

A GUIDE ON INCOME TAX FOR SENIOR CITIZENS (FY 2019-20)- (A Write up by Vijayaraghavan r (Ex IOB-Treasury)-Revised and updated on 20.11.2019.

A Senior Citizen Pensioner(Resident), whose annual income is Pension + Interest on Deposits (with no business/professional income) needs to know the following important points on Income Tax, for the FY 2019-20. For the sake of simplicity, I have covered only commonly used deductions like 80 C and 80 D. I have given the basics also to help the beginners and new Assessees.

1. Income Tax Slabs for FY 2019-20

Senior Citizens 60 Years and above- Below 80 Years-Annual income-Rs		Very Senior Citizens 80 Years and above-Annual income-Rs	
Up To 300000	Nil		
300001-500000	5%	Up To 500000	Nil
500001-1000000	10000+20%	500001-1000000	20%
Above 10 lakhs	110000+30%	Above 10 lakhs	100000+30%
Health/Education Cess-4% of Income Tax.			

- 2. Standard Deductions-Sec 16-** for Salary class/Pensioners-Rs 50,000/- (For family pensioners- No standard deduction.) For Family Pensioners under Sec 57, a deduction of a sum equal to thirty-three and one-third per cent of such income or fifteen thousand rupees, whichever is less, is allowed.
- 3. Rebate** under Sec 87 A for Net Income up to Rs 5 Lakh- Maximum-Rs10,000/- . In other words , for pensioners with Net annual Income below Rs5 lakh there is no Income Tax.
- 4. 80 TTB-Interest on Bank, Post Office Deposits--**Max Rs 50,000/- (including SB interest)
- 5. Important Other Deductions** available to save Tax-

S No	Section	Details	Maximum amount-Rs
1	80 C	LIC, NSC, Sr Citizen SS, PPF, FBF	150000
2	80 D	Medical Insurance Premium for Self and Spouse (one must be Senior Citizen). In case No health insurance Cover available General Medical Expenditure can be claimed.	50000
		Senior Citizens in addition to the above, can claim for their aged parents, either health Insurance premium or Medical Expenditure , where there is no insurance cover .	50,000

- 6. TDS ON Pension-** Though Senior Citizens, having pension Income and Interest Income alone , are exempted from payment of Advance Tax, as per Income Tax rules , Banks and Treasury Officers, Pension Paying Officers are mandated to deduct TDS (Tax Deduction at Source)as applicable to salary class , if the pension income is above the maximum exemption after availing all applicable deductions. Hence those who are drawing annual pension above Rs 550000 should furnish to Banks and TO ,eligible saving Proofs to avoid TDS. Family Pension Comes under Income from other sources , hence exempted from TDS.
- 7. TDS on Bank Deposits-** Sec 194A-Annual Exemption Limit for Interest on Bank Deposits standing in the name of First named depositor-wef 01.04.2019

Others-Rs 40000.

Senior Citizens-Rs 50000.

Senior Citizens Whose aggregate annual interest on Bank Deposits, exceeds Rs50,000/- can furnish 15 H at the beginning of the FY to avoid TDS, if their tax liability is Zero.

8. **Advance Tax**-Senior citizens are exempted from requirement of payment of advance tax provided they do not have any income under the head "Profits and Gains of Business or Profession". The Senior citizen can discharge their tax liability at the time of filing their ITR, if their combined Income + Deposit Interest exceeds the Taxation Limits.(Rs550000/-)

9. How to Calculate Income Tax ?

Some sample calculations are given for Senior Citizens

Case 1.

	Rs	Rs
Gross Annual Pension Income	480000	
Less Standard Deduction-Sec 16	50000	
Net Pension Income	430000	
Add other Income- Interest on Deposits	200000	
Total Gross annual Income		630000
Less-Deposit Interest Exemption Under Sec 80 TTB	50000	
Net Annual Income		580000
Income Tax at (20% of Rs80,000)+10000= 16000+10000=Rs26000 Cess at 4% of 26000=Rs1040. Income Tax Liability=Rs27040. Tax to be remitted=Rs27040 minus-TDS , if any.		

Case 2.

In the above example, if the Pensioners Saves under 80C (PPF/NSC/SCSS) Rs80,000/- his Net Income will be Rs 500000/- . Hence Tax Liability would be Nil , after availing rebate under Sec 87 A of Rs10,000/- .Hence by Simple Saving of Rs80,000/- he /she can avoid paying Tax for Rs27,040/- . In case he planned his Tax Savings in advance , he is eligible to furnish 15 H to Bank, to avoid TDS on Interest income. Though his tax liability is Nil , he has to file IT returns, to avoid penal provisions , as his annual income, is above the maximum exemption of Rs 3 Lakh.

Case 3.

	Rs	Rs
Gross Annual Pension Income	600000	
Less Standard Deduction –Sec 16	50000	
Taxable Pension Income	550000	
Add –Income from Other Sources- Interest on Deposits	200000	
Total Gross annual Income		750000
Less Deposit Interest Exemption Under Sec 80 TTB	50000	
Less 80 C	150000	
Less 80 D	50000	
Net Annual Income		500000
Income Tax Liability=Zero after Sec87 A rebate of Rs10,000/-Return to be filed.		

Case 4.

	Rs	Rs
Gross Annual Pension Income	600000	
Less Standard Deduction-Sec 16	50000	

Taxable Pension Income		550000
Add Income from other Sources	0	
Gross Total Income		550000
Less 80 C	0	
Less 80 D	0	
Net Annual Income		550000
Income Tax Liability=10000+20% of Rs50,000/-=Rs20000.Health and Education Cess 4% of IT=Rs800. Total Income Tax Liability=Rs20,800/- Tax to be remitted=Rs20,800-TDS.		

Case 5

	Rs	Rs
Gross Annual Pension Income	400000	
Less Standard Deduction _sec 16	50000	
Taxable Pension Income	350000	
Add Income from Other Sources- Interest on Deposits	150000	
Total Gross annual Income		500000
Deposit Interest Exemption Under Sec 80 TTB	50000	
Net Annual Income		450000
Income Tax =Zero (after availing Tax rebate of Rs7500(Sec 87A). But return to be filed.		

Case 6

	Rs	Rs
Gross Annual Pension Income	340000	
Less Standard Deduction –Sec 16	50000	
Taxable Pension Income	290000	
Add Income from Other Sources- Interest on Bank Deposits	30000	
Total Gross annual Income		320000
Deposit Interest Exemption Under Sec 80 TTB	30000	
Net Annual Income		290000
Income Tax =Zero. But return to be filed. If in the example if the annual pension income is Rs270,000 and Interest income is Rs20,000/- IT return need not be filed as the total income falls below Rs3 lakh.		

10. How to remit Advance or Self Assessment Tax?

After calculating Tax Liability , net off TDS if any, Income Tax can be remitted before April or Before July. As IT returns are preferably be filed during II week of July, it is better to remit tax on or before June so that, in form 26 AS, the tax remitted can be reconciled before filing returns.

Tax can be remitted at any Authorised Scheduled Bank or through online e-remittance. While remitting Tax one should be careful in choosing Assessment Year. For this FY ,Assessment year is 2020-21.If Tax is remitted before April , it comes under Advance Tax and after March it is self -assessment Tax.

Alternatively one can remit tax online-e payment) at tin-NSDL portal (www.tin-nsdl.com) by following the steps - Challan Number- ITNS280>IT Major Head--0021>Assessment Year 2020-21>Self Assessment Tax Code-300.(if it is paid on or before March it is Advance Tax code-100).

One can mention the amount Due as Income Tax , with out bifurcating them into Surcharge , Cess etc. Payment can be made either through Net Banking or by debit card. Note down the BSR number of the Bank and Challan Serial Number for further reference. Wait for 4 to 7 days so that it is getting reflected in 26 AS. One can also verify the status of payment , in tin-nsdl site under Services> Challan Status Enquiry . It is preferable to remit a small amount as a test check and if it credited in 26AS in the individual account , then balance amount can be remitted.

11. Is it mandatory to file IT returns , even if the Tax liability is Zero?

It is mandatory to file Income Tax returns, under Section 139 of Income Tax Act – In case of Senior Citizens-If annual pension income + other Income Exceeds Rs 3 lakh .

Even if a person's Tax liability would be Nil after availing relevant exemptions, it is mandatory to file Income Tax returns. Few years back, it was of no consequence for a person in not filing IT returns , if the taxable income is Nil and he /she can file the returns belatedly too.

But from last two years the position is different. IT returns can not be filed even belatedly after the completion of assessment year. The penalty for Non filing Income tax returns ranges from Rs1000/- to Rs 10,000/-. Hence, it becomes necessary for those who are having annual income exceeding others- Rs 250,000/ Senior Citizens-Rs 300,000/- to file Income Tax returns with in the stipulated due date.

12. What is the penalty for Non Payment of Tax and for failure to file IT returns when the income is taxable?

Non-payment of tax attracts interests, penalty and prosecution. The prosecution can lead to rigorous imprisonment from 3 months to 2 years (when the tax sought to be evaded exceeds Rs. 25,00,000 the punishment could be 6 months to 7 years).

13. Initial Steps for filing Income Tax Returns

One should have PAN (Permanent Account Number)for filing IT Returns. **How to get PAN?**

PAN can be applied either online through NSDL website www.tin-nsdl.com or UTIITSL website or through any of the NSDL TIN-Facilitation Centres/ PAN Centres. Next Step is that it should be ensured that PAN is linked with Aadhaar. This can be done in the e filing website. The status of Aadhaar PAN linking can be checked from the following link <https://www1.incometaxindiaefiling.gov.in/e-FilingGS/Services/AadhaarPreloginStatus.html>

Common IT return form used by Pensioners is ITR I . This is meant for Individuals (Salary class and Pensioners) .For those who are eligible to file ITR I and who are having additional income viz Short Term and Long Term capital Gain, Income on account of investments in Shares, Mutual Funds and Immovable properties the form to be used is ITR II.

ITR I has to be filed electronically. (Super Senior Citizens have the option to file it in paper form). For this one has to register at e filing portal of Govt of India www.incometaxindiaefiling.gov.in with simple steps. This can be done at any time and one need not wait till July. Keep a diary for Income Tax and note down the log in id and password.

14. What is Form 26 AS ? How to access it?

It is annual Tax Statement of the individual given for each Financial Year. It contains Details of Tax Deducted at Source, Income received, (Under Sec 192 and 194A) , Details of Interest received , reported by Banks(for declarations in 15G/15H) , Details of Tax paid as advance and self assessment tax by the individual. It can be accessed through e filing portal > view form 26AS(Tax Credit). Also it can be accessed direct through Traces Website or through Internet Banking. One should reconcile the Tax credits in form 26AS with the actual TDS, periodically without waiting for the end of FY , so that corrective action can be taken to get the missing credits, if any.

15. Important Steps for Filing Income Tax Returns for FY 2019-20

Last date for Filing IT return for FY 2019-20 is 31st July 2020.

It will be easy to file online return in e filing portal of Income Tax Department. Keep your Aadhaar Number, Bank account details (like IFS code and account Number) ready.

1. Before filing IT return ensure the following facts and figures are correct
 - a. Annual Salary/Pension income is what is given in part B of F 16 , or as in Pension Statement or the actual gross credit received .
 - b. TDS effected is reflected in 26 AS and it is reconciled. One can file return with out Forms 16 A and 16(Part A) as the details are available in 26 AS.(But they have to ensure that they include total interest received /accrued from various sources . In such cases it is better to have Interest certificate from Banks that includes all interest received with out omission.)
 - c. Total other income has to be more than what is given in form 26 AS. As 26 AS reflects only the term deposit interests. One can find entries for Deposit Interest Credits in 26 AS , even when TDS is not deducted (due to submission of 15G/15H).
 - d. In 26 AS , SB interest, Bond Interest, Interest on Income Tax refund Order would not be there. But it has to be included in other income. ITR I has been modified to have detailed break up for other income like Int on deposits, SB interest, Other Interest, Interest on Income Tax Refund Order etc.
 - e. For this FY, Standard Deduction is Rs 50,000/- .
 - f. Before filing IT returns one should include Other Income , avail all eligible deductions and arrive at Tax Liability.
 - g. After ensuring that all TDS effected and Tax paid as advance Tax, Self assessment Tax are correctly reflected in 26 AS , one can proceed filing Income Tax return. If any missing credit is found , the matter should be taken up with the deductor immediately for rectification.
 - h. **Prevalidation of Bank Accounts for getting IT refunds:**
Any excess payment of tax can be claimed while filing IT return. For getting Income Tax refund credit, ensure that your Bank account is prevalidated by log in to **incometaxindiaefiling.gov.in**>**Profile Settings**>**Prevalidate your Bank account.**
 - i. For Getting Income Tax refund ,prevalidating of Bank account is mandatory .Before opting for prevalidation , ensure that your Bank account is Aadhaar linked.
2. Log in to e filing Portal of Income Tax department –Select option -e Filing of Income Tax Returns on line. Verify the particulars like Aadhaar number, address etc, already captured from the previous year data and shown in the return. Use Save draft option frequently. Fill

in the data regarding income,. Fill in eligible deduction –Standard Deductions of Rs 50,000/- (not applicable for family pension) and Professional Tax paid if any under Sec 16.

3. Details on Income from House Property to be provided in B2 , Income From Other Sources in B3.
4. Family pension income comes under B3-Income from Other sources. For family pension a deduction of Rs 15,000/- or 33.33% of Family Pension ,which ever is lesser, is eligible under Sec 57(iia) of IT Act.
5. Details for Other income, with break up- Interest on Deposits, SB Interest, Interest Income from Bonds, Income Tax Refund Order Interest etc are to be provided in the respective sub heads.
6. In part C deductions on account of 80 C , 80 D etc are to be given. Senior Citizens can avail deduction on Interest on Bank Deposits , including SB interest up to a maximum limit of Rs 50,000/- under Sec 80 TTB. Senior Citizens not eligible for deduction under Sec 80 TTA. Sec 80 TTA is meant for individuals other than Senior Citizen , up to a maximum of Rs 10,000/- towards SB interest alone.(Term Deposit interest excluded)
7. Part D – Computation of Income Tax will be done by the system based on the inputs given and figures furnished/matched with 26 AS.
8. Tax deducted /Paid details would be shown in TDS 1, 2 and in Schedules of Advance Tax/Self Assessment Tax paid based on figures available in 26 AS.
9. After completion , preview and submit the return. In case in preview , some modification needs to be done , edit option can be used.
10. After submission, Acknowledgement V can be e verified with the options given . It can be done either based on Aadhaar OTP, or through Internet Banking.
11. After successful e verification , this can be viewed under option View Return and Forms> Income Tax Returns. Down load ITR I and ITR V and save it in a folder. After the Assessment is over (this may take few weeks/months) the status would be changed to Assessed for the relevant year.

16. What are the options available to a Senior Citizen , incase if he is unable to calculate Tax and file return electronically?

If one cannot calculate Tax and file Income Tax return , he/she can seek the help of TRP (Tax Return Preparer) or Auditor. For Income Tax Authorised Tax Return Preparer Visit <https://www.incometaxindia.gov.in> and click on 'read more' at 'Tax Payer Services' button. Before approaching TRP/Auditor one should keep ready, Annual Pension Statement, Interest Certificate from Banks, TDS Certificates if any , Income from Other Sources, Proof of Savings , Investments, Proof for other deductions if claimed.

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