

# **BENEFITS FOR SENIOR CITIZENS AND VERY SENIOR CITIZENS UNDER INCOME-TAX ACT, 1961**

Higher Basic Exemption Limit

Higher Deduction for Medical Insurance Premium

Higher Deduction Limit for Interest from  
Banks and Post Office..... and Many More



**Income Tax Department**  
**Central Board of Direct Taxes**

# **BENEFITS UNDER DIRECT TAXES FOR SENIOR CITIZENS**

## **Who is a Senior Citizen and a Very Senior Citizen?**

A Senior Citizen is a resident Indian who is of the age of 60 years and above and a Super Senior Citizen is a resident Indian who is of the age of 80 years and above at any time during the respective financial year.

## **Higher Exemption Limit for Senior and Very Senior Citizens**

For ordinary individual tax payers, the basic exemption limit, upto which he is not required to pay any tax, is presently fixed at Rs. 2.50 lakh for AY 2021-22. However, for Senior Citizens the basic exemption limit is fixed at a higher figure of Rs. 3 lakh. Super Senior Citizens do not have to pay any tax or file return upto Rs. 5 lakh of annual total income.

## **Exemption from Payment of Advance Tax**

Every person whose estimated tax liability for the year is Rs. 10,000 or more, is liable to pay advance tax. However, a senior citizen need not pay any advance tax, provided he does not have any income under the head "Profits and Gains of Business or Profession".

## **Benefits of Standard Deduction**

From AY 2020-21, a standard deduction upto Rs. 50,000 against salary income can be claimed

by an individual u/s 16 of IT Act, 1961. Accordingly, senior citizen who is in receipt of pension income from his former employer can claim a deduction upto Rs. 50,000 against such income.

## What are the Tax Rates Applicable for AY 2021-22 and AY 2022-23?

In respect of AY 2021-22 and AY 2022-23, a senior citizen can opt for either old or new tax regime as under:

### Income tax Rate Slabs for Senior Citizens of the age from 60 to 80 years:

INCOME SLAB	RATE OF INCOME TAX
Upto Rs. 3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	5% (if taxable income is upto Rs. 5 lakh, the tax liability is Nil on account of tax relief u/s 87A)
Rs. 5,00,001 to Rs. 10,00,000	Rs. 10,000 + 20% of amount above Rs. 5,00,000/-
Above Rs. 10,00,000	Rs. 1,10,000 + 30% of amount above Rs. 10,00,000
Surcharge (subject to Marginal Relief)	If taxable income is more than Rs. 50 lakh, (then percentage varies from 10% to 37%)
Health & Education Cess	4% of (Income Tax + Surcharge).

## Income Tax slabs for Super Senior citizens (80 years and above in age):

INCOME SLAB	RATE OF INCOME TAX
Upto Rs. 5,00,000/-	Nil
Rs. 5,00,001/- to Rs. 10,00,000/-	20% above Rs. 5,00,000/-
Above Rs. 10,00,000/-	Rs. 1,00,000/- + 30% above Rs. 10,00,000/-
Surcharge (subject to marginal Relief)	If taxable income is more than Rs. 50 lakh (then percentage of surcharge varies from 10% to 37%)
Health & Education Cess	4% of (Income Tax + Surcharge)

## New Personal Income Tax Regime (115BAC):

INCOME SLAB	RATE OF INCOME TAX
Upto Rs. 2,50,000/-	Nil
Rs. 2,50,001/- to Rs. 5,00,000/-	5%
Rs. 5,00,001/- to Rs. 7,50,000/-	Rs. 12,500/- + 10% of amount above Rs. 5,00,000/-
Rs. 7,50,001/- to Rs. 10,00,000/-	Rs. 37,500/- + 15% of amount above Rs. 7,50,000/-
Rs. 10,00,001/- to Rs. 12,50,000/-	Rs. 75,000/- + 20% of amount above Rs. 10,00,000/-
Rs. 12,50,001/- to Rs. 15,00,000/-	Rs. 1,25,000/- + 25% above Rs. 12,50,000/-

INCOME SLAB	RATE OF INCOME TAX
Above Rs. 15,00,000/-	Rs. 1,87,500/- + 30% above Rs. 15,00,000/-
Surcharge (subject to Marginal Relief)	If taxable income is more than Rs. 50 lakhs (then percentage of surcharge varies from 10% to 37%)
Health & Education Cess	4% of (Income Tax + Surcharge).

## Higher Deduction limit for Medical Insurance Premium

For AY 2021-22, the maximum limit for deduction u/s 80D in respect of payment made for health insurance premium in respect of a senior citizen has been allowed at Rs. 50,000 as against that allowed to other individuals at Rs. 25,000. Deduction upto Rs. 50,000 is also allowed for medical expenses incurred on the health of a Senior Citizen provided no amount is paid for health insurance of such person. For claiming this deduction, it is mandatory that the health insurance premium/ medical expenses are paid by any mode other than cash.



## Higher Deduction Limit in respect of expenses incurred for Medical Treatment of a specified disease or ailment

For general taxpayers, the amount of deduction available in respect of expenses incurred for medical treatment of specified disease or ailments of self or dependent relatives u/s 80DDB is Rs 40,000. However, in case the expenses are incurred by the taxpayer in respect of a dependent senior citizen, the entitlement is Rs. 1 lakh in a year from AY 2019–20 onwards.

## Higher Deduction limit for interest earned from Bank and Post Office

Individual taxpayers other than senior citizens are allowed maximum deduction of Rs. 10,000 u/s 80TTA in respect of interest income from saving bank accounts. However, from AY 2019–20 onwards, a senior citizen can claim deduction upto Rs. 50,000 u/s 80TTB in respect of interest income earned on not only savings bank accounts but also on interest income earned on any bank deposits or any deposit with post office or cooperative banks. Further, if such interest income earned by him during the year is less than Rs. 50,000, the payer bank/ post office will not deduct any tax from such interest income.



**Tax deduction under chapter VIA will not be available to a taxpayer opting for the New Tax Regime u/s 115BAC, except for deduction u/s 80CCD(2).**

## **Eligibility to file Income Tax Return Manually**

A very senior citizen aged 80 years or more filing his return of income in Form SAHAJ (ITR-1) or SUGAM (ITR-4) and having total income of more than Rs. 5 lakh or having a refund claim can file his return of income in paper mode. For such individuals, electronic filing of ITR 1 or ITR 4 (as the case may be) is not mandatory. However, he may opt for e-filing, if he chooses to do so.

## **Form No. 15H for Non-deduction of TDS**

A senior citizen may submit Form No. 15H to the deductor for non-deduction of TDS on certain incomes referred to in that section, if the tax on his/her estimated total income of the concerned year comes at nil.

## **Income tax provision on Transfer of Capital asset under 'Reverse Mortgage Scheme'.**

The transfer of a residential house property by way of a reverse mortgage as per the Reverse Mortgage Scheme made and notified by the Central Government for senior citizens, is not liable to be taxed as Capital Gain (nor under any other head of income).

## What are the conditions under which certain specified senior citizens are not required to file ITR?

From AY 2022-23, in case of senior citizens of the age of 75 years or above having only pension income and interest income only from the account(s) maintained with a bank in which they receive such pension, such senior citizen shall not be required to file their ITRs. The specified bank shall be responsible for computing their total income and deducting tax thereon after giving effect to various deductions allowable under Chapter VI-A and rebate u/s 87A of the Act.

### **(Section 194P of Income Tax Act, 1961)**



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This Brochure should not be construed as an exhaustive statement of the law. For details reference should always be made to the relevant provisions in the Acts and the Rules

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