

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:448
ANSWERED ON:20.11.2009
TAX ON INCOME FROM INTERESTS
Tirkey Shri Manohar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has decided to tax all incomes from interest;
- (b) if so, the details thereof alongwith the reasons therefor; and
- (c) the manner in which the Government will safeguard the interests of pensioners and senior citizens?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) &(b) No, Sir. Union Government has not decided to tax all incomes from interest. There are various cases in which interest income is exempt from taxation in certain conditions. Such exemptions are available under section 10(4)

- (i), 10(4)
- (ii), 10(4B) and 10(15) etc of Income-tax Act, 1961.

(c) Government has provided various tax benefits/relaxations to pensioners and senior citizens. The same is enumerated as under:-

For Senior Citizens

- (i) The basic exemption limit for senior citizens in India is Rs. 2,40,000 whereas it is Rs.1,60,000 in other cases.
- (ii) Deduction under Section 80D (on Health Insurance Premia) is Rs.15,000 for a senior citizen whereas it is Rs. 10,000 in other cases.
- (iii) Deduction under Section 80DDB (for medical treatment) is Rs. 60,000 for a senior citizen whereas it is Rs. 40,000 in other cases.

For Pensioners

- (i) Exemptions for pensioners are available under sections 10(10) (i) (Death-cum-Retirement Gratuity), 10(10A) (Commutation of Pension), 10(18) (Pension/family pension received by Central/State Government employees or Gallantry Awardees, 10(19) (family pension received by family of member of Armed Forces where death of such member has occurred during operational duty) of the Act.