



Employer's Guide to Submit IT Declarations

Learn how to submit IT Declarations on
behalf of your employees



IT Declaration

Besides helping you process your monthly pay runs, Zoho Payroll handles your employees' Income Tax saving investments. Employees can declare the investments that they've made and submit proofs for the same, and Zoho Payroll automatically calculates the Income Tax based on the type and amount of each investment. The main incentive for employees' to declare their investments is that it reduces their net taxable income, thereby decreasing the amount they need to pay as Income Tax.

How can employees declare their investments?

- Employees can declare their proposed investments and anticipated expenses through the IT declaration. This typically happens at the beginning of the financial year or when the employee joins the company.
- Zoho Payroll calculates the employees' net taxable income based on the investments declared and deducts the correct amount of taxes each month.
- When the end of the financial year nears, employees would need to submit proofs for each investment that they declared earlier that year.
- You can review the proofs through the **Approvals** module and enter an approved amount for each investment.

- Once you click the **Confirm for IT Calculation** button, the approved amounts will be applied to the income and a new net taxable income will be derived.



IT Declaration in Zoho Payroll

Keeping up with the changes proposed in the Union Budget for 2020, Zoho Payroll has introduced the option to choose between the new and the old tax regimes while submitting IT Declaration. Employees can submit their IT Declaration through the employee portal once you release it. However, for employees for whom you haven't enabled employee portal, you can submit it by following these steps:

- Go to the **Employees** module.
- Select the employee for whom you want to submit the IT Declaration.
- Move to the **Investments** tab.
- Select **Submit Declaration**.
- Add the investments under **IT Declaration** tab.
- Click **Submit and Compare** once you've added all the investments.

Meera's IT Declaration

PARTICULARS	DECLARED AMOUNT
80D Investments	
Note: This section contains Mediclaim policies for yourself, your children, spouse and parents. The maximum limit for this section is ₹1,00,000.00	
Medi Claim Policy & Preventive health check up for parents	₹ 12000
Max Limit : ₹25,000.00	
+ Add an Investment	
Other Investments	
Rajiv Gandhi Equity Saving Scheme	₹ 20000
Max Limit : ₹25,000.00	
+ Add an Investment	
Other Sources of Income	
Submit and Compare Cancel	

You will be redirected to the **Tax Comparison page**. Here, you can opt for either the new regime or the old regime.

Note: By default, the Old Tax regime will be selected for all the employees.

If you want to opt for the new tax regime:

- Select the **New Tax Regime** option. The exemptions available for this regime will be listed below.
- You can click **Submit**; or
- Click **Edit Declaration** to make changes and click **Save and Submit**.

Compare Tax Details

<input checked="" type="checkbox"/> Old Tax Regime Total Tax : ₹36,660.00	<input type="checkbox"/> New Tax Regime Total Tax : ₹62,400.00
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PARTICULARS	DECLARED AMOUNT
House Rent Paid Details	
Apr 2020 - Dec 2020	₹1,08,000.00 (₹12,000.00 / month)
5th Avenue, City Heights	
PAN: FGBHN6543W • Metro	
80C Investments (Max Limit : ₹1,50,000.00)	
National Savings Certificates	₹50,000.00
Life Insurance Premium	₹50,000.00
Public Provident Fund	₹50,000.00
80D Investments (Max Limit : ₹1,00,000.00)	
Medi Claim Policy & Preventive health check up for parents	₹12,000.00

[← Edit Declaration](#)

The IT Declaration consists of the following sections:

- House Rent Details
- Home Loan Details
- Let Out Property Details
- 80C Investments
- 80D Investments
- Other Investments
- Other Sources of Income

House Rent Details

If your employee lives in a rented accommodation, provide the following details.

- Rental Period for the current financial year.
- Monthly rent amount.
- Address of the employee's rented house.
- Whether the accommodation is located in a Metro / Non-metro region.
- Landlord's PAN if employee's annual rent amount is in excess of ₹1,00,000.

Is the employee staying in a rented house? Yes

House Rent Details ✕

Rental Period

Apr 2018	Mar 2019
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Amount /mo.

₹	20000 <input type="text"/>
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Total Rent : 240000

Address

60, New Street, Mylapore, Chennai.

Metro <input type="text"/>	BXGPA1209Y
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[+ Add Rented House](#)

- Click **+ Add Rented House** to enter the details for another rented house.

Home Loan

If your employee is repaying a home loan for their self-occupied property, provide the following details.

- Projected Principle amount and Interest amount of the loan for that financial year.
- Lender's Name and PAN.

Is the employee repaying home loan for a self occupied house property?

Yes

Principle Paid on Home Loan

₹ 100000

Interest Paid on Home Loan

₹ 25000

Name of the Lender

Zoot Finance

Lender PAN

LXFPA1509P

Let Out Property Details

If your employee is a landlord, provide the following details about their let out property.

- Annual Rent Amount
- Municipal Taxes Paid

Is the employee receiving rental income from let out property?

Yes

Annual Rent Received

₹ 30000

Municipal Taxes Paid

₹ 3000

Net Annual Value

₹ 27000

Standard Deduction (@ 30% of Net Annual Value)

₹ 8100

Repaying Home Loan for This Property

Net Income/Loss from House Property

₹ 18900

[+ Add a Let Out Property](#)

- If your employee is repaying a house loan for this let out property, you can enter the loan details too.

Repaying Home Loan for This Property

Principal Paid On Home Loan	₹	250000
Interest Paid on Home Loan	₹	35000
Name of the Lender	YES Bank	
Lender PAN	PLXPA1890T	
Net Income/Loss from House Property	₹	-16100

- The Net Annual Value, Standard Deduction and Net Income / Loss will be calculated based on the above inputs.
- Click + **New Let Out Property** to record details for another let out property.

80C Investments

Section 80C contains a list of tax saving investments such as Life Insurance, Mutual Funds, NABARD Bonds and Unit-linked insurance plans. Select an investment and enter the invested amount to declare it. The maximum limit for investments under Section 80C is ₹1,50,000.

80D Investments

Section 80D contains Mediclaim policies for your spouse, children, parents and yourself. Select a policy and enter the invested amount to declare it. The maximum limit for investments under this section is ₹1,00,000.

Other Investments

All miscellaneous investments will be listed under this section. Select an investment and enter the invested amount to declare it.

80C, 80D and Other Investments

Life Insurance Premium	₹	10000	-
Unit-linked insurance plan	₹	20000	-
Tuition Fees	₹	10000	-
Mutual Fund	₹	5000	-

[+ Add an Investment](#)

Other Sources of Income

If your employee receives income from sources other than their current job, they have a legal obligation to declare it here.

Other Sources of Income

Income from other sources	₹	10000
Interest earned from Savings deposit	₹	5000
Interest earned from Fixed deposits	₹	2500

Click **Save and Submit**.

The declared amount will be subtracted from the employee's net income. Income tax will be calculated on this deducted income, also known as the net taxable income.

Switching Tax Regimes

You can switch tax regimes before the first payroll for the financial year is completed. To do this,

- Go to the **Investments** tab in the employee's profile.
- Select **IT Declarations**.
- Click **Change Tax Regime**.
- Select the desired regime.
- Click **Edit Declaration** to make changes, if needed
- Click **Submit**.

IT Declaration 

 Tax Regime : Old Tax Regime [\(Change Tax Regime\)](#)

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Life Insurance Premium	₹50,000.00
Public Provident Fund	₹50,000.00
80D Investments (Max Limit : ₹1,00,000.00)	
Medi Claim Policy & Preventive health check up for parents	₹12,000.00
Form 12BB - Employee Investment Declaration Download	

FAQ

What is income tax declaration?

In the beginning or during the financial year, employees are required to declare all the IT saving investments and expenses they've planned for that year in your Payroll application. This process is known as IT Declaration.

Does Zoho Payroll support computing taxes according to the New Tax Regime?

Yes, employees can choose between the new and the old tax regimes and declare investments to compute tax accordingly in Zoho Payroll.

Can I switch between tax regimes in the middle of the fiscal year?

Yes, you can switch between tax regimes and modify investments as long as the

- The first payroll for the financial year is completed
- IT Declaration submission is not locked
- POI is not processed

FAQ

Is there an option to view tax liability before submitting investment declarations?

Yes, you can view the total tax liable according to both the regimes. Enter the investment declarations and click Submit and Compare. You will be redirected to the tax comparison page wherein tax liable under the two regimes will be displayed.

Can the declaration be changed after proof of investment is submitted?

Yes, the IT declaration can be changed after POI submission, provided the IT Declaration is unlocked. However, it will not have any effect on the proof of investment or the income tax calculation once the POI processing month starts.

Note: POI (reviewed or in awaiting approval state) will be considered for calculation from the start of the POI processing month.