LEAVE TRAVEL ASSISTANCE (Section 10(5))

Condition for benefit:

a) The individual can avail the benefit of leave travel allowance offered by the employer, **TWICE IN A BLOCK OF FOUR YEARS.**

b) The **present block** of four years applicable for assessment year 2009 – 10 is calendar year2006 – 2009.

c) If an individual has not availed the benefit twice in a block of four years, the first LTA availed in the next 4 year block can be **taken for the previous block.**

d) This exemption is availed only for **TWO CHILDREN** of an individual and born after 01.10.1998. No restriction for children born before 01.10.1998 and also in case of multiple births after one child.

e) Leave travel allowance may be provided by the employer to the employee and his family—

- In connection proceedings on leave to **any place in India, while in service.**
- Proceeding to **any place in India** after retirement or termination from service.

Computation of exemption for leave travel assistance:

The maximum amount of exemption is the **cost of travel on the shortest route.** The exempt amount for various travelling modes are calculated in the following manner—

Mode of Travel	Class of Travel	Amount Exempt
Airways	Economy Class	Travel charges on the Shortest Route collected by National Airways
Train	I Class AC	Travel charges on the Shortest Route
Recognized Transport	Deluxe Class	Travel charges on the Shortest Route
Other transport	-	I Class AC Fare as per Railways, equivalent for the distance for Shortest Route

Amount taxable: Any sum received in **excess** of the above is **Taxable** under the “head Salaries”.

Note: Amount exempt shall not exceed the amount actually incurred for the purpose of such travel.

When taxable:

a) Leave Travel Compensation encashed without performing journey is fully taxable.
b) Expenses reimbursed other than fare like boarding or lodging is fully taxable.
c) Amount received by the employer in excess of the cost of travelling on the shortest route.

Family of an Individual means:

a) Spouse and children of the individual, and
b) Parents, brothers and sisters of the individual or any of them, wholly or mainly **dependent on the Individual.**