



TRAVANCORE DEVASWOM BOARD

OFFICE OF THE DEVASWOM ACCOUNTS OFFICER
NANTHENCODE, THIRUVANANTHAPURAM

DA No.50/15/E3

Date: 12.01.2016

CIRCULAR

**Sub:- Deduction of Income Tax from salaries for the Financial Year 2015-2016
(Assessment Year 2016-17) under Section 192 of the Income Tax Act 1961.**

Members of staff whose gross Salary/Pension Income during the Financial year 2015-2016 would exceed Rs.2,50,000/- are requested to furnish a statement in the proforma appended with relevant documents in original, so as to reach the undersigned on or before 28th February 2016.

Interest on Housing Loan -

Section 24(b) of the Act allows deduction from Income from House Property on interest on borrowed capital as under -

As per the amended 2nd proviso to section 24(b), interest payable on borrowed capital in respect of Self Occupied (S.O.) House Property is deductible up to a maximum of Rs.2,00,000/-. The S.O. House Property should have been acquired or constructed with capital borrowed on or after 01-04-1999 and the acquisition or construction of the said house property should be completed within three years from the end of the financial year in which capital was borrowed.

Further 1/5 of Pre-EMI interest i.e. Interest charged by the lender before starting of EMI consisting of Principal & Interest shall be considered in the total deductible maximum amount of Rs.2,00,000/-. In other words Pre-EMI interest is deductible in 5 equal installments starting from the year in which construction of house is completed/possession taken i.e. month of starting of EMI consisting of Principal & Interest. The authorities who has disbursed the housing loan used to give a statement with all details viz.,

- a) Principal paid during the Financial Year
- b) Interest paid during the Financial Year

Further employee who has availed housing loan for purchase/construction of residential property has to compulsorily submit provisional certificate for principal and interest paid/payable for the period from 01.04.2015 to 31.03.2016 from bank or financial institution on or before 31.01.2016. In no case certificate dated before December, 2015 shall be accepted.

- 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.

Board office

- The quantum of deduction allowed as per table below:

Sl. No.	Purpose of Borrowing Capital	Date of Borrowing Capital	Maximum Deduction Allowable (in Rs.)
1.	Repair or Renewal or Reconstruction of the house	Any time	30,000
2.	Acquisition or construction of the house	Before 01-04-1999	30,000
3.	Acquisition or construction of the house	After 01-04-1999	2,00,000 (increased from 1,50,000 to 2,00,000)

- The employee has to furnish 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.

House Rent Allowance (HRA)

Under section 10(13)A of Income Tax act, When the employee is occupying a rented residential accommodation, the amount of House Rent Allowance received by him is exempt of least of the following amounts:

- HRA for the period the house is occupied by the employee.
- An amount equal to 40% of Basic salary.
- Expenditure of rent in excess of 10% of salary (including D.A. presuming that D.A. is taken for retirement benefit)

In order to allow deduction towards rent paid, as per Sl.No.4 of the Proforma, the officials concerned should produce original rent receipts along with the statement of income. Deduction will not be considered if rent receipt in original is not produced. Salary for regulating the exemption for HRA includes GP and DA.

Further it is important to note that if annual rent paid by the employee exceeds Rs. 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.

Other Provisions-

- Medical reimbursement by the employer exceeding Rs. 25000/- per annum is to be taken as perquisite u/s 17(2) (v) of the Income Tax Act, such clause (1) of clause (14) under section 10(14) of the Rule of the Act.
- Children Education Allowance: Rs. 100/- per month per child up to a maximum of two children is exempt from tax under section 10(14) (ii) of IT Act Read with Rule 2BB (2) of the IT Act and similarly any allowance granted to an employee to meet the hostel expenditure on his child will also be exempt at the rate of Rs.300/- per month per child up to a maximum of two children in accordance with Rule 2BB (2).

Deduction from Salary Income:

The following deductions from salary income are admissible as per Section 16 of the Income-tax Act.

- Professional/Employment tax levied by the State Govt.
- Entertainment Allowance - Deduction in respect of this is available to a government employee to the extent of Rs.5000/- or 20% of his salary or actual amount received, whichever is less.

Important Deductions under Chapter VI-A of Income Tax Act are:

Sl.No.	Section of IT Act	Category	Amount of Deduction
1.	80 C	Aggregate of amount paid/ incurred/invested towards any of the following:	Rs. 1,50,000/- (increased from 1,00,000/- to 1,50,000/-)
		Life Insurance Premium for self, spouse & children subject to a maximum of 20% of sum assured for policies taken on or before 31.03.2012 / 10% of sum assured for policies taken on or after 01.04.2012.	
		Contribution (not being repayment of loan) towards approved Provident Fund including PPF	
		Subscription towards National Saving Certificate (VIII & IX) issue along with accrued interest which is deemed as reinvested) for self only.	
		Contribution to UTIs Retirement Benefit Plan.	
		Investment in UTIs Unit Linked Insurance Plan	
		Approved Mutual Fund Investment referred to u/s 10(23)D	
		Repayment of Housing Loan Principal towards Self-Occupied Residential Property	
		Payment of Tuition fees towards any two children of the assessee	
		Investment in Pension Fund / Deposit Scheme of National Housing Bank Under Home Loan Account Scheme	
Fixed Deposit of any Scheduled Bank / Housing Finance Co. for 5 years or more in accordance with the scheme framed by the Central Government.			

Sl.No	Section of IT Act	Category	Amount of Deduction
		Investment in Equity Shares, Debentures of approved Public Finance Institution or Company	
2.	80 CCC	Premium paid towards IRDA approved Pension Fund	Up to Rs. 1,00,000/-
3.	80 CCD	Amount paid / deposited in an approved Pension Scheme of Central Government	Up to 10% of Salary (includes Dearness Allowance but excludes all other allowance and perquisites)
4.	80 CCE	Aggregate of deduction u/s 80C, 80CCC & 80CCD shall not exceed Rs.1,50,000/-	Rs.1,50,000/- (increased from 1,00,000 to 1,50,000)
5.	80 CCG	This section provides that where the assessee is a new retail investor, and his total income is less than 12 lakhs, an amount of Rs. 50,000 deposited under Rajiv Gandhi Equity Savings Scheme (RGESS) would enable the investor to deduction of 50% of the amount so invested up to a maximum investment of Rs.50,000 from his taxable income under Section 80CCG, as part of the Government of India policy to promote new retail investment in capital markets (a person will be entitled to this benefit only once)	The amount of deduction is at 50% of amount invested in equity shares/ units. However, the amount of deduction under this provision cannot exceed Rs. 25,000/-
6.	80 D	a) Medical Insurance Premium paid by any mode other than cash. b) For Senior Citizens	Up to Rs. 25,000/- Up to Rs. 30,000/-
7.	80 DD	a) Any expenditure for Medical, Nursing & Rehabilitation incurred on dependent relative suffering from permanent physical Disability, Autism, Cerebral Palsy and Multiple Disability	Rs. 50,000 if disability is over 40% & Rs.1,00,000/- if disability is severe.

Sl.No	Section of IT Act	Category	Amount of Deduction
		b) Deposits under LIC, UTI's Scheme & other IRDA approved Insurers for the benefit of Physically Handicapped dependent	
8.	80 DDB	a) Actual expenditure incurred on medical treatment of self, or dependent family members suffering from terminal diseases like Cancer, AIDS, Renal etc. b) For Senior Citizens.	Up to Rs.40,000/- Up to Rs.60,000/-
9.	80 E	The entire amount of interest paid on an Educational loan taken from a financial institution or charitable institution for the purpose of full time course of education the assessee, spouse or children will qualify for deduction. There will be no tax benefit on the principal repayment of the loan. (Charitable Institutions recognized u/s 10(23C) or referred to under section 80G (2) (a) of IT Act and financial institution means a banking company or Institutions notified by the Central Government.	Entire amount of interest
10.	80 EE	Interest on housing loan for the 1 st time buyers of time. The housing loan sanctioned should not exceed Rs.25 lakhs. The value of the residential house should not exceed Rs.40 lakhs.	Rs.1,00,000/-
11.	80 G	Any donations for the Prime Ministers National Relief Fund, Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund, National Children Fund through their respective employers and payments made by any mode other than cash	100 percent /50 percent or 10 percent of the Gross Total Income

Sl.No	Section of IT Act	Category	Amount of Deduction
12.	80 GG	If an individual is not in receipt of HRA and he does not own any residential accommodation at the place where he resides or perform his duties and if he files declaration in Form 10BA then the following amounts, the least of which, will be deductible.	<ul style="list-style-type: none"> i. Rs. 2000 per month ii. 25% of total income(TI) iii. Rent paid over 10% of total income
13.	80 GGA	<p>Any sum paid to a university/institution which undertake scientific research</p> <p>Any sum paid to National Urban Poverty Education Fund</p> <p>Any sum paid to a public sector company or local authority set up by the National Committee</p> <p>Any sum paid to National Urban Poverty Eradication Fund set up by Government</p>	Deduction to be claimed while filing return of Income
14.	80 U	Persons suffering from permanent physical Disability and includes Autism, Cerebral Palsy, Multiple Disability. Persons with Disability and Severe Disability. It should be certified by the Medical Authority.	Rs.75,000 if disability is over 40% and Rs.1,25,000/- if disability is severe.
15.	80 TTA	Interest earned on normal savings bank account maintained with a banking company, co-operative society, or Post office upto a maximum of Rs. 10,000/- will be exempted from Income Tax. This will be over and above Rs.1 Lakhs deduction u/s 80C.	Maximum deduction of Rs.10,000/-

Deductions under Chapter VI-A will be allowable only on production of relevant documents in original.

RATES OF INCOME TAX FOR A.Y. 2015-2016

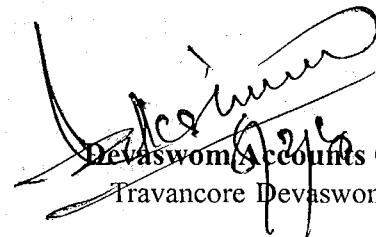
(Part III of the First Schedule to the Finance Act 2014)

Annual Income from all sources (After all exemptions & deductions) (In Rs.)	Category of Tax payer			Educational & Secondary Higher Educational Cess
	Citizen below 60 years of (Born after April 1, 1953)	Senior Citizen above 60 years & below 80 years. (Born during April 1, 1933 and March 31, 1953)	Super Senior Citizen 80 years and above (Born before April 1, 1933)	
Up to 2,50,000	Nil			
2,50,001 – 3,00,000	10% of the amount by which total Income exceeds 2,50,000/-	Nil		
3,00,001 – 5,00,000	Rs. 5,000 + 10% of the amount by which total Income exceeds Rs.3,00,000/-	10 % of the amount by which the total Income exceeds Rs.3,00,000/-	Nil	3% on Tax
5,00,001 – 10,00,000	Rs. 25,000 + 20% of the amount by which total Income exceeds Rs. 5,00,000/-	Rs. 20,000 + 20% of the amount by which the total income exceeds Rs.5,00,000/-	20% of the amount by which the total Income exceeds Rs.5,00,000/-	
Above 10,00,000	Rs. 1,25,000 + 30% of the amount by which total Income exceeds 10,00,000/-	Rs. 1,20,000 + 30 % of the amount by which the total Income exceeds Rs. 10,00,000/-	Rs. 1,00,000 + 30% of the amount by which the total Income exceeds Rs. 10,00,000/-	

*If the total Income of the individual exceeds Rs 1.5 crore during F.Y. 2015-16 (A.Y. 2016-17),
The amount of Income Tax shall be increased by a surcharge @10% of the Income Tax*

Tax Credit: - For every individual tax payer resident in India whose total income does not exceed Rs.5, 00,000/- will get hundred percent of his Income-Tax or Rs.2000/- whichever is less. (Section 87A if IT Act.). The assessee still has to file a return of Income with the Tax Department

- Permanent Account number (PAN) has to be invariably mentioned in the statement of Income Tax, as required by the Income tax Department.
- As per Para 3.2.1 of Circular 08/2013 F. No. 275/192/2013-IT(B) dated 10 October 2013 of CBDT, the Income Tax will be deducted by the Drawing and Disbursing Officer (DDO) on average basis at the time of each payment. For working out the average monthly income tax, deduction will be considered to the extent to which proof for such deduction has been furnished by the assessee to the satisfaction of the DDO.
- Form No.16 will be issued to the employees under section 203 of the Income Tax Act for Tax Deducted at source from salary. Employees are requested to keep sufficient number of copies of Form 16 for various purposes. Request for issue of duplicate issue of Form No.16 will be entertained.
- In the case of housing loan availed in the joint names of the assessee and the property is held jointly and his/her spouse, a certificate issued by the employer of the spouse specifying the extend of deduction claimed by the spouse on account of this has to be furnished to claim deduction under section 192 (2B). In the absence of the certificate, the deduction will be restricted to 50% where original certificate issued by the bank is produced and no deduction will be allowed where original certificate issued by the bank is not produced.
- If the employer has salary/pension from more than one employer, he is required to furnish details of income due or received from his other employer duly verified by him and his former employer. The present employer will deduct tax at source on the aggregate amount of income.
- Changes, if any, in any of the above provisions will be intimated in due course.
- This circular is not exhaustive and it is issued only with a view to guide the employees to understand the some of the important provisions relating to deduction of tax from salaries. Reference may be made to the provisions of the Income tax Act, 1961, the Income tax Rules, 1962, the Finance Act. 2014, the relevant Circulars/Notifications in case of doubt.


 Accounts Officer
 Travancore Devaswom Board