

## Calculation Of TDS On Salary For FY 2013-14 /AY 2014-15



**Tax** Deducted at Source (TDS) is one of the ways of collecting income tax in India, regulated under the Indian Income Tax Act-1961, and managed by the Central Board of Direct Taxes (CBDT).

Calculating TDS has always been a tedious job both for the employer and the employees. A certain percentage of amounts are deducted by the employer at the time of crediting payment to the employees, and the deducted amounts are remitted to the Government account. The concept of TDS conceives of the principle of ‘you should pay for the sake of the nation as you earn’. This ensures regular inflows of cash resources to the Government account, with which the Government runs several social welfare schemes along with administrative and other expenses. TDS works as a mighty mechanism to prevent tax evasion as well as expands the tax ambit.

### Calculation

Before you start TDS calculation, ‘taxable income’ must be determined. For that, it is necessary to learn the tax slab for the current financial year 2013-14 or assessment year 2014-15. You may be aware that the income rates and slabs for FY 2013-14 are the same as it was during FY 2012-13, except the two major changes-

(a) As per Finance Act, 2013 section 87A of the Income Tax Act, 1961, there is provision of additional rebate of Rs 2,000 from tax calculated for the person having per annum income up to Rs 5 lac.

(b) As per the new provision, a surcharge of 10% will be levied on persons having an annual income of more than rupees one crore.

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Following are the tax slabs for the FY 2013-14/ AS 2014-15.

#### Income tax slabs (in rupees)

(A) For normal category (Men/women below 60 yrs. of age)	Rate
0 to 2,00,000	0 %
2,00,001 to 5,00,000	10 %
5,00,001 to 10,00,000	20 %
Above 10,00,000	30 %

**(B) For senior citizen (Age between 60-80 yrs.).**

0 to 2,50,000	0 %
2,50,001 to 5,00,000	10 %
5,00,001 to 10,00,000	20 %
Above 10,00,000	30 %

**(C) For most senior citizen (Age above 80 yrs.).**

0 to 5,00,000	0 %
5,00,001 to 10,00,000	20 %
Above 10,00,000	30 %

**Now**, calculate your total annual income. And, if it falls in taxable slab, you can save on income-tax making investment up to Rs 1 lac under various options of **Section-80 C of Income Tax Act**. In addition, you can also avail tax rebate benefit up to Rs 15,000 on health insurance policy for self, spouse and children under **Section-80 D and 80 E of the Income Tax Act**. In case of senior citizen, maximum of Rs 20,000 rebate on health insurance policy can be availed. On health insurance policy for parents, a rebate up to Rs 15,000 (for senior citizen Rs 20,000) can be availed. Under the same section of the Income Tax Act, you can avail tax rebate benefit on house rent (up to 50 percent of the monthly salary).

Furthermore, there are several provisions in the Income Tax Act, under which you can save on income tax.

For normal category (**Men/women below 60 yrs. of age**), the simple calculation is as follows:

**(A) For person whose income is up to Rs 5 lac.**

It is supposed that the person has not made any investment. Then the maximum tax to be paid= 10% of 3, 00,000 (Rs 0 up to 2, 00, 00 + 3, 00,000) = Rs.30, 000 – Rs. 2,000 (addition tax credit for the category) = Rs. 28,000.

**(B) For person whose income is between Rs 5-10 lac.**

Tax up to Rs 5,00,000 will be 30,000, and for next Rs 5,00,000, tax will be 20% of Rs. 5,00,000 = Rs. 1,00,000.

Therefore, the maximum tax to be paid will be Rs. 30,000 + Rs. 1,00,000 = Rs. 1,30,000

**(A) For person whose income is above Rs 10 lac.**

Rs. 1,30,000 + 30% of the rest amount.

**Note.** In addition to this, 3% of total tax will be levied as Edu. Cess and other Cess. And, a surcharge of 10% will be levied on persons having an annual income of more than rupees one crore.

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## **CONTACT DETAILS**

Corporate Office:

Plot-8, Sector-32, Urban Estate, Gurgaon-122001, Haryana, India

Phone: 0124 – 499 88 88

Email: [research@insuringindia.com](mailto:research@insuringindia.com)