

Class - B Comp - III

Subject - Income Tax

Topic - Rebate under sec 87A and eligibility.

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A rebate under section 87A is one of the income tax provisions that help taxpayers reduce their income liability. Taxpayers earning an income below a certain limits have the benefits of paying marginally lower taxes.

Eligibility - We can claim the benefit of rebate under sec 87A for FY. 2020-21 only if the following conditions are satisfied:

- (1) We are a resident individual
- (2) Our total income after reducing the deductions under chapter VI-A (Sec 80C, 80D and so on) does not exceed Rs. 5 lakhs in any FY.

The tax rebate is limited to Rs. 12,500. This means, if our total tax payable is less than Rs. 12,500, then we will not have to pay any tax. Here are some examples of Rebate up 87A:-

Total Income (Rs.)	Tax Payable before rebates
2,70,000	1,000
3,60,000	3,000
4,90,000	12,000
12,00,000	1,72,500

We see that if I get income slab of Rs. 12 lakhs we have not any benefits under sec 87A.