

Accounts Section
NHRC, New Delhi.

Circular

Sub : Option to switch over from the existing tax regime to the one available under section 115BAC of the Income-tax Act, 1961, with concessional rates, for computation of tax during FY 2020-21

It is to be understood by all concerned that there was an amendment made in the Finance Act, 2020 in the Income Tax Law, *inter alia*, on the availability of tax slabs with concessional rates, vide section 115BAC, which is applicable from 1st of April 2020.

In terms of a recent clarification by CBDT, M/o Finance, **circular dated 13.4.20** (available on net/NHRC website) on the above amendment, the relevant para of this circular is reproduced hereunder for quick reference of the employees for their understanding and necessary action:

3. *In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby clarifies that an employee, having income other than the income under the head "profit and gains of business or profession" and intending to opt for the concessional rate under section 115BAC of the Act, may intimate the deductor, being his employer, of such intention for each previous year and upon such intimation, the deductor shall compute his total income, and make TDS thereon in accordance with the provisions of section 115BAC of the Act. If such intimation is not made by the employee, the employer shall make TDS without considering the provision of section 115BAC of the Act.*

All concerned are however, advised to read the full contents of this circular and related documents carefully and send their option. The option once exercised shall be final for the employer (deductor) for the whole year.

Accordingly, those who desire to get their tax calculated during 2020-21, as per the amended provision/concessional rates under section 115BAC, may send their option to the Accounts section at our email "ddo.nhrc@nic.in" by 31st May 2020.

In the event of no option received from the employee, the tax shall be assessed and deducted on the basis of the existing tax regime.

24/04/2020
(M L Bhattacharjee)
Sr.Accounts Officer
2466-3293

For information and necessary action to :

- (i) All Officers and Staff Members (tax payee), NHRC
- (ii) SSA, NHRC : with a request to please upload this circular on the website of NHRC alongwith CBDT circular dated 13.4.20.

Income Tax Slabs & Rates 2020-2021

The Finance Minister introduced new tax regime in Union Budget, 2020 wherein there is an option for individuals and HUF (Hindu Undivided Family) to pay taxes at lower rates without claiming deductions under various sections. The following Income Tax slab rates are notified in new tax regime vs old tax regime:

Income Tax Slab	Tax Rates As Per New Regime	Tax Rates As Per Old Regime
₹0 - ₹2,50,000	Nil	Nil
₹2,50,001 - ₹ 5,00,000	5%	5%
₹5,00,001 - ₹ 7,50,000	₹12500 + 10% of total income exceeding ₹5,00,000	₹12500 + 20% of total income exceeding ₹5,00,000
₹7,50,001 - ₹ 10,00,000	₹37500 + 15% of total income exceeding ₹7,50,000	₹62500 + 20% of total income exceeding ₹7,50,000
₹10,00,001 - ₹12,50,000	₹75000 + 20% of total income exceeding ₹10,00,000	₹112500 + 30% of total income exceeding ₹10,00,000
₹12,50,001 - ₹15,00,000	₹125000 + 25% of total income exceeding ₹12,50,000	₹187500 + 30% of total income exceeding ₹12,50,000
Above ₹ 15,00,000	₹187500 + 30% of total income exceeding ₹15,00,000	₹262500 + 30% of total income exceeding ₹15,00,000

New tax regime slab rates are not differentiated based on age group. However, under old tax regime the basic income threshold exempt from tax for senior citizen (aged 60 to 80 years) and super senior citizens (aged above 80 years) is ₹ 3 lakh and ₹ 5 lakh respectively.

However, under new tax regime person **cannot** claim up to 70 income tax deductions while calculating taxes. Hence, every person has to make his/her own calculation as per old and new tax regime and calculate which one is beneficial based on type of investments made and returns earned on those investments.

F. No. 370142/13/2020-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, April 13, 2020

Clarification in respect of option under section 115BAC of the Income-tax Act, 1961

Section 115BAC of the Income-tax Act, 1961 (the Act), inserted by the Finance Act, 2020 wef the assessment year 2021-22, *inter alia*, provides that a person, being an individual or a Hindu undivided family having income other than income from business or profession”, may exercise option in respect of a previous year to be taxed under the said section 115BAC alongwith his return of income to be furnished under sub-section (1) of section 139 of the Act for each year. The concessional rate provided under section 115BAC of the Act is subject to the condition that the total income shall be computed without specified exemption or deduction, set-off of loss and additional depreciation.

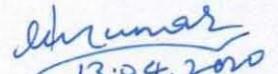
2. Representations expressing concern regarding tax to be deducted at source (TDS) has been received stating that as the option is required to be exercised at the time of filing of return, the deductor, being an employer, would not know if the person, being an employee, would opt for taxation under section 115BAC of the Act or not. Hence, there is lack of clarity regarding whether the provisions of section 115BAC of the Act are to be considered at the time of deducting tax.

3. In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby clarifies that an employee, having income other than the income under the head “profit and gains of business or profession” and intending to opt for the concessional rate under section 115BAC of the Act, may intimate the deductor, being his employer, of such intention for each previous year and upon such intimation, the deductor shall compute his total income, and make TDS thereon in accordance with the provisions of section 115BAC of the Act. If such intimation is not made by the employee, the employer shall make TDS without considering the provision of section 115BAC of the Act.

4. It is also clarified that the intimation so made to the deductor shall be only for the purposes of TDS during the previous year and cannot be modified during that year. However, the intimation would not amount to exercising option in terms of sub-section (5) of section 115BAC of the Act and the person shall be required to do so alongwith the return to be furnished under sub-section (1) of section 139 of the Act for that previous year. Thus, option at the time of filing of return of income under sub-section (1) of section 139 of the Act could be different from the intimation made by such employee to the employer for that previous year.

5. Further, in case of a person who has income under the head “profit and gains of business or profession” also, the option for taxation under section 115BAC of the Act once exercised for a previous year at the time of filing of return of income under sub-section (1) of section 139 of the Act cannot be changed for subsequent previous years except in certain circumstances.

Accordingly, the above clarification would apply to such person with a modification that the intimation to the employer in his case for subsequent previous years must not deviate from the option under section 115BAC of the Act once exercised in a previous year.


13.04.2020
(Niraj Kumar)

Deputy Secretary (TPL)-I

Copy to the:

1. PS/ OSD to FM/ PS/OSD to MoS(F).
2. PS to the Finance Secretary.
3. Chairman and Members, CBDT.
4. Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries, CBDT.
5. C&AG of India (30 copies).
6. JS & Legal Adviser, Ministry of Law & Justice. New Delhi.
7. Institute of Chartered Accountants of India.
8. CIT (M&TP). Official Spokesperson of CBDT.
9. Principal DGIT (Systems) for uploading on official website.