

Income Tax Dept issues Procedures for calculating IT for 2012-13.

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Income Tax Department issues this year's (financial year 2012-13 and Assessment year 2013-14) Circular for envisaging the procedure for Income Tax calculation in respect of salaried class and deduction of tax from salary by the concerned DDO.

The Circular No: 08/2012 dated 05.10.2012 F.NO. 275/192/2012-IT(B) issued by the Income tax Department elaborately explains the procedure to calculate income tax for this year in respect of income from salaries and other income and also elaborates the procedure for deduction of tax by the drawing and disbursement officer who is responsible for deduction of income tax and payment to income tax department.

The full text of this Circular can be downloaded using the following link.

[Download Income tax Circular No 8/2012 F.NO. 275/192/2012-IT\(B\)\], DATED 5-10-2012 containing procedure for Income Tax calculation in respect of salaried class and deduction of tax from salary](#)

A summary of the procedures for calculation of income tax for salaried class as envisaged in the [Circular No 8/2012](#) is as follows.

As per the Finance Act, 2012, income-tax is required to be deducted under Section 192 of the Income-tax Act 1961 from income chargeable under the head "Salaries" for the financial year 2012-13 (i.e. Assessment Year 2013-14) at the following rates:

Rates of tax

A. Normal Rates of tax:

Sl. No.	Total Income	Rate of tax
1	Where the total income does not exceed Rs. 2,00,000/-.	Nil
2	Where the total income exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000/-.	10 per cent of the amount by which the total income exceeds Rs. 2,00,000/-
3	Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-.	Rs. 30,000/- plus 20 per cent of the amount by which the total income exceeds Rs. 5,00,000/-.
4	Where the total income exceeds Rs. 10,00,000/-.	Rs. 1,30,000/- plus 30 per cent of the amount by which the

		total income exceeds Rs. 10,00,000/-
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B. Rates of tax for every individual, resident in India, who is of the age of sixty years or more but less than eighty years at any time during the financial year:

<i>Sl. No</i>	<i>Total Income</i>	<i>Rate of tax</i>
1	Where the total income does not exceed Rs. 2,50,000/-.	<i>Nil</i>
2	Where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000/-.	10 per cent of the amount by which the total income exceeds Rs. 2,50,000/-
3	Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-.	Rs. 25,000/- <i>plus</i> 20 per cent of the amount by which the total income exceeds Rs. 5,00,000/-.
4	Where the total income exceeds Rs. 10,00,000/-.	Rs. 1,25,000/- <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 10,00,000/-

C. In case of every individual being a resident in India, who is of the age of eighty years or more at any time during the financial year:

<i>Sl. No</i>	<i>Total Income</i>	<i>Rate of tax</i>
1	Where the total income does not exceed Rs. 5,00,000/-.	<i>Nil</i>
2	Where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000/-.	20 per cent of the amount by which the total income exceeds Rs. 5,00,000/-
3	Where the total income exceeds Rs. 10,00,000/-.	Rs. 1,00,000/- <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 10,00,000/-

Surcharge on Income tax:

There will be **no surcharge** on income tax payments by individual taxpayers during FY 2012-13 (AY 2013-14).

Education Cess on Income tax:

The amount of income-tax shall be increased by Education Cess on Income Tax at the rate of two per cent of the income-tax.

Secondary and Higher Education Cess on Income-tax:

From Financial Year 2007-08 onwards, an additional surcharge is chargeable at the rate of one

per cent of income-tax (not including the Education Cess on income-tax).

Education Cess, and Secondary and Higher Education Cess are payable by both resident and nonresident assesseees.

Income chargeable under the head “Salaries”:

(1) The following income shall be chargeable to income-tax under the head “Salaries” :

(a) any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not;

(b) any salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him.

(c) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year.

(2) For the removal of doubts, it is clarified that where any salary paid in advance is included in the total income of any person for any previous year it shall not be included again in the total income of the person when the salary becomes due.

Any salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from the firm shall not be regarded as “Salary”.

Deductions Allowed:

Entertainment Allowance [Section 16(ii)]:

A deduction is also allowed under section 16(ii) in respect of any allowance in the nature of an entertainment allowance specifically granted by an employer to the assessee, who is in receipt of a salary from the Government, a sum equal to one-fifth of his salary(exclusive of any allowance, benefit or other perquisite) or five thousand rupees whichever is less. No deduction on account of entertainment allowance is available to non-government employees.

Tax on Employment [Section 16(iii)]:

The tax on employment (Professional Tax) within the meaning of Article 276(2) of the Constitution of India, leviable by or under any law, shall also be allowed as a deduction in computing the income under the head “Salaries”.

It may be clarified that “Standard Deduction” from gross salary income, which was being allowed up to financial year 2004-05 is not allowable from financial year 2005-06 onwards.

Deductions under Chapter VI-A of the Act

In computing the taxable income of the employee, the following deductions under Chapter VI-A of the Act are to be allowed from his gross total income:

Deduction in respect of Life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc. (section 80C)

Section 80C, entitles an employee to deductions for the whole of amounts paid or deposited in the current financial year in the following schemes, subject to a limit of Rs. 1,00,000/-:

(1) Payment of insurance premium to effect or to keep in force an insurance on the life of the

individual, the spouse or any child of the individual.

(2) Any payment made to effect or to keep in force a contract for a deferred annuity, not being an annuity plan as is referred to in item (7) herein below on the life of the individual, the spouse or any child of the individual, provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity;

(3) Any sum deducted from the salary payable by, or, on behalf of the Government to any individual, being a sum deducted in accordance with the conditions of his service for the purpose of securing to him a deferred annuity or making provision for his spouse or children, in so far as the sum deducted does not exceed 1/5th of the salary;

(4) Any contribution made :

(a) by an individual to any Provident Fund to which the Provident Fund Act, 1925 applies;

(b) to any provident fund set up by the Central Government, and notified by it in this behalf in the Official Gazette, where such contribution is to an account standing in the name of an individual, or spouse or children;

(c) by an employee to a Recognized Provident Fund;

(d) by an employee to an approved superannuation fund;

It may be noted that “contribution” to any Fund shall not include any sums in repayment of loan;

(5) Any subscription :-

(a) to any such security of the Central Government or any such deposit scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(b) to any such saving certificates as defined under section 2(c) of the Government Saving Certificate Act, 1959 as the Government may, by notification in the Official Gazette, specify in this behalf.

(6) Any sum paid as contribution in the case of an individual, for himself, spouse or any child,

a. for participation in the Unit Linked Insurance Plan, 1971 of the Unit Trust of India;

b. for participation in any unit-linked insurance plan of the LIC Mutual Fund referred to section 10 (23D) and as notified by the Central Government.

(7) Any subscription made to effect or keep in force a contract for such annuity plan of the Life Insurance Corporation or any other insurer as the Central Government may, by notification in the Official Gazette, specify;

(8) Any subscription made to any units of any Mutual Fund, of section 10(23D), or from the Administrator or the specified company referred to in Unit Trust of India (Transfer of Undertaking & Repeal) Act, 2002 under any plan formulated in accordance with any scheme as the Central Government, may, by notification in the Official Gazette, specify in this behalf;

The investments made after 1-4-2006 in plans formulated in accordance with Equity Linked Saving Scheme, 1992 or Equity Linked Saving Scheme, 1998 shall also qualify for deduction under section 80C.

(9) Any contribution made by an individual to any pension fund set up by any Mutual Fund

referred to in section 10(23D), or, by the Administrator or the specified company referred to in Unit Trust of India (Transfer of Undertaking & Repeal) Act, 2002, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(10) Any subscription made to any such deposit scheme of, or, any contribution made to any such pension fund set up by, the National Housing Bank, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(11) Any subscription made to any such deposit scheme, as the Central Government may, by notification in the Official Gazette, specify for the purpose of being floated by (a) public sector companies engaged in providing long-term finance for construction or purchase of houses in India for residential purposes, or, (b) any authority constituted in India by, or, under any law, enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both.

(12) Any sums paid by an assessee for the purpose of purchase or construction of a residential house property, the income from which is chargeable to tax under the head "Income from house property" (or which would, if it has not been used for assessee's own residence, have been chargeable to tax under that head) where such payments are made towards or by way of any instalment or part payment of the amount due under any self-financing or other scheme of any Development Authority, Housing Board etc.

(13) Tuition fees, whether at the time of admission or thereafter, paid to any university, college, school or other educational institution situated in India, for the purpose of full-time education of any two children of the employee.

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.

It is clarified that the amount allowable as tuition fees shall include any payment of fee to any university, college, school or other educational institution in India except the amount representing payment in the nature of development fees or donation or capitation fees or payment of similar nature.

(14) Subscription to equity shares or debentures forming part of any eligible issue of capital made by a public company, which is approved by the Board or by any public finance institution.

(15) Subscription to any units of any mutual fund referred to in clause (23D) of Section 10 and approved by the Board, if the amount of subscription to such units is subscribed only in eligible issue of capital of any company.

(16) Investment as a term deposit for a fixed period of not less than five years with a scheduled bank, which is in accordance with a scheme framed and notified by the Central Government, in the Official Gazette for these purposes.

(17) Subscription to such bonds issued by the National Bank for Agriculture and Rural Development, as the Central Government may, by such notification in the Official Gazette,

specify in this behalf.

(18) Any investment in an account under the Senior Citizens Savings Scheme Rules, 2004.

(19) Any investment as five year time deposit in an account under the Post Office Time Deposit Rules, 1981.

Deduction in respect of contribution to certain pension funds (Section 80CCC)

Section 80CCC allows an employee deduction of an amount paid or deposited out of his income chargeable to tax to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from the Fund referred to in section 10(23AAB). However, the deduction shall exclude interest or bonus accrued or credited to the employee's account, if any and shall not exceed Rs. 1 lakh.

However, if any amount is standing to the credit of the employee in the fund referred above and deduction has been allowed as stated above and the employee or his nominee receives this amount together with the interest or bonus accrued or credited to this account due to the reason of :

(i) Due to surrender annuity plan whether in whole or part

(ii) Pension received from the annuity plan

then the amount so received during the Financial Years shall be the income to the employee or his nominee for that Financial Year and accordingly will be charged to tax.

Where any amount paid or deposited by the employee has been taken into account for the purposes of this section, a deduction with reference to such amount shall not be allowed under section 80C.

Deduction in respect of contribution to pension scheme of Central Government (Section 80CCD):

Section 80CCD allows an employee, being an individual employed by the Central Government or any other employer, on or after the 1-1-2004, a deduction of an amount paid or deposited out of his income chargeable to tax under a pension scheme as notified or as may be notified by the Central Government, *vide* Notification F. N. 5/7/2003- ECB&PR, dated 22-12-2003. However, the deduction shall not exceed an amount equal to 10% of his salary (includes Dearness Allowance but excludes all other allowance and perquisites).

Further where in the case of an employee receives any contribution in the said pension scheme from the Central Government or any other employer then the employee shall be allowed a deduction from his total income of the whole amount contributed by the Central Government or any other employer subject to limit of 10% of his salary of the previous year.

However, if any amount is standing to the credit of the employee in the pension scheme referred above and deduction has been allowed as stated above and the employee or his nominee receives this amount together with the amount accrued thereon, due to the reason of

(i) Closure or opting out of the pension scheme or

(ii) Pension received from the annuity plan purchased and taken on such closure or opting out

then the amount so received during the FYs shall be the income of the employee or his nominee for that Financial Year and accordingly will be charged to tax.

Where any amount paid or deposited by the employee has been taken into account for the purposes of this section, a deduction with reference to such amount shall not be allowed under section 80C.

Further it has been specified that w.r.e.f 1-4-2009 any amount received by the employee from the new pension scheme shall be deemed not to have received in the previous year if such amount is used for purchasing an annuity plan in the previous year.

It is emphasized that as per the section 80CCE the aggregate amount of deduction under sections 80C, 80CCC and Section 80CCD(1) shall not exceed Rs. 1,00,000/-. However the contribution made by the Central Government or any other employee to a pension scheme u/s 80CCD(2) shall be excluded from the limit of Rs.1,00,000/- provided under this Section.

Deduction in respect of subscription to Long Term Infrastructure Bonds:

Section 80CCF has been withdrawn from FY 2012-13. Hence no deduction is allowable under this section for the current FY onwards.

Deduction in respect of investment made under an equity savings savings (Section 80 CCG):

Newly inserted Section 80CCG provides deduction w.e.f. assessment year 2013-14 in respect of investment made under notified equity saving scheme. The deduction under this section is available if following conditions are satisfied:

- (a) The assessee is a resident individual (may be ordinarily resident or not ordinarily resident)
- (b) His gross total income does not exceed Rs. 10 lakhs;
- (c) He has acquired listed shares in accordance with a notified scheme;
- (d) The assessee is a new retail investor as specified in the above notified scheme;
- (e) The investment is locked-in for a period of 3 years from the date of acquisition in accordance with the above scheme;
- (f) The assessee satisfies any other condition as may be prescribed.

Amount of deduction -The amount of deduction is at 50% of amount invested in equity shares. However, the amount of deduction under this provision cannot exceed Rs. 25,000. If any deduction is claimed by a taxpayer under this section in any year, he shall not be entitled to any deduction under this section for any subsequent year.

Withdrawal of deduction – If the assessee, after claiming the aforesaid deduction, fails to satisfy the above conditions, the deduction originally allowed shall be deemed to be the income of the assessee of the year in which default is committed.

A scheme named “Rajiv Gandhi Equity Savings Scheme (RGESS)” is being notified for the purpose of this deduction.

Deduction in respect of for health insurance premia paid, etc. (Section 80D)

Section 80D provides for deduction available for health insurance premia paid, etc. which is

calculated as under:

<i>Sl. No.</i>	<i>Persons for whom payment made</i>	<i>Nature of payment</i>	<i>Mode of payment</i>	<i>Allowable Deduction (in Rs.)</i>
1	Employee or his family	♦ the whole of the amount paid to effect or to keep in force an insurance on the health of the employee or his family or ♦ any contribution made to the CGHS or ♦ any payment on account of preventive health check-up of the employee or family, [restricted to Rs. 5000/-; cash payment allowed here]	any mode other than cash	Aggregate allowable is Rs. 15,000/{For Senior Citizens it is Rs. 20000/-}.
2	Parent or Parents of employee	♦ the whole of the amount paid to effect or keep in force an insurance on the health of the parent or parents of the employee or ♦ any payment made on account of preventive health check-up of the parent or parents of the employee [restricted to Rs. 5000/-; cash payment allowed	any mode other than cash	Aggregate allowable is Rs. 15,000/ than {For Senior cash Citizens it is Rs. 20000/-}

		here]		
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Here

(i) “family” means the spouse and dependent children of the employee.

(ii) Senior citizen” means an individual resident in India who is of the age of sixty years {For AY 2013-14 onwards] or more at any time during the relevant previous year.

Deductions in respect of maintenance including medical treatment of a dependent who is a person with disability (section 80DD):

Under section 80DD, where an employee, who is a resident in India, has, during the previous year-

(a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or

(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in this regard and approved by the Board in this behalf for the maintenance of a dependant, being a person with disability, the employee shall be allowed a deduction of a sum of fifty thousand rupees from his gross total income of that year.

However, where such dependant is a person with severe disability, an amount of one hundred thousand rupees shall be allowed as deduction subject to the specified conditions.

The deduction under (b) above shall be allowed only if the following conditions are fulfilled:-

(i) the scheme referred to in (b) above provides for payment of annuity or lump sum amount for the benefit of a dependant, being a person with disability, in the event of the death of the individual in whose name subscription to the scheme has been made;

(ii) the employee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of the dependant, being a person with disability.

However, if the dependant, being a person with disability, predeceases the employee, an amount equal to the amount paid or deposited under sub-para (b) above shall be deemed to be the income of the employee of the previous year in which such amount is received by the employee and shall accordingly be chargeable to tax as the income of that previous year.

Deductions in respect of a person with disability (section 80U):

Under section 80U, in computing the total income of an individual, being a resident, who, at any time during the previous year, is certified by the medical authority to be a person with disability, there shall be allowed a deduction of a sum of fifty thousand rupees. However, where such individual is a person with severe disability, a higher deduction of one lakh rupees shall be allowable.

Deduction in respect of medical treatment, etc. (Section 80DDB):

Section 80DDB allows a deduction in case of employee, who is resident in India, during the previous year, actually paid any amount for the medical treatment of such disease or ailment as

may be specified in the rules HDD (1) (*see* Annexure) for himself or a dependant. The deduction allowed is equal to the amount actually paid or Rs. 40,000 whichever is less. Further the amount paid should also be reduced by the amount received if any under insurance from an insurer or reimbursed by an employer. In case of a senior citizen (an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year) the amount of deduction allowed is Rs. 60,000/-.

DDO must ensure that the employee furnishes a certificate in Form 10-I from a neurologist, an oncologist, a urologist, nephrologist, a haematologist, an immunologist or such other specialist, as mentioned in proviso rule 11(2) of the Rules.

For the purpose of this section in the case of an employee “dependant” means individual, the spouse, children, parents, brothers and sisters of the individual or any of them,

Deduction in respect of interest on loan taken for higher education (Section 80E):

Section 80E allows deduction in respect of repayment of interest on loan taken from any financial institution or any approved charitable institution for higher education for the purpose of pursuing his higher education or for the purpose of higher education of his spouse or his children or the student for whom he is the legal guardian.

The deduction shall be allowed in computing the total income for the Financial year in which the employee starts repaying the interest on the loan was taken and immediately succeeding seven Financial years or until the Financial year the interest is paid in full by the taxpayer, whichever is earlier.

For the purpose of this section -

(a) “approved charitable institution” means an institution established for charitable purposes and approved by the prescribed authority section 10(23C), or an institution referred to in Section 80G(2)(a);

(b) “financial institution” means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;

(c) “higher education” means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, 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 to do so;

Deductions on respect of donations to certain funds, charitable institutions, etc. (Section 80G):

Section 80G provides for deductions on account of donation made to various funds, charitable organizations etc. In cases where employees make donations to the Prime Minister’s National Relief Fund, the Chief Minister’s Relief Fund or the Lieutenant Governor’s Relief Fund through

their respective employers, it is not possible for such funds to issue separate certificate to every such employee in respect of donations made to such funds as contributions made to these funds are in the form of a consolidated cheque. An employee who makes donations towards these funds is eligible to claim deduction under section 80G. It is, hereby, clarified that the claim in respect of such donations as indicated above will be admissible under section 80G on the basis of the certificate issued by the Drawing and Disbursing Officer (DDO)/Employer in this behalf- Circular No. 2/2005, dated 12-1-2005.

No deduction under this section is allowable in case of amount of donation if exceeds Rs. 10000/- unless the amount is paid by any mode other than cash.

Deductions in respect of rents paid (Section 80GG):

Section 80GG allows the employee to a deduction in respect of house rent paid by him for his own residence. Such deduction is permissible subject to the following conditions :-

- (a) the employee has not been in receipt of any House Rent Allowance specifically granted to him which qualifies for exemption under section 10(13A) of the Act;
- (b) the employee files the declaration in Form No. 10BA. (**Annexure VIII**)
- (c) He will be entitled to a deduction in respect of house rent paid by him in excess of 10% of his total income, subject to a ceiling of 25% thereof or Rs. 2,000/- per month, whichever is less. The total income for working out these percentages will be computed before making any deduction under section 80GG.

(d) The employee does not own:

- (i) any residential accommodation himself or by his spouse or minor child or where such employee is a member of a Hindu Undivided Family, by such family, at the place where he ordinarily resides or performs duties of his office or carries on his business or profession; or
- (ii) at any other place, any residential accommodation being accommodation in the occupation of the employee, the value of which is to be determined under Section 23(2)(a) or Section 23(4)(a) as the case may be.

The Drawing and Disbursing Authorities should satisfy themselves that all the conditions mentioned above are satisfied before such deduction is allowed by them to the employee. They should also satisfy themselves in this regard by insisting on production of evidence of actual payment of rent.

Deductions in respect of certain donations for scientific research or rural development (Section 80 GGA):

Section 80GGA allows deduction from total income of employee in respect of donations of any sum as given in the Table below:

<i>Sl. No.</i>	<i>Donations made to persons</i>	<i>Approval /Notification under Section</i>	<i>Authority granting approval/ Notification</i>
1	To a research association which has	u/s 35(1)(ii)	Central Government

	as its object the undertaking of scientific research or to a University, college or other institution to be used for scientific research		
2	To a research association which has as its object the undertaking of research in social science or statistical research or to a University, college or other institution to be used for research in social science or statistical research	u/s35(l)(iii)	Central Government
3	To an association or institution, which has as its object the undertaking of any programme of rural development, to be used for carrying out any programme of rural development approved for the purposes of section 35CCA	furnishes the certificate u/s 35CCA (2)	Prescribed Authority under Rule 6AAA
4	an association or institution which has as its object the training of persons for implementing programmes of rural development.	furnishes the certificate u/s 35CCA (2)	Prescribed Authority under Rule 6AAA
5	To a public sector company or a local	furnishes the certificate u/s 35AC(2)(a)	National Committee for Promotion of Social &

	authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme.		Economic Welfare
7	To a rural development fund	notified u/s 35CCA (1)(c)	set up and notified by the Central Government
8	To National Urban Poverty Eradication Fund	notified u/s 35CCA(l)(d)	set up and notified by the Central Government

Deduction in respect of interest on deposits in savings account (Section 80TTA):

Section 80TTA has been introduced from this Financial Year [2012-13] and it allows to an employee from his gross total income if it includes any income by way of interest on deposits (not being time deposits) in a savings account a deduction amounting to :

- (i) in a case where the amount of such income does not exceed in the aggregate ten thousand rupees, the whole of such amount; and
- (ii) in any other case, ten thousand rupees.

If such savings account is maintained in a

- (a) banking company to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act);
- (b) co-operative society engaged in carrying on the business of banking (including a cooperative land mortgage bank or a co-operative land development bank); or
- (c) Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898 (6 of 1898),

For this section, “time deposits” means the deposits repayable on expiry of fixed periods.

Relief When Salary Paid in Arrear or Advance:

Under section 192(2A) where the assessee, being a Government servant or an employee in a company, co-operative society, local authority, university, institution, association or body is entitled to the relief under Section 89(1) he may furnish to the person responsible for making the payment referred to in Para (3.1), such particulars in Form No. 10E duly verified by him, and thereupon the person responsible, as aforesaid, shall compute the relief on the basis of such particulars and take the same into account in making the deduction under Para(3.1) above.

Here “University means a University established or incorporated by or under a Central, State or Provincial Act, and includes an institution declared under section 3 of the University Grants Commission Act, 1956(3 of 1956), to be University for the purposes of the Act.

With effect from 1-4-2010 (AY 2010-11), no such relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in section 10(10C)(i) (read with Rule 2BA), a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been claimed by the assessee under section 10(10C) in respect of such, or any other, assessment year.

Income from house property

While taking into account the loss from House Property, the DDO shall ensure that the employee files the declaration referred to above and encloses therewith a computation of such loss from House Property. Following details shall be obtained and kept by the employer in respect of loss claimed under the head “Income from house property” separately for each house property:

- (a) Gross annual rent/value
- (b) Municipal Taxes paid, if any
- (c) Deduction claimed for interest paid, if any
- (d) Other deductions claimed
- (e) Address of the property
- (f) Amount of loan, if any; and
- (g) Name and address of the lender (loan provider)

Conditions for Claim of Deduction of Interest on Borrowed Capital for Computation of Income From House Property Section 24(b):

Section 24(b) of the Act allows deduction from income from house property on interest on borrowed capital as under:-

(i) the deduction is allowed only in case of house property which is owned and in the occupation of the employee for his own residence. However, if it is not actually 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.

(ii) The quantum of deduction allowed as per table below:

<i>Sl. No</i>	<i>Purpose of borrowing capital</i>	<i>Date of borrowing capital</i>	<i>Maximum Deduction allowable</i>
1	Repair or renewal or reconstruction of the house	Any time	Rs. 30,000/-
2	Acquisition or	Before 01.04.1999	Rs. 30,000/-

	construction of the house		
3	Acquisition or construction of the house	On or after 01.04.1999	Rs. 1,50,000/-

In case of Serial No. 3 above

(a) The house so acquired or constructed should be completed within 3 years from the end of the FY in which the capital was borrowed. Hence it is necessary for the DDO to have the completion certificate of the house property against which deduction is claimed either from the builder or through self-declaration from the employee.

(b) Further any prior period interest for the FYs up to the FY in which the property was acquired and constructed shall be deducted in equal instalments for the FY in question and subsequent four FYs.

(c) The employee has to furnish before the DDO 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 comprehensive picture of Principal and Interest of the loan so repaid.

TDS on Income from Pension:

In the case of pensioners who receive their pension from a nationalized bank, the instructions contained in this circular shall apply in the same manner as they apply to salary-income. The deductions from the amount of pension under section 80C on account of contribution to Life Insurance, Provident Fund, NSC etc., if the pensioner furnishes the relevant details to the banks, may be allowed. Necessary instructions in this regard were issued by the Reserve Bank of India to the State Bank of India and other nationalized Banks vide RBI's Pension Circular (Central Series) No.7/C.D.R./1992 (Ref. CO: DGBA: GA (NBS) No.60/GA.64(11 CVL)-/92), dated the 27th April, 1992, and, these instructions should be followed by all the branches of the Banks, which have been entrusted with the task of payment of pensions. Further all branches of the banks are bound u/s 203 to issue certificate of tax deducted in Form 16 to the pensioners also vide CBDT circular no. 761, dated 13-1-1998.

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