



MADHYA PRADESH POWER TRANSMISSION CO. LTD

(A wholly owned Govt. of Madhya Pradesh Undertaking)

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No. CFO/TRANSCO/TAX/CIR-44/05

Jabalpur, Dt. 18/06/2020

Guidance – Opting Income Tax Slab

Subject: - Opting either of Old Tax Slab or New Tax Slab for Income Tax Return.

Reference: -T.O Circular No. CFO/TRANSCO/TAX/CIR 44/01 Dt03/06/20

Options for Income Tax Slab was asked for vide this office circular mentioned above. However, it is observed that hardship is being faced by officers / employees of the company for opting Income Tax Slab. In this respect guideline tabulated below may be helpful for choosing either of Income Tax Slab: -

1. The New & Old Income Tax Slabs rates as informed earlier are as below: -

OLD INCOME TAX SLAB

SN	Assessee	Slab	Tax rate
1	Individual	Taxable income upto Rs. 2,50,000	Nil
2		Rs. 2,50,000 <Taxable income upto Rs 5,00,000	5%
3		Rs. 5,00,000 <Taxable income upto Rs 10,00,000	20%
4		Rs 10,00,000<Taxable income Above	30%
5	Senior Citizen	Taxable income upto Rs. 3,00,000	Nil
6	Age > 60 Yrs	Rs. 3,00,000 <Taxable income upto Rs 5,00,000	5%
7	(Resident in	Rs. 5,00,000 <Taxable income upto Rs 10,00,000	20%
8	India)	Rs 10,00,000<Taxable income Above	30%

- Calculate Income Tax as per above slab without considering the amount of investments/deductions / allowances eligible for tax exemptions. Treat this tax amount as "A".
- For Income above Rs. 11,87,500, Calculate Income tax only on income in excess of Rs. 11,87,500 and treat this tax amount as "B".

NEW INCOME TAX SLAB

SN	Total Income	Rate of Tax
1	Upto Rs.2,50,000	Nil
2	From Rs.2,50,001 to Rs.5,00,000	5 per cent
3	From Rs.5,00,001 to Rs.7,50,000	10 per cent
4	From Rs.7,50,001 to Rs.10,00,000	15 per cent
5	From Rs.10,00,001 to Rs.12,50,000	20 per cent
6	From Rs.12,50,001 to Rs.15,00,000	25 per cent
7	Above Rs.15,00,000	30 per cent

- Calculate Income Tax as per above slab. Treat this tax amount as "C".
- For Income above Rs. 11,87,500, Calculate Income tax only on income in excess of Rs. 11,87,500 and treat this tax amount as "D".

2. Criteria for choosing Tax Slab is as under: -

SN	Gross Income Slab (Amt in Rs)	Condition	Option
1	Upto 5,00,000	No difference in tax in either of slab	Any tax slab may be opted for as tax will be zero.
2	5,00,000 to 10,00,000	$(A-C) \times 5 >$ Total of Chapter VI (Investment + deduction) and Standard Deduction and exempted allowances and home loan Interest.	New Tax Slab is beneficial else old tax slab is beneficial.
3	10,00,000 to 11,87,500	Rs 187500 $>$ Total of Chapter VI (Investment + deduction) and Standard Deduction and exempted allowances and home loan Interest.	New Tax Slab is beneficial else old tax slab is beneficial.
4	11,87,500 and above	$(B-D) \times 3.33 + \text{Rs. } 187500/- >$ Total of Chapter VI (Investment + deduction) and Standard Deduction and exempted allowances and home loan Interest.	New Tax Slab is beneficial else old tax slab is beneficial.

3. For better understanding the above criteria is illustrated as under:-

Example: 1) Gross Income Rs. 7,50,000 & Total of Chapter VI (Investment + deduction) and Standard Deduction and exempted allowances and home loan Interest is Rs. 1,35,000.

Calculation for opting Income Tax Slab: -

⇒ Income Tax as per old slab: - Rs. 62,500 "A"

⇒ Income Tax as per new slab: - Rs. 37,500 "C"

⇒ $(62,500 - 37,500) \times 5 = 1,25,000$ whereas Total deduction is Rs. 1,35,000 which is greater hence Old Income Tax Slab is beneficial.

⇒ This may be verified as below

(i) Tax as per old income tax slab will be

Taxable income will be $7,50,000 - 1,35,000 = 6,15,000$

Income Tax will be Rs. $(6,15,000 - 5,00,000) \times 20\% + (5,00,000 - 2,50,000) \times 5\% = \text{Rs. } 35,500$

(ii) Tax as per new income tax slab will be

Taxable income will be 7,50,000

Income Tax will be Rs. $(7,50,000 - 5,00,000) \times 10\% + (5,00,000 - 2,50,000) \times 5\% = \text{Rs. } 37,500$

Example: 2) Gross Income Rs. 10,50,000 & Total of Chapter VI (Investment + deduction) and Standard Deduction and exempted allowances and home loan Interest is Rs. 1,90,000.

Calculation for opting Income Tax Slab: -

⇒ Specified amount Rs.1,87,500 whereas Total deduction is Rs. 1,90,000 which is greater hence Old Income Tax Slab is beneficial.

⇒ This may be verified as below

- (i) Tax as per old income tax slab will be
 Taxable income will be Rs. 10,50,000- Rs.1,90,000 = Rs 8,60,000
 Income Tax will be Rs. (8,60,000-5,00,000) X 20% + (5,00,000-2,50,000) X 5%
 = Rs. 84,500
- (ii) Tax as per new income tax slab will be
 Taxable income will be 10,50,000
 Income Tax will be Rs. (10,50,000-10,00,000) X 20% + (10,00,000-7,50,000) X
 15% + (750000-500000) X 10% + (5,00,000-2,50,000) X 5% = Rs. 85,000

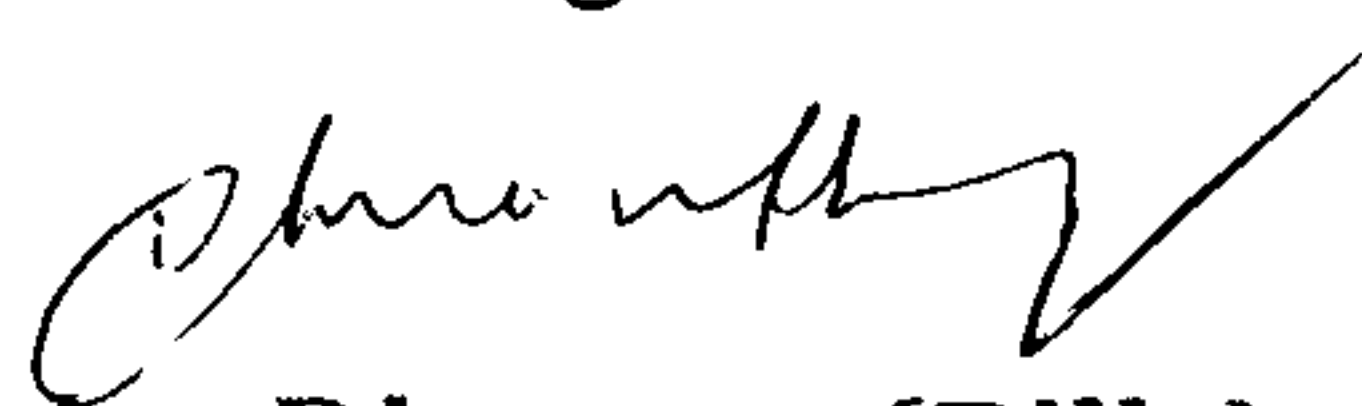
Example: 3) Gross Income Rs. 12,50,000 & Total of Chapter VI (Investment + deduction) and Standard Deduction and exempted allowances and home loan Interest is Rs. 2,05,000.

Calculation for opting Income Tax Slab: -

- ⇒ Income Tax on income exceeding Rs. 11,87,500 i.e., Rs. 62,500 as per old slab: -
 Rs. 18,750 "B"
- ⇒ Income Tax on income exceeding Rs. 11,87,500 i.e., Rs. 62,500 as per new slab: -
 Rs. 12,500 "D"
- ⇒ $\{(18,750 - 12,500) \times 3.33\} + 1,87,500 = 2,08,312$ whereas Total deduction is Rs. 2,05,000 which is lesser hence New Income Tax Slab is beneficial.
- ⇒ This may be verified as below

- (i) Tax as per old income tax slab will be
 Taxable income will be 12,50,000-2,05,000 = 10,45,000
 Income Tax will be Rs. (10,45,000-10,00,000) X 30% + (10,00,000-5,00,000)
 X 20% + (5,00,000-2,50,000) X 5% = Rs. 1,26,000
- (ii) Tax as per new income tax slab will be
 Taxable income will be 12,50,000
 Income Tax will be Rs. (12,50,000-10,00,000) X 20% + (10,00,000-7,50,000) X
 15% + (750000-500000) X 10% + (5,00,000-2,50,000) X 5% = Rs. 1,25,000

It is expected that the above guidelines will be helpful in deciding which tax slab to opt for.


Joint Director (Bills)
O/o CFO, MPPTCL
Jabalpur

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2. The CE(TR&A)/(P&D)/(EHT-Constn)/(EHT-M&I)/(T&C)/(Civil-Trans)/
 (SLDC)/(Procurement)/(Trans.EZ), MPPTCL, JBP.
3. The Addl.CE(Trans-Stores).(IT ERP), MPPTCL, JBP.

HoDs are requested to kindly arrange to circulate this circular to the offices if any under their jurisdiction.

4. The Jt. Dir (P&PF), Joint Dir. (Fin-B&CM)/ (A/cs), MPPTCL, Jabalpur.
5. The Dy.Dir. (Audit)/(Pension)/ (PF), MPPTCL, Jabalpur.
6. The Sr. A.O./ Regional Accounts Officer, MPPTCL, Jabalpur/ Bhopal/Indore.
7. PS to MD, MPPTCL, JABALPUR