



No./ 0744/AO (CBS & A/cs)/D/2016

Dated: 8/12/16.....

CIRCULAR

As per the provision of Section 192 of the Income Tax Act 1961, person responsible for paying any income chargeable under the head Salaries shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee under the head "Salaries", after allowing the permissible deductions.

To avoid any chance of excess deduction of Income Tax, all Municipal employees are advised to submit to A.O. (CBS & A/Cs) an undertaking about anticipated Investments/ Savings eligible for deductions against Salary Income on a plain paper on the basis of estimated income during the Financial year 2016-17 relevant to the Assessment year 2017-18 and also other income, if any, along with prerequisites by 01/01/2017 positively.

Exemptions and Deductions are available on various expenditures/investments under different sections of the Income Tax Act, 1961 for the F.Y 2016-17 relevant to the income tax assessment year 2017-18, as explained hereunder (for details refer Income Tax Act and other circulars related thereto):-

i. Exemption is allowed in respect of HRA to meet the expenditure actually incurred as rent against residential accommodation. Employees drawing HRA more than Rs.3000/p.m. and intend to avail rebate of HRA should produce rent receipts.

(Section 10)

ii. Professional Tax paid.

(Section 16(i))

iii. Entertainment Allowance limited to one-fifth of salary or Rs. 5000/- whichever is less.

(Section 16(ii))

iv. Interest allowed under Section 24 is Rs. 2 lakhs for Self Occupied property.

v. Life Insurance Premium subject to a maximum of 20% of sum assured for policies on or before 31.3.2012 and 10% of sum assured for policies taken on or after 1.4.2012, P.F., PPF, NSC, ULIP, Subscription to Units of any Mutual Fund eligible for rebate/deduction, Contribution to any Pension Fund set up by any Mutual Fund, Contribution to Sukanya Samridhi Scheme, Subscription to any deposit scheme of National Housing Bank, tuition fees paid limited to 2 children, any instalment or part payment of an amount borrowed for construction/ purchase of residential property from bank/ Govt./ LIC /Co-operative Bank/ Housing Board/ Development authority etc. Fixed deposit for a minimum period of 5 years in SBI/Public Sector Bank or Scheduled Bank.

(Section 80-C)

vi. Contribution upto Rs. 1,50,000/- per annum to New Pension Fund introduced by LIC or any other insurer notified by Central Govt.

(Section 80 CCC)

vii. Contribution to New Pension Scheme limited to 10% of salary.

(Section 80 CCD-I)

viii. Govt. Contribution to the New Pension Scheme Limited to 10% of the Salary.

(Section 80CCD-2)

Please note that the aggregate amount of deduction u/s 80-C, 80-CCC and 80-CCD (1) shall not exceed one lac fifty thousand rupees (Rs. 1,50,000/- for A.Y. 2017-18). However, deduction u/s 80CCD in respect of contribution by Central Govt./employer to the pension scheme shall be available in addition to this limit.

ix. (a) The whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family not exceeding in the aggregate Rs.25,000/-.

(b) The whole of the amount paid to effect or to keep in force an insurance on the health of the parent or parents of the assessee not exceeding in the aggregate Rs.25,000/-.

Aggregate of above sum shall not exceed Rs. 30,000/-

(Section 80-D)

x. Rajiv Gandhi Equity Savings Scheme (RGES) deduction is available w.e.f. Assessment Year 2013-14 to a Maximum of 50% of amount invested to the extent that the deduction does not exceed Rs. 25,000/- and shall be allowed only to the first time investor whose gross total income does not exceed Rs. 12 lakhs. The investment is locked-in for a period of three years from the date of acquisition in accordance with the scheme.

(Section 80-CCG)

- xi. Amount incurred on medical treatment of any dependant due to disability subject to maximum of Rs.75,000/- and Rs.1,25,000/-in case of severe disability. **(Section 80-DD)**
- xii. Actual expenditure limited to Rs.40000/- by the employee or a dependant suffering from Cancer or AIDS. **(Section 80-DDB)**
- xiii. Interest paid on loan borrowed from any financial institution or charitable institution for purpose of higher education. **(Section 80-E)**
- xiv. Deduction is allowed upto a limit of Rs. 1,00,000/- being paid as interest on a loan taken from financial institution, sanctioned during the period 1.4.2013 to 31.3.2014 (loan not exceeding Rs. 25 Lakhs) for acquisition of a residential house whose value does not exceed Rs. 40 lakhs. However, the deduction is available if the assessee does not own any residential house property on the date of sanction of loan. **(Section 80 EE)**
- xv. Any donation for charitable purpose. **(Section 80-G)**
- xvi. Amount of expenditure on medical treatment of the employee due to disability subject to maximum of Rs.75, 000/- & Rs.1,25,000/- in case of severe disability. **(Section 80-U)**

The Rates of Income Tax as per Finance Act, 2013 are as under :-

New Income tax slab for A.Y. 2016-17 (F.Y. 2017-18)		
Normal Rates of Tax For Residents (below 60 years).		
1	Where total income does not exceed Rs. 2,50,000/-	No tax / exempt
2	Rs. 2,50,001 to Rs. 5,00,000/-	10%
3	Rs. 5,00,001 to Rs. 10,00,000/-	Rs. 25,000/- Plus 20% of total income exceeds Rs. 5,00,000/-
4	Above Rs. 10,00,000/-	Rs. 1,25,000/- Plus 30% of total income exceeds Rs. 10,00,000/-
For Resident Senior Citizens above 60 years or more but less than 80 years		
S. No.	Income Range	Tax percentage
1	Up to Rs 3,00,000	No tax / exempt
2	3,00,001 to 5,00,000	10%
3	5,00,001 to 10,00,000	Rs. 20,000/- Plus 20% of amount by which total income exceeds Rs. 5,00,000/-
4	Above Rs. 10,00,000/-	Rs. 1,20,000/- Plus 30% of amount by which total income exceeds Rs. 10,00,000/-

Rebate of Rs. 5000/- or the amount of tax payable whichever is lower, is allowed for individuals having total income up to Rs. 5 lakhs under Section 87(A)


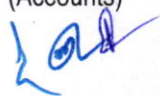
- ⇒ No Surcharge shall now be levied.
- ⇒ Education Cess @2% and Secondary and Higher Education cess @ 1% (i.e. totaling to 3%) shall be added on the Income Tax amount computed at the rates mentioned above.

In case the anticipated Tax Savings declarations based on required documents is not received in CBS by 20.12.2016, deduction of Income Tax will be made from estimated average rate of monthly instalments from the salary of the employees on the basis of information whatsoever is available in CBS.

The final Income Tax declaration on printed proforma will have to be submitted by all Municipal Employees/ Officers to CBS latest by 15/01/2017 as per past practice to enable them to release the salary of Feb -2017 in time.

As per provision of tax deduction at source (TDS) under the Income Tax Act 1961 effective from April 1, 2010, TDS at higher of the prescribed rate or 20% will be deducted on all transactions liable to TDS, where the Permanent Account Number (PAN) of the deductee is not available. All the employees in their own interest are advised to check their PAN as printed on the monthly Pay Slip and bring the discrepancy, if any, immediately to the notice of CBS. All the employees are required to intimate their PAN Number immediately if not intimated till date to CBS. In case any employee has not got allotted the PAN number, he should apply in Form 49A for allotment of the same immediately and inform to CBS.

All the Head of Deptts. are requested to bring the contents of this circular to the notice of all the staff working under their control for strict compliance. All concerned may please note that once Income Tax is deducted at source and deposited with the designated Bank of Income tax Department, no refund will be made subsequently at our end as provided under Income Tax Act, 1961.


Director (Accounts)


Copy to:

1. PS to Chairman
2. PS to Secretary
3. PS to FA
4. PS to Chief Auditor
5. PS to Legal Advisor
6. Chief Engineer (Civil-I)
7. Chief Engineer (Civil-II)
8. Chief Engineer (E-I)
9. Chief Engineer (E-II)
10. Chief Architect
11. MOH/Director (MPH)
12. Director (MS)
13. Director (Finance)
14. Dy. Chief Auditor
15. Director (Hort.-I)
16. Director (Hort.-II)
17. Director (Estate-I)
18. Director (Estate-II)
19. Director (Personnel)
20. Director (Tax)
21. Director (Education)
22. Director (Commercial/GA)
23. Director (Vigilance)
24. Director (Enforcement)
25. Director (IT)
26. Director (PR)
27. Director (Mpl. Housing)
28. Director (Welfare)
29. Chief Security Officer
30. Fire Officer
31. AO (Pension)
32. SO (CE-I)
33. SO (CE-II)
34. SO (HE-I)
35. SO (HE-II)
36. SO (HE-III)
37. SO (A & H)
38. SO (Estate)
39. SO (Estt.)
40. SO (A/cs)
41. SO (Edn.-I)
42. SO (Edn.-II)
43. SO (PH)
44. SO (EE-II)
45. SO (EE-I)
46. PA to Director (A/cs)
47. Sh. RK Singh, System Analyst, DOEACC for necessary action.
48. Jt. Director (IT) for uploading the circular on NDMC website.