**Note on LTC Cash Voucher Scheme announced by the government on October 12, 2020**

1. **What is the Scheme:**

Leave Travel Allowance is allowed as exemption if an employee submits bills for his actual travel bills. Due to Covid-19, employee are not in a position to avail of LTC in the current block of 2018-21 Hence, government announced alternate options for claiming this exemption if the employee submit bills for certain other spends, prescribed

1. **Criteria and Spends eligible for Exemption:**
2. Purchase goods and services **that have 12% or more GST** in order to avail the benefits.
3. GST invoice has to be produced in order to get the benefits of LTC cash scheme
4. The employee requires to **spend three times the travel expense voucher** in order to get the benefits

Eg. Deemed LTC fare – Rs. 10,000 per person.

Amount to be spend – Rs. 10,000 x 3 = Rs. 30,000

1. The employees are required to purchase from the GST registered outlet **through digital mode**
2. Employees cannot avail the benefit of this scheme if they are purchasing food-related items
3. Employee who opted for the concessional tax regime under section 115BAC of the Income-tax Act,1961 shall not be entitled for this exemption.
4. Payment of cash allowance, subject to maximum of Rs. 36,000 per person as Deemed LTC fare per person (Round Trip), shall be allowed income-tax exemption subject to fulfilment of conditions specified :
   1. The employee exercises an option for the deemed LTC fare in lieu of the applicable LTC in the Block year2018-21. The LTC in the block of FY 2018-21 will lapse if not availed.
   2. Spend for the period 12th October to 31st March 2021 considered for this purpose
   3. IF the spend is less than the eligible amount, proportionate exemption is allowed