Filing Pension Income in Income Tax Returns
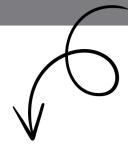
Finsafe ™
Make your money do more

Reporting pension in ITR

- **Pension from state or central Govt or private companies** to be reported under the head **"Salary"**
- **Family pension** received by legal heirs of a deceased person to be reported under **"Income from other sources"**

Two types of pension

Commutated pension

- **Lumpsum payment in advance** on retirement
- Tax exempt for **government employees**
- Partially exempt for **non-govt employees,**

Uncommutated pension

- **Monthly pension** received from annuity
- **Fully taxable as salary**

✓ **Only pension, no gratuity** – ½ of pension amount if entire 100% pension was commuted is tax exempt

✓ **Pension plus gratuity** - 1/3rd of pension amount if entire 100% pension was commuted is tax exempt

Finsafe Tips

- **Determine type of pension** received and its taxability
- **Calculate total taxable pension income**, add it to other income
- Reconcile TDS deducted with the total tax payable
- **Fill in details in the relevant section of ITR form applicable** and file return by due date