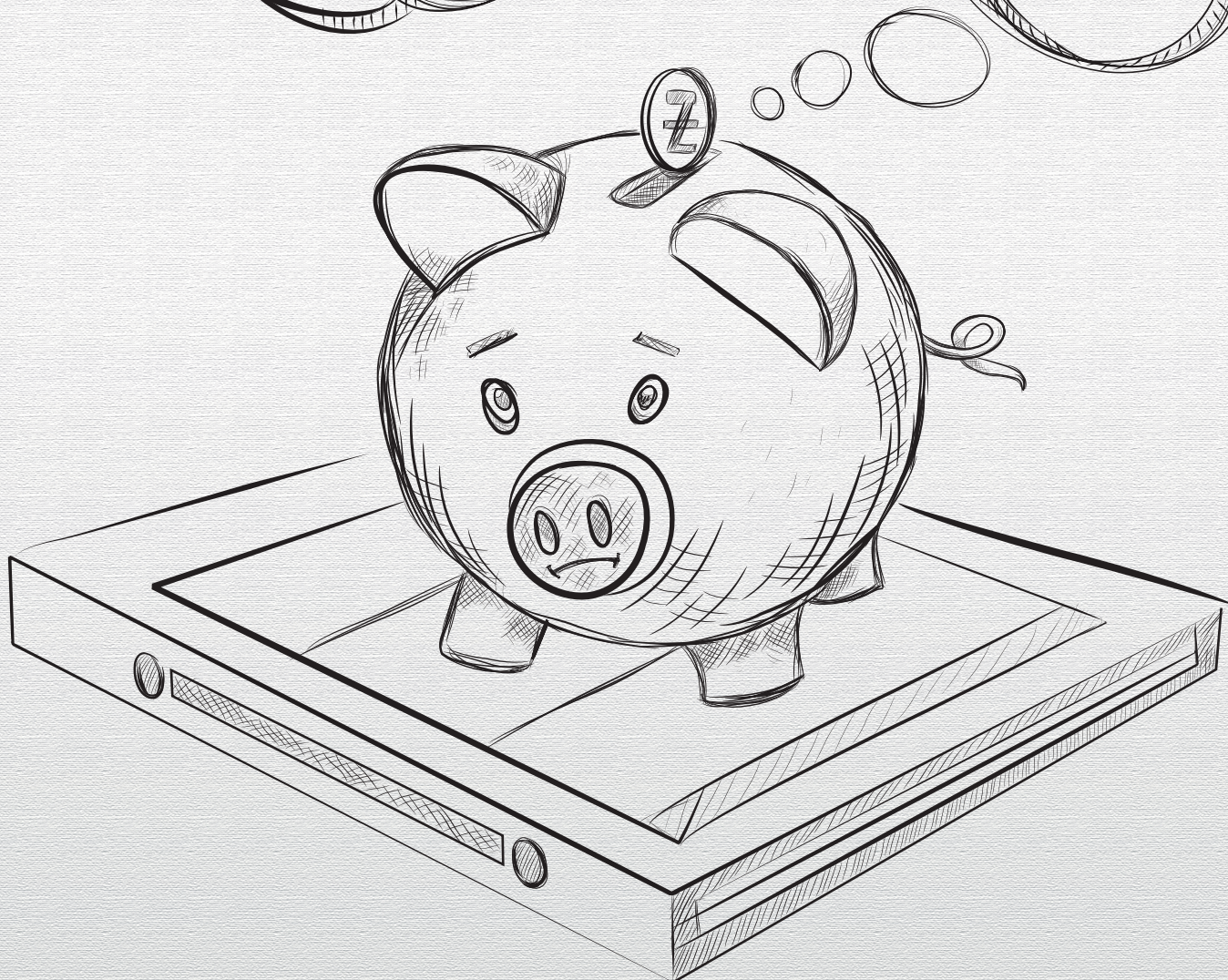


“ **10 WAYS TO SAVE TAXES
ON SALARY INCOME** ”



Taxes on salary are inevitable for a certain limit but you can definitely take measures to reduce the amount of taxes paid. It may come as a surprise to you when you find larger part of your salary being deducted as taxes before you could even do anything.

Salary structure consists of taxable as well as non-taxable components. Basic Salary is normally 40%-50% of the CTC which is fully taxable while the remaining portion can be structured to make it tax free. So if your CTC is Rs. 10 Lakhs then we could say around 5 Lakhs would be fully taxable and the remaining 5 Lakhs can be structured by portioning it to various allowances. A proper planning and a good tax structuring can save you from paying unnecessary taxes. Below are mentioned 10 ways which can help you to reduce the tax burden and increase your take away salary.



House Rent Allowance

Most employees are found to be living in a rented property and commuting to office daily. They pay huge amount of rent unaware of the fact that the rent paid can also help them save taxes. If your salary structure has HRA component then you can enjoy tax benefits on rent paid to the landlord.

HRA is 40-50% of the Basic Salary and Dearness Allowance. The maximum amount of exemption that can be claimed is calculated based on the conditions laid down for claiming HRA. If you are paying rental greater than actual HRA received then the exemption will be restricted to the HRA amount. With effect from FY 13-14 you should also keep in mind to get proper rent receipts and report the PAN of the landlord in the return for rent payment above 1 Lakh.



Housing Loan

When people are earning handsome amount they often think of getting rid of the rented property and settle down with a house of their own. The financial institutions are also offering lower interest rates on housing loans for a longer period. The repayment of the loan is made as principal along with the interest on loan. Employees who have taken housing loan can reduce their tax burden by claiming both the interest and the principal amount paid depending on the possession of the property being received. The maximum amount of exemption that can be claimed on interest payment will be restricted to Rs. 2 Lakhs if the property is self occupied but there is no restriction on Let out property.

A misconception going around among the employees is that if you are claiming HRA then housing loan benefits cannot be availed. The income tax department has treated both the exemptions separately and governed under different sections and have no interlink with each other. For claiming HRA one has to make payment of rent against a property he does not own even if the property is within the same city. Thus a person staying on a rented property and also making payment of housing loan can take both the benefits.

 **Additional Housing Loan benefit**

The Budget of 2013 introduced a new section 80EE giving additional tax benefits to individuals taking housing loan. The govt. introduced this section to encourage people to invest more in residential houses. The section lays down certain conditions which must be fulfilled to avail tax benefits on interest paid on housing loan. The maximum benefit that can be availed is upto 1 lakh over and above the exemption u/s 24(b) for interest on housing loan which has a ceiling limit of Rs. 2 Lakhs for self occupied property.

 **Food Allowance**

Employees should vouch for food coupons rather than accepting cash for food allowance. Employees can claim a maximum of Rs. 50 per day as a tax benefit i.e. Rs. 1500 a month against food vouchers. The vouchers should be non-refundable to claim the benefit. If your tax slab is as high as 30% you can save a maximum of Rs. 5562.

 **Leave Travel Allowance**

We all need a vacation sometime in the year to release our stress. If you are planning a holiday vacation with your family you can also take Leave Travel Allowance benefit to save taxes. The benefit can only be availed for a period of 2 years over a block of 4 years as decided by the govt. The expenses incurred for travel by air, rail or road trip in India can be allowed as an exemption after producing sufficient bills for such expenses. The benefit will be restricted to Actual expenses incurred or LTA received.

 **Medical Allowance**

Medical expense is something we all incur in our life. You can also claim tax benefits against any medical expenses incurred. You should structure your salary to include medical allowance as a part of exempt allowance. The maximum exemption one can claim is Rs. 15000 annually. This allowance is different from the premium paid for mediclaim whose exemption can be claimed separately under section 80D.



80C Benefits

The govt. has listed various tax saving investments on which taxes can be saved. The section 80C allows a maximum deduction of upto Rs.1.5 Lakh for any payment on tax saving investments such as PPF, LIC premium, Principal on Housing Loan, FD Investment for a minimum period of 5 years, etc. You should take full benefit of 1.5 Lakh under this section to save taxes as this section provides variety of investments you can opt to invest on.



Rajiv Gandhi Equity Saving Scheme

RGESS is a new scheme introduced by the Finance Act 2013, giving tax benefits to first-time equity investors investing upto Rs. 50000. The investors can get a benefit of 50% of the amount invested as deduction over and above 1.5 Lakh under section 80C. This is a great way to save handful amount of taxes with a little amount of investment.



Mediclaim Premium

It is always advisable to secure your health life against any unseen situations which may occur. The premium paid for medical insurance is also an expenditure on which taxes can be saved. You can take benefit for mediclaim paid for both parents and yourself each having a maximum deduction of upto Rs. 15000 in case of normal citizen and upto Rs. 20000 if a senior citizen.



Interest on Education Loan

If you are also making expenses on Higher Education for your children or spouse and have taken an education loan you are eligible to claim deductions under section 80E for interest paid. The benefit can be claimed on the amount paid each year for a period of 8 years from the year the loan has been taken. There is no maximum limit of the amount of deduction.

The filing of Income Tax Return for FY 2013-14 has started. File your return in the most hassle free manner. Please click [here](#) to check our Income Tax Return Filing page and available packages for filing the return.

INCOME TAX RETURN FILING HAVE STARTED FY 2013-2014.



: <http://taxmantra.com/online-tax-return/>



: +91 9038335433 / +91 8820820811



: info@taxmantra.com

Taxmantra Advantage

- Authorized E-Return Intermediary by IT Department
- File Tax Return from Anywhere in India and abroad
- 30+ years of experience within the Group
- ITR Prepared, Reviewed and Filed by Tax Experts
- Your Personal Data Fully Secured
- Error Free Tax Returns
- Timely Processing of Tax Refunds
- Packages for all, starting @Rs 338