

JCT LIMITED : NEW DELHI

JCT/P&HRD/

12th August, 2014

OFFICE ORDER

Sub : **LEAVE TRAVEL ASSISTANCE / CONCESSION (LTA / LTC)**

This has reference to our earlier circular ref. JCT/P&HRD dated 28th May, 2013 regarding tax benefit of LTA / LTC under Section 10 (5) of the Income Tax Act.

It is further clarified that LTA / LTC bills have to be supported by boarding pass and air tickets in case of air travel and train tickets in case of travel by train to claim the tax benefits. These bills will be audited by the competent authorities.

It has been decided that LTA / LTC can be claimed by the employee in the form of allowance and not as concession or assistance by giving such declaration to the company and in such cases no earned leave will be deducted towards LTA / LTC and whole amount paid will be taxable.

However, if an employee declares in advance to claim his / her LTA / LTC once in a block of two years the entitlement will be basic salary of previous year plus basic salary of current year. To elaborate this point – if an employee claims LTA / LTC in 2015 then entitlement will be one month basic salary of 2014 and 2015 respectively, instead of two months basic salary of 2015. This is due to implementation of CTC concept introduced w.e.f. 1.4.2013

It is further informed that if the bills submitted towards LTA / LTC are less than the entitlement, then the balance amount will be taxable and paid alongwith salary as allowance.

The above comes into effect from 1.8.2014.


M P S NARANG
CHIEF FINANCIAL OFFICER