"This document contains the provisions of the Income-tax Act, 2025, as amended by the Finance Act, 2026."

Allowances available to armed forces [Schedule III r.w.r. 2BB]

Personnel of the Armed forces is allowed various allowances for working in risky, uncongenial, and difficult situations. These allowances are generally fixed and don't depend on the actual expenditure incurred by the personnel. The Income-tax Act allows a full exemption for these allowances up to a certain limit, which is explained below.

S. No.	Section	Particulars	Exemption limit	Exemption available to
1.	Schedule III [Table S. No. 13]	Special compensatory Allowance (Remote Locality) (Subject to certain conditions and locations) – Tough Location Allowance – I (TLA-I).	Rs. 7,000 per month.	Individual - Salaried employee
2.	Schedule III [Table S. No. 13]	Special compensatory Allowance (Remote Locality) (Subject to certain conditions and locations) – Tough Location Allowance – II (TLA-II).	Rs. 4,500 per month.	Individual - Salaried employee
3.	Schedule III [Table S. No. 13]	Special compensatory Allowance (Remote Locality) (Subject to certain conditions and locations) – Tough Location Allowance – III (TLA-III).	Rs. 1,500 per month	Individual - Salaried employee
4.	Schedule III [Table S. No. 13]	Compensatory Field Area Allowance. (Subject to certain conditions and locations)	Rs. 13,500 per month	Individual - Salaried employee
5.	Schedule III [Table S. No. 13]	Compensatory Modified Field Area Allowance. (Subject to certain conditions and locations)	Rs. 8,000 per month	Individual - Salaried employee
6.	Schedule III [Table S. No. 13]	Counter Insurgency Allowance granted to the members of armed forces operating in areas away from their permanent locations.	Rs. 22,000 per month	Individual - Members of the Armed Forces
7.	Schedule III [Table S. No. 13]	Underground Allowance granted to employees working in uncongenial, unnatural climates in underground mines	15% of Basic Pay	Individual - Salaried employee
8.	Schedule III [Table S. No. 13]	High Altitude Allowance granted to the armed forces operating in high altitude areas (Subject to certain conditions and locations)	a) Up to Rs. 4,500 per month (for altitude of 9,000 to 15,000 feet and altitude below 9,000 feet with uncongenial climate) b) Up to Rs. 7,000 per month (for altitude above 15,000 feet) c) Up to Rs. 30,000 per month (for all location of J&K, Ladakh, and States of Sikkim and Uttarakhand)	Individual - Members of the Armed Forces
9.	Schedule III [Table S. No. 13]	Highly Active Field Area Allowance granted to members of the armed forces (Subject to certain conditions and locations)	Up to Rs. 22,000 per month	Individual - Members of the Armed Forces
10.	Schedule III [Table S. No. 13]	Island Duty Allowance or Island Special Duty Allowance granted to members of the armed forces (Subject to certain conditions and locations)	10%/16%/20% of Basic Pay as per the area	Individual - Members of the Armed Forces
11.	Schedule III [Table S. No. 13]	Siachen Allowance granted to members of armed forces (Subject to certain conditions and locations)	Rs. 42,500 per month	Individual - Members of the Armed Forces

[As amended by Finance Act, 2026]