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## PENSION LIABILITIES OF SENIOR AND SUPER SENIOR CITIZENS AS PER THE CURRENT AMENDMENTS IN THE INCOME TAX ACT 1961

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Our Honourable Finance Minister Nirmala Sitaramanji has brought a new Section in the finance Act 2021 to reduce the income tax liability of our senior and super senior citizens. Sec 194 P, introduced as part of the Finance bill 2021, has been approved by the parliament and now, it is part of our Income Tax Act 1961. Our government wants to give some relief to the nation building persons as part of 75 the anniversary of our Independence.

As per the new section, there is no liability to the resident individuals to file income tax return from the Assessment year 2022-2023 on words if he /she has attained 75 years of age .Following are the main features of this wonderful section.

1. Still, Pensioners and Family pensioners have to file income tax return as per the relevant and existing system. Some sort of exemption has been provided a resident senior citizen aged 75 years and above subject to certain restrictions. Actually, you cannot see any definition to the word Pension as per the Income Tax Act 1961. Likewise Family pension will not come under the word pension. Therefore, definite clarification from CBDT is expected with respect to the Section 194 P
2. As per the new section, the specified person need not file Income tax return if he/she has been drawing pension and Interest from a specified Bank.
3. Drawing Pension and interest from specified Bank has to file a declaration in the specified form as per central Government notification. Now, in September 2021, Central Government has issued a notification indicating the form details decided for the purpose.
4. Under the following circumstances, a resident senior citizen aged 75 years and above has to file his/her income tax return even though he/she has satisfied the conditions of sec 194 P.
  - i. Interest income from other banks
  - ii. Pension drawing from Kerala Treasury and other state treasuries of India

- iii. Money order pension from Treasuries
  - iv. Interest income from financial institutions
  - v. Income from other heads of Income
  - vi. If you want Refund of income tax
5. Specified Bank is the agent Bank of the Reserve Bank of India as per recently issued notification of the CBDT of India
  6. If one person has given a declaration and an application as per Rule 26 D of the Income Tax Rules 1962, then the specified Banker will deduct deductions under Chapter VI A (Sec 80 C to 80 U) and rebate under Sec 87 A and the specified Banker will compute Total Income and TDS and start the deduction of TDS as per old regime / new regime of the income tax act
  7. The specified banks has started the deduction of TDS from 1<sup>st</sup> April 2021 and accordingly, the exemption from filing of ITR shall be available from A Y 2022-2023 onwards.