



MARGINAL RELIEF

SURCHARGE

- Income tax surcharge is an additional charge payable on income tax by the taxpayers having a higher income inflow.

Taxpayer	Net Income Limit	Surcharge Rate
Individual HUF AOP BOI Artificial Judicial Person	More than 50 Lakh Less than 1 crore	10%
	More than 1 crore Less than 2 crore	15%
	More than 2 crore Less than 5 crore	25%
	More than 5 crore	37%
Firm/LLP	More than 1 crore	12%
Domestic Company	More than 1 crore Less than 10 crore	7%
	More than 10 crore	12%
Foreign Company	More than 1 crore Less than 10 crore	2%
	More than 10 crore	5%

MARGINAL RELIEF

- Marginal relief is given to individuals whose taxable income is beyond the threshold limit after which surcharge is payable, but the net income above the threshold is less than the surcharge.

	A	B
Total Taxable income	50,00,000	51,00,000
Tax Payable as per Income tax slabs	13,12,500	13,42,500
Surcharge @ 10%	Nil	1,34,250
Sub Total	13,12,500	14,76,750
Cess @ 4%	52,500	59,070
Total tax payable	13,65,000	15,35,820

- The concept of marginal relief would be applicable in this case.

EXAMPLE

CALCULATION OF MARGINAL RELIEF

Increase in Income	1,00,000
Increase in tax excluding cess (14,76,750 - 13,12,500)	1,64,250
Marginal relief	64,250

	A	B
Total Taxable income	50,00,000	51,00,000
Tax Payable as per Income tax slabs	13,12,500	13,42,500
Surcharge @ 10%	Nil	1,34,250
Marginal Relief	Nil	(64,250)
Sub Total	13,12,500	14,12,500
Cess @ 4%	52,500	56,500
Total tax payable	13,65,000	14,69,000