

Concept of Surcharge and marginal relief-

If Income is 5100000		
Total Income	Income Slab	Tax
250000	upto 250000	0
500000	next 500000	12500
1000000	next 500000	100000
5100000	balance 41 Lakhs	1230000
Total Tax		1342500
Surcharge @ 10% of 1342500		134250
Total Tax including surcharge		1476750

If income is 5000000		
Total Income	Income Slab	Tax
250000	upto 250000	0
500000	next 500000	12500
1000000	next 500000	100000
5000000	balance 40 Lakhs	1200000
Total Tax		1312500
Surcharge		0
Total Tax including surcharge		1312500

Because of earning of 100000 taxpayer have to pay Income Tax of Rs. 164250 (1476750 – 1312500), hence we need to apply the marginal relief and maximum tax would be 100000 (income earned by taxpayer) means a relief of 64250 (164250 -100000) would be allow to taxpayer.

Total Tax on 5100000	1476750
Less. Marginal Relief	64250
Total Income Tax Payable	1412500
Health and Education Cess	56500
Total Tax Payable	1469000

Above marginal relief shall be available on all the surcharge slabs except last slab of “Above 10Cr”.
Surcharge rates for individual are given as follows-

Net Income	Rate of Surcharge	Marginal Relief
Above 50 Lakh - upto 1 Cr	10%	Yes
Above 1 Cr upto 2 Cr	15%	Yes
Above 2 Cr to 5 Cr	25%	Yes
Above 5 Cr upto 10 Cr	37%	Yes
Above 10 Cr	37%	No