



PBGB



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Circular No. PBGB/HO/PSD/ 101 /2024-25

Dates: 04-10-2024

TO: ALL BRANCHES/OFFICES/DEPARTMENTS

Sub: Tax Deduction at Source- On Salaries (including Pension) for F.Y. 2024-25 (A.Y. 2025-26)

GIST

As per **Section 192(1)** of the **Income Tax Act, 1961** any person responsible for paying any income chargeable under the head "**Salaries**" shall, at the time of payment, deduct tax on the amount payable at the **average rate of Income-Tax** computed on the basis of rates in force for the financial year in which the payment is made, on the estimated income of the assessee under the head of salary income for that financial year.

The section also provides that a person responsible for paying any income chargeable under the head "**Salaries**" shall furnish a statement giving correct and complete particulars of perquisites or profits in lieu of salary provided to the person to whom such payment is made.

Income is taxable as salary only if an employer-employee relationship exists between the payer and the payee. No tax is deductible where estimated salary does not exceed the maximum amount not chargeable to tax. This is applicable even if the assessee does not have PAN. But, If PAN is not furnished by assessee and the estimated salary amount exceeds the maximum amount not chargeable to tax, then tax will be deducted at the average rate or at the rate of 20%, whichever is higher.

From A.Y. 2024-25 (F.Y. 2023-24) the Alternative Tax Regime (i.e. New Tax Regime) has been made the default tax regime and tax will be deducted accordingly, if employee/pensioner does not opt for Regular Tax Regime (i.e. Old Tax Regime). The option is to be given in HRMS/GBM for opting between Alternative (New) Tax Regime and Regular (Old) Tax Regime (only once in a financial year) and must be exercised preferably in the first quarter itself.

It must be noted that this intimation to employer is only for the purpose of deduction of tax. The employee/ pensioner has the right to opt any regime at the time of return filling on or before the due date specified. This option can be different from the intimation made to the employer.

As per Section 203 of the Income Tax Act, 1961, the employer is required to issue Form 16 to the deductees by 15th June after the end of the F.Y. in which the income was paid and tax was deducted. Even the banks deducting tax at the time of payment of pension are required to issue such certificate. There is no obligation to issue the TDS certificate in case tax at source is not deducted by virtue of claims of exemptions and deductions.

1. Meaning of Salary: As per section 17(1) of the Act, Salary includes: -

- a. Basic salary, dearness allowance, advance salary, city compensatory allowance, house rent allowance, special allowance, overtime allowance, hill and fuel allowance, any other allowances & wages.
- b. Arrear of salary (if not taxed earlier).
- c. Leave encashment i.e. any payment received by an employee in respect of any period of leave not availed of by him.
- d. Any gratuity.
- e. Any annuity or pension.
- f. Any fees, commissions, perquisites or profits in lieu or in addition to any salary or wages.
- g. The portion of annual accretion to the employee's account in a recognized provident fund to the extent to which it is chargeable to tax:-
 - Contribution made by the employer to the account of employee in a recognized provident fund in excess of 12% of the salary of employee is taxable.
 - Interest credited on the balance to the credit of employee in so far as it is allowed at a rate exceeding such rate as may be fixed by Central Government by notification in Official Gazette (i.e. 9.5% per annum) is taxable.
- h. Transferred balance in a recognized provident fund to the extent it is taxable.
- i. The contribution by the Central Government or any other employer to the account of an employee under New Pension Scheme referred to in Section 80CCD.

It is important to note that the taxability under section 15 for the purpose of salary is **“salary due” and not “salary accrued”**.

Since salary includes pension, tax at source to be deducted from pension also, unless otherwise so required. No tax is required to be deducted from the commuted portion of pension to the extent exempted u/s 10(10A)

Family pension is chargeable under the head “Income from other sources” and not under the head “salaries”, hence **TDS not to be deducted on family pension paid**.

2. Income Tax Rates: Income Tax Act, 1961 allows an assessee to choose the option (i.e. old tax regime or new tax regime) under which they want their income to be assessed. **From A.Y. 2024-25 (F.Y. 2023-24) Alternative Tax Regime (i.e. New Tax Regime) has been made the default tax regime and tax will be deducted**

accordingly, if employee/ pensioner **does not opt for Regular Tax Regime (i.e. Old Tax Regime)**. Salient feature of both the options is given hereunder:-

(A) Tax Rates Under Regular (Old) Tax Regime (Optional):-

i) For Assessee who is below 60 Years: - For resident individual born on or after 02.04.1965:-

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
Up to ₹2,50,000	Nil	Nil	Nil
₹2,50,001 - ₹5,00,000	5% of (Total Income minus ₹ 2,50,000)	Nil	4% of Income Tax
₹5,00,001 - ₹10,00,000	₹12500 + 20% of (Total Income minus ₹5,00,000)	Nil	4% of Income Tax
₹10,00,001- ₹50,00,000	₹1,12,500 + 30% of (Total Income minus	Nil	4% of Income Tax
₹ 50,00,001- ₹1,00,00,000	₹13,12,500 + 30% of (Total Income minus ₹ 50,00,000)	10% of Income Tax	4% of Income Tax and surcharge
₹1,00,00,001- ₹ 2,00,00,000	₹28,12,500 + 30% of (Total Income minus ₹1,00,00,000)	15% of Income Tax	4% of Income Tax and surcharge
₹2,00,00,001- ₹5,00,00,000	₹58,12,500 + 30% of (Total Income minus ₹ 2,00,00,000)	25% of Income Tax	4% of Income Tax and surcharge
Above ₹5,00,00,000	₹1,48,12,500+ 30% of (Total Income minus ₹5,00,00,000)	37% of Income Tax	4% of Income Tax and surcharge

ii) For Assessee who is a Resident Senior Citizen: - For a resident senior citizen (who is 60 years or more during the previous year but less than 80 years on the last day of the previous year i.e. born on or after 2nd April,1945 but before 2nd April, 1965):

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
Up to ₹ 3,00,000	Nil	Nil	Nil
₹3,00,001 - ₹5,00,000	5% of (Total Income minus ₹ 3,00,000)	Nil	4% of Income Tax
₹5,00,001 - ₹10,00,000	₹10,000 + 20% of (Total Income minus ₹ 5,00,000)	Nil	4% of Income Tax
₹ 10,00,001 - ₹50,00,000	₹1,10,000 + 30% of (Total Income minus ₹10,00,000)	Nil	4% of Income Tax
₹50,00,001 - ₹1,00,00,000	₹13,10,000+ 30% of (Total Income minus ₹ 50,00,000)	10% of Income Tax	4% of Income Tax and surcharge

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
₹1,00,00,001- ₹2,00,00,000	₹ 28,10,000 + 30% of (Total Income minus ₹ 1,00,00,000)	15% of Income Tax	4% of Income Tax and surcharge
₹2,00,00,001- ₹5,00,00,000	₹58,10,000 + 30% of (Total Income minus 2,00,00,000)	25% of Income Tax	4% of Income Tax and surcharge
Above ₹5,00,00,000	₹1,48,10,000 + 30% of (Total Income minus ₹5,00,00,000)	37% of Income Tax	4% of Income Tax and surcharge

iii) For Assessee who is a Resident Super Senior Citizen: - For a resident super senior citizen (who is 80 years or more during previous year i.e. **born before 2nd April 1945**):-

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
Up to ₹ 5,00,000	Nil	Nil	Nil
₹ 5,00,001 - ₹ 10,00,000	20% of (Total Income minus ₹ 5,00,000)	Nil	4% of Income Tax
₹ 10,00,001 - ₹ 50,00,000	₹ 1,00,000+ 30% of (Total Income minus ₹ 10,00,000)	Nil	4% of Income Tax
₹ 50,00,001 ₹ 1,00,00,000	₹13,00,000+ 30% of (Total Income minus ₹50,00,000)	10% of Income Tax	4% of Income Tax and surcharge
₹ 1,00,00,001 ₹ 2,00,00,000	₹ 28,00,000 + 30% of (Total Income minus ₹ 1,00,00,000)	15% of Income Tax	4% of Income Tax and surcharge
₹ 2,00,00,001 ₹ 5,00,00,000	₹ 58,00,000 + 30% of (Total Income minus ₹ 2,00,00,000)	25% of Income Tax	4% of Income Tax and surcharge
Above ₹ 5,00,00,000	₹ 1,48,00,000 + 30% of (Total Income minus ₹ 5,00,00,000)	37% of Income Tax	4% of Income Tax and surcharge

Important:- For a non-resident senior/ super senior citizen, the exemption limit is ₹ 2,50,000/- only. Standard Deduction of Rs 50000 is available u/s 16(ia).

(B) Tax Rates Under Alternative (New) Tax Regime u/s 115BAC (Default):-

Section 115BAC was inserted by the Finance Act, 2020 w.e.f. A.Y. 2021-22 to provide tax benefit for individuals/HUFs resident or non-resident for deduction of tax at lower rates on income if they agree to forego prescribed deductions and exemptions specified under the Income Tax Act. **From A.Y.2024-25, the Alternative Tax Regime u/s 115BAC has been made the default tax regime.**

The income tax computation as per Alternative (New) tax regime is given in the table below

Total Income	Income Tax Rates
Up to ₹ 3,00,000	NIL
From ₹ 3,00,001 to ₹ 7,00,000	5%
From ₹ 7,00,001 to ₹ 10,00,000	10%
From ₹ 10,00,001 to ₹ 12,00,000	15%
From ₹ 12,00,001 to ₹ 15,00,000	20%
Above ₹ 15,00,000	30%

It must be noted that the exemption limit of Rs. 3,00,000/- in case of new tax regime is irrespective of assessee being senior citizen/ super senior citizen.

Tax Rebate u/s 87A up to Rs 25000 if Total Income is up to Rs 7,00,000.

Standard Deduction of Rs 75000 u/s 16(ia) is applicable in the New Tax Regime from FY 2024-25.

Marginal relief- Rebate under section 87A is subject to marginal relief from the assessment year 2024-25. If net income exceeds Rs 700000 but does not exceeds Rs 7,22,220 (assessment year 2025-26) income on such income cannot exceed the amount by which the net income exceeds Rs 700000.

Surcharge:-

10% of Income tax where total income exceeds ₹ 50,00,000 to ₹ 1,00,00,000/-

15% of Income tax where total income exceeds ₹ 1,00,00,000 to ₹ 2,00,00,000/-

25% of Income Tax where total income exceeds ₹ 2,00,00,000/-

Health and Education Cess:-4% of income tax and surcharge.

❖ Income Tax exemptions and deductions available under Alternative (New)Tax Regime:-

- i. Exemption u/s 10(10) related to gratuity.
- ii. Exemption u/s 10(10A) related to commutation of pension.
- iii. Exemption u/s 10(10AA) related to leave encashment.
- iv. Interest on public provident fund u/s 10(11) as well as final payment at the time of maturity.
- v. Interest on Sukanya Samriddhi Account as well as withdrawal or final payment u/s 10(11 A).
- vi. Exemption u/s 10(12) related to interest and withdrawal from recognized provident fund.
- vii. Exemption u/s 10(12A)/(12B) related to payment (including withdrawal) from NPS.
- viii. Exemption u/s 10(13) related to payment from approved superannuation fund.
- ix. Exemption u/s 10(14) related to conveyance allowance/ travelling allowance used for official purpose and transport allowance of Rs 3,200/- p.m. to an employee who is blind or deaf and dumb or orthopedically handicapped.

Comparison of Exemption/Deduction Between Regular (Old) Tax Regime and Alternative (New) tax regime:-

Exemption/Deduction	Old Regime	New Regime
Rebate u/s 87A	Available	Available
Standard Deduction [Sec 16(ia)]	Available (Rs. 50000)	Available (Rs. 75000)
Exemption pertaining to Gratuity [Sec 10(10)]	Available	Available
Exemption pertaining to Commutation of Pension [Sec 10(10A)]	Available	Available
Exemption pertaining to Leave Encashment [Sec 10(10AA)]	Available	Available
Exemption pertaining to Conveyance/ Transport Allowance [Sec 10(14)]	Available	Available
Standard Deduction in case of Family Pension[Sec. 57(iiia)]	Available	Available
Leave Travel Concession [Sec 10(5)]	Available	Not Available
House Rent Allowance [Sec. 10(13A)]	Available	Not Available
Special Allowance Other Than Mentioned Above for [Sec 10(14)]	Available	Not Available
Allowances to MPs/ MLAs [Sec. 10(17)]	Available	Not Available
Entertainment Allowance Deduction [Sec 16(ii)]	Available	Not Available
Professional Tax Deduction [Sec 16(iii)]	Available	Not Available
Interest on Housing Loan [Sec 24(b)]	Available	Not Available
Deduction u/s 80C to 80U	Available	Not Available [Other than 80CCD(2)]

*** Includes any deduction under chapter VIA (like section 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EE, 80EEA, 80EEB, 80G, 80GG, 80GGA, 80GGC, 80IA, 80-IAB, 80-IAC, 80-IB, 80-IBA, 80TTA, 80TTB etc).**

As per Section 192(2C), the person responsible for paying income chargeable under the head "Salaries" shall be responsible for providing complete and correct particulars of perquisites or profits in lieu of salary to the employee. It must be noted that Form 12BA is to be furnished in addition to Form 16 to the employee whose salary is more than ₹ 2,00,000/-.

3. Incomes Which Do Not Form Part of Total Income: -

A. Gratuity – Section 10(10):-

A.1. In case of Employee Covered by the Payment of Gratuity Act Sec.10 (10)(ii):-

The extent of exemption for gratuity would be the **least** of the following:

- a) 15 days' salary based on salary last drawn for every completed year of service or part thereof in excess of 6 months [Salary of 15 days calculated by dividing last salary drawn by 26 (being the number of working days in a month) and multiplying by 15].
- b) ₹ 20,00,000/-
- c) Gratuity actually received.

Salary means basic salary last drawn by the employee and includes dearness allowance (only when it is a part of salary for computing all retirement benefits like pension, leave encashment, gratuity, provident fund etc.) but excludes all other allowances and perquisites.

A.2 Payment of any other Gratuity-Sec. 10(10)(iii):-

Any other gratuity (not covered by above) is exempt from tax to the extent of the **least of** the following:

- a) ₹ 20,00,000/-
- b) Half month's average salary for each completed year of service
- c) Gratuity actually received

Note-1: **Average salary for point no. A.2 above:-**Average salary is calculated on the basis of salary of 10 months immediately preceding the month in which the person retires.

Note-2: **Salary for point no. A.2 above:-**Basic Pay + DA (only if is part of salary for calculating all retirement benefits) but excludes all other allowances and perquisites. For the purpose of calculating completed years, any fraction of the year will be ignored.

Excess Gratuity in both the points A.1 and A.2 above:-

Gratuity received in excess of the limits is taxable. The assessee is entitled to claim tax relief u/s 89 but no relief is admissible if taxable gratuity is in respect of service rendered for less than five years.

Any death cum retirement gratuity received by an employee of the Central Government, State Government or local authority (but not of statutory corporation) is wholly exempt from tax. **Sec. 10(10)(i).**

B. Leave Encashment on Retirement - Section 10(10AA)(ii)

The extent of exemption of leave encashment at the time of retirement in case of a non-Government employee would be the least of the following:-

- i. Cash equivalent of leave salary in respect of the period of earned leave to the credit of an employee only at the time of retirement whether on superannuation or otherwise (earned leave entitlements cannot exceed 30 days for every year of actual service rendered).
- ii. 10 months' "average salary". (Average salary of last 10 months immediately preceding retirement).

- iii. Leave encashment actually received at the time of retirement.
- iv. ₹25,00,000 [Date of retirement (whether on superannuation or otherwise) on or after April 1, 2023].

Note -1: **Salary means:-**

Salary for this purpose means basic salary and includes Dearness Allowance if terms of employment so provides, but excludes all other allowances and perquisites. (DA is considered only when it is part of salary for computing all retirement benefits).

Note -2 :**Leave Salary of Deceased Employee: -**

Salary paid to the legal heirs of the deceased employee in respect of privilege leave standing to the credit of such employee at the time of his/her death is not taxable as salary.

B. House Rent Allowance (HRA) - Section 10(13A) & Rule2A:-

The quantum of exemption available will be the **least** of the following:

Kolkata	Other Places
■ HRA actually received	■ HRA actually received
■ Rent paid in excess of 10% of salary	■ Rent paid in excess of 10% of salary
■ 50% of salary	■ 40% of salary

Important:-

- a) Salary here means Basic salary and includes dearness allowance if terms of employment so provide. Dearness allowance/pay shall be considered only when it is a part of salary for computing all retirement benefits (like pension, leave encashment, gratuity, provident fund etc.). If dearness allowance/pay is part of salary for computing only some (not all) of the retirement benefits, then it is not taken into consideration for this purpose.
- b) Employees receiving HRA but residing in their own houses and those who are not producing any rent receipt would not be eligible for the exemption as no rent is paid by them and the alternative rent paid in excess of salary, would be NIL in their case.
- c) If HRA is up to 3,000/- per month then employee would be exempted from production of rent receipts. Evidence of actual payment of rent before excluding the house rent allowance or any portion thereof for purview of TDS should be insisted upon.
- d) PAN of landlord is required only if rent paid is more than ₹1, 00,000/- p.a.

D. Exempted Allowances – Section10(14):-

- Hill & Fuel Allowances, conveyance allowance etc. are exempt from tax to a certain extent as specified in Rule 2BB and revised from time to time by Income Tax Department.

- Transport Allowance granted to an employee who is blind or deaf and dumb or orthopedically handicapped with disability of lower extremities for commuting between residence and office is exempt from tax up to a maximum of ₹ 3200/- per month.
- Conveyance allowance granted to meet expenses in performance of duties is exempt to the extent utilized to meet expenses on conveyance in performance of duties.
- Children education allowance is exempt up to ₹100/- per month per child up to a maximum of two children.
- Allowance to meet hostel expenditure of children is exempt up to ₹300/- per month per child up to a maximum of two children.
- Any other allowance given for any specified purpose is exempt if it is used for that purpose only.

E. Pension-Section 7 (i)(ii):-

The taxability of pension in different cases is given below

	Different Situations	Tax Treatment
Case 1	Family pension received by family members	It is taxable in the hands of recipients u/s 56 under the head "Income from other sources". Standard Deduction is available u/s 57 which is 1 /3 rd of such pension or 15000/- whichever is lower (from assessment year 2025-26: Rs 25000 or 1 /3 rd of salary whichever is less under Alternative (New) Tax Regime). No TDS to be deducted from family Pension.
Case 2	Pension in case of an employee (received after retirement but during his lifetime) who has joined the Central Govt, (on or after January 1,2004) or any other employer (on, before or after 01.01.2004)	New Pension Scheme (NPS) is applicable to new entrants to Government service or any other employer. It is mandatory for persons who come under the scheme, to contribute 10% of salary every month towards NPS. A matching contribution is required to be made by the employer to the said account. The tax treatment under the new scheme is as follows-1. Contribution by the employer to NPS is first included under the head "Salaries" in the hands of the employee. 2 Such contribution is deductible (to the extent of 10% of the salary of the employee) under section 80CCD(2). However, this deduction has been increased to 14% of salary in the case of Central Govt. Employee w.e.f. A.Y. 2020-21 and State Government employee w.e.f. A.Y. 2022-23 and Any Other Employee under Alternative Tax Regime (Assessment Year 2025-2026 onwards) 3. Employee's contribution to NPS (to the extent of 10% of the salary of the employee) is also deductible under

	Different Situations	Tax Treatment
		<p>section 80CCD(I).</p> <p>Note:-a) The aggregate amount of deduction u/s 80C, 80CCC and 80CCD(I) [i.e. contribution by employee/ other persons towards NPS] cannot exceed ₹1,50,000/-.</p> <p>b) From the assessment year 2016-17, the employee who has joined NPS, can claim an additional amount (up to ₹50,000/-) in respect of his contribution towards NPS as deduction u/s 80CCD(1B). Contribution u/s 80CCD(1B)-is not covered by cumulative ceiling of 1.5 Lacs mentioned above.. c) When pension is received out of the aforesaid amount, it is chargeable to tax in the hands of the recipient. However, such exemption is available on partial withdrawal before retirement withdrawal at the time of retirement.</p> <p>“Salary” for this purpose includes Dearness allowance (if the terms of employment so provide) but excludes all other allowances and perquisites.</p>

4. TDS in case of “Specified Senior Citizen” (Sec. 194P):-Section 194P has been inserted w.e.f. 01/04/2021. Under this section a bank responsible for deduction of tax would require computing the income of "specified senior citizen" (**75 years or more**) after giving deduction u/s 80C to 80U and rebate u/s 87A and thereafter deduct tax as per rates in force.

The declaration and evidence for claiming deduction under Chapter VI-A to be maintained by the specified bank.

A "specified senior citizen" must satisfy following conditions:-

- He is an individual resident in India
- He is 75 years or more at any time during relevant previous year.
- The individual has pension income and no other income except interest received or receivable from any account maintained by such individual in the same bank in which he is receiving his pension income.
- He has furnished a declaration in prescribed form to the bank (**Annexure I**).

The specified senior citizen has to furnish declaration in Form 12BBA (Rule 26D) to the specified bank. Section 194P is applicable in both old and new tax regime.

5. Valuation of Perquisites- Sec.17(2)/Rule3(a)(ii):-

As per Section 17(2) of the Act, perquisites include:-

1. Value of rent free furnished/ unfurnished accommodation provided to the employee by his employer.
2. Value of any concession in rent in respect of any furnished/ unfurnished accommodation provided to the employee by his employer.

3. Value of any benefit or amenity granted or provided free of cost or at concessional rates.
4. **Any sum paid by employer in respect of any obligation which would otherwise have been payable by the employee is taxable in all cases.**
5. Any sum payable by employer, other than a recognized provident fund or an approved superannuation fund or other specified funds u/s 17, to affect an assurance on the life of an assessee or to affect a contract for an annuity.
6. Value of any specified security or sweat equity shares allotted or transferred by the employer free of cost or at concessional rate to the employee.
7. The amount of any contribution made to the account of assessee by the employer:-
 - In a recognized provident fund
 - In a scheme referred to in sub-section (I) of Section 80CCD and
 - In an approved superannuation fund
 to the extent it exceeds seven lakh and fifty thousand rupees in a previous year.
8. The annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in point 7 above to the extent it relates to contribution which is included in total income.

(A) Residential Accommodation provided by the Employer:-

(a) Unfurnished Accommodation:-

Provisions applicable up to August 31, 2023

Population of the city as per 2001 census where Accommodation is provided.	Where the accommodation is owned by Employer	Where accommodation is taken on lease rent by the Employer
Exceeding 25 Lac	15% of salary in respect of the period during which the accommodation is occupied by the employee less rent actually paid by the employee.	a. 15% of salary ; or
Exceeding 10 Lac but not exceeding 25 Lac	10% of salary in respect of the period during which the accommodation is occupied by the employee less rent actually paid by the employee.	b. Lease rent paid or payable by the employer,
In other areas not covered above	7.5% of salary in respect of period during which the accommodation is occupied by the employee less rent actually paid by the employee.	Whichever is less

Provisions applicable up to September 1, 2023

Population of the city as per 2001 census where Accommodation is provided.	Where the accommodation is owned by Employer	Where accommodation is taken on lease rent by the Employer
Exceeding 40 Lac	10% of salary in respect of the period during which the accommodation is occupied by the employee less rent actually paid by the employee.	a. 10% of salary ; or
Exceeding 15 Lac but not exceeding 40 Lac	7.5% of salary in respect of the period during which the accommodation is occupied by the employee less rent actually paid by the employee.	b. Lease rent paid or payable by the employer, Whichever is less
In other areas not covered above	5% of salary in respect of period during which the accommodation is occupied by the employee less rent actually paid by the employee.	

(b) **Furnished Accommodation:-**

The value of accommodation shall be equal to the value of accommodation computed as unfurnished plus actual hire charges (if furniture is hired by employer) or 10% of cost of furniture (if furniture is owned by the employer).

Note-1:-Where on account of transfer from one place to another the employee is provided with accommodation at the new place of posting while retaining the accommodation at other place the value of perquisite shall be as under:-

- i. For a period of 90 days - value of only one accommodation having lower value shall be taxable.
- ii. For the period after 90 days - value of both the accommodations shall be taxable.

Note-2:-In case of accommodation provided in a hotel, the perquisite value shall be calculated at the rate 24 percent of salary paid or payable for the previous year or actual charges paid or payable to such hotel, whichever is lower, for the period during which such accommodation is provided. Where, however accommodation is provided in a hotel and the following two conditions are satisfied nothing is chargeable to tax:-

- a. the hotel accommodation is provided for a period not exceeding in aggregate 15 days ,and
- b. Such accommodation is provided on an employee's transfer from one place to another place.

Note-3: Salary for the above purpose shall include basic pay, dearness allowance (if terms of employment so provide), bonus, commission and all other taxable allowances (excluding amount not taxable) and any other monetary payment. Salary does not include dearness allowance if not taken into account while calculating retirement benefits like provident fund, gratuity etc. or if term of employment does not so provide. Rent paid by the employee shall include besides recovery from salary, any amount recovered to the debit of the officer's account on account of accommodation.

Reference is invited to HO Circular No. CHO/POS/25/2015-16 dated 18th March, 2016 issued in respect of interim stay on tax on perquisite value of accommodation. According to that bank should not deduct Tax at source on value of "Rent free or concessional accommodation" provided concerned officer submits declaration in specified format.

(B) Motor Car:-Following are the basis of valuation of perquisite in respect of motor car and other modes of conveyance provided to the employees:-

Different Situations	Value of Perquisites				
When Car is Owned by Employee and Maintenance and Running Expenses are met or Reimbursed by the Employer					
If the car is used wholly for official purpose	NIL if the employer or the employee claims that the motor car is used wholly and exclusively in the performance of official duty and employer has maintained complete details of journey undertaken (such as date of journey, destination, mileage, expenses etc.).				
If the car is used wholly for private purpose	Actual expenditure incurred by the employer less amount recovered from the employee				
If the car is partly used for official purpose and partly for private purpose	Actual expenditure incurred by the employer less				
	<table border="1"> <tr> <td>For engine capacity upto 1.6 Litres</td> <td>For engine capacity above 1.6 Litres</td> </tr> <tr> <td>₹ 1,800/- p.m.</td> <td>₹ 2,400/- p.m.</td> </tr> </table>	For engine capacity upto 1.6 Litres	For engine capacity above 1.6 Litres	₹ 1,800/- p.m.	₹ 2,400/- p.m.
	For engine capacity upto 1.6 Litres	For engine capacity above 1.6 Litres			
	₹ 1,800/- p.m.	₹ 2,400/- p.m.			
Extra ₹900/- p.m. if chauffeur is provided or a higher sum higher as per records of employer.					
Less Amount recovered from employee.					

When Car is Owned or Hired by Employer and Maintenance and Running Expenses are met or Reimbursed by the Employer							
If the car is used wholly for official purpose	NIL if the employer or the employee claims that the motor car is used wholly and exclusively in the performance of official duty and employer has maintained complete details of journey undertaken (such as date of journey, destination, mileage, expenses etc.).						
If the car is used wholly for private purpose	Actual expenditure incurred by the employer less amount recovered from the employee.						
If the car is partly used for official purpose and partly for private purpose	Actual expenditure incurred by the employer less						
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Extra ₹ 900/- p.m. if chauffeur is provided							
Nothing is deductible in respect of any amount recovered from employee							

When Car is Owned or Hired by Employer and Maintenance and Running Expenses are met or Reimbursed by the Employee							
If the car is used wholly for official purpose	Not a perquisite, hence not taxable						
If the car is used wholly for private purpose	Actual expenditure incurred by the employer less amount recovered from the employee.						
If the car is partly used for official purpose and partly for private purpose	Actual expenditure incurred by the employer less						
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Extra ₹ 900/- p.m. if chauffeur is provided							
Nothing is deductible in respect of any amount recovered from employee							

When Employee Owns any Automotive (other than car) and Maintenance and Running Expenses are met or Reimbursed by the Employer	
If the car is used wholly for official purpose	NIL if the employer or the employee claims that the motor car is used wholly and exclusively in the performance of official duty and employer has maintained complete details of journey undertaken (such as date of journey, destination, mileage, expenses etc.).
If the car is partly used for official purpose and partly for private purpose	Actual expenditure incurred by the employer less Amount used for official purpose ₹ 900/- p.m. or a higher sum as per records of employer Less Amount recovered from employee

The use of motor car by employee for the purpose of going from his residence to the place where the duties of employment are to be performed or from such place back to his residence is not chargeable to tax.

C. Valuation of Perquisites in respect of Club Expenditure:-

Step-1	Expenditure incurred by the employer in respect of club facility used by the employee or any member of his household [see Note-1]
Step-2	Deduct: Expenditure on use for official purposes [see Note-2]
Step-3	Deduct: Amount, if any, recovered from the employee

The balance amount, if any, is the taxable value of perquisites.

Note-1: Expenditure incurred by employer-The following points should be noted: -

- It includes any expenditure on club facility used by the employee or any member of his household, which is paid or reimbursed by the employer.
- It includes amount of annual or periodical fees paid or payable to a club.
- The initial one time deposit or fees for corporate or institutional membership where benefit does not remain with a particular employee after cessation of employment are exempt.
- Health, club, sports facilities provided uniformly to all classes of employees by the employer at employer's premises are exempt.

Note-2: Expenditure for official use - Such expenditures are deductible if the following conditions are satisfied:

- The employer has maintained complete details of such expenditure, which may, inter alia, include date of expenditure, the nature of expenditure and its business expediency.
- The employer gives a certificate to the effect that the expenditure was incurred wholly and exclusively for the performance of official duties.

D. Interest Free or Concessional Loan:-

Interest free loan or loan at concessional rate of interest given by an employer to the employee (or any member of his household) it is a perquisite chargeable to tax. It is taxable on the following basis:-

Step-1	Find out the "maximum outstanding monthly balance" (i.e. aggregate outstanding balance for each loan as on the last day of each month).
Step-2	Find out the rate of interest charged by SBI as on the first day of the relevant previous year in respect of loan for the same purpose advanced by it.
Step-3	Calculate interest for each month of the previous year on the outstanding amount mentioned in Step 1 at the rate of interest given in Step 2.
Step-4	From the total interest calculated for the entire previous year under Step 3, deduct interest actually recovered, if any, from the employee during the previous year.
Step-5	The balance amount (i.e. Step 3 minus Step 4) is taxable value of perquisite.

SBI lending rates on April 1, 2024 is applicable for the assessment year 2024-25. The rates are available on SBI website- <https://sbi.co.in/web/business/information/interest-rates-perquisite-calculation>.

Note-1: However in the following cases, the perquisite is not chargeable to tax:-

Exemption 1	If a loan is made available for medical treatment in respect of diseases specified in Rule 3A of the Rules. The exemption is however not applicable to so much of the loan as has been reimbursed to the employee under any medical insurance scheme.
Exemption 2	Where the amount of original loan (or loans) does not exceed in the aggregate of ₹20,000/-

E. Valuation of Medical Expenses etc:- Section 17(2)(v):-

The following shall not be treated as perquisites: -

- I. Reimbursement of expenditure in any hospital (including dispensary, clinic & nursing home) maintained by the Government or any local authority or any other hospital approved by the Government for the purpose of medical treatment of its employees.
- II. Reimbursement of expenditure for medical treatment of prescribed diseases or ailments for which hospitalization was required, in hospital approved by the Chief Commissioner having regard to the prescribed guidelines.

Provided that, in a case falling in sub-clause (ii) the employee shall attach with his return of income a certificate from the hospital specifying the disease or ailment for which medical treatment was required and the receipt for amount paid to the hospital.

- III. Group medical insurance (i.e. Mediclaim) obtained by the employer for his employees or reimbursement of insurance premium to the employee who takes such medical insurance on his life or on the life of his family members.

The prescribed diseases or ailments shall be the following:-

- i. Cancer;
- ii. Tuberculosis
- iii. Acquired Immunity Deficiency Syndrome;
- iv. Disease or ailment of the heart, blood, lymph glands, bone marrow, respiratory system, central nervous system, urinary system, liver, gall bladder, digestive system, endocrine glands or the skin, requiring surgical operation;
- v. Ailment or disease of the eye, ear, nose or throat, requiring surgical operation;
- vi. Fracture in any part of the skeletal system or dislocation of vertebrae requiring surgical operation or orthopedic treatment;
- vii. Gynecological or obstetric ailment or disease requiring surgical - operation, caesarean operation or laparoscopic intervention;
- viii. Ailment or disease of the organs mentioned at (iv), requiring medical treatment in a hospital for at least three continuous days;
- ix. Gynecological or obstetric ailment or disease requiring medical treatment in a hospital for at least three continuous days;
- x. Burn injuries requiring medical treatment in a hospital for at least three continuous days;
- xi. Mental disorder - neurotic or psychotic - requiring medical treatment in a hospital for at least three continuous days;
- xii. Drug addiction requiring medical treatment in a hospital for at least seven continuous days.
- xiii. Anaphylactic shocks including insulin shocks, drug reactions and other allergic manifestations requiring medical treatment in a hospital for at least three continuous days.

F. Household Servants:-

Where the services of household servants (i.e. sweeper, gardener, watchman or personal attendant) are provided by the employer to the employee or any member of his household, the value of perquisite shall be the total amount of salary paid or payable by the employer or any person on his behalf, for such services, as reduced by amount paid by the employee for such services.

G. LTC /LFC in India - Section-10(5):-

Leave travel assistance, extended by an employer to its employee for going anywhere in India along with his family, is exempt of the basis of provisions as below:-

Different Situations	Amount of Exemption
Where the journey is performed by air	Amount of air economy class fare of the national carrier by the shortest route or the amount spent, whichever is less.
Where journey is performed by rail	Amount of air-conditioned first class rail fare by the shortest route or the amount spent, whichever is less.
Where places of origin of journey and destination are connected by rail and the journey is performed by any mode of transport.	Amount of air-conditioned first class rail fare by the shortest route or the amount spent, whichever is less.
Where the places of origin of journey and destination or part thereof are not connected by rail:- <ul style="list-style-type: none">➤ Where a recognized public transport system exists.➤ Where no recognized public transport system exists	First class or deluxe class fare, by the shortest route or the amount spent, whichever is less. Air-conditioned first class rail fare by the shortest route (as if the journey had been performed by rail) or the amount spent, whichever is less.

Points to Note:-

- The exemption referred to above shall, be available to an individual in respect of two journeys performed in a block of four calendar years commencing from the calendar year 1986. Accordingly, current block of four years will be from 01.01.2022 to 31.12.2025.
- Where such travel concession or assistance has not been availed during any such block of four calendar years, exemption can be claimed in the first calendar year of the next block known as "carry over "concession. The exemption so availed will not be counted for the purpose of claiming future exemptions allowable in respect of 2 journeys in subsequent block.
- Family means (a) the spouse and children of the employee (b) parents, brothers and sisters of the employee who are wholly or mainly dependent on him. However, family does not include more than two surviving children of an individual born on or after 1st October 1998.
- The quantum of exemption is limited to the actual expenses incurred on the journey. Also exemption is limited to what is admissible by the shortest route.
- The Exemption is strictly limited to expenses on air fare, rail fare, bus fare only. No

other expenses like scooter or taxi charges at both ends, portorage expenses during the journey and lodging/boarding expenses will qualify for exemption.

- **It must be noted that under Alternative (New) tax regime exemption u/s 10(5) is not available from A.Y. 2021 -22,**

H. Movable Assets Sold to Employees at a Nominal Price:-

The amount of benefit from transfer of any movable asset belonging to employer to the employee (or any member of his household) shall be actual cost as such asset as reduced by normal wear and tear calculated as per rate given below for each completed year for which such asset was put to use by employer. Any recovery made by employee for such transfer shall be reduced. Rate of normal wear and tear:-

Item	Rate
Electronic Items/ Computer	50% by reducing balance method
Motor Car	20% by reducing balance method
Any Other	10% of cost

I. Lunch/ Refreshment Etc.:-

If any lunch allowance, dinner allowance or refreshment allowance is given to an employee, it is chargeable to tax.

The value of free meals provided by employer is taxable as:-

Mode of Valuation	Lunch/ Refreshment provided by employer	
	Tea/ Snacks/ Non Alcoholic Beverage	Food in Office Premises or Through Non- transferable Paid Vouchers
Step1- Find out cost to the employer	Nil	Cost of Employee in excess of Rs. 50 per meal
Step 2- Less Amount recovered from the employee	Nil	Recovery from the employee
Taxable Value of Perquisite (Step1-Step2)	Nil	Balancing Amount

Note: - An employee who has opted Alternative (New) tax regime under section 115BAC cannot avail the exemption of Rs. 50 per meal if paid through paid vouchers.

6. Deduction from Salary u/s 16:-

- Standard Deduction [Sec 16(ia)]:-**The standard deduction is available to the extent of ₹50,000/- or the amount of salary, whichever is lower. **From A.Y. 2025-26, standard deduction Rs 75000 under section 16(ia) is available if tax is payable under the Alternative (New) Tax Regime.**

- ii. **Professional Tax [Sec 16(iii)]**:-Deduction from income is allowed on any sum paid on account of tax on employment or professional tax levied by State under clause (2) of Article 276 of the Constitution of India.

7. **Deduction-From Total Income (Chapter VIA) (Sections 80C to 80U)**:-

Deductions u/s 80C to 80U are allowed from Gross Total income so as to arrive at Net Income. Aggregate of deductions U/S 80C to 80U cannot exceed gross total income. Details are as below:-

A. Deduction u/s 80C:- In respect of life insurance premia, deferred annuity, contributions to PF, contributions to certain equity shares or debentures etc.:-

Under Sec 80C deduction would be available from gross total income in respect of the following items:-

- a. Payment of life insurance premium to effect or to keep in force insurance on the life of the employee, his/her spouse or any child of the employee.

Note :- For the purpose of claiming deduction, insurance premium cannot exceed the maximum ceiling given below: -

Particulars	Policy on the life of person with disability or severe disability or on the life of a person suffering from disease as given in section 80DDB	Policy on the life of any other person
1. If policy issued before 01.04.2012	20 percent of sum assured	20 percent of sum
2. If policy is issued during F.Y. 2012-13	10 percent of sum assured	10 percent of sum
3. If policy is issued on or after 01.04.2013	15 percent of sum assured	10 percent of sum assured

Sum assured- means minimum amount assured under the policy without including any premium agreed to be returned and / or any benefit by way of bonus.

- b. Contribution (not being repayment of loan) to a statutory provident fund, recognized provident fund, 15-year public provident fund or approved superannuation fund.
- c. Amount deposited in fixed deposits of 5 years or more with a schedule bank.
- d. Amount deposited in 5 Year Time Deposit Scheme under Post Office.
- e. Amount deposit in Senior Citizen Saving Scheme.
- f. Investment made in Sukanya Samriddhi Account for a special purpose of small savings instrument for the welfare of the girl child.

- g. Contribution towards unit-linked Insurance plan, 1971 of UTI (on the life of himself / spouse /any child).
- h. Contribution for participation in the Unit Linked Insurance Plan of LIC Mutual Fund.
- i. Any payment made in respect of non-commutable deferred annuity in the name of the individual, wife or husband or any child.
- j. Amount paid as tuition fees for a maximum of two children, whether at the time of admission or otherwise - to any university, college, school or other educational institution situated within India for the purpose of full time education (excluding any payment towards any development fees or donations or payment of similar nature).
- k. Investment in share/ debenture or units of infrastructure sector (including power sector) or units of mutual fund proceeds which are utilized for developing/ maintaining of new infrastructure facility.
- l. Contribution to notified pension fund set up by mutual fund or UTI.
- m. Subscription to any notified bonds of National Bank for Agriculture and Rural Development (NABARD).
- n. Amount contributed (for a fixed period of not less than three years) by a Central Government Employee to his NPS (Tier-II) account applicable w.e.f. A.Y. 2020-21.
- o. Any premium paid to effect or to keep in force a contract for specified annuity plans of Life Insurance Corporation viz. Jeevan Dhara and Jeevan Akshay plans or annuity plans of other insurance companies.
- p. Any subscription towards notified units of a Mutual Fund/UTI.
- q. Any sum paid (including interest thereon) as subscription to Home Loan Account Scheme of the National Housing Bank or subscription to any notified deposit scheme or a notified pension fund set up by the National Housing Bank. (Notified scheme for this purpose is the National Housing Bank (Tax Saving) Term Deposit Scheme, 2008.)
- r. Any sum paid in relation to the purchase or construction of a residential house property, the income from which is chargeable to tax under the head 'Income from House Property' - where such payments are made towards or by way of:-

- Any installment or part payment of the amount due under any self-financing or other scheme of any development authority, housing board etc. or
- Repayment of Loan (Principal amount only) borrowed from the Government, or any bank or any branch of 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.
- Stamp duty, registration fee and other expenses for the purpose of transfer of such house property to the assessee.

Payments towards the cost of house property will not include the following:-

- The cost of any addition/alteration or renovation or repair of the house property which is carried out after the issue of the completion certificate by the competent authority or after the occupation of the house by the employee or after it has been let out.
- s. Subscription to National Savings Certificate (VIII Issue and IX Issue).
- t. Interest accrued on National Savings Certificate (VIII Issue and IX Issue) is qualified for deduction at the end of each year (except for the last year) shall be deemed to be reinvested as per table below:-

NSC IX Issue

Amount of Interest (₹) accruing on certificate of ₹100 denomination

Year for which Interest accrues	NSC purchased before April 1,2012	NSC purchased during FY 2012-13	NSC purchased during FY 2013- 14 to 2015-16
First Year	8.89	9.10	8.99
Second Year	9.68	9.93	9.8
Third Year	10.54	10.83	10.68
Fourth Year	11.48	11.81	11.64
Fifth Year	12.5	12.89	12.69
Sixth Year	13.61	14.06	13.83
Seventh Year	14.82	15.34	15.08
Eighth Year	16.13	16.74	16.43
Ninth Year	17.57	18.26	17.91
Tenth Year	19.13	19.92	19.52

NSC VIII Issue

Amount of Interest (₹) accruing on certificate of ₹ 100 denominations.

The Year for which Interest accrues	NSC purchased during April 1, 2017 and June 30, 2017	NSC purchased during July 1, 2017 and December 31, 2017	NSC purchased during January 1, 2018 and September 30, 2018	NSC purchased during October 1, 2018 and June 30, 2019	NSC purchased during July 1, 2019 and March 31, 2020	NSC purchased during April 1, 2020 and December 31, 2022	NSC purchased during January 1, 2023 and March 31, 2023	NSC purchased during April 1, 2023 and September 30, 2024
First year	7.90	7.80	7.60	8.00	7.90	6.80	7.00	7.70
Second year	8.52	8.41	8.18	8.64	8.52	7.26	7.49	8.29
Third Year	9.20	9.06	8.80	9.33	9.20	7.76	8.01	8.93
Fourth Year	9.92	9.77	9.47	10.08	9.92	8.28	8.58	9.62
Fifth Year	10.71	10.53	10.19	10.88	10.71	8.85	9.18	10.36

Note-1: Maximum amount deductible under Sec. 80C is 1.5 Lac.

Note-2: Where the construction of the property does not get completed by the end of the year, no deduction shall be allowed under (r) above.

Note-3: If the house property is transferred before expiry of 5 years from the end of the financial year in which construction completed/possession is obtained no deduction should be allowed in that year. Besides total of income tax deductions in respect of such repayment allowed in earlier years shall be added to the tax on the total (taxable) income for that year.

B. Deduction in respect of contribution to Pension Funds -Section 80CCC

Section 80 CCC provides for a deduction maximum up to ₹1,50,000/- to an individual for any amount paid by him in any annuity plan of the Life Insurance Corporation of India or any other insurer approved by IRDA for receiving pension from a fund as referred to in Section 10(23AAB).

C. Deduction in respect of contribution to National Pension Scheme (NPS) notified by Central Government-Section 80 CCD:-

Section 80 CCD is applicable if the following conditions are satisfied:

- The taxpayer is an individual.
- He is employed by the Central government (on or after January 1, 2004) or employed by any other person. He may be even a self-employed person.
- He has in the previous year paid any amount in his account under a pension scheme notified by the Central government i.e. NPS. NPS covers New Pension Scheme and Atal Pension Yojna.

- I. Contribution towards NPS by employee 80 CCD(1):-** Employee's contribution to NPS is deductible under section 80CCD(I) in the year in which contribution is made. No deduction is available in respect of employee's contribution which is in excess of 10% of the salary (both Basic & DA).

Cumulative Monetary Ceiling on aggregate amount of deduction u/s 80C, 80CCC and 80CCD(1):-The aggregate amount of deduction u/s 80C, 80CCC and 80CCD(I) [i.e. Contribution by an employee (or any other individual) towards Notified Pension Scheme (NPS)] cannot exceed ₹1,50,000/-.

- II. Contribution towards NPS by Employer u/s 80CCD(2):-** Contribution to NPS by the employer is deductible u/s 80CCD(2) in the hands of the concerned employee in the year in which contribution is made. However, any contribution by employer to NPS of employee in excess of 10% shall be taxable in the hands of employee (14% if Employer is the Central Government w.e.f. A.Y. 2020-21 and State Govt, from A.Y. 2022-23). **In case of others, employer contribution above 10% is subject to deduction of TDS.**

- III. Additional Contribution up to ₹50,000 towards NPS under section 80CCD(1B):-** Additional deduction in respect of any amount (**up to ₹ 50,000**) for contribution made by an Individual assessee under the NPS. On this contribution, the ceiling of ₹ 1,50,000 under section 80CCE is not applicable. The additional deduction of ₹50,000 is available whether (or not) any claim under section 80CCD (I) has been made.

Employer's contribution to NPS and additional contribution to NPS u/s 80CCD (1B) will also be allowed as deduction but it shall not form part of ₹ 1,50,000/- limit given above.

- IV. Tax at the Time of Withdrawal:** -The amount standing to the credit of an assessee in NPS for which deduction has already been claimed by him shall be taxed as:-

Sl. No	Taxability of the payment to be received from NPS	From AY 2020-21
1.	Amount received by the employee (or a non-employee) on closure of account or on his opting out of the NPS Scheme.	60% exempted
2	In (1), amount is received by a nominee on the death of the assessee.	Exempt
3	Pension received out of NPS.	Taxable
4	Amount received in (1), (2), (3) is utilized for purchasing an annuity plan in the same previous year.	Exempt
5	Pension received out of annuity plan purchased in (4).	Taxable
6	Partial withdrawal from NPS (to the extent it does not exceed 25 % of an employee's contribution)	Exempt

D. Deduction in respect of Medical Insurance Premia u/s 80D:-

Maximum deductible amount and other points are as below

		Individual	
For whose benefits payment can. be made		Family i.e. self, spouse and dependent children	Parents
A	a) Medi-claim insurance premium	Deduction available	Deduction available
	b) Contribution made to Central Government Health Scheme (CGHS) or any notified scheme.	Deduction available	Deduction not available
	c) Payment on account of preventive health check-up.	Deduction available	Deduction available
Maximum amount of Deduction: -			
	General deduction	₹25,000/-	₹25,000/-
	Additional deduction (applicable only in case of medi-claim insurance Premium when policy is taken on the life of a senior citizen).	₹25,000/-	₹25,000/-
B	Medical expenditure on the health of a person who is senior citizen if medi-claim insurance is not paid on the health of such person.	₹ 50,000/-	₹ 50,000/-

C	Maximum Deduction in respect of (A) & (B)	₹ 50,000/-	₹ 50,000/-
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Notes: -

- i. Senior Citizen for the aforesaid purpose is a resident individual who is least 60 years of age at any time during the previous year.
- ii. The Payment should be made by any mode other than cash. However, payment for preventive health check-up can be made by any mode (including cash). Further payment should be made out of income chargeable to tax.
- iii. The aggregate payment on account of preventive health checkup of self, spouse, dependent children and parents cannot exceeds ₹5,000/-.
- iv. In case of single premium health insurance policy having cover of more than 1 year, deduction shall be allowed on proportionate basis for the number of years for which health insurance is provided.

E. Deduction in Respect of Maintenance including Medical Treatment of Handicapped dependent who is a Person with Disability u/s 80DD:-

Deduction is allowed in respect of-

- i. Any expenditure incurred by an employee, during the previous year for the medical treatment (including nursing), training and rehabilitation of one or more handicapped dependents (being a person with disability) and/or
- ii. Amount deposited, under an approved scheme of the Life Insurance Corporation or any other insurer or the Unit Trust of India for the maintenance of a handicapped dependent (being a person with disability).
 - A fixed deduction of **₹75,000/-** is allowed in aggregate for any or both the purposes specified above, irrespective of the actual amount of expenditure incurred. In case the dependent is suffering from a severe disability i.e. 80% or more, a higher deduction of **₹1,25,000/-** shall be allowed. Such person should not claim deduction u/s 80U.
 - A "dependent being a person with disability "means a spouse, children, parents, brothers and sisters of the individual, dependent wholly or mainly on the employee for his support and maintenance and is suffering from disability not less than 40 %.
 - The assessee, claiming a deduction under this section, shall furnish a .copy of the certificate issued by the medical authority in the prescribed form and manner, along with the return of income u/s 139, in respect of the A.Y. for which the deduction is claimed.

- In case the handicapped dependent pre-deceases the employee, the amount for which deduction has been claimed under this section shall be deemed to be the income of the assessee for the previous year in which such amount is received.
- Further, deduction for deposit in approved scheme (point ii above) shall be available if:-
 1. The employee nominates either the handicapped dependent or any other person or a trust to receive the payment under the scheme for the benefit of the handicapped dependent.
 2. In the event of the death of the employee or on attaining 65 years of age, the amount of annuity or lumpsum under the scheme is paid for the benefit of the handicapped dependent.

F. Deduction in respect of Medical Treatment u/s 80DDB:-

The person shall be allowed a deduction of the amount "**actually paid**" or a "**sum of ₹ 40,000/- (₹1,00,000/- for treatment of senior citizen)**" whichever is less in respect of that previous year in which such amount was actually paid. The expenditure must be incurred" for medical treatment of specified disease as prescribed:-

Specified Disease	Prescription to be Issued by
Neurological diseases where disability level certified to be 40% and above Dementia/Dystonia Musculorum Deformans/ Motor Neuron Disease/ Ataxia/ Chorea/ Hemiballismus/	Neurologist having Doctorate of Medicine (DM) degree in Neurology or any equivalent recognized degree.
Malignant Cancers	Oncologist having Doctorate of Medicine (DM) degree in Oncology or any equivalent recognized degree.
Full Blown Acquired Immuno- Deficiency Syndrome (AIDS)	Any specialist having a post- graduate degree in General or Internal Medicine or any equivalent recoanized dearee.
Chronic Renal Failure	A Nephrologist having doctorate of Medicine (DM) degree in Nephrology or Urologist having a Master of Chirurgiae. (MCh) degree in Urology or any equivalent recognized degree.
Hematological Disorders:- <ul style="list-style-type: none"> • Hemophilia • Thalassemia 	A specialist having a Doctorate of Medicine (DM) degree in Hematology or any equivalent recognized degree.

No such deduction is available unless a prescription from a specialist doctor is provided

for availing deduction. Although where in respect of any disease specified above, the patient is receiving treatment in Government hospital, the prescription may be issued by any specialist working full time in that hospital and having post graduate degree in General or Internal Medicine or any equivalent recognized degree.

The deduction under this section shall be reduced by the amount received, if any, under insurance from an insurer, or reimbursed by employer, for medical treatment.

G. Deduction in respect of interest on loan taken for higher education u/s 80E:-

The interest paid on education loan, taken from any notified financial institution or any approved charitable institution, for pursuing higher education after passing senior secondary examination or its equivalent for his own higher education or that of relatives i.e. spouse or any child or for whom taxpayer is legal guardian is qualified for deduction.

Higher Education extend its scope to cover all fields of studies (including vocational studies) pursued after passing the Senior Secondary Examination or its equivalent from any school or 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.

The deduction is available from the year in which the person starts repaying the interest on the loan. **The entire payment of interest is deductible. The deduction is available for a maximum of 8 years or till the interest is paid whichever is earlier.** The interest payment must be made from the income chargeable to tax.

H. Deduction of Interest on Loan taken for Residential House Property u/s 80EE:-

This deduction is available to an individual on following conditions being fulfilled:-

- a. The assessee is an individual resident or non-resident.
- b. He has taken a loan for acquisition of residential house property.
- c. Loan is taken by an individual from a bank or a housing finance company (i.e. an Indian public limited company with main object of providing long term finance for construction or purchase of residential house in India).
- d. Loan is sanctioned during the financial year 2016-17 i.e. April 1,2016 and March 31,2017.
- e. Loan amount does not exceed ₹35 Lacs and value of residential house property does not exceed ₹50 Lacs.
- f. Assessee is not the owner of any other residential house property on the date of sanctioning of Loan.

If the above conditions satisfied, the assessee can claim deduction in respect of interest payable on above loan or ₹ 50,000 whichever is less. If deduction is claimed under section 80EE, no deduction will be allowed under section 24(b) or any other provision of the Act for the same or any other assessment year.

I. Deduction in respect of interest on loan taken for certain house property
[Sec.8QEEA):-

Deduction under this section is available if the following conditions are satisfied-

- a) The assessee is an individual.
- b) He is not eligible to claim any deduction under section 80EE.
- c) He has taken a loan for the purpose of acquisition of residential house property.
- d) The loan is sanctioned by a financial institution (i.e. a bank or banking institution or housing Finance company) during April,1 2019 and March 31,2022.
- e) The stamp duty value of the residential house property does not exceed ₹45 lakh. The expression "stamp duty value" means value adopted (or assessed or assessable) by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.
- f) The assessee does not own any residential house property on the date of sanction of loan.

If the above conditions are satisfied, the assessee can claim deduction under section 80EEA. Deduction is available in respect of interest payable on the above loan or ₹ 1,50,000/-, whichever is less. Deduction is available for the assessment year 2020-21 and subsequent assessment years.

If interest is claimed as deduction under section 80EEA, such interest is not again deductible under section 24(b) or under any other provision of the Act for the same or any other assessment year.

J. Deduction in respect of interest on loan taken for purchase of electric vehicle
(Sec.80EEB):-

Under this section, deduction is available if the following conditions are satisfied-

- a) The assessee is an individual.
- b) He has taken a loan for purchase of an electric vehicle. For this purpose, "electric vehicle" means-
 - A vehicle which is powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle, and
 - It has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy.
- c) Loan is taken from a financial institution (i.e. a bank or any deposit taking NBFC or a systematically important non- deposit taking NBFC)
- d) Loan is sanctioned during April 1,2019 and March 31,2023.

If the above conditions are satisfied, the assessee can claim deduction under **section 80EEB**. Deduction is available in respect of interest payable on the above loan or ₹ 1,50,000, whichever is less. Deduction is available for the assessment year 2020-21 and subsequent years.

K. Deduction in respect of Donations to Certain Funds, Charitable Institutions etc, u/s 80G:-

The tax relief on such donations as are admissible under section 80G of the Act, will have to be claimed by the taxpayer in the return of income. The table below denotes the amount deductible under this section:-

SI No	Donne	Maximum Limit	Deduction (as a %age of net qualifying amount)
1	Prime Minister Drought Relief Fund	Not Applicable	50%
2	National Defence Fund	Not Applicable	100%
3	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Not Applicable	100%
4	Prime Minister's Armenia Earthquake Relief Fund	Not Applicable	100%
5	Africa (Public Contributions- India) Fund	Not Applicable	100%
6	National Children's Fund	Not Applicable	100%
7	National Foundation for Communal Harmony	Not Applicable	100%
8	An approved university/ educational institution	Not Applicable	100%
9	Chief Minister's Earthquake Relief Fund	Not Applicable	100%
10	Any Fund set up by State Government of Gujarat for providing relief to the victims of earthquake in Gujarat	Not Applicable	100%
11	Zila Saksharta Samiti	Not Applicable	100%
12	National Blood Transfusion Council and State Council for Blood Transfusion	Not Applicable	100%
13	Fund set up by State Government for medical relief to the poor	Not Applicable	100%
14	Central Welfare fund of the Army and Air Force and Indian Naval Benevolent Fund	Not Applicable	100%
15	Andhra Pradesh Chief Minister's Cyclone Relief Fund	Not Applicable	100%
16	National Illness Assistance Fund	Not Applicable	100%
17	Chief Minister Relief Fund or Lieutenant Governor's Relief Fund	Not Applicable	100%
18	National Sports Fund or National Cultural Fund or Fund for Technology Development and Application	Not Applicable	100%

Sl No	Donne	Maximum Limit	Deduction (as a %age of net qualifying amount)
19	Any other fund or any institution which satisfies conditions mentioned in Section 80G(5)	As per note 1	50%
20	Government or any local authority to be utilized for any charitable purpose other than the purpose of promoting family planning	As per note 1	50%
21	Any authority constituted in India for the purpose of dealing with and satisfying the need for housing accommodation or for purpose of planning/ development of	As per note 1	50%
22	Any corporation specified in Section 10(26BB) for promoting interest of minority community.	As per note 1	50%
23	Any notified temple, mosque, gurudwara, church or other place (for renovation or repair)	As per note 1	50%
24	Government or any approved local authority to be utilized for the purpose of promoting family planning	As per note 1	100%
25	Swachh Bharat Kosh	Not Applicable	100%
26	Clean Ganga Fund	Not Applicable	100%
27	National Fund for Control of Drug Abuse	Not Applicable	100%
28	National Blood Transfusion Council and State Council for Blood Transfusion.	Not Applicable	100%
29	Fund setup by a State Government for the medical relief to the poor.	Not Applicable	100%
30	Central Welfare Fund of the Army and Air Force and the Indian Naval Benevolent Fund	Not Applicable	100%
31	Andhra Pradesh Chief Ministers Cyclone Relief Fund.	Not Applicable	100%
32	National Illness Assistance Fund	Not Applicable	100%
33	National Sports Fund or National Cultural Fund or Fund for Technology	Not Applicable	100%
34	Any other Fund or any institution which satisfies conditions mentioned in Section 80G(5)	As per Note 1	100%

SI No	Donne	Maximum Limit	Deduction (as a %age of net qualifying amount)
35	Donation by a company to the Indian Olympics Association or any other association or institution notified for the development of sports and games in India.	As per Note 1	100%
36	National Trust for Welfare of Persons with Autism ,Cerebral Palsy Mental Retardation and Multiple Disabilities.	Not Applicable	100%

Note 1:-The maximum limit is restricted to the net qualifying amount limited to 10% of Gross Total Income of the assessee as reduced by following:-

- Amount deductible u/s 80C to 80U (but not section 80G)
- Such incomes on which income tax is not payable
- Long term capital gains
- Short term capital gains taxable @ 10% u/s 111A and
- Income referred to in section 115A, 115B, 115AC or 115AD

Mode of Payment: Donation can be given in cash or by cheque or draft. However, no deduction shall be allowed in respect of donation in cash of an amount exceeding ₹2,000/-.

With effect from A.Y. 2024-25, donation given by an assessee to the following funds will not be eligible for deduction u/s 80G

- **Jawaharlal Nehru Memorial Fund**
- **Indira Gandhi Memorial Trust**
- **Rajiv Gandhi Foundation**

L. Deduction in respect of rent paid [Sec,80GG]

An assessee is allowed accommodation occupied by him for the purpose of his own residence provided the following conditions are satisfied:

- i. He should be a self-employed person and/ or a salaried employee who is not in receipt of house rent allowance at any time during the previous year.
- ii. He or his spouse or minor child (including step child and adopted child) or the Hindu undivided family of which he is a member, should not own any residential accommodation in India or abroad. Deduction under section 80GG is denied where the taxpayer, his spouse or Minor child or the Hindu undivided family of which he is a member, owns any residential accommodation at the place where the

taxpayer resides, performs the duties of his office, or employment or carries on his business or profession. Where, however, the taxpayer owns any residential accommodation at any other place and the concession in respect of self-occupied house property under section 23(2(a) or 23(4) is claimed by him in respect of such accommodation, no deduction is allowed in respect of the rent paid under section 80GG even if he does not own any residential accommodation at the place where he ordinarily resides, performs the duties of his office or employment or carries on his business or profession.

- iii. The assessee should file online declaration in Form No. 10BA regarding the expenditure incurred by him towards payment of rent.

Amount of deduction:-

- 1) ₹ 5,000 per month
- 2) 25 per cent of total income (total income is calculated after excluding long-term capital gain, short-term capital gain under section 111A, and income referred to in section 115A or 115D and amount deductible under section 80C to 80U but before making any deduction under this section) or
- 3) The excess of actual rent paid over 10 per cent of total income (total income is calculated after excluding long-term capital gain, short-term capital gain under section 111A, and income referred to in section 115A or 115D and amount deductible under Sections 80C to 80U but before making any deduction under this section).

L. Contribution to Political Parties u/s 80GGC:-

This deduction is available @ 100% where assessee makes any contribution to a political party or an electoral trust. No deduction shall be allowed in respect of any sum contributed by way of cash. "**Political party**" means a political party registered under section 29 A of the Representation of the People Act, 1951. Advertisement expenditure (in a magazine owned by a political party) is not deductible u/s 80GGC.

M. Deduction in respect of Interest on Deposits In Savings Account u/s 80TTA:-

Deduction up to ₹10,000/- in aggregate **to an Individual not being a Senior Citizen** (a senior citizen can avail deduction u/s 80TTB) in respect of any income by way of interest on Savings Deposit (not being time deposits) with a Banking Company or a Co-operative society engaged in carrying on the business of banking or a Post Office.

O. Deduction in respect of Interest on Deposits in case of Senior Citizens u/s 80TTB

A senior citizen having interest income on deposits with a bank/ co-operative bank/ post office (includes interest on fixed deposits/ interest on savings account or any other interest) can claim deduction u/s 80TTB equal to the amount of interest or ₹ 50,000/-, whichever is lower.

It must be ensured that deduction u/s 80TTA or 80TTB, as the case may be, shall be provided only when this amount has been reported by the employee/ pensioner. In other words, the interest amount should first be added in the income and then deduction u/s 80TTA/ 80TTB must be provided.

a. Post Office savings bank interest exemption u/s. 10(15)(i):-

Post Office savings bank interest is exempted up to ₹3,500/- (in an individual account) and ₹7,000/- (in a joint account).

P. Deduction in case of a person with Disability u/s 80U:-

A person with disability means a person suffering not less than 40% from any of the following disability

- Blindness
- Low vision
- Leprosy-cured
- Hearing impairment
- Locomoter disability
- Mental retardation
- Mental illness

A fixed deduction of ₹ 75,000/- is available (₹1,25,000/- in respect of person with severe disability i.e. 80% or more) which is certified by medical authority.

8. Interest on Borrowed Capital [Sec. 24(b)]

An employee may furnish a statement of his/her other incomes (or loss under the head 'House Property'- computation to be attached) to his employer, who shall deduct out of salary payment the tax due on total income (after allowing set off of loss from house property).

The employer can take into account loss only under the head "Income from house property". **Loss under any other head cannot be considered by the employer for calculating the TDS to be deducted from "Salaries"**. The loss under "Income from house property" can be set off only **upto Rs. 2 lakh**. Following details to be obtained by the assessee in respect of loss claimed under the head "Income from house property"

- Gross annual rent value
- Municipal Taxes paid, if any
- Deduction claimed for interest paid, if any
- Other deductions claimed
- Address of the property

Note: Interest on loan taken for the case of **two self-occupied properties from the A.Y. 2020-21 subject to maximum ceiling as given below:**

- a. 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. In case the house property is not occupied by the employee on account of his place of

employment being at other place, then his residence in that other place should not be in a building belonging to him.

b. The quantum of deduction allowed is as per table below:-

S 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 house	Before 01/04/1999	₹ 30,000/-
3	Acquisition or construction of house	On or after 01/04/1999	₹ 1,50,000/- (upto A.Y. 2014-15)
			₹ 2,00,000/- (w.e.f. A.Y. 2015-16)
4	Aggregate deduction of Sl. No. 1 and 3 shall not exceed ₹ 2,00,000/- from F.Y. 2019-20.		

In case of S No. 3 above:-

- The acquisition or construction of the house should be completed within five years from the end of F.Y. in which the capital was borrowed. A completion certificate to that effect must be obtained.
- Any prior period interest for the F.Y.'s upto the F.Y. in which the property was acquired or constructed shall be deducted in equal installments for the F.Y. in question and subsequent four F.Y.'s
- The employee has to furnish a certificate specifying the amount of interest payable. In case a new loan is taken to repay the earlier loan, the certificate should also show the details of principal and interest of the loan so repaid.

The following details in respect of interest deductible needs to be obtained by the employee:-

- Interest payable or paid
- Name of the lender
- Address of the lender
- PAN or Aadhaar number of the lender

PAN or Aadhaar of the lender being a financial institution or bank is to be provided if it is available with employee. In case of other lenders, obtaining of PAN or Aadhaar number is mandatory by the employer

9. Calculation of Tax:-

At the beginning of each financial year, "Estimated Total (Taxable) Income" of each employee may be calculated after taking into account increment, if any, and allowances including perquisites and allowing exemptions & deductions as may be applicable. Income Tax is to be calculated after allowing deduction u/s 80C/ 80CCC/ 80CCD/ 80D/ 80DD/ 80DDB/ 80E/ 80EE/ 80G/ 80TTA/ 80U among others. Total salary

income excluding exemptions and deductions as aforesaid, and including income other than salary, if furnished by the employee, would be the total (taxable) income chargeable to tax. This income must be rounded off to the nearest multiple of ten rupees. Income Tax on such income shall be calculated based on Default (New)/ Optional (Old) Tax Regime. Thereafter Rebate u/s 87A if applicable must be provided. Surcharge and Health & Education Cess must be computed so as to arrive at total tax payable.

1/12th of the tax so arrived at is to be deducted from monthly salary or proportionately in case of employees going to retire before the end of the financial year. Adjustments may be made within the financial year in respect of individual employees for any excess or short fall arising out of any previous deduction. This amount must be deducted every month in equal installments and must be remitted to the Income Tax Department.

While deducting TDS on salary on the basis of Other Income Declaration Form, credit of the TDS already deducted on other income is to be given to avoid double taxation of income. Any supporting document, e.g., 26AS, TDS Certificate for 1st three quarters and a self-declaration form for the March quarter is to be provided to validate the TDS deducted on other incomes.

E.g. Mr. A has Salary Income of ₹10,00,000/- and projected FDR Interest income is ₹88,000/-. His Form 26AS is reflecting TDS of ₹8,800/- deducted on FDR Interest of ₹88,000/-. So amount of TDS should be deducted on total income of ₹10,88,000/- after considering TDS of ₹8,800/- already deducted.

Deduction of Tax at Nil or Lower Rate:-

If the jurisdictional TDS officer of the employer issues a certificate of Non or Lower Deduction of Tax under section 197 of the Act, then employer should take into account such certificate and mention the Unique Identification Number (UIN) in Quarterly Statement of TDS (**Form 24Q**)

10. Deposit of Tax Deducted

The prescribed time for deposit of TDS to the credit of Central Government account is:-

Sl	Description	Date of Deposit of TDS
1	Tax deducted in March	30 th April next F.Y.
2	Tax deducted in any other month	7 th day of next month
3	Tax on perquisites opted to be deposited by employer	7 th day of next month

This process of remittance of TDS is being handled centrally by Head Office and Regional Offices.

11. Quarterly Statement of TDS in Form 24Q(SEC.-200(3)):-

Quarterly statement (Rule 31 A) - Quarterly statement of tax deducted at source u/s 192

and other deductions of tax for the financial year has to be submitted as follows:-

Quarter-Ended	TDS Return Filling Due Date
June	31 st July of the F.Y.
September	31 st Oct of the F.Y.
December	31 st Jan of the F.Y.
March	31 st May of the F.Y. immediately following the F.Y. in which the deduction is made

If a person fails to deliver statement within the prescribed time, fee of Rs. 200/- per day is liable to be paid for the period during which failure continues. This amount shall not exceed the amount of tax which was deductible at source.

12. Furnishing of TDS Certificates- Sec.-203:- TDS certificates in Form No. 16 and No. 12BA are to be issued by 15th June for the financial year. Form No. 12BA will be issued only where Salary paid or payable to the employee is more than ₹1,50,000/-. A statement of salary and allowances, deductions and rebates and tax deducted at source may be given to the employees to facilitate their tax computation and filing of Income Tax Return. While issuing TDS certificate payees PAN should be quoted without fail. TDS certificate in Form No. 16 shall be issued by downloading from TRACES portal only.

13. Penalty/ Interest for Non Compliance:-

- i. Penalty equivalent to the amount of tax not deducted in case of failure to deduct/pay tax at source wholly or **partly-Section 271C.**
- ii. Penalty of ₹100/- per day for failing to furnish in due time the quarterly statement in Form 24Q, 26Q, 27Q and 27EQ. However in no case, the penalty shall exceed the amount of tax deductible **-Section 272A(2).**
- iii. Penalty of ₹100/- per day for failure to furnish TDS certificate in Form 16 within the stipulated time. However, in no case, the penalty shall exceed the amount of tax deductible- **Section 272A(2).**
- iv. Penalty of ₹10000/- for failing to quote TAN in Challan>Returns etc- **Section 272BB(1A).**
- v. Rigorous imprisonment for a term between 3 months to 7 years and with fine if any person fails to pay the tax deducted at source to the credit of the Central Government within the prescribed time-**Section 276B.**
- vi. In case a person fails to deduct tax at source or after deducting fails to deposit the same in Government Account, such person shall be deemed to be an assessee in default and simple interest has to be paid as follows- **Section 201(1 A):-**

Rate of Interest (p.m. or part)	Period for which interest is payable
1%	From the date on which such tax was deductible to the date on which such tax is actually deducted.
1.5%	From the date on which tax was deducted to the date on which tax is actually paid.

In addition, penalty is also applicable mentioned hereinbefore.

The payer shall not be deemed to be an assessee in default if -

1. The resident recipient has included such income in the return submitted u/s 139 and the recipient has paid the tax on such income and
 2. The payer submits a certificate to this effect from a chartered accountant in Form No. 26A.
- vii. Penalty between ₹10,000/- to ₹1,00,000/- for failing to submit or furnishing incorrect statements in quarterly TDS/TCS returns-Section **271 H**.

14. Rebate u/s 87A:-

A resident individual whose total income does not exceed ₹ 5,00,000/- can avail rebate under this section. It is deductible from income tax before adding health and education cess. Under the old tax regime, the amount of rebate is 100 percent of income tax or ₹12,500/-, whichever is less.

Section 87A has been amended and w.e.f. A.Y. 2024-25 rebate is applicable under alternative (new) tax regime. The rebate u/s 87A is 100 percent of income tax or ₹25,000/-, whichever is less provided the total income does not exceed ₹7,00,000/-.

15. Marginal Tax Relief Under Alternative (New) Regime: -

Where the total income of the assessee is chargeable to tax under clause (ii) of sub-section (1 A) of section 115BAC, and the total income exceeds ₹7,00,000/- and the income-tax payable on such total income exceeds the amount by which the total income is in excess of ₹ 7,00,000/-, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income, of an amount equal to the amount by which the income-tax payable on such total income is in excess of the amount by which the total income exceeds ₹7,00,000/-.

In other words, If net income exceeds ₹7,00,000/- but does not exceed ₹ 7,22,220/- income tax on such amount cannot exceed the amount by which the net income exceeds Rs. 7,00,000/-. This marginal relief is not available in case of Regular (Old) Tax Regime.

16. Relief When Salary is Paid in Arrear or Advance (Section 89):-

If an individual receives any portion of his salary in arrears or in advance, he can claim relief in terms of Section 89. The concerned employee/ pensioner should submit

electronically Form No. 10E, **duly verified by him**, along with his return of income to claim rebate u/s 89. The relief is also available in respect of family pension received in arrears.

17. Interest on Employees Provident Fund Sec 10(11)/(12):-

The provision of Section 10(11)/(12) have been amended w.e.f. A.Y. 2022-23. The exemption shall not apply to interest accrued in employees recognized/ statutory provident fund account to the extent:-

- The amount of interest on employee's contribution in excess of Rs. 2,50,000/- per year (in case employer also contributes) or
- The amount of interest on employee's contribution in excess of Rs. 5,00,000/- per year (in case no contribution by the employer).

18. Salary from more than one Employer:-

In case salary is received from more than one employer, the assessee is required to furnish to the present employer details of income under the head "Salaries" due or received from former employer and also tax deducted at source, **in writing and duly verified by him and by the former employer**. The present employer will be required to deduct tax on the aggregate amount of salary (including salary received from former employer).

19. Compensation received for termination/ modification of employment agreement (Section56(2)(xi)

Any compensation due to or received by any person by whatever name called in connection with the termination of his employment shall be chargeable to tax under the head "Income from Other Sources ".

20. Data Entry -HRMS

Since bank is paying pension to retired officials, it is the responsibility of the bank to deduct tax as per applicable rates laid down by the Income Tax Act, 1961 in order to deduct correct tax and to avoid any TDS compliance issues. **Updation of correct information in HRMS is utmost important.**

We have observed certain irregularity which affected the overall TDS calculations and also increased income tax default after filing of returns. Some of the irregularities found - were (a) incorrect updation of non-taxable income (b) incorrect updation of other income.

Accordingly, income/details updated under following columns needs to be checked:-

1. Non Taxable Component: In HRMS, there is an option to update non-taxable income which is mainly on account of certain payments which are exempted from income tax ambit. Some of the examples of such emoluments are payment made on account of:-

Sl. No.	Section	Related to
1.	Section 10(5)	Leave Travel Concession
2.	Section 10(6)	Remuneration Received by an official of an embassy, high commission etc.
3.	Section 10(10)	Gratuity
4.	Section 10(10A)	Commuted value of pension received
5.	Section 10(10AA)	Leave Encashment on Retirement
6.	Section 10(10C)	Amount received on voluntary retirement or termination of service
7.	Section 10(11)	Statutory Provident Fund received
8.	Section 10(12)	Recognized Provident Fund received
9.	Section 10(13)	Approved Superannuation Fund received
10.	Section 10(17J)	Allowance received by MP/MLA/MLC
11.	Section 10(18)	Payment made to Gallantry Award recipients
12.	Section 10(26)	Pensioner being a member of Scheduled Tribe of North Eastern State
13.	Section 10(26AAA) 10(26AAA)	Pensioner being a Sikkimese
14.	Any Other	Allowed as per Income Tax Act such as defence medical disability pensioner etc.

It must strictly be noted that no amount should be mentioned unless the amount falls under exempted category. Further branches should review the list attached herewith wherein the non-taxable amount is updated. If the amount is wrongly mentioned then same has to be modified immediately (Please note that we would be calling details of amount shown under non-taxable column after the last pension payment)

- 2. Other Income:** Some pensioners declare their income from other sources for the purpose of deduction of TDS on that income along with TDS on pension. Other income may be entered in the system only if the pension amount is sufficient for deducting the TDS applicable on pension amount and the other income component within that Financial Year.

Branches must refrain from entering other income after the month of December. As we will be left with only two months pension payment where we may not have sufficient pension amount to deduct tax if other income declared by pensioner is at very high level.

- 3.** Deduction u/s 80TTB up to Rs. 50,000/- (deduction in respect of interest on deposits in case of Senior Citizen) must be considered only when the pensioner has reported at least equivalent amount in their other income.

It must also be noted that pensioner is eligible either for deduction u/s 80TTA (deduction in respect of interest on deposits in savings account) or u/s 80TTB (deduction in respect of interest on deposits in case of Senior Citizen) but not both.

General Instruction:

- A. If an employee/ pensioner does not make any declaration, tax will be deducted by the employer under the alternative (new) tax regime. In case an employee wants to pay tax under regular (old) tax regime, same needs to be intimated to the employer
- B. This intimation to the employer shall only be for the purpose of TDS and cannot be modified during that year. This intimation does not amount to exercise of option under Section 115BAC (6). The option u/s 115BAC(6) must be exercised at the time of submission of return of income (which may differ from the option given to employer).
- C. Personnel Services Department will ensure correct computation of tax liability of all employees as well as our ex-employees. They will ensure through documentary evidence that the employee is actually eligible for various exemptions/ deductions declared by him. Further the declaration submitted must be verified by branches in a timely manner preferably by **08/01/2025**. Documentary evidence/investment proof submitted by employee must be kept in branch/ office record for cross verification (if any) by Income Tax Department.
- D. Pension Cell to ensure that correct computation of tax liability is made for all the pensioners. Further, no default should arise on account of non- deduction/ less deduction of TDS.
- E. Request from any employee for non-deduction of tax or deduction of tax at lower rates can be entertained only if the concerned employee produces a certificate from the related assessing officer authorizing the paying authority not to deduct tax at source from the salary of such employee or deduct the tax at lower rate.
- F. Filing of income tax return by the employees (unless exempted) is compulsory. Non-compliance would invite penalty as mentioned from the Income Tax Department.



**General Manager
PSD & HRM**

Annexure I

Declaration- TDS u/s 194P of Income Tax Act 1961 (Form12BBA)

Date:

The Branch Manager
Paschim Banga Gramin Bank
.....Branch

Declaration to be furnished by Specified Senior Citizen under sub-clause (iii) of clause(b) of Explanation to section 194P

S No.	Particulars	Details
1	Name and address of the person	
2	PAN or Aadhaar	
3	Previous Year	
4	Date of Birth	
5	Name of the Specified Bank	
6	Name of Bank from which pension is drawn	
7	Pension Payment Order (PPO) Number	

Verification:

I,.....son/daughter of.....

do hereby certify that the information given above is complete and correct and that I do not have any income other than the income of the nature of pension and/or interest which is received or receivable only in the account(s) of the specified bank stated above.

Yours faithfully,

Signature/ Thumb Impression (along with witness)

Date:

Place:

1. Witness:

2. Witness: