

4 LEAVE TRAVEL ALLOWANCE

The company reimburses its permanent employees, within prescribed limits, the expenses incurred for going on vacation with his / her family.

4.1 ELIGIBILITY

- 4.1.1** The employees must be on approved Privilege Leave for a minimum of Five days. Applications for LTA can be made only after the person who had applied for leave has gone on leave and has resumed duty.
- 4.1.2** The LTA covers the employee, his/her spouse, dependent unmarried children, and dependent parents.
- 4.1.3** LTA should be claimed in every financial year.
- 4.1.4** All tax liabilities arising out of this benefit will be borne by the employee.
- 4.1.5** LTA claim for the first years' service can only be claimed after an employee has been confirmed and completed 1 year of service. However, from the second year of service onwards LTA can be claimed for a particular financial year immediately after return from PL.

4.2 ELIGIBLE LIMITS

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Jr. Executive	Sr. Executive	Manager	DGM	VP
Executive	Asst. Manager	Sr. Manager	GM	Sr. VP
	Dy. Manager	Asst. GM	Sr. GM	COO/President
			AVP/Dy. VP	CEO/Exe. Director
Rs. 8000/- PA	Rs. 12000/- PA	Rs. 25000/- PA	Rs. 40000/- PA	Rs. 80000/- PA

4.3 PROCEDURE

The employee availing LTA should submit the application in the standard format (**Form No. 9**) duly filled in alongwith tickets/bills to HR Department in respective locations through their Departmental Heads. In case an employee is unable to produce the tickets/bills, the entire amount will be taxed as per prevailing Income Tax Act.

4.4 TAX EXEMPTION AND LIABILITY ON LTA PAYMENT

Under Section 10(5) of Income Tax act, LTA received by an employee for self or family in connection with proceeding on leave **to any place in India** is exempt from tax subject to the following conditions:

4.4.1 Exemption will be limited to the amount of expenses actually incurred by the employee for the purpose of such travel. Thus the employee will be required to keep an account of the actual expenditure incurred per person in the family and furnish evidence of such expenditure while availing of LTA under section 10(5) . If the employee has not incurred any expenditure , exemption under Section 10(5) of the Income Tax Act , will not be allowed respect of LTA received from the company.

4.4.2 Conditions for the purpose of Section 10(5):

A. The amount exempted under clause (5) of Section 10 of income Tax Act in respect of the value of LTA received by the employee in connection with proceeding :

- I. On leave to any place in India
- II. The amount actually incurred on the performance of such travel subject to the following conditions:
 - a. where the journey is performed by air, an amount not exceeding the air economy class fare of the National carrier, by the shortest route to the place of destination
 - b. where places of origin of journey and destination are connected by rail, an amount not exceeding the air conditioned first class fare by the shortest route to the place of destination and
 - c. where the places of origin of journey and destination or part thereof are not connected by rail and the journey is performed between such places, the amount eligible for exemption shall be –
 - where a recognised public transport system exists, an amount not exceeding the first class or deluxe class fare , as the case may be , on such transport by the shortest route to the place of destination
 - where no recognised public transport system exists, an amount equivalent to the air conditioned first class rail fare, for the distance of the journey by the shortest route , as if the journey had been performed by rail.

- B)** The exemption referred to in sub rule (1) shall be available to an individual in respect of two journeys performed in a block of four calendar years. HR Department will inform all locations on this at the beginning of the financial year, i.e. in which financial year an exemption is available.

4.5 GENERAL

- 4.5.1** LTA would be given for every 'completed year' of service. The 'year' for the purpose of LTA would be the financial year.
- 4.5.2** 'Completed year' implies continuous service for a year, including probation period.
- 4.5.3** LTA amount for a particular year cannot be carried forward to the succeeding financial year i.e No accumulation of LTA is allowed.
- 4.5.4** The application for Privilege Leave should be in the standard format & approved by the Sanctioning Authority.
- 4.5.5** In case an employee is unable to produce documentary evidence for the year in which an exemption is available, the LTA amount is liable to be taxed.
- 4.5.6** In case of an eligible employee leaves the company he/she would be entitled to pro-rata LTA. Pro-rata will be done for actual number of paid days an employee is on employment during the financial year.

Example:

Date of leaving of the eligible employee: 20th June

LTA eligibility of the employee: Rs. 40000/- PA

Pro-rata LTA would be : $(Rs. 40000/365) \times 81 \text{ days} = Rs. 8877/-$

4.5.7 Clarification on First entitlement:

The first entitlement would be on completion of 12 month's service of an employee. The employee would be paid at the prescribed limits and the payment would be made from the date of joining to end of succeeding financial year i.e. upto 31st March.

Example :

Date of joining of an employee : 01.09.2015

Date of completion of 12 month's service : 31.08.2016

Coverage of LTA for the period : 01.09.2015 to 31.03.2017

Prescribed limit for the particular employee at Jr.Exe .level : Rs.8000/- per annum

Amount payable : Rs.12647/-