

31 Frequently Asked Question (FAQ)

Q1 In FY16-17, my income from salary is Rs.5.90 Lakh if I invested Rs.1.00 Lakh in specified tax saving schemes shall I get tax rebate of Rs.5000 as declared in budget 2016.

Ans. Yes, because your total taxable income is $(5.9 - 1.0 =) 4.9$ Lakh i.e., not exceeding Rs. 5 Lakh. So tax rebate of Rs. 5000 u/s 87A, shall be allowable.

Q2 In FY15-16, my income from salary may be Rs.6.50 Lakh. My employer and I have invested Rs.50,000 and 50,000 each in new pension system which is 10 % of salary. I have invested Rs.1,50,000 in PPF how much I can claim as deduction from income?

Ans. From FY11-12, you may claim employer's contribution Rs. 50,000 in addition to the Rs.1.5 Lakh as limit specified u/s 80 CCE, thus your income from salary shall be Rs. 6.50 Lakh + 50,000 i.e. Rs. 7,00,000 and you may claim total deduction for Rs. 2,50,000 i.e. 1,50,000 (u/s80C)(PPF) +50,000 (u/s80CCB(2))(employee contribution) + 50,000 (u/s 80CCB(IB) (employer contribution) ; thus net taxable income shall be Rs. 4.5 Lakh.

Q3 I am a salaried employee and my taxable income (total income) (salary income + other income etc – deductions u/s 80 C etc.) is more than 5 Lakh in FY15-16. can I file paper return through CA as usual?

Ans. No, you have to file return electronically, but with or without digital signature as you desire.

Q4 What are the new provision for small professional CA, Engineer, Doctor, etc.?

Ans. From FY-16-17, the professional whose annual gross receipts in a financial year is up to Rs. 50 lakhs can estimate his income at the rate of 50% of the gross receipts.

Q5 What are the new provisions of income tax for businessmen?

Ans. From FY16-17, the businessmen whose annual turnover is up to Rs. 2 crore can estimate his income @8% of total turnover and file return. There is no need to maintain specific books of account. For knowing the formula of zero income tax for those businessmen please read page 42-43 of the magazine.

Q6 I have paid interest of loan taken for higher education (B.Com) of my child and wife. Can I get deduction under section 80E for financial year 2016-17?

Ans. Yes, from FY 09-10, the Individual can get deduction for the Interest paid during first 8 years against the loan taken for higher education (including– B. Com also) for his dependent or independent children or spouse (wife / husband).

Q7 I have paid Premium of Rs. 9,000 for Health Insurance of my wife & Premium of Rs. 20,000 for Health Insurance of my mother (Sr. Ctz) in FY, 2015-16 through cheque than also paid Rs.6000 for preventive health check up of self in cash. How much amount is eligible for claiming rebate from income tax?

Ans: U/s 80D - an Amount of Rs. 14,000 {9,000+5,000(spent 6000 for health check up but allowable is 5,000)} is eligible for deduction from income & From FY08-09, in addition to above, an amount up to Rs. 20,000 is also eligible for deduction from income for health insurance of Sr. Ctz parents. Thus, total Rs.34,000 is eligible for deduction from FY15-16.



Q8 Can I get deduction from income against investment made in Bank/PO fixed deposit for 3 years in the financial year 2010-11?

Ans.: No. Investment made in scheduled bank / PO as fixed deposit for 5 years & more is only eligible for deduction u/s 80 C with overall limit of Rs.1 Lakh Including investment made under 80 CCC & 80 CCD). Loan against investment made in FD is not allowed and interest earned every year on FD, is taxable.

Q9. Whether form 16 issued by office after downloading from website is valid?

Ans: Yes, as per circular no 4 dtd Apr 17, 2013 issued by department of Income tax, DDO has to issue *Part "A" of form 16* after downloading from - www.tdscpc.gov.in, where automatic serial number shall also get printed in "part A" of *Form 16*.

Q10. What is the penalty for not filing Income tax return and whether returns can be filed after the due date?

Ans: Yes, returns can be filed after due date but up to the end of assessment year, i.e., for financial year 2015-16 the returns can be filed up to Mar 31, 2017. If return is not filed till this date, then penalty of Rs.5000/- can be imposed under section 271.

Q11. What are the Income Tax provisions for the capital gain arisen from Sales–Purchase of shares?

Ans: If share (equity) / units of equity-oriented mutual fund are sold after 1 year from purchase date & with investment purpose, then capital gain, arising from such transfer will be treated as long term capital gain and shall be fully tax-free, otherwise capital gain, will be treated as short term capital gain & taxed @ 15 % u/s, 111A & 115AD

Q12. When is it necessary to get the accounts audited?

Ans: Under sections 44 AB of Income Tax Act, if the total sale or receipts of a Businessman in a financial year is more than Rs. 100 Lakh or income from profession is more than Rs. 50 Lakh, and income not declared per estimated income scheme then auditing of accounts through Chartered Accountant is compulsory.

Q13. What is the difference between Total Income & Gross Total Income?

Ans: Summation of Income from different sources to an assessee is called *Gross Total Income* and after making deductions under section 80CCC to 80U, the balance amount is called *Total Income*. It is also called as *Taxable Income*.

Q14. Can deductions of House Loan Interest & HRA can be claimed at the same time?

Ans: Yes. If you are residing in a rented house & you have purchased/constructed a house by taking loan but because of business or service you are not residing in that house & the house is vacant (i.e. not given on rent), then you can claim both house loan interest and HRA simultaneously.

Q15. I have taken loan from my office for constructing a house but repayment is being adjusted against principal amount. Can I claim for accrued interest on loan?

Ans: Yes. Deduction of accrued interest is allowed under section 24 for self-occupied house up to upper limit i.e. Rs. 2.0 Lakh, means actual repayment of interest is not necessary.

