

New Income Tax Rules w.e.f. 01st April, 2021

Subject: 5 new income tax rules that will come into effect from 01st April, 2021

- **PF Tax Rules:** Interest on annual employee contributions to provident fund **over ₹2.5 lakh** would be **taxed** from April 1, 2021.

The move is aimed at taxing high-value depositors in the Employee Provident Fund.

- **TDS:** In order to make more people file income tax returns (ITR), the finance minister has proposed higher TDS or TCS rates in budget 2021.

Insertion of new sections **206AB and 206CCA** in the Income Tax Act have been proposed in the budget as a special provision for the deduction of **higher rates of TDS and TCS** respectively, **for the non-filers** of an income tax return.

- **Senior Citizens above 75 years exempted from filing ITR:** To ease the compliance burden on senior citizens, FM while presenting Budget 2021, had exempted individuals above 75 years from filing ITR who have **no other income** but depend on **pension and interest income** from the bank hosting the pension account.

- **Pre-filled ITR forms:** In order to ease compliance for the taxpayer, details of salary income, tax payments, TDS, etc. already come pre-filled in ITRs. To further ease filing of returns, details of **capital gains** from **listed securities**, **dividend** income and **interest** from banks, post office, etc. will also be pre-filled.

- **LTC:** The central government in Budget 2021 has proposed to provide **tax exemption** to **cash allowance** in lieu of Leave Travel Concession. The scheme was announced by the government last year for individuals who were unable to claim their LTC tax benefit due to covid-related restrictions on travelling.