



## TAX RATES

In this part you can gain knowledge about the normal tax rates applicable to different taxpayers. For special tax rates applicable to special incomes like long term capital gains, winnings from lottery, etc. refer “Tax Rates” under “Tax Charts & Tables”. The tax rates discussed in this part are applicable for assessment year 2020-21 i.e. financial year 2019-20.

### Normal tax rates applicable to an individual

The normal tax rates applicable to a resident individual will depend on the age of the individual. However, in case of a non-resident individual the tax rates will be same irrespective of his age. For the purpose of ascertainment of the applicable tax slab, an individual can be classified as follows:

- Resident individual below the age of 60 years.
- Resident individual of the age of 60 years or above at any time during the year but below the age of 80 years.
- Resident individual of the age of 80 years or above at any time during the year.
- Non-resident individual irrespective of the age.

### Normal tax rates applicable to a resident individual below the age of 60 years i.e. born on or after 1.4.1958

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 2,50,000	<i>Nil</i>	<i>Nil</i>
Rs. 2,50,000 – Rs. 5,00,000	5% of (total income <i>minus</i> Rs. 2,50,000) [*]	4% of income tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income tax

**Surcharge:** Surcharge is levied @ 10% on the amount of income-tax if net income exceeds Rs 50 Lakh but doesn't exceed Rs. 1 crore and @ 15% on the amount of income tax if net income exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be



levied on the amount of income tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.

Further, in a case where net income exceeds Rs. 1 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT :** In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.

[\*] A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

**Normal tax rates applicable to a resident individual of the age of 60 years or above at any time during the year but below the age of 80 years**

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 3,00,000	<i>Nil</i>	<i>Nil</i>
Rs. 3,00,000 – Rs. 5,00,000	5% of (total income <i>minus</i> Rs. 3,00,000) [*]	4% of income-tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 10,000 + 20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,10,000 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income-tax



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Surcharge: Surcharge is levied @ 10% on the amount of income-tax if net income exceeds Rs 50 Lakh but doesn't exceed Rs. 1 crore and @ 15% on the amount of income tax if net income exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.

Further, in a case where net income exceeds Rs. 1 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT:** In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.

[\*] A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

**Normal tax rates applicable to a resident individual of the age of 80 years or above at any time during the year**

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 5,00,000	<i>Nil</i>	<i>Nil</i>
Rs. 5,00,000 – Rs. 10,00,000	20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,00,000 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income-tax



**Surcharge:** Surcharge is levied @ 10% on the amount of income-tax if net income exceeds Rs 50 Lakh but doesn't exceed Rs. 1 crore and @ 15% on the amount of income tax if net income exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.

Further, in a case where net income exceeds Rs. 1 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT :** In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.

**Non-resident individual irrespective of age**

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 2,50,000	<i>Nil</i>	<i>Nil</i>
Rs. 2,50,000 – Rs. 5,00,000	5% of (total income <i>minus</i> Rs. 2,00,000) [*]	4% of income-tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income-tax



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**Surcharge:** Surcharge is levied @ 10% on the amount of income-tax if net income exceeds Rs 50 Lakh but doesn't exceed Rs. 1 crore and @ 15% on the amount of income tax if net income exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.

Further, in a case where net income exceeds Rs. 1 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT :** In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.

[\*] Rebate under section 87A is available only to a resident individual (whose net income does not exceed Rs. 5,00,000), thus, no rebate is available to a non-resident individual.

**Normal tax rate applicable to resident/non-resident Hindu Undivided Family (HUF)**

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 2,50,000	<i>Nil</i>	<i>Nil</i>
Rs. 2,50,000 – Rs. 5,00,000	5% of (total income <i>minus</i> Rs. 2,50,000)	4% of income-tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income-tax

**Surcharge:** Surcharge is levied @ 10% on the amount of income-tax if net income exceeds Rs 50



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Lakh but doesn't exceed Rs. 1 crore and @ 15% on the amount of income tax if net income exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.

Further, in a case where net income exceeds Rs. 1 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT :** In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.

**Normal tax rates applicable to every AOP/BOI/Artificial juridical person**

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 2,50,000	<i>Nil</i>	<i>Nil</i>
Rs. 2,50,000 – Rs. 5,00,000	5% of (total income <i>minus</i> Rs. 2,50,000)	4% of income-tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income-tax

Surcharge: Surcharge is levied @ 10% on the amount of income-tax if net income exceeds Rs 50 Lakh but doesn't exceed Rs. 1 crore and @ 15% on the amount of income tax if net income



exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.

Further, in a case where net income exceeds Rs. 1 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT :** In the case of a non-corporate taxpayers to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.

### **Normal tax rates applicable to a firm**

A firm is taxed at a flat rate of 30%. Apart from tax @ 30%, Health and Education Cess is levied @ 4% of income-tax.

**Surcharge :** Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a person having a net income of exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT :** In the case of a non-corporate taxpayers to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

### **Normal Tax rates applicable to a domestic company**



A domestic company is taxed at a flat rate of 30%. However, tax rate is 25% where turnover or the gross receipt of the company in the previous year 2017-18 doesn't exceed Rs. 250 crore. Apart from tax @ 30% or 25%, as the case may be, Health and Education Cess is levied @ 4% of income-tax.

**Surcharge :** In addition to tax at above rate, surcharge is levied @ 7% on the amount of income-tax if net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and @ 12% on the amount of income-tax if net income exceeds Rs. 10 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a company whose net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore, the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

In case of a domestic company whose net income exceeds Rs. 10 crore, marginal relief is available from surcharge in such a manner that the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax and surcharge on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore.

**MAT :** In the case of a corporate taxpayer to whom the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 18.5% (+HEC) of "Book profit" computed as per section 115JB. However, MAT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange. For provisions relating to MAT refer tutorial on "MAT/AMT" in tutorial section.

### **Normal tax rates applicable to a foreign company**

A foreign company is taxed at a flat rate of 40%. Apart from tax @ 40%, Health and Education Cess is levied @ 4% of income-tax.

**Surcharge :** In addition to tax at above rate, surcharge is levied @ 2% on the amount of income-tax if net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and @ 5% on the amount of income-tax if net income exceeds Rs. 10 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a foreign company whose net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1





crore.

In case of a foreign company whose net income exceeds Rs. 10 crore, marginal relief is available from surcharge in such a manner that the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax and surcharge on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore.

**MAT :** In the case of a corporate taxpayer to whom the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 18.5% (+HEC) of "Book profit" as per section 115JB. However, as per Explanation 4 to section 115JB as amended by Finance Act, 2016 with retrospective effect from 1/4/2001, it is clarified that the MAT provisions shall not be applicable and shall be deemed never to have been applicable to an assessee, being a foreign company, if—  
(i) the assessee is a resident of a country or a specified territory with which India has an agreement referred to in sub-section (1) of section 90 or the Central Government has adopted any agreement under sub-section (1) of section 90A and the assessee does not have a permanent establishment in India in accordance with the provisions of such agreement; or [As amended by Finance Act, 2016] (ii) the assessee is a resident of a country with which India does not have an agreement of the nature referred to in clause (i) and the assessee is not required to seek registration under any law for the time being in force relating to companies. For provisions relating to MAT refer tutorial on "MAT/AMT" in tutorial section.

### Normal tax rates applicable to a Co-operative societies

<i>Net income range</i>	<i>Rate of income-tax</i>
Up to Rs. 10,000	10%
Rs. 10,000 - Rs. 20,000	20%
Above Rs. 20,000	30%

Apart from tax at above rate, Health and Education Cess is levied @ 4% of income-tax.

**Surcharge :** Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore. In a case where surcharge is levied, HEC of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a person having a net income exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.



**AMT :** In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

#### **Normal tax rates applicable to local authorities**

A local authority is taxed at a flat rate of 30%. Apart from tax @ 30%, Health and Education Cess is levied @ 4% of income-tax.

**Surcharge :** Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore. In a case where surcharge is levied, HEC of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a person having net income exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

**AMT :** In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on "MAT/AMT" in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.



## MCQ on tax rates

**Q1.** The normal tax rates applicable to a resident individual will depend on the \_\_\_\_\_.

- (a) Age of the individual (b) Gender of the individual

**Correct answer : (a)**

**Q2.** The basic exemption limit (for the assessment year 2020-21) in case of a resident individual of the age of below 60 years is Rs. \_\_\_\_\_.

- (a) Rs. 2,00,000 (b) Rs. 2,50,000  
(c) Rs. 3,00,000 (d) Rs. 5,00,000

**Correct answer : (b)**

**Q3.** The basis exemption limit (for the assessment year 2020-21) in case of a resident individual of the age of 60 years or above but below 80 years is Rs. \_\_\_\_\_.

- (a) Rs. 2,00,000 (b) Rs. 2,50,000  
(c) Rs. 3,00,000 (d) Rs. 5,00,000

**Correct answer : (c)**

**Q4.** The basis exemption limit (for the assessment year 2020-21) in case of a resident individual of the age of 80 years or above is Rs. \_\_\_\_\_.

- (a) Rs. 2,00,000 (b) Rs. 2,50,000  
(c) Rs. 3,00,000 (d) Rs. 5,00,000

**Correct answer : (d)**

**Q5.** The basis exemption limit (for the assessment year 2020-21) in case of a non-resident individual irrespective of his age is Rs. \_\_\_\_\_.

- (a) Rs. 2,00,000 (b) Rs. 2,50,000  
(c) Rs. 3,00,000 (d) Rs. 5,00,000

**Correct answer : (b)**

**Q6.** The basis exemption limit (for the assessment year 2020-21) in case of a Hindu Undivided Family is Rs. \_\_\_\_\_.

- (a) Rs. 2,00,000 (b) Rs. 2,50,000  
(c) Rs. 3,00,000 (d) Rs. 5,00,000

**Correct answer : (b)**

**Q7.** In the case of an individual surcharge @ 15% is levied on the amount of income-tax if the



net income exceeds Rs. \_\_\_\_\_

- (a) 10 lakhs (b) 1 crore  
(c) 5 crore (d) 10 crore

**Correct answer : (b)**

**Q8.** A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. \_\_\_\_\_, whichever is less.

- (a) 10,000 (b) 12,500  
(c) 2,000 (d) 1,000

**Correct answer : (b)**

**Q9.** In the case of a non-corporate taxpayer who is subject to provisions of Alternate Minimum Tax (AMT), tax payable by it cannot be less than \_\_\_\_\_% (+SC+EC+SHEC) of "adjusted total income" computed as per section 115JC.

- (a) 15 (b) 18  
(c) 18.5 (d) 20

**Correct answer : (c)**