

# Income Tax basics and how to save from it.



## What is Income Tax?

Tax is levied on income earned by individuals and corporate in the country. This tax collected by the government is then used to aid in the development of various social and economic goals such as those below:



## What is counted as income?

An individual's income comprises all sources of money such as:

- Salary Income ✓
- Income from House or Property ✓
- Business or Profession Income ✓
- Income from Capital Gains ✓
- Income from Other Sources ✓

✓ Connected to investments in Mutual Funds by a salaried individual.

## How much Tax must I pay?

As a salaried individual, you would be paying tax as per your tax slab post adjustment with available rebates and deductions\*. You will also be liable to pay Capital Gains Tax on profit from the sale of property or investments.

Income	Tax (AY2024-25)
Up to ₹2.5 lakh	Nil
₹2.5 lakh - ₹5 lakh	5%
₹5 lakh - ₹10 lakh	20%
Over ₹10 lakh	30%

\*Applicable to investors who have opted for benefits under the Old Tax Regime.

## How much Tax can I save?

Here's the good news! Tax paid under certain income heads can be minimized by availing certain concessions. Here are the most relevant sections and their features:



### Reduce taxable income up to ₹1,50,000 under Section 80C

#### ELSS\*

3-year Lock-in Period  
Market Linked Returns  
Long-term Capital Gains Tax on Redemption

#### ULIP

5-year Lock-in Period  
Market Linked Returns  
Tax-free Exit

#### FDs

5-year Lock-in Period  
Fixed Rate or Return  
Interest Earned is Taxable

#### NSC

5-year Lock-in Period  
Fixed Rate of Return  
Interest Earned is Taxable

#### School/College Tuition Fees

Deduction can be sought for fees within the Section 80C limit

### Other deductions/allowances to reduce taxes

#### Section 80GG/10 (13A)

House Rent Allowance (HRA) is allowed for salaried individuals for rented accommodation and helps in reducing taxable income

#### Section 80D

Medical Insurance or Medclaim up to ₹25,000 for self and family and up to ₹50,000 for senior citizen

#### Section 80EE

Interest on home loan up to ₹50,000 per year

#### Standard Deduction

A standard deduction of ₹50,000 is offered to all salaried individuals

#### Leave Travel Concession

This is an allowance given by the employer to the employee for travel within India for any two journeys in four years

#### Additional saving on LTCG

Long Term Capital Gains (LTCG) on sale of equity shares and equity based mutual funds exempt to the extent of ₹1,00,000/annum.

To know more, speak to your financial advisor/tax consultant.

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Note: The details provided above is subject to applicable tax amendments during the applicable Financial year. Investors are requested to check the updated tax laws as applicable to their investments. Investors should not consider the above as Investment advice.

\*ELSS - An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit. Investors should consult their financial advisers/tax consultant if in doubt about whether the product is suitable for them.

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