

## **New Income Tax Rule for Senior Citizens**

### **Why in news?**

The Central Board of Direct Taxes (CBDT) has revised the rules applicable in case of filing of Form 15 H, allowing Section 87A rebate.

### **What is Form 15 H?**

- The Form 15 H is a declaration under section 197A (1C) of the Income Tax Act.
- This is to be made by an individual who is of the age of 60 years or more claiming certain incomes without deduction of tax, i.e. TDS.
- The form needs to be submitted to any institution such as a bank.
- It deducts TDS if interest income exceeds Rs 50,000 a year (Rs 40,000 for non-senior citizens).

### **What is Section 87A?**

- Under Section 87A of the Income Tax Act, an assessee, being an individual resident in India, whose total income does not exceed Rs 5 lakh, shall be entitled to a deduction.
- This will be a deduction from the amount of income-tax (as before allowing the deductions) on the total income with which s/he is chargeable for any assessment year.
- The deduction will be an amount equal to 100% of such income-tax or an amount of Rs 12,500, whichever is less.

### **What is the new rule?**

- CBDT has notified that the Form 15H declaration will cover the Section 87A rebate.
- The new rule is applicable for the financial year 2019-20.
- The new rule will benefit those senior citizens whose tax liability will be Nil after allowing rebate under Section 87A.
- This means that if they are able to keep their total taxable income within Rs 5 lakh, they will face no tax and will be eligible to file Form 15H.
- Those who have interest income as the only source of income will stand to benefit from this change.

- The new rule will help reduce the running around for tax refund for those who now become eligible for submission of Form 15 H.

**Source: Financial Express**

### **CBDT**

- The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963.
- CBDT consists of a Chairman and six Members.
- The officials of the Board in their ex-officio capacity also function as a Division of the Ministry dealing with matters relating to levy and collection of direct taxes.

