

## 7 Formula of Zero Income Tax - (For Individuals & HUF only)

If you are a male /female/Sr. citizen assessee and your income in financial year 2016-17 is Rs. 7,30,000

If you plan as per the following; then your income tax liability shall be ZERO:

S.N.	Description	Male	Female	Senior Citizen
1	Gross Total Income	7,30,000	7,30,000	7,30,000
2	Ded. of Interest due on house loan u/s 24	(-)2,00,000	(-)2,00,000	(-)2,00,000
4	Deduction of Health Insur.Prem. u/s 80D	(-)30,000	(-)30,000	(-)30,000
5	Investment U/s 80CCE	(-)1,50,000	(-)1,50,000	(-)1,50,000
6	Invest. In NPS u/s 80 CCD (IB)	(-)50,000	(-)50,000	0
7	Total Taxable Income	3,00,000	3,00,000	3,50,000
8	Tax rebate U/s 87 A	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
9	Tax Payable	<b>ZERO</b>	<b>ZERO</b>	<b>ZERO</b>

### Formula of Zero Income Tax

**Necessary Investment for Zero Income Tax** = Gross Total Income – Basic Exemption Limit of Income Tax. [For Male: 2.5 Lakh, for Female: 2.5 Lakh, for Senior citizen (60 years or above age): 3.0 Lakh, for Sr. citizen (above 80 years): Rs. 5.0 Lakh]. You may also add Rs. 20,000 in basic exemption limit against the rebate of Rs. 2000 in tax u/s 87A. After getting amount of necessary Investment for zero tax liability, Investment can be made in following schemes, as per requirement:

- U/s 80C/CCE: Investment in GPF/PPF/LIC/FD etc – Max. Rs. 1.5 Lakh
- U/s 80 CCG: Investment in RAjiv Gandhi Equity scheme – Max. Rs. 25000
- U/s 80D: Deduction of health insurance premium – Max. Rs. 30,000
- U/s 24: Deduction of accrued interest on housing loan – Max. Rs. 2.00 Lakh
- U/s 80 EE: Deduction of accrued interest on housing loan – Max. Rs. 1.00 Lakh
- U/s 80 CCD (IB) Investment in NPS – Max. Rs. 0.50 Lakh

### Ready Reckoner to know the amount of Investment for Zero Income Tax

(For Male/Female Assesses below 60 years age)

Total Income	Basic Exemption Limit of income tax plus Rebate u/s (87 A)	Necessary Investment Amount for zero IT	Investment made in FD/ GPF /PPF / LIC/ NPS Tuition fee etc.	Medical Insurance Premium Payable	Due Interest on Housing Loan	Net Income Tax Liability
300,000	250000+20000	30,000	0	0	0	0
400,000	250000+20000	1,30,000	1,50,000	0	0	0
500,000	250000+20000	30,000	1,50,000	15,000	65,000	0
600,000	250000+20000	3,30,000	1,50,000	15,000	165,000	0
730,000	250000+50000	4,30,000	2,00,000	30,000	2,00,000	0