



केन्द्रीय विद्यालय संगठन Kendriya Vidyalaya Sangathan
18, संस्थानिक क्षेत्र / 18, Institutional Area
शहीद जीत सिंह मार्ग / Shaheed Jeet Singh Marg
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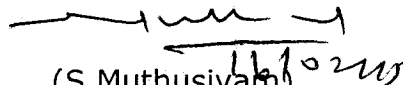
F.No.110239/51/Cir./2015/KVS (Budget)

Dated: 16/02.2015

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

1. G.I., Dept. of Per. & Trg., O.M.No.14/1/2009-welfare, dated 01.12.2014 regarding Local purchase of stationery and other articles from Kendriya Bhandar, NCCF and Other Multi-State Co-operative Societies having majority shareholding by the Central Government.
2. G.I., (CBDT) Circular No.17/2014, F.No.275/192/2014-IT(B), dated 10-12-2014 regarding Income Tax deduction from salaries during the Financial Year 2014-15 under Section 192 of the Income Tax Act, 1961.
3. G.I., Dept. of Per. & Trg., Notfn.No.F.No.13018/6/2013-Estt.(L), dated 9-10-2014 regarding amendment to Central Civil services(Leave) Rules, 1972.
4. G.I., M.H., O.O.No.F.No.S.11045/36/2012-CGHS(HEC), dated 26-11-2014 regarding CGHS Rates for Cancer Surgery for hospitals empanelled under CGHS.
5. G.I., Dept. of Pen. & P.w., O.M.No.7/3/2013-P&PW(F), dated 2-12-2014 regarding payment of Death Gratuity to a minor.
6. G.I., Dept. of Per. & Trg., O.M.No.35034/3/2008-Estt.(D)(Vol.II), dated 10-12-2014 regarding modified assured Career Progression Scheme for the Central Government Employee - Clarification.

Copies of the aforesaid orders may now be got downloaded from the KVS Website for office record.


(S.Muthusivam)
Asstt.Commissioner(Fin.)
Tel.No. 011-26523070

Distribution:

1. The Deputy.Commissioner, KVS, all ROs.
2. The Finance Officer, KVS, all ROs.
3. All Officers/Section at KVS (HQ.).
4. Principal, KV, Kathmandu, Moscow/Tehran.
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.

①

G.I., Dept. of Per. & Trg., O.M.No.14/1/2009-Welfare,
dated 01-12-2014

**Local purchase of stationery and other articles from
Kendriya Bhandar, NCCF and other Multi-State Co-
operative Societies having majority shareholding by the
Central Government**

Attention of the Ministries/Departments is invited to the Department of Personnel and Training's O.M.No.14/12/94-Welfare (Vol.II), dated 5-7-2007 on the above subject. It is stated that the validity of the O.M.No.14/12/94-Welfare (Vol.II), dated 5-7-2007 was further extended with the approval of the competent authority for a period of two months with effect from 1-10-2014, i.e. up to 30-11-2014 vide O.M.No.14/1/2009-Welfare, dated 24-9-2014.

2. The validity of the O.M.No.14/12/94-Welfare (Vol.II), dated 5-7-2007 has been further extended with the approval of the competent authority for a period of four months with effect from 1st December, 2014 up to 31st March, 2015.

3. This issues with the concurrence of the Ministry of Finance, Department of Expenditure vide their I.D.No.26/2/2013-PPD, dated 28.11.2014.

4. The contents of this office Memorandum may be brought to the notice of all concerned.

Income Tax deduction from salaries during the Financial Year 2014-15 under Section 192 of the Income Tax Act,1961

Reference is invited to Circular No.8/2013, dated 25-10-2013(should be 10-10-2013) 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 2013-14, 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 2014-15 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.

2. RATES OF INCOME TAX AS PER FINANCE (No. 2) ACT, 2014:

As per the Finance (No. 2) Act, 2014, income tax is required to be deducted under Section 192 of the Act from income chargeable under the head "Salaries" for the Financial Year 2014-15 (i.e. Assessment Year 2015-16) 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

B. Rates of tax for every individual, resident in India, who is of 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 <i>plus</i> 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 shall be increased by a surcharge @ 10% of the income tax on payments to an individual taxpayer, if **the total income of the individual exceeds ₹ 1 crore during FY 2014-15 (AY 2015-16)**. However the amount of Surcharge shall not exceed the amount by which the individual's total income exceeds ₹ 1 crore and if surcharge so arrived at, exceeds such amount (assessee's total income *minus* one crore), then it will be restricted to the amount of total income *minus* Rupees one crore.

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 2014-15. 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 deducted 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) × 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) = 2285/12]

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 tax payer 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.

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 houses 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) <hr/> 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 case 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	7 TH DAY NEXT MONTH
3.	Tax on perquisites opt to be deposited by the employer	7 TH 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	30 th APRIL NEXT FINANCIAL YEAR
2.	Tax deducted in any other month	7 TH DAY NEXT MONTH
3.	Tax on perquisites opted to be deposited by the employer	7 TH 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.	30 th June	7 th July
2.	30 th September	7 th October
3.	31 st December	7 th January
4.	31 st March	30 th 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:

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** 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 consists of receipt number of Form 24-G, DDO sequence number in Form No. 24-G and date on which tax is deposited.

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.

(10)

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.

(11)

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.

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 337 (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 341) can be shown in Column 353 (Reported amount of TDS by previous employer, as per NSDL RPU).
- (e) Employer is advised to quote Total Taxable Income (Column 346) 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 (Incl. cess)	TDS Deducted / Reported after rounding-off of income (Incl. cess)	Short Deduction
1350094	1350090	236929.05	236927.80	₹ 1.25

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 (PART - B) 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 thereunder. 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.

4.7 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 No (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 (Systems) 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 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 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.

4.9.8 It may be noted that under the new TDS procedure, TAN of the deductor / 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 statements.

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;
 - (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. SO 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.N. 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 no TDS is required to be made on family pension.

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 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 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 anybody 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:

- ☞ The employer has maintained complete details of the journey undertaken for official purposes;
- ☞ 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 to the agency supplying the gas, electric energy or water. 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 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 & non-alcoholic beverages provided in working hours in remote area or in an offshore 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.

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.

5.2.3 '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 *Leave Travel Concession (LTC)*: 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.

The following are the important points, to be taken into consideration:—

- ▶▶ **Number of Trips.**— The exemption shall be available in respect of 2 journeys performed in the block of 4 calendar years.
 - Without performing any journey and incurring expenses thereon, no exemption can be claimed.
 - The quantum of exemption will be subject to the following maximum limits for journeys performed on or after 1-10-1997:

Sl. No.	Journey Performed by	Exemption Limit
1.	Air	Air Economy fare of the national carrier (Air India) by the shortest route to the place of destination.
2.	Places connected by rail and journey performed by any mode other than by air.	First Class Air conditioned rail fare by the shortest route to the place of destination

Sl. No.	Journey Performed by	Exemption Limit
3.	Place of origin and destination or part thereof not connected by rail.	<p>(a) Where public transport system exists, first class or deluxe class fare on such transport by the shortest route to the place of destination.</p> <p>(b) Where no public transport system exists, first class A/C rail fare, for the distance of the journey by the shortest route, as if the journey has been performed by rail.</p>

» This exemption is limited to the actual expenses incurred on the journey which in turn is strictly limited to expenses on air fare, rail fare and bus fare only. No other expenses like local conveyance, sight-seeing expense etc., shall qualify for exemption.

» Where the journey is performed in a circuitous route, the exemption is limited to what is admissible by the shortest route. Likewise, where the journey is performed in a circular form touching different places, the exemption is limited to what is admissible for the journey from the place of origin to the farthest point reached in India, by the shortest route.

- *Restriction on children.*— The exemption will not be available to more than 2 surviving children of an individual born after 1-10-1998. This restriction shall not apply in respect of children born before 1-10-1998 and also in case of multiple births after one child. It may be noted that Section 2 (15-B) of the Act defines a child as includes a step child and an adopted child of the individual.

- *Definition of Family.*— As per the provisions of the Rules, family means:
 - ✕ Spouse and children of the individual.
 - ✕ Parents, brothers and sisters who are wholly or mainly dependent on the individual.

- *Foreign Travel.*— As per the provisions of the Rules, exemption is not allowable in case of travel abroad.

- *Obligation of the employer.*— The employer has to satisfy the obligation that leave travel (fare) concession is not taxable in view of Section 10 (5) and he is not only required to be satisfied about the provisions of the said clause but also to keep and preserve evidence in support thereof.

Some important points to be considered are as under: —

1. It is uniform for all employees

2. Where an employee does not avail LTC, either one or on both the occasions during the block of 4 calendar years, the value of LTC first availed during the first calendar year of the immediately succeeding block shall be eligible for exemption in lieu of exemption not availed during the preceding block. Only one trip can be carried forward to be availed in the immediately succeeding block.

3. *Quantum of Exemption.*— The basic rule is that, quantum of exemption will be limited to the actual expense incurred on the journey.

Any Leave encashed for the purpose of Leave travel or home travel concession is taxable.

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. 200/33/2009-ITA-1, 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 of 25-06-1999.

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;
- (e) A Co-operative Society;
- (f) A University established or incorporated or under a Central, State or Provincial Act, or, an Institution declared to be a University under Section 3 of the University Grants Commission Act, 1956;
- (g) Any Indian Institute of Technology within the meaning of Section 3 (g) of the Institute of Technology Act, 1961;
- (h) Such Institute of Management as the Central Government may by notification in the Official Gazette, specify in this behalf.

The exemption of amount received under VRS has been extended to employees of the Central Government and State Government and

(2)

employees of notified institutions having importance throughout India or any State or States. It may also be noted that where this exemption has been allowed to any employee for any assessment year, it shall not be allowed to him for any other assessment year. Further, if relief has been allowed under Section 89 for any assessment year in respect of amount received on voluntary retirement or superannuation, no exemption under Section 10 (10-C) shall be available.

5.3.7 Any **sum received under a Life Insurance Policy (Section 10 (10-D))**, including the sum allocated by way of bonus on such policy other than the following is exempt under Section 10 (10-D):

- (i) any sum received under Section 80-DD (3) or Section 80-DDA (3); or
- (ii) any sum received under a Keyman insurance policy; or
- (iii) any sum received under an insurance policy issued on or after 1-4-2003, but on or before 31-3-2012, in respect of which the premium payable for any of the years during the term of the policy exceeds 20 per cent of the actual capital sum assured; or
- (iv) any sum received under an insurance policy issued on or after 1-4-2012 in respect of which the premium payable for any of the years during the term of the policy exceeds 10 per cent of the actual capital sum assured; or
- (v) any sum received under an insurance policy issued on or after 1-4-2013 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 Section 80-DDB, in respect of which the premium payable for any of the years during the term of the policy exceeds 15 per cent of the actual capital sum assured

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 the nature of a personal allowance granted to the assessee to remunerate or compensate him for performing duties of a special nature relating to his office or employment unless such allowance is related to his place of posting or residence.

CBDT has prescribed guidelines for the purpose of Section 10 (14) (i) & 10 (14) (ii) *vide* notification No. SO 617 (E), dated the 7th July, 1995 (F. No. 142/9/95-TPL) which has been amended *vide* notification S.O. 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 ₹ 800 p. m. or ₹ 1,600 p.m (for a blind person) *vide* notification S.O. No. 395 (E), dated 13-5-1998.

5.3.11 Under Section 10 (15) (iv) (i) of the Act, interest payable by the 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 Annexure VIII & 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.

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 1/5th 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 subscription :—

- (a) to 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;
- (b) to any such **saving certificates** as define 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 (VIIIth Issue) vide Notification S.O. No. 1560 (E), dated 3-11-2005 and National Saving Certificate (IXth 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 & 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 (23D), or, by the Administrator or the specified company defined in Unit Trust of India (Transfer of Undertaking & 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 re-payment 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 cooperative 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 house property, however, will not include, admission fee or cost of share or initial 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 tax-payer 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) & 80-C (3A) 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 1 st April 2012	20% of the actual capital sum assured
Policy issued on or after 1 st April 2012	10% of the actual capital sum assured
Policy issued on or after 1 st 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 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 lakh.

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 and 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 or by any other employer on or after 1-1-2004, 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. No. 5/7/2003- ECB&PR, dated 22-12-2003 (National Pension System-NPS) or as may be notified 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). **The deduction under Section 80-CCD (1) shall not exceed ₹ 1,00,000.**

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 that any amount received by the employee from the new pension scheme shall be deemed not to have 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, 80CCC and Section 80-CCD (1) shall not exceed ₹ 1,50,000. However, the deduction under Section 80-CCD (1) shall not exceed ₹ 1,00,000 but 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 ₹ 1,00,000 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 as a scheme under this section. The scheme was modified in December 2013 *vide* notification S.O. No. 3693, dated 18-12-2013 as 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 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 aforesaid 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	<ul style="list-style-type: none"> ⊕ 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 payment on account of preventive health check-up of the employee or family, [restricted to ₹ 5,000; cash payment allowed here] 	any mode other than cash	Aggregate allowable is ₹ 15,000 (For Senior Citizens, it is ₹ 20,000).
2.	Parent or Parents of employee	<ul style="list-style-type: none"> ⊕ 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 or ⊕ 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 other than cash	Aggregate allowable is ₹ 15,000 (For Senior Citizens, it is ₹ 20,000)

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 [For AY 2013-14 onwards]** 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, has, 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 **fifty thousand rupees** from his gross total income of that year.

However, where such dependant is a person with **severe disability**, an amount of one hundred thousand rupees 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 fifty thousand rupees. However, where such individual is a person with **severe disability**, a higher deduction of *one lakh rupees* shall be allowable.

DDOs should note that 80-DD deduction is in case of the dependent 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 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 Section 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 or ₹ 40,000, whichever is less. Further the amount paid should also be reduced by the amount received if any under insurance from an insurerer or reimbursed by an employer. In case of a senior citizen (an individual resident in India who is of the age of **sixty years** or more at any time during the relevant previous year) the amount of deduction allowed is ₹ 60,000.

DDO must ensure that the employee furnishes a certificate in Form 10-I from a neurologist, an oncologist, a urologist, nephrologist, a haematologist, an immunologist or such other specialist, as mentioned in Rule 11-DD.

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, dependant wholly or mainly on the employee for his support and maintenance.

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 (23C), 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 Deduction in respect of interest on loan taken for residential house property (Section 80-EE):

Vide Finance Act 2013, an individual is allowed a deduction up to a limit of ₹ 1,00,000 being paid as interest on a loan taken from a Financial Institution, sanctioned during the period 1-4-2013 to 31-3-2014 (loan not to exceed ₹ 25 lakhs) for acquisition of a residential house whose value does not exceed ₹ 40 lakhs. However the deduction is available if the assessee

does not own any residential house property on the date of sanction of the loan.

If in case of above loan the interest claimed during AY 2014-15 is less than ₹ 1,00,000, then the balance amount is allowed in AY 2015-16.

5.5.10 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 various 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 of amount of donation if exceeds ₹ 10,000 unless the amount is paid by any mode other than cash.

5.5.11 Deductions in 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.

(d) 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.

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.

5.5.12 *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. No.	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 Government
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 Government
3.	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
4.	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

Sl. No.	Donations made to persons	Approval / Notification under Section	Authority granting approval / Notification
5.	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
6.	a rural development fund	notified under Section 35-CCA (1) (c)	set up and notified by the Central Government
8.	National Urban Poverty Eradication Fund	notified under Section 35-CCA (1) (d)	set up and notified by the Central Government

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".

5.5.13 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—

- (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 expiry of fixed periods.

6. 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 taxpayers, resident in India, who are in lower income bracket, i. e. having total income not exceeding ₹ 5,00,000. The amount of rebate is ₹ 2,000 or the amount of tax payable, whichever is lower. This rebate is available for A. Y. 2014-15 and subsequent assessment years.

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

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

The accumulated balance is treated as income chargeable under the head Salaries

7.2 Where any contribution made by an employer, including interest on such contributions, if any, in an approved Superannuation Fund is paid to the employee, tax on the amount so paid shall be deducted by the trustees of the Fund to the extent provided in Rule 6 of Part-B of the Fourth Schedule to the Act. TDS should be at the average rate of tax at which, the employee was liable to be taxed during the preceding three years or during the period, if that period is less than three years, when he was member 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.

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 follows:—

- (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 income tax would be required to be deducted. This income should be rounded off to the nearest multiple of ten rupees.

9.2 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) may be given. Surcharge shall be calculated in cases where applicable (see Para. 2.2).

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

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

10. MISCELLANEOUS:

10.1 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 (No. 2) Act 2014, the relevant circulars / notifications, etc.

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

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

10.4 Copies of this Circular are available with the Director of Income Tax (Public Relations, Printing and Publications and Official Language), 6th Floor, 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 2015-16

(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 and
- (iv) ₹ 20,00,000
- (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 GPF.	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	90,000	1,30,000 (should be 1,80,000)	4,06,850	35,06,635
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Example 2

For Assessment Year 2015-16

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 :	₹
1. Gross Salary	4,00,000
2. Amount spent on treatment of a dependant, being person with disability (but not severe disability)	7,000
3. Amount paid to LIC with regard to annuity for the maintenance of a dependant, being person with disability (but not severe disability)	60,000
4. GPF Contribution	25,000
5. LIP Paid	10,000
6. Interest Income on Savings Account	12,000

Computation of Tax

			₹
1.	Gross Salary	...	4,00,000
2.	Add : Income from other sources ... Interest Income on Savings Account	...	12,000
3.	Gross Total Income		4,12,000
4.	Less : Deduction u/s 80-DD (Restricted to ₹ 50,000 only)		50,000
5.	Less : Deduction u/s 80-C	₹	
	(i) GPF	25,000	
	(ii) LIP	10,000	
		35,000	
6.	Less : Deduction u/s 80-TTA on Interest Income on savings account (Restricted to ₹ 10,000)	...	10,000
7.	Total Income	...	3,17,000
8.	Income Tax thereon / payable (includes Rebate of 2,000 as per Section 87-A)	...	4,700
9.	Add : (i) Education Cess @2%	...	94
	(ii) Secondary and Higher Education Cess @1%	...	47
10.	Total Income Tax payable	...	4,841
11.	Rounded off to	...	4,840

Example 3

For Assessment Year 2015-16

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

			₹
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 others sources:	₹	
(i) Interest income on Savings Account	8,000	
(ii) Interest income on Savings Account (should be Time Deposit)	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	1,50,000	
(b) Less : Deduction u/s 80-TTA on interest income on savings account (restricted to ₹ 8,000 available only on Savings account interest)	8,000	
Total deduction available	1,58,000	1,58,000
6. Total income	4,05,000	
7. Income Tax thereon / payable (includes rebate of ₹ 2,000 as per Section 87-A)	13,500	
8. Add: (i) Education Cess @ 2%	270	
(ii) Secondary and Higher Education Cess @ 1%	135	
9. Total Income Tax payable	13,905	
Rounded off to	13,910	

Example 4

For Assessment Year 2015-16

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

Particulars :		₹
1. Salary	3,50,000	
2. Dearness Allowance	2,00,000	
3. House Rent Allowance	1,40,000	
4. House rent paid	1,44,000	
5. General Provident Fund	60,000	
6. Life Insurance Premium	4,000	
7. Subscription to Unit-Linked Insurance Plan	50,000	

Computation of total income and tax payable thereon

1. Salary + Dearness Allowance + House Rent Allowance		₹
3,50,000 + 2,00,000 + 1,40,000 = 6,90,000	...	<u>6,90,000</u>
2. Total Salary Income	...	6,90,000
3. Less : House Rent Allowance exempt U/s 10 (13-A):		
Least of :		₹
(a) Actual amount of HRA received	1,40,000	
(b) Expenditure of rent in excess of 10% of salary (including D.A. presuming that D.A. is taken for retirement benefit) (1,44,000-55,000)	89,000	
(c) 50% of Salary (Basic + DA)	<u>2,75,000</u>	<u>89,000</u>
4. Gross Total Income		6,01,000
5. Less : Deduction u/s 80-C		
(i) GPF	60,000	
(ii) LIC	4,000	
(iii) Investment in Unit-Linked Insurance Plan 50,000		
Total	<u>1,14,000</u>	<u>1,14,000</u>
6. Total Income		4,87,000
7. Tax payable on total income	...	21,700
(includes Rebate of ₹ 2,000 as per Section 87-A)	...	
8. Add : (i) Education Cess @ 2%	...	434
(ii) Secondary and Higher Education Cess @1%	...	217
9. Total Income Tax payable	...	<u>22,351</u>
Rounded off to	...	22,350

Example 5

For Assessment Year 2015-16

(Not printed)

Example 6

For Assessment Year 2015-16

(Not printed)

Example 7

For Assessment Year 2015-16

(Not printed)

Example 8

For Assessment Year 2015-16

(Not printed)

G.I., Dept. of Per. & Trg., Notfn. No. F. No. 13018/6/2013-Estt. (L),
dated 9-10-2014

Amendment to Central Civil Services (Leave) Rules, 1972

G.S.R. 711 (E).— In exercise of the powers conferred by the proviso to Article 309 read with Clause (5) of Article 148 of the Constitution and after consultation with the Comptroller and Auditor-General of India in relation to persons serving in the Indian Audit and Accounts Department, the President hereby makes the following rules further to amend the Central Civil Services (Leave) Rules, 1972, namely:—

1. (1) These rules may be called the Central Civil Services (Leave) Second Amendment Rules, 2014.
- (2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Central Civil Services (Leave) Rules, 1972, in Rule 43-C, in sub-rule (3),—
 - (i) Clause (ii) shall be *omitted*; and
 - (ii) Clause (iii) shall be *re-numbered* as Clause (ii).

G.I., M.H., O.O.No.F.No.S.11045/36/2012-CGHS (HEC),
dated 26-11-2014

**CGHS Rates for Cancer Surgery for hospitals
empanelled under CGHS**

The undersigned is directed to draw attention to the Office Memorandum of even number. dated the 1st October. 2014 and to clarify that CGHS rates for Cancer surgery at Hospitals empanelled under CGHS shall be as per the details given below:

2.1 Rates of Tata Memorial Hospital, Mumbai (2012), as mentioned below for Cancer surgical procedures are treated as CGHS rates for NABH accredited hospitals. For Non-NABH accredited hospitals, the rates would be reduced by 15%. These rates are for treatment for Semi private ward entitled class with 10% decrease for GI. Ward and 15% enhancement for Private ward entitled beneficiaries.

2.2 The duration of treatment for different categories of Surgery will be as follows:

- Category-I ... 1-2 days
- Category-II ... 3-5 days

(7-10 days in respect of operations involving Abdominal / thoracic cavity)

Category III, IV, V & VI ... 12-14 days

2.3. The surgical procedures are enlisted under Categories - I, II, III, IV, V & VI and the list is annexed to this Office Order.

2.4. Rates applicable for room rent (Accommodation Charges) for different categories of wards are given below:

- General ward — ₹ 1,000 per day
- Semi-private ward — ₹ 2,000 per day
- Private ward — ₹ 3,000 per day

CGHS beneficiaries are entitled to facilities of private, semi-private or general ward depending on their basic pay / pension. The entitlement is as follows:—

S. No.	Basic Pay (without the inclusion of grade pay)	Entitlement
1.	Up to ₹ 13,950	General Ward
2.	Between ₹ 13,951 and ₹ 19,530	Semi-Private Ward
3.	₹ 19,540 and above	Private Ward

For any day care procedure requiring short admission — a few hours to one day — accommodation charge for one day as per entitlement shall be applicable, provided the patient has been admitted in a room as per his/her entitlement.

2.5. Investigation rates and procedure charges for Chemotherapy shall be as per CGHS prescribed rates of concerned city. In case of Chemotherapy, the rates prescribed are procedural charges only. Room rent, investigations and cost of medicines are reimbursable in addition to procedural charges.

2.6. Consultation fee shall be as per CGHS rates applicable.

2.7. Investigations rates shall be as per CGHS prescribed rates of concerned city.

2.8. Cost of Implants / stents / grafts is reimbursable in addition to package rates as per CGHS ceiling rates for Implants / stents / grafts.

2.9. The rates applicable for Anaesthesia, Operation Theatre and Surgery Charges under Grades I, II, III, IV, V & VI are given below:

Sr. No.	Description	Rate in Rupees ₹
ANAESTHESIOLOGY CHARGES		
1	Anaesthesia Fees - Grade I	2,700
2	Anaesthesia Fees - Grade II	5,000
3	Anaesthesia Fees - Grade III	8,000
4	Anaesthesia Fees - Grade IV	10,000
5	Anaesthesia Fees - Grade V	14,000
6	Anaesthesia Fees - Grade VI	18,000
SURGICAL ONCOLOGY — Operation Theatre (Hospital Service Charges)		
1	Minor OT - Service Charges	1,000
2	Minor OT - Drugs / Consumables (Without GA)	500
3	Minor OT - Drugs / Consumables (with GA)	750
4	Major OT - Service Charges - Less than 2 Hrs.	5,000
5	Major OT - Service Charges - 2 To 4 Hrs	10,000
6	Major OT - Service Charges - More than 4 Hrs	20,000
SURGERY CHARGES		
1	Minor OT - Surgery Charges	870
2	Grade I Surgery	5,000
3	Grade II Surgery	12,500
4	Grade III Surgery	20,000
5	Grade IV Surgery	25,000
6	Grade V Surgery	35,000
7	Grade VI Surgery	45,000

2.10 The admissible amount for Cancer surgery shall be calculated as per the formula given below:

'Room rent as applicable + Anaesthesia charges (as per category) + OT charges (as per category) + Surgery charges (as per category) + Investigations at CGHS rates + Cost of Medicines and Surgical Disposables.'

Anaesthesia charges (as per category) + OT charges (as per category) + Surgery charges (as per category) prescribed above are applicable for semi-private ward. If the beneficiary is entitled for general ward, there will be a decrease of 10% in these rates; for private ward entitlement, there will be an increase of 15%.

Other conditions as prescribed in Office Memorandum of even number, dated the 1st October, 2014 remain unchanged.

A copy of this Office Order and rates for Cancer surgery are placed on the website <http://msotransparent.nic.in/cghsnew/index.asp>

ANNEXURE

Gradation of surgical procedures for treatment of cancer

Sr. No.	Procedure / Description of Surgery	Grade
Surgery, Grade I		
Head & Neck		
1	Caldwel luc Operation	Grade I
2	Evaluation under anaesthesia	Grade I
3	Knife / Punch / Excision Biopsy of Tumour	Grade I
4	Laryngoscopy Direct	Grade I

Sr. No.	Procedure / Description of Surgery	Grade
5	Laser Fulguration for recurrent lesions	Grade I
6	Neck Biopsy - excisional	Grade I
7	Node Biopsy	Grade I
8	Oral cavity excision-Small lesion - Laser	Grade I
9	Oral Cavity Fulguration (Laser)	Grade I
10	Orbital mass biopsy	Grade I
11	Tracheostomy	Grade I
G.I.		
12	Gastroscopy	Grade I
13	Laparoscopy Diagnostic	Grade I
14	Rigid Sigmoidoscopy	Grade I
Bone & Soft Tissue		
15	Biopsy Needle	Grade I
Thoracic & Paediatric		
16	Bronchoscopy Diagnostic	Grade I
17	Oesophagoscopy Diagnostic	Grade I
18	Hickman Cath. Removal	Grade I
19	ICD Placement	Grade I
20	Lymph Node Biopsy Superficial	Grade I
21	Pericardial Tap	Grade I
22	Pleural Tap	Grade I
23	Thorax (Trucut Biopsy)	Grade I
24	Tracheostomy	Grade I
25	Trans Thoracic Needle Biopsy	Grade I
Genitourinary / Gynaecology		
26	Bilateral Orchiectomy	Grade I
27	Circumcision	Grade I
28	Colposcopy	Grade I
29	Cystoscopy	Grade I
30	Dilatation & Curettage	Grade I
31	Incision & Drainage	Grade I
32	Inguinal Node Biopsy	Grade I
33	Lymphocoele Drainage	Grade I
34	Meatoplasty	Grade I
35	Prostate Biopsy	Grade I
36	Testicular Biopsy	Grade I
37	Urethral Dilatation	Grade I
Breast		
38	Breast Lumpectomy Alone	Grade I
39	Excision Gland / Nodule	Grade I
Surgery, Grade II		
Procedure / description of Surgery		
Head & Neck		
1	Alveolectomy (Upper) Per Oral	Grade II
2	Buccal / Mucosa wide excision Per oral	Grade II

Sr. No.	Procedure / Description of Surgery	Grade
3	Enucleation of Eye.	Grade II
4	Excision of pinna	Grade II
5	Excision of skin Malignancy Head & Neck.	Grade II
6	Eye lid (upper / lower) Excision with reconstruction	Grade II
7	Eye Lid Tumor Excision	Grade II
8	Floor of the Mouth - Wide excision.	Grade II
9	Glossectomy - Anterior 2/3rd	Grade II
10	Hemiglossectomy Per oral	Grade II
11	Jaw cyst Enucleation	Grade II
12	Laser Aretynoidectomy	Grade II
13	Mandible Curettage	Grade II
14	Maxilla Curettage	Grade II
15	Micro laryngoscopy Chord stripping (Laser) / Laser excision Chordectomy	Grade II
16	Neck Exploration.	Grade II
17	Oral cavity excision - Large lesion Laser.	Grade II
18	Pan endoscopy.	Grade II
19	Submandibular gland excision.	Grade II
20	Tongue wide excision per oral.	Grade II
21	Tonsillectomy.	Grade II
22	Wide excision Lip lesion.	Grade II
G.I.		
23	Colostomy	Grade II
24	Colostomy Closure	Grade II
25	Gastrostomy	Grade II
26	Gastrostomy	Grade II
27	Heostomy	Grade II
28	Heostomy - Closure Of	Grade II
29	Internal Stenting	Grade II
30	Exploratory Laparotomy	Grade II
Bone & Soft Tissue		
31	Amputation Of Fingers / Toes	Grade II
32	Biopsy — Open	Grade II
Thoracic & Paediatric		
33	Bronchoscopy + Oesophagoscopy (Diagnostic)	Grade II
34	Bronchoscopy - Therapeutic	Grade II
35	Oesophagoscopy - Therapeutic	Grade II
36	Exploratory Laparotomy / Thoracotomy (Inoperable)	Grade II
37	Hickman Catheterisation	Grade II
38	Jejunostomy / Gastrostomy	Grade II
39	Nonresectable Oesophageal Ca Exploration	Grade II
40	Pleurodesis Talc	Grade II
41	Rib Excision Only	Grade II
42	Secondary Suturing (Thoracic)	Grade II
43	Thoracoscopic Pleurodesis	Grade II
44	Thoracoscopy - Diagnostic	Grade II
45	Thoracotomy - Inoperable	Grade II

Sr. No.	Procedure / Description of Surgery	Grade
46	Chest Wall Sinus Exploration	Grade II
47	Burst Abdomen Suturing	Grade II
48	Pneumonectomy Partial / Total	Grade II
Genitourinary / Gynaecology		
49	Colostomy / Ileostomy Closure	Grade II
50	Conisation	Grade II
51	Cystoscopy + DJ Stenting	Grade II
52	Cystostomy Suprapubic	Grade II
53	High Orchiectomy	Grade II
54	High Orchiectomy + Serotectomy	Grade II
55	Inoperable Laparotomy	Grade II
56	Laparoscopy	Grade II
57	Ureteroscopy	Grade II
58	Urethrotomy Visual Internal	Grade II
59	Scrotectomy	Grade II
60	Diagnostic Hysteroscopy	Grade II
Plastic & Reconstructive		
61	Reconstruct. With Skin / Mucosal Graft	Grade II
Breast		
62	Microdocheotomy	Grade II
63	S/C Fossa Gland Dissection	Grade II
Surgery, Grade III		
Head & Neck		
1	Buccal / Mucosa wide excision Cheek Flap	Grade III
2	Central Compartment clearance	Grade III
3	Endoscopic Laser excision for Hypopharynx	Grade III
4	Ethmoidectomy	Grade III
5	Excision of Carotid Body tumour	Grade III
6	Excision of transnasal angiofibroma	Grade III
7	Excision of parapharyngeal mass	Grade III
8	Excision STS neck / Mass neck	Grade III
9	Glossectomy - Total	Grade III
10	Infratemporal fossa clearance	Grade III
11	Jaw Tumour excision	Grade III
12	Laryngectomy — Near total	Grade III
13	Laryngectomy - Partial	Grade III
14	Laryngectomy - Total	Grade III
15	Head & Neck - Contd	Grade III
16	Laser Subglottic Tracheal Stenosis	Grade III
17	Laser fulguration Respiratory Papilloma	Grade III
18	Laser fulguration / Excision Trachea.	Grade III
19	Mandibulectomy - Hemi., / Marginal / Segmental including middle 1/3rd	Grade III
20	Maxillectomy - Median / Partial / Total / Total with exenteration	Grade III
21	Neck Dissection - Functional / Modified / Supra Omohyoid	Grade III
22	Orbital mass excision	Grade III

Sr. No.	Procedure / Description of Surgery	Grade
23	Parathyroid excision	Grade III
24	Parotidectomy - Radical / Superficial / Total	Grade III
25	Pharyngeactomy - Partial	Grade III
26	Premaxillectomy	Grade III
27	Scalp tumor + skull bone excision.	Grade III
28	Thyroid-Hemi / Subtotal / Total - thyroidectomy	Grade III
29	Tongue wide excision per oral with neck dissection	Grade III
30	Tracheal wall partial resection	Grade III
31	Wide excision floor of the mouth / Neck	Grade III
32	Wide excision - Lip and Neck	Grade III
33	Laser excision - Supraglottic	Grade III
	G.I.	
34	Abdominal Mass Excision	Grade III
35	Cholecystectomy	Grade III
36	Cholecysto - Jejunostomy	Grade III
37	Choledocho - Duodenostomy	Grade III
38	Colectomy - Revision	Grade III
39	Colectomy - Subtotal	Grade III
40	Colon (Resection Anastomosis)	Grade III
41	Colon (Left Hemicolectomy / Right Hemicolectomy / Sigmoid Colectomy / transverse-colectomy)	Grade III
42	Colonic By-Pass (Multiple / Single)	Grade III
43	Colo-Rectal Anastomosis	Grade III
44	Colostomy With Closure	Grade III
45	Cysto-Gastrostomy	Grade III
46	Duodenotomy	Grade III
47	Duodenum Partial Excision	Grade III
48	Gastrectomy Partial	Grade III
49	Gastric Wedge Resection	Grade III
50	Gastro-Jejunostomy	Grade III
51	Hepatectomy Left Lateral	Grade III
52	Hepatic Excision	Grade III
53	Hepatic Metastatectomy	Grade III
54	Hepatic Port Placement / Port Removal	Grade III
55	Hepatic Wedge Excision	Grade III
56	Laparoscopy Therapeutic / Exploratory	Grade III
57	Laparotomy For Staging	Grade III
58	Pancreas Tumour Enucleation	Grade III
59	Pancreas Triple Bypass	Grade III
60	Pancreatectomy Distal	Grade III
61	Pancreatic Fistula Closure	Grade III
62	Peustow's Procedure	Grade III
63	Rectum Local Excision	Grade III
64	Re-Exploration	Grade III
65	Segmental Hepatectomy	Grade III
66	Small Bowel By-Pass (Multiple) / (Single)	Grade III
67	Small Bowel Resection Anastomosis	Grade III
68	Splenectomy	Grade III

Sr. No.	Procedure / Description of Surgery	Grade
Bone & Soft Tissue		
69	Amputation Above Elbow / Below Elbow	Grade III
70	Amputation Above Knee / Below Knee	Grade III
71	Ankle Arthrodesis	Grade III
72	Clavicle Excision	Grade III
73	Curettage & Bone Graft	Grade III
74	Curettage & Cement	Grade III
75	En Bloc Excision + Reconstruction	Grade III
76	Extracorporeal Irradiation	Grade III
77	Fibula Lower End Reconstruction	Grade III
78	Fibulectomy	Grade III
79	Groin + Iliac Node Dissection	Grade III
80	Groin Node Dissection	Grade III
81	Hip Disarticulation	Grade III
82	Knee Arthrodesis	Grade III
83	Muscle Group Excision	Grade III
84	Open Biopsy Of Vertebra	Grade III
85	Radius Lower End Excision	Grade III
86	Ray Amputation	Grade III
87	Scapulectomy Partial / Total	Grade III
88	Shoulder Disarticulation	Grade III
89	Soft Tissue Wide Excision	Grade III
90	Soft Tissue Wide Excision + Implant	Grade III
91	Soft Tissue Wide Excision + SSG	Grade III
92	Spinal Decompression	Grade III
93	Ulna Lower End Excision	Grade III
94	External Fixation	Grade III
95	Talar / Calcaneal Resection	Grade III
96	Percutaneous Vertebral Biopsy	Grade III
97	Bone Grafting	Grade III
98	Popliteal Clearance of Nodes	Grade III
Thoracic & Paediatric		
99	Amputation (Paediatric)	Grade III
100	Ant. Mediastinotomy	Grade III
101	Bronchial Stent Placement	Grade III
102	Bulla Stapling	Grade III
103	Cervical Oesophagostomy	Grade III
104	Chest Wall Excision Without Reconstruct.	Grade III
105	Oesophagosopic Stent	Grade III
106	Excision / Pericardiac Window Open	Grade III
107	Gastric By-Pass	Grade III
108	Lung Wedge Resection	Grade III
109	Mediastinal Lymph Node Dissection	Grade III
110	Mediastinoscopy	Grade III
111	Metastatectomy (Single Lung)	Grade III
112	Orbital Exenteration (Paediatric)	Grade III
113	Palliative Bowel Bypass	Grade III

Sr. No.	Procedure / description of Surgery	Grade
114	Pericardiectomy	Grade III
115	Radical Nephrectomy (Paediatric)	Grade III
116	Retinoblastoma Excision (Paediatric)	Grade III
117	Retroperitoneal Lymph Node Biopsy (Exploration)	Grade III
118	STS Excision (Paediatric)	Grade III
119	Thoracoscopic Excision	Grade III
120	Thoracoscopy - Therapeutic	Grade III
121	Thorax Re-Exploration	Grade III
122	Thymectomy	Grade III
123	Tracheal Stent	Grade III
	Genitourinary / Gynaecology	
124	Bladder Tumour Trans Urethral Resection	Grade III
125	Colostomy + Urinary Diversion	Grade III
126	Cystectomy Partial	Grade III
127	Cystoreductive Surgery	Grade III
128	Excision of Undescended Testis Tumour	Grade III
129	Exploration + Ileo / Colostomy	Grade III
130	Exploration Emergency	Grade III
131	Groin Node Dissection (Uni)	Grade III
132	Ileal Conduit (Bladder)	Grade III
133	Ovarian Mass / Cyst Excision of	Grade III
134	Prostate Transurethral Resection of	Grade III
135	Second Look Laparoscopy	Grade III
136	Second Look Laparotomy	Grade III
137	TAH Total Abdominal Hysterectomy	Grade III
138	TAH + Bil. Salpingo - Oophorectomy	Grade III
139	TAH + BSO + Node Sampling	Grade III
140	TAH + BSO + Omentectomy	Grade III
141	Ureter Resection Anastomosis	Grade III
142	Ureter(s) Reimplantation of	Grade III
143	Ureterectomy + Bladder Cuff	Grade III
144	Vulva Hemivulvectomy	Grade III
145	Vulva Wide Excision	Grade III
146	Vulvectomy Radical	Grade III
147	Vulvectomy Total	Grade III
148	Urethrectomy	Grade III
149	Ureteroscopic Resection	Grade III
150	Operative Hysteroscopy	Grade III
	Plastic & Reconstructive	
151	Autograft Flap Reconstruction (Breast)	Grade III
152	Implant Reconstruction (Breast)	Grade III
153	Interpolated Flap Reconstruction - Extremity	Grade III
154	Local Flap Reconstruction (Extremity)	Grade III
155	Reconstruction With Anatomical Closure	Grade III
156	Reconstruct. With Local Skin / Mucosal Flap	Grade III
157	Reconstruct. With Single Flap (H & N)	Grade III

Sr. No.	Procedure / Description of Surgery	Grade
Breast		
158	Axillary Dissection Alone	Grade III
159	Breast Lumpectomy + Axilla Dissection	Grade III
160	Simple / Radical / Modified radical Mastectomy	Grade III
161	Radical / Simple Mastectomy	Grade III
162	More than 2 Intermediate Procedures	Grade III
Surgery Grade IV		
Head & Neck		
1	Alveolus Composite resection / Commando	Grade IV
2	Bite Excision / Composite	Grade IV
3	Buccal / Mucosa Composite resection / Commando	Grade IV
4	Composite resection Tonsil	Grade IV
5	Floor of the Mouth - Composition resection	...
6	Hemiglossectomy peroral + neck dissection	Grade IV
7	Laryngopharyngectomy Total with Gast. pullup	Grade IV
8	Neck Dissection - Bilateral	Grade IV
9	Parotidectomy with neck dissection	Grade IV
10	Temporal bone resection	Grade IV
11	Thyroidectomy (-Hemi / subtotal / Total) with neck dissection	Grade IV
12	Tongue / Floor of the Mouth-Pull through neck	Grade IV
13	Tongue composite resection / Commando	Grade IV
14	Tracheal resection with anastomosis	Grade IV
15	Excision of Clivus tumour (skull base + Reconstruction)	Grade IV
G.I.		
16	Abdominoperineal Resection	Grade IV
17	Cholecystectomy Radical	Grade IV
18	Colectomy Total	Grade IV
19	Common Bile Duet Excision	Grade IV
20	Excision Cholangio + Liver Resection	Grade IV
21	Excision Cholangiocarcinoma	Grade IV
22	Gastrectomy (Bilroth-1) / (Bilroth-2) Distal Radical	Grade IV
23	Gastrectomy Proximal Radical	Grade IV
24	Gastrectomy — Total	Grade IV
25	Hepatectomy — Right	Grade IV
26	Hepatico - Jejunostomy	Grade IV
27	Multi Organ Excision	Grade IV
28	Pancreatectomy Subtotal	Grade IV
29	Rectum, Anterior Resection	Grade IV
30	Rectum Post Exenteration	Grade IV
31	Retroperitoneal Sarcoma	Grade IV
Bone & Soft Tissue		
32	Amputation Forequarter	Grade IV
33	Centralization of Ulna With Arthrodesis	Grade IV
34	Elbow Replacement	Grade IV
35	En Bloc Upper Humerus Excision	Grade IV
36	Hip Replacement	Grade IV
37	Knee Total Replacement	Grade IV

Sr. No.	Procedure / Description of Surgery	Grade
38	Paraspinal Tumour Excision	Grade IV
39	Rotationplasty	Grade IV
40	Sacral Chordomas	Grade IV
41	Sacral Tumours	Grade IV
42	Segmental Resection Lower Limb + Replacement	Grade IV
43	Silastic Replacement	Grade IV
44	Silastic Replacement of Hand	Grade IV
45	Soft Tissue Wide Excision + Reconstruction	Grade IV
46	Tikhoff Lindberg	Grade IV
47	Internal Fixation of Fractures	Grade IV
48	Radius Lower End Excision + Wrist Fusion	Grade IV
49	Shoulder / Elbow Arthrodesis	Grade IV
50	Hip Arthrodesis	Grade IV
51	Ilizaroy Procedure	Grade IV
Thoracic & Paediatric		
52	B.P. Fistula Repair	Grade IV
53	Bronchial Sleeve Resection	Grade IV
54	Chest Wall Excision With Any Lung Open	Grade IV
55	Chest Wall Excision With Reconstruction	Grade IV
56	Coloplasty	Grade IV
57	Oesophagus R.A.	Grade IV
58	Hemipelvectomy (Paediatric)	Grade IV
59	Ivor Lewis	Grade IV
60	Lobectomy / Bi-lobectomy (Pulmonary)	Grade IV
61	Mediastinal Tumour Excision	Grade IV
62	Metastatectomy (Both Lungs)	Grade IV
63	Pneumonectomy	Grade IV
64	Thorascopic Pleurectomy	Grade IV
65	Total Esophagectomy (Transhiatal)	Grade IV
Genitourinary / Gynaecology		
66	Continent Urinary Diversion	Grade IV
67	Groin Node Dissection (Bilateral)	Grade IV
68	Neobladder	Grade IV
69	Nephrectomy Radical	Grade IV
70	Nephroureterectomy	Grade IV
71	Prostatectomy Radical	Grade IV
72	Radical Hysterectomy + Pelvic Lymphadeectomy (Wertheims)	Grade IV
73	Laparoscopic Pelvic Node Dissection	Grade IV
74	Laparoscopic Hysterectomy	Grade IV
Plastic & Reconstructive		
75	Microvascular Reconstruction (Extremity)	Grade IV
76	Penile Reconstruction	Grade IV
77	Reconstruction With Double Flaps (Head and Neck)	Grade IV
78	Reconstruct. With Interpolation. Composite Flap	Grade IV
79	Skeletal Reconstruction (Extremity)	Grade IV
Breast		
80	Bilateral Mastectomy	Grade IV

Sr. No.	Procedure / Description of Surgery	Grade
Surgery, Grade V		
Head & Neck		
1	Anterior craniofacial excision	Grade V
G.I.		
2	Colon (Total Proctocolectomy)	Grade V
Bone & Soft Tissue		
3	Knee Arthrodesis with Turnoplasty / Allograft	Grade V
4	Spinal Decompression + Reconstruction / Instrumentation	Grade V
5	Revision of Shoulder / Knee Replacement	Grade V
Thoracic & Paediatric		
6	Bronchial + Vascular Sleeve	Grade V
7	Radical Nephrectomy (Paed.) + Bowel Excl.	Grade V
8	Retroperitoneal Tumour + Bowel Excision	Grade V
Genitourinary / Gynaecology		
9	Exenteration Total	Grade V
10	Nephrectomy Radical + IVC Thrombectomy	Grade V
Plastic & Reconstructive		
11	Reconstruction With Flap (Chest & Abdominal)	Grade V
Surgery, Grade VI		
Head & Neck		
1	Cervical Neuroblastoma Excision	Grade VI
2	Combine Craniofacial Resection	Grade VI
3	Craniotomy for posterior fossa tumours - with navigation	Grade VI
4	Craniotomy for supratentorial tumours - without navigation	Grade VI
5	Retromastoid Craniotomy	Grade VI
6	Skeletal Reconstruction (Head & Neck)	Grade VI
7	Trans-sphenoidal surgery	Grade VI
G.I.		
8	Abdominal Neuroblastoma Excision	Grade VI
9	Abdominosacral Resection	Grade VI
10	Colo-Whipple	Grade VI
11	Excision Cholangio + Liver Resection	Grade VI
12	Gastrectomy (Radical) + Extended Lymphad	Grade VI
13	Hepatectomy Left Extended	Grade VI
14	Jejunal Transposition	Grade VI
15	Pancreatectomy Total	Grade VI
16	Pancreatectomy Whipple's Procedure	Grade VI
17	Pancreaticoduodenctomy	Grade VI
18	Total Oesophagectomy (Trans Thoracic)	Grade VI
19	Tracheal Resection	Grade VI
Bone & Soft Tissue		
20	Laminectomy for intramedullary tumours	Grade VI
21	Sacral tumours excision (combined approach)	Grade VI

Sr. No.	Procedure / Description of Surgery	Grade
Thoracic & Paediatrics		
22	Thoracic Surgery (Comb. of two or more) ...	Grade VI
23	Thoracoscopic Lobectomy / Pneumonectomy ...	Grade VI
24	Thymectomy with Vascular Surgery / Lung ...	Grade VI
25	Thyroidectomy with Tracheal Resection ...	Grade VI
26	Mediastinal Neuroblastoma Excision ...	Grade VI
Genitourinary / Gynaecology		
27	Adrenal Tumor Excision of + Nephrectomy ...	Grade VI
28	Cystectomy Radical ...	Grade VI
29	Exenteration Anterior / Posterior ...	Grade VI
30	Groin Node Dissection (Bil) ...	Grade VI
31	Hemipelvectomy — External ...	Grade VI
32	Hemipelvectomy — Internal ...	Grade VI
33	Hepatectomy Right Extended ...	Grade VI
34	Laparoscopic Excenteration (Anterior) ...	Grade VI
35	Laparoscopic Excenteration (Posterior) ...	Grade VI
36	Laparoscopic Excenteration (Total) ...	Grade VI
37	Laparoscopic Nephrectomy ...	Grade VI
38	Laparoscopic Radical Hysterectomy ...	Grade VI
39	Laparoscopic Retroperitoneal Node Dissection ...	Grade VI
40	Nephrectomy Partial ...	Grade VI
41	Pelvic Exenteration Total ...	Grade VI
42	Pelvic Neuroblastoma Excision ...	Grade VI
43	Pelvic Posterior Exenteration ...	Grade VI
44	Radical Cystectomy ...	Grade VI
45	Retroperitoneal Lymph Node Diss. Nerve Sp ...	Grade VI
46	Retroperitoneal Lymphadenectomy ...	Grade VI
47	Retroperitoneal Sarcoma + Visceral Exc. ...	Grade VI
48	Retroperitoneal Tumour + Ureter Excision of ...	Grade VI
49	Retroperitoneal Tumour Excision ...	Grade VI
50	TAH + BSO + Omento + Node Dissection ...	Grade VI
51	TAH + BSO + Pelvic Lymphadenectomy + Para-aortic Lymphadenectomy ...	Grade VI
Plastic & Reconstructive		
52	Urethroplasty ...	Grade VI
53	Vaginal Reconstruction ...	Grade VI
Breast		
54	Micro Vascular Breast Reconstruction ...	Grade VI

G.I., Dept. of Pen. & P.W., O.M. No. 7/3/2013-P&PW (F), dated 2-12-2014

Payment of Death Gratuity to a minor

In accordance with the existing instructions, the payment of a portion of death gratuity could be made to the guardian, in the absence of a natural guardian, without production of a guardianship certificate. As per the existing orders, an amount of ₹ 10,000 (or the first ₹ 10,000, where amount exceeds ₹ 10,000) in favour of a minor could be made to his/her guardian, in the absence of a natural guardian, without production of a formal guardianship certificate but subject to production of an indemnity bond.

2. The above issue has been examined and in modification of the above orders, it has been decided that the payment of death gratuity in respect of a minor to the extent of 20% or ₹ 1.50 lakh, whichever is less may be paid to his/her guardian, in the absence of natural guardian, without the production of a formal guardianship certificate but subject to the production of an indemnity bond with suitable sureties. The balance in excess of 20% or ₹ 1.50 lakhs, as the case may be, would become payable on the production of a certificate of guardianship.

3. It is essential however, that there should be adequate prima facie grounds for making payment as in Paragraph 2 above, to the person claiming it. Such ground can exist only if he is shown by a declaration to be a *de facto* guardian and his bona fides have been ascertained. Even if a guardian has not yet been appointed by the Court, if the minor and his property are in the custody of some person, such person is in law a *de facto* guardian. The authorities making the payment, should, therefore, require the person who comes forward to claim payment on behalf of the minor, to satisfy themselves by a form that he is in charge of the property of the minor and is looking after it or that, if the minor has no property other than the gratuity, the minor is in his custody and care. The form so to be produced is in addition to the indemnity bond with suitable sureties.

4. The indemnity bond which is required to be produced by a *de facto* guardian of minor(s) for payment of retirement/death gratuity to the extent of ₹ 1.50 lakh or 20%, whichever is less should be executed in the form appended below.

5. It has been decided that the stamp duty payable on the indemnity bond will be borne by the Government. The indemnity bond, should, therefore, be executed on any durable plain paper.

6. The indemnity bond should be signed by the obligor and the surety / sureties or their respective attorneys appointed by power(s) of attorney. The indemnity bond on behalf of the President should be accepted by an officer duly authorized under Article 229 (1) of the Constitution.

7. In so far as the persons serving in the Indian Audit and Accounts Department are concerned, these orders have been issued after consultation with the Comptroller and Auditor-General of India.

8 This issues with the concurrence of Department of Expenditure *vide* their ID Note No. 359/EV/2014, dated 4-7-2014.

INDEMNITY BOND

KNOW ALL MEN by these presents that we (a)
(b) the widow / son / brother, etc., of (c)
deceased, resident of of (hereinafter called
"the Obligor") and (d) son / wife / daughter of
resident of and son / wife / daughter of
..... Resident of the sureties for and on behalf of
the Obligor (hereinafter called "the Sureties") are held firmly bound to the
President of India (hereinafter called "the Government") in the sum of
₹ (Rupees only) well and truly to be paid to
the Government on demand and without a demur for which payment we
bind ourselves and our respective heirs, executors, administrators, legal
representatives, successors and assigns by these presents.

Signed this day of two thousand and
.....

WHEREAS (c) was at the time of his death in the
employment of the Government / receiving a pension at the rate of
₹ (Rupees only) per month from the
Government.

AND WHEREAS the said (c) died on the
day of 20..... and there was due to him at the time of his
death the sum of ₹ (Rupees only) for
and towards share of his minor son / daughter in the death / retirement
gratuity.

75

AND WHEREAS the Obligor claims to be entitled to the said sum as *de facto* guardian of the minor son / daughter of the said (c) but has not obtained till the date of these presents the certificate of guardianship from any competent Court of Law in respect of the said minor(s).

AND WHEREAS the Obligor has satisfied the (e) that he/she is entitled to the aforesaid sum and that it would cause undue delay and hardship if the Obligor be required to produce the certificate of guardianship from the competent Court of Law before payment to him of the said sum of ₹

AND WHEREAS the Government has no objection to the payment of the said sum to the Obligor but under Government Rules and Orders, it is necessary for the Obligor to first execute a bond with one surety / two sureties to indemnify the Government against all claims to the amount so due as aforesaid to the said (c) before the said sum can be paid to the Obligor.

AND WHEREAS the Obligor and at his/her request the surety / sureties have agreed to execute the bond in the terms and manner hereinafter contained.

NOW THE CONDITION OF THIS BOND is such that, if after payment has been made to the Obligor, the Obligor and/or the surety / sureties shall in the event of a claim being made by any other person against the Government with respect to the aforesaid sum of ₹ refund to the Government the said sum of ₹ and shall otherwise indemnify and keep the Government harmless and indemnified against and from all liabilities in respect of the aforesaid sum and all costs incurred in consequence of the claim thereto, THEN the above written bond or obligation shall be void and of no effect but otherwise it shall remain in full force, effect and virtue.

AND THESE PRESENTS ALSO WITNESS that the liability of the sureties hereunder shall not be impaired or discharged by reason of time being granted by or any forbearance act or omission of the Government whether with or without the knowledge or consent of the surety / sureties in respect of or in relation to the obligations or conditions to be performed or discharged by the Obligor or by any other method or thing whatsoever which under the law relating to sureties, shall but for this provision have the effect of so relating the surety / sureties from such liability nor shall it be necessary for the Government to sue the Obligor before suing the surety / sureties or either of them for the amount due hereunder, and the Government agrees to bear the stamp duty, if any, chargeable on these presents.

IN WITNESS WHEREOF the Obligor and the surety / sureties hereto have set and subscribed their respective hands hereunto on the day, month and year above written.

Signed by the above-named 'Obligor' in the presence of

- 1.
- 2.

Signed by the above-named 'Surety / Sureties'

- 1.
- 2.

Accepted for and on behalf of the President of India by

.....
 [Name and designation of the Officer directed or authorized, in pursuance of Article 299 (1) of the Constitution, to accept the bond for and on behalf of the President] in the presence of

.....
(Name and designation of witness)

- NOTE I.— (a) Full name of the claimant referred to as the 'Obligor'.
 (b) State relationship of the Obligor to the deceased.
 (c) Name of the deceased Government Officer.
 (d) Full name or names of the sureties with name or names of the father(s) / husband(s) and place of residence.
 (e) Designation of the officer responsible for payment.

NOTE II.— The Obligor as well as the sureties should have attained majority so that the bond may have legal effect or force.

G.I., Dept. of Per. & Trg., O.M.No.35034/3/2008-Estt.(D) (Vol.II),
dated 10-12-2014

**Modified Assured Career Progression Scheme for the Central
Government Employee – Clarification**

The undersigned is directed to invite reference to the Para.5 of the Modified Assured Career progression Scheme issued vide the Department of Personnel and Training Office Memorandum No.35034/3/2008-Estt. (D), dated the 19th May, 2009 providing that the recommendations of the Screening Committee shall be placed before the Secretary in cases where the Committee is constituted in the Ministry/Department or before the Head of the organization/Competent Authority in other cases for approval.

2. References have been received from various Ministries / Departments with regard to delegation of powers of Secretary to a Joint Secretary level officer as a large number of files on various matters are referred to the Secretary for approval and it is an administrative matter of routine nature which can be disposed of at the level of Joint Secretary.

3. The matter has been considered in this Department and it has been decided that the recommendations of the Screening Committee henceforth be placed before the Appointing Authority of the post in both cases where the Committee is constituted in the Ministry / Department or in other cases for approval with regard to grant of financial upgradation under MACP Scheme.

4. Ministries / Departments are requested to bring these instructions to the notice of all concerned including their attached and subordinate offices.