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BHARAT SANCHAR NIGAM LIMITED
[A Government of India Enterprise]

No. 1001-22/2018-19/Taxation/BSNL/3777

Dated: .20.04.2020

To

- 1) The Chief General Managers/IFAs, All BSNL Circles.
- 2) All PGMs/Sr.GMs /GMs, BSNL, C.O.

Sub.:-Calling of option for new personal taxation regime of reduced tax rates with no exemptions or deductions or setoff of loss etc. in case of individuals & HUFs as provided u/s 115 BAC of the IT Act, 1961 (applicable w.e.f. AY 2021-22) - reg.

Ref.:-1. Finance Act 2020 (12 of 2020) dated 27.03.2020
2. CBDT Circular F No. 370142/13/2020-TPL dated 13.04.2020.

Kindly refer to section 115 BAC of the Income Tax Act, 1961, inserted by the Finance Act, 2020 (relevant pages of the Gazette of India are enclosed for ready reference as **Annexure 1**), w.e.f. AY 2021-22, which, *inter alia*, provides that a person, being an individual or a Hindu Undivided Family (HUF) having income other than income from business or profession may exercise option in respect of a previous year to be taxed under the said section 115 BAC alongwith his return of income to be furnished under sub-section (1) of section 139 of the Act for each year. The concessional rate provided under section 115 BAC of the Act (**Para A**) is subject to the condition that the total income shall be computed without specified exemption or deduction, setoff of loss etc. as provided in the Act (**Para B**).

A. New Personal Tax Slabs

The optional newly inserted reduced personal tax rates in the case of individuals & HUFs u/s 115BAC, in the Finance Act 2020, applicable w.e.f. AY 2021-22, corresponding to the existing tax rate are as under:-

Total Income (Rs)	New Regime Tax Rate (%) <u>without</u> exemptions/ deductions etc.	Old/Existing Regime Tax Rate (%)- <u>with</u> exemptions/ deductions etc.
Up to 2,50,000	Nil	Nil
From 2,50,001 to 5,00,000	5	5
From 5,00,001 to 7,50,000	10	20
From 7,50,001 to 10,00,000	15	20
From 10,00,001 to 12,50,000	20	30
From 12,50,001 to 15,00,000	25	30
Above 15,00,000	30	30

Surcharge and cess shall continue to be levied at the existing rates.

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B. The total income of the individual or Hindu undivided family shall be computed,—

- (i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or section 16 or clause (b) of section 24 (in respect of the property referred to in sub-section (2) of section 23) or clause (iia) of section 57 or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or section 80JJAA;
- (ii) without set off of any loss,—
 - (a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);
 - (b) under the head “Income from house property” with any other head of income;
- (iii) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

Basis above, in the new personal taxation regime, the ‘assesseees’ have been given an option to either continue with the existing personal tax rates with availment of full specified exemptions or deductions, or to opt for the new tax regime of reduced personal tax rates with restrictions on specified exemptions or deductions, currently available to them under different chapters and sections of the Act.

2. For the purpose of TDS from Salary, employee has to choose his/her tax regime.

CBDT vide Circular dated April 13, 2020 under reference (2) above, has issued clarification in respect of option under Section 115 BAC of the Income Tax Act, 1961 (Copy enclosed as **Annexure-2**). The salient features and conditions for the employer to deduct TDS at lower rates under the new personal tax regime are as under:

- (a) Based on above, it is clarified that if the employee (not having any income under the head “profits and gains of business or profession”) opts for the new personal tax regime and intimates such intention to BSNL for each previous year, upon receipt of such intimation, BSNL shall compute his total income and make TDS thereon in accordance with the provisions of section 115 BAC of the Act. If such intimation is **not** made by the employee, then BSNL shall make TDS without considering the provisions of Section 115 BAC of the Act.
- (b) It is further clarified that once the new tax regime under Section 115BAC is opted by an employee at any time during the financial year, then such option cannot be changed during that financial year/previous year as far as TDS by BSNL is concerned. However, the option can be changed by the employee at the time of filing of return of income under sub-section (1) of section 139 of the Act for that previous year.

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(c) Further, in case of an employee joining BSNL at any time during the current financial year, the employee shall be required to submit the same declaration as provided to the erstwhile employer, along-with the details of income earned from previous employer and TDS deducted as on date. Where the employee has not made any declaration to the previous employer, the employee can intimate the intention to BSNL to be covered under the new personal tax regime (along-with the details of income earned from previous employer and TDS deducted as on date).

3. In view of above, it is intimated that, if any employee opts for new personal tax regime as provided under section 115 BAC of Income Tax Act, 1961, he/she is required to furnish his option/declaration by **28th April, 2020** to the concerned DDOs/ AO (Pay/HCM/Cash). Further, the employee opting for the new personal tax regime shall also confirm and certify that he / she does not have any income under the head “profits and gains of business or profession” and the declaration has been given to BSNL only for the purpose of deduction of TDS at reduced tax rates as given under section 115BAC of the IT Act, 1961.

The instructions may be circulated amongst all field formations for their information, guidance and necessary action.

This issues with the approval of Sr. GM (Taxation), C.O, BSNL.

Encl.:- As above (Annexure-1, Annexure-2).


(Subrat Kumar Mohakud)
AGM (Taxation)
C.O., BSNL

Copy to:

- 1) Sr. PPS to CMD- for kind information please.
- 2) Sr. PPS to Director (Finance)- for kind information please.
- 3) PGM (ERP)/ Sr.GM (CA/ERP-FICO)-for implementing the required changes under the new tax regime in SAP and sharing the modalities for exercising options with the Circles.HCM Team to get the changes made in SAP validated by Taxation Team before release.

52. In section 115BAB of the Income-tax Act, in sub-section (2),—

Amendment
of section
115BAB.

(i) in clause (c), in sub-clause (i), for the words, figures and letters ‘Chapter VI-A under the heading “C.—Deductions in respect of certain incomes” other than the provisions of section 80JJAA’, the words, figures and letters “Chapter VI-A other than the provisions of section 80JJAA or section 80M” shall be substituted with effect from the 1st day of April, 2021;

(ii) after clause (c), the following *Explanation* shall be inserted, namely:—

‘*Explanation.*—For the purposes of clause (b), the “business of manufacture or production of any article or thing” shall include the business of generation of electricity.’.

53. After section 115BAB of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of April, 2021, namely:—

Insertion of
new sections
115BAC and
115BAD.

‘115BAC. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate of tax given in the following Table, if the conditions contained in sub-section (2) are satisfied, namely:—

Tax on
income of
individuals
and Hindu
undivided
family.

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Up to Rs. 2,50,000	<i>Nil</i>
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.:

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and other provisions of this Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

Provided further that where the option is exercised under clause (i) of sub-section (5), in the event of failure to satisfy the conditions contained in sub-section (2), it shall become invalid for subsequent assessment years also and other provisions of this Act shall apply for those years accordingly.

(2) For the purposes of sub-section (1), the total income of the individual or Hindu undivided family shall be computed,—

(i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or section 16 or clause (b) of section 24 (in respect of the property referred to in sub-section (2) of section 23) or clause (iia) of sub-section (1) of

section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or clause (iia) of section 57 or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or section 80JJAA;

(ii) without set off of any loss,—

(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(b) under the head “Income from house property” with any other head of income;

(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed; and

(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Provided that where there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the said section.

Explanation.—For the purposes of this sub-section, the term “Unit” shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

28 of 2005.

(5) Nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,—

(i) having income from business or profession, on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021, and such option once exercised shall apply to subsequent assessment years;

(ii) having income other than the income referred to in clause (i), alongwith the return of income to be furnished under sub-section (1) of section 139 for a previous year relevant to the assessment year:

Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available.

F. No. 370142/13/2020-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, April 13, 2020

Clarification in respect of option under section 115BAC of the Income-tax Act, 1961

Section 115BAC of the Income-tax Act, 1961 (the Act), inserted by the Finance Act, 2020 wef the assessment year 2021-22, *inter alia*, provides that a person, being an individual or a Hindu undivided family having income other than income from business or profession", may exercise option in respect of a previous year to be taxed under the said section 115BAC alongwith his return of income to be furnished under sub-section (1) of section 139 of the Act for each year. The concessional rate provided under section 115BAC of the Act is subject to the condition that the total income shall be computed without specified exemption or deduction, set-off of loss and additional depreciation.

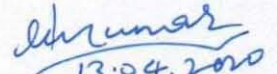
2. Representations expressing concern regarding tax to be deducted at source (TDS) has been received stating that as the option is required to be exercised at the time of filing of return, the deductor, being an employer, would not know if the person, being an employee, would opt for taxation under section 115BAC of the Act or not. Hence, there is lack of clarity regarding whether the provisions of section 115BAC of the Act are to be considered at the time of deducting tax.

3. In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby clarifies that an employee, having income other than the income under the head "profit and gains of business or profession" and intending to opt for the concessional rate under section 115BAC of the Act, may intimate the deductor, being his employer, of such intention for each previous year and upon such intimation, the deductor shall compute his total income, and make TDS thereon in accordance with the provisions of section 115BAC of the Act. If such intimation is not made by the employee, the employer shall make TDS without considering the provision of section 115BAC of the Act.

4. It is also clarified that the intimation so made to the deductor shall be only for the purposes of TDS during the previous year and cannot be modified during that year. However, the intimation would not amount to exercising option in terms of sub-section (5) of section 115BAC of the Act and the person shall be required to do so alongwith the return to be furnished under sub-section (1) of section 139 of the Act for that previous year. Thus, option at the time of filing of return of income under sub-section (1) of section 139 of the Act could be different from the intimation made by such employee to the employer for that previous year.

5. Further, in case of a person who has income under the head "profit and gains of business or profession" also, the option for taxation under section 115BAC of the Act once exercised for a previous year at the time of filing of return of income under sub-section (1) of section 139 of the Act cannot be changed for subsequent previous years except in certain circumstances.

Accordingly, the above clarification would apply to such person with a modification that the intimation to the employer in his case for subsequent previous years must not deviate from the option under section 115BAC of the Act once exercised in a previous year.


13.04.2020
(Niraj Kumar)

Deputy Secretary (TPL)-I

Copy to the:

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