Calculation of Income Tax

Income From Salary

i. Pay, Special Pay, Personal Pay & NPA

ii. Dearness Allowance, Arrear

iii. Fixed Medical Allowance

iv. House Rent Allowance

v. Value of rent-free accommodation

vi. Children Education Allowance after deducting Rs.100/- per month per child upto maximum two children

vii. Conveyance Allowance to handicap employee

viii. Transport Allowance if any

ix. LTC (Leave Travel Concession)

x. Subsistence Allowance

xi. Entertainment Allowance

xii. Pension

xiii. Interim Relief

xiv. Honorarium & Fee

xv. Bonus, Overtime Allowance

xvi. Employer’s Contribution to NPS @14%

xvii. Less Standard Deduction

Income from Other sources

Interest income from the following source is to be included in GTI (Gross Total Income) under the head "Income from other source". Hem Sharma Classes: 9991500264

i. Interest on saving account

ii. Interest on Bank deposit and other deposits & loans.

iii. Interest on other deposits & Loans

iv. Interest on private loan given to relative, friends or any other person.

v. Interest on Debenture/ Bond.

vi. Interest on Govt. Securities.

vii. Interest on Post Office Schemes i.e. MIS, NSC, KVP, IVP & RD A/c.

viii. Accrued interest on NSC

ix. Monthly Financial Assistance

x. Income in the nature of Family Pension

Income from House Property

No income when self-occupied property. Hem Sharma Classes: 9991500264

1. Self-Occupied House Property

   - Annual Value: Nil
   - Maximum two houses may be treated as self-occupied, subject to prescribed conditions.
   - Less: Interest on Housing Loan/HBA payable during the year

Note: Although the Annual Value is nil, eligible interest may result in a loss under the head "Income from House Property."

2. Let-Out House Property

Gross Annual Value (GAV) Hem Sharma Classes: 9991500264

Less: Municipal/Local Taxes actually paid by the owner during the year

= Net Annual Value (NAV)

Less:

- Standard Deduction: 30% of NAV
- Interest payable on Housing Loan/HBA during the year

= Income/Loss from Let-Out House Property

Short Formula:

GAV

(−) Municipal Taxes actually paid

= NAV

(−) Standard Deduction @ 30% of NAV

(−) Interest on Housing Loan/HBA

= Income/Loss from House Property

- Municipal taxes are deductible only when actually paid by the owner during the year.
- The 30% standard deduction is calculated on NAV, not on GAV.