

Income Tax

Income tax in India is a tax you pay to the government based on your income (and profit in case of companies). The government uses this tax money for various purposes including public services, infrastructure development, defence spending and subsidies among other options. If you earn income beyond a certain limit, it is mandatory to pay income tax every year.

The Income Tax Act, 1961 contains a total of 26 chapters and 298 sections according to the official website of the Income Tax Department of India. These different sections deal with various aspects of taxation in India. The various

heads for which you have to pay income-tax include:

1. Salary
2. Income from house Property
3. Capital Gains
4. Profit and gains from business or profession
5. Income from other sources

Every Indian citizen has to pay Income Tax if their annual income is above Rs 2.5 lakh (₹ 3 lakh for senior citizens)

In addition to individuals, entities such as Hindu Undivided family, Body of Individuals, Corporate firms, companies, Artificial Juridical persons, local authorities and Association of Persons (AOP) also pay income tax.