

EY India Payroll – Investment proof submission – FAQs and their Answers!

House Rent Receipts

Q: In which scenario PAN of Landlord is required and what other Landlord details are required?

If rent paid is more than INR 1,00,000 per year (more than INR 8300 per month), Landlord Name and PAN is mandatory.

The Landlords' Name and PAN have to be reported by the company to the Income Tax Department as part of its filing. Landlord name should match with the PAN provided of the Landlord. The Income Tax Department has provisioned for 4 PAN fields per employee. Therefore, HRA exemption cannot be provided for more than 4 Landlords in a tax year

Q: I have not paid more than 1 Lakh in the year or I have multiple landlords. Do I still need to collect PAN from my Landlord?

If rent paid is more than the rate of 8300 per month, PAN of the landlord is mandatory. Please note that the PAN is not for the employee but for the landlord. Therefore even if the employee does not pay 1 Lakh to the landlord on an annual basis, the landlord might still have that income. Therefore monthly rate is being considered.

Q: Do you have a rent receipt format?

Please note that Income Tax department does not prescribe any specific format for rent receipts. As long as all the details are available on the receipt (as given in "**Your Checklist**" PDF Document), any format would do. Please note that email confirmation from Landlord is not sufficient.

Q: Can I submit rent receipts for previous employer tenure?

HRA receipts only for your tenure in current employer can be given to EY. For prior period, you need to reach out to your previous employer.

Q: Is revenue stamp mandatory?

Yes. It is mandatory, except Bangalore location.

Q: My landlord is not giving PAN. Can you take an exception for me?

Collecting PAN is as per the directive of the Income Tax Department. Exemption cannot be provided without PAN.

Loss / Income from House property

Q: In which scenario PAN of Lender (Loan provider) is required and what other Lender details are required?

Lender PAN means: Loan Provider's PAN (Eg: if loan is taken from a bank then provide PAN of the bank)

Lender Name and PAN is mandatory wherever employee claims benefit of Interest from House Property. This includes all lenders including Banks / NBFC's / Housing Finance companies.

Please also ensure Lender's address is available on the interest certificate. This includes all lenders including Banks / NBFC's / Housing Finance companies.

The Lenders' Name and PAN have to be reported by the company to the Income Tax Department as part of its filing.

The Income Tax Department has provisioned for 4 PAN fields per employee. Therefore, House Property Loan benefit cannot be provided for more than 4 lenders in a tax year.

Q: What is the Tax treatment if the acquisition or construction of the Self Occupied House Property is completed after 5 Years from the financial year in which Loan was taken?

If the acquisition or construction of the Self Occupied House Property is completed after 5 Years from the financial year in which Loan was taken, then the Maximum tax exemption is INR 30,000/-, irrespective of the higher interest paid.

Q: What documents are required other than the Loan documents from Bank?

If you intend to claim Benefit from House Property, you should be wholly or partially owning the property. Therefore, "Ownership Document" is mandatory in all cases. Ownership document could be copy of any proof that you wholly / partially own the property (eg: Title Deed / Khatha / EC / Property tax receipt).

Further, if you have taken possession of your house property during this financial year (April 22 to March 23), copy of proof of completion / occupation / possession specifying the date the property has been / will be occupied or construction has been / will be completed is additionally required. In case of purchase of existing property, provide registry copy (only those page(s) which show transfer of ownership are sufficient).

Q: What certificate is required for property completion / acquisition?

All builders will provide a completion / handover / possession certificate. We require copy of that document.

In case of purchase of existing property, provide registry copy (only those page(s) which show transfer of ownership are sufficient)

Q: Should the Housing loan certificate be attested by the bank?

Computer generated certificate is fine. In case we have a concern after receiving the documents, we will come back to you during the document validation stage.

Q: What is Pre-Construction EMI (also called as Pre-EMI)? Is it the same as the Pre-EMI shown in the bank interest certificate?

Pre-Construction EMI is total interest paid during financial year(s) before the completion/occupation of the property. It can be claimed in 5 equal instalments for the next five years (after the completion of the property).

For example: If the house is occupied / completed in June 2022, total interest paid upto March 2022 (eg: Rs.250,000) is considered as total Pre-EMI Interest for the next five years. An amount of Rs.50,000 (i.e. 250,000/5) can be claimed starting financial year 2022-23. Therefore, in the above example, Rs.50,000 can be claimed as pre-EMI. However, this pre-construction interest benefit is within the overall benefit of INR 2,00,000 for the year.

Any Interest paid during the financial year when house is occupied / completed is NOT considered as Pre-EMI but considered as regular interest. Therefore, in the above example, entire interest paid from April 22 to March 23 should be considered as regular interest.

The Pre-EMI in bank's certificate is any instalment paid to the bank before the full disbursement of the loan. Therefore, Pre-EMI in bank's certificate may not be the same as Pre-Construction EMI.

Q: In case of a let out property, what rental income is required to be declared?

Please note that in case an employee wishes to claim housing loss benefit under the let out category, the house property rental income declared should be as per prevailing market rate for a similar house in the same area. Even if the employee may be getting rent at a lesser rate or may not be getting any rent (vacant property), prevailing market rate should be used to declare the rent for the property which is claimed as a let out property.

Q: Can I claim tax benefit for 2 self-occupied properties?

Yes, from FY 2019-20, you can claim benefit of loss under 2 self-occupied house properties (however, the total loss from House property (self-occupied) is restricted to overall INR 2,00,000. The total loss from house property (self-occupied +let out) is also restricted to overall INR 2,00,000 irrespective of house properties an individual holds (self-occupied or let out or both).

Q: Can I claim tax benefit for the same interest paid under both sections 24 and 80EEA?

No, tax benefit on the same interest cannot be claimed under section 24 and section 80EEA at the same time. However, if the interest exceeds the limit, an employee can claim under both sections for the deduction of Rs 2 lakh under section 24 of the Income tax act and also an additional deduction of Rs 1.5 lakh under section 80EEA provided all conditions in respective sections are satisfied.

80 D Medical Insurance

Q: I have paid for health insurance for Self (on / after 01 April 2020) in Lump Sum of INR 60,000 for three years. How can I claim the deduction?

If Lump sum premium is paid one time on / after 01 April 2020 for multiple years of policy coverage, the deduction shall be allowed on a proportionate basis for respective years based on policy coverage.

Below calculation is an example for your reference:

Relevant years	2020-21, 2021-22 & 2022-23
Total number of relevant years	3 Years
Appropriate Fraction (1/3)	0.33
Total Insurance Premium paid	INR 60,000
A - Deduction equal to appropriate fraction	INR 20,000
B - Maximum allowable deduction for self / spouse / Children	INR 25,000
Allowed Deduction from Income = Minimum of A and B	INR 20,000

Note: Limits will be applicable based on criteria (parents/ Sr. Citizens)

Q: My parent(s)' who are senior citizens don't have any Medical Insurance. However, I am incurring medical expenditure on their health. Can actual medical expenditure be claimed under any section?

Yes, Medical Expenditure incurred for Parent(s) who are Senior Citizens can be claimed for tax benefit within the section "80D Parents-Sr. Citizens" section (provided no amount has been paid to effect or to keep in force an insurance on their health). Medical expenditure referred above may cover expenditure incurred for hospitalisation, Doctor's consultation fee, expenditure on medicine or any other expenditure incurred as per medical advice (eg. walking stick, hearing aid, visual aid etc. as advised by doctor). However, the expenditure should be incurred in any mode other than cash.

Documents to be produced: -

1. Medical bills for medical expenditure incurred
2. 80D(2)(d) Declaration - Refer Reference Documents on EY Portal
3. Doctor's prescription for any Medical equipment such as walking stick, hearing aid, visual aid etc. (if applicable)
4. Proof of electronic payment for the bills produced

Aggregate of the sum allowable as deduction for **80D Parents-Sr. Citizens** shall not exceed INR 50,000/-

80G / 80GGA Donations

Q: Where do I submit 80G / 80GGA Donation contribution?

80G / 80GGA Donation benefit cannot be given in Form 16. Employee has to claim the same in their individual returns. Only contributions which are made as per Annexure IV will be considered for exemption.

80CCD(1) National Pension Scheme (NPS)

Q: Can you please explain various tax benefits under 80CCD National Pension Scheme?

80CCD comprises of 2 main heads 80CCD (1) and 80CCD (2)

80CCD(1) is Employee's contribution to NPS directly to their PRAN account (post salary)

80CCD(2) is Employer's contribution to NPS to employee's PRAN account. For this benefit, employees need to enrol in the corporate NPS scheme via the Company. If employees enrol via the corporate scheme, the contributions will be automatically considered for tax calculation and employees should not update the same while submitting Investment proofs.

Tax Benefits

80CCD(1):- Investment upto 10% of Basic in **Tier 1 funds** is exempt from tax.

Further, 80C + 80CCC + 80CCD(1) is overall restricted to 1.5 Lakhs for the financial year.

80CCD(1B):- Any employee investment in NPS **Tier 1 funds** that does not qualify under the above section 80CCD(1) due to the conditional limits (i.e. 10% of Basic or 1,50,000 overall limit) can be claimed under this section subject to a total separate limit of INR 50,000

Please see below some examples for 80CCD(1) and 80CCD(1B) :-

Investment amount in NPS Tier 1 by employee	Annual Basic	80C + 80CCC total	Exemption under 80CCD(1) (i.e. 10% of Basic or 1,50,000 overall limit)	Exemption under 80CCD(1B) Max. INR 50,000
60,000	6,00,000	90,000	60,000	0
60,000	5,00,000	90,000	50,000	10,000
60,000	5,00,000	1,40,000	10,000	50,000
60,000	5,00,000	1,20,000	30,000	30,000
60,000	5,00,000	1,45,000	5,000	50,000
60,000	5,00,000	1,50,000	0	50,000

Please note that investments in Tier 2 funds are not exempt from Income Tax.

Q: Where do I update my 80CCD (1) investment on EY tool?

Employees should update their total investment under the single item available "Contribution to National Pension Scheme".

Q: Should the deductions considered in payroll i.e. PF / VPF need to be updated in the investment proof submission?

No. There is no need to update any of the information which are part of payroll deduction. These exemptions as applicable will be provided automatically after payroll is processed.

Q: Can I Claim Interest paid on Electric vehicle for tax exemption on purchase of two-wheeler / Car?

Yes. Interest paid/payable on loan taken for purchase of only electric vehicle from any financial institution up to one lakh fifty thousand rupees subject to the following conditions:

- The loan has been sanctioned by a financial institution including a non-banking financial company during the period beginning on the 1st April, 2019 to 31st March, 2023;
- The employee does not own any other electric vehicle on the date of sanction of loan.