



CIRCULAR TO ALL BRANCHES / OFFICES IN INDIA :

Sub: Deduction of tax at source - "Income Tax Deduction from Salaries" during the Financial Year (FY) 2019-20 {Assessment Year (AY) 2020-21} u/s 192 of the Income Tax Act, 1961.

1. FOLLOWING ARE THE INCOME TAX RATES APPLICABLE FOR FY 2019-20:

i) For Assesseees who are 60 years or more but less than 80 years:

For a Resident Senior Citizen (who is 60 years or more at any time during the previous year but less than 80 years on the last day of the previous year i.e. born during April 2, 1940 and April 1, 1960) :

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
Up to ₹3,00,000	Nil	Nil	Nil
₹ 3,00,000 – ₹ 5,00,000	5% of (Total Income – ₹ 3,00,000)	Nil	4% of income tax
₹ 5,00,000 – ₹ 10,00,000	₹ 10,000 + 20% of (Total Income – ₹ 5,00,000)	Nil	4% of income tax
₹10,00,000 – ₹50,00,000	₹ 1,10,000 + 30% of (Total Income – ₹ 10,00,000)	Nil	4% of income tax
₹50,00,000 – ₹1,00,00,000	₹ 13,10,000 + 30% of (Total Income – ₹ 50,00,000)	10% of Income Tax (See Note 1)	4% of income tax and surcharge
Above ₹1,00,00,000	₹28,10,000 + 30% of (total income minus ₹ 1,00,00,000)	15% of Income Tax (See Note 1)	4% of income tax and surcharge

ii) For Assesseees who are 80 years or more

For a Resident Super Senior Citizen (who is 80 years or more at anytime during the previous year i.e. born before April 2, 1940):

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
Up to ₹5,00,000	Nil	Nil	Nil
₹ 5,00,000 – ₹ 10,00,000	20% of (Total Income – ₹ 5,00,000)	Nil	4% of income tax
₹ 10,00,000- ₹ 50,00,000	₹ 1,00,000+ 30% of (Total Income – ₹ 10,00,000)	Nil	4% of income tax
₹ 50,00,000- ₹ 1,00,00,000	₹ 13,00,000+ 30% of (Total Income – ₹ 50,00,000)	10% of Income Tax (See Note 1)	4% of income tax and surcharge
Above ₹1,00,00,000	₹28,00,000+30% of (total income minus ₹ 1,00,00,000)	15% of Income Tax (See Note 1)	4% of income tax and surcharge

iii) For Assesseees who are below 60 Years

For any other resident individual born on or after 02.04.1960:

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
Up to ₹ 2,50,000	Nil	Nil	Nil
₹ 2,50,000 – ₹ 5,00,000	5% of (Total Income – ₹ 2,50,000)	Nil	4% of income tax
₹ 5,00,000 – ₹ 10,00,000	₹ 12500+ 20% of (Total Income – ₹ 5,00,000)	Nil	4% of income tax
₹10,00,000- ₹ 50,00,000	₹ 1,12,500+ 30% of (Total Income – ₹ 10,00,000)	Nil	4% of income tax
₹50,00,000- ₹ 1,00,00,000	₹ 13,12,500+ 30% of (Total Income – ₹ 50,00,000)	10% of Income Tax (See Note 1)	4% of income tax & surcharge
Above ₹ 1,00,00,000	₹ 28,12,500 + 30% of (total income – ₹ 1,00,00,000)	15% of Income Tax (See Note 1)	4% of income tax & surcharge

Note 1: Surcharge

Surcharge is 10 percent of income tax if net income is more than ₹ 50 Lac but not more than ₹ 1 crore. If net income is more than ₹ 1 Crore, surcharge is 15 percent of income tax. Surcharge is subject to a marginal relief. If net income exceed ₹ 50 lakh, the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax on total income of ₹ 50 lakh by more than the amount of income that exceed ₹ 50 lakh . Likewise, if net income exceeds ₹ 1 Crore, the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax and surcharge on total income of ₹ 1 Crore by more than the amount of income that exceeds ₹1 Crore.

Note 2: Rebate u/s 87A

A Rebate is available to a resident individual (whose net income does not exceed ₹ 500000) U/S 87A. It is deductible from income tax before adding surcharge and

education cess. The amount of rebate is 100 percent of income tax or ₹ 12500/- whichever is less.

Note 3: If PAN is not furnished

If PAN is not furnished by employee, tax will be deducted at normal rates or at the rate of 20%, whichever is higher.

2. TOTAL SALARY INCOME:

The substance of the main provisions of Income Tax Act, 1961, read with Income Tax Rules 1962 in so far as they relate to income chargeable under the head "salaries" on which tax is to be deducted at source during the Financial Year **2019-20** is given hereunder and in the succeeding paragraphs:

As per Section 192(1) of the Income Tax Act, 1961, every person who is responsible for paying any income chargeable under the head "salaries" shall deduct income tax, at the time of payment, computed on the estimated income for that financial year. No tax is deductible where estimated salary does not exceed the maximum amount not chargeable to tax. This is applicable even if the employee does not have PAN.

Total salary income includes:-

- (a) Basic pay, dearness allowance, advance salary, city compensatory allowance, taxable portion of house rent allowance, special allowance, overtime allowance, taxable portion of hill and fuel allowance and all other allowances & wages;
- (b) Arrear of salary (if not taxed earlier);
- (c) Leave encashment;
- (d) Taxable portion of gratuity;
- (e) Any fees, commission and perquisites;
- (f) Any annuity or pension;
- (g) Annual accretion to the employee's account in a recognized Provident Fund to the extent to which it is chargeable to Tax;
- (h) Transferred balance in a recognized provident fund to the extent it is taxable.
- (i) Contribution by the Central Govt. or any other employer to the account of an employee under a pension scheme referred to in section 80CCD (i.e. NPS)

3. **EXEMPTIONS:**

3.1 **House Rent Allowance (HRA) – Section 10(13A) & Rule 2A:-**

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

- a) The actual amount of HRA received by the employee in respect of the period during which the rental accommodation is occupied by the employee during the previous year.
- b) The excess of rent paid over 10% of salary,
- c) An amount equal to 50% of the salary where the residential house is situated at Mumbai, Delhi, Chennai or Kolkata, and an amount equal to 40% of the salary where the residential house is situated at any other place,.

Note-1 : 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 (b) above, would be NIL in their case. However, if HRA is up to ₹ 3,000 per month then employee would be exempted from production of rent receipts for the purpose of Tax Deduction at Source.

Note-2 : Evidence of actual payment of rent before excluding the house rent allowance or any portion thereof should be insisted upon.

Note-3 : Salary here means Basic salary + Dearness Allowance. However, 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. So in case of our Bank, DA should not be included while computing the HRA Exemption limit.

Note-4 : PAN of landlord is required only if rent paid is more than ₹1,00,000 p.a.

3.2 **Gratuity – Section 10(10)**

i) In case of Employee covered by the Payment of Gratuity Act under 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' is 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/- (with effect from 29-03-2018)
- 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.

I) 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) ₹ 10,00,000/-
- b) Half month's average salary for each completed year of service.
- c) Gratuity actually received.

Note-1: Average salary for point no. II above: For Payment of any other Gratuity – Sec.10 (10) (iii) - Average salary is calculated on the basis of 10 months immediately preceding the month in which the person retires.

Note-2: Salary means for point no. II above: Basic Pay + DA (only if is part of salary for calculating all retirement benefits). For the purpose of calculating completed years, any fraction of the year will be ignored (applicable for "Payment of any other Gratuity" i.e. point no. II above)

Excess Gratuity in both the points (I) and (II) above

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

3.3 Leave Encashment on Retirement – Section 10 (10AA) (ii)

The extent of exemption of Leave Encashment at the time of retirement whether on superannuation or otherwise 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 the 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 for the employer from whose service he has retired).
- (ii) Last 10 months' "average salary".(Average salary of last 10 months as on the date of retirement)

(iii) Leave encashment actually received at the time of retirement.

(iv) ₹ 3,00,000/-.

Note -1: Salary means:-

Salary for this purpose means basic salary and included DA (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.

3.3.1 Compensation received for termination / modification of employment agreement (Section 56(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".

3.4 Pension – Section 17(1)(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 of such pension or ₹ 15000/- whichever is lower. No TDS to be deducted from family Pension.
Case 2	Pension in case of an employee (received after retirement but during his life time) who has joined the Central Govt. 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. As per the scheme, 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

	Different Situations	Tax Treatment
		<p>treatment under the new scheme is as follows-</p> <ol style="list-style-type: none"> 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). 3. Employee's contribution to NPS (to the extent of 10% of the salary of the employee) is also deductible under section 80CCD(1). <p>Note:-</p> <ol style="list-style-type: none"> a) The aggregate amount of deduction u/s 80C, 80CCC and 80CCD(1) [i.e. contribution by employee/ other persons towards NPS] cannot exceed ₹ 1,50,000/-. 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. <ol style="list-style-type: none"> 4. When pension is received out of the aforesaid amount, it is chargeable to tax in the hands of the recipient.

	<i>Different Situations</i>	<i>Tax Treatment</i>
		5. "Salary" for this purpose includes Dearness allowance (if the terms of employment so provide) but excludes all other allowances and perquisites.
Case 3	Pension (received by the employee after retirement but during his life time, in any other case)	<p><u>Un-commuted</u></p> <p>Un-commuted pension is taxable as salary in the hands of the employee.</p> <p><u>Commuted</u></p> <p>i. where employee receives gratuity, the commuted value of 1/3rd of the pension which he is normally entitled to receive is exempt from tax</p> <p>ii. In any other case, the commuted value of one-half of such pension is exempt from tax.</p> <p>(If payment in commutation of pension received by the employee exceeds the aforesaid limits, such excess is liable to tax in the assessment year relevant to the previous year in which it is due or paid. However persons can claim relief u/s 89)</p>

3.5 Exempted Allowances – Section 10(14)

- ▶ Certain allowances like 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 for commuting between residence and office is exempt from tax up to a maximum of ₹ 3200/- per month for a blind or orthopedically handicapped employee with disability of lower extremities.
- ▶ Conveyance allowance granted to meet expenses in performance of duties is exempt to the extent used 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.

4. VALUATION OF PERQUISITES SEC.17 (2) / Rule 3(a)(ii).

4.1 Residential Accommodation provided by the Bank:-

The rules and valuation of perquisites are as below:

a) Unfurnished Accommodation:

Population of the city as per 2001 census where accommodation is provided.	Where the accommodation is owned by the Employer	Where accommodation is taken on lease or 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 b) Lease rent paid or payable by employer, whichever is less.
Exceeding 10 Lac but not exceeding 25 Lac	10% of salary in respect of period during which the accommodation is occupied by the employee less rent actually paid by the employee.	
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.	

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.

(b) Where accommodation is furnished:

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) and 10% of cost of furniture (if furniture is owned by the employer).

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, bonus, commission and all other allowances which are not exempted from payment of tax but excludes dearness allowance (unless the terms of employment 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.

4.2 Motor Car :

Following is the basis of valuation of perquisite in respect of motor car and other modes of conveyance provided to the employees:-

Different Situations	Value of perquisite
<p>A. Where Car is owned by the Employee :</p> <p>a) If the car is used wholly for official purpose and maintenance & running expenses are met or reimbursed by employer.</p>	<p>a) Nil if the employer or the employee claims that the motor car is used wholly and exclusively in the performance of official duty with fulfillment of the following conditions:-</p> <ul style="list-style-type: none">(i) the employer has maintained complete details of journey undertaken for official purpose which may include date of journey, destination, mileage, and the amount of expenditure incurred thereon;(ii) The employer gives a certificate to the effect that the expenditure was incurred



Different Situations	Value of perquisite												
<p>b) If the car is used wholly for private purpose and maintenance & running expenses are met or reimbursed by employer.</p> <p>c) If the car is partly used for official purposes and partly for private purpose and maintenance & running expenses are met or reimbursed by employer.</p>	<p>wholly and exclusively for the performance of official duties.</p> <p>b) All actual expenses incurred by employer less amount recovered from employee.</p> <p>c) Actual expenditure incurred by employer</p> <p>less</p> <table border="1" data-bbox="810 752 1449 1122"> <thead> <tr> <th data-bbox="810 752 1129 846">For Capacity upto 1.6 litres</th> <th data-bbox="1129 752 1449 846">Engine upto 1.6 litres</th> <th data-bbox="810 846 1129 907">For Capacity upto 1.6 litres</th> <th data-bbox="1129 846 1449 907">Engine above 1.6 litres</th> </tr> </thead> <tbody> <tr> <td data-bbox="810 907 1129 967">₹1800/- per month</td> <td data-bbox="1129 907 1449 967">per month</td> <td data-bbox="810 967 1129 1028">Extra ₹900/- per month</td> <td data-bbox="1129 967 1449 1028">Extra ₹900/- per month</td> </tr> <tr> <td colspan="2" data-bbox="810 1028 1129 1122">if chauffeur is provided or a higher sum as per records of the employer</td> <td colspan="2" data-bbox="1129 1028 1449 1122">if chauffeur is provided or a higher sum as per records of the employer</td> </tr> </tbody> </table> <p>less</p> <p>Amount recovered from employee</p>	For Capacity upto 1.6 litres	Engine upto 1.6 litres	For Capacity upto 1.6 litres	Engine above 1.6 litres	₹1800/- per month	per month	Extra ₹900/- per month	Extra ₹900/- per month	if chauffeur is provided or a higher sum as per records of the employer		if chauffeur is provided or a higher sum as per records of the employer	
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<p>B. Where Car is owned or hired by the Employer</p> <p>(I) Maintenance & Running Expenses are met or reimbursed by employer:</p> <p>a) If the car is used wholly for official purpose.</p>	<p>a) Nil if the employer or the employee claims that the motor car is used wholly and exclusively in the performance of official duty with fulfillment of the following conditions:-</p> <p>(i) the employer has maintained complete details of journey undertaken for official purpose which may include date of journey, destination, mileage, and the amount of expenditure incurred thereon;</p>												

Different Situations	Value of perquisite												
<p>b) If the car is used wholly for private purpose.</p> <p>c) If the car is partly used for official purposes and partly for private purpose.</p>	<p>(ii) The employer gives a certificate to the effect that the expenditure was incurred wholly and exclusively for the performance of official duties.</p> <p>b) All actual expenses incurred by employer less amount recovered from employee.</p> <p>c)</p> <table border="1" data-bbox="890 797 1487 1079"> <thead> <tr> <th>For Engine Capacity upto 1.6 litres</th> <th>per month</th> <th>For Engine Capacity above 1.6 litres</th> <th>per month</th> </tr> </thead> <tbody> <tr> <td>₹1800/-</td> <td>per month</td> <td>₹2400/-</td> <td>per month</td> </tr> <tr> <td>₹900/-</td> <td>per month if chauffeur is provided</td> <td>₹900/-</td> <td>per month if chauffeur is provided</td> </tr> </tbody> </table> <p>Nothing is deductible in respect of any amount recovered from the employee.</p>	For Engine Capacity upto 1.6 litres	per month	For Engine Capacity above 1.6 litres	per month	₹1800/-	per month	₹2400/-	per month	₹900/-	per month if chauffeur is provided	₹900/-	per month if chauffeur is provided
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<p>(II) Maintenance & Running Expenses are met by employee</p> <p>a) If the car is used wholly for official purpose.</p> <p>b) If the car is used wholly for private purpose.</p> <p>c) If the car is partly used for official purposes and partly for private purpose.</p> <p>B. When employee owns any automotive conveyance (other than car) running and maintenance charges are met or reimbursed by</p>	<p>a) Not a perquisite hence not taxable.</p> <p>b) All actual expenses incurred by employer less amount recovered from employee.</p> <p>c)</p> <table border="1" data-bbox="849 1541 1487 1760"> <thead> <tr> <th>For Engine Capacity upto 1.6 litres</th> <th>per month</th> <th>For Engine Capacity above 1.6 litres</th> <th>per month</th> </tr> </thead> <tbody> <tr> <td>₹600/-</td> <td>per month</td> <td>₹900/-</td> <td>per month</td> </tr> <tr> <td>₹900/-</td> <td>per month if chauffeur is provided</td> <td>₹900/-</td> <td>per month if chauffeur is provided</td> </tr> </tbody> </table>	For Engine Capacity upto 1.6 litres	per month	For Engine Capacity above 1.6 litres	per month	₹600/-	per month	₹900/-	per month	₹900/-	per month if chauffeur is provided	₹900/-	per month if chauffeur is provided
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Different Situations	Value of perquisite
<p>employer:</p> <p>a) If it is used wholly for official purpose</p> <p>b) If it is partly used for official purposes and partly for private purpose</p>	<p>a) Nil if the employer or the employee claims that the motor car is used wholly and exclusively in the performance of official duty with fulfillment of the following conditions:-</p> <p>(i) the employer has maintained complete details of journey undertaken for official purpose which may include date of journey, destination, mileage, and the amount of expenditure incurred thereon;</p> <p>(ii) The employer gives a certificate to the effect that the expenditure was incurred wholly and exclusively for the performance of official duties.</p> <p>b) Actual expenditure incurred by employer less amount used for official purpose i.e. ₹ 900 per month or more as per record of the employer less amount recovered from employee.</p>

4.3 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.

- d. 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:

- a.. 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.
- b. The employer gives a certificate to the effect that the expenditure was incurred wholly and exclusively for the performance of official duties.

4.4 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. the 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.

	As on April 1, 2018 for the assessment year 2019-20	
	For women borrower	For other borrowers
Home loan	8.35%-8.70%	8.40%-8.75%
Car loan	8.90%-9.40%	8.90%-9.40%
Certified pre-owned car	12.80%	12.80%

Super bike loan	11.80%	11.80%
Two-wheeler Loan	17.40%	17.40%
Education Loan(upto ₹7.5 lakh)	10.15%	10.15%
Education Loan(above ₹7.5 lakh)	10.15%	10.15%

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 ₹ 20000/-

Writ Petitions filed by Officers Association at Jabalpur High Court

Hon'ble High Court of Jabalpur, Madhya Pradesh passed the following order on 28.03.2008, 31.03.2008, 23.03.2009 and 24.03.2009 in the writ petition filed by All India Bank Officers' Confederation (AIBOC) and All India Bank Officers' Association (AIBOA), India National Bank Officers Congress (INBOC) and All India Bank Employees' Association (AIBEA) respectively.

Quote:

"In the meanwhile tax at source from the members of the petitioner union shall be deducted in accordance with to the cost of the employer and not in accordance with the SBI lending rate as indicated and keeping in view the decision rendered by the Supreme Court in the case of Arun Kumar and others vs. Union of India (2006) 286 I.T.R. 89(SC)"

Unquote:

In this connection our Law Department has opined that the order of Hon'ble High Court, Jabalpur, MP will be applicable to our Bank also and to all the other states along with MP state. However, the applicability of order is restricted to the members of petitioner unions only i.e. All India Bank Officers' Confederation (AIBOC) and All India Bank Officers' Association (AIBOA), India National Bank Officers Congress (INBOC) and All India Bank Employees' Association (AIBEA) working with any of branches/ units of the bank.

In this context we shall be then and there advising all Zonal Offices in regard to the development taking place in these two writ petition. The branches/ offices should keep in touch with the respective Zonal Offices for ascertaining in any change in the operation of order by virtue of alternative judgment if any in due course.

4.5 Medical Expenses etc. - Section 17(2) (v):

Reimbursement of medical expenses is exempt in the following cases:

Reimbursement of medical expenses actually incurred by the employee on his medical treatment or any member of his family –

(i) 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) In respect of the prescribed diseases or ailments, in any 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 the 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:-

Namely –

- (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.

4.6 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 – 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.

4.7 LTC /LFC – Section- 10(5):

Leave travel assistance, extended by an employer to his 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.
<p>Where the places of origin of journey and destination or part thereof are not connected by rail:-</p> <ul style="list-style-type: none"> ▶ Where a recognized public transport system exists ▶ Where no recognized public transport system exists 	<p>1st class or deluxe class fare, by the shortest route or the amount spent, whichever is less.</p> <p>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.</p>

Note-1: 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 01.01.2018 to 31.12.2021.

Note-2: Where such travel concession or assistance is not availed of by the individual during any such block of four calendar years, an amount in respect of the value of the travel concession or assistance, if any, first availed of by the individual during the first calendar year of the immediately succeeding block of four calendar years shall be eligible for exemption and this is popularly known as "carry over" concession.

Note-3: The amount in respect of the value of the travel concession or assistance referred to in the "carry over" concession, stated above, shall not be taken into account in determining the eligibility of the amount in respect of the value of the travel concession or assistance in relation to the number of journeys under the succeeding block of four years.

Note-4: 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.

Note-5: Any amount received by an employee by encashing his LTC shall be added to his salary income and accordingly to be taxed.

Note-6: Exemption shall not be available if the family members travelling separately without the employee who is not on leave.

Note-7: 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, portage expenses during the journey and lodging/boarding expenses will qualify for exemption.

5. **Deduction from Salary:-**

- (I) **Standard Deduction:** Clause (ia) has been inserted in Section 16. This clause provides Standard Deduction from A.Y.2020-21 in computation of income Chargeable under head Salaries. This amount of Standard Deduction will be ₹50,000/- or the amount of Salary, whichever is lower.
- (II) **Professional Tax:** Deduction from income is allowed on any sum paid on account of tax on employment levied by State under clause (2) of Article 276 of the Constitution of India.

6. **DEDUCTIONS (Chapter VIA) :**

Aggregate of deductions U/S 80C to 80U cannot exceed gross total income.
Details are as below:-

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

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

- (a) Payment of 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:

1. If policy issued before 01.04.2012 - 20 per cent of sum assured.
2. If policy is issued during FY12-13 - 10 per cent of sum assured.
3. If policy is issued on or after 01.04.2013 - 10 per cent of sum assured (15% for a person with disability or a person with severe disability as referred to in section 80U or suffering from disease or ailment as specified in the rules made u/s 80DDB)

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 (**maximum contribution to PPF is ₹1,50,000/**) and Superannuation Fund.

(c) Contribution towards Unit linked Insurance plan, 1971 of UTI (on the life of himself / spouse /any child).

(d) Subscription to National Savings Certificate (VIII Issue and IX Issue).

(e) Interest accrued on National Savings Certificate (VIII th 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 VIII Issue

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

The Year for which interest accrues	NSC purchased during FY13-14 to 15-16	NSC purchased during April 1, 2016 and September 30, 2016	NSC purchased during October 1, 2016 and March 31, 2017	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 March 31, 2018	NSC purchased during January 1, 2018 and March 31, 2018
First Year	8.68	8.10	8.00	7.90	7.80	7.60	8.00
Second Year	9.43	8.76	8.64	8.52	8.41	8.18	8.64
Third Year	10.25	9.46	9.33	9.20	9.06	8.80	9.33
Fourth Year	11.14	10.23	10.08	9.92	9.77	9.47	10.08
Fifth Year	12.11	11.06	11.88	10.71	10.53	10.19	10.88
Sixth Year	NA	NA	NA	NA	NA	NA	NA

NSC IX Issue

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

The 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	9.80
Third Year	10.54	10.83	10.68
Fourth Year	11.48	11.81	11.64
Fifth Year	12.50	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

- (f) Any sum paid (including interest thereon) as subscription to Home Loan Account Scheme of the National Housing Bank or Subscription to a 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.)
- (g) Subscription to a notified deposit scheme of a Public Sector Company engaged in providing long term housing finance for purchase/ construction of residential houses in India (i.e. public deposit scheme of HUDCO) or any housing board constituted in India for the purpose of planning, development or improvement of cities/ towns.
- (h) Contribution for participation in the Unit Linked Insurance Plan of UTI and LIC Mutual Fund.
- (i) Any payment made in respect of non-commutable deferred annuity in the name and benefit of the individual, wife or husband or any child.
- (j) Any premium paid to effect or to keep in force a contract for specified annuity plans of Life Insurance Corporation viz. New Jeevan Dhara and New Jeevan Akshay plans or annuity plans of other Insurance Companies.

- (k) Any subscription to notified Equity Linked Savings Scheme of a Mutual Fund/ UTI.
- (l) 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
 - (i) Any installment or part payment of the amount due under any self-financing or other scheme of any development authority, Housing Board etc. OR.
 - (ii) 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.
 - (iii) Stamp duty, registration fee and other expenses for the purpose of transfer of such house property to the assessed.

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

1. Admission fee or cost of share or initial deposit;
 2. The cost of any addition/alteration to 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;
 3. Any expenditure in respect of which deduction is allowable under the provisions of section 24 such as interest on borrowed capital.
- (m) Amount paid as tuition fees for a maximum of two children (excluding any payment towards any development fees or donations or payment of similar nature), whether at the time of admission or thereafter – to any university, college, school or other educational institution situated within India for the purpose of full time education.
 - (n) Investment in share/debenture or units of infrastructure sector of companies/mutual funds as approved by the Board.
 - (o) Fixed deposits of 5 years or more with a Schedule Bank.
 - (p) 5 Years time deposit Scheme under Post Office Time Deposit.



- (a) Deposit in an account under the Senior Citizen Saving Scheme.
- (f) Amount paid or deposited by the Assessee to his a/c in notified Pension Fund set up by Mutual Fund or UTI.
- (s) Payment in respect of non-commutable deferred annuity in the name of taxpayer/spouse/children of taxpayer.
- (t) Subscription of any notified bonds of National Bank for Agriculture and Rural Development (NABARD).
- (u) Investment made in Sukanya Samriddhi Account for a special purpose of small savings instrument for the welfare of the girl child.

Note -1: Maximum amount deductible under Sec. 80-C 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 (L) 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.

6.2 Deduction in respect of contribution to certain Pension Funds -Section 80 CCC

Section 80 CCC provides for a deduction maximum up to ₹ 150,000/- to an individual for any amount paid or deposited by him in an annuity plan of the Life Insurance Corporation of India or any other insurer approved by IRDA .

6.3 Deduction in respect of contribution to Pension Scheme notified by Central Govt.-Section 80CCD

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 or deposited any amount in his account under a pension scheme notified by the Central government (NPS) and Atal Pension Yojna.

a) Contribution towards NPS by employee u/s 80CCD(1) - Employee's contribution to NPS is deductible under section 80CCD(1) 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).

Overall limit on aggregate amount of deduction u/s 80C, 80CCC and 80CCD(1)

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

b) 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 no deduction is available in respect of employer's contribution which is in excess of 10% of the salary (Both Basic and DA) of the employee.

c) 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(1) has been made.

Sl. No	Taxability of the payment to be received from NPS	From AY 2018-19
1	Amount received by the assessee on closure of account or on his opting out of the NPS Scheme.	60% taxable
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
Sl. No	Taxability of the payment to be received from NPS	From AY 2018-19

6	Partial withdrawal from NPS (to the extent it does not exceed 25 % of an Employee's contribution)	Exempt
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Employer's contribution to NPS and additional contribution to NPS u/s 80CCD (IB) will also be allowed as deduction but it shall not form part of ₹ 1,50,000/- limit given above.

6.4 Deduction in respect of Medical Insurance Premia u/s 80D

Maximum deductible amount and other points are as below:

For whose benefits payment can be made		Individual		HUF
		Assessee, Spouse of the assessee and Dependent Children of the assessee.	Parents of the assessee whether dependent or not	Assessee, Spouse of the assessee and Dependent Children of the assessee.
A	a) Medi-claim insurance premium	Deduction available	Deduction available	Deduction available
	b) Contribution made to Central Government Health Scheme or any notified scheme.	Deduction available	Deduction not available	Deduction not available
	c) Payment on account of preventive health check-up	Deduction available	Deduction available	Deduction not available
	Maximum amount of Deduction			
	-General deduction [applicable in respect of (a), (b) and (c) given above]	₹25,000/-	₹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/-	₹25,000/-
B	Medical expenditure on the health of a person who is super senior citizen if medi-claim insurance is not paid on the health of such person	₹50,000/-	₹50,000/-	₹50,000/-

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

1. Senior Citizen for the aforesaid purpose is a resident individual who is least 60 years of age and Super senior citizen means a resident individual who is least 80 years of age at any time during the previous year.
2. Payment should be made by any mode other than cash. However, payment on account of preventive health check-up can be made by any mode (including cash).
3. The aggregate payment on account of preventive health checkup of self, spouse, dependent children and parent cannot exceed ₹5,000/-.
4. From A.Y.2019-20, 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.

6.5 Deduction in respect of maintenance including Medical Treatment of Handicapped Dependent u/s 80 DD.

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; and
- (ii) Amount deposited, under an approved scheme of the Life Insurance Corporation or any other insurer or the Unit Trust of India for the benefit of a handicapped dependent.

The deduction allowable is ₹ 75,000/- in aggregate for any of 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, the deduction allowable will be ₹ 1.25 Lac.

A “dependent being a person with disability” means a person who is a relative of the employee and is dependent only or mainly on the employee for his support or 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 AY for which the deduction is claimed. Further such person should not claim deduction U/s. 80U.

Further, deduction for deposit in approved scheme shall be available if –

1) The employee nominates either the handicapped dependant or any other person or a trust to receive the payment under the scheme for the benefit of the handicapped dependant and

2) In the event of the death of the employee, the amount of annuity or lump sum under the scheme is paid for the benefit of the handicapped dependent.

3) 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.

6.6 Deduction in respect of Medical Treatment u/s 80DDB

The benefit is available to the resident Assessee who has actually paid for the medical treatment for self or dependents for specified diseases under provisions of Sec-80DDB subject to various other conditions.

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 & super senior citizen)" whichever is less in respect of that previous year in which such amount was actually paid.

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

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

6.7 Deduction in respect if interest on loan taken for higher education u/s 80E

The interest paid on education loan taken from any financial institution or any approved charitable institution, taken for higher education for self and relatives'

i.e. Spouse or any child and 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 for a maximum of 8 years or till the interest is paid whichever is earlier.**

6.8 Deduction of Interest on Loan taken for Residential House Property u/s 80EE

This deduction is available to an individual on followings 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.
- e. Loan amount does not exceed ₹ 35 Lacs.
- f. Value of residential house property does not exceed ₹ 50 Lacs.
- g. 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 under section 80EE. Deduction is available in respect of interest paid on above loan or ₹ 50,000 whichever is less. Deduction is available for assessment year 2017-18 and subsequent assessment years.

If Deduction is claimed under section 80EE, no deduction will be allowed in respect of such income under any other provision of the Act for the same or any other assessment year.

6.9 Donations u/s 80G

No Deduction should be allowed from the salary income in respect of any donations made for charitable purposes. The tax relief on such donations as are

admissible under section 80-G of the Act, will have to be claimed by the taxpayer in the return of income. However, in cases where contributions are made to the Jawaharlal Nehru Memorial Fund, the Prime Minister's Drought Relief Fund, the Indira Gandhi Memorial Trust or the Rajiv Gandhi Foundation, Any other fund or any institution which satisfies conditions mentioned in section 80G(5), Govt. or any local authority to be utilized for any charitable purpose other than the purpose of promoting family planning, any authority referred to in section 10(20)A, any corporation specified in section 10(26BB) for promoting interest of minority community, 50% of such contributions may be deducted in computing the total income of the employee while determining the amount of tax deductible at source.

The donations to the National Defense Fund set up by the Central Govt., Prime Minister's National Relief Fund, National Children's Fund (100% from A.Y. 2014-15), the Prime Minister's Armenia Earthquake Relief Fund, the Africa (Public Contributions India) Fund, the National Foundation for Communal harmony and the Chief Minister's Earthquake Relief Fund, the Maharashtra Chief Minister's Relief Fund during October 1, 1993 and October 6, 1993, National Blood Transfusion Council, State Blood Transfusion Council, Fund set up by a State Govt. for the medical relief to the poor, Army Central Welfare Fund, Indian Naval Benevolent Fund or Air Force Central Welfare Fund, National Sports Fund, National Cultural Fund, Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund of any State or Union territory, Fund for Technology Development and application set up by the Central Government, Zila Saksharta Samiti, National illness Assistance Fund, Swachh Bharat Kosh, Clean Ganga Fund, National Fund for Control of Drug Abuse will be eligible for deduction @100%.

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/-.

6.10 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 is allowed for a person other than an Indian company for expenditure by way of advertisement in a souvenir/brochure owned by a political party. "Political party" means a political party registered under

section 29A of the Representation of the People Act, 1951. No deduction shall be allowed for any contribution made in cash from A/Y 2014-15.

6.11 Deduction in respect of Interest on Deposits in Savings Account u/s 80TTA From the A.Y. 2013-14, this section provides a 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.

6.121 Deduction in respect of Interest on Deposits in case of Senior Citizens u/s 80TTB (applicable from A.Y.2019-20)

This section provides a deduction upto ₹50,000/- to Senior Citizen Resident Individual in respect of any income by way of Interest on Deposits with a Bank/Co-operative Bank/Post Office (Savings Account, Fixed Deposits or any other deposit).

6.122 Post Office savings bank interest exemption u/s. 10(15)(I) – Post Office savings bank interest is exempt up to ₹3,500/- (in an individual account) and ₹7,000/- (in a Joint account).

6.13 Deduction in case of a person with Permanent Physical Disability including Blindness u/s 80U

Deduction of ₹ 75000/- is allowed to an resident individual, who is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability, or mental illness (i.e. disability of 40% or more), as specified in Rule 11-D of the Income Tax Rules 1962, and a higher deduction of ₹ 1,25,000/- is allowed in respect of a person having severe disability i.e. 80% or more which is certified by a physician, surgeon, oculist or psychiatrist, as the case may be, working in a Government hospital and which has the effect of reducing considerably such individual's capacity for normal work or engaging in a gainful employment or occupation provided that such certificate is produced before the Assessing Officer in respect of the first assessment year in which such claim for deduction is made. The Bank would allow the deduction in subsequent years keeping a copy of the assessment order and Certificate of Medical Board.

7. INCLUSION OF INCOME OTHER THAN SALARY AND THE LOSS IF ANY. UNDER HEAD "INCOME FROM HOUSE PROPERTY" – SEC. 192(2-B) – RULE 26B.

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).

An employee cannot claim set off in respect of any other loss against his salary income for the purpose of TDS. In such cases he should file return claiming set off and obtain refund due, if any.

For computation of tax under the head "Income from House Property" the annual value of the property (if self occupied/not let out) is taken as NIL, and no deduction is allowed except interest on capital borrowed for purchase/ construction / repairs etc., subject to a maximum of ₹ 30,000/-. This ceiling has been enhanced to ₹ 2 Lacs where the property is acquired or constructed (not for repairs, renovations etc.) with capital borrowed on or after April 1, 1999 and such acquisition or construction is completed within 5 years from the end of the year in which the capital was borrowed.

In other words, if the construction of the property is not completed during the year no deduction is allowable on interest on housing loan. This deduction is available only when the property is acquired / constructed during the year, and thereby, income is chargeable under the head "Income from House Property". Any interest payable for the period prior to the year in which such property has been acquired or constructed shall be deducted in five equal annual installments commencing from the year in which the House Property was acquired or constructed.

8. CALCULATION OF TAX :

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. Round off "Total (Taxable) income" to the nearest multiple of 10 rupees by ignoring the last digit if less than 5 rupees and increasing the last digit of 5 rupees and above to 10 rupees.

9. ESTIMATION OF INCOME AND TAX

Under Section 192 the person responsible for paying salary is authorized to allow certain deductions, exemptions or allowances or set-off of certain loss for the purpose

of estimating income of the recipients. This is required for computing the tax deductible under section 192.

As per the amended provisions w.e.f 01.06.2015 onwards, the person responsible for paying salary shall obtain from the recipients evidence or proof or particulars of the prescribed claim under the provisions of the Act in the prescribed form and manner.

Note: 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 produced / procured to validate the TDS deducted on other incomes.

E.g. Mr. A has Salary Income of ₹ 4.85 lacs & FDR Interest income is ₹ 25,000/-. His Form 26AS is reflecting TDS of ₹ 2500/- deducted on FDR Interest of ₹ 25,000/-. So amount of TDS should be deducted on total income of ₹ 5.10 lacs after considering TDS of ₹ 2500/- already deducted.

At the beginning of each financial year, "Estimated Total (Taxable) Income" of each employee may be calculated taking into account increment, if any, and allowances including perquisites and allowing exemptions and deductions as may be applicable. Income Tax is to be calculated after allowing for deduction U/s.80C/ 80CCC/ 80CCD/80CCG/ 80D/80DD/ 80ddb/ 80E/ 80EE/ 80G/ 80TTA/ 80U and Education Cess is added wherever applicable, ¹/₁₂th of the tax so arrived at is to be deducted from monthly salary or proportionately in case of employees due 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 shortfall arising out of any previous deduction.

10. DEPOSIT OF TAX DEDUCTED IN GOVERNMENT ACCOUNT

The amount of income tax deducted every month from "Salaries" should be deposited to the credit of Central Government Account within ONE WEEK (7 days) from the last day of the month in which tax is deducted. If salary is paid in the month of March, Tax should be deposited by April 30.

It is observed from the Tax Audit Reports that a few branches are not deducting tax properly and not remitting to Govt. Account in time. Failure to do so shall invite severe penal action as per Income Tax Act and concerned paying authority will be accountable.

11. QUARTERLY STATEMENT {SEC. - 200(3)}

Quarterly statement (Rule 31A) – Quarterly statement of tax deducted at source U/s. 192 and other deductions of tax for the financial year **2019-20** has to be submitted as follows:-

Quarter Ended	TDS Return
30th June 2019	31st July, 2019
30th September 2019	31st Oct, 2019
31st December 2019	31st Jan, 2020
31st March 2020	31st May, 2020

12. FILING OF PERSONAL RETURN – SEC.-139(1)

Individual having Income (without claiming deduction under section 10A, 10B, 10BA, 10(38) 80C to 80U) exceeds the maximum amount not chargeable to tax (Basic Exemption Limit) are required to file Income Tax Return u/s 139(1).

13. TAX DEDUCTION ACCOUNT NO. (TAN) SEC. 203 A/ PERMANENT ACCOUNT NO. (PAN) SEC.139 A

TAN/PAN should be quoted in all Challans, TDS certificates, Returns etc. New Branches should apply to the respective Income Tax Officer for TAN. **Please Note that PAN of our Bank is AAACU 3561B.**

14. FURNISHING OF TDS CERTIFICATES – SEC. -203

TDS certificates in Form No. 16 and No. 12BA are to be issued by 31st May, 2020 for the financial year ending 31.03.2020. Form No. 12BA will be issued only where Salary paid or payable to the employee is more than ₹2,00,000/-. 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.

15. PENALTY / INTEREST FOR NON-COMPLIANCE

a) A fee of ₹ 5000/- shall be payable if return is furnished after due date but on or before December 31 of the assessment year. A fee of ₹ 10,000 in any other case.

- b) Penalty of a sum equal to the amount of tax not deducted if any person fails to deduct tax at source wholly or partly – Sec. 271C.
- c) Penalty of rigorous imprisonment for a term between 3 months to 7 years and with fine if any person fails to pay to the credit of the Central Government within the prescribed time the tax deducted at source – Section 276B.
- d) Penalty of ₹ 10000/- for failing to mention TAN in Challans>Returns etc. – Section 272BB.
- e) Penalty of ₹ 100/- per day for failing to furnish in due time the quarterly statement in Form 24Q. However, in no case, the penalty shall exceed the amount of tax deductible – Section 272A (2).
- f) 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).
- g) In case a person fails to deduct tax at source or having deducted, fails to deposit the same in Government Account, such person shall be deemed to be an assessee in default and interest has to be paid @ 1% per month or part of the month from the date on which the tax was deductible to the date on which tax is actually deducted and 1.5% per month or part from the date on which tax was actually deducted to the date on which tax is actually paid. In addition, penalty is also leviable as mentioned herein before – Section 201(1A).

With effect from July'1, 2012, 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.

h) Penalty of ₹10,000/- to ₹1,00,000/- for failing to submit (or furnishing incorrect statements in) quarterly TDS/TCS returns applicable from July'1, 2012. – Section 271 H.

16. GENERAL INSTRUCTIONS:

- A. Managers/Disbursing Officers should ensure correct computation of Tax liability of all employees. They must ensure by insisting on documentary evidence that the employee

is actually eligible for various exemptions/ deductions by him.

- B. Request from any employee for non-deduction of tax or deduction of tax at source 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 tax at source from the salary of such employee or deduct the tax at lower rate.
- C. Filing of income tax return by the employees (unless exempted) is compulsory. Non-compliance would invite penalty as mentioned in Para-15.


GENERAL MANAGER
(Finance)

