

INCOME-TAX RATES AND TAX BENEFITS FROM LIFE INSURANCE

A] INCOME-TAX RATES FOR ASSESSMENT YEAR 2022-23 (FINANCIAL YEAR 2021-22):

Income Slabs			Tax Rates
Individual & HUF below age of 60 years	Individual 60 years of age and more but less than 80 years at any time during the Previous year	Individual 80 years of age and more at any time during the Previous year	
Income up to Rs.2,50,000	Income up to Rs.3,00,000	Income up to Rs. 5,00,000	NIL
Rs.2,50,001 to Rs.5,00,000	Rs.3,00,001 to Rs.5,00,000		5%
Rs.5,00,001 to Rs.10,00,000	Rs.5,00,001 to Rs.10,00,000	Rs.5,00,001 to Rs.10,00,000	20%
Above Rs.10,00,000	Above Rs.10,00,000	Above Rs.10,00,000	30%

B] INCOME-TAX RATES FOR ASSESSMENT YEAR 2022-23 (FINANCIAL YEAR 2021-22) UNDER ALTERNATIVE TAX REGIME (SECTION 115BAC) WITHOUT CERTAIN DEDUCTIONS/EXEMPTIONS:-

Income Slabs	Tax Rates under Alternative regime
Individual & HUF for all age group	
Income up to Rs.2,50,000	NIL
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%

Surcharge on income tax: The amount of Income tax computed in accordance with the above provisions shall be increased by a surcharge at the rate of:

1. 10% where total income exceeds Rs. 50 lakh but does not exceed Rs. 1 Crore.
2. 15% where total income exceeds Rs. 1 Crore but does not exceed Rs. 2 Crore.
3. 25% where total income exceeds Rs. 2 Crore but does not exceed Rs. 5 Crore
4. 37% where total income exceeds Rs. 5 Crore.

Health and Education Cess: Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

Rebate of Income-Tax (Section 87A): A resident individual, whose total taxable income does not exceed Rs. 5,00,000 shall be entitled to a deduction from the amount of income-tax on his total income with which he is chargeable for any assessment year, of an amount equal to 100 per cent of income-tax or Rs. 12,500, whichever is less.

C] SOME IMPORTANT INCOME TAX BENEFITS AVAILABLE UNDER VARIOUS PLANS OF LIFE INSURANCE ARE HIGHLIGHTED BELOW:

1) Deduction allowable from Income for payment of Life Insurance Premium (Section 80C) *

(a) Life Insurance premia paid in order to effect or to keep in force an insurance on the life of the assessee or on the life of the spouse or any child of assessee & in the case of HUF, premium paid on the life of any member thereof under an insurance policy, (other than a contract for a deferred annuity), issued on or before the 31st day of March 2012 shall be eligible for deduction only to the extent of 20% of the actual capital sum assured or actual premium paid whichever is less.

(b) Life Insurance premia paid in order to effect or to keep in force an insurance on the life of the assessee or on the life of the spouse or any child of assessee & in the case of HUF, premium paid on the life of any member thereof, under an insurance policy, (other than a contract for a deferred annuity), issued on or after the 1st day of April 2012 shall be eligible for deduction only to the extent of 10% of the actual capital sum assured or actual premium paid whichever is less.

Where the policy, issued on or after the 1st day of April, 2013, is for insurance on life of any person, who is—

(i) A person with disability or a person with severe disability as referred to in section 80U, or

(ii) Suffering from disease or ailment as specified in the rules made under section 80DDB,

Deduction under this section is allowed only to the extent of 15% of the actual capital sum assured or actual premium paid whichever is less.

(c) Contribution to deferred annuity plans in order to effect or to keep in force a contract for deferred annuity, on his own life or the life of his spouse or any child of such individual, provided such contract does not contain a provision to exercise an option by the insured to receive a cash payment in lieu of the payment of annuity is eligible for deduction.

(d) Contribution to Annuity Plans – New Jeevan Dhara , New Jeevan Dhara-I , New Jeevan Akshaya, New Jeevan Akshaya – I, New Jeevan Akshaya –II , Jeevan Akshaya – III, Jeevan Akshaya – VI & Jeevan Akshaya – VII

2) Jeevan Suraksha Plan & Jeevan Nidhi Plans (U/s. 80CCC) *

A deduction to an individual for any amount paid or deposited by him from his taxable income in the above annuity plans for receiving pension (from the fund set up by the Life Insurance Corporation of India under the Pension Scheme) is allowed.

* Note: The aggregate amount of deduction under u/s 80C, 80CCC & 80CCD (1) shall not in any case exceed one lakh fifty thousand Rupees .

3) LIC's Jeevan Arogya and LIC's Cancer Cover Plan (Section 80D)

- a) In case of an individual, deduction allowable up to Rs.25,000/- if an amount is paid to keep in force an insurance on health of assessee or his family (i.e. Spouse & dependent children) or any contribution made to the central Government Health Scheme or such other scheme as may be notified by the Central Government in this behalf or on account of Preventive health check –up of the assessee or his family .
- b) In case of an individual, additional deduction upto Rs.25,000/- if an amount is paid to keep in force an insurance on health of parents or on account of Preventive health check –up of the parent of the assessee, whether dependent or not .
- c) In case of HUF, deduction allowable up to Rs.25,000/- if an amount is paid to keep in force an insurance on health of any member of that HUF.
- d) If the sum specified in (a) or (b) or (c) is paid to effect or keep in force an insurance on the health of any person specified therein who is a senior citizen, then the deduction available will be up to Rs.50,000/-. Here senior citizen means the person who is of sixty year or more during the previous year.
- e) In Case the amounts are paid in (a) or (b) or (c) on account of preventive health check up , the deduction for such amounts shall be allowed to the extent it does not exceed in aggregate Rs. 5,000 /-.
- f) For the purpose of deduction, the payment shall be made by
- i. Any mode, including cash, in respect of any sum paid on account of preventive health check up.
 - ii. Any mode other than cash in all other cases.
- g) The insurance as mentioned above shall be in accordance with the scheme framed by
- i) the General Insurance Corporation of India as approved by the Central Government in this behalf or;
 - ii) Any other insurer and approved by the Insurance Regulatory and Development Authority of India.

4) Jeevan Aadhar & Jeevan Vishwas Plan (Sec.80DD):

Deduction from total income up to Rs.75000/- is allowable on amount deposited with LIC under Jeevan Aadhar, Jeevan Vishwas plan for maintenance of a handicapped dependent (Rs.1,25,000/- where handicapped dependent is suffering from severe disability)

5) Exemption in respect of commutation of pension under Jeevan Suraksha & Jeevan Nidhi Plans (Section 10 (10A) (iii)):

Any payment received by way of commutations of pension out of the Jeevan Suraksha & Jeevan Nidhi Annuity plans is exempt from tax.

6) Income tax exemption on Maturity/Death Claims proceeds under Section 10(10D)

1. Any sum received under a Life Insurance Policy, including the sum allocated by way of bonus on such policy is exempt from tax where the sum is received on the death of a person, other than-

- Any sum received under section 80DD (3), where the dependent, being a person with disability, predeceases the individual or the member of the HUF.
- Any sum received under Keyman insurance policy

2. Any sum received other than death claim under a Life Insurance Policy; including the sum allocated by way of bonus on such policy is exempt from tax, other than-

- Any sum received under section 80DD (3), where the dependent, being a person with disability, predeceases the individual or the member of the HUF.
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- Any sum received under Keyman insurance policy
- Any sum received under an insurance policy issued on or after April 1, 2003 in respect of which premium payable for any of the years during the term of the policy exceeds 20% of the actual capital sum assured.
- Any sum received under an insurance policy issued on or after April 1, 2012 in respect of which premium payable for any of the years during the term of the policy exceeds 10% of the actual capital sum assured
- Any sum received under an insurance policy, issued on or after April 1, 2013 for insurance on life of any person. Who is:-

(i) A person with disability or a person with severe disability as referred to in section 80U, or

(ii) Suffering from disease or ailment as specified in the rules made under section 80DDB,

If the premium payable in any of the years exceeds 15% of the actual Capital Sum assured.

Note: This is the gist of Income Tax Provisions, which is for only reference purpose and not exhaustive. In case of any doubt, readers are requested to refer Income Tax Act, 1961 as amended by the Finance Act. Detailed provisions of Law are available on www.incometaxindia.gov.in.