

BENEFITS FOR SENIOR CITIZENS

UNDER INCOME TAX LAW



- Higher basic exemption limit
 - Higher deduction for Medical Insurance Premium
 - Higher deduction limit for interest from Banks and Post Office
- and many more...

WHO IS A SENIOR CITIZEN?

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

HIGHER BASIC EXEMPTION LIMITS FOR SENIOR CITIZENS, CITIZENS AND VERY SENIOR CITIZENS

For ordinary individual taxpayers the basic exemption limit, upto which he is not required to pay any tax is presently fixed at Rs. 2.50 lakhs for A.Y. 2019-20. However, for Senior Citizens, the basic exemption limit is fixed at a higher figure of Rs. 3 lakhs. Senior Citizens who are aged 80 years or more, do not have to pay any tax upto Rs. 5 lakhs of annual total income.

Income Tax Rates for Senior Citizens are following:

Total Income	Rates of taxation for senior citizens	
	Age > 60 yrs and < 80 yrs	Age ≥ 80 yrs
upto 3 lakhs	0%	0%
from 3 to 5 lakhs	5%	0%
from 5 to 10 lakhs	20%	20%
above 10 lakhs	30%	30%

HIGHER DEDUCTION LIMIT FOR MEDICAL INSURANCE PREMIUM

From A.Y. 2019-20, 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 increased to Rs. 50,000. 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 FOR INTEREST FROM BANKS 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 co-operative banks. Further, if such interest income earned by a senior citizen during the year is less than Rs. 50,000, the payer bank/post office will not deduct any tax from such interest income.

HIGHER DEDUCTION LIMIT FOR EXPENSES INCURRED FOR MEDICAL TREATMENT OF A SPECIFIED DISEASE OR AILMENT

For general tax payers, 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 has been enhanced to Rs. 1 lakh in a year from A.Y. 2019-20 onwards.

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".

BENEFIT OF STANDARD DEDUCTION

From A.Y. 2019-20, a standard deduction upto Rs. 40,000 against salary income earned during the year has been introduced u/s 16. Accordingly, a Senior Citizen who is in receipt of pension income from his former employer can claim a deduction upto Rs. 40,000 against such salary income.

ELIGIBILITY TO FILE INCOME TAX RETURN MANUALLY

A 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. 5,00,000 or having a refund claim can file his return of income in paper mode. For such individuals, electronic filling 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.

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).



SOURCE



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