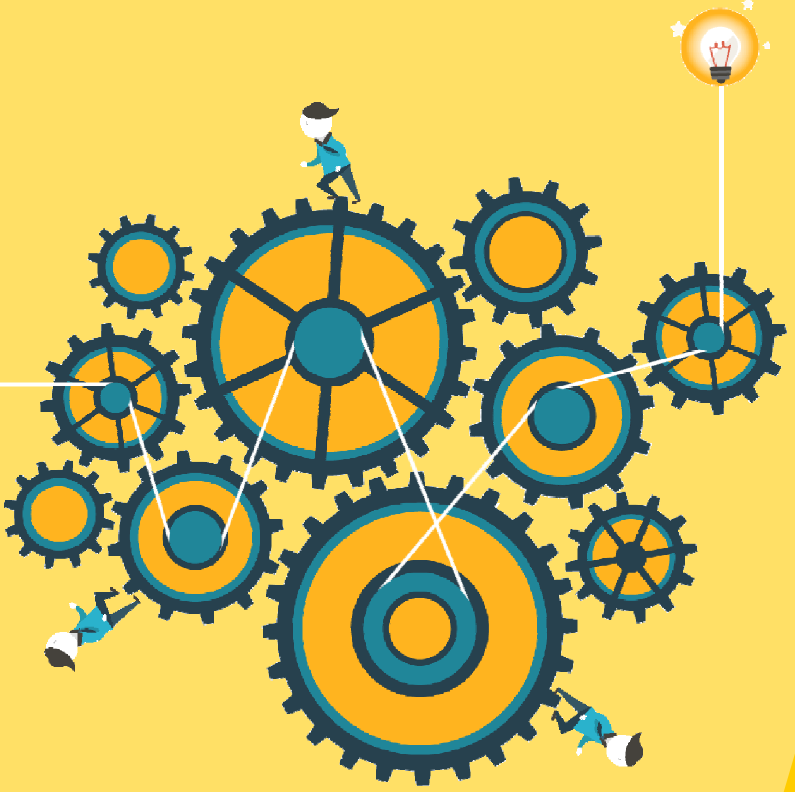

INVESTMENT DECLARATION FOR FY 2017-18

- **Brief note on applicable deductions under the Income Tax Act and Rules**

PAN Card and Investment Declaration Form

Compulsory Requirement to furnish PAN by employee (Section 206AA):

The Income Tax Act makes furnishing of PAN number by the employee compulsory in case of receipt of any sum or income or amount, on which tax is deductible. **If employee (deductee) fails to furnish his/her PAN** to the deductor, the deductor (Employer) has been made responsible to make TDS **at higher** of the following rates:

I) at the rate specified in the relevant provision of this Act i.e.

Sr. No.	Income Slabs	Tax Rate
1	Where the Total Income does not exceed Rs. 2,50,000/-	Nil
2	Where the Total Income exceeds Rs. 2,50,000/- but does not exceed Rs. 5,00,000/-	5% of amount by which the total income exceeds Rs. 2,50,000/- Less: Rebate u/s 87A - Maximum of Rs. 2,500/- for assesses having income upto Rs. 3,50,000/-
3	Where the Total Income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-	Rs.12,500/- + 20% of the amount by which the total income exceeds Rs. 5,00,000/-
4	Where the Total Income exceeds Rs. 10,00,000/-	Rs. 112,500/- + 30% of the amount by which the total income exceeds Rs. 10,00,000/-

Continued…

NOTES

- For Resident Individuals 60 years to <80 years, tax rate will be NIL having Total Income upto Rs. 300,000/-

  Surcharge:
  Surcharge @ 10% for taxable income between Rs. 50 lakhs to 1 crore and
  Surcharge @ 15% for taxable income > Rs. 1 Crore

Or

II) at the rate of twenty per cent.

In addition to above , Education Cess at 3 % on tax would be charged in both of the above cases.

The above implies that if taxable income is Rs 5 lakhs or less and there is no PAN card, tax will be at minimum of 20.60 %.

However, where the income of the employee is below taxable limit, no tax will be deducted.

We however recommend that Employees who do not have PAN card , procure PAN cards immediately post joining in their own interest, so as to avoid un- necessary enquiries from tax authorities at a future date.

House Rent Allowance 10(13A)

Section	Deduction allowable
10(13A)	• For rented premises, the deduction will be the lowest of the following: i. 50% of basic salary (only in case of house is situated at Mumbai/Kolkata/Delhi/Chennai, 40% for others ii. Actual rent paid in excess of 10% of basic salary iii. Actual HRA received • Salary includes Basic Salary & Dearness allowance. • If the rent paid is 10% or less than 10% of salary , no exemption will be admissible. • HRA is fully taxable, if HRA is received by an employee who is living in his own house or if he does not pay any rent. • Individuals will be now required to deduct 5% TDS (Tax Deducted at Source) for rental payments above Rs. 50,000 per month. • If rent exceeds Rs. 1,00,000/- per annum, Employee has to furnish PAN card copy of Landlord.

Leave Travel Concession (LTC) 10(5) with Rule 2B :

The following are the important points, for claiming exemption u/s 10(5) of the Act read with Rule 2B of the Rules:

Section	Deduction allowable
10(5)	Exemption is limited to the actual expenses incurred on the journey for himself and his family. The exemption shall be available in respect of 2 journeys performed in the block of 4 calendar years. Journey has to perform in India (Domestic) Definition of Family : Spouse and children of the individual. Parents, brothers and sisters who are **wholly or mainly dependent** on the individual. There is no as such ceiling limit for LTA. The quantum of exemption is subject to the following maximum limits, depending upon the mode of transport used or available :

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For journeys performed by Air	Air economy fare of the national carrier (Indian Airlines or Air India) by the shortest route to the place of destination
Where place of origin of journey and destination are connected by rail and the journey is performed by any mode of transport other than by air	Air-conditioned first class rail fare by the shortest route to the place of destination
Where place of origin of journey and destination or part thereof are not connected by rail	i) Where a recognized public transport system exists, the first class or deluxe class fare on such transport by the shortest route to the place of destination
	ii) Where no recognized public transport system exists, the air-conditioned first class rail fare, for the distance of the journey by the shortest route, as if the journey has been performed by rail

Note: Current block of four year is 2014-2017.
Benefit claimed cannot be more than the amount of LTA received

Deduction of Interest on Borrowed Capital for Computation of Income from House Property under Section 24(b) in case of Self-Occupied House Property:

Section	Deduction allowable
24(b)	Quantum of deduction allowed as per Table below:

Purpose of Borrowing	Date of Borrowing	Maximum Deduction
Repair or renewal or reconstruction of the house	Any Time	Rs.30,000/-
Acquisition or construction of the house	Before 01.04.1999	Rs.30,000/-
Acquisition or construction of the house	On or after 01.04.1999	Rs.2,00,000/-

Set- off of losses from house property against any other income is restricted up to Rs.2,00,000/- and balance unabsorbed loss from house property can be carried forward for eight subsequent years.

Deduction under Chapter VI-A

Section	Particulars	Deduction allowable
80C	Insurance Premium	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/- • Only premium paid and services tax are allowed as deduction and late payment charges will not qualify for deduction. • Tax benefit on premium payment will be restricted to maximum of • Policy issued before 1st April,2012 - 20% of the actual capital sum assured • Policy issued on or after 1st April,2012 - 10% of the actual capital sum assured. • Policy issued on or after 1st April 2013 - In cases a) person with disability or a person with severe disability as referred to in section 80U, or (b) suffering from disease or ailment as specified in the rules made under section 80DDB -15% of actual capital sum assured.
80C	PPF	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/- • Only contribution in the current Financial Year will be considered for deduction.
80C	ULIP, Tax Saver Mutual Fund, Pension Fund, Bank Term Deposit (FD)	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/-. • ULIP of UTI, ULIP of LIC Mutual Fund and Bank term deposit should have lock in period of 5 years.
80C	National Saving Certificate	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/-. • Contribution to NSC VIII has only been notified by the Central Government under this section eligible for deduction.

Continued

Section	Particulars	Deduction allowable
80C	Tuition Fees for full time education	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/- • Full-time education includes any educational course offered by any university, college, school or other educational institution to a student who is enrolled full-time for the said course. It is also clarified that full-time education includes play-school activities, pre nursery and nursery classes. • Only tuition and term fees are allowed as deduction. • Admin Charges, bus charges, exam fees, donations, uniform fees, sports fees, computer fees, etc. are not considered for exemption. • Fees in respect of full-time education of any two children of the employee are allowable
80C	Repayment of Housing Loan	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/- • Only Principal amount is eligible for deduction.
80C	Stamp Duty & Registration	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/-
80C	Investment in Post Office	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/-

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Section	Particulars	Deduction allowable
80C	Sukanya Samriddhi Account	• Any sum paid or deposited during the year in any Bank or Post Office as a subscription to Sukanya Samriddhi Account in the name a girl child of that employee including a girl child for whom the employee is the legal guardian • Total deduction under section 80C for various investments can't exceed Rs.1,50,000/-.
80C	ELSS, Long Term Infrastructure Bond	• Total deduction under section 80C for various investments can't exceed Rs.1,50,000/-
80D	Mediclaim on Self, spouse and dependent children (including preventive health checkup)	• Maximum upto Rs.25,000/- & for Senior citizens it is Rs.30,000/- . • However, deduction for preventive health checkup individually shall not exceed Rs.5,000/- including paid in respect of parents. • Preventive health checkup can be paid in cash but Mediclaim should be paid by any mode other than cash. • "Family" means the spouse and dependent children. • Senior citizen" means an individual resident in who is of the age of sixty years • Additional Deduction of Rs. 25,000/- (Rs. 30,000/- for Senior Citizens) for premium paid by the employee on Mediclaim Insurance of Parents of the employee is available. • Parents need not be dependent on the Employee.

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Section	Particulars	Deduction allowable
80DD	Maintenance including medical treatment of a dependant with disability	• No benefit if the disability is less than 40%. • Limited to Rs.75,000/- if the disability is 40% or more and less than 80%. • If disability is more than 80%(Severe Disability) deduction is allowed upto Rs.1,25,000/- • Dependant means spouse, children, parents, brothers and sisters or any of them.
80CCD	Contribution to Pension Scheme (NPS) notified by the Central Government	• Additional deduction to the extent of Rs. 50,000 shall be available to the assessee under Section 80CCD(1B). Additional deduction is over and above ceiling limit of Rs. 1,50,000 as provided under Section 80C.
80U	Deduction in case of disability (Self)	• No benefit if the disability is less than 40%. • Limited to Rs.75,000/- if the disability is 40% or more and less than 80%. • If disability is more than 80%, deduction is allowed upto Rs.1,25,000/-. • Disability means blindness, low vision, leprosy – cured, hearing impairment, locomotors disability, mental retardation & mental illness. Also include autism, cerebral palsy and multiple disabilities

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Section	Particulars	Deduction allowable
80DDB	Deductions of expenses on medical treatment of specified ailments (such as AIDS, cancer and neurological diseases) can be claimed under Section 80DDB	• Individual below the sixty Years of Age – Rs. 40,000/- • Any resident individual of age of 60 years or above but less then 80 years. – Rs. 60,000/- • resident individual of the age of 80 years or above Rs. 80,000/- • Deduction is available in respect of amount actually paid by the taxpayer on medical treatment of specified disease or ailment (prescribed by the Board, see rule 11DD for prescribed disease or ailment). • Dependent means spouse, children, parents, brothers and sisters or any of them.

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Section	Particulars	Deduction allowable
80E	Interest on Loan for higher education of self or relative	• Deduction shall be allowed in the initial year in which interest is paid and seven subsequent years. • “Higher education” means any course of study pursued after passing Senior Secondary Examination. • “Relative” means Spouse & Children or the student for whom the individual is legal guardian.
80EE	Interest on Loan for the purpose of acquisition of a residential house.	• Interest payable on loan upto Rs. 35 Lakhs by an Individual taxpayer, sanctioned during FY 2016-17 for the purpose of acquisition of house. • Value of Residential Property not to exceed Rs. 50 Lakhs • Deduction is available up to Rs. 50,000 towards interest on loan. • The assessee must not have any Residential house property on the date of sanction of loan. • When the deduction in respect of interest is claim under this section, deduction in respect of such interest shall not be allowed under any other provisions of the Act for the same AY • The deduction is allowed up to Rs 50,000 per year starting from FY 2016-17 and subsequent years until the loan is repaid.

Form 12B

- In case employees joining during the year, Form 12B or Provisional Form 16 or Tax Computation sheet for the current Financial Year is required from previous employer.

- If the same is not submitted, the income from previous employer will not be considered for tax calculation and the same should be considered later by the Employee while filing IT Return.

- Non submission of form 12B may also result in further income tax liability

Thank You

Please give us your feedback and help us improve!

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