

## **Rebate in respect of securities transaction tax (Section 88E)**

- This rebate is applicable to an assessee who has income chargeable under the head “Profits and gains from business or profession”, on account of taxable securities transactions.
- Amount of securities transaction tax paid by the assessee in respect of the taxable securities transactions entered during the course of his business is allowed as rebate.
- Evidence of payment of securities transaction tax is required to be enclosed with the return in the prescribed form.
- The rebate on account of securities transaction tax can not exceed income tax (on an average method) calculated on taxable securities transactions.

## **Relief when salary, etc. is paid in arrears or in advance (Section 89)**

An employee, when he receives salary in arrears, can avail of relief on arrears of salary u/s 89(1) of the Income Tax Act. Even those who received family pension in arrears (though not an employee) are entitled to this relief. The relief is provided to mitigate the hardships on account of differential rate of income tax for different years.

## **What is Rebate u/s 87A?**

Rebate under section 87A of Income Tax Act is obtainable in the form of a deduction from the tax liability. It was first introduced in the Finance Bill of the year 2013 with a view to provide benefits to the people who are earning up to Rs 5,00,000. The purpose of this rebate is to lessen the tax burden of individuals in the lower income bracket. Earlier the rebate under Section 87A was Rs 5,000, provided the individual was an Indian resident, and his/her total annual income did not exceed Rs 5,00,000. However, with the introduction of the Finance Bill 2017, the amount was changed.

As per the the Finance Bill 2017, an Indian resident earning more than Rs 3,50,000/per annum, is entitled to claim rebate under section 87A. Rebate under section 87A is allowed up to a maximum of Rs 2,500. It means the amount of rebate will be lower of either Rs 2,500 or 100% of the income-tax liability.

## **Who can claim for rebate under section 87A for FY 2017-18?**

To claim rebate for Financial Year 2017-18 the individual needs to satisfy below mentioned criteria:

1. An individual is resident of India
2. Total income should not exceed Rs 3,50,000

On satisfying both conditions mentioned above, an individual would be eligible to get a rebate under section 87A of up to Rs 2,500.