

## **8 Special Income Tax Benefits for Senior Citizens For AY 2021-22 (FY 2020-21) under old regime**

Here are some of the deductions and benefits which may ease out financial responsibilities for senior citizens.

### **1. Benefits under Medical Insurance**

Under section 80 D, the senior citizens are offered a benefit on account of payment of the **health insurance** premium up to Rs.50,000/-. Earlier, this limit of deduction for health premium payment was Rs.30,000/- for senior citizens.

For super citizens, under section 80 D, the deduction for the payment of medical premium as well as the actual expenses incurred on their treatment are allowed.

Old age is the time when people above 60 or 80 years would need a lot of money for their treatment as well. Giving them a deduction benefit under Income Tax is a great way to offer some amount of support and help.

### **2. The Elementary Exemption Benefit**

Every individual in India, who falls under the income bracket to pay tax, is allowed for some elementary waivers.

While for the senior citizens, the government has set up this basic exemption limit up to Rs.3 lakhs. For the next 3 lakhs-5 lakhs slab, a senior citizen will have to pay a tax of 5%.

Super citizens get a higher advantage, considering their income and age. For them, this waiver is of up to Rs.5,00,000 in one financial year.

Other than the senior or super citizens, this exemption for ordinary citizens is up to Rs.2,50,000/- only which leads them to pay more taxes.

### **3. Privilege on Interest Income**

The senior citizens who are residents of India will have to pay no tax on their interest earned up to Rs.50,000/- in a financial year.

Applicable under section 80 TTA of Income Tax, this will take into account interest earned in the savings bank account, deposits in a bank, and/or deposits in post-office.

When filing their Income Tax Return, the senior citizens will have to fill the form 15H. The amount of interest earned over Rs.50,000/- would attract the tax as per the slab rate of senior citizens.

#### **4. No Advance Tax**

While ordinary individuals have to pay an advance tax if their tax liability is Rs.10,000/- or more in a financial year, senior citizens are free from this burden unless they make income from business or profession. Those not owning a business only have to pay the Self-Assessment Tax.

Advance Tax is an amount paid in advance to the Indian Government which all citizens are bound to pay. Bringing senior citizens in the same bracket isn't essentially fair.

#### **5. Allowance on the treatment of specified diseases**

The Government of India gives an allowance to its ordinary citizens to not pay tax if the cost of treatment is close to Rs.40,000/-

Under section 80DDB of the Income Tax, senior citizens get a deduction limit of Rs.1 lakh if they undertake any treatment for specified disease/critical illness in a financial year.

#### **6. Income Tax Return benefits**

Super Senior Citizens (individuals above 80 years) can file for their Income Tax Return through either Sahaj (ITR 1) or Sugam (ITR 4). They can choose to do it either manually or electronically.

#### **7. No tax under the Reverse Mortgage Scheme**

A senior citizen may reverse mortgage any of his accommodation to make monthly earnings. The ownership of the property remains with the senior citizen and they are given monthly payments for it. The amount paid in instalments to the owner is exempted from Income Tax.

#### **8. Standard Deductions from Pension Income**

Senior citizens are allowed a standard deduction of ₹50,000 on account of their pension income.

Section 87A is a legal provision which allows for tax rebate under the Income Tax Act of 1961. The section which was inserted through the Finance Act of 2013 provides tax relief for individuals earning below a specified limit. Section 87 A provides that anyone who is residing in India and whose income does not exceed Rs 5,00,000 is eligible to claim a rebate. Thus full income tax rebate is available with individuals with less than Rs 5 Lac of total taxable income. This rebate is applicable only to individuals and not companies, etc and is calculated before adding the health and educational cess of 4 %.