



The successive waves of Covid-19, has again lead to no change in the income-tax rates for Financial Year (FY)2022-23 and Assessment Year (AY) 2023-24. Prioritising health and infrastructure sector, *Finance Minister has kept the income-tax rates unchanged with minute changes in surcharge rates.* We have presented a comparative tax table for different categories of person for ease of reference.

1. What is Income-tax?

Income-tax is a tax levied by the Government of India on the income of a person. The provisions governing the Income-tax are covered in the Income-tax Act, 1961, and rules made thereunder. The Income-tax Act comprises various chapters which include provisions relating to the determination of the residential status of a person in India, exemptions, computation of total income, deductions, determination of tax liability, filing of income tax return, the procedure for assessments, penalties, prosecutions, etc.

Income-tax liability of an assessee is calculated on basis of his 'Total Income'. For tax calculation, a taxpayer's total income shall be apportioned between normal income and special income. The normal income of a taxpayer is charged to tax as per applicable tax rates as prescribed every year under the Finance Act. Further, the Government has also introduced Alternate Tax Regimes which provide an option to the taxpayer to pay tax at reduced rates provided he forgoes certain exemptions or deductions.



(<https://taxmann.social/LwSSg>)

2. What is the tax rate for an individual or HUF opting for the Normal Tax Regime?

An Individual or a HUF is not liable to pay tax if their normal income is up to the maximum exemption limit or basic exemption limit. The basic exemption limit and the tax rates in the case of an individual depend upon his age during the relevant previous year. The tax rates in the case of an individual or HUF have been enumerated below:

2.1 Tax rates for individuals (other than senior and super senior citizens) or HUF

<i>Net Income Range</i>	<i>Rate of income-tax</i>
Up to Rs. 2,50,000	–
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

2.2 Tax rates for senior citizens (i.e., an individual whose age is 60 years or more at any time during the previous year but less than 80 years on the last day of the previous year)

<i>Net Income Range</i>	<i>Rate of income-tax</i>
Up to Rs. 3,00,000	–
Rs. 3,00,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

2.3 Tax rates for Super senior citizens (i.e., an individual whose age is 80 years or more at any time during the previous year)

<i>Net Income Range</i>	<i>Rate of income-tax</i>
Up to Rs. 5,00,000	–
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

Also Watch, why the Tax Rates remained unchanged in Budget 2022!

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3. What is the tax rates for individual or HUF opting for an Alternate Tax Regime under Section 115BAC?

Income-tax Act provides for the progressive tax system for individuals or HUFs. Under a progressive tax system, the tax rate increases as the total income increases. The general slab rates applicable in the case of an individual or HUF are 5%, 20%, and 30%. The highest slab rate of 30% applies on income exceeding Rs. 10,00,000.

The Finance Act, 2020 inserted a new Section 115BAC which provides for an alternative tax regime for individuals and HUF. This provision provides an altogether new tax slab wherein the tax rates have been significantly reduced. However, to avail the benefit of this tax regime, the assessee has to forgo specified exemptions and deductions.

If an Individual or HUF opts for the alternate tax regime, the income shall be taxable at the following rate:

<i>Net Income Range</i>	<i>Rate of income-tax</i>
Up to Rs. 2,50,000	—
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 7,50,000	10%
Rs. 7,50,001 to Rs. 10,00,000	15%
Rs. 10,00,001 to Rs. 12,50,000	20%
Rs. 12,50,001 to Rs. 15,00,000	25%

Above Rs. 15,00,000	30%
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4. Tax rebate under section 87A?

An individual, who is resident in India, is allowed a tax rebate under section 87A if the total income of such individual does not exceed Rs. 500,000. The rebate is allowed to the extent of Rs. 12,500. Thus, if the total tax (excluding health & education cess) is less than or equal to Rs. 12,500, then the whole amount can be claimed as a rebate by a resident individual.



Taxmann's Tax Practice Manual book (<https://www.taxmann.com/bookstore/product/6934-tax-practice-manual>) is an exhaustive (2,000+ pages), amended (by the Finance Act, 2022) & practical guide (330+ case studies covering 30+ topics) for Tax Professionals. This book is divided into two parts, i.e., the law relating to Tax Procedures, including Tax Practice and Case Studies. This book will be helpful for Chartered Accountants, Lawyers/Advocates, and Tax Practitioners to assist them in their day-to-day tax work.

5. What is the tax rate for the Association of Persons (AOP) or Body of Individuals (BOI) or Artificial Juridical Person (AJP)?

Various entities are taxable under the status of AOP or BOI such as Joint Ventures, Trusts, Societies, etc. Therefore, the tax rates depend upon the type of entity. However, in general, an AOP or BOI is not liable to pay tax if its normal income is up to the maximum exemption limit or basic exemption limit.

An association of persons or body corporate having perpetual succession, and a common seal, with power to acquire and hold property, which can sue or be sued by the name by which it is known is an artificial juridical person. For example, a Bar Council is a juristic person covered by the expression artificial juridical person

The basic exemption limit and the tax rates in case of an AOP or BOI or AJP have been enumerated below:

<i>Net Income Range</i>	<i>Rate of income-tax</i>
Up to Rs. 2,50,000	—
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

6. What is the tax rate for Company?

6.1 Tax rates for Domestic Company

Income-tax Act allows a domestic company to choose from the following taxation regime subject to fulfillment of prescribed conditions.

<i>Section</i>	<i>Conditions</i>	<i>Tax Rates</i>
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Section 115B A	1. The co. is set up and registered on or after 01-03-2016; 2. It is engaged in the manufacture or production of any article or thing; and 3. It does not claim specified exemption, incentive, or deduction.	25%
Section 115B AB	1. The co. is set up and registered on or after 01-10-2019; 2. It is engaged in the manufacture or production of any article or thing; 3. It commences manufacturing on or after 01-10-2019 but on or before 31-03-2024; and 4. It does not claim specified exemption, incentive, or deduction.	15%- Income from manufacturing activities and short-term capital gain from the depreciable asset; 22%- Income from non-manufacturing activities and short-term capital gain from non-depreciable asset
Section 115B AA	If the company does not claim specified exemptions, incentives, or deductions	22%
First Schedule to Finance Act	If total turnover or gross receipts during the financial year 2020-21 does not exceed Rs. 400 crores	25%
First Schedule to Finance Act	Any other domestic company	30%

6.2 Tax rates for Foreign Company

A foreign company is liable to pay tax at the flat rate of 40% of normal taxable income.



Taxmann's Direct Taxes Law & Practice book (<https://www.taxmann.com/bookstore/product/7687-direct-taxes-law-and-practice-dtlp>)

by Vinod K. Singhania & Kapil Singhania for A.Y. 2022-23 has been the 'go-to guide' for Students & Professional Practitioners for over 40 years. This book aims to make the reader understand the Law and develop the ability to apply the Law. This book will be helpful for students appearing in CA, CS, ICWA, M.Com., LL.B., and MBA examinations. It will also be helpful for those appearing in the income-tax departmental examination.

7. What is the tax rate for a Co-operative Society?

In general, co-operative societies are taxed at the slab rates and the highest slab rate is 30% which applies when income exceeds Rs. 20,000. However, the Finance Act, 2020, introduced an alternative tax regime under section 115BAD for resident co-operative societies.

The tax rates in the case of co-operative societies have been enumerated below:

7.1 Normal Tax Rates

In general, a co-operative society is liable to pay tax as per the following rates:

<i>Net Income Range</i>	<i>Rate of income-tax</i>
Up to Rs. 10,000	10%
Rs. 10,001 to Rs. 20,000	20%
Above Rs. 20,000	30%

7.2 Tax rate if opt for alternate tax regime under section 115BAD

If a co-operative society opts for the alternate tax regime under section 115BAD, the income shall be taxable at the rate of 22%. Further, a surcharge shall be levied at a flat rate of 10% of the income tax, irrespective of the income of such society. However, for availing the benefit of the alternate tax regime, it has to forego various exemptions or deductions.

8. What is the tax rate for partnership firm (including LLP) or local authority?

A partnership firm (including LLP) or a local authority is liable to pay tax at the flat rate of 30% of normal taxable income.

9. What are the rates of surcharge?

9.1 In the case of an individual, HUF, AOP, BOI or AJP

In respect of an Individual, HUF, AOP*, BOI, and Artificial Juridical Person, the rate of surcharge for the Assessment Year 2023-24 shall be as under:

<i>Nature of Income</i>	<i>Range of Total Income</i>				
	<i>Up to Rs. 50 lakhs</i>	<i>More than Rs. 50 lakhs but up to Rs. 1 crore</i>	<i>More than Rs. 1 crore but up to Rs. 2 crores</i>	<i>More than Rs. 2 crores but up to Rs. 5 crores</i>	<i>More than Rs. 5 crores</i>
Short-term capital gain covered under Section 111A or under Section 115AD	Nil	10%	15%	15%	15%
Long-term capital gain covered under Section 112A or under Section 115AD or under Section 112	Nil	10%	15%	15%	15%
Dividend income (not being dividend income chargeable to tax at special rate under sections 115A, 115AB, 115AC, 115ACA)	Nil	10%	15%	15%	15%
Unexplained income chargeable to tax under Section 115BBE	25%	25%	25%	25%	25%

Any other income**	Nil	10%	15%	25%	37%
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* The Finance Act, 2022 has put a cap on the rate of surcharge to 15% in case of an AOP consisting of only companies as its members. The rate of surcharge in case of such AOP shall be as follows:

- 10% where total income exceeds Rs. 50 lakh but does not exceed Rs. 1 crore;
- 15% where total income exceeds Rs. 1 crore.

** The maximum rate of surcharge on tax payable on dividend income or capital gains referred to in Section 111A, Section 112, Section 112A or Section 115AD shall be 15%. However, where other income of a person does not exceed Rs. 2 crores, but after including the dividend income or capital gain as referred to in the above provisions, the total income exceeds Rs. 2 crores then irrespective of the amount of other income, the surcharge shall be levied at the rate of 15% on the amount of tax payable on the aggregate of other income, dividend income and capital gain as referred to in above provisions.

9.2 In case of a company

The rate of surcharge for the Assessment Year 2023-24 in case of a company shall be as under:

Company	Range of Total Income [†]		
	Rs. 1 crore or less	Above Rs. 1 crore but up to Rs. 10 crore	Above Rs. 10 crore
Domestic Company opting for section 115 BA	Nil	7%	12%
Domestic Company opting for section 115 BAA	10%	10%	10%
Domestic Company opting for section 115 BAB	10%	10%	10%
Any other domestic company	Nil	7%	12%
Foreign company	Nil	2%	5%

[†]In respect of unexplained income as referred to in Section 115BBE, the rate of surcharge shall be 25%.

9.3 In case of any other assessee

Taxpayer	Income range		
	Rs. 50 Lakhs to Rs. 1 Crore	Rs. 1 Crore to Rs. 10 Crores	Exceeding Rs. 10 Crores
Firm (including LLP)	Nil	12%	12%
Local Authority	Nil	12%	12%
Co-operative Societies*	Nil	7%	12%

* In the case of a resident co-operative society which opts for the alternative tax regime under section 115BAD, the surcharge is levied at a rate of 10% on the amount of income tax irrespective of the total income of such co-operative society.

10. What is the rate of health and education cess?

Every person is liable to pay health and education cess at the rate of 4% on the amount of income-tax *plus* surcharge.

Dive Deeper:

[Income Tax Slab Rates for AY 2022-23](https://www.taxmann.com/post/blog/income-tax-slab-rates-for-ay-2022-23) (<https://www.taxmann.com/post/blog/income-tax-slab-rates-for-ay-2022-23>)

[Income Tax Slab Rate for AY 2021-22](https://www.taxmann.com/post/blog/1013/income-tax-slab-rate-for-ay-2021-22/) (<https://www.taxmann.com/post/blog/1013/income-tax-slab-rate-for-ay-2021-22/>)

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