केंद्रीय विद्यालय संगठन Kendriya Vidyalaya Sangathan
18, संस्थानिक क्षेत्र/ 18, Institutional Area
शहीद जीत सिंह मार्ग/ Shaheed Jeet Singh Marg
नई दिल्ली–16/ New Delhi – 16

F.No.110239/51/Cir./2016/KVS (Budget) Dated: 10/02/2016

The following orders issued by Government of India are uploaded on the KVS Website for information and necessary action.

1. G.I., (CBDT), Circular No.20/2015, F.No.275/192/2015-IT(B), dated 2-12-2015 regarding Income Tax deduction from Salaries during the Financial Year 2015-16 under Section 192 of the Income Tax Act,1961.

2. G.I., CGHS, O.O.No.F.No.S.11045/36/2012-CGHS (HEC) Pt-1, dated 18-11-2015 regarding removal from the list of empanelled Health Care Organization under CGHS, Delhi and NCR.

3. G.I., CGHS, O.O.No.F.No.S.11045/36/2012-CGHS (HEC) Pt-1, dated 24-11-2015 regarding removal from the list of empanelled Health Care Organization under CGHS, Delhi and NCR.

4. G.I., Dept. of Pen. & P.W., O.M.No.1/18/01-P&PW (E) (Vol.II), dated 5-11-2015 regarding Competent Medical Officer/Board for issuing certificate of disability for the purpose of family pension under Rule 54 of CCS (Pension) Rules, 1972.

5. G.I.,Dept. of Per. & Trg., O.M.No.27012/3/2014-Estt.(A), dated 16-12-2015 regarding procedure for grant of permission to the pensioner for commercial employment after retirement – Revision of Form 25

6. G.I.,dept. of Per. & Trg., O.M.No.21011/15/2010-Estt.(AL), dated 30-11-2015 regarding Implementation of e-service book in all Ministries/Departments.

(S.Muthusvami)
Asstt.Commissioner(Fin.)
Tel. 011-26523070

Distribution:

1. The Deputy Commissioner, KVS, All ROs.
2. The Finance Officer, KVS, All ROs.
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5. The General Secretary, All Recognized Associations.
6. The Director, ZIET Gwalior, Mumbai, Mysore, Chandigarh & Bhubaneswar.
7. The Deputy Commissioner, (EDP), KVS (HQ.) with the request to upload the above circulars on the KVS Web site.
8. RTI Cell KVS (HQ.)
9. Guard file.

G.L., (CBDT), Circular No.20/2015,F.No.275 /192/2015-IT (B)
dated 02-12-2015

Income Tax deduction from Salaries during the Financial Year 2015-16 under Section 192 of the Income Tax Act,1961

Reference is invited to Circular No.17/2014, dated 10-12-2014 whereby the rates of deduction of Income Tax from the payment of income under the head "Salaries" under Section 192 of the Income Tax Act,1961(hereinafter the Act') during the Financial Year 2014-15, were intimated. The present Circular contains the rates of deduction of Income Tax from the payment of income chargeable under the head "Salaries" during the Financial Year 2015-16 and explains certain related provisions of the Act and Income Tax Rules, 1962(hereinafter the Rules). The relevant Acts, Rules, Forms and Notifications are available at the website of the Income Tax Department- www.incometaxindia.gov.in.

2. RATES OF INCOME TAX AS PER FINANCE ACT, 2015:

As per the Finance Act, 2015, Income Tax is required to be deducted under Section 192 of the Act from income chargeable under the head "Salaries" for the Financial Year 2015-16 (i.e. Assessment Year 2016-17) at the following rates:—

2.1 *Rates of tax* :

A. Normal Rates of tax:

Sl. No.	Total Income	Rate of tax
1.	Where the total income does not exceed ₹ 2,50,000	Nil
2.	Where the total income exceeds ₹ 2,50,000 but does not exceed ₹ 5,00,000	10 per cent of the amount by which the total income exceeds ₹ 2,50,000
3.	Where the total income exceeds ₹ 5,00,000 but does not exceed ₹ 10,00,000	₹ 25,000 *plus* 20 per cent of the amount by which the total income exceeds ₹ 5,00,000
4.	Where the total income exceeds ₹ 10,00,000	₹ 1,25,000 *plus* 30 per cent of the amount by which the total income exceeds ₹ 10,00,000

the age of sixty years or more but less than eighty years at any time during the Financial Year:

Sl. No.	Total Income	Rate of tax
1.	Where the total income does not exceed ₹ 3,00,000	Nil
2.	Where the total income exceeds ₹ 3,00,000 but does not exceed ₹ 5,00,000	10 per cent of the amount by which the total income exceeds ₹ 3,00,000
3.	Where the total income exceeds ₹ 5,00,000 but does not exceed ₹ 10,00,000	₹ 20,000 *plus* 20 per cent of the amount by which the total income exceeds ₹ 5,00,000
4.	Where the total income exceeds ₹ 10,00,000	₹ 1,20,000 *plus* 30 per cent of the amount by which the total income exceeds ₹ 10,00,000

C. In case of every individual being a resident in India, who is of the age of eighty years or more at any time during the Financial Year:

Sl. No.	Total Income	Rate of tax
1.	Where the total income does not exceed ₹ 5,00,000	Nil
2.	Where the total income exceeds ₹ 5,00,000 but does not exceed ₹ 10,00,000	20 per cent of the amount by which the total income exceeds ₹ 5,00,000
3.	Where the total income exceeds ₹ 10,00,000	₹ 1,00,000 *plus* 30 per cent of the amount by which the total income exceeds ₹ 10,00,000

2.2 *Surcharge on Income Tax*:

The amount of Income Tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of Section 111-A or Section 112 of the Income Tax Act, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-Clause (*vii*) of Clause (31) of Section 2 of the Income Tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of twelve per cent of such Income Tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as Income Tax and surcharge on such income shall not exceed the total amount payable as Income Tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

2.3.1 *Education Cess on Income tax*:

The amount of Income Tax including the surcharge if any, shall be increased by Education Cess on Income Tax at the rate of **two per cent** of the Income Tax.

2.3.2 ***Secondary and Higher Education** Cess on Income Tax*:

An additional education cess is chargeable at the rate of one per cent of Income Tax including the surcharge if any, but not including the Education Cess on Income Tax as in 2.3.1.

3. SECTION 192 OF THE INCOME TAX ACT, 1961: BROAD SCHEME OF TAX DEDUCTION AT SOURCE FROM "SALARIES":

3.1 ***Method of Tax Calculation***:

Every person who is responsible for paying any income chargeable under the head "Salaries" shall deduct Income Tax on the estimated income of the assessee under the head "Salaries" for the Financial Year 2015-16. The Income Tax is required to be calculated on the basis of the rates given above, subject to the provisions related to requirement to furnish PAN as per Section 206-AA of the Act, and shall be deducted at the time of each payment. No tax, however, will be required to be deduoted at source in any case unless the estimated salary income including the value of perquisites, for the financial year exceeds ₹ 2,50,000 or ₹ 3,00,000 or ₹ 5,00,000, as the case may be, depending upon the age of the employee. (*Some typical illustrations of computation of tax are given at* **Annexure-I**).

3.2 *Payment of Tax on Perquisites by Employer*:

An option has been given to the employer to pay the tax on non-monetary perquisites given to an employee. The employer may, at its option, make payment of the tax on such perquisites himself without making any TDS from the salary of the employee. However, the employer will have to pay the tax at the time when such tax was otherwise deductible i.e. at the time of payment of income chargeable under the head "Salaries" to the employee.

3.2.1 *Computation of Average Income Tax*:

For the purpose of making the payment of tax mentioned in Para. 3.2 above, tax is to be determined at the average of income tax computed on

the basis of rate in force for the financial year, on the income chargeable under the head "Salaries", including the value of perquisites for which tax has been paid by the employer himself.

3.2.2 *Illustration*:

The income chargeable under the head "Salaries" of an employee below sixty years of age for the year inclusive of all perquisites is ₹ 4,50,000 out of which, ₹ 50,000 is on account of non-monetary perquisites and the employer opts to pay the tax on such perquisites as per the provisions discussed in Para. 3.2 above.

STEPS :		₹
Income chargeable under the head "Salaries" inclusive of all perquisites	...	4,50,000
Tax on Total Salary (including Cess)	...	20,600
Average Rate of Tax [(20,600/4,50,000) x 100]	...	4.57%
Tax payable on ₹ 50,000 = (4.57% of 50,000)	...	2,285
Amount required to be deposited each month	...	190
		[₹ 190.40 = 2,285/12]

The tax so paid by the employer shall be deemed to be TDS made from the salary of the employee.

3.3 *Salary From More Than One Employer*:

Section 192 (2) deals with situations where an individual is working under more than one employer or has changed from one employer to another. It provides for deduction of tax at source by such employer (as the taxpayer may choose) from the aggregate salary of the employee, who is or has been in receipt of salary from more than one employer. The employee is now required to furnish to the present/chosen employer details of the income under the head "Salaries" due or received from the former/other employer and also tax deducted at source therefrom, in writing and duly verified by him and by the former/other employer. The present/chosen employer will be required to deduct tax at source on the aggregate amount of salary (including salary received from the former or other employer).

3.4 *Relief When Salary Paid in Arrear or Advance*:

3.4.1 Under Section 192 (2-A) where the assessee, being a Government servant or an employee in a company, co-operative society, local authority, university, institution, association or body is entitled to the relief under Section 89 (1), he may furnish to the person responsible for making the payment referred to in Para. (3.1), such particulars in **Form No. 10-E** duly

verified by him, and thereupon the person responsible, as aforesaid, shall compute the relief on the basis of such particulars and take the same into account in making the deduction under Para. (3.1) above.

Here "university" means a university established or incorporated by or under a Central, State or Provincial Act, and includes an institution declared under Section 3 of the University Grants Commission Act, 1956 to be a university for the purpose of that Act.

3.4.2 With effect from 1-4-2010 (AY 2010-11), no such relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in Section 10 (10-C) (*i*) (read with Rule 2-BA), a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been claimed by the assessee under Section 10 (10-C) in respect of such, or any other, assessment year.

3.5 *Information regarding Income under any other head*:

(*i*) Section 192 (2-B) enables a taxpayer to furnish particulars of income under any head other than "Salaries" (not being a loss under any such head other than the loss under the head " Income from house property") received by the taxpayer for the same financial year and of any tax deducted at source thereon. The particulars may now be furnished in a simple statement, which is properly signed and verified by the taxpayer in the manner as prescribed under Rule 26-B (2) of the Rules and shall be annexed to the simple statement. The form of verification is reproduced as under:—

I, ... (*name of the assessee*), do declare that what is stated above is true to the best of my information and belief.

It is reiterated that the DDO can take into account any loss only under the head "Income from house property". Loss under any other head cannot be considered by the DDO for calculating the amount of tax to be deducted.

3.6 *Computation of income under the head "Income from house property"*:

While taking into account the loss from House Property, the DDO shall ensure that the employee files the declaration referred to above and encloses therewith a computation of such loss from house property. Following details shall be obtained and kept by the employer in respect of loss claimed under the head " Income from house property" separately for each house property:

(*a*) Gross annual rent/value

(*b*) Municipal Taxes paid, if any

(*c*) Deduction claimed for interest paid, if any

(*d*) Other deductions claimed

(*e*) Address of the property

(*f*) Amount of loan, if any; and

(*g*) Name and address of the lender (loan provider)

3.6.1 *Conditions for Claim of Deduction of Interest on Borrowed Capital for Computation of Income From House Property* [*Section* 24 (*b*)]:

Section 24 (*b*) of the Act allows deduction from income from house property on interest on borrowed capital as under:-

(*i*) the deduction is allowed only in case of house property which is owned and is in the occupation of the employee for his own residence. However, if it is actually not occupied by the employee in view of his place of the employment being at other place, his residence in that other place should not be in a building belonging to him.

(*ii*) the quantum of deduction allowed as per table below:—

Sl. No.	Purpose of borrowing capital	Date of borrowing capital	Maximum Deduction allowable ₹
1.	Repair or renewal or reconstruction of the house	Any time	30,000
2.	Acquisition or construction of the house	Before 1-4-1999	30,000
3.	Acquisition or construction of the house	On or after 1-4-1999	1,50,000 (up to AY 2014-15) **2,00,000 (with effect from AY 2015-16)**

In case of Serial No. 3 above

(*a*) The acquisition or construction of the house should be completed within 3 years from the end of the FY in which the capital was borrowed. Hence, it is necessary for the DDO to have the completion certificate of the house property against which deduction is claimed either from the builder or through self-declaration from the employee.

(*b*) Further any prior period interest for the FYs up to the FY in which the property was acquired or constructed (as reduced by any part of interest allowed as deduction under any other section of the Act) shall be deducted in equal instalments for the FY in question and subsequent four FYs.

(*c*) The employee has to furnish before the DDO a certificate from the person to whom any interest is payable on the borrowed capital specifying the amount of interest payable. In case a new loan is taken to repay the earlier loan, then the certificate should also show the details of Principal and Interest of the loan so repaid.

3.7 *Adjustment for Excess or Shortfall of Deduction*:

The provisions of Section 192 (3) allow the deductor to make adjustments for any excess or shortfall in the deduction of tax already made during the financial year, in subsequent deductions for that employee within that financial year itself.

3.8 *Salary Paid in Foreign Currency*:

For the purposes of deduction of tax on salary payable in foreign currency, the value in rupees of such salary shall be calculated at the "Telegraphic transfer buying rate" of such currency as on the date on which tax is required to be deducted at source (*see* Rule 26).

4. PERSONS RESPONSIBLE FOR DEDUCTING TAX AND THEIR DUTIES:

4.1. As per Section 204 (*i*) of the Act, in the context of payments other than payments by the Central Government or the State Government, the "persons responsible for paying" for the purpose of Section 192 means the employer himself or if the employer is a Company, the Company itself including the Principal Officer thereof. Further, as per Section 204 (*iv*), in case the credit, or as the case may be, the payment is made by or on behalf of Central Government or State Government, the DDO or any other person by whatever name called, responsible for crediting, or as the case may be, paying such sum is the "persons responsible for paying" for the purpose of Section 192.

4.2. The tax determined as per Para. 9 should be deducted from the salary under Section 192 of the Act.

4.3. *Deduction of Tax at Lower Rate*:

If the jurisdictional TDS officer of the Taxpayer issues a certificate of No Deduction or Lower Deduction of Tax under Section 197 of the Act, in response to the application filed before him in Form No. 13 by the Taxpayer; then the DDO should take into account such certificate and deduct tax on the salary payable at the rates mentioned therein. (*see* **Rule 28-AA**). The Unique Identification Number of the certificate is required to be reported in Quarterly Statement of TDS (Form 24-Q).

4.4. *Deposit of Tax Deducted*:

Rule 30 prescribes time and mode of payment of tax deducted at source to the account of Central Government.

4.4.1. *Due dates for payment of TDS*:

Prescribed time of payment/deposit of TDS to the credit of Central Government account is as under:

(*a*) In case of an Office of Government:

Sl. No.	Description	Time up to which to be deposited
1.	Tax deposited without Challan [Book Entry]	SAME DAY
2.	Tax deposited with Challan	7TH DAY NEXT MONTH
3.	Tax on perquisites opt to be deposited by the employer	7TH DAY NEXT MONTH

(*b*) In any case other than an Office of Government :

Sl. No.	Description	Time up to which to be deposited
1.	Tax deducted in March	30th APRIL NEXT FINANCIAL YEAR
2.	Tax deducted in any other month	7TH DAY NEXT MONTH
3.	Tax on perquisites opted to be deposited by the employer	7TH DAY NEXT MONTH

However, if a DDO applies before the jurisdictional Additional / Joint Commissioner of Income Tax to permit quarterly payments of TDS under Section 192, the Rule 30 (3) allows for payments on quarterly basis and as per time given in Table below:—

Sl. No.	Quarter of the financial year ended on	Date for quarterly payment
1.	30th June	7th July
2.	30th September	7th October
3.	31st December	7th January
4.	31st March	30th April next Financial Year

4.4.2 *Mode of Payment of TDS*:

4.4.2.1 *Compulsory filing of Statement by PAO, Treasury Officer, etc., in case of payment of TDS by Book Entry under Section* 200 (2-A):

In the case of an office of the Government, where tax has been paid to the credit of the Central Government *without the production of a challan* [**Book Entry**], the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called to whom the deductor reports about the tax deducted and who is responsible for crediting such sum to the credit of the Central Government, shall—

(*a*) submit a statement in Form No. 24-G under Section 200 (2-A) within ten days from the end of the month to the agency authorized by the Director-General of Income Tax (Systems) [*TIN Facilitation Centres currently managed by M/s. National Securities Depository Ltd.*] in respect of tax deducted by the deductors and reported to him for that month; and

(*b*) intimate the number (hereinafter referred to as the Book Identification Number or BIN) generated by the agency to each of the deductors in respect of whom the sum deducted has been credited. BIN consist of receipt number of Form 24-G, DDO sequence number in Form No. 24-G and date on which tax is deposited.

If the PAO/CDDO/TO etc, as stated above, fails to deliver the statement as required under Section 200 (2-A), he will be liable to pay, by way of penalty, under Section 272-A(2)(*m*), a sum which shall be ₹ 100 for every day during which the failure continues. However, the amount of such penalty shall not exceed the amount of tax which is deductable at source.

The procedure of furnishing Form 24-G is detailed in Annexure-III (*not printed*). PAOs/DDOs should go through the FAQs in Annexure-IV (*not printed*) to understand the correct process to be followed. The ZAO / PAO of Central Government Ministries is responsible for filing of Form No. 24-G on monthly basis. The person responsible for filing Form No. 24-G in case of State Government Departments is shown at Annexure-V (*not printed*).

The procedure of furnishing Form 24-G is detailed in Annexure-IV (*not printed*). PAOs/DDOs should go through the FAQs therein to understand the correct process to be followed.

4.4.2.2 *Payment by an Income Tax Challan*:

(*i*) In case the payment is made by an Income Tax challan, the amount of tax so deducted shall be deposited to the credit of the Central Government by remitting it, within the time specified in Table in Para. 4.4.1 above, into any office of the Reserve Bank of India or branches of the State Bank of India or of any authorized bank;

(*ii*) In case of a company and a person (other than a company), to whom provisions of Section 44-AB are applicable, the amount deducted shall be **electronically remitted** into the Reserve Bank of India or the State Bank of India or any authorized bank accompanied **by an electronic Income Tax challan** (Rule 125).

The amount shall be *construed as electronically remitted* to the Reserve Bank of India or to the State Bank of India or to any authorized bank, if the amount is remitted by way of:

(*a*) internet banking facility of the Reserve Bank of India or of the State Bank of India or of any authorized bank; or

(*b*) debit card. **(Notification No. 41/2010,** dated the 31st May 2010)

4.5 *Interest, Penalty and Prosecution for Failure to Deposit Tax Deducted*:

4.5.1 If a person fails to deduct the whole or any part of the tax at source, or, after deducting, fails to pay the whole or any part of the tax to the credit of the Central Government within the prescribed time, he shall be liable to action in accordance with the provisions of Section 201 and shall be deemed to be an assessee-in-default in respect of such tax and liable for penal action under Section 221 of the Act. Further Section 201 (1-A) provides that such person shall be liable to pay **simple interest**—

(*i*) at the rate of 1% for every month or part of the month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and

(*ii*) at the rate of one and one-half per cent for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid.

Such interest, if chargeable, **is mandatory in nature** and has to be paid before furnishing of quarterly statement of TDS for respective quarter.

4.5.2 Section 271-C *inter alia* lays down that if any person fails to deduct whole or any part of tax at source or fails to pay the whole or part of tax under the second proviso to Section 194-B, he shall be liable to pay, by way of **penalty**, a sum equal to the amount of tax not deducted or paid by him.

4.5.3 Further, Section 276-B lays down that if a person fails to pay to the credit of the Central Government within the prescribed time, as above, the tax deducted at source by him or tax payable by him under the second proviso to Section 194-B, he shall be **punishable with rigorous imprisonment for a term which shall be between 3 months and 7 years, along with fine.**

4.6 *Furnishing of Certificate for Tax Deducted* (*Section* 203):

4.6.1 Section 203 requires the DDO to furnish to the employee a certificate in Form 16 detailing the amount of TDS and certain other particulars. Rule 31 prescribes that Form 16 should be furnished to the employee by 31st May after the end of the financial year in which the income was paid and tax deducted. Even the banks deducting tax at the time of payment of pension are required to issue such certificates. **Revised Form 16 annexed to Notification No. 11, dated 19-2-2013** is enclosed (*not printed*). The certificate in Form 16 shall specify—

(*a*) Valid Permanent Account Number (PAN) of the deductee;

(*b*) Valid tax deduction and collection account number (TAN) of the deductor;

(*c*) (*i*) Book Identification Number or numbers (BIN) where deposit of tax deducted is without production of challan in case of an office of the Government;

(*ii*) Challan Identification Number or numbers (CIN*) in case of payment through bank.

(**Challan Identification Number* (*CIN*) *means the number comprising the Basic Statistical Returns* (*BSR*) *Code of the Bank branch where the tax has been deposited, the date on which the tax has been deposited and challan serial number given by the bank.*)

(*d*) Receipt numbers of all the relevant quarterly statements of TDS (24-Q). The receipt number of the quarterly statement is of 8 digit.

Further as per Circular 4/2013, dated 17-4-2013, all deductors (including Government deductors who deposit TDS in the Central Government Account through book entry) shall issue the Part-A of Form No. 16, by generating and subsequently downloading it through TRACES Portal and after duly authenticating and verifying it, in respect of all sums deducted on or after the 1st day of April, 2012 under the provisions of Section 192 of Chapter XVII-B. Part-A of Form No. 16 shall have a unique TDS certificate number. 'Part-B (Annexure)' of Form No. 16 shall be prepared by the deductor manually and issued to the deductee after due authentication and verification along with the Part-A of the Form No. 16.

It may be noted that under the new TDS procedure, TAN of deductee / PAN of the deductee and receipt number of TDS statement filed by the deductor act as unique identifier for granting online credit of TDS to the deductee. Hence due care should be taken in filling these particulars. Due care should also be taken in indicating correct CIN / BIN in TDS statement.

If the DDO fails to issue these certificates to the person concerned, as required by Section 203, he will be liable to pay, by way of penalty, **under Section 272-A (2)**(*g*), a sum which shall be ₹ 100 for every day during which the failure continues.

It is, however, clarified that there is no obligation to issue the TDS certificate in case tax at source is not deductible/deducted by virtue of claims of exemptions and deductions.

[NOTE: **TRACES is a web-based application of the Income Tax Department that provides an interface to all stakeholders associated with TDS administration. It enables viewing of challan status, downloading of NSDL Conso File, Justification Report and Form 16 / 16-A as well as viewing of annual tax credit statements (Form 26-AS). Each deductor is required to Register in the Traces portal. Form 16/16-A issued to deductees should mandatorily be generated and downloaded from the TRACES portal.**]

Certain essential points regarding the filing of the Statement and obtaining TDS certificates are mentioned below:-

(*a*) TDS certificate (Form 16) would be generated for the deductee only if Valid PAN is correctly mentioned in the Annexure-II (*not printed*) of Form 24-Q in Quarter 4 filed by the deductor. Moreover, employers are advised to ensure in Form 16 that the status of "matching" with respect to "Form 24-G/OLTAS"

is 'F'. If the status of matching other than 'F', kindly take necessary action promptly to rectify the same. It is pertinent to mention here that certain facilities have been provided to the deductors at website www.tdscpc.gov.in / including online correction of statements (Form 24-Q).

(*b*) The employer should quote the **gross amount of salary** (including any amount exempt under Section 10 and the deductions under Chapter VI-A) in Column 321,(Amount paid/credited) of Annexure-I of Form 24-Q (*not printed*) as per NSDL RPU (hereafter Return Preparation Utility).

(*c*) The employer should quote the amount of salary excluding any amount exempt under Section 10 in Column 333 (Total amount of salary) of Annexure-II of Form 24-Q (*not printed*) as per NSDL RPU.

(*d*) TDS on Income (including loss from House Property) under any Head other than the head 'Salaries' offered for TDS (shown in Column 339) can be shown in Column 350 (Reported amount of TDS by previous employer, as per NSDL RPU.

(*e*) Employer is advised to quote Total Taxable Income (Column 344) in Annexure-II (*not printed*) without rounding-off and TDS should be deducted and reported accordingly, i.e. without rounding-off of TDS also.

Example:

Total Taxable Income	Total Taxable Income (Rounded Off)	TDS to be Deducted	TDS Deducted/ Reported after rounding-off of income	Short Deduction
₹ 1350094	₹ 1350090	₹ 235028.20	₹ 235027	₹ 1.20

4.6.2. If an assessee is employed by more than one employer during the year, each of the employers shall issue Part A of the certificate in Form No. 16 pertaining to the period for which such assessee was employed with each of the employers and *Part B may be issued by each of the employers or the last employer at the option of the assessee.*

4.6.3. *Authentication by Digital Signatures*:

(*i*) Where a certificate is to be furnished in Form No. 16, the deductor may, at his option, use digital signatures to authenticate such certificates.

(*ii*) In case of certificates issued under Clause (*i*), the deductor shall ensure that—

(*a*) the conditions prescribed in Para. 4.6.1 above are complied with;

(*b*) once the certificate is digitally signed, the contents of the certificates are not amenable to change; and

(*c*) the certificates have a control number and a log of such certificates is maintained by the deductor.

✡ The digital signature is being used to authenticate most of the e-transactions on the internet as transmission of information using digital signature is failsafe. It saves time specially in organizations having large number of employees where issuance of certificate of deduction of tax with manual signature is time-consuming (Circular No. 2 of 2007, dated 21-5-2007)

4.6.4. *Furnishing of particulars pertaining to perquisites, etc.* (Section 192 (2-*C*):

4.6.4.1 As per Section 192(2-C), the responsibility of providing correct and complete particulars of perquisites or profits in lieu of salary given to an employee is placed on the person responsible for paying such income i.e., the person responsible for deducting tax at source. The form and manner of such particulars are prescribed in Rule 26-A, Form 12-BA (*Annexure-II — not printed*) and Form 16 of the Rules. Information relating to the nature and value of perquisites is to be provided by the employer in Form 12-BA in case salary paid or payable is above ₹ 1,50,000. In other cases, the information would have to be provided by the employer in Form 16 itself.

4.6.4.2 An employer, who has paid the tax on perquisites on behalf of the employee as per the provisions discussed in Para. 3.2 of this circular, shall furnish to the employee concerned, a certificate to the effect that tax has been paid to the Central Government and specify the amount so paid, the rate at which tax has been paid and certain other particulars in the amended Form 16.

4.6.4.3 The obligation cast on the employer under Section 192 (2-C) for furnishing a statement showing the value of perquisites provided to the employee is a **crucial responsibility of the employer,** which is expected to be discharged in accordance with law and rules of valuation framed there under. Any false information, fabricated documentation or suppression of requisite information will entail consequences thereof provided under the law. The certificates in Forms 16 and/or Form 12-BA specified above, shall be furnished to the employee by 31st May of the financial year immediately following the financial year in which the income was paid and tax deducted. If he fails to issue these certificates to the person concerned, as required by Section 192 (2-C), he will be liable to pay, by way of **penalty, under Section 272-A (2)(*i*),** a sum which shall be ₹ 100 for every day during which the failure continues.

As per Section 139-C of the Act, the Assessing Officer can require the taxpayer to produce Form 12-BA along with Form 16, as issued by the employer.

4.6.5 *DDOs empowered to obtain evidence of proof or particulars of the prescribed claim (including claim for set-off of loss) under the Section 192 (2-D):*

DDOs have been authorized under Section 192 to allow certain deductions, exemptions or allowances or set-off of certain loss as per the provisions of the Act for the purpose of estimating the income of the assessee or computing the amount of tax deductible under the said section. The evidence / proof /particulars for some of the deductions/exemptions/ allowances/set-off of loss claimed by the employee such as rent receipt for claiming deduction in HRA, evidence of interest payments for claiming loss from self-occupied house property, etc, is not available to the DDO. To bring certainty and uniformity in this matter, Finance Act, 2015 inserted Section 192 (2-D). Section 192 (2-D) provides that person responsible for paying (DDOs) shall obtain from the assessee evidence or proof or particular of the prescribed claim (including claim for set-off of loss) in the form and manner as may be prescribed.

4.7 *Mandatory Quoting of PAN and TAN:*

4.7.1 Section 203-A of the Act makes it obligatory for all persons responsible for deducting tax at source to obtain and quote the Tax deduction and collection Account Number (TAN) in the challans, TDS-certificates, statements and other documents. Detailed instructions in this regard are available in this Department's Circular No. 497 [F. No. 275/118/87-IT(B), dated 9-10-1987]. If a person fails to comply with the provisions of Section 203-A, he will be liable to pay, by way of penalty, under section 272-BB, a sum of ten thousand rupees. Similarly, as per Section 139-A (5-B), it is obligatory for persons deducting tax at source to quote PAN of the persons from whose income tax has been deducted in the statement furnished under Section 192 (2-C), certificates furnished under Section 203 and all statements prepared and delivered as per the provisions of Section 200 (3) of the Act.

4.7.2 All tax deductors are required to file the TDS statements in **Form No. 24-Q (for tax deducted from salaries).** As the requirement of filing TDS certificates along with the return of income has been done

away with, the lack of PAN of deductees is creating difficulties in giving credit for the tax deducted. Tax deductors are, therefore, advised to procure and quote correct PAN details of all deductees in the TDS statements for salaries in Form 24-Q. Taxpayers are also liable to furnish their correct PAN to their deductors. Non-furnishing of PAN by the deductee (employee) to the deductor (employer) will result in deduction of TDS at higher rates under Section 206-AA of the Act mentioned in Para. 4.8 below.

4.8 *Compulsory Requirement to furnish PAN by employee (Section 206-AA)*:

4.8.1 Section 206-AA in the Act makes furnishing of PAN by the employee compulsory in case of receipt of any sum or income or amount, on which tax is deductible. **If employee (deductee) fails to furnish his/her PAN** to the deductor, the deductor has been made responsible to make TDS at higher of the following rates:-

(*i*) at the rate specified in the relevant provision of this Act; or

(*ii*) at the rate or rates in force; or

(*iii*) at the rate of twenty per cent.

The deductor has to determine the tax amount in all the three conditions and apply the higher rate of TDS. *However, where the income of the employee computed for TDS under Section* 192 *is below taxable limit, no tax will be deducted.* But where the income of the employee computed for TDS under Section 192 is above taxable limit, the deductor will calculate the **average rate of Income Tax based on rates in force as provided in Section 192.** If the tax so calculated is below 20%, deduction of tax will be made at the rate of 20% and in case the average rate exceeds 20%, tax is to be deducted at the average rate. **Education cess @ 2% and Secondary and Higher Education Cess @ 1% is not to be deducted, in case the tax is deducted at 20% under Section 206-AA of the Act.**

4.9 *Statement of deduction of tax under Section* 200 (3) [*Quarterly Statement of TDS*]:

4.9.1 The person deducting the tax (employer in case of salary income), is required to file duly verified Quarterly Statements of TDS in **Form 24-Q** for the periods [details in Table below] of each financial year, to the TIN Facilitation Centres authorized by DGIT (System's) which is currently managed by M/s. National Securities Depository Ltd. (NSDL). Particulars of e-TDS Intermediary at any of the TIN Facilitation Centres are available at http://www.incometaxindia.gov.in and http://tin-nsdl.com portals. The **requirement of filing an annual return of TDS has been done away with effect from 1-4-2006.** The quarterly statement for the

last quarter filed in Form 24-Q (as amended by Notification No. S.O. 704 (E), dated 12-5-2006) shall be treated as the annual return of TDS. Due dates of filing this statement quarterwise is as in the Table below:—

TABLE : Dates of filing Quarterly Statements E-TDS Return 24-Q

Sl. No.	Return for Quarter ending	Due date for Government Offices	Due date for Other Deductors
1.	30th June	31st July	15th July
2.	30th September	31st October	15th October
3.	31st December	31st January	15th January
4.	31st March	15th May	15th May

4.9.2 The statements referred above may be furnished in paper form or electronically under digital signature or along with verification of the statement in Form 27-A or verified through an electronic process in accordance with the procedures, formats and standards specified by the Director General of Income Tax (Systems). The procedure for furnishing the e-TDS/TCS statement is detailed at Annexure VI (*not printed*).

4.9.3 All Returns in Form 24-Q are required to be furnished in electronically except in case where the number of deductee records is less than 20 and deductor is not an office of Government, or a company or a person who is required to get his accounts audited under Section 44-AB of the Act. [Notification No. 11, dated 19-2-2013].

4.9.4 *Fee for default in furnishing statements* (*Section* 234-*E*):

If a person fails to deliver or caused to be delivered a statement within the time prescribed in Section 200 (3) in respect of tax deducted at source on or after 1-7-2012, he shall be liable to pay, by way of fee a sum of ₹ 200 for every day during which the failure continues. However, the amount of such fee shall not exceed the amount of tax which was deductible at source. This fee is mandatory in nature and to be paid before furnishing of such statement.

4.9.5 *Rectification of mistake in filing TDS Statement*:

A DDO can also file a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered earlier.

4.9.6 *Penalty for failure in furnishing statements or furnishing incorrect information* (*Section* 271-*H*):

If a person fails to deliver or caused to be delivered a statement within the time prescribed in Section 200 (3) or furnishes an incorrect

statement, in respect of tax deducted at source on or after 1-7-2012, he shall be liable to pay, by way of penalty a sum which shall not be less than ₹ 10,000 but which may extend to ₹ 1,00,000. However, the penalty shall not be levied if the person proves that after paying TDS with the fee and interest, if any, to the credit of Central Government, he had delivered such statement before the expiry of one year from the time prescribed for delivering the statement.

4.9.7 *At the time of preparing statements of tax deducted, the deductor is required to*:

(*i*) mandatorily quote his tax deduction and collection account number (TAN) in the statement;

(*ii*) mandatorily quote his Permanent Account Number (PAN) in the statement except in the case where the deductor is an office of the Government (including State Government). In case of Government deductors **"PANNOTREQD"** to be quoted in the e-TDS statement;

(*iii*) mandatorily quote permanent account number **PAN** of all deductees;

(*iv*) furnish particulars of the tax paid to the Central Government including book identification number or challan identification number, as the case may be.

(*v*) furnish particular of amounts paid or credited on which tax was not deducted in view of the issue of certificate of no deduction of tax under Section 197 by the assessing officer of the payee.

4.10 *TDS on Income from Pension*:

In the case of pensioners who receive their pension (not being family pension paid to a spouse) from a nationalized bank, the instructions contained in this circular shall apply in the same manner as they apply to salary-income. The deductions from the amount of pension under Section 80-C on account of contribution to Life Insurance, Provident Fund, NSC etc., if the pensioner furnishes the relevant details to the banks, may be allowed. **Necessary instructions in this regard were issued by the Reserve Bank of India to the State Bank of India and other nationalized Banks** *vide* **RBI's Pension Circular (Central Series) No. 7/C.D.R./1992 (Ref. CO: DGBA: GA (NBS) No. 60/GA.64 (11CVL)-/92), dated the 27th April 1992, and, these instructions should be followed by all the branches of the Banks, which have been entrusted with the task of payment of pensions.** Further all branches of the banks are bound under Section 203 to issue certificate of tax deducted in Form 16 to the pensioners also *vide* CBDT **Circular No. 761, dated 13-1-1998.**

4.11. *Matters pertaining to the TDS made in case of Non-Resident:*

4.11.1 Where Non-Residents are deputed to work in India and taxes are borne by the employer, if any refund becomes due to the employee after he has already left India and has no bank account in India by the time the assessment orders are passed, the refund can be issued to the employer as the tax has been borne by it [**Circular No. 707, dated 11-7-1995**].

4.11.2 In respect of non-residents, the salary paid for services rendered in India shall be regarded as income earned in India. It has been specifically provided in the Act that any salary payable for rest period or leave period which is both preceded or succeeded by service in India and forms part of the service contract of employment will also be regarded as income earned in India.

5. COMPUTATION OF INCOME UNDER THE HEAD "SALARIES"

5.1 INCOME CHARGEABLE UNDER THE HEAD "SALARIES":

(1) The following income shall be chargeable to Income Tax under the head "Salaries" :—

(*a*) any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not;

(*b*) any salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him.

(*c*) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to Income Tax for any earlier previous year.

(2) For the removal of doubts, it is clarified that where any salary paid in advance is included in the total income of any person for any previous year, it shall not be included again in the total income of the person when the salary becomes due.

Any salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from the firm shall not be regarded as "Salary".

5.2 DEFINITION OF "SALARY", "PERQUISITE" AND "PROFIT IN LIEU OF SALARY" (SECTION 17):

5.2.1 "Salary" includes:-

(*i*) wages, fees, commissions, perquisites, profits in lieu of, or, in addition to salary, advance of salary, annuity or pension, gratuity, payments in respect of encashment of leave, etc.

(*ii*) the portion of the annual accretion to the balance at the credit of the employee participating in a recognized provident fund as consists of (Rule 6 of Part A of the Fourth Schedule of the Act):

(*a*) contributions made by the employer to the account of the employee in a recognized provident fund in excess of 12% of the salary of the employee, and

(*b*) interest credited on the balance to the credit of the employee in so far as it is allowed at a rate exceeding such rate as may be fixed by Central Government. [with effect from 1-9-2010 rate is fixed at 9.5% - Notification No. S.O. No. 1046 (E), dated 13-5-2011].

(*iii*) the contribution made by the Central Government or any other employer to the account of the employee under the New Pension Scheme as notified *vide* Notification F. No. 5/7/2003-ECB&PR, dated 22-12-2003 (*enclosed as Annexure VII - not printed*) referred to in Section 80-CCD (Para. 5.5.3 of this Circular).

It may be noted that, since salary includes pension, tax at source would have to be deducted from pension also, unless otherwise so required. However, no tax is required to be deducted from the commuted portion of pension to the extent exempt under Section 10 (10-*A*).

Family Pension is chargeable to tax under head "Income from other sources" and not under the head "Salaries". Therefore, provisions of Section 192 *of the Act are not applicable. Hence, DDOs are not required to deduct TDS on family pension paid to person.*

5.2.2 *Perquisite includes*:

I. The value of rent-free accommodation provided to the employee by his employer;

II. The value of any concession in the matter of rent in respect of any accommodation provided to the employee by his employer;

III. The value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases:—

(*i*) By a company to an employee who is a director of such company;

(*ii*) By a company to an employee who has a substantial interest in the company;

(*iii*) By an employer (including a company) to an employee, who is not covered by (*i*) or (*ii*) above and whose income

under the head "Salaries" (whether due from or paid or allowed by one or more employers), exclusive of the value of all benefits and amenities not provided by way of monetary payment, exceeds ₹ 50,000.

[What constitutes concession in the matter of rent have been prescribed in Explanations 1 to 4 below Section 17 (2) (*ii*) of the Act.]

IV. Any sum paid by the employer in respect of any obligation which would otherwise have been payable by the assessee.

V. Any sum payable by the employer, whether directly or through a fund, other than a recognized provident fund or an approved superannuation fund or other specified funds under Section 17, to effect an assurance on the life of an assessee or to effect a contract for an annuity.

VI. The value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the employee and for this purpose.

(*a*) "specified security" means the securities as defined in Section 2 (*h*) of the Securities Contracts (Regulation) Act, 1956 and, where employees' stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme;

(*b*) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called;

(*c*) the value of any specified security or sweat equity shares shall be the fair market value of the specified security or sweat equity shares, as the case may be, on the date on which the option is exercised by the assessee as reduced by the amount actually paid by, or recovered from the assessee in respect of such security or shares;

(*d*) "fair market value" means the value determined in accordance with the method as may be prescribed (refer Rule 3 (9) of the IT Rules);

(*e*) "option" means a right but not an obligation granted to an employee to apply for the specified security or sweat equity shares at a predetermined price;

VII. The amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds one lakh rupees; and

VIII. The **value of any other fringe benefit** or amenity as prescribed in Rule 3.

5.2.2-A *Rules for valuation of such benefit or amenity as given in Rule 3 are as under* : -

I. Residential Accommodation provided by the employer [Rule 3(1)]:-

"Accommodation" includes a house, flat, farm house or part thereof, hotel accommodation, motel, service apartment, guest house, a caravan, mobile home, ship or other floating structure.

A. For valuation of the perquisite of **rent free unfurnished accommodation,** all employees are divided into two categories:

(*i*) For employees of the Central and State Governments, the value of perquisite shall be **equal to the licence fee charged for such accommodation as reduced by the rent actually paid by the employee. Employees of autonomous, semi-autonomous institutions, PSUs / PSEs and subsidiaries, Universities, etc. are not covered under this method of valuation.**

(*ii*) For all others, i.e., those salaried taxpayers not in employment of the Central Government and the State Government, the valuation of perquisite in respect of accommodation would be at prescribed rates, as discussed below:

(*a*) Where the accommodation provided to the employee is **owned by the employer:**

Sl. No.	Cities having population as per the 2001 census	Perquisite
1.	Exceeds 25 lakhs	15% of salary
2.	Exceeds 10 lakhs but does not exceed 25 lakhs	10% of salary
3.	For other places	7.5 % of salary

(*b*) **Where the accommodation so provided is taken on lease / rent by the employer:**

The prescribed rate is 15% of the salary or the actual amount of lease rental payable by the employer, whichever is lower, as reduced by any amount of rent paid by the employee. Meaning of 'Salary' for the purpose of calculation of perquisite in respect of Residential Accommodation :

(*a*) Basic Salary;

(*b*) Dearness Allowance, or Dearness Pay if it enters into the computation of superannuation or retirement benefit of the employees;

(*c*) Bonus ;

(*d*) Commission;

(*e*) All other taxable allowances (excluding the portion not taxable); and

(*f*) Any monetary payment which is chargeable to tax (by whatever name called).

Salary from all employers shall be taken into consideration in respect of the period during which an accommodation is provided. Where on account of the transfer of an employee from one place to another, he is provided with accommodation at the new place of posting while retaining the accommodation at the other place, the value of perquisite shall be determined with reference to only one such accommodation which has the lower value for a period not exceeding 90 days and thereafter the value of perquisite shall be charged for both such accommodation.

B. Valuation of the perquisite of **furnished accommodation**- the value of perquisite as determined by the above method (in A) shall be increased by—

(*i*) 10% of the cost of furniture, appliances and equipments, or

(*ii*) where the furniture, appliances and equipments have been taken on hire, by the amount of actual hire charges payable

and the value so arrived at shall be reduced by any charges paid by the employee himself.

It is added that where the accommodation is provided by the Central Government or any State Government to an employee who is serving on deputation with any body or undertaking under the control of such Government,—

(*i*) the employer of such an employee shall be deemed to be that body or undertaking where the employee is serving on deputation; and

(*ii*) the value of perquisite of such an accommodation shall be the amount calculated in accordance with Table in A (*ii*) (*a*) above, as if the accommodation is owned by the employer.

C. Furnished Accommodation in a Hotel: The value of perquisite shall be determined on the basis of lower of the following two:

1. 24% of salary paid or payable in respect of period during which the accommodation is provided; or
2. Actual charges paid or payable by the employer to such hotel;

for the period during which such accommodation is provided as reduced by any rent actually paid or payable by the employee.

However, nothing in (C) shall be taxable if following two conditions are satisfied :

1. The hotel accommodation is provided for a total period not exceeding in aggregate 15 days in a previous year, and
2. Such accommodation is provided on an employee's transfer from one place to another place.

It may be clarified that while services provided as an integral part of the accommodation, need not be valued separately as perquisite, any other services over and above that for which the employer makes payment or reimburses the employee shall be valued as a perquisite as per the residual clause. In other words, composite tariff for accommodation will be valued as per the Rules and any other charges for other facilities provided by the hotel will be separately valued under the residual clause.

D. However, the value of any accommodation provided to an employee working at a mining site or an on-shore oil exploration site or a project execution site or a dam site or a power generation site or an off-shore site will not be treated as a perquisite if:

(*i*) such accommodation is located in a "remote area" or

(*ii*) where it is not located in a "remote area", the accommodation is of a temporary nature having plinth area of not more than 800 square feet and should not be located within 8 kilometers of the local limits of any municipality or cantonment board.

A project execution site here means a site of project up to the stage of its commissioning. A "remote area" means an area located at least 40 kilometers away from a town having a population not exceeding 20,000 as per the latest published all-India census.

II. Perquisite on Motor car provided by the Employer [Rule 3(2)]:

(1) If an employer provides motor car facility to his employee, the value of such perquisite shall be :

(*a*) Nil, if the motor car is used by the employee wholly and exclusively in the performance of his official duties.

(*b*) Actual expenditure incurred by the employer on the running and maintenance of motor car including remuneration to chauffeur as increased by the amount representing normal wear and tear of the motor car and as reduced by any amount charged from the employee for such use (in case the motor car is exclusively for private or personal purposes of the employee or any member of his household).

(*c*) ₹ 1,800 (*plus* ₹ 900, if chauffeur is also provided) per month (in case the motor car is used partly in performance of duties and partly for private or personal purposes of the employee or any member of his household if the expenses on maintenance and running of motor car are met or reimbursed by the employer). However, the value of perquisite will be ₹ 2,400 (*plus* ₹ 900, if chauffeur is also provided) per month if the cubic capacity of engine of the motor car exceeds 1.6 litres.

(*d*) ₹ 600 (*plus* ₹ 900, if chauffeur is also provided) per month (in case the motor car is used partly in performance of duties and partly for private or personal purposes of the employee or any member of his household if the expenses on maintenance and running of motor car for such private or personal use are fully met by the employee). However, the value of perquisite will be ₹ 900 (*plus* ₹ 900, if chauffeur is also provided) per month if the cubic capacity of engine of the motor car exceeds 1.6 litres.

(2) If the motor car or any other automotive conveyance is owned by the employee but the actual running and maintenance charges are met or reimbursed by the employer, the method of valuation of perquisite value is different and as below:

(*a*) where the motor car or any other automotive conveyance is owned by the employee but actual maintenance and running expenses (including chauffeur salary, if any) are met or reimbursed by the employer, no perquisite shall be chargeable to tax if the car is used wholly and exclusively for official purposes. However, following compliances are necessary:

- Δ The employer has maintained complete details of the journey undertaken for official purposes;
- Δ The employer gives a certificate that the expenditure was incurred wholly for official duties.

However, if the motor car is used partly for official or partly for private purposes then the amount of perquisite shall be the actual expenditure incurred by the employer as reduced by the amounts in (*c*) referred to in (1) above.

Normal wear and tear of the motor shall be taken at 10% per annum of the actual cost of the motor car.

III. Personal attendants, etc. [Rule 3(3)]:

The value of free service of all personal attendants including a sweeper, gardener and a watchman is to be taken at actual cost to the employer. Where the attendant is provided at the residence of the

employee, full cost will be taxed as perquisite in the hands of the employee irrespective of the degree of personal service rendered to him. Any amount paid by the employee for such facilities or services shall be reduced from the above amount.

IV. Gas, electricity and water for household consumption [Rule 3(4)]:

The value of perquisite in the nature of gas, electricity and water shall be the amount paid by the employer. Where the supply is made from the employer's own resources, the manufacturing cost per unit incurred by the employer would be taken for the valuation of perquisite. Any amount paid by the employee for such facilities or services shall be reduced from the perquisite value.

V. Free or concessional education [Rule 3 (5)]:

Perquisite on account of free or concessional education for any member of the employee's household shall be determined as the sum equal to the amount of expenditure incurred by the employer in that behalf. However, where such educational institution itself is maintained and owned by the employer or where such free educational facilities are provided in any institution by reason of his being in employment of that employer, the value of the perquisite to the employee shall be determined with reference to the cost of such education in a similar institution in or near the locality if the cost of such education or such benefit per child exceeds ₹ 1,000 p.m. The value of perquisite shall be reduced by the amount, if any, paid or recovered from the employee.

VI. Carriage of Passenger Goods [Rule 3 (6)]:

The value of any benefit or amenity resulting from the provision by an employer, who is engaged in the carriage of passengers or goods, to any employee or to any member of his household for personal or private journey free of cost or at concessional fare, in any conveyance owned, leased or made available by any other arrangement by such employer for the purpose of transport of passengers or goods shall be taken to be the value at which such benefit or amenity is offered by such employer to the public as reduced by the amount, if any, paid by or recovered from the employee for such benefit or amenity. This will not apply to the employees of any airline or the railways.

VII. Interest free or concessional loans [Rule 3 (7) (*i*)]:

It is common practice, particularly in financial institutions, to provide interest free or concessional loans to employees or any member of his household. The value of perquisite arising from such loans would be the excess of interest payable at **prescribed interest rate** over interest,

if any, actually paid by the employee or any member of his household. The prescribed interest rate would now be ***the rate charged per annum by the State Bank of India as on the 1st day of the relevant financial year in respect of loans of same type and for the same purpose advanced by it to the general public.*** Perquisite value would be calculated on the basis of the maximum outstanding monthly balance method. For valuing perquisites under this rule, any other method of calculation and adjustment otherwise adopted by the employer shall not be relevant. However, small loans up to ₹ 20,000 in the aggregate are exempt.

Loans for medical treatment of diseases specified in Rule 3-A are also exempt, provided the amount of loan for medical reimbursement is not reimbursed under any medical insurance scheme. Where any medical insurance reimbursement is received, the perquisite value at the prescribed rate shall be charged from the date of reimbursement on the amount reimbursed, but not repaid against the outstanding loan taken specifically for this purpose.

VIII. Perquisite on account of travelling, touring, accommodation and any other expenses paid for or reimbursed by the employer for any holiday availed [Rule 3 (7) (*ii*)]:

The value of perquisite on account of travelling, touring, accommodation and any other expenses paid for or reimbursed by the employer for any holiday availed of by the employee or any member of his household, other than leave travel concession [as per Section 10 (5)], shall be the amount of the expenditure incurred by the employer in that behalf. However, any amount recovered from or paid by the employee shall be reduced from the perquisite value so determined.

Where such facility is maintained by the employer, and is not available uniformly to all employees, the value of benefit shall be taken to be the value at which such facilities are offered by other agencies to the public. If a holiday facility is maintained by the employer and is available uniformly to all employees, the value of such benefit would be exempt.

Where the employee is on official tour and the expenses are incurred in respect of any member of his household accompanying him, the amount

of expenditure with respect to the member of the household shall be a perquisite.

IX. Value of Subsidized / Free food / non-alcoholic beverages provided by employer to an employee [Rule 3 (7) (*iii*)]:

Value of taxable perquisite is calculated as under:-

Expenditure incurred by the employer on the value of food / non-alcoholic beverages including 'paid vouchers which are not transferable and usable only at eating joints'		XXX
Less: Fixed value of a sum of ₹ 50 per meal	XXX	
Less: Amount recovered from the employee	XXX	XXX
Balance amount is the taxable as perquisites on the value of food provided to the employees		XXX

NOTE.—Exemption is given in following situations :—

1. Tea / snacks provided in working hours.

2. Food and non-alcoholic beverages provided in working hours in remote area or in an off-shore installation.

X. Membership fees and Annual Fees'[Rule 3 (7) (*v*)]:

Any membership fees and annual fees incurred by the employee (or any member of his household), which is charged to a credit card (including any add-on card) provided by the employer, or otherwise, paid for or reimbursed by the employer is taxable on the following basis:-

Amount of expenditure incurred by the employer		XXX
Less: Expenditure on use for official purposes	XXX	
Less: Amount, if any, recovered from the employee	XXX	XXX
Amount taxable as perquisite		XXX

However, if the amount is incurred wholly and exclusively for official purposes, it will be exempt if the following conditions are fulfilled:-

(*i*) Complete details of such expense, including date and nature of expenditure is maintained by the employer.

(*ii*) Employer gives a certificate that the same was incurred wholly and exclusively for official purpose.

XI. Club Expenditure [Rule 3 (7) (*vi*)] :

Any annual or periodical fee for Club facility and any expenditure in a club by the employee (or any member of his household), which is paid or reimbursed by the employer is taxable on the following basis:

Amount of expenditure incurred by the employer		XXX
Less: Expenditure on use for official purposes	XXX	
Less: Amount, if any, recovered from the employee	XXX	XXX
Amount taxable as perquisite		XXX

However, if the amount is incurred wholly and exclusively for official purposes, it will be exempt if the following conditions are fulfilled:—

(*i*) Complete details of such expense, including date and nature of expenditure and its business expediency is maintained by the employer.

(*ii*) Employer gives a certificate that the same was incurred wholly and exclusively for official purpose.

NOTE.— (1) Health club, sport facilities, etc. provided uniformly to all classes of employee by the employer at the employer's premises and expenditure incurred on them are exempt.

(2) The initial one-time deposits or fees for corporate or institutional membership, where benefit does not remain with a particular employee after cessation of employment are exempt. Initial fees / deposits, in such case, is not included.

XII. Use of assets [Rule 3 (7) (*vii*)]:

It is common practice for a movable asset (other than those referred in other sub-rules of Rule 3) owned by the employer to be used by the employee or any member of his household. This perquisite is to be charged at the rate of 10% of the original cost of the asset as reduced by any charges recovered from the employee for such use. However, the use of Computers and Laptops would not give rise to any perquisite.

XIII. Transfer of assets [Rule 3 (7) (*viii*)]:

Often an employee or member of his household benefits from the transfer of movable asset (not being shares or securities) at no cost or at a cost less than its market value from the employer. The difference between the original cost of the movable asset (not being shares or securities) and the sum, if any, paid by the employee, shall be taken as the value of perquisite. In case of a movable asset, which has already been put to use,

the original cost shall be reduced by a sum of 10% of such original cost for every completed year of use of the asset. Owing to a higher degree of obsolescence, in case of computers and electronic gadgets, however, the value of perquisite shall be worked out by reducing 50% of the actual cost by the reducing balance method for each completed year of use. Electronic gadgets in this case means data storage and handling devices like computer, digital diaries and printers. They do not include household appliance (i.e. white goods) like washing machines, microwave ovens, mixers, hot plates, ovens, etc. Similarly, in case of cars, the value of perquisite shall be worked out by reducing 20% of its actual cost by the reducing balance method for each completed year of use.

XIV. Gifts [Rule 3 (7) (*iv*)]:

The value of any gift or vouchers or token in lieu of which such gift may be received, given by the employer to the employee or member of his household, is taxable as perquisite. However gift, etc., less than ₹ 5,000 in aggregate per annum would be exempt.

XV. Medical Reimbursement by the employer exceeding ₹ 15,000 p.a. under Section 17(2) is to be taken as perquisite.

It is further clarified that the method regarding valuation of perquisites are given in Section 17(2) of the Act and in Rule 3 of the Rules, The deductors may look into the above provisions carefully before they determine the perquisite value for deduction purposes.

5.2.3 *'Profits in lieu of salary' shall include—*

I. the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the termination of his employment or the modification of the terms and conditions relating thereto;

II. any payment (other than any payment referred to in Clauses (10), (10-A), (10-B), (11), (12) (13) or (13-A) of Section 10 due to or received by an assessee from an employer or a former employer or from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions or any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy.

"Keyman insurance policy" shall have the same meaning as assigned to it in Section 10 (10-D);

III. any amount due to or received, whether in lumpsum or otherwise, by any assessee from any person—

(*A*) before his joining any employment with that person; or

(*B*) after cessation of his employment with that person.

5.3 INCOMES NOT INCLUDED UNDER THE HEAD "SALARIES" (EXEMPTIONS)

Any income falling within any of the following clauses shall not be included in computing the income from salaries for the purpose of Section 192 of the Act :—

5.3.1 The value of any **travel concession or assistance** received by or due to an employee from his employer or former employer for himself and his family, in connection with his proceeding (*a*) on leave to any place in India or (*b*) after retirement from service, or, after termination of service to any place in India is exempt under Section 10(5) subject, however, to the conditions prescribed in Rule 2-B of the Rules.

For the purpose of this clause, "family" in relation to an individual means:—

(*i*) the spouse and children of the individual; and

(*ii*) the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.

It may also be noted that the amount exempt under this clause shall in no case exceed the amount of expenses actually incurred for the purpose of such travel.

5.3.2 **Death-cum-retirement gratuity** or any other gratuity is exempt to the extent specified from inclusion in computing the total income under Section 10(10). Any death-cum-retirement gratuity received under the revised Pension Rules of the Central Government or, as the case may be, the Central Civil Services (Pension) Rules, 1972, or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all-India services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority or any payment of retiring gratuity received under the Pension Code or Regulations applicable to the members of the defence service is exempt. Gratuity received in cases other than those mentioned above, on retirement, termination, etc. is exempt up to the limit as prescribed by the Board. Presently the limit is ₹ 10 lakhs with effect from 24-5-2010 [Notification No. 43/2010, S.O. 1414(E) F. No. 142/3/2009-ITA-I, dated the 11th June, 2010].

5.3.3 Any payment in **commutation of pension** received under the Civil Pensions (Commutation) Rules of the Central Government or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all-India services or to the members

of the defence services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority or a corporation established by a Central, State or Provincial Act, is exempt under Section 10 (10-A) (*i*). As regards payments in commutation of pension received under any scheme of any other employer, exemption will be governed by the provisions of Section 10 (10-A)(*ii*). Also, any payment in commutation of pension from a fund referred to in Section 10 (23- AAB) is exempt under Section 10 (10-A) (*iii*).

5.3.4 Any payment received by an employee of the Central Government or a State Government, as **cash-equivalent of the leave salary** in respect of the period of earned leave at his credit **at the time of his retirement**, whether on superannuation or otherwise, is exempt under Section 10 (10-AA) (*i*). In the case of other employees, this exemption will be determined with reference to the leave to their credit at the time of retirement on superannuation or otherwise, subject to a maximum of ten months' leave. This exemption will be further limited to the maximum amount specified by the Government of India Notification No. S.O. 588(E), dated 31-5-2002 at ₹ 3,00,000 in relation to such employees who retire, whether on superannuation or otherwise, after 1-4-1998.

5.3.5 Under Section 10(10-B), the **retrenchment compensation** received by a workman is exempt from income tax subject to certain limits. The maximum amount of retrenchment compensation exempt is the sum calculated on the basis provided in Section 25-F(*b*) of the Industrial Disputes Act, 1947 or any amount not less than ₹ 50,000 as the Central Government may by notification specify in the Official Gazette, whichever is less. These limits shall not apply in the case where the compensation is paid under any scheme which is approved in this behalf by the Central Government, having regard to the need for extending special protection to the workmen in the undertaking to which the scheme applies and other relevant circumstances. The maximum limit of such payment is ₹ 5,00,000 where retrenchment is on or after 1-1-1997 as specified in Notification No. 10969, dated 25-6-1999.

5.3.6 Under Section 10(10-C), any payment received or receivable (even if received in instalments) by an employee of the following bodies at the time of his voluntary retirement or termination of his service, in accordance with any **scheme or schemes of voluntary retirement** or in the case of public sector company, a **scheme of voluntary separation**, is exempt from income tax to the extent that such amount does not exceed ₹ 5,00,000:—

(*a*) A public sector company;

(*b*) Any other company;

(*c*) An Authority established under a Central, State or Provincial Act;

(*d*) A Local Authority;

However, any sum received under such policy referred to in (*iii*), (*iv*) and (*v*) above, on the death of a person would be exempt.

5.3.8 Any **payment from a Provident Fund** to which the Provident Funds Act, 1925, applies or from any other provident fund set up by the Central Government and notified by it in the Official Gazette is exempt under Section 10(11).

5.3.9 Under Section **10(13-A)** of the Act, any special allowance specifically granted to an assessee by his employer to meet **expenditure incurred on payment of rent** (by whatever name called) in respect of residential accommodation occupied by the assessee is exempt from Income tax to the extent as may be prescribed, having regard to the area or place in which such accommodation is situated and other relevant considerations. According to Rule 2-A of the Rules, the quantum of exemption allowable on account of grant of special allowance to meet expenditure on payment of rent shall be the least of the following:—

(*a*) the actual amount of such allowance received by the assessee in respect of the relevant period i. e. the period during which the accommodation was occupied by the assessee during the financial year; or

(*b*) the actual expenditure incurred in payment of rent in excess of one-tenth of the salary due for the relevant period; or

(*i*) where such accommodation is situated in Bombay, Calcutta, Delhi or Madras, 50% of the salary due to the employee for the relevant period; or

(*ii*) where such accommodation is situated in any other places, 40% of the salary due to the employee for the relevant period.

For this purpose, "Salary" includes Dearness Allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.

It has to be noted that only the expenditure actually incurred on payment of rent in respect of residential accommodation occupied by the assessee subject to the limits laid down in Rule 2-A, qualifies for exemption from income tax. Thus, house rent allowance granted to an employee who is residing in a house/flat owned by him is not exempt from income tax. The disbursing authorities should satisfy themselves in this regard by insisting on production of evidence of actual payment of rent before excluding the House Rent Allowance or any portion thereof from the total income of the employee.

Though incurring actual expenditure on payment of rent is a prerequisite for claiming deduction under Section 10 (13-A), it has been decided as an administrative measure that salaried employees drawing

house rent allowance up to ₹ 3,000 per month will be exempted from production of rent receipt. It may, however, be noted that this concession is only for the purpose of tax-deduction at source, and, in the regular assessment of the employee, the Assessing Officer will be free to make such enquiry as he deems fit for the purpose of satisfying himself that the employee has incurred actual expenditure on payment of rent.

Further if annual rent paid by the employee exceeds ₹ 1,00,000 per annum, it is mandatory for the employee to report PAN of the landlord to the employer. In case the landlord does not have a PAN, a declaration to this effect from the landlord along with the name and address of the landlord should be filed by the employee.

5.3.10 Section 10(14) provides for exemption of the following allowances :—

(*i*) Any special allowance or benefit granted to an employee to meet the **expenses wholly, necessarily and exclusively incurred in the performance of his duties** as prescribed under Rule 2-BB subject to the extent to which such expenses are actually incurred for that purpose.

(*ii*) Any allowance granted to an employee either to meet his personal expenses at the place of his posting or at the place he ordinarily resides or to **compensate him for the increased cost of living**, which may be prescribed and to the extent as may be prescribed.

However, the allowance referred to in (*ii*) above should not be in nature of a personal allowance granted to the assessee to remunerate/compensate him for performing duties of a special nature relating to office or employment unless such allowance is related to his place of posting or residence.

The CBDT has prescribed guidelines for the purpose of Section 10(14) read with 10 (14) (*ii*) *vide* Notification S.O. No. 617(E), dated the 7th July, 1995 (F. No. 142/9/95-TPL) which has been amended *vide* Notification No. 403 (E), dated 24-4-2000 (F. No. 142/34/99-TPL). The transport allowance granted to an employee to meet his expenditure for the purpose of commuting between the place of his residence and the place of duty is exempt to the extent of ₹ 1,600 p. m. or ₹ 3,200 p.m. (for a person who is blind or deaf and dumb or is orthopaedically handicapped with disabilities of lower extremes) *vide* Notification S.O. No. 395 (E), dated 13-3-2008 r/w S.O. No. 1002 (E), dated 13-4-2015 and S.O. No. 2604 (E), dated 23-9-2015.

5.3.11 Under Section 10(15)(*iv*)(*i*) of the Act, interest payable by Government on deposits made by an employee of the Central Government or a State Government or a public sector company out of

his retirement benefits, in accordance with such scheme framed in this behalf by the Central Government and notified in the Official Gazette is exempt from income tax. By Notification No. F. 2/14/89-NS-II, dated 7-6-1989, as amended by Notification No.F. 2/14/89-NS-II, dated 12-10-1989, the Central Government has notified a scheme called **Deposit Scheme for Retiring Government Employees, 1989** for the purpose of the said clause.

5.3.12 Any scholarship granted to meet the cost of education is not to be included in total income as per provisions of Section 10(16) of the Act.

5.3.13 Section 10(18) provides for exemption of any income by way of pension received by an individual who has been in the service of the Central Government or State Government and has been awarded "Param Vir Chakra" or "Maha Vir Chakra" or "Vir Chakra" or such other gallantry award as may be specifically notified by the Central Government. Family pension received by any member of the family of such individual is also exempt [Notifications No. S.O. 1948(E), dated 24-11-2000 and 81(E), dated 29-1-2001, which are enclosed as per Annexures VIII and IX (*not printed*)]. "Family" for this purpose shall have the meaning assigned to it in Section 10(5) of the Act.

DDO may not deduct any tax in the case of recipients of such awards after satisfying himself about the veracity of the claim.

5.3.14 Under Section 17 of the Act, exemption from tax will also be available in respect of:—

(*a*) the value of any **medical treatment** provided to an employee or any member of his family, in any hospital maintained by the employer;

(*b*) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or of any member of his family:

(*i*) in any hospital maintained by the Government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees;

(*ii*) in respect of the prescribed diseases or ailments as provided in Rule 3-A(2) of the Rules in any hospital approved by the Chief Commissioner having regard to the prescribed guidelines as provided in Rule 3(A)(1) of the Rules.

(*c*) premium paid by the employer in respect of medical insurance taken for his employees (under any scheme approved by the

Central Government or Insurance Regulatory and Development Authority) or reimbursement of insurance premium to the employees who take medical insurance for themselves or for their family members (under any scheme approved by the Central Government or Insurance Regulatory and Development Authority);

(*d*) reimbursement, by the employer, of the amount spent by an employee in obtaining medical treatment for himself or any member of his family from any doctor, not exceeding in the aggregate ₹ 15,000 in an year;

(*e*) As regards medical treatment abroad, the actual expenditure on stay and treatment abroad of the employee, or any member of his family, or, on stay abroad of one attendant who accompanies the patient, in connection with such treatment, will be excluded from perquisites to the extent permitted by the Reserve Bank of India. It may be noted that the expenditure incurred on travel abroad by the patient/attendant, shall be excluded from perquisites only if the employee's gross total income, as computed before including the said expenditure, does not exceed ₹ 2 lakhs.

For the purpose of availing exemption on expenditure incurred on medical treatment, "hospital" includes a dispensary or clinic or nursing home, and "family" in relation to an individual means the spouse and children of the individual. Family also includes parents, brothers and sisters of the individual if they are wholly or mainly dependent on the individual.

It is pertinent to mention that benefits specifically exempt under section 10(13-A), 10(5), 10(14), 17, etc. of the Act would continue to be exempt. These include benefits like house rent allowance, leave travel concession, travel expense allowance on tour and transfer, daily allowance to meet tour expenses as prescribed, medical facilities subject to conditions.

5.3.15 In this connection, it is to be noted that as per Section 10 (14) read with Rule 2-BB, any allowance granted to meet the cost of travel on tour or on transfer includes any sum paid in connection with transfer, packing and transportation of personal effects of such transfer shall be exempt. Also any allowance, whether, granted for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty shall be exempt.

5.4 DEDUCTIONS UNDER SECTION 16 OF THE ACT FROM THE INCOME FROM SALARIES

5.4.1 *Entertainment Allowance* [*Section* 16 (*ii*)]:

A deduction is also allowed under Section 16(*ii*) in respect of any allowance in the nature of an entertainment allowance specifically granted by an employer to the assessee, who is in receipt of a salary from the Government, a sum equal to one-fifth of his salary (exclusive of any allowance, benefit or other perquisite) or five thousand rupees, whichever is less. No deduction on account of entertainment allowance is available to non-Government employees.

5.4.2 *Tax on Employment* [*Section* 16 (*iii*)]:

The tax on employment (Professional Tax) within the meaning of Article 276 (2) of the Constitution of India, leviable by or under any law, shall also be allowed as a deduction in computing the income under the head "Salaries".

It may be clarified that "Standard Deduction" from gross salary income, which was being allowed up to Financial Year 2004-05 is not allowable from Financial Year 2005-06 onwards.

5.5 DEDUCTIONS UNDER CHAPTER VI-A OF THE ACT

In computing the taxable income of the employee, the following deductions under Chapter VI-A of the Act are to be allowed from his gross total income:

5.5.1 *Deduction in respect of Life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.* (*Section* 80-*C*)

A. Section 80-C, entitles an employee to deductions for the whole of amounts paid or deposited in the current financial year in the following schemes, **subject to a limit of ₹ 1,50,000**:—

(1) Payment of **insurance premium** to effect or to keep in force an insurance on the life of the individual, the spouse or any child of the individual.

(2) Any payment made to effect or to keep in force a contract for a **deferred annuity**, not being an annuity plan as is referred to in Item (7) hereinbelow on the life of the individual, the spouse or any child of the individual, provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity;

(3) Any sum deducted from the salary payable by, or on behalf of the Government to any individual, being a sum deducted in accordance with the conditions of his service for the purpose of securing to him a deferred annuity or making provision for his spouse or children, in so far as the sum deducted does not exceed ⅕th of the salary;

(4) Any contribution made :—

(*a*) by an individual to any **Provident Fund** to which the Provident Fund Act, 1925 applies;

(*b*) to any provident fund set up by the Central Government, and notified by it in this behalf in the Official Gazette, where such contribution is to an account standing in the name of an individual, or spouse or children;

[*The Central Government has since notified Public Provident Fund vide Notification S.O. No.* 1559(*E*), *dated* 3-11-2005]

(*c*) by an employee to a Recognized Provident Fund;

(*d*) by an employee to an approved **superannuation fund;**

It may be noted that "contribution" to any Fund shall not include any sums in repayment of loan or advance;

(5) Any sum paid or deposited during the year as a subscription :—

(*a*) in the name of employee or a girl child of that employee including a girl child for whom the employee is the legal guardian in any such security of the Central Government or any such deposit scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf;

[*The Central Government has since notified the scheme 'Sukanya Samriddhi Account'* vide *Notification GSR No.* 863(*E*), *dated* 2-12-2014]

(*b*) to any such saving certificates as defined under Section 2(*c*) of the Government Saving Certificate Act, 1959 as the Government may, by notification in the Official Gazette, specify in this behalf.

[*The Central Government has since notified National Saving Certificate* (*VIII Issue*) vide *Notification S.O. No.* 1560(*E*), *dated* 3-11-2005 *National Saving Certificate* (*IX Issue*) vide *Notification G.S.R.* 848 (*E*), *dated the 29th November*, 2011, *publishing the National Savings Certificates* (*IX Issue*) *Rules*, 2011 G.S.R. 868 (E), dated the 7th December, 2011, specifying the National Savings Certificates IX Issue as the class of Savings Certificates *F. No.* 1-13/2011-NS-II *r/w amendment* Notification No. GSR 319(E), dated 25-4-2012]

(6) Any sum paid as contribution in the case of an individual, for himself, spouse or any child,

(*a*) for participation in the Unit Linked Insurance Plan, 1971 of the Unit Trust of India;

(*b*) for participation in any unit-linked insurance plan of the LIC Mutual Fund referred to Section 10 (23-D) and as notified by the Central Government.

[*The Central Government has since notified Unit Linked Insurance Plan (formerly known as Dhanraksha,* 1989) *of LIC Mutual Fund* vide *Notification S.O. No.* 1561(*E*), *dated* 3-11-2005.]

(7) Any subscription made to effect or keep in force a contract for such annuity plan of the Life Insurance Corporation or any other insurer as the Central Government may, by notification in the Official Gazette, specify;

[*The Central Government has since notified New Jeevan Dhara, New Jeevan Dhara-I, New Jeevan Akshay, New Jeevan Akshay-I and New Jeevan Akshay-II* vide *Notification S.O. No.* 1562(*E*), *dated* 3-11-2005 *and Jeevan Akshay-III* vide *Notification S.O. No.* 847(*E*), *dated* 1-6-2006]

(8) Any subscription made to any units of any Mutual Fund, of Section 10(23-D), or from the Administrator or the specified company referred to in Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 under any plan formulated in accordance with any scheme as the Central Government, may, by notification in the Official Gazette, specify in this behalf;

[*The Central Government has since notified the Equity Linked Saving Scheme,* 2005 *for this purpose* vide *Notification S.O. No.* 1563(*E*), *dated* 3-11-2005]

The investments made after 1-4-2006 in plans formulated in accordance with Equity Linked Saving Scheme, 1992 or Equity Linked Saving Scheme, 1998 shall also qualify for deduction under Section 80-C.

(9) Any contribution made by an individual to any pension fund set up by any Mutual Fund referred to in Section 10(23-D), or, by the Administrator or the specified company defined in Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

[*The Central Government has since notified the Equity Linked Saving Scheme,* 2005 *for this purpose* vide *Notification S.O. No.* 1563(*E*), *dated* 3-11-2005]

(10) Any subscription made to any such deposit scheme of, or, any contribution made to any such pension fund set up by, the National Housing Bank, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(11) Any subscription made to any such deposit scheme, as the Central Government may, by notification in the Official Gazette, specify for the purpose of being floated by (*a*) public sector companies engaged in providing long-term finance for construction or purchase of houses in India for residential purposes, or, (*b*) any authority constituted in India by, or, under any law, enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both.

[*The Central Government has since notified the Public Deposit Scheme of HUDCO* vide *Notification S.O. No. 37(E), dated* 11-1-2007, *for the purposes of Section* 80-*C*(2)(*xvi*)(*a*)]

(12) Any sums paid by an assessee for the purpose of purchase or construction of a residential house property, the income from which is chargeable to tax under the head "Income from house property" (or which would, if it has not been used for assessee's own residence, have been chargeable to tax under that head) where such payments are made towards or by way of any instalment or part payment of the amount due under any self-financing or other scheme of any Development Authority, Housing Board, etc.

The deduction will also be allowable in respect of repayment of loans borrowed by an assessee from the Government, or any bank or Life Insurance Corporation, or National Housing Bank, or certain other categories of institutions engaged in the business of providing long-term finance for construction or purchase of houses in India. Any repayment of loan borrowed from the employer will also be covered, if the employer happens to be a public company, or a public sector company, or a university established by law, or a college affiliated to such university, or a local authority, or a co-operative society, or an authority, or a board, or a corporation, or any other body established under a Central or State Act.

The stamp duty, registration fee and other expenses incurred for the purpose of transfer shall also be covered. Payment towards the cost of the property, however, will not include, admission fee or cost of share capital deposit or the cost of any addition or alteration to, or, renovation or repair of the house property which is carried out after the issue of the completion certificate by competent authority, or after the occupation of the house by the assessee or after it has been let out. Payments towards any expenditure in respect of which the deduction is allowable under the provisions of Section 24 of the Act will also not be included in payments towards the cost of purchase or construction of a house property.

Where the house property in respect of which deduction has been allowed under these provisions is transferred by the taxpayer at any time before the expiry of five years from the end of the financial year in which possession of such property is obtained by him or he receives back, by way of refund or otherwise, any sum specified in section 80-C(2)(*xviii*), no deduction under these provisions shall be allowed in respect of such sums paid in such previous year in which the transfer is made and the aggregate amount of deductions of income so allowed in the earlier years shall be added to the total income of the assessee of such previous year and shall be liable to tax accordingly.

(13) Tuition fees, whether at the time of admission or thereafter, paid to any university, college, school or other educational institution situated in India, for the purpose of full-time education of any two children of the employee.

Full-time education includes any educational course offered by any university, college, school or other educational institution to a student, who is enrolled full-time for the said course. It is also clarified that full-time education includes play-school activities, pre-nursery and nursery classes.

It is clarified that the amount allowable as tuition fees shall include any payment of fee to any university, college, school or other educational institution in India except the amount representing payment in the nature of development fees or donation or capitation fees or payment of similar nature.

(14) Subscription to equity shares or debentures forming part of any eligible issue of capital made by a public company, which is approved by the Board or by any public finance institution.

(15) Subscription to any units of any mutual fund referred to in Clause (23-D) of Section 10 and approved by the Board, if the amount of subscription to such units is subscribed only in eligible issue of capital of any company.

(16) Investment as a term deposit for a fixed period of not less than five years with a scheduled bank, which is in accordance with a scheme framed and notified by the Central Government, in the Official Gazette for these purposes.

[*The Central Government has since notified the Bank Term Deposit Scheme, 2006 for this purpose* vide *Notification S.O. No.* 1220(*E*), *dated* 28-7-2006]

(17) Subscription to such bonds issued by the National Bank for Agriculture and Rural Development, as the Central Government may, by such notification in the Official Gazette, specify in this behalf.

(18) Any investment in an account under the Senior Citizens Savings Scheme Rules, 2004.

(19) Any investment as five-year time deposit in an account under the Post Office Time Deposit Rules, 1981.

B. Section 80-C (3) and 80-C (3-A) states that in case of Insurance Policy other than contract for a deferred annuity, the amount of any premium or other payment made is restricted to:—

Policy issued before 1st April, 2012	20% of the actual capital sum assured
Policy issued on or after 1st April, 2012	10% of the actual capital sum assured
Policy issued on or after 1st April, 2013* — In cases of persons with disability or person with severe disability as per Section 80-U or suffering from disease or ailment as specified in rules made under Section 80-DDB	15% of the actual capital sum assured

*Introduced by Finance Act, 2013.

Actual capital sum assured in relation to a life insurance policy means the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy, not taking into account—

(*i*) the value of any premium agreed to be returned, or

(*ii*) any benefit by way of bonus or otherwise over and above the sum actually assured which may be received under the policy by any person.

5.5.2 *Deduction in respect of contribution to certain pension funds (Section 80-CCC)*

Section 80-CCC allows an employee deduction of an amount paid or deposited out of his income chargeable to tax to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from the Fund referred to in section 10 (23-AAB). However, the deduction shall exclude interest or bonus accrued or credited to the employee's account, if any and shall not exceed ₹ 1,50,000.

However, if any amount is standing to the credit of the employee in the fund referred to above and deduction has been allowed as stated above the employee or his nominee receives this amount together with the interest or bonus accrued or credited to this account due to the reason of

(*i*) Surrender of annuity plan, whether in whole or part

(*ii*) Pension received from the annuity plan

then the amount so received during the Financial Year shall be the income of the employee or his nominee for that Financial Year and accordingly will be charged to tax.

Where any amount paid or deposited by the employee has been taken into account for the purposes of this section, a deduction with reference to such amount shall not be allowed under Section 80-C.

5.5.3 *Deduction in respect of contribution to pension scheme of Central Government* (*Section* 80-*CCD*):

Section 80-CCD (1) allows an employee, being an individual employed by the Central Government on or after 1-1-2004 or being an individual employed by any other employer, or any other assessee being an individual, a deduction of an amount paid or deposited out of his income chargeable to tax under a pension scheme as notified *vide* Notification F. N. 5/7/2003-ECB&PR, dated 22-12-2003 National Pension System-NPS or as may be notifed by the Central Government. However, the deduction shall not exceed an amount equal to 10% of his salary (includes Dearness Allowance but excludes all other allowance and perquisites).

As per Section 80-CCD (1-B), an assessee referred to in 80-CCD (1) shall be allowed an deduction in computation of his income, of the whole of the amount paid or deposited in the previous year in his account under the pension scheme notified or as may be notified by the Central Government, which shall not exceed ₹ 50,000. The deduction of ₹ 50,000 shall be allowed whether or not any deduction is allowed under sub-section (1). However, the same amount cannot be claimed both under sub-section (1) and sub-section (1-B) of Section 80-CCD.

As per Section 80-CCD (2), where any contribution in the said pension scheme is made by the Central Government or any other employer, then the employee shall be allowed a deduction from his total income of the whole amount contributed by the Central Government or any other employer subject to limit of 10% of his salary of the previous year.

If any amount is standing to the credit of the employee in the pension scheme referred above and deduction has been allowed as stated above, and the employee or his nominee receives this amount together with the amount accrued thereon, due to the reason of—

(*i*) Closure or opting out of the pension scheme or

(*ii*) Pension received from the annuity plan purchased and taken on such closure or opting out

then the amount so received during the FYs shall be the income of the employee or his nominee for that Financial Year and accordingly will be charged to tax.

Where any amount paid or deposited by the employee has been taken into account for the purposes of this section, a deduction with reference to such amount shall not be allowed under Section 80-C.

Further it has been specified that with effect from 1-4-2009 any amount received by the employee from the New Pension Scheme shall be deemed not to have been received in the previous year if such amount is used for purchasing an annuity plan in the same previous year.

It is emphasized that as per the **Section 80-CCE, the aggregate amount of deduction under Sections 80-C, 80-CCC and Section 80-CCD (1) shall not exceed ₹ 1,50,000. The deduction allowed under Section 80-CCD (1-B) is an additional deduction in respect of any amount paid in the NPS up to ₹ 50,000. However, the contribution made by the Central Government or any other employer to a pension scheme under Section 80-CCD (2) shall be excluded from the limit of ₹ 1,50,000 provided under this section.**

5.5.4 *Deduction in respect of investment made under an equity savings scheme* (*Section* 80-*CCG*):

Section 80-CCG provides deduction with effect from assessment year 2013-14 in respect of investment made under notified equity saving scheme. **Rajiv Gandhi Equity Savings Scheme, 2012** has been notified vide S.O. No. 2777-E, dated 23-11-2012 (subsequent Corrigendum S.O. No. 2835-E, dated 5-12-2012) and amended *vide* Notification S.O. No. 3693-E, dated 18-12-2013 as a scheme under this section. The scheme was modified in December 2013 *vide* Notification S.O. 3693, dated 18-12-2013 (RGESS, 2013). The deduction under this section in accordance with RGESS 2013 is available if following conditions are satisfied:—

(*a*) The assessee is a resident individual

(*b*) His gross total income does not exceed ₹ 12 lakhs;

(*c*) He has acquired listed shares in accordance with a notified scheme or listed units of an equity oriented fund as defined in Section 10 (38);

(*d*) The assessee is a new retail investor;

(*e*) The investment is locked-in for a period of 3 years from the date of acquisition in accordance with the above scheme;

(*f*) The assessee satisfies any other condition as may be prescribed.

Amount of deduction.—The amount of deduction is at 50% of the amount invested in equity shares / units. However, the amount of deduction under this provision cannot exceed ₹ 25,000.

Withdrawal of deduction.—If the assessee, after claiming the said deduction, fails to satisfy the above conditions, the deduction

originally allowed shall be deemed to be the income of the assessee of the year in which default is committed.

This deduction is allowed for three consecutive assessment years beginning with the AY in which the listed equity shares or units were first acquired. If any deduction is claimed by a taxpayer under this section in any year, he shall not be entitled to any deduction under this section for any other year.

5.5.5 *Deduction in respect of health insurance premia paid, etc.* (*Section* 80-*D*):

Section 80-D provides for deduction available for health insurance premia paid, etc. which is calculated as under:—

Sl. No.	Persons for whom payment made	Nature of payment	Mode of payment	Allowable Deduction (in ₹)
1.	Employee or his family*	❖ the whole of the amount paid to effect or to keep in force an insurance on the health of the employee or his family or ❖ any contribution made to the CGHS or such other scheme as may be notified by Central Government (Finance Act, 2013)	any mode other than cash	Aggregate allowable is ₹ 25,000 (₹ 30,000 for Senior and Very Senior Citizens)
2.		❖ any payment on account of preventive health check-up of the employee or family, [*restricted to* ₹ 5,000; *cash payment allowed here*]	any mode including cash	
3.		❖ Whole of the amount paid on account of medical expenditure incurred on health of a very senior citizen and no amount has been paid to effect of keep in force an insurance on the health of such person	any mode other than cash	Aggregate allowable is ₹ 30,000
4.	Parent or Parents of employee*	❖ the whole of the amount paid to effect or keep in force an insurance on the health of the parent or parents of the employee	any mode other than cash	Aggregate allowable is ₹ 25,000 (₹ 30,000 for senior and very senior citizen)
5.		❖ any payment made on account of preventive health check-up of the parent or parents of the employee [*restricted to* ₹ 5,000; *cash payment allowed here*]	any mode including cash	
6.		❖ Whole of the amount paid on account of medical expenditure incurred on health of a very senior citizen and no amount has been paid to effect or keep in force an insurance on the health of such person	any mode other than cash	Aggregate allowable is ₹ 30,000

* Aggregate of the sum allowable as deduction under Sl. Nos. 1, 2 and 3 and 4, 5 and 6 above shall not exceed ₹ 30,000.

Here—

(*i*) "family" means the spouse and dependent children of the employee.

(*ii*) **"Senior citizen"** means an individual, **resident** in India who is of the age of **sixty years** or more at any time during the relevant previous year.

(*iii*) **Very senior citizen** means an individual **resident** in India who is of the age of **eighty years** or more at any time during the relevant previous year.

The DDO must ensure that the medical insurance referred to above shall be in accordance with a scheme made in this behalf by—

(*a*) the General Insurance Corporation of India formed under Section 9 of the General Insurance Business (Nationalization) Act, 1972 and approved by the Central Government in this behalf; or

(*b*) any other insurer and approved by the Insurance Regulatory and Development Authority established under sub-section (1) of Section 3 of the Insurance Regulatory and Development Authority Act, 1999.

5.5.6 *Deductions in respect of expenditure on persons or dependants with disability* :

5.5.6.1 *Deductions in respect of maintenance including medical treatment of a dependant who is a person with disability* (*Section* 80-*DD*):

Under Section 80-DD, where an employee, who is a resident in India, during the previous year—

(*a*) **incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability;** or

(*b*) **paid** or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in this regard and **approved by the Board** in this behalf for the maintenance of a dependant, being a person with disability, the employee shall be allowed a deduction of a sum of ₹ 75,000 from his gross total income of that year.

However, where such dependant is a person with **severe disability,** an amount of ₹ 1,25,000 shall be allowed as deduction subject to the specified conditions.

The deduction under (*b*) above shall be allowed only if the following conditions are fulfilled:—

(*i*) the scheme referred to in (*b*) above provides for payment of annuity or lumpsum amount for the benefit of a dependant, being a person with disability, in the event of the death of the individual in whose name subscription to the scheme has been made;

(*ii*) the employee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of the dependant, being a person with disability.

However, if the dependant, being a person with disability, predeceases the employee, an amount equal to the amount paid or deposited under sub-para. (*b*) above shall be deemed to be the income of the employee of the previous year in which such amount is received by the employee and shall accordingly be chargeable to tax as the income of that previous year.

5.5.6.2 *Deductions in respect of a person with disability* (*Section* 80-*U*):

Under **Section 80-U**, in computing the total income of an individual, being a resident, who, at any time during the previous year, is certified by the medical authority to be a **person with disability**, there shall be allowed a deduction of a sum of ₹ 75,000. However, where such individual is a person with **severe disability**, a higher deduction of ₹ 1,25,000 shall be allowable.

DDOs should note that 80-DD deduction is in case of the dependant of the employee whereas 80-U deduction is in case of the employee himself. However, under both the sections, the employee shall furnish to the DDO the following:—

1. A copy of the certificate issued by the medical authority as defined in Rule 11-A (1) in the prescribed form as per Rule 11-A (2) of the Rules. The DDO has to allow deduction only after seeing that the Certificate furnished is from the Medical Authority defined in this Rule and the same is in the form as mentioned therein.

2. Further in cases where the condition of disability is temporary and requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any subsequent period unless a new certificate is obtained from the medical authority as in 1 above and furnished before the DDO.

3. For the purposes of Sections 80-DD and 80-U, some of the terms defined are as under:—

(*a*) "*Administrator*" *means the Administrator as referred to in Clause* (*a*) *of Section* 2 *of the Unit Trust of India* (*Transfer of Undertaking and Repeal*) *Act*, 2002 ;

(*b*) "*dependant*" *means*—

(*i*) *in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;*

(*ii*) *in the case of a Hindu undivided family, a member of the Hindu undivided family, dependent wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction under Section* 80-*U in computing his total income for the assessment year relating to the previous year;*

(*c*) "*disability*" *shall have the meaning assigned to it in Clause* (*i*) *of Section* 2 *of the Persons with Disabilities* (*Equal Opportunities, Protection of Rights and Full Participation*) *Act*, 1995 *and includes "autism", "cerebral palsy" and "multiple disability" referred to in Clauses* (*a*), (*c*) *and* (*h*) *of Section* 2 *of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act*, 1999;

(*d*) "*Life Insurance Corporation*" *shall have the same meaning as in Clause* (*iii*) *of sub-section* (8) *of Section* 88;

(*e*) "*medical authority*" *means the medical authority as referred to in Clause* (*p*) *of Section* 2 *of the Persons with Disabilities* (*Equal Opportunities, Protection of Rights and Full Participation*) *Act*, 1995 *or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" referred to in Clauses* (*a*), (*c*), (*h*), (*j*) *and* (*o*) *of Section* 2 *of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act*, 1999;

(*f*) "*person with disability*" *means a person as referred to in Clause* (*t*) *of Section* 2 *of the Persons with Disabilities* (*Equal Opportunities, Protection of Rights and Full Participation*) *Act*, 1995 *or Clause* (*j*) *of Section* 2 *of the National Trust for Welfare of Persons with Autism,*

Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;

(*g*) *"person with severe disability" means—*

(*i*) *a person with eighty per cent or more of one or more disabilities, as referred to in sub-section* (4) *of Section* 56 *of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act,* 1995; *or*

(*ii*) *a person with severe disability referred to in Clause* (*o*) *of Section* 2 *of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act,* 1999;

(*h*) *"specified company" means a company as referred to in Clause* (*h*) *of Section* 2 *of the Unit Trust of India (Transfer of Undertaking and Repeal) Act,* 2002.

5.5.7. *Deduction in respect of medical treatment, etc.* (*Section* 80-*DDB*):

Section **80-DDB** allows a deduction in case of employee, who is resident in India, during the previous year, of any amount actually paid for the medical treatment of such disease or ailment as may be specified in the Rules 11-DD (1) for himself or a dependant. The deduction allowed is equal to the amount actually paid is in respect of the employee or his dependant or ₹ 40,000, whichever is less.

Now the deduction can be allowed on the basis of a prescription from an oncologist, a urologist, a nephrologist, a haematologist, an immunologist or such other specialist, as mentioned in Rule 11-DD. However, the amount of the claim shall be reduced by the amount if any received from the insurer or reimbursed by the employer. Further in case of the person against whom such claim is made is a senior citizen (60 age years or more), then the deduction up to ₹ 60,000 is allowed and in case of very senior citizen (80 age years or more) the deduction up to ₹ 80,000 is allowed.

For the purpose of this section, in the case of an employee, "dependant" means individual, the spouse, children, parents, brothers and sisters of the employee or any of them, dependent wholly or mainly on the employee for his support and maintenance.

Vide Notification S.O. No. 2791 (E), dated 12-10-2015, Rules 11-DD has been amended to do away with the requirement of furnishing a certificate in Form 10-I. A prescription from a specialist as specified in the Rules containing the name and age the patient, name of the disease/ailment along with the name, address, registration number and qualification of the specialist issuing the prescription would now be required.

5.5.8 *Deduction in respect of interest on loan taken for higher education* (*Section* 80-*E*):

Section 80-E allows deduction in respect of payment of interest on loan taken from any financial institution or any approved charitable institution for higher education for the purpose of pursuing his higher education or for the purpose of higher education of his spouse or his children or the student for whom he is the legal guardian.

The deduction shall be allowed in computing the total income for the financial year in which the employee starts paying the interest on the loan taken and immediately succeeding seven financial years or until the financial year in which the interest is paid in full by the employee, whichever is earlier. For the purpose of this section—

(*a*) "*approved charitable institution*" means an institution established for charitable purposes and approved by the prescribed authority Section 10(23-C), or an institution referred to in Section 80-G(2)(*a*);

(*b*) "*financial institution*" means a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in Section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*c*) "*higher education*" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognized by the Central Government or State Government or local authority or by any other authority authorized by the Central Government or State Government or local authority to do so;

5.5.9 *Deductions on respect of donations to certain funds, charitable institutions, etc.* (*Section* 80-*G*):

Section 80-G provides for deductions on account of donation made to funds, charitable organizations, etc. In cases where employees

make donations to the Prime Minister's National Relief Fund, the Chief Minister's Relief Fund or the Lieutenant-Governor's Relief Fund through their respective employers, it is not possible for such funds to issue separate certificate to every such employee in respect of donations made to such funds as contributions made to these funds are in the form of a consolidated cheque. An employee who makes donations towards these funds is eligible to claim deduction under Section 80-G. It is, hereby, clarified that the claim in respect of such donations as indicated above will be admissible under Section 80-G on the basis of the certificate issued by the Drawing and Disbursing Officer (DDO)/Employer in this behalf - Circular No. 2/2005, dated 12-1-2005.

No deduction under this section is allowable in case the amount of donation exceeds ₹ 10,000 unless the amount is paid by any mode other than cash.

5.5.10 *Deductions is respect of rents paid* (*Section* 80-*GG*):

Section 80-GG allows the employee to a deduction in respect of **house rent paid by him for his own residence**. Such deduction is permissible subject to the following conditions :—

(*a*) the employee has not been in receipt of any House Rent Allowance specifically granted to him which qualifies for exemption under Section 10 (13-A) of the Act;

(*b*) the employee files the declaration in Form No. 10-BA. **(Annexure-X)** (*not printed*).

(*c*) The employee does not own:

(*i*) any residential accommodation himself or by his spouse or minor child or where such employee is a member of a Hindu Undivided Family, by such family, at the place where he ordinarily resides or performs duties of his office or carries on his business or profession; or

(*ii*) at any other place, any residential accommodation which is in the occupation of the employee, the value of which is to be determined under Section 23(2)(*a*) or Section 23(4)(*a*), as the case may be.

He will be entitled to a deduction in respect of house rent paid by him in excess of 10% of his total income. The deduction shall be equal to 25% of total income or ₹ 2,000 per month, whichever is less. The total income for working out these percentages will be computed before making any deduction under Section 80-GG.

The Drawing and Disbursing Authorities should satisfy themselves that all the conditions mentioned above are satisfied before such deduction

is allowed by them to the employee. They should also satisfy themselves in this regard by insisting on production of evidence of actual payment of rent.

5.5.11 *Deductions in respect of certain donations for scientific research or rural development* (*Section* 80-*GGA*):

Section 80-GGA allows deduction from total income of employee in respect of donations of any sum as given in the Table below:—

Sl.	Donations made to persons	Approval / Notification under Section	Authority granting approval / Notification
1.	A research association which has as its object the undertaking of scientific research or to a University, college or other institution to be used for scientific research	under Section 35 (1) (*ii*)	Central Govern-ment
2.	A research association which has as its object the undertaking of research in social science or statistical research or to a University, college or other institution to be used for research in social science or statistical research	under Section 35 (1) (*iii*)	Central Govern-ment
	an association or institution, which has as its object the undertaking of any programme of rural development, to be used for carrying out any programme of rural development approved for the purposes of Section 35-CCA	furnishes the certificate under Section 35-CCA (2)	Prescribed Authority under Rule 6-AAA
	an association or institution which has as its object the training of persons for implementing programmes of rural development.	furnishes the certificate under Section 35-CCA (2-A)	Prescribed Authority under Rule 6-AAA
	a public sector company or a local authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme.	furnishes the certificate under Section 35-AC (2) (*a*)	National Committee for Promotion of Social and Economic Welfare

Sl. No.	Donations made to persons	Approval / Notification under Section	Authority granting approval / Notification
6.	a rural development fund	notified under Section 35-CCA (1) (*c*)	set up and notified by the Central Govern-ment
7.	National Urban Poverty Eradication Fund	notified under Section 35-CCA (1) (*d*)	set up and notified by the Central Govern-ment

No deduction under this section is allowable in case:—

(*i*) The employee has gross total income which includes income which is chargeable under the head "Profits and gains of business or profession".

(*ii*) The amount of donation exceeds ₹ 10,000 and is paid in cash.

The Drawing and Disbursing Authorities should satisfy themselves that all the conditions mentioned above are satisfied before such deduction is allowed by them to the employee. They should also satisfy themselves in this regard by insisting on production of evidence of actual payment of donation and a receipt from the person to whom donation has been made and ensure that the approval/notification has been issued by the right authority. DDO must ensure a self-declaration from the employee that he has no income from "Profits and gains of business or profession".

5.5.12 *Deduction in respect of interest on deposits in savings account* (*Section* 80-*TTA*):

Section 80-TTA has been introduced from the Financial Year 2012-13 and it allows to an employee from his *gross total income if it includes any income by way of interest on deposits* (*not being time deposits*) *in a savings account*, **a deduction amounting to:—**

(*i*) in a case where the amount of such income does not exceed in the aggregate ten thousand rupees, the whole of such amount; and

(*ii*) in any other case, ten thousand rupees.

The deduction is available if such savings account is maintained in

(a) banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in Section 51 of that Act);

(b) co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or

(c) Post Office as defined in Clause (*k*) of Section 2 of the Indian Post Office Act, 1898.

For this section, "time deposits" means the deposits repayable on ... of fixed periods.

REBATE OF ₹ 2,000 FOR INDIVIDUALS HAVING TOTAL INCOME UP TO ₹ 5 LAKH [SECTION 87-A]:

Finance Act, 2013 provided relief in the form of rebate to individual ...ers, resident in India, who are in lower income bracket, i.e., having ...come not exceeding ₹ 5,00,000. The amount of rebate is ₹ 2,000 ...mount of tax payable, whichever is lower. This rebate is available ... 2014-15 and subsequent assessment years.

TDS ON PAYMENT OF ACCUMULATED BALANCE UNDER RECOGNIZED PROVIDENT FUND AND CONTRIBUTION FROM APPROVED SUPERANNUATION FUND:

The trustees of a Recognized Provident Fund, or any person ...ed by the regulations of the Fund to make payment of accumulated ...due to employees, shall in cases where sub-rule (1) of Rule 9 ...A of the Fourth Schedule to the Act applies, at the time when the ...ted balance due to an employee is paid, make therefrom the ... specified in Rule 10 of Part-A of the Fourth Schedule to the

...accumulated balance is treated as income chargeable under the ...ries".

...ere any contribution made by an employer, including interest ...contributions, if any, in an approved Superannuation Fund is ... employee, tax on the amount so paid shall be deducted by ... of the Fund to the extent provided in Rule 6 of Part-B of the ...dule to the Act. TDS should be at the average rate of tax at ... employee was liable to be taxed during the preceding three ...ing the period, if that period is less than three years, when he ...er of the fund.

The deductor shall remain liable to deduct tax on any sum paid on account of returned contributions (including interest, if any) even if a fund or part of a fund ceases to be an approved Superannuation fund.

7.3 As per Section 192-A of the Act, with effect from 1-6-2015, the trustees of the EPF Scheme, 1952 framed under Section 5 of the EPF and Miscellaneous Provisions Act, 1952 or any person authorized under the scheme to make payment of accumulated balance due to employees, shall, in a case where the accumulated balance due to an employee participating in a recognized provident fund is includible in his total income owing to the provisions of Rule 8 of Part-A of Fourth Schedule not being applicable at the time of payment of accumulated balance due to the employee, deduct income tax thereon @ 10% if the amount of such payment or aggregate of such payment exceeds ₹ 30,000. In case the employee does not provide his/her PAN Number, then the deduction will have to be made at maximum marginal rate.

8. DDOs TO SATISFY THEMSELVES ABOUT THE GENUINENESS OF CLAIM:

The Drawing and Disbursing Officers should satisfy themselves about the actual deposits / subscriptions / payments made by the employees, by calling for such particulars / information as they deem necessary before allowing the aforesaid deductions. In case the DDO is not satisfied about the genuineness of the employee's claim regarding any deposit/ subscription/ payment made by the employee, he should not allow the same, and the employee would be free to claim the deduction/ rebate on such amount by filing his return of income and furnishing the necessary proof etc., therewith, to the satisfaction of the Assessing Officer.

9. CALCULATION OF INCOME TAX TO BE DEDUCTED:

9.1 Salary income for the purpose of Section 192 shall be computed as follow:—

(*a*) First compute the gross salary as mentioned in Para. 5.1 including all the incomes mentioned in Para. 5.2 and excluding the income mentioned in Para. 5.3.

(*b*) Allow deductions mentioned in Para. 5.4 from the figure arrived at (*a*) above and compute the amount to arrive at Net salary of the employee.

(*c*) Add income from all other heads- 'House Property', 'Profits and Gains of Business or Profession', Capital gains and Income from other Sources to arrive at the Gross Total Income as shown in the form of simple statement mentioned in Para. 3.5. However, it may be remembered that no loss under any such

head is allowable by DDO other than loss under the Head "Income from House Property".

(d) Allow deductions mentioned in Para. 5.5 from the figure arrived at (*c*) above ensuring that the relevant conditions are satisfied. The aggregate of the deductions subject to the threshold limits mentioned in Para. 5.5 shall not exceed the amount at (*b*) above and if it exceeds, it should be restricted to that amount.

This will be the amount of total income of the employee on which tax would be required to be deducted. This income should be rounded off to the nearest multiple of ten rupees.

Income Tax on such income shall be calculated at the rates given in Para. 2.1 of this Circular keeping in view the age of the employee and subject to the provisions of Section 206-AA, as discussed in Para. 4.8. Rebate as per Section 87-A up to ₹ 2,000 to eligible persons (*see* Para. 6) shall be given. Surcharge shall be calculated in cases where applicable (see Para. 2.2).

The amount of tax payable so arrived at shall be increased by Health and cess as applicable (2% for primary and 1% for secondary education) to arrive at the total tax payable.

The amount of tax as arrived at Para. 9.3 should be deducted month in equal instalments. Any excess or deficit arising out of any such deduction can be adjusted by increasing or decreasing the amount of subsequent deductions during the same financial year.

MISCELLANEOUS:

These instructions are not exhaustive and are issued only with a view to guide the employers to understand the various provisions relating to deduction of tax from salaries. Wherever there is any doubt, reference may be made to the provisions of the Income Tax Act, 1961, the Income-tax Rules, 1962, the Finance Act, 2015, the relevant circulars / notifications, etc.

In case any assistance is required, the Assessing Officer/the Public Relation Officer of the Income Tax Department may be contacted.

These instructions may be brought to the notice of all Disbursing Officers/Undertakings including those under the control of the Central/ State Governments.

Copies of this Circular are available with the Director of Income Tax (Public Relations, Printing and Publications and Official Language), Room No. 39, Mayur Bhavan, Connaught Place, New Delhi-110 001 and at the following websites:

www.finmin.nic.in & www.incometaxindia.gov.in

ANNEXURE - I

SOME ILLUSTRATIONS

Example 1

For Assessment Year 2016-17

(A) Calculation of Income Tax in the case of an employee (Male or Female) below the age of sixty years and having gross salary income of:

(*i*) ₹ 2,50,000

(*ii*) ₹ 5,00,000

(*iii*) ₹ 10,00,000

(*iv*) ₹ 20,00,000 and

(*v*) ₹ 1,10,00,000

(B) What will be the amount of TDS in case of above employees, if PAN is not submitted by them to their DDOs/Offices:

Particulars	₹ (*i*)	₹ (*ii*)	₹ (*iii*)	₹ (*iv*)	₹ (*v*)
Gross Salary Income (including allowances)	2,50,000	5,00,000	10,00,000	20,00,000	1,10,00,000
Contribution to G.P.F.	45,000	50,000	1,00,000	1,00,000	1,00,000

Computation of Total Income and tax payable thereon

Particulars	₹ (*i*)	₹ (*ii*)	₹ (*iii*)	₹ (*iv*)	₹ (*v*)
Gross Salary	2,50,000	5,00,000	10,00,000	20,00,000	1,10,00,000
Less: Deduction u/s 80-C	45,000	50,000	1,00,000	1,00,000	1,00,000
Taxable Income	2,05,000	4,50,000	9,00,000	19,00,000	1,09,00,000
(A) Tax thereon	Nil	18,000*	1,05,000	3,95,000	30,95,000
Surcharge					3,09,500
Add: (*i*) Education Cess @ 2%.	Nil	360	2,100	7,900	68,090
(*ii*) Secondary and Higher Education Cess @ 1%	Nil	180	1,050	3,950	34,045
Total Tax payable	Nil	18,540	1,08,150	4,06,850	35,06,635
(B) TDS under Sec. 206-AA in case where PAN is not furnished by the employee	Nil	38,000	1,30,000	4,06,850	35,06,635

*Include Rebate of ₹ 2,000 under Sction 87-A.

Example 2

For Assessment Year 2016-17 -

Calculation of Income Tax in the case of an employee below the age of sixty years having a handicapped dependant (With valid PAN furnished to employer).

Particulars		₹
Gross Salary	...	4,20,000
Amount spent on treatment of a dependant, being person with disability (but not severe disability)	...	7,000
Amount paid to LIC with regard to annuity for the maintenance of a dependant, being person with disability (but not severe disability)	...	60,000
GPF Contribution	...	25,000
LIP Paid	...	10,000
Interest Income on Savings Account	...	12,000

Computation of Tax

Particulars			₹
Gross Salary		...	4,20,000
Add: Income from other sources		...	12,000
Interest Income on Savings Account			
	Gross Total Income	...	4,32,000
Less: Deduction u/s 80-DD (Restricted to ₹ 60,000 only)		...	60,000
Less: Deduction u/s 80-C	₹		
(i) GPF	25,000		
(ii) LIP	10,000		
	35,000	...	35,000
Less: Deduction u/s 80-TTA on Interest Income on savings account (Restricted to ₹ 10,000)		...	10,000
Total Income		...	3,27,000
Income Tax thereon/payable		...	5,700
Less: Rebate of ₹ 2,000 as per Section 87-A)			
Add: (i) Education Cess @2%		...	114
(ii) Secondary and Higher Education Cess @1%		...	57
Total Income Tax payable		...	5,871
Rounded off to		...	5,870

Example 3

For Assessment Year 2016-17

Calculation of Income Tax in the case of an employee below the age of sixty years where medical treatment expenditure was borne by the employer (With valid PAN furnished to employer).

Sl. No.	*Particulars*		₹
1.	Gross Salary	...	5,20,000
2.	Medical Reimbursement by employer on the treatment of self and dependent family member.	...	35,000
3.	Contribution of GPF	...	20,000
4.	LIC Premium	...	20,000
5.	Repayment of House Building Advance	...	25,000
6.	Tuition fees for two children	...	60,000
7.	Investment in Unit-Linked Insurance Plan	...	30,000
8.	Interest Income on Savings Account	...	8,000
9.	Interest Income on Time Deposit	...	15,000

Computation of Tax

					₹
1.	Gross Salary			...	5,20,000
2.	*Add* :	Perquisite in respect of reimbursement of Medical Expenses in excess of ₹ 15,000 in view of Section 17 (2) (v)		...	20,000
3.	**Income from other sources**		₹	...	
	(*i*)	Interest Income on Savings Account	8,000	...	
	(*ii*)	Interest Income on Savings Account	15,000	...	23,000
4.	Gross Total Income			...	5,63,000
5.	(*a*) *Less* : Deduction u/s 80-C		₹		
	(*i*)	GPF	20,000		
	(*ii*)	LIC	20,000		
	(*iii*)	Repayment of House Building Advance	25,000		
	(*iv*)	Tuition fees for two children	60,000		
	(*v*)	Investment in Unit-Linked Insurance Plan	30,000		
		Total	1,55,000		
		Restricted to ₹	1,58,000		

Savings Account interest ₹ 8,000)

Total deduction available ₹ 1,58,000	...	1,58,000
Total Income	...	4,05,000
Income Tax thereon/payable	...	15,800
Less: Rebate under Section 87-A)		
Add: (i) Education Cess @ 2%	...	276
(ii) Secondary and Higher Education Cess @ 1%	...	138
Total Income Tax payable	...	14,214
Rounded off to	...	14,214

Example 4

For Assessment Year 2016-17

Illustrative calculation of House Rent Allowance under Section 10 (13-A) in respect of residential accommodation situated in Delhi in case of an employee below the age of 60 years (With valid PAN furnished to employer).

Particulars		₹
Salary	...	3,50,000
Dearness Allowance	...	2,00,000
House Rent Allowance	...	1,40,000
House Rent Paid	...	1,44,000
Annual Provident Fund	...	36,000
Life Insurance Premium	...	4,000
Subscription to Unit-Linked Insurance Plan	...	50,000

Computation of total income and tax payable thereon

			₹
Salary + Dearness Allowance + House Rent Allowance (₹ 3,50,000 + ₹ 2,00,000 + ₹ 1,40,000 = ₹ 6,90,000		...	6,90,000
Gross Salary Income		...	6,90,000
Less: House Rent allowance exempt under Section 10 (13-A):			
(a) Actual amount of HRA received	1,40,000		
(b) Expenditure of rent in excess of 10% of salary (including DA presuming that DA is taken for retirement benefit) (₹ 1,44,000-55,000)	89,000		
(c) 50% of Salary (Basic + DA)	2,75,000	...	89,000
Net Taxable Income		...	6,01,000

			₹
5. (a) *Less*: Deduction u/s 80-C			
(i) GPF	36,000		
(ii) LIC	4,000		
(iii) Investment in Unit-Linked Insurance Plan	50,000		90,000
		...	5,11,000
6. Total Income		...	27,200
7. Tax payable		...	544
8. *Add*: (i) Education Cess @ 2%		...	272
(ii) Secondary and Higher Education Cess @ 1%		...	28,016
9. Total Income Tax payable		...	28,020
Rounded off to			

G.I., CGHS, O.O.No.F.No.S.11045/36/2012-CGHS (HEC) Pt-1, dated 18-11-2015

Removal from the list of empanelled Health Care Organization under CGHS, Delhi and NCR

With reference to above-mentioned matter, the undersigned is directed to draw attention to O.M.No.S.11045/36/2012-CGHS (HEC), dated 1-10-2014 and further on 12-11-2014 vide which (i) Sadhu Vaswani Medical Centre, New Delhi – Diagnostic Centres, (ii)Sadhu Vaswani Medical Centre,New Delhi- Dental Clinic, (iii)Sadhu Vaswanti Medical Centre, New Delhi-Eye Centres, (iv)Star Dental Centre, New Delhi,(V)ASG Eye Hospital, Ghaziabad were empanelled under CGHS Delhi/NCR and to state that all these Health Care Organizations have conveyed unwillingness to continue their empanelment under CGHS. The matter has been examined and it has been decided that all these Health Care Organizations namely, (i) Sadhu Vaswani Medical Centre, New Delhi-Diagnostic Centres, (ii) Sadhu Vaswani Medical Centre, New Delhi -Dental Clinic(iii) Sadhu Vaswani Medical Centre, New Delhi-Eye Centres,(iv) Star Dental Centre, New Delhi, (v)ASG Eye Hospital, Ghaziabad shall stand removed from the list of empanelled hospitals under CGHS Delhi/NCR with immediate effect.

G.I., CGHS, O.O.No.F.No.S.11045/36/2012-CGHS (HEC) Pt-1, dated 24-11-2015

Removal from the list of empanelled Health Care Organization under CGHS, Delhi and NCR

With reference to above-mentioned matter, the undersigned is directed to draw attention to O.M.No.S.11045/36/2012-CGHS (HEC), dated 1-10-2014 vide which (i)Adiva Super-Speciality Care, New Delhi,(ii) Shroff Eye Centre,Sec-27,Gurgaon,(iii) Professional Dentistry Multispeciality Dental Care Centre, New Delhi,(iv) Dabas Dental Clinic and Orthodontic Centre, Dwarka, New Delhi,(v) 32 Pearls Multi-Speciality Dentral Clinic, Vijay Nagar, New Delhi,(vi)Srivastava MRI and Imaging Centre, Mayur Vihar, New Delhi,(vii)Mahavir International, Hauz Rani Market, New Delhi were empanelled under CGHS, Delhi/NCR and to state that as per terms and conditions of empanelment, all Non – NABH/Non-NABL Health Care Organizations were to get themselves inspected and recommended by QCI within one year of empanelment for continuation of their empanelment with CGHS. However, above mentioned Health Care Organizations have not applied for inspection by QCI even after lapse of one year of their empanelment and have not responded to notices issued by CGHS in this regard. The matter was examined and it has now been decided to remove these Health Care Organizations from CGHS panel with immediate effect.

G.I., Dept. of Pen. & P.W., O.M.No.1/18/01-P&PW (E)
(Vol.II),
dated 5-11-2015

Competent Medical Officer/Board for issuing certificate of disability for the purpose of family pension under Rule 54 of CCS(Pension)Rules,1972

Reference is invited to this department's Office Memorandum of even number, dated the 30th September, 2014 on the above subject.

2. It had been conveyed that for grant of family pension under the CCS (Pension) Rules, 1972, the authority competent to issue disability [illegible] would be as specified in the guidelines issued by the Ministry [illegible] and Family Welfare Notification No. S.13020/1/2010, dated [illegible], in pursuance of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Rules, 1996. It had also been conveyed that for the past cases, the disability certificate issued in pursuance of the guidelines, dated 18-6-2010 or in pursuance of [illegible] (6) of the CCS (Pension) Rules, 1972 shall be acceptable.

3. As per Section 2(*p*) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, "Medical Authority" means any hospital or institution specified for the purposes of this Act by notification by the appropriate Government. In pursuance of this, State Governments/UT administrations are required to notify the Medical Authorities to issue disability certificate.

4. In addition to the authorities indicated in Para. 2 above, for grant of family pension under the CCS (Pension) Rules, 1972, including past cases, the authority competent to issue disability certificate would be any hospital or institution specified as a Medical Authority for the purposes of Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act by notification by the Central Government or State Government or a Union Territory Administration.

G.I., Dept. of Pen. & P.W., O.M.No.27012/3/2014Estt. (A), dated 16-12-2015

Procedure for grant of permission to the pensioner for commercial employment after retirement – Revision of Form 25

The undersigned is directed to refer to this Department OM of even number, 27012/3/2014-Estt.(A), dated the 19the November,2014 on the subject mentioned above. In this regard, it is informed that vide Gazette Notification; dated the 15th September, 2015 certain amendments in CCS (Pension) Rules, 1972 have been made on the subject. Accordingly, the Form 25 prescribed for commercial employment after retirement prescribed by above-stated OM, dated the 19th November, 2014 has been re-visited. The fresh revised Form-25 is enclosed.

All Ministries/Departments are requested to bring it to the notice of all concerned.

Form-25

Revised

FORM OF APPLICATION FOR PERMISSION TO CENTRAL SERVICES OFFICERS TO ACCEPT COMMERCIAL EMPLOYMENT WITHIN A PERIOD OF ONE YEAR AFTER RETIREMENT

[Rule 10(1) of CCS (Pension) Rules, 1972]

A. PARTICULARS OF OFFICER

1. Name of the Pensioner (in BLOCK LETTERS) ...
2. Date of retirement ...
3. Particulars of the Ministry/Department/Offices in which the pensioner served during the last five years preceding retirement (with duration) ...
4. Post held at the time of Retirement and period for which held ...
5. Pay Scale/Pay Band and Grade Pay of the post and the Pay drawn by the officer at the time of retirement
6. Pensionary benefits ...
   (*a*) Gross monthly Pension sanctioned /expected ...
   (*b*) Commutation, if any ...
   (*c*) Gratuity, if any ...

B. PARTICULARS OF PROPOSED EMPLOYMENT

7. Details regarding commercial employment proposed to be taken up:- ...
   (*a*) (*i*) Name of organization (firm or company or co-operative society, etc.) ...
   (*ii*) Brief nature of the organization ...
   (*iii*) Full address of the registered office of the organization ...
   (*iv*) Permanent Account Number or Tax Identification Number or Registration Number of the organization ...
   (*b*) Products being manufactured by the firm/type of business carried out by the firm, etc. ...

whether the officer had during the last three years of his official career, any dealings with the firm or company or co-operative society, etc. ...

(c) Duration and nature of the Official dealing with the firm ...

(d) Name of the job/post offered ...

(e) whether post was advertised; if not, how offer made (Attach Newspaper cutting of the advertisement and copy of the offer of appointment, if any) ...

(f) description of the duties of the Post/job, remuneration offered for the post/job ...

(g) proposing to set up practice, indicate: ...

(i) Professional Qualification in the field of practice ...

(ii) Nature of proposed practice ...

(h) other information which the Applicant desires to in support of his request ...

DECLARATION:

I hereby declare that—

(a) I have not been privy to sensitive or strategic information in the last three years of service, which is directly related to the areas of interest or work of the organization that I propose to join or to the areas in which I propose to practise or consult.

(b) the proposed employment will not involve conflict of interest with the policies of the office held by me during the last three years and the interest represented or work undertaken by the organization, I propose to join will not bring me into conflict with the working of the Government.

(c) the organization in which I am seeking employment is not involved in activities which are in conflict with or prejudicial to India's foreign relations, national security and domestic harmony. The organization is not undertaking any activity for intelligence gathering. The employment, which I propose to take up also will not entail activities which are in conflict with or involve activities prejudicial to India's foreign relations, national security and domestic harmony.

(*d*) My service record is clear, particularly with respect to integrity and dealings with Non-Government Organizations.

(*e*) The proposed emoluments and pecuniary benefits are in conformity with the industry standards.

(*f*) I agree to withdraw from the commercial employment in case of any objection by the Government.

UNDERTAKING

I hereby solemnly declare that the above information is true to the best of my knowledge and belief and that no material information has been concealed. In the event of any of the information being found to be false, the permission may be withdrawn without assigning any reason and without prejudice to any other action the Government may consider appropriate including action under CCS (Pension) Rules, 1972 and criminal proceedings.

Signature of Applicant

Date: .....

Place: .....

Address of the Applicant".

Dept. of Per. & Trg., O.M. No. 21011/15/2010-*Estt.*(*AL*),
dated 30-11-2015

...m of e-service book in all Ministries/Departments

...Book of a Government servant is a document to record ... his/her entire service period and career recording each ...nistrative action of the Government servant right from the ...ment till his retirement to reflect the history of service ...employee. As per SRs 198 and 199, such a Service Book ... a Government servant from the date of his/her first ... required to be kept in the custody of the Head of Office ... and transferred with him from office to office.

... decided to switch over to electronic format for ... Book. The e-service book module is presently ... Office Mission Mode Project. The data entered in ... to the employees to enable them to cross-check ... The Controller General of Accounts (CGA) ... e-service book as a legal tender. The CGA has ... service book as legal tender for all purposes and ... instructions to all Controllers of Accounts.

3. All Ministries/Departments are advised to adopt the e-service book as the same will be treated as legal tender for all purposes.

G.I., Dept. of Posts, Letter No. 4-16/2015-SPG, dated 9-12-2015

Strengthening of administration - Periodical Review under FR 56 (j) / FR 56 (l) / Rule 48 of CCS (Pension) Rules, 1972

I am directed to refer to the above-mentioned subject as also the instructions issued by the Department of Personnel and Training (DoP&T) and by this office from time to time wherein various aspects of the provisions of FR 56 (j) / FR 56 (l) / Rule 48 of CCS (Pension) Rules, 1972 have been explained in detail. As already informed, the DoP&T has desired that all the Ministries / Departments need to follow these instructions and periodically review the cases of Government servants as required under FR 56 (j) / FR 56 (l) / Rule 48(1)(b) of CCS (Pension) Rules,.1972.

2. It is further informed that Departmental Review / Representation Committees at different levels are required to be formed in accordance with latest instructions of the DoP&T for reviewing the cases of the Government servants, who are covered by the aforesaid provisions of Fundamental Rules and CCS (Pension) Rules,1972. In this regard, attention is also invited to this Directorate's Letter No. 135-7/86-SPB-II, dated 6-6-1991 and Letter No. 135-5/94-SPB-II, dated 20-12-1994 *vide* which Circle Review Committees and Directorate's Representation Committee were formed. Keeping in view the latest instructions issued by the DoP&T, the constitution of the Review Committees / Representation Committee has been revisited and the Competent Authority has approved the formation of these Committees afresh as given below:—

(A) Review Committees :

Sl. No.	Cadre	Chairperson	Members	
1.	Group 'A'-For SAG and above	Secretary (Posts)	1.	Member (Personnel)
			2.	Member, PSB - as nominated by Secretary (Posts)
			3.	Sr. DDG (Vigilance)
2.	Group 'A'- From JTS to JAG (NFSG)	Secretary (Posts)	1.	Member (Personnel)
			2.	Sr. DDG (Vigilance)
			3.	DDG (Personnel)
		CPMG	1.	PMG of the Circle / Neighbouring Circle
			2.	DPS (HQ)
		CPMG	1.	PMG of the Circle / Neighbouring Circle
			2.	DPS (HQ)
		CPMG	1.	PMG of the Circle / Neighbouring Circle
			2.	DPS (HQ)
		CPMG	1.	DPS (HQ)
			2.	APMG/AD (Staff)
		PMG	1.	DPS of the Region
			2.	AD (Staff)

Committee for the Government servants cadres mentioned at Sl. Nos. 4 to 7:

Member (Personnel)	Chairperson
Sr. DDG (Vigilance)	Member
DDG (Personnel)	Member

above, following has also been decided:

the officers of Postal Service, Group 'B' and cres (Sl. No. 3), Circle will issue the notice for ement to the officer concerned in accordance mendations of the Circle Review Committee. said premature retirement notice shall take approval of the Secretary (Posts)/DG (Posts), sisted by an Internal Committee of the Postal comprising of Member (Personnel), Sr. DDG and DDG (Personnel).

(*ii*) Circle will send the recommendations of the Review Committee in respect of the Government servants (cadres mentioned at Sl. Nos. 4 to 7), who are recommended for premature retirement, along with his/her representation, if any, and the Circle's detailed report and relevant documents of the case to the Postal Directorate for consideration of the Representation Committee and for final decision by the Secretary (Posts)/DG (Posts).

(*iii*) In respect of the Review Committees at Sl. Nos. 3 to 7, in case of Government servants, where premature retirement would be on account of doubtful integrity, association of appropriate officer dealing with the Vigilance cases of the Circle will be necessary.

4. This is issued in supersession of the instructions issued by this office *vide* Letter No. 135-7/86-SPB-II, dated 6-6-1991 and Letter No. 135-5/94-SPB-II, dated 20-12-1994.

5. It is requested to ensure strict compliance of the aforesaid instructions and these may also be brought to the notice of all concerned.

This issues with the approval of the Competent Authority.