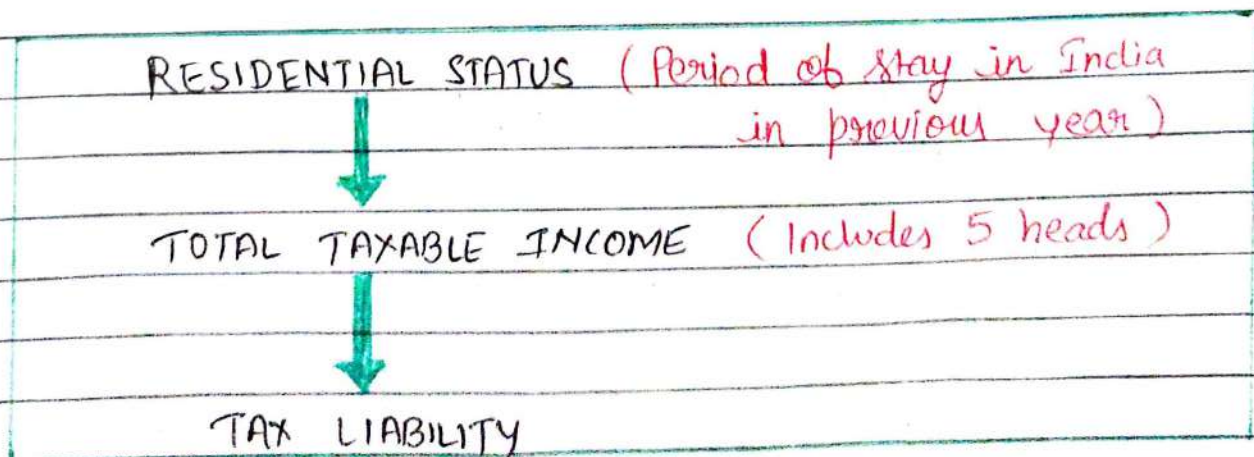
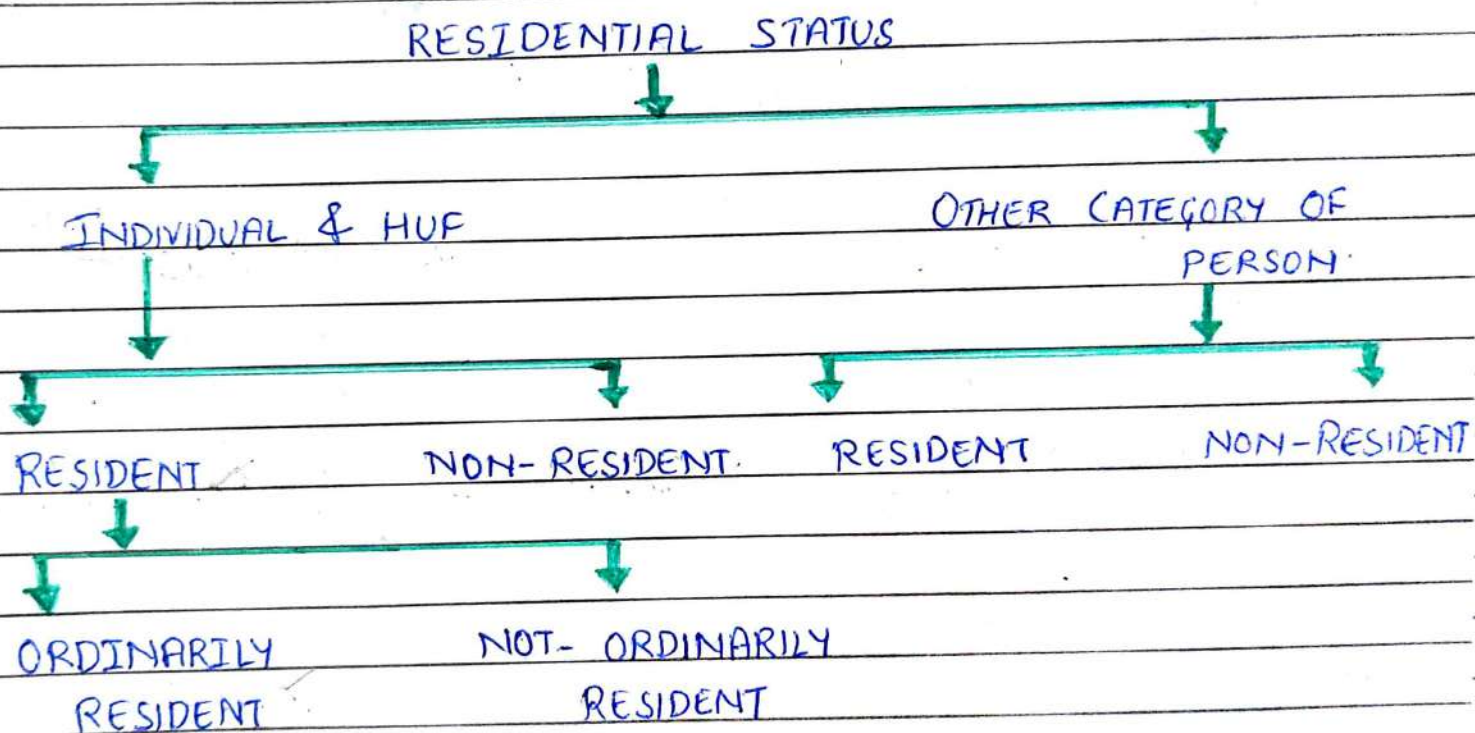
CHAPTER 2 RESIDENTIAL STATUS

BASIC RULES FOR DETERMINING RESIDENTIAL STATUS OF AN ASSESSEE

- (1) Residential status is determined for each category of persons separately.
- (2) Residential status is always determined for the previous year.
- (3) Residential status of a person is to be determined for every previous year separately.
- (4) A person may be a resident of more than one country for any previous year.
- (5) Citizenship of a country and residential status of that country are separate concepts.
- (6) Relevant previous year means the previous year for which the residential status is being determined.
- (7) In computing the period of stay in India, it is not necessary that the stay should be for a continuous period and only at one place.

(8) In computing the period of stay in India, the day the individual enters India and the day he leaves India should both be treated as stay in India.

(9) Place and purpose of stay in India is immaterial.



RESIDENTIAL STATUS OF AN INDIVIDUAL [Section 6(1)]

Resident

Non-Resident

[Any one of the following conditions must be fulfilled]

He stayed in India for:

(1) 182 days or more in the relevant previous year. (19-20)

OR

(2) a. 60 days or more in the relevant previous year. (19-20)

AND

15-16 b. 365 days or more during
16-17
17-18 ← 4 previous years, immediately
18-19 preceding the relevant previous year.

IF
CONDITIONS
NOT-
FULFILLED

IF FULFILLED
(MOVE TO CONDITIONS
OF ORDINARILY
RESIDENT)

* WHEN CONDITION NO. 2 IS NOT APPLIED

(i) In case of an individual, who is a citizen of India and who leaves India in any previous year for the purpose of employment outside India.

(ii) In case of an individual, who is a citizen of India and who leaves India in any previous year as a member of the crew of an Indian ship.